UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 88th CONGRESS
FIRST SESSION

VOLUME 109—PART 16

NOVEMBER 1, 1963, TO NOVEMBER 15, 1963
(PAGES 20865 TO 22014)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1963

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UNITED STATES OF AMERICA

Congressional Record

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of America

PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, FIRST SESSION

SENATE

FRIDAY, NOVEMBER 1, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, from the valley of need, where we are called to serve, we lift our eyes to the hills of a waiting strength not our own.

Our minds are startled by the swift march of world-shaking events. Hidden fires are flaming forth, consuming the old habitations of men. Everywhere our ears are assailed by harsh voices that challenge all that a former generation counted fixed, final, and sure. Men in fetters, whose lives have been held more cheap than merchandise, are chanting fierce songs of expected freedom.

Now God be praised, who hath matched us with this hour when, with the shining sword of emancipation, Thou callest us to lead in the great crusade against all that denies, degrades, and enslaves Thy other children under all skies.

O God, make us wise enough to give ourselves to the highest. Make us good enough to surrender ourselves to the best.

We ask it in the Redeemer's blessed name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, October 31, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 1703) to amend title V of the Agricultural Act of 1949, as amended, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 4638) to promote the orderly transfer of the executive power in connection with the expiration of the term of office of a President and the inauguration of a new President; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Dawson, Mr. Holifield, Mr. Fascell, Mr. Anderson, and Mr. Horton were appointed managers on the part of the House at the conference.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. Mansfield, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. JOHNSTON, from the Committee on the Judiciary.

Bernard T. Moynahan, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

NATIONAL SCIENCE FOUNDATION

The legislative clerk read the nomination of Dr. Robert S. Morison, of New York, to be a member of the National Science Board, National Science Foundation, for the remainder of the term expiring May 10, 1966.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

NATIONAL LIBRARY OF MEDICINE

The legislative clerk read the nomination of Dr. William Neill Hubbard, Jr., of Michigan, to be a member of the Board of Regents, National Library of Medicine, Public Health Service, for the term of 4 years expiring August 3, 1967.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Report on Medical Stockpile of Civil Defense Emergency Supplies and Equipment

A letter from the Secretary of Health, Education, and Welfare, Washington, D.C., reporting, pursuant to law on the actual procurement receipts for medical stockpile of civil defense emergency supplies and equipment purposes, for the quarterly period ended September 30, 1963; to the Committee on Armed Services.

Report on Military Procurement Actions for Experimental, Developmental, or Research Work

A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting, pursuant to law, a report on military procurement actions for experimental, developmental, or research work, for the 6-month period ended June 30, 1963 (with an accompanying report); to the Committee on Armed Services.

REPORT ON RECONSTRUCTION FINANCE CORPORATION LIQUIDATION FUND

A letter from the Secretary of the Treasury, transmitting, pursuant to law, a report covering the progress made in liquidating the assets of the former Reconstruction Finance Corporation, for the quarterly period ended September 30, 1963 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON PROVISION OF AVIATION WAR RISK INSURANCE

A letter from the Acting Secretary of Commerce, transmitting, pursuant to law, a report on the provision of aviation war risk insurance, as of September 30, 1963 (with an accompanying report); to the Committee on Commerce.

REPORT ON UNNECESSARY COSTS INCURRED BY USE OF AN INADEQUATE INTERIOR PROTECTIVE COATING FOR FUEL TRUCK TANKERS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on unnecessary costs incurred by use of an inadequate interior protective coating for fuel truck tankers, Department of the Army, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

REPORT ON NEED TO REVISE PROCEDURES IN ADMINISTRATION OF MORTGAGE INSURANCE PROGRAM FOR URBAN RENEWAL HOUSING

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the need to revise procedures in administration of the mortgage insurance program for urban renewal housing, Federal Housing Administration, Housing and Home Finance Agency, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

REPORT ON CERTAIN UNNECESSARY ANNUAL EXPENDITURES BY THE ARMY AND NAVY

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on unnecessary annual expenditures by the Departments of the Army and Navy for leasing commercial facilities to store Government-owned empty 55-gallon steel drums in the Los Angeles, Calif., area, Department of Defense, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

REPORT ON USE OF FORMER GOVERNMENT SURPLUS PARTS WITHOUT AUTHORIZATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the use of former Government surplus parts without authorization under contract DA-23-204-TC-1695 with Aerodex, Inc., Miami, Fla., Department of the Army, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

REPORT ON UNNECESSARY COSTS INCURRED BECAUSE OF ADMINISTRATIVE NEGLIGENCE AND POOR DESIGN

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on unnecessary costs incurred because of administrative negligence and poor design in the construction of two Capehart housing projects, Department of the Air Force, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

APPLICATION FOR LOAN UNDER SMALL RECLAMATION PROJECTS ACT OF 1956

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, an application for a loan to the Jackson Valley Irrigation District, Amador County, Calif., under the Small Reclamation Projects Act of 1956 (with accompanying papers); to the Committee on Interior and Insular Affairs.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the Louisiana State Conference of Branches, National Association for the Advancement of Colored People, of New Orleans, La., favoring the enactment of the civil rights bill, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTSON, from the Committee on Banking and Currency, without amendment:

S. 1241. A bill to require annual reports instead of quarterly reports under the Reconstruction Finance Corporation Liquidation Act (Rept. No. 628); and

S. 2228. A bill to change the requirements for the annual meeting date for national banks (Rept. No. 622).

By Mr. DIRKSEN, from the Committee on the Judiciary, with an amendment:

S. 1686. A bill to amend section 375 of title 28 of the United States Code, relating to the annuities of widows of Supreme Court Justices (Rept. No. 623).

By Mr. LONG of Missouri, from the Committee on the Judiciary, without amendment:

S. 689. A bill for the relief of Lila Everts Weber (Rept. No. 624).

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment:

H.R. 7405. An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock (Rept. No. 625).

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

H. Con. Res. 223. Concurrent resolution to provide for the printing of 3,000 additional copies of civil rights hearings (Rept. No. 627).

INQUIRY INTO FINANCIAL OR BUSINESS INTERESTS OF ANY OFFICER OR EMPLOYEE OR FORMER OFFICER OR EMPLOYEE OF THE SENATE—REPORT OF A COMMITTEE (S. REPT. NO. 626)

Mr. JORDAN of North Carolina. Mr. President, from the Committee on Rules and Administration, I report an original resolution authorizing the expenditure of funds by the Committee on Rules and Administration in discharging its responsibilities under Senate Resolution 212—inquiry into the financial or business interests of any officer or employee or former officer or employee of the Senate—and I ask for immediate consideration of the resolution. The resolution has been cleared by the majority, and the distinguished junior Senator from Nebraska [Mr. CURTIS], the ranking minority member of the Committee on Rules and Administration, asks for its adoption.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The resolution (S. Res. 221) was read as follows:

Resolved, That for the purpose of discharging its responsibilities pursuant to Senate Resolution 212, to inquire into the financial or business interests of any officer or employee or former officer or employee of the Senate, agreed to October 10, 1963, the Committee on Rules and Administration is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided,* That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $1,600 than the highest gross rate paid to any other person employed under the authority of this resolution; and (3) with the prior consent of the heads of the departments or agencies concerned, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 2. Expenses of the committee, under this resolution, which shall not exceed $50,000 through January 31, 1964, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The PRESIDENT pro tempore. Is there objection to proceeding to the consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CURTIS. Mr. President, I thank the chairman of the committee for his courtesy to all the members of the committee, particularly those of the minority. I appreciate the fact that the resolution provides for minority representation staffwise. The task before the committee is not a pleasant one, but it is one that involves the good standing and integrity of the entire Senate. It must be followed judiciously but thoroughly.

The PRESIDENT pro tempore. Without objection, the resolution (S. Res. 221) is agreed to.

BILL AND JOINT RESOLUTION INTRODUCED

A bill and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUMPHREY:

S. 2278. A bill for the relief of Elmer O. Erickson; to the Committee on Post Office and Civil Service.

By Mr. KUCHEL:

S.J. Res. 130. Joint resolution to designate the powerhouse on Clear Creek at the head of Whiskeytown Reservoir, in the State of California, as Judge Francis Carr powerhouse; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. KUCHEL when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION

INQUIRY INTO FINANCIAL OR BUSINESS INTERESTS OF ANY OFFICER OR EMPLOYEE OR FORMER OFFICER OR EMPLOYEE OF THE SENATE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 221) authorizing the expenditure of funds by the Committee on Rules and Administration in discharging its responsibilities under Senate Resolution 212, inquiry into the financial or business interests of any officer or employee or former officer or employee of the Senate, which was considered and agreed to.

(See the above resolution printed in full when reported by Mr. JORDAN of North Carolina, which appears under the heading "Reports of Committees".)

TRIBUTE TO THE LATE FRANCIS CARR

Mr. KUCHEL. Mr. President, America owes her greatness to men and women who have unselfishly devoted their time, talent, and energy in the public interest to their fellow man. Today I call upon the Congress to honor a Californian who, in his lifetime, worked assiduously for his State.

The late Judge Francis Carr, of Redding, Calif., was a water lawyer for more than 40 years. His was a distinguished record of public service in varied fields for the good of his fellow Californians.

In 1932, he was appointed to the State water resources commission. He also served as chairman of the State relief commission during the discouraging days of the depression in the 1930's. He served his local community as judge. In all these and other ways, he served his native Shasta County, his State, and thus, his Nation.

Judge Carr helped to develop a plan and obtain legislative support for the great Central Valley project on which construction began in 1935 to meet serious water problems in vast areas of California. Following through, he was, for several years, the principal advocate for the Trinity River division of the Central Valley project. He served as chairman of a two-county committee to bring about the construction of that particular division.

Though Judge Carr died in 1944, I can testify, as a sponsor of legislation authorizing the Trinity River project in 1955, that the efforts of Judge Carr on behalf of this project were indeed of crucial importance in bringing this project for the people into being.

Judge Carr advocated building Whiskeytown Reservoir in Shasta County as a part of developing the tributaries of the upper Sacramento River for flood control and water conservation as a part of the project. That reservoir is now emerging as a fine recreational asset.

A part of this project is the 130,000-kilowatt capacity Clear Creek Powerhouse near Redding and a short distance from Shasta, Calif., the historic settlement where nearly a century ago Judge Francis Carr's father, a pioneer lawyer and teacher, first established his home after moving to California from upstate New York. This powerhouse, at the head of Whiskeytown Lake, is already producing power which helps to defray project costs and to provide a return on the Federal Government's investment. It is fitting, I think, that the Clear Creek Powerhouse, largest of the Trinity River division, with its constant energy output, be named for and dedicated to Shasta County's native son, the late Judge Francis Carr, who served with tireless energy to achieve an exceptional record of public service, including the development of California's water and power.

Mr. President, I introduce, for appropriate reference, a joint resolution by which the Congress would designate a 130,000-kilowatt-capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir in Shasta County, Calif., as the Judge Francis Carr Powerhouse, and by which the Secretary of the Interior would be directed to place a suitable plaque at the site of the reservoir.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed at this point in the RECORD, together with resolutions by the Shasta County Board of Supervisors and the Greater Redding Chamber of Commerce, each urging approval of such a resolution.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution and resolutions will be printed in the RECORD.

The joint resolution (S.J. Res. 130) to designate the powerhouse on Clear Creek at the head of Whiskeytown Reservoir, in the State of California, as Judge Francis Carr powerhouse, introduced by Mr. KUCHEL, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the one hundred and thirty thousand kilowatt capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir shall hereafter be known as Judge Francis Carr powerhouse in honor of Judge Francis Carr of Redding, California, a lawyer, judge, public servant and advocate of reclamation development including the great Central Valley project developed to meet the serious water shortages in the San Joaquin Valley and Sacramento Valley of California. The Secretary of the Interior is hereby directed to place a suitable plaque at the site. Any law, regulation, document, or record of the United States in which such powerhouse is designated or referred to shall be held to refer to such powerhouse under and by the name of Judge Francis Carr Powerhouse.

The resolutions presented by Mr. KUCHEL are as follows:

RESOLUTION 63–95

Resolution of endorsement by the Board of Supervisors of the County of Shasta, State of California

Whereas the contents of the attached resolution of the Greater Redding Chamber of Commerce requesting the Senate and House of Representatives of the United States of America in Congress assembled to designate the 130,000-kilowatt capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir as the Judge Francis Carr Powerhouse and direct the Secretary of the Interior to place a suitable plaque at the site to make known the wishes of the Congress has been made known to the Board of Supervisors of the County of Shasta, State of California; and

Whereas the Board of Supervisors of the County of Shasta are in accordance with the sentiments expressed in said resolution: Now, therefore, be it

Resolved, That the Board of Superviors of the County of Shasta, State of California, do hereby place their endorsement upon said resolution.

Attest:

FLOYD H. MORGAN,
Chairman.
RICHARD C. BRENNAN,
County Clerk.

RESOLUTION OF THE GREATER REDDING CHAMBER OF COMMERCE

Whereas the dams and powerhouses of the Trinity River division of the Central Valley project in California are nearing completion, and the 130,000-kilowatt capacity Clear Creek powerhouse near Redding, Calif., at the head of Whiskeytown Lake, is already producing power which helps defray project costs and provide a return on the Federal Government's investment; and

Whereas the late Judge Francis Carr, of Redding, Calif., a water lawyer for more than 40 years, was the principal advocate for several years of the Trinity River project, serving as chairman of a two-county committee to bring about its construction and also in the early 1940's, prior to his death in 1944, advocated building Whiskeytown Reservoir as a part of developing the tributaries of the upper Sacramento River for flood control and water conservation; and

Whereas the late Judge Francis Carr was appointed in 1932 by Gov. James Rolph, Jr., to the State water resources commission, which commission helped develop a plan and obtained legislative support for California's great Central Valley project on which construction began in 1935 to meet serious water shortages in California's San Joaquin Valley and serve other multiple purposes; and

Whereas in addition to his distinguished record of public service in varied fields for both Republican and Democratic State administrations, including service as chairman of the State relief commission during the discouraging days of the depression in the 1930's, Judge Francis Carr, as he was affectionately known for his onetime service as justice court judge, was one of California's outstanding attorneys in the water and power field and successfully litigated several precedent-setting cases in California water law; and

Whereas Clear Creek Powerhouse of the Central Valley project is located a short distance from Shasta, Calif., the historic settlement where, nearly a century ago, Judge Francis Carr's father, a pioneer lawyer and teacher, first established his home after moving to California from upstate New York; and

Whereas it is most fitting and proper that the Clear Creek Powerhouse, largest of the Trinity River division, with its constant energy output, be named for and dedicated to Shasta County's native son, the late Judge Francis Carr, who loved his native country, serving her and her people with tireless energy to achieve an exceptional record of public service, including the development of California's water and power resources: Now therefore, be it

Resolved by the Greater Redding Chamber of Commerce, That it is hereby recommended to the Senate and House of Representatives of the United States of America in Congress assembled that they do hereby designate the 130,000-kilowatt-capacity powerhouse on Clear Creek at the head of Whiskeytown

Reservoir as the Judge Francis Carr Powerhouse and direct the Secretary of the Interior to place a suitable plaque at the site to make known the wishes of the Congress.

ROBERT C. ANDERSON,
President of the Greater Redding Chamber of Commerce.

FOREIGN ASSISTANCE ACT OF 1963 — AMENDMENTS (AMENDMENT NOS. 284, 285, 286, 287, 288, AND 289)

Mr. ELLENDER submitted six amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. HOLLAND proposed an amendment (No. 290), to the amendment submitted by Mr. MANSFIELD (for himself and other Senators) (No. 280) to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. THURMOND. Mr. President, I submit, and ask to have printed, an amendment (No. 291).

I submit, and ask to have printed, an amendment to H.R. 7885. The purpose of this amendment is to delete from the bill in its entirety section 402 which authorizes the President to grant most-favored-nation treatment to countries within the Communist bloc.

I do not believe there is any justification for this provision, and I intend to have more to say concerning it when I call this amendment up for consideration.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. DOMINICK. Mr. President, I submit an amendment to House bill 7885. The amendment is designed to assure that the Appropriations Committees will have the right to review the portion of the Development Loan Fund which consists of receipts which come back from loans which have previously been made.

The PRESIDENT pro tempore. The amendment (No. 292) will be received, printed, and lie on the table.

Mr. YOUNG of Ohio. Mr. President, I submit an amendment to House bill 7885, and ask that it be printed and lie on the table.

In support of my amendment, I quote from John Gunther, who in his great book, "Inside Europe Today," wrote:

> It is dangerous for a democracy, like the United States, to become too closely involved with a dictator or a semidictator, no matter how convenient this may seem to be. It is the people who count in the long run, and no regime is worth supporting if it keeps citizens down—if only for the simple reason that they will kick it out in time.

The PRESIDENT pro tempore. The amendment (No. 293) will be received, printed, and lie on the table.

FEDERAL EMPLOYEES' SALARY ACT OF 1963—AMENDMENT (AMENDMENT NO. 283)

Mr. WILLIAMS of Delaware (for himself, Mr. LAUSCHE, Mr. DOMINICK, Mr. TOWER, Mr. COTTON, and Mr. THURMOND) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 8986) to adjust the rates of basic compensation of certain officers and employees in the Federal Government, which was referred to the Committee on Post Office and Civil Service, and ordered to be printed.

ADDITIONAL COSPONSOR OF S. 2249 TO CREATE THE INDIANA DUNES NATIONAL LAKESHORE

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the name of the senior Senator from West Virginia [Mr. RANDOLPH] be listed as a cosponsor of S. 2249, the bill to establish the Indiana Dunes National Lakeshore, and that his name be added to the bill at the next printing.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NATIONAL ECONOMIC CONVERSION ACT—ADDITIONAL COSPONSOR OF BILL

Mr. HUMPHREY. Mr. President, I ask unanimous consent that, at the next printing of the bill (S. 2274) to establish a National Economic Conversion Commission, and for other purposes, my name be added as a cosponsor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILL AND CONCURRENT RESOLUTION

Under authority of the orders of the Senate of October 24, 1963, the following names have been added as additional cosponsors for the following bill and concurrent resolution:

S. 2259. A bill to further amend section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), to liberalize the conditions of loans by national banks on forest tracts: Mr. AIKEN and Mr. MCCARTHY.

S. Con. Res. 65. Concurrent resolution favoring agreements with other nations for the joint exploration and use of space and to place a man on the moon: Mr. BARTLETT, Mr. MCGEE, and Mr. RANDOLPH.

NOTICE OF HEARING ON NOMINATION OF CHARLES H. TENNEY, TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, November 8, 1963, at 10:30 a.m., in room 2228, New Senate Office Building, on the nomination of Charles H. Tenney, of New York, to be U.S. district judge, southern district of New York, vice Alexander Bicks, deceased.

At the indicated time and place, persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], chairman, the Senator from South Carolina [Mr. JOHNSTON], and the Senator from New York [Mr. KEATING].

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. RANDOLPH:

Editorial, "B. & O. Deserves Our Applause," in the Thursday, October 31, 1963, issue of the Morgantown (W. Va.) Dominion-News; correspondence between Senator RANDOLPH and Mr. Jervis Langdon, Jr., president of the Baltimore & Ohio Railroad.

UPRISING IN VIETNAM

Mr. MANSFIELD. Mr. President, the news of the uprising in Vietnam came as a complete surprise to me and, I am quite certain, a surprise to the administration. There have been rumors, of course, for weeks that a coup d'etat was in the making; but up to this time, there was nothing tangible to reinforce such an assumption.

This appears to me to be a purely Vietnamese affair which the Vietnamese should settle among themselves. So far as this Government is concerned, it is my opinion that the events of the past several hours call more than ever for a reassessment and reappraisal of our policy in South Vietnam and, for that matter, in all of southeast Asia.

One would hope that out of these tragic developments the people of South Vietnam will obtain the kind of government which will be responsive to their needs and responsible to them. It remains to be seen whether such a government shall emerge; and in any reappraisal of our policies, this would be a factor of the utmost importance.

I have always had the highest respect for the integrity, the patriotism, and the dedication of President Ngo Dinh Diem; and I regret very much, of course, the situation which now has come to such a pass.

HAROLD PERKINS

Mr. DIRKSEN. Mr. President, progress has been defined by someone as the fruit or the product of human hands, multiplied by tools.

As I think of Harold Perkins, our chief telephone page in the Republican cloakroom, who is leaving us, I think a little of that equation, because as the work of the Federal Government piles up—and, of course, that includes the work of the Senate and the work of the House of Representatives—a Senator, with only 24 hours in a day obviously must find that his efforts have to be multiplied by devoted people who serve the public cause.

Such a person is Harold Perkins—very industrious, very diligent, very ambitious. He could carry on his duties here, and at the same time go to law school in the Nation's Capital and be admitted to the bar. He is now to leave, to join his father in a law practice in Concord, N.H. He has been a faithful public servant, as courteous and as diligent as he could be.

So I wish him well as he goes back to the land of the birch, to the land of the purple finch, to the land of the purple

lilac, in the great sovereign State of New Hampshire. He deserves well, and I wish him well in his chosen profession. Godspeed.

TRIBUTE TO SENATOR HART

Mr. McNAMARA. Mr. President, the Associated Press recently prepared and distributed a definitive profile of my colleague, Senator PHILIP A. HART, of Michigan, with special emphasis on his important new assignment as chairman of the Senate Antitrust and Monopoly Subcommittee.

The article has been published in the Detroit Free Press, and I now ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OUR SENATOR HART: NEW TRUST BUSTER?—HE'S CONGRESSIONAL WATCHDOG FOR MILLIONS OF HOUSEWIVES

(By J. W. Davis)

WASHINGTON.—A genial politician who has made a reputation speaking out for the American consumer has a new job: No. 1 trustbuster of the U.S. Senate.

He is Senator PHILIP A. HART, Michigan Democrat, who endeared himself to a lot of housewives—and annoyed some high-powered packagers of consumer goods—with his "truth in packaging" investigation in 1962–63.

HART is the new chairman of the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee. He succeeds the late Senator Estes Kefauver, Democrat, of Tennessee, who gained national fame in the job.

There have been some predictions that HART won't be as aggressive as Kefauver—one Michigan correspondent reported HART would not be a noisy investigator, that "the day of strident calls for trustbusting are over."

"I feel strongly there is a continuing need for a committee which will do its best to follow the developments in production and marketing practices," HART says. "I am as allergic as anybody else to price fixing and unfair methods of competition."

HART said he intends to make a study of what the subcommittee now has under review before starting down new avenues. The subcommittee's staff is digging into professional sports problems, reviewing the effect of last year's price act, and keeping busy otherwise.

HART makes it plain that while there may be no evil inherent in bigness itself, he still feels that the consumer needs protection in Congress.

His mild approach, and his concern for the consumer, were illustrated when he undertook the packaging investigation last year.

At the time he said, "This is no gangbusters sort of investigation. We're just going to give the situation a real look."

The look turned up considerable evidence that some packagers of consumer goods were flim-flamming their customers and cheating on their competitors.

The subcommittee which HART then headed set up what it called a chamber of horrors. This was a display containing samples of products that were boxed, bagged or bottled in a confusing if not defrauding manner.

HART summed it up: "Millions of American shoppers day by day are paying more and more for less and less in bigger and bigger containers bearing smaller and smaller type."

So far, there has been no new legislation growing out of the packaging inquiry.

"What results can we claim?" HART declared. "As a result of the hearings there has been an improvement in labeling practices in a good many areas.

"Also, the consumer has been given a little encouragement to talk to store managers and point out complaints."

One executive, Vice President Ellen-Ann Dunham, of General Foods Corp., testified that the inquiry had served the public interest.

"Quite candidly," she said, "it prompted us to take another look at all our packages and labels, and, we suspect, other companies are taking another look at theirs."

The Hart family, incidentally, is by no means a typical consumer group.

For one thing, there are eight children, and the family consumes an awful lot of food.

For another, money is not the problem that it is with many families. HART, 50, is the son of a Pennsylvania banker and was a successful lawyer and a Michigan State government leader before his election to the Senate in 1958. Mrs. Hart is a member of a wealthy Michigan family.

HART is like many husbands, however, in that once he is turned loose in a supermarket he is a sucker for fancy groceries.

"I buy the stuff that sits in the icebox until it goes bad," he confesses.

HART's office lobby is decorated with newspaper cartoons dealing with his "truth in packaging" investigations and with color pictures of Michigan beauty spots, plus a big photograph in color of President and Mrs. Kennedy.

In person, HART is slight in build, with a ready smile and a pleasant manner.

There is a slight atrophy of the right hand, a result of a wound HART suffered as a young infantry officer in the Battle of the Bulge. He came out of World War II a lieutenant colonel after winning the Bronze Star, the Purple Heart, and the French Croix de Guerre. What's his political philosophy?

"I'm a Democrat. Government can either be helpful or oppressive and if I'm going to be labeled, I hope the judgment would be that my label should be propublic. Every action the Government takes affects the whole Nation."

HART's Senate seat is one of a half dozen listed by Senator WARREN MAGNUSON, Democrat, of Washington, Democratic senatorial campaign chairman, as being in peril in 1964.

While looking ahead to the campaign year, HART is taking a cautious approach to his new duties as chairman of the Antitrust and Monopoly Subcommittee.

"I feel it is as important as any assignment in Congress," he said when he took it over. "I anticipate initially there will be no great change in the direction the subcommittee moves.

"The subcommittee's function is to serve as a watchdog for the free enterprise system. It has always been—and should remain—alert to see that competition is not threatened by monopolies, price rigging agreements, and criminal conspiracy."

One persistent question is what to do about professional sports. HART, a former official for the Detroit Tigers and in the Detroit Lions organization, says:

"It goes back to the fact that as a result of a Supreme Court decision, professional baseball is exempt, not subject to the antitrust laws. But these laws are applicable to professional football. This seems an inconsistency. Sports are entitled to clarification; the players have an interest in this and so do the fans.

"It's clear we are talking about a mixed animal—pro sport is big business but also a sport."

BIG LIFT

Mr. INOUYE. Mr. President, the U.S. Department of Defense recently undertook the strategic air movement of an Army division from the United States to Western Europe. This intricate and unprecedented military undertaking proved without a doubt the ability of the United States to reinforce her NATO allies with sizable military forces in a matter of hours. I am convinced, however, that the full impact of this magnificent undertaking is yet to be realized not only by our allies and our opponents but perhaps by ourselves.

The magnitude of this undertaking is such as to stagger one's imagination and yet it is but a first step on the road to full development of the potential of the air movement of military forces to areas of danger. Some 15,000 highly trained combat-ready troops of the 2d Armored Division were moved from various bases in the United States to Western Germany where they joined with their prestocked combat equipment and moved into a tactical exercise within a matter of hours. To move these men and their 150 tons of cargo, the Military Air Transport Service under General Kelly utilized 217 aircraft including the very latest in jet transports, the C–135. I wish to pause at this time and commend the Military Air Transport Service for their outstanding scheduling, planning, and execution of all phases of the airlift. Especially noteworthy was their precise timing, their flexibility in meeting changing conditions when heavy fog unexpectedly blanketed their terminal airport, and their efficient maintenance which permitted a short turnaround time of aircraft between flights. Also it is commendable to note that not a single casualty was incurred during this mass movement. I compliment General Kelly, his staff, and all crews for an outstanding performance.

It was my good fortune to accompany a portion of the Army troops from Bergstrom Airbase, Tex., to Rhein Main Airport, Frankfurt, Germany in a C–135 jet transport. My flight companions during the 10-hour nonstop trip were members of the Headquarters and Headquarters Battery, 2d Armored Artillery, part of the 2d Armored Division, Fort Hood, Tex. Accommodations en route were understandably austere, but fully adequate. The men arrived on time at their destination in Germany, debarked and proceeded directly to their combat equipment which was in topnotch condition waiting for them near Kaiserslautern, Germany. Throughout my short association with the members of the 2d Armored Division, I was highly impressed by their serious attitude, professional competence, high esprit de corps and physical condition. It was obvious from the beginning that the men of this division were cognizant of the seriousness and the significance of their mission. I compliment General Burba and his entire command.

Following our landing in Frankfurt, I visited the area in which the equipment was pre-positioned and observed the members of the 2d Armored Division move in, check their equipment, and prepare for movement to the maneuver area. The caretaking detachment of General Harris' 7th Army, especially the technical personnel, performed an outstanding

job in having this equipment operationally ready. Many times the work of these men is obscured by the more glamorous role of the combat troops, but their critical importance to the success of these same combat troops was never more evident than during this phase of Big Lift.

While the 2d Armored Division was completing its pickup of equipment, I visited U.S. Army Headquarters at Heidelberg and then went into the field to observe the 1st Battalion, 87th Infantry, in field training exercises. This battalion is part of the 8th Division and was preparing for their part of the larger exercise to be held in conjunction with the 2d Armored Division. Maj. Gen. Stanley "Swede" Larsen, commanding general of the division, and a native Hawaiian, was my host during my time with the 8th Division. In addition to General Larsen, it was my high honor to meet and talk with some 60 native Hawaiians serving their country in Germany. During my visit with General Larsen, I also observed a tactical problem involving a rifle company in the attack. It was immediately obvious that, like the 2d Armored Division, the members of the 87th Infantry were professional soldiers at their best, and I salute General Larsen and his outstanding division.

The short few days I spent with our Army units in Europe have been truly valuable. It was extremely reassuring to see the competence exhibited by these fine combat troops. However, in my opinion the success of this gigantic maneuver in no way lessens the requirement for the United States to maintain our troops alongside our NATO allies in Western Europe. It merely demonstrates once again our ability to reinforce quickly our NATO allies and to respond with appropriate means to any degree of Communist pressure almost anywhere.

I understand there will be future exercises of the nature of Big Lift, perhaps to other parts of the world. Big Lift has been truly reassuring and I urge my colleagues to take every opportunity to observe and, if possible, participate in any future exercises of this nature so that they may see at first-hand, as did I, the combat readiness and competence of our military forces.

A MESS IN WASHINGTON

Mr. SIMPSON. Mr. President, I should like to draw my colleagues' attention to a column in this morning's New York Times.

Eminent Journalist James Reston, commenting on the resignation of Navy Secretary Korth and the rather shocking disclosures in the Bobby Baker case, observes ruefully, "There is a mess in Washington again."

In this regard, I should like to place emphasis upon Writer Reston's closing paragraphs in which he observes, in commenting on Korth's resignation:

> Korth wasn't crooked; he was morally insensitive and stupid, but the President insists Korth wasn't fired, which raises the question: Why not?

An excellent question, as yet unanswered.

Mr. President, I ask unanimous consent that the Reston editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WASHINGTON—WHO WILL DARE INVESTIGATE THE INVESTIGATORS?

(By James Reston)

WASHINGTON, October 31.—There is a mess in Washington again, and very little evidence that either the White House or the Congress is going to do very much to clean it up.

The improprieties of Secretary of the Navy Korth in carrying on his private business on Navy stationery and on his official yacht are widely condemned in the Capital, but he will be given an honorable farewell by the top admirals of the Navy when he leaves tomorrow. And he leaves with the assurances and even praises of the President himself.

This is the man who wrote to his former and future associate, G. E. Homstrom, at the Continental National Bank of Fort Worth about his plans to "have a little party aboard the *Sequoia* (the Navy Secretary's official yacht) primarily for my Texas friends. * * *

"I am just wondering," Secretary Korth's letter of August 13, 1962, continued, "whether you and some of my other friends at the Continental may be coming through; likewise if you have some extra good customers that it would be nice to have."

KENNEDY'S BLESSING

This and much more evidence of misuse of the Secretary of the Navy's Office came to the attention of the Congress, and shortly thereafter Korth resigned, but the President took the line today that the Secretary had not acted improperly and, while vaguely regretting his letterwriting, praised his Navy Secretary's contributions to the Nation's security.

The Bobby Baker case illustrates the same casual attitude toward charges of improper conduct. Ever since Baker, former secretary to the Democratic majority in the Senate, resigned after charges that he was using his position to amass a private fortune on the side, this city has been full of ugly rumors about illicit relations between Baker's girl friends and prominent Senators and officials in the administration.

Every vigilant newspaper office in Washington has a list of names of those implicated with Baker and his lobbying friends and his girls. And the gossip feeds on itself to such an extent that it has already poisoned the atmosphere of the whole Government.

The only way to deal with this kind of material, much of it deeply disturbing and a lot more of it probably malicious trash, is to investigate it thoroughly, objectively, and in private.

This may yet be done. It is in the hands of the Senate Committee on Rules and Administration, but that committee is operating under a Senate resolution which instructs it to look into the conduct only of Senate employees and former employees (not Senators), and it is refusing to provide outside legal counsel for both the Democratic majority and the Republican minority of the committee.

LACK OF CONFIDENCE

The result is that there is absolutely no confidence here that the Rules Committee will really investigate their own Senate colleagues or that the permanent Senate employees will really be in a position to investigate their bosses.

The main problem in both the Korth and Baker cases is not illegal or criminal action. In fact, all the talk about Korth and Baker tends to obscure the main thing, which is the loose system in Washington that encourages these personal improprieties. It is the system of trading favors and using influence and yachts for the purpose that is the cause of the trouble. Baker and Korth, whose indiscretions were quite different, are merely the result.

The yacht *Sequoia* is merely a flashy symbol of this system. It costs the Government far more than Baker or Korth is ever likely to make in a lifetime. It plies up and down the Potomac with a crew of two officers and eight men and is primarily a floating restaurant and bar for the entertainment of Senators and Congressmen.

Baker allegedly peddled influence to lobbyists and managed to buy houses and motels where he could give and get more favors. But the *Sequoia* is the Pentagon's own official instrument for influence peddling—for encouraging generous defense appropriations—and under such a system it is scarcely surprising that Korth used the old tub occasionally for his own purposes.

SCRAP THE "SEQUOIA"

The mess, in short, is not going to be cleaned up by concentrating on Korth and Baker, but by overhauling the system. Baker couldn't peddle much influence on his own; his influence came from his close association with Senators and with officials who knew he was close to Vice President JOHNSON and others.

Korth wasn't crooked; he was morally insensitive and stupid, but the President insists Korth wasn't fired, which raises the question: Why not?

How is the system to be changed if the President praises a man with judgment like Korth's, and the Senate won't conduct an objective investigation of its own shortcomings? The official reaction here to Baker and Korth is more of a problem than they are, for they are gone and the system that produced them remains.

THE AMERICAN IMAGE

Mr. SIMPSON. Mr. President, I should like to have published in the RECORD three editorials which point up the sentiments at divergent ends of the Western Hemisphere regarding the image of America under the Kennedy administration.

On the Latin American scene, syndicated columnist Hal Hendrix, writing in the October 16 New York World-Telegram and Sun, notes with alarm the administration's refusal to normalize diplomatic relations with the Dominican Republic after the overthrow of leftist President Juan Bosch. Hendrix backs up reports carried in the Washington press that the New Frontier interjected itself into the Dominican stew with an ill-advised suggestion that the civilian triumvirate step aside in favor of a member of the former Bosch government.

Hendrix says the administration has deliberately overlooked the fact that the constitution pushed on the Dominican people by the Bosch government last spring was dissolved by Bosch's overthrow and that the country is now operating under a constitution established in September of 1962. The Dominicans are, therefore, not living beyond the reach of all constitutional authority as some critics of the military coup have stated.

Two editorials from the October 19 Financial Post of Ottawa, Canada, illustrate the wide dissemination of the views and philosophies of the New Frontier.

Even in Canada the administration's proclivity for advising cannot be ignored.

Summing up the Kennedy clan, the editorial points out that U.S. business is being intimidated and that "with their bullying strategy perfected at home, the Kennedys and their cohorts are using it to get what they want abroad."

I would like to call these three articles to my colleagues' attention, and I ask unanimous consent that they printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York World-Telegram and Sun, Oct. 16, 1963]

Two Left Feet: U.S. Dominican Policy Is Crazy

(By Hal Hendrix)

Santo Domingo.—The Kennedy administration is playing its Caribbean policies the way the New York Mets and Washington Senators play baseball.

Taking a page from the Mets' and Senators' scorebooks, the New Frontier in Washington is consistent in its losing ways. If the New Frontiersmen continue another year on the same path they, too, may set a record in the loss column.

In the explosive triangle of Communist Cuba, Haiti, and the Dominican Republic, the policymakers in the White House, State Department, and the hip-pocket branch of State over at the Justice Department have so far scored an impressive three losses, no wins.

The administration, publicly hostile to Fidel Castro and Dictator-President Francois Duvalier, has bobbled the ball repeatedly in policies designed to change these regimes.

Overthrow of Leftist Dominican President Juan Bosch, with a majority of the population supporting the change, found official Washington reacting as if it had two left feet.

The latest demonstration of New Frontier Caribbean diplomacy here—with the ranking U.S. Embassy officer suggesting that the ruling civilian triumvirate step aside in favor of a former member of the Bosch government—has left responsible and normally pro-American Dominicans angry and bewildered.

Most Dominicans and Americans in the capital are viewing the maneuver carried out in a phone call to a member of the triumvirate, as "stupid and unbelievable for a country like the United States."

"This is like a Dominican representative to the United States calling a member of its Government and saying it should replace the Governor of Puerto Rico with somebody like Albizu Campos and the Nationalist Party," a Dominican newsman in Santiago commented today.

Unofficially and officially, Dominicans note that the United States continues to talk piously about nonintervention in the affairs of a sovereign nation.

The informal action carried out here by Spencer King, American deputy chief of mission, was described by the triumvirate as "intervention without precedent."

Full information about the King "suggestion" and quick rebuke by the triumvirate was published in all the country's newspapers. The worldwise Dominicans at least recognized immediately that King would not have acted without specific and detailed cabled instructions from the State Department.

Palace officials, stunned by the ill-advised Washington action on top of its adamant refusal to normalize diplomatic relations and aid, note bitterly that U.S. officials continue to refer to "a need to return to constitutional government in the Dominican Republic."

They point out the constitution pushed on the Dominican people by the Bosch government during the heated Haitian crisis last spring was dissolved with Bosch's overthrow.

But they add that the United States remains blind to the fact that when the military turned government reins over to the civilian triumvirate 36 hours after the coup, the provincial regime began functioning under a constitution adopted in September 1962.

Thus, the Dominicans reason, the United States is in error when it follows the policy declaration of Secretary of State Dean Rusk stating there is now no basis for normalization of diplomatic relations with the Dominican Republic.

Despite all the noise raised in Washington by "liberals" against the present anti-Communist regime here, members of the triumvirate still hope the Kennedy administration will lend them a helping hand.

"Obviously, we would like to have the recognition of all the democratic countries of the world," said Manuel Tavarez Espaillat, a member of the junta.

"I am certain our actions in the first few weeks of government will provide sufficient proof of our democratic purposes and will swing public and government opinion toward recognition."

[From the Financial Post, Oct. 19, 1963]

Kennedy to Meany to Hall to Banks

President Kennedy wants to be reelected next year but Canadians don't like being a punching bag in his political warmup.

The American Government is busily engaged in trying to run the affairs of dozens of countries around the world. It wears the robes and halo of sanctity. It is on the side of "progress" or "democracy" or "freedom" or something that sounds good.

Certainly no responsible member of the Western alliance will envy the most powerful Nation on earth its responsibilities or deny its generosity or seriously criticize what the Americans stand for in the cold war.

But more and more the habit of pushing other people around is growing on the Kennedys and their clansmen in Washington.

This is frequently and amply demonstrated within the United States. Indeed, terrifying American citizens into behavior pleasing to the Kennedys is currently the political sport of the President's brother, the Attorney General.

Quite a few people and corporations who do not please the Kennedys are now finding that their current and past income tax returns are being reviewed.

And who is there who won't be intimidated by that, even if their income reports are all clean as a whistle? This Attorney General "discipline" is so intimidating, in fact, that U.S. news media don't write about it.

Now, with their bullying strategy perfected at home, the Kennedys and their cohorts are using it to get what they want abroad.

Take the latest example of outrageous interference—the American pressure against the Canadian Government over the labor union war on the Great Lakes.

Belatedly, the Canadian Government stepped into this mess and the trustee scheme is about to be implemented.

But the spectacle of the White House and the U.S. Secretary of Labor and the whole weighty machinery of the U.S. Government being gassed up to tell the Canadian Government what it can and cannot do about a Canadian problem is, to say the least, unpleasant.

Alliance, Yes; Holy, No

Here is the cast of characters and here is the play.

Kennedy needs the labor union vote in his presidential contest next year. That means he needs the unqualified support of George Meany, the powerful head of the AFL–CIO.

Meany is shaky in his lucrative job. Quite a few big union leaders are gunning for him, notably Walter Reuther of the Auto Workers.

To protect his hide, Meany needs all the friends he can keep and so he will do anything to please Paul Hall, the very powerful international boss of the Seafarers Union.

Paul Hall, in turn, very much needs the support of Hal Banks—and the money Banks gets out of his Canadian union members.

So when the U.S. Secretary of Labor solemnly makes an official pilgrimage to Ottawa (nobody can recall that happening before) and when he makes public declarations telling the Canadian Government what to do, he is merely doing a chore for Kennedy who wants to do a favor for George Meany, who needs Hall, who needs the notorious Hal Banks.

From Mr. Kennedy's point of view, Canada is quite unimportant. It would, in most respects, be a lot simpler for the White House and the U.S. Government if we didn't exist at all as a separate country.

It is tragic that a man of such great endowments as Kennedy should, with increasing frequency, be revealed as having a serious defect of character. His intellect and conscience too often fail him in assessment of the appropriate and seemly exercise of power.

The proverb, "The end justifies the means" with the Kennedy clan too often becomes "The end justifies any means."

Hal Banks and John F. Kennedy will understand each other completely. As successful men, they have good reason to admire each other.

Both Banks and Kennedy are good at kicking people around. Canadians who have not taken the oath of allegiance to the White House and to the U.S. Congress have very good cause for extreme distaste.

QUALITY STABILIZATION LEGISLATION

Mr. LONG of Missouri. Mr. President, during recent weeks, the three largest daily newspapers in Missouri have published editorials opposing quality stabilization legislation. Prior to the publication of these editorials, I wrote a letter to the chairman of the Senate Antitrust Subcommittee, the junior Senator from Michigan, and suggested the subcommittee consider conducting a thorough study of this proposed legislation because of its direct effect on antitrust and monopoly law in the United States. It is my belief an exhaustive study of this legislation as it relates to antitrust and monoply is necessary. Therefore, I hope the subcommittee at an early date will consider undertaking such a study.

Mr. President, I ask unanimous consent that the three editorials be printed at this point in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the St. Louis Post-Dispatch, Oct. 4, 1963]

The Price-Fixing Threat

The Department of Defense has joined the parade of Government agencies opposing a perennial bill in Congress to give manufacturers legal authority to fix prices for branded and trademarked merchandise and to punish retailers who sell it for less. It says, as quoted by the Air Force Times, that the measure would have such an inflationary effect as to seriously erode the value of the $1.2 billion military pay raise just enacted, and add billions of dollars to the already high military budget. The Department of Justice, which opposes the bill along with the Department of Agriculture, has hitherto said it would cost consumers $1 billion a year.

Nevertheless, and inspite of being turned down by three previous Congresses, the bill has been renamed quality stabilization—fair trade having got too bad a name—and has been approved by the House Commerce Committee, whence it has gone to the Rules Committee, which has given it rough treatment in the past.

The quality stabilization bill—which has no more connection with quality stabilization than the fair trade bills had with fair trade—is a new and especially oppressive form of price fixing. Hitherto the proponents of this legislation have been content with suspending the Federal antitrust laws to enable States to adopt price-fixing statutes. But most of the resulting State laws were either invalidated or rendered unenforcible by the courts, and the current bill would bypass the States by making sales at less than fixed prices a Federal offense. Missouri, whose legislature has repeatedly given fair trade proposals short shrift, and which has never been burdened with a price-fixing law, would no longer have a choice.

Fair trade, or quality stabilization, is a depression baby and its results are depressive. Its philosophy is that of getting the highest return from a fixed market instead of using price competition to expand the market. We hope Congress will dispose convincingly of this proposed incubus to commerce.

[From the St. Louis Globe-Democrat, Oct. 3, 1963]

FAIR TRADE FEATHERBEDDING

Alarming reports come out of Washington that should give consumers of the Nation the shivers. For the first time since the initial measure was introduced way back in 1914, a so-called "fair trade" bill is given a chance of being passed by Congress.

If it is, a Justice Department study indicates, it would "cost the American consumer billions of dollars and have a powerfully inflationary effect."

If it is, the Defense Department estimates it will just about wipe out the benefit of the $1,200 million pay raise voted for men in the armed services for boosting prices in post exchanges.

The measure which has been approved by the House Interstate and Foreign Commerce Committee isn't being called a "fair trade" bill by its proponents this time. Perhaps because that well-worn term has long been exposed as a phony. The new label is "quality stabilization."

Whatever the name, however, the purpose remains the same.

By making it a Federal offense for wholesaler or retailer to sell merchandise below the price set by the manufacturer, proponents would make price fixing—usually regarded as unlawful—mandatory at higher levels.

For whose benefit? Small merchants scattered throughout the Nation.

No matter how small and inefficient their operation, this law would enable them to compete pricewise with the biggest and most successful stores.

The price would remain the same on branded goods, whether the merchant sold 10,000 refrigerators, washing machines or whatnot a year, or only 1.

A better name for this price-fixing business—as Dr. Joseph M. Klamon, Washington University marketing professor and long-time foe of price fixing under any guise, suggests—is "economic featherbedding."

Seeking to repeal the law of supply and demand, trying to eliminate competition in the marketplace, this legislation is intended to provide a profit for the most incompetent and most inefficient persons trying to do business under what is supposed to be a free enterprise system.

[From the Kansas City Star, Sept. 24, 1963]

PRICE-FIXING BILL: BODY BLOW AT CONSUMERS

A price-fixing bill by any other name is still a price-fixing bill. Don't be fooled by the euphemism, "quality stabilization bill." It is the old fair trade proposal in a new false face. Should the pressure groups succeed in ramming it through Congress, it would cost American consumers billions of dollars a year. By act of Congress, you could be forced to pay higher retail prices. By act of Congress, the spirit of competition that is the essence of the free enterprise system could be hamstrung.

We recognize the problems of small merchants who have been behind this drive. And there are known evils in the practices of reckless price cutting. But this way of approaching the problem strikes at the very heart of free enterprise.

It strikes us as a matter that you might want to take up with your Congressman or Senator. If he is one of the lawmakers who wants to slap you with big price increases, you ought to know about it. And soon, before it is too late.

The fair trade drive picked up its momentum in the depression of the 1930's and in time all but three of the States followed the route. Missouri, to its credit, was one of the three. It remained a peculiar outpost of free enterprise and competition. Under the weight of court decisions, fair trade laws have been falling by the way in several States. Several years ago, the pressures shifted to Capitol Hill, and they have been relentless. This year the bill has reached the House Rules Committee with the blessings of the Commerce Committee.

In all its simplicity, the newly named quality stabilization bill would permit a manufacturer of a brandname or trademark commodity to fix the wholesale and retail prices on a wide range of items that make up the greater part of the normal competitive system. Missouri and all the other 49 States would be affected. It clearly would be another intrusion of Federal authority and, we believe, a totally unwarranted intrusion.

We do not dismiss lightly the concern for the small merchant in this country. There is a trend toward bigness but we do not see how it would be ended by such a price-fixing law. Many small merchants have succeeded, and in Missouri, too, despite the absence of a fair trade law. The personal services that the small merchant can give, and the friends he can make, are an answer to bigness. Success depends on principles of sound business, not on a price-fixing law.

But the interest of the consumers—of all Americans—should be paramount. Statistically, it has been determined that people in States with still operative fair trade laws pay from 19 to 27 percent higher prices than do consumers in States without such laws.

The President has indicated that he probably would veto the quality stabilization bill. It is questionable whether it would survive a court test. But the place to stop this one is in Congress and the time is now. Dolled up in new wrappings, the quality stabilization bill is still aimed at the pocketbooks of the American people and at the basic strength of free enterprise.

THE AMERICUS, GA., CASE

Mr. CASE of New Jersey. Mr. President, a three judge Federal court is meeting today in Georgia on the Americus case. To its shame, the Department of Justice is not represented in the hearing.

The negative and, to me, inexplicable position of the Department of Justice in this case is made clear once again in the reply I have received from Assistant Attorney General Burke Marshall in reply to my latest inquiry.

I am deeply disappointed about the continued reluctance of the Department of Justice to move in the Americus, Ga., case. Mr. Marshall speaks of "apparent injustice" in the prosecution of these four young men on a capital charge. The Georgia solicitor general who brought the charge has now stated in court, according to the press reports, that:

> The basic reason for bringing these charges was to deny the defendants, or to ask the court to deny them bond. We were in hopes that by holding these men, we would be able to talk to their lawyers and talk to their people and convince them that this type of activity * * * is not the right way to go about it.

His statement is not new, but rather is only confirmation of what had already appeared several times in the press. That is, that he deliberately looked through the lawbooks for a charge on which the youths could be held without bail.

The only change in the Department's position seems to be broadening of the investigation from charges of police brutality to the possibility that the purpose of the prosecution was to discourage voter registrations by Negroes. This has been apparent from the start. Further, it is now 3 months since the initial arrests were made. Surely an investigation could be concluded within that period.

The attitude of the Department remains inexplicable to me in a case which involves constitutional rights and which so clearly and deeply affronts the basic principles of law and justice.

The text of Mr. Marshall's letter is as follows:

> DEAR SENATOR CASE: The Attorney General has asked that I reply to your letter of October 17, 1963, in which you again request that this Department take action to obtain the release of Donald Harris and three others from jail in Americus, Ga.
>
> I can well appreciate your concern with the apparent injustice in the prosecution of these four young men on a capital charge. There are obstacles, however, to establishing that the purpose of the prosecution was to discourage voter registration by Negroes. Nonetheless, we have instituted and will continue our investigation to determine if such is the case. If the necessary evidence is obtained we will, of course, take appropriate action in court.
>
> I understand that the question of the legality of the custody of these four young men has been raised in private litigation instituted on their behalf in the U.S. District Court for the Middle District of Georgia. I would hope that these court proceedings speedily resolve the legal questions relating to their custody.
>
> Sincerely,
>
> BURKE MARSHALL,
> *Assistant Attorney General, Civil Rights Division.*

Mr. President, since I prepared this statement, the wires report that the 1871 Georgia insurrection law under which the youths have been held so long has been held unconstitutional by the court. This is good news, indeed, but it is no thanks to the Justice Department. While I have not seen the details of the decision, the case appears far from over. The Department still has an opportunity, I believe, to redeem itself in the eyes of the American people.

CAPITAL ISSUES COMMITTEE PREFERRED

Mr. JAVITS. Mr. President, on October 22 I made extensive remarks concerning the interest equalization tax, an administration proposal now before the House Ways and Means Committee, a proposal with which I disagree. In the course of the same discussion, I have outlined in great detail, an alternative which I consider far more desirable and effective—a capital issues committee. This committee would be an advisory committee of banks, investment houses, and brokers around the country. It would be established only for the duration of the emergency and could be dismantled at will. This would not be the case with the interest equalization tax, which would remain in effect for several years whether needed or not, and could not be abolished until repealed by law—which, as we know, sometimes takes a long time. The capital issues committee is a tried and true operation in major financial centers abroad, whereas the interest equalization tax is completely new and untried. Such a committee would do everything that the proposed tax would do—and would do it in a much better way and in a more businesslike manner, more agreeable to the investment community of the United States and the world. It not only has widespread support among members of the financial community, but has also gained the editorial support of such outstanding newspapers as the New York Times. I ask unanimous consent that the editorial from the New York Times of September 1 and the Washington Post of October 28, be printed in the Record at the conclusion of my remarks.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the New York Times, Sept. 1, 1963]

Stopping the Dollar Drain

The huge outflow of dollars that took place in the first 6 months of this year has reportedly been reduced since President Kennedy proposed a tax on American purchases of foreign stocks and bonds. This stanching of the drain, however, is unlikely to be permanent. Prospective foreign borrowers are simply holding off, waiting to see whether Congress will approve the administration's interest equalization tax. If it does, the hemorrhaging appears bound to resume, for this means of halting the outflow is an ineffective tourniquet.

The tax is difficult to reconcile with President Kennedy's frequent assertions that the present tax structure must be simplified and trade barriers relaxed. The addition of the tax would complicate the tax structure and would establish a tariff on capital, putting into effect a two-price system for funds. And despite the administration's claims that the tax will not interfere with the workings of the free market, it is clearly a form of control.

Worst of all, there is little evidence that this masked control will work. It is not the low cost of capital but the ready availability of funds that attracts foreign borrowers to the United States. Interest costs would be a deterrent if they were put up high enough, but the administration is not going to an extreme. Moreover, it has granted an exemption to Canada, the largest of all foreign borrowers, so that the amount that may be saved is hardly worth the cost of the new tax.

With the drain of dollars caused by foreign borrowing having run at an annual rate of $2 billion during the first half of the year, the administration is right to contemplate specific action to curtail the flow. Its proposal, however, would bring new leaks. If controls are to be used, the one sure method to stop the drain is to establish a capital issues committee, charged with limiting the number and amount of foreign issues as long as the emergency exists. This is the only way immune to loopholes and not involving an artificial price for funds. It is, moreover, a device well known and trusted by Europeans.

It might be possible to get by without any specification. But if the administration is bent on reducing the drain created by foreign borrowing, it should fashion an effective tool.

[From the Washington Post, Oct. 26, 1963]

An Ineffective Measure

In July when President Kennedy proposed that an interest equalization tax be levied on the purchase of foreign securities by residents of the United States, this newspaper gave the measure its qualified support. So long as the country continues to run large balance-of-payments deficits, direct controls must from time to time be imposed in order to reduce outflow of long-term capital. The alternative would be a restrictive monetary policy which is clearly at variance with the domestic goals of high employment and output. But in the course of hearings before the House Ways and Means Committee, it has become apparent that the administration's measure cannot expeditiously end the capital outflow.

Proponents of the tax have argued that it would involve a minimum of governmental inference with the market mechanism. President Kennedy, in his message of July 18, said that:

"Under this alternative, the allocation of savings for investment will continue to be the result of decisions based on market prices. There will be no limitations on the marketings of foreign issues and no governmental screening of borrowers. Reliance will be placed on price alone to effect an overall reduction in the outflow of American funds."

But immediately after these words were uttered, an outcry from the Canadians compelled this Government to exempt them from the provisions of the act. And continuing protests by the Japanese make it perfectly clear that the decisions to include some countries and exempt others involve acts of discretion.

Nor is it by any means certain that the tax will in fact result in an equalization of interest rates. If interest rates in Europe rose and foreign securities were offered to Americans at sufficiently large discounts, the tax might not prove to be an effective deterrent to sales in this country.

The interest equalization tax is administratively complex and needlessly broad in its scope. It would be levied upon both new and outstanding foreign issues, when in fact, it is the new issues largely floated by foreign governments, which have been responsible for most of the portfolio-investment outflow in recent years.

Rather than rely upon a tariff on the importation of foreign securities, the effectiveness of which would be contingent upon interest-rate differentials, a capital issues committee should be established. Such a body, consisting of representatives of the Treasury, the Federal Reserve Board, and representatives of the investment banking industry, could operate in a flexible manner, withholding certification from certain foreign issues when balance-of-payments pressures were severe and relaxing the restraints at other times. Policies such as this are pursued in all other financial centers of the world, and they are well understood in investment-banking circles.

The United States is the only major industrial country with a free capital market, and interference with its operation should be countenanced only if it advances the national interest. The interest equalization tax would disrupt that market and create complicated administrative problems without a reasonable prospect of success. A capital issues committee, combining compulsion with moral suasion, would accomplish its objective with a higher degree of certainty while doing no more—and perhaps less—violence to the principle of free markets than an ineffectual tax.

THE SITUATION IN BRITISH GUIANA

Mr. McGOVERN. Mr. President, Mr. Ben Segal, director of the Education and International Affairs Department of the International Union of Electrical, Radio, & Machine Workers, has recently returned from a study mission to British Guiana. Mr. Segal has had a close working relationship with the trade union movement in this country over a period of years. He has frequently visited British Guiana and has maintained a special interest in its affairs.

Recently, Mr. Segal authored an article entitled "British Guiana: A Land in Turmoil." I have found the article to be a stimulating and perceptive analysis of contemporary problems and prospects in this significant corner of Latin America.

I ask unanimous consent that the article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

British Guiana: A Land in Turmoil

(By Ben D. Segal, Director, Education and International Affairs Department, IUE–AFL–CIO)

British Guiana is a land in serious trouble politically, economically, and racially. This strife-torn country—until recently on the threshold of independence is split down the middle between the East Indians and the Negroes, and this split affects every aspect of life in British Guiana.

The recent general strike plus earlier widespread rioting have divided the country in two. Outside of Georgetown, where the overwhelming population is East Indian, Cheddi and Janet Jagan, Premier and Minister of Home Affairs respectively and their political party, the PPP (Peoples' Progressive Party) have control. Inside Georgetown, where the majority of the 148,000 population is Negro, the PNC (Peoples' National Congress) led by Forbes Burnham, is in control. A third and smaller party in the field is the United Force, which is headed by Peter d'Aguiar. This is primarily a conservative businessmen's party, consisting mainly of Portuguese and mixed racial groups.

The result is that in British Guiana a political stalemate exists. In the last election, the Jagan's PPP won the election with

42.7 percent of the vote, at the same time getting 20 seats in the legislature. The PNC, which received 41 percent of the vote won only 11 seats, and the United Force with 16 percent of the vote won 4 seats. In effect, this means that because of the sharp racial divisions neither one of the major parties has sufficient strength to effectively rule the country.

The question has been raised why all this concern about British Guiana—a country which is thousands of miles away, undeveloped, and up to now relatively unimportant in world events. A glance at the map shows that British Guiana borders two key Latin American countries—Venezuela on the west and Brazil on the south. Economically as well as politically British Guiana has a crucial position; within the borders of its 86,000 square miles it is one of the largest producers of bauxite, essential to the production of aluminum (and indirectly steel) in the world.

There are many signs that the country under the Jagans is moving more and more openly into the Cuba-Communist orbit. Close commercial and cultural ties with Cuba are being extended. The government has set up the Guiana Import-Export Corp. (known as Gimpex), as a front for channeling goods and money from Cuba and reputedly other Communist countries into British Guiana.

A large number of PYO members, the Jagan party youth group, have been sent on junkets and on scholarships to Cuba and various Iron Curtain countries. A number of PPP cabinet members, including Janet Jagan, have made visits to Cuba, Red China, and other Communist nations.

Through the Mirror, the PPP daily newspaper, increasingly violent attacks are launched against the United States and President Kennedy. Typical was a Mirror editorial on August 25, 1963, accusing the United States of "glaring insincerity," "perfidy," and "dishonesty." The same editorial states "that under the aegis of the AFL–CIO and with the blessing of the Pentagon, large sums of U.S. money have been poured into this country to support a political strike, the only purpose of which was to overthrow the democratically elected government of Dr. Jagan."

The country's democratic trade unions are one of the main hopes for staving off a totalitarian state in British Guiana. Long identified with the anti-Communist ICFTU (International Confederation of Free Trade Unions), they have been in opposition to the Jagan government because they cannot forget the past efforts of the Jagans to impose restraints designed to weaken the labor movement. Earlier this year when the government sought to enact legislation imposing government control over organized labor, the unions conducted a successful 80-day general strike.

Determined to snuff out their major anti-Communist opposition, the Jagans are now accelerating their efforts to take over the trade union movement by setting up rival unions. The Guiana Agriculture Workers Union, which is headed by a Jagan PPP member of the legislature, has been set up in the sugar industry to destroy the MPCA (Man-Power Citizens' Association), the established anti-Communist union in the field.

This rival union has been organized on an outright racial and political basis. Since the large majority of workers on the sugar estates are Indian, the Jagan union is making considerable headway. A recent report shows that the MPCA has lost more than 20 percent of its membership. This struggle among the sugar workers is crucial since cane growing and processing is the major industry and the employees form the largest union in the country. The MPCA membership of 20,000 represents over 40 percent of the country's entire trade union membership.

To further illustrate the motives and objectives of the Jagans, another rival union has been set up for civil service and Government workers. This, too, is predominantly Indian, organized and led by Jagan henchmen who are attempting to force the Indian workers out of their own free government employees' union and into more docile organizations.

The racial divisions are very sharply obvious in the union picture. While the president of the Trades Union Council and the MPCA, Richard Ishmael, is Indian, the vast majority of TUC leaders are Negro. The TUC's main strength is in Georgetown. The significance of this was manifest during the general strike when the overwhelming majority of Negro workers supported the strike and the majority of Indian workers did not.

The racial issue is paramount not only in the labor movement but in all other institutions. A number of Indian businessmen with whom I talked said that if they had to choose between Marxism (referring to Jagan) and hooliganism (referring to the looting and violence that had taken place in Georgetown), they would choose Marxism. Actually, the records show that there has been violence on both sides. During the general strike four East Indians and seven Negroes were killed.

The opposition parties accused the PPP of exploiting the racial issue and cite the slogan used by the Jagans among the East Indians in the 1957 elections, "apan jhaat," which means, "vote for your own." While there is no doubt that all political parties have capitalized on the racial issue, the Jagan Party has the most to gain from this political perversity. The East Indians have a majority, and their birthrate is increasing at a more rapid rate than all the other racial groups in the country. Out of a total national population of approximately 600,000, the East Indians comprise 47.8 percent and the Negroes 32.8 percent of the population.

All this has generated a pervasive atmosphere of fear in British Guiana. The Indians fear the Negroes, the Negroes fear the Indians, and the Portuguese fear both groups. All those with whom I talked during a recent visit, were discouraged and pessimistic about any possible resolution of this deep racial schism. When I interviewed Forbes Burnham, the PNC head and opposition leader, he expressed deep concern over this racial division. As he put it: "We have to find ways and means of coexistence or we will have no existence." He believes that proportional representation is essential, and argued eloquently that without proportional representation, the PPP will win the election, as it did 2 years ago, and after independence from Britain is consummated will proceed to turn the country into a Communist and totalitarian state.

Unemployment which has hovered around 20 percent for many years is on the increase as a result of recent developments. Conservative estimates indicate that one out of every four or five workers is unemployed and one out of nine is underemployed. In contrast to my previous visits, I heard no talk about ways and means of attracting new industry. Instead, the talk was whether present industries could be kept in the country. It is an open secret that money is being sent out of the country, some businesses have closed and a number of businessmen and experts have left. A saving feature in the economic situation is that sugar, the main prop of the economy, is having an exceptionally good year because of the U.S. boycott of Cuba, reduced crops in other sugar-producing countries, and the high world market price.

British Guiana is a modern day national tragedy. Here is a country that badly needs foreign aid. Yet the Jagan's authoritarian political ideology, the increasingly close political and economic intercourse with Cuba, makes it a decided risk for U.S. financial assistance. Long time observers and the trade union leaders believe that the United States should make clear that our opposition is not to "socialism" (as Jagan is trying to get his people to believe), but to the alliance with Castro and the potential for Latin American subversion that this represents.

In considering possible solutions and alternatives to the present chaos in British Guiana, the people with whom I talked agreed that it would be a mistake for the British to postpone independence. They felt that independence should be linked with adequate guarantees and protections for the opposition parties. In effect, this means proportional representation which would guarantee a vigorous anti-Jagan bloc and necessitate a coalition government.

Burnham makes clear that his party, the PNC, is a democratic socialist party. He points out that capitalism, U.S. style, will not work in an underdeveloped and undeveloped economy such as British Guiana. Summing up his party's position, he said: "We are Socialists; we are Democrats and aim at a system which recognizes in precept and in practice the dignity, worth, and ability of the ordinary man. We are for a social and political democracy."

Small as it is, approximately the size of Minnesota, British Guiana today is a firebrand, already half ignited. It is a firebrand that has the potential to set aflame not only Latin America but even the entire globe. But the Communists show no inclination to withdraw the torch which may give them a second outpost in the Western Hemisphere and a strategic entry into the South American continent.

MAJOR SPEECHES DELIVERED BEFORE THE SOUTH DAKOTA FARMERS UNION ANNUAL CONVENTION

Mr. McGOVERN. Mr. President, on October 15 the members of the South Dakota Farmers Union heard two excellent addresses delivered by our colleague, the junior Senator from Missouri [Mr. Long] and by Mr. James Patton, president of the National Farmers Union.

Senator Long devoted the major portion of his address to the domestic problems of American agriculture. Mr. Patton centered his discussion on the relationship of agriculture to our position in world affairs. I think that Members of Congress will find these two addresses both perceptive and instructive.

I ask unanimous consent that they be printed at this point in the Record.

There being no objection, the addresses were ordered to be printed in the Record, as follows:

Nothing Foreign About Foreign Policy

(An address by James G. Patton, president, National Farmers Union, to the annual convention, South Dakota Farmers Union, Huron, S. Dak., October 15, 1963)

A speech on foreign policy connotes, to most people, something alien, and they prepare themselves to be disinterested, unconcerned. My friends, let me say to you quite frankly that there is nothing foreign about foreign policy.

From the founding of this country—from the years of President Washington to the Second World War—to the years of President Roosevelt, this Nation lived an isolated existence. Through most of our history we were an unalined, uncommitted, neutralist country. We were unalined by geography, uncommitted by doubt, and neutral by desire. We had felt we could live behind our Monroe Doctrine and within our two oceans in peace and with plenty, comfortably away from the rest of the world.

I doubt that very few of you here tonight do not recall such an educational upbringing. But the day of the covered wagon and model T, and all they meant, is gone forever. The end of isolationism was the inescapable result of economic growth, the inevitable result of cultural maturity and, unfortunately, the unavoidable result of military expansion.

OBLIGATION OF WORLD INVOLVEMENT

We have come a long way in adopting in a short time the obligation of world involvement. And the strain of involvement—whether displayed by forced disinterest or compelled unconcernment—is a strain which must be healed and quickly forgotten if we are to succeed and survive in the real world of today.

I repeat—there is nothing foreign about foreign policy.

Recognizing fully the extent of our involvement in world politics, what course to national security, what path to peace and plenty do we take? The basic policy, maintained since the mushroom cloud rose over Hiroshima, that the United States is best served by maintaining a world of diversity in which no power or group of powers can threaten our security, is the best policy. We can ill afford to have the balance of power tip in the wrong direction.

Here and now, I want it to be crystal clear that such a policy and situation can be maintained with a reduction of 20 percent in our immense Military Establishment. I supported with all my energy the signing and ratification of the nuclear test ban treaty and believe the year 1963 will be historic in that the pages of history will show this event began the world's march to peace and freedom.

Some, especially those who can be cataloged as belonging to the radical right, opposed ratification of this treaty. Why? Had they bothered to look at the true destructive force of the atom today and what we and the Soviet Union could do to each other and the world in 1 hour or 1 day? A nuclear holocaust could remove 300 million men, women, and children from the face of the earth in 24 hours.

Senator BARRY GOLDWATER, of Arizona, who will let us know of his presidential aspirations in January, was one of the handful of Senators who voted against banning nuclear tests. His opposition surprised no one, and, so far as I was able to observe, persuaded no one. But it was necessary for him to oppose the treaty since he is committed to a policy of initiating the use of force in the struggle with communism. Let me read certain key sentences from the concluding chapter of Senator GOLDWATER's book entitled, "The Conscience of a Conservative":

"Our strategy must be primarily offensive in nature * * * we must always try to engage the enemy at times and places, and with weapons, of our own choosing. * * * We should withdraw diplomatic recognition from all Communist governments including that of the Soviet Union. * * * We must—ourselves—be prepared to undertake military operations against vulnerable Communist regimes."

Now I am not here to discuss Senator GOLDWATER's views, opinions and candidacy, if he is to be a candidate. I am, however, going to make this blank statement. It is not possible to adopt such all or nothing, black and white foreign policies without making our interests subservient to our annoyances. If we were to call for the resumption of atmospheric nuclear testing, terminate foreign aid and assistance to needy nations, resign from the United Nations, we would, in the words of President Kennedy, "not only be abandoning America's influence in the world, (but) we would be inviting a Communist expansion which every Communist power would so greatly welcome."

I have talked of foreign policy in only one sense thus far and could continue on the same theme by discussing U.S. efforts in Laos and Cuba, Congo, and Berlin. But, here again, because of the energetic, diplomatic, and farsighted policies of our current administration, war clouds have dissipated and peace is continuing to break out.

AGRICULTURE AND FOREIGN POLICY

I, therefore, want to spend the remainder of my time relating our agricultural abundance and knowledge to our foreign policy. In this spectrum we have made a beginning, but there is much left to be done. The important thing is that we have started.

The challenge which faces us as the leader of the free world to abolish hunger and poverty is truly magnanimous and we have no choice. Two out of three people in the world today fight a constant and marginal battle against poverty, ill health, ignorance and hunger.

I indicated we have only started. The next steps should include expansion of the food-for-peace program, formation of a world land bank, and stimulation of our export-trade program.

Public Law 480, the food-for-peace program, is an imaginative and successful start in attempting to narrow the gap between abundance and starvation. Much credit for this progress must go to your able, earnest junior Senator, GEORGE MCGOVERN who, as President Kennedy's initial director of the White House Office of Food for Peace, established by the second Executive order of his administration, made this the humanitarian program it is today. Through the donation phases of the food-for-peace program we are not only helping to feed more than 92 million of the world's hungry people, but are waging war on economic backwardness and developing future commercial markets for our agricultural products.

Since Public Law 480 was enacted in 1954, we have moved more than 100 million tons of agricultural commodities overseas—equivalent to three 10,000-ton ships a day, every day for 8¼ years. Not only did this save us $667 million in storage costs last year alone, but it paid 1 year's foreign U.S. bills estimated to be $271 million.

As successful as Public Law 480 has been, I believe we can be even more effective by extending and expanding the overall concept to—

1. Make available applicable farm tools, equipment, and machinery to the countries desperately trying to get over the nutrition threshold. This equipment could be supplied as part of the credit pattern in already developing land reform programs;

2. Provide developing countries with heavy machinery which can perform the gigantic tasks of earth moving, dam construction, and massive lifting. Projects in housing, land clearance, flood control, development of power resources and many others could be multiplied many times if the necessary heavy equipment could be made available;

3. Provide machine tools by means of which their own newly created industrial and machinery plants could begin to meet their own tooling needs;

4. Provide the amounts of steel necessary to service these beginning self-help plants and equipment. It is significant that the U.S. steel companies have operated profitably at a far greater reduced capacity than our American agricultural plant during the past 10 years.

Another point to consider before we leave the food-for-peace concept is that this type of program should be made multilateral. Let all nations who are producing more than they are consuming aid in the battle against malnutrition, hunger, and starvation.

Briefly, my proposal for a world land bank involves the financial development, reclamation, consolidation, and cultivation of land of small or family sized farmers in all developing countries to increase the agricultural production of such nations.

To begin with, I suggest that the United Nations special fund should allocate $250,000 for a worldwide survey to appraise country by country where needed, the costs of developing new lands and new agricultural institutions to accomplish such a program. It is a fact that more often than not developing nations have such limited credit and financial resources that land reform and the development of family farm agriculture cannot be adequately funded.

Once the land bank is established it could be capitalized from the sale of subscriptions to creditor nations of the world, as well as bonds sold locally in those developing countries receiving credit benefits of the bank.

I spoke of this possibility several months ago when I attended the inauguration of the Peruvian President and just 2 weeks ago received a letter from that nation's First Vice President in which he said, and I quote:

"We consider the creation of this type of bank a positive step toward the solution of agrarian problems that presently face Peru and the majority of Latin American countries.

"We understand that the bank would have sufficient financial resources to expropriate with prompt and adequate payment the large landed estates which are inefficiently farmed or organized in such a way as to avoid social obligations and will provide financial resources necessary to small farmers in order to develop their production, acquire seeds, equipment, fertilizers, and the necessary technical assistance.

"The Government of Peru, aware of the significance of this project, gladly offers its assistance to either the United Nations or the Freedom From Hunger Foundation, to conduct a feasibility study of the world land bank's operation in Peru, as one of two pilot countries to be selected, and therefore agrees that President Fernando Belaunde's proposal of creating an inter-American institution for territorial credit be substituted by a world organization destined to achieve the same aims on a much vaster scale. We feel sincerely that this is the country best suited for this study, as a thoroughgoing agrarian reform law has been presented to Congress and has the support of the organizations necessary to execute the provisions of this reform, even though they unfortunately lack sufficient resources to carry these out with the speed demanded by the country's urgent social needs.

"In Peru the poverty of the people and the backwardness of the small farmers and cattle raisers are due to the following causes: Low degree of productivity, defective distribution of property, unsatisfactory tenancy of land and lack of arable land in relation to the population.

"Our small farmers need lands, equipment, fertilizers, technical assistance and the credit necessary to produce more and raise their standard of living.

"It is, therefore, evident that the Bank will permit us to make a reality of agrarian reform, along democratic lines with a view to greater production."

I consider the support of President Belaunde a major breakthrough to the realization of this goal.

I believe a word is apropos here about the world food program, administered by the Food and Agricultural Organization of the United Nations. This program, now on an experimental basis, should be expanded and made permanent. The United States is supporting, with food and funds, this $100 million, 3-year aid program as well as the FAO's freedom-from-hunger campaign which is currently carrying on extensive technical assistance work in some 100 countries.

Another item not to be overlooked is that the lessons learned by our farmers and those of other advanced nations must increasingly be applier to the problems of primary producers of the less-advantaged areas of the world. It is to such farmers that free farm organizations, both general and cooperative, offer the best hope.

The general farm organizations and farmer cooperatives share equally the basic problem of assisting farm families to receive an adequate income for their effort and efficiency. In pursuit of a better income the American family farmer has found his interests are best served in a cooperative movement. In recognition of this farmer cooperative role our Government has encouraged producer effort to establish and operate cooperatives. Such lessons should be applied in the world's developing nations.

A firm step in this direction concluded just last week when 59 Latin American farm leaders concluded a 6-month study of our agricultural system and the way we use organizations and cooperatives to solve rural-farm problems. As many of you know, the heart of this program was the 4½ months these men spent living on farms—14 here on South Dakota family farms. This people-to-people aproach which, incidentally, was conducted by National Farmers Union, is an unparalleled example of the communication needed to assist developing nations. Your outstanding president, Ben Radcliffe, and Miss Arlene Schley, your director of education, who spent several weeks in Latin America helping formulate this program, should be commended for their excellent work.

When I say there is nothing foreign about foreign policy, this especially holds true for our foreign aid program which you know is a key factor in our foreign policy. Few, if any, realize that 80 percent of our foreign aid dollars are spent right here in our own United States. The Agency for International Development has reported that during the first 7 months of this year 25 States received procurement orders in excess of $1 million—each under the U.S. foreign aid program.

Private firms in 47 of the 50 States share in $175,398,616 worth of orders recorded during the period from January through July for 1963. The total represents procurement directly traceable to the State of production.

The orders cover a wide variety of industrial and agricultural products and materials purchased by developing countries for use in particular projects or promoting economic growth.

I am sure it will particularly interest you to know that your own State of South Dakota is among those States filling procurement orders through the foreign aid program. So you see, 80 percent of the foreign aid program is not foreign, but is dollars spent right here at home.

The Trade Expansion Act of 1962 gives the United States broad authority to develop liberalized trade in all expanses, including agriculture, and we could and should do better. Some would comment that our total exports, including farm commodities, of $21.6 million in 1962 was 17 percent of the free world total—the highest percentage—but actually we exported only 4 percent of our total gross national product—well down toward the lowest percentage.

Nor are we energetic from the standpoint of export growth rate. Free world exports increased 40 percent, compared with our 21 percent between 1958 and 1962. At the same time Western Europe logged a 41-percent increase and Japan increased a staggering 70 percent—obviously indicating we are nowhere near keeping pace.

The United States must move forward vigorously to turn purchasing power into purchases and I mean the world over. We should sell wheat to any country that can pay for it. Long before this Russian wheat thing came up I advocated a series of international trade agreements—and still do—for all international commodities. We have a workable, reasonable International Wheat Agreement which will help keep the domestic price for wheat next year higher than it would be otherwise. We need international payments for feed grains and cotton as well as other commodities that enter importantly into world trade.

Foreign trade is crucial to U.S. agriculture. That is why I support economic integration such as is happening in the Common Market, as well as common banks, development groups, etc. If we want a world of peace and plenty we have no other choice but to concern ourselves with bettering the lot of the two-thirds of the people on this shrinking planet for whom a better life is possible and desirable.

If we strive to plant good and healthy seeds, we shall reap a harvest of peace and security in the world. If we miss the opportunity; if we miss the planting season in the new and developing nations of the world; if we neglect the stomachs and minds of the world's struggling population, we will reap a far different harvest—one of discontent, despair and perhaps rebellion. Should we take that chance?

Speech by Senator Edward V. Long, Democrat, of Missouri, Before the South Dakota Farmers Union, Huron, S. Dak., October 15, 1963

My good friends and fellow farmers, despite the notion apparently held by a good many people in the country—some of whom, unfortunately, are in the Congress—the family farm is not a deadweight on the back of our national economy. That is an undeserved reputation. It is the outcropping of a massive propaganda campaign designed to sell the idea that the only decent and efficient way to operate a farm is from behind a desk on Wall Street. But, my friends, on Wall Street, the only importance of changing seasons is that it is time to clip another batch of quarterly divided coupons. The "green" that inspires interest there is the "long green." Of course, that inspires interest among the farmers as well, but it has been all too long since much of that has been seen on the farm.

Such a distorted picture of the farmer would be easily formed if that was all you heard. Perhaps we farmers have been too busy just fighting for survival to do a proper public relations job—one that throws true light on the family farm.

It has been a long, long time since we have been in a position to tell our story as well as we are today. There can be little doubt about the dedication of Secretary of Agriculture Orville L. Freeman to fighting the congressional battles with the same Marine determination that was his strength on the bloody beaches and in the steaming jungles of Bougainville. I think that his recognition of the fact that there is a great lack of understanding between city and farm, along with meaningful actions to bridge that gap, will certainly be hallmarks of his services as the chief agricultural officer of this administration. He and his Department are pulling out all stops to see that the true picture of American agriculture gets through to New York's Times Square; to Chicago's Loop, and to the mushrooming suburbias that now dot our Nation. The story needs desperately to be told in these places, for they are the markets for the products of our labors—the crops we raise.

American agriculture is in the midst of one of the most trying periods of change any group has ever experienced. Changing also is the public image of the farmer. The man who was once hailed as the benefactor of man, is now portrayed by uninformed and vociferous critics as a n'er-do-well who feeds in the trough of public subsidies. Such an outrageous injustice makes anyone interested in agriculture see red.

But change—and especially the kind of rapid transition that has caught up the farmer—often creates misunderstanding. Even the farmer finds it difficult to adjust to them. So it is little wonder that his city neighbors, who more often than not get only a surface view of the problem compounded by false and misleading propaganda, can jump to the wrong conclusion.

Realizing that our public image suffers from lack of information, we as farmers can do most to combat it by forcefully painting the true picture. Railing against our critics serves little purpose in the long run. Fighting fire with fire is a precarious business. Bridging the understanding gap will best be done by telling the true story of American agriculture.

And what a story it is.

It has been the farmer who has provided the raw materials to forge a new nation from the wilderness. He financed and gave reason to the westward expansion of the railroads, without which we would still be huddled on the Atlantic seaboard. Your State and mine would be the uncharted frontiers. It was the farm that released the manpower needed to run the factories, develop the products and perform the services in such a great demand by our modern society.

The headline story that has been in many of the daily papers and on radio and television is that the Department of Agriculture's budget is now about $6½ billion. But the real meat behind that story is that only about a third of that goes for direct farm programs. Four billion dollars of it goes for food distribution, foreign aid, for public services, such as meat inspection and pest control. Agriculture's budget also furnishes the funds to maintain, improve and conserve our forests and their recreational facilities, as well as to carry out the research that has been, and is of such great benefit to business and industry.

Among our problems, and possibly the greatest at this time, is the challenge of abundance. Yet, what is a problem to us would be a blessing to any other nation of the world. Today, we remain the only nation on the face of the earth whose agriculture meets—and exceeds—its demands.

Two years ago, I was on a Senate assignment overseas that took me to Asia and the Near East. There, millions upon millions of people continue to starve, or at best subsist, generation after generation. I saw some of these teeming millions. The swollen bellies of children who, from the instant of birth, have been hungry, and who have little hope of ever knowing the satisfaction and security of a full meal. The strained and bent bodies of men and women, old long before their years, from the never-ending effort to scratch out a few mouthfuls from an arid and hostile land. These are people who will know hunger all their lives. This is their way of life. This sort of existence isn't confined to Asia and the Near East. It prevails in virtually every part of the globe. This abundance is a problem for us to solve, but believe me, it is also a blessing.

Are we, the only adequately fed people in today's world, going to throw up our hands with the cry of despair that we can't solve our problem of abundance? Certainly not. Already, a direct assault on the problem has started—and God willing, it will continue to gather strength and momentum.

Oversupply in feed grains has vexed Congress for years. Three years ago, the market was glutted with a record 85 million tons of feed grains. There were 2 billion bushels of corn alone. Storage bins were creaking and prices sliding further downward with every harvest. Quick action with effective legislation was imperative.

You know what happened as well as I do. In early 1961—in record time—we passed an emergency feed grains bill—and it was the first major legislation President Kennedy signed into law. The success of the new plan exceeded the highest expectations. Feed grain surpluses was slashed some 13 million tons in the first year alone; and further cuts were made in 1962 and again this year. By 1965, the feed grain surplus may well be a thing of the past.

Here in South Dakota, through voluntary signups, about 60 percent of the eligible feed grains acreage has been included in the program in the 3 years of its operation. This single program, in the first 2 years, 1961 and 1962, meant an additional $31 million income for South Dakota farmers—and—on the basis of 1963 signups, the boost this year will amount to nearly $16 million. That is close to $50 million added farm income for your State, from just one new program over the past 3 years.

Along with the emergency program, higher support prices for feed grains meant higher market prices—steadily above 1960 levels—for participants and nonparticipants alike.

Corn surpluses today are nearly gone and prices are at the highest levels in 5 years. Storage problems have eased, with more space available to farmers and the trade. More corn is stored where it belongs—on the farms where it is grown—and where it will be used.

Wheat also posed a major problem in 1960. Legislation enacted 22 years earlier could no longer cope with the realities of advanced techniques. At that time, without planting a single grain, we had enough wheat on hand to meet our domestic needs for 2 years. A billion bushels of the surplus was Hard Red Winter wheat—and that stockpile was equal to the demands of both home and foreign markets for another 5 years. We were drowning in wheat.

Although supports had pretty well maintained prices, which was not the case with feed grains, the critical oversupply situation ruled out sweeping the wheat problem under the rug again. Congress responded in 1961 with an emergency wheat program. Coupling the new program with expanded wheat exports, wheat surpluses have gone down a quarter of a billion bushels.

Overall, the wheat and feed grains programs have reduced our stocks by something like 1 billion bushels since 1960, helping to raise net farm income nearly $1 billion over that year's figure—and at the same time saved more than $800,000 a day in shipping and storage costs.

Without minimizing the real magnitude of the problems confronting you, I cannot agree with the purveyors of gloom and doom who say agriculture is dying.

How can a business that has increased its output per hour of labor 200 percent in the last 20 years be dying? How can a system which has conquered hunger for 190 million Americans let itself be overcome by the problems of abundance?

Those who say agriculture is dying simply do not know what they are talking about.

It is true that the number of farmers has declined. But the number of farmers who obtain an adequate income from farming is on the increase.

Family farms with $10,000 a year or more in marketings are the most rapidly expanding sector of American agriculture. During the 1950's, the number of farmers making $10,000 or more all but doubled—going from 334,000 to 648,000.

Along with our changing agricultural technology, we are witnessing another type of change—that which is coming about in world conditions.

A year ago, we talked of expanding our trade with the European Common Market, but gave no thought to trade with the Communist bloc.

But now, there is a very noticeable and direct change. We are at odds with the Common Market over poultry tariffs and other import duties, and there is talk at all levels of the possibility of expanded trade with Russia and other European countries in the Red bloc.

Much of this speculation was touched off by the Russian-Canadian wheat deal. Canada has sold so much wheat that she had to call off further sales until her ports can catch up on loading.

An increase in exports seems assured because of adverse growing conditions which caused a short wheat crop in much of Europe—particularly Poland and Rumania.

I can see a number of advantages to the national economy in expanding our trade with Russia and the other countries within her sphere. It would bring a more favorable balance of trade, since Russia would pay with gold. We would reduce surplus supplies and storage costs, and the indirect threat they pose toward farm prices. Directly, it means the farmer probably would get better prices for his grain this year. Wheat presently is selling for about $2.12 a bushel, the same as a year ago when the support price was 18 cents higher.

There are even more significant gains that could be made. It could contribute to a further easing of East-West tension, and bring a more peaceful world atmosphere. And it would help show the world the superiority of the family farm system over the commune system of the Communist society.

There have been other changes, too. Changes in Congress, which is now oriented to an urban society through shift of representation from rural areas to the cities.

The farm bloc is no more.

We must now sell our farm programs to the city Congressmen in order to enlist their support. We have to be able to justify the programs, both as to achieving results for the farm problems and the farmer, but also as they affect the people who live in the cities. In other words, the farm program cannot result in higher food prices, or the Congressman who represents a city constituency just cannot go with it. He cannot justify to the people he represents a farm program which does not reduce surpluses and costs, as well as increasing the buying power of the farmer.

We must use gentle persuasion, backed with strong justification, to get the votes to pass farm legislation.

Under such conditions, it is difficult, at best, to pass farm legislation. When agriculture interests themselves are divided over what should be done, when they speak with many voices at a time when one strong voice is needed, the task is virtually impossible.

One of the greatest needs in agriculture today is unity as to goals and how to achieve those goals. Agriculture must once again speak with one voice. Then your representatives from the farming States will be able to act for you with greater surety.

Your Senator GEORGE MCGOVERN, while among the newest arrivals in the U.S. Senate, is fast becoming one of the most effective farm spokesmen on Capitol Hill. That in a few short months, he has gained such a firm grasp of the farm situation hasn't come as any great surprise to those of us who knew him to be a proven legislator from his fine record as a Congressman. We know, too, that he also has a clear picture of world agricultural problems and needs, for we had witnessed firsthand the amazing job he did in heading up the food for peace program during 1961 and 1962.

I agree with Senator MCGOVERN that the outcome of the May 21 wheat referendum has left the wheat farmer in a difficult position for crop year 1964. His bill calling for a voluntary wheat certificate program shortly after the vote shows how alert he is to the problem that confronts the wheat farmer next year—and in succeeding years, if nothing is done. I know that during your meetings and discussions here, you will be considering this proposal and its implications. If you find that it meets the test of close scrutiny, I know that you will get behind it.

But whatever you determine regarding this particular bill, you will always find GEORGE MCGOVERN fighting in your corner for balanced equities for the farmer.

He is not alone in that fight. The number of Americans who are regaining an awareness of continuing farm problems is growing. There is an increasing recognition of the unavoidable truth that a healthy and prosperous farm economy is the key to strength in every phase of business and industry.

When the farmer prospers—so does the business of every Main Street in America.

The abundance we have created through the family farm has not been food and fiber alone. An even more important product has been a moral strength that runs through every segment of our modern society. It is a continuing force that cannot be abandoned.

We must not give in to the gloomy prognosticators who say that agriculture and its allied businesses are on the decline.

Rather, we must continue to vigorously seek ways through which agriculture may contribute even more to the national well-being—and play an even greater role in the heritage we today are building for the generations of the future.

FUNDAMENTAL CHALLENGES CONFRONTING THE AMERICAN PEOPLE—ADDRESS BY MRS. AGNES E. MEYER

Mr. McGOVERN. Mr. President, my attention has been called to a superb address by Mrs. Agnes E. Meyer, which she delivered at the honors convocation of Syracuse University on April 23, 1963. The address is entitled, "What Shall We Do?" It centers on some of the most fundamental challenges confronting the American people.

As the Members of the Senate know, Mrs. Meyer is one of our most distinguished Americans. She has long been a champion of improved educational standards for the youth of the United States. Her courageous voice has been heard through the Washington Post which her late husband brought to such a position of distinction in the world of journalism. She is a civic-minded and public-spirited citizen in her own right of the very first order.

I commend her address to the Members of the Senate and ask that it be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

WHAT SHALL WE DO?

(Address by Agnes E. Meyer at Honors Convocation at Syracuse University, April 23, 1963)

One of the proudest moments of my life occurred in June 1954 when this distinguished university gave me an honorary degree. It had special significance for me because only a few months previously I had been the first American to condemn the late Senator Joseph McCarthy at the height of his unsavory career as a menace to the American way of life. You young people, who have forgotten the neurotic fear of McCarthy that prevaded our country, can scarcely imagine how unpopular I was with our powerful rightwing factions. Some fanatics publicly berated me; one woman even sought to attack me physically. What then was my surprise, my happiness, my gratitude, when your chancellor, trustees, and faculty, in the midst of such disparagement, had the courage to give me a citation which honored me as "one of the most forceful and effective spokesmen of our time for American freedom."

It may interest you to know that at your age I could not have foreseen what my life work was to be. Let me confess that I have not been chosen to address you on achievement day because I was myself a great achiever during my college years. Nor were most of the bright undergraduates who were my boon companions. "We loafed and invited our souls," to paraphrase Walt Whitman. We indulged in endless discussions as to the meaning of life which interested us far more profoundly than our seemingly irrelevant academic careers. We were convinced that the unexamined life was not worth living. We were concerned, as one member of our little socratic group put it, "to be and to know and to do." We were what today would be called "poor" but we were unaware of it because material possessions were not so important then as they are today. Yet we well knew that some day we should have to earn a living. What strikes me, as I look back on our enjoyable and not unfruitful irresponsibility, is that the whole college atmosphere of the pre-World War I days was very different from that of today. Time itself moved at a slower tempo. We felt a deeper sense of leisure. We were busy living and less driven to watching the clock than we are today. For time's measure is change; and since change has been so terrifyingly accelerated we have become more conscious of time and the pressure to use it for achievement. I am sometimes tempted to feel a sense of commiseration with the youth of today that the pressures for success should be forced upon them at such an early age. But it has its advantages as well as disadvantages. To learn to work hard at an early age in a scholarly, systematic fashion is of immense value if you do not allow the present day rat race for marks to obliterate the true love of learning. We, on the contrary, were more free to rebel against academic authoritarianism and though we were not exactly beloved by the faculty, there was more indulgence toward extreme individualism and even eccentricity than there is today. Thus you are more tempted toward conformity and acceptance of the status quo, especially if you see your high achievement as a path to joining the lockstep of the status seekers.

Therefore, instead of trying to formulate my own apprehensions of the influence of contemporary life upon your thinking, let me quote a distinguished scientist and educator, Loren Eiseley, who had this to say to a student body at another university: "In this era of carefully directed advising, in this day of grueling college board examinations, and aptitude tests, I have been permitted just once to cry out to our herded youngsters, 'Wait, forget the dean of admissions who, if I came today in youth before him, might not have permitted me to register, be wary of our dubious advice, step softly until you have tasted those springs of knowledge which invite your thirst. Freshmen, sophomores, with the beautiful gift of youth upon you, do not be prematurely withered up by us. Are you uncertain about your destiny? Take heart. I, at 50, am still seeking my true calling. I was born a stranger. Perhaps some of you are strangers, too.' "

I may be quoting Eiseley because I am too timid to make such an impulsive appeal to you. For his words reflect exactly what happened to me; I too was a stranger to the world of reality when I finished college and graduate work. Not until the accidents of life confronted me with the hypocritical injustices of our supposedly democratic society, did I taste those springs not only of knowledge but of passionate conviction, which fuse mind and emotion, integrate the personality, and bestow upon us that curious sense of freedom which comes from a feeling of commitment to a great and all-engrossing purpose.

I am happy and honored to have been chosen to congratulate all those of you whose distinguished records are being celebrated tonight. But I beg of you to keep your minds open to all the adventures of life so that when unexpected opportunity knocks on your door you will have retained the freshness of mind to recognize it, seize upon it, accept it even though it may be a challenge so serious that the burden is a heavy one to carry.

For even those of you who are now convinced what your life work is going to be, great surprises may be in store for you. So far you have successfully run the course laid out for you by the university. But the real test will come for each one of you when you enter upon the course you mark out for yourselves. Achievement is one thing; creativity something very different. It is different because it demands not only knowledge but independence of mind, the courage to differ with authority, endurance, patience, and ability to accept the inevitable defeats which even the strongest cannot escape. To be sure, our Nation needs millions of capable workers in the vineyard, but it needs, above all, the free creative spirits who can give our hard-pressed Nation the leadership it so sorely needs in every major walk of life. The rapid accumulation of knowledge, especially scientific knowledge, and the progress of technology are so overwhelming that the leadership of our complex, urbanized, technological society can no longer come from the self-made man who frequently rose to eminence in our former simpler, agricultural era. Henceforth, the humane, highly trained, wise type of leadership our country needs can only come from our universities.

Therefore, as one who is confronted by more and more difficulties in the battle to encourage social progress and human freedom, I wish to outline as best I can some of the most serious obstacles to the maintenance of individual liberty that our Nation is facing here at home—obstacles which you, too, will have to face.

I realize that our freedoms and our very lives are also threatened from abroad. The maintenance of peace, disarmament, and coexistence with Communist governments are crucial issues. But I shall discuss domestic crises because I have confined my own efforts to creating a more orderly society here at home as a big enough task for one person and on the theory that we must first grow stronger on the homefront before we can be successful in meeting our international responsibilities.

The threats to freedom and justice within our own borders are equally serious, and yet we must discuss them one by one. Therefore, I shall first take up the menace of bureaucracy, next the growing influence of the radical right and lastly, though perhaps it is even more urgent, the growing impatience of minority groups, especially the Negro, with our shameless indifference to his human rights as an American.

You will be entering a world which ever since World War II has become more and more bureaucratized whether in the armed services, industry, labor, or the Federal, State or local civil services. The term "organization man" has become a cliche, as a byproduct of any technological society. This trend toward bigness and an ever-increasing bureaucracy cannot be reversed. The more efficient we become, and our Soviet rivals are compelling us to become ever more efficient the more our interrelated bureaucracies are bound to expand until their tentacles affect the lives of every individual in our mass society. And wherever you may be active you will be obliged to play a part in the struggle to maintain human freedom in these vast organizations, unless Americans become content to imitate the enemy and accept totalitarianism.

Long before Communist governments existed, as far back as 1907, Max Weber, the famous German sociologist, foresaw the menace to democracy in what was then only a comparatively small civil service. He pointed out more clearly than anyone has since that an over-routinized civil service has a tendency to produce a caste of mandarins, or what we now call organization mentalities, who grow alien to the cooperative, competitive, formative democratic processes through tenure of office. Max Weber, at the beginning of this century, could not foresee the dangerous but inevitable increase in the many new kinds of bureaucracy in our modern society. But he warned even then that merely our increasing number of civil servants, if not kept responsive to the will of the people, might eventually lead democracy into a new kind of serfdom establishing the dictatorship of the expert official. With the present tendency on the part of democratic society to become ever more scientific and rationalized, the onward march of various military-industrial-professional bureaucracies is the most recent but also the most dangerous contemporary element in the structure of domination.

A more recent student of this problem, David T. Bazelon, says in an article in the autumn number of Partisan Review: "The issue for the world is planned democratic control, or Soviet type bureaucratic terror control. Since the purpose of the new (cold) war is to preserve the freedom inherent in a democratic system, the time to fight for democratic planning is now and the place is here. We lose if we do not organize and we lose if we do not organize on democratic lines. The struggle against totalitarianism is not a simple we-they combat. It is, most profoundly, a struggle against the conditions of modern life—ours as well as theirs. The war begins at home."

It will take all our ingenuity to live in such a highly organized society, while preserving the highest possible measure of freedom for the creative spirit. I am convinced it can be done if we recognize the dangers we face and make up our minds that the problem of democracy versus bureaucracy must be thought through. But I agree with Mr. Bazelon: "How to decentralize power in a highly organized bureaucratic society" is one of our greatest issues. Bazelon claims it is the one true issue.

One solution has been found by those truly democratic nations, the Scandinavians, who have established an official watchdog called an Ombudsman, an administrative official, or watchdog, whose duty it is to prevent administrative injustice and to see to it that the citizen obtains his rights from his government. In Denmark his most important power is to investigate any civil or military activity of public officers upon receipt of a complaint, or on his own initiative, and to bring action against a state authority or a public officer or employee for alleged error or negligence. These guardians of individual rights are appointed by the legislature, and though they can be dismissed at any time, the legislature cannot interfere with their handling of individual cases. This is too hasty a description of an important step toward the protection of human freedom from the pressures of civil and military bureaucracy. In our country such protection should be extended to workers in industry and to members of big labor unions. It is one proof, however, that we need not succumb to the enhancement of administrative power in a modern state, if we are deeply determined to preserve human liberty under any and all circumstances. As experts in your various fields, you are apt to be in positions where you can be influential in finding other solutions for this difficult problem.

Now let us glance at those groups who consider themselves the only true defenders of American ideals—the radical conservatives. They are a greater threat to freedom than is generally realized because they constitute our most irrational elements in a period of triumphant irrationalism. Their influence is growing because their nationwide campaign is well-heeled with money, because there is no strong, well-organized liberal movement to oppose them, and chiefly because it is a passionate movement in a society most of whose members are too prosperous and to lethargic to take an interest in anything but themselves. Too many citizens move about in our technological society in a state of shock which makes them indifferent to social progress, civil rights, equal opportunity for education, and especially to the welfare of the impoverished one-third of American families. President Franklin D. Roosevelt said on October 3, 1930: "Progressive government, by its very terms, must be a living and growing thing. * * * If we let up for one single moment, or one single year not merely do we stand still, but we fall back in the march of civilization." In our country today, the march has all but halted. Rooseveltian liberalism is coasting along on the dwindling impetus of the New Deal and, alas, the New Frontier of President Kennedy is not yet in sight. If the radical right is riding high, it is because the American people are confused by the multitude of responsibilities they face now that we are part of one world, and the richest part at that. They are suffering from what I have often described as moral and mental battle fatigue. Thus the love of conformity, of standardization of thought, and running with the herd is no mystery.

People are too bewildered to do their own thinking. This leaves them wide open to irrationalism and mass hysteria of which such organizations as the Birchites, and the Minute Men, are good examples. What are some of the ideas the medicine men of these movements are peddling to the people? They are against the income tax, social security, and aid to foreign countries. Such liberal trends, they maintain, are nothing but a preliminary step to communism. "I equate growth of the welfare state," says Dan Smoot, who is heard on 32 television and 52 radio stations, "with socialism and socialism with communism." That leads naturally to the conclusion that the Government is infiltrated with subversives. Robert Welch went so far as to claim that President Eisenhower was a "tool" of the Communists. In fact, rousing the fear of communism to a frenzy, not only as an external but an internal threat, is an essential weapon for the radical right. And this in spite of the fact that the membership of the American Communist Party is at its lowest point, and its former influence in the labor union movement nonexistent. Yet all the mistakes of domestic and foreign policies, says the extreme right, would be impossible for our great, undefeated country if our political leaders were not either outright Communists or under their influence.

How account for this frenzy and why has it such a wide appeal? Daniel Bell analyzes the composition of the radical right as small-town, middle-class people who have lost their ascendancy in an urbanized, technological society. "Today the politics of the radical right is the politics of frustration," says Mr. Bell, "the sour impotence of those who find themselves unable to understand, let alone command, the complex mass society that is polity today."

The radical right is a growing movement precisely because it is an attempt, however fearful and futile, to reestablish "the good old days," which were anything but good, the simple virtues of individual initiative and self-reliance, above all it is an attempt to escape from the frightening disarray of modern life. It is a pathetic desire to arrest time and change instead of throwing our weight into an attempt to guide change toward constructive ends.

How then do we defend ourselves against frustration and pessimism in so complex a period of transition, when the times are out of joint, when the old beliefs are dead and new ones have not yet come into being? Robert MacIver, professor emeritus of Columbia University, answers this question in his recent book, "The Challenge of the Passing Years."

"It is by dedication to a way of life so fulfilling to the personality or offering such promise of future fulfillment that the time is thereby redeemed."

Pay no attention, therefore, to the radical right when it shouts that liberalism is dead. To be sure, it is now on the defensive in our country. But liberalism, as a political and a social movement, can never die because like democracy itself, it is the middle ground between the unendurable slavery of rightwing or leftwing authoritarians, between our American radical rightwing of today and the Communist governments, both of whom claim that they and they alone possess the absolute truth. But since the radical right threatens to take over the Republican Party and even worries the Democratic administration with its demands for war on Cuba, and war in general as the answer to Communist aggression, it behooves all freedom-loving Americans to assert that they reject the absolutes of our own rightwing, as we reject the absolutes of communism—that we no more wish to impose our absolutes on other nations than we shall yield to their absolutes. Then the middle course or coexistence will become possible. Another name for this middle course is liberalism. It is the path of reason and compromise which alone can create unity out of diversity; it is the greatest motivating force of democracy, and thus the only hope in a world of competing ideologies that peace will eventually reign amongst men. I must confess, however, that some of what I call the fair-weather liberals are now losing their nerve and running away from one of our major battles—that for equal rights for our Negro fellow citizens. Now that Negro leadership is becoming aggressive in many parts of our country, even some of the liberals who formerly supported equal rights for all minority groups are complaining that the Negro wants to go too far, too fast. Yet the white leadership cannot run away from this crucial situation without inviting tragic results. To be sure, what the Howard University sociologist, Franklin Frazier, called the "folk Negro," in contrast to the educated, well-to-do members of the race, is becoming rebellious, and even violent. Instead of behaving like our effete liberals who wish to stem the tide of Negro demands, we must face the validity of their claims for recognition as full American citizens who have waited patiently for justice ever since the passage of the 14th amendment, 90 years ago.

Those of us who live in the Nation's Capital are only too well aware how complex the task of true Negro emancipation has become, due to the rapid influx into Washington, as into all major northern cities, of the penniless, illiterate Negroes from the urban and rural slums of the South. They crowd into the District of Columbia with false hopes that a better life awaits them in the seat of the Federal Government. Given these high expectations, the grim reality they encounter—overcrowded living conditions, no opportunity for work, no human contact except with other Negroes enduring the same hardships—is all the more frustrating.

As a result racial tensions have become acute in Washington. We have had one major race riot at a football game between two high schools, when the white team won, and minor rowdyism after a baseball game. But the whole city lives in fear of worse outbursts to come unless we use all of our community resources to ease the existing interracial tensions.

What has to be done to achieve equal rights for the Negro is obvious enough. Special efforts will have to be made to get work opportunities, especially for Negro youths since they represent the future. We must let the Negroes out of the ghetto life to which they are now condemned. This calls for more and better housing programs. Above all, we must provide them equal opportunity for a suitable education, unless we wish to pay the higher cost of keeping millions of the untrained, both Negro and white, on permanent relief. This last solution calls for a revolution in public education, especially in our antiquated provisions for vocational training.

Please do not think that I simply preach these doctrines without acting upon them to the best of my abilities. As I am convinced that the best long-range solution of equal opportunity, not only for the American Negro but for all of our underprivileged children, lies in suitable education both for the highly gifted and those of less ability, I have just launched, with the help of a large membership representing every State in the Union, a grassroots movement calling for more adequate financial support of public education, whether through local, State, or Federal funds. It is called the National Committee for Support of the Public Schools. It is not a lobbying group. It approaches the problem of financing public education from a new point of view. At our first national conference held a week ago, the speakers, most of them not educators but economists, pointed out that education has always been the explanation of our country's high per capita productivity, and that better public schools geared to this era of automation will more than pay their cost by a constant reinvigoration of our economy.

Why do I confront you, on a day that should be confined to congratulations, with the fact that you will graduate into a dangerous world? I am told that the young people of today want nothing but security, a toehold on the ladder of bureaucracy, early marriage, and a nice house in some uninspiring suburb, from which the breadwinner sallies forth each morning to an equally uninspiring job that promises success as the price of conformity. My friends, I don't believe it. You are much better educated than we were at your age, more experienced and more sophisticated. I am convinced that you are all, achievers or nonachievers, more capable, more eager, and better prepared than was my generation to rise to the demands of this historic, difficult period in our Nation's history.

But this warning I will add, out of the depths of my own experience: unless you have the courage to walk alone, and suffer the arrows of misfortune without flinching, I advise you to play it safe and avoid the life-and-death problems I have all too hurriedly outlined for you. If you do play it safe—and refuse to fight for freedom at this crucial period, not for yourselves alone but for mankind—you will undoubtedly lead a happy but a very dull existence. You will be a part of the ballast which the winds of freedom probably need, if only to keep the ship of state on an even keel.

Life today is exhilarating only to those who welcome its risks. There are plenty of reasons why you should not jeopardize your careers by participating in the grinding ordeal that confronts all those who would rather die than surrender to the totalitarian threats that confront us, not only from abroad but within our own country and within our own breasts.

All I can tell you as encouragement is that the dangerous life has exquisite compensations. For most Americans love courage and welcome with relief and with gratitude any voice that expresses their latent hopes and aspirations.

Let me once more quote Professor Eiseley on the perils of the adventurous life. In Bimini, on the old Spanish Main, a black girl once said to him something as valuable to him as it is to me: "Those as hunts treasure must go alone, at night, and when they find it, they have to leave a little of their blood behind them."

It is to me deeply significant that this wise primitive woman should have voiced what our great philosopher, Emerson, said in his essay on intelligence: "God offers to every mind its choice between truth and repose. Take which you please. You can never have both."

With that challenge, my friends, I bid you good night and wish you well.

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDENT pro tempore. Is there further morning business? If there is no further morning business, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. ROBERTSON obtained the floor.

Mr. SYMINGTON. Mr. President——

Mr. ROBERTSON. Mr. President, I yield 10 minutes to the Senator from Missouri [Mr. SYMINGTON] provided it is agreed that I may do so without losing the floor. I understand that he is required to leave the Chamber, to fulfill an engagement, and that his remarks will not exceed 10 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, would the Senator prefer to have a brief quorum call?

Mr. ROBERTSON. I have no objection.

Mr. SYMINGTON. Very well.

Mr. MANSFIELD. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NELSON in the chair). Without objection, it is so ordered.

WHY THE FOREIGN AID BILL SHOULD BE REDUCED

Mr. SYMINGTON. Mr. President, everyone who has followed the foreign aid program over the years knows the great amount of good it has accomplished, especially during the years shortly after World War II.

Recently, however, and especially after reading the heavy criticisms in the just published report of the Senate Foreign Relations Committee, I have become convinced that parts of this program have now become comparable to coffee—a matter of habit.

My own experience with foreign aid goes back to 1946, when, at the request of former Mayor Fiorello La Guardia, at that time head of UNRRA, I investigated the Chinese part of his program.

Later that year, I met the mayor in Cairo and went over in detail what I had found, reporting that our people said the standard "commission" in China was 20 percent; but that the commission on UNRRA products, in some parts of China had risen to 80 percent.

We can be sure there is no comparable "commission" in our current aid program; but we also know, based on the current Foreign Relations Committee report, that there is a great deal of waste and mismanagement which can only result in less effective results in the actual execution of the program.

In recent years, I have paid visits to Europe, the Middle East, and the Far East. During these trips, I was interested in, and constantly asked about, the foreign aid program.

What stood out consistently was the obvious need for more training for most of the people handling the giving and lending of these billions of dollars of the American taxpayers' money.

It would seem that this matter of adequate training should be of special interest to the Congress, because we are the ones who have been appropriating this aid money—appropriations that now total over $100 billion, not counting some $36 billion for offshore military expenditures.

My trips brought out the fact that most Foreign Service members of the State Department are better trained than other American representatives working in such ancillary agencies of State as the Agency for International Development—AID.

Few people realize, however, the extent to which the great increase in the number of people now representing this country abroad is concentrated in these ancillary agencies. Only recently, one of our colleagues told me that at a station he visited in a foreign land, of 43 American representatives, only 4 were members of the State Department.

After noting the degree of lack of training that was characteristic of so many of these our representatives, in January 1959, I introduced a bill for the establishment of a Foreign Service Academy—S. 15, 86th Congress.

The basic idea behind this proposed Academy, presented nearly 5 years ago, was that if the United States could afford three academies to train its youth for the hot war we all pray will never come, surely it could afford one Academy to train its youth—in this case women would be included—for the cold war in which we are now engaged.

I ask unanimous consent that an article written on this subject in August 1959 be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LET'S HAVE A FOREIGN SERVICE ACADEMY

(Cheers from the author of "The Ugly American": We showed this article to Comdr. W. J. Lederer, coauthor with Eugene Burdick of the best-selling "The Ugly American," which deals with the foreign-service personnel problem. Here's what he says about Senator SYMINGTON'S proposal: "Senator SYMINGTON is justifiably worried because too many Americans now stationed overseas are amateurs. In this article he has come up with a solution aimed at making our representatives abroad intellectually vigorous, tough and well-trained. His plan is one of the best long-range methods for keeping America strong I know.")

Since World War II, the United States has spent nearly $60 billion in an effort to prevent countries from being taken over by the Soviet-Chinese empire.

It is no secret that, because American representatives were not properly trained for their jobs, much of this money has been wasted.

Americans sent to a foreign country too often do not speak or read the language.

How would you feel if a foreign official came to live in your own town who could talk to you only through an interpreter?

But judging on the basis of admitted linguistic deficiencies of our Foreign Service personnel, this often happens abroad.

WANTED: A FOREIGN SERVICE ACADEMY

The United States should have a Foreign Service Academy to train young people for efficient service in diplomatic missions throughout the world.

We now have three schools—West Point, Annapolis and the Air Force Academy—which prepare our youth for a possible hot war. Surely, we can afford one which will equip them to serve their country in the cold war in which we are now engaged.

The Foreign Service Academy should, like the service schools, charge no tuition. I also suggest that both men and women be eligible to attend and that there be no physical requirements beyond reasonably good health.

In the technological, psychological, political and economic fields, the Communists are planning for the years ahead. We are not.

But in spite of this enormous expense, it was revealed last year by the Advisory Committee of the Foreign Service Institute that:

Fifty percent of our entire Foreign Service officer corps does not have a speaking knowledge of any foreign language.

Seventy-five percent of the new men coming into the Foreign Service do not speak a foreign language.

Llewellyn E. Thompson, U.S. Ambassador to Moscow, is the only U.S. ambassador in a Communist country who speaks the language of the country to which he is assigned.

Our representatives don't understand other cultures. Western thinking and standards just don't go over in some of the important countries of Asia and Africa whose cultures have existed for thousands of years, and have developed differently from ours.

Asians have a new phrase: the "Golden Ghetto." To them it means the plush places where American diplomats and other representatives hold their cocktail parties, dinners and other social events.

Because they have been inadequately schooled in the language and culture of the country, our representatives live an isolated life, associating mostly with other Americans. The shifting winds of popular sentiment do not reach them. Our Embassy in Baghdad did not know of last year's coup in Iraq, for example, until it was well underway.

In contrast, the Russians are making a planned, determined effort to develop the most linguistically proficient diplomatic corps in the world. In Russian elementary and secondary schools, foreign languages are compulsory. Bright students begin to study languages at the age of 8.

The best students eventually end up in the National Institute of Foreign Languages; and there they are given an intensive five-year course. As a result, an estimated 9 out of every 10 Russians sent abroad read, speak and write the language of the country to which they are assigned.

These Russian foreign-service personnel are thoroughly grounded in the culture and economy of those countries, are "experts" before they arrive.

HOW THE RUSSIANS TRAIN THEIR EXPERTS

For some time the Soviets have had an Institute of Foreign Relations, supervised by their Ministry of Foreign Affairs. This Institute is the principal source of their future diplomats. Enrollment is around 1,000; the course is 6 years long. In the third year students begin to specialize in the problems of a particular area. In the final years they study intensively the country to which they have been assigned.

The United States does have some institutions for training diplomats; and some universities have graduate schools with special programs devoted to various regions of the world. The State Department conducts language courses for Foreign Service officers and other interested Government personnel.

But these programs are uncoordinated and casual compared to the training efforts behind the Iron Curtain. It will take years to develop a comparable task force of trained American representatives. But we can and should begin that preparation now.

That is why I introduced in the Senate last January 9 a bill to establish such an Academy, stating: "The ultimate future of the world, whether it is to be free or slave, will not be settled on the battlefields, but rather in the minds of men.

"Dedicated, well-trained representatives are at work for the Communist cause all over the world. We have not matched this effort, either in size or degree of training."

This proposed Academy would establish a four-year, tuition-free college for the training of overseas representatives.

Students would be selected on the basis of merit, and required to take competitive entrance examinations.

Although the Academy would be under the direction of the Secretary of State, it would prepare young men, and women, to serve in any of the governmental agencies which operate overseas.

Besides the usual basic college courses, the Foreign Service Academy would offer instruction in the language, culture, history, and economy of foreign countries.

Its faculty could be drawn partly from the ranks of retired foreign-service officers. To our young people, the latter could transfer the immense value of their personal experience as gained in years of oversea assignments.

Besides producing better trained diplomats, a Foreign Service Academy could also give more of our youth a chance to serve our country. Minor physical handicaps bar a great many brilliant and responsible young men from the military academies. A Foreign Service Academy would give them their chance. And it would offer opportunities to women, too.

A CASE IN POINT

Lt. Gen. James M. Gavin, one of the Army's great strategic planners, with a hero's combat record, was an orphan at the age of two. He was adopted into the family of a Pennsylvania coal miner. A college education was beyond his dreams. If Army officers were picked, as nearly all Foreign Service officers are chosen—from the campuses of our colleges—Jim Gavin would never have had an opportunity to serve his country.

That is why, at the Foreign Service Academy I propose, the students who are successful in the competitive entrance examinations would have their tuition paid by the Government in return for a commitment to serve their country abroad.

If we are determined to remain a free people, we cannot continue to be indifferent to the energetic and effective Communist missionaries Moscow is now sending to the four corners of the earth.

Every Communist revolutionary sent out to infiltrate, divide, and conquer must be matched by a free world advocate of "lasting peace through justice and law"—someone thoroughly trained in the language, the economy and the customs of the country to which he or she is assigned.

Tomorrow is too late. We must start today to train our people to merchandise the most valuable commodity in the world—the American way of life, with its individual dignity and its investment in freedom.

Mr. SYMINGTON. Mr. President, if the Congress does not take steps to insure that those to whom these billions of dollars are trusted have reasonably adequate training, what right have we to appropriate the money?

The legislation in question was promptly attacked, however, for various reasons by various people; and because the need for better training has now become so obvious, these attacks were hard to understand.

But they were effective. The proposed Academy got nowhere; and so finally, with the premise that half a loaf is better than none, 4 years later, last January, I gave up on my concept of the right Academy and volunteered to introduce a bill that was drawn up by the administration—S. 865.

As will be noted, this latter bill was also drawn up in recognition of the need for more training, even though the nature of the Academy it proposed was basically different from mine.

I ask unanimous consent that the bill in question be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 865

(In the Senate of the United States, February 20, 1963, Mr. Symington (for himself, Mr. Saltonstall, Mr. Bayh, Mr. Boggs, Mr. Brewster, Mr. Byrd of West Virginia, Mr. Cannon, Mr. Clark, Mr. Engle, Mr. Fong, Mr. Gruening, Mr. Hart, Mr. Humphrey, Mr. Inouye, Mr. Javits, Mr. Long of Missouri, Mr. Mansfield, Mr. McGee, Mr. McIntyre, Mr. Monroney, Mr. Moss, Mrs. Neuberger, Mr. Randolph, Mr. Ribicoff, Mr. Smathers, Mr. Williams of New Jersey, and Mr. Yarborough) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations:)

A bill to provide for the establishment of the National Academy of Foreign Affairs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Academy of Foreign Affairs Act of 1963".

FINDINGS AND DECLARATION OF POLICY

Sec. 2. The Congress hereby finds that the security and welfare of the United States require that our commitment in the struggle for peace and freedom throughout the world continue to be strengthened by the development of better trained and more knowledgeable officers of our Government and others concerned with the increasingly complex problems of foreign affairs. The complexity of such problems is clearly evidenced by the threat of world communism, the rapid emergence of new countries striving to be politically independent and economically viable, and new patterns of thought and action affecting the political, economic, and social intercourse among nations.

The Congress further finds and declares that our responsibilities can be fulfilled more effectively by the establishment of an institution at which training, education, and research in foreign affairs and related fields may be undertaken on an interdepartmental basis which would support integrated United States efforts overseas and at the seat of government. The United States can assure that its position as a leader among nations shall be maintained and improved through maximum utilization of its potential by pooling the best of American minds and resources to create a great institution that will carry forward our American tradition of academic freedom and will serve as America's complete and total commitment to freedom and peace in the world.

ESTABLISHMENT OF THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

Sec. 3. There is hereby established the National Academy of Foreign Affairs (hereinafter referred to as the "Academy") which shall be an agency of the United States, and shall be located in or near the District of Columbia. The Academy shall be established for the purposes of training, education, and research in foreign affairs and related fields, both in the United States and abroad, and for promoting and fostering related programs and study incident thereto. The Academy shall be maintained for officers and employees of the Government, and others when deemed to be in the national interest.

BOARD OF REGENTS OF THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

Sec. 4. (a) There shall be a Board of Regents of the National Academy of Foreign Affairs (hereinafter referred to as the "Board"). The Board shall determine policy and provide guidance to the Chancellor of the National Academy of Foreign Affairs in the execution of the powers, functions, and duties of the Academy.

(b) The Board shall consist of—

(1) the Secretary of State, who shall be the Chairman;

(2) four members designated by the President, from time to time, from among the officers of the United States who are required to be appointed by the President, by and with the advice and consent of the Senate;

(3) five members appointed from private life by the President, by and with the advice and consent of the Senate; and

(4) the Chancellor of the Academy.

Members appointed from private life shall be United States citizens of outstanding attainment in the fields of public and international affairs or education. The first members so appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the effective date of this Act, and the term of each shall be designated by the President. Their successors shall be appointed for terms of five years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed.

(c) The Board may—

(1) establish visiting committees from among its membership or otherwise to inquire periodically into matters relating to the Academy which the Board desires to be considered; and

(2) call in advisers for consultation.

(d) Members of the Board appointed from private life, and any members of visiting committees or advisers appointed from private life, shall receive compensation at the rate of $100 for each day while engaged in the actual performance of their official duties and in necessary travel.

THE CHANCELLOR OF THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

SEC. 5. (a) The chief executive of the Academy shall be the Chancellor of the National Academy of Foreign Affairs (hereinafter referred to as the "Chancellor"). Except as otherwise specifically provided herein, the Chancellor shall have authority and be responsible for the execution of the powers, functions, and duties of the Academy. In accordance with the policies and guidance established by the Board, he shall take such actions as may be required to carry out the purposes of the Academy; correlate the training, education, and research furnished by the Academy with the activities of other Government agencies and with the programs of private institutions; and encourage and foster such programs outside the Academy as will be complementary to those of the Academy. The Chancellor may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer or employee of the Academy of any function of the Chancellor.

(b) The Chancellor shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at a rate established from time to time by the President, based on comparable salaries provided by leading universities. In case of death, resignation, absence, or disability of the Chancellor, a member of the faculty or staff of the Academy designated by the Chancellor shall, unless otherwise directed by the President, perform the duties of the Chancellor until a successor is appointed or such absence or disability shall cease.

SPECIFIC AUTHORITIES AND RESPONSIBILITIES OF THE CHANCELLOR

SEC. 6. Under such policies and guidance as the Board may establish, the Chancellor may—

(a) appoint and compensate, as faculty or staff of the Academy, on a full- or part-time basis, such officers, employees, and attorneys as he may deem necessary to carry out the provisions of this Act, in accordance with the provisions of the civil service laws and regulations and the Classification Act of 1949, as amended, except that in the absence of suitably qualified United States citizens, he may appoint and compensate persons who are not citizens of the United States: *Provided*, that when deemed necessary by the Board for the effective administration of this Act, members of the faculty may be appointed and compensated without regard to such laws and regulations: *Provided further*, such members of the faculty shall receive a salary at a rate based on comparable salaries provided by leading universities, but not to exceed the rate provided for GS-18 of the Classification Act of 1949, as amended;

(b) arrange, with the consent of the head of the Government agency concerned, for the assignment or detail of any officer or employee of the Government, to serve on the faculty or staff of the Academy, or to receive training or education or to perform research at the Academy. To carry out the purposes of this subsection, the head of any Government agency may, under such arrangement, assign or detail any officer or employee of his agency to serve on the staff or faculty of the Academy, or to receive training or education or to perform research at the Academy. Such assignment or detail shall be deemed to be without prejudice to his status or opportunity for advancement within his own agency;

(c) permit other persons, including individuals who are not citizens of the United States, to receive training or education or to perform research at the Academy when deemed in the national interest; and to provide appropriate orientation and language training to members of family of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees or while abroad; but such persons and members of family shall not be deemed, by virtue of attendance at the Academy, to be Federal employees for any purpose of law;

(d) make arrangements (including contracts, agreements, and grants) for the conduct of such research and other scholarly activities in foreign affairs and related fields by private or public institutions or persons as may implement the functions of the Academy;

(e) pay the necessary tuition and other expenses of officers and employees of the Government who are attending the Academy, for additional special instruction or training at or with public or private nonprofit institutions, trade, labor, agricultural, or scientific associations, or commercial firms;

(f) procure services as authorized by section 15 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 55a), at rates not to exceed $100 each day for individuals, and in addition transportation expenses and per diem in lieu of subsistence while away from their homes or regular places of business, as authorized by section 5 of said Act, as amended (5 U.S.C. 73b-2): *Provided*, That individuals may serve singly or as members of committees: *Provided further*, That contracts so authorized may be renewed annually;

(g) pay travel and related expenses of the members of the Board, the Chancellor, faculty, staff, students of the Academy, members of visiting committees, and advisers to the Board as authorized by section 911 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1136), or by the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842), and sections 1 and 7 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 73b-1 and 3), or by section 303 of the Career Compensation Act of 1949, as amended (37 U.S.C. 404-406), as appropriate;

(h) utilize or employ the services, personnel, equipment, or facilities of any other Government agency, with the consent of the head of the Government agency concerned, to perform such functions on behalf of the Academy as may appear desirable;

(i) acquire in the United States or abroad such real and personal property as may be necessary for the operation and maintenance of the Academy: *Provided*, That the acquisition by lease or otherwise of buildings or parts of buildings in the United States, including the District of Columbia, for use of the Academy, shall be through the Administrator of General Services;

(j) accept, receive, hold, and administer gifts, bequests, or devises of money, securities, or property made for or to the benefit of, or in connection with the Academy, in accordance with section 1021 of the Foreign Service Act of 1946, as amended (22 U.S.C. 809); and

(k) prescribe rules and regulations governing the function and operation of the Academy, consistent with policies and guidance established by the Board.

PROVISION FOR COPYRIGHTS

SEC. 7. Members of the Board from private life, Chancellor, members of the faculty, and persons in attendance at, or serving with, the Academy shall be encouraged to write and speak on subjects within their special competence, and such writings and speeches other than those required in the performance of their official duties shall not be considered publications of the United States Government within the meaning of the Act of March 4, 1909, as amended (17 U.S.C. 8), or the Act of January 12, 1895, as amended (44 U.S.C. 58).

APPROPRIATIONS AND USE OF FUNDS

SEC. 8. (a) There are hereby authorized to be appropriated such funds as may be necessary to carry out the purposes of this Act, and when so provided in an appropriation Act, such funds may remain available until expended.

(b) Funds appropriated for the purposes of this Act or transferred to the Academy by other Government agencies for such purposes shall be available for the exercise of any authority granted by this Act, including, but not limited to: expenses of printing and binding without regard to the provisions of section 11 of the Act of March 1, 1919 (44 U.S.C. 111); entertainment and official courtesies to the extent authorized by appropriations; purchase, rent, or lease of offices, buildings, grounds, and living quarters for the use of the Academy, payments therefor in advance, and maintenance, improvement, and repair of such properties or grounds; expenses of attendance at meetings concerned with furthering the purposes of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose appointment, employment, assignment, detail, or services is authorized by subsections 6 (a), (b), (f), and (h) of this Act.

REPEALS AND SAVING CLAUSES

SEC. 9. (a) Section 701 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1041), is amended to read as follows: "The Secretary of State is authorized to furnish training and instruction in the field of foreign affairs to officers and employees of the Foreign Service and to the Department and to other officers and employees of the Government when such training and instruction are not otherwise provided at the Academy or elsewhere. The Secretary may also provide appropriate orientation and language training to members of family of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees or while abroad."

(b) Sections 702-707 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1042-1047), are hereby repealed.

(c) Section 575(b) of the Foreign Service Act of 1946, as amended (22 U.S.C. 963), is further amended by adding the following: "The Secretary may pay the necessary tuition and other expenses for any such officer or employee."

(d) Section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 968), is further amended by deletion of the phrase "at the Foreign Service Institute or elsewhere" from the final clause of the third sentence.

(e) So much of the property, records, unexpended balances of appropriations, allocations, and other funds held, used, available, or to be made available in connection with the Foreign Service Institute, as established by sections 701-707 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1041-1047), that relate to the work of the Academy, as determined by the Director of the Bureau of the Budget, are hereby authorized to be transferred to the Academy and the Chancellor thereof.

(f) Notwithstanding the provisions of this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions taken, issued or entered into under authority of statutes repealed by this Act shall continue in full force and effect until modified by appropriate authority.

Mr. SYMINGTON. I ask Senators to note also that the 27 sponsors of this legislation included the entire Democratic leadership, as well as Members from both sides of the aisle.

In addition, with the approval and recommendation of the Secretary of State, a committee was formed, under the chairmanship of Dr. James Perkins, of Cornell University, to support S. 865. The name of this committee was the Committee for the National Academy of Foreign Affairs, and because it is one of the most eminent and outstanding group of citizens ever gathered together in support of any legislation, I ask unanimous consent that a list of its membership be printed at this point in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

THE COMMITTEE FOR THE NATIONAL ACADEMY OF FOREIGN AFFAIRS

Dr. James A. Perkins, chairman.

Hamilton Fish Armstrong, editor, Foreign Affairs.

Mr. Dexter Otis Arnold, president, General Federation of Women's Clubs.

Homer D. Babbidge, Jr., president, University of Connecticut.

Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Co.

William Blackie, president, Caterpiller Tractor Company.

Dr. Eugene Carson Blake, stated clerk, United Presbyterian Church in the United States of America.

Roger M. Blough, chairman, United States Steel Corp.

Arleigh A. Burke, director, Center for Strategic Studies, Georgetown University.

Benjamin J. Buttenwieser, Kuhn, Loeb & Co.

Dr. Robert Calkins, president, Brookings Institution.

Erwin D. Canham, editor, The Christian Science Monitor.

Everett Case, president, Sloan Foundation.

Everett R. Clinchy, president, Council on World Tensions, Inc.

John Thomas Connor, president, Merck & Co., Inc.

Howard A. Cook, president, International House—New York.

John Cowles, president and editor, Minneapolis Star and Tribune.

Arthur H. Dean, Sullivan & Cromwell.

Dr. Elmer Ellis, president, University of Missouri.

John Fischer, editor, Harper & Row.

Marion B. Folsom, Eastman Kodak Co.

James M. Gavin, U.S. Army, retired; president, Arthur D. Little, Inc.

Dr. Robert F. Goheen, president, Princeton University.

Gordon Gray, president, Federal City Council.

Gen. Alfred M. Gruenther, U.S. Army, retired; Supreme Commander, NATO; President, American Red Cross.

Dr. John Hanna, president, Michigan State University of Agriculture and Applied Science.

Karl G. Harr, Jr., president, Aerospace Industries Association of America, Inc.

Dr. J. George Harrar, president, Rockefeller Foundation.

Gilbert A. Harrison, editor and publisher, New Republic.

Loy W. Henderson, professor of international relations, American University.

Dr. Pendleton Herring, president, Social Science Research Council.

Christian A. Herter, former Secretary of State.

Rt. Rev. Msgr. Frederick Hockwalt, executive secretary, National Catholic Education Association.

Dr. Kenneth Holland, president, Institute of International Education.

C. D. Jackson, publisher, Life magazine.

Dr. Joseph E. Johnson, president, Carnegie Endowment for International Peace.

Eric Johnston, president, Motion Picture Association of America, Inc.

Devereux C. Josephs, New York Life Insurance Co.

Label A. Katz, president, B'nai B'rith.

Dr. Clark Kerr, president, University of California.

Dr. Grayson L. Kirk, president, Columbia University.

Herbert P. Lansdale, Jr., general secretary, National Council of the YMCA of the United States.

Mrs. John G. Lee, president, Overseas Education Fund of the League of Women Voters.

Col. George A. Lincoln, professor of social sciences, U.S. Military Academy.

August Maffry, senior vice president, Irving Trust Co.

William Marvel, president, Education & World Affairs.

Dr. John W. Masland, Jr., provost, Dartmouth College.

George Meany, president, AFL–CIO.

Max S. Millikan, director, Center for International Studies, Massachusetts Institute of Technology.

Emory W. Morris, president, Kellogg Foundation.

Dr. Franklin D. Murphy, chancellor, University of California.

Dr. Samuel M. Nabrit, president, Texas Southern University.

Alfred C. Neal, president, Committee for Economic Development.

Calvin J. Nichols, executive director, World Affairs Council of Northern California.

John B. Oakes, editor, New York Times.

William S. Paley, chairman of the board, Columbia Broadcasting System, Inc.

James G. Patton, president, National Farmers Union.

Dr. Don K. Price, dean, Graduate School of Public Administration, Harvard University.

Dr. C. Herman Prichett, president-elect, American Political Science Association.

Dr. Nathan Pusey, president, Harvard University.

Walter Raleigh, executive director, Young Presidents' Organization, Inc.

Dr. William C. Rogers, director, World Affairs Center, University of Minnesota.

Edith S. Sampson, judge, the Municipal Court of Chicago.

Dr. Paul Sheats, president, National University Extension Service Association, University of California.

Sylvester C. Smith, Jr., president, American Bar Association.

A. M. Sonnabend, president, American Jewish Committee.

H. Christian Sonne, chairman, National Planning Association.

Monroe E. Spaght, president, Shell Oil Co.

Charles M. Spofford, David Polk Wardwell Sunderland and Kiendl.

Frank Stanton, president, Columbia Broadcasting System, Inc.

Charles P. Taft, Taft, Lavercombe and Fox.

Dr. Herman B. Wells, chancellor, Indiana University.

Gen. Thomas D. White, U.S. Air Force, retired; senior military editor, Newsweek.

John Hay Whitney, publisher, New York Herald Tribune.

Dr. Logan Wilson, president, American Council on Education.

Dr. Henry M. Wriston, president, American Assembly, Columbia University.

James David Zellerbach, chairman, Crown Zellerbach Corp.

Mr. SYMINGTON. To the further surprise of all those interested, however, influential people, including members of the State Department old guard who want no change in the current status, circumvented the wishes of the President and the Secretary of State by successfully voicing opposition to even the administration's bill.

One of the three primary reasons, therefore, why I believe the authorization request for money in the proposed aid bill should be reduced, is the fact we have not yet taken steps to properly train the many thousands of additional people now representing us abroad. It is the quality of the people, rather than the quantity of the money, that really counts.

My second major apprehension about the proposed program results from the fact the United States is spending, and for some years has been spending, far more than its just share in banking the cause of freedom; in Central and South America, in Europe, in the Middle East, in South Asia, and in the Far East; in other words, all over the world.

As I see it, this cannot go on, because in our way of life, our physical strength can only come from our economic strength. It is becoming ever more clear that the generosity of the American people, as expressed in the foreign aid program, a generosity unique in world history, cannot be continued indefinitely without jeopardizing the system we cherish and want to preserve.

The above leads into my third apprehension; namely, the continuing unfavorable balance of payments. The value of the currency of the United States is expressed by gold and backed up by gold; but whereas many countries that have received our foreign aid in billions have now increased their gold holdings by billions, over recent years this Nation has lost some 35 percent of the gold it once held.

There are some economists who believe that this is not a matter of great importance, that we can continue to lose gold indefinitely without adversely affecting our economy. I do not so believe. No professor will ever convince me that this steady loss of gold is anything but a steadily increasing danger to the future of the United States.

We know that offshore military expenditures incident to our being the world banker of freedom, plus the foreign aid program, are two of the primary reasons for this unfavorable balance; and although we are assured, with various plans and programs and charts, that necessary steps have been taken to change this unfavorable balance, the gold continues to run out.

Another consequence of this continued balance-of-payments deficit is that we have now become a debtor nation, with some $25 billion of current liabilities; and inasmuch as we are now borrowing money from the International Monetary Fund, as well as selling bonds to foreign central banks, it is a fact that we are now being forced to borrow money from foreign countries in order to finance this program of aid to foreign countries.

For these reasons in addition to the heavy criticisms of this bill in the current report of the Foreign Relations Committee, I do not believe we should continue foreign aid on the scale recommended. I do believe we should take whatever steps are necessary to train more people, should emphasize to our friends and allies that they must bear more of the price of freedom; and should also recognize that there is no program more important to the ultimate security of the United States than one designed to reverse, as soon as possible, the longtime continuing unfavorable balance of payments.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. SYMINGTON. If the distinguished Senator from Virginia [Mr. ROBERTSON] will permit.

Mr. ROBERTSON. I yield.

Mr. AIKEN. I wish to ask the Senator if he has arrived at a decision as to what he would recommend for an appropriation for foreign aid for this year. I go along with him in saying that the authorization should be substantially reduced, but at what level does the Senator think we should reduce it to?

Mr. SYMINGTON. I answer my able friend from Vermont that we have had figures of $4.9 billion, then $4.2 billion, that figure cut to $3.5 billion, then restored to $4.2 billion. Now, I understand, it is proposed by the amendment proposed yesterday that this latter figure be reduced by some $385 million from $4.2 billion.

I should like to know more about the details, the component parts of the programs before giving a figure to the distinguished senior Senator from Vermont. However, if the cut were to be a blanket cut, in my opinion the cut of $385 million could be further reduced.

Mr. AIKEN. The Senator means that even though the authorization would be reduced by $385 million, it could be reduced even further. The Senator believes the amount would be reduced in the appropriation anyway, does he not?

Mr. SYMINGTON. My friend from Vermont has been in the Senate longer than I. His conjecture as to the action of the Appropriations Committee would be based upon more experience and, I am sure, more intelligence, than my own.

Mr. AIKEN. I would not agree to that. I know that the Senator from Missouri has had a great deal of experience in both the legislative and executive branches of the Government. It is my opinion that an authorization of $3.8 billion or $3.6 billion—whatever the conference should decide upon—would result in an appropriation of possibly $3 billion, and not more than $3.25 billion, which would be a reduction of approximately 25 percent from last year.

Mr. SYMINGTON. I believe that whatever authorization is recommended by the Senate prior to the functioning of the Appropriation Committee, the authorization should be based upon what we believe right.

I do not say this in critical fashion. I am sure the Senator from Vermont, with whom I have served with pleasure on this and other committees, agrees with me, because I know the way he approaches these problems.

Mr. AIKEN. I agree with the Senator from Missouri that it should not be based on certain actions taken with respect to the authorization bill; nevertheless, we must face facts and realize that it will be based on them to a certain extent.

Mr. SYMINGTON. I hope, when the bill is passed and the money is appropriated, it will represent the best thinking of the Senate from the standpoint of the security of the United States. Therefore, I hope the authorization bill will represent our best thinking, what is best, net, for the country.

I thank the able Senator from Virginia.

Mr. ROBERTSON. I was glad to yield, because I am in sympathy and full accord with the views expressed. When I express my views, I am going to specify a cut that will be much greater than the cut the Senator from Missouri has indicated. I hope the distinguished Senator from Vermont will be in the Chamber to comment on the cut that I shall propose.

Mr. President, I ask unanimous consent that I may yield to the Senator from New York [Mr. KEATING] for 3 minutes without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMAGINATION IN OUR EXPORT PROGRAM

Mr. KEATING. Mr. President, I thank the Senator from Virginia. In spite of wide discussions and considerable interest in the field of export expansion, the regrettable fact is that the United States is lagging behind other more aggressive trading countries in its efforts to secure a larger share of the world's markets—in fact, even in its efforts to retain its present share.

In the category of manufactured goods, the U.S. share of world trade fell from 29 percent in 1957 to under 23 percent in 1962. In the first 8 months of 1963, our favorable trade balance was less than it was a year ago. We are importing 5 percent more goods than we did last year, but exporting only 3 percent more.

It is particularly disturbing that our share in manufactured goods has declined. The largest amount of our nonmanufactured exports consists of surplus food, cotton, and other agricultural or raw materials. Most of these exports are Government subsidized in one form or another. Yet it is in the area of manufactured goods that we should be making the greatest effort, for it is our manufactured goods that provide jobs by the thousands and by the millions. Our manufactured goods should be finding their way into new markets and into new countries. Each year should see a substantial advance in the sale of American goods throughout the world.

One field that is of particular concern to me is the field of clothing and fashions. New York is the clothing center of the world, employing many thousands of workers. It should also be the fashion center. American clothes, which I know would be in great demand, should be for sale in every European department store and throughout the entire world. However, I should like to call the attention of Senators to a recent article written by Sylvia Porter, indicating how both our Government and businessmen in the clothing industry have fallen down on the job.

Admittedly, modern-day protective devices in trade, the advent of Common Market competitors, and the problems of import licenses, exchange control, quotas, taxes, labeling and packaging requirements, surcharges, credit and price controls, State trading and operating monopolies, penalty fees and import documentation, product standards and specifications, commercial advertising restrictions, bureaucratic delays and nationalism in certain countries—to mention but a few of the obstacles in international trade—all these do pose a challenge to American manufacturers in finding markets for the export of American fashions. But it is a challenge that must be accepted.

What is more, Mr. President, the State Department, despite the talk of promoting exports, has, I understand, refused to sponsor American fashion shows in U.S. Embassies—where they would undoubtedly attract great attention. Our Government, I understand, argues that they are too commercial. That is in striking contrast to the diligent efforts taken here by representatives of several European countries to advance their fashions and clothing interests.

Mr. President, in every other free world country, and particularly among our industrial allies, the governments are 100 percent behind the efforts of clothing and other manufacturers to secure foreign markets. It is time our own Government began to emphasize the interest and concern of U.S. firms, and to abandon the hands-off attitude which has discouraged U.S. business overseas and often left it unaided to deal with determined foreign competitors who have their government's strong backing.

Mr. President, I ask unanimous consent to have printed in the RECORD, following my remarks, an article written by Sylvia Porter on this subject, published in the Evening Star of October 31, 1963.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CLOTHES MARKET WAITING ABROAD

(By Sylvia Porter)

Frenchwomen are hungry for American clothes and particularly want to buy our "casual look'" dresses made of cotton and synthetic fibers.

To meet this already existing demand and to develop the potentially huge clothing market in France's cities and growing suburbs, the United States sold a "grand" total of $7,232 of cotton dresses and $13,635 of synthetic fiber dresses to France in 1962. Our exports of all clothes to her last year averaged only $112,000 per month—which is equivalent to saying we sold that country next to nothing.

The women of Italy and West Germany also are excited by the sort of clothes we produce here—about our fashions, our experiments with synthetic materials, our prices.

To meet this already existing demand and to develop the potentially huge clothing markets in the cities and growing suburbs of Italy and West Germany, we sold a grand total of $100 (yes, 10 $10 bills) of synthetic fiber dresses to Italy and $40,000 of synthetic fiber dresses to West Germany in 1962. In April, the peak month of exports, our sales of all clothes to booming West Germany amounted to only $492,000.

"There is a complete apathy in the United States toward selling clothes abroad," says Eleanor Lambert, internationally recognized authority on fashions in the United States and foreign clothing markets.

"We have been terribly stupid," she added flatly in an interview. "We have people running to Europe to observe markets but nobody does anything about selling. The State Department has refused to sponsor American fashion shows in American embassies because they're too commercial. Yet the French Embassy has frequent fashion shows in Washington.

"All European countries are constantly sending delegations of textile people and retailers here to study our garmentmaking techniques and to make licensing agreements. Yet they protect their own techniques from our observers. We don't protect our own techniques.

"In the area of high fashion there is no American clothing going abroad except in travelers' suitcases."

The implications of this harsh indictment go far beyond the clothing industry, important though this industry is in our country.

We must expand our exports abroad to provide more jobs for our workers and to protect the profits of American businessmen. We must expand our exports overseas to earn the dollars to cover our spending overseas, to narrow the deficit in our balance of payments, and to curb the outflow of gold from our reserves.

Yet, despite the pleas by the administration, the hoopla about boosting our exports, the high-level foreign trade conferences in and out of Washington, our performance on trade expansion has been mediocre.

In the first 8 months of 1963 our trade surplus was at an annual rate of $4.6 billion, a seemingly hefty figure but it's down from the level of a year ago. Our imports of goods are up 5 percent while our exports are up only 3 percent.

When the totals are broken down, the record shows up as even more disappointing, for U.S. exports not tied into foreign aid or our farm disposal programs have been just creeping up. The rise of non-Government financed exports in the past 3 years has been only a meager 1 percent a year.

The pathetic indifference of so many businessmen is highlighted by the clothing industry. Although a few pioneers are starting to move into Europe to explore the market, most in the field are either ignorant of the exhilarating possibilities or are afraid to venture out, or are discouraged by artificial barriers that could be broken down if they would make the effort.

The story is capsulized by the comment made by a statistician for the International Ladies' Garment Workers Union. "Some of the trade totals are so small," said he, "that nobody bothers to compile them." What an indictment of U.S. business ingenuity and drive, circa 1963.

KINZUA DAM LEGISLATION

Mr. KEATING. Mr. President, the story of the plight of the Seneca Indians of Salamanca, N.Y., is well known. Their ancestors signed a treaty with George Washington—the oldest treaty of the United States—guaranteeing that they would hold forever the land which they received under that treaty. The Society of Friends in Philadelphia guaranteed the word of our new nation and has stood by the Senecas for almost two centuries.

Two years ago the U.S. Government—over my own protests and those of thousands of other Americans—decided to abrogate that treaty and take some Seneca land to build the Kinzua Dam. After all the lawsuits and negotiations over alternate sites had been completed and the Senecas came to the conclusion that further protestations were in vain, they and the Friends appealed to the President of the United States for just and immediate compensation.

On April 9, 1961—more than 2 years ago—the President wrote to the head of the Seneca nation indicating that Government action was forthcoming. My colleague [Mr. Javits] and I, working with the Senecas and the Friends, introduced legislation to compensate the Indians for their anticipated loss.

In 1965—one short building season from now—Indian lands and Indian homes will be flooded, but we still have no bill. The Senecas cannot make plans to move their homes because they still do not know how much money will be available. They cannot plan new sites because they still do not know where new roads will be built. They cannot plan to develop recreational facilities because they do not yet know what they will be allowed to develop.

The House Indian Affairs Subcommittee has been working diligently on the bill, and I commend the members for their efforts. At the same time, I must point out that time is running short for these Indians, and that we have an obligation, incurred in 1794, to act with justice and with speed.

Mr. President, an article written by Lucian Warren which was published in the Buffalo Courier-Express last week explains the status of the bill and admonishes the Government to act. I ask unanimous consent to have printed in the Record the text of this article.

There being no objection, the article was ordered to be printed in the Record, as follows:

Senecas Need Strong Ally in Kinzua Issue

(By Lucian C. Warren)

On August 9, 1961, President Kennedy sent a long letter to Basil Williams, at the time president of the Seneca Nation of Indians. It was a kindly, well-written letter, and while it indicated it was too late to stop construction of the Kinzua Dam, it did promise the Government would do certain things.

Among other things, he said that he had directed the various Federal agencies to consider the possibility of (1) acquiring "lieu" lands near the reservation in exchange for the flooded out lands; (2) developing the recreation potential of the reservoir, with the Indians sharing in the benefits; (3) awarding special damages to the Indians because of the substantial proportion of Indian lands to be taken; and providing special assistance to the Senecas in their relocation problems.

Recommendations: The letter also stated that "in the event legislation is required to achieve these objectives, I have asked that recommendations be prepared."

It is now more than 2 years since that letter was sent. Tomorrow (Friday) a Seneca delegation, headed by George D. Heron, present Seneca president, will confer in the White House with Lee White, administrative assistant to President Kennedy. Basil Williams will be a member of that delegation.

The Indians will undoubtedly tell the President's representative that the President is a long way from delivering on his promises.

It is true that as of this week, substantial agreement has been reached among certain interested parties on the language of proposed legislation which is designed to help the Senecas. Representatives of the Senecas, the House Interior Committee, the Interior Department's Bureau of Indian Affairs and the Defense Department's Army Corps of Engineers have worked out the details of providing the Senecas with direct and indirect damages and for relocation of the Senecas flooded out by the Kinzua Dam.

Dispute: But by common consent, among these interested parties, the dollar amounts of the money to be paid and the acreage involved are still to be filled in. On this there is considerable disagreement.

In the line of "special damages" as asked by President Kennedy, the Interior Department's Bureau of Indian Affairs and the Seneca Nation are in agreement that $691,000 is a fair amount. The Army Corps of Engineers takes no position on this, except to say that Congress can authorize and provide any amount it wants, but such funds should not be charged to the cost of the project.

Historical error: In this they are historically in error, for in other somewhat similar projects "special damages" have been charged to the cost of the project.

Army Engineers and the Senecas are also very far apart on the "subsurface value" or mineral rights of Indian lands needed for the reservoir. In their latest testimony before Congress, the Senecas said they expected payment of $4,227,000 for Seneca land, while the corps indicated they were willing to pay only $535,000. Most of this huge difference involves the difference in their estimates on subsurface values.

Agreement: In recent negotiations, the Senecas and the Army Engineers have shown they are not far apart on their appraisals of surface land values and improvements. Already there has been agreement on some 134 tracts of Seneca land, for which payments of between $25 and $15,250 will be made for the surface value of land involved. The indications are that the two sides are not too far apart on the remaining tracts, if only surface land values and improvements are considered.

Because there is still such a big difference on the subsurface estimates values, Congress will be presented with suggested legislation that will keep surface and subsurface dollar amounts separate. Army Engineers will back one version of the legislation that will direct this matter be settled by the courts. Senecas are asking that Congress authorize payment of a certain minimum amount for subsurface rights, with the balance to be determined by courts.

Another issue: Another area of disagreement is due for an airing in Federal court in Buffalo on November 4, even before Congress acts. This is the issue of whether the Army Engineers have the right to take over enough Indian land to provide a four-lane limited access highway for a relocated State highway, Route 17. The Senecas maintain Uncle Sam should have the right to acquire land for a two-lane highway.

Still very much in the air is what is to be done to rehabilitate the Senecas, to provide them with jobs and a worthwhile project to take the place of their farmlands, the best of which will be in the reservoir area.

Brill report: The Brill engineering firm of New York has recommended in its final report that a $35 million recreational-educational project, and a $4,438,000 industrial park would solve this problem. The former would be financed by an outright grant of $15 million from Uncle Sam, plus $20 million in an interest-free loan, payable $500,000 a year after the 10th year of the project. The latter would be financed by an outright grant.

So far, only the Senecas among the interested parties have received the Brill report with enthusiasm. The Army Engineers have shrugged it off as another benefit that Congress could provide not to be charged to the cost of the project. The Bureau of Indian Affairs has as yet to make a recommendation, and no Congressmen, either on or off the House Interior Committee, have as yet endorsed the idea.

Empty words: And yet if the Indians are to have a means of livelihood and if the western New York area is to gain some economic advantage in return for the mudflats of the Kinzua Dam, something like the Brill recommendation must be adopted.

The Indians would do well to muster their best arguments at the White House Friday. Unless a powerful friend comes to their rescue, they might find again that, like George Washington's promise that the treaty of 1794 would never be broken, the 1961 letter may have been empty words.

Mr. JAVITS subsequently said: Mr. President, as my colleagues know, I have long been deeply concerned with the critical problem of the displacement of the Seneca Nation of Indians from their homes in New York brought about by the construction by the Federal Government of the Allegheny Dam and Reservoir project, known as the Kinzua project, located at Kinzua, Pa., which is scheduled for completion in 1965. The taking of 10,000 acres of land and Seneca property by the Federal Government in the dam area will disturb and disrupt the community life and economic and social traditions of the Seneca Nation.

In view of the fact that the nearly 800 Senecas in the reservoir area have been warned to abandon their homes by October 1, 1964, the immediacy of the problems of providing compensation for the displaced nation and its members is patently clear.

On July 9, I, together with Senators Keating, Scott, Clark, McGovern, Case, and Ervin, introduced a bill (S. 1836), to provide for much needed financial compensation for the relocation, rehabilitation, social and economic development of the Seneca Nation of Indians and its individual members who will be displaced by the taking of their property. In providing compensation for the Seneca Indians, the bill expressed in legislative form the intent of President Kennedy as reflected in his August 9, 1963, letter to the Seneca Nation, in which he declared "the desire of the Federal Government to assist the members of the Seneca Nation in every proper way to make the adjustment as fair and orderly as possible."

Legislation to provide compensation to the Seneca Indians for the Federal taking has also been introduced in the House. The Subcommittee on Indian Affairs of the House Committee on Interior and Insular Affairs has conducted hearings on the bills. The House Committee has spent a good deal of time considering the positions of the executive agencies and proposed provisions of the bill, including estimated direct and indirect damages. It has encouraged continued discussion between the Corps of Engineers and the Seneca Nation on problems concerning this legislation. The Seneca Nation has actively cooperated in this regard with the House Committee. In addition, on October 25, 1963, a delegation from the Seneca Nation traveled to the White House to confer with administration officials on relocation matters and the pending legislation. The Seneca Nation is deeply concerned over its future and has already begun preparation for the relocation.

I am pleased to note that the House Indian Affairs Subcommittee, is presently drawing up a compromise bill and is striving diligently to come up with a satisfactory bill. I am hopeful that remaining unsettled issues, including the amount of damages, will be resolved and that the House and Senate will act quickly on this much needed legislation in view of the urgent need to come to terms with the serious problem of the relocation of the members of the Seneca Nation required by the Federal Government.

Mr. President, I ask unanimous consent to have printed in the Record an article written by Warren Weaver, Jr., entitled "Kinzua Dam Pact Mapped in House," published in the New York Times this morning.

There being no objection, the article was ordered to be printed in the Record, as follows:

KINZUA DAM PACT MAPPED IN HOUSE—BUT SENECAS AND ENGINEERS CLASH ON MINERAL RIGHTS

(By Warren Weaver, Jr.)

Washington, October 31.—The congressional committee trying to reimburse the Seneca Indians for the flooding of their western New York reservation drew up a compromise bill today.

The new legislation apparently settled a good many of the tangled legal questions involved in the Kinzua Dam controversy, but it still left the Indians and the Army Engineers at odds over several critical financial issues.

Most important, it developed at a hearing of the House Indian Affairs Subcommittee, is the question of how much the Seneca Tribe should receive from the Federal Government for the injury the new Allegany Reservoir will do to sand, gravel, oil, and gas rights on the property.

The Army Engineers' spokesman at the hearing, Loney W. Hart, estimated that these rights for the 10,000 acres of Seneca Reservation to be flooded by the reservoir would be damaged only to the extent of about $50,000.

But Arthur Lazarus, the Washington lawyer who represented the Seneca Nation, maintained that the figure should be $5 million. He said the Senecas would be willing to settle, however, for a minimum guarantee of $500,000 in the legislation.

PROTESTS DISPARITY

This disparity prompted the chairman of the parent House Interior Committee, Representative Wayne N. Aspinall, Democrat, of Colorado, to protest that "I don't understand this 100-to-1 ratio. I can't understand this variation at all."

Originally, the Army Engineers called for a bill that would simply give the Senecas, in return for the subsurface rights on their land, whatever a Federal court said they were entitled to.

Today Mr. Hart, who is chief of real estate legislative services for the corps, offered a compromise. Under it, the Indians would get $500,000 but would become responsible for any claims lodged by persons to whom gas and oil leases had been assigned.

The Senecas could go to court if they wanted to try to improve on this settlement, but they would then risk losing money if the Federal court award was less than $500,000. Mr. Lazarus called this latest Army proposal "completely unacceptable."

Kinzua Dam is a $115 million project being built on the Allegheny River near Warren, Pa., by the Army Engineers.

The subcommittee chairman, Representative James A. Haley, Democrat, of Florida, is trying to settle the subsurface damage issue and several other financial grants in the Seneca legislation in time so that a bill can be passed this year.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I am glad to yield.

Mr. FULBRIGHT. Is this the case in which a treaty with the Seneca Indians was involved?

Mr. JAVITS. There was a treaty. That was all worked out in connection with the Kinzua Dam. Legally we did not feel that the treaty actually represented the kind of commitment which could be enforced against the Federal Government in respect of this dam. The treaty lent great weight to the need for doing at least financial justice.

Mr. FULBRIGHT. But the Senecas believe it is a violation of the treaty on the part of the United States, do they not?

Mr. JAVITS. They certainly do. It broke my heart, and that of former Senator Ives as well, when we could not stop the dam project, because of the feeling of Senators that time marches on, and that this is an extremely important project. There was a great deal of flooding in the area, and it had to be done.

I thank the Senator from Arkansas for his intercession.

SYRACUSE, N.Y.

Mr. KEATING. Mr. President, in February 1961, the Metropolitan Development Association of Syracuse, N.Y., sponsored a major conference of community leaders and planners from Onondaga County and developers and financiers from across the United States. The purpose of the 2-day conference was to discuss the potential of the Syracuse metropolitan area and ways and means for accomplishing planning goals.

In the short space of 2 years, remarkable changes have taken place in the Syracuse-Onondaga area.

The city of Syracuse has approved the Presidential Plaza development in the Near East Side urban renewal area. When completed, this will provide nearly 1,000 apartments in three 30-story apartments, three 10-story apartments and 27 townhouses.

Development of a new 25-story office-hotel building and 4 other major office buildings have begun in downtown Syracuse.

The voters of Onondaga County have approved a modern county charter with an elected county executive and a bond issue for $45 million for a new water supply.

Modern terminals have been opened at Hancock Airport for air passengers and by the New York Central Railroad for train passengers.

Hospital facilities in Onondaga County have been increased with the opening of the 298-bed community hospital. Construction is well advanced on the 396-bed State hospital of the Upstate Medical Center, with the opening scheduled in 1964.

Syracuse University which has averaged two new buildings a year since 1946 has increased the tempo of its building program. LeMoyne College has completed four structures and is planning more. One new college was started in 1962—the Onondaga Community College. A second new one—the Maria Regina College for Women—is to open in 1963.

Major planning and substantial construction have been completed on the interstate and arterial road systems in the county with indications that the investment in new roads in the Syracuse area alone will amount to $150 million.

All these achievements have been the accomplishments of a dynamic city government headed by Mayor William Walsh. Working in cooperation with County Executive John Mulroy and Thomas E. Ward, executive director of the city, County Office of Economic Development, local officials have taken steps to make Syracuse a model city. Their imaginative planning and dedicated hard work have brought new industry into Onondaga County, and created new jobs. Certainly if local governments in other parts of the country followed the progressive and dynamic lead of Syracuse we would have fewer depressed areas and far less dependence on Washington.

In an effort to attract additional industry into the Syracuse area, the Office of Economic Development has prepared some material describing the community and its potential for development. Mr. President, I ask unanimous consent that excerpts from this material be printed at this point in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

SYRACUSE, N.Y.

GEOGRAPHIC LOCATION—CROSSROADS

Syracuse, county seat of Onondaga County, is nearly the geographic center of New York State. It is one of only eight cities in the United States located at the junction of two major superhighways. Syracuse is the crossing point of the east-west New York State Thruway (Interstate Route 90) and the new north-south Penn-Can Highway (Interstate Route 81). It has one of the world's largest railroad marshaling yards, is located on the main line of the New York Central, and is served by the Erie Lackawanna. Syracuse is also a major terminal on the barge canal, water link to the Great Lakes and Atlantic. Within a 300-mile radius are major cities of two nations, and almost 25 percent of the population of the United States (more than 43 million persons).

EMPIRE STATE HEARTLAND

Syracuse is the hub of one of the most beautiful and richly diversified States in the Nation. Here you'll find towering cities and picturesque villages, mighty industrial centers and sprawling farmlands, bustling harbors and vast woodlands, Broadway plays and county fairs, the United Nations and town meeting halls, subways and deer trails—all within an easy drive of Syracuse.

CAPSULE HISTORY

Syracuse was one of the first western frontiers, a virgin land, home of Hiawatha, site of the Onondaga Indian Nation, and famed Iriquois Confederacy. Father Simon Le Moyne, a French Jesuit missionary, visited here in 1654 and wrote of a salt spring the Indians believe to be "inhabited by a demon who makes it fetid." In 1786 came the first permanent white settler, Ephraim Webster (who inspired James Fenimore Cooper's literary character, "Natty Bumppo"). Two years later the first industry was established, making table salt from the "demon's" spring water. For a century the community was the Nation's principal source of salt, giving Syracuse a name it still bears, "Salt City." Following the easy water level routes came the Erie and barge canals, the roads north and west, and the first railroads. Each sparked more growth. In 1825 Syracuse was incorporated as a village; in 1848 as a city. In 1869, Charles Dickens said the city looked "as if it had begun to be built yesterday and were going to be knocked together with a nail or two the day after tomorrow." The methods improved; the building goes on.

TODAY—A NEW DIMENSION

Syracuse is now the fourth largest and the fastest growing metropolitan area in New York State—one of the two fastest growing metropolitan areas in the United States—and the country's leading test market for new products.

Population and size

City of Syracuse	216, 038
Town of Camillus	18, 324
Town of Cicero	14, 738
Town of Clay	17, 730
Town of DeWitt	22, 686
Town of Geddes	19, 590
Town of La Fayette	3, 362
Town of Manlius	19, 317
Town of Onondaga	13, 404
Town of Pompey	3, 475
Town of Salina	33, 053
Town of Van Buren	8, 684
Other	67, 709
Onondaga County total	423, 028
Metropolitan area	563, 781

(Syracuse City area: 25.68 square miles. Onondaga County area: 792 square miles. Metropolitan area: Counties of Onondaga, Oswego, and Madison.)

MEDICAL FACILITIES

Syracuse is the upstate medical center of New York State. Adjacent to Syracuse University is a complex of hospitals, laboratories, and medical and nurse training facilities. The city has a total of 14 hospitals. These include a new 500-bed community hospital, a 500-bed Veterans' Administration hospital, and a new 350-bed teaching hospital now under construction at the Upstate Medical Center of the State University of New York. The community has approximately 700 medical doctors, including numerous specialists, and some 230 dentists.

CHURCHES

There are approximately 250 churches and synagogues in Onondaga County. The religious makeup is approximately 51 percent Roman Catholic, 40 percent Protestant, and 7 percent Jewish. Syracuse is the State headquarters city for Baptist, Congregationalist, Methodist, and Presbyterian churches; the Stake of Cumorah of the Church of Latter-day Saints; See of a Roman Catholic Diocese; and See of the Episcopal Central New York Diocese. Syracuse is also the headquarters for the New York State Council of Churches.

GOVERNMENT SERVICES

Syracuse has a mayor and common council form of government, a 366-man police department, and a 385-man fire department with 166 pieces of equipment. Onondaga County has an executive-legislative form of government and a 115-man sheriff's department. Surrounding towns and villages have 4,000 volunteer firemen with 225 pieces of equipment. In addition to city and county offices, numerous State and Federal regional offices are located in Syracuse. There are city and county planning commissions, and master plans have been drawn up to guide area development.

GREATER SYRACUSE AS A HOMETOWN

Syracuse has been described as a "metropolis minus the roar, a hamlet minus the yawn—an ideal place to live." It's a mixture of penthouse, ranch house and country cottage; of city boulevards, suburban lanes, and village squares—a hometown that's urban, suburban and rural all in one. Each is linked to the center of Syracuse by modern expressways and thoroughfares. The suburbanite is within a few minutes' commuting time to work; the homemaker within easy reach of downtown fashion shops or nearby shopping centers.

There are over 120,000 living units in this Syracuse hometown. Almost 16,000 new homes have been built during the past 5 years alone. City parks offer more than 2,368 acres of tree-shaded lawns, playgrounds, pools, and ball fields, supplemented by county and State parks and beaches.

Two-thirds of the area's families are homeowners. Those recently buying new homes in beautiful neighborhoods—with excellent schools, transportation, shopping areas, police, and fire protection, sewage, and trash collections—paid an average of $16,000. Those renting modern four-room apartments pay an average monthly rent of $110. There is excellent bus transportation throughout the city and surburban areas.

Jot down what you think an "ideal hometown" should be, and you will describe Greater Syracuse.

EDUCATIONAL FACILITIES AMONG THE FINEST

Schools, colleges, and universities in the Greater Syracuse area rank among the best in the Nation for scholastic achievement, curriculum, faculties, and facilities. Local boards of education maintain high standards and requirements for teachers. There is an average of 1 teacher for every 25 students.

WITHIN THE CITY OF SYRACUSE ALONE THERE ARE

Thirty-four public elementary schools.
Twenty-five parochial elementary schools.
Twelve public, junior and senior high schools.
Twelve parochial high schools.
One technical high school.
One school for physically handicapped.
One school for mentally retarded.
Syracuse University.
LeMoyne College.
State University College of Medicine.
State University College of Forestry.
University College of Syracuse University.
Syracuse Community College (established 1962).
Numerous business and vocational schools.

WITHIN THE GREATER SYRACUSE AREA

In addition to the many schools and colleges within the city of Syracuse, there are many more public, parochial and private schools in the immediate suburban area and fine colleges within an hour's drive, including: Colgate University, Cornell University, Hamilton College, Utica College, Hobart College, Wells College, Auburn Community College, Morrisville Agricultural & Technical Institute, Keuka College, William Smith College, Cazenovia Junior College, Mohawk Valley Technical Institute, State College of Education at Cortland, State College of Education at Ithaca, State College of Education at Oswego, the Manlius School, and Pebble Hill School.

SYRACUSE UNIVERSITY

Founded in 1870, is located on a beautiful 795-acre hilltop campus overlooking Syracuse. The university, one of the finest in the Nation, includes nine colleges, seven schools and a major research center. It also operates University College, a downtown adult education branch with an enrollment of 3,500. The university has a faculty of 1,200, enrollment of over 13,000, and physical assets of some $65 million. Associate, bachelor, master and Ph. D. degrees are offered for studies ranging from liberal arts and law to science and engineering. In addition, the State University of New York College of Medicine and Upstate Medical Center are located here, as is the world-known College of Forestry.

LEMOYNE COLLEGE

Founded in 1946, has gained immediate stature and is growing rapidly in facilities, faculty, and enrollment. LeMoyne, a Catholic coeducational liberal arts college operated by priests of the Society of Jesus (Jesuits), has a 103-acre campus. It has 1,300 undergraduate students and more than 70 faculty members. Degrees are offered in pure sciences, social sciences, classics, business, accounting, and industrial relations. The college has an outstanding Institute of Industrial Relations and some of the finest scientific laboratories in New York State.

SYRACUSE—CULTURAL AND ENTERTAINMENT CENTER OF CENTRAL NEW YORK

Numerous musical, cultural, and historical associations—supplemented by local college and university programs and a council of cultural activities—provide a broad spectrum of cultural activities for area residents. And Syracuse has excellent newspapers, radio and television stations, and theaters.

Art

Everson Museum of Arts.

Syracuse University School of Fine Arts.

Syracuse University Lowe Art Center.

Permanent collections of art.

Site of annual national ceramic exhibition.

Numerous shows and exhibits.

Literature

Syracuse Public Library with 8 branches and 700,000 volumes.

County library system of community libraries.

Syracuse University Library.

LeMoyne College Library.

Schools of journalism and literature.

Music

Syracuse Symphony Orchestra.

Civic Morning Musicals, Inc.

Famous artist series.

Syracuse University School of Music.

Civic vocal and instrumental groups.

Regular performances by nationally known groups.

Historical

Onondaga County Historical Society.

Numerous historical sites.

College and university historical groups.

Stage

Broadway hits and stars featured regularly.

Numerous summer stock companies.

Several civic theater groups.

Syracuse University Regent Theater.

Theaters

Thirty-five theaters with a total seating capacity of 33,000.

Numerous summer and year-round drive-ins.

Two theaters featuring foreign films.

Shows and expositions

Annual New York State Exposition.

Auto shows.

Boat shows.

Water shows.

Ice shows.

Sport shows.

Newspapers

Syracuse Post-Standard, mornings and Sundays.

Syracuse Herald-Journal, evenings and Sundays.

Several community weekly newspapers.

Radio

WSYR–AM, NBC Network.

WHEN–AM, CBS Network.

WOLF–AM, ABC Network.

WFBL–AM, Mutual Network.

WNDR–AM, independent.

WSEN–AM, independent.

WSOQ–AM, independent.

WQSR–AM, independent.

WDDS–FM, independent.

WONO–FM, independent.

WSYR–FM, New York Times Network.

Television

WSYR–TV, NBC and ABC Networks (VHF).

WHEN–TV, CBS and ABC Networks (VHF).

MAJESTIC ADIRONDACKS

Only 2 hours northeast of Syracuse. Here, in a mountain range sprawling over an 8,000-square-mile area, you'll find a 2,200,000-acre State forest preserve; 46 mountain peaks over 4,000 feet high; at least 200 lakes; and hundreds of miles of streams. Camp, boat, swim, fish, hunt, ski or relax at world-famed summer and winter resorts; or take the children to see such dreamlands as the Enchanted Forest, Fantasy Kingdom, Santa's North Pole and the Land of Make-Believe.

THOUSAND ISLANDS

Less than 2 hours north of Syracuse. Here are almost 1,800 islands; 10 State parks; Alexandria Bay summer resort; the billion-dollar St. Lawrence Seaway and power development projects; the famed Thousand Islands Bridge; and an area famous for black bass and muskalonge fish.

SERENE FINGER LAKES REGION

Less than 1 hour west of Syracuse. Here, according to Indian legend, "the Great Spirit left His hand upon the land in benediction." The imprint left the breathtaking beauty of long, deep, crystal-clear lakes; of deep wooded ravines and glens with towering waterfalls; and of rolling hillside vineyards producing world-famed wines and champagnes. Here you'll find the Indian's Skaneateles, Owasco, Otisco, Cayuga, Seneca, Keuka; and Canandaigua Lakes—ranging from 11 to 40 miles long—plus numerous smaller lakes; historic sites, campgrounds and resorts.

CONVENTION AND CONFERENCE CENTER

Syracuse has become increasingly popular as a site for conventions, meetings, and trade shows. Good hotels and motels are plentiful and conveniently located. Convention facilities, including those downtown and locally owned Hotel Syracuse and the huge Onondaga County War Memorial Auditorium, are capable of handling regional and national gatherings. Facilities for large and small conferences, conventions, and meetings are available also at numerous other hotels and motels. The city is strategically located for meetings, has excellent recreation and entertainment facilities and is situated in the center of a vast vacation land. An average of 500,000 visitors annually make Syracuse their convention headquarters. Thousands more attend smaller business and professional meetings and conferences.

"ONE OF THE TWO BEST PLACES IN THE UNITED STATES FOR INVESTING MONEY IN ENTERPRISE"—SYRACUSE BUSINESS AND COMMERCE

Greater Syracuse is a healthy, growing community with a high standard of living * * * offering visitors almost every conceivable product, service and facility * * * assuring business and commerce of a rich market. Recently, it has become a major headquarters for national and regional offices of insurance companies. Retail facilities have doubled in size and number in about a decade. Downtown Syracuse is the largest, most complete shopping district in central New York, drawing thousands of shoppers regularly from a broad radius. A 1962 study shows approximately 37,000 Canadians visit here annually. In suburban Syracuse are some of the largest and most modern shopping centers in the East.

Syracuse has: Modern hotels and motels with a total of 3,900 rooms; 2,600 retail establishments with annual sales totaling over a half billion dollars; 850 wholesale and distributor firms with annual sales totaling more than a billion dollars; 4 commercial banks with 52 area branch offices and deposits totaling $605 million; 2 savings banks with 4 area branch offices and deposits totaling $368 million; 4 savings and loan associations with 3 area branch offices and deposits totaling $78 million; 2,500 farms with annual sales totaling $18 million; annual personal income in excess of $740 million; 48 percent of local families earning over $7,000 annually; and almost 90 percent of area families have incomes of $4,000 or more per year.

GREATER SYRACUSE—A DIVERSIFIED INDUSTRIAL COMPLEX

Greater Syracuse is a rapidly growing industrial complex, one of only 33 areas in the United States having operations in all 20 basic industrial classifications. A Fortune magazine listing of the 500 largest corporations in the United States shows 98 with operations here—ranking Syracuse first in the Nation. The area along Syracuse's five exits on the New York State Thruway has witnessed more new industrial growth than any area in the State—and continues to grow constantly. In addition, Syracuse is one of northeastern America's major distribution centers.

Industrial diversification

[Nearly 600 manufacturing firms employing over 56,000 persons]

SIC No.	Industrial classification	Number of firms	
		Onondaga County	Metropolitan area
20	Food	73	135
21	Tobacco	1	1
22	Textile mill products	3	8
23	Apparel	8	16
24	Lumber and wood products	17	42
25	Furniture and fixtures	15	27
26	Paper and allied products	18	32
27	Printing and publishing	82	101
28	Chemicals and allied products	23	33
29	Petroleum refining	3	8
30	Rubber and plastics	4	7
31	Leather	4	6
32	Stone, clay, glass	23	34
33	Primary metal	26	37
34	Fabricated metal	69	88
35	Machinery (except electrical)	89	120
36	Electrical machinery and equipment	14	18
37	Transportation equipment	6	14
38	Profession, scientific, control instruments	14	19
39	Miscellaneous manufacturing industries	16	24

MAJOR INDUSTRIAL FIRMS [1]

A. E. Nettleton Co.

Allied Chemical Corp., Solvay Process Division.

Bristol Laboratories, Inc.

Camillus Cutlery Co.

Carrier Corp.

Chrysler Corp., New Process Gear Division.

Continental Can Co., Inc.

Crouse-Hinds Co.

Crucible Steel Co. of America

Electric Autolite Co.

Frazer & Jones Co.

General Electric Co.

General Motors Corp. Temstedt Division.

Iroquois China Corp.

Julius Resnick, Inc.

Kilian Manufacturing Co.

Lamson Corp.

Learbury Clothes, Inc.

Lennox Industries, Inc.

Lipe-Rollway Corp.

McMillan Book Co.

Muench-Kreuzer Candle Co.

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[1] Employing 200 persons or more.

Murray Corp. of America, Easy Laundry Appliance Division.
New York Bell Telephone Co.
Niagara Mohawk Power Corp.
Oberdorfer Foundries, Inc.
O. M. Edwards, Inc.
Onondaga Pottery Co.
Pass & Seymour Co.
Porter-Cable Machine Co.
Precision Castings Co.
R. E. Dietz Co.
Rollway Bearing Co., Inc.
Sylvania Electric Products, Inc.
Syracuse Ornamental Co.
U.S. Hoffman Machinery Corp.
Western Electric Co.
Will & Baumer Candle Co.

Some products of Greater Syracuse: Electrical equipment, electronic equipment, telephone equipment, radio and television sets, pharmaceuticals, chemicals, air conditioning, tool steel, roller bearings, soda ash, containers, automotive equipment, agricultural implements, furniture, office equipment, machine shop products, foundry products, conveying equipment, chinaware and pottery, wax candles, clothing, shoes, handbags, and foods.

Distribution of labor force

Manufacturing	56, 700
Construction	8, 000
Transportation and communications	11, 000
Wholesaling and retailing	33, 500
Finance, insurance, real estate	6, 500
Government	15, 000
Services	17, 500
Agriculture	4, 000
Self-employed	12, 600
Domestic	2, 500

TRANSPORTATION AND RESOURCES

Located at the intersection of the 500-mile, east-west New York State Thruway (Interstate Route 90) and the new north-south Penn-Can Highway (Interstate Route 81). Both routes interconnect with the Nation's other major superhighways. Syracuse is one of only eight cities in the United States located at the crossing point of two major superhighways, making it one of the fastest-growing distribution centers in the Nation.

Syracuse is served by 124 motor freight carriers with major terminals. There is also direct bus service in all directions.

One of the largest railroad marshaling yards in the world is located here, the New York Central Dewitt classification yard.

Syracuse is a major terminal on the 522-mile Barge Canal System, which links the Atlantic and Great Lakes and handles over 2,400,000 tons of cargo per year.

Hancock Field, one of the most modern airports in the Nation, is served by Eastern, Mohawk, and American Airlines. There are an average of 70 flights daily, handling over 565,000 passengers and 1,640 tons of cargo per year. It is also the home of the U.S. Air Force's 26th Air Division, the original SAGE Command.

Water is presently supplied by Skaneateles and Otisco Lakes, two of the purest bodies of water in North America. Daily capacity is approximately 66 million gallons. In addition, unlimited sources of water will be tapped for all future needs. Currently approved plans call for construction of transmission and storage facilities to provide up to 62,500,000 additional gallons of water per day.

Electric power and natural gas service are provided by the Niagara Mohawk Power Corp. The utility is also engaged in a research and development program for future use of atomic power. The Niagara Mohawk system has 81 hydroelectric and 5 steam-electric generating stations, and a total capacity of 4,569,000 kilowatts. Principal transmission routes for this power intersect at Syracuse, where the Niagara Mohawk system power control center is located.

FEDERAL EMPLOYEES SALARY ACT OF 1963—AMENDMENT (AMENDMENT NO. 283)

Mr. ROBERTSON. Mr. President, I ask unanimous consent that I may yield to the Senator from Delaware [Mr. WILLIAMS] for 3 minutes, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, on Wednesday, October 30, the House committee approved H.R. 8986. This bill embraced the administration's suggestion that the salaries of the top executives of the Government, including Members of Congress, be increased by about 50 percent. In my opinion, this suggestion is fiscally irresponsible, particularly at a time when our deficit is running at the rate of around $1 billion per month, and there is no indication that spending is being reduced to bring it more into line.

Under the administration's proposal, salaries of Cabinet members would be increased from $25,000 to $35,000. Salaries of members of the Supreme Court would be increased from $35,000 to $45,000. Salaries of Members of Congress would be increased from $22,500 to $32,500.

Heads of other agencies, whose present salaries range from $12,000 to $20,000, would be increased proportionately, with these increases ranging from $5,000 to $8,000 a year.

In my opinion, to approve such an increase in salaries of those top officials who are responsible for our present financial instability is an insult to the American taxpayers who will have to bear the burden.

Surely no private company would give a 50-percent salary increase to its top executive officers and directors when the management had produced but six balanced budgets in the past 30 years.

Therefore, I am today submitting an amendment to the bill now pending in the committee, and if the bill is later reported by the Senate Committee without this amendment it will be reoffered in the Senate.

The purpose of this amendment is to postpone the effective date of any increase on any salary of $10,000 or over until the first day of the first month after the close of a fiscal year with a balanced budget.

Surely no Frontiersman will object to this effective date since they are all now claiming that their heavy spending policies and large tax cuts will accelerate the economy to such an extent that it will soon give us not only a balanced budget but will solve all our other problems as well.

The amendment reads as follows:

> At the appropriate place insert a new section as follows:
>
> Notwithstanding any other provisions of this bill the effective date of any increase on any salary of $10,000 or over, shall be the first day of the first month after the close of a fiscal year with a balanced Federal budget.

The PRESIDING OFFICER. The amendment will be received, printed, and referred to the Committee on Post Office and Civil Service; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 283) was referred to the Committee on Post Office and Civil Service, as follows:

> At the appropriate place insert a new section as follows:
>
> "Notwithstanding any other provisions of this bill the effective date of any increase on any salary of $10,000 or over, shall be the first day of the first month after the close of a fiscal year with a balanced Federal budget."

Mr. LAUSCHE. Mr. President, I ask unanimous consent that I may be added as a cosponsor of the amendment submitted by the distinguished Senator from Delaware [Mr. WILLIAMS], which provides that the contemplated pay increase for Supreme Court, appellate, and district court judges, and for members of commissions, and other employees of the Federal Government, if passed, shall not go into effect until the first day after it is disclosed that the budget has been balanced.

Mr. WILLIAMS of Delaware. It provides that none of the increase in any salary of $10,000 or more presently received shall become effective until the first day of the first month after the close of a fiscal year that shows a balanced Federal budget.

I welcome the Senator from Ohio as a cosponsor of the amendment. This could more or less be called an incentive amendment, because it would involve thousands of employees, who would be working vigorously to eliminate waste in the Federal Government in order that the budget could be balanced, and thereby achieve their salary increase.

Mr. LAUSCHE. I appreciate the courtesy of the Senator in giving me the opportunity to become a cosponsor.

Mr. DOMINICK. Mr. President, I ask unanimous consent that I too may become a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE subsequently said: Mr. President, the amendment of the Senator from Delaware [Mr. WILLIAMS] of which I have become a cosponsor, in my opinion is sound, in the interest of the people of the country, and ought to be adopted.

There are many reasons why the exorbitant pay increases for those now receiving in excess of $10,000 ought not to be approved. One of the important reasons is that the increase in our deficit operations has made it imperative that the debt ceiling be lifted from the present figure of $308 billion to $315 billion.

The Secretary of the Treasury, Hon. Douglas Dillon, recently testified before the Senate Finance Committee headed by Senator HARRY F. BYRD, that the aggregate deficits of the Federal Government for the years of 1961, 1962, and 1963, were about $16½ billion; that with out the tax cut the deficit for the fiscal year of 1964 which began on July 1 will be $9 billion; and that the expected deficit for the fiscal year of 1965 beginning on July 1, 1964, will be $9.2 billion.

It thus is obvious that the aggregate deficits for the 5 years discussed will be $34½ billion. Manifestly the debt ceiling must be lifted. Our spending program is not based on revenues received but on new debts incurred.

I want to provide a tax cut for the people of our country but I want to do it on the basis of a rational and sound approach which means a reduction instead of an expansion of spending.

Respecting the proposed salary raises of high echelon officials including the Senators and Representatives of the U.S. Congress, I will approve of it the moment we achieve a balanced budget.

The amendment contemplates the approval of pay increases only on the date that it is established that our budget has been balanced.

Mr. ROBERTSON. Mr. President, I ask unanimous consent that I may yield to the Senator from Oklahoma [Mr. MONRONEY] for 3 minutes without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

FIFTH ANNIVERSARY OF THE FEDERAL AVIATION AGENCY

Mr. MONRONEY. Mr. President, the Federal Aviation Agency today celebrates its fifth anniversary. I want to take this opportunity to congratulate the FAA for what it has achieved during its first 5 years, and to wish it well for the years ahead. After all, the achievements of the FAA reflect in large part the achievements of America in the field of aviation.

The progress that has been made through the steady improvement in the safety, reliability, and efficiency of our air transport is truly remarkable.

All Americans can be proud of the fact that even with the faster and faster speeds now offered air travelers by the swift swept-wing jets, and despite the crowded airways and growing congestion around metropolitan air terminals, flying is becoming safer than ever. Scheduled passenger airlines in the United States both domestic and international, have maintained a record of less than 1 fatality per 100 million passenger miles for 11 consecutive years. The 1960 rate was 0.75, and this improved to 0.29 in 1961 and 0.26 for 1962. That is equivalent to 1 fatality per 400 million miles of travel. If we do as well in the last 2 months of this year as we did in the first 10, 1963 will show further improvement. For some time now it has been safer to cross the Nation by plane than in our own automobile.

The FAA was born officially just 5 years ago when a retired Air Force general with a distinguished record in aviation, Elwood R. (Pete) Quesada, was sworn in as the first Administrator. The Agency began operations on December 31, 1958.

Najeeb E. Halaby, a former jet test pilot with a wealth of private and Government executive experience, was named by President Kennedy as the Agency's second Administrator on January 19, 1961.

The Federal Aviation Agency has historical ties back to 1926 when the Air Commerce Act created the Aeronautics Branch—later the Bureau of Air Commerce—in the Department of Commerce.

The next major step was the Civil Aeronautics Act of 1938 which created the independent Civil Aeronautics Authority.

World War II gave a tremendous impetus to aviation and the number of pilots and planes, and the performance of aircraft, including jet aircraft, increased enormously.

As early as 1948 the President's Air Coordinating Committee warned that the techniques and tools available for the control of air traffic were, at least, marginal and it became increasingly apparent that the CAA could not cope with the serious problem of our increasingly congested airspace. The magnitude of the problem was highlighted by the White House Aviation Facilities Study Group in 1955, and another step forward was taken with the passage of the Airways Modernization Act of 1957.

I am proud to have been the sponsor of the Federal Aviation Act of 1958 which repealed the Air Commerce Act of 1926, the Civil Aeronautics Act of 1938, and the Airways Modernization Act of 1957, and, finally, established the Federal Aviation Agency.

Today, the responsibilities and activities of the FAA go far beyond the Nation's borders. They encompass all the States and possessions and touch upon the international areas in which our flag carriers operate.

I am happy to report that the Agency has made significant steps forward in its first 5 years in establishing and operating an airways system that provides a safe environment for today's air travelers, and for the continued growth that is sure to come.

I am proud, also, of the pioneering which has been undertaken by FAA leadership to develop major economies by assuming functions of air traffic control previously handled by military agencies. Much additional effort will be required to keep our airways safe as they become more crowded. I am confident that Congress will continue to respond to the needs of this Agency on the ground that money is better spent in saving lives and enhancing efficiency and reliability in aviation than in paying the claims resulting from air disasters.

The Federal Aviation Agency is pressing forward with research and development. This will make possible the installation of the most efficient traffic control and traffic safety equipment. This will provide knowledge for adequate handling of the human factors involved in air safety.

The Agency has also taken the lead in the very difficult program to provide a supersonic commercial air transport plane so necessary to maintain the vitality and continued growth of the U.S. aviation manufacturing and aviation transport industries. This will be a joint effort of Government and private enterprise, based on a cost-sharing arrangement on the part of the aircraft manufacturer and a royalty repayment by airlines providing supersonic service with this new aircraft.

The FAA has also announced plans, just this week, to launch a design competition leading to the development of a new short-haul transport aircraft capable of replacing the venerable, but aging, DC-3's. This project of great importance to hundreds of communities, not only in this country, but throughout the world, would involve an expenditure of $300,000 in taxpayer funds to spur a design competition next year.

While the various FAA regions and installations throughout the Nation are celebrating in various ways, here in the Nation's Capital the Agency is acknowledging this landmark date by having open house at Dulles International Airport from 10 a.m. to 4 p.m. on Saturday and Sunday.

I hope that many people in the Washington area will be able to join with the FAA in celebrating its fifth anniversary at Dulles International Airport this weekend.

Aviation plays an ever-growing role in the economy. Its contribution to our economic well-being is readily proved by statistics. Not so readily discernible, however, is the contribution which a healthy and expanding U.S. aviation industry is making on behalf of peace and international understanding. The freer and faster movement about the world of citizens and leaders of all nations has revolutionized the art of diplomacy. Air travel and transport has, in the last two decades, contributed immeasurably to better understanding and to greater commerce among nations. It has permitted more realistic accommodation of differences between distant nations and distant peoples who are no longer isolated from each other by days or weeks or months of travel. The Federal Aviation Agency has played an important part in making possible this welcome trend toward comity among people, among States, and among nations.

The first 5 years of the FAA have been years of rapid growth to meet fast-developing needs. In the years ahead, these needs will continue to grow. The employees of the FAA will face new challenges and new opportunities for service. On this fifth anniversary, all who have contributed to its present stature deserve our thanks, our felicitations, and our good wishes.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. ROBERTSON. Mr. President, at the inception of our first foreign-aid program, known as the Marshall plan, I was one of its most enthusiastic supporters. During my 10 years of service on the Ways and Means Committee in the House, which extended from 1937 to 1946, I had made an exhaustive study of foreign trade in connection with the Hull reciprocal trade agreements program because Virginia producers of farm products, and especially tobacco, had such a vital stake in the restoration of the foreign markets our farmers had enjoyed prior to the international trade war that had been touched off by the passage of the Hawley-Smoot Tariff Act in 1930. The purpose of the Hull reciprocal trade agreements program, of course, was to negotiate bilateral trade agreements, under which we would reduce our tariffs on some product of which the negotiating nation was the principal supplier in return for an appropriate reduction on our export to that nation of products of which we could be the principal supplier.

But before that well-conceived plan to stimulate our foreign trade could become effective, trade with our European nations was disrupted by World War II. After our entry into that war, we furnished food, medicine, and clothing to our allies, along with a vast amount of military supplies. At the end of that war, our best European customer—Great Britain—was in desperate need of funds with which to repair war damages, and the same was true of all of our other World War II allies. Although the bill was handled by the House Banking and Currency, of which I was not a member, I was assigned the duty of opening the debate in the House on a bill to make a very large loan to Great Britain.

Incidentally, I may pause to say that I went to Palm Beach, Fla., to confer with Winston Churchill, who had been turned out as leader of the Conservatives. I was very uneasy about making this much money available to the Labor Party, because I thought a great part of it would go down the drain of socialistic enterprises. After a 2-hour conference with the now great Sir Winston Churchill, one of the greatest statesmen, and certainly the greatest orator, of our day and age, he urged me to support the bill. So I came back to Washington and, as I have said, opened the debate on the bill to grant a large loan to Great Britain, which the Congress passed.

The value of that extension of credit to Great Britain, which enabled it to resume its buying from us, was so apparent that in April of 1947 I made a radio speech, which was broadcast from coast to coast by the American Broadcasting Co., in which I advocated rehabilitation loans to all of our allies in World War II. I sent a copy of that speech to the then Secretary of State, the distinguished George C. Marshall, who, on the following June 5, made at Harvard, what has become an historic speech, in which he advocated a program of financial rehabilitation for the war-torn countries of Europe, which had been our allies in World War II. The details of that aid plan were not spelled out in that speech. Unfortunately, for us, they were filled in by the three principal recipient nations—Great Britain, France, and Italy.

That, of course, was the first major mistake we made in our well-conceived foreign aid program; namely, we let three European nations allocate the funds that we were to furnish and use their own discretion as to how they were to be spent, and that discretion, of course, included full credit to the politicians in power in each nation for the money being spent, but no credit whatever among the rank and file of the people of the recipient nations for our unprecedented generosity.

Mr. President, my enthusiasm for the principle of the Marshall plan, both as a deterrent against the spread of communism, and, likewise, as a practical way of promoting a sound reestablishment of our exports was such that I committed the unforgivable error, as a junior member of the Senate Appropriations Committee, of openly opposing an amendment to the budget item for foreign aid in 1948 made by the then elderly chairman of that committee, Senator McKellar of Tennessee. A substantial majority of the committee was opposed to the McKellar proposal to cut the amount of foreign aid, and undoubtedly would have voted against the McKellar amendment without any argument on the subject, but my impetuosity in behalf of the program cost me the resentment of the powerful chairman of that committee, and to my chagrin, I afterwards learned that the chairman of the committee was right and I was wrong with respect to the amount of the aid that we were then furnishing.

Mr. President, I learned more about the program when other members of the Senate Appropriations Committee and I went to Europe in the fall of 1949 and visited all of the European countries sharing in the program, and also Spain, which had been denied participation in the program by Great Britain, France, and Italy, which, as I have previously indicated, were in complete control of the money that we were furnishing.

During more than a month of intensified study of the operation of the Marshall plan, I learned, and with genuine distress, that the program was marked by waste and inefficiency, and that while it was making a real contribution to the rehabilitation of our previous European allies, we were getting no public credit whatever for the aid that we were furnishing. Consequently, when I got home, I gave a statement to the press commenting on the waste and inefficiency; I recommended that the program be cut by at least a billion dollars; and that it be terminated in not more than 2 additional years. On December 4, 1949, which was immediately after my return from Europe, I wrote this letter to Hon. Paul G. Hoffman:

DECEMBER 4, 1949.

Hon. PAUL G. HOFFMAN,
Administrator, Economic Cooperation Administration, Washington, D.C.

DEAR PAUL: As the result of slightly more than a month in Western Europe, I feel that I have gained a better understanding of some of our economic and military problems in that part of the world. Surface impressions, of course, can be erroneous but, in addition to attending all official meetings, I made it a practice in each country to interview as many as I could with no Government connections, hoping thereby to get an accurate cross section of opinion.

My visit to Europe has definitely convinced me that ECA was soundly conceived as an integral part of an overall peace program and has been as efficiently administered as so vast a program in a large number of foreign countries could hope to be. Our primary objective of stemming the onrushing tide of communism has been achieved.

The people of Western Europe now have, in an amount sufficient for a sustained effort, the three essentials of life—food, clothing, and shelter. Their productive capacity has not only been restored but in all countries, except Germany and Greece, slightly exceeds the prewar level. Their chief problem now is one of exchanging items of which they have a surplus for items they do not possess or which are in short supply. In other words, the economic stability of Western Europe is now more dependent upon economic integration than upon our further dollar aid. The small nations of Western Europe favor economic integration but France and Great Britain pay lipservice to it only.

While there may be some lowering of trade restrictions in Western Europe before our aid ends, my present impression is that the program will be quite inadequate. The trend undoubtedly will be to unilateral trade agreements or small grouping, like Benelux, but nothing approaching free trade in Western Europe or free currency convertibility.

Anti-Communist governments are now safely entrenched in the area in question and have the ability, with such military aid as may be given them under the Atlantic Pact, to make it tough for a potential aggressor. But if the people of a given country do not prize their personal liberty enough to fight for it, American gold will not put that divine spark in their hearts.

I think that we have assumed at least a moral obligation to continue the ECA program through fiscal 1952. In fact, I personally feel that our own best interests would require us to do so. But I likewise feel that the time is approaching when we can make a substantial reduction in the dollar aid. When we told foreign representatives that our national debt was approaching $260 billion and that we would probably end the current fiscal year with a deficit of $5½ billion it left them unimpressed. They seem to think we have the Midas touch and if we don't convert things into gold for them, it will be because we are selfish and want them to be underlings.

But I am deeply concerned over the fact that in the last few years, excluding strictly war expenditures, we have spent more than during the period from President George Washington to President Truman. I am convinced that if we go broke, which is a possibility, there is not a nation in the world that would lend us a thin dime. Consequently, as a member of the Appropriations Committee during the 2d session of the 81st Congress, I shall make the best fight of which I am capable for a reduced budget. Such a fight, of course, must include the next appropriation for ECA. I hope it will be feasible for us to limit it to about $2½ billion and end it the following year with about $1 billion.

This is what I wrote in 1949:

I realize, of course, that when the program ends, we will be cordially disliked in Europe and in some sectors actively hated. But Europe does not have our system of private enterprise as a stimulant to production, and never will; it does not have our area of free trade; no one country is so nearly self-contained with respect to raw materials as we; and, for other reasons needless to be enumerated, Western Europe did not have our standard of living before either of two world wars and will never have it in the foreseeable future unless we are foolish enough to spend ourselves into bankruptcy.

I wrote this 14 years ago:

As a means of curtailing ECA expenditures, I would recommend that ECA make no more loans, referring those who wish to borrow to the World Bank or the Export-Import Bank. We can't expect any European nation to go to the World Bank for 4½ percent money if we set up an agency to lend it at 2½ percent and possibly with a tacit understanding that it will never be repaid.

That reminds me of the statement made yesterday on the floor of the Senate by the distinguished Senator from Alaska [Mr. GRUENING], when he said that more than a billion dollars had been loaned for three-quarters of 1 percent interest, and that we would lose, on the basis of the difference between what we paid and what we would get back, nearly $1 billion before the loan would become due.

The Senator also quoted the Foreign Minister of Costa Rica as saying that his country had received a 40-year loan, but with the understanding that it would never be repaid.

I continued, in my letter:

> We should make every effort to establish satisfactory trade with India, from which country we can receive acceptable imports in exchange for surpluses we need to dispose of.
>
> In the interests of a more stable world we should urge all nations who hold British war debts to refund those debts on a long-time basis and at an appropriate rate of interest. The labor government of Great Britain will never realistically face the problem of competition in world markets so long as she can keep members of the labor unions employed in the production of high-priced goods for sale to sterling areas.
>
> Spain desperately needs our wheat, cotton, and machinery, and never in her history has Spain defaulted on a debt. I would like to see Spain given an Export-Import Bank loan with a gentleman's agreement that the funds would be expended for the items mentioned.
>
> When you have had an opportunity to reflect upon these suggestions, I shall welcome your reactions. As I said in the outset, they are merely surface impressions based upon an inadequate study, but I don't believe all of them can be wrong.
>
> Cordially yours,
>
> A. WILLIS ROBERTSON,
> *U.S. Senator.*

I, of course, do not know what efforts Mr. Hoffman made to carry out my suggestions about freer trade and currency convertibility among the nations of Western Europe. All I know is that nothing worthwhile in that behalf was accomplished. I also know that as a member of the Appropriations Committee in 1950, I participated in the fight to cut the foreign aid program by a billion dollars as I had recommended during the previous December. And, it was then clearly understood that the program would end on June 30, 1951.

Mr. President, that was 12 years ago. Since that time, the program has had first, and then another, name, and the annual expenditures under it have been increased instead of decreased and the total of expenditures now amounts to something over $100 billion.

Senators will observe that in my letter of December 4, 1949, to Paul Hoffman I said that our national debt was approaching $260 billion. In the morning papers of October 30, I read that the Ways and Means Committee of the House, which in many respects is the most vital committee of the entire Congress, voted to increase the ceiling on the national debt to $315 billion because the debt now stands at $308 billion and there are those who believe that it will go to $320 billion, should an $11 billion tax cut be added to a possible $8 billion deficit in the current fiscal year. And, as our national debt goes to astronomical proportions, the foreign holders of nearly $26 billion of our dollars which they are entitled to have converted into gold are becoming more and more uneasy about the ultimate value of those dollars. As I have indicated, I made an effort 14 years ago, first to reduce and then to end completely, our foreign aid giveaway program because over 90 percent of the aid had been in grants and the other in low-interest loans, many of which will never be repaid. When I proposed a billion dollar cut in the program in 1950, Administrator Hoffman said that I was proposing to cut the heart out of the program. There has not been an administrator of the program since Hoffman who has not yelled long and loud that any substantial cut of an ever-increasing budgeted amount would cut the heart out of the program. Yielding to such importunities, Congress has given away and loaned such tremendous sums, under the pleasing name of foreign aid, that what was termed in the Paul Hoffman days "a dollar shortage" has in this good year of our Lord become for us a dollar drain on our rapidly diminishing gold supply. So we have pending on the Senate side two bills, which are closely related: first, a bill proposing an $11 billion cut in taxes, which will entail a temporary cut in a similar amount in revenue; and second, a bill calculated to further increase the acute balance-of-payments problem by authorizing the administration to lend and give away an additional $4 billion of taxpayers' money and that spending plan is presented to us with the insistent claim that it would cut the heart out of the measure even to agree to the cut carried in the House authorization bill of $500 million, which would still leave nearly a billion more than we appropriated for foreign aid 14 years ago when the need for our aid was at its peak.

Since the beginning of the foreign aid program, the American taxpayer has shown remarkable restraint and unprecedented generosity in providing funds not only for the reconstruction of war-torn Europe through the Marshall plan, but also through various grant programs to many nations for such humanitarian purposes as food for the starving, malaria control, assistance for education, and other humanitarian programs to assist in defending many nations from the harsh burdens of poverty and in providing a sine qua non for economic growth. I have recognized the contribution of foreign aid to the basic national interests of the United States in a world of independent, peace-loving nations, each pursuing its own national goals and all together engaging in trade and investment among each other in the great tradition of private enterprise and unrestricted exchange of goods and services. Yet the current debate on the pending $4.2 billion foreign aid bill before the Senate requires me to speak out in the name of fiscal soundness and plain commonsense to urge upon Senators that now is the time for a searching reappraisal of the entire foreign aid program.

More and more we hear from every side concerned about the level of our foreign aid in the light of the confusion and maladministration of that program in country after country. The President's own foreign aid adviser, General Clay, after a careful review of the program, declared in his report to the President:

> We are trying to do too much for too many too soon, that we are overextended in resources and undercompensated in results, and that no end of foreign aid is either in sight or in mind.

Moreover, the foreign aid program in many ways has failed to foster our traditional values of free enterprise in the countries to which it is directed. While free world private trade and investment totals have expanded to unprecedented levels in the postwar period and promise under wise policies to grow even more vigorously, our own foreign aid efforts have, except in Western Germany, failed to enlist the support of this vaunted system that has brought our country to unparalleled prosperity and material strength.

But a critical examination of the foreign aid program is long overdue not only for the above reasons but also, and most importantly, because there are clear signs in our balance-of-payments problems that the Federal Government is overextending its resources in foreign aid spending. Those resources might better be devoted to putting the Government's budgetary programs in order, and thereby—through both reducing the balance-of-payments deficit and reducing the Government's budget deficit—restore business confidence and provide business incentive for the further expansion of economic activity at home and expansion through private channels of our foreign trade. There is a danger that in our preoccupation with Government programs labeled "foreign economic aid," we overlook the historic and continuous revolution taking place in the world through private trade and investment. The time has come when we should concentrate on our policy to the world the American revolution of technological progress, increased technical competence of labor and management, and the resulting rising material living standards which we in this country have come to expect as a matter of course.

As I have said, the administration proposes another $4 billion plus in foreign aid spending and at the same time proposes a tax cut of $11 billion with a resulting budget deficit variously estimated between $8 and $10 billion, and acknowledged by Secretary Dillon to be likely to continue for several so-called "transition years" during which the economy is expected by the administration to experience an increase in its growth rate. Thus, under the administration program, we are to expect to be faced with a balance-of-payments deficit that so far has been little, if any, reduced, and also with a Government budget deficit that is expected to continue for several years.

There is no question that the balance-of-payments problem facing the United

States today is of serious proportions. The Secretary of the Treasury himself testified before the Joint Economic Committee earlier this year that even at a rate lower than the present one, we cannot afford this international payments imbalance for more than a year or two.

The foreign aid program cannot soundly be considered apart from this balance-of-payments problem. I need not review for Senators today the history of the balance-of-payments deficit. Suffice it to say that claims of foreigners and international agencies on our gold stock now total $25.5 billion. Over the past 13 years the balance-of-payments deficits have amounted to $26 billion. To finance them, we have sold about $8 billion of gold, and foreigners have taken the rest in an $18 billion increase in their short-term liquid claims on us. The current gold stock of about $15.6 billion leaves less than $3.5 billion of free gold above the $12.2 billion required to back our money supply. This in the face of foreign short-term claims totaling more than $25 billion.

A pamphlet entitled "Gold," recently released by the Federal Reserve Bank of Philadelphia, says:

> A continuing loss of gold by the United States could disrupt international trade and the monetary systems of friendly nations, impair the Federal Reserve's ability to fight domestic recessions and "shake confidence in our political leadership of the free world."
>
> Several possible ways to lessen foreign purchases of the Nation's gold are listed by the Fed. These are to:
>
> Increase foreigners' dollar payments to us by selling them more goods and services.
>
> Decrease U.S. dollar payments to foreigners by cutting back investments, purchases, and aid payments abroad.
>
> Induce foreigners to keep more of their excess dollars invested here, instead of buying gold with them. This can be done through higher interest rates and by dispelling fears that the United States will increase the dollar price of gold—in other words, devalue the dollar.

Mr. MORSE. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield to the Senator from Oregon.

Mr. MORSE. I commend the Senator for his able presentation of the gold problem and the balance-of-payments problem connected with the bill. I agree with him; it is one of the unanswerable propositions that we who are opposed to the bill are presenting. It is an issue that the administration and the proponents of the bill are not willing to face, and never have faced, in the consideration of the bill.

Mr. ROBERTSON. The Senator from Oregon is eminently correct. I have been worrying with this problem since the speech I made on it on the floor of the Senate last March.

Mr. MORSE. The administration and the proponents of the bill want to sweep under the rug the balance-of-payments argument in its relationship to foreign aid.

Mr. ROBERTSON. The Senator is correct.

Mr. MORSE. We cannot spend and continue to spend for foreign aid with such a large percentage of grant money and such a large percent of three-fourths percent, 10 years'-grace, no-payments-at-all loans without doing severe damage to the gold structure of the United States and without intensifying the balance-of-payments problem.

No matter how unpopular it may be at the moment, we must say to the American people, "You are being taken for a ride."

If we continue foreign aid at the level at which we have been providing it and on which we have been asked to continue it in connection with this bill, we shall continue to weaken the gold structure of the United States, endanger its economy, and commit a great wrong against the people of the United States.

I will not vote for the bill until the adoption of some amendments which deal with the basic issue the Senator from Virginia is raising. I know of no more basic issue.

The Senator from Virginia and I and others who take this position are dealing for the most part with economic abstractions and economic abstract principles; but those abstract principles determine the economic level of living of the American people. So we must try to make them understand the relationship between these economic laws and their own economic security. It is difficult to do that, and it calls for a very large amount of objective thinking. That is why we find it difficult to make ourselves understood.

So we must continue to talk and talk and explain and explain, as the Senator from Virginia is doing so ably today, so the American people will realize that we are really fighting for the preservation of their security, because we are fighting to keep the U.S. economy strong. It is clear that our Nation's economy is its greatest defense weapon.

We must stop weakening the national economy, and we must stop supporting inefficiencies and shocking wastes in the foreign aid program—inefficiencies and wastes which we have been trying to point out in the course of the speeches we have been making on the foreign aid program.

We must say to the administration, "You should be supporting the amendment which proposes to bring the entire existing program to an end by the end of 1965, and then begin it over again, but do so on the basis of the guidelines for which we have been pleading, whereby the countries to be aided will have to express their willingness to meet the terms and conditions which should be laid down, before they will receive $1 from us."

That is what the administration should accept; and I am at a loss to understand why the administration does not do so.

The Foreign Relations Committee has brought in a report which accepts the principles we stress; and in its report the Foreign Relations Committee warns the administration that it should do something about this matter before the end of 1965. However, as I have said, although the Foreign Relations Committee admits the justification for our major criticisms of the program, the committee asks the Senate to support the administration's desire to continue the program. Mr. President, that would be nonsense. The time has come to correct the program before we authorize or appropriate one more dollar for it.

Mr. ROBERTSON. Mr. President, I thank the Senator from Oregon. At the conclusion of my remarks, I intend to state that I will support his motion to recommit the bill, for further study and for necessary revision.

I have not gone into all the details of the waste involved; but before the Senator from Oregon entered the Chamber, I referred to a study I made of 14 European countries in the fall of 1949, in connection with the Marshall plan. When I returned, I was greatly discouraged by the waste and inefficiency I saw at that time—so much so, that I called them to the attention of Paul Hoffman, the Administrator, in a long letter I wrote to him. I said to him, "We are appropriating too much; we should cut it to $2,500 million"—a $1-million cut. He replied, "Any cut at all would take the heart out of all of these countries."

We cut the program to $2,500 million in 1950, at the peak of the need to rehabilitate the war-torn countries.

But now, 14 years after I made that report, we are asked to appropriate $4,200 million in addition to a pipeline of $8 billion of unexpended funds.

I have not gone into the question of waste, although I know it exists. As I have said, 14 years ago, I convinced myself that there was very great waste; and ever since then I have been advocating economy in the program and ending the program.

But now, as chairman of the committee which administers the laws under which we coin money and fix its value, I have the solemn duty to put the Senate on notice that, on the basis of the information I have received concerning the potential drain on the $3,500 million of free gold over the 25 percent needed to back our currency, if we do not put the soundness of our currency and the protection of our gold supply above playing Santa Claus to 100 nations, we shall go broke.

Mr. MORSE. Mr. President, I am glad the Senator from Virginia has pointed that out, because he speaks as chairman of the Senate Banking and Currency Committee, and I know of no one who is more familiar with all the problems which face the economic structure of the country than is he.

I am also very glad that he has referred to the amount of money in the pipeline, because some powerful lobbies are at work. As I speak, I notice in the galleries representatives of many groups—representatives of the League of Women Voters, the Association of American University Women, and various other groups. They are "putting on the heat"; but, as I have said respectfully and politely to them, they could not pass an elementary examination on the facts involved in our foreign aid program. The sad fact is that these lobbies have accepted dogma, and those who represent the lobbies do not have the facts about U.S. foreign aid. For the most part, they are talking in terms of emotionalism, not facts.

Mr. ROBERTSON. Yes. They say, "the United States is rich, and the other countries are poor; so why do we not share what we have with them?"

But I point out, as a case in point, that in Africa, under the guise of democracy, we are supporting some of the most outrageous advocates of dictatorship since the days of Hitler.

Mr. MORSE. Yes.

I have talked with some of the lobbyists, and have asked them, "How much is in the pipeline?" Then I found that they did not even know what the pipeline was; they did not know, as the Senator from Virginia has pointed out that there is now $8 billion in the pipeline.

Mr. ROBERTSON. Yes.

Mr. MORSE. In short, we could postpone for 6 months or 12 months our action on this bill and do no harm.

However, a "rush act" is on; and those who are conducting it think they will be able to silence our demands to cut the bill by some billion dollars. However, we need to take up the bill section by section and paragraph by paragraph.

I say to the representatives of the League of Women Voters and to the Association of American University Women and to the foreign policy associations, who apparently have been called here to "put on the heat," that what they need is a seminar on foreign aid, so as to become enlightened in regard to what is involved in the foreign aid program. Before they ask U.S. Senators to vote for their dogmas, they should stop long enough to realize that we have a trust which they do not have; we have the trust of casting our votes here in the Senate on the basis of the facts and the issues as we find them.

I say to the lobbyists, "I am very glad to have any factual information you can give me, but I am not interested in, nor will I ever be deterred by, any suggestion that it might be to my political advantage to follow the dogmas you advocate."

I say good naturedly to the ladies who represent some of these groups that I am moved by the spirit of chivalry when I say that one of the most chivalrous suggestions I could make to them is that they register for a seminar refresher course on what is involved in foreign aid.

Mr. ROBERTSON. Mr. President, I appreciate the contribution to clearer thinking on the subject that has been made by the distinguished Senator from Oregon.

To return to my discussion of the seriousness of the problem of balance of payments, in a speech to the annual convention of the American Bankers Association on October 9, I spoke of my concern that the administration so far has emphasized short-term stopgaps without going to the roots of the balance-of-payments problem. The President's July 18 statement of administration policy concerning the balance of payments placed major reliance on increased short-term interest rates and a further export expansion drive. Rising interest rates normally reduce output and employment if pursued to sufficient lengths, but the administration counts upon the proposed tax cut of $11 billion to prevent output and employment from suffering. There is already some evidence that the increase in short-term interest rates may be spilling over into longer term rate levels. If this tendency persists, the administration may have employed a remedy for the balance-of-payments problem that creates a new malady of increased unemployment and reduced output. The administration further provided more tying of military aid and foreign economic aid spending to purchases in the United States. And it seeks to reduce the balance-of-payments impact of its foreign spending programs by the sale of military assets abroad, such as the sale of land that we have bought in Germany, which we shall sell and buy back again. We shall sell them military hardware from some of our large supply depots in Western Europe. It seeks further to reduce the impact by various prepayment arrangements for foreign loans, and by offset agreements with NATO nations having U.S. troops within their borders. The administration proposes a new tax on foreign securities sales to check private capital outflows.

In my opinion, these measures ease without curing. I am convinced that our balance-of-payments policies require careful reappraisal. They should be accompanied by an equally searching reappraisal of Government spending policies which will, in the current fiscal year, reach an all-time high and include new programs with "escalator" clauses. The two are intimately related. To avoid a needed rethinking of Government spending policies at home, we are letting the balance-of-payments problem push us away from freedom of trade and investment, away from private enterprise in world trade toward more government in foreign economic affairs, and toward more tying of private exports to Government spending abroad, with all the dangers this may bring. Already, instead of reducing Government spending abroad to the minimum, we plan to tax private investment abroad. And the administrator of foreign aid is arguing that we cannot cut foreign aid because that will also reduce our exports.

Take exports, for example, where our promotion campaign has had few concrete results. There is a long list of possible measures. These include cuts in ocean freight rates and export taxes, restudy of our antitrust laws regarding exporters, and increased technical assistance. There is a vast area of nontariff restrictions on trade to negotiate away. There are the restrictions on tourist spending by our trading partners which prevent travel here. It is time to urge and help Europe to develop its own capital markets.

To further the prospect of achieving results in these areas, I have written to the Department of State on the subject of travel restrictions and to the Federal Maritime Commission on the subject of the impact of ocean freight rates. In the face of our freight rates, which are unjustly discriminatory between American exporters and their foreign competitors and are in some cases so high as to be detrimental to the commerce of the United States, we find our ships tied up by maritime union strikes which occur because of the flimsiest and most puzzling reasons.

Mr. President, I ask unanimous consent to submit for the RECORD at the end of my remarks my correspondence with the Department of State and the Federal Maritime Commission and other documents that relate to our shipping problems.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERTSON. To return to the crucial subject of the balance-of-payments problem as a whole and the administration's policy concerning that problem, what is needed is not so much more ingenuity on the part of Government technicians as it is more confidence in the soundness of administration policy both by businessmen at home and by oversea dollar holders. I am convinced that a reduction in foreign economic aid and foreign military aid would make a greater contribution to solving the balance-of-payments problem than would more complicated and ingenious technical devices such as we have seen in recent years developed by the Treasury.

Despite the administration's ingenious actions to borrow time in which to solve the balance-of-payments problem and to fend off the danger of a crisis of confidence on the part of foreign dollar holders, the defenses of the dollar that have been developed during the past few years are not impregnable and do not solve the pressing problems of policy that we face.

Neither can we solve the balance-of-payments problem by juggling figures. The Wall Street Journal, in its issue of Thursday, October 31, contains an article that describes how the administration is confused about how to calculate the balance-of-payments deficit as a result of the measures which it has taken to reduce that imbalance.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the article, "While United States Wrestles Payments Deficit, Economists Fuss Over How To Figure It," from the Wall Street Journal for October 9.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. ROBERTSON. In brief, the problem arises because the Treasury has negotiated medium-term borrowing arrangements with foreign central banks. Such Treasury bonds of 15- to 24-month maturity which are sold to the foreign central banks, however, must contain a clause that permits the foreign central banks to convert the bonds into dollars on 4 days' notice. The reason for this provision in most cases lies in the monetary laws of the foreign countries, which prevent their central banks from investing in long-term securities in order to assure the liquidity of those vital governmental central banks' assets. Now we find that the administration does not know whether to count the foreign bond sale as short-term liquid liabilities of the United States because they legally come due on 4 days' notice, or whether to count them as a long-term foreign capital investment in the United States.

Mr. President, these medium-term bonds of the U.S. Treasury, in fact, come due in 4 days at the option of the holder. Whether we now think that foreign nations are going to hold these bonds until maturity or not, the matter is for them to decide and not for us to decide. They are our creditors.

Mr. President, the confusion of the administration over our balance-of-payments statistics is only another example, although it is a vivid one, that what we need to solve our balance-of-payments problem is not more ingenuity but more sound fiscal responsibility on the part of the administration. A part of this fiscal responsibility is to tailor our foreign economic aid program to fit our economic resources and to fashion that program to serve the national interests of the United States and to administer that program with a minimum of confusion, delay, and cross-purposes.

We will imperil the soundness of our own currency and hazard our economic future if we do not reduce our foreign aid spending. I hope the present bill will be cut by at least $1,800 million, as I recommended last March.

Mr. President, the bill should be recommitted for further study and revision.

EXHIBIT 1

FEDERAL MARITIME COMMISSON,
Washington, D.C., October 16, 1963.
Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: This will acknowledge receipt of your letter dated October 10, 1963, in which you discuss the impact of ocean freight rates on the balance-of-payments problem, the need to increase our exports, and in which you request that I discuss the possibilities of securing reduced shipping rates which would tend to stimulate our exports.

The Federal Maritime Commission is aware of the vital impact which the level of freight rates in our foreign commerce has upon our export expansion program and balance-of-payment problem. The Commission is now actively undertaking a program, within its authority and jurisdiction as contained in the Shipping Act, 1916, to eliminate wherever possible freight rates which have an adverse effect upon American exporters. Provisions of the Shipping Act make unlawful rates which are unjustly discriminatory between American exporters and their foreign competitors, or which may be so high as to be detrimental to the commerce of the United States. Under the authority of these statutes the Commission has already instituted a formal investigation into the level of rates on iron and steel products and is actively undertaking studies of freight rates on additional commodities. Whenever it appears necessary, the Commission will undertake further formal proceedings and take appropriate steps to assure that export freight rates are not an unreasonable burden upon our export expansion program.

Sincerely yours,
JOHN HARLLEE,
Rear Admiral, U.S. Navy, retired,
Chairman.

DEPARTMENT OF STATE,
Washington, D.C., October 16, 1963.
Hon. A. WILLIS ROBERTSON,
U.S. Senate.

DEAR SENATOR ROBERTSON: I am glad to be of help on the questions you raised in your letter of October 10 concerning currency restrictions imposed by the more industrialized countries on their residents who wish to tour abroad.

Over the past several years the United States has pressed both bilaterally and in the forums of the International Monetary Fund and the Organization for Economic Cooperation and Development for the removal of restrictions which have served to limit the numbers of Europeans and others visiting this country. A large measure of success has been achieved in this area. For example, 5 years ago French tourist expenditures were wholly subject to license, British tourists were limited to an annual expenditure of $334 per person, Italian tourists to $520 per person, and Netherlands tourists to $554 per person, with any additional expenditures abroad by residents of these countries subject to individual licensing. These countries as well as most of the other industrialized countries have now liberalized these restrictions. In addition to Germany and Belgium, which had no restrictions 5 years ago, the Netherlands, France, Italy, and the United Kingdom currently all permit tourist expenditures freely. In some cases there are checks to verify the bona fides of the case with a view to preventing illegal transactions of other sorts, with actual expenditures for tourism in fact unlimited.

Japan still represents an important exception. Japan grants no automatic allowances for tourist travel abroad at this time. However, it has recently eased restrictions on the use of foreign exchange for business and student travel and there are signs that further liberalization is to come. Japan's announced intention to make the yen convertible for current account transactions beginning sometime in the spring of 1964 should result in further relaxation of existing restrictions.

While the achievements in liberalization of controls over tourism to date have been impressive, the Department of State is, of course, continuing to work for the further reduction of remaining restrictions as the improved financial condition of countries abroad permits.

We are enclosing two tabulations which will indicate the 1963 and 1958 status of regulations over tourist expenditures practiced by the principal industrial countries. A comparison of these two tables will demonstrate the substantial progress made in removing restrictive regulations. Please do not hesitate to get in touch with us should you require additional information.

Sincerely yours,
FREDERICK G. DUTTON,
Assistant Secretary.

Tourist allocations for residents of the more industrialized countries

Country	Automatic foreign exchange allocation [1]	Additional allocation per journey in domestic banknotes (unless otherwise specified this allocation may be exchanged and spent abroad)
1958		
Austria	$275 per person per year; ½ this amount for children	$385.
Australia	$700 per person per year	None.
Belgium	Unlimited but verification of legitimate tourist status required	(See preceding column.)
Canada	Unlimited	Unlimited.
Denmark	$100	Determination by individual application.
France	Under license	Travelers permitted to take out 20,000 francs.
Finland	$125 per person per year	$112.
Germany	Unlimited	Unlimited.
Greece	$150 per person per trip	$5.
Ireland	$280 per person per year; ½ this amount for children	$28.
Italy	$480	$40.
Japan	Under license	Under license.
Luxembourg	Unlimited	Unlimited.
Netherlands	$504 per person per year	$50.
New Zealand	$380 per person per year	$25.
Norway	$280 per person; $70 for a child under 12	$50.
Portugal	Unlimited	Unlimited.
Spain	$50 per person per year	$16.
Sweden	$1,000	$250.
Switzerland	Unlimited	Unlimited.
Union of South Africa	$1,400	$1,125.
United Kingdom	$280 per person per year; ½ of this amount for children under 12	$54.
1963		
Austria	$577 per journey	$500.
Australia	$4,400 per traveler per year. Additional amounts are granted subject to the verification of the bona fides of the case.	Individual application evaluated for determination.
Belgium	Unlimited	Unlimited.
Canada	do	Do.
Denmark	do	Do.
Finland	$252 per person per trip	Nil.
France	Unlimited. The equivalent of $1,200 per journey is granted automatically; additional amounts are granted on request subject to verification of the bona fides of the case. There is no restriction for French residents whose foreign tourist expenses are paid on their behalf by travel agencies licensed by the Ministry of Public Works, Transport, and Tourism. Residents may also export the equivalent of $150 in foreign banknotes left over from previous journeys abroad.	$150.

Tourist allocations for residents of the more industrialized countries—Continued

Country	Automatic foreign exchange allocation [1]	Additional allocation per journey in domestic banknotes (unless otherwise specified this allocation may be exchanged and spent abroad)
1963		
Germany	Unlimited	Unlimited.
Greece	$266 per journey	$33.
Ireland	Unlimited. The equivalent of $706 per journey is granted automatically; additional amounts are granted on request subject to verification of the bona fides of the case.	$140, which may not be exchanged abroad.
Italy	Unlimited. Additional amounts are granted automatically by local banks for legitimate tourism.	$80 u/a.
Japan	Subject to license	Nil.
Luxembourg	Unlimited	Unlimited.
Netherlands	Unlimited. The equivalent of $830 per journey is granted automatically in foreign and/or national currency. An additional allocation equal to $42 is also granted automatically for each additional day after 14 days of travel, up to a total amount equal to $3,781. Further unlimited amounts are granted on application.	(See preceding column.)
New Zealand	$1,665 per year. For children under 12 the allocation is reduced to $1,154	Individual application evaluated for determination.
Norway	$500 per year. For children under 16 the allocation is reduced to $250	$25, which may not be exchanged abroad.
Portugal	Unlimited	Unlimited.
Spain	$275 per year. Additional amounts are granted to Spanish residents whose tourist expenses abroad are paid on their behalf by approved travel agencies.	$50.
Republic of South Africa	$2,800 per year. For children under 12 the allocation is reduced to $1,120 per year.	Unlimited for bona fide tourist use.
Sweden	$1,160 per journey in foreign and/or in national currency	(See preceding column.)
Switzerland	Unlimited	Unlimited.
United Kingdom	Unlimited. The equivalent of $840 per journey is granted automatically; additional amounts are granted on request, subject to verification of the bona fides of the case.	$140, which may not be exchanged abroad.

[1] Where the amount is limited, the cost of a return or round-trip tricket can usually be paid in national currency to a foreign or domestic air or surface carrier without deduction from the allocation.

EXHIBIT 2

[From the Wall Street Journal, Oct. 31, 1963]

FIGURE FEUD: WHILE UNITED STATES WRESTLES PAYMENTS DEFICIT, ECONOMISTS FUSS OVER HOW TO FIGURE IT

(By Richard F. Janssen)

WASHINGTON.—As if the Government's presistent international balance-of-payments problem weren't complex enough, Federal officials now are entangled in an intramural squabble that at least one top Treasury expert considers "damn silly" though, nevertheless, quite pertinent—just how do you figure the payments deficit?

The balance-of-payments problem is one that's never been dismissed as financial child's play, but while the situation itself has become much more difficult this year so has following the statistics by which it is measured. Depending on which set of official Government figures one cares to use, it can be proven that the deficit in the first half this year ran at an annual rate of a ponderous $4.5 billion, or $4.2 billion, or a less worrisome $3.2 billion.

At a time when the degree of the deficit's gravity is a vital consideration in shaping major domestic and foreign policies, the freedom of statistical choice is particularly inappropriate. Unless someone quoting figures hobbles his speech with such awkward qualifications as whether sales of nonmarketable convertible medium-term bonds are treated as a liquid liability or a long-term capital inflow it can be hard to tell if things are getting better or worse. And even then, few find it very easy.

DILLON'S FORECAST

Thus recently Treasury Secretary Dillon estimated the payments deficit for all this year would total roughly $3 billion. That looks fine when matched up against the first-half pace, no matter which set of figures you choose. But because the Secretary didn't specify the basis he used it wasn't clear at the time whether the 1963 outlook was cause for optimism or pessimism. Depending on the statistics, the 1962 payments deficit amounted to either $3.6 billion or $2.2 billion.

Paradoxically, it is the administration's effort to deal with the deficit that has brought the Treasury versus Commerce dispute over how to compute it. Basically, the United States incurs a payments deficit when the total dollars that the Government and the private citizens spend, lend or donate abroad exceeds the total dollars coming back into the country from all foreign dealings.

The problem is worrisome for many reasons. One is that in order to preserve confidence in the stability of the U.S. dollar, the United States pledges to sell gold to foreign central banks at the fixed price of $35 an ounce. This means that the dollar can be freely used in world trade with the assurance that it is as good as gold. But foreign governments and central banks frequently do exercise this right to buy U.S. gold with the surplus dollars they accumulate. This has brought the U.S. stock down to less than $16 billion, and around $12 billion of that is legally required to back domestic U.S. currency. While no one in Government thinks it likely to happen soon, foreigners could show up with dollars entitling them to buy about $24 billion of U.S. gold—more than exists.

The Government is taking many steps to bring the dollar inflow and outflow into something close to balance. Among them: Requiring that nearly all new foreign aid money be spent for products in the United States, cutting military spending abroad, campaigning for higher exports, and trying to get Congress to pass a tax discouraging U.S. citizens from putting so many dollars into foreign stocks and bonds. But in addition to these longer-term measures, the administration has made temporary moves to ease the bind. And it's the question of whether these steps count as pluses or minuses in the statistics that has multiplied the ways of toting up the deficit.

The knottiest problem is how to count some of the Roosa bonds, dubbed for Treasury Under Secretary Robert V. Roosa who initiated them. The Treasury started offering one type of these bonds just this year to foreign central banks in hopes they'll use their surplus U.S. dollars to buy them rather than U.S. gold. So far, the Treasury has sold $678 million of them.

These bonds mature in from 15 to 24 months, and as such, would qualify as a long-term foreign capital investment in the United States—a clear plus for the U.S. balance of payments. But to comply with foreign laws on the type of securities in which foreign central banks can invest, the Roosa bonds are convertible into dollars on 4 days' notice, and thus quickly into gold. This feature, according to the Commerce Department's top balance-of-payments economist, Walther Lederer, requires that they should be counted as a short-term liquid liability of the United States—and thus as a minus in this country's accounts, deepening the deficit the same as would an outflow of dollars.

Treasury men chafe at the bind they find themselves in by having a step they devised to save U.S. gold counted by "masochistic statisticians" as a negative factor. Foreign governments buy the bonds to hold them to maturity and then perhaps renew them, they argue, and it's only a technicality that requires the provision for quick convertibility into dollars and gold. "It's not what the other countries say they intend to do, it's what they can do" that counts, replies Mr. Lederer. He finds support for his view in the way the foreign governments tote up the bonds on their payments balance accounts; they usually count them as assets they can quickly turn into dollars, he says.

When the payments balance is computed the way Mr. Lederer prefers (and he's the one who writes the official Government release on it), the deficit reached a seasonally adjusted annual rate of $4.2 billion in the first half of this year and a $5 billion yearly pace in the second quarter alone. The deficit for all 1962 stood at $2.2 billion by the Lederer calculation.

THE TREASURY'S PREFERENCE

The Treasury, however, prefers to show the deficit being trimmed by the "Roosa" bonds, running at only $3.2 billion in the first half and $4.4 billion in the second quarter. Because such bonds weren't issued last year and, thus, don't directly affect 1962 figures, this measure also compares with the $2.2 billion deficit for all last year, and makes things look not quite so dark.

Sometimes, though, both the Treasury and the Commerce Department prefer to look at the figures without counting the bonds at all and without counting any of the other "special Government transactions" made to improve the balance or temporarily stave off sales of gold. These other "special" dealings include such things as foreign governments obligingly paying debts to the United States before they're due, and paying for purchases of military equipment in advance.

With the calculations limited only to what takes place without special Government efforts, then, the "regular" deficit ran at an annual rate of $4.5 billion in the first half, and at $5.1 billion in the second quarter. While the figures are bigger this way, they don't show the sharp worsening trend the other methods do because they compare with $3.6 billion for all last year.

The desirability of clearing away the fog isn't unappreciated in Washington, and the Treasury has recruited a committee of non-Government economists to try to iron out the disconcerting creases in balance-of-payments statistics. A report is due next spring, and, depending on what the committee concludes, the dollar flow could take a sharp turn for the better or worse as the simple result of an alteration in the figure flow.

Mr. ROBERTSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 201 Leg.]

Aiken
Allott
Beall
Bennett
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Clark
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Edmondson
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McGee
McGovern
McIntyre
McNamara
Monroney
Morse
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Simpson
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska[Mr. Bartlett], the Senator from Indiana [Mr. Bayh], the Senator from Nevada [Mr. Bible], the Senator from Idaho [Mr. Church], the Senator from Mississippi [Mr. Eastland], the Senator from Indiana [Mr. Hartke], the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Arkansas [Mr. McClellan], the Senator from Montana [Mr. Metcalf], the Senator from Utah [Mr. Moss], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that the Senator from California [Mr. Engle] is absent due to illness.

Mr. KUCHEL. I announce that the Senators from Kentucky [Mr. Cooper and Mr. Morton], the Senator from Arizona [Mr. Goldwater], the Senator from Nebraska [Mr. Hruska], the Senator from New Mexico [Mr. Mechem], the Senator from Iowa [Mr. Miller], and the Senator from Pennsylvania [Mr. Scott] are necessarily absent.

The Senator from South Dakota [Mr. Mundt] is absent because of illness.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendments offered by the Senator from Montana [Mr. Mansfield], for himself and other Senators, to the committee amendment.

MILITARY ASSISTANCE TO LATIN AMERICA IS DANGEROUS

Mr. GRUENING. Mr. President, the amendment—No. 235 to H.R. 7885, the foreign assistance amendments—which I introduced for myself and Mr. Ervin, Mr. Nelson, Mr. Proxmire, Mr. Cannon, Mr. McGovern, Mr. Morse, and Mr. Smathers, would halt further military assistance to Latin America.

Recent events in both the Dominican Republic and Honduras give added emphasis to remarks I made last year about the dangers we were running in continuing to supply weapons to Latin America.

A year ago those supporting military assistance to Latin America claimed the following five objectives of their program: First, hemispheric defense; second, standardization of weapons; third, modernization of weapons; fourth, reduction of forces; fifth, indoctrinization of the military as to their role in a democracy.

That was last year before I showed on the floor of the Senate on August 2, 1962, that not only were none of the objectives achieved, but, as to some, the exact contrary was the result of our efforts.

So this year there is a "new look" to the presentation of the military assistance program for Latin America.

The objectives of the program which I have just enumerated have been abandoned.

Now witnesses for the military assistance program for Latin America have stressed the danger of insurgency movements in Latin America. They have also stressed the civil action aspects of the work of the military forces in Latin America.

Certainly the emergence of a Communist government in this hemisphere has been a shock. We are legitimately concerned about the possibility of other nations in the Western Hemisphere following Cuba's path. Everyone is anxious to take whatever steps are necessary to reduce the possibilities of new Communist takeovers in the region.

However, we can seriously question whether a policy of helping Latin American countries strengthen their internal security forces is any real answer to the threat to that region. I am convinced that such a policy is inherently dangerous to the long-run objectives of U.S. policy in Latin America, but should rather be the creation of representative governments which are responsive to the will and needs of their people.

The new look was described to the Senate Appropriations Committee on August 31, 1962—shortly after my criticisms of the program—by Brig. Gen. W. A. Enemark in these terms:

> It is charged that a threat of direct aggression to the hemisphere is not realistic. We agree. It was precisely for that reason that the primary emphasis of our military assistance program for Latin America was changed from hemisphere defense to internal security in the fiscal year 1962 program.

But, Mr. President, the thorns on a rose are just as sharp no matter what new name we give to the rose. So it is with the military assistance program for Latin America under the guise of internal security and civil action. It is still no less a dangerous program and should be stopped.

I am not alone in perceiving the danger to our entire Alliance for Progress program. On September 28, 1963, our able and distinguished majority whip, Mr. Humphrey, stated:

> The whole matter of arms assistance to Latin America requires scrutiny. * * * We must arrive at a hemisphere agreement on this matter and quickly. We will weaken and possibly cause the failure of the Alliance for Progress unless something is done to implement an effective arms control agreement in this area.

And, indeed, only yesterday the distinguished senior Senator from Minnesota [Mr. Humphrey], the majority whip, said:

> I thoroughly agree with the Senator from Alaska and other Senators that in most Latin American countries there is a waste of money in the procurement of military equipment. If it is desired to reduce expenditures in the bill, that is a good place to start.

Indeed it is. Hence my amendment No. 235 to the foreign assistance bill.

I propose to do something right now. It is overdue.

It is not some third power that is supplying tanks and planes to the Latin American countries—a third country perhaps whose actions we cannot control.

No. It is the United States that is dispensing these fatal weapons—and we should be able to control our own efforts.

Since the inception of the Latin American military assistance program in 1951, we have poured over half a billion dollars into Latin America. Next year's program is at the level of $77 million divided as follows:

Internal security: $38 million, of which $29.2 million is for equipment and $8.6 million for training;

Civic action: $11.6 million, of which $10.7 million is for equipment and $0.9 million is for training;

Antisubmarine warfare: $15 million, of which $13.5 million is for equipment and $1.6 million for training;

Why on earth should be furnish antisubmarine warfare equipment to those countries? Bolivia, for example, is a long way from the ocean. Indeed, why should we furnish antisubmarine warfare equipment to any of these countries? It is ridiculous.

Packing, crating, and transportation: $5 million.

General training: $7.5 million.

In other words, some $53.5 million is for equipment, $18.6 million is training, and $5 million for packing, crating, and so forth.

In addition it is my understanding that it proposed to give the Latin American countries $8 million in excess equipment and another $25 million in sales credit assistance.

In terms of the billions of dollars Congress appropriates each year, and the real danger of Communist subversion in Latin America, $110 million may appear to be not worth quibbling about. My concern does not center around the expenditure of that sum—although a saving to the American taxpayers of over $100 million is not to be taken lightly.

Let us examine the assumptions upon which the new look in U.S. military assistance is based and the arguments with which its supporters advocate the program. But—and more important—let us judge the program on the basis of its performance. The record of performance is not good. In fact it is bad.

Can we point with pride to Peru where a year ago August military hardware supplied by the United States was used by the military forces there to take over from the civilian rulers of that country? Many of the officers leading that coup had been trained in the United States under our military assistance program. The tank that rammed through the iron gates of the Pizarro Palace to seize and depose President Manuel Prado was an American-built Sherman tank.

Can we point with pride to the Dominican Republic where recently a military junta overthrew a constitutionally elected civilian government and installed a civilian facade in an effort to obtain U.S. recognition and assistance? American tanks and other arms made that application of brute force to overthrow the democratically elected regime of Juan Bosch, to abolish the legislature and the constitution, possible.

Can we point with pride to Honduras where even more recently a similar overthrow of the civilian government by the military took place? There again, U.S. arms made possible the coup by Col. Lopez Arellano and his fellow officers. They had been trained in the United States.

Of what avail is our military assistance program in Latin America?

In the minds of the people of Peru, the Dominican Republic and Honduras, are we not aligned with the military cliques who have thrown out the governments selected by the people themselves?

Mr. President, the argument has been made that there must be at least a token military assistance program for Latin America to take care of emergencies and that the way to do it is to include Latin America in the program for the rest of the world.

Those who hold these views are mistaken.

In the first place, my amendment provides an exception whenever the President "finds, with respect to any Latin American country, that the furnishing of military assistance under this act is necessary to safeguard the security of the United States, and so informs the Congress."

In the second place, there is section 614(a) of the Mutual Assistance Act which places in the hands of the President 250 million in dollars and $100 million in foreign currency without regard to the provisions of any other law. Section 614(a) provides:

> The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed $250,000,000 and the use of not to exceed $100,000,000 for foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than $50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

In the third place there is section 510 of the Mutual Assistance Act which gives the President power to transfer up to $300 million in military stocks. Section 510 provides as follows:

> During the fiscal year 1964 the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1964 shall not exceed $300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

Mr. President, I submit that we are not in any way binding the hands of the President. If my amendment passes, the President still retains sufficient authority to continue military assistance to Latin America whether under the second proviso of my amendment or under section 614(a) or section 510 of the Mutual Assistance Act.

I hope my amendment No. 235 is adopted, and I also hope that the President—with or without my amendment in H.R. 7885—phases out our military assistance program in Latin America.

Mr. President, I ask unanimous consent that my speech on the subject of the failure of our military program in Latin America delivered on the floor of the Senate on August 2, 1962, be reprinted at this point in my remarks.

There being no objection, the text of the address was ordered to be printed in the Record, as follows:

Military Aid to Latin America Is Defeating the Alianza Para Progreso

Mr. President, I was greatly disturbed to read in a special dispatch to the New York Times from Juan de Onis in Lima, Peru, that military hardware supplied by the United States was used by the military forces in Peru to take over from the civilian rulers of that country. Many of the military officers commanding that coup were trained here under our military assistance program. The dispatch states in part:

"The U.S. military assistance program in Peru provided the Sherman tank that rammed through the iron gates of the Pizarro Palace when President Manuel Prado y Ugarteche was deposed and taken prisoner Wednesday.

"The officer who carried out the capture of the palace, Col. Gonzalo Briceno, was trained at the Ranger School of Fort Benning, Ga. After his instruction, he returned to Peru to develop a crack antiguerrilla commando unit that was a showpiece of the U.S. military mission here.

"A son of former Navy Minister Guillermo Tirado Lamb, who spearheaded the armed forces resistance to accepting the results of last month's presidential elections, was graduated from the U.S. Naval Academy in June.

"Hundreds of Peruvian officers of the armed forces who form part of the military junta that has taken control of Peru have autographed photographs of their U.S. counterparts or of the U.S. Caribbean-area commanders, with whom they are on a first-name basis."

I ask unanimous consent that the entire article be printed in the Congressional Record at the conclusion of my remarks.

Last week, in commenting on the unhappy events transpiring in Peru, I complimented President Kennedy on the prompt action taken to withhold foreign aid funds from Peru until that Government was stabilized. I recommended at that time that our Government take a second look at our Alliance for Progress programs in such countries as Argentina and Brazil whose governments have likewise given evidence of instability, where there is no certainty that the rulers of today will be there tomorrow, and consequently no assurance that commitments made today will be honored tomorrow—and withhold further economic aid to those countries until their governments are stabilized.

I commend the President again for holding firm with respect to Peru and ask unanimous consent that the President's comments on this topic at his press conference on July 24, 1962, be printed in the Congressional Record at the conclusion of my remarks.

The military coup in Peru gives us good reason to review our military assistance program for Latin America: why it was instituted; is it fulfilling its purpose? What, if any, safeguards are imposed on it? Should it continue?

Although during the twenties and the thirties the United States sent military missions to Latin America, it was not until the passage of the Mutual Security Act of 1951 that military assistance was authorized and sent.

The original purpose of U.S. military aid was to strengthen the defense of this hemisphere by encouraging the Latin American nations to participate in their own defense against outside aggression.

The Mutual Security Act of 1951, in authorizing military assistance to Latin America stated that "military assistance may be furnished to the other American Republics only in accordance with defense plans which * * * require the recipient nations to participate in missions important to the defense of the Western Hemisphere."

The question of the use of our military aid for the recipient nation's internal security was the subject of congressional concern during the consideration of the Mutual Security Act of 1958. That act required the President to review annually a Latin American recipient's participation in a hemispheric defense plan to determine whether military assistance from the United States was necessary to enable that participation. The act also stated that internal security requirements of the countries concerned would not normally be the basis for extending military aid.

In 1959, the word "normally" in this restriction was eliminated. The conference report on the Mutual Security Act of 1959 stated:

"The elimination of the word 'normally' from the sentence providing that internal security requirements shall not 'normally' be the basis for military assistance programs in Latin America makes it clear that it is the intent of the committee of conference that internal security requirements shall not, in the absence of a presidential exception, be the basis for furnishing military assistance to Latin America. Rather it is the intent of the committee of conference that such military assistance as is furnished shall be in accordance with hemisphere defense planning and should be in furtherance of hemisphere missions."

Under the law, then, U.S. military aid to Latin America was limited strictly to hemisphere defense plans.

It is obvious that the genesis of the program of military assistance to Latin American countries was the defense of the Western Hemisphere from outside aggression.

Various reasons were advanced in support of extending military assistance to Latin America.

Those advocating the program pointed to the fact that during World War II the United States had to station more than 100,000 Army, Navy, and Air Force personnel in Latin America. Therefore, they urged that Latin Americans should be assisted to build up their own forces for participation in hemisphere defense in order to relieve us of the responsibility in the event of another conflict.

It was argued that military aid must be provided by the United States in order to promote standardization of Latin American arms and equipment. It was predicted that if the United States did not provide the necessary arms, the Latin American countries would go elsewhere to obtain equipment, resulting in a conglomeration of armaments, ships, and plans which would greatly complicate both training and logistics and invite the danger of military missions to Latin America from other countries.

It was further argued that modernization through military assistance of Latin America's fighting forces would enable the Latin American countries to discard their old equipment and reduce the overall size of their forces.

Another argument advanced for instituting a program of military assistance to Latin America was that in many countries the military exert a dominant role so that contacts among United States and Latin American officers and men would result in the U.S. officers and men being able to shape the Latin American attitude toward and support of democratic institutions, ideas, and ideals.

How have these arguments for U.S. military assistance stood up in practice?

The claim that the United States would be relieved of a share of responsibility for the defense of the Western Hemisphere from outside aggression has proven unrealistic. It is based on World War II concepts of military warfare.

The hard fact is that such strategy is obsolete in today's world. In the unhappy event of a world conflict, the Western Hemisphere will be defended by intercontinental weapons wielded by the United States. The feeble, obsolescent equipment which the Latin American nations possess can play no meaningful role in modern intercontinental warfare.

Moreover, the tragic events in Cuba since the military program was initiated show conclusively that the enemy works through subversion, pulling the strings of his puppets within the Nation being subverted.

The military assistance which we have provided Latin America does not save the taxpayers of the United States from the burden of providing for an adequate defensive missile system.

What of the claim that association with U.S. military personnel teaches their Latin American counterparts the role and mission of the military in a democratic, constitutional government?

Here is how Roy R. Rubottom, Assistant Secretary of State for Inter-American Affairs, testified before the Foreign Relations Committee on the Mutual Security Act of 1960:

"During this period of extensive U.S. military relations with Latin American countries, there has been a notable increase in the number of constitutional regimes in the area. In the majority of countries in which democratic governments have replaced dictatorial regimes, the local military has presided during the difficult period of transition immediately preceding the establishment of orderly, constitutional government.

"In such countries, the local military is continuing to support the new government and to provide it with that degree of security from antidemocratic acts of subversion and violence which is prerequisite to the functioning of the democratic process.

"These developments in constitutional democracy in Latin America tend to refute the allegation that our military program has impeded the growth of free political institutions in the area.

"U.S. military personnel assigned to Latin America scrupulously adhere to the policy of nonintervention which underlies all U.S. foreign aid activities.

"Nevertheless, as United States and Latin American military personnel are brought into close professional association through our military programs, whether in MAAG's, military schools, training missions or the Inter-American Defense Board, they gain not only a better understanding of the problems of hemispheric defense, but also a deeper appreciation of the democratic ideals which we and Latin American nations share in freedom from Soviet domination.

"As a result of these contacts, we believe that there is increasing emulation in Latin American military circles of the nonpolitical role played by the U.S. soldier in our national life."

After more than 10 years of U.S. military aid to Latin America, recent events have demonstrated beyond peradventure that in many of the countries U.S. influence in inculcating an ideology of civilian authority over the military is not a reality in the reaction of the Latin American army, navy, and air force officers and men to events in their own countries.

Most of the Latin American military leaders will continue to react to power struggles in their own countries in accordance with their own estimates of the situation, their own ambitions, their vested privileges, and their own heritage. Where military professionalism has really taken root in Latin America, the military's new concept of its role has developed from circumstances within the framework of their own institutions, not from the minute and transitory influence encountered in rubbing shoulders with U.S. military people.

Consider the case of Peru. Three of the four military commanders who staged the Peruvian coup had tours of duty in the United States, one graduating from the Command and General Staff School at Fort Leavenworth and another from the U.S. Armored Tank School at Fort Knox as well as the CGS at Leavenworth. Four of the present 13-man military cabinet were even given the Legion of Merit by the United States. I ask unanimous consent that the names of these officers, together with their citations, be printed at the conclusion of my remarks.

Let us consider just one of these citations for a moment in detail. Maj. Gen. Nicolas Lindley Lopez, commander of the Peruvian Army, participated with fellow military officers in the overthrow of Peru's civilian government. Eight and one-half months before, he was awarded the Legion of Merit by Secretary of Defense McNamara. Maj. Gen. Lindley Lopez attended the Command and General Staff School at Fort Leavenworth during 1946 and 1947. He also visited Fort Bragg, Fort Sill, Fort Bliss, and Fort Benning in November 1961. Secretary McNamara's citation to the Peruvian general reads, in part, as follows:

"His outstanding professional competence, consistent support of democratic principles, and sincere and imaginative cooperation with military representatives of the Department of the Army have produced important and effective military results in the creation of a Western Hemisphere defense program. * * * His support of common democratic principles and objectives has reflected great credit not only upon himself but also upon the Army of the Republic of Peru, and has enhanced the cordial and friendly relations which prevail between the United States and Peru."

Democracy, Mr. President, does not "rub off" by commingling of individuals or by grants of military assistance.

Nor is Peru unique in this respect. Among other military officers who have rubbed elbows with U.S. officers to no avail are the infamous "Ramfis" Trujillo, of the Dominican Republic; Gen. Anastasio "Tachito" Somoza, of Nicaragua; and Colombia's Gen. Rojas Pinilla, who developed from a brilliant officer into a tyrannical dictator and superb stealer of his country's public funds.

What of the claims that military assistance would lead to standardization, discourage the tendency to buy military equipment from third countries, and through modernization, lead to an overall reduction in armed forces?

From a compilation of statistics published in London by "Army, Air Force and Naval Air Statistical Record," I have gathered together a listing of the armaments possessed by the various armed forces in Latin America. I ask unanimous consent that this list be printed at the conclusion of my remarks.

This list discloses that much obsolete armament is in the arsenals of many of the Latin American countries, which lessen their military effectiveness while still necessitating a huge expenditure of funds for maintenance and repair.

The list also shows that weapons have in fact been acquired from other nations, vitiating the argument that the grant of military assistance would lead to standardization of weapons of U.S. manufacture in the Western Hemisphere.

Consider the case of Peru. I single out Peru as an example only because that nation is in the spotlight of the news these days and our arms have contributed to the prestige and power of the Peruvian military.

Efforts to standardize equipment and persuade Peru to limit its purchases to items essential to hemisphere defense have been futile. The Peruvian Air Force, for example, has a mixed bag of United States, British, Canadian and French planes. Many of the planes are no longer operable because parts are not obtainable.

We made available to the Peruvian Air Force 12 F–86's, the planes which proved to be excellent fighters in Korea. I am told that before delivery some of the planes were modified slightly to reduce their speed to make for easier control in landing. The Peruvians insisted that the planes be remodified to their original extremely fast and tricky configuration. In the first month, sadly, three of the planes cracked up.

Seeking high-powered planes, the Peruvian Air Force turned to Britain to purchase a squadron of 16 British Hawker Hunters, jets which are even faster than the F–86's.

The Peruvians also bought eight British Canberra jet bombers which, I understand, are already obsolete. I mention the Canberras' purchase because there is an interesting sidelight to that story. When the Ecuadorians, with whom the Peruvians have a violent border dispute, heard of the Peruvian deal, they rushed to buy six Canberras from the British. I understand that within days after delivery they cracked up two on the ground in Quito.

These planes cost about $1.4 million each.

Thus, not only have efforts to modernize, standardize, and reduce forces failed, but the military aid program has had some disastrous results not intended by its advocates.

It is quite appropriate to refer to Ecuador at this point and in the context of my remarks on the dangers of continued military assistance to Latin America for a number of reasons. In the first place, both Ecuador and Peru, neighbors, have long been in an arms race. In the second place, the Governments of both nations are controlled by the military. And, finally, it is an illustration of how the arms race can affect the economic aid program.

Ecuador has received from the United States $21,700,000 in military aid. It has also received $39 million in economic aid. There is in the country at present a delegation from Ecuador seeking additional aid to bail out its shaky economic structure. While continuing to spend money to purchase more arms to keep up with arms purchases by Peru, Ecuador comes to the United States to have us make its budget whole.

The National Observer recently had a thoughtful piece on this subject. Part of it was as follows:

"The Malecon, the riverside drive in Guayaquil, Ecuador, is one of the filthiest streets in Christendom. The gutters are full of rotting orange peels, and the sidewalks are littered with fish heads. During the day it crawls with beggars, fruit vendors, drunks, sellers of contraband, and half-naked stevedores loading cargo from riverboats to the army of ancient trucks that jam the piers. At night it crawls with rats.

"Yet the natives of Guayaquil hardly notice the rats. They have other things to worry about. The current mayor, for instance, has three times had to flee for his life from city employees on strike for overdue wages. The previous mayor bowed out to the tune of stones showering through the windows of city hall. And the mayor-elect, who will take office on August 10, arrived in Washington last Monday seeking an immediate $4 million loan to stave off civic collapse.

"Accompanying the mayor, Assad Bucaram, was President Carlos Arosemena Munroy and a host of other Ecuadorian officials.

"Why can't they get the money in Ecuador? What about the Banco Descuento, which collects (due to liens) most of the city's real estate taxes, beer and tobacco taxes, and pier and wharf fees? The city's parks are mortgaged to the bank. So, according to the present mayor, is city hall itself.

"There is, then, money in Ecuador; anyone who doubts it has only to walk through the upper class residential sections of Guayaquil or Quito. For that matter, there's enough money in the Banco Descuento alone to get Guayaquil very safely out of the crisis zone.

"But the bank is getting leery of financing corrupt city administrations. It has made one loan after another, each one supposedly to get the city back on its feet, yet the situation keeps getting worse.

"The problem has three main roots:

"Lax enforcement and widespread corruption have made a farce of municipal tax collections.

"The city government has borrowed so much money, and got itself into such a maelstrom of compounding interest, that each year a larger percentage of its income goes to pay back debts.

"The city is so corrupt, so conditioned to poverty, and so ridden with thieves and gougers in every walk of public and private life that the handful of honest men trying to deal with the problem simply don't know where to begin."

This article points up a first for foreign aid, as far as I know. Here we have a mayor of a foreign city coming to negotiate a loan to bail out the finances of his city. We are accustomed in this country to welcoming heads of state to our Nation's Capital who come seeking bail out funds for the whole nation. To my knowledge, this is the first visit also from a mayor of a city to seek financial succor. If it ever gets down to the township level we will be overwhelmed.

Can we rely upon the promises of President Carlos Arosemena Munroy any more than we could have relied upon the promises of the Valesco government last fall? Let us not be precipitate in our aid to Ecuador. Let us wait until the Government has been stabilized and we can be certain that the self-help measures of the Alliance for Progress have a chance of being carried out.

It has become painfully clear that hemisphere defense considerations play a minor role in the determination of what equipment the Latin Americans acquire.

One nation will acquire some hardware only because a neighboring country has similar equipment. I have already mentioned Ecuador's attempt to keep pace with Peru's air strength. Argentina rushed to buy an aircraft carrier after Brazil bought one from England. Similarly, Ecuador protested long and loud in 1958 when it became apparent that the U.S. Congress was considering providing one of our excess destroyers to Peru. Finally in 1959, despite the Pentagon's judgment that Ecuador did not need a destroyer to fulfill its role in hemisphere defense, and the State Department's concern that the upkeep of the ship would strain Ecuador's hard-pressed treasury, we bowed to the political considerations and furnished Ecuador the destroyer.

Frequently, the questions of prestige vis-a-vis another branch of the military forces within the same country is the determining factor. A navy gets a destroyer; the air force wants supersonic jets.

The military assistance program also has had a bad psychological impact upon our relations with Latin America. Military aid and training grants to dictatorial governments in Latin America have done the United States much harm. Despite clear provisions of the Mutual Security Act that aid would not be used for internal security purposes, a number of Latin American tyrants, when hard pressed, did not hesitate to use U.S.-grant military hardware against their own people. No matter how long and hard we protest our innocence and good intentions, such acts have helped identify the United States in Latin American public opinion with the maintenance of dictatorships.

Another question which troubles me deeply is where the funds come from for the purchase of weapons from other nations.

All of the Latin American countries suffer from severe shortages of capital and foreign exchange. Under the Alliance for Progress, the United States has agreed to provide $1 billion a year in order to spur Latin American economic and social development. Ironically, it is estimated that the Latin American countries spend about $1 billion a year for the purchase of military materiel and its maintenance.

Where, Mr. President, did the millions Peru spent to purchase unnecessary British Canberra jet bombers come from? Is the American taxpayer indirectly paying for the purchase in England of British Canberra jets?

I am concerned, Mr. President, that indirectly through our economic aid, just as much as through our military aid, to Latin America we are enabling those nations to step up their arms race.

Take the case of Argentina.

Here is another case of a civilian government having been overthrown by a military junta.

Last Saturday's New York Times carried a story of a $500 million loan to Argentina, $200 million of it from the United States. The same day's Washington Post-Times Herald reported that Argentina's cattlemen were receiving tax cuts and government cash subsidies.

I ask unanimous consent that these two news stories be printed at the conclusion of my remarks.

Whose money is being used to give the cattlemen of Argentina a tax cut? I am afraid American tax dollars are being used. As stated by the press, the half-billion-dollar loan to Argentina will be used to bail out Argentina from a fiscal crisis.

"It will be used in Argentina to meet short-term obligations, bolster her currency and foreign payments, and maintain essential programs, including housing," so says the Times news story.

The list of arms which I have asked to be printed at the conclusion of my remarks indicates that Argentina has been obtaining planes from Britain, Italy, Canada, and Germany. This, in addition to the $4.9 million received from us in military assistance. It seems clear to me, Mr. President, that part of Argentina's financial woes stems from her arms buying, and the costly maintenance which follows.

It is clear that excessive arms buying in Latin America is a drain on the region's meager national resources and an obstacle to economic development. In more ways than one it is a definite impediment to the successful functioning of the Alianza Para Progreso.

If the Latin American governments feel they must sacrifice their precious, meager resources for the maintenance of oversized and obsolete military establishments, I say—let them. But let us not contribute to their folly from our own hard-pressed Treasury, and our own mounting debt and our unfavorable balance of payments.

Mr. President, in the 10 years since the inception of the Latin American military assistance program, we have provided over one-half billion dollars in military assistance to Latin American Governments.

I ask unanimous consent that tables prepared by the AID program be printed at the conclusion of my remarks showing how much was given or loaned to Latin American countries since fiscal year 1952 for both economic and military assistance. I am asking that both tables be printed, Mr. President, because in some countries there is a disturbing contrast in the amount of economic aid given or loaned and the amount of military assistance given or loaned.

It is interesting to note, Mr. President, that when the program of military assistance to Latin America was first instituted in 1952, total military aid that year totaled $200,000. It has climbed—indeed soared—steadily since that time.

The figures for the intervening years are:

Fiscal year:	*Latin America military aid*
1952	$200, 000
1953	11, 200, 000
1954	34, 500, 000
1955	31, 800, 000
1956	30, 400, 000
1957	43, 900, 000
1958	47, 900, 000
1959	54, 000, 000
1960	53, 700, 000
1961	91, 600, 000

I am informed that it is expected that $63.6 million will be the total of the military assistance to all Latin American countries in the 1962 fiscal year. For the new fiscal year, the United States is budgeting an additional $84 million in military aid.

The record is not without warnings delivered on this floor that the program of military aid to Latin America must be carefully watched.

On May 12, 1957, the distinguished senior Senator from Minnesota, our able majority whip [Mr. HUMPHREY], in his capacity as chairman of the Subcommittee on Disarmament of the Senate Committee on Foreign Relations, warned:

"The executive branch must be careful that military aid sent to Latin American nations does not promote an arms race. Nor should military aid detract from important programs of economic development and technical assistance. What we give to one nation for hemispheric defense may provoke demands by another for an equal amount of aid. The danger is particularly acute since little appears to have been to integrate the defense functions of the separate countries. If greater attention were given the coordination of military policy and functions, it might result in a decrease in the amount Latin American nations need to supply their individual establishments. Such a step might also lessen the possibility for arms competition among the several countries and, in turn, might enable more energy and resources to be channeled into constructive measures to increase living standards and develop Latin American economies."

From Latin America came words of caution also. Perhaps the most eloquent exposition was that of Eduardo Santos, a former President of Colombia and then in exile from the military dictatorship of Rojas Pinilla. Dr. Santos said:

"Against whom are we Latin Americans arming ourselves? Why are our countries ruining themselves with costly armaments which they will never be able to use? We have no reason for fighting one another; we have only reasons for drawing close to each other and living together fraternally. And do we have, perhaps, a military role to play in the great international conflicts? Never. In this era of the atomic bomb with these incredibly costly armaments, with technical systems backed by billions, why are our poor countries continuing to ruin themselves with armaments which at a time of international conflict would represent absolutely nothing? Then? We shall be creating armies which are insignificant in international affairs, but devastating to the internal economy of each country. Each country is being occupied by its own army."

José Figueres, while President of Costa Rica, said:

"We don't want any military support. We don't want any army. In case of aggression, our army is our moral standing and our faith in the Inter-American Treaty of Reciprocal Assistance. The two times that we have been invaded our citizens have turned immediately into soldiers to defend democracy while the machinery of the Rio Treaty was set into motion. Any assistance we receive, we want to be directed toward education and economic development."

The principle expressed by President Figueres has applied not only for a long time in Costa Rica, but in practice as well as in theory. Costa Rica has no standing army, no military throwing its weight around at election time. It is no mere coincidence that Costa Rica happens to be the purest democracy in Latin America.

I visited Costa Rica last January as a member of the Public Works Committee of the Senate to inspect the Inter-American Highway, a project largely financed by the United States. I was deeply impressed with the salutary and different atmosphere that prevails in Costa Rica. The Costa Ricans are in every sense the freest, most democratic people in Latin America. They have set a shining example, not merely for their sister Latin American States, but one that should provide the United States with a guideline for action.

Costa Rica carried its leadership in this field to the Organization of American States. In March 1958, Costa Rica's able and distinguished Ambassador to the United States, Dr. Gonzalo Facio—who is again his country's emissary—proposed a plan for control of armaments in Latin America. It was shelved by the same forces that perpetuate militarism in Latin America, with the disastrous consequences I am here discussing.

At that time the Washington Daily News, edited by John T. O'Rourke who is deeply knowledgeable regarding Latin American affairs, wrote an appreciative editorial on this subject entitled "You Cannot Keep a Good Idea Down." I ask unanimous consent that this editorial be printed at the conclusion of my remarks.

The United States and Latin America would have been much better off if 10 years ago we had adopted in our foreign aid program the ideas advanced by these two distinguished Costa Ricans.

Mr. President, a reexamination of U.S. military assistance to Latin America is sorely overdue. None of the goals of the program have been achieved—not hemisphere defense; not standardization, not modernization, not a reduction in forces; not even that much-to-be-desired byproduct, indoctrination of the military in their role in a modern democracy. Instead, we have witnessed some tragic results.

I am convinced that the evils of the military assistance program in Latin America far outweigh whatever benefits we hoped to achieve when first the program was started.

I call for an end to this unsuitable and fruitless venture. I am suggesting to the Senate Committee on Appropriations that its AID appropriations bill for fiscal year 1963 shall contain a prohibition against the expenditure of any funds appropriated for military assistance to Latin America either directly or indirectly through bailout payments to take the place of funds spent unnecessarily on armaments.

LIST OF ARMAMENTS

ARGENTINA

Fighters, interceptors: 28 North American F–86F Sabre, 40 Gloster Meteor F4, Britain; few Fiat G 46 (FB), Italy.

Bombers, patrollers: 60 FMA 24 Calquin, Argentine Republic; 15 Avro Lancaster 1, Canada; 30 Avro Lincoln, Canada.

Helicopters: Bell 47, Sikorsky S–51, Sikorsky S–55.

Transports: 8 Douglas C–47, 8 Douglas C–54, H. Percival Prince, Britain; 15 Bristol 170, Britain; 48 DH Dove, Britain; 24 Vickers Viking Airspeed Consul, Britain; 1 Aero Commander (VIP), Beech T–34A Mentor, FMA LA–35, Argentine Republic; 4 Aero 45, 12 DC–3 civil airline use, 7 DC–4 civil airline use, 2 DH (c) Beaver (Antarctic), Britain.

Trainers, support: 80 FMA DL 22–24 (T–6), Argentine Republic; 100 Hunting Prentice, Britain; 30 Beech AT–11 Kansan, Stearman PT–17, Vultee BT–13A Valiant, Fockewolf FW–44J, Germany; Stieglitz (AT), 15 Beech T–34A Mentor, 10 Gloster Meteor 7, Britain; North American T–28.

Bombers, patrollers on order: five Sud 1221 Djinn, France; one Sud Allouette, France.

Trainers, support on order: 90 (Beech T–34A Mentor, FMA built T–34A), 48 FMA built M–S Paris.

Navy planes

Fighters, strike: 20 Grumman F9F–5 Panther, 10 Chance Vought F4U–5, 62 Chance Vought F4U–5/5N.

Bombers, patrollers: eight Lockheed P2V–5 Neptune, Convair PBY–5A Catalina, Martin PBM–5 Mariner.

Transports, support: Grumman Goose, Douglas C–39, Douglas C–54, Stearman PT–17, Vultee BT–13A, Beech AT–11 Kansan, 4 Nord Norecrin (naval police), France; 30 North American ENJ–5C, Vickers Walrus, Britain; 2 DH Beavers (operated by Antarctic Institute of Argentina).

Helicopters: Bell 47 (H–13), three Sikorsky HRS 1 (S–55).

BOLIVIA

Fighters, interdicters: eight North American F–51D Mustang (ex Uruguay), few Republic F–47D Thunderbolt, two Lockheed P–38 Lightning, four C. Vought F4U–4.

Bombers, patrollers: eight Boeing B–17G Fortress, six North American B–25J Mitchell.

Transports: two Douglas DC–3, one Douglas C–47 Dakota, seven Beech C–45 Expediter, one Northrop YC–125B Raider, one Lockheed 10A Electra.

Trainers, support: 2 Beech AT–11 Kansan, 20 North American AT–6 Texan, 15 Boeing BT–17 Kaydet, 18 North American SNJ–6B, 8 Vultee BT–13 Valiant.

BRAZIL

Fighters, interdicters: 60 Gloster Meteor 8, Britain; Republic F–47D Thunderbolt, North American F–51 Mustang, 36 Lockheed F–80, 2 Western Dragonfly, Britain.

Bombers, patrollers: 2 Boeing B–29 Superfortress, North American B–25 Mitchell, 28 Douglas B–26 Invader, 20 North American B–25J Mitchell.

Helicopters: 14 Sikorsky H–19–D (MSA), 10 Hiller 360 (ASR), 4 Sikorsky S–51 (ASR), 5 Bell H–13, 3 Bell 47J, 2 Western Widgeon, Britain; 12 Bell 47G–2 Trooper.

Transports: Beech C–45 Expediter, Curtiss C–46 Commando, Douglas C–47 Dakota, Douglas C–54, Lockheed C–60 Lodestar, 12 Fairchild C–82 Packet, 10 Beech Super 18, 2 Vickers Viscount (VIP), Britain; 30 Morane Paris, France; Convair Canso, Beech Bonanza, 6 Avro 74 8–2, Canada; 6 C–119.

Trainers support: 90 Fokker (Rio) S. 11 (BT), Netherlands; 4 Lockheed T–33 (MSA), Beech AT–11 Kansan, Stinson PT–19 Reliant, 50 N. American T–6G Texas, 10 Gloster Meteor T7, Britain; 1 Boeing TB–29, Stearman PT–17, 20 Nord Norecrins in civil reserve, France; 10 Paulistintha 56B, Italy.

Navy planes

Bombers, patrollers: Convair PBY–5A Catalina, 14 Lockheed P2V–5 Nep (MSA) 13 Grumman S2F–1 Tracker (MAP).

Transports support: 10 Boeing B–17 (ASR), Grumman JRF–5 (ASR), 14 Grumman SA–16A (MSA), 4 Kawasaki 47s Navy, Japan; 6 Sikorsky HSS–1N (MAP), 3 Western Whirlwind 1, Britain.

CHILE

Fighters interdicters: Republic F–47D Thunderbolt.

Bombers patrollers: 32 Douglas B–26 Invader, Convair PBY–5A Catalina, Lockheed P2V Neptune.

Transports: eight Douglas C–47, eight DH L–20 Beaver, Canada; eight DHC Otter (two Antarctica), Canada; five Beech L–23B Seminole.

Trainers support: 60 FNA Chincol, Chile; few Jet Chincol, Chile; 45 Beech T–34.

Other types: Boeing B–17G Fortress (ASR), three Cessna 180, two Beech T–34.

Helicopters: four Bell H–13D (ASR), four Sikorski HRS–1, few Hiller 12E.

Navy planes

Transports, support: three Douglas C–47, three Grumman SA–16 Albatross, C. Vought OS2V–1 Kingfisher.

Trainers: six Beech D–18 (AT).

COSTA RICA

Fighters, interdicters: four North American F–51 Mustang.

CUBA

Fighters, interdicters: 60 Mig–17 Fresco, U.S.S.R.; 15 Hawker Sea Fury (5 left), Britain; few Mig–19 Farmer Planner, U.S.S.R.

Anti-Castro air arm: eight North American F–51D, 12 B–26 Invader.

Bombers, patrollers: five Douglas B–26 Invader.

Transports: Douglas C–47 Dakota, Beech C–45, three DH L–20A Beaver, Canada; four Il–14 Coach.

Trainers, support: 30 Mig–15 UTI, U.S.S.R.; 4 Lockheed T–33A (2 left), Beech Bonanza, Vultee BT–13 Valiant, Boeing BT–17 Kaydet, North American T–6 Texas, Piper Tri-pacer, 10 North American T–28A, 10 North American F–51D.

Helicopters: one Bell 47 G–2 Trooper, four Bell 47J, two Western Whirlwind, Britain; four Mil Mi–4, U.S.S.R.

Navy planes

Bombers, patrollers: six Convair PBY–5A Catalina.

Transports, support: 10 Grumman Goose.

DOMINICAN REPUBLIC

Fighters, interdicters: 35 DH Vampire (ex-RCAF), Britain; 30 North American F–51D Mustang, 15 Republic F–47 Thunderbolt.

Bombers, patrollers: North American B–25 Mitchell, DH Mosquito 6, Britain; Convair PBY–5A Catalina.

Transports: Curtiss C–46 Commando, Beech C–45 Expediter, Aero L–26 Commander, DHC L–20 Beaver.

Helicopters: Few Bell 47.

Trainers, support: Beech T–11 Kansan, Vultee BT–13A Valiant, Boeing PT–17 Kaydet, North American T–6 Texan.

Other types: Cessna 170, Boeing B–17 Fortress (ASR), Bristol Beaufighter 10, Canada.

ECUADOR (AND GALAPAGOS ISLAND)

Fighter, interdicters: 16 Gloster Meteor PR–9, Britain Republican F–4.

Bombers, patrollers: six English Electric Canberra B–6, Britain.

Transports: Douglas C–47 Dakota, Beech C–45 Expediter.

Trainers, support: Fairchild PT–19 Cornell, North American AT–6 Texan.

EL SALVADOR

Fighters, interdicters: Goodyear FC–1D, six Chance Vought F4U–5 Corsair.

Transports: Four Douglas C–47.

Trainers, support: 10 Beech T–11 Kansan, Fairchild T–19 Cornell, 10 North American T–6 Texan, few Vultee BT–13A Valiant, 3 Beech T–34A Mentor.

GUATEMALA

Fighters, interdicters: Republic F–47 Thunderbolt, North American F–51 Mustang.

Transports: Douglas C–47 Dakota.

Trainers, support: North American T–6 Texan, Vultee BT–13 Valiant, Beech T–11 Kansan, Stearman PT–17.

Other types: Hiller 360.

HAITI

Fighters, interdicters: North American 51–D Mustang.

Transports: One Boeing 307 (VIP), two Beech C–45 Expediter, three Cessna C–78, few Douglas C–47.

Trainers, support: One Beech T–11 Kansan, three Stearman PT–17, three Fairchild T–19 Cornell, two North American T–6 Texan, three Vultee BT–13A Valiant.

Other types: Piper L–4A.

HONDURAS

Fighters, interdicters: Lockheed P–38 Lightning, Bell P–63 Kingcobra, Republic F–47 Thunderbolt, North American F–51 Mustang.

Transports: Douglas C–47 Dakota, Beech C–45 Expediter.

Trainers, support: Vultee BT–13A Valiant, Stearman PT–17, North American T–6 Texan, Beech AT–11 Kansan.

MEXICO

Fighters, interdicters: 34 DH Vampire 52, 6 Republic F–47D Thunderbolt, Canada.

Bombers, patrollers: two Douglas A–24 Dauntless, North American B–25 Mitchell.

Transports: Beech C–45 Expediter, Douglas C–47 Dakota, few Helio Courier, two Fokker F–27 (VIP), Netherlands.

Trainers, support: 30 Lockheed T–33, Beech AT–11 Kansan, Beech AT–7–F2, Fairchild PT–19, Stearman PT–17, Vultee BT–13A Valiant, 15 North American AT–6 Texan, 2 DH Vampire T–55, Canada; 30 North American T–28A, few Beech T–34.

Helicopters: one Hiller E4 (VIP), three Hiller 12E.

Navy planes

Bombers, patrollers: Convair PBY–5A Catalina.

Transports, support, other types: Stinson L–5E, Sikorsky VS20–1 Kingfisher (reconnaissance), Grumman J2F–6.

Helicopters: six Sikorsky S–55 Checkasaw, four Bell 47, two Sud Djinn, France.

NICARAGUA

Fighters, indicters: Republic F–47 Thunderbolt, 25 North American F–51 Mustangs.

Bombers, patrollers: few Boeing B–29.

Transports: Douglas C–47, Beech C–45.

Trainers, support: North American T–6 Texan, Fairchild PT–19 Cornell, Vultee PT–13A Valiant.

Other types: few Lockheed P–38.

PARAGUAY

Bombers, patrollers: Convair PBY–5A Catalina.

Transports: Beech C–45 Expediter, two Douglas C–47.

Transports on order: FMA built, Paris, France.

Trainers, support: Stearman PT–17, North American T–6 Texan, Fairchild PT–19 Cornell.

Other types: six Piper L4A.

Navy planes

Helicopters: four Bell 47.

URUGUAY

Fighters, interdicters: one squadron Lockheed F–80, few North American F–51D.

Bombers, patrollers: one squadron North American B–25J Mitchell.

Transports: Few Douglas C–47, six Curtiss C–46, one DH (C) L–20 Beaver, Canada.

Trainers, support: 6 Lockheed T–33Q, 12 DH Chipmunk, Fairchild PT–26 Cornell, Beech T–11B Kansan, North American T–6 Texan.

Navy planes

Fighters, strike: six Grumman F6F–5 Hellcat.

Bombers, patrollers: eight Grumman TBM–1C Avenger, few Martin PBM–5.

Transports, support: Chance-Vought OS2U–3 Kingfisher, Australia; North American SNJ–4, Fairchild PT–23A, Fairchild PT–26–A, Grumman J4F–1.

VENEZUELA

Fighters, interdicters: 22 North American F–86F Sabre, Republic F–47 Thunderbolt, 22 DH Venom F–4, 20 DH Vampire FB3/5.

Bombers, patrollers: North American B–25J Mitchell; six English Electric Canberra B24, Britain; eight English Electric Canberra B8, Britain.

Transports: Douglas C–47 Dakota, 9 Beech D18s, Vickers Sea Otter, Britain; Douglas C–54; few Helio Courier, 18 Fairchild C–123B Provider.

Trainers, support: Beech T–11 Kansan, 1 DH Vampire T–55, North American T–6 Texan, 14 Beech T–34 Mentor, 2 English Electric Canberra T–4, Britain; on order—5 Vampire T–55.

Other types: Grumman SA–16 Albatross, one MS Paris.

Helicopters: Sikorsky S–61, two Bell 47G, one Sud Alouette II, France; on order—six Sikorsky S–56.

Mr. GRUENING. Mr. President, in connection with the takeover of the Dominican Republic, I call attention to an interesting article entitled "Dominican Republic Bans Public Meetings," which is a special dispatch from Reuters, published in the Washington Post of today. The article, originating at Santo Domingo, reads:

> The Dominican Republic—

"Republic" is a euphemism; it should be "the Dominican military junta"—

> today suspended all public meetings, demonstrations, and picketing for 30 days.

In other words, it does not take long for the freedom of speech, the freedom of assembly, and the freedom of press, which existed under Juan Bosch, to be suspended. Now note the second sentence:

> A government announcement said the measures were taken to prevent Communists from subverting public order.

Always, the usurpers claim they come in to fight communism; but within the past few days other dispatches told how on taking over the junta had jailed Communists, expelled them, and driven them from the Dominican Republic, so that presumably, that country was free of Communists. Yet now the Government of the Dominican Republic has suspended freedom of speech and freedom of assembly, in order allegedly to prevent Communists from subverting public order. The truth, of course, is that it was done to prevent the people from voicing their opposition to the military takeover and its brutal tactics of violence, imprisonment, and suppression.

This is what we can expect in every such military takeover. Such takeovers lead to oppression and to the suppression of all freedoms. They are not governments that the United States, under any circumstances, should recognize.

I notice that yesterday Great Britain recognized the Dominican Republic, and that such recognition was followed by recognition by other countries. That should not cause us to weaken. I think it is probably because of the fact that we recognized Yemen almost simultaneously with Nasser's invasion. Nasser has kept his troops in Yemen for 14 months, at a total cost of $170 million, in a war of aggression which we are, in effect, subsidizing with AID funds.

The British have not recognized the Government of Yemen, a government which would not last for a moment if Nasser were to withdraw his troops. Yemen and that area are very important to Britain, because of its interests in the adjoining country of Aden, a British protectorate, and for other reasons.

The British are probably repaying us for our prompt recognition of the new Yemen regime in a part of the world where our interest is not so great as Britain's.

Mr. President, I ask unanimous consent to have printed at this point in the Record an editorial entitled "Failure in Yemen," published in this morning's Washington Post. It properly challenges our support of Nasser and his aggressions.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Failure in Yemen

President Kennedy showed restraint in discussing the tangled affairs of the republic (or the kingdom) of Yemen. He is still hopeful that Egypt and Saudi Arabia can bilaterally agree to end intervention in the internal affairs of a country in the midst of a civil war. What he didn't say is that this country's policy in Yemen has failed, and that the chief reason for the failure has been Egypt's refusal to honor its promise to pull out 28,000 troops.

Secretary General U Thant was franker. On November 4, the United Nations will remove its 200-man observer mission, leaving only a token civilian presence in Yemen. Significantly, Mr. Thant's brief report states that during the time the U.N. observer team was in Yemen "there were no signs of Saudi Arabian military assistance or heavy weapons in royalist areas visited by the observers."

This confirms the suspicion that Egypt will not pull out, no matter what the United States or the United Nations may do or feel. Mr. Nasser is evidently determined to continue propping up the republican regime, though the financial drain on Egypt is formidable. At the same time, Mr. Nasser has come to the help of President Ben Bella in Algeria's border dispute with Morocco. Certainly Egypt is entitled to wage an aggressive, expansionist campaign. But should the United States continue to provide the economic aid that helps in this campaign? It is time to take a hard look at our wishful policy of giving Mr. Nasser the benefit of every doubt.

Mr. GRUENING. The situations in the Dominican Republic and the Middle East are not unrelated. In both cases, they have witnessed the rise of military dictatorships. In the case of the Middle East, the United States has been responsible for repeatedly saving Nasser, first from an overthrow which would have taken place 6 years ago if we had not intervened. We saved him from extinction and put him back into power. We have helped him ever since. The United States is not without responsibility in the aggressive war that he is now waging and has waged for 14 months in Yemen at a cost of about $170 million, while we have been pouring into Egypt a somewhat larger number of dollars. He has broken his promises to us to withdraw his troops. He is now sending his troops to Algeria.

Today the Government of Morocco is severing relations with the United Arab Republic, which is Nasser's Egypt, because he has also sent troops to Algeria to help the Algerians fight Morocco. In other words, Nasser is making war in several countries, threatening it in others, keeping the Middle East in a ferment, and is able to do so because we continue to send him several hundreds of millions of dollars every year which, though intended to help Egypt's economy, in effect helps finance his military ventures. We do not send our money there for that purpose, of course, but rather to help Egypt's ill-nourished, ill-housed, and ill-clothed population. Nevertheless, Nasser takes that money and spends an almost equivalent amount on making war in other countries.

I trust that the amendment which I submitted yesterday, together with several cosponsors, the purpose of which is to deny any assistance to those who wage aggressive warfare, as is Nasser, will be adopted when it is called up in the Senate.

Mr. MORSE. I join with the Senator in his amendment. I again commend him for the able fight he is making against this most unfortunate bill. I hope that in due course of time the amendment of the Senator from Alaska will be adopted by the Senate.

Mr. GRUENING. There are several amendments.

Mr. MORSE. I refer to the one about which the Senator has just spoken.

Mr. GRUENING. Mr. President, I ask unanimous consent to have printed at this point in the Record the article to which I referred, entitled "Dominican Republic Bans Public Meetings."

There being no objection, the article was ordered to be printed in the Record, as follows:

Dominican Republic Bans Public Meetings

Santo Domingo, October 31.—The Dominican Republic today suspended all public meetings, demonstrations, and picketing for 30 days.

A Government announcement said the measures were taken to prevent Communists from subverting public order.

Police said a conspiracy was discovered aimed at the overthrow of the 3-man junta set up when President Juan Bosch was overthrown by a military coup last month.

Details of the conspiracy were said to have been revealed by air force officer Lt. Col. Danilo Simo. He was arrested, with another air force officer, Col. Guarien Cabrera, industrialist Soto Bermudez, and the former Santiago prosecutor, Ambiorix Diaz.

Police were also seeking former Gen. Pedro Rafel Santiago Rodriguez Echavarria.

Mr. MORSE. Mr. President, without losing my right to the floor, I ask unanimous consent that I be permitted to yield to the distinguished junior Senator from Colorado.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, I have some information which I think would be of interest to the Senate. It has come directly from Indonesia.

Before speaking about the information, I ask unanimous consent that my name be added as a cosponsor of the amendment submitted by the Senator from Wisconsin [Mr. Proxmire], which would eliminate all aid to the Republic of Indonesia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, in order to present to the Senate the reasons for my action in this regard, perhaps the Senate would be interested to know of a letter I have received from Djakarta, Indonesia, dated October 13, 1963. It was written by an employee of the AID Administration. Because I have not been able to communicate with the writer of the letter, I shall not give his name in this speech. However, I have written to him and asked permission to place the entire letter in the Record at a later date. At this time, I believe it is pertinent to read excerpts from the letter, to give an idea of what is happening to our AID program in the eyes of an AID agent who was working on the spot and knows what is taking place in that country. He writes:

Djakarta, Indonesia,
October 13, 1963.

Dear Sir: I am writing this as a U.S. taxpayer and, if it were not for the fact that the regulations covering absentee ballots in the State of Colorado preclude my doing so, a voter. The following are a few comments I would like to make concerning the foreign policy of the United States in general and this policy as it pertains in particular to Indonesia. I am a U.S. AID technician working in the Indonesian malaria eradication program. I have lived in south-central Java for 3½ years.

The Indonesian Government is "run" by a group of juveniles who are not in the least bit concerned about the welfare of the people which they supposedly represent. I have seen a steadily declining standard of living to the present level where, for the average person, a month's salary is enough for 5 days. This Government is continuously trying to find a scapegoat in order to keep the people's mind off of their starving condition. The only thing this "President"——

The writer of the letter is talking about President Sukarno—

is concerned about is himself, his concubines, and in making world trips. How many world trips has "President" Sukarno taken? Who has paid for the expenses of these trips? Recently this country received two large "loans." One was to stabilize the Indonesian economy (what happened to this money?) and one to purchase spare parts and raw materials which this country sorely needed. Two days after receiving the last loan, "President" Sukarno ordered two Convairs from the United States and then departed on another world tour.

Let me tell you about the program of which I am a part. The director of the national malaria eradication program is a military colonel—

Again, the writer of the letter is talking about the Indonesian dictator—

who has vowed "not to die a poor man" and believe me he certainly won't. There have been approximately 16 U.S. purchased vehicles which have been sold by Indonesians (without approval of AID). Supplies and other vehicles have been moved to the outer islands. The U.S. Government is not obligated to purchase supplies and vehicles for the outer islands. A dollar claim has been presented to the Indonesian Government for these items but, as far as I know, nothing has been paid to the U.S. Government. At the end of calendar year 1962, 6 million tablets of chloroquine (a malaria drug) were missing. It is assumed that these tablets were sold (or given) to the army for their invasion of west New Guinea. The United States was forced to fly emergency drugs into Indonesia from Manila. Although we (AID) insist that the vehicles which were purchased for the malaria program are to be used only for official business they are, in fact, used at least as much for unofficial business. Although our agreement with the Indonesian Government is that the United States will furnish the vehicles and the Indonesian Government will furnish replacement tires, the United States immediately shipped in new tires when the Indonesian Government failed to live up to their side of this bargain. Recently there is a shortage of 6,000 tons of DDT (at 35 cents a pound=$4.2 million). The U.S. Government has purchased enough jeep spare parts to fill a large warehouse in Djakarta. Now the Indonesians refuse to allow the U.S. AID vehicle maintenance specialist into this warehouse (no doubt they are selling these spare parts also). Jeep station wagons were imported for all U.S. AID field technicians. To date only four technicians have received their stationwagon—the Indonesians refuse to turn over the remaining two vehicles to AID. Three Chevy II's were ordered for the chief AID malaria representative and two of his subordinates. The military colonel took two of the vehicles and released only one to AID. When U.S. AID finally got a chief malaria representative who would at least try to control the corrupt colonel, the colonel told the U.S. mission director that he could not work with such a man—consequently the American was removed. This, of course, gives the colonel the green light for anything he wishes to do. This colonel made a speech that, since the malaria eradication program was a command of the president, it was a part of the military and therefore all foreigners working in this program were spies. Since this speech our working relationships with the Indonesians have steadily worsened.

The letter continues. As I have said, as soon as I obtain permission, I shall have the entire letter printed in the Record.

Mr. President, in view of such direct statements from people who are active in the aid program in Indonesia about the fact that the program not only is not doing any good within the context of what we are trying to do in the process of giving aid, but, in fact, is doing nothing but increasing the power and tyranny of Sukarno—who, incidentally, was given the royal treatment when he was in Washington within the last year—it seems to me that we are not fulfilling the philosophy or the purpose of the aid program.

I believe it is time for some of those countries to learn that the United States is not a bag full of honey, into which all they have to do is poke a stick and suck out as much of the honey as they want, and use it in any way they wish. They must learn that we send our missions to them for specific purposes; and that unless they aid in the fulfillment of those purposes, we will cut off our aid.

Therefore, I believe the Proxmire amendment, which specifically would cut off our aid to Indonesia, should be agreed to.

Again I thank the Senator from Oregon for yielding to me.

Mr. MORSE. I thank the Senator from Colorado. He has contributed in a valuable way to the record being made with respect to the shocking inefficiencies and waste in connection with the foreign aid program and the necessity for the adoption of amendment after amendment before the bill is passed. While the Foreign Relations Committee was considering the bill I proposed a 25-percent reduction in the funds designated for Indonesia. That was before the recent aggressiveness displayed by Indonesia toward Malaysia and before the relations of that country's purchases of jet airlines. I think now that aid to Indonesia should be cut far more than 25 percent.

Mr. President, before I proceed to discuss my motion to recommit the bill, I ask unanimous consent to have printed in the Record an article entitled "Great Debate on Foreign Aid—Dixie Backing of Morse Move Viewed as Part of Anti-Civil-Rights Drive." The article was written by Joseph Kraft.

There being no objection, the article was ordered to be printed in the Record, as follows:

GREAT DEBATE ON FOREIGN AID—DIXIE BACKING OF MORSE MOVE VIEWED AS PART OF ANTI-CIVIL RIGHTS DRIVE

(By Joseph Kraft)

The Senate is now giving a convincing demonstration of the proposition that searching discussion of basic issues is entertained only as a screen to cover up foul purposes. The current debate on foreign aid may seem to promise a thorough exploration of a difficult matter. But in fact, it can endure only as a stalking horse for the southern position on civil rights.

To be sure, the aid discussion has all the earmarks of being the real thing—a great debate in the grand tradition. The chief protagonist is no nitpicking Passman, swollen with trivial details of obscure transactions arising from unheard-of projects in unknown countries. On the contrary, the present attack on the aid program comes from Wayne Morse, a Senate veteran of 19 years, equipped with the gift of tongue, noted for doughty fights on behalf of lonely causes, and serious with a vengeance. "We are starting," he said in launching his attack this week, "one of the most historic debates in the history of my time in the Senate."

The issues Senator Morse has raised in the aid debate are as lofty as his rhetoric. With something approaching genius, he has dredged up all the underlying uncertainties, ambiguities, and inconsistencies implicit in the aid program, and traditionally dear to makers of great debates.

He has, for example, pointed out that foreign aid has fostered "antifreedom forces" and "permitted oligarchies to dig in." That poses the question of how aid can be shaped to achieve desirable political results. And that is a nice question.

He has pointed out that the aid program is spread too thinly over too many countries. That raises the question of how to cut off going projects in Africa, Asia, Latin America, and the Middle East without provoking an outburst of anti-American feeling. That, too, is a nice question.

He has pointed out that more aid should be expended and administered on a multilateral basis. That raises the question of how to induce the Europeans to pony up a larger share. That, too, is a nice question.

He has asserted that Congress must not vote large sums on the basis of "an act of faith" in the Executive. That raises the question of how a hundred men, with varying degrees of information and little staff assistance, can draw up complex and detailed programs of great magnitude and importance. And that, too, is a nice question.

But how is it that the country is so fortunate, so late in the Senate session, to have such a searching probe of such fundamental questions? Why is it not simple to override the two-score amendments Senator Morse has put forward in order to rewrite the aid bill on the Senate floor? Why does not the aid bill go through the Senate as the defense bill went through—in a matter of 3 hours?

The answers lie with the Southern Democrats. Last week, in a secret caucus, they decided to support Senator Morse's effort to rewrite the foreign aid bill on the floor of the Senate. And why? Not because they love Senator Morse; but because they see in him a possible dupe.

Plainly, the southerners are now delaying everything in the Senate, the better to wage war on the coming civil rights legislation. Their hope is that by slowing down all business, by prolonging all debate, they will put off the civil rights issue to the point where the North and the Negroes, tired and frustrated, lose heart. Or failing that, the southerners hope to arrange matters so that foreign aid and the tax bill collide with civil rights on the Senate floor—thus creating the conditions for an orgy of trading in which anything could happen.

In these circumstances, the right thing to do is clear. In the interests of civil rights, the debate on aid ought to be abandoned. And the lesson it teaches ought not to be forgotten. What look like great debates are at all times to be regarded with great suspicion. When the Senate allows its time to be taken up with hard and interesting questions, it is not in the hope of finding answers. It is in the hope of stimulating alarms and excursions around conundrums which have no answers.

Mr. MORSE. Mr. President, a reading of the articles will show that not only is the writer of the article extremely ignorant, but, in addition, he is the type of journalist who uses malicious motivations to malign the Senate and deceive the American people, because his article is a chain of falsifications and distortions. Apparently Mr. Kraft thinks the foreign aid bill is not important enough to warrant more than 3 hours' debate. He seems to believe that Senators should not fulfill their responsibilities to present the facts concerning it and the amendments which are for the purpose of correcting the waste, abuse, and inefficiency. He makes pretty clear his opinion that any Senator who seeks to do so can only be a dupe of someone else.

Long ago I became accustomed to the writings of yellow journalists; and I suppose I should thank them, because their techniques bring me thousands of votes in my State, for the people know there is no basis for the falsifications in the press generally in regard to me.

I rise to the defense of the southern Members of the Senate, for I know that neither the Senator from Alabama [Mr. Sparkman] nor the Senator from Arkansas [Mr. Fulbright]—both southerners—is against foreign aid. On the contrary, they are ardent supporters of the bill, and it is not true that I have been assured that any agreement of that sort has been entered into by southern Senators.

However, the ignorant writer of this article did not check the previous voting records on the foreign aid bill. He has unjustifiably maligned southern Senators, because among them there are two definite points of view—as there are among all groups of Senators: some favor foreign aid, and some oppose foreign aid. Southern Senators, like the rest of us, have been split in the past, and will be split, again, this year on the subject of foreign aid; some of them will vote for the foreign aid bill and some of them will vote against it.

But, Mr. President, shocking yellow journalism of this type fails to live up to the responsibilities of a free press, for a free press has the obligation to print the truth, not lies; and to inform the American people, not deceive them. However, I think this record of journalistic malfeasance should be put today into the Congressional Record; and that is why I have done so. I say from the floor to Mr. Kraft that I cannot imagine anything about which I would care less than to have his views about me or, for that matter, about anything at all.

I turn now to the pending issue. In my opinion, in fairness to the leadership of the Senate, it should have an opportunity this afternoon to vote—for the first time—on a motion to recommit the bill to the committee. I point out that, from the parliamentary standpoint, such a motion can be made on another occasion, too, although I hope it will not be necessary to make it on another occasion, because I hope the Senate has learned by now that if ever there was a bill which had reached the floor of the Senate which ought to be returned to the committee, this is it.

The Senator from Tennessee [Mr. GORE], in a brilliant and eloquent speech last night, made an unanswerable case, in my judgment, in support of returning the bill to the committee, for he pointed out that the so-called compromise Mansfield amendment—and much will be said about it before it is voted on, at some time in the future—is, in itself, tacit admission that the bill should be returned to the committee, because we find that the compromise amendment deals with money figures in the bill. The amendment has been offered on the floor of the Senate without any consultation with the Foreign Relations Committee. The Senator from Tennessee [Mr. GORE] described that as cavalier treatment. That is a very apt description. In my judgment, the full Foreign Relations Committee was entitled to be called into session, for consideration of the proposed compromise amendment, before it was brought to the floor of the Senate.

Here, again, Mr. President, I am completely impersonal and professional; I do not reflect on anyone in a personal way. I express great disappointment that such a meeting of the committee was not held. Before the amendment was brought to the floor of the Senate, a meeting of the Foreign Relations Committee should have been held, and at the meeting the amendment should have been discussed. In view of the debate which now has been in progress in the Senate for several days, I believe it unfortunate that the Foreign Relations Committee has not been called into session to consider the parliamentary situation which confronts the Senate.

Yesterday, I said to the majority leader [Mr. MANSFIELD], who is a member of the Foreign Relations Committee, "I believe that Senators who are in support of the bill should move that it be recommitted. They owe that much to the administration and to the Senate. I believe that we who serve on that committee should closet ourselves again to consider this bill, but not under instructions from the Senate, other than the general instruction which my motion contains. We ought to closet ourselves together and consult not only among ourselves and with our Senate leadership, but with administration leaders downtown, too."

We owe it to the President of the United States to call before the Foreign Relations Committee, the Secretary of State, the Secretary of Defense, the head of AID, and the leading administrators of the Government who are dealing with the administration of the program of foreign aid. We ought to obtain their advice.

Let us not kid ourselves—and I suggest that there be a stop order to kidding the American people—about foreign aid. The administration knows that its foreign aid bill is in serious trouble in the Senate. The Mansfield amendment is the confession and admission of it. It will be confronted with more serious trouble when it goes to conference and is finally passed. It will be confronted with additional serious trouble when the authorization bill reaches the Appropriations Committee of both Houses. We ought to try to iron out in advance, to the maximum extent possible, the great differences of opinion that have developed in Congress over the foreign aid program.

The other day I said—and I repeat it today—that I do not question to the slightest degree the sincerity, the good faith, and the dedication of Senators who favor the bill. But neither is there any question about the sincerity and the dedication of those who are opposed to the bill. We believe that the bill is not in the best interests of our country.

The next point I wish to make in these brief remarks is that, in my judgment, the Mansfield amendment clearly in effect, supports a motion to recommit. If we are to consider the proposal of the Mansfield amendment, the Senate ought to have the advantage, at least, of the committee's judgment, through committee action of the Foreign Relations Committee. I do not care how it is described, in effect the Mansfield amendment is an end play around the Foreign Relations Committee. It is a bypassing of the Foreign Relations Committee.

The Senate has a standing committee called the Foreign Relations Committee to handle substantive legislation on foreign policy. Before the vote on the Mansfield amendment, each Senator should wish to know what the official formal position of the Foreign Relations Committee is on the amendment.

The report which the committee made to the Senate was not a signed report. It was a report that was passed upon by members of the committee as a whole. I do not know how many members of the committee ever saw the report before it came to the floor of the Senate. I talked with many members of the committee who said that they had not seen it, and they were as surprised as I was and as was the Senator from Missouri [Mr. SYMINGTON], who expressed his surprise on the floor of the Senate today, when they read the committee report.

The committee report supports in meaning my motion to recommit, because the committee report sets forth many of the major objections that we are making to the foreign aid bill. Yet, in spite of those objections, the report recommends that the bill be passed. That is a peculiar way to legislate. The committee has a clear obligation, if all the weaknesses in the foreign aid program which the report sets forth exist, to report a bill that would correct the weaknesses.

I have submitted an amendment that I am satisfied bothers a good many of the proponents of the foreign aid bill. They find it a little hot to handle. They find it a little difficult to go back home and explain to their constituents that they are opposed to ending all foreign aid at the end of fiscal 1965, which would give ample time to phase out existing obligations except some long-term obligations that ought to be modified, anyway, and start foreign aid all over again, but on the basis of a new program, a set of standards, a set of guidelines, a set of restrictions, a set of conditions that will have to be met by countries that apply for foreign aid, and a limit of 50 countries that may receive aid at any one time.

If Senators would go into the history of the foreign aid program they would be surprised to see in how many instances the United States in effect has practically forced foreign aid upon some countries. In effect, foreign aid has practically been crammed down their governmental throats. In my judgment, foreign aid ought to be granted only on the basis of an application made by an applicant country, and that country ought to be required to meet standards, conditions, and guidelines that will give the American people a better assurance of an efficient, nonwasteful, and constructive foreign aid program than the record shows the present program has revealed for a good many years.

What did the committee do? It rejected the Morse amendment.

Language is contained in the committee report that in effect tells the administration, "You had better take note. You had better recognize the situation before it is too late." In effect, the committee said to the administration, "We may not be able to hold the line next year. If you do not do something about the faults that we tell you in the report exist in the foreign aid program, we may not be able to stop a Morse amendment in another year."

They have no assurance that they will stop it this year, for judging from what many Senators have said to me and, judging from the nationwide and voluminous support that I have received for my amendment, it may very well be that before the educational debate is over, the Morse amendment will be adopted this year. If it is not, it should be.

What the committee in effect is saying to the administration is, "You had better take note of this proposal and revise the foreign aid program before the end of fiscal 1965."

If I ever saw an example of legislative buckpassing, that is it. It is the obligation of Congress, and not of the administration, to pass proposed foreign aid legislation in such form and subject to such conditions, restrictions and guidelines as to protect the American taxpayer. That is our checking duty. The situation is even much worse than the committee has set forth in its report; but even if the situation as described in the report is the full coverage of the need for reform and the justification for reform, Congress has the duty of doing it now and not saying to the executive branch of the Government. "You do our job for us."

Let us take a look at our past experience with regard to the program. This is not the first time that the administration has been warned that something should be done. The records of the Foreign Relations Committee for years are replete with warnings, supplications, and pleas with the administration, whatever the administration may have been at the time, Republican or Democrat, to do something about foreign aid, and to do something about eliminating the waste, the inefficiencies, and the instances of corruption that have arisen in connection with the program in certain places in the world.

We have made this plea over and over again. This procedure has always supplied some with the excuse to go home and say, "We know these criticisms exist, and there is merit in many of them, but let us tell you what we did. We made it very clear to the State Department and to the Pentagon, and we poured it on AID. We sent our messages to the White House, and they had better do something about it." It is the old "wolf, wolf," cry. It is "passing the buck" by the committee, and, if the Senate supports it, by the Senate.

I refuse to believe that Senators who take the time to study the facts we are laboriously trying to put in the Record will do so.

I am proud to say that the material we have been putting in the Record has been the result of very careful research. I am grateful for the dedication of the Foreign Relations Committee staff members who have helped us, of the researchers in the Government agencies who have helped us, and also of our own senatorial staffs. The instruction they have received from us always has been, "Do not give us anything that is not factual. Do not give us anything that cannot be documented."

We have a solemn trust. We owe it to the Senate to satisfy ourselves, before we make a criticism or present an argument, that we can stand on it. I believe that many Senators are so close to the heat of this debate that they do not yet fully realize what has been going into the Congressional Record for the past several days. I speak with some pride, although my part has been really minimal compared to the contributions that other Senators have been making to the debate. I am very proud of the record that has been put into the Congressional Record in opposition to the bill and in opposition to the recommendations of the Foreign Relations Committee.

There are many more reasons that I could give which I believe amply justify my motion, but I reemphasize this reason: I believe we owe it not only to Senators, but also to the administration, to give Senators and the administration a second look at the bill.

Leaders of the administration who have consulted with me would be the first to admit that there is a great need for many reforms in the foreign aid program.

I have another conclusion. It would be helpful to the administration in diplomatic relations with other governments if we did the job of adopting amendments that would deal not only with money reductions in this bill but also with policy.

I quickly add that that does not cover the Morse amendment, which would bring to an end foreign aid by the end of fiscal year 1965. I consulted with no high-level authority of this administration who agrees with that. I am satisfied that the amendment is a sound amendment and that it should be adopted. If it is agreed to, I have no doubt that the administration will move rapidly to see to it that the reforms called for by the amendment are brought about.

I believe that the amendment we are urging—and the amendments called for by implication in the criticisms of the Foreign Relations Committee report itself—would greatly strengthen the diplomatic hands of this Government in negotiations with foreign governments in respect to foreign aid.

Let us consider Europe, for example. I give my opinion, and I impute it to no one else. My opinion is that if the Senate adopts some of the amendments we shall offer in the days ahead in respect to aid to Europe, the Senate will perform one of the greatest services for the administration in the field of diplomatic negotiations that could be performed.

The administration then would be in a position to say, "After all, under our constitutional system, this is the law. As President of the United States"—or Secretary of State, or Secretary of Defense—"it happens to be my obligation to follow the law."

I hope Senators will look upon our criticism of the bill and our amendments from the standpoint of the effect that their adoption would have on strengthening the hand of the President of the United States, the Secretary of State, the Secretary of Defense, the Director of AID, and all the others who are involved.

But be that as it may, I am satisfied that the administration in its heart is not opposed to every one of my amendments. Quite to the contrary. The administration would like some language changes in them, perhaps. The State Department sent down a redraft of one of my major amendments yesterday. State Department officials wish to consult with me further in regard to it; and I shall consult with them early next week.

I cite this, Mr. President, because I am satisfied that at the other end of the avenue there would be a great relief if the Congress fulfilled its legislative responsibilities and duties in connection with the foreign aid bill. Even if that were not true, it would not relieve us of those responsibilities; because in my judgment the facts are overwhelmingly against the bill, which necessarily should be amended in the public interest.

Therefore, for the reasons I have just given, and for many other reasons I have presented during the week in speech after speech, I now move that the bill, H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, be recommitted to the Committee on Foreign Relations with instructions to report the bill back to the Senate no later than November 8.

All we are saying to the committee is: "Receive it once again for further discussion and consultation." We are not sending it back with instructions to do anything by way of changing the bill. We are only pleading that members of the Foreign Relations Committee apply their minds to the bill once more, that they give consideration, in consultation with the administration, to what course of action should be followed, and that members of the committee, in formal committee meeting, be given an opportunity to discuss and suggest modifications of the Mansfield amendment.

Every member of the committee is entitled to that treatment, that privilege, and that opportunity.

I can only say—and if one wishes not to believe it, there is nothing I can do about it—that I know what my own motivation is, and I can bespeak my own motivation.

I offer this motion in a friendly, cooperative spirit, with no rancor, no personal criticism, but with a plea and prayer on my lips that the motion be adopted by the Senate, so that there will be consultations in the Committee on Foreign Relations and consultations and conferences with representatives of the administration.

Mr. MANSFIELD. Mr. President, certain remarks were made on the floor of the Senate yesterday relative to the amendment offered by the Senator from Montana—and I stress the "Senator from Montana"—joined by the Senator from Illinois [Mr. Dirksen], the Senator from Iowa [Mr. Hickenlooper], the Senator from Arkansas [Mr. Fulbright], the Senator from Alabama [Mr. Sparkman], and the Senator from Vermont [Mr. Aiken].

The leadership in this body has never claimed any special rights or privileges. But it does insist that the leadership has the same rights as every other Member of the Senate; and while I hold the title of majority leader, I am also a Senator from the State of Montana and have as much right as any other Senator to introduce a resolution or offer an amendment.

There are a number of amendments at the desk introduced by Senators from various States.

About 40 amendments were introduced to this bill before the leadership uttered a word of substance in connection therewith. Each one of these amendments, in effect, differed with the majority judgment of the Committee on Foreign Relations. There were no protests against the introduction of these amendments. Each one was recognized as being fully within the rights of the Senator introducing it. Indeed, members of the Committee on Foreign Relations, themselves, introduced amendments to alter the bill as reported from committee. Was there any talk, Mr. President, of disrespect for the committee in these actions? Indeed, there was not.

The leadership waited 4 days for action to begin on consideration of these 40-odd amendments.

But aside from the distinguished Senator from Oregon [Mr. Morse], the distinguished Senator from Alaska [Mr. Gruening], the distinguished Senator from Arkansas [Mr. Fulbright], the distinguished Senator from New York [Mr. Javits], and a very few others, little was done to get this bill moving. It waited for some sign of eagerness or even willingness to begin debate. It waited for Senators to express a deep interest in the matter. But this interest in discussion is such, Mr. President, that there are about 25 Senators absent today, and, may I say with regret, the great preponderance are on this side of the aisle. The leadership had to take into consideration that this bill is already months overdue and that further delays promise only increasing administrative chaos and waste in the program. It had to consider that other pieces of highly significant legislation are approaching the floor as days go by without action on this measure.

I refer to civil rights, tax proposals, health care for the aged, and appropriation bills for the next fiscal year, which will begin coming before the Congress shortly.

It had to consider, in short, what in its best judgment would move the legislative wheels and bring this matter to some resolution.

These were the factors, Mr. President, which influenced the majority leader—the Senator from Montana, if you will—to consult with the minority leader and then with the ranking members on both sides of the Committee on Foreign Relations. These men, of course, did not agree with every detail of what was proposed as a solution to the difficulty which confronts the Senate. The Senator from Arkansas [Mr. FULBRIGHT] and others had reservations about the depth and form of the cut which is proposed. But, these men are all reasonable men with a full recognition that this body operates not at all unless it operates on the basis of mutual restraint and mutual accommodation. And so, Mr. President, we agreed as a group of Senators on how this problem, in our best common judgment, might possibly be resolved. That is the entire story. I then introduced yesterday, on behalf of the six of us, an amendment to the bill. We acted as any Member or Members of this body are free to act at all times, and have acted in connection with this measure at least 40 times.

And for this, Mr. President, for doing no more and considerably less than many other Members have done, we are accused of all sorts of heinous crimes, of cavalier behavior, of disrespect for the committee. I must say, Mr. President, that I resent most deeply these accusations and inferences. The leadership is doing its best, as every other Member of this body is doing. It is doing its best to bring about a resolution of this issue so that the Senate can get on to other business. To suggest that this is cavalier or highhanded is to seek to deny to the leadership the rights of every other Member of this body. Neither the minority leader nor the majority leader has any inclination in this role to assert superiority over any other Member, but I wish to make clear that in accepting this role of leadership, we did not abandon our equal rights as Senators with every other Member.

I appreciate, by and large, the courtesy which has been extended to me by Senators on both sides of the aisle.

The distinguished senior Senator from Oregon [Mr. MORSE] has been most courteous and considerate, and has notified me ahead of time on all occasions as to what he contemplated doing. And, by the same token, I have tried to notify him, as I would any other Member on any particular legislation, and as the leadership has tried to do at all times.

I wish to make it perfectly clear that, regardless of any title we may hold, by sufferance, we are still Senators from a State, we are still Senators of the United States, and we have at least as many rights as any other Members of this body.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum——

Mr. GORE. Mr. President, will the Senator withhold that suggestion?

Mr. DIRKSEN. I prefer to have a quorum.

Mr. MANSFIELD. Mr. President, will the Senator withhold it?

Mr. DIRKSEN. I withhold it.

The PRESIDING OFFICER. Will the Senator yield?

Mr. DIRKSEN. No; I withdraw the request.

Mr. GORE. Mr. President, the remarks of the distinguished majority leader were the first notice I had had that he entertained some personal resentment at the remarks which the senior Senator from Tennessee made yesterday.

I regret that he so interpreted my remarks. I tried to make it perfectly clear—indeed, I repeated the sentiment—that I directed no personal criticism at any Member of the Senate. I expressed the view, which I reiterate, that the Foreign Relations Committee, which had spent months in consideration of the bill, might properly have been consulted before this major—and, to me, entirely surprising—amendment was offered.

Had the administration and the "leadership"—to use the word of the distinguished senior Senator from Montana—reached the conclusion that the bill needed further modification, the Committee on Foreign Relations could have been consulted and requested to reconsider the bill and submit its recommendation to the Senate.

I had hoped—and I shall hope in the future—that a legislative committee in the Senate would be accorded this courtesy, particularly in view of the responsibility which the Senate has placed upon its respective committees.

I say to my distinguished friend from Montana, with whom I have had the honor and pleasure of serving in both Houses of Congress, that I intended no personal offense. I was sitting in my seat on the Senate floor, having supported the reporting of the bill, and was taken completely by surprise by this major reducing amendment. It may be that the bill should be reduced this much. It may be that it should be reduced further. Indeed, it was with great reluctance that I consented to support the reporting of the bill. Only the day before yesterday, Secretary Harriman called me, speaking, as he said, for the President of the United States, urging me to support the bill as it was before the Senate. I told him that I had supported its reporting.

I hope the distinguished Senator from Montana, the majority leader, will understand how I and other members of the committee felt, because we were not consulted with respect to this major move, which was made by the combined leadership of the Senate.

The able Senator says that he has every right that every other Senator has. In that statement I concur. I accord him every right. He is also the majority leader; and the distinguished junior Senator from Illinois [Mr. DIRKSEN] the minority leader.

If we follow the lines of traditional procedure in the Senate by according to committees the opportunity to exercise the responsibility which the Senate has delegated to them, all of us will be better off, and our parliamentary procedure will operate more smoothly.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MANSFIELD. I assure my distinguished colleague the senior Senator from Tennesse that, so far as he was concerned, I knew there was nothing personal in what he said. However, so far as the record shows, it would appear that the charge of being cavalier and, in a certain sense, not quite fair, had been directed against the mover of the amendment. I know the Senator will believe me when I state that I did not discuss this reduction with the administration in any way, shape, or form. I looked into this subject on my own authority as an individual Senator. I believe I have a right to exercise independent judgment, as the occasion demands. I have done so in the past, I did so yesterday, and I will continue to do so in the future.

There is a line of demarcation between the various positions which a Senator may hold. So far as I am concerned, I am, first, a Senator from the State of Montana, and I have never lost sight of that fact. So far as the position of majority leader is concerned—and I say again that I hold it by sufferance of the Senate—that is not a subtraction from my duties, but an addition to them, instead.

Therefore, I wish to repeat to my distinguished friend—and he is my friend, and has been for more than 20 years in both Houses of Congress—that I did what I did without any reference whatever to the administration. I had no consultation with them as to what I proposed to do. On the basis of talking with other Senators, I reached the conclusion that something had to be done. What I did was, in my best judgment, what I thought should be done.

I asked other Senators, as a matter of courtesy, to discuss this subject with me. They did so. There were differences of opinion, but in the end we arrived at a figure and a disposition which we thought would best serve the interests of the Senate as a whole. We may be right, or we may be wrong. However, the offering of other amendments is not precluded. The record should be made clear that I am delighted that we have had an opportunity to have this exchange of views, so that we may better understand the situation.

I repeat that I did not consult anyone in the administration in any way, shape, or form so far as the amendment is concerned; and I accept full responsibility for it.

Mr. GORE. Mr. President, as upon every other occasion, I accept fully and give the fullest possible credence to whatever statement the distinguished senior Senator from Montana makes.

Let me once again express regret that he felt personal resentment with respect to my remarks. It is my way of speaking to say what I mean in rather precise language. I respectfully suggest that if the Foreign Relations Committee had been called into consultation, this proposal might very well have had the endorsement of the full committee.

If the situation which persuaded the distinguished authors of the amendment had been laid before the committee, the committee might have been persuaded. My feeling was that the committee which had the responsibility of considering this highly important question and making recommendations to the Senate should have been consulted before the attempt to make a major alteration in the bill was made by the combined leadership.

Therefore, I am pleased to close the incident on this happy note of renewal of confidence and expression of my esteem for my friend the distinguished Senator from Montana.

Mr. MANSFIELD. There was nothing personal in my remarks. I did not judge the remarks of the Senator from Tennessee to be personal. However, I felt that the record should be made clear.

Mr. GORE. I thank the Senator.

I conclude by saying once again that I had not intended to support the motion to recommit. However, if the combined leadership of the Senate believes that the bill needs such major alteration as is now proposed, it is the responsibility of the Committee on Foreign Relations to consider it and to make its recommendations.

It is my view that the wisest course at this time is to recommit the bill to the committee, and let the committee consider all the amendments offered. I hope the motion to recommit would contain instructions to report back within a reasonable time. If so, I should be glad to support the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MORSE. The motion provides that the committee shall report back on or before November 8. So the committee could report the bill back tomorrow, if it decided to do so, or it could report it back by November 8.

Mr. President, will the Senator from Tennessee yield for a parliamentary inquiry and a brief comment?

Mr. GORE. I yield.

Mr. MORSE. First, while a large number of Senators are in the Chamber, I should like to ask for the yeas and nays on my motion to recommit.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I wish to make these comments about the statement of the majority leader: What he says is true with regard to the relationships that have existed between us in the handling of the parliamentary matters involved in the debate. Those relationships will continue. I shall always notify the majority leader of any parliamentary move I intend to make in opposition to the bill—and there will probably be many before we are through with it.

I publicly express my appreciation to him, as I have in private, for the unfailing courtesy and kindness he has extended to me at all times. Certainly there is nothing in my mind that is subject to the slightest implication that I would deny to him, because he is the majority leader, his right as a Senator from Montana to offer any amendment he wishes to offer at any time. Not only has he that right; he has the duty to offer an amendment as a Senator. He has a right to offer this amendment.

But this amendment is not merely an amendment. It involves some important parliamenatry and policy matters of the Senate, because while it is offered, it is true, by the Senator from Montana, he is, nevertheless, the majority leader. The amendment is cosponsored by the distinguished junior Senator from Illinois [Mr. DIRKSEN], the minority leader. It is cosponsored by the distinguished senior Senator from Iowa [Mr. HICKENLOOPER], the ranking Republican member of the Committee on Foreign Relations and chairman of the Republican policy committee. The amendment is cosponsored by the distinguished junior Senator from Alabama [Mr. SPARKMAN], the ranking Democrat on the Committee on Foreign Relations, next to the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], the able chairman of the Committee on Foreign Relations, who is also a cosponsor of the amendment. The amendment is also cosponsored by the distinguished senior Senator from Vermont [Mr. AIKEN], a Republican member of the Committee on Foreign Relations and really the dean of the Republican side of the aisle.

What is before the Senate is really a powerhouse amendment that would have great effect in connection with the parliamentary policy that is to be followed from now on in connection with the bill. We have checked—we will not talk about it now, but we will later, when we begin to discuss the amendment—we have checked the parlimentary situation that is created by the amendment. The amendment would have great parliamentary effect on the future course of the bill. The amendment, if adopted, would have an effect on the standing of future amendments. That does not mean we would not be able to offer other amendments; but it means, as I have been advised by the Parliamentarian, that we would not be able to offer some amendments.

So what is before the Senate, in my opinion, is a powerhouse amendment that seeks to exercise great effect not only on the substance of the bill, but great effect on the parliamentary procedure that would be available to Senators who are opposed to the bill.

Mr. CURTIS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. CURTIS. Would the Senator mind telling the Senate what amendments would be foreclosed from being offered if the amendment he refers to as a powerhouse amendment were adopted?

Mr. MORSE. As I am advised by the Parliamentarian, we would have to proceed to amend the Mansfield amendment in figure amounts in connection with economic aid and military aid. If we want less, we had better offer amendments to the Mansfield amendment itself. The Mansfield amendment is really an amendment to the amendment in the nature of a substitute for the bill before the Senate.

That situation could very well raise serious parliamentary questions as to whether some of the proposed amendments in money amounts would be out of order if the Mansfield amendment were adopted and became a part of the bill.

We think that these questions ought to be discussed in the Committee on Foreign Relations. We think the committee ought to discuss them and obtain a parliamentary ruling on them. We should discuss what the effects of the Mansfield amendment woud be on the parliamentary procedures to be followed in amending the bill.

Mr. CURTIS. Is it the Senator's opinion that if the so-called powerhouse amendment were adopted without change, there could be no further amendment changing the figures?

Mr. MORSE. I think amendments could be offered which would affect the figures for specific countries and that those amendments would be in order. If we adopt the Mansfield amendment, so far as its being a general amendment concerning money amounts, we have "fixed" it. That does not mean that when we finished with the total amendment, if the total were less than the Mansfied amendment, such amendments would not be in order. That is my understanding of the advice we have received, although we have not had time to consider it in detail. It is our understanding that such amendments would still be in order. The Mansfield amendment would not in any way prevent the offering of other amendments that dealt with basic policy questions, amendments such as the Gruening-Javits nonaggression amendment, such as my junta amendment, and such as amendments that seek to impose some restrictions on the use of military aid in Latin America and elsewhere. Such amendments would still be in order.

But I am doubtful as to whether or not we would not be somewhat restricted in our parliamentary maneuverability on the opposition side if the Mansfield amendment were adopted post haste—although it will not be adopted post haste. We shall have to see to it that it is not adopted post haste, in order to protect our parliamentary rights.

Mr. CURTIS. Would it be correct to say that if the amendment were adopted without change, there would be no opportunity to offer amendments changing the overall amount set forth in the bill?

Mr. MORSE. Let us raise that as a parliamentary question.

Mr. GORE. Mr. President, I yield for a parliamentary inquiry.

Mr. RUSSELL. Mr. President, who has the floor?

Mr. GORE. I have the floor, and I have yielded for a parliamentary inquiry.

Mr. RUSSELL. If this amendment were agreed to, any amendment affecting the foreign aid program's main items, such as the Alliance for Progress total, the loan total, and the military assistance program would be buttoned up; no further amendment would be in order. Senators would be precluded from offering any amendments that would change the amounts involved in the main items of authorization.

Mr. MORSE. That is my view. That is the point on which I think the Senator from Nebraska is seeking information.

Mr. GORE. Mr. President, I have yielded for the submission of a parliamentary inquiry. Would the Senator wish to clarify this question by stating a parliamentary inquiry?

Mr. FULBRIGHT. Would the Senator include whether this amendment is subject to amendment? There is nothing to restrict the Senator from Oregon from offering an amendment.

Mr. MORSE. I said that.

Mr. FULBRIGHT. That was not clear from the Senator's statement.

Mr. MORSE. The Senator from Georgia said that once the Mansfield amendment were adopted, it would be buttoned up.

Mr. FULBRIGHT. But there is nothing to prevent any Senator—the Senator from Nebraska [Mr. CURTIS] or any other Senator—from offering an amendment to this amendment to change the amount.

Mr. MORSE. We have admitted that.

Mr. GORE. Mr. President, I have yielded for a parliamentary inquiry.

Mr. CURTIS. I thank the Senator from Tennessee. I am not sure that I can recite all the conditions.

Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator from Nebraska will state it.

Mr. CURTIS. If the Senate adopts the amendment referred to by the distinguished Senator from Oregon as the powerhouse amendment, and its adoption is without change, would an amendment then be in order to change the total figures in the bill?

The **PRESIDING OFFICER** (Mr. RIBICOFF in the chair). Should the Senate adopt the Mansfield amendment, it being an amendment in the first degree, it would freeze any further action on the amounts agreed to in the Mansfield amendment, but it would not foreclose any other amendment of any figure not listed in the Mansfield amendment.

Mr. MORSE. That is what I said. We would have to proceed country by country and item by item.

Mr. GORE. Mr. President, upon careful consideration, it seems to me that any Senator ought to be free to express his view with respect to a parliamentary procedure, without having such expression of view resented. I am sorry that it was. I am happy to accept the statement of the distinguished majority leader.

I respectfully suggest that perhaps we can profit from this occurrence; perhaps we can once again reflect upon the wisdom of the committee system of this body. It has served the Senate well.

In view of all that has transpired, and in view of the fact that the contingency fund is proposed to be increased by $125 million, without any justification therefor having been given to the Senate, and also in view of the parliamentary ruling which has been made, I am led to conclude that the part of wisdom now is to recommit the bill with an instruction that it be reported within a very brief, but reasonable, time.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. BREWSTER in the chair). Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I ask for recognition.

The **PRESIDING OFFICER.** The Senator from Illinois is recognized.

Mr. DIRKSEN. I was looking for my very distinguished friend from Oregon, because I always like to have his comforting presence when I talk about him. But since the time is running——

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. PASTORE. I would be happy to ask unanimous consent that one of the pages locate the Senator from Oregon and invite him to come into the Chamber and accept the invitation of the Senator from Illinois.

Mr. DIRKSEN. I cannot quite be a monitor for all Senators, and particularly the great appeal in reading the news dispatches from Vietnam. But we have some business on the floor of the Senate and we must get about it.

Mr. President, I listened intently to the distinguished Senator from Oregon. Frankly, when he suffers great agony and pain as a result of the challenges that confront him in the bill, I suffer right along with him. I catch those reflexes of agony, and as he puts it into a lyrical panegyric, it hurts me even more. So I should like to have him about as I discuss the motion to send the bill back to committee.

First, the amendment is called a "powerhouse" amendment. I have never heard that expression attached to an amendment before. The Senator proceeds to give it that character because of its sponsor and cosponsors, including the two leaders, the chairman and ranking member, and the next ranking member on each side of the Foreign Relations Committee. I think he even noted the fact that the distinguished Senator from Iowa [Mr. HICKENLOOPER] was also chairman of the minority policy committee. Of course, he forgot to put in that I am also a member of the American Legion and the Presbyterian Church. So if he wishes to identify the amendment as a "powerhouse" amendment, he can merely look at the Congressional Directory, because I am not one of those timid and shy people who does not put all of his persuasions into his congressional biography.

But I am concerned about the bill. I earnestly hope that it will not go back to the committee.

The point was made that so many amendments have been submitted, there ought to be a further look-see by the committee, although the bill has been before the committee since the middle of June. If we are going to apply that reasoning as a precedent and every time 41½ amendments are pending in the Senate, that automatically argues that a bill must go back to the committee, we shall be in a fix from now on, because I apprehend there will be other bills—and very notably the implementing appropriation bill to go with the authorization bill—that will have its full share of amendments.

By what sophism can it be argued and justified that a bill should be recommitted to a committee because a sheaf of amendments is lying on the desk for consideration in this body? There is no logic to that argument. If we were to follow that reasoning, then I say, "Look out for the future, because the motion to recommit will become a very common motion indeed based upon a volume of amendments that spring from the fecund brains of Senators who are interested." That justification falls by its own illogic.

The proposal to send the bill back to the committee until the 8th of November is futile. There have been 18 markup sessions on the bill. If Senators desire to send the bill back to the committee, what do they wish the rest of the Senators to think about what has been done by the members of that committee? The distinguished Senator from Oregon is No. 4 in the majority list. Do Senators wish us to think that the work was not done?

The bill has been in the committee since June. The first markup came in middle July. There have been 18 markup sessions. If that is not enough to mark up a bill, I give up. With all the abstruse and difficult things that we have had in the Judiciary Committee, we can do a little better than that, I believe.

So the Senator from Oregon comes in poor grace to suggest that the bill go back to the committee because of his personal frustration; he does not like it and he wishes a second whack at it. What did he do the 18 other times? Was he there? I do not know, and I am not going to run the record to see. But I say that from the middle of July until the 1st of November is long enough.

I discovered that we cannot push January 3 into the future. At midnight on January 2, unless we push that clock back, the 1st session of the 88th Congress will end. By order, we can change the convening of the second session. We can make it the 9th, the 10th, or the 20th, because the Constitution provides—unless Congress otherwise orders.

We can do it. But the present session comes to an end at midnight on the 2d of January. We can push the clock back for a while—I have seen it done since I have been a Member of this body—but the business of the country has got to be settled.

The third point I make is that there must be a bill. The agency has 67,000 people on its payroll, 27,000 of whom are natives, and 40,000 are aliens. But that money looks as good to an alien as it does to a native Yankee. Senators ought to know.

What are we going to do with that agency? Will we set up a caretaker agency? What would we substitute for it if the bill is not passed? Do Senators think that we would be helping the cause by sending the bill back to the Committee on Foreign Relations without instructions, which is what the motion provides?

Mr. Chairman, I can imagine what the first committee meeting will be like, assuming that a quorum is present the first time around. I shall have something to say on that subject, too. The chairman of the committee might say, "Members of the committee, we are here on orders of the Senate to reconsider the bill. What is your pleasure?" That is all the chairman woud have to say.

Then the business would begin. The committee would be presented with the 42 amendments that are at the desk. The committee would probably see amendments that at the moment are merely a gleam in the eye of the Senator from Oregon. There will probably be more before he gets through. Then the argument would begin.

The committee would meet until noon. Some Senator would come into the Chamber and say, "We ask that the committee be authorized to meet notwithstanding the sessions of the Senate." The Senator from Illinois will say, "No." I made that statement to the Finance Committee. I felt that we could not meet over there and be here, too, and discharge our responsibilities on the floor of the Senate. I give my word, Mr. President, if that happens, I shall object, because there is business to be transacted. The clock on the calendar of this session of the Senate is beginning to run out.

No. 5, I said I would say something about attendance. There are five members on the committee who are also members of the Senate Finance Committee.

Mr. FULBRIGHT. Six, I believe.

Mr. DIRKSEN. Five or six. One member, distressingly enough, either is in the hospital at the present time or is convalescing at home. It will be six or seven. The Senator will be lucky to start with a quorum from the day he receives instructions to take the bill into "Abraham's bosom" all over again and wrestle with it. How far does the Senator believe he will get with it?

All the while those amendments will be right there. They do not require even mothballs to retain their status. They will be there when the bill is reported from the committee. They will be considered. I have one in the pile, and I am going to offer it, I do not care what happens in the committee. It will be heard, and I shall discuss it, notwithstanding. I believe the committee turned it down, but I do not "turn down" very easily, Mr. President, and so I shall offer it.

But looking at the attendance problem, the Senate Finance Committee—as you, Mr. President (Mr. RIBICOFF in the chair), a distinguished member, know so well—meets every morning except Saturday, wrestling with a monumental tax bill. There are more than 160 registered witnesses, and still more to follow. Obviously, since that matter is of so much moment to the country, the members want to be present in the Finance Committee. But they cannot be there.

The distinguished Senator from Tennessee [Mr. GORE], who is one of the most diligent members of that committee, and one of the most articulate, and one of the smartest, has been on hand all the time. I sit there and just glory in his interrogations, because he does them so candidly and so well. I love to see the witnesses squirm when the distinguished Senator from Tennessee pushes the etymological needle into them in such a deft and agile way.

Where will one get the members to consider the bill if it is reported back to the committee? So, attendance is quite another problem. But the amendments will still be here.

We are operating as we do because the author of the motion to commit the bill told the Senate yesterday afternoon, and told the majority leader as pointedly as he could, that there would be no unanimous-consent request honored, that there would be no expedition. He is the author of the idea that this bill will not get through this Senate very soon, if he can help it. Well then, he can stew in his own juice, but let us not stew with him to the point of futility, because that is precisely what it will amount to. No instructions as it goes back. Then we wait until the 8th of November, and when the bill is reported and the bells ring and the Members call the cloakroom and ask, "What is the order of business?" it will be the foreign assistance bill. And by then there will not be 38 amendments, not 42 amendments, but 50 amendments. Do you believe you will have saved anything? You will have added only to the time, you will have added only to the agony.

Mr. President, what gives me great personal pain is that the distinguished Senator from Oregon will go down this strange trail, and on every tortuous foot of it, I have to bleed with him. That bothers me no end. I have compassion for that soul-searching pain that is his, over the fact that there is a powerhouse amendment that he characterized as an "end run" around the committee.

The members of the committee as individuals, could well appraise, by looking at the amendment pile and its diversity of subject matter, as to what was going to happen and how long it will be on the floor.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I am glad to yield.

Mr. PASTORE. Does the Senator know whether there is any parliamentary prohibition against trying to amend the Mansfield amendment?

Mr. DIRKSEN. No; I shall get to that, let me say to the Senator from Rhode Island. I wish to be sure that that is specifically understood, to show that we did not deal cavalierly with anyone. I do not believe I am a "class B" Senator yet, unless there is something on the books which I have not seen. By your grace and sufferance you have permitted me to be your floor spokesman. But that did not divest me of my character and my perquisites, and my authority under the rule book and under the Constitution. I am just as free to offer an amendment as anyone. I am just as free to join with the majority leader in offering an amendment as anyone. I did not know about the meeting in the office of the majority leader yesterday, until 10:30. My secretary told me, "The majority leader would like to see you in his office." He is always so gracious about it, and when I arrived there the distinguished Senators from Vermont and Arkansas were there with the majority leader. The Senator from Iowa came later, and then I arrived and we had a general discussion. I made the suggestion that I thought we should get that very brilliant intellect, over on the Appropriations Committee, TOM SCOTT, to come over and sit with us in the afternoon because those are the people who serve so well and who know so much about this Government. We had a second conference. The Senator from Arkansas objected in part to the first suggestion I made, where I thought it should be cut. He said, "I cannot go along with you."

I do not believe the Senator from Iowa, our ranking member, concurred with me, but by dint of discussion, we finally oriented and fixed those items in the bill where we thought cuts could be made, and then one substantive proposal to require feasibility evaluation by the Army engineers. That was my own little, feeble product along with all else. It was modified a good many times, and I believe what was done can stand up. When somebody talks about the military cut, the Defense Establishment gets money from the Congress easier than any other agency in the Government. They can come asking for a deficiency, they can ask for a supplemental, they can ask for a regular appropriation; and invariably, if it is reasonably justified, they can get it—and they can get it quickly.

One contention I made about the contingency fund, I said, "That is the last one I should like to see cut." I went through that agony with President Eisenhower a good many times, but the headlines, and the ticker tape, out there and the telecasts certainly support my contention that we cannot tell when the firmament of the world will be alight with revolt and fever and bloodshed, so we cannot tie the hands of the Commander in Chief.

Mr. PASTORE. Mr. President. will the Senator yield on that point?

Mr. DIRKSEN. I am glad to yield.

Mr. PASTORE. The very distinguished Secretary of State told me one day, "You can afford to cut the foreign aid bill in two if you will only make the contingency fund larger, because you are committing the money under circumstances that do not prevail at the time when a crisis arises. If the President, who is charged under the Constitution of the United States with the foreign policy of this land, had the authority to step in at the appropriate time and operate expeditiously without having his hands tied as the Congress has done from time to time, you could start tomorrow to cut the foreign aid bill right in two."

Mr. DIRKSEN. Well, I say to the distinguished Senator from Rhode Island, I remember when President Eisenhower sent the Marines to Lebanon. I remember Matsu and Quemoy. We cannot tie the hands of our Commander in Chief when we do not know what is going to happen overnight. So we came to a pretty fair conclusion.

Now, because six Senators' names are on this amendment, it is said it is the powerhouse amendment. Perhaps some day we will get it in the Standing Rules of the Senate, and rule 99 may read, "There can"—or cannot—"be powerhouse amendments, and there cannot be powerhouses unless they have the names of the leaders on them and the names of the ranking minority members and the names of chairmen of committees," and we will spell it all out. If it requires any other attribute, they can be put in the rule. "I am a member of the American Legion, the Veterans of Foreign Wars, the Elks Lodge, the Presbyterian Church"—and what a wonderful rule we will have.

I have in my hand amendment No. 232. Look at the list of the distinguished Senators who offered it: the distinguished Senator from Alaska [Mr. Gruening], the distinguished Senator from Wyoming [Mr. Simpson], the distinguished Senator from North Carolina [Mr. Ervin], the distinguished Senator from Utah [Mr. Moss], the distinguished Senator from Nevada [Mr. Cannon], the distinguished Senator from Colorado [Mr. Dominick], the distinguished Senator from Oregon [Mr. Morse], the distinguished Senator from Texas, the largest unfrozen State in the Union [Mr. Yarborough], the distinguished Senator from Nevada [Mr. Bible], and the distinguished Senator from Florida [Mr. Smathers]. There are 10 names. If the powerhouse from Oregon—and I say that with kindly affection—is a member, we can put him down for 2, and that will make 11. Yet there are only six on this amendment.

I did not know that when I went on an amendment with the distinguished majority leader, plus one chairman, a ranking member, and perhaps other Senators, suddenly we gave that amendment special status and made it a powerhouse amendment. What an amazing thing and what logic.

Let us nail this down so there can be no question about it. In this amendment we reduce the committee figure to bring it in line with the House figure. That makes a reduction of $300 million.

Does a Senator want to change it? Ask the Parliamentarian now whether he cannot get up and be permitted to offer an amendment to make a cut of $100 million, or $200 million, or the committee figure can be increased by adding $500 million. A Senator can maul it and maim it to his heart's content under the rules, because the committee amendment is a complete substitute for the House bill. That gives it the status of original text when this amendment is pending, and it will be after the motion to recommit is disposed of.

Senators can offer amendments from now until the 20th of December, but not beyond, I admonish Senators, because that is when our Christmas recess begins. So do not go beyond that date. But Senators can offer amendments to change the figure before that committee amendment is finally agreed to. So Senators have not lost any rights. No one has lost any flexibility. There has been no impairment of the rule. Consequently, a Senator is as free as a bird to maim and maul this bill, amendmentwise, including powerhouse amendments.

Write that in the book. It makes me feel kind of proud that at long last someone recognized my talent that, in a feeble way, I could share, in the history of this establishment, as Brother Clark would say, a powerhouse. [Laughter.]

But we want to get it as clear as crystal that no Senator has given up anything, notwithstanding the very agile argument of our distinguished friend from Oregon. And while he was in the very labyrinth of this amazing argument, I was bleeding with him every minute; I was suffering with him the deep reflexes of his soulful pain. I hope it fell on sterile ears. There was no substance to it.

Let me say to my distinguished colleague what an astounding thing it is to go from a larger forum to a smaller forum of 15. That is the number on the committee, is it not?

Mr. FULBRIGHT. Seventeen.

Mr. DIRKSEN. Seventeen. There has been a gain since I last looked into it.

The whole desire, in the field of legislation, is to get a bill out of the committee, to get it here before this august body of 100 Members; but you see, Mr. President, our friend from Oregon takes an inverse look. He does not want to go from a lower to a higher body, where the ultimate disposal rests. He wants to go from the higher to the lower body, to wrestle without a single instruction from the Senate.

So when the distinguished chairman says, "Gentlemen, what is your pleasure?" That is when the fun begins. And who shall say what will come back out of the room downstairs, or in the new Senate Office Building where they meet? They will be wrestling with quotas, import duties, the matter of no aid to members of the United Nations unless they pay up their arrears, interest rates—somebody will have amendments on that subject. There is an immigration amendment in there. I had a list. I got up the other morning at 2 o'clock. Counting sheep did not do, so I began counting amendments.

The Senator from Oregon rewrites the whole bill. What a time I had with his substitute. Then there is a money amendment and the country-by-country amendment and the United Nations amendment and the self-help amendment. I cannot read my own writing. Then there is the "hunta" amendment. We ought to call those "juntas." They "junta" people out of the country.

There is an amendment for military assistance to Latin America, college contracts, import duties, aggression.

There they are. What a time members of the committee will have. I will see you Christmas.

What a mistake to send the bill back to the committee. It is in this Chamber that it must be disposed of, and with a reasonable approach, and a decent limitation of amendments, without a Member feeling that all wisdom resposes in him.

We can make progress and get this bill out of here, into conference, secure in the feeling, finally, that when one is around the Christmas tree on the morning of December 25, in red flannel pajamas, with his grandchildren, he does not have the weary, aching thought, "Tomorrow I've got to go back. We did not finish foreign aid."

Things are crowding. Do not send it back. This is where the business has to be done.

No matter what the commitee does, the bill must come back to the Senate. Then it will be susceptible to every standing rule and every amendatory process. Then we will go through this business all over again.

No; this is not the first time I have seen this done. Therefore, let us approach our responsibility and fight it through. Let us write the score on the scoreboard when the roll is called on the motion to recommit without any instructions so that the orbit could be the limit. I say keep it here. In that way we will make the necessary progress and we will not finally have to have the boys up there at the clock and at the other clock turn the hands back at midnight on the 2d of January; because there is a whole cave full of unfinished business. Let us vote down the motion to recommit and get on with the people's business in the Senate. Not a single right that the Senator from Oregon has is foreclosed. He can offer amendments by the stack. If he wants no time limit, we can have that too. He can bring up every argument he wishes, but let us have final disposition of it here.

The PRESIDING OFFICER (Mr. Ribicoff in the chair). The question is on agreeing to the motion of the Senator from Oregon [Mr. Morse] to recommit the bill to the Committee on Foreign Relations. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. On this vote I have a pair with the senior Senator from Maryland [Mr. Beall]. If he were present and voting he would vote "yea"; if I were permitted to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Bartlett], the Senator from Indiana [Mr. Bayh], the Senator from Nevada [Mr. Bible], the Senator from Mississippi [Mr. Eastland], the Senator from Indiana [Mr. Hartke], the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Arkansas [Mr. McClellan], the Senator from Wyoming [Mr. McGee], the Senator from Montana [Mr. Metcalf], the Senator from Utah [Mr. Moss], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that the Senator from California [Mr. Engle] is absent due to illness.

I further announce that, if present and voting, the Senator from California [Mr. Engle], the Senator from Montana [Mr. Metcalf], and the Senator from Florida [Mr. Smathers] would each vote "nay."

On this vote, the Senator from Alaska [Mr. Bartlett] is paired with the Senator from Nevada [Mr. Bible]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Nevada would vote "yea."

On this vote, the Senator from Indiana [Mr. Bayh] is paired with the Senator from Mississippi [Mr. Eastland]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from Indiana [Mr. Hartke] is paired with the Senator from Washington [Mr. Jackson]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Washington would vote "yea."

On this vote, the Senator from Wyoming [Mr. McGee] is paired with the Senator from Louisiana [Mr. Long]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Louisiana would vote "yea."

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Pennsylvania [Mr. Scott]. If present and voting, the Senator from Utah would vote "nay," and the Senator from Pennsylvania would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Beall], that the Senators from Kentucky [Mr. Cooper and Mr. Morton], the Senator from Arizona [Mr. Goldwater], the Senator from Nebraska [Mr. Hruska], the Senator from New Mexico [Mr. Mechem], the Senator from Iowa [Mr. Miller] and the Senator from Pennsylvania [Mr. Scott] are necessarily absent.

The pair of the Senator from Maryland [Mr. Beall] has been previously announced.

On this vote, the Senator from Arizona [Mr. Goldwater] is paired with the Senator from Kentucky [Mr. Morton]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Nebraska [Mr. Hruska] is paired with the Senator from Kentucky [Mr. Cooper]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from New Mexico [Mr. Mechem] is paired with the Senator from Iowa [Mr. Miller]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Iowa would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Scott] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Utah would vote "nay."

The result was announced—yeas 29, nays 46, as follows:

[No. 202 Leg.]

YEAS—29

Bennett
Byrd, Va.
Cannon
Church
Clark
Cotton
Curtis
Ellender
Ervin
Gore
Gruening
Johnston
Jordan, N.C.
Jordan, Idaho
McGovern
Morse
Mundt
Nelson
Ribicoff
Robertson
Russell
Simpson
Symington
Talmadge
Thurmond
Tower
Walters
Williams, Del.
Young, Ohio

NAYS—46

Aiken
Allott
Boggs
Brewster
Burdick
Carlson
Case
Dirksen
Dodd
Dominick
Douglas
Edmondson
Fong
Fulbright
Hart
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McIntyre
McNamara
Monroney
Muskie
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Saltonstall
Smith
Sparkman
Williams, N.J.
Young, N. Dak.

NOT VOTING—25

Anderson
Bartlett
Bayh
Beall
Bible
Byrd, W. Va.
Cooper
Eastland
Engle
Goldwater
Hartke
Hruska
Jackson
Long, La.
McClellan
McGee
Mechem
Metcalf
Miller
Morton
Moss
Scott
Smathers
Stennis
Yarborough

So Mr. Morse's motion to recommit was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the motion was rejected be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the schedule and what he anticipates for the remainder of this afternoon and about as much of the schedule for next week as he can state at this time.

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished Senator from South Carolina [Mr. Johnston] has an hour's speech on the foreign aid proposal.

Unfortunately, the distinguished senior Senator from Oregon [Mr. Morse] had to leave the floor briefly, to attend a very important conference on the higher education bill. He will return later and will have a speech to make.

I do not know of any votes which will be taken during the remainder of today.

It is anticipated by the leadership that next week the Senate will meet on Monday, Tuesday, Wednesday, Thursday, and Friday; and it may be that votes will be taken on any or all of those days. I mention Tuesday specifically, because although some elections will be held on that day, there is no commitment that votes will not be taken in the Senate on that day. In view of the fact that we may be in for a long siege, I think it well to inform Senators that the Senate will meet on Tuesday of next week, as well as Monday, Wednesday, Thursday, and Friday, and that on Tuesday, votes may be taken in the Senate.

Mr. JOHNSTON obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from South Carolina yield briefly to me?

Mr. JOHNSTON. I yield.

Mr. MANSFIELD. Mr. President, I understand that the distinguished Senator from South Carolina has an amendment to the amendments which are pending and are at the desk. I call his attention to the fact that, in response to a question raised by the distinguished minority leader, I stated that no other votes would be taken this afternoon. So I hope that with that in mind, the Senator from South Carolina will agree with the leadership and will join in the assurance that no other votes will be taken this afternoon.

Mr. JOHNSTON. I assure the majority leader that I shall not call for any vote on any amendment.

Mr. MANSFIELD. I thank the Senator from South Carolina.

ORDER FOR RECESS TO MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session today, it take a recess until noon, on Monday next.

The PRESIDING OFFICER (Mr. Brewster in the chair). Without objection, it is so ordered.

KAINO HELY AUZIS

Mr. HUMPHREY. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to Senate bill 310, for the relief of Kaino Hely Auzis.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 310) for the relief of Kaino Hely Auzis, which were, in line 3, strike out "sections 101(a)(27)(A)" and insert "sections 203(a)(2)", and in line 6, strike out "minor child" and insert "daughter".

Mr. HUMPHREY. Mr. President, on April 4, 1963, the Senate passed S. 310, to provide for the granting of nonquota status to the adopted daughter of citizens of the United States.

On July 9, 1963, the House of Representatives passed S. 310, with amendments to grant second preference status to the beneficiary.

Inasmuch as a quota number will be currently available for the beneficiary, I move that the Senate concur in the House amendments to S. 310.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, I have at the desk an amendment to the pending amendments which have been offered by the distinguished majority leader [Mr. MANSFIELD], on behalf of himself and other Senators. I ask that my amendment to those amendments be called up and be made the pending question.

The PRESIDING OFFICER. The amendment of the Senator from Florida to the so-called Mansfield-Dirksen amendments will be stated.

The LEGISLATIVE CLERK. On page 1, in line 8, of the amendments (No. 280) submitted by Mr. MANSFIELD, on behalf of himself and other Senators, the following amendment (No. 290) is proposed: namely, strike out the figure "$1,500,000,000" and insert the figure $975,000,000".

The PRESIDING OFFICER. The question is on agreeing to the Holland amendment to the so-called Mansfield-Dirksen amendments.

Mr. JOHNSTON. Mr. President, I believe that we have reached a crucial point—perhaps the most crucial point in the history of U.S. foreign policy. When any nation, most particularly a great nation which carries the heavy responsibility of leadership for much of the world, is determined to preserve its identity and independence before the onslaught of Communist degradation and imperialism, it cannot afford the luxury of fantastic waste.

Mr. President, it is my considered opinion that it is mind-changing time in the Senate of the United States. For 17 years since World War II we have constantly and consistently accepted the magic formulas of the apostles of giveaway foreign aid. This we must stop.

I am not one of those people who recklessly charge those with opposing points of view with dishonesty, deceit, or a lack of integrity. Let us give the apostles of giveaway the benefit of the doubt. Let us say in all sincerity that they believe in their magic formulas. Like most human beings, the persons whom they have deceived most are themselves. There can be no doubt that these supposedly sane, intelligent, and loyal Americans have gotten us into a quicksand of mess and predicament in foreign entanglements from which we may never disengage ourselves. The great tragedy of it all is that their only recommended solution to approaching disaster consists of more and more billions to be wasted in foreign aid—more billions to be thrown on top of the billions already spent into the cesspool of hopeless confusion.

There is nothing new about foreign aid. In one form or another, it has been given for thousands of years. The nations of the world throughout the pages of history have engaged in aiding each other. The ancient Greeks tried to meet the challenge of the Persians, the Macedonians, and finally the Romans with programs of mutual assistance. The Romans paid handsome subsidies, from time to time, to both their allies and their satellites. Great Britain, almost singlehanded, bore the financial burden of the last and eventually successful coalition against Napoleon.

No, there is nothing new about foreign aid as a concept and as a practice. The only thing new about foreign aid is the reckless abandon with which the United States of America has pursued its programs.

Over the years of history other nations have pursued foreign aid programs with a specific purpose in mind and with a specific goal in view. But we Americans seem to have another idea—or perhaps the lack of an idea. We seem to believe that if we pursue relentlessly a program of abstract togetherness and humanitarianism, we will find at the end of some distant rainbow that brave new world which we have sought and failed to achieve, through two World Wars and the Korean war.

Historically, other nations have extended foreign aid for two reasons: first, to strengthen their military position in concrete terms; and second, to develop their colonies or territories or other areas for the ultimate benefit not only of the colony or protected state but also for the benefit of the motherland itself. We Americans, however, have gone radically beyond these practical and emphatically limited objectives. We Americans aid everybody who asks for it, and even some who do not. We aid our allies. We aid so-called neutral states which consistently vote against us in the United Nations and oppose us elsewhere. We even aid the satellites and vassals of the Communist enemy.

I call attention to the "Report to the President of the United States From the Committee To Strengthen the Security of the Free World on the Scope and Distribution of U.S. Military and Economic Assistance Programs." This is the so-called Clay Committee report on foreign aid, dated March 20, 1963.

Every American interested in the foreign relations of his country and in world peace should read the Clay report. The majority view of the report contains more clear thinking than any of the reports on the same general subject which have come out of the executive branch of Government under the three administrations since World War II.

I can only conclude, however, that it is a terrible pity that General Clay and his committee did not carry their thoughts to a logical conclusion and thus recommend that foreign aid giveaway programs be stopped now. I only regret that the President did not, on the basis of the Clay report, do more than make a modest cut of $420 million in his request for foreign aid funds for the coming fiscal year. But he still asks for another $4½ billion in foreign aid. May the good Lord have mercy on us and our economy.

But perhaps I expect too much too soon of a committee appointed by the executive branch of Government. In any case, these 10 points made by the Clay Committee were of special interest to me:

> 1. External aid is of little value unless it is accompanied by an internal expression of will and discipline.
>
> 2. We are attempting too much for too many.
>
> 3. We should not extend aid which is inconsistent with our beliefs, democratic tradition, and knowledge of economic organization and consequences.
>
> 4. We believe the United States should not aid a foreign government in projects establishing Government-owned industries and commercial enterprises which compete with existing private endeavors.
>
> 5. Foreign aid was not designed for combat zones. Consideration should be given for making provision for countries in the border areas other than in our foreign aid program.
>
> 6. We do not see how external assistance can be granted to Indonesia by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.
>
> 7. We cannot accept the view that the United States must provide aid lest the fragile, new, developing countries of Africa accept it from Communist nations with resulting political penetration and eventual subversion.
>
> 8. We believe that the United States has contributed proportionately more than its share to the task assumed by the United Nations in the Congo.
>
> 9. The United States and Latin America cannot allow another Castroite-Communist Cuba to come into existence.
>
> 10. We are convinced that the burden of sustaining foreign assistance to the less-developed countries is falling unfairly on the United States, and that the industrialized countries can and should do more than they are now doing.

One would think, also, that sooner or later, at least a part of the truth would catch up with even those who practice political and economic self-hypnosis. The Clay Committee shows some indication of achieving at least a slight glimmer of an understanding of the political and economic facts of life. But apparently the truth has no meaning for these other people who are prisoners in the decadent, crumbling castle of ideas of their own making. They suffer from one grotesque hallucination piled on top of one act of stupidity after another. No! Fiscal sanity and the economic facts of international life continue to escape and elude the apostles of giveaway.

Instead, they try to readjust the facts—or at least to confuse themselves about the facts—by indulging in name-changing and alphabet soup for aid programs and agencies. We can only hope that the Clay Committee report will result in more insight and real thinking about foreign aid.

We have had economic aid which we called lend-lease. That was during

World War II, and I think a review of the settlement agreements would show that there was not too much lend, very little lease, and an awful lot of giveaway. Since World War II we have had mutual security programs. But these mutual security programs by name defy all logic. Not only is mutual security aid extended to allies but it is extended also to neutrals and to the vassals of the Communist enemy. How can these programs be either mutual or add to our security?

Then there has been technical assistance designed to provide the know-how to those who do not possess our industrial and technical skills. A close examination of the technical assistance program will, however, show that money is spent not only on personnel possessing skills but also on goods and miscellaneous services.

Then, there are loans. These loans, so many of them, are really gifts in that there is no hope of ever recovering them. The Development Loan Fund, which was put into operation several years ago, tacitly acknowledges this state of affairs by employing the category of "soft loans." What are soft loans? Soft loans are loans that no practical banker or businessman would touch with a 10-foot pole. Soft loans are gifts that it is more politic to call loans.

Finally, there is the interesting category of defense support, which one would think includes the instruments and weapons for possible war. But defense support includes not only weapons and materiel but substantial amounts of economic aid. Indeed, at one time all economic aid was called defense support aid.

We started out, after World War II, with the Greek-Turkish Aid Act. At that time there was great pressure by the Russians on Greece and Turkey. In the case of both countries we went from military assistance to permanent programs of economic dole.

Then, there was the Marshall plan. We were told, in 1947, by Mr. Paul Hoffman and by Representative Christian Herter—later Secretary of State under the second Eisenhower administration—that in 4 years the total expenditure on aid to Europe in its recovery would not exceed $17 billion. Actually, I believe, that aid under the Marshall plan only amounted to about $12 billion.

But foreign aid becomes a habit, and we have gone on and on, looking for new areas to aid, on the theory that since 1947 there are harsh new forces at work in the world which endanger this Republic and its people. According to the latest reliable figures I have on hand, by the end of fiscal year 1962 our total aid amounts to $97,675 million since World War II, on top of $49¼ billion spent on lend lease.

That makes approximately $147 billion. Bear in mind that is not all. Remember, we had to borrow the money to pay 3 percent interest. Ever since 1950 we have been paying more than $3 billion annually on the additional amount of indebtedness caused by our aid to foreign countries. At the present time it amounts to almost $6 billion annually in interest alone—additional interest created on account of foreign aid.

In the final analysis, it is impossible to determine how much of this aid is military and how much is economic. There is just too much change and too much fuzzy thinking in the labels and categories assigned to different types of programs for anyone to be very sure of himself on this subject.

The agencies which have administered foreign aid have changed names even faster than the names of aid programs have been changed—in fact, as fast as a lizard can change skins. As I recall, we started out with the Marshall plan being administered by a task force within the State Department. For a time, even after the bulk of economic assistance was transferred to a separate agency, the Technical Cooperation Administration was part of the State Department. Later, however, TCA became part and parcel of the Mutual Security Administration which then administered foreign aid.

As for the alphabet soup, the foreign aid agency has been known as ECA, MSA, FOA, ICA, and now AID. Which stand for, respectively, Economic Cooperation Administration, Mutual Security Administration, Foreign Operations Administration, International Cooperation Administration, and now Agency for International Development.

One might say that, regardless of the name, this particular rose smells all the same. The smell is that of giveaway leading to national bankruptcy and economic chaos.

Perhaps the most interesting name of all was Foreign Operations Administration which was the Eisenhower administration's first choice of giveaway agency names. At least, FOA gave the wags around Washington a chance for a little expression of humor. For it was said that FOA, pronounced "Fo-ah," was entirely fitting for a Capital City which at that time showed a strong affinity for the game of golf.

But let us go to great lengths to be fair about this matter. Without being guilty of creating straw men to be knocked down, and with full intent to do justice to those who believe in economic aid, let us ask ourselves: On what premises do they base their beliefs? Let us, indeed, ask ourselves what kind of rationale has been used to stampede the departure of all our billions of foreign economic aid—billions which amount to almost three-fourths of our national debt.

The national debt is more than $300 billion, and almost three-fourths of it has been caused by the foreign aid giveaway program. It costs us approximately $6 billion a year in interest alone.

Now then, what are the arguments for foreign economic aid?

Insofar as I can determine, the arguments are based on these basic concepts:

First. Foreign aid, they say, enhances our national defense and strengthens our military might.

Second. Foreign aid, they say, will stop communism in its tracks by creating conditions of social and economic well-being from which the opposition to communism will arise.

Third. Foreign aid, they say, will provide for programs of economic growth on a planned businesslike basis.

Fourth. Foreign aid, they say, will create stable societies friendly to the West.

Fifth. Foreign aid, they say, will provide for hungry nations to buy surplus U.S. commodities.

Sixth. Foreign aid, they say, will encourage the flow of capital, both public and private, essential to the longrun success of economic development.

Seventh. Foreign aid, they say, will act as a stabilizer against recession in the United States, a crutch for our foreign trade and thus, by implication, as a subsidy and a pump-priming device for American economic expansion and full employment.

Eighth. Foreign aid, they say, will offer in the persons of Americans living abroad and through subsidized visits of foreign officials to the United States, a living example of democracy—that is, "democracy by example," to use the fashionable cliche.

First. Let us take the idea that foreign aid enhances our defense and strengthens our military might.

Historically, and on the basis of practical horsesense, a case could be made for real defense support, as contrasted with vast quantities of giveaway economic assistance, to our NATO allies in Europe as well as to our allies in the Southeast Asia Treaty Organization—SEATO—the Central Treaty Organization—CENTO—the Republic of China, Vietnam, the Philippines, and perhaps a few other nations.

But there are other countries in which economic aid cannot possibly be justified under the pretext of defense support because in those nations the United States is not helping to support the military forces to any significant degree. In those nations economic aid is called special assistance and under this category we are asked to provide additional millions to Afghanistan, Bolivia, Burma, Ethiopia, Ghana, Haiti, Indonesia, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, Yugoslavia, and others.

Let us take a few examples of the recipients of special assistance. Through fiscal year 1962 we gave approximately $3,953 million to India. India, supposedly, was a nation dedicated to nonviolence and peaceful pursuits. Yet India's record is a mixed one. She has attacked our NATO ally, Portugal, and defied the U.N. Charter in doing so, but she also resisted Red Chinese aggression.

Ghana, an African State, was promised vast new amounts of aid for its sweeping Volta River project. Yet Ghana's brand of neutralism is that of repeatedly voting against our position in the U.N.—not abstaining but voting against us repeatedly. Ghana, moreover, has embarked upon a program of left-leaning dictatorship and authoritarianism.

Even among those nations to which we are allied there has been incalculable waste which could have only weakened not only our defense position but theirs. In Iran, for example, we spent $3 million to build a road to a proposed dam site before there was even a firm contract for financing the dam.

In Laos, to whom we have given about $445 million in aid, there has been, according to one Government operations committee report, case after case of conflicts of interest, apparent mismanagement, misuse of funds, and even instances of what I would call graft.

The list of error and miscalculation and outright stupidity is indeed almost endless. And for further details I refer, Senators, to the address I made in 1961 before the Senate on this same unhappy subject. So let us proceed in our clinical examination of the ideas which foster giveaway by the billions and over decades.

Second. Foreign aid is supposed to stop communism in its tracks by creating the social and economic conditions from which the opposition to communism will arise. We gave, through fiscal year 1962, approximately $2,400 million to Communist Yugoslavia, and approximately $522½ million to Communist Poland. We even gave approximately $50 million to Cuba before the rise of that bearded beatnik Napoleon, Fidel Castro, and then another $2 million after Castro came to power. How much opposition to communism has arisen in Poland? Did our aid restrain Castro from declaring himself a Communist and leading his people to totalitarianism and bringing us to the very brink of war last fall? Just how independent, in the final showdown, will Tito's Yugoslavia be of Khrushchev's Soviet Russia

Third. Foreign aid, they say, will provide for programs of economic growth on a planned businesslike basis, a totally ridiculous theory proven baseless by sad experience.

May I call attention, also, to the fact that in Pakistan one of the auditing teams observed that 10 dump trucks, procured at a cost of $265,000, were standing idle while the earthmoving work has performed by women with head baskets and burros. The dump trucks, it was discovered, were not suited to the nature of the soil. Moreover, it was difficult to train operators of complex equipment, and labor was abundant, so women were used instead of the expensive dump trucks which our tax dollars had purchased.

Still another example of the planned, businesslike basis of foreign economic aid programs can be found in the case of Korea. In the report of the staff survery team of the Subcommittee for Review of the Mutual Security Program on Economic Assistance to Korea, Thailand, and Iran, dated July 5, 1960, attention is called to five projects which are described as being "bogged down." This interesting quotation, found on pages 6 and 7 of this report should provide further refutation of this third concept:

> NATURE OF PROBLEM
>
> These stalled projects cannot be gotten back on the track merely by putting up more money. Korea suffers from an acute shortage of capital, but there are indications of an even more acute shortage of entrepreneurs—that is, men able and willing to assume top management responsibility and at the same time risk a substantial amount of their own money in backing up their judgment.
>
> In the United States, as in the other nations of the world where industry and commerce are highly developed, the choice of a factory site, the determination of the type of equipment to be used, and the scale of operations and the prices to be paid for machinery and materials are left to the management of the enterprise. If the judgment of the management proves to be wrong on these matters, the management loses its investment.
>
> In Korea, where many industries are government owned and where many others are financed almost entirely by government loans, the normal profit and loss incentives and penalties cannot be accepted as adequate controls of management, and the elaborate and time-consuming machinery of bureaucratic review has to be relied on.
>
> There are undoubtedly a considerable number of entrepreneurs with the management ability and with capital, and the survey team visited a number of factories equipped by the United States which are in successful operation. These successes appear to reflect the adequacy of the entrepreneurs rather than the effectivenss of the procedures for granting U.S. assistance.
>
> Recognizing that its observations were limited, the survey team, nevertheless, invites consideration of the possibility that U.S. assistance to the industrial-commercial segments of the economy (as distinguished from public utility segments—such as railways and powerplants) should be limited to enterprises where there is a qualified manager with adequate equity capital available and then most of the surveying, screening, and reviewing procedures now in effect eliminated.
>
> A corollary of this would be that to the extent that local entrepreneurs are not available to carry forward industrial-commercial development on an adequate scale, encouragement should be given to foreign firms to come in and fill the deficiency. If the Korean Government is unwilling to use the services of foreign entrepreneurs, it should accept the fact that certain areas of economic development must await the indigenous production of management ability and risk capital.

How well-planned and businesslike is a program which gives birth to projects for which the existing managerial abilities and other skills are most inadequate—in fact, so inadequate that the projects grind to a halt?

Another case in point is that of Turkey to whom we had extended approximately $4 billion in total aid through fiscal year 1962. It is reported that our aid to Turkey has met with tremendous success. Indeed, one document states that there was a 50-percent increase in Turkey's gross national product between 1948 and 1962, 144-percent increase in the number of industrial establishments, 61-percent increase in industrial production, 52-percent increase in mineral production, 95-percent increase in generating capital for electric power, and more than 100-percent increase in agricultural production.

Yet, despite all of these impressive figures and despite the constantly repeated statement that Turkey's great leader, Attaturk, had carried his country so far that it was ripe for an economic aid program, and despite the fact that Turkey has been able to maintain an impressive armed force against Communist aggression, our hopes have not been fulfilled in that valiant country. For years, inflation has been rampant, there has been a flight of capital from the country, and there has been an unfavorable balance of trade. To put it simply, Turkey could not meet the burden of rapid economic development, and the whole problem culminated several years ago in the overthrow by a military junta of the constitutionally established Government of Turkey.

As that great educator of Yale University, William Graham Sumner, put it many years ago:

> State ways do not make folkways.

Too often, our apostles of giveaway have failed to take into consideration the mores and customs of a developing society. Too often, they have overestimated the absorption power of an economy for foreign aid. Too often, foreign aid has brought not stability and economic plenty but instability and economic chaos. Too often, modern technology has been superimposed on regimes and administrative systems which were unable to cope with Western instruments of progress.

Fourth. Foreign aid, they say will create stable societies friendly to the West.

This idea is so closely related to the previous one that it has been for the most part answered. Let me just suggest, however, that stability is generated from within a society. And friendship can no more be purchased among nations than it can be among individuals. Perhaps William Shakespeare put it best when he said:

> Neither a borrower nor a lender be, for loan oft loses both itself and friend.

In our own country Ralph Waldo Emerson wrote along the same lines:

> We do not quite forgive a giver. The hand that feeds us in some danger of being bitten.

Fifth. Foreign aid, they say, will enable hungry nations to buy surplus U.S. commodities. Under existing law, we may dispose of farm surpluses abroad by selling them for foreign currencies, making grants for disaster and famine relief, and donation to private welfare organizations for oversea distribution.

I do not find fault with giving farm surpluses to hungry people, but I do find fault with some of the techniques used.

Why should we collect foreign currency for agricultural surpluses and then spend these funds on the country's development program? Why do we not make a greater effort to swap more of our agricultural surpluses for the products in which we are in such short supply—for example, manganese, chromite, cobalt, and tungsten, and so forth? Even given the facts that some of the hungry nations do not produce these scarce commodities, could me not join with other surplus food producing areas and arrange three-way barters of products? And even if we do now have huge stockpiles of many scarce commodities, surely these commodities could be imported for day to day use in the United States.

Sixth. Foreign aid, they say, will increase the flow of capital, both public and private, essential to the long-run success of economic development.

This concept is based, of course, on the fairly widely held view among modern economists that an underdeveloped and agricultural economy will reach a so-called takeoff point. That is, the economy must produce a surplus over and beyond its needs in order that savings may be available for investment. The percentage of savings necessary for the economy's takeoff toward industrialization is variously estimated at 5 to 15 percent of the gross national product.

In the Western World during the industrial revolution, particularly in the 19th century, savings for investment were accumulated by capitalists through the mechanism of maintaining low wages and thus controlling the consumption of the working people—who otherwise would have eaten up and used up all of the savings.

In the Soviet world, modernization and industrialization advanced at a much faster rate than in the West—the Soviets not only kept wages low but also controlled prices, and deliberately maintained scarcities of consumer goods as well as millions of slave laborers.

Taking the underdeveloped nations as a group, it would seem that those Americans who expect miracles from foreign aid ignore many facts of life. First of all, we have seen what happens when foreign aid is poured into nations without modern administrative institutions—nations whose people are tied to beliefs that fitted simple societies but not modern industrial societies. It frequently results in a runaway inflation, reckless consumption, an excess of imports—including luxury imports—over exports and wholesale corruption.

Somehow, those who have the savings are afraid to remove them from the sock or the cookie jar. And to keep the ball rolling—to meet the so-called revolution of rising expectations—the apostles of giveaway must continually find new sources of funds—either American, British, or from international organizations.

More and more, also, we find the recipients of foreign aid inclined toward authoritarian methods to solve the increasingly complex problems of their own making. Castro has embarked on wholesale nationalization and heavy-handed controls. Nasser of Egypt and Nkrumah of Ghana have apparently behaved in a similar, although perhaps more moderate vein. The list of foreign aid sired or nourished tyrants is almost endless.

It is said, however, that Tito of Yugoslavia has relaxed in his frenzy of dictatorship and nationalization since becoming a major recipient of the American dole. But this is somewhat like the man who cut his throat so he would not have to shoot himself. For Tito had gone so far down the path of dictatorship and nationalization that any relaxation, whether it is spelled out in a new constitution or not, is purely relative—and probably will be temporary as well.

Seventh. Foreign aid, they say, will act as a stabilizer against recession in the United States, a crutch for our trade, and thus, by implication—a pump-priming device for American economic expansion and full employment.

It is perfectly true that no nation can live indefinitely in economic plenty while the rest of the world starves. But I doubt that it is wise for us, in this era of international tension and fantastic expenditures for defense, to lean upon the weak reed of foreign aid.

True, our exports do exceed our imports, and this imbalance could not continue indefinitely. If a nation sells, it must also buy.

But with foreign aid, we are running a deficit in our balance of payments, and we had been losing gold at a rapid rate until the Kennedy administration was able to institute measures of control. In 1947 we had almost $23 billion in gold stocks and in 1963 we were left with less than $16 billion. Most of the gold outflow has occurred since 1957.

And why has there been a gold flow out of the country in recent years? The answer is both complex and simple. It is that our exports are less than the combined totals of imports, essential military aid to our allies, expenditures by American tourists abroad, and giveaway foreign aid.

No. Even ignoring other factors, foreign aid is an undependable crutch. For foreign aid contributes in more ways than one to our balance-of-payments problems.

There is no doubt in my mind that foreign aid channels American production into temporary and unstable pursuits. More important, perhaps, it does the same thing abroad to foreign industries. It builds up with American money competition from foreign industries who have the production costs' advantage of low wages—advantages which can be magnified through the introduction of modern assembly line techniques. The disaster brought to the textile industry in my own State of South Carolina and in many other States is only one example of this fact of life.

American industries, not wanting to preside over their own destruction, are investing more and more money abroad. In 1939 there were $11,400 million in American long-term capital invested abroad. By 1947, this figure had grown to $16,900 million in private capital and $12,200 million in U.S. Government investments. And by 1961, this figure had increased to $48,927 million in private investments and $21,814 million in U.S. Government investments—a total of almost $70 billion invested abroad.

The free flow of capital is just fine in theory until one examines the stark realities of tariffs, customs regulations, currency controls, and differences in wages for labor that does not move freely across national boundaries.

An excessive flow of capital can, in other words, spell disaster in this world of controlled domestic economies.

Perhaps we should learn a lesson from Great Britain of the 19th century. For Great Britain emerged from the Napoleonic Wars as the most powerful and industrially-advanced nation on earth—the workshop of the world.

Contrary to popular belief, it was not World War I that put Great Britain on the economic skids. World War I only expedited a process that had long been in progress. I am told that in 1860 Great Britain produced two-thirds of all the coal and steel—the very lifeblood of economic strength in the 19th century—which flowed in international trade. By 1880, Great Britain was producing only one-third of the coal and steel that flowed in international trade.

True, British production had expanded during those 20 years. But absolutes are never important in international economics or politics. The awful truth is that Great Britain's competitors had expanded with modern technology at a far greater rate than had the British.

Ironically, it was British capital which had built up the competition offered to her in the 1880's and thereafter by the United States, Germany, and Japan—all newcomers among the great nations on the international scene. Yes, the British capitalists allowed their own industries to become obsolete and antiquated while they enjoyed large profits from oversea investments. The net result was that Britain was no longer able to play her traditional role as the balancer in the European balance-of-power system. And once the scramble for colonies was over, Germany decided to challenge British power.

The peril point and escape clauses and all the trade agreements in the world will not help us if we preside over our own economic disaster. Nikita Khrushchev has invited us to compete with the Communist world and has promised the United States that he would "bury us." Nikolai Lenin is said to have made this statement:

> The time will come when they (the capitalist nations) are so bankrupt that they will lose all power of resistance.

It may be, as some eminent authorities have maintained, that Lenin was referring only to moral rather than to financial bankruptcy. But I doubt it. Communism, in theory and in practice, is tied to materialism. Thus, I should think that Lenin meant both financial and moral bankruptcy. In any case, financial bankruptcy frequently precedes moral bankruptcy—or at least the two go hand in hand.

Let us not contribute to our own downfall by reckless giveaway programs. Let us not aid Khrushchev in burying us. Let us not prove that a ruthless Communist, Nikolai Lenin, was right.

Eighth. Foreign aid, it is said, will, in the persons of Americans living abroad and through subsidizing visits of foreign officials to the United States, provide a living example of democracy, that is, democracy by example, to use the fashionable cliche.

According to the last account I had, we, the United States, had about 15,000 people engaged in the foreign aid program. All of these people, of course, do not live abroad. But I wonder how many of them, even with the best will in the world, can really offer democracy by example in societies ruled by absolute monarchs, medieval despots, and authoritarian socialists—regimes which are so frequently riddled with corruption. And we note that Americans living abroad are subjected to wholesale criticism for high living in the minds of those less fortunate than ourselves—particularly the intellectuals who cannot hope to attain the American standard of living. To them, the oversea American more and more comes to resemble the European colonizers who have departed so recently. Surely the tempers of these Americans must be frayed and they must be the most frustrated and disillusioned people on earth.

As for the foreign officials whose visits to the United States are subsidized, I wonder how much understanding they really gather in their tours of the United States. Do they see only the shell of America? Contrary to the recently popular song, "Getting to Know You" does not always mean "getting to like you"; in fact, "getting to know you" frequently means "getting to despise you." For on a short-term basis, people of different value systems come to realize that they disagree with those of another value system about things that never even occurred to them before they came into contact.

Real international understanding is a cumulative thing and should be thought of in terms of generations. An official on a subsidized visit naturally has on the blinkers of his own society—blinkers through which he must look and which cloud his vision. In a few short months he could not possibly gather much understanding of the United States and its people. For one never understands another country and its people until one absorbs the beliefs and customs of that country and its people and thus is able to judge its people by their own value system.

Mr. President, this has been a long review of the question of foreign aid. But I conceived it is my duty to state my opposition more clearly than ever during this year of great decisions.

I am tired of giveaway programs. I am weary of oversimplifications. I am disgusted with waste and unfulfilled promises of accomplishment.

I am annoyed by those nations which play the role of international coquettes; who openly say that they will take aid from any nation, Soviet or Western.

I am also irritated by those leaders who suggest that their countries will turn to communism if we do not sign a blank check. In July 1961, the President of Pakistan, Ayub Khan, said that if we gave his country billions of dollars, Pakistan would embrace democracy and be our friend. But if not, Pakistan would turn to communism. Moreover, it was also reported in 1961 that Ambassador Habib Bourguiba, of Tunisia, stated, as he left the conference table with Secretary of State Dean Rusk:

> I suggest the free world act now before another world does.

Foreign aid is the vehicle of special interests. Foreign aid is the vehicle of selfish interests. No matter how its cloak shines with humanitarianism and empty promises of economic progress, foreign aid is still not in the national interest.

At times like this, I am reminded of this message from the words of one of our greatest Presidents, Woodrow Wilson:

> When I think over what we are engaged in doing in the field of politics, I conceive it this way. Men who are behind any interest always unite in organization, and the danger in every country is that these special interests will be the only things organized, and that the common interest will be unorganized against them. The business of Government is to organize the common interest against the special interests.

I shall vote against foreign aid, as I have always done in the past.

Mr. RUSSELL. Mr. President, I have just read an article which was published this afternoon in the Washington Star. The article was written by one Joseph Kraft; and in the article he undertakes to deal with the debate on the floor of the Senate on the pending legislation.

Mr. Kraft seizes on the very popular approach to every subject today, when it is desired to prejudice any case by substituting fancy for fact and by seeking to don the mantle once worn by Ananias—by indulging in the most contemptible kind of falsehoods in attempting to prejudice the opposition to the foreign aid bill by reciting the fact that some southern Democrats are opposed to the bill.

The writer has made the statement that the southern Democrats, in a secret caucus, had agreed that they would support the efforts of the Senator from Oregon to rewrite the foreign aid bill on the floor of the Senate. He went on to attribute that support to a great many ulterior purposes in an effort not only to prejudice the opponents of the bill now before the Senate, but also to prejudice any opposition that might ensue later to the so-called civil rights measure. Of course, that man is a contemptible falsifier, which is evident from the vote taken on the floor of the Senate just a few minutes ago, before I had read the article. He said:

> All the southern Democrats had met and had agreed on this course.

I have checked the yea-and-nay vote briefly, and I think I am correct in saying that every one of the southern Democrats followed the voting pattern he has always followed with respect to foreign aid. Those who are in favor of foreign aid voted against the motion to recommit, and those who are opposed to increasing foreign aid voted in favor of the motion to recommit. I do not have the actual yea-and-nay vote before me, but the Senator from Alabama [Mr. Hill] has not yet completely deserted the little group of embattled southern Democrats; the Senator from Florida [Mr. Holland] has not; the Senator from Alabama [Mr. Sparkman] has not; the Senator from Arkansas [Mr. Fulbright] had not at the last account that I had from him. All of them voted against the motion to recommit.

All of those who voted in favor of the motion to recommit have a consistent record of voting to reduce the foreign aid authorization or opposing the program in its entirety.

We have come to a pretty pass in our country when men of the fourth estate, who are supposed to be men of honor—and most of them are—seize on every issue that comes before the Senate in an effort to twist, distort, and wilfully and malignantly falsify in order to attempt to prejudice the case in favor of the pending civil rights legislation, which has not yet reached the floor of the Senate, or—as, in this case, attempt to prejudice the efforts of all those who are opposed to the foreign aid program or seek to reduce the authorization therefor.

Mr. President, there is nothing I can do about it. I cannot stop it. It is not a new custom, although all of it is not as vicious and as open and flagrant and maliciously false as is the article to which I have referred. But I shall continue to protest it and to have embalmed in the volumes of the Congressional Record the fact that some men who are supposed to be devoted to a cause that is protected in the Constitution of the United States—the freedom of the press—abuse that freedom by attributing evil purposes to all those who do not agree with their views on all legislation.

It ought to stop. Those who own the newspapers should see to it that this kind of yellow journalism is eliminated or else there will be a time when they will have finally made the circuit around and distorted the position of everyone, and there will be some curtailment of the right of the press to slander, libel, and falsify, as is done in the article to which I have referred.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MANSFIELD. Before I make the request which I intend to make, I should like to say that the writer to whom the distinguished Senator from Georgia has referred, whoever he may be, I am sure underestimates very drastically the integrity of the Senator from Georgia as well as the integrity of the Senator from Oregon.

Mr. President, I referred previously to an amendment offered by the Senator from South Carolina [Mr. Johnston]. It is my understanding that a prior amendment to the Mansfield-Dirksen amendment had been offered by the Senator from Florida [Mr. Holland], and is now pending. I have been trying to locate the Senator from Florida to ask him to make certain that his amendment would not be called up this afternoon because of the commitment which the leadership has given to the Senate that there would be no further votes this afternoon. I am quite certain that the distinguished Senator from Florida will agree to the arrangement, because he has had to leave the Chamber temporarily, and therefore I cannot at the present moment see him. But I desired to put the Senate on notice that there will be no further votes this afternoon.

Mr. JOHNSTON. Mr. President, the Senator from Florida said that he intended to file the amendment, so that he could call it up on Monday. I believe that the Senator will find there is no difficulty.

Mr. MANSFIELD. I have stated information I received from one of the attachés.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MORSE. I regret that I did not hear the Senator's comment. I came into the Chamber as the Senator was closing. I understood that the Senator made some reference to the Kraft column.

Mr. RUSSELL. I said that he was a candidate for the mantle of Ananias and had demonstrated more ability to wear it than anyone I have known recently.

Mr. MORSE. That is an appropriate description of that journalist. Earlier today I had paid my disrespects to him for his lying column published today.

Mr. RUSSELL. I regret that I did not hear the Senator. I was out of the Chamber when he made his statement.

Mr. MORSE. I made it clear that I had been advised by Senate colleagues that there had been no such secret caucus as is reported. I also made it clear that the writer had done a great injustice to my southern colleagues. I expect that kind of justice to be done to me by men of the yellow press of America. That does not concern me, except that I attempt to keep the record straight each time I observe such articles by paying my disrespects to such kept journalists.

Mr. RUSSELL. The writer evidently undertook not only to prejudice the case of the Senator from Oregon, but also undertook to make a case against the efforts of the southern Democrats in connection with a proposed civil rights bill. He is trying to kill two birds with one falsehood, to besmirch all those whose consciences will not permit them to support the foreign aid bill as well as those who will be opposed to a so-called civil rights measure when it comes before the Senate.

He endeavored to create a monumental falsehood in order to accomplish a double purpose with one falsehood.

Mr. MORSE. I wished the Senator to know that I paid my disrespects to that kind of journalist. I desire that the Record be clear again that there is no arrangement between the Southern Senators and the Senator from Oregon. I know that on the merits and the demerits of the bill Senators will exercise their independent judgments.

I also suggested that the writer take a look at the division of the southern Senators in this body on the question. I suggested that he look at the record of the Senator from Alabama [Mr. Sparkman] and the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. Fulbright].

Mr. RUSSELL. As well as the senior Senator from Alabama [Mr. Hill] and the Senator from Florida [Mr. Holland], who voted in the negative. Unfortunately they have persisted in the error of their ways by supporting all foreign aid legislation.

Mr. MORSE. Nevertheless, I appreciate the fact that the Senator from Georgia has joined in nailing this vicious, lying article to the mast.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. LAUSCHE. I commend the Senator from Oregon for his bold and direct approach and purpose to reveal the truth. Unless journalists are truthful, we will run into calamity. The Senator from Oregon has exhibited his usual, objective, and courageous approach to problems in regard to foreign aid.

Mr. MORSE. I appreciate the Senator's comments.

Mr. JOHNSTON. Mr. President, to go back to the discussion that the Senator from Georgia brought up, I believe I, too, have attended every one of the southern caucuses. I can truthfully say that the proposal of the Senator from Oregon was never discussed before the group at all. I believe he will agree that neither I nor any other Southern Senators has come to him and acknowledged anything about it.

Mr. LONG of Missouri. Mr. President, since the American Revolution, the people of our Nation have had one fundamental dream with respect to the world family of nations. That is, that it be made up of free and independent nations. While for many years our role in achieving such a world was passive, time and events have brought us to a role of world leadership. Our own security prevents us from turning our backs on this leadership. The basic question before us today is how can we as a nation best exercise this leadership to accomplish the longstanding dream of freemen and thus advance our own security.

To answer this question, we must first recognize the forces working against a world of free and independent nations. Of course, the foremost enemy of freedom is Communist imperialism. The Communists are hard at work attempting to penetrate and dominate the underdeveloped nations of the world. In Latin America, Asia, and Africa, the Communists are utilizing every weapon at their command—social, political, and military—in their efforts to make this a Communist world. Their allies in this fight against freedom are poverty, disease, ignorance, and desperation.

Our efforts must be directed toward overcoming all of these forces. Foreign aid has proved an effective instrument in this struggle and I believe it can be made an even more effective instrument in achieving a world of free and independent nations.

Mr. President, critics of foreign aid almost always include in their charges the assertion that you can't buy friends. This is a very easy charge to make since it is axiomatic. However, the charge is completely irrelevant to foreign aid since the program is not intended to buy friends. The military support phase of the program, of course, is for the purpose of strenthening the military might of the free world. The nonmilitary phase is intended to help less fortunate underdeveloped nations strengthen their economic and political independence. That is, to help the people of the nations win their struggle against poverty, disease, ignorance, and desperation.

Paramount to success in this endeavor is a desire on the part of underdeveloped nations to achieve economic and political independence. All our Nation can do is help those who are willing to help themselves. As a general rule, economic aid should not be extended unless the recipient nation undertakes to carry out the necessary social, political, and economic reforms. This was the intent of Congress in enacting the Foreign Assistance Act of 1961 and the Alliance for Progress.

Mr. President, I believe the basic intent of Congress in enacting these two programs is sound. I believe the future security of the free world depends on our continuation of an effective foreign aid program. This belief is supported by the fact that almost all industrial nations of the West have adopted programs to economically assist the underdeveloped nations. Even the Soviet Union has recognized the effectiveness of this approach by adopting an economic assistance program to bring underdeveloped nations under Communist influence.

Our economic assistance program to Western Europe after the war had dramatic results and its success was easily measured. Unfortunately, this cannot be true of our present program. Europe had all the necessary requirements for economic development other than capital and plants. The underdeveloped nations are beginning from scratch. It will be a long but necessary road.

Our actions on the pending bill should be aimed at carrying out the policy envisioned when the Foreign Assistance Act of 1961 and the Alliance for Progress were initially enacted.

ALLIANCE FOR PROGRESS

Mr. INOUYE. Mr. President, recently I had the opportunity to visit the small nation of Uruguay for the dedication of a statue to George Washington. During my visit, I had occasion to talk with many members of the Uruguayan Government, business and civic leaders, as well as our personnel in the Embassy and related missions. Although I have always been interested in the Alliance for Progress, and have offered it my support, this was my first opportunity to view in operation the vast hemispheric program that has developed under the sponsorship of President Kennedy, to promote the economic and social development of Latin America.

In the numerous discussions I had in Uruguay, the Alliance for Progress repeatedly became the topic of interest and concern. A number of Uruguayans were unhappy with the slowness of the implementation of this program. On the other hand, I was extremely impressed by the dedication of the Uruguayan Government and the people of Uruguay in following a course of action within the framework of the Alliance for Progress, although it was apparent that they, themselves, were not moving as fast as possible.

Since the time of my visit to Uruguay, I have been devoting a considerable amount of my time reviewing the Alliance.

Certainly, neither party can claim exclusive authorship of our present Latin American program. It was during President Eisenhower's regime that the Act of Bogotá, calling for mutual cooperation, was adopted. It was also at the request of President Eisenhower that Congress, in 1960, authorized $600 million for the Inter-American Program for Social Progress.

Then, under President Kennedy, the Alliance itself was inaugurated in August 1961, at a meeting of finance ministers at Punta del Este, Uruguay. It was conceived as a vast, dynamic program, engulfing the northern and southern continents of America, and dedicated to the eradication of poverty, ignorance, and disease, which have plagued Latin America through its long and turbulent history. Twenty nations signed the Charter of Punta del Este, and dedicated their programs and their efforts to the accomplishment of such goals as: elimination of adult illiteracy by 1970; increasing life expectancy at birth by a minimum of 5 years; an annual rate of growth of 2.5 percent per capita per year; and encouraging and expanding such related enterprises as housing construction, sewage and sanitation facilities, agrarian reform, and increased productivity; and to the development of long-range programs which would insure the self-sustaining growth of each nation.

Since its inception, I have heard some critics prophesy the failure of the Alliance for Progress, while others have predicted its eventual failure unless certain changes—which happen to fit their own ideas—are made immediately.

Sentiments like these could indicate that there exists an impatience to get moving, to get the job done, and that would be all to the good; I am afraid, however, that this attitude reflects defeatism and a deep misunderstanding of what we have undertaken.

These people have forgotten what President Kennedy said when he first outlined his proposals for the Alliance at the White House on March 13, 1961. The 10-year plan for the Alliance, he said, will be the years of maximum effort, the years when the greatest obstacles must be overcome.

> And, if we are successful—

He said—

> if our effort is bold enough and determined enough, then the close of this decade will mark the beginning of a new era in the American experience.

I would like to stress his use of the word "beginning." Those who complain that the Alliance has failed in 24 months to correct the economic and social distortions of 250 years of colonialism and 150 years of frequently turbulent political independence should go back and read Mr. Kennedy's speech to discover the full dimensions of the job we are tackling.

As stated by the U.S. Chamber of Commerce in its recent report on the Alliance for Progress:

> These criticisms reflect not only the obstacles facing the Alliance, but also the enormous problems that called it into being.

Certainly, the Alliance for Progress has not been a total success. However, the great progress that has been made is miraculous in the face of the problems it faces. As Tad Szulc, noted columnist on Latin American affairs, has said:

> Social and political unrest are rising vertically like a maddened fever chart.

The chamber of commerce has pointed out the principal criticisms brought against the Alliance in the light of its objectives, accomplishments, and potential. These criticisms, and the chamber's answers, are as follows:

> It hasn't gotten off the ground. The need for speed is urgent. As U.S. Alliance Coordinator Teodoro Moscoso constantly stresses: "It is 1 minute to midnight in Latin America." Tomorrow the hemisphere may have more Cubas to deal with. Yet any program as complex and ambitious as the Alliance requires time to get moving, and the results are not likely to be apparent overnight or even within the first few years. Economic development historically shows a tendency to accelerate from slow beginnings.
>
> Its machinery is inadequate. Much more needs to be done to improve coordination among the United States, the IDB, the OAS, ECLA, and the other international institutions which will participate. The OAS machinery itself, particularly the Panel of Nine, needs to be strengthened and its role clarified. National planning for the Alliance in Latin America is just getting underway, but AID and other U.S. agencies could improve their coordination. As one leading U.S. newspaper has put it: "Latins thought they had a monopoly on manana and they were both perplexed and dismayed when they discovered that this was another field where Washington was first."
>
> The U.S. contribution is inadequate. At this stage most of the Latin American countries have not completed their plans, much less undertaken the varied and complex self-help efforts necessary to make U.S. aid effective.
>
> Latin American governments have not met the conditions to which they agreed. This is one of the thorniest problems for the Alliance, because of the inclination of AID and other agencies to provide aid, as in the past whenever an emergency arises. On the other hand, 18 Latin American countries have taken positive steps toward sounder long-range planning, self-help, and reforms.
>
> The emphasis is on social development rather than the real need for investment in productive enterprise. In this respect, viewpoints differ widely. Many experts feel that there is not enough time to follow the pattern of the United States and Europe, and that social and economic development must be pursued simultaneously if either is to succeed.
>
> The reforms envisaged by the alliance are unfair. Members of the so-called oligarchies of Latin America have made this charge. This is the group which stands to be most immediately affected by altered land and tax policies. However, these oligarchies stand to lose more in the long run if they are unwilling to relinquish some degree of the control which they now enjoy. As one Peruvian aristocrat said, "Either we give or they take."
>
> The Alliance gives too little emphasis to the role of private enterprise. If this investment is to materialize, Latin American governments must make more strenuous efforts to provide the conditions necessary for the free enterprise system to function adequately. Among other things, many countries will have to reexamine policies on expropriation and compensation, state planning, state investment in enterprise, and business regulation. Of the total $80 billion expected from the Latin American countries over the 10-year period of the Alliance, nearly three-fourths is to be in the form of private domestic investment by the Latin American businessmen themselves.
>
> The alliance lacks a mystique. The U.S. Government has so far failed to create a genuine enthusiasm for the Alliance in this country, and in much of Latin America it is still largely unknown or misunderstood. Without broad popular support, the task of the Alliance will be infinitely more difficult. A new public information effort by the OAS was launched in July 1963, to create greater public consciousness of the Alliance and to stress, particularly in Latin America, the partnership nature of the program.

The Alliance for Progress has recently been faced with a series of blows, more particularly the military coups d'etat in the Dominican Republic and Honduras. As stated by Tad Szulc in the New York Times of October 6:

> Because this [Washington] is a town that has accustomed itself to think in the black-and-white terms of definitive victories or definitive defeats, the instantaneous inclination here was to begin composing the obituary of the Alliance for Progress.

To me it is quite apparent that these setbacks should not reflect adversely on the Alliance for Progress program, since these military coups are not a result of the failure of the Alliance, but rather a most vivid manifestation of the tremendous problems which the Alliance is attemping to overcome.

The New York Times, on Monday, October 7, in referring to these last violent death throes of the Latin military and oligarchy, correctly stated that—

> The Alliance needs time, persistence, and that elusive quality—faith. It must not be used to bolster military reaction, but it must not be given up because these vestiges of a dying past are making last stands in some Latin American countries.

I do not deny that what has happened in Honduras and the Dominican Republic is sad—sad for the Alliance for Progress, sad for the Dominicans and Hondurans, and sad for those around the free world who strongly believe in the principles of self-government and democracy.

Even though we have taken one step backward in these instances, the story of the Alliance is not yet finished. Even the Dominican and Honduran stories are not yet finished. I remind you that even in the cases of the military coups d'etat in Peru and Argentina, they have eventually resulted in free elections and representative democratic governments.

I cannot promise you that there will not be similar setbacks in the future in Latin America before the Alliance for Progress achieves its ultimate goals.

Battles are lost, but wars are still won. What is at issue is whether, in the face of adversity such as we have recently encountered, we have the necessary fortitude to continue this war against communism, or whether our frustrations will result in our withdrawing from the affray. Upon this decision will rest the ultimate success of the Alliance for Progress.

Support for this program by the American people unfortunately ebbs and flows with every intermediate small advance or setback. Our fickleness in this regard leads our Latin American friends to feel that possibly we are incapable of the long-sustained effort necessary to reach the goals set by the Alliance. Castro and his communistic cohorts in Latin America play continually on this fear as part of his campaign to destroy the program that stands between Latin America and Communist domination. Castro, recently on the Havana radio, happily commented:

> The North American Congressmen have cut in half certain funds which the administration has asked for the Alliance for Progress. Of course, that famous Alliance was always conceived on a false basis, as an instrument of aggression against the Cuban revolution. It was from the beginning doomed to failure.

The Chilean Communist newspaper, El Siglo, tolled the death knell of the Alliance as follows:

> The $2 billion annual aid promised 2 years ago was mere propaganda and was actually reduced to $600 million. The result has been stagnation, even retrogression instead of predicted growth, since in this period North American monopolies have withdrawn from Latin America more than AID furnished. With the House cut to $450 million, the Alliance has died. May it rest in peace.

It is miraculous that, considering the problems faced in Latin America, we have had the degree of success that has accrued to the Alliance in short time of its operation. The U.S. Chamber of Commerce sums up its report, as follows:

> In the face of these difficulties, the Alliance for Progress stands as a bold program calculated to make at least a start toward the long-range solution of Latin America's diverse problems and toward assurance of social and economic progress in the years ahead.

In order to place the progress of the Alliance in its proper context, I would like to tell you some of the things that I know are right with the Alliance, and some of the accomplishments that the program has already achieved.

One thing right with the Alliance is that it represents an awakening of our national interests and responsibilities in Latin America.

Until a couple of years ago, very few of us in the United States were aware of the real nature of the problems of Latin America, and few of us cared. As Mr. Moscoso recently stated in the Saturday Review of October 12:

> Latin America was a region we took for granted. We went there as tourists, and counted on it to supply us with coffee, bananas, and raw materials. It was also an area to which we exported a large volume of our manufactured products. Through these decades, Latin America either failed to develop modern economies and societies, or it reared distorted economies dependent on only one or two products—tin in Bolivia, oil in Venezuela, coffee in Brazil. All this time, blissfully ignored by all but a few, tensions and problems were growing. Revolutions made colorful, but unimportant, reading. Dictatorships and political convulsions drew from most of us a yawn rather than a quest for understanding. Only intermittent and largely ineffective attempts were made to get to the root of the problems that were growing in Latin America and that sooner or later were bound to command our attention.

Then came Fidel Castro, and suddenly, North America awoke to Latin America.

The Alliance is not a carbon copy of the Marshall plan which merely—yes, I said "merely"—set itself the tack of reconstructing war-ravaged economies. This is a program, as Alliance Coordinator Teodoro Moscoso has put it, which seeks to build—not to rebuild—economies and societies ravaged by history.

Against this background, it seems to me that the expectation of quick results in the shape of a flourishing, contented, democratic Latin America after 2 years of treatment, is as ludicrous as it sounds.

Another thing that is right with the Alliance is its concept. It does not gloss over problems but faces up to them honestly. It does not say that, with a few million dollars poured into technical assistance projects, we can make up for 150 years of underdevelopment. It calls for changes in the outdated and brittle structure of the Latin American economies and societies, so that the money and the other resources that are poured in are channeled to the people who need them most. Nor is the Alliance just another aid program. It puts the burden of the effort—as far as internal reform as well as the generation of funds are concerned—on the Latin American countries themselves. United States and other outside aid can and will become effective only to the extent that the Latin American members of the Alliance carry out their end of the bargain. President Kennedy has said repeatedly that this is "a vast cooperative effort in which the United States is the junior partner."

Not only are they required to institute basic reforms in order to better respond to the needs of their people—not only is the principal burden of generating 80 percent of the necessary funds within their own countries—but even on those programs with which we assist them, they provide a substantial portion of the funds.

In Mexico we have authorized a $20 million credit for loans to small farmers. It is expected that Mexico's own contribution to this program will be $185 million.

AID is providing a $30.5 million loan to Argentina for the construction or improvement of 1,200 miles of highways. Argentina will provide $160 million.

In Chile, through the social progress trust fund, we have made a credit of $2 million available to build 1,900 homes. The local contribution is in excess of $5½ million.

A grant of $310,000 for technical assistance in the formation of credit unions in Latin America has resulted in stimulating and creating some 500 credit unions. New credit unions are being created at the rate of 60 a month.

In Central America the social progress trust fund has made a $2,925,000 loan to the five Central American universities, for improvement of the training of their technical and professional personnel. This is being matched by an equal amount from the countries themselves.

Another thing that is right with the alliance is that it is not a government-to-government program.

It recognizes candidly that roads, ports, communications, and other infrastructure facilities are generally beyond the ability of private enterprise to provide. So, to the extent that these basic ingredients need to be provided, we have to work with governments.

Even most of the loans that are made under the Alliance for Progress to recipient governments end up in the private sector. For example, the supervised agricultural credit loan to the Government of Mexico, which I have referred to, is for the purpose of distribution through private banks, for small agricultural credit loans under a controlled rate of interest, to farmers for the purchase of seed, equipment, fertilizer, and the other basics required for full utilization of the land.

But beyond this, private enterprise must carry the burden. It is estimated that 65 percent of the resources within Latin America must come from private sources there. Also, $300 million a year will be needed over the course of the 10-year program from U.S. and other foreign private investors. What is needed is the maximum cooperation and pooling of resources from both the private and public sectors. For what we are after are modern economies in the Government serving the people and in which private initiative has the opportunity to play the productive role it must assume if the country is to prosper and the people are to be free.

Development toward fair tax loans and proper administration is another thing that is right with the Alliance for Progress.

Twelve Latin American countries have either passed new and tighter tax legislation or improved their tax and customs collection systems. In seven cases, the reforms have been of major scope. This area is of great concern to the founders of the Alliance both here and in Latin America.

It is also, as we know from our own experience in the tax field, one of the most politically sensitive and difficult.

However, the beginning that has been made in countries as far apart as Guatemala and Chile, Colombia, and Bolivia, is impressive. At the same time we realize that it is only a beginning.

One of the most valuable services that our American technicians are providing today in Latin America is advice on tax collection and fiscal administration. Our Internal Revenue Service in a short time has built up a fine and efficient record in this field.

Rational comprehensive modernization of agriculture is another thing right with the Alliance for Progress.

As in most underdeveloped countries in the world, agriculture is the backbone of the economy of Latin America. Yet, much as these countries depend on it, agriculture is at the root of much of Latin America's economic and social difficulties. It is either turning out too much of a few products such as coffee or it is producing too little of the desperately needed staples like wheat and corn. What is more, agriculture is highly inefficient, employing far too high a percentage of the population and thus unable to give those masses more than a few crumbs of the small pie they all have to share. So, naturally, it did not take much imagination when the charter of the Alliance was drawn up, to make agriculture a big chapter. Agrarian reform was the watchword. And it gave rise very quickly to the misconception that all that was wanted or needed was the splitting up of the large landed estates, which were owned by a few wealthy men who also played a decisive role in controlling the political destiny of their countries. But it is not this simple. The fact is that, in a number of cases where land was divided and given to individual farm families, production did not increase. Instead, it fell and, in some cases, drastically. Bolivia, which went through this experience beginning in 1952, is a case in point. So I prefer to speak rather in terms of modernizing agriculture. By that we do not mean taking land away, dividing it up and redistributing it, but orderly reorganization, including possible changes in land tenure, supervised credit and extension services, and farm-to-market roads which make it possible to get a product to the places where it is needed. This is the rational way in which the Alliance is tackling the problem of agriculture. It is the right way. Under this kind of program, Venezuela, with relatively little help from us, has succeeded in resettling close to 60,000 farm families on land of their own since President Kennedy visited there just a little over a year ago. In Chile, Colombia, Bolivia, and many other places in the area, similar programs are getting into high gear. In these efforts, American land grant colleges, like the Universities of Wisconsin and Iowa, are playing a major role. Experts from these universities are in Latin America or are training Latin Americans in this country, thus making available the best knowledge that we have developed and put to use in this field.

Bringing other free world developed nations in to help provide the funds for modernization of Latin America in the joint interest of all free countries is another thing that is right with the Alliance.

The notion that the United States is footing the whole bill for the Alliance has been removed even further from the truth because of some recent developments in the consortium approach to aiding less-developed countries—a technique which the World Bank pioneered in India. After preliminary discussions on Colombia's development program, we now have the prospect of West European participation in Alliance efforts to bolster Latin American economies.

A consultative meeting in Washington was held under the sponsorship of the World Bank and yielded clear-cut indications of commitments from that organization and from European countries to join us and Colombia in financing the initial stage of Colombia's 10-year national development plan. This is the first case in which our efforts to spread the financial burden of Latin America's economic and social development to the other industrialized nations are bearing substantial fruit. There is reason to hope that in the case of Chile, a similar multination financing pattern can be worked out.

Under the leadership of my good friends and esteemed colleagues, Senators HUMPHREY and JAVITS, the Atlantic Community Development Group for Latin America, known as ADELA, is being formed to add its efforts in inducing the more developed countries to participate in the economic development of Latin America.

The promotion of a vitally increased role for private enterprise in the programs of the Alliance and the heartening response in recent months of some American firms are more things that are right with the Alliance.

Another important point that needs mention is the extensive program this administration is carrying on to attract more funds from American private investors into Latin America, as well as to create greater confidence and thus more productive investment from private sources within Latin America. U.S. loans to intermediate credit institutions in Latin America under the Alliance so far exceed $100 million. These loans are used for credit to farmers, small and medium size private businesses precisely to develop the kind of healthy, decentralized business activity which is so vital both to economic progress and to the development of social and political stability. For example, with the assistance of the United States, five private development banks have been formed or are in the process of formation in Colombia.

As for U.S. private investment, the Agency for International Development is carrying on a program of loans in local currency in the Latin American countries from funds generated from the sale of surplus U.S. food stocks; loans in dollars; sharing of the cost of investment surveys; and, most important, guarantees of new investments by U.S. firms against the triple risk of expropriation, inconvertibility, and war. This makes it clear that we are in full agreement with those who want the Alliance to make use of the resources and the know-how of private enterprise.

Vision, the largest circulation news magazine in Latin America, published in both Spanish and Portuguese, has recently issued a report pointing out that from U.S. private enterprise the net capital flow to Latin America, plus reinvested earnings, and expenditures for depletions, depreciations, amortizations, and other plant retirements, amounted to about $1 billion.

Those American firms which have shown faith in the future of Latin America and in the success of this program by making new investments in the region are to be congratulated.

The Alliance is fulfilling many of the goals and aspirations of the Charter of Punta del Este. The amount of accomplishments that have occurred in this relatively short period of time since the inception of the Alliance can be measured as follows: 140,000 new homes or family dwelling units have been constructed in Latin America; 8,200 new classrooms have been built, and more than 4 million textbooks have been printed and distributed in the drive for educational improvements; 160,000 agricultural loans have been made to Latin American farmers for the purchase of individually owned farms, for improved seeds and broodstock, for modern agricultural implements; 700 communities for the first time have sanitary water facilities, and 900 hospitals and health centers have been established in a part of the world where disease traditionally has snuffed out the lives of 85 children out of every thousand before the age of 5. This compares to a similar mortality rate of 28 per thousand in the United States.

Gentlemen, as you look at these figures, I believe that we are all struck with what seems to be quite a large accomplishment, but I venture to say that this represents only a dent in the great shield of poverty in Latin America. I am impressed on the one hand by the accomplishments that have occurred, and on the other hand by the immense task still confronting Latin America. I share with President Kennedy his views on the Alliance for Progress. As you remember, he said:

> We have a long, long way to go, and in fact in some ways the road seems longer than it was when the journey started.

Probably the greatest roadblock to the success of the Alliance for Progress has been the unwillingness of the Latin American Nations to mobilize their available resources at the pace demanded by the rising expectations of Latin America. However, thanks to the firmness of Teodoro Moscoso in insisting that reforms be a condition to assistance, we are seeing increasingly that the Latin Americans are beginning to realize that this is not just another aid program, but one requiring that they, themselves, make the principal efforts.

We have, as has been said quite often, only one minute to midnight in Latin America. And the clock continues to move. The Castro-Communist design of coercion in this hemisphere has been dealt with in considerable depth on many previous occasions in this chamber. It would be unnecessary for me to dwell on the subject, which I know is well understood by others of my colleagues. However, I must remind you that the Alliance for Progress is the only alternative to communism in this hemisphere.

If we consider the facts which are available to us, we will see that we have no choice but to support Latin America to the fullest. Historically, Latin America, and the United States have been bound tightly together. The United States and Latin America have enjoyed a mutually beneficial exchange of goods and services. Presently Latin America accounts for the purchase of 20 to 25 percent of total U.S. exports sold abroad. Likewise, the United States purchases 40 to 45 percent of Latin America's total exports. Without question, the pattern on economic interdependence has joined together the continents of North and South America, and unless we are willing to abrogate the existing trade and commercial ties between the United States and Latin America, we must continue to support the Alliance for Progress. For the Alliance is the only substantial deterrent to the influx of Castroism in this hemisphere. If it fails, the vast markets and storehouse of natural resources in Latin America will no longer be available to this country.

Therefore, it is quite apparent that, in addition to our security interests and the eleemosynary aspects of the Alliance, there is also economic justification for its continued support.

The contrary is also true. The Alliance for Progress has carried the brunt of the attack against the United States from Castro and his Communist cohorts. Their vehemence against the Alliance is the best evidence of their fear that through the Alliance for Progress their ambitions for conquering Latin America will be thwarted. All of us are concerned with the problems that are presented by this little island. However, what has happened in Cuba is of relatively small consequence compared to similar successful subversions in the rest of Latin America.

It is estimated that the extraordinary costs of the United States during the Cuban missile crisis amounted to $200 million, and we are told that Russia is pouring $1 million a day into the small country of Cuba. In fact, Communists in Latin America are now pointing out with glee that, taking into consideration the House cuts on the Alliance, we are making no more available to all Latin America through our loans than Khrushchev is making available to Cuba.

We will shortly be faced with the consideration of the foreign aid authorization bill, in which is contained the authorization for funds for the Alliance for Progress and for the Social Progress Trust Fund. Therefore, the following words from Vision magazine, in speaking of the recent cut to the Alliance for Progress program by the House, should be of interest:

> The program does not deserve such treatment. Slow and fumbling in getting off the ground, it is now beginning to show achievements. Almost every Latin American state has already or is in the process of overhauling its tax structure. Land reforms are moving ahead. Roads, schools, hospitals, sewage nets are being built. Small businessmen are receiving alliance loans for expansion. At the same time, other fortuitous signs of Latin American advancement are appearing—the regional economic integration movements and the slowly rising prices of major commodities.
>
> Of course there is disappointment and grumbling—over the slowness of reform on the one hand, and the slowness of money on the other—but on the balance it is widely accepted that the program is providing a real stimulus to progress. The United States must remember that the $1 billion a year promised by Washington is not the Alliance for Progress, but only a small part of it. Its chief importance is to provide a catalyst which will set off a much larger and purely Latin American reaction. By trimming its commitment, Washington at a very minimum will do irreparable harm to a burgeoning Alliance spirit that only now is beginning to take hold.
>
> The call on Alliance funds will be greater in the coming year than ever before. Peru and Argentina will be back in the program with their return to democratic rule. Major commitments to Chile and Colombia must be continued. If the dust settles in Brazil, new projects will rise again there. After setting rigidly high standards for development aid, Washington is hardly in a position to default once its demands have been met.

We have already seen indications from Latin America of the trauma felt there by our friends due to the recent cuts, and we have seen examples of the gloating by the Castro and Communist press over this cut, coming, as Mr. Moscoso has said, at the very time that Latin American governments are moving ahead and when they have placed themselves way out on thin political limbs.

We have but one road to follow, the road of support to the Alliance for Progress. Our failure to do so will result in consequences to our own national interest—and to the hopes of the Latin Americans themselves, for a hemisphere of countries, representative of their people, and responsive to the social and economic needs of the populace, which are too horrible to consider. We certainly cannot expect to be able to sit fatuously on our own front porch while our backyard is aflame.

PERSONAL STATEMENT BY SENATOR MORSE

Mr. MORSE. Mr. President, I understand that while I was out of the Chamber this afternoon, presiding as chairman of the Senate conferees on the higher education bill, the Senator from Illinois [Mr. Dirksen] discussed the motion of the senior Senator from Oregon to recommit the foreign aid bill to committee and, in the opinion of colleagues, paid his disrespects in sarcasm and ridicule to the senior Senator from Oregon.

I judge from what I have heard that the speech of the Senator from Illinois shows that he and I have nothing in common. I am glad, if that is true, that it does, because I would never want to be that common. I am delighted to know that I no longer belong to a political party so bankrupt in leadership that it is dependent upon the alleged leadership of the Senator from Illinois.

I understand that the speech was characterized by ill manners and bad taste. But I am accustomed to that from the Senator from Illinois.

I am very proud of the fact that I have never won his good will; because if I did, I would have to engage in some very long introspection. I am proud of the fact that there are some people who obviously are not enthusiastic friends of the Senator from Oregon. I am perfectly willing to leave the record as it is.

I am glad that none of my Democratic colleagues sought to answer him, although some said they thought they should, but decided they should not unless I were present. I take this as one of the normal courses of events that sometimes take place in the Senate, when Senators are so lacking in their facts that they have to resort to ridicule, personal sarcasm, and personal abuse as a substitute for logic, reason, and evidence.

Some Senators thought it was too bad that we could not have recorded in the Record the well-known inflections of the voices of the Senator from Montana and the Senator from Illinois; but I have requested that the Record remain unchanged, not edited—which is the right of the Senate. So let the Record now show that I have formally notified the Official Reporters that the Record of the speech of the Senator from Illinois is to remain unedited.

Mr. President, I have another brief comment to make: It would appear that a part of the burden of the arguments and public announcements of the majority leader [Mr. Mansfield], the chairman of the committee [Mr. Fulbright], and the majority whip, the Senator from Minnesota [Mr. Humphrey] dealing with the position which those of us who are opposed to this bill have taken is, so it is reported, to charge that we are picking out instances of waste and mismanagement that always are bound to crop up in a program such as the foreign aid program, and that we are not dealing with the basic issues involved.

Mr. President, nothing could be more incorrect. On the contrary, we have not "nit-picked" at specific projects or items. What we have been doing, and what we will continue to do for some days, before the Senate votes on the Mansfield-Dirksen amendments, is to offer amendments to the committee amendment and to the Mansfield-Dirksen amendments. Thus we will put Senators in a position where they cannot say to their constituents, when they return home, "But we did not know." They may put themselves in a position where they will have to say, "We did not listen" or "we did not read," because it is obvious that many of them are not listening. But we will make the record; and it is obvious that their answer, on the basis of the record they make here—not on the basis of the record we make—will have to be just that.

So I say we have not "nit-picked" at specific projects—but we have shown the history of the AID in many places, and we have shown that it has not accomplished its purpose.

For example, Mr. President, consider the $300 million a year, for 10 years, that Turkey has received under the AID program; yet today Turkey is worse off than she was in 1947. If any persons are laboring under the illusion that Turkey has a constitutional, democratic form of government, they could not be more mistaken.

Or consider the $3.5 billion which Pakistan has received under the AID program. We have pointed out that aid in that amount to Pakistan cannot be justified. Today we find Pakistan playing "footsie" with the Red Chinese and entering into negotiated agreements with them. We point out that, as a matter of policy, that cannot be justified to the taxpayers of the United States.

We have been discussing the basic policy questions involved in the foreign aid bill; and we shall give all Senators an opportunity to vote on the question of whether they want billions of dollars of the funds of the taxpayers of the United States to continue to be sent to Pakistan, because we are going to move that that item be cut.

Or let Senators consider the $5.5 billion which Korea has received under our AID program, although South Korea would not last for more than a matter of days if it were not for the presence of our Armed Forces there. We point out that it is cheaper to put on the frontline a South Korean soldier or a Pakistan soldier or a Turkish soldier, rather than an American soldier; but the program now being operated makes no sense, because both American troops and the troops of the other countries are used; and not only are we paying the entire bill for the maintenance of foreign armies, but we are also placing in those countries—in uniform—American soldiers, sailors, and airmen; and they are the ones who provide protection to these countries—not the foreign aid program, at all.

Furthermore, let us not forget that the aid program does not include the cost of maintaining our forces abroad or the cost of a good many other things which add to these huge expenditures. Next week, we shall give a detailed accounting of the facts.

Let Senators also consider the sum, close to $1 billion, which Indonesia receives under the U.S. foreign aid program. Can any Senator state exactly where Indonesia stands today among the nations of the world, or show which side she is on?

Or let Senators consider the $4,500 million which Taiwan has received under our foreign aid program. The United States has maintained a great social security program for Chiang Kai-shek's soldiers, and the United States pays the salaries of more generals in Chiang Kai-shek's army than the total number of generals in the entire U.S. Military Establishment. Is it any wonder that the American people are fed up with such a program.

Of course the proponents of the program want to rush this bill through the Senate, so that the facts, such as those I am bringing out, cannot be known by the American people. But the proponents will not be successful in that attempt; and the Senator from Illinois can weep his forensic tears until his shirt front is as wet as he may want it to be, but he will not shake me from my determination to have full debate in the Senate on this bill.

This afternoon I gave the Senate an opportunity to make use of the most proper forum for procedure in connection with this bill at this time; namely, to permit the Foreign Relations Committee to hear, behind the doors of the committee room, representatives of the administration. However, my motion was defeated. Nevertheless, Mr. President, the vote on my motion did not make the proponents of the bill at all happy, because now they know that many Senators will not join them in their opposition to the Senator from Florida [Mr. HOLLAND] to me, and to other Senators who have amendments to offer.

The Senator from Illinois made sport of the fact that I called the Mansfield amendments "powerhouse amendments"—which, in my judgment, they are, for they are designed, in my judgment, to seek, parliamentarywise, to prevent an onslaught on this bill by means of amendment after amendment; and their purpose—as the Presiding Officer has already pointed out—is to place the opponents of the bill in a position where, if we permitted the Mansfield-Dirksen amendments to be adopted before we first resorted to all the amendments which we wish to offer, we would find ourselves in a parliamentary position in which certain figures in the Mansfield-Dirksen amendments could not be changed, once those amendments were adopted. Mr. President, I have not served here for 19 years only to walk into that trap, even though it is laid by the majority leader and the minority leader.

There is no hurry about the bill. Any time they want to have it laid aside, they can succeed in having that done. Or if they want to have the Senate take up, one at a time, the various amendments to this bill, they will have my cooperation.

But I shall continue to be impervious to insults. I shall be sad if I offend any Senator who finds himself inconvenienced because he cannot go on a safari to Paris or Malaya, or on some other junket. But I have the old-fashioned idea that the place for U.S. Senators to be is in the U.S. Senate, in Washington, D.C., when a bill involving—to the degree this bill does—the security and the future of the United States is under debate. I am sorry if some Senators do not like that; but let them tell their constituents that they do not like it, because it is my judgment that the course of action which is being attempted by some Senators will be repudiated—as I said the other day—in the great citadel of freedom, the voting booth, when the voters of the United States have an opportunity to pass judgment on the foreign aid bill and their support of it.

Mr. President, I should like to ask my friend, the Senator from Ohio [Mr. YOUNG], if he would do me a great favor? I am sure I can count on him to do me a great favor, although I apologize because I cannot stay and hear his speech. However, I shall read it. I have an engagement that I must keep. The majority leader, assuming that the Senator from South Carolina [Mr. JOHNSTON] would be the last speaker, told me to move to recess the Senate until next Monday noon at 12 o'clock. He apparently did not know that the Senator from Ohio intended to speak. I wonder if I may plead with my friend from Ohio to take over that chore of mine and, when he finishes, move to recess until Monday at 12 o'clock.

Mr. YOUNG of Ohio. The distinguished Senator from Oregon need never plead with me. In fact, he need never plead with anyone. I find myself on his side in many things. I am flattered by his kind reference to me.

Mr. MORSE. I, myself had planned to deliver a speech, but a conference on higher education made it impossible for me to do so.

I should like very quickly to report that I am delighted that the House conferees and the Senate conferees reached an agreement today on the higher education bill. I shall make a report on that subject on Monday.

My speech on the foreign aid bill had already gone to the press gallery. I wish to explain to the members of the press gallery that I shall deliver that speech on Monday.

I thank my friend from Ohio very much.

Mr. YOUNG of Ohio. Mr. President, in the course of the debate on foreign assistance, I find myself alined with those of my colleagues who seek to cut unnecessary spending from this program.

As I have said before, and I repeat now, I am thankful that the present administration is honest with the American people and terms our foreign aid program "foreign assistance." While I supported all of the foreign assistance requests of President Eisenhower during the final 2 years of his administration, I alway felt that it was not honest to term foreign aid "mutual security," as was the case during that administration.

SHELTER BUILDING BOONDOGGLE

Mr. YOUNG of Ohio. Mr. President, at this time I desire to speak out against another series of expenditures that have been without justification.

A limited nuclear test ban treaty ratified by the Senate last month is of great significance not only because it ends the deadly pollution of the atmosphere, but more important for its symbolism as a possible first step toward permanent peace. For more than a month millions of words were uttered by witnesses and by Senators in the historic debate on ratification.

I consider the test ban treaty in the best interests of our country. I was very glad indeed to speak out for it on a number of occasions, and I am glad that my vote is recorded in favor of ratification of the treaty.

It is incongruous that as the Senate debated this treaty, which we hope may be a step toward permanent peace, the House of Representatives at the same time authorized $190 million for a fallout shelter program, obviously on the assumption that there will be no peace. The limited test ban treaty stands on the judgment that new weapons development would not significantly add to the deterrent power of our present nuclear arsenal. The administration rejected Dr. Edward Teller's advice on the treaty, but is enthusiastically following his advice in proposing to spend almost $200 million next year alone on the beginning of a fallout shelter building spree that could become the greatest boondoggle in American history.

It was indeed reassuring to see "sweet reason" return to the other body when the House Appropriations Committee subsequently refused to approve one cent for this proposal.

The authorization measure is presently awaiting action in the Senate Committee on Armed Services. It is my fervent hope that a convenient pigeonhole will be found for it, and as a member of that great committee I shall do my utmost to see to it that this bill remains in committee.

This $190 million authorization would be only the first step in a 5-year program of shelter building that the civil defense bureaucrats say will cost a total of $2.1 billion. It would provide Federal grants of up to $2.50 a square foot for the construction of shelters in State and municipal buildings, schools, hospitals, and welfare institutions in communities throughout the land.

I am reminded of a poem which recently appeared in a national magazine and read something like this:

> Oh, what a rumpus in the Nation
> On Federal aid to education
> But yet there's money found
> To bury children underground.

We would do far better to enact legislation to provide additional classrooms for children of this Nation than to spend money for useless fallout shelters in the basements of antiquated school buildings. It would be ironic if this Congress passes a subsidy for school construction underground while refusing assistance for wholesale school programs above ground. What must we think of our children to do such a thing?

Mr. President, over the past 12 years over $1,300 million of taxpayers money has been foolishly wasted on silly civil defense schemes. Today, 18 years after Hiroshima, the United States has no civil defense worthy of the name. Most of what there is consists of absurd plans on paper and the rest is confusion. Simple arithmetic proves that any shelter program large enough to be meaningful—if such a thing is possible—will cost untold billions of dollars. However, civil defense officials follow the bureaucratic rule of keeping first estimates low enough to induce Congress into authorizing some colossal lunacy knowing they can always get more once a program is born.

Mr. President, those favoring a massive fallout shelter building program have estimated that it will cost anywhere from $20 billion to $200 billion. In their recent book "Strategy for Survival," Thomas L. Morton, dean of the College of Engineers of the University of Arizona, and Donald C. Latham, an electronics researcher, concluded that a national community shelter program would cost in excess of $37 billion. Herman Kahn, one of the foremost proponents of fallout shelters, has estimated that a reasonable program might involve a gradual buildup from about $1 billion annually to somewhere in the neighborhood of $5 billion annually. A recent estimate by Prof. John Ullman, chairman of the Department of Management at Hofstra College, would place the cost as high as $302 billion. Regardless of which of the expert opinions is cited, the price tag would be astronomical.

Even then, there is no guarantee that a shelter program will be at all effective. With extensive advances being made in rocket and nuclear technology, it would probably be obsolete before completion. One of the scientists now working on advanced weapons technology is reported to have said: "You ain't seen nothing yet," compared with what is coming into sight in the way of new weapons. Edward McDermott, Director of the Office of Emergency Planning was recently quoted as having said that most nuclear scientists now agree any underground facilities can be "dug out" if an enemy is willing to invest enough in the job, while others believe some protection is possible if one goes down far enough. He pointed out it would be "economically impractical" to dig such a shelter and subsequent nuclear advances might wipe out the investment once made.

There is also the possibility of more deadly types of warfare for which shelters offer no protection whatever—chemical and biological warfare. Any nation that would unleash a thermonuclear war would probably not hesitate to use other methods equally as terrifying and devastating.

Is the Congress prepared to embark on such a vast gamble and to spend perhaps $200 billion of taxpayers' money? Let us have no illusions. In reality, this is what the civil defense planners are asking us to do.

Anyone who has taken the trouble to look into the matter is aware of the fact that most building owners have ignored or refused requests to provide shelters, and that ordinary citizens have lost interest. During each crisis the get-rich-quick shelter salesmen appear. As soon as the crisis abates and public interest fades completely, they crawl back under the rocks from whence they came, or take up some other means of separating worthy people from their money.

Only recently the city of Portland, Oreg., voted to abolish its civil defense program which was costing $110,000 of local funds annually. The Los Angeles City Council slashed $209,000 from the civil defense budget request, reducing it to $30,000. The staff was reduced from 26 to 3. Officials of the city of Baltimore, Md., are considering taking similar action. The city comptroller has called for the outright elimination of the city's civil defense organization. Last weekend, Mayor Theodore McKeldin stated he would drastically reduce the budget request for civil defense purposes. Communities throughout the Nation are awakening to the fact that thousands of dollars of taxpayers' money has been spent on foolish programs with no tangible results except for the fact that in many instances livelihoods were provided for ex-politicians and city hall parasites. They are the types in my State of Ohio and elsewhere who for the most part are handling civil defense work—political hacks who have been defeated for office by the people and then seek soft public jobs and feed at the public trough, drawing high salaries and waiting for that bomb to fall while doing nothing constructive.

Mr. President, there is no shelter building program in Great Britain, France, or in any of the major Western powers. Reliable observers in the Soviet Union report that there is no fallout shelter program in all of Russia.

Henry Shapiro, dean of the American correspondents in Moscow, wrote:

> No foreigner here has seen any civil defense shelters. The average citizen is unaware of the existence of shelters.

Preston Grover of the Associated Press took a similar position when he stated:

> Attachés from embassies who have looked 'round the country for sign of shelters have found nothing. Foreigners live in many of the newest buildings put up in Moscow, and they have no bomb shelters.

In 1961, the New York Times published a report from Moscow by Harrison Salisbury which stated:

> About 12,000 miles of travel in the Soviet Union by this correspondent in the last 4 weeks failed to turn up evidence of a single Soviet bomb shelter.

Mr. Salisbury agreeing with Mr. Grover of the Associated Press said:

> Diplomats, foreign military attachés, and correspondents who have traveled widely in the Soviet Union report that there is no visible evidence of a widespread shelter program.

In the Soviet Union, civilians are being taught first aid procedures; they are being taught about street fighting and how to resist invasion from basement to basement and from street to street. There is no construction whatsoever of shelters in the ground for people to crawl into and cower in, like moles in holes waiting for the conquering paratroopers to come. That is what some of the civil defense bureaucrats advocate in this country. Yet, generals of our Armed Forces, Gen. Curtis LeMay and others, have testified that they would prefer, in the first place, to spend the money for offensive weapons rather than to dig useless holes in the ground.

Mr. President, it is interesting to note that through the uncertain years while this Nation and the Soviet Union were building up their nuclear capacities, no real interest could be stirred up among the general public or in the Congress for any form of civil defense. During that time it is true that over $1 billion was appropriated in piecemeal fashion but not for any really serious or effective plan of action. Actually, we were soothing our consciences "just in case" a nuclear war would come. Year after year we appropriated $75 or $100 or $80 million for civil defense purposes, always "just in case." Neither the Eisenhower administration nor the Kennedy administration nor the Congress over the past 12 years has really faced up to this issue. It was always easier to pretend that something was being done. It assuaged the fear of a possible future guilty conscience.

It is only human to grasp at straws when faced by an overwhelmingly difficult situation, and in appropriating these funds which gradually began to total a staggering sum; this is what was done. No one in his heart really believed that the civil defense fishnet would be of any protection in a surging sea of nuclear destruction. These appropriations were psychological pablum to soothe the anxieties and fears of a worried citizenry that wanted a solution to an insoluble problem—civil defense in the atomic age. In the city of Columbus, Ohio, for example, more than $600,000 was spent on special regulation of traffic lights on the assumption that in a time of emergency all traffic lights in that city would be green to enable people to flee in one direction. As if in a moment of terror during a nuclear attack people would be looking at traffic lights or would be guided by them. If they did that, there would be the greatest traffic jam known to history.

Now that there has been a lessening of tension, we are asked to approve a bill for the spending of an additional tremendous amount of taxpayers' money for protection against past dangers and to again soothe our consciences just in case.

Mr. President, our best and probably only civil defense in this nuclear age is a firm stand against aggression. This was evidenced a year ago last October when President Kennedy took firm, determined, resolute, and unyielding action against Khrushchev, and Khrushchev turned tail and withdrew his offensive missiles and airplanes from Cuba.

There is no workable defense against the hydrogen bomb except not to drop it in the first place. As Gen. Douglas McArthur has stated:

> War has become a Frankenstein to destroy both sides. No longer does it possess the chance of the winner of the duel. It contains, rather, the germs of double suicide.

Or, as Walter Lippmann put it:

> There is no protection against nuclear war except to prevent it.

Certainly, holes in the ground or so-called fallout shelters are no deterrent to any possible aggressor. They in no way work to prevent war.

Mr. President, I fervently hope that the Senate will reject the bill passed by the other body authorizing $190 million for a beginning of a shelter building program. There are many more worthwhile places where taxpayers' money can be put to good use. When our country has so many unmet needs, when more than half the world is ill clothed, ill housed, and ill fed, is it appropriate to devote billions of dollars to burrow underground? Is it justifiable to spend millions to stock shelters with food when so many are hungry?

Mr. President, I again urge officials of this administration to review carefully present civil defense policy so that we in the Congress may be aware of the ultimate costs and so we may know where we are going in this area. I hope that the present proposal calling for Federal aid to States and communities to supply public buildings with shelters is going to receive a complete review in the Senate Armed Services Committee. Until that is done, not 1 cent more should be appropriated on a wasteful, directionless program that has already cost taxpayers well over $1 billion and threatens to cost hundreds of billions more.

I yield the floor.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, first I thank the Senator from Illinois [Mr. DOUGLAS] for his consideration and kindness in permitting me to speak at this time, because he has been waiting to make a speech. I wanted to make a statement in reference to one of the amendments before the Senate on the foreign aid bill; namely, the amendment that was offered to reduce the bill by $385 million.

Mr. President, we have recently seen evidence of a massive failure on the part of the Soviet Union—the failure of the Soviet agriculture system to provide sufficient food to feed the Russian people. The Communists are clearly having basic economic difficulties. Their system simply is not working efficiently. This not only may provide opportunities for us to make better use of our great economic system; it also means that the Communists do not have the economic power necessary to implement their political objectives. Among other things, they are having trouble with their foreign aid program.

While we should not minimize the threat of Communist subversion, it is quite clear that the Communists, at least at the present time, do not have the means necessary for the foreign aid program they have been conducting in recent years. This is a development of great significance for the United States and the free world. It means that we are gaining in our contest with the Communists on the economic front, and it provides the opening for moving into the vacuum created by Communist withdrawal.

It is paradoxical, at the very time we appear to be winning and the Communists appear to be pulling back, that we should also seem to have so many doubts about ourselves and our own foreign aid program. Doubts have been created about whether the responsible officials of this Government really believe what they profess and what they say about the foreign aid program. At the beginning of this year, before the Clay Committee made its report, we were told that a $4.9 billion program was essential to the Nation's security and prestige in the world. After the Clay Committee report, we were told that a $4.5 billion program was the bare minimum necessary if the Nation's security is not to be impaired. The Senate Foreign Relations Committee, after months of study, hearings, and markups, recommended an authorization of $4.2 billion as the absolute minimum. Now we learn that a smaller authorization bill, $3.8 billion can be justified.

The citizens' committees for the foreign aid program have been permitted more or less to dissipate or evaporate, rather than have the kind of organizational assistance required for a better understanding of our foreign aid objectives.

It is no wonder that the people are confused. My office and others in this city have received calls from numerous groups and organizations who were planning to launch programs to arouse public support for the foreign aid program. Now is it any wonder that they are confused and perplexed? They ask: Are the leaders of the executive and legislative branches willing to fight for the aid program which they repeatedly have claimed to be essential to our national security, or are they not? Is there any point in trying to arouse public support for the foreign aid program which the administration said was needed?

Mr. President, these are legitimate questions by citizens who are genuinely concerned. This is not the first time the aid program has been attacked—nor will it be the last.

It is the perennial whipping boy of anyone who has any sense of frustration on any subject, domestic or international.

But in view of the difficulties presently confronting the Soviet Union and the opportunity now available to us, it is most disturbing that we shrink from taking advantage of these opportunities.

Wars are not won by retreating when the enemy retreats, and the war which is being fought with all the tools in our foreign aid program is just as serious and as important as any of the shooting wars we have ever fought.

In fact, the foreign aid program is designed to win the struggle in the world without a shooting war.

Now is not the time to retreat. Now is the time for launching an offensive in those areas of the world that are of greatest importance to the United States. Now is the time for mobilizing all the resources at our command. Now is the time to get on with the job, rather than worrying about what others are doing, or dwelling on minor mistakes and shortcomings. Mistakes are bound to happen. Enough mistakes were made on D-day to convince any skeptic that the war was lost—if all he could see were the mistakes and the confusion. D-day was turned into a great victory for free men because we moved ahead without stopping or looking back.

As the Soviet Union cuts back on its commitment, we should move ahead. It should be noted that others are moving ahead to expand their influence, to take advantage of new opportunities. France is notable among them.

I may add, so is the Federal Republic of Germany.

The French Government is not cutting back its aid program. It is expanding it—even though its per capita aid is already twice as large as that of the United States.

I do not share many of the aims of French foreign policy, nor the objectives which their aid program in some cases may be designed to achieve. But I am impressed with the French Government's decisiveness in formulating its foreign aid policy, and its resoluteness in implementing it. There is nothing random, disjointed, or haphazard about its policy. Although the French aid program is certainly not a model program, particularly in regard to the terms of the aid offered, it has one characteristic which we should note carefully. It is concentrated in selected areas considered to be of highest priority to France. It is not scattered over 80 or 100 countries. It has a consistent direction. The French Government knows what it wants to do with its aid program—and is doing it.

One of the major weaknesses of our aid program is that of attempting to do too much, and thereby it loses its sense of direction. What is often lacking is a clear set of priorities for the program and a strong resolution to implement these priorities.

This is sometimes evident among those in the executive branch and in the Congress who are declared friends of the foreign aid program. In their espousal of the foreign aid program, they must have a clear grasp of what is most important and what is less important, what is top priority, and what is of secondary importance.

This set of priorities must always be kept in mind. If it appears that the Congress will not approve of the administration's total program, then the established set of priorities will naturally be followed in distributing any cuts.

We have recently been advised in the Senate that the Foreign Relations Committee's recommendations must be reduced.

I have shared the view, after sensing the temperament of the Congress, that some agreement to reduce the committee's figures might be necessary in order for the bill to be approved in the Senate. But what concerns me most is the absence of any clearly established priorities in distributing the cuts that have been proposed.

Many parts of this foreign aid bill are important, but which part is most import? Which part has top priority?

I believe that the Alliance for Progress program has top priority. I accept the President's statement that Latin America is the most critical area in the world as far as U.S. foreign policy is concerned. I accept this and believe we should act upon it. The executive branch should act upon it. The leaders of Congress should act upon it, and yet we are informed that some believe the Alliance for Progress item recommended by the Senate Foreign Relations Committee can be cut by $125 million. We hear that this is one of the categories best able to sustain a cut. And today we hear further that some officials in the executive branch are most concerned, not about obtaining the full request for the Alliance for Progress, but about restoring a large part of the military aid program—most of which goes to southeast Asia.

Mr. President, I claim no superior knowledge about strategy for obtaining the best possible foreign aid bill this year. I am quite willing to follow the advice of others on this question in many respects. But I am certain on one thing: I know that a cut of $125 million from the Alliance for Progress weakens it.

I know that that cut does not carry out what was the President's judgment on the importance of the Latin America area in the struggle in which we are now engaged with world communism.

I know that this conflicts with the policy stated by the President of the United States.

Mr. President, this week there opened in São Paulo, Brazil, the annual meeting of the OAS Inter-American Economic and Social Council. At this meeting, which will be attended by most of the key Alliance officials in the hemisphere, the future of the Alliance for Progress will be discussed. Proposals to modify its structure to achieve greater Latin participation will be discussed at this meeting. At the end of next week, Under Secretary Averell Harriman will go to São Paulo to head the U.S. delegation to the OAS meeting at the ministerial level.

This proposed reduction puts Secretary Harriman in a most difficult position. The U.S. Government has been exhorting Latin American governments to do better in mobilizing their own resources, to exact the taxes and enact the reforms called for in the charter of Punta del Este. We have repeatedly pleaded with Latin government officials to live up to their commitments under the Alliance. And yet now we indicate that the United States is to go back on its commitments. Most of the major Latin American newspapers, including those most friendly to the United States, did not fail to note that the House figure approved for the entire Latin American continent was only slightly above the total Soviet aid to Cuba alone. Our commitments under the Alliance, as well as those of our Latin American neighbors, must be honored. Nothing is more harmful to our prestige, to our national image, and to our foreign policy interests than the appearance of reneging on commitments made. The recent action of the House of Representatives in drastically reducing the Alliance for Progress funds requested by the administration is interpreted in every Latin American country as precisely that.

The Senate Foreign Relations Committee disagreed with the House action, and recognized the embarrassment this would cause the U.S. Government and restored the funds cut by the House. Now we are told that the Senate should follow the House's example and reverse the decision of the Senate Foreign Relations Committee.

I remind my colleagues that this is only the authorization. The appropriation is another matter. Everyone who has served in this body over the years knows that the appropriation figure usually is substantially less than the authorization figure.

This would mean that the Senate authorization figure for the Alliance would be $525 million. As everyone knows this figure could be reduced further by the House-Senate conference and reduced drastically by the House in the appropriations round. What we would likely have in the end is a figure approximating the $400 million which the Soviet Union now gives to one small country, Cuba. If the world's leading capitalist country cannot do any better than that, we do not have much of an argument with the Communists. Yet Latin America is the most critical area in the world, as we have been told by the leader of the greatest Nation on the face of the earth, the President of the United States.

What Mr. Harriman is likely to be asked in São Paulo, and quite rightly, what prompted us to go back on our commitment. When we committed our support to the Alliance at Punte del Este, we expressed support for a figure of $600 million per year for 4 years. The expectation, however, was that our aid would increase after the first year. Instead it is now proposed to be cut back from the $600 million level.

Mr. President, it is difficult to justify a cut of $125 million from the Alliance for Progress and add $125 million to the contingency fund when experience teaches that funds for this category have gone unused. Last year, out of $260 million appropriated for the contingency fund, $117 million went unspent.

Furthermore, if the President's contingency fund is increased by $125 million, we can rest assured that the little Alliance for Progress establishment will be pushed out of position in the grab for that money by more powerful forces in this country.

I repeat that I am not unaware of the necessity to make compromise to obtain an acceptable foreign aid bill this year. I can readily accept a cut in military assistance. It is long overdue. I can accept a modest cut even in the Development Loan Fund. However, if we are to wage the battle in Latin America that we ought to be fighting, so far as this part of the world is concerned, to prevent it from falling into chaos and revolution and Castroism and communism, we ought not to retreat from our obligations and our commitments.

What I insist upon is that these cuts must not fall on the highest priority program, the Alliance for Progress. I will continue to oppose any substantial cuts in this program.

I am not saying we must honor in full the administration's request for aid to 80 or 100 different countries. The sooner we cut that figure the better. The sooner we really learn to concentrate our aid program in selected high priority areas the better. We have been asking our allies to step up their aid program. But if we continue to have aid missions in 80 different countries where are our allies going to concentrate? And so I do not ask that we give the administration what it requests for 80 different countries.

I ask only that we provide what the Senate Foreign Relations Committee recommended as a prudent amount for the Alliance for Progress program in Latin America, the area having top priority under our foreign policy.

THE TAX BILL—THE NEED FOR TAX REFORM

GOOD FEATURES OF BILL

Mr. DOUGLAS. Mr. President, there are many good features in the present tax bill, H.R. 8363, with which we are dealing in the Finance Committee. Among these are first, the fact of tax reduction itself in order to stimulate demand, production and employment; second, the minimum standard deduction of $300 per taxpayer plus $100 for each family dependent; third, the shifting of the corporation tax collection period from the present delayed system to roughly the same basis as taxes are now collected from individuals; and fourth, the repeal of the 4-percent dividend credit against taxes actually owed; and certain other features as well.

I shall discuss these and other features of the bill in later brief discussions which I plan to make on the tax bill during this session of Congress at times which will not interfere with discussion and action upon pending business. My comments come at the end of a long day's session, and certainly do not interfere with any pending business before the Senate.

MILLIONAIRES ESCAPE TAXATION

But today I rise to state the urgent need for tax reform and to protest its slow and quiet strangulation.

There are, in the record of the current hearings of the Finance Committee on the pending tax bill, some shocking figures of which every American ought to be aware. The Secretary of the Treasury has furnished figures showing that in 1959 there were 20 persons in this country with incomes—adjusted gross incomes—of more than $500,000 who paid not a penny in Federal income taxes in 1959.

There were 15 persons having incomes of more than $1 million who paid not a cent of taxes.

There were five persons having gross incomes of more than $5 million a year who did not pay a single cent in taxes.

Adjusted gross income does not include interest on State and municipal bonds. It does not include write-offs for drilling and developmental costs in the oil and gas industry. It does not include one-half of capital gains. All these were in addition.

But with respect to the figures on adjusted gross incomes, there were, I repeat, five persons having incomes of more than $5 million who did not pay a single cent in taxes. Their real incomes were probably much in excess of this, to the degree that they owned State and municipal bonds, wrote off drilling and developmental costs, and had capital gains, only one-half of which goes into adjusted gross income.

AVERAGE FAMILY PAYS MORE TAXES

These figures are shocking when one considers that any worker with a wife and two children who is earning just $100 a week—$5,200 a year—an average American—would, under current tax rates, pay about $456 in Federal income taxes, at the same time that 5 persons having 1,000 times that worker's income can get away with paying no taxes whatever. The need for reform would seem to be clear.

Of course not every multimillionaire escapes wholly tax free, as these five managed to do. But the average multimillionaire comes surprisingly close to achieving just that. According to Treasury Department figures, for which I asked, and which are printed in part I of the hearings on the tax bill before the Committee on Finance, there were, in 1959, 37 people whose total incomes—including all the taxable part of their capital gains—came to more than $5 million and they paid, on the average, a little less than 25 percent of their total incomes in Federal income taxes. That is only somewhat higher than the first bracket rate of 20 percent.

We hear great complaints about the "confiscatory" top income tax rates of 90 and 91 percent. Those rates are too high—but the fact is that the bark about the tax rates is far, far worse than the bite. Theoretically, if all of the income of these multimillionaires were subject to the tax rate schedule currently in the law, they would be paying to the Government taxes at the rate of about 90 percent. The fact is, though, they are paying less than 25 percent of their total income in taxes or about the same proportions being paid by those with incomes of $20,000 to $50,000.

Mr. President, I shall ask unanimous consent that a table prepared by the Research Division of the Treasury Department be printed at the conclusion of my remarks.

Mr. President, this table also will be found in part I of the hearings on the tax bill before the Committee on Finance.

GLARING INEQUITIES

Clearly, Mr. President, there are glaring inequities in our tax system in urgent need of correction. In 1961, President Kennedy told the Congress that his administration was preparing a "comprehensive tax reform program" which would be "aimed at providing a broader and more uniform tax base" and at establishing "a more equitable tax structure and a simpler tax law." Originally, that program was to be presented to us in 1962. It was delayed until 1963. When it came, it was, in some respects ambitious, and in other respects timid. But it was an effort at tax reform. I give the administration credit for the original bill.

REFORMS THROWN OUT

But what did the House do with it after considering it for no less than 7 months. The rollcall is a sad one.

The administration asked that action be taken to close up the gaping loophole in the capital gains tax treatment that permits between $12 and $13 million—I repeat $12 to $13 billion—to escape tax entirely each year when property transfers at death. The House rejected that entirely. The administration offered a quid for that quo—namely, a reduction in the capital gains rate for taxation of certain capital gains held more than 2 years. The House took the quid, but gave no quo. It lowered the capital gains rate to a maximum of 21 percent on many types of assets held more than 2 years and reduced the proportion of capital gains to be included in taxable income from 50 to 40 percent, but threw out the tax on transfers at death.

The administration made a subsequent offer to deduct from the capital gains any inheritance tax paid. For example, if the capital gains amounted to $200,000, but the inheritance tax paid was $50,000, the capital gains tax would be paid only on $150,000.

Second, the administration offered to levy the capital gains tax only upon the actual sale of the properties and the actual realization on capital gains. These proposals were rejected.

The administration proposed four minor cutbacks in the oil depletion allowance, totaling $185 million. The House rejected three, and approved only one, for a revenue gain of only about $40 million—only a tiny fraction of the $3 billion the oil industry gets every year through depletion and the $2.5 billion it gets through the intangible drilling and development cost deductions.

The administration asked for a change in the capital gains on livestock. The House rejected this request.

The administration asked for a repeal of the unlimited charitable deduction—one of the features partially responsible for the multimillionaires paying no taxes. The House rejected this request.

In his testimony before the House Committee on Ways and Means, the Secretary of the Treasury cited the case of one man who was able to get a tax cut of approximately $21 million on property which had originally cost him less than $500,000.

Secretary Dillon told our committee of one tax-free insurance policy with a face value of $900,000. The administration proposed ruling out such a "jumbo policy." The House did place a restriction on such policies for working employees but wholly exempted retired employees. For them, the sky's the limit.

The administration recommended repealing the capital gains on coal royalties. Not only did the House reject that; it extended this favorable treatment to iron ore royalties.

These were all "reforms" which affect primarily the higher income taxpayers. They were rejected. But many of the so-called "reforms" affecting lower income taxpayers were approved, in whole or in part—for example, the taxation of a great deal of sick pay and of amounts paid out on certain State taxes. Apart from the repeal of the dividend credit, these in fact comprise the principal revenue-raising reforms approved by the House.

TREASURY HAS GIVEN UP ON REFORM

But now, Mr. President, the Treasury has given up on any efforts for the reforms rejected by the House. Supposedly in the interest of quick enactment of a tax cut, it has decided not to "renew" its request for any of the rejected reforms. The only change in the House bill asked by the administration is the elimination of the lower capital gains tax approved by the House on the sensible ground that since nothing was done about the taxation of capital gains at death, there is no justification for approving the other part of the "package." But, in effect, Secretary Dillon has invited the Congress again to give the quid without the quo, by telling our committee, in response to one of my questions, that even if Congress gives high income taxpayers the best of both possible worlds—doing nothing about closing the $12 billion gains-at-death gap, while at the same time easing the capital gains rate which goes almost wholly to the wealthy—he will not recommend a veto of the bill.

PROBABILITY OF NO ADDITIONAL REFORM AND NO BILL THIS YEAR

And since the Treasury, in my judgment, made no real fight to get the bill when it had that opportunity a month ago, when the bill came to us from the House, it is now in the position of probably getting no bill this year and no reform. As usual, it is getting the worst of both worlds.

And in view of the fact that, with 140 witnesses already scheduled to testify before the Finance Committee, and hearing these witnesses at the rate of 4 a day, 5 days a week, or 20 a week, there is virtually no chance to get the tax bill this year, the excuse of the Treasury Department for giving up on the reforms is not well founded.

In fact, if the Treasury would help both to publicize the loopholes and truckholes and to fight alongside with us for reforms, we could make improvements without either delaying or jeopardizing the bill.

But reforms are needed, not only because of the gross injustices in the tax system and the fact that those with very large incomes pay very low taxes.

NEED FOR FAIR OVERALL TAX SYSTEM

Reforms are needed also to keep our tax system, when taken as a whole, from becoming a regressive system in which the low- and middle-income groups pay a higher proportion of their income in taxes than do high-income groups.

At the moment, the Federal income tax is progressive. But this is greatly diluted and partially offset by the fact that those with big incomes escape taxation and also that some $10 billion of Federal revenues are raised through the excise taxes which fall disproportionately on the poor and the weak.

STATE AND LOCAL TAXES REGRESSIVE

Furthermore, when we look at the total tax system, we note that, of the $54 billion which the State and local governments collected in 1961, some $18 billion was collected in property taxes, and another $12.5 billion in sales and gross receipts taxes, both of which categories are regressive and fall disproportionately on the low- and middle-income groups.

SINCE 1954, TAX CUTS TO BIG TAXPAYERS

Furthermore, the tax cuts passed since 1954 have gone almost entirely to the large taxpayers. Last year we gave to corporations and to their dividend recipients, about $2.5 billion in tax cuts by way of the investment credit—which I opposed—and the revision of the depreciation allowances—which I approved. That was a cut of approximately $2.5 billion a year. But, prior to that, about another $2.5 billion a year was given to the large taxpayers, by way of the accelerated depreciation schdeules enacted in 1954 and the dividend exclusion and credit passed at the same time. As a result, corporations, and the high income individuals who receive the bulk of corporation dividends have had a tax cut, since 1954, which amounts to about $5 billion annually.

In addition, special bills, such as the Du Pont bill and H.R. 10, whose benefits go largely to the wealthy and to upper middle income professional groups, have also been passed. But, the ordinary taxpayer whose income is received in salaries and wages, and who neither evades nor avoids almost any of his taxes, has had virtually no tax cut at all.

In this connection, I point out that there is virtually no evasion in the payment of taxes on wages and salaries. The taxes are withheld at the source. In the debate last year on the withholding of taxes on dividends and interest, we pointed out that approximately 11 percent of dividends did not pay taxes and approximately 25 percent of interest did not pay taxes.

OVERWHELMING ARGUMENTS FOR TAX REFORM

Thus, there are overwhelming arguments why tax reform is as important as tax reduction.

Reform is necessary in support of simple justice.

Reform is essential if the great mass of ordinary people in this country are not to rebel against a tax system which has in it such gross inequities and gross injustices.

Reform is necessary if we are to keep even a semblance of the progressive system of taxation when State, local, and Federal tax systems are viewed together.

Let us give equal weight to reform and to tax cuts, in order to support simple justice for the 90 percent of our taxpayers with incomes of less than $10,000 a year who now have no loopholes and truckholes by which to avoid paying their fair share of our taxes.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a table dealing with certain matters I have discussed. The table was prepared by the Office of Tax Analysis.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—*Number of returns by effective tax rates, based on adjusted gross income by income classes (all returns with adjusted gross income of $500,000 or more, 1959)*

Adjusted gross income	Total	Effective tax rate (percent)									
		0	0.1 to 9.9	10.0 to 19.9	20.0 to 29.9	30.0 to 39.9	40.0 to 49.9	50.0 to 59.9	60.0 to 69.9	70.0 to 79.9	80.0 to 84.9
$500,000 to $749,999	529	3	4	6	34	90	241	73	47	27	4
$750,000 to $999,999	193	2	33	3	9	23	90	36	16	9	2
$1,000,000 to $1,999,999	197	8	1	1	8	22	93	34	17	12	1
$2,000,000 to $4,999,999	64	2			4	6	31	9	6	5	1
$5,000,000 and over	19	5				1	6	3	3	1	
All returns	1,002	20	8	10	55	142	461	155	89	54	8

Office of Tax Analysis, Office of the Secretary of the Treasury.

RECESS TO MONDAY

Mr. HUMPHREY. Mr. President, in accordance with the order previously entered, I move that the Senate now take a recess to Monday, at noon.

The motion was agreed to; and (at 6 o'clock and 7 minutes p.m.) the Senate took a recess, under the order previously entered, to Monday, November 4, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 1 (legislative day of October 22), 1963:

UNITED NATIONS

Lt. Gen. Robert William Porter, Jr., O18048, Army of the United States (major general, U.S. Army), for appointment as senior U.S. Army member of the Military Staff Committee of the United Nations, under the provisions of title 10, United States Code, section 711.

IN THE MARINE CORPS

Having designated, in accordance with the provisions of title 10, United States Code, section 5232, Maj. Gen. Leonard F. Chapman, Jr., U.S. Marine Corps, for commands and other duties determined by the President to be within the contemplation of said section, I nominate him for appointment to the grade of lieuenant general while so serving.

Having designated, in accordance with the provisions of title 10, United States Code, section 5232, Maj. Gen. Victor H. Krulak, U.S. Marine Corps, for commands and other duties determined by the President to be within the contemplation of said section, I nominate him for appointment to the grade of lieutenant general while so serving.

IN THE NAVY

Rear Adm. Wallace M. Beakley, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 1 (legislative day of October 22), 1963:

NATIONAL SCIENCE FOUNDATION

Dr. Robert S. Morison, of New York, to be a member of the National Science Board, National Science Foundation, for the remainder of the term expiring May 10, 1966.

NATIONAL LIBRARY OF MEDICINE

Dr. William Neill Hubbard, Jr., of Michigan, to be a member of the Board of Regents, National Library of Medicine, Public Health Service, for the term of 4 years expiring August 3, 1967.

PUBLIC HEALTH SERVICE

The following candidates for personnel action in the Regular Corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

To be senior assistant sanitary engineers

Charles D. Larson
Francis M. McGowan
Donald W. Mantay

To be assistant sanitary engineer

Robert D. Shankland

To be senior assistant sanitarian

Gerald J. Lauer

To be senior assistant dental surgeon

John H. Holt

To be assistant sanitary engineer

Fred M. Reiff

To be senior nurse officer

Kathryn M. Fritz

To be sanitarian

Patrick A. Thibeau

To be senior assistant sanitary engineer

Thomas C. Tucker

To be assistant sanitary engineers

B. David Clark
Ira P. Leggett, Jr.
Joseph R. Tynsky

To be assistant pharmacist

Jackie L. Knight

To be senior assistant therapist

C. Douglas Billion

EXTENSIONS OF REMARKS

Baltimore & Ohio Railroad Continues Record of Progress and Service in West Virginia—Morgantown (W. Va.)—Dominion-News Commends Recent Improvements in Main Line Between Clarksburg and Parkersburg—President Jervis Langdon, and Many West Virginians Have Made Notable Contributions to Transportation

EXTENSION OF REMARKS
OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, November 1, 1963

Mr. RANDOLPH. Mr. President, in 1838 the Baltimore & Ohio Railroad began construction of the first railroad tracks in West Virginia, building westward from Harpers Ferry. In the century and a quarter which has elapsed since then, the development of the railroad has provided significant contributions to the economy of West Virginia, and to the well-being of its citizens.

Among the responsible individuals who have been instrumental in the B. & O.'s success in the Mountain State were the late Charles W. Van Horn, of Lost Creek, W. Va., who was vice president in charge of operations for many years. Another leader was the former Governor of our State, the Honorable John J. Cornwell, of Romney, who for some time acted as general counsel of the line.

And, the concern for progress and service which was so evident in frontier days has not diminished with the years, but continues to expand and to bring forth achievement and benefit. A notable example of growth is the recent completion of important main line improvements in the B. & O. system between Clarksburg and Parkersburg, W. Va.

This improved line will provide a direct route for major freight shipments to the Southwest, through the St. Louis gateway, and correspondingly improved service to the businessmen and citizens of the Mountain State.

It has recently been my privilege to correspond with the president of the Baltimore & Ohio Railroad, Mr. Jervis Langdon, Jr., congratulating his efficient organization on recent additions and improvements. I likewise pointed out the immeasurable benefit which has come to West Virginia as a direct result of the enterprise and dependability of the B. & O.

I request that this correspondence be printed in the RECORD.

Mr. President, the experienced and respected editor and publisher of the Morgantown (W. Va.) Dominion News, Walter L. Hart, commented meaningfully on the contributions of the Baltimore & Ohio Railroad to the development in our State. In his October 31 editorial, "B. & O. Deserves Our Applause," Editor Hart stresses the importance of the new main line improvements. Further, he states that—

> We in West Virginia salute the railroad and hope, under its new management, it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves, including our own State of West Virginia.

I request that Mr. Hart's editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OCTOBER 29, 1963.

Mr. JERVIS LANGDON, Jr.,
President, Baltimore & Ohio Railroad Co., Parkersburg, W. Va.:

Sincerely regret Senate business here prevents my participation in your program-diner today. Your company has contributed much to the economic development of West Virginia and to the well-being of the citizens of our State. It is especially appropriate that in this centennial year the old B. & O. is the new B. & O. as it meets its responsibilities for improved transportation vital to the movement of coal and other traffic across our State and throughout an important part of the country. Congratulations and please convey my greetings to all in attendance.

JENNINGS RANDOLPH,
U.S. Senator.

THE BALTIMORE & OHIO RAILROAD CO.,
Baltimore, Md., October 30, 1963.

Hon. JENNINGS RANDOLPH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Thank you very much for your thoughtfulness in sending the telegram to me at Parkersburg yesterday. It arrived at the end of a luncheon we held on the special train which had come over from Clarksburg during the morning.

The project, I am sure, will be a great success and I look forward to a substantial increase in B. & O. traffic not only through northern West Virginia but to and from our stations in that great State.

Sincerely,

JERVIS LANGDON, Jr.,
President.

B. & O. DESERVES OUR APPLAUSE

We join with all progressive West Virginians in congratulating the Baltimore & Ohio railroad for its great main line improvement between Clarksburg and Parkersburg.

The prosperity—or lack of it—of this important railroad is of vital concern to every West Virginian because the B. & O. is a major taxpayer and in its continued progress all of us have a real stake.

This main line improvement makes it possible to haul all major freight items on the most direct route to the great Southwest through the St. Louis gateway. This is expected to greatly increase the revenues of the railroad.

Adding this to the forward look the railroad has adopted in pioneering on unit coal freight trains and other projects designed to make the railroad a better facility for its customers and therefore a more profitable enterprise certainly is most desirable from all standpoints.

We in West Virginia salute the railroad and hope under its new management it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves including our own State of West Virginia.

HOUSE OF REPRESENTATIVES

MONDAY, NOVEMBER 4, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Romans 13: 12: *Let us therefore cast off the works of darkness, and let us put on the armour of light.*

O Thou God of all comfort and Father of all mercies, whose spirit of compassion broods over stricken and struggling humanity, grant that in these days of world darkness our minds and hearts may be aglow with the light of lofty idealism.

Emancipate us from selfishness and complacency and give us hearts to feel and eyes to see that it is our moral responsibility to help mankind bear its burdens and carry on with courage and hope.

May we earnestly and sincerely seek Thy divine guidance as we pledge ourselves with wholehearted devotion to the great task that righteousness and justice, mercy and charity shall never pass from the earth.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, October 31, 1963, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1129. An act for the relief of Thomas B. Bollers and Earlene Bollers.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 310. An act for the relief of Kaino Hely Auzis.

A WILD IDEA: SUPER STATE DEPARTMENT

Mr. CASEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CASEY. Mr. Speaker, I want to call your attention to an article in yesterday's Washington Star as well as the Washington Post concerning the memorandum submitted by Mr. George F. Kennan, former Ambassador to Yugoslavia, in which Mr. Kennan has sent a memorandum to a Senate committee stating that he is quite disturbed with congressional politics interfering with our foreign affairs and our foreign policy. He has particularly noted the House's action in removing Yugoslavia and other Communist countries as most favored nations. What is Mr. Kennan's solution? His solution is that possibly we might set up a Secretary of State office as something in the nature of a Prime Minister. Such a change, he said, would gain acceptance by all parties of the principle that the external problems of the country should be given precedence over the internal ones, and that foreign policy should not be permitted to become a function of domestic-political convenience.

I do not know that I am equal to Mr. Kennan in educational background or brilliance, but I do think he should refresh his memory in history as to how this country started and the basis on which it has grown—that ours is a government of the people and by the people and that our Government receives its powers by consent of the governed. I think we fought a revolution to get away from just what he is advocating.

I think Mr. Kennan should realize what every schoolboy knows: that the responsibility for legislation belongs to the Congress and that the Congress is the voice of the people of this United States. I am a bit weary of diplomats, and others who are not responsible to the people of this country, assuming the role of papa knows best and saying that they alone know what is good for the people of the United States and for this country.

Mr. Speaker, it will be a sad day for our great country if the Congress should ever relinquish its right and responsibility to speak the will of the people of this country through the individual Members of Congress.

I want to point out one other thing which the distinguished gentleman finds fault with, and that is that the State Department cannot overrule other executive departments. He finds fault with the Immigration Service, as well as the FBI. In other words, Mr. Kennan thinks that the State Department should be all superior, not only over other executive branches, but the legislative as well.

Mr. Speaker, the article from the Washington Star that I refer to follows:

[From the Sunday Star, Washington, D.C., Nov. 3, 1963]

CONGRESSIONAL POLITICS HURT FOREIGN POLICY, KENNAN SAYS

(By Bernard Gwertzman)

George F. Kennan, one of this country's leading experts on Communist affairs and until recently Ambassador to Yugoslavia, charged yesterday that congressional politics had played havoc with U.S. foreign policy.

Reflecting on his tour of duty in Belgrade, Mr. Kennan said that domestic-political considerations had led Congress to act against Yugoslavia last year "in the face of the most solemn and formal warnings and objections on my part, conveyed to congressional leaders on many occasions and in many ways."

Mr. Kennan was referring to the decision, taken suddenly by the last Congress, to forbid any Communist country from being entitled to most-favored-nation treatment in this country. Such treatment grants normal tariff reductions to a country and allows it an equal opportunity to trade in the U.S. market.

HAD POLITICAL EFFECT

The removal of such treatment to Communist countries had an immediate political effect, since it clashed with administration policy to encourage Communist nations to seek closer ties with the West.

Yugoslavia and Poland are the two Communist countries which presently receive most-favored-nation treatment. The administration has attached to the foreign aid authorization bill now before the Senate a provision restoring to Presidential discretion the right to make such concessions to any nation if it is in the national interest to do so.

Mr. Kennan's views were released in a memorandum he sent to the Subcommittee on National Security Staffing and Operations, at the request of the chairman, Senator JACKSON, Democrat, of Washington.

A former Ambassador to Russia and author of many books on Soviet policy, Mr. Kennan said that if he had known "how little value the Congress would assign to my own judgment, in the light of nearly 30 years in the affairs of the eastern European area," he would not have accepted the Yugoslav assignment.

MANY IN STATE AGREE

Mr. Kennan's views are quite similar to those expressed privately by many State Department specialists in Communist affairs. They believe that there is so much diversity in the Red world today that it often is in this contry's interest to trade or otherwise improve relations with different Communist countries.

The officials often assert that Congressmen and Senators, in an effort to win political support in their home areas, vote on certain foreign policy measures, without due consideration to the national good.

Mr. Kennan suggested that foreign policy be removed from domestic politics. He advocated raising the Secretary of State's office to something "in the nature of a prime minister."

Such a change he said, would mean acceptance by all parties of "the principle that the external problems of the country should be given precedence over the internal ones, and that foreign policy should not be permitted to become a function of domestic-political convenience."

INTERFERENCE CHARGED

Mr. Kennan also charged that State Department policy was hampered by interference from other governmental agencies. He singled out the Immigration Service and the Federal Bureau of Investigation for special criticism in the matter of passports, visas, and reentry permits.

According to Mr. Kennan, many people in those two agencies have acted in ways contrary to the policy of the State Department regarding Yugoslavia.

The administration does not consider Yugoslavia a member of the Soviet bloc, but Mr. Kennan says he had the impression that "many of the people (in the Immigration Service and the FBI) were going on the assumption that Yugoslavia was a member of the Soviet bloc, a thesis contrary to our own observations and to the established analysis of the department."

OPERATIONS HAMPERED

"This hampered our operations and had, in a number of instances, what I considered to be adverse effects on our operations in the field."

He also criticized long delays in getting authorization to spend money—even on certain improvements in the embassy.

"I should think that if a man enjoys such confidence on the part of his government that he can be entrusted with the responsibilities of an important diplomatic mission, it ought also to be possible to entrust him with a limited control over funds, not major funds, just governmental pocket money, so that he could at least make minor dispositions affecting government property at his post, without waiting years for approval," he said.

SPECIAL ORDER TRANSFERRED

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the special order granted to me for tomorrow be transferred until Wednesday, November 6.

The **SPEAKER.** Without objection, it is so ordered.

There was no objection.

PROPOSED CHANGE IN ALCOHOL BEVERAGE CONTROL BOARD NOT IN THE PUBLIC INTEREST

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SPRINGER. Mr. Speaker, many Members have asked me the last week of my objections and those of the District Commissioners to the proposed revision of the District liquor laws which will come up on Wednesday of this week as H.R. 8920.

The subcommittee had extensive hearings on this bill last year and again this year. I was opposed to the bill, and I am opposed to it now.

The heart of this bill sets up the Alcoholic Beverage Control Board as an independent agency. In so doing, it removes from the Board of Commissioners the right to supervise the ABC Board. In addition, it removes the right of the Commissioners to set the regulations which will be administered by the ABC Board. Responsibility for government in the District of Columbia rests with the District Commissioners. Under both Democrat and Republican administrations the District Board of Commissioners has been of a high order. I do not believe this could be said to be true of the ABC Board. When mistakes have been made by the ABC Board, the District Commissioners have been prompt in correcting the situation.

It appears to me that this bill is tailored to the interests of the liquor industry in the District of Columbia. It is strongly backed by what has been described generally as the liquor lobby.

In my opinion this bill is not in the public interest, and in the long run it will work against the interests of the people who reside in the District.

PERMISSION TO FILE CONFERENCE REPORT ON BILL AUTHORIZING ASSISTANCE TO HIGHER EDUCATION

Mrs. GREEN of Oregon. Mr. Speaker, I ask unanimous consent the conferees on the part of the House have until midnight tonight to file a conference report on H.R. 6143.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

ACQUISITION OF PROPERTY IN SQUARE 758 IN DISTRICT OF COLUMBIA

The Clerk called the bill (S. 254) to provide for the acquisition of certain property in square 758 in the District of Columbia as an addition to the grounds of the U.S. Supreme Court Building.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

FACILITATING THE WORK OF THE DEPARTMENT OF AGRICULTURE

The Clerk called the bill (H.R. 7155) to facilitate the work of the Department of Agriculture, and for other purposes.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

SAINT-GAUDENS NATIONAL HISTORIC SITE, N.H.

The Clerk called the bill (H.R. 4018) to authorize establishment of the Saint-Gaudens National Historic Site, N.H., and for other purposes.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

LAKE ERIE SESQUICENTENNIAL

The Clerk called the bill (S. 1828) to amend the joint resolution establishing the Battle of Lake Erie Sesquicentennial Celebration Commission so as to authorize an appropriation to carry out the provisions thereof.

Mr. PELLY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AMEND THE ORGANIC ACT OF THE NATIONAL BUREAU OF STANDARDS

The Clerk called the bill (H.R. 5838) to amend the act of March 3, 1901 (31 Stat. 1449), as amended, to incorporate in the Organic Act of the National Bureau of Standards the authority to make certain improvements of fiscal and administrative practices for more effective conduct of its research and development activities.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Reserving the right to object, Mr. Speaker, I note that a rule has been granted on this proposed legislation. I therefore assume it will be programed at some later date. It is legislation that has rather far-reaching consequences.

I withdraw my reservation and ask that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

CONVEY LAND IN MARYLAND TO THE AMERICAN RED CROSS

The Clerk called the bill (S. 876) to authorize the Administrator of General Services to convey certain land in Prince Georges County, Md., to the American National Red Cross.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would like at least a brief explanation of this bill.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman.

Mr. BROOKS. I would be pleased to say, Mr. Speaker, that this bill authorizes the Administrator of General Services to sell 2½ acres of surplus Federal land in Prince Georges County to the American National Red Cross at the fair market value of such land at the time of sale. The Red Cross maintains a chapter house in Prince Georges County which has become inadequate for the performance of its public services in that area and due to large Federal land holdings they have had some difficulty in locating a site adequate for a new chapter house. Although the Red Cross is a nonprofit organization and is a corporation created by Congress for the purpose of rendering public services, technically it does not qualify under the provisions of law for any priority nor is the Administrator of General Services authorized to transfer or sell surplus Federal land to the Red Cross by negotiated contract.

Mr. GROSS. Let me ask this question: Is it understood that this Government land will command an appraised price of $50,000, or is it going to be lower when they get around to selling the land?

Mr. BROOKS. I believe you can be sure we will look at the appraisal. The preliminary appraisal has been in the neighborhood of about $50,000, and this will probably be in that same neighborhood. A current appraisal has not been made. There will be a further restriction, I will say to my distinguished friend—a further restriction that a chapter house be constructed on the property and used for that purpose. That is why we are making this special arrangement.

Mr. GROSS. On page 3 of the report the Comptroller General says:

> We also suggest for your consideration the desirability of providing that the purchase price, which is for repayment in the event of reversion, be made applicable to outstanding liens on the property at the time of reversion.

Does the bill contain language dealing with this subject? If so, will the gentleman point it out to me. I could not find the language in the bill.

Mr. BROOKS. It is not in the bill; no, sir. The bill is not involved in that argument. The bill provides for the sale of this land at the appraised fair market value which we anticipate to be in the neighborhood of $50,000 with the obligation of the Red Cross to build a chapter house there. If they do not do so they are not going to get to keep the land. The Senate had passed this bill. The House passed the bill last year.

Mr. GROSS. Then this provision is not contained in the bill?

Mr. BROOKS. No. However, in the committee report it is stated that—

> Provisos are included in the bill specifying that (a) the land shall revert to the Federal Government in the event that the Red Cross has failed to commence construction of its chapter house within 2 years after the conveyance or (b) fails to complete construction thereof within a reasonable time after such construction begins; also, (c) in the event of such reverter, the cost of any damages to the property shall first be deducted before repayment of the balance of the purchase price is made to the Red Cross. It is the intent of the committee that the term "damages," as used in the legislation, shall include, but not be limited to, any outstanding liens on the property at the time of reversion, in the event such occurs.

Mr. GROSS. I refer the gentleman to page 2 of the bill and ask him what is meant by this language:

> The Secretary of the Treasury is authorized upon such reverter to pay from the general funds of the Treasury to the American National Red Cross the amount, without interest and less any damage to the land as determined by the Administrator, paid by the American National Red Cross to the United States for such property.

Does this mean that if the property reverts to the U.S. Government, the U.S. Treasury is going to pay the National Red Cross for some loss that may accrue to the National Red Cross because of their failure to take over and hold the property?

Mr. BROOKS. No. The interpretation would be better stated in accordance with the language, in saying that if it goes back to the Government the Red Cross would be able to get its money back, less any damages to the land, and the term "damages" would include outstanding liens on the land.

Mr. GROSS. I just do not want money to go out of the U.S. Treasury to pay the Red Cross for any damage or anything else that may have occurred to a property which the Government of the United States is selling to the Red Cross, and apparently at a very good price according to land values in that particular area, in Takoma Park.

Mr. LANKFORD. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Of course, I am pleased to yield.

Mr. LANKFORD. The purpose of this proviso in the bill is that if for some unknown reason, the Red Cross chapter is not able to build the chapter house within the 3 years, as I think it is stipulated in the bill, this money which they have already paid to the U.S. Government——

Mr. GROSS. Two years is the time limit.

Mr. LANKFORD. Two years; will be given back to the Red Cross chapter at the time that the land reverts to the Federal Government, less charges for any damages which the Red Cross chapter may have inflicted on that particular land. It does not mean any loss to the Federal Government at all. There is no payment on the part of the Federal Government to the Red Cross. It is simply a return of the money paid by the Red Cross to the Federal Government in case they cannot raise the money to build the chapter house.

Mr. GROSS. I thank the gentleman from Maryland and the gentleman from Texas for their explanation; and I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, should such land become surplus property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, the Administrator of General Services is authorized to convey, within a period of two years following the date of enactment of this Act, not to exceed two and one-half acres of land located at the northeast corner of the intersection of Rhode Island Avenue and Sunnyside Road in Prince Georges County, Maryland, to the American National Red Cross upon the payment to the United States of the fair market value of the propery as determined by the Administrator: *Provided,* That the instrument of conveyance authorized by this Act shall provide that upon determination by the Administrator of General Services that the American National Red Cross has failed to begin construction of a chapter house on said property within two years after the conveyance or to complete construction thereof within a reasonable time after such construction has begun, all right, title, and interest to the property shall revert to the United States in the then existing condition of that property, and the Secretary of the Treasury is authorized upon such reverter to pay from the general funds of the Treasury to the American National Red Cross the amount, without interest and less any damage to the land as determined by the Administrator, paid by the American National Red Cross to the United States for such property.

SEC. 2. The cost of any survey required in connection with the conveyance of this property shall be at the expense of the American National Red Cross.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REGARDING CERTIFICATION OF FACTS

The Clerk called the bill (H.R. 4801) to amend subsection (d) of the Federal Property and Administrative Services Act of 1949, as amended, regarding certification of facts based upon transferred records.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection 506(d) of the Federal Property and Administrative Services Act of 1949 (44 U.S.C. 396) be amended by striking out the period at the end of said subsection and substituting a comma in lieu thereof, and adding, "and may authorize the Administrator to certify to facts and to make administrative determinations on the basis of records transferred to the Administrator, notwithstanding any other provisions of law."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROOKS. Mr. Speaker, H.R. 4801 would permit a more economical and efficient procedure relative to the processing of certifications and administrative determinations based upon department and agency records transferred to Federal records centers under the jurisdiction and control of the Administrator of General Services. Under present law, any official of the Government who is authorized to certify to facts on the basis of records in his custody is authorized to certify to such facts on the basis of records transferred to GSA Federal records centers. Such officials, however, are not permitted at this time to delegate the authority to make such certifications incident to transfer of such records to Federal records centers.

Since the records centers were established in 1950, GSA employees at these centers have acquired an expertise in the servicing of these records in their jurisdiction. They now, in fact, actually prepare the certifications and factual determinations which officials of other departments and agencies are required to make under law.

As a result, after preparation of such certifications, they must be forwarded to the appropriate agency for pro forma signature. Or, in the case of the armed services, it is necessary that military officer personnel be stationed at the Records Center in St. Louis purely for the purpose of executing these certifications prepared by GSA employees. H.R. 4801 would permit officials in the Government authorized to make such certifications the authority to delegate this responsibility to the Administrator of General Services.

Implementation of this delegation would in no way affect the nature of the certifications but would result in a reduction in expenditures as well as an improvement in the services rendered the public.

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. ROSENTHAL] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I would like to urge passage of this amendment to the Federal Property and Administrative Services Act of 1949, as amended.

I had introduced this bill (H.R. 4801) in my capacity as a member of the House Committee on Government Operations, and I would like to point out that this legislation was considered by the Subcommittee on Government Activities, of which I am a member, before it was referred to the full committee for action.

Under the provisions of the bill, the Administrator of General Services, when authorized by the heads of the various executive departments and agencies, would be permitted to make certifications of facts and administrative determinations based on records which have been transferred to his custody. At the present time this is not possible because under the provisions of other Federal statutes the secretaries of the executive departments involved must make such certifications.

As you know, the General Services Administration records center system has been developed over the years, and therefore with the transfer of records to these centers with all the factual and documentary information available there, it is ridiculous, and certainly inefficient and unnecessary, to have the GSA employees do all the preparatory work and make the factual determinations, and yet not be able to make the actual certifications. For instance, if an inquiry is received at a GSA records center, the center employees prepare the necessary letters or forms and then return them to the department or agency involved for signature. What a savings in time, money, and duplication of effort could be effected by delegating to the General Services Administrator the authority to make such certifications. I therefore urge the passage of this legislation.

LANDS FOR THE CONFEDERATED SALISH AND KOOTENAI TRIBES

The Clerk called the bill (H.R. 3735) to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the beneficial title to the real property, and the improvements thereon, consisting of approximately seven hundred and five acres which were heretofore reserved for agency and other purposes under section 12 of the Act of April 23, 1904 (33 Stat. 302), as amended by the Act of March 3, 1905 (33 Stat. 1049), and now surplus to the needs of the Department of the Interior, is hereby conveyed to the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, and such property is hereby declared to be held by the United States in trust for said tribes in the same manner and to the same extent as other real property held in trust for said tribes.

Sec. 2. Whenever the Secretary of the Interior or his authorized representative determines that other real property, and the improvements thereon, which was heretofore reserved for agency and other purposes under section 12 of the Act of April 23, 1904 (33 Stat. 302), as amended by the Act of March 3, 1905 (33 Stat. 1049), is surplus to the needs of the Department of the Interior, the Secretary is hereby authorized and directed to convey beneficial title to the property to the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, and the United States shall, from the time of the conveyance, hold the property in trust for said tribes in the same manner and to the same extent as other real property held in trust for said tribes.

Sec. 3. The real property and the improvements thereon declared to be held in trust for the Confederated Salish and Kootenai Tribes by this Act is hereby declared to be a part of the Flathead Reservation for the use and benefit of said tribes.

Sec. 4. This Act shall become operative when accepted by the Tribal Council of the Confederated Salish and Kootenai Tribes. Such acceptance shall constitute a renunciation of any claim now existing against the United States respecting and to the extent of any land conveyed under the authority of this Act. Neither the lands nor improvements thereon herein authorized to be disposed of, nor the cost or value of said lands, shall be considered by way of offset under section 2 of the Act of August 13, 1946 (60 Stat. 1049). Nothing contained in this Act shall be construed as an admission of liability on the part of the United States with respect to these or any other lands.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That all of the right, title, and interest of the United States in the 526 acres, more or less, described below are hereby declared to be held in trust for the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana.

" PRINCIPAL MERIDIAN, MONTANA

"Township 18 north, range 21 west, section 8, lot 7; section 9, southeast quarter southwest quarter; section 17, lot 2. The areas described aggregate 106.54 acres.

"Township 19 north, range 23 west, section 31, northeast quarter southwest quarter. The area described contains 40 acres.

"Beginning at the southwest corner of southeast quarter southeast quarter section 14, township 18 north, range 20 west, principal meridian, from the initial point, north 0 degrees 01 minute west, 660 feet, east 330 feet, north 0 degrees 01 minute west, 1,320 feet, east 990 feet, south 0 degrees 01 minute east, 275.9 feet, south 59 degrees 0 minutes west, 849.6 feet, south 45 degrees 33 minutes east, 43.1 feet, south 58 degrees 50 minutes west, 96 feet, south 31 degrees 10 minutes east, 130 feet, south 56 degrees 37 minutes east, 298 feet, south 0 degrees 22 minutes east, 72.7 feet, north 56 degrees 37 minutes west, 377.6 feet, south 0 degrees 22 minutes east, 462.8 feet, north 89 degrees 35 minutes east, 314.3 feet, south 0 degrees 22 minutes east, 589.5 feet, west 858 feet, to the point of beginning. The tract as described contains 28.66 acres, more or less.

"Township 21 north, range 20 west, section 36, southeast quarter southeast quarter, east half east half east half northeast quarter southwest quarter southwest quarter southeast quarter, north half southeast quarter southwest quarter southeast quarter. East half east half southwest quarter southeast quarter southwest quarter southeast quarter, southeast quarter southeast quarter southwest quarter southeast quarter, northeast quarter southwest quarter southeast quarter. The areas described aggregate 58.4375 acres.

"Beginning at the northwest corner of section 1, township 20 north, range 20 west, principal meridian, Montana. Thence from the initial point, east along north line of said section 1,660 feet, south 0 degrees 01 minutes east, 396 feet, west 660 feet, north 0 degrees 01 minutes west, 396 feet, to the point of beginning. The area described contains 6 acres, more or less.

"Township 22 north, range 24 west, section 33, southeast quarter southeast quarter. The area described contains 40 acres.

"Township 21, north, range 20 west, section 11, east half southeast quarter northeast quarter, section 12, northeast quarter northwest quarter, southwest quarter northwest quarter, south half northwest quarter northwest quarter, northeast quarter northwest quarter northwest quarter, south half northwest quarter northwest quarter northwest quarter, northeast quarter northwest quarter northwest quarter northwest quarter. The areas described aggregate 137.5 acres.

"Township 16 north, range 19 west, section 16, west half east half southwest quarter, northwest quarter southwest quarter. The area described contains 80 acres.

"Beginning at the southwest corner of section 16, township 16 north, range 19 west, from the initial point, north 0 degrees 02 minutes west, 1,320 feet, east 1,317.36 feet, south 0 degrees 02 minutes east, 528 feet, west 462 feet, south 0 degrees 22 minutes east, 792 feet, west 857.34 feet, along section line to point of beginning, excepting east half northwest quarter northeast quarter southwest quarter southwest quarter and west half west half northeast quarter northeast quarter southwest quarter southwest quarter section 16, township 16 north, range 19 west. The area described contains 29.725 acres, more or less.

"The areas of the tracts listed above aggregate 526.8625 acres, more or less.

"Sec. 2. This Act shall become effective when the Tribal Council of the Confederated Salish and Kootenai Tribes by resolution accepts the donation of the property involved.

"Sec. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PARTICIPATION IN THE HAGUE CONFERENCE

The Clerk called House Joint Resolution 778, to provide for participation by the Government of the United States in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, and authorizing appropriations therefor.

There being no objection, the Clerk read the the House joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized to accept membership for the Government of the United States in (1) the Hague Conference on Private International Law and (2) the International (Rome) Institute for the Unification of Private Law, and to appoint the United States delegates and their alternates to meetings of the two organizations, and the committees and organs thereof.

Sec. 2. There is authorized to be appropriated such sums as may be necessary, not to exceed $25,000 annually, for the payment by the United States of (1) its proportionate share of the expenses of the Hague Conference on Private International Law and of the International (Rome) Institute for the Unification of Private Law, and (2) all other necessary expenses incident to participation by the United States in the activities of the two organizations referred to in clause (1) of this section.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SOUTH PACIFIC COMMISSION

The Clerk called House Joint Resolution 779, to amend the joint resolution of January 28, 1948, relating to membership and participation by the United States in the South Pacific Commission, so as to authorize certain appropriations thereunder for the fiscal years 1964 and 1965.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. FORD. Mr. Speaker, reserving the right to object, I would like to ask the author of the bill, the gentleman from Florida [Mr. Fascell], what justifies a 50-percent increase in the proposed funds for this Commission?

Mr. FASCELL. If the gentleman will yield, there are several reasons. One is that when the Commission was originally organized, with participating countries of Australia, France, New Zealand, the Netherlands, the United Kingdom, and the United States, because the Netherlands gave up its territories in that area, the contribution by the Netherlands was divided equally among the participants. So, that is one of the reasons.

Mr. FORD. May I ask a question at that point?

Mr. FASCELL. Certainly.

Mr. FORD. If the Netherlands withdrew because Netherlands' New Guinea was no longer a part of their colonies, would not there tend to be a corresponding decrease in the responsibilities of the Commission?

Mr. FASCELL. If the gentleman will yield further, not to any great extent; no.

Mr. FORD. But it would be awfully hard to say that there would be a 50-percent increase, would it not?

Mr. FASCELL. As far as the Netherlands withdrawing is concerned, the only point I am making is this: What contribution they were making to help in this area was being spread out among the other remaining nations.

As far as the United States is concerned, formerly, our responsibility was only south of the equator. The jurisdiction of the Commission was increased to include areas north of the equator. Within the limited basis of operation by this Commission, we felt that the increase was really very nominal, despite the fact that it seems to be rather large, having gone from an annual limitation of $100,000 to a limitation of $150,000. As a matter of fact, the demands exceeded the annual limitation, and the amounts requested were far in excess of the limitation placed on it by the committee. We sincerely feel, after serious discussions both with the authorizing committee and the Commission as well as others, that the limitation is reasonable and within the required works of the committee, dealing with the principal areas of health, economics, and social development for that tremendously large area in the Pacific which covers about one-fifth of the entire world.

Mr. FORD. I applaud the committee's action in imposing a limitation but, nevertheless, there was a 50-percent increase over the previous authorization.

I think we ought to get from the Department, or at least I would like to have from the Department, information as to how much has been spent in the last 10 years on an annual basis and how many American people are involved in this activity.

Mr. FASCELL. If the gentleman will yield further, the gentleman will find all of that in the hearings, if the gentleman is that interested. I would be glad to point out the sections to the gentleman.

I can assure the gentleman that the matter has been gone into in great detail and would satisfy the gentleman or any person making inquiry with respect to the operations of the Commission.

I would like to refer to my distinguished colleague, who is chairman of the Legislative Committee.

Mr. ASPINALL. Mr. Speaker, of course, this is an incident with a certain amount of dual responsibility as far as official action is concerned. The committee of which I happen to be chairman kept a close contact with the gentleman from Florida [Mr. FASCELL], and also the gentleman from Iowa [Mr. GROSS], in their consideration of this particular legislation. I for one think this amount of money can be justified and I am very pleased that the committee has seen fit to place an ultimate which can be spent, and I am also very pleased they have seen fit to make it a 2-year operation. Those in charge of these kinds of activities for our own Government as well as for other governments like to blow up their operation as much as possible. I doubt very much if the $100,000 originally authorized is enough to do the job that should be done in this particular field of coordinating the activities of the various governments in this particular area of the world. With $150,000, with perhaps some additional moneys to be added by other countries, we can see to it that we get value received. I wish to commend the Committee on Foreign Affairs again for their practical approach to this legislation.

Mr. FASCELL. The gentleman will find a detailed budget breakdown in the hearings.

Mr. FORD. Mr. Speaker, I would like to see that. Therefore I will ask that the bill be passed over without prejudice to give me an opportunity to look at the hearings that the gentleman refers to.

Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. This concludes call of the bills on the Consent Calendar.

PRIVATE CALENDAR

The SPEAKER. In accordance with a unanimous consent heretofore granted, the Clerk will call bills on the Private Calendar.

The Clerk will call the first bill on the calendar.

OUTLET STORES, INC.

The Clerk called the bill (H.R. 2300) for the relief of the Outlet Stores, Inc.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 2706) for the relief of Dr. and Mrs. Abel Gorfain.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CHARLES WAVERLY WATSON, JR.

The Clerk called the bill (H.R. 2728) for the relief of Charles Waverly Watson, Jr.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

JOHN MACPHAIL

The Clerk called the bill (H.R. 5145) for relief of John F. MacPhail, lieutenant U.S. Navy.

Mr. GROSS. Mr. Speaker I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

HANS-DIETER SIEMONEIT

The Clerk called the bill (H.R. 1277) for the relief of Hans-Dieter Siemoneit.

Mr. ROBERTS of Alabama. Mr. Speaker I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

DR. JAMES T. MADDUX

The Clerk called the bill (S. 1201) for the relief of Dr. James T. Maddux.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, (1) in the administration of chapter 73 of title 38, United States Code, as amended, and the rules and regulations promulgated thereunder, Doctor James T. Maddux, of Narberth, Pennsylvania, an employee of the Department of Medicine and Surgery, Veterans' Administration at Philadelphia, Pennsylvania, shall be held and considered to have been promoted from associate grade, Medical Service, to full grade, Medical Service, effective as of July 9, 1961, and (2) the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Doctor James T. Maddux, an amount equal to the difference between the salary received by him as such an employee for the period from July 9, 1961, to February 17, 1962, and the salary he would have received for such period had his promotion from associate grade, Medical Service, to full grade, Medical Service, been made effective as of July 9, 1961.

The bill was ordered to be read a third time was read the third time and passed, and a motion to reconsider was laid on the table.

BRYCE A. SMITH

The Clerk called the bill (H.R. 6182) for the relief of Bryce A. Smith.

Mr. ROBERTS of Alabama. Mr. Speaker, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

MRS. INGRID GUDRUN SCHRODER BROWN

The Clerk called the bill (H.R. 7268) for the relief of Mrs. Ingrid Gudrun Schroder Brown.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212(a)(3) of the Immigration and Nationality Act, Mrs. Ingrid Gudrun Schroder Brown may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided,* That, unless the beneficiary is entitled to care under chapter 55 of title 10 of the United States Code, a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act: *Provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JAN AND ANNA SMAL (NEE DWORZANSKI)

The Clerk called the bill (H.R. 1414) for the relief of Jan and Anna Smal (nee Dworzanski).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Anna Smal (nee Dworzanski), shall be held and considered to be the natural born alien child of Mr. and Mrs. Joseph Smal, citizens of the United States.

SEC. 2. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Jan Smal (nee Dworzanski) shall be held and considered to be the natural born minor alien child of Mr. and Mrs. Joseph Smal, citizens of the United States.

With the following committee amendment:

Strike out all after the enacting clause and insert "That, in the administration of the Immigration and Nationality Act, Jan Smal (nee Dworzanski) may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in his behalf by Mr. and Mrs. Joseph Smal, citizens of the United States, pursuant to section 205(b) of the Act, subject to all the conditions in that section relating to eligible orphans.

"SEC. 2. For the purposes of sections 203(a)(2) and 205 of the Immigration and Nationality Act, Anna Smal (nee Dworzanski) shall be held and considered to be the natural-born alien daughter of Mr. and Mrs. Joseph Smal, citizens of the United States."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YON OK KIM, CHANG IN WU, AND JUNG YOL SOHN

The Clerk called the bill (H.R. 1887) for the relief of Yon Ok Kim, Chang In Wu, and Jung Yol Sohn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor children, Yon Ok Kim, Chang In Wu, and Jung Yol Sohn, shall be held and considered to be the natural born alien children of Robert and Shirley Ainley, citizens of the United States: *Provided,* That the natural parents of the beneficiaries shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert—"That, in the administration of the Immigration and Nationality Act, Yon Ok Kim, Chang In Wu, and Jung Yol Sohn, may be classified as eligible orphans within the meaning of section 101(b)(1)(F) of the Act, upon approval of petitions filed in their behalf by Robert and Shirley Ainley, citizens of the United States, pursuant to section 205(b) of the Act, subject to all the conditions in that section relating to eligible orphans. Section 205(c) of the Immigration and Nationality Act, relating to the number of petitions which may be approved, shall be inapplicable in this case."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRICIA KIM

The Clerk called the bill (H.R. 4862) for the relief of Tricia Kim.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Kim Tricia, shall be held and considered to be the natural born alien child of Sergeant and Mrs. Willian D. Liles, citizens of the United States: *Provided,* That the natural parents of Kim Tricia shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Tricia Kim may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Sergeant and Mrs. William D. Liles, citizens of the United States, pursuant to section 205(b) of the Act, subject to all the conditions in that section relating to eligible orphans. Section 205(c) of the Immigration and Nationality Act, relating to the number of petitions which may be approved, shall be inapplicable in this case."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill for the relief of Tricia Kim."

A motion to reconsider was laid on the table.

MRS. CONCETTA FOTO NAPOLI, SALVATORE NAPOLI, ANTONINA NAPOLI, AND MICHELA NAPOLI

The Clerk called the bill (H.R. 6624) for the relief of Mrs. Concetta Foto Napoli, Salvatore Napoli, Antonina Napoli, and Michela Napoli.

There being no objection, the Clerk read the bill, as follows.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the immigration laws, Mrs. Concetta Foto Napoli, Salvatore Napoli, Antonina Napoli, and Michela Napoli shall be deemed to be within the purview of section 1 of the Act of October 24, 1962 (76 Stat. 1247).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GIUSEPPE MAIDA, HIS WIFE, CATERINA MAIDA, AND THEIR CHILDREN, ANTONIO, AND VITTORIA MAIDA

The Clerk called the bill (H.R. 6975) for the relief of Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio and Vittoria Maida.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the immigration laws, Mr. Giuseppe Maida, his wife, Caterina Maida, and their children, Giuseppe, Antonio, and Vittoria Maida, shall be deemed to be within the purview of section 1 of the Act of October 24, 1962 (76 Stat. 1247).

With the following committee amendment:

On page 1, line 5, strike out the name "Guiseppe,".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio and Vittoria Maida."

A motion to reconsider was laid on the table.

LEXINGTON PARK VOLUNTEER FIRE DEPARTMENT, INC.

The Clerk called the bill (H.R. 3368) authorizing the Administrator of General Services to convey by quitclaim deed to the Lexington Park Volunteer Fire Department, Inc.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress eassembled, That the Administrator, General Services Administration, is authorized to convey by quitclaim deed, upon such terms and conditions as he may prescribe, not to exceed 0.37 acre of land located in Saint Marys County, Maryland, to the Lexington Park Volunteer Fire Department, Incorporated, a body corporate of the State of Maryland, for the purpose of maintaining a fire station to provide continued protection for the facilities of the Naval Air Station, Patuxent River, Maryland, upon request, and for the adjacent community. The land to be deeded is in part now occupied by a fire station within boundaries described as beginning at the intersection of the southeasterly right-of-way line of Great Mills Road (State Route Numbered 246) with the northeasterly right-of-way line of Coral Place; thence north 63 degrees, 16 minutes, 30 seconds east, 108.68 feet along the southeasterly line of Great Mills Road; thence south 59 degrees, 05 minutes, 46 seconds east, 88.87 feet; thence south 30 degrees 54 minutes, 14 seconds west, 157.73 feet to a point in the northeasterly line of Coral Place; thence along the northeasterly line of Coral Place along the arc of a curve concave to the east with a radius of 1,030.47 feet, the chord of said curve bears north 34 degrees, 57 minutes, 45 seconds west, 161.08 feet, to the point of beginning. Containing 0.37 acre of land, more or less.

With the following committee amendment:

Strike all after the enacting clause and insert in lieu thereof the following: "That the Administrator of General Services is authorized to convey to the Lexington Park Volunteer Fire Department, Incorporated, a body corporate of the State of Maryland, within a period of two years following the date of enactment of this Act, by quitclaim deed, and upon terms and conditions herein provided as well as others the Administrator may prescribe, a tract of land, together with any Federal interests in the improvements thereon, located in St. Marys County, Maryland, adjacent to Coral Place and Great Mills Road, which shall include the site of the fire station now maintained by the Lexington Park Volunteer Fire Department, Incorporated, of approximately 0.37 acre, but otherwise of shape and dimension as the Administrator may determine: *Provided,* That the instrument of conveyance authorized by this Act shall provide that upon determination by the Administrator of General Services that the Lexington Park Volunteer Fire Department, Incorporated, or its successor has ceased at any time within twenty years after the conveyance to use the property either for maintaining a fire station or to provide fire protection services for the facilities of the Federal Government in the adjacent locality, as defined in the deed, without cost to the United States, all right, title, and interest in the property shall revert to the United States in the then existing condition of such property without payment of compensation by the United States, subject to mortgages and liens then outstanding resulting from financial arrangements authorized by the Administrator and made for the purpose of improving the property."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize the Administrator of General Services to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Incorporated.

A motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Private Calendar.

ARE CIVIL RIGHTS ORGANIZATIONS BECOMING MONEYMAKING RACKETS?

Mr. ANDREWS of Alabama. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ANDREWS of Alabama. Mr. Speaker, I would like to call to the attention of the Members of the House and the other body an editorial from the October 28 edition of the Dothan Eagle, Dothan, Ala.

The article is very lucid in pointing out the vast monetary proportions to which the integration movement has grown. Thousands and thousands of dollars are collected and spent each year by so-called civil rights organizations, and many people are beginning to suspect they could be a front for a full-grown racket.

The editorial below questions the tax status of the Southern Christian Leadership Conference, and I have requested Commissioner Caplin, of the Internal Revenue Service, to investigate this matter thoroughly and to send me a complete report.

The editorial follows:

INTEGRATION: BIG BUSINESS

This integration business headed by Martin Luther King, Jr., is costly—but profitable; and still he cries for more money.

A few days ago the agitator king reported at Atlanta on finances of his Southern Christian Leadership Conference (as he calls his bunch of rabble rousers) and showed a surplus of $88,633.36, or "net income after appropriations" for the past fiscal year.

He didn't say anything about "after taxes" and that raises a mighty interesting question.

A couple of days or so later, he said in a speech at New York (he certainly gets about) that some way of raising additional funds must be worked out. Demands for cash bonds in the South have strained the financial resources of civil rights organizations, he said.

The financial statement he released showed an amazing income of $735,534.02, which would be considered quite a staggering gross for many legitimate businesses.

And Martin Luther must be a pretty good business manager, for he had a balance of $351,992.20. From this his outfit "appropriated" $263,358.84 for a legal defense fund, leaving the $88,000 surplus.

The agitator king's major revenue came from appeal letters and money raised at rallies. It must have been mortifying for him to include in the report a puny return of only $2,712.97 from sale of his books.

But the man lives well on his $1 a year salary. Travel expenses and "direction action," both for fund-raising purposes, cost $41,977.84 for him and his gang. That's traveling in style and after all, it doesn't cost but a little bit more to go first class, especially when someone else is paying the bill.

The lawyers did all right, too. Legal aid to affiliate organizations and general aid to communities totaled $52,582.12. Martin Luther has a good thing going. Agitation and integration combine into big business.

But the tax angle on all this income is mighty interesting. There has been no explanation or discussion, so far as is known here, on this matter.

Is it possible that all of this money, bled from churches, unions, benefit performances and the public in general, is tax free? Is it regarded as church funds (for Christian Leadership) and thus untaxable?

Or did the outfit pay taxes on it? If so, the king agitator did the Government a service, the only good thing he ever did. If not, the subject seems worth discussing.

Or does this particular type of big business have some sort of special exemption?

SOME GAINS MADE TOWARD PEACE IN PURSUING EVERY AVENUE FOR PEACE

Mr. EVINS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. EVINS. Mr. Speaker, substantial progress has been made during the past year toward establishing a more peaceful world. In several areas order has been brought out of chaos. There are still major areas of tension and unrest, but certainly some progress has been made in reducing tension and in averting an all out nuclear war.

Coleman A. Harwell, editor and publisher of the Cookeville Citizen, in an editorial in his October 29 edition has praised President Kennedy and other national leaders for the steady path toward peace which this country has followed. The editorial quotes from the address of President Kennedy at the University of Maine on October 19, in which the President said, "let us exhaust every avenue for peace."

Mr. Speaker, President Kennedy forcefully outlined some of our foreign policy goals in this address and editor Harwell points out "that every American could benefit by giving them calm and objective consideration."

Mr. Speaker, I ask unanimous consent that editor Harwell's writings be reprinted in the body of the RECORD.

The editorial, entitled "Every Avenue for Peace," follows:

EVERY AVENUE FOR PEACE

This is a quotation from a speech made by President Kennedy at the University of Maine on October 19:

"Historians report that in 1914, with most of the world already plunged in war, Prince Bulow, the former German chancellor, said to the then Chancellor Bethman-Hollweg: 'How did it all happen?' and Bethman-Hollweg replied, 'Ah, if only one knew.'

"If this planet is ever ravaged by nuclear war, if 300 million Americans, Russians, and Europeans are wiped out by a 60-minute nuclear exchange, if the survivors of that devastation can then endure the fire, poison, chaos, and catastrophe, I do not want one of those survivors to ask another, 'How did it all happen?' and to receive the incredible reply, 'Ah, if we only knew.'"

A reading of a portion of the abundant history of that scheming era, emphasizes the tragic lack of communication between the self-important powers of the world, and their headlong refusal to weigh the possibility that the opposition had any measure of reason on its side. One of the recent great books on the period was last year's Pultizer Prize winning volume, "The Guns of August" by Barbara Tuchman. She traces with vivid accuracy the senseless sequence of events that led to conflict in August 1914.

The world today is not without parallels with that time. The hope is that men now in power are familiar with those events and that they realize the danger of respecting neither the pledge nor the threat of their opponents.

This Nation is fortunate to have such men as President Kennedy, Secretary of State Rusk, Under Secretary Harriman, and Senator Fulbright, chairman of the Foreign Relations Committee, in positions of leadership. With steady perception, they have assessed the reliability and the intransigency of our cold war opponents. The result is a consistency of policy which, despite a great variety of minor irritations and bloody aggravations by the Russians, Chinese and other Communists, has kept us on a steady path.

Critics of the administration have taken every opportunity to question this course. They cast doubts upon the nuclear test ban treaty, they question willingness to sell some of our surplus wheat to Russia and its satellites. In the light of constant criticism, often carping, the speech in Maine is worthy of more than passing notice.

We quote some further passages which contain the essence of our foreign policy, believing that every American could benefit by giving them calm and objective consideration:

"A year ago it would have been easy to assume that all-out war was inevitable, that any agreement with the Soviets was impossible, and that an unlimited arms race was unavoidable. Today it is equally easy for some to assure that the cold war is over. * * *

"The fact of the matter is, of course, that neither view is correct. We have, it is true, made some progress on a long journey. * * * We have concluded with the Soviets a few limited, enforcible agreements or arrangements of mutual benefit to both sides and to the world.

"But a change in atmosphere and emphasis is not a reversal of purpose. Mr. Khrushchev himself has said that there can be no coexistence in the field of ideology. In addition, there are still major areas of tension and conflict, from Berlin to Cuba to southeast Asia. The United States and the Soviet Union still have wholly different concepts of the world, its freedom, its future. * * *

"While the road to that peace is long and hard, and full of traps and pitfalls, there is no reason not to take each step that we can safely take. It is in our own self-interest to ban nuclear testing in the atmosphere so that all of our citizens can breathe more easily. It is in our national self-interest to sell wheat in storage to feed Russians and Eastern Europeans who are willing to divert large portions of their limited foreign exchange reserves away from the implements of war. * * *

"Even if these steps should be undone * * * there would still be no reason to regret, the fact that this Nation has made every reasonable effort to improve relations.

"For without our making such an effort, we could not maintain the leadership and respect of the free world * * * we could not convince our adversaries that war was not in their interest. * * *

"Let us exhaust every avenue for peace. Let us make clear our willingness to talk, if talk will help, and our readiness to fight if fight we must.

"Let us resolve to be the masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicions and emotions. Let us distinguish between our hopes and our illusions.

"Let us recognize both the gains we have made down the road to peace and the great distance yet to be covered."

RESOLUTION CALLING FOR WORLD CONFERENCE ON OCEANOGRAPHY

Mr. BOB WILSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BOB WILSON. Mr. Speaker, I am today introducing a House joint resolution calling for a world conference on oceanography to be convened in the United States in 1965.

The resolution reads:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State, in consultation with the Secretary of Defense, the Secretary of the Interior, the Director of the National Science Foundation, Secretary of the Smithsonian Institution, Secretary of Health, Education, and Welfare, Director of the Bureau of the Budget, Director of the Office of Science and Technology, and representatives from the other interested Federal agencies, is authorized and directed to take all necessary steps to convene in the United States in 1965 a world conference for the purpose of exchanging with other nations scientific and technical information relating to oceanography.

Webster defines "oceanography" as "geography that deals with the ocean and its phenomena." The oceans of the world are phenomenal. They cover three-fourths of the earth's surface. They are in reality vast moving rivers. They contain untold mineral riches, yield tons of foodstuffs, and are the major future source of water supply for a thirsty world.

Man has sailed the seas, reaped its seafood, to some extent plumbed its depths, yet only in relatively recent years has a concentrated effort been made to unravel its mysteries, to utilize its vast potential.

The United States has been a latecomer to the field of oceanography. I am proud to say that we are making strides in this vital field. The House has assumed responsibility in assisting our scientists in this area. On August 5, 1963, the House passed H.R. 6997, providing for a comprehensive, long-range, and coordinated national oceanography program.

This measure is as important to the field of oceanography as is the National Aeronautics and Space Administration to the exploration of space. It will coordinate the marine activities of many Federal agencies into a program with direction and purpose. It will utilize to the fullest the technical knowledge, skills, and equipment of these various agencies.

The resolution I have introduced today would be another step in this program of tapping the resources of the sea.

It would enable us to bring together the top scientists of the world to exchange information, to map joint projects and in general to bring the world up to date on the progress man has made in exploring the sea and extracting from it some of the riches it contains.

How important is oceanography? It is paramount to our defenses. The military has concluded that the undetectable approaches to our shores which lie under water constitute one of our greatest perils of enemy surprise attack. The defense of our Nation is involved, to an important extent, with our capability to reply in kind through underwater systems.

Of nondefense interest—there are vast amounts of foodstuffs, minerals, and energy sources beneath the sea. The predominant nations of the future will be those which best solve the problems of utilizing these natural resources which have accumulated through the centuries. Many of them are renewable through the prodigious reproductive capabilities of sea species and the rich environment of the saline seas.

Mr. Speaker, my resolution would further America's programs of oceanography through world cooperation.

I note with interest that Jules Verne's "20,000 Leagues Under the Sea" is enjoying a revival on the country's movie screens. What was fantasy and science fiction before the turn of the century today is approaching reality. His nuclear powerplant is a fact. Underwater exploration is being developed with incredible ingenuity. Already plans are afoot for an undersea living experiment in Chesapeake Bay next year. New one-man submarines are making undersea exploration more effective.

The field of oceanography is a multiple science. It must now include the marine aspects of many sciences. Meteorology and oceanography are now interwoven. Biology, physics, chemistry, and fluid mechanics, geophysics, mechanics and electronics contribute design for necessary tools, gear, and equipment while the marine sciences must provide new concepts of surface ships and submersible vehicles, with new powerplants and adaptability.

New agreements in conservation of food fishes must be reached if future generations are to have an adequate supply of the bounteous harvest of the seas. Many neglected species of fish, or marine plants must be made useful. Ways must be found to extract the millions of tons of minerals washed from the land through eons into solution in the seas.

The rewards will be great. Men will live beneath the sea. Fish "farms" will be established with scientific methods of rearing, feeding and harvesting of valuable food fishes employed. Artificial islands above the surface and "cities" beneath will be used as bases for discovery, aids for navigation, defense outposts and centers for refining and processing minerals and seafood.

Life magazine has summarized the importance of oceanography thusly:

> Even as the United States thrusts into space it does so from a continent that is in fact a large island enveloped by massive oceans. Whoever knows most about those oceans holds the advantage in the struggle for command of the seas, holds the lead in reaching for the fabulous unknown resources of the ocean floor.

It is obvious that the Federal Government must play a major role of coordination in oceanography. The job is too complicated for coastal States to perform by themselves. Many Federal agencies are already involved. These include the research and development facilities of the U.S. Navy, the Atomic Energy Commission, the Department of Commerce, the National Science Foundation, the Smithsonian Institution, the Department of Health, Education, and Welfare, Department of the Interior, the Coast Guard, and the Office of Science and Technology. In addition there are many private organizations, State wildlife and fisheries groups, foundations and industries that will play important roles in our massive assault on the mysteries of the underwater world.

I am proud that my own hometown of San Diego, Calif., has become this country's most important center of oceanography. The Scripps Institute of Oceanography has been in the forefront of this science. Its revolutionary ship *Flip*—floating instrument platform—has contributed much to advance underwater exploration. The institute has an aggressive program of oceanographic work covering many fields.

Recently the Mission Bay Research Foundation was established in San Diego with private capital as a nonprofit corporation. It will engage in a sizable fish tagging project this year and has other wildlife projects in the planning stages.

We have acted in the House to bring U.S. oceanographic programs under a coordinated program. The success of our efforts can be further assured by acting to bring to the United States a worldwide conference of oceanographic knowledge in 1965. My resolution would authorize preparations for this event. I am hopeful that Congress will give it speedy approval.

SPEAKER McCORMACK AWARDED JAMES CARDINAL GIBBONS MEDAL BY CATHOLIC UNIVERSITY ALUMNI

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BOLAND. Mr. Speaker, I want to take this opportunity to call to the attention of the Members of the House that another great honor has been bestowed on our beloved and distinguished Speaker, the Honorable JOHN W. McCORMACK; namely, the Cardinal Gibbons Medal. The Catholic University of America's annual homecoming dinner was held at the Shoreham Hotel Saturday night, November 2, during which the Cardinal Gibbons Medal was presented to Speaker McCORMACK for "distinguished and meritorious service either to the United States of America, the Catholic Church, or the Catholic University of America."

As the 15th recipient to be honored with the Cardinal Gibbons Medal, our respected Speaker joins other distinguished Americans who have received the medal, including President Kennedy; J. Edgar Hoover, Director of the Federal Bureau of Investigation; Gens. J. Lawton Collins and Alfred Gruenther; Bishop Fulton J. Sheen; Dr. Carlton Hayes and Dr. Karl Herzfeld. The medal, not necessarily an annual award, was established is 1947 to perpetuate the memory of the late James Cardinal Gibbons, Archbishop of Baltimore and Washington, and one of the founders of Catholic University, which is this year observing its diamond jubilee marking its 75th year of founding. Cardinal Gibbons was the first chancellor of Catholic University.

No man is more deserving of this high honor than the great statesman and outstanding Catholic layman presiding over this House, Speaker McCORMACK. The Cardinal Gibbons Medal is now added to his long list of honorary degrees received from other great colleges and universities in the United States, one of which was an honorary degree in law from Catholic University in 1956; the papal honors he has had bestowed upon him, and the decorations he has received from several foreign governments. The Cardinal Gibbons Medal is made of gold, 1½ inches in diameter, with a ribbon in Catholic University colors of gold and white. Bearing the seal of the university, combined with the papal insignia and profile of Cardinal Gibbons on one side, the inscription on the reverse side states:

> Awarded to Speaker JOHN W. McCORMACK for distinguished services by the Alumni Association of the Catholic University of America.

The medal was designed by Sister Mary Lurana, of the Sisters of the Blessed Sacrament, while working for her master of arts degree at Catholic University. Among those present to see the Right Reverend Monsignor Joseph B. McAllister, vice rector of the Catholic University of America, present the Cardinal Gibbons Medal to Speaker McCORMACK was his beloved wife, Mrs. Harriet McCormack. Monsignor McAllister presented the medal in the absence of the Right Reverend William J. McDonald, rector of Catholic University, who is in Rome attending the Second Vatican Ecumenical Council.

Mr. Speaker, under permission to extend my remarks, I include the address delivered by Monsignor McAllister, including a message from Rome by Monsignor McDonald; and the text of the response given by Speaker McCORMACK:

I think you will agree that it has been a busy weekend; but I must confess that for me personally, it has been a most enjoyable one and a source of deep satisfaction. To see so many of my former students and colleagues brings me back to the good old days, as we like to call them. This weekend was a time for looking back, since it is the first homecoming weekend in the year of the university's diamond jubilee. The number of alumni who have returned for homecoming, the distinguished guests who are honoring us with their presence this evening—all this points to the fact that homecoming 1963 is a very special occasion.

Mr. Speaker, it is a great personal pleasure to welcome you to this jubilee gathering of Catholic University sons and daughters. Your presence here this evening and that of your charming wife enrich this occasion as your thoughtful words hearten us. The fact that in our audience are many members of the Federal Government and Congress of the United States, does honor to you, sir, as well as to the university.

Though the word is never a substitute for real presence, Monsignor McDonald, our beloved rector, when he was suddenly called to Rome and realized that his duties at the Ecumenical Council would not permit him to be with us this evening, charged me with the grave responsibility of representing him to you and conveying the following message:

"DEAR MONSIGNOR MCALLISTER: In all my years at the university, this is the first time I have not been present at the annual homecoming. I shall miss it greatly. Please convey to our alumni my deep and sincere regret that I cannot be with them, as well as my most cordial greetings and gratitude for their loyalty and continued support of alma mater.

"I had hoped to have the privilege of presenting the Cardinal Gibbons Medal to a distinguished statesman and good friend, the Honorable JOHN W. McCORMACK, Speaker of the House, who has so well merited this high honor. My warmest congratulations to him and to Mrs. McCormack. To each of the recipients of the alumni awards go my personal felicitations as well as deepest appreciation to them for shedding such luster on the university by their achievements.

"I want to be associated with your commendation of the outgoing president, Dr. Frank McQuade, who has worked so hard and accomplished so much for our alumni association. While expressing indebtedness to him and to the other outgoing officers, I wish at the same time to congratulate the new president, Mr. Frank deBettencourt, and those who are to serve with him in executive positions. I know they will maintain the present high standards and exert every effort to promote the real aims and objectives of our alumni association.

"Dr. Bode, who has been such a tower of strength as director of alumni relations, and his efficient staff deserve a special vote of thanks.

"Finally, my deepest gratitude to the chairman of the homecoming, Mr. Ed McMahon, and to the committee who have cooperated in making the homecoming what I know will be a splendid success.

"May God bless you all.

"Monsignor McDONALD."

May I personally associate myself with these sentiments.

The rector would not want me to let you go home without some knowledge of our stewardship of your university during the past year. I cannot begin to mention the many facets in the past 12 months, but I should like to single out a few of the more outstanding, so that the picture of your alma mater in its 75th year may be brought up to date. The fall term 1963 saw the university's enrollment reach a record of over 5,600 students. Last spring, the university initiated its division of space sciences and brought to the campus some of the top scientists in this field from all over the world. We are, as you know, in the midst of a drive for a great new university theater. A modern addition to the theological college is now nearing completion. Faculty ranks have reached a record high. Our married faculty has received a substantial increase in family allowance. All this, so that the university may continue to attract teachers of the highest caliber.

It is no wonder that the Catholic University of America is represented at the Second Vatican Council by more official theological experts than any other university in the United States. No wonder either that one of our fellow alumni—Mr. James Norris of the class of 1933—is the only official lay representative from the English-speaking world at the council.

I know, as all of you do, that the success of a university is not gaged alone on factors such as new buildings, laboratories, eminent faculty and such. I know, as you do, as important as these are, the only true measure of the excellence of a university is in the achievement of its alumni. I am proud of alma mater, because I am proud of you.

Rt. Rev. Joseph B. McAllister,
Vice Rector.

Address Delivered by the Honorable John W. McCormack, Speaker of the U.S. House of Representatives, on the Occasion of His Acceptance of the 1963 Cardinal Gibbons Medal Awarded to Him by the Alumni Association of the Catholic University of America at the Shoreham Hotel, Washington, D.C., November 2, 1963

I am very conscious of the honor that has been bestowed upon me by the Alumni Association of the Catholic University of America in presenting the 1963 Cardinal Gibbons Medal to me. It is true that a man in public life can become the recipient sometimes of many honors, and equally true that these must naturally fall into some gradation of importance assigned by the individual himself. May I assure the members of the Catholic University Alumni Association that this present award, combining as it does the distinction of being honored by the National Pontifical University and the memory, still fresh and still impressive, of so great a Catholic churchman as James Cardinal Gibbons was, brings me a feeling of great humility and great appreciation.

The Cardinal Gibbons Medal, as the president of your association reminded you, should be awarded to a person who has made a contribution to the church, the Nation or the university. Any man in public life hopes to be able to make some contribution, however small it might be. It is never as great as a man would want it to be. But I am grateful to all of you for considering me for this award, and I am all the more closely touched by it because of the man whose name it bears.

The honor that comes to me through this award is all the more valued since it bears the name of one of the truly great Americans of our time. Less than a half century ago, we were living in the age of James Gibbons, and the impress of his life of deep faith, of his remarkable personality and farseeing leadership has left many a monument.

This great university, a landmark of Catholic education throughout the Nation, is to a considerable extent the legacy of his foresight. As the first chancellor of the Catholic University of America, he played a significant role in guiding its early years. In fact, what is there in the Catholic Church in this area—indeed in the entire Nation—that does not bear the mark of his genius? How much did the great papal encyclicals on labor owe to the cardinal's unfailing championship of the American workingman? How much does the splendid patriotism of American Catholics, tested in so many trials and conflicts, reflect the outspoken love of country that was a hallmark of the great cardinal?

And not only this, but James Cardinal Gibbons was a man far ahead of his times. He is perhaps the first great ecumenist in the hierarchy of the American church. He possessed extraordinary courage—the courage of action, and when advisable—the courage of silence. Above all, what Cardinal Gibbons stood for was genuine and complete Catholicism in entire harmony with a genuine and complete Americanism. He would have been very much at home with Pope John, very much at home with Pope Paul. He saw his role as a national figure in the light of his own great charity for all races, for all nations, and for all religions. The ecumenical council meeting in Rome this very week would find in him a great spokesman for its pleas for an ecumenical spirit and for universal brotherhood. It is a special honor to receive this medal which bears his name.

The Catholic University of America is this year celebrating its diamond jubilee. The University of the American Bishops has a right to be proud of its contributions to the church and the Nation during the past 75 years. One of the very first of the universities organized by the Catholic Church and the only one in the Nation of pontifical status. It has blazed a bright trail through the educational history of the United States. Outstanding scholars have always found the university as a congenial home and the history of the church in America has been influenced greatly by the administrators, faculty, and alumni of this great institution.

The clarion call of this university, as indeed of all Catholic education has been the insistence of the preparation of the well-rounded man. The university has firmly rejected the idea of education which focuses on the technician as a human machine rather than as a human person, even as it has also rejected the notion that the liberal arts today can prosper in a heavily technical world by ignoring the great contemporary movements in science, much as an ostrich with its head firmly planted in the sand.

The Catholic University has given evidence of its forward thinking, and as well of its balanced judgment concerning the needs of education today. Your university was one of the very first to obtain a nuclear reactor, one of the pioneers in establishing a department of the space sciences, one of the most forward thinking of the engineering schools in the country. And, I know, the Catholic University stands ready even today to meet the challenging opportunity of a world in scientific transition.

On the other hand, the Catholic University has never lost sight of the humanistic and spiritual values that must go into the process of formation of the whole man. Alongside this new technological growth, the university has kept pace in the field of arts and letters. Your splendid plans for a new university theater, the thriving bureau of social research established a short time ago, the continuing excellence of the departments of humane studies which was crowned last June by the award of more Woodrow Wilson fellowships to your students than to any other university in the area; finally, the insistence on graduate studies where Catholic University makes its unequaled contribution to American higher education—all these are indications that you are still moving forward in both the scientific and the humanistic components of the well-balanced education.

And such forward progress is the hallmark of American education today. As this Nation makes incomparable strides forward in its scientific knowledge, as it reaches out literally to grasp the moon within the arms of its technical comprehension, it must move forward with equal steps toward a broadening and a deepening of its cultural and intellectual life. No one who faces the future can deny that scientific know-how and technical appreciation of new forces must be one of the keystones of national greatness. This Nation cannot afford to slow down in its quest, already well begun, to master the forces of nature in a nuclear age.

On the other hand again, many of us, especially those of us who are responsible to a small or great degree, for the policy and the progress of this Nation, see that there is only disaster in closing our eyes to the arts as we concentrate on the sciences. This has been the lesson taught by the Catholic University, and by every institution of higher learning in the United States today.

When the House of Representatives passed its bill providing for assistance to institutions of higher learning, these thoughts were in our minds. They provided the motivation for the bill which would have given aid to all types of higher education, including the arts and the humanities, and not restricted to the scientific and technological. Senator Ribicoff, of Connecticut, himself a former Secretary of Health, Education, and Welfare, in pleading for the House orientation of the education bill from the floor of the Senate last month, did not hesitate to prefer the broader purposes of the House bill, saying, "Higher education needs support in all fields. It simply cannot be argued that funds should be used to aid the teaching of physics, but not the teaching of foreign languages, to aid the teaching of biology but not the teaching of economics, to aid the teaching of botany but not the teaching of history" (Congressional Record, October 15, 1963, page 19483).

Educators throughout the country have seen the need of expanded support for education which would include as equal sisters, the fields of arts and humanities. Senator Prouty, of Vermont, in defending the House bill several weeks ago in the Senate called the attention of that body to the fact that he had received messages from hundreds of colleges and university presidents on this issue, 96 percent of them being in favor of unrestricted aid that could be applied to the arts and humane studies as well as to the strictly scientific. He went on to warn: "Downgrade the arts and humanities and you downgrade America. If we downgrade the arts and humanities, American education will be flying on one wing."

Monsignor McDonald, your own rector, made a plea of great importance at the Catholic University's June commencement, this year. He called for a national foundation based on the National Science Foundation, which would provide aid to outstanding young men and women who chose the arts and humanities as their field of graduate research; similar financial support as is today given to those who dedicate themselves to research in the sciences. I welcome the thoughtful suggestion of the rector of the Catholic University of America. It is a most constructive suggestion, worthy of every consideration.

The battle for the future will be, as has been said before, a battle for men's minds. To the nation with the greatest understanding of the truth—of the whole truth—of the truth in science and the truth in culture, to this nation belongs tomorrow. And today's struggle is to prepare the minds of our young men and women with a grasp of knowledge and understanding which is balanced enough to meet the challenges of an evolving science without losing its roots in a culture that still appreciates the value of the human person. I commend the Catholic University of America for its neverflagging dedication to this ideal. It captures my imagination, and I commend highly your right reverend rector for advancing these constructive proposals.

We are living in an important and trying period of the world's history. As you and I are present this evening, history is being made. Despite the cooing voice of peaceful coexistence, the forces of evil are bent on world domination.

While we must be powerful militarily, we must also be strong spiritually; all persons everywhere who believe in God and His law. For deep faith is the affirmative strength that could well be the difference between victory and defeat.

One of the great events of history is taking place now in Rome—instituted by Pope John and followed and emphasized in his own right by Pope Paul—the Ecumenical Council.

This is not only a great event in the history of the Catholic Church, and more broadly, of religion, but it is one of the historic events of mankind. For from it will flow great beneficial results.

It is evident to everyone that the Ecumenical Council is affirmative and positive. The growth of the ecumenical spirit throughout the world has already strongly evidenced itself. The religious understanding and spirit is stronger today than it has been for generations, and that understanding and spirit will grow stronger in generations that lie ahead.

While military power is necessary as a deterrent to Communist aggression, the ecumenical spirit everywhere is necessary for a future world of peace. For in a sense, military strength is negative—responding to the law of self-preservation—to deter, and in case of attack and war, to win and survive. In the world of today it is absolutely necessary. And our country has great military strength and power. But it is the word of God in the minds of men and women that is our real strength, our affirmative strength, animating their thoughts and actions, and looking forward with faith and confidence to a world of peace.

As we project our minds into the foreseeable future the results that will flow from the work of the Ecumenical Council, makes it one of the most notable events of world history.

As Cardinal Cushing recently and so well said, "The present Ecumenical Council will accept the challenge of those who contend that we are on the threshold of an atheistic era."

It is in the spirit of James Cardinal Gibbons, who in America many years ago, preached and practiced the ecumenical spirit, that I accept this year's award of the Cardinal Gibbons Medal.

THE UNITED STATES AND RECENT EVENTS IN SOUTH VIETNAM

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. ZABLOCKI] is recognized for 30 minutes.

Mr. ZABLOCKI. Mr. Speaker, it has been with deep concern and sorrow that I have viewed the events of the past few days in South Vietnam. I have been concerned about the ruthless way in which the Diem government was deposed and grieved at the assassination of President Diem himself.

Just 4 weeks ago today seven other Members of this body and I sat in the President's palace in Saigon, exchanging views with President Diem.

At that time we advised Diem of the anxiety evident in the United States and elsewhere in the free world over the domestic political problems which had plagued his administration. We emphasized the fear that these difficulties might adversely affect the military campaign against the Vietcong if they continued.

We cautioned him that political unrest in the form of dissident groups, vocal opponents at home and abroad, uprisings by students, dissatisfaction among the intelligentsia and antagonism from Buddhists would continue to harass his government unless reforms were made soon.

At that time President Diem promised that reforms would be made, that civil liberties would be restored to his people as soon as hostilities with the Vietcong had subsided. Of course, he had made such promises before and nothing had been done. I am satisfied, however, that Diem meant what he said. He impressed us as a dedicated nationalist, sincere, incorruptible, and determined to defeat the Communist Vietcong.

From our conversation, it was evident that President Diem and his brother, Nhu, were conscious of the possibility of a coup. There had been, it should be remembered, five previous unsuccessful attempts to oust the Diem regime. But Diem indicated no fear of his political opponents.

For whatever his adversaries might say about him, they cannot deny the honesty, the courage, or ability of Ngo Dinh Diem.

A fervent champion of Vietnamese nationalism, Diem returned in 1954 from 4 years of exile to lead the Government of South Vietnam, a country which at that time had no national feeling or identity.

Almost singlehandedly, with few resources at his command, Diem created a nation-state of Vietnam and solidified the rule of his government. To do this he was forced to crush the opposition of dissident sects, subdue pirate bands roving the delta and coastal regions, and began the campaign to recapture the countryside from the Communist guerrillas. At the same time he effectively accomplished the absorbing of hundreds of thousands of refugees from North Vietnam who had streamed into South Vietnam at the end of the Indochina war.

It is safe to say that had there been no Diem in South Vietnam, the situation there would have been even more chaotic than it has been, and the Communist Vietcong would be in a stronger position than they are today.

Yet we have heard from many individuals that the war against the Vietcong could not be won with Diem. Our study mission found that the war against the Vietcong was being won. The Vietnamese, we reported, are determined to maintain their independence and their forces have been fighting well.

However, it cannot be denied that the reputation as a national leader and hero which Diem earned by his early actions as Vietnam's President, in recent months, had fallen because of the repressive measures which had been taken against opponents of his regime. His popularity, particularly in the large cities, had been dissipated in a series of government actions against the people attributed largely to his brother, Nhu and Mme. Nhu.

As a result of these actions U.S. economic and military assistance was curtailed.

In part, this withholding of assistance was justified. Particularly aid which went to the regime's "special forces" who misused U.S. assistance in their raids on Buddhist pagodas.

But there can be little doubt that this curtailment of aid also heartened Diem's opponents and helped trigger the coup. It was a signal to the military leaders of Vietnam that the United States would support the overthrow of the Diem regime.

Further, there will be some who will say that the United States openly encouraged the coup.

Whatever the case, Mr. Speaker, the military junta which now rules Vietnam has not shown itself to be any less ruthless or any less autocratic than the former regime. One of its first acts was the reprehensible slaying of President Diem.

For those of us reared in the Judeo-Christian tradition and schooled in Anglo-Saxon law, this act of assassination is repulsive. It is made even more horrible by the attempt to make the killing seem a suicide. Even in military action, killing those who surrender is massacre.

The State Department has officially deplored the assassination of Diem while disclaiming any prior knowledge of the plot to overthrow him. Yet subsequently we have learned that members of the American press corps in Saigon were aware that a coup was imminent.

Can we believe then that the State Department did not know that a coup was likely? Were steps taken to warn President Diem of pending danger?

And what of the CIA? Did its agents in Vietnam know of the coup? Did, in fact, the CIA play a part in it? These questions remain to be answered.

But one thing is clear. If officials of the U.S. Government knew of the coup, and failed to exert every possible pressure to gain assurances of safe conduct out of the country for President Diem, then the shadow of blame falls on our Nation. Mr. Speaker, only time will tell what really happened in Vietnam. I hope the authorities will soon advise the Congress and our Nation so that faith can be kept in our executive departments.

What has happened in Vietnam must cause troubled thoughts for the leaders of other nations allied with the United States in the fight against world Communist aggression, in southeast Asia, in Europe, and most particularly in Latin America.

Further, Mr. Speaker, it is my belief that before the United States recognizes the junta in Vietnam as being the legitimate government in that country, we should receive some definite commitments from its leaders. We have learned hard lessons in other parts of the world when a military junta supplanted civilian rule.

Some formula should be agreed upon to return control of Vietnam to civilian rule as soon as possible. Further, similar requirements such as we are awaiting in the Dominican Republic and Honduras are in order. Finally, we should insist on reforms such as requested of the prior regime in Vietnam.

Mr. Speaker, it is vital that we continue our efforts to defeat the Vietcong. We should continue to cooperate with the ruling junta in Vietnam in pressing the war against the Vietcong.

However, let us closely examine the request of the junta, as reported in the press, for double our present level of assistance—both economic and military.

According to some individuals Diem was the main stumbling block in the way of winning the war against the Vietcong. Diem is gone now, cruelly slain. Why then, now that the obstacle is gone, is substantially increased assistance necessary?

As a member of the Foreign Affairs Committee, I want to serve notice now that Congress will be taking a close and careful look at any forthcoming requests for massive increased aid to Vietnam. Further, the occurrences in Vietnam and elsewhere indicate the reevaluation, reassessment, and redirection of present policies concerning assistance to foreign nations is necessary.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. ZABLOCKI. I am delighted to yield.

Mr. LAIRD. Mr. Speaker, I know of the long interest of the gentleman from Wisconsin in the problems of Vietnam and the conduct of the United States in its efforts to stop communism in that section of the world. I think that the report that the gentleman has made today is indeed a very fine report. I would like to ask him one question, and that is, Does not the gentleman believe that there were commitments made by the United States, to the military junta that took over in Vietnam prior to the time of the rioting and the takeover by the junta?

Mr. ZABLOCKI. The gentleman knows the answer to that question far better than I. As a member of the Committee on Appropriations, the gentleman is deeply interested in the defeat of the Communist menace throughout the world. He knows the answer.

Mr. LAIRD. I could not tell from the gentleman's remarks what he thought as chairman of the Investigating Committee of the Committee on Foreign Affairs. I was trying to get his best judgment.

Mr. ZABLOCKI. My best judgment, I might say to the gentleman, is that there must have been some encouragement.

Mr. LAIRD. I thank the gentleman.

Mr. CRAMER. Mr. Speaker, will the gentleman yield?

Mr. ZABLOCKI. I am glad to yield.

Mr. CRAMER. Mr. Speaker, I was very much interested in the gentleman's observation with regard to military coups. The gentleman very rightly pointed out that the cases of Honduras and the Dominican Republic are situations of two military coups. I understand the gentleman's position is that there should be considerable reservation about recognition of this military junta in South Vietnam unless adequate assurances are given with regard to elections, and other matters which the gentleman mentioned. According to the press the State Department is ready, willing, and anxious to give immediate recognition to the junta there, in South Vietnam, but just the last weekend they announced their intentions to withdraw all semblance of recognition, even practically all of the military missions from the Dominican Republic and from Honduras. Does not the gentleman feel that that position of the administration is slightly inconsistent?

Mr. ZABLOCKI. I definitely agree that there is an inconsistency. In my opinion the same formula, similar requirements, as I said earlier, should be followed in both instances. I believe that agreements and commitments on the part of the military junta in Vietnam must be had now, before recognition, so that we may be more certain of the return of a civilian government to Vietnam.

I agree with the gentleman. Basically, there are no differences in the situation in Vietnam.

Mr. CRAMER. If the gentleman will yield further, the gentleman agrees that the principle is the same, does he not?

Mr. ZABLOCKI. I agree.

Mr. CRAMER. Will the gentleman yield further?

Mr. ZABLOCKI. I would be glad to yield further to the gentleman from Florida.

Mr. CRAMER. I understand that there are obviously communications going on at the present time between the Vietnam junta and this Government relating to what the junta's intentions are in the future; is that not correct?

Mr. ZABLOCKI. That is correct.

Mr. CRAMER. I have been rather disturbed by the fact, and I understand it is a fact, because I was informed by the ambassador to the OAS from the Dominican Republic, Ambassador Bonilla, just last week, that he cannot even get in to see anybody in the State Department to discuss pledges that the triumvirate ruling government in the Dominican Republic is willing to give to the United States relating to elections as soon as possible and relating to other assurances such as concerning the return to constitutional government in the Dominican Republic.

I am sure the gentleman is fully aware that a few days after the military junta took over, the government was turned over to the civilian triumvirate which is now governing it and the country is not now governed by the military.

The gentleman is familiar with the fact that the military forces are no longer patrolling the streets, imposing martial law, and that there is a substantial degree of freedom even now in the Dominican Republic. Yet the U.S. Government will not even talk to Mr. Bonilla in this country nor are they willing to send an official or unofficial emissary to discuss with the triumvirate in the Dominican Republic what their plans are or what assurances they are willing to give.

Does not the gentleman from Wisconsin feel that is totally inconsistent? How are we going to help settle the very serious, critical, and explosive situation in the Dominican Republic? We specifically made recommendations and did certain things in this other crisis in South Vietnam. Can the gentleman understand why our Government will not even set up communications between the United States and the Dominican Republic?

Mr. ZABLOCKI. I will say to the gentleman from Florida that I am unable to reply to the question which he is asking. I agree that the transitional governments in the Dominican Republic and Honduras should be given at least an opportunity to present their case. Yes, the issues are similar. That is why in the conclusion of my prepared statement I stated that there should be a reevaluation, reassessment, and a rededication of our military and economic assistance, not only in the case of Vietnam and the Dominican Republic, but in other areas.

Mr. CRAMER. Will the gentleman yield for one additional question?

Mr. ZABLOCKI. I yield to the gentleman from Florida.

Mr. CRAMER. I know you are familiar with the fact that for some time I have been concerned over the fact that in Latin America the Communists are continuing to infiltrate and gain ever stronger positions in many countries. In many of the Latin American countries our Alliance for Progress program and foreign aid program efforts apparently are not successfully directed toward preventing Communist growth and the taking over of some of these countries by the Communists.

Why is it that the United States takes the inconsistent position that the State Department, when it comes to Latin America and this hemisphere, cannot become involved in matters within the sovereignty of these other countries and we cannot impose our will upon these other nations, when according to the answer given by the gentleman in the well to the gentleman from Wisconsin [Mr. Laird] just a moment ago, it appears we are imposing our will on South Vietnam? Of course, it is common knowledge that we did in Guatemala, in 1954, when there was a Communist government. That was a case in which we rendered assistance to oust the Communists.

It seems to me that we have either got to fish or cut bait. In one situation we intervene supposedly to strengthen our anti-Communist efforts but in another situation where the Communist threaten we say that we have got to recognize their sovereignty and we cannot intervene.

If we are to be consistent, should not our basic policy be that we fight communism wherever it occurs, if it justifies interference in one case should not it justify the same thing in another?

Mr. ZABLOCKI. At the moment I cannot give to the gentleman an answer to his question. I submit the gentleman had better ask it of the proper authorities.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. ZABLOCKI. I yield further to the gentleman from Iowa.

Mr. GROSS. The gentleman headed a committee that returned only a few days ago from Vietnam.

Do I understand correctly that the gentleman in his committee talked to President Diem personally?

Mr. ZABLOCKI. We did.

Mr. GROSS. And his brother, Nhu?

Mr. ZABLOCKI. We did.

Mr. GROSS. The gentleman and his committee also talked to the military commanders, American and Vietnamese?

Mr. ZABLOCKI. Yes, as well as legislators of the Vietnam National Assembly, including the President of the National Assembly.

Mr. GROSS. At that time did the gentleman or his committee have information that this coup would be carried out or was imminent and would be carried out in the near future? Was there any indication of that?

Mr. ZABLOCKI. If there were indications we would have reported to the full Committee on Foreign Affairs and included it in our report. There were no such indications.

Mr. GROSS. I thank the gentleman. I think that was the report the gentleman made to the committee.

FARMERS AND THE NEW FRONTIER—A REPORT ON THE 1ST SESSION OF THE 88TH CONGRESS

The SPEAKER. Under previous order of the House, the gentleman from Iowa [Mr. HOEVEN] is recognized for 20 minutes.

Mr. HOEVEN. Mr. Speaker, now that the 1st session of the 88th Congress is drawing to a close, I think it would be appropriate for us all to pause a moment to review again the agricultural record of the New Frontier.

I am sorry to say that for both farmers and taxpayers this record continues to get worse.

Here is what we have seen recently:

The parity ratio for 1962 at 79, the lowest level for a year since 1939—Economic Indicators, U.S. Government Printing Office, September 1963, page 28.

Farm debt at the highest level in history—Farm debt, 1919–63, ERS, USDA, July 1963.

Farming costs at the highest level in history—"Agricultural Prices," Crop Reporting Board, U.S. Department of Agriculture, September 30, 1963, page 1.

Total expenditures of $8.4 billion by the U.S. Department of Agriculture, an alltime high, in fiscal year 1964—appropriations, REA and FHA loan authorizations, fiscal years 1933 through 1964, Office of Budget and Finance, USDA, February 1963.

The greatest number of employees—116,268—in the history of the U.S. Department of Agriculture—"U.S. Budget, Fiscal Year 1964," page 422.

The fewest number of farmers—14.3 million—in the history of our Nation—"Farm Income Situation," FIS 191, USDA, July 1963, page 37.

An alltime low—3.6 million—in the number of farms in this country—"Statistical Reporting Service," U.S. Department of Agriculture, February 28, 1963.

Farm surpluses at continued high levels—USDA press release 3309–63, October 3, 1963, shows CCC investment in farm commodities at $7,256,551,380 as of June 30, 1963. This compares to $6,657,026,599 a year earlier.

Farm income sliding—Farm Income Situation, FIS 191, page 2. Seasonally adjusted second quarter for 1963 shows net farm income at $12.6 billion or $700 million less than 1962 and $200 million less than 1961. Page 34 shows that realized net income from farming after excluding government payments was lower in 1962 than in 17 of the previous 19 years starting in 1943.

Farm legislation bogged down in Congress with only one major bill being enacted into law.

Farmers rejecting the administration's strict two-price wheat control scheme by an overwhelming margin.

HOW DID IT HAPPEN?

What has happened, Mr. Speaker, to cause all these events to transpire? While I realize that an endless argument can follow from this simple question, I think it suffices to say that the impact of technology and change in agriculture is by far the most important single reason. Farmers have been able to master the weather, the soil, seeds, fertilizers and Government officials, and still produce the greatest bounty on earth.

Nostalgic remembrances are from time to time heard concerning the so-called golden era of agriculture when the parity ratio was in excess of 100. World War II, the postwar period and the Korean war were, of course, the years of this golden era when American men were fighting and dying for their country.

The wheat fields of France and the rice paddies of Korea were growing land mines in the golden era and the mere fact that the total volume of world consumption is now higher than it was during the 1940's and 1950's is testimonial only to the fact that there are millions of more people on this planet now than there were just a decade ago.

The actual record of the New Frontier on farm legislation has been dismal.

Do you remember what the 1960 Democratic platform on agriculture said?

> The Democratic administration will work to bring about full parity of income for farmers in all segments of agriculture by helping them to balance farm production with the expanding needs of the Nation and the world.
>
> Measures to this end include production and marketing quotas measured in terms of barrels, bushels, and bales, loans on basic commodities at not less than 90 percent of parity, production payments, commodity purchases, and marketing orders and agreements.

What happened to this promise of high prices and strict controls? Present law is clear on the authority of Secretary Freeman to set price supports at 90 percent of parity on the basics now grown under crop controls such as rice, peanuts, cotton and wheat.

He could set these crops at 90 percent of parity with a stroke of his pen. Yet he has not—in fact, not one single farm commodity is now or has been supported at 90 percent of parity by the Kennedy administration.

Why? The reason is simple. The Democratic Party has repudiated 90 percent of parity in practice but not in promise.

Do you remember what Candidate John F. Kennedy said in 1960?

Speaking at the Farmers Union GTA Convention, St. Paul, Minn., October 2, 1960, he said:

> Third, I would support farm programs which will raise farm income to full parity levels as soon as it is feasible to do so. By parity income, I mean an income which will give average farm producers a return on their farming investment, their labor, and their managerial effort equal to the returns that are earned by comparable resources in other industries.

That, of course, was another promise which falls far short when measured against performance.

As to the parity principle as a bedrock of farm policy, let me point out that the present tobacco price support program which is generally cited as a paragon of virtue by advocates of "supply management" or controls for agriculture is based on a formula apart and distinct from the parity formula. It is a formula designed to prevent a rise in tobacco price supports. It is a frozen ceiling on support prices. Measured in terms of parity, tobacco supports are now in the low 80 range.

Another recent example of this administration abandoning the parity principle is found in the pending cotton bill which calls for substantial new subsidies to textile mills. Under the terms of that legislation the price support for cotton would in future years no longer be related to parity, but would be tied to the cost of production.

WHAT IS HAPPENING?

During this session of Congress only one major farm bill, a 2-year extension of the feed grain program, has been enacted into law.

We all recall how hastily it was forced through Congress in an effort to persuade wheat farmers to vote "right" in last May's referendum.

As things turned out this last-minute effort which prevented the Senate from even correcting a typographical error was as equally futile as the months of high-pressure sales tactics used by Secretary Freeman and the Department of Agriculture to promote the certificate wheat plan.

As a result of numerous abuses, the Secretary was legislatively scolded by the House and Senate Appropriations Committees with the Senate adding this language to the fiscal year 1964 appropriations bill:

> *Provided further,* That no part of the funds appropriated or made available under this Act shall be used, (1) to influence the vote in any referendum; (2) to influence agricultural legislation except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

As a result of further congressional disapproval, the Secretary also withdrew the loyalty pledge that he had required of all farmer-elected committeemen.

In spite of all the high-pressure tactics a majority of wheat farmers voted down the strict control plan designed for them by Messrs. Kennedy, Cochrane, and Freeman.

Prior to the referendum many wheat State Members of Congress began to work on a constructive alternative to the administration's "rule or ruin" plan.

After the referendum's defeat, over 50 wheat bills were introduced in Congress, but up to the present time the administration has remained adamant in refusing to consider remedial wheat legislation while preferring to let the wheat farmer "stew in his own juice."

The reason most often cited by the Secretary is that wheat farmers are divided on a program. That argument, however, did not dissuade the Secretary from pushing the 40-year-old, oft rejected, two-price wheat plan through Congress and to a referendum where farmers in only five States found it acceptable.

LIVESTOCK VENDETTA

The administration's displeasure with wheat farmers as a result of the referendum is mild compared to the continuing vendetta it is carrying out against livestock farmers.

Let us recall for just one moment that the livestock industry is, by far, free from government control and subsidy. It has historically been the bulwark of opposition to the fancy control schemes of the New Frontier.

Among other things here are some of the things the administration has been doing to livestock farmers.

First. This administration proposed in 1961 that there be hen, heifer, and hog quotas.

Do you remember section 360(a) of H.R. 6400, the administration's 1961 farm proposal?

It provided:

> SUBTITLE C—MARKETING QUOTAS
>
> *Part VII—Marketing quotas for specified agricultural commodities*
>
> SEC. 360(a). This part covers any agricultural commodity including but not limited to the following: corn, tobacco, wheat, cotton, rice, peanuts, barley, oats, rye, grain sorghums, flaxseed, soybeans, dry edible beans, grass seeds, vegetables (including potatoes), fruits, tree nuts and seeds, hogs, cattle, lamb, chicken, turkeys, whole milk, butterfat, eggs, hops, honey, and gum naval stores. Any regional or market classification, type or grade of any agricultural commodity covered by this part may be treated as a separate commodity hereunder.

Happily, this provision was rejected by Congress.

Second. Do you remember section 440 of H.R. 10010, the administration's 1962 farm proposal?

It provided:

> SUBTITLE C—DAIRY
>
> *Reports and records*
>
> SEC. 440. Each first processor and producer shall keep such records for such period of time and shall make such reports as the Secretary shall prescribe for the purposes of this subtitle. The Secretary is hereby authorized to examine such records and any other records, accounts, documents, and other papers which he has reason to believe are relevant for the purposes of this subtitle and which are in the custody or control of such first processor or producer. Any person failing to make any report or keep any record as required by the Secretary, pursuant to this subtitle, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than $2,000 or by imprisonment for not more than 1 year, or both.

Happily, this provision too was rejected by Congress, but a proposal to imprison a dairy farmer in a Federal penitentiary for failing to keep a record or for refusing to let a Federal official snoop about his personal records or any other material deemed relevant by the Secretary would seem preposterous had it not been recommended by the President of the United States.

Third. Do you remember H.R. 6491 and H.R. 7154, the administration's 1963 proposals on land retirement?

These bills would have removed the $10 million ceiling on the cropland conversion program and allowed unrestrained grazing of new cropland as well as on the formerly idle land coming out of the conservation reserve program. Needless to say, this would mean a severe hardship for all livestock farmers if Government subsidized grazing were allowed.

Fourth. Do you realize the extent of livestock imports at this time?

Four hundred and eighty-one million dollars' worth of meat products were imported into the United States in 1962, and 1963 imports are running at the same high rate.

Imports of boneless beef and veal, for example, have risen from 88 million pounds in 1957 to 819 million pounds in 1962—an increase of 1,000 percent. The October 28 issue of the USDA publication, "Foreign Agriculture," also shows these figures for 1963:

> U.S. imports of red meat in the January-August period of 1963 totaled 929 million pounds, up 18 percent from the same period last year.
>
> U.S. imports of boneless beef, the major category, rose by 20 percent to 605 million pounds, and those of canned meat by about 50 percent to 75 million pounds.
>
> Nine ships left Australia during the month of September, with 27,301,120 pounds of beef, 403,200 pounds of mutton, 51,520 pounds of lamb, and 24,640 pounds of variety meats, to the United States.
>
> Meat shipments to the United States from New Zealand totaled 203 million pounds in the 11-month period beginning October 1, 1962. Beef and veal accounted for 94 percent of these shipments.

Many livestock producers wish that the administration would devote as much effort to control harmful and excessive imports as it does to controlling the American farmer.

In spite of this serious situation nothing is being done to stop it.

Fifth. Do you remember the chicken war in the European Common Market? That is still going on and we are losing it. The Europeans have made no real concessions and they have, in fact, raised U.S. pork levies from 9.5 to 20 percent ad valorem and have raised U.S. lard duties from 1.6 cents a pound to 4.6 cents a pound, thus substantially reducing these exports to Europe.

I am sorry to see the hostile attitude that this administration has against the livestock industry which is of such prime importance to our Nation's agriculture.

WHERE ARE WE GOING?

The farm program is heading for a fall unless something is done to bring it back into sensible perspective. The pure and simple fact is, Mr. Speaker, that the present crazy-quilt price support and control program held together by Mr. Freeman was born in depression, matured in war and is now in a faltering position.

The change from rural to urban dominance of both the national Congress and the State legislatures is becoming more and more pronounced.

If farmers of the 1960's and 1970's are going to continue to provide Americans and the world with food and fiber, a new concept of abundance must be formed.

We must forget the foolishness that the New Frontier espouses on agriculture. Ski lifts and snow machines financed by subsidized Government loans, 31 farms for every U.S. Department of Agriculture bureaucrat, and only 140 acres out of a 140,000-acre cropland conversion program sold to the public as a recreation activity are but a few of the wastes and extravagances that must be curtailed if the general public and the Congress are ever to look on farm programs as something more than a multibillion-dollar boondoggle.

In conclusion, Mr. Speaker, I call upon all segments and shades of opinion within the agricultural community to give immediate attention to a sound and rational farm program. The Kennedy administration, having complete control of Congress, has the votes to bring this about. The responsibility for the enactment of sound and realistic farm programs, therefore, should be placed where it belongs.

BONDING SURCHARGE APPLICATION ARBITRARY AND CAPRICIOUS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROOSEVELT] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, on Thursday, October 24, 1963, the general Subcommittee on Labor of the Committee on Education and Labor heard Mr. John F. Fitzgerald, secretary, Surety Association of America, testify concerning proposed amendments to the bonding provisions of the Labor-Management Reporting and Disclosure Act—Landrum-Griffin—and the Welfare and Pension Plans Disclosure Act.

During such hearing an extraordinary colloquy occurred between the gentleman from Hawaii, Congressman THOMAS P. GILL, and the witness. The exchange involved the surcharge attached to the rates of bonds required under the Landrum-Griffin Act. Initially a 50-percent surcharge was demanded, but subsequently the surcharge was reduced by 50 percent for labor union officials and, still later, it was similarly reduced for others purchasing the same type of coverage.

This amazing interrogation points out an area of arbitrary power over ratemaking that should be of serious concern to the Members of the House, particularly with regard to situations where Federal legislation compels a party to secure a bond without first examining the rate-setting procedure for fairness.

The colloquy to which I refer follows, including a few questions I directed to Mr. Fitzgerald.

Mr. Gill. Now it brings me to a point that puzzles me a bit. You stated that for fraternal orders, you had a 50-percent surcharge for faithful performance coverage, and you then applied, as I recall your testimony, that same formula to labor unions, and then after a series of meetings with the AFL-CIO officials, you dropped that 50 to 25, and then I believe you also said that you applied the 25 to fraternals as well. Is that correct?

Mr. Fitzgerald. We now apply the 25-percent surcharge to fraternals as well. We did not do it at the same time. It was done for fraternal orders at a subsequent date, I believe.

Mr. Gill. Right. But you have now made the 25-percent surcharge uniform both for fraternals and for union organizations.

Mr. Fitzgerald. Yes, sir.

Mr. Gill. Now why didn't you make it 25 percent for fraternals prior to this time? If you can do it now, why couldn't you have done it before the Landrum-Griffin law, or before this question was raised by the AFL-CIO?

Mr. Fitzgerald. We could have done it at any time, had we concluded that that was a proper charge.

Mr. Gill. Well, what prevented you from so concluding, if you have now concluded it?

Mr. Fitzgerald. There was no reason for—there was nothing to prevent us from concluding that. We could have concluded that.

Mr. Gill. The sharp fact of the matter is that the question was never pressed with you in any serious fashion until the unions came in and said it should be lowered. Isn't that correct?

Mr. Fitzgerald. Substantially, that is correct; yes.

Mr. Gill. So it took a nationwide organization, which was heavily hit by this requirement financially, to come in with certain facts and figures, sit down with your nationwide organization, and say, "Look, you are charging us too much; drop it." You agreed with them, at least up to a point. Isn't that correct?

Mr. Fitzgerald. In point of fact, that is the way it happened.

Mr. Gill. They didn't go to the individual States and appeal and complain. They had to come to you directly as an organization representing all of your members across the country. Isn't that correct?

Mr. Fitzgerald. They did that; and that, if I may say so, is not unusual. In other words, we deal very often with trade organizations representing various segments of business, such as the American Bankers Association, the U.S. Savings & Loan League, and other organizations, each of which has its own problems, and they deal with us in connection with those problems and we try to reach satisfactory conclusions with them.

Mr. Gill. After you had dropped the surcharge from 50 to 25 percent, you decided it probably wasn't fair to leave the fraternals at 50 percent, so you dropped their rates down too. Is that correct?

Mr. Fitzgerald. We try to be consistent.

Mr. Gill. But if the unions had never complained, the fraternals would still be at 50 percent. Isn't that right?

Mr. Fitzgerald. There is no assurance that that would have remained indefinitely; no.

Mr. Gill. How long had it been at 50 percent?

Mr. Fitzgerald. I do not recall.

Mr. Gill. Well, was it 1 year, 10 years, or 20 years, something along that line?

Mr. Fitzgerald. It was, I believe, a substantial number of years, but I would not know how many years.

Mr. Gill. I believe you also stated that one of the reasons for dropping this surcharge was that you found that most of your losses were of a type that would be covered by a normal dishonesty bond, and not by a faithful performance type bond. Is that not correct?

Mr. Fitzgerald. That is correct.

Mr. Gill. But you don't have any specific examples of losses which would be covered by a faithful performance but not covered by an honesty bond?

Mr. Fitzgerald. There are any number of examples in the public official field. Any number of court decisions applying this type of coverage to specific losses.

Mr. Gill. Yes; but we are interested in the specific field we are discussing here, which is the unions.

Now do you have any specific examples in the union insurance field under either the Labor-Management Reporting and Disclosure Act or the Welfare and Pension Plans Disclosure Act?

Mr. Fitzgerald. No, sir; I have no specific examples.

Mr. Gill. I do not understand the process here, but it sounds to me like you could come up with almost as good a percentage surcharge using a ouija board as you could with whatever process you are using now, unless you have the type of figure that shows the margin of risk that you are incurring by going into a faithful performance bond.

Mr. Roosevelt. Will the gentleman yield?

Mr. Gill. Surely.

Mr. Roosevelt. Perhaps if the gentleman would clarify a little bit, why was the figure at 50 percent in the fraternal organization kept at 50 percent while this one was reduced to 25 percent?

Although I understand now that you have reduced the other to 25 percent, too. Was there a tremendous change in the loss ratio in the fraternal societies that brought about this reduction of 50 percent of the original surcharge?

Mr. Fitzgerald. No, sir. The change was made in order to be consistent with what we were doing in the labor organization field, and in the public official field.

Mr. Roosevelt. In other words, what you are saying is that you had no reason for having charged them 50 percent more, but because you changed it for labor, you are going to change it for fraternal organizations. What you are saying is, "We really didn't have any good reason for that extra 25 percent."

Mr. Fitzgerald. I can't subscribe to that.

Mr. Roosevelt. Well, what was the reason for doing it? The only reason you give me for changing it was that you changed it for the labor people, so you thought you had better change it for the fraternal orders.

Mr. Fitzgerald. We know that faithful discharge of duty coverage, since it includes something more than honesty coverage, should have a higher charge than honesty coverage.

Mr. Roosevelt. You gave it 50 percent for fraternal orders for a long period of time.

Mr. Fitzgerald. So now it is a question of judgment as to how much more.

Mr. Roosevelt. No; you decided that years ago. You made it 50 percent for fraternal organizations. This was nothing new.

Mr. Fitzgerald. That is right.

Mr. Roosevelt. You had it at 50 percent. Then, a similar bonding requirement was established for labor organizations. They convince you not to make it 50, make it 25 percent. So you turn right around and say, "We don't want to look inconsistent to fraternals, so we drop them to 25."

If I were representing a fraternal organization, I would be after you with a gun. "Why have you been charging me this extra 25 percent all these years? It takes my labor friend to come in here and shake you down to 25, and you have no reason for doing it?"

What is the answer to that?

Mr. Fitzgerald. The answer is, as I have stated, that we reduced the surcharge from 50 to 25 percent for labor organizations, and we did the same thing, then, for the fraternal orders.

Mr. Roosevelt. Very nice of you.

DEFEAT FOR THE MIGRANTS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Rosenthal] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I read with a great deal of interest an editorial which appeared in yesterday's New York Times, entitled "Defeat for the Migrants," and I believe it is most worthy of being brought to the attention of the Members of this House, particularly in view of the action taken here last Thursday in extending the Mexican farm labor program:

Defeat for the Migrants

Once again the corporate farm interests in California, Texas, and Arizona are on their way to using Congress as an instrument for depressing the wages and working conditions of America's most exploited workers—the half-million migratory farm laborers and their families.

The House of Representatives 5 months ago voted to kill the program under which hundreds of thousands of Mexicans are brought in each year to supply cheap labor for the harvesting of U.S. crops. Now the House has been induced to reverse itself. It has voted a 1-year extension, devoid even of the strings the Senate attached when it approved a similar extension in August.

Under the Senate bill, benefits equal to those guaranteed the Mexicans in such areas as housing, workmen's compensation and transportation would have to be offered to domestic workers as well. The House dispensed with even this meager safeguard when the program for importing braceros came up for a second look. The chances seem strong that the Senate will now consent to the same unreserved extension of the old law.

With national unemployment frozen at a rate of more than 5 percent, the continued importation of foreign workers to aid a comparative handful of large corporate farmers is unconscionable. The Senate ought to exercise the opportunity the House action gives it to scrap the entire program. If it sends it forward, the responsibility for a veto will be the President's.

Mr. Speaker, as pointed out in the editorial, we will have another opportunity to defeat this program when the conference report is returned to the House. However, in view of the terrific pressures which have been brought to bear by the proponents of this legislation, we have no guarantee that the Senate will remain steadfast and will insist on the amendments they attached to the bill when it was before them several months ago.

Failing the insistence by the Senate conferees to include even the minor benefits approved by the Senate, then it will be up to the President to veto the measure.

I had received a letter from the Honorable W. Willard Wirtz, Secretary of Labor, dated October 30, which indicates that the administration is opposed to this extension without these amendments. Despite this opposition, which was brought to the attention of the Members during the debate on the bill, the House saw fit to approve the extension of Public Law 78. If the bill comes out of conference without these amendments, then I call on the President to exercise his constitutional prerogative and to veto it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LINDSAY (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. CHAMBERLAIN (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. BERRY (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. ANDERSON (at the request of Mr. BYRNES of Wisconsin), for today, November 4, and the balance of the week on account of official business with Joint Committee on Atomic Energy.

Mr. WESTLAND (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. ARENDS (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. BASS (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. DENTON (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. RODINO (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. THORNBERRY (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. HAYS (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. ZABLOCKI, for 30 minutes, today.

Mr. HOEVEN, for 60 minutes, on Wednesday, November 6.

Mr. HOEVEN (at the request of Mr. REIFEL), for 20 minutes, today, and to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. TRIMBLE and to include extraneous matter.

Mr. EVINS and to include extraneous matter.

Mr. GROSS and to include extraneous matter.

Mr. BOB WILSON and to include extraneous matter.

Mr. CURTIS.

(The following Member (at the request of Mr. REIFEL) and to include extraneous matter:)

Mr. ALGER in two instances.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1129. An act for the relief of Thomas B. Bollers and Earlene Bollers; to the Committee on the Judiciary.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1049. An act to amend sections 334, 367, and 369 of the Bankruptcy Act (11 U.S.C. 734, 767, 769) and to add a new section 355 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XI (arrangement) proceedings to the time prescribed by section 57n of the Bankruptcy Act (11 U.S.C. 933n);

H.R. 1311. An act for the relief of Jolan Berczeller;

H.R. 1345. An act for the relief of Peter Carson;

H.R. 2260. An act for the relief of Mrs. Rozsi Neuman;

H.R. 2445. An act for the relief of Mrs. Barbara Ray Van Olphen;

H.R. 2754. An act for the relief of Mercedes Robinson Orr;

H.R. 2757. An act for the relief of Woo You Lyn (also known as Hom You Fong and Lyn Fong Y. Hom);

H.R. 2835. An act to clarify the status of circuit and district judges retired from regular active service;

H.R. 2968. An act for the relief of Kazimierz Kurmas and Zdzislaw Kurmas;

H.R. 3384. An act for the relief of Lee Suey Jom (also known as Tommy Lee and Lee Shue Chung);

H.R. 4145. An act for the relief of certain individuals;

H.R. 6097. An act for the relief of Dr. Pedro B. Montemayor, Jr.;

H.R. 6260. An act for the relief of Wai Chan Cheng Liu;

H.R. 6500. An act to authorize certain construction at military installations, and for other purposes; and

H.J. Res. 626. Joint resolution granting the consent of Congress to the establishment of an interstate school district by Hanover, N.H., and Norwich, Vt., and to an agreement between Hanover School District, New Hampshire, and Norwich Town School District, Vermont.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 310. An act for the relief of Kaino Hely Auzis.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until Wednesday, November 6, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1346. A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting reports listing contracts negotiated under authority of sections 2304(a)(11) and 2304(a)(16) of title 10 United States Code during the 6 months ending June 30, 1963, pursuant to title 10 United States Code section 2304(e); to the Committee on Armed Services.

1347. A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting the July-August 1963 report on Department of Defense procurement from small and other business firms, pursuant to the Small Business Act, as amended; to the Committee on Banking and Currency.

1348. A letter from the Secretary of the Treasury, transmitting a report covering the progress made in liquidating the assets of the former Reconstruction Finance Corporation for the quarterly period ended September 30, 1963, pursuant to the Reconstruction Finance Corporation Liquidation Act, as amended (67 Stat. 230), and Reorganization Plan No. 1 of 1957 (22 F.R. 4633); to the Committee on Banking and Currency.

1349. A letter from the Comptroller General of the United States, transmitting a report on illegal per diem payments to Navy and Marine Corps personnel serving as military inspection representatives in Tokyo and Osaka, Japan; to the Committee on Government Operations.

1350. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill entitled "A bill to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders"; to the Committee on Ways and Means.

1351. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952, as amended by Public Law 87-885; to the Committee on the Judiciary.

1352. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952, as amended by Public Law 87-885; to the Committee on the Judiciary.

1353. A letter from the Acting National Adjutant, National Quartermaster, Veterans of World War I of the U.S.A., Inc., transmitting the reports and the proceedings of our national gathering held in Detroit, Mich., September 22 through 25, 1963, pursuant to Public Law 105, 88th Congress, and a report of receipts and expenditures for the year ended August 31, 1963, pursuant to Public Law 85-530 (H. Doc. No. 172); to the Committee on the Judiciary and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HÉBERT: Committee on Armed Services. H.R. 6600. A bill to amend title 10, United States Code, with respect to the appointment of the members of the Joint Chiefs of Staff; with amendment (Rept. No.

883). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee of conference. H.R. 6143. A bill to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions (Rept. No. 884). Ordered to be printed.

Mr. MILLS: Committee on Ways and Means. H.R. 8969. A bill to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act; without amendment (Rept. No. 885). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of California:

H.R. 9019. A bill to establish a National Economic Conversion Commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HERLONG:

H.R. 9020. A bill to amend Title I—Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962 to correct certain inequities in the classification and duty provided for certain aluminum products and television picture tubes; to the Committee on Ways and Means.

By Mr. LLOYD:

H.R. 9021. A bill to authorize the conveyance of two tracts of land situated in Salt Lake City, Utah, to the Board of Education of Salt Lake City; to the Committee on Armed Services.

By Mr. PATMAN (by request):

H.R. 9022. A bill to amend the International Development Association Act to authorize the United States to participate in an increase in the resources of the International Development Association; to the Committee on Banking and Currency.

By Mr. PATMAN:

H.R. 9023. A bill to change the requirements for the annual meeting date for national banks; to the Committee on Banking and Currency.

By Mr. PRICE:

H.R. 9024. A bill to provide for the establishment of the Indiana Dunes National Lakeshore, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SIKES:

H.R. 9025. A bill to determine the need for a dam and reservoir on Yellow River, Fla. and Ala.; to the Committee on Public Works.

By Mr. BATTIN:

H.J. Res. 792. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.J. Res. 793. Joint resolution authorizing the United Spanish War Veterans to erect a memorial in the District of Columbia; to the Committee on House Administration.

By Mr. BOB WILSON:

H.J. Res. 794. Joint resolution authorizing the Secretary of State to convene in the United States in 1965 a World Conference on Oceanography; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Massachusetts memorializing the President and the Congress of the United States to enact legislation providing Federal aid for nursing home care for aged veterans, which was referred to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GIAIMO:

H.R. 9026. A bill for the relief of Mrs. Consuelo Salazar; to the Committee on the Judiciary.

By Mr. HAWKINS:

H.R. 9027. A bill for the relief of Chai Tuk Myung; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H.R. 9028. A bill for the relief of Mrs. Anna Diana Tsezana; to the Committee on the Judiciary.

By Mr. SCHNEEBELI:

H.R. 9029. A bill for the relief of Staiman Bros.-Simon Wrecking Co.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

434. By the SPEAKER: Petition of Norman Thomas and others, New York, N.Y., to repeal the Smith Act, the Internal Security Act, and the Communist Control Act; to the Committee on Un-American Activities.

435. Also, petition of Harry Bleecher and others, Glen Mills, Pa., requesting support of the civil rights legislation; to the Committee on the Judiciary.

SENATE

MONDAY, NOVEMBER 4, 1963

(*Legislative day of Tuesday, October 22, 1963*)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Merciful Father, by whose good providence we are the sharers of the rich and costly privileges which are our heritage in this dear land where shines freedom's holy light: Climbing the world's great altar stairs which slope through darkness up to Thee, out of the depths of our need for guidance, we beseech, "Lead, Kindly Light; lead Thou us on."

By national and global tasks, too difficult for us, we are driven unto Thee for strength to face what must be faced if freedom is to live on the earth, and for wisdom to rightly interpret the signs of these testing times.

May the spokesmen for the people, who in this Chamber serve in the sacred stewardship of public welfare, by their dedication buttress the cause of our free institutions and the redemption from thralldom of our common humanity, and so be partners with Thee in building the city of God on the ruined wastes of this disturbed and disordered world.

We ask it in the name of the One whose is the power and the kingdom and the glory. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, November 1, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that, the President had approved and signed the following acts:

On October 24, 1963:

S. 838. An act for the relief of George Crokos; and

S. 1313. An act for the relief of Tim L. Yen.

On October 31, 1963:

S. 1576. An act to provide assistance in combating mental retardation through grants for construction of research centers and grants for facilities for the mentally retarded and assistance in improving mental health through grants for construction of community mental health centers, and for other purposes.

ORDER DISPENSING WITH CALL OF LEGISLATIVE CALENDAR

On request of Mr. MANSFIELD, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 mintues.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of William Jack Howard, of California, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, which was referred to the Joint Committee on Atomic Energy.

The PRESIDENT pro tempore. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of Bernard T. Moynahan, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

Mr. KEATING. Mr. President, on behalf of the distinguished senior Senator from Kentucky [Mr. COOPER], I ask unanimous consent to have printed at this point in the RECORD a statement, prepared by him, relating to this nomination.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR COOPER

The nomination of the Honorable B. J. Moynahan to be judge of the Federal court for the eastern district of Kentucky was approved unanimously by the Senate Judiciary Committee last week.

I live in this district and have practiced many times in this court. Mr. Moynahan will be the third judge to preside over this court, which serves approximately one-half of Kentucky. No objection was interposed to his nomination, and I have received many letters approving the nomination.

I am glad to support the nomination, and I wish for Judge Moynahan a very successful service in the important position that he will soon assume.

The PRESIDENT pro tempore. The question is, Will the Senate advise and consent to this nomination? Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

The PRESIDENT pro tempore. Under the previous order, morning business is in order.

PROPOSED AMENDMENT TO THE BUDGET, 1964, FOR DISTRICT OF COLUMBIA (S. DOC. NO. 41)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States transmitting an amendment to the budget for the fiscal year 1964, in the amount of $308,000, for the District of Columbia, which, with the accompanying paper, was referred to the Committee on Appropriations, and ordered to be printed.

RESOLUTION OF MASSACHUSETTS STATE SENATE

Mr. KENNEDY. Mr. President, on behalf of my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL], and myself, I present a certified copy of a resolution entitled "Resolution Memorializing the Congress of the United States To Enact Legislation Providing Federal Aid for Nursing Home Care for Aged Veterans," adopted by the Senate of the Commonwealth of Massachusetts on October 23, 1963.

I ask that this resolution be appropriately referred.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare, as follows:

RESOLUTION MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO ENACT LEGISLATION PROVIDING FEDERAL AID FOR NURSING HOME CARE FOR AGED VETERANS

Whereas there is now pending before the Congress of the United States H.R. 8009 which has been unanimously passed by the House of Representatives and presently awaits further action in the Senate, which bill establishes Federal responsibility for a portion of nursing home care for aged veterans, assists State homes in capital outlay needs, and eliminate the splitting provision whereby the Veterans' Administration claims one-half of any moneys collected from pension or income of veterans in State homes when charges are made; and

Whereas by the enactment of H.R. 8009, the Commonwealth could receive up to $250,000 annually which would help to partially relieve the heavy burden which has been voluntarily assumed because of the Federal Government's failure to provide sufficient beds for long-term care of veterans in State homes: Now, therefore, be it

Resolved, That the Massachusetts Senate respectfully urges the Congress of the United States to enact H.R. 8009 providing Federal aid for nursing home care for aged veterans; and be it further

Resolved, That an engrossed copy of these resolutions be transmitted forthwith by the secretary of the Commonweath to the President of the United States, to the Presiding Officers of each branch of the Congress, and to each Member thereof from the Commonwealth.

Adopted by the Senate October 23, 1963.

THOMAS A. CHADWICK,
Clerk.

Attest:

KEVIN H. WHITE,
Secretary of the Commonwealth.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. BYRD of Virginia, from the Committee on Finance, without amendment:

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury (Rept. No. 629).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MANSFIELD (for himself and Mr. METCALF):

S. 2279. A bill to authorize the transfer of the Piegan Unit of the Blackfeet Indian irrigation project, Montana, to the landowners within the unit; to the Committee on Interior and Insular Affairs.

By Mr. HARTKE (for himself and Mr. BAYH):

S. 2280. A bill to establish a Wabash Basin Interagency Water Resources Commission; to the Committee on Public Works.

(See the remarks of Mr. HARTKE when he introduced the above bill, which appear under a separate heading.)

RESOLUTION

ELECTION OF FRANCIS R. VALEO TO BE SECRETARY FOR THE MAJORITY OF THE SENATE

Mr. MANSFIELD. Mr. President, I offer a resolution, which I send to the desk and ask for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be stated.

The legislative clerk read the resolution (S. Res. 222), as follows:

Resolved, That Francis R. Valeo, of the District of Columbia, be, and he is hereby, elected Secretary for the majority of the Senate.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

WABASH BASIN INTERAGENCY WATER RESOURCES COMMISSION

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill to establish a Wabash Basin Interagency Water Resources Commission. The Commission would be composed of members of Federal departments which are principally concerned with water resources development, representatives of the States of Indiana and Illinois, and a representative of the Wabash Valley Interstate Compact Commission. The purpose of the new Commission is to coordinate a well-integrated and comprehensive plan of development and utilization of water resources in the Wabash River Basin.

On February 6, 1961, I introduced S. 811, a bill identical to the one I offer now. S. 811 was referred to the Senate Committee on Public Works and it was reported by that committee on June 6, 1961. In its report to the Senate, the committee expressed these views:

> Comprehensive water resources development plans have been prepared in the past for certain areas and found to be of great value in the formulation and selection of projects for construction. Examples of these studies are the comprehensive report on the New York-New England region and the equally comprehensive report on the Arkansas-White-Red River Basins in Southwestern United States. Other comprehensive studies, such as those on the Columbia, the Missouri, the Mississippi, and the Ohio, have proved to form an invaluable basis for the development of the water resources in those basins.
>
> The Congress has authorized similar study commissions for the southeastern river basins of the United States and for certain southwestern river basins. The committee is of the opinion that the proposed study of the Wabash Basin will prove of equal value in the future development of the water and related resources of this extremely important area of our Nation.

The Senate then passed the bill on June 13, 1961.

On July 13, 1961, the President transmitted to the Congress his draft legislation implementing certain recommendations contained in his message of February 23, 1961, on natural resources. This legislation would provide for development of the Nation's natural resources through the establishment of a Water Resources Council and river basin commissions. Subsequently, when the Agency reports on my bill were sent to the House Committee on Public Works, they recommended against enactment of S. 811 saying that they believed the overall river basin water resources commission proposed by the President was preferable to individual river basin commissions for a particular area. Consequently, the House did not act on my bill.

As we all know, Mr. President, the administration's bill failed to pass Congress last year. It is not even clear if it will pass this year or next. Meanwhile, the Wabash Basin is waiting.

The late Senator Robert Kerr understood what this Commission could mean to the Wabash Basin. It was he who advised me that this kind of commission would be most effective in coordinating our flood control efforts in the basin. He supported S. 811 in the last Congress and spoke in its behalf when the measure was offered as an amendment to the omnibus public works authorization bill last year.

The Wabash Valley comprises 33,100 square miles and has a population of over 4 million people. Each year parts of the valley are ravaged by floods which cause thousands of dollars in damages. Some years, such as this year, the countryside shrivels from drought bringing additional hardship and financial loss. Recent losses could have been prevented had a coordinated and planned flood control effort begun 10 or 15 years ago.

The Wabash Basin cannot afford to wait an interminable length of time for an effective and comprehensive planning body to coordinate flood control and water resources development. Even though we have made progress in the last 3 to 4 years in initiating vitally needed flood control projects, we cannot continue our stop-and-start record of development.

Delay is expensive to the people of the Wabash Valley. I ask, therefore, that the Congress act with dispatch in approving this bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2280) to establish a Wabash Basin Interagency Water Resources Commission, introduced by Mr. HARTKE (for himself and Mr. BAYH), was received, read twice by its title, and referred to the Committee on Public Works.

AMENDMENT OF TITLE V, OF AGRICULTURAL ACT, AS AMENDED

Mr. ELLENDER. Mr. President, there is a message at the desk from the House with respect to S. 1703, a bill to amend title V of the Agriculture Act, as amended, and for other purposes. I wish to give notice that I shall call up this message on Wednesday afternoon next.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS

AMENDMENT NO. 294

Mr. LAUSCHE. Mr. President, I submit an amendment to the foreign aid bill, which is now pending before the Senate. The amendment is sponsored by the Senator from Colorado [Mr. DOMINICK] and myself. It provides for the removal from the pending bill of the provisions which would allow the granting of favorite nations treatment to Communist governments.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

AMENDMENT NO. 295

Mr. MORSE. Mr. President, from time to time today and tomorrow I shall offer a series of amendments to the Mansfield amendment, for our checking with the Parliamentarian makes clear to us that that is important if we wish to influence the overall amounts that are set forth in the Mansfield amendment.

The next amendment that I shall offer, send to the desk and ask to have printed, so that it may be called up in the due course of time, is an amendment to the Mansfield amendment which, in connection with the Development Loan Fund, would strike out $975 million and substitute $900 million. The amendment would further save $75 million.

We propose to leave the Alliance for Progress economic aid figure at the amount contained in the Mansfield amendment, but we propose to change the contingency fund from the large increase in the Mansfield amendment back to $150 million.

In committee I proposed $100 million. A compromise was made at a higher figure. I am not too certain, but my recollection is that the $100 million figure is the figure proposed by the House. One hundred and fifty million dollars is not only ample but, in my judgment, it could even be cut $50 million more perhaps by amendments offered by other Senators, for among some of us who have been discussing the bill there seems to be an opinion, rather strongly held by some, that the amount should not be more than $100 million.

In justification, I wish only to say of the $150 million proposed in my amendment that after I lost on the $100 million proposal in committee, I went along with the compromise of the committee. I feel it was good enough for me there, and it ought to be good enough for me here, although I would have no objection to going to a lower figure, because I think it would be justified.

But there is one mythical argument that is being used in support of a higher allowance for the contingency fund that I think should be answered very quickly. A huge contingency fund is unnecessary. A contingency fund of $100 or $150 million could meet any immediate emergency that might confront the President. The record of our committee shows that he did not use a dollar of his contingency fund at the time of the Cuban crisis. It was left intact.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask that I may have 1 additional minute.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. I think we can take judicial notice that the President can get to the Capitol in minutes if he faces an emergency, and he will have no trouble getting whatever money he needs for the emergency.

But there is a precious principle of a check upon the executive branch of the Government under our constitutional system, and that is not to give unchecked discretion to any officer of the Government. If we should provide the amount of money that is called for by the Mansfield amendment, in my judgment, we would give too much power to any President. I do not care who he is. When the President can come to Congress and get more money for a real emergency very quickly, I believe that the $150 million we are allowing is sufficient.

I close by saying that taking $150 million from what the President asked for in the contingency fund is a rather harmless way of cutting the bill. And yet it is important for many reasons, including psychological reasons. It would be rather reassuring to the people of our country that we are willing to take $150 million off the contingency fund when we know that we also give them assurance that if some serious emergency should arise that would call for more money, the President would have no trouble getting it at that time. But I see no reason why we should tie up $300 million of the taxpayers' money in the contingency fund—$150 million is enough. Therefore we offer the proposal in the amendment. I send the amendment to the desk and ask that it be printed.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. GRUENING submitted two amendments (Nos. 296 and 297), intended to be proposed by him, to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. ELLENDER submitted two amendments (Nos. 298 and 299), intended to be proposed by him to the amendment proposed by Mr. MANSFIELD (for himself and other Senators) (amendment No. 280) to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. ELLENDER also submitted an amendment (No. 300), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. HUMPHREY (for himself and Mr. McGOVERN) submitted an amendment (No. 301), intended to be proposed by them, jointly, to the amendment proposed by Mr. MANSFIELD (for himself and other Senators) (No. 280) to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. MORSE submitted three amendments (Nos. 302, 303, and 304), intended to be proposed by him to the amendments proposed by Mr. MANSFIELD (for himself and other Senators) (No. 280) to House bill 7885, supra, which were ordered to lie on the table and to be printed.

NOTICE OF HEARINGS ON S. 2136, TO AMEND THE FOREIGN AGENTS REGISTRATION ACT OF 1938

Mr. FULBRIGHT. Mr. President, the Committee on Foreign Relations announces today that hearings on the bill (S. 2136) amending the Foreign Agents Registration Act of 1938, will begin at 9:30 a.m. Tuesday, November 19, 1963, in room 4221, New Senate Office Building. The session will be open to the public.

Representatives of the Departments of State and Justice will be the first witnesses.

On Wednesday, November 20, and Thursday, November 21, at 9:30 a.m., there will be further hearings on the bill in room 4221 for additional executive and public witnesses.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 876. An act to authorize the Administrator of General Services to convey certain land in Prince Georges County, Md., to the American National Red Cross; and

S. 1201. An act for the relief of Dr. James T. Maddux.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 310. An act for the relief of Kaino Hely Auszis;

H.R. 1049. An act to amend sections 334, 367, and 369 of the Bankruptcy Act (11 U.S.C. 734, 767, 769) and to add a new section 355 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XI (arrangement) proceedings to the time prescribed by section 57n of the Bankruptcy Act (11 U.S.C. 93n);

H.R. 1311. An act for the relief of Jolan Berczeller;

H.R. 1345. An act for the relief of Peter Carson;

H.R. 2260. An act for the relief of Mrs. Rozsi Neuman;

H.R. 2445. An act for the relief of Mrs. Barbara Ray Van Olphen;

H.R. 2754. An act for the relief of Mercedes Robinson Orr;

H.R. 2757. An act for the relief of Woo You Lyn (also known as Hom You Fong and Lyn Fong Y. Hom);

H.R. 2835. An act to clarify the status of circuit and district judges retired from regular active service;

H.R. 2968. An act for the relief of Kazimierz Kurmas and Zdzislaw Kurmas;

H.R. 3384. An act for the relief of Lee Suey Jom (also known as Tommy Lee and Lee Shue Chung);

H.R. 4145. An act for the relief of certain individuals;

H.R. 6097. An act for the relief of Dr. Pedro B. Montemayor, Jr.;

H.R. 6260. An act for the relief of Wai Chan Chang Liu;

H.R. 6500. An act to authorize certain construction at military installations, and for other purposes; and

H.J. Res. 626. Joint resolution granting the consent of Congress to the establishment of an interstate school district by Hanover, N.H., and Norwich, Vt., and to an agreement between Hanover School District, New Hampshire, and Norwich Town School District, Vermont.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. HARTKE:

Address delivered by Senator Magnuson before the 33d Annual World Travel Congress of the American Society of Travel Agents, Inc., at Mexico City, October 21, 1963; and address delivered by Milton A. Marks, before the 33d Annual World Travel Congress of the American Society of Travel Agents, Inc., at Mexico City, October 25, 1963.

THE RESPONSIBILITY OF TALENT—ADDRESS BY C. W. MILLER

Mr. TOWER. Mr. President, commencement addresses usually are characterized in greatest measure by the pleasantest of platitudes, and so frequently our young people seek in vain, in such well-meant speeches, the nourishing meat of substance.

It is particularly refreshing, therefore, when the unusual happens, and a sound, straightforward, spirit-challenging commencement address is served up to a graduating group eager and able to come to grips with the new and larger life beyond the campus.

Such an address recently was delivered to the graduating class of the summer class of 1963, at Trinity University, San Antonio, Tex., by Mr. C. W. Miller, a trustee of Trinity, and retired president of Sears, Roebuck & Co. I ask unanimous consent that this splendid speech be printed in the Record, and I respectfully draw the attention of my colleagues to it.

There being no objection, the address was ordered to be printed in the Record, as follows:

THE RESPONSIBILITY OF TALENT

(By C. W. Miller)

President Laurie, fellow trustees, graduates of the summer class of 1963, ladies and gentlemen, for you members of the graduating class of summer 1963 here at Trinity this evening, this is a very significant occasion. You have completed your university course. While some of you, no doubt, will go on to further graduate studies, to most of you, I presume this evening marks the end of your university course. Tomorrow, you will step out into a new world. You will leave the academic atmosphere of Trinity University, and you will burst into the hurly-burly, competitive life of business or of one of the various professions. Your first concern, I presume, will be to forge for yourself a place of significance in order to assure a suitable income for yourself and your family. As I have seen you from time to time going about the campus on my rather frequent trips there, and as I look into your faces this evening, I hold no doubt but that over the next few years each of you may be counted on to become a success in your chosen field of work and in your home.

While making a suitable living is certainly one of man's prime responsibilities, if not his No. 1 responsibility, as well as one of the greatest pleasures, it is not about this that I wish to speak to you this evening. Neither do I wish to talk to you about that subject which is engaging the thoughts and time of so many people in all walks of life across the length and breadth of this great land of ours; namely, the subject of so-called civil rights.

Rather, I would draw your attention to the field of your civic responsibilities; not the rights but the responsibilities. Shall we say, "The responsibilities of talent"? I am sure that each of you in this class of summer 1963 is the possessor of more native ability and talent than the average nonuniversity graduate. Some of you, of course, have more talents than your fellow classmates. These talents of yours have been added to and polished and sharpened by your years at Trinity. They are now ready to be used. It is about "The Responsibility of Talent" that I wish to speak to you tonight.

Christ, in His Parable of the Talents, clearly teaches that He expects more from those to whom He has given more; and from those with the greatest talent, He expects the most. It is a sad and sorry sight to see a man or a woman possessed with great native talent wasting the years away with the petty, the ordinary, and the humdrum.

Today, in this, the greatest nation in the world, we are faced with the absolutely frightening problems of sheer survival. Abroad, we see a strong and populous nation openly advocating our overthrow by force. China would invade our shores tomorrow if she had the strength to do it. Russia openly advocates our overthrow but currently only through the process of changing our form of government by subversion. At home, our land is torn by great internal problems. We see a racial minority group in many places, particularly in the South, denied certain rights guaranteed to it by the Constitution of the United States and the laws of our land. We see it struggling to receive those rights. But, sadly, we also see it hurting itself and our Nation by insisting on much that is beyond its constitutional rights or the constitutional rights of anyone. We see the sanctity of private property being attacked in a fashion unheard of just a few years ago.

Our free enterprise system that has made possible the world's wealthiest, the world's strongest, and the world's happiest nation is today being taxed to the breaking point. Our high taxes of all kinds, including a confiscatory income tax, is having a stifling effect on the business of this country. Taxes can destroy any nation. Perhaps, this is what Chairman Khrushchev had in mind last summer when he said, "We believe that tomorrow the Red flag will wave over the United States, but we will not take it there—the Americans will do that themselves." In Bexar County alone, we have 55 local taxing authorities. This does not include the State or Federal.

We see a philosophy of government coddling from the cradle to the grave—a welfare state for all. We see a philosophy of big government and big spending. Instead of government being the instrument of the taxpayer, in all too many areas the taxpayer is thought of merely as the source of supply for big government spending. We see waste in government at all levels—local, State, and National. Only this, the wealthiest nation in all history, could support the wasteful government we have; and we can't do it forever.

The profit motive, which is the heart of our free enterprise system, is being criticized in high places. Confiscatory income taxes remove much of the incentives to business to plan, to invest, or to expand. Let us hope that Congress will soon cut taxes and thus lighten this heavy load on business and accompany this with a corresponding reduction of Government spending.

We see gigantic labor unions with millions of dollars in their treasuries controlling elections and politicians. Their monopolistic actions are largely beyond our present laws. No one questions the right of labor to organize. No one doubts that great good has come from organized labor, but something must be done through legislation to control the great power organized labor has achieved, not only for the good of business and the general public, but for the laboring man himself.

On December 2, 1823, President James Monroe announced a new policy for the United States. It came to be known as the Monroe Doctrine. It has been echoed by every President since Mr. Monroe's time, including Mr. John F. Kennedy. That policy in the past has meant that the Americas are for the Americans, and without foreign interference or foreign pressure or foreign domination.

I would like to ask this 1963 class of Trinity: Do we, today, have a Monroe Doctrine? And, if so, what does it mean today—tonight—if you please? How does it apply to Cuba as we are gathered here this evening? How is it possible under the Monroe Doctrine for Russian guns and planes to be pointed across a mere 90 miles of ocean at our shores, with a sneering, threatening dictator daring the United States to come and remove those menaces to our safety? How is this possible under the Monroe Doctrine of James Monroe and Teddy Roosevelt?

We see our Government giving away the substance of this great Nation of ours in ever-increasing amounts. We have seen some of it, like the Marshall plan, doing great good in restoring deserving peoples to a state of self-support and self-respect. But today, we now see millions and millions being wasted in a futile attempt to win friends and influence people to our form of government. We also see untold millions being given to our avowed enemies. This, I am sure, they doubly enjoy. In speaking of foreign aid on a worldwide basis, Eugene Black, the former President of the World Bank says, "None of our objectives has been achieved."

Should we aid a foreign power in setting up a U.S. financed, but foreign government-owned factory to compete with U.S. factories, as in the case of the steel mill proposed for India?

Should we aid governments which expropriate U.S.-owned property without compensation, as in the cases of Ceylon and Brazil? Should we have given Marshal Tito, of Yugoslavia $901 million during the past 9 years with $136 million in this year's program while he stands with Khrushchev on the Berlin question and on all other cold war matters? Should another $900 million have gone to Communist Poland in the last 7 years while Poland reships that aid to Cuba and North Vietnam and East Germany? Is that even half smart?

Should we have given the Dictator Sukarno, of Indonesia, $780 million to bolster his government while he threatens Singapore, Malaya, and Borneo—each a friend of the United States?

Two years ago, Mrs. Miller and I traveled through the communistic countries of Czechoslovakia, Poland, and Russia, and a number of so-called neutral countries including Indonesia. They have no love for the United States. They are not our friends, yet directly and indirectly, we are giving them millions of American dollars in aid. In the last few weeks, Mr. Khrushchev is smiling in a very friendly fashion. His hand is extended in a most cordial manner. But, we must not forget that this is the man who has vowed to "bury" us. This is the man who has always broken his commitments whenever it suited him. One should not be moved to complacency simply because an avowed enemy smiles at one once in a while.

How much of your first month's salary check, which you will receive after graduation, do you want to give to Czechoslovakia, Poland, Yugoslavia, Indonesia, United Arab Republic, Cuba, and so on and on? How much of the Treasury of the United States should go to subsidize the enemies of the United States and the so-called neutrals?

The two World Wars and the fiscal policies of the United States have led to a national debt of $300 billion or approximately $7,000 for each family in the United States. The interest alone is mounting at the rate of $17,000 a minute. In the 20 minutes which will elapse while I am talking to you this evening, the interest on the national debt alone will increase $134,000.

These are some of the problems that you of the class of summer 1963 will face tomorrow morning. It will be very easy for you to say: "I don't have time to think about these matters; I will have to get a job and go to work; I will have a family to support; I will have to let the politicians handle these matters because I am just too busy. I am so busy, in fact, that I can't even serve on my church, or hospital, or school board, or give time to any service club or civic organization. In fact, all I can do is look after my job and then maybe sit back and do as many others do, just criticize those who do work for the benefit of their community, their State, or their Nation."

It would be very easy for you to say these things and a lot of people would accept this as a valid excuse for failing to inform yourself on the important issues confronting this Nation today, and then, having formed a well-thought-out solution for each one of them, letting your opinion be heard. Christ, however, teaches that from him who has been given a great talent, great things are expected—not just making a living for oneself and one's family, as important as that is. These great problems hanging over our heads, threatening our very existence as a nation, simply have to be solved and settled. This country must look for the solutions to these matters to those possessed with leadership and great talents. In the laboratories, in the libraries, and in the classrooms here at Trinity, you have learned to seek the truth; you have learned to look it in the face and analyze it. You have learned to look through the mask of mere appearances for the hard facts of reality. You of the class of summer 1963, here at Trinity tonight, and the others like you in the other great universities of the Nation, must look through the maze of conflicting testimony and confused thinking and help solve these and the other questions of our time. This is your responsibility. This is the "Responsibility of Talent."

In every public opinion poll, there is always 15 to 25 percent of those polled who have no opinion, one way or another. In this time of instantaneous communication by radio, TV, newspapers, and magazines, when all of the facts are presented and all points of views are expressed, it would seem that every citizen would take sufficient time and have sufficient interest in what is going on to contemplate on the great issues of our time and form an opinion.

Of course, among you there will be differences of opinion as to the proper solution to pursue on each major issue. This is as it should be. For it is in the free debate of a free and informed people that the final and proper solution to any problem can finally emerge. It is indifference and fuzzy thinking that are the eternal enemies of freedom. In the long span of history, freedom has more often been lost by indifference, by credulity, and by selfishness than by conquering armies.

Therefore, to you who possess great talent falls the responsibility of making your strength of character, your learning, and your thoughtfulness felt. Your first contact is, of course, your own circle of friends. Then comes your representatives in Austin and Washington—and through all means available to you—word of mouth, letters, telegrams—through any means at your disposal. It is the job of those with talent to study and lead. Give your Nation the benefit of the extra talents which God has so generously entrusted to you. From you with the most, God and your country expects the most. So now, as we are gathered here together tonight under this starry canopy which covers the strongest, the richest, and the happiest land in all the world, but at the same time a land which is beset by threats of enemies from abroad and grave problems here at home; it is my prayer that you, the class of summer 1963, here at Trinity, will clearly recognize the responsibility of your talents and down through the years which lie ahead, use those talents to the end that our way of life is preserved and our great Nation made even greater.

TRADE DECISION ON YUGOSLAVIA IRKS KENNAN

Mr. MORSE. Mr. President, an article recently published in the Washington Post appeared under the headline "Trade Decision on Yugoslavia Irks Kennan."

The article begins as follows:

> George F. Kennan, a leading U.S. authority on communism, has told Congress he is bitter because it ignored his advice and revoked favored trade status to Yugoslavia.

Later in the article the Ambassador is quoted as saying:

> If I had known, when I was offered the position of Ambassador in Yugoslavia, how little value the Congress would assign to my own judgment, I would not have accepted the appointment.

Mr. President, I say to the good Ambassador that there was nothing to keep him from resigning long before he did.

We have a very interesting series of statements from this Ambassador. I do not know whether he knows what the position of an Ambassador is, vis-a-vis the Congress of the United States; but I should like to suggest to him that, in my opinion, such show of pique is not going to impress very many Members of Congress. Perhaps he should rest from his labors before he utters any additional effusions such as this one. Surely he knew when he went to Belgrade that it is a function of Congress and not the President, much less an Ambassador, to regulate trade with Yugoslavia and every other nation. Mr. Kennan's views on the matter were well known, as were his views in support of continued U.S. aid to Yugoslavia. Congress simply did not agree with him.

I would not be a bit surprised if, before we get through with the foreign aid bill, there may be some other ambassadors whose entrenched selfish interests may in some way, somehow, be jeopardized by the final version of the bill, and they will not be too happy with the Congress. But we can dispense with their services; and if any of them share Mr. Kennan's views, they should line up on the right, waiting outside the office of the Secretary of State as they present their written resignations.

Mr. President, I ask unanimous consent that the entire article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Trade Decision on Yugoslavia Irks Kennan

(By Endre Marton)

George F. Kennan, a leading U.S. authority on communism, has told Congress he is bitter because it ignored his advice and revoked favored trade status to Yugoslavia.

At the time Kennan became Ambassador to Yugoslavia in 1961 that nation enjoyed most-favored-nation status in tariff matters—meaning it could claim the same tariff privileges as those accorded any other nation by the United States.

This status was extended to Yugoslavia, and Poland as well, by both the Eisenhower and Kennedy administrations. The theory was that by encouraging trade with these Communist nations the United States could help them avoid being forced completely under Moscow's domination.

But Congress revoked the most-favored-nation status for both countries last year and its restoration is pending business now in the Senate.

"If I had known, when I was offered the position of Ambassador in Yugoslavia, how little value the Congress would assign to my own judgment, I would not have accepted the appointment," Kennan said in a memorandum prepared at the request of the Senate Subcommittee on National Security Staffing and Operations.

Senator Henry M. Jackson, Democrat, of Washington, released the memorandum yesterday.

The diplomat, who served as U.S. Ambassador to the Soviet Union, retired from the Foreign Service in 1953. In 1961 he accepted President Kennedy's call and went to Belgrade, but retired again late last summer to return to his professorship at the Institute for Advanced Study at Princeton.

Congress, Kennan complained, placed restrictions on trade with Yugoslavia last year "in the face of the most solemn and formal sort of warnings and objections on my part."

When an Ambassador's recommendations are disregarded, then his usefulness as a whole is affected, Kennan warned.

He said he had similar troubles with the executive departments especially when the State Department had no primary responsibility for the decision.

"I was never sure," Kennan said, "that they understood, or shared, or respected, the policy determinations of the Department of State with relation to Yugoslavia. I had the impression, perhaps erroneous, that many of these people were going on the assumption that Yugoslavia was a member of the Soviet bloc, a thesis contrary to our own observations and to the established analysis of the Department."

The former diplomat was critical also about the lack of information from Washington on "what was going on at home in matters affecting our work in Belgrade."

Because of the secrecy of internal security organs, for instance, the Embassy asked in vain for information whether the Yugoslavs in the United States were conducting any sort of activity to which we could object. Such information was important to determine U.S. policy toward Yugoslavia, he said.

"We simply had to bat in the dark in all such matters," Kennan added.

On the general organization of the Government from the standpoint of foreign affairs, Kennan suggested that the Secretary of State should get wider authority to handle the Nation's external affairs.

Such a change in the Government's structrue implies, however, a priority of foreign policy, meaning that external affairs should be given precedence over internal issues, and that foreign policy should not be permitted to become a function of domestic-political convenience, Kennan said.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I commend the Senator from Oregon for his statement.

What bewilders me is the absolute belief by Mr. Kennan that his judgment is infallible. Why does he think all others are wrong and that he is right?

Mr. MORSE. Because he is Mr. Kennan.

Mr. LAUSCHE. This morning, there came to my desk a letter in which it is stated that a number of Yugoslavs attended a handicraft fair in Vienna, Austria, and that 83 of those visitors refused to return to Yugoslavia. That development raises this very interesting question: If things under the Communist domination of Tito are so good and so sound, why are those people from Slovenia, Croatia, and Serbia trying to remain in Austria, just as many of the East Germans are jumping to their death or are proceeding in the face of guns in their attempts to escape the oppression in East Germany?

It seems to me that on the basis of these facts, Mr. Kennan cannot speak categorically about the goodness of the Tito government. I, for one, believe we are confronted with a great propaganda play which is thrown at us at a time when the foreign aid bill is being considered by the Senate.

Mr. MORSE. I thank the Senator from Ohio. I am somewhat at a loss to understand the attitude of the Kennans in our Foreign Service, for he is not alone. Apparently they seem to think they are oracles on foreign policy; and when any question is raised in regard to what should be in a foreign aid bill, they seem to think we should bend the knee, bow from the waist, and yield to their bad judgment—for seldom do men of this type have good judgment.

Mr. President, I shall continue to point out that we have responsibilities in foreign policy. We have responsibilities in determining how much of the taxpayers' money shall be made available for expenditure on foreign policy. Mr. Kennan needs to learn that lesson. Some who are still ambassadors will have to learn that lesson. We have the very clear duty to see that the financial side of foreign aid is checked very closely by the elected representatives of the people; namely, the Congress of the United States.

JOURNALISTIC WORKSHOPS FOR AFRICAN JOURNALISTS

Mr. CARLSON. Mr. President, journalism is an important factor in the growth and development of any country, as an informed citizenry is basic in the establishment and preservation of a free society.

Recently the African-American Institute Regional Workshops were held in Addis Ababa, Dar Es Salaam, and Lagos, Africa. These journalistic schools or workshops are conducted with the cooperation of the State Department and our foreign aid programs.

Four American journalists and teachers conducted three 2-week regional workshops for African journalists during July and August 1963. A workshop was sited in each of the three previously mentioned cities where the African-American Institute has regional oversea offices. Each workshop lasted approximately 2 weeks with formal sessions of 7 hours a day on weekdays and a half day on Saturday. In addition to local material used for these study courses, three American textbooks were issued to the participants, one on reporting, one on broadcasting and on English style.

At the conclusion of the sessions, a total of 94 participants received certificates of completion. Twelve others participated but did not complete the minimum requirements. The 94 represented 15 African countries and worked for 41 news publications, 12 broadcasting organizations, 9 information ministries, and 3 news agencies.

Members of the workshop instructional team were Mr. Malvin R. Goode, news commentator, American Broadcasting Co., New York; Mr. John McCormally, editor of the Hutchinson News, Kansas; Prof. Burton Marvin, dean, William Allen White School of Journalism, University of Kansas, and Dr. Sydney W. Head, field coordinator.

It is of particular interest to those of us from Kansas that our State had two outstanding journalists on the team, Dr. Burton Marvin, dean of the William Allen White School of Journalism, University of Kansas, and Mr. John McCormally, editor of the Hutchinson News, Hutchinson, Kans.

For decades Kansas has been recognized nationally and internationally as an outstanding journalism center and this is another honor for our State.

An excellent summary report was prepared by the group and is now being studied by representatives of our State Department.

MISREPRESENTATIONS BY CERTAIN SEGMENTS OF THE PRESS

Mrs. SMITH. Mr. President, it was with much interest that I read the Congressional Record of our last session prior to today. I refer to the colloquy between the distinguished senior Senator from Georgia and the distinguished Senior Senator from Oregon with respect to what they exposed as misrepresentations made against them and appearing in one of the local papers.

I commiserate with them. Over 10 years ago a pair of smear writers wrote a smear book that smeared some two dozen Senators. I was one of them. They charged that I was pro-Communist, a leftwinger and a "fellow traveler" because of my declaration of conscience. Against the vigorous warnings of good friends, I sued them for libel. I was the only one of the two dozen maligned Senators who did sue them for libel.

It took me 4½ years to get them into court after their constant stalling and attempts to evade the inevitable. And on the first day when the jury was about to be selected as the case opened, their spokesman got up in court and admitted that what they had written about me was false. They folded and made a public apology and retraction in prominent newspaper advertisements for which they paid—and they paid damages.

It was a complete victory for me and a significant victory against what Senators Russell and Morse have called "yellow journalism"—and while the smear writers folded when the "chips were down," it took me 4½ years to nail them down, to even get them to trial.

Over the weekend I read last Friday's Record with much interest for while Senators Russell and Morse denounced the misrepresentations made against them in a local paper, they were relatively lucky compared to the misrepresentations made against me on September 28, 1963, in a column carried by hundreds of newspapers throughout the Nation.

It was just a month ago today that my assistant wrote a letter of documentation refuting the misrepresentations made against me. Because I believe the Members of the Senate will be interested in that letter, I ask unanimous consent that it be placed in the body of the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., October 4, 1963.

Mr. Drew Pearson,
Washington, D.C.

Dear Drew: Over the years you have frequently praised Senator Smith in your column—and you have frequently condemned her. Your record of reaction to her, I think, is actually an unconscious tribute to her independence. For when you praised her on such matters as the declaration of conscience, her vote against Admiral Strauss, and her vote against CIA Director John McCone, others denounced her and impugned her motives on the very positions which you praised.

Over the years you have frequently made misrepresentations against Senator Smith. Many of those misrepresentations were fed to you by those who wished to reap revenge against Senator Smith and discredit her through your column. On one occasion you made a public statement that you had been in error and had been unfair to Senator Smith on a radio broadcast you had made 2 years prior.

On the other hand, I know of occasions when some of her enemies have given you information and urged you to write against her on the basis of that information—but before doing so you have checked on such information and finding it to be untrue, you have refused to be a party to misrepresentations against Senator Smith. There have been occasions when you called her office to check on facts before writing a column against her. For example, prior to writing your column of September 17, 1963, in which you were critical of Reserve members of the Preparedness Investigating Subcommittee, you called me and told me that you were writing such a column and wanted to check on whether Senator Smith was in the Air Force Reserve. I confirmed that she was a lieutenant colonel in the Air Force, Reserve, retired (incidentally she does not and never will receive retired pay in that status). I think that the opinions that you expressed in that column were not justified but you are entitled to your own opinions.

It is when you are in error on facts and have not made an effort to be sure of your facts that I take issue with you. That is why I take issue with your column of September 28, 1963, which is replete with misrepresentations and on which you did not check with Senator Smith or her office prior to writing that column as you had on the prior column of September 17, 1963, related to the same subject of the test ban treaty.

Instead you accepted the misrepresentations given to you by Leo Goodman, whom you cast in a magnanimous forgiving role and Senator Smith in the role of a political ingrate. You made no effort to check on the accuracy of the charges made by Goodman against Senator Smith. Those charges were (1) the implication that Goodman had singlehandedly elected Mrs. Smith in her first race for Congress and which you characterized as a struggle for her; (2) the charge that Goodman had "asked for an appointment with" Senator Smith during the week of September 15–21; and (3) the charge that Senator Smith had refused to give Goodman an appointment and that I had "bawled out" Goodman "for trying to influence her vote."

It is evident not only that Goodman supplied your story against Senator Smith from the manner in which you quote him but that he contacted you on Tuesday after the vote that day and gave you the story with the false charges. It was a strange performance of forgiving on Goodman's part. Let me set the record straight on the Goodman charges against Senator Smith.

1. That Goodman went to Lewiston, Maine, and singlehandedly elected Mrs. Smith when she first ran for Congress.

In her first election to Congress, Mrs. Smith won by an 11 to 1 margin over her opposition. That is hardly a narrow margin for which any individual or any group could claim credit for singlehandedly electing Mrs. Smith. As for whether Goodman's going to Lewiston was a decisive factor or not, let the record speak for itself—Lewiston gave Mrs. Smith a tremendous total of 303 votes in that election.

Goodman's labor affiliation is with the CIO, now the combined AFL–CIO. What is the record of the CIO? Is it one for which Senator Smith has any political indebtedness? Hardly, for Goodman's CIO opposed Mrs. Smith in 1944, in 1954, and in 1960.

For example, in 1954 her Democratic opponent officially reported that a majority of all his campaign funds came from the CIO's Political Action Commiteee. And in 1960, although the 1960 COPE voting scorecard rated Senator Smith 80 percent right (higher than its ratings for Senators Estes Kefauver and Clinton Anderson whom COPE vigorously supported for reelection that year), the AFL–CIO's COPE was the largest source of campaign funds for Senator Smith's opposition and COPE made an all-out effort to defeat Senator Smith. If Goodman is the friend to Senator Smith that he contends he is, then it would appear that his influence with his own CIO with respect to Senator Smith is nil.

2. That Goodman had "asked for an appointment with" Senator Smith during the week of September 15–21.

The truth is that Goodman did not ask for an appointment during the week of September 15–21 (the week he apparently represented to you). In fact, he did not ask for an appointment at any time. Instead he suddenly appeared in the reception room of Senator Smith's office at 10 o'clock the morning of September 24, 1963, just 30 minutes before the test ban treaty vote at 10:30—without any previous request by letter or by telephone call—and asked to see Senator Smith immediately. The receptionist told Goodman that the Senate was convening at that very minute of 10 o'clock and that Senator Smith had to be in her seat at 10:15 for the only time a picture has ever been taken of the Senate in session (for historical purposes—Senators had been warned the day before to be in their seats at that time—see page 17775 of the Congressional Record of September 23, 1963—and a call had been received by the receptionist at 9:30, before Goodman arrived, reminding of the necessity of being in the Senate at 10:15) and that she thought that Senator Smith had already left the office for the Senate floor for the start of the session. The receptionist then buzzed Senator Smith's office and when there was no answer on the telephone, she informed Goodman that there was no answer. He then left the office.

3. That Senator Smith had refused to give Goodman an appointment and that I had "bawled out" Goodman "for trying to influence her vote."

The truth is that Goodman had not sought an appointment as set forth above. As to whether I "bawled out" Goodman is a matter of interpretation. I would not in the slightest deny that I spoke to him very bluntly and that I expressed my resentment that he would be so presumptuous that he would think that he could at the last minute come up and tell Senator Smith how to vote.

The truth is that Goodman came up to me as I was standing in line with other senatorial staff assistants at the register door to sign for a pass to the Senate floor and said that he wanted to talk with me about her vote on the test ban treaty. In very blunt words, I told Goodman that he had had weeks before to come up and talk with Senator Smith but had made no effort until at that last minute and that it was highly presumptuous of him to attempt to influence her vote at that time which was around 10:15. I have checked this with another senatorial staff assistant (of a liberal Democratic Senator who voted for the test ban treaty) who witnessed the entire exchange and who later termed Goodman's tactic as "incredible."

Inasmuch as Goodman has apparently misrepresented to you that he had tried unsuccessfully the week before for an appointment with Senator Smith, it is relevant to point out that the truth is that the last time that Goodman contacted Senator Smith or her office was on August 1, 1962, or more than a year before his sudden appearance on September 24, 1963. On August 1, 1962, Goodman called on Senator Smith in her office and requested her to endorse him for appointment as an Atomic Energy Commissioner. Senator Smith told him that she would be delighted to do so—but said that as a friend she wondered if her endorsement would not hurt more than help since it would be to Democratic President Kennedy whose personal dislike of her was evidenced in the fact that he was the only Democratic Senator who had agreed to go into Maine to campaign against her. That was in 1954 when Joe McCarthy attempted to have her defeated, as you well remember—and when Senator Kennedy refused to support the Massachusetts Democratic senatorial nominee against Senator Saltonstall but did go into Maine to campaign against Senator Smith. Senator Smith told Goodman to think it over and call her later if he still felt her endorsement would help—that she would be delighted to do it if he still wanted her to after thinking it over. She never heard from him that time until his sudden appearance more than a year later on September 24, 1963, minutes before the test ban treaty vote.

Thus far, I have dealt with the major misrepresentations in your column that were apparently given to you by Goodman. In conclusion, I want to comment on your false charge in that column that Senator Smith voted her political ambitions instead of her conscience on the test ban treaty. You sought to indict her with a motivation of a 1964 Goldwater-Smith ticket because she voted the same as Senator Goldwater in voting against the treaty.

This is reminiscent of guilt by association and trial by accusation tactics that Senator Smith denounced in her "Declaration of conscience" on June 1, 1950—tactics which you yourself have repeatedly denounced when criticizing those with whom you disagree. In indicting Senator Smith with this guilt by association tactic on the grounds that she voted the same way that Senator Goldwater did in voting against the treaty, you conveniently omitted the fact that on the only direct vote with respect to Senator Goldwater on the test ban treaty—the Goldwater reservation—she voted against Senator Goldwater by voting against the Goldwater reservation.

Have you forgotten your column in which you alleged that Senator Goldwater said that she would not get a nickel from his Republican senatorial campaign committee (of which he was chairman) because she voted against the confirmation of Admiral Strauss?

You have every right to disagree with Senator SMITH's vote on the test ban treaty. You have every right to criticize and attack her on that vote. But you have no right to make misrepresentations against her and impugn her integrity merely because you disagree with her.

Sincerely,

WILLIAM C. LEWIS, Jr.,
Executive Assistant to Senator Smith.

LOCAL SERVICE PROGRESSES AS INDUSTRY AND CAB WORK TOGETHER

Mr. BARTLETT. Mr. President, it was my pleasure to attend the quarterly meeting of the Association of Local Transport Airlines in Honolulu last weekend. The meeting, well and pleasurably hosted by Aloha and Hawaiian Airlines, had the largest attendance of any meeting in the association's history.

One of the most thoughtful and encouraging of the addresses given at the convention was that of Joseph Minetti, a member of the Civil Aeronautics Board.

In his statement regarding the local service subsidy problem, Mr. Minetti made it clear that "the Board is not about to subsidize local carriers out of business." He emphasized the need for the Board, the carriers, and the communities they serve to work together to assure "a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions."

I ask unanimous consent that Mr. Minetti's speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

LOCAL SERVICE IN RETROSPECT AND PROSPECT

(Address by Hon. G. Joseph Minetti)

I am delighted to be back with you in this hospitable city of Honolulu. Here, 5 years ago I had the pleasure of addressing your association. The years that have elapsed since that meeting have seen outstanding progress in Honolulu. Hawaii is now a State. There have been many advances in our way of living. In the field of air transportation, dynamic strides have been made.

Today marks another important milestone in the air transportation annals of the State of Hawaii. A new thrift class of air service between California and Hawaii was inaugurated this morning. Gov. John A. Burns, in his correspondence with the Civil Aeronautics Board, sized up the impact of Pan American's $100 new economy fare in these words: "Any reduction in the cost of transportation between our State and the mainland has important beneficial implications for Hawaii. The proposed $100 fare would bring substantial numbers of economy-minded travelers into Hawaii's travel market. Equally important, it would encourage more frequent travel to the mainland by many island residents whose trips presently are limited to rare occasions because of financial considerations. It would appear the proposed lower rate could generate substantial new business to the economic advantage of this State and would indeed encourage prospects for development of our travel industry."

I am certain all of you here today agree with Governor Burns, and share my hope for the success of this new venture in low fare air transportation.

But let us talk for a little bit about your success—the success which you have achieved in the 5 years since we last met here. The figures on your performance are quite impressive. For the 12 months ended June 30, 1958, you carried 4 million passengers. In the 12 months ended June 30, 1963, you carried over 8 million passengers. In the same 1958 period the total revenue ton-miles of traffic carried was 80 million. In the year ended June 30, 1963, they had grown to 180 million. The year ended June 30, 1958, saw you obtain $55 million in commercial operating revenues. By June 30, 1963, that annual figure had almost tripled to nearly $145 million. Moreover, these impressive improvements in performance were not unattended by increases in profits. On the contrary, in 1958 the local service industry reported a net income of only $1.1 million. By June 30, 1963, your reported profits totaled nearly $5 million.

One solid measure both of your success and of your improved ability to render good service to the public is the fact that in 1958 your total fleet consisted of 219 aircraft, of which only 23 could be characterized as modern. Today, you operate over 383 aircraft, of which more than 211 are the most modern, twin-engine types, providing service in the United States.

I think we are both entitled to be proud of this performance. I recognize the substantial effort and considerable management skill which has enabled you to reach this high operating level, and I think you too recognize the very healthy and active part which the Board, in both its route and rate programs, has played in assisting the industry in reaching these goals.

At the same time let us not lose sight of the great assistance and understanding given you by Members of the U.S. Congress, particularly those on the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee.

We at the Board are entitled to be proud of the healthy and effective cooperation which has in the past and will in the future continue to exist between the Board and the Association of Local Transport Airlines. For example, in 1958 I made reference to a document containing some imaginative ideas, but representing a marked departure from past concepts in ratemaking. That document which had then been circulated for your comments and suggestions was the beginning of a project that 2 years later culminated in the first local service subsidy class rate. I think it is fair to say that without your cooperation and vision, it would have been difficult, if not impossible, to have made effective this significant contribution to the regulatory framework in which you operate. The record clearly indicates the advantages which have resulted from this great cooperative effort.

The local service industry did not have a single year, prior to 1961 and the adoption of the first-class rate, in which the carriers as a group reported satisfactory earnings. Indeed, as a result of the open subsidy rates subject to retroactive adjustment for the major portion of the time, the carriers' financial statements, generally speaking, added up to losses, rather than profits. Such losses, however, were not real, because they were ultimately offset by retroactive subsidy awards. You know far better than I what a serious impact the lack of final subsidy rate determinations had on your standing in the financial community and your ability to finance on reasonable terms.

The revitalization of your credit standing and investor confidence in the local service industry since 1961 has been as heartening to the Board as to you. The satisfactory results under the class rate have been all the more encouraging to the Board, because we were not unaware of the fact that the embarkation on a radically revised approach to the local service subsidy rate determination—the class rate—was not without considerable risk.

In the first 2 calendar years under the class rate, 1961 and 1962, the local carriers as a group reported a rate of return on investment in excess of 11 percent. While aggregate earnings in the first half of 1963 have declined in both absolute and relative terms, we note that the rate of return on investment for the 13 local carriers in the 12 months ended June 30, 1963, approximated 10 percent.

There are several other healthy signs of financial improvement. Through the reinvestment of the bulk of earnings of recent years and a number of individual security issues, the equity base of the local carriers has grown substantially. By June 1963, the common equity of the carriers reached 35 percent of total capital with an encouraging, though modest, decline in the ratio of debt to total capitalization from roughly 75 percent to something below 65 percent.

Another encouraging factor and one that bodes well for the industry's ability to finance future capital requirements on reasonable terms is the relationship between the market value of your common stock and the book value of each carrier's stock. Data for a recent period this summer indicate that the common stock of 11 of the 12 local service carriers whose stock is traded publicly was selling above its book value and, in the majority of cases, the spread between market value and book value was quite substantial. In the sole instance in which a carrier was selling below book value, the difference was only a few cents.

I think all of you will agree that the Board's approach in 1960 in instructing the staff to work with industry representatives toward the development of the best class rate that could be jointly devised was an eminently sound one.

Of course, we are not entirely satisfied with some of the quirks and disparities in the presently effective class rate. I know that there is a wide range of opinion among the 13 local service carriers as to both the good features and the apparent inequities in this rate structure. Nevertheless, I do not know of a single carrier or any one on the Board's staff, nor any one in the financial community, who is of the opinion that the abandonment of the class rate principle and a reversion to the individual subsidy rate concept would be either in the public interest or in your private interest.

I would certainly like to express a note of optimism that the cooperative efforts and the intelligence of the carrier representatives and the Board staff should unquestionably assist the Board in formulating a far sounder class rate structure than either of the first two. And one, I am sure, which could be implemented within a relatively short time.

What I have said so far is strictly on the bright side. There are, of course, some disappointing trends. Subsidy payments more than doubled, from $33 million, in the annual period ending June 30, 1958, to $69 million in the 1963 period. On the other hand, we recognize that each dollar of subsidy bought more service in 1963 than it did in 1958. The really troublesome aspect from your standpoint, as well as the Board's, is the decline in load factor from approximately 46 percent to about 42.6 percent. It seems to me that the heart of any program for the reduction of subsidy requirements of the air carriers would be inevitably linked with load factor improvements.

The break-even load factor for the local service industry, which is now so far advanced in the DC–3 replacement program, has reached the approximate level of 60 percent before return on investment. Roughly 65 percent would be the break-even point including fair return on investment. The spread between your 43 percent recent load factor and the 65 percent break-even, including return element, is a simple way to explain the industry's need for subsidy in the magnitude approximating one-third of total operating revenues.

For years, your association has been actively interested in the development of programs for subsidy reduction. Obviously, your objective was not to reduce subsidy payments to a level which would jeopardize your ability to perform the service required by the public convenience and necessity in an economic and efficient manner. Rather, your various pronouncements over the years have been pointed toward types of actions which were intended, in your opinion, to produce a significant decrease in subsidy without jeopardizing adequate service.

I think it is completely accurate to state that the Board's objective has been to move in a similar direction.

Let us reflect for a moment on the progress already made, particularly in providing operating flexibility in the typical local service carrier certificates. Fifteen years ago, typical local service flights stopped at each intermediate point on a given route and the chief flexibility in a carrier's operations was the authority to turn around short of a terminal point on a particular route segment. I believe that a sound program in the direction of curtailing restrictions can further improve the economy of your operations and the service performed for the public. At the same time, we should not lose sight of the tremendous progress already made. In those instances in which sound, healthy subsidy improvements can be attained by route improvements, you have a real "selling job" to do. It is up to you to develop an adequate record in appropriate proceedings and to convince the Board that the specific route improvements you seek, which all too frequently have their highly controversial or competitive aspects, are in the public interest.

By now, I am sure, you are familiar with the Board's report to the President on the airline subsidy reduction program. I am not certain whether this report has produced more understanding or misunderstanding in the months since its release.

Accordingly, at the outset I would like to comment very briefly about this delicate subject and make the position of the Board very clear. In a letter to Senators MAGNUSON and MONRONEY, the Board through our Chairman, stated, "'I wish to assure you again that in line with our customary practice we intend to keep abreast of the subsidy needs of all carriers at all times so that if it should appear that these estimates are out of line with the carriers' requirements, we shall revise them at the appropriate time and if necessary, request a supplemental appropriation."

I believe this statement, more than anything else, should set at ease the minds of the local service industry. The Board is not about to subsidize local carriers out of business. Where there is an absolute need for subsidy, it will be paid.

On the procedural side, may I assure you that it was very expressly and specifically contemplated by the Board, in its discussions, that the report would not be considered more than a tentative program until the industry had an opportunity to analyze it, submit comments on it, and discuss it with the Board and its staff. This, of course, is aside from the tentative nature of the report pending the Board's receipt of comments from the executive branch, as well as any expressions or congressional action which may be forthcoming.

This assurance that the Board did not intend to finalize its thinking before it heard from you also encompassed the somewhat related problem of the development of a new class rate, which we hope will be made effective at the earliest possible date in 1964.

I am sure it is no breach of the confidential nature of internal Board discussions to reveal that not a single Board member expressed a view different than that the local carriers would not, could not, and must not be prejudiced in the negotiation of a new class rate by virtue of the Board's decision not to consult the local industry prior to submission of the subsidy reduction report to the President. I believe Chairman Boyd reaffirmed that at the meeting with the carriers on October 3, and, similarly, in his testimony before the Senate Appropriations Committee on October 14. I agree wholeheartedly with his statements assuring you of an opportunity to be heard, in an effective sense, before any new programs will be finalized to your possible prejudice.

On the substantive side, it is essential to bear in mind that the report does not indicate a value judgment by the Board as to a maximum subsidy level which the country can afford or which the Board believes can be justified by the public convenience and necessity. Nor does it contemplate arbitrary annual subsidy levels that must be attained year-by-year regardless of factual developments bearing on the actual subsidy requirements of the local carriers, individually and collectively.

The report, to a considerable extent, is a forecast of what various programs and factual developments, such as traffic growth versus inflationary cost changes, will have on the need of the carriers in the next 5 years.

Let us not forget, that the subsidy standards set forth in section 406 of the Federal Aviation Act have not been amended, and the need of the air carriers continues to be the basic statutory criterion for subsidy determination.

The Board has no thought of imposing arbitrary ceilings on an annual basis to keep step with the forecast decline in subsidy need. Moreover, the Board must determine each year, in light of the latest relevant factual data and the status of the various programs which could have an impact on the carrier's subsidy requirements, what it would estimate to be the subsidy requirements of the industry for each future year. Certainly, if the rate of traffic growth exceeds the rate of forecast in the report, subsidy should decline at a more rapid rate, all other things being equal. But conversely, if for some reason, we reach periods of declining traffic growth, this must necessarily be reflected in our determination of subsidy requirements prospectively.

Your association has quite properly always expressed great interest in programs for strengthening the routes of local service carriers by various means. One important method involves transfers of points or segments from trunklines to local service carriers. This is an area where I believe that the initiative of the local service carriers can accomplish a great deal. I believe the first step must be the preparation by each carrier of comprehensive, economic, and service studies aimed at bringing out the public service benefits and economic impact from the standpoint of the communities, the trunklines, and the particular local carrier in the specific areas where you believe a route transfer has a realistic potential.

Potential subsidy savings must be determined on a realistic basis and a reduction in subsidy must be shown. Here, too, you must do a selling job. You must pave the way for maximum acceptability and minimum resistance by the communities. This you can do through proper explanation of the advantages that a local service carrier can bring to a particular community in the way of improved and adequate service. Your selling job with the trunklines might well address itself to questions of impact of particular programs on trunkline control of long-haul traffic, possible joint sales programs, assurances of convenient trunk-local connecting services, integration of reservation facilities, and even means of absorbing surplus trunk equipment.

In formal proceedings the support of the communities and trunklines is not essential in the determination of public convenience and necessity. However, it is only realistic to assume that the support of the interested communities and competitive carriers can go a long way toward eliminating major obstacles in the path you wish to pursue.

In this connection, perhaps your association can be helpful in making available information of utility to the individual carriers as to the success of various transfers of points on route segments from trunklines to local service carriers. This is particularly true in terms of service improvements and greater traffic generation following such transfers.

The inclusion of the type of economic studies of route transfers along the lines I have discussed should be of great assistance in enabling the Board to determine the hearing priority to be given a particular proposal. Conceivably it could also determine the type of procedure to be used to process the application, such as, the advisability of employing the show cause technique. An extremely important factor, not only as to the ultimate merits of the Board's decision, but also in the determination of priority, would be the factual demonstration of the potential subsidy impact involved. Where there is a reasonable likelihood of a favorable subsidy impact under the previously announced Board policies for priorities in hearing cases, such applications would normally be accorded priority treatment.

It is premature to draw any conclusion as to the effect of a compact air transport as a successor to the DC-3 until there is some clarification in the near future as to where that program is headed. Nevertheless, this aspect of the problem might well be borne in mind by the carriers from the standpoint of looking for types of situations in which a route transfer would be enhanced in its attractiveness to the public, as well as to the industry.

Promotional fares, such as Pan-Am's thrift fare and your own "Visit U.S.A." fare, have been occupying the increasing attention of the industry and the Board in recent years. I believe that continued careful attention of the local carriers in the search for economic promotional fares is even more essential for the locals than the trunklines. I call your attention to the following factors, equally applicable to both segments of the industry, which, I believe, emphasize the need for your diligent efforts to maximize traffic development through promotional fares:

1. The sharp increase in the general fare level in the past 5 years.

2. In view of the current industry load factor of less than 43 percent, it is possible for a major part of future revenue growth to flow directly to an improvement in your subsidy or net income position.

3. The success of a number of local carriers with programs for the development of promotional fares.

4. The anomaly of DC-3 fares which are invariably first-class fares under published tariffs but which, accordingly, sometimes are in marked contrast to lower fares for jet coach operations in the same areas.

I am still convinced, as I was back in 1958, that something can be accomplished in developing an equitable arrangement for commissions to be paid by the trunk and local carriers on the sale of interline tickets. I know many studies have been made of possibilities in this area. A preliminary staff study indicates that if the prorate system on joint tickets were modified to provide that the originating carrier—trunkline or local service—retain $3 on each ticket and the remainder allocated on a mileage basis, it would increase the revenue of the local service airlines by approximately $1.7 million annually.

I think the prospects of improving the local service share of interline tickets through a commission type of arrangement, or a modification of the present joint fare divisions, are sufficient to warrant further investigation by your association. I can assure you of the wholehearted cooperation of the Board's staff in pursuing this avenue. The objective should be to determine whether the local service share of joint tickets for interline sales is equitable.

Programs aimed at sound route strengthening of the local service industry and the promotion of efficient operations by the carriers can be expected to form the backbone of any long-range program of subsidy reduction geared to the subsidy requirements of the carriers. But in addition to route strengthening, the real key to subsidy improvement is tied to the load factor on existing flights as well as any newly authorized operations.

The waste inherent in a 43 percent load factor is a tragic one from the standpoint of management, the investor, and the taxpayer.

It is only through significant load factor improvement that the carriers and the public can share the benefits of the improved efficiency that goes with more economical aircraft.

As President Kennedy said in his transportation message of 1962, "The troubles in our transportation system are deep; and no just and comprehensive set of goals * * * can be quickly or easily reached. But few areas of public concern are more basic to our progress as a nation."

I hope that sound fare policies, route strengthening, hard work and constructive thought geared to load factor improvement will lead to a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions.

I said in 1958, and I repeat now, Association of Local Transport Airlines can be proud of its record of cooperation in the public interest, it has recognized that while we may disagree on method, our objective is a common one—the promotion of local air transportation in the public interest. We at the Board look forward to a continuance of our good relationship in working toward this objective.

SALE OF WHEAT TO RUSSIA

Mr. STENNIS. Mr. President, Mr. Charles Nutter, publisher of the Picayune Item of Picayune, Miss., has written a most thought provoking editorial regarding the recently announced plan to sell surplus American wheat to the Soviets.

This editorial is written by one of Mississippi's most able and objective newspaper publishers, a man who has had wide experience in journalism and business. He is a former Associated Press correspondent and also a former official of the International House, a New Orleans trade establishment.

I commend the editorial to the careful attention and reading by every Member of the Congress.

I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Here We Go Again

Nicolai Lenin, father of modern communism in the world, was a master psychologist who understood human nature better than our modern-day leaders, especially in the United States. With the complete and brutal cynicism which characterizes Communist thought, Lenin once remarked "When the time comes to hang the capitalists, they will be bidding against each other to sell us the rope."

Lenin died in 1924. If he was living now he could say of today's proposed wheat deal with Russia "you see what I mean." Since the beginning in 1917 the Communists have known and used the fact that trade was a weapon as effective as explosives or propaganda. They have benefited thereby when they chose to use this weapon.

Today's wheat deal brings back bitter memories to those who follow Communist progress. This is a return to the depression days when American industry, desperate for business, vied strongly to provide Russia with automobile and tractor factories, airplane and food industries, gold mining and petroleum know-how and any number of other industries needed by the Soviets in their first 5-year plan. These plants replaced and supplemented industries which had been seized by the Communists and destroyed, ruined, or badly run by the Reds.

American engineers accompanied American know-how and American capital to the Soviet Union by the thousands in the early thirties. So did German, British, French, and Italian engineers and capital. Slowly Russia began to get on its feet, saved by capitalism.

This was a repetition of what happened a decade earlier when Lenin took the Communist back to capitalism for a few years under the new economic plan, known as NEP, in order to save the country from starvation, and disaster to the Communists. The same thing happened in the early forties when we all pitched in to save the Communists again in the war. When the danger was past the Reds kicked us out with insults and calumny; it happened just like this is the twenties, the thirties, the forties, and to some extent in the fifties.

We are falling over ourselves now to rush to Khrushchev's aid in his hungry country, ruined by false agricultural theories and practices. Already sensing our eagerness he has started the insults and terms under which he will accept our help. History teaches that history repeats itself. Here we go again.

U.S. AREA REDEVELOPMENT HELPS FINANCE THE GOOD LIFE

Mr. METCALF. Mr. President, on September 30, the Washington Daily News published an article by Robert Dietsch headlined "U.S. Area Redevelopment Helps Finance the Good Life."

This article states:

> Your tax money has been spent or loaned to help train copper workers in Montana for new jobs with Anaconda, the company which laid off the workers in the first place and which was looking for people with different skills to hire. [ARA] spent $10,000 to train 100 copper mine workers for Anaconda, a giant company with the capability to train its own workers with its own money.

I asked the Area Redevelopment to comment on those statements. ARA wrote me as follows:

> The Anaconda Co. has scrupulously adhered to its side of the agreement by bearing the entire cost of retraining the workers, paying them more than $18 a day during the 4-week training course and hiring them as hard rock miners, grade 3, upon completion of the training. The cost to the company for the training is certainly a great deal more than that to the Government for the 2-week orientation program. This cooperative venture has already created about 200 taxpaying wage earners who might otherwise have been on permanent relief rolls.

In my opinion, this cooperative venture of the Area Redevelopment Administration, the Anaconda Co., the Montana State Department of Education, the Montana State Employment Service, and local officials of Silver Bow and Deer Lodge Counties is helping to alleviate hardship and ease the difficult transition required of workers who face job changes because of technological advances.

Mr. President, I ask unanimous consent to insert in the body of the Record, immediately following these remarks, the Daily News article to which I have referred and the comments of the Area Redevelopment Administration.

There being no objection, the article and comments were ordered to be printed in the Record, as follows:

[From the Washington Daily News, Sept. 30, 1963]

Taxpayers Build Ski Lifts—U.S. Area Redevelopment Helps Finance the Good Life

(By Robert Dietsch)

In the last 2 years, your tax money has been spent or loaned to:

Build motels, ski resorts, and other recreational facilities in a dozen States, on an Indian reservation and in Puerto Rico. Builders or promoters have received $43 million in Government loans.

Help buy snow-making machinery for several of those resorts and help build golf courses, cocktail lounges, and bowling alleys in others. Also train waitresses for the motel restaurants.

Train sightseeing guides in Hawaii.

Build a summer theater in North Carolina.

Build roadside handicraft display stands in Arkansas.

Study the feasibility of harvesting processing and marketing sea lions in Alaska.

Help train copper workers in Montana for new jobs with Anaconda, the company which laid off the workers in the first place and which was looking for people with different skills to hire.

FOR DEPRESSED AREAS

Loans or grants for all these projects came from the Area Redevelopment Administration, an agency set up by the Kennedy administration in 1961 to help business and employment in depressed areas.

Since then, the ARA has become one of the biggest subjects of controversy on the New Frontier.

Republicans dub it the "Area Reelection Administration."

Businessmen charge it is competing with private industry, making reckless loans and giving money to dubious enterprises, the type rejected as unfeasible and uneconomic by private experts.

Edwin P. Neilan, president of the U.S. Chamber of Commerce, has called ARA the "Christine Keeler" of an American scandal involving "wholesale buying and selling of public office."

TOO EAGER?

Other critics say ARA is overly eager to farm out its money. They say ARA supports new businesses even after local industrial developers refuse to contribute their 10 percent required by law.

(ARA can loan up to 65 percent of the cost of a project; the rest of the money must come from private financial sources, the local community booster group, and the project owners.)

ARA officials, understandably, argue their case with vigor.

Administrator William Batt says his agency goes into programs shunned by private businessmen.

"They aren't interested in creating employment," Mr. Batt said.

He defends the millions put into motels by pointing to overall tourist and recreation growth and its potential.

What's more, ARA claims it has created, or laid the basis for creating, 47,500 jobs and for training 23,500 persons.

PROBE

An investigation into all phases of ARA activity by the Scripps-Howard newspapers gives the edge to ARA's critics.

While the Agency has indeed acted to create some legitimate businesses in depressed areas (and even some not so depressed) and has created some employment, the investigation showed that ARA is overeager to farm out the $394 million given to it in 1961. For example, it pressed hard to lend $222,000 to developers of a ski resort between Altoona and Bedford, Pa., despite reluctance of the Altoona community development group to go along; the latter deemed the project too risky and thought it would create few jobs.

Not only did the resort owners get ARA's $222,000 but they also received $110,000 from the Rural Electrification Administration (REA).

In another case, a wealthy Detroit industrialist got almost $1 million to help build "one of the world's most luxurious resorts" in northern Michigan; he reported the other day, during a phone conversation, that "ARA was around suggesting I was eligible for more loans."

That many of the 222 technical assistance studies approved by ARA (at a cost of more than $7 million) have been done by others in the past year. The sea-lion study in Alaska is one; also grants to study better exploitation of Indian arts and crafts, uses of timber in various States, handicraft development in the Appalachians and marketing of peaches in Georgia.

That ARA job totals are exaggerated; far fewer than 47,500 positions have been created or seem in prospect. A metal fabricating firm in southwestern Pennsylvania, for example, carries a notation of "50 jobs" in ARA's directory; the firm now employs 11 persons and the president acknowledges it will be a long time before the total reaches 20. A candy manufacturer says his employment may even decrease after he uses ARA loan money to buy new machinery. He's on ARA's books for 50 jobs.

That some ARA loan recipients don't try very hard to seek private financing before going after Government money, as required by law. ARA loans carry 4 percent interest; private loans 6 percent or more.

"Sure, I would have expanded my plant if ARA weren't around," conceded one industrial plant manager. "I would have used my working capital or gone after bank financing harder than I did. But I got together with ARA; after all, you don't find 4-percent money very often these days."

That some ARA training programs are of a dubious nature. There presumably are plenty of sightseeing guides in Hawaii but ARA nevertheless spent $5,000 to train 22 part-time farmers in that work. It spent $10,000 to train 100 copper-mine workers for Anaconda—a giant company with the capability to train its own workers with its own money. To this list can be added the waitresses trained with taxpayer funds for duty at a Michigan resort and others trained for restaurant jobs in a motel at Paintsville, Ky. This motel, incidentally, is across the highway from a taxpayer-built handicraft stand.

HOW FAR?

Inherent in the ARA program, and in a growing number of other assistance programs initialed by the Kennedy administration, is the philosophical question of how far the Federal Government should go in seeking to create jobs and loan taxpayer money to private enterprise.

As Chamber President Neilan has pointed out and as the Scripps-Howard probe of ARA showed, even those who abhor the idea of Federal intervention solicit Federal money after programs are approved.

While a few local business groups across the country have spurned ARA help, most have accepted it and many have sought it.

The idea of having Uncle Sam help bring a new firm into town overshadows criticism of Federal intrusion into private enterprise.

The Kennedy administration obviously thinks highly of ARA. It wants Congress to double the Agency's budget and extend its life.

The Senate has agreed but the House, in June, rejected the proposal by five votes.

The Democratic leadership now wants the House Rules Committee to send an amended ARA bill to the floor.

COMMENTS BY THE AREA REDEVELOPMENT ADMINISTRATION ON THE VOCATIONAL PRETRAINING PROGRAM OF OCTOBER 3, 1962, FOR THE BUTTE, MONT., DEVELOPMENT AREA OF SILVER BOW AND DEER LODGE COUNTRIES

As can be best judged from the copies of actual proposals submitted by local and State agencies, to the Departments of Labor, Health, Education, and Welfare, Commerce, and the Area Redevelopment Administration, automation in the Anaconda copper smelter in Butte, Mont., resulted in the employment termination of 300 or more smelter workers. The company had jobs for hard rock miners, but a month of intensive retraining would be required for men accustomed to underground work. However, because the smelter workers, faced with layoffs and perhaps permanent unemployment, had never worked underground, longer training would be required, and the company was reluctant to consider them. This is expensive training and the company's reluctance to experiment with totally inexperienced men was understandable.

At the request of State and local officials together with the union and company officials, the Area Redevelopment Administration agreed to handle 2 weeks of pretraining orientation for the workers, and the Anaconda Co. agreed to conduct the actual training program at the company's expense. The cost of the orientation, paid by ARA, was about $5,000 for the first 100 workers. The results were so successful that ARA was requested to repeat the orientation on another 100 which was done a similar cost and has been so successful that ARA has now been requested to repeat with the third 100.

The company has scrupulously adhered to its side of the agreement by bearing the entire cost of retraining the workers, paying them more than $18 a day during the 4-week training course and hiring them as hard rock miners, grade 3, upon completion of the training. The cost to the company for the training is certainly a great deal more than that to the Government for the 2-week orientation program. This cooperative venture has already created about 200 taxpaying wage earners who might otherwise have been on permanent relief rolls.

BACKGROUND COMMENTS BY AREA REDEVELOPMENT ADMINISTRATION

The economy of the cities of Butte and Anaconda is based on the mining and processing of nonferrous metals mined and smelted in the area. The Anaconda Co., due to technological advance in processing raw ore, is building a new ore concentration plant in the city of Butte and discontinuing concentrating ore in Anaconda. The new plant will be able to increase efficiency in processing low-grade ore and save transporting a low-value product 22 miles by rail. In addition, it will be able to operate more efficiently with considerably less manpower. It is estimated that approximately 250 men will lose their jobs in Anaconda as a result of this application of advance technology in concentrating ore in Silver Bow and Deer Lodge Counties. In cooperation with the Anaconda Co. and local planning committees, the Montana State Employment Service is doing all it can to ease the effect of this change on workers and local business by helping them find other jobs.

One possibility is an offer by the Anaconda Co. to absorb 100 of these men into their mining operation in Butte. The Anaconda Co. has estimated an increase in activity in the deep mines will continue through 1964.

One of the drawbacks to transferring these men from smeltermen to miners is the training necessary to become a successful hardrock miner.

A number of men fail to make the grade underground because they have never had surface training and orientation prior to their starting actual mining work.

It is the purpose of this proposed ARA training course to give 2 weeks of concentrated training to give the men going into the underground mining enough knowledge to qualify them as grade 3. The Anaconda Co. will then hire those qualified at $18.48 per shift and give them 30 more days of student mining under actual mining conditions. Those successfully completing training will then be put on a contract basis with a $20.60 per day base rate while on contract.

REPORT BY NATIONAL FUELS AND ENERGY STUDY—TRIBUTE TO SAMUEL G. LASKY

Mr. HRUSKA. Mr. President, on October 13, 1962, I called to the attention of the Senate the report of the national fuels and energy study group on an assessment of available information on energy in the United States. The report, which had been submitted to the Senate Committee on Interior and Insular Affairs, is a complete and informative analysis of our national energy situation.

The study group found that competition within the fuels industries has provided oil, natural gas, coal, electricity, and other sources of power to the public at the lowest possible cost, and that while America's energy requirements will double by 1980, our domestic fuel resources can readily meet all requirements in the foreseeable future.

The Chairman of the Fuels Study Group was the Assistant Director of Mineral Resources in the Office of Coal Research of the Department of the Interior, Mr. Samuel G. Lasky. Mr. Lasky has completed 32 years of outstanding service to the Department of the Interior both as an unusually capable technician in geology and as a skilled administrator and manager. Because of this and because of his outstanding performance as Chairman of the study group, he is a recent recipient of the highest honor the Department can bestow, the Distinguished Service Award.

The contributions of such outstanding civil servants often go unrecognized. It is good, therefore, to note that suitable recognition has been accorded to a Government employee whose career has included a number of significant achievements in the broad area of minerals policy, a subject of vital and continuing interest to the entire Nation. I am privileged to add my own recognition to that Mr. Lasky has already been accorded by Secretary Udall.

Mr. President, I ask unanimous consent that the text of the citation which accompanied the Distinguished Service Award, presented to Mr. Lasky by the Secretary of the Interior, be printed in the Record.

There being no objection, the citation was ordered to be printed in the Record, as follows:

Citation for Distinguished Service—Samuel G. Lasky

(By the Secretary of the Interior, Washington, D.C.)

In recognition of his 32 years of outstanding service in geology and technical and administrative management in the Department of the Interior: Since 1931 when Mr. Lasky began his Federal service as an assistant geologist with the Geological Survey, his work has been characterized by exceptional initiative, personal integrity, and professional excellence. He advanced to principal geologist with the Survey and in 1951 he transferred to the Office of the Secretary where his special talents and experience were utilized in guiding departmental planning in mineral resources, first on the staff of the Assistant Secretary, Mineral Resources, and from 1953 to 1960 as a member of the technical review staff. In 1960, Mr. Lasky was again on the staff of the Assistant Secretary, Mineral Resources, charged with developing and implementing the organization of the Office of Coal Research. In May 1961, he was appointed Assistant Director of the Office. He assisted the U.S. Senate Committee on Interior and Insular Affairs as chairman of its national fuels and energy study from August 1, 1961, to September 7, 1962. The work of this study under his chairmanship was highly praised. It was the latest of many such special and difficult assignments ably handled by Mr. Lasky during his Federal service, in all of which he has brought great credit upon this Department. In recognition of his eminent career in Government, the Department of the Interior grants to Mr. Lasky its highest honor, the Distinguished Service Award.

Stewart L. Udall,
Secretary of the Interior.

REPORT OF GENERAL ACCOUNTING OFFICE ON INTERSTATE HIGHWAY CONSTRUCTION

Mr. HRUSKA. Mr. President, some resentment and indignation were expressed by some Nebraskans on the critical nature of the recent report of the General Accounting Office on interstate highway building within that State. This is very unfortunate indeed because this arm of the Congress is competent, well considered, and well operated. It will be remembered as an agency which was created through the active efforts of many Senators, including Senator George W. Norris, of Nebraska. The very first Comptroller General was the late Mr. McCarl, of McCook, Nebr.

Review of any Government expenditure on interstate highways by such a competent body should be welcomed because when the Interstate Highway System is completed, it will be turned over to the State of Nebraska for maintenance at State expense. It therefore behooves anyone who has Nebraska's best interests at heart to insist upon the best possible building and construction job in the first instance.

The General Accounting Office is fair in its operations. Before its report on Nebraska State construction was released, its proposed text was made available to the Federal Bureau of Roads for its comment to be included in the report as published. The Appropriations Committee of the Senate was informed that the Federal bureau, in turn, communicated with the Nebraska highway department for its comment. This is typical of the fairness and the thoroughness with which an effort is made to produce a helpful and meaningful report.

Under the able leadership of Comptroller General Joseph Campbell, the General Accounting Office goes about its job quietly and efficiently. Without its honest examination and appraisal of governmental operations, the Congress would have no intelligent accounting of the extensive spending programs which we authorize.

In sharp contrast to the legions of public information officers who thump the publicity tubs for almost every other agency, the General Accounting Office does not even have a public information office. Yet its work is respected and regarded highly by the public.

These thoughts are expressed in more detail in a recent editorial in the Omaha World-Herald. I ask unanimous consent, Mr. President, to have the editorial "Lonely Sentinels," printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Omaha (Nebr.) World-Herald, Oct. 29, 1963]

Lonely Sentinels

If the Federal agencies in Washington, D.C., were to compete on a basis of charm, glamour and persuasive publicity techniques, the General Accounting Office wouldn't even be in the running.

It's a plain Jane outfit which does its job without press agentry. The sticky hand of partisan or factional politics is not to be found there. It does not run political errands for the Kennedy administration or for anybody else, including its boss, the Congress of the United States.

What the GAO does do is review Federal spending and make investigations to see that the taxpayers' money is spent as Congress intended. After so doing, it makes written reports to the Congress, pointing out where it believes an agency handling Federal money has strayed from proper procedures.

The GAO has made news in Nebraska these past 10 days because it issued a report in which it concluded that "ineffective review and supervision" by both the State of Nebraska and the Federal Bureau of Public Roads had resulted in "less than first-quality interstate highways in the State."

The agency added that a number of faults had been corrected, but that some remained, and that, all in all, substantial amounts of Federal-aid funds had been wasted in Nebraska on design features of questionable necessity.

This is a serious matter. Governor Morrison, the Nebraska Department of Roads and the Federal Bureau of Roads have reason to be concerned, and should feel called upon to answer the specific criticisms.

But we can see no occasion to attack the Accounting Office and to ask for an investigation, as Governor Morrison did last week. Congressmen questioned by this newspaper's Washington bureau seem satisfied that the GAO report is in order and that it will have a good effect. We strongly hope and believe that it will.

If it were not for the GAO, Congress would have no effective way of following up the spending of Federal dollars, just as without the Nebraska Legislature's Budget Committee and the legislature's independent fiscal analyst, there could be no effective planning and review of State spending.

Legislative controlled accounting agencies, Federal and State, often make themselves unpopular with the spending agencies because it is the accounting agencies' job to let the legislatures and the people know what the spending score is.

At a time when executive departments and spending agencies are trying to blow down and run over Congress and the State legislatures with their plans for bigger and bigger government and bigger and bigger spending, the accounting agencies often stand like lonely sentinels as they carry out their missions to alert and inform the legislatures and the people.

But the sentinels are essential if the representative system and legislative control of Government are to survive. They deserve every citizen's support.

FREEDOM VERSUS COERCION

Mr. PELL. It seems increasingly clear to me that whatever the future holds with regard to the nature of the cold war confrontation, the ideological aspect of that confrontation is going to continue. Premier Khrushchev has made it crystal clear that he intends no coexistence in the realm of ideology. I, for one, relish that challenge and am optimistic about its outcome. My optimism is based on what I believe to be an overriding advantage our society has—whereas our adversary seeks to capture men's minds, we seek to make them free.

In this competition of freedom versus coercion, the U.S. Information Agency bears the official Government responsibility for representing our side. That Agency conducts its work through every possible means of communication—radio, television, films, books, magazines, and so forth. Due to limitations on our ability to conduct information activities behind the Iron Curtain, other than shortwave broadcasting by the Voice of America, the Agency has relied heavily on exhibits. These exhibits are conducted in accordance with cultural exchange agreements and have met with considerable success. In the last year they have covered such subjects as plastics, transportation, and medicine. The exhibits are accompanied by about 25 Americans who are fluent in the language of the country in which we are exhibiting. I am told that these guides are at least as important as the subject matter of the exhibit itself in terms of representing our country. During the past year close to a million Soviet citizens attended our exhibits. All reports indicate the impact has been impressive.

I call to the attention of my colleagues the most recent USIA exhibit entitled "Graphic Arts: U.S.A.," which opened just 2 weeks ago in Alma Ata, Kazakhstan. During the first week alone over 100,000 Soviet citizens attended the exhibit. These Soviet visitors have an opportunity to see some 2,000 items of American graphic arts and how they are useful in our society. While, in part, the very existence of something American in the hinterlands of the Soviet Union assures a large audience, the introduction into the gray Soviet society of an exhibit such as this, illustrating the color and artistry of our open society, is a vital contributing factor. This graphic arts exhibit will go from Alma-Ata to Moscow for a month and then conclude its Soviet journey in Yerevan, Soviet Armenia.

Several articles have recently appeared in the U.S. press describing the reception of the graphic arts exhibit as well as the transportation exhibit in Rumania and a recent art exhibit in São Paulo, Brazil.

I commend these articles which follow from the New York Times of October 11, the Herald Tribune of October 7, and the Washington Evening Star of October 8 for consideration by my colleagues, and ask unanimous consent that they be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York (N.Y.) Times, Oct. 11, 1963]

U.S. Art Show Draws Large Crowds in Soviet—Diverse Display of Graphics Attracts 1,000 an Hour in Kazakhstan Capital

(By Henry Tanner)

Alma-Ata, U.S.S.R., October 8.—An exhibition of graphic art from the United States has become a tremendously popular attraction in this central Asian city, the capital of the Soviet Republic of Kazakhstan.

In 2 days, more than 17,000 Soviet citizens, most of them in their teens or early twenties, have come to see a gay collection of funny American posters, preposterous ads, colorful book covers, and abstract prints.

The exhibition is a study in calculated disorder, diversity and gaiety. It has been designed to show what happens in a society where an artist, whatever his talents, is free to let his imagination run in any direction he wants and the message is getting across.

"You mean you're really allowed to paint like this and nobody says anything?" one of the visitors asked.

"I am against abstract art," a middle-aged man declared after having seen it all. Then he added, "I've bought tickets for the next 2 weeks."

Like all the others, he carried off a portfolio of prints and brochures given to each visitor. By the end of this week American abstract prints may be pinned to the walls of 50,000 homes of Alma-Ata and the central Asian farmlands around it.

The size of the crowds came as a surprise to Jack Masey of the exhibits division of the U.S. Information Agency. He expected a sizable turnout but not the more than 1,000 every hour who have been pouring in since the show opened.

Alma-Ata, fewer than 200 miles from the Chinese border, is the exhibition's first stop. It will be here 1 month; in December it will move to Moscow for a month, and early next year it will go to the southern part of the Soviet Union.

Much of the excitement of the opening days centered on Russian-speaking young Americans who are guides. American exhibitions in the Soviet Union have been using such guides, mostly students of Russian literature at American universities, for the last 4 years. The guides in front of the abstract prints were the most embattled.

"What would you say if they painted you like this," Oresta Szeparowyez, a young New Yorker, was asked in front of an abstract portrait.

"There are all sorts of people and they shouldn't all be made to look beautiful," she answered.

A young Kazakh woman looking at an abstraction titled, "Vis-A-Vis" suddenly exclaimed, "there I see that line now, there's something there."

"You see, when you look and think, you begin to see it," said Oresta happily.

An abstraction called White on White, showing oblong and roundish white forms on a background of a different shade of white attracted the most attention and some scorn. "What is it?" people wanted to know. "An experiment," Oresta answered.

"Looks like noodles," a woman said.

"I thought blini [Russian pancakes]" declared her husband as they walked away shaking their heads.

[From the New York (N.Y.) Herald Tribune, Oct. 7, 1963]

Rumania's Wild About U.S. Show

(By David Miller)

Bucharest.—A crowd of 10,000 Rumanians pressed against a police barrier yesterday in a vain attempt to enter a U.S. Government transportation exhibit already swamped by record attendance.

Western diplomats said it was the greatest display of affection for the United States or any Western country in postwar Rumanian history.

More than 50,000 Rumanians filed through a pavilion housing 1963 model American cars and a model of the Mercury capsule used by Astronaut Gordon Cooper. At least 5,000 Rumanians were waiting for admission when doors opened at 10 a.m.

Attendance has been the heaviest at any show ever sponsored by a foreign country. Since its opening on September 27, the exhibit has attracted an average of 25,000 a day—five times the original estimate—and 40,000 last Sunday in the rain.

An hour before the show was to close yesterday at 7 p.m., U.S. officials and Rumanian police decided part of the vast crowd waiting outside could never be admitted in the time remaining. Four Rumanian-speaking American guides went through the tail end of the line and advised those waiting that the exhibit would be in Bucharest until October 18 and to please go home.

Instead of leaving Haraftrau Park (formally called the Stalin Park of Rest and Culture), where the exhibit is being held, the crowd surged forward, broke through previously erected barriers and raced for the entrance. Those at the head of the line, seeing they would be refused admission pushed forward. The two groups met head on, pushing and shoving through the narrow entrance.

Some 20 armed police shouldered their way through the congestion, forced the crowd back, erected heavy iron barriers and announced the show was closed for the night. Some in the crowd booed the militia and whistled a sign of derision. They were later questioned by police.

In another attempt to placate the crowd, Paul Wheeler, director of the U.S. Information Agency exhibit, mounted a barrier and told the crowd in Rumanian that it was physically impossible for so many people to make their way inside. The crowd dispersed only gradually. Some 1,500 remained until the end, hoping to be admitted.

Mr. Wheeler, who served in Rumania from 1959 until 1961 as cultural attaché at the U.S. Legation in Bucharest, said he was aware of the "very sincere interest and understanding between the Rumanian and American people," but the demonstration today "far surpassed anything he had anticipated."

The 10 Rumanian-speaking Americans serving as guides have been driven to hoarseness by an avalanche of questions about how Americans live.

Armand Scala, 22, of Washington, D.C., a foreign trade major at the American University there, said he was besieged by questions on salaries, unemployment, the cost of living and racial problems. Many Rumanians, he said, appeared startled when told it was possible to buy a car in the United States with a loan from the bank.

Rumania, although one of the richest countries in Eastern Europe, has only 12,000 passenger cars. The United States has 68 million.

On display at the exhibit, which will also tour Brasav (formerly Stalin City) in central Rumania next month, are a Ford Thunderbird and Falcon station-wagon and a Valiant, as well as a small truck and a three-wheel post office delivery van, a model of Telstar, models of airplanes and airports and other developments in U.S. transportation.

The exhibit, given more space than needed, has been augmented with a Buick sedan and Oldsmobile and Plymouth station wagons contributed by the American community of Bucharest. A Cessna Skymaster arrived in time for the opening and was displayed in front of the exhibit hall for 3 days before leaving for another commitment. A smaller Cessna is due this week.

The crowds are expected to increase in the remaining days as word spreads through Bucharest. Handsomely printed Rumanian-language brochures, tracing the history of transportation in the United States are being distributed free at the exhibit.

[From the Washington (D.C.) Evening Star, Oct. 8, 1963]

How in São Paulo

Adolph Gottlieb, a leading American painter for several decades, has won the top painting prize, 2 million cruzieros, at the current Brazilian biennial exhibition at São Paulo. We congratulate Mr. Gottlieb and share the pride of interested Americans in such international recognition accorded one of our own.

We also congratulate USIA and the Government in general for sponsoring American participation in the big Brazilian show. This is the first time our representation has been underwritten by the Government, in contrast to all other participating nations. Heretofore, American representation at Sao Paulo as at the other great international exhibition, in Venice, has been made possible by the Museum of Modern Art, New York. Last year the museum announced it could no longer afford to carry the burden that is universally assumed by governments. It is to the credit of USIA that it has moved into the gap.

Both Government officials and some persons in the art world have traditionally feared our Government's participation in the arts on grounds ranging from the chance of boondoggling to that of cultural dictatorship. USIA cut through the problem by contracting the job out to a first-rate American private institution, the Walker Art Center in Minneapolis.

The center, in a decision almost impossible to imagine being reached by a Government committee, chose to send a large show of Gottlieb paintings and a group show of contemporary American sculpture.

Previous Government involvement in similar art projects has been harassed on the one hand by congressional primitives, on the other by purist aesthetes. We think the contractural arrangement, such as is followed in many Government enterprises, answers all objections and hopefully points the way to a continuing relationship between art and Government.

Specifically, the Venice Biennale of 1964 is presently planned with no American representation at all. Since USIA has done so well its first time out, the Agency should stay in the game.

Harsh Words Indicate Good Impact, USIA Feels—Soviet Critics Rap U.S. Art—And That's a Good Sign

(By Bernard Gwertzman)

U.S. Information Agency officials are delighted these days with the unfavorable press notices their latest traveling exhibition has received from Soviet critics.

"We've really drawn blood this time," one USIA man said today in commenting on the most recent attack on the graphic arts show, presently in Alma-Ata, capital of Soviet Kazakhstan.

USIA officials judge the worth of their Soviet exhibitions on a scale roughly like this: The harsher and more frequent the criticism the more impact it is having on Soviet audiences.

The graphic arts show is particularly provocative because it contains abstract lithographs, book covers, advertisements, and the like, rarely if ever seen in Russia. In Soviet terms, this is "bourgeoise ideology" at its worst.

There have been four long articles in Soviet publications about the exhibition, which goes on to Moscow in December and to Yerevan, capital of Soviet Armenia, in February.

The latest criticism, published Sunday in Izvestia, says that after initial interest on the part of the Alma-Ata people, "the number of visitors has fallen catastrophically," because of the lack of interest in this abstract art.

"Hogwash," USIA officials reply, citing figures showing that about 10,000 persons a day have been visiting the exhibit, with 30,000 on Sundays. More than 200,000 have been to the show in the 2½ weeks since its opening. USIA had counted on only about 4,000 a day when the show opened.

The Soviet critics have distinguished carefully between the realistic works which one review said "attract the visitors," and other works which the same critics said have "very little light in them, very little humaneness, little of that ennobling clarity and simplicity which real art possesses."

One drawing which drew considerable criticism was Ellen Raskin's crayon portrait of F. M. Dostoyevsky, the Russian writer, done for a cover of the jubilee edition of his works.

"In the first place, it is hard to call this sketch a portrait; it is so primitive," one Soviet critic said. But the most important thing is what we see in this drawing—not a giant of thought, not a great writer who knew how to uncover the most complex secrets of the human soul, but some kind of frowning peasant-forester with an angular forehead and an excessively large head which looks like a hatblock set on stooped, narrow little shoulders.

"And this pitiful little man, sitting all crumpled up as if he expected someone to hit him, is presented to thousands of readers as F. M. Dostoyevsky."

USIA officials say the criticism on the whole has been fuller and better rounded than in previous years. Part of the reason seems to be the improved state of East-West relations.

They suspect that the critics have been motivated by a desire to say some good things about the United States without endorsing the alien views on art. Thus, one critic's main theme was that he was "deeply disappointed" by the works.

USIA officials admit they knew the abstract and avant-garde works would shock many average Soviet viewers—conditioned to a steady diet of realism—but they said that omitting such works would give Russians a distorted impression of American graphic arts, which thrive on nonrepresentational forms.

The exhibit is one of several that have been sent to Russia as part of the Soviet-American cultural exchange agreement.

LET US NOT UNDERCUT UNITED STATES-YUGOSLAVIAN RELATIONS

Mr. McGOVERN. Mr. President, during the Eisenhower administration period, a decision was reached to exempt Yugoslavia and Poland from some of the trade and aid restrictions which we apply to other Communist states. This decision was based on the conclusion that these two countries, while operating under Communist governments, were nevertheless not entirely controlled by Moscow. It was believed that by carrying on limited economic and diplomatic relations with these two states, we could further decrease their dependence upon the Soviet bloc.

Mr. President, I believe that this decision by the Eisenhower administration, concurred in by the present administration, was sound. I think we have profited greatly from the semi-independent positions which Yugoslavia and Poland have followed.

It would certainly not be in our interest to deliberately drive these two important nations into a tighter relationship with Moscow. For that reason, I am opposed to recent actions designed to curtail trade with Yugoslavia.

Our recently retired Ambassador to Yugoslavia, Mr. George Kennan, who is now a member of the faculty at Princeton University's Institute for Advanced Study, authored a letter on the subject which appeared in the New York Times of October 16, 1963. Ambassador Kennan is generally regarded as the chief architect of our post-World War II containment policy. He is one of our wisest and best informed citizens in the whole range of problems relating to the Soviet bloc.

I urge the Members of the Senate to read carefully the letter by Ambassador Kennan. I ask unanimous consent that the letter be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 16, 1963]

Kennan Backs Sales to Tito—Opposition Declared Harmful to the Cause of Anti-Communism

(Note.—The writer recently retired as Ambassador to Yugoslavia. He is now a member of the faculty of the Institute for Advanced Study.)

To the Editor of the New York Times:

There was reported in your columns on October 11 a statement made by Senator Everett McKinley Dirksen and Representative Charles A. Halleck, criticizing President Kennedy for permitting, by an order of May 14, 1963, the sale of $2 million of military supplies to Yugoslavia.

The President's action, they were quoted as saying, constituted a circumvention of congressional stipulations prohibiting military aid to Communist nations. The legislators referred particularly to the provisions of the 1963 Foreign Aid Appropriations Act, which they described as flatly prohibiting military aid to Communist nations, though leaving economic aid to the President's discretion, subject to certain restrictions enacted in 1961.

This description of the legal situation is not accurate. The act referred to did indeed inhibit aid to "Communist" nations; but the authorizing legislation empowered the President to make exceptions in instances where he considered this to be "vital to the security of the United States." This applied to sales of military supplies as well as to economic aid. The President was wholly within his rights in making such a finding.

PAYMENT FOR EQUIPMENT

With respect to the particular sale in question, the term "aid" ought never to have been used. Our military aid program for Yugoslavia was terminated some 6 years ago, at the initiative of the Yugoslavs. Since then they have paid dollar cash for military equipment purchased in this country. They will do so in the present instance.

The inclusion of such sales under the provisions of the aid legislation is really a legal technicality. The purchases to be covered by this particular authorization consist of spare parts for end items acquired by the Yugoslavs in earlier years. These end items are, as I understand it, obsolete or obsolescent by standards of current military procurement; and no question of military secrecy is involved.

They were acquired in good faith. Many of them were paid for in cash. The spare parts are necessary to permit their full utilization. The Yugoslavs would presumably not have acquired them had they known that the spare parts were going to be denied; nor would we, I am sure, have made the initial sale had we thought this possible.

We are, after all, not sharpsters. What is involved here is the good faith of the U.S. Government, not as a sponsor of aid but as a partner to a commercial proceeding. Messrs. Dirksen and Halleck may not believe that the good faith of this Government is vital to the security of the United States. I do. The President, in approving this sale, had before him my affirmative recommendation, submitted in my capacity as Ambassador to Yugoslavia, for which I gladly accept full responsibility.

The entire concept underlying the recent Congressional effort to bar military sales to Yugoslavia was in my opinion seriously misconceived. The effort has already brought real damage to American interests in the confrontation with Soviet power. For many years prior to 1961 Yugoslav military purchasing had been directed almost exclusively to the West.

INCREASED DEPENDENCE

The insistence of the Congress that the Yugoslavs be denied even obsolete and surplus items for which they were willing to pay cash has been a major factor in causing them to turn again to Soviet sources of supply. The effect can only be to increase the dependence of their military establishment—one of the largest military establishments in Europe outside of Soviet control—on Soviet sources of supply. In this respect, the effect is analogous to that of the recent legislation denying the Yugoslavs normal tariff treatment for their exports to this country.

If, faced with such rebuffs from our side, the Yugolsavs still retain their independence, as I believe they will, this will have to be ascribed in the circumstances solely to their own fortitude and good sense, manifested in spite of, and in defiance of, the best efforts of some of our legislators to put them in a position where they would have no choice but to resubmit to Soviet leadership.

Why any Member of Congress, and particularly any Congressional leader, would wish this to be said of him—and how, in particular, he could reconcile it with a professed devotion to the cause of anti-communism—escapes me.

George Kennan.

Princeton, N.J.

THE NEXT STEPS TOWARD PEACE

Mr. McGOVERN. Mr. President, the Department of State Bulletin for

October 21, 1963, includes a thoughtful, carefully reasoned statement by Mr. McGeorge Bundy, special assistant to President Kennedy, entitled "The Next Steps Toward Peace: Some Notes on the Two-Legged Process." Mr. Bundy, as the Members of the Senate know, is a key official in the administration charged especially with responsibility for national security affairs.

His article is an appeal for the balanced judgment in the formulation of foreign policy positions. He centers his remarks on five major foreign policy issues: First, the partial nuclear test ban; second, our adventure in space; third, our policy toward Europe; fourth, our involvement in South Vietnam; and fifth, our hope for improvement in Soviet-American relations.

In each of these problem areas, Mr. Bundy calls for a balancing of our hopes for peace with our determination to be vigilant in the face of a potentially dangerous enemy. He pleads for an appreciation of the viewpoints of our fellow citizens who may happen to be in disagreement with us on any given issue:

> Error comes mainly not from support of one's own position but from suspicions of the other man's—

Mr. Bundy says. He adds:

> Where danger comes is not in these equally right perceptions of important phenomena but in the human tendency * * * to suppose that one's own reality is the only reality, so that the observation of the other man is somehow misleading.

Mr. President, I think Mr. Bundy would agree that Members of the Senate often pressed hard for a particular point of view without apparent concern for a conflicting viewpoint because of a conviction that a corrective is needed to a generally accepted position. Such zeal for one's own personal insight or bias is perhaps a necessary quality of political effectiveness.

But I am grateful that high in the councils of Government where final policy decisions are made, there is a man of Mr. Bundy's intellect and emotional balance—one who is capable of looking clearly at all sides of vital issues. In this highly dangerous nuclear age, there is a desperate need for restraint, moderation, and objectivity in decisionmaking.

I ask unanimous consent that Mr. Bundy's article be printed in the Record at this point and I commend it to my colleagues.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Next Steps Toward Peace: Some Notes on the Two-Legged Process

(By McGeorge Bundy, special assistant to the President[1])

We have all heard a great deal in recent months about steps toward peace, large and small, and in taking them as my topic I do not intend to try to say what the next steps may be, or even whether we can now look forward to rapid progress in the fulfillment of hopes we share with other men everywhere. Certainly we can agree that there is more reason for hope than there was a year ago. Certainly also we can agree that much remains to be done. As we meet, discussions are proceeding both with our allies and with the Soviet Government on a wide range of possibilities. So this is not the time, and I am not the person, to attempt any general prediction.

What I want to do instead, and what I think may be more useful, is to offer a description of one aspect of the reality of international affairs which is likely to be characteristic of many of the next major events in our affairs. What I want to suggest is that, when there is a debate on these great issues among us, there is almost always both an element of truth and a danger of error in each of the opposed positions. And I want to suggest further that, precisely because we are now entering a period in which tension is lower and the sharpness of danger less apparent, it is important in thinking about these issues not to ignore one aspect of the truth in concentration on another.

The most general form of this proposition, of course, is that all steps toward peace rest upon adequate readiness for defense, at every level of force. The prospect for peace now is better than it was last September; the major cause of this improvement is the resolution displayed by the people and Government of the United States in the crisis of October 1962. The indispensable connection between military strength and the maintenance of peace is obvious—and frequently forgotten.

It is crucial to the understanding of international affairs that we should never separate the idea of peace from this requirement of vigilance in defense. It follows that, when we think of steps toward peace, we should not think only of disarmament, or international agreement, or cooperation among nations. We should think also of successful resistance to subversion, of proper planning for the defense of the free world, and of our own strength and health as a free society. The specific cases on which I wish to comment are related to these areas too, and I hope you will agree that it is right to think of all of them as elements in our national pursuit of peace.

THE LIMITED TEST BAN TREATY

As I say, my central proposition is that in nearly all of these great matters, where feelings become strong and difference of opinion becomes evident, there is some truth on every side and also some danger of error. One way of stating the problem of statesmanship is to see it as a matter of the resolution of arguments in which both sides are partly right and each runs a risk of error. Before I apply this proposition to current issues, it may be helpful to begin with the recently concluded debate on the test ban treaty. That debate is familiar, I am sure, to most of us, and it happens that it illustrates my point quite neatly.

The central arguments for the test ban treaty, as the President put them in his first report to the country,[2] are four in number: first, that it can be a step toward reduced world tension; second, it can be a step toward freeing the world from radioactive fallout; third, it can be a step toward preventing the spread of nuclear weapons; and fourth, it can limit the arms race in ways which strengthen our security far more than the continuing of unrestricted testing. These four arguments withstood the test of national debate, and the vote in the Senate records the consensus of the country that, in sum, they justify the treaty.

Yet at the same time, and in the same speech, the President took note of the requirement that under this treaty the United States should observe and maintain a substantial vigilance, in defense of its interests and those of all freemen, against the risk of violation or evasion and also against the danger of unwarranted relaxation in our defense. As the debate developed, the President and his administration were always ready to respond to requests for reassurance on this point, and in successive statements, culminating in the President's letter to Senator Everett McKinley Dirksen of September 10,[3] it was made plain that with this limited treaty the United States will, because it must, maintain strong weapons laboratories, an energetic program of underground testing, a readiness to resume tests in the atmosphere in the event of violation of the treaty by others, and of course a full constitutional respect for the rights and obligations of the Senate if at any time this treaty should be amended.

The limited test ban treaty, then, is an opportunity for hope but not a reason for relaxation, and the national consensus which has emerged rests upon both hope and vigilance. It is this balanced spirit which has governed both the executive branch and the Senate, and it appears very plainly in the eloquent statements supporting the treaty made by such leaders as Senators [Mike] Mansfield, Dirksen, and [J. W. Fulbright. The best advocates of disarmament, like Senator [Hubert H.] Humphrey, have always understood the requirement of vigilance, and determined supporters of our nuclear strength like Senator [John O.] Pastore, have understood the necessity for hope.

But not everyone in the country observed the same balance, and in the national debate there were on each side errors of excess. On the one hand, in their emphasis on hope, some of those supporting the treaty were inattentive to the problem of safeguards and appeared to believe that it was somehow not in the spirit of the treaty that the United States should make clear the need for vigilance. And on the other hand, some of those most concerned about safeguards and vigilance were blind to the real hopes represented in the treaty and unwilling to entertain the possibility that any agreement with the Soviet Union could conceivably be in the interest of both sides. I am not now debating the overall merits or demerits of the treaty as such, but only pointing out the hazard of a one-sided concern for either its dangers or its hopes, taken alone.

The limited test ban treaty is more a beginning than an end in itself. It may or may not lead onward. But it does indeed offer the four kinds of hope of which the President spoke, and it does indeed require the safeguards he has stated. So when we sift the arguments, we find much to keep from both sides; and what it is wise to reject, in the main, is the conclusion or attitude which rests primarily upon a total rejection of the concerns of others. Those supporting the treaty uncritically have been wrong mainly where they have too much resisted the concerns of those more cautious than themselves. Those who have opposed it root and branch have erred mainly in neglecting or underrating the reality of the hope it represents. My suggestion is that there has been more truth in the affirmative beliefs of both sides than in their criticisms of each other.

And what I wish to do next is to suggest that this same conclusion has some validity in four other fields; our adventure in space, our policy toward Europe, our effort for freedom in South Vietnam, and our hope for improvement in relations with the Soviet Union.

U.S. POSITION ON COOPERATION IN SPACE

I take the problem of space first because in a measure it is the simplest. Here we have a single national policy with two major strands. The first is our national effort to develop the technical, industrial, and human resources which are necessary for the extension of man's capacity from the earth toward outer space. This wide undertaking is symbolized as it is stimulated by the national decision taken 2 years ago to aim at the landing of a man on the moon within this decade. But it is the wider program and purpose, and not the single personal adventure, which shapes our policy and justifies this effort.

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[1] Address made before a World Affairs Conference at Albany, N.Y., on Sept. 30.

[2] Bulletin of Aug. 12, 1963, p. 234.

[3] For text, see ibid., Sept. 30, 1963, p. 496.

Parallel to this national effort, and steadily sustained over a 5-year period, is our purpose of cooperation in space. This purpose was dramatically reaffirmed by the President 10 days ago in his address to the United Nations;[4] there he urged that we should explore the possibility of joining with the Soviet Union, even in sending men to the moon. And again, it is the broad purpose of cooperation, and not only the possible sharing of a single great personal adventure, which is at the center of our policy.

The question which has been raised in this last week is whether there is somehow a contradiction between the national effort and the purpose of cooperation. The position of your Government is that these two undertakings are part of a single program, each reinforcing the other. As the President put it last week in a letter to Representative ALBERT THOMAS: "This great national effort and this steadily stated readiness to cooperate with others are not in conflict. * * * We do not make our space effort with the narrow purpose of national aggrandizement. We make it so that the United States may have a leading and honorable role in mankind's peaceful conquest of space. It is this great effort which permits us now to offer increased cooperation with no suspicion anywhere that we speak from weakness. And in the same way, our readiness to cooperate with others enlarges the international meaning of our own peaceful American program in space."

It is right then, we believe, to press on with the space program of the United States and to press on also in the effort to find wider paths to greater cooperation. In this policy we accept great parts from each of two kinds of arguments—those urging we must be strong in space, and those urging that we must miss no opportunity for cooperation with the Soviet Union.

At the same time, as in the case of the debate on the test ban treaty, it is also necessary to reject some parts of the two different arguments. On the one hand, we do not believe that the very limited progress which has been made so far in real cooperation with the Soviet Union in any sense justifies a weakening or slackening in the national space effort. To abandon or attenuate our clear national commitment to a major effort in space, on the strength of hope and good will alone, would be as wrong as accepting a test ban treaty without proper safeguards.

On the other hand, we must also reject the notion that the national program in space is somehow weakened or endangered by a peaceful program of cooperation. We have not entered space only in fear or in hostility. Our strength and our readiness to meet any hazard—in this and other areas—do not require that we turn our back on every prospect of cooperative effort. In this instance, then, as in that of the test ban treaty, there is truth on both sides of the argument, and error comes mainly not from support of one's own position but from suspicion of the other man's.

ATLANTIC PARTNERSHIP AND EUROPEAN UNITY

I turn now to the politics of Europe. This problem is more complex, and the subtleties of a full-scale argument are impossible here; I must content myself with a sketch. But I think it clear that once again the great hazard is in the tendency to think of "either-or" instead of "both-and." There is a belief that somehow there must be either an Atlantic or a European focus to the policy of the Western nations. And the argument rages over the head of reality, between men who fear that the greatness of Europe may be somehow drowned in the Atlantic and men who seem to believe that the Atlantic partnership may be endangered by growing strength and unity in Europe. The policy of the United States is to reject this false choice—to assert, in every field and on all occasions, the interlocking and mutually supporting ideas of Atlantic partnership and European unity. The clearest and most authoritative statement of this position is in the President's address at the Paulskirche, in Frankfurt, on June 25 of this year,[5] and I cannot do better than to quote to you these sentences which state the double commitment of our policy:

"We are partners for peace—not in a narrow bilateral context but in a framework of Atlantic partnership. The ocean divides us less than the Mediterranean divided the ancient world of Greece and Rome. Our Constitution is old and yours is young, and our culture is young and yours is old, but in our commitment we can and must speak and act with but one voice. Our roles are distinct but complementary—and our goals are the same: peace and freedom for all men, for all time, in a world of abundance, in a world of justice.

"The future of the West lies in Atlantic partnership—a system of cooperation, interdependence, and harmony whose people can jointly meet their burdens and opportunities throughout the world."

That was the Atlantic commitment, but the President went on to Europe:

"It is not in our interest to try to dominate the European councils of decision. If that were our objective, we would prefer to see Europe divided and weak, enabling the United States to deal with each fragment individually. Instead we have and now look forward to a Europe united and strong—speaking with a common voice, acting with a common will—a world power capable of meeting world problems as a full and equal partner.

"This is in the interest of us all. For war in Europe, as we learned twice in 40 years, destroys peace in America. A threat to the freedom of Europe is a threat to the freedom of America. * * * And that is why we look forward to a united Europe in an Atlantic partnership—an entity of interdependent parts, sharing equally both burdens and decisions and linked together in the tasks of defense as well as the arts of peace."

Here again, as in our previous examples, there is truth in both concepts, and error comes mainly from hostility to one or the other. It is not necessary, in the construction of the new Europe, that the ties of partnership across the Atlantic should be cut. Still less is it required, for the effectiveness of the Atlantic community, that there should be any hostility to the idea of Europe. This is what American policy has recognized; it is also what the greatest men of Europe have understood and preached.

THE SITUATION IN SOUTH VIETNAM

The difficult situation in the troubled country of South Vietnam is one which I have even less desire to discuss, in substantive terms, than the other questions I have taken as examples. The important mission of Secretary [of Defense Robert S.] McNamara and General [Maxwell D.] Taylor is only just ending, and it would be wholly inappropriate for me to comment on the course of action which may be chosen in the light of this mission and of the continuing consideration which is going forward in Saigon under the leadership of Ambassador [Henry Cabot] Lodge, and also in Washington.[6]

Yet it is not wrong, I think, to suggest that in this case again there are two propositions, both of them true, and two kinds of error which can result from an unwillingness to accept them both. And again both propositions have been stated clearly by the President.[7] The first is that the object of American policy in this part of the world is to assist in a most difficult and important struggle against Communist subversion—military, paramilitary, and political. The commitment of the United States to the independence of South Vietnam goes back many years. This commitment was intensified and reinforced 2 years ago, and since then a major cooperative effort has been carried forward with increasing energy—and at least until recently with increasing success—by Americans working closely with the people and Government of South Vietnam. It is the policy of the United States to sustain that effort.

Yet it would be folly for the United States to neglect, or to regard with indifference, political developments of recent months which raise questions about the ability of the Government and people of South Vietnam to support each other effectively in their contest with communism. The President has made it clear that the United States is not indifferent to these events and regards them with great concern. It is and must be the policy of the U.S. Government to make clear its interest in whatever improvements it judges to be necessary, always of course with a proper regard for responsibilities which rest in the first instance upon the people of South Vietnam.

It is no secret that observers of the scene in South Vietnam have often differed sharply in their interpretation of events. From these differences there have come divergent recommendations for policy. There is nothing discreditable in the existence of such differences. In a situation in which easy solutions do not exist and in which commitments of purpose and hope are high, it is only natural that there should be a tendency in each observer to emphasize the part of the truth to which he is nearest. If a particular antisubversive effort is going well, the man who is working on that effort is bound to see that part of reality as very large. If in the cities there is repression and alienation of public support, men living in those cities, with responsibilities more civil than military, will feel a special and intense concern. Where danger comes is not in these equally right perceptions of important phenomena but in the human tendency, here as in each of my preceding examples to suppose that one's own reality is the only reality, so that the observation of the other man is somehow misleading.

The requirement upon statesmanship, once again, is to seek ways of meeting both the need for effective prosecution of the struggle and the need for a workable relation between the people and government of a friendly country. No one can say that this task is easy. No one can even say it is certainly possible. But what can be said, and what the President has said already, is that the United States will not shrink from this responsibility or attempt to make it easier than it is by pretending that only one part of it is important.

UNITED STATES RELATIONS WITH SOVIET UNION

Finally, returning to the wider arena, I come to the question of our relations with the Soviet Union. And again I offer two propositions. The first is that we must and will seek for improvement in our relations with the Soviet Government, for a reliable and extended easing of tensions, for the "next steps"—in the direct sense—after the first small step of the limited test ban treaty. But the second proposition is that in this purpose and process the United States will give no comfort or support to those who believe that it is right or even possible to lie down in trust with Communists and their supporters in the free societies of the West or in places where communism subsists only by force and fraud, as most notably today in Cuba.

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[4] Ibid., Oct. 7, 1963, p. 530.

[5] Ibid., July 22, 1963, p. 118.

[6] See p. 624.

[7] For background, see Bulletin of Jan. 1, 1962, p. 13, and Sept. 30, 1963, p. 498.

The first proposition hardly requires elaboration, I think, in the light of the President's own address at the United Nations. We seek a reliable easing of tensions. We never intend to be second in this honorable search, and, while we will always insist on the proper rights and interests of our allies, and especially on the legitimate purpose of reunification which animates the people of Germany, we believe that there can be real progress toward peace and security between the West and the Soviet Union whenever the Soviet Government is really ready.

It is the other proposition which needs more emphasis. Too often in the past, at moments of lower tension or of surface cordialty, freemen have been tempted to suppose that a change in the atmosphere is the same as a reversal of basic Communist purpose. History since 1920 is littered with the wreckage of such illusory hopes. The largest wrecks are those left from the period of the Popular Front between 1935 and 1939, but smaller and instructive shipwrecks of hope occurred after the summit meeting of 1955 and even at the time of the aborted summit of 1960. So now it is essential to distinguish between the real and serious hope of sustaining our progress toward less critically dangerous relations with the Soviet Government, and the equally real and serious necessity of unrelenting hostility to Communist subversion, whether sustained by force, as in Cuba, or by political intrigue and Soviet support, as among Communist parties throughout the world.

In this case, as in the others, the danger of error comes from rigid rejection of either half of this double reality. There are some, preoccupied with the danger of letting down our guard against subversion, who believe that it is wrong to seek any improvement at all in the relations between the great powers. There are others who concentrate their attention so sharply on the hope for improvement in our relations with Moscow that they disregard the need for respect to our allies and wariness against a bogus atmosphere of general reconciliation which would serve only the implacable underminers of liberty among us.

BALANCING BOTH ASPECTS OF REALITY

I have finished with my five cases—one just settled and four still before us, but all of present importance. I want now to offer one general comment on all five—and to offer it as a suggestion only, with no attempt at detailed demonstration. I believe that in each of these five cases the balanced acceptance of both aspects of reality is in fact essential to the purposes which seem central to those who themselves emphasize only one side. Let me offer 10 sentences, without proof, in support of this suggestion. I think that:

On the test ban

1. The test ban treaty helps our security by enlisting hope as well as fear.

2. Safeguards help toward disarmament by permitting confidence.

On space

3. Our national effort in space is the essential underpinning of a plausible and self-respecting purpose of cooperation.

4. Our purpose of cooperation can attract support and understanding both at home and abroad for the national space effort.

On policy toward Europe

5. Our loyalty to Atlantic partnership is a prerequisite of the growth of self-confidence and self-reliance in Europe.

6. Progress toward the unity of Europe is essential to the coherence of the Atlantic community.

In Vietnam

7. Resolute perseverance in the effort against the Vietcong is essential to political improvement in that country.

8. U.S. concern for political improvement in Vietnam is a necessary part of our loyalty to the effort against communism there.

In our relations with communism

9. The search for honorable improvement in our relations with the Soviet Union is an essential part of our policy of opposing Communists and their sympathizers in the West—it deprives them of the argument that the responsibility for the cold war rests with us.

10. Alert and determined opposition to Communist force and fraud among us is an essential prerequisite to any sound and lasting settlement with the Soviet Government, which will never respect a West it can hope to divide or subvert.

I have come a long way through a number of complex issues, and it may be that I have pressed my thesis too strongly in one instance or another. Moreover, there is always the hazard that, in weighing conflicting considerations, one may unfairly tilt the scales in favor of one's own notion of the properly balanced position. So, in closing, I would urge upon you not the specific wisdom of the specific proportions I have supported but the general wisdom of the general concept that there is usually some truth in what is urged by both sides in our great debates on foreign affairs. And whatever may be our attitudes on specific issues, the acceptance of this more general proposition can lead to the generosity of spirit and breadth of understanding which are essential to sustained good will and effective action in the dangerous age in which, even in these days of growing hope, we are required to live.

COLONIAL WILLIAMSBURG

Mr. ROBERTSON. Mr. President, the whole world is indebted to the remarkable foresight and unprecedented generosity of the late John D. Rockefeller, Jr., who decided to finance the restoration of Colonial Williamsburg. That has been accompanied by the splendid development, as a national monument, by the National Park Service of the nearby Yorktown Battlefield and of Jamestown Island.

Students of history will recall that 50 years after the end of the Revolutionary War, the patriotic citizens of Massachusetts dedicated a monument at Bunker Hill, where members of the Massachusetts State Militia had made a brave and historic fight against better trained and better equipped troops of the British Army. On that occasion, Webster made an historic speech in which, among other things, he said that as long as the James flows by Jamestown Island; as long as the Atlantic washes Plymouth Rock, no vigor of youth, no maturity of manhood will cause our Nation to forget those early spots that cradled and defended the infancy of our Republic.

In Jamestown Island, in 1619, an election was held to select a body of competent men to govern the island. That was the first experiment in representative democracy on the North American Continent. As the little colony of Jamestown grew, it extended into a village named "Williamsburg," which became the capital of the colony and the seat of the English Governor. It also became the site of a college named for a British King and his wife—William and Mary—which would have been the oldest college in our Nation today but for the fact that the King went on a hunting trip when he should have mailed to the Governor in Virginia the charter for the college, and because of that delay, Harvard, which was founded without a royal charter, became the first college to be started in our country. At the College of William and Mary were trained not only many of the leaders of the subsequent Revolutionary period but some of the greatest statesmen that the world has ever known. Two of those statesmen, in whom Virginia takes great pride, were George Mason, the author of our Bill of Rights, and Thomas Jefferson, the author of our Declaration of Independence. And it was, of course, at Williamsburg that Patrick Henry, the sparkplug of the American Revolutionary War, made a famous speech in which he urged support of the freedom-loving people of Massachusetts who had complained of the onerous stamp taxes, including an outrageous tax on tea and also of the fact that the British Government was reserving for British ships all of the straightest, finest trees to be found in the forests of Massachusetts.

Therefore, as I said, John D. Rockefeller, Jr., rendered a service not only to Virginia and to all of the United States, but to the world in investing over $73 million in the restoration of the Governor's Palace at Williamsburg, in the House of Burgesses, in which was framed Virginia's Bill of Rights, the restoration of early buildings at the college which had been designed by the great English architect, Christopher Wren. And then in order that hundreds of thousands of visitors might get the inspiration to be derived from a personal contact with "those early spots that cradled and defended the infancy of our Republic," Mr. Rockefeller, through his organization called Colonial Williamsburg, built the Williamsburg Inn, the lodge and the motor court, which can offer accommodations for the tourists equaled by few hotels and surpassed by none in the United States or the civilized world.

In order to facilitate the meeting of conferences at Williamsburg, Colonial Williamsburg recently built what it calls "the Conference Center." Early last month, the annual meeting of the National Association of Supervisors of State Banks was held at Williamsburg, at which, incidentally, every State in the Union was represented. I addressed that meeting on the morning of October 3 and was impressed by the beautiful carpet that was on the conference room floor. When I asked for an explanation of the remarkable pattern that had been woven into that rug and also information as to where the rug was made, all I could learn was that the rug had been woven in my home county of Rockbridge by the Glasgow, Va., division of James Lees & Sons, now a part of the textile empire of Burlington Mills. So, I wrote my friend, the very able and efficient president of Colonial Williamsburg, Hon. Carlisle H. Humelsine, to tell me why what appeared to be the great seal on the carpet showed the national emblem, the bald eagle, looking to the right, as in the great seal, is holding arrows in his right talon and the olive branch in his left—which is the reverse of what appears in the great seal.

Mr. President, I ask unanimous consent that I may have printed at this point in the RECORD a letter to me of October 31 from President Humelsine, explaining the pattern of that gold rug at the Williamsburg Conference Center.

Mr. President, perhaps this is a felicitous time to make available to many American citizens who have not yet had an opportunity to enjoy the wonderful food that is served at the Williamsburg Inn and the other places of entertainment in Williamsburg, recipes of some of the wonderful dishes that have come down to us from our colonial ancestors. I therefore ask unanimous consent to have printed in the RECORD at this time the following recipes taken from the 1962 President's report of Colonial Williamsburg:

There being no objection, the letter and recipes ordered to be printed in the RECORD, as follows:

WILLIAMSBURG, VA.,
October 31, 1963.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Senate Office Building, Washington, D.C.

DEAR WILLIS: You are a most observant visitor.

The sunburst pattern in the gold rug at the conference center is derived from the Nova Constellatio patterns in silver, which were represented in perhaps the first U.S. coinage. They were designed for Gouverneur Morris to carry out his ideas in a decimal coinage system. As the proposed denominations and coins did not advance beyond the pattern stage, the pieces are all dated 1783 and are extremely rare. In the original pattern an eye appeared in the center of the sunburst which we have omitted.

The heraldic eagle appearing in the rug was used in 1797 on dimes, dollars, half eagles, and eagles. In those coins, the relationship between the eagle, the arrows, and the olive branch were reversed as you detected from their position in the Great Seal and in modern coinage.

You have raised an interesting question, and I think we probably ought to have these answers published in some form in the conference center as the derivation of the rug designs is, I think, most interesting.

Accept my very best wishes.

Sincerely,

CARLISLE H. HUMELSINE.

SPOON BREAD

Stir 1 cup of corn meal into 1 pint of boiling water, which contains one-half teaspoon of salt. Stir 1 minute, remove from fire and add 2 tablespoons of butter. Beat well, add 4 beaten eggs and beat in 1 cup of cold milk. Beat again and pour into hot buttered baking dish. Bake 25 minutes in hot oven and serve from baking dish.

CORN PUDDING

Take 6 large, tender, milky ears of corn. Split the corn down the center of each row; cut off the top and then scrape the cob well. Beat 2 eggs and stir them into the corn. Add one-fourth cup of flour, 1 teaspoon of salt and one-half teaspoon of black pepper. Stir in 1 pint of fresh milk and mix all together thoroughly. Put in a cold buttered pan about 4 inches deep. Cover the top with 2 heaping tablespoons of butter cut in small pieces. Bake in a moderately hot oven about 1 hour. Serve hot.

HOW TO COOK AN OLD VIRGINIA HAM

Select a 3- to 5-year old ham weighing 12 to 18 pounds. Trim and wash carefully and soak overnight. Change water and add 1 cup of apple vinegar and 1 cup of brown sugar. Cover with water. Boil very slowly 5 or 6 hours, or until end bone is loose. Leave the ham in the water in which it was cooked until water is cold, then skin. Put ham in bakingpan and bake to a nice brown.

CANADA'S EXPORT PROBLEM

Mr. BOGGS. Mr. President, a distinguished Canadian industrialist last week summed up Canada's need for larger exports to the United States in an important speech before the Advertising Club of Washington, D.C.

It was my privilege to meet the speaker, T. J. "Ted" Emmert, president and chief executive officer of Hawker Siddeley Canada, Ltd. I was impressed by him personally as well as by the message he delivered.

We in the United States have long recognized Canada as a good and friendly neighbor. With this in mind we need to consider seriously Canada's problem of economic imbalance in her business relations with this country.

Mr. Emmert's speech is the opinion of an industrial statesman, and I recommend heartily to my colleagues that it be carefully read. I ask unanimous consent that the text of the address be included at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Your business is advertising and selling, and very largely, so is mine. Normally I am advertising or selling on behalf of my own company.

But today, the product is Canada, the country I have chosen to live and work in.

In size, Canada ranks next only to Russia and our operating companies which are from the Atlantic to the Pacific are 4,200 miles apart—or the distance from Chicago to Paris. Windsor, Ontario, is parallel with northern California, and from Windsor we look north to Detroit. Our northern frontier is the Arctic Circle.

In this tremendous landmass we have a population of only 19 million—about the same number of people living in New York State.

Our form of government is based on the British system, as free and representative as your own. Canada is an equal partner in the British Commonwealth and subservient to no one.

Although we have full nationhood, and complete political entity, because of geography and tremendous distances we Canadians tend to look upon Canada as not one but five Canadas; The Maritime Provinces, Quebec, Central Canada, the Prairies and British Columbia.

Canadians have, for a long time, been extraordinarily interested in the United States, and our media give a lot of attention to your affairs.

But today the United States is making a great deal of news in Canada in a manner previously unknown. And with it is a feeling of apprehension.

The subject of the news is not political, defense or friendship. It is freedom—economic freedom, without which so many other freedoms and principles go by the board.

To put it very simply, U.S. investors and business are now so extensively involved in the Canadian economy that the situation has become critical. As Canada continues to buy much more from the United States than she sells to the United States, every passing year aggravates the situation.

U.S. investment in Canada is nothing new. After all, Canada is the United States biggest customer. Two-thirds of all Canada's international transactions are with the United States. Canada has always welcomed outside capital, but today its proportions and its drain on the economic stability of Canada are too great. Canada is living beyond her means on a dangerous scale.

Our two countries have always had their differences and always will, but like a family we settle our disputes by compromise or mediation.

This economic situation goes much deeper than a family dispute. Many Canadians see their sovereignty in jeopardy.

How is this feeling possible when the countries have been so close for so many years? And very often the only way you can tell a Canadian from an American is by the brand of cigarettes he smokes.

The U.S. people haven't changed, that's true, but their stature in Canadian affairs has changed.

Canada's annual average deficit with the United States is now running at $1.5 billion, which is the equivalent in the United States of a deficit of $20 billion annually with one trading partner.

To the United States with a gross national product of around $600 billion, Canada's $1.5 billion problem is negligible. But to Canada with a $44 billion gross national product it is economic survival.

Our Minister of Finance said this month: "The Government of Canada is determined to give priority in its economic policy to measures that will bring order, stability, and better balance in our international trade payments. This will not be easy. It will mean some changes in the way we do things."

He said also: "The direction we must take is clear and unmistakable. We will proceed carefully in seeking and applying solutions. We will bear in mind the interests of our friends and neighbors, but there can be no question about the compelling need for effective action."

To Canadians the economic facts are loud and clear and dangerous. The danger of relying on the flow of foreign capital into Canada as an offset to trade imbalance was brought rudely home last year when the flow stopped. The result was an extreme exchange crisis.

The logical question here is: How did Canada get herself into this position? Well, I guess we can blame the war and the boom years that followed, when we changed from a primary producer to a manufacturer.

The cry was " Canada can make it." Literally hundreds of new factories sprang up every year in a phenomenal industrial expansion. Many of these factories were subsidiaries of U.S. and oversea companies.

In 1938 primary industries such as mining and agriculture accounted for over 40 percent of the dollar value of Canada's total production. By 1960 that figure had slumped to 26 percent, and today secondary industry accounts for three-quarters of the dollar volume of Canadian production.

Canada has had to pay the price for this rapid progress and today U.S. interests control well over half of all Canadian industrial enterprises, including some 45 percent of manufacturing. While this circumstance could be viewed with alarm and contribute to our current economic difficulties it has speeded up the development of Canada and provided the high standard of living we enjoy today.

We should remind ourselves that it was European investors who provided the financial strength for the development of the United States when she became an independent Nation. Yet America has retained her economic independence. Naturally, Canada is equally anxious to retain hers—and I feel sure she will.

A further problem has been the youth and inexperience of Canada's new secondary industry in export markets. Often it has been a matter of timidity; sometimes restraint by the parent company, especially in attempting to penetrate the U.S. market, or neglect through complacency in the boom years of the domestic market.

Geography has also added to Canada's dilemma. Much of the population of Canada is resident in the large new industrial belts along the Great Lakes and on the U.S. border.

As a result, these people who are the pacesetters in Canadian standards of living are directly under the full onslaught of U.S. influence. Through television and radio, magazines and all other methods of communciation—a field in which Americans are expert—the desire for U.S. standards has spread—and this is good.

Today a Canadian in Ontario has his own home, his new model car, his refrigerator, his washing machine, his television and all the other material things expected in the United States.

The only trouble is that while the individual Canadian may be able to meet the payments for all these things, his country can't meet the bills without borrowing. And there's a limit to what can be borrowed safely.

As a nation we are now committed to industry. But because of our much smaller domestic market, industrial Canada today must look elsewhere to sell her goods. Quite naturally her eye turns first to the immense U.S. market.

In order to balance trade something has to go. Either Canada lowers her standard of living by cutting imports or she balances the books by selling more to the United States—$1.5 billion worth annually to be exact. And the people of Canada are not willing to accept the first alternative.

My own company operates internationally. Our divisions and subsidiaries are not afraid to compete in any market. That is why we do a fair amount of business abroad. We don't win them all, but of sales totaling $1.3 billion in the last 5 years, about $200 million has been earned in foreign markets.

I am all for opening more trade doors and closing fewer. Restrictions cripple initiative, expansion, and progress. In this day and age no nation can sit on its hands behind a high protective wall and survive. The Europeans found this out.

I was pleased to note that in a speech given the other day, Gen. E. W. Rawlings, U.S. Air Force, retired, one of your distinguished military men and now a leading industrialist, pointed out to a Toronto audience that one of North America's chronic problems is a matter of geography.

"Basically," he said, "certain problems arise on our North American Continent because politically the dividing lines run east and west, whereas economically they run north and south."

This is of real concern to enlightened industrialists on both sides of the border, but I am sure that in the course of time some practical solution will be found for this problem.

From my own experience in the farm equipment business where there are no duty barriers, I found that both Canadian and United States agricultural equipment consumers and manufacturers benefit by the free north and south flow of their goods.

The question now is: Where do we go from here?

First. Canada is not looking for handouts. She is not a recipient of foreign aid—but is in fact a giver.

Second. What she seeks is a better opportunity to sell her secondary products in the U.S. markets. She feels she has earned that right by her "wider door" policy with the United States, and is still earning that right.

Third. Canada doesn't want a better market share through charity. Her goods should be marketed in the United States on quality and price.

Fourth and probably the most important. Canada needs better U.S. education and understanding of her position, her role in North American affairs, and acceptance of her new industrialization.

I do not fear Canada's ability to compete successfully in the United States under fair ground rules. Canada can compete. There's no doubt about that.

Today we sell a lot of goods in certain U.S. markets. But many other markets are virtually closed to us.

We are constantly studying the U.S. market and we accept the challenge.

For example, in order to do business U.S.-style, our company opened a subsidiary in Chicago 14 months ago staffed entirely by Americans. This is an engineering and assembly plant for the production of power packages using industrial gas turbine engines developed and manufactured by our Orenda Engines Division, which has been in business for nearly 20 years. By the end of this year we will have about $2 million invested over here, in hopes of getting it and some more back by penetrating your market with a first-class product at competitive prices.

Next year, Canada hopes to export more than $6.8 billion worth of goods and services, and undoubtedly an increasing proportion will be in manufactured goods which are showing some encouraging improvements.

Generally, however, we are looking and must look more to the U.S. market. And when a Canadian industrialist looks at the American market one thing happens—his mouth waters.

A fractionally greater share of that vast market can solve Canada's greatest economic problems.

Good relations between Canada and the United States are vital for the future prosperity and perhaps even the survival of both countries. Therefore, we must not only seek to encourage a better understanding of the problems which have arisen and may arise, but also to develop solutions which are in the common interest of both countries.

It may well be in the future that Canada will appear to be adamant in many matters while wrestling with her problems.

If this is disturbing I would ask you to remember the words of Vincent Massey, first Canadian citizen to become Governor General of Canada and former Canadian Ambassador to Washington, who says in his recently published biography: "Americans do not dislike us when we are loyal to ourselves, and they respect us when we stand up for what we believe to be our rights, as they are always zealous in defending what they believe to be theirs."

And having lived on both sides of the border, I believe that this is true.

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Senate resumed the consideration of the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Florida [Mr. HOLLAND] to the so-called Mansfield amendments, which were offered by the Senator from Montana on his own behalf and on behalf of other Senators. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, in line 8, of the amendments (No. 280) submitted by Mr. MANSFIELD, on behalf of himself and other Senators, the following amendment (No. 290) is proposed: namely, strike out the figure "$1,500,000,000" and insert the figure "$975,000,000".

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HOLLAND obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield.

Mr. MANSFIELD. The amendment of the Senator from Florida is the pending business. I ask unanimous consent that I may suggest the absence of a quorum, with the understanding that the Senator from Florida will not lose his right to the floor.

Mr. HOLLAND. Mr. President, I appreciate the courtesy of the Senator from Montana. I shall be happy to accept it, if the Senate gives permission for a quorum call, provided that in doing so I do not lose my right to the floor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I now suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. (Mr. WALTERS in the chair). Without objection, it is so ordered.

Mr. HOLLAND. Mr. President, before urging my amendment upon the Senate, and before the distinguished chairman of the committee leaves the Senate Chamber, let me say that I appreciate the fact that the majority leader, the minority leader, the chairman of the committee, and the ranking minority member have tried to deal realistically with the problem presented this year in offering their amendments. They show a realistic approach to the thinking of the country which, I am sure, is strongly in favor of a substantial reduction in the foreign aid program. Senators who have joined in offering these amendments are probably in closer touch with the problem than other Senators—certainly much closer than I am. I appreciate their effort, and I want to support it. I hope that I shall be able to support it. But there is one feature in it which has seemed to me to be not realistic and not showing an understanding of what I believe is in the minds of other Senators, and certainly in the minds of the great majority of our people—that is, that we are hoping not merely for a reduction of the program this year, but for continued reductions and for an end to the program at as early a time in the future as possible.

The Senate has noted, I am sure, in the amendments offered by the majority and minority leaders and the distinguished ranking members of the Foreign Relations Committee, including, in addition to the ones I have already mentioned, the Senator from Alabama [Mr. Sparkman] and the Senator from Vermont [Mr. Aiken] that on line 8 of page 1 of the printed amendments there appears a reauthorization of the entire amounts included in the Development Loan Fund, by existing law, for the 2 years 1965 and 1966.

The reduction for this year to $975 million from the $1,500 million previously authorized for this year is, I think, a realistic reduction. I am glad the leaders have proposed it. But I think there is even more need for a reduction in the authorizations for the ensuing 2 years, 1965 and 1966.

It would be incomprehensible to me if the Senate, knowing of the hopeful attitude of the country that the Congress should not only reduce the program, but end the program at an early date, would reauthorize at this time the whole $1,500 million included in the original act of 1961, as the authorizations for each of the years 1965 and 1966.

I do not believe there is present in the Senate an intention to reauthorize that very large amount for the Development Loan Fund for 1965 and 1966.

I call attention to the fact that, if the amendments offered by the leadership were adopted, they would, in fact, reauthorize the $1,500 million authorizations for 1965 and 1966.

Because I think we should not do that, but should show the deliberate intention of the Senate to reduce this program for the future, and to look to an even greater reduction than we have offered in the amendments of the leadership for this year, I have offered my amendment, which would reduce the $1,500 million authorization in the amendment for 1965 to $975 million, and accomplish the same thing as to the $1,500 million authorization for 1966.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Ohio.

Mr. LAUSCHE. Am I correct in my understanding that in the existing authorization there is allowed $1,500 million for the fiscal years, separately, of 1964, 1965, and 1966?

Mr. HOLLAND. The Senator is correct.

Mr. LAUSCHE. The amendments offered by the Senator from Montana [Mr. Mansfield], on behalf of himself, the Senator from Illinois [Mr. Dirksen], and other Senators, would reduce the $1,500 million authorization for the fiscal year 1964 to $975 million, but would allow the $1,500 million authorization, respectively, for the fiscal years 1965 and 1966 to continue. Is that correct?

Mr. HOLLAND. They would not merely allow it to continue; they would reauthorize the amounts. If the amendments offered by the leadership had referred only to 1964, they would not have been as objectionable in this respect as they are; but they include these words, and I read now the words to be inserted in the present authorization:

> For the fiscal year 1963, $975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years.

I believe the Senate has the duty to work upon that part of the Mansfield amendment by saying that we are not merely hoping to reduce the large amount authorized for this year, but are looking forward, with equal hope, to the next 2 succeeding years.

I am sorry I have no evidence on which to make a request for less than $975 million for each of those future years, but I know that with a ceiling of that amount for 1965 and 1966, a reduction in the programs would be much more likely to take place than it would with a ceiling of $1,500 million, as under the present law.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LAUSCHE. Mr. President, will the Senator let me pursue that thought?

Mr. HOLLAND. Yes. I yield to the Senator from Ohio. Then I shall yield to the Senator from Oregon.

Mr. LAUSCHE. If the amendment of the Senator from Florida were adopted, it would mean that the amount which has been recommended for authorization in fiscal year 1964 would also be the amount for fiscal year 1965 and fiscal year 1966, which is $975 million. Is that correct?

Mr. HOLLAND. The Senator is correct. That would be the authorized amount for the 2 following years, meaning that that would be the ceiling for those years. This year the authorized ceiling is $1,500 million. The amendments offered by the leadership would reduce that amount, which was already reduced by the committee to the budgeted amount—I believe the budgeted amount was $1,060 million, or something like that—to $975 million. They have accomplished those two reductions from the $1,500 million ceiling in the authorization for the year 1964. For 1965 and 1966 my amendment proposes a ceiling in the authorization of $975 million, instead of $1,500 million, as would be the case if the amendments of the leadership, as written, were to be adopted.

Mr. LAUSCHE. It is the argument of the Senator from Florida that, if there is legitimacy in the argument that we are to reduce the amount, we should begin the reduction in some way at the present time, rather than increase or allow the larger sum to remain for 1965 and 1966. Is that correct?

Mr. HOLLAND. The Senator is correct. I think we should show our intention to the people. It would be an appreciated act on the part of Congress, if, in regard to this program, we not only reduce it this year, but also look to the future. If we reduced the ceiling for 1965 by $525 million at this time, and for 1966 by the same amount, namely, $525 million, I think it would begin to show to the country that we really are working toward a reduction, and, we hope soon, an elimination of this program.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Oregon.

Mr. MORSE. I wish to raise a point or two with regard to the Senator's amendment in relation to the Mansfield amendments. One of the "gimmicks" of the Mansfield amendments is the provision that seeks to commit the Senate to an authorization for 1965 and 1966. Does the Senator know any reason why we should not limit the authorization to 1964?

Mr. HOLLAND. That, of course, would be an appropriate way to approach the problem; but there is a problem stated in these amendments, in which there is a proposal for a reauthorization of $1.5 billion for 1965 and 1966. So far as the Senator from Florida is concerned, he thinks it would be a great mistake for the Senate to go on record that we should retain that huge authorization for the years 1965 and 1966. I think we ought to begin to work our will toward a substantial reduction of the program for the future by cutting the ceiling for those years from this part of the program, that is, the Development Loan Fund, from $1.5 billion to $975 million.

Mr. MORSE. Mr. President, let me tell the Senator what I believe to be a great mistake. It is to have in the bill any language that authorizes expenditures for 1965 and 1966. The Senate ought to face what I call a "sleeper" proposal in the amendment. There is no doubt that the proponents of foreign aid know that foreign aid is in serious trouble in the United States. I am satisfied that most of the proponents of foreign aid know that if foreign aid went to a referendum vote by the American people, it would be overwhelmingly defeated. The American people have had enough.

That does not mean that the American people would note vote for some reasonable foreign aid program. However, I believe that the American people are satisfied that the foreign aid program is unreasonable, unjustified, and uncalled for. The American people are preparing to strike it down. They are going to strike it down in a variety of ways. They are going to strike down some Senators and Representatives in 1964, when they come up for election.

I hope it will be remembered that the senior Senator from Florida said so on the floor of the Senate today, and will remember it when we take a look at the results of the 1964 election. The people are going to strike them down. Some of us believe that we had better wait and let the people decide what we should do for 1964 in the election of 1964, before we proceed with the Mansfield amendments to authorize for 2 additional years $1½ billion of foreign aid. That is my first point.

My second point is that I believe anyone who will study the foreign aid program knows that we ought to reduce the number of countries that are receiving aid. We cannot justify continuing to pour foreign aid funds into countries which are as well able to support themselves as we are to support ourselves. They have no right to receive any additional money from the United States. Before we finish with the debate we shall present our evidence to show our reasons for believing that this is already true of most of the NATO countries. We shall propose a reduction in most of the foreign aid money that is intended to be poured into a number of countries, because they are able to support themselves and should not be getting a subsidy from the American taxpayers.

There is in the bill an authorization of a billion and a half dollars for the next 2 years. I know what the proponents of foreign aid will say. They will say, "We have it in our pockets." I believe that next year the entire foreign aid program ought to come before us as a matter of necessity.

It can be said that the people are not going to do anything to stop Congress from going into foreign aid if it wills to do so. The Senator from Flordia knows, as well as I do, that the Senate does not go out looking for business, usually; it has enough to do to handle the calendar of bills that automatically comes before us.

If an authorization bill does not come before us, no one will go out to dredge one up. I would propose to strike all the language on line 8, page 1 of the Mansfield amendments "And $1,500,000,000 for each of the next two succeeding fiscal years."

I do not believe we ought to vote for an authorization for fiscal years 1965 and 1966. We ought to pass only on 1964, and then take a look at what the situation is for 1965 after the American people have taken a look at the election. Thank God, we have the kind of democratic system in our country under which the people can go into the voting booth and register their dissent from actions of Congress, by retiring a few Senators and Representatives who ought to be retired. The American people are entitled to have us, in this session of Congress, pass what our wisdom as of now indicates should be the authorization for 1964. I do not believe it ought to extend beyond that period for 1 day. I make the suggestion because I want the Senator from Florida to know that I would like very much to find myself in agreement with him as far as possible. He is making a contribution by the amendment that he has offered. However, it does not go far enough.

Mr. HOLLAND. The Senator is always frank. I always like to be in agreement with him, not only because he is my seatmate, but also because of his brillance and his broad grasp of so many problems.

I invite his attention, with some temerity, to the fact that if the course he suggests is followed, it will leave as a part of the law the authorization now outstanding, which is for a billion and a half dollars for 1965 and a billion and a half dollars for 1966.

We have a precious opportunity to bring the authorized amount down. I am suggesting it be brought down by more than a billion dollars by the amendment which I am suggesting. I am also stating that I do not propose to vote for any reauthorization of these huge amounts if they are left in the amendments proposed to us as the result of some very careful study, I am sure, by the distinguished Senators who offer them. We shall find ourselves in the position of facing a billion and a half dollar authorization for next year, because it is already on the books, and a billion and a half dollar authorization for the year following, in connection with the Development Loan Fund.

I believe there is a wonderful opportunity to show to the country that the Senate is not merely performing an operation on this year's budgeted request, but is also laying a predicate for a greater diminution of the program in the future.

I am sorry, as I have already said, that I cannot intelligently fix any other figure for 1965 and 1966, other than to take the diminished figure which is proposed to be put in the bill for 1964, which I believe is real progress, because it suggests the elimination from the program of a total of a billion and fifty million dollars in the authorization for the next 2 fiscal years.

I am sure, knowing how the Senator from Oregon feels about the whole program, that he will admit that this is a very meritorious objective in itself.

Mr. MORSE. Mr. President, I admit that it is a meritorious objective. Apparently I did not make myself clear. What we propose to do is to repeal the authorization in the existing law for 1964 and 1965. We propose to repeal it, and to have nothing but the authorization for 1964 remain in the bill. We do not believe there should be any continuing authorization beyond this year. The committee in its report has suggested that the entire foreign aid program be reconsidered. We want to encourage that recommendation, by repealing the authorization provision beyond 1964.

I should like to ask the Senator a procedural question. I have been asked to attend a meeting of Democrats being held in the majority leader's office, apparently to ask me some questions about my position in connection with the pending bill. I cannot very well leave the floor to do that, because the Senator's amendment might be adopted in my absence.

Mr. HOLLAND. I certainly would not call it up while the Senator is away.

Mr. MORSE. I understand that. Unless I made an arrangement, it could be adopted in my absence. My present intention would be, after the Senator finishes his argument, and before action is taken on the amendment, to have a live quorum. That would take long enough so that the meeting, which I understand will not take very long, could be held and Senators could return to the floor.

Mr. HOLLAND. Mr. President, I am in sympathy with the situation in which the Senator from Oregon finds himself. I ask unanimous consent that I may yield the floor for the purpose of suggesting the absence of a quorum, and that I may have the floor upon the conclusion of the quorum call. I give notice that this will be a live quorum.

Mr. DIRKSEN. Mr. President, will the Senator withhold his suggestion of the absence of a quorum?

Mr. HOLLAND. I am glad to withhold it.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Florida?

Mr. HOLLAND. I withdraw my request. The distinguished minority leader, being always able to take care of every situation, will, I think, take care of this one in such a way as to enable Senators who are members of the other party to attend the caucus.

Mr. President, I amend my request that there be a quorum call by withdrawing the part relating to the suggestion that there be a live quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida that he retain the floor at the conclusion of the quorum call? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President——

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senator from Florida was to retain the floor at the conclusion of the quorum call. Is there objection to allowing the Senator from Ohio to proceed?

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Senator from Ohio may proceed, notwithstanding the request of the Senator from Florida.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF PRESENT GOVERNMENT OF DOMINICAN REPUBLIC

Mr. **LAUSCHE**. Mr. President, the present Government of the Dominican Republic should be recognized by the United States promptly and without any further delay. Recognition is required in the interest of fairplay to the people of the Dominican Republic, the United States, and the Western Hemisphere in general.

We cannot afford to have the creation of any further Communist governments in this hemisphere. Failure to recognize the present regime of the Dominican Republic is likely to produce that very unwanted condition. By our refusal to recognize the present government and to give it the aid that was formerly being given to the Bosch regime, we are inexcusably rejecting the will of the Dominican people and the friendly attitude of the present government; thus giving encouragement to the leftwing forces of that country.

The revolution against Bosch had the practically solid backing of the Dominican people. It is true that the military forces led the movement in overthrowing the government. All the evidence, however, shows that they did not have personal ambitions, as indicated by the fact that within 24 hours the military forces succeeded in having the six most important political parties—genuine representatives of the people—selecting and electing a triumvirate from among the nonpolitical elements to rule provisionally for 2 years.

The Bosch regime was overthrown by the people because of general discontent in the soft-handed treatment, and in fact paternalism, that was accorded to the Communists.

I suggest that a careful study of the developments since the Bosch government went into power will disclose the existence of facts that justified the Dominicans in becoming apprehensive of the Communists taking control of their government.

Several specific and manifest situations finally had such an impact upon the people that they concluded the need of removing Bosch in order to escape communism. The people became alarmed because:

First. The exiled Communists were coming back into the Dominican Republic in droves and without hindrance.

Second. The Bosch government rented to the Communist Party a school building to be used in the teaching of the Communist technique and doctrine.

Third. The governmentally operated radio and television station was made available to Communists for the spread of their propaganda against the free West and in favor of the Communists.

Fourth. An uninhibited outflow and inflow of Cuban and Dominican Republican youth made possible the use of the Communist beachhead in the Western Hemisphere in Cuba as a further place of indoctrination in communism.

Fifth. On July 26, 1963, when Castro in Cuba was celebrating the 10th anniversary of the initiation of the Castro revolutionary group, Bosch sent from the Dominican Republic 48 students to participate as the representatives of the Dominican Government in the celebration.

Sixth. Communists were placed in important governmental positions, especially in the agency having control of the radio and television facilities. These facilities were used by the Communists to attack the non-Communist political parties, advocate what was called social revolution, and otherwise to extol the Communist cause.

While these things were happening, Bosch was being urged to bring to an end the privilege that was granted to the Communist exiles, the rental to the Communist Party of the school and the television and radio facilities, and the use of facilities for a Cuban base of indoctrination. Bosch turned a deaf ear to all these pleas and, if anything, allowed the activities of the Communists to be expanded.

Early in October, when Bosch was asked whether Castroism had influence in the Dominican Republic, he replied that in Santa Domingo there was a Castroite movement, as in Venezuela, Colombia, and Mexico. "This movement," he added, "is fighting, not for communism, but for liberty."

Mr. President, with that statement, I cannot agree.

We do know that in Venezuela Castroism is dynamiting the interests of the Venezuelan people and those of the United States. The army there has sounded the alarm against what is happening.

The opponents of the present regime argue that it has usurped power, is unlawfully holding office, and should not be recognized or aided, because it overthrew a constitutionally selected government.

It is true that the military did act. What it did, however, was the product of the will of the workers, the farmers, the religionists, the business, professional and mining men, the housewives and the merchants. The Dominican people do not want a Communist government in their land; they are friendly to the West. The military leaders foresaw what was happening, and, for that reason, proceeded to remove the government which was allowing communism to take hold; moreover, it was actually aiding the Communists. But these military persons did not have personal ambitions, for it is obvious that within 24 hours after they removed the Bosch government, they turned it over to a triumvirate selected by the six leading political parties of the land.

Emilio de los Santos, the President of the provisional government triumvirate, in his inaugural address 24 hours after the overthrow said:

> We are not a product of Castro's institutions; this government came as a result of the mismanagement under which we were suffering, and the will of the people who can be considered to be represented by political parties which command a vast abundance of national votes.

Manifestly the Dominican people rejected the honeyed words coming from the Marxists and Leninists. They recognized the failure of the Communist system, especially in the agricultural field, which has been so clearly evidenced by the embarrassing acts of the Communists in buying, with their gold, wheat from the United States, Canada, and Australia.

The claim that the present regime is made up of Trujillo devotees is completely without foundation; it is false. Manuel Enrique Tavares, a present member of the incumbent government, was implicated and arrested in connection with the death of Trujillo; a second member, Mr. Tapia Espinal, was secretary of the government after the downfall of Trujillo's reign.

The triumvirate government was, in the main, opposed to Trujillo; and it is opposed to the Communists, and is representative of the thinking of the people of the Dominican Republic.

Mr. President, I submit that two courses are left for the people of the United States with respect to the Dominican Republic: First, by our failure to recognize the encumbent government and to give it aid, we can deliver it to the Communists; second, we can preserve the government in that nation for the people, through immediate recognition of the present civilian government.

The assertion that a government can at the same time be democratic and communistic is a paradox and an untruth. The existence of communism demonstrates that democracy and constitutional government are absent. The people of the United States want democracies established everywhere, but will not be duped into believing that a constitutional form of government can exist where Communists are in charge.

Let us not delay. We should let the world know now that the overthrow of the Bosch regime was induced by the manifest rejection of communism by the Dominican people. Mr. Bosch was soft and yielding to the Communists, and thus suffered his overthrow.

I believe Bosch is an idealist; but he allowed the Communists to take charge. The result was that the strong and the weak, the rich and the poor, those from every rank of life in the Dominican Republic, became apprehensive, and joined in the movement for the removal of the Bosch government.

Mr. President, we must not delay. If we do, we are likely to create another Cuba in the Western Hemisphere.

My words become especially important because we are now at the threshhold of deciding what we shall do in regard to South Vietnam. If the United States recognizes the South Vietnamese Government, how can it fail to recognize the government in the Dominican Republic?

Mr. President, I yield the floor.

Mr. **KUCHEL**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER** (Mr. McINTYRE in the chair.) The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, while many Senators are presently in the Chamber, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, I do not wish to press the question at any particular time. I certainly do not wish to call up the amendment when the Senator from Oregon is not present in the Chamber. But while so many Senators are present, I should like to state again briefly that my amendment would merely seize the present golden opportunity to say to the Nation and to everyone concerned that the Senate desires to bring the program down. Instead of reenacting the present authorization of $1.5 billion for each of the years 1965 and 1966, the amendment would reduce the ceiling of authorization for each of those years to $975 million, the same as is proposed for the present year, which would mean eliminating $1,050 million from the authorization now contained in existing law.

I have already stated—and I state again—I am sorry that I do not have the information, and I do not believe anyone else does, to propose a reduction even lower than the $975 million, but I do not want it to appear that we are reauthorizing a program which we expect to be very much larger for next year and the year after that than what we are passing for the present year. I say again that I think we now have a precious opportunity to see that the program will be on the way out, and we are cutting down the future authorizations when we have an opportunity to do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the Mansfield amendment to the committee amendment.

FURTHER AMERICAN CONCESSIONS ON THE SALE OF WHEAT TO THE COMMUNIST BLOC

Mr. DODD. Mr. President, the decision to sell wheat to the Soviet Union at a subsidized price was announced to Congress and the American public with so little advance notice that there was no time for serious discussion of the implications of such a deal from the standpoint of our national security or of the terms that might make it compatible with the national security.

On October 8, I introduced a resolution asking simply that this decision be deferred until February 1 so that a Senate committee might study these matters and submit its report for the guidance of Congress and the administration.

As matters turned out, we were granted no such time for consideration.

On the following day, October 9, it was announced that a decision had been made to approve the sale of American surplus wheat to the Soviets.

This entire matter has been handled in a piece-by-piece manner which has obscured the true extent of the concessions we have made both from Congress and from the American people.

I gravely fear that these concessions may prepare the way for the complete collapse of the defenses which we have so painstakingly erected in our country and in the free world community against the shipment of heavy industrial equipment and other strategic goods to the Communist bloc.

I intend to speak about this matter at length in the very near future.

But meanwhile, so that my colleagues may have a clearer understanding of the scope of our concessions and the degree of our humiliation, I wish to tabulate the separate concessions that we have made, sometimes in defiance of assurances to Congress and the public, over the past several months.

First. Immediately on the heels of the ratification of the test ban treaty, it was announced that the Johnson Act would not be applied to the sale of agricultural commodities to the Communist bloc, and that these commodities would be available to the Communist nations on the same terms as apply to friendly countries.

Nothing was yet said about selling wheat to the Soviet Union.

But even in the general terms in which it was couched, I do not see how this action can be reconciled either with the Johnson Act itself, or with the Latta amendment to the Agricultural Act, which prohibits subsidies on the sale of agricultural commodities to Communist nations.

Second. The official announcement on October 9 that wheat would be sold to the Soviet Union sought to obscure the fact that this sale would be at a subsidized price.

We were told that the subsidy would go not to the Soviets, but to the American graingrowers, and that the wheat itself would simply be sold at the world price.

What we were not told is that the world price previously prevailing was an artificially deflated price based upon the existence of substantial reserves in a number of countries; and we were also not told, although the Agriculture Department subsequently confirmed this fact, that the United States at this moment is the only country still commanding large reserves of wheat and other food grains.

If the law of supply and demand has any meaning at all, what it means in this case is that last year's price is no longer relevant; the world price should not differ substantially from the current domestic price.

I find it most disturbing that while we have insisted on artificially maintaining last year's deflated price as a concession to the Soviets, the price of wheat and flour on the American market has risen substantially. Not merely are we subsidizing the Soviet Government to the extent of almost $100 million, but the American housewife, in consequence of this deal, is already called upon to pay an extra 40 cents per hundredweight of flour because of the increased price of wheat futures on the Chicago market.

Third. The impression was fostered at the time the announcement was made that this was to be a cash sale, or, at least, a sale based on a normal commercial credit arrangement.

On Friday, October 18, however, we were informed, through an article in the New York Times, that the Export-Import Bank would guarantee loans made on the sale of U.S. wheat to the Soviets. It was stated that the Export-Import Bank would charge five-eighths of 1 percent to guarantee such loans made by commercial banks in this country to American grain traders.

For the entertainment of my colleagues, I should like to point out that Mr. Harold F. Linder, President of the Bank, while refusing to affirm or deny the reports, made the following statement to the press:

> It would be perfectly normal for us to guarantee all or part of a credit for an export transaction of this nature. We would do the same for France and Switzerland, for example.

We have come to a sorry pass, indeed, if high-ranking officials can discern no difference between extending credits to friendly nations that traditionally honor their obligations and extending credit to a government that is committed to our destruction and that is in default on more than $800 million on prior credits extended.

Mr. President, I consider this to be a clear violation of the Johnson Act which prohibits the extension of credit to nations that are in default on prior obligations.

Fourth. On Friday, October 25, I was informed that the Justice Department had ruled that a "normal commercial credit" could extend to 18 months.

I say that this arbitrary ruling, which may be intended to cover up the violation of the Johnson Act, flies in the face of banking practice and the accepted usage of the term.

It has always been my understanding that normal commercial credits extend from 30 to 90 days at the most. An 18-month or 3-year credit would not be a "normal commercial credit" but a medium-term loan.

In this connection, it seems clear that, if we enter into such a transaction, we shall probably be called upon to extend the loans beyond the original period, as the Chinese Communists have already done in the instance of two 18-month loans negotiated with Canada.

Fifth. Finally, Mr. President, we were given the firm assurances that this wheat would be carried in American ships where available.

The Soviets have objected strenuously to the use of American bottoms because the American conference rate of approximately $23 per ton is approximately double that of foreign tramp or charter rates.

It is now reported that the issue will be compromised by having the Maritime Administration set a rate of $18 per ton for American shipping and by limiting American shipping to a maximum of 25 percent of the total tonnage carried.

I find it difficult to reconcile this decision with the Cargo Preference Act which requires that at least 50 percent of any Government-financed cargo shall move on American-flag ships, if available at "fair and reasonable" rates. The arbitrary rate of $18 per ton will be imposed, apparently, in the face of the fact that the tighter shipping situation has already moved foreign shipping rates upward, some say as much as $4 and $5 per ton.

So now the picture is complete.

We shall be selling wheat to the Soviets at a subsidized price which we have arbitrarily chosen to regard as the going world price.

American banks will be lending them the money with which to make purchase, and the American Government, through the Import-Export Bank, will stand guarantor for a government that refuses to honor prior obligations.

American shipping will not be used "as available;" it will be limited to some 25 percent of the tonnage carried, although the Cargo Preference Act calls for 50 percent.

And instead of the prevailing American rates, American shippers will be paid at the reduced rate of $18 per ton, which may turn out to be just about on a par with the foreign shipping rates now emerging.

No political concessions will be demanded; and new acts of aggression will be disregarded or played down, in order not to disturb this strangely one-sided detente.

I believe that no one would object to selling wheat to the Soviets if they were willing to pay for it at a reasonable price and if, in return for our bailing them out from their manmade agricultural crisis, they made a few concessions that would contribute to the peace and stability of the free world.

Not only have we not demanded such concessions, but the Soviets have, on at least four occasions since the negotiations begun, made it clear in a most humiliating manner that there will be no abatement of the cold war and no consideration of any kind in return for American wheat.

First, on October 22, the very anniversary of the Cuban missile crisis, Soviet Mig fighters, operating out of Cuba and probably manned by Soviet crews, attacked an American-owned freighter on the high seas.

Second, there has been the series of harassments of American and British convoys on the Berlin autobahn. We chose to regard these harassments as minor incidents that probably resulted from the excessive zeal of some Soviet officer.

But I challenge the concept that any Soviet officer would risk such initiative without direct orders from the Kremlin. I am convinced that the orders for these harassments came directly from the Kremlin; and I am also convinced that we have not seen the end of them unless we learn to respond in a more vigorous manner to Communist provocation.

Indeed, this morning brought the news that another American convoy has been stopped on the autobahn.

Third, an official Soviet delegation in Hanoi, the capital of North Vietnam, broadcast a call for the overthrow of the Diem government and for the expulsion of the American imperialists from South Vietnam.

Fourth, the Soviets have further inflamed the highly dangerous situation in north Africa by sending arms and equipment to the Ben Bella government in large quantities, and by openly inciting the Algerians against the Moroccans.

Each concession we offer the Soviets on the sale of wheat is repaid not by any reciprocal political gesture, but by some new indignity or act of aggression.

I say that this is an intolerable situation.

Regrettably, it is a situation which we ourselves have encouraged by our failure to impose political conditions and by our insistence on minimizing, or even disregarding, all of the recent actions to which I have referred.

Further dangers loom in the offing. Now that we have agreed to sell massive quantities of wheat to the Soviet Union, American manufacturers are beginning to clamor for a relaxation of export controls to the Soviet bloc. Even machine tool manufacturers have asked the question, "If wheat, why not machine tools?"

As for the Western European nations, it is now becoming increasingly questionable whether they will be willing to listen to any argument or urging on our part to exercise some control over exports to the Soviet Union.

Under the imperfect controls that heretofore existed, the Soviet Union has been able to obtain, from the United States and from its allies, an amazing variety of machine tools, heavy industrial equipment, transportation equipment, pipeline, and even entire chemical and metallurgical plants.

But at least they were debarred from a fairly long list of critical items that were obviously of strategic importance.

Now the danger is that the barriers will come tumbling down, both here and abroad, and the Communists will be able to purchase even the most sophisticated and clearly strategic equipment, in the name of business and of coexistence.

Mr. President, again I ask that we pause to consider the possible consequences of our action before it is too late.

I earnestly hope that the Agriculture and Forestry Committee will not delay too long in reporting the resolution which I submitted on October 8, with the cosponsorship of several other Senators.

Mr. President, I ask unanimous consent to have printed in the RECORD a number of newspaper items arranged in groups under the following captions:

First. "The Soviet Wheat Deal." Under this caption I would refer my colleagues particularly to the article published in last Sunday's Washington Post, written by Professor Brzezinski; to the article written by Mr. A. A. Berle, Jr., and published in the Sunday Times magazine of October 20, 1963; and to the article written by Mr. Leslie Gould, and published in the New York Journal-American of October 30, 1963.

Second. "The Collapsing Controls on East-West Trade."

Third. "The Soviet Agricultural Crisis."

Fourth. "The Soviet Industrial and Economic Crisis."

Fifth. "Soviet Economic Warfare."

Sixth. "Moscow Continues the Cold War."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

The Soviet Wheat Deal

[From the New York Times magazine, Oct 20, 1963]

Dialog? Yes—Concessions? Beware! In the Wake of the Wheat Deal, an Observer Warns That Trade Alone Is No Answer to the Hard Problems That Remain To Be Worked Out With the Russians

(By A. A. Berle, Jr.)

(NOTE.—A. A. Berle, Jr., an attorney and professor at Columbia Law School, was an Assistant Secretary of State, 1938 to 1944. He wrote "The 20th Century Capitalist Revolution.")

The Soviet Union and several satellite countries have just arranged to purchase about 150 million bushels of American wheat. The purchase of 240 million bushels from Canada had already been reported. It was not enough to meet Russian needs. Bread, the chief item of Russian family food, is already rationed, and the squeeze will become very severe next spring.

Preliminary information of Russia's desire to buy from U.S. stocks reached Washington last month. Formal negotiations to purchase were opened in early October. On October 7, President Kennedy held a White House conference on the problem. Forty-eight hours later, he approved, in principle, a single-shot deal to sell wheat to the Soviets.

Does this decision suggest a new policy of open trade with the Soviet Union, and change the settled plan of campaign in the cold war? The one-shot wheat deal is one thing. General opening of trade barriers is something else. My own view is that the one-shot deal, on balance, was justifiable—but that a change in the no-trading policy at present would not be.

Sentimental arguments may be eliminated at the outset. Soviet "goodwill" will not be bought by selling wheat, still less by lifting trade restrictions. I doubt that the Soviet man in the street will even know about it. The Moscow government can hardly be expected to emphasize the Communist agricultural failure. Nor will Communist officials attribute to the United States any motive higher than capitalist avarice.

I had a vivid experience with Soviet trade. In 1919, hoping to find a basis for peaceful adjustment with Russia, a commission headed by William C. Bullitt, reporting through my office in the American Peace Commission in Paris, negotiated a very fair working arrangement with Lenin, and returned with the document. (Nothing came of it: Clemenceau and the French Government torpedoed it.)

Later, the researches of George Kennan uncovered Lenin's real motive as expounded by him at the time to his colleagues. He said he was worried about Japanese moves in Siberia; he wanted temporary relief from the Western side. The agreement he offered would set American capitalists slavering for the profit and plunder of concessions in Siberia. He explained that these hopes would be dashed in due time, but that, meanwhile, the capitalists who controlled the U.S. Government would make sure that American and allied moves were not dangerous to the Soviet Union.

Khrushchev, Mikoyan, Gromyko, and many of their colleagues today come straight out of the Leninist school. If therefore the United States opens trading with the Soviet Government, it must do so either because the arrangements satisfy our moral instinct, or because they strengthen our position—or preferably both.

The question of trading has released several sets of American instinctive reactions, none of them originally political, though the issue is rapidly pushing toward a high place on the agenda in the 1964 presidential campaign. The wheat deal released a natural emotion: if Russians are hungry and need food, Americans ought not to sit on fat surpluses, saying "No." But even that emotion was qualified by facts, which apply with far greater force to a policy of general trading.

The Soviet Union is anything but friendly to the United States. True, there has been some relaxing of tension. This means only that propaganda directed at the U.S. public has temporarily stopped some of its abuse. Not so elsewhere. I was recently in Venezuela. There, the Soviet fifth column is damning the United States, bombing American enterprises, murdering friends of the United States and occasionally kidnaping Americans. In varying degrees of intensity, such activity goes on over much of Latin America. Washington diplomates talk of detente—but try to find it in the Caribbean.

Will not enlarged trade with Russia merely give the Soviet Union more resources to fight our friends—and ourselves? Certainly it can; no one has forgotten American sales of scrap iron to Japan just prior to Pearl Harbor.

Common business considerations, it is argued, indicate selling to the Soviet Union. We have agricultural surpluses of little use to us. We can sell heavy machinery, chemicals and manufactured products to the Russians. We can use some extra foreign exchange. American farmers would rather see their surpluses eaten than stockpiled. American manufacturers certainly want to sell more, and nobody would object to more employment. But, important as trade considerations may be, they are, ultimately, only, incidental to a vastly deeper issue. What bearing does trade have on the great question of the current war, now "cold" but potentially very hot (especially in Latin America), and on the chance of peace?

The Kennedy administration has developed the strategy of a continuing "dialog" with the Russians. The hope is that tiny accords in some fields may pave the way for a widening range of more significant agreements that possibly might set the stage for a real ending of the cold war. This dialog is an experimental operation.

The test-ban treaty was a first, tiny step. Diplomatic exchanges are already going forward in other areas—as with Foreign Minister Gromyko's visit to President Kennedy in Washington—but no one can forecast the result. The President merely points out that the dialog policy seems better than passively waiting for a collision.

Dialog—as such—can do no harm. But concessions can become dangerous gambles. If they result in peace, they may later be hailed as great statesmanship. If they fail, the end could be disaster. That was the fate of the British attempt to settle matters by dialog and concessions to Hitler at Munich in 1938.

Opening general trade barriers is such a concession. In doing that, the United States might well enable the Soviet Union to continue a policy of armament rather than production, of maintaining armed occupations, of subsidizing imperialist grabs, of making covert seizures in great areas. Without the trade opportunity, Russia might have to modify, if not relinquish, her policy in substantial areas.

The Soviet Union now is supplying arms, planes, and training to Indonesia to attack Malaysia; to Cuba to attack Venezuela and Central America; to Communist armies in Laos. At the same time, a growing volume of evidence indicates that the Soviet economy is in difficulties. Agriculture is in terrible shape. Manufacturing is at best a bad second rate. The Soviet Union has committed too large a part of her gross national product to arms and military or paramilitary adventures. Indeed, she has overcommitted herself, promising other countries arms and other products (including wheat—yes, wheat) which she cannot deliver. For these reasons, she is buying outside. If the United States dropped trade barriers, we should merely help the process along.

The Soviet agricultural picture is particularly serious. Disaster and bad weather did not produce its defects; they are endemic to the Communist agricultural system. A friend of mine, an excellent farmer, last year spent some time looking over farms in the Soviet Union. He was shocked. How could anyone, he asked rhetorically, expect even tolerable results under a system so inefficient, so bureaucratic, so centralized?

Forty-five percent of Soviet workers are agricultural (in the United States about 11 percent of the population is engaged in agriculture). With reasonable efficiency, the Soviet Union and certain of the satellite countries, notably Hungary, could produce more food than they need with less than half the labor. More than half the food finding its way into Soviet city markets comes from the small plots Russian peasants are allowed to cultivate in their spare time for their own account.

If this allocation of labor, however inefficient, produced adequate food, and left adequate labor for manufacturing, it might be justified as a way of taking care of people. But it does not, and shows no signs of ever doing so. Certainly it will not support a huge policy of military aggression.

This is the dusty result of a half century of Communist organization in Russia, and of more than 18 years of Communist control in the Iron Curtain countries. These areas were the breadbaskets of Europe before the Communists took over. Some of them, like East Germany, Czechoslovakia, and parts of Poland, were great manufacturing producers. Blame has been laid by Communist governments on bad planning. Yet if the Communist governments more nearly responded to what human beings want, instead of pushing them into arbitrary frames, the planning would not have been so disastrous. It will take more than new fertilizer plants and good weather to bring Soviet agriculture within hailing distance of American productive standards, or, indeed, of Soviet needs.

In manufacturing, though the picture is better than in agriculture, the "guns or butter" ratio is at length exacting its grim price. The Soviet Union has a population of 221 million, as against 190 million in the United States. Her gross national product is on the order of two-thirds of ours. She devotes a far greater proportion of that than we do to armaments—guided missiles, land armies and submarine fleets. Additional substantial amounts have gone into supplying bloody adventures like those in Cuba, Indonesia, and Laos, and political-economic adventures like the Aswan High Dam in Egypt. Now she has not enough product to go around. The Communist rulers of Russia know it. In recent speeches arguing against Red China's shrieks for military conflict, Khrushchev has come pretty close to saying so.

The Soviet Union accordingly may one of these days want a real detente. The Kennedy "dialog" is intended to explore this possibility. Yet Moscow has never yet indicated that its policy might shift to minding its own business for awhile, although such a policy is the only possible foundation for an enduring peace.

For an agreement in any sphere, the Russians want concessions from us. Open trade with the United States would be a solid concession on our side. What does the Soviet Union propose in return? So far as we know, it has yet to offer anything of significance.

In the case of the test ban, the Russians conceded little; we conceded something, though not much. President Kennedy and Secretary of State Rusk stated that the dialog had produced a tiny fragment of tolerable agreement which just might pave the way for more significant settlements. The next round, probably in quiet preparation now, will raise far more dangerous subjects.

There are Berlin and its wall—involving the security of all Western Europe. There is Russian military control of Cuba—endangering the peace of Latin America. There are the broken treaty agreements and the Russian military supply lines running into Laos. There are—always—the betrayed accords of Yalta and the continuing agony of Hungary and Poland.

I doubt that the Soviet Union is yet prepared to make real concessions in any of these areas. I think at present the Russian leaders would rather squeeze their people than give up an even partly successful territorial grab. If they retire from any position it will not be for temporary economic advantage, but because they have become convinced the position is untenable.

The dialog is still going on. The results have still to be observed. I for one will watch carefully the terrorist campaign against our good friend, the enlightened and successful Government of Venezuela, as a sort of thermometer. If that and similar campaigns continue, the dialog test will have failed. We shall then have to recognize that materials sold to the Soviet Union will merely increase her capacity for paramilitary and propaganda campaigns against the United States and its friends.

Business considerations, it seems to me, are childlessly trivial compared with the great issues involved. Of course, we would gather in a little foreign exchange. Of course, some manufacturers and traders could make a little money. But the United States as a nation, and our businessmen as well, do not greatly need this; our country is quite comfortably prosperous without it.

Equally trivial is the argument that some of our friends and allies will sell to the Russians—and make money—if we do not. Perhaps. But the precise result of a trading agreement made for business considerations would be to pretend that we are neutral in the cold war. Some of our allies may feel differently—I think they are wrong—but I am clear we cannot so pretend.

The single-shot wheat deal can probably be cobbled up with conditions, and deliveries so arranged that it affords minimal support for Russian imperial adventurism. Without a major shift in Soviet policy, it is difficult to see how this could be done with a current of general trade.

This will not be the last opportunity—and is not even the great one—to change out economic policy toward the Communist countries. My guess is that the Soviet Union will not be out of her agricultural troubles for a long time. She will not be able to meet her needs for consumer goods until she cuts down on her foreign military adventures and her enormous armament program.

A realistic base for trading is the only one that makes sense to Communist negotiators. If they think our chief concern is that some of our traders can make money, the dialog will get no further than did the British dialog with Hitler in 1938. They will use pressure, of course (the recent brief blockade at Berlin may have been an illustration). Their propaganda machine will make bad noises about us. They will create tensions and ask us to buy alleviation. But their abuse has ceased to be important one way or the other: it has already done its work. The last thing Americans should consider is making concessions to buy relief from Soviet abuse.

My conclusion, therefore, is that trade restrictions ought not now to be suspended—that, although I think the wheat deal justifiable, it should be treated as a single-shot operation while the dialog continues. Always, we must remember, unrepresented millions have to be considered. There are East Germans, there are Hungarians; there are Poles. There are Malaysians in Southeast Asia; peasants and patriots in Venezuela; silent, suffering Cubans in the Caribbean. Soviet authorities alone know what the stakes are on the Sinkiang border of Red China.

Most of us would be glad to trade with a peace-seeking, peace-loving Soviet Union attending to her own people and administering her own country. Yet, few if any, of us want to become part of a supply line for a Soviet military and paramilitary machine.

This is the real subject of the dialog. It had better continue awhile and show results before we make a further change in our economic policy.

[From the Washington (D.C.) Post,
Nov. 3, 1963]

POLITICS OF WHEAT DEAL GIVES UNITED STATES UPPER HAND

(By Zbigniew Brzezinski)

(NOTE.—Director of the Research Institute on Communist Affairs and professor of public law and government at Columbia University, Brzezinski is the author of "The Soviet Bloc: Unity and Conflict," "Ideology and Power in Soviet Politics" and other books.)

It has been argued that the wheat deal with the Soviet Union is desirable on humanitarian grounds. If Russian people are starving, the United States should not stand back, said former President Truman on the radio, and he has been echoed by some clergymen and by various people of good will.

Others have suggested that the wheat deal is purely a matter of economics. The Russians need our wheat; we can use their gold. Their food needs will be met; our food surpluses will be diminished. We both gain equally.

The humanitarian argument can be dismissed quickly. First of all, there is no famine in Russia. The Soviet people are not starving, and the Government has not lost all of its ability to meet a food crisis. It could certainly divert some of its resources from heavy industry to better agricultural management, and it is still capable of providing the basic staples to meet Russian needs.

Even if all the Western countries were to refuse wheat to Russia, no Russian would starve because of it. There is no doubt, however, that certain kinds of foods would be in short supply, and this would create considerable social and political difficulties for the Soviet Government.

"OUTRAGEOUS" APPROACH

The economic argument is more complex. The simple equation of profit and trade is deeply rooted in the American tradition, and it is not easy to convince an American that the Soviet approach to the problem is somewhat different. Yet as George Kennan has amply demonstrated in his book "Russia and the West," the Soviet approach to the problem of trade is a highly political one.

Writing about the Soviet attitude toward the West in the very early 1920's, Kennan thus projected the Soviet reasoning on the subject of trade with the West:

"We despise you. We consider that you should be swept from the earth as governments and physically destroyed as individuals. We reserve the right, in our private if not in our official capacities, to do what we can to bring this about; to revile you publicly, to do everything within our power to detach your own people from their loyalty to you and their confidence in you, to subvert your armed forces and to work for your downfall in favor of the Communist dictatorship.

"But since we are not strong enough to destroy you today—since an interval must unfortunately elapse before we can give you the coup de grace—we want you during this interval to trade with us * * *. An outrageous demand? Perhaps. But you will accept it nevertheless.

"You will accept it because you are not free agents, because you are slaves to your own capitalist appetites, because when profit is involved, you have no pride, no principles, no honor. In the blindness that characterizes declining and perishing classes, you will wink at our efforts to destroy you, you will compete with one another for our favor."

One may wonder, in the light of the 1962 Cuban confrontation with Khrushchev's general policy of "burying" us, whether this approach has changed sc very fundamentally.

A NECESSARY FAILURE

To the Soviet leaders, the wheat deal is political because two very vital Soviet political interests are involved. The first is the stability of the collective agricultural system itself. Over many years, that system has failed to deliver the goods, at least insofar as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential.

A recent critical reevaluation of the Stalinist drive for collectivization, published in Voprosy istorii, state quite categorically that the collectivist system was necessary in order to build socialism in the Soviet Union and for the defense of the country. Mounting consumer dissatisfaction with the inability of the present agricultural system to produce adequately might, over the long haul, force the Soviet leaders to revise the agricultural system. However, if the Soviet leadership finds other means of meeting domestic needs, i.e., imports paid for with gold, it can perpetuate the collectivist system.

Collectivization was abandoned in Poland and Yugoslavia because the leaderships had no way out. By importing wheat, the Soviet leadership sees a way out, and hence the wheat deal is necessary to Moscow in order to maintain its domestic system of collectivization.

EXPORTS POLITICAL, TOO

Secondly, the importation of wheat is necessary to the Soviet Union in order for it to meet its grain export commitments. These commitments are important to the Soviet leadership primarily for political reasons.

Last year the Soviet Union exported approximately 7.8 million tons of grain, of which wheat constituted 4.7 million tons. The list of clients shows clearly the political importance of the exports: the largest consumer was East Germany, followed successively by Czechoslovakia, Poland, Brazil, and Cuba.

The restriction that President Kennedy wishes to impose on the re-exportation of American grain to these countries creates a technical impediment to such exports. The Soviet Union would not be able to ship them American wheat directly. Nonetheless, the availability of American wheat, and indeed of other Western wheat, would mean that Soviet grain itself could be exported to the countries concerned. Hence the political problem would not be resolved by the proposed restriction.

The above comments should not be construed as an argument against an American-Soviet wheat deal. They are meant to suggest, however, that this wheat deal ought to be viewed in a political perspective and that U.S. negotiators ought to seek political concessions from the Soviets in return.

Naturally, there would be no point in expecting fundamental concessions. For example, it would be illusory to expect a Soviet acknowledgement of our position in Berlin in return for our willingness to sell Russia some wheat; there is no political equivalence between these two interests. However, on a number of marginal issues, there is no reason why the United States should not insist on a quid pro quo.

For example, it would seem ironical for the United States to be enabling the Soviet Union to maintain its collectivized agriculture and its politically motivated grain exports and at the same time for this country to endure continued Soviet harassment in its access to Berlin. At the very least, our negotiators could insist on a clear reciprocal understanding of the technical arrangements involved in Western access.

Similarly, we could demand that the Soviets lift their travel restrictions within Russia. Indeed, a political quid pro quo should be sought in the case of other so-called nonpolitical, technical arrangements.

For many years, for reasons of political prestige and also as a precedent, the Soviet Union has been very anxious to establish direct American-Soviet air links. Perhaps there is no reason to oppose such links, but it might be preferable to negotiate about them in the context of a reciprocal Soviet willingness to meet some of our political objectives.

Of course, proponents of the purely "economic" approach might say that if our position is too hard, the Soviet Union will buy the wheat somewhere else. That may be true, but the argument is not entirely convincing. If the Soviet Union could easily buy wheat elsewhere, then why does it not do so?

It either wishes to deal directly with the United States because that would strengthen the impression in the West and elsewhere of an American-Soviet detente—an impression which intensifies Western European fears concerning the American position; or, conceivably, the Soviet Union does not see other markets so readily available and the American wheat is thus of some economic importance to it as well.

One may safely assume that the Soviet Union is not anxious to buy American wheat merely in order to reduce our balance-of-payments difficulties and to alleviate our own internal agricultural problems.

Finally, it should be stated unambiguously that it would be wrong to conclude that since the wheat deal is political, the United States should have no part of it. That is fallacious and extreme. It would be a pity if we failed to use the limited leverage that this particular situation affords.

Since the Soviet Union wishes to buy wheat from us, it puts us in a favorable bargaining position. By all means, we should go ahead with the deal, but our approach should be very conscious of its essentially political character.

[From the New York (N.Y.) Journal-American, Oct. 30, 1963]

UNITED STATES PRESSURES BANKS FOR CUT-RATE RUSSIAN WHEAT LOAN

(By Leslie Gould)

American banks are being pressured by Washington to finance the controversial $250 million sale of surplus wheat to Russia at interest rates below those charged prime borrowers in the United States.

The wheat, which has cost American taxpayers through the farm subsidy around $2.36 a bushel, is to be sold to the Communists at the world price, which is approximately $1.80 a bushel.

In dollars this subsidy is $56 to $84 million, depending on whether the Russians take 100 or 150 million bushels.

The Export-Import Bank, backed by the U.S. State and the Agriculture Departments, wants a 5-percent interest rate on the financing, with five-eighths of 1 percent going to the Export-Import Bank as a fee for guaranteeing the loan.

BELOW U.S. PRIME RATE

This leave 4⅜ percent as the interest to be received by the American banks extending the credit. This is lower than the current prime rate of 4½ percent to commercial borrowers.

The prime rate actually is higher than 4½ percent, for banks normally require about 20 percent of such loans to remain on deposit. This makes the interest cost 5.6 percent for the 80 percent of the amount borrowed that is used.

The Export-Import Bank originally proposed the banks get 4¼ percent with the Export-Import Bank charging three-fourths of 1 percent as its fee. Its latest proposal reduced its fee to five-eighths of 1 percent. A more realistic charge would be one-half of 1 percent.

RUSSIANS PAY CASH, GOLD

The Canadians, who have long dealt with the Communist nations, selling wheat to Red China and trading with Castro's Cuba, were to charge the Russians 5½ percent for the financing of a just completed $500 million wheat purchase. The American order, which is still under negotiation, is for half the Canadian sale.

The Russians felt the 5½-percent interest too high, so they are paying the Canadians in cash and gold.

When the American deal was announced, it was indicated that payment would be for cash and gold plus some short-term financing. The Export-Import Bank, which gets its money from the American taxpayers, via the U.S. Treasury, apparently is pulling for the extension of credit to the Russians.

SKIRTS U.S. STATUTES

This, if not directly violating the American policy and law, skirts it. There are two questions, aside from political and moral ones. These are:

The 1961 Agriculture Act in which Congress spelled out as policy that subsidized commodities be sold only to "friendly" nations. Communist Russia is a declared enemy.

The Johnson Act of 1934 which bars loans to a country in default on its loans to the United States. The law, sponsored by the late Senator Hiram Johnson, of California, forbids any person in the United States "to make any loan to such foreign government." Russia is in default on loans to the United States including its lend-lease debt.

Attorney General Robert F. Kennedy has given the green light to the loans, calling them a short-term credit arranged by grain traders with private banks. Twice before the Justice Department has made such a ruling, Homer Cummings in 1934 and last year, holding such credits were only short term or a postponement of payment and thus not strictly loans.

WHY NOT GOLD FOR WHEAT?

The question of any wheat sale to the Communists is debatable, but the financing of such a deal at interest rates cheaper than those for prime borrowers at home is ridiculous.

Russia needs the wheat, as do most of the Communist countries. Poland, Hungary, and Czechoslovakia are others seeking grain—about $60 million worth. Yugoslavia also wants grain. The President laid certain restrictions as to the Russian deal—shipments to be in American vessels and delivery only to eastern Communist nations—none to Red China or Cuba.

Russia has gold and the United States, through its generosity, has been losing it. So, if the Russians want the wheat let them pay for it in gold.

[From the New York (N.Y.) Times, Oct. 23, 1963]

WHEAT DEAL MAY RAISE PRICE OF FLOUR

(By Philip Shabecoff)

Because of Soviet operations in the international wheat market, American housewives soon may be spending more on flour used in baking.

There should be no immediate change in the price of store-bought bread, however.

Several major flour millers, including General Mills, Pillsbury, and the International Milling Co., said last week they were raising the price of family flour by 40 cents a hundredweight. Yesterday a group of Texas flour mills announced a similar increase.

This probably means that the price of a 5-pound bag of flour on supermarket shelves now costing 59 cents will go up 2 cents when the new milling rates take effect.

In addition the price of bulk flour sold to bread producers has risen by as much as 60 cents a hundredweight since the end of August.

FUTURES GO UP

Millers agreed that Soviet wheat operations were chiefly responsible for the rising price of flour. Wheat futures prices began rising when the Soviet Union purchased $500 million worth of wheat from Canada in September.

The price increase accelerated when it was learned that the Russians would seek about 4 million tons of wheat in the United States.

On the key Hard wheat futures market in Kansas City, Mo., for example, the price of a bushel of Hard wheat for December delivery stood at $1.97¼ August 30. On Monday it was $2.13.

The millers, who operate on extremely thin margins, were forced to reflect the rise in wheat futures in their own prices, an official of a large mill said.

In the case of family flour sold for home baking, some of the increase may be passed on to the customer.

Bread prices are not sensitive to changes in flour prices.

If wheat futures continue to rise, a miller said, there will be a further increase in the price of flour. This is unlikely, he added, because the Government has said it will sell wheat stored in bins of the Federal Commodity Credit Corporation to dealers at the statutory minimum price—105 percent of the support price.

[From the New York (N.Y.) Times, Oct. 13, 1963]

NEGOTIATIONS DUE TODAY

WASHINGTON, October 22.—A Soviet trade delegation will meet with Government officials tomorrow to discuss conditions for the sale of $250 million worth of American wheat and flour to the Soviet Union.

The four-man mission was on the way from New York by automobile. Meanwhile, Secretary of Commerce Luther H. Hodges dismissed the idea that American shipping rates were a threat to the sale. Rates of U.S. cargo ships run about $10 above those of foreign vessels.

Mr. Hodges told a news conference his Department had received "a half-dozen applications for export licenses, but none of them have completely met all the specifications."

President Kennedy has stipulated that wheat to Russia must be carried on U.S. ships as available, with foreign shipping in a supplementary capacity.

"We don't think the Hungarians have pulled out completely," Mr. Hodges said. "They're taking a second look."

Mr. Hodges also mentioned Czechoslovakia in regard to export licenses. Bulgaria has also expressed an interest in purchasing American wheat. The three Soviet satellite nations had approached Secretary of State Dean Rusk in New York.

Mr. Hodges said he believed there were enough American ships to handle the shipment sought by the Russians. But he conceded it was possible that some foreign vessels would be used.

[From the New York (N.Y.) Times, Oct. 18, 1963]

FIVE-PERCENT LOAN RATE SET ON SOVIET WHEAT—EXPORT BANK TO GUARANTEE DEAL FOR FIVE-EIGHTHS OF 1 PERCENT CHARGE

(By Philip Shabecoff)

The Export-Import Bank of Washington has fixed the terms on which it will guarantee loans to the Soviet Union for the purchase of U.S. wheat, according to a leading bank in Chicago.

A spokesman for the Chicago bank, which declined to be identified, said the Export-Import Bank would charge five-eighths of 1 percent to guarantee loans made to the Russians by commercial banks in this country.

Commercial banks would be expected to charge an interest rate of a maximum of 4⅜ percent, the spokesman said. Thus, the effective rate to the Soviet Union would be 5 percent.

The guarantee by the Export-Import Bank would be made to the commercial banks, and the banks would make the loan to the grain traders rather than to the Russians.

COST TO BE PASSED ON

However, the traders would then pass on the full cost of the loan to the Soviet buyers. Therefore, the Russians will, in effect, be paying the 4⅜ percent to the commercial banks and the five-eighths of a percent to the Government agency.

The terms envisioned by the U.S. export financing agency reportedly call for a 25-percent cash downpayment with the remainder paid in three equal installments over an 18-month period.

L. M. Matveev, president of Exportkhleb, the Soviet state grain trading agency, has declared that the Soviet Union would not pay more than 5 percent interest in its proposed purchase of 4 million bushels of U.S. wheat.

Harold F. Linder, president and chairman of the Export-Import Bank, would not confirm or deny the reports when reached by telephone last night. He said such data on its operations were a confidential matter between the Government agency and the commercial banks and were never made public.

NORMAL GUARANTEE

Mr. Linder added, however, that "it would be perfectly normal for us to guarantee all or part of a credit for an export transaction of this nature. We would do the same for France and Switzerland, for example."

He explained that the agency normally worked out reasonable risks, and consulted with the banks on money-market conditions before settling on a rate for its guarantee.

Mr. Linder reiterated that an agency guarantee on the Soviet wheat sale would fall into the "normal" commercial channels specified by President Kennedy in his announcement 2 weeks ago.

The Export-Import Bank has never before guaranteed a commercial credit to the Soviet Union, Mr. Linder said.

Grain trade circles were aware of the reported proposal to guarantee the credit to the Soviet Union by yesterday evening. Most traders expressed surprise that the Government would pave the way for the extension of credit in the sale of wheat to Russia.

"If the Russians can't get credit they will pay for the wheat in cash," one grain merchant said. "We would be quite happy to settle for cash," he added.

According to the Chicago bank, other nations in the Communist bloc of Eastern Europe would be granted the same terms as those extended to the Soviet Union.

The Soviet Union is ineligible for long-term loans from the United States under the terms of the Johnson Act, which prohibits such loans to nations with debts in default.

Meanwhile, the grain trade is still awaiting the arrival of the Soviet trade delegation to negotiate the sale. On Wednesday it was reported the delegation would arrive yesterday. Their arrival, however, apparently has been postponed.

The delegation already has been granted visas to enter the United States.

[From the New York (N.Y.) Times, Nov. 3, 1963]

UNITED STATES GIVES SOVIET COMPROMISE PLAN for WHEAT RATES—SUGGESTS PROVIDING VESSELS FOR 20 TO 30 PERCENT OF GRAIN AT A COST OF $18 A TON—RUSSIANS WEIGH OFFER—APPROVAL WILL END DEADLOCK—BULGARIA MAY PURCHASE 8 MILLION IN TOBACCO

(By William M. Blair)

WASHINGTON, November 2.—The United States has moved to break the impasse on its shipping rates that has blocked sales of wheat to the Soviet Union.

A new proposal, which the Russians are understood to be considering over the weekend, would involve concessions by both sides. It includes a lowered U.S. cargo rate and a division of some $250 million worth of wheat between American and foreign-flag vessels.

The sale of up to 4 million tons of wheat has been blocked because U.S. cargo schedules have been $10 to $13 or more higher than foreign charter charges for shipments to Black Sea and Baltic ports.

President Kennedy stipulated that wheat sold to the Soviet Union and its satellites should be carried in American vessels, as available, supplemented by foreign ships.

A $21 RATE WAS OFFERED

It is understood that the United States is willing to provide a cargo rate of $18 a ton if 20 to 30 percent of the wheat is carried in American vessels. Payments for this amount would be in dollars or gold.

The $18-a-ton rate compares with the $21 a ton recently offered by a group of tramp ship owners to move wheat to the Soviet Union. The tramp ship operators, whose unscheduled vessels ply between any ports where cargo is available, recently reduced their rate by $5 from $26 a ton.

Presumably, the remainder of the wheat purchase, 70 to 80 percent, would be carried by foreign vessels at the world charter rate of about $12.50 a ton. This amount of wheat would be paid for through normal commercial credits of about 18 months.

The $18-a-ton figure was said to have been worked out with American tramp ship owners, whose vessels are regarded as most suitable by wheat shippers, at an unannounced meeting earlier this week in New York. It was understood that ship representatives and officials of the Commerce Department had agreed that ships or tankers of larger capacities—16,000 to 20,000 tons—could handle nearly 720,000 tons of the wheat.

Later, it was said, one other shipping line had offered to handle 200,000 more tons. This would put the amount of wheat to go in American vessels at 920,000 tons, or about 23 percent of the projected total shipments.

A survey by shipowners and Government officials indicated that the 23 percent was about all that could be carried by the U.S.-flag ships now available.

A division of the shipment between U.S. and foreign-flag vessels has been regarded as the most likely solution. If acceptable to the Russians, the Maritime Administration will set a guideline for U.S. shippers. In effect, the guideline would be a ceiling rate of $18 a ton.

COMMERCE GRANTS LICENSE

If the rate quoted by a shipowner to a private grain trader who negotiates a sale to the Russians falls within the $18-a-ton schedule, the Maritime Administration would certify the ship as available. The Department of Commerce then could issue an export license for the sale.

There was speculation in trading circles on what concessions would be made to shipowners for meeting the $18 rate. It is known that in the first meeting here of shipowners with the Maritime Administration last week the shippers sought a 10-percent increase in rates for shipments of surplus agricultural products under foreign aid programs.

Under Federal law, 50 percent of foreign aid shipments must be made in U.S. ships. This requirement would not apply to the proposed sale of wheat to the Soviet Union because it would be made by commercial companies.

The shipowners argued that there had been no adjustment of foreign aid shipment rates since 1957, and that since then their costs, including labor, had risen.

The division of the wheat shipments would also placate foreign maritime nations. Several countries have informally protested that the American-bottoms condition laid down by President Kennedy was discriminatory and contrary to U.S. endorsement of free trade principles.

[From the Chicago Tribune, Oct. 29, 1963]

SOVIET WHEAT SALE DETAILS GROW MURKY

(By Eliot Janeway)

NEW YORK, October 27.—American achievements in the field of foreign affairs have an odd way of beginning solid and defined, and then growing mistier and mistier. Now our sale of grain to the Soviets seems to be turning from an accomplished fact to a more tentative accommodation, almost as if it dealt with technicians who were to be shipped out of Cuba, not wheat to be shipped out of Great Lakes and gulf ports. President Kennedy, indeed, has already thought it wise to drop a hint, in his speech at the University of Maine, about the possibility of Russia spurning our offer to sell grain.

It's well to remember, too, that if and as U.S. grain eventually begins to move to Russia, any deals made will be subject to various provisos. It's not clear what all of them will be. For example, the Presidential declaration left the key question of credit very murky. Sales were to be for cash, but they were also to be on normal commercial terms; and the latter phrase means 18 months credit. No one has yet explained where the credit is coming from.

PROBLEM IN SHIPPING

Another Presidential proviso applies to shipping. Mr. Kennedy has laid it down that half of any wheat sold to the Soviets in the grain trade will have to travel in American-flag ships. But, as exporters know well, there's a practical difficulty over shipping as well as over credit. American-flag ships are high-cost carriers, certainly higher cost than Soviet-flag ships, whose crews are paid in rubles or zlotys. Besides, much Soviet shipping was acquired for no cash cost, but by bartering oil with Greek shipowners and with Scandinavian, Italian, German, and Japanese shipbuilders.

On the face of it, this Kennedy formula to protect U.S. shipping and maritime jobs is popular.

(So, for that matter, is the decision to let private business handle any deals made.) The conflict arises from the fact that private business, of whatever nationality, prefers not to ship in American bottoms because they cost more than foreign-flag shipping.

There's only one basis on which we could hope to stick Russia for the high cost of American freight—if Russia were too desperate to bargain. But the Financial Post of Toronto has already confirmed the apprehension expressed in this column on September 30 that Russia was buying more in Canada than she really needs: first, to corner the market there and freeze China out; and second, in order to resell Canadian grain to Cuba, to the European satellites, and to our own friends and allies in free Europe.

SATELLITES PULL BACK

Obviously, this isn't a desperate move; it's a smart one and part and parcel of the smart move Russia has made in Canada is the right she has reserved to move her purchases in ships of her own choice. She can charter all that she wants in the world market well under the cost of American-flag freighters. Now the satellites, who've really been bidding for our grain, are pulling back because American-flag shipping costs too much.

In the world as it exists today, a great power without a competitive merchant marine—or without a policy for getting one—is economically disarmed. For whatever other values or volume may stagnate or decline, traffic on the high seas is going to increase.

Partly, this will be due to the sharper competitive thrust of European and Japanese industry, which must export to prosper and, indeed, to live. But partly it is due to the expansive drive of the Soviet economy to penetrate the markets of the world and influence the economies of our allies and friends. One of the ways the Soviets have made themselves competitive internationally has been by building up their merchant marine.

ONLY BY GOVERNMENT

There's nothing any private person or group can do to make American shipping competitive with the fleets which sail under the flags of more benevolently realistic governments. It can only be done by government.

Of this point, John F. Kennedy could do worse than look back on the most successful single tour of duty in the governmental career of his father, Joseph P. Kennedy. In the fateful period of transition between the New Deal and crisis years, Joe Kennedy recognized the need for a Government shipping operation and he became Roosevelt's maritime administrator. Today, we need a shipping policy and a tough-minded administrator just as much as we did in 1937.

[From the Washington (D.C.) Evening Star, Oct. 28, 1963]

SHIPPING BIG OBSTACLE TO SOVIET WHEAT DEAL

(By Eliot Janeway)

NEW YORK.—American achievements in the field of foreign affairs have an odd way of beginning as solid and defined, and then growing mistier and mistier. Now our sale of grain to the Soviets seems to be turning from an accomplished fact to a more tentative accommodation, almost as if it dealt with "technicians" who were to be shipped out of Cuba, not wheat to be shipped out of Great Lakes and gulf ports. President Kennedy, indeed, has already thought it wise to drop a hint, in his speech at the University of Maine, about the possibility of Russia spurning our offer to sell grain.

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On the face of it, the Kennedy formula to protect U.S. shipping and U.S. maritime jobs is popular. So, for that matter, is the decision to let private business handle any deals made. The conflict arises from the fact that private business, of whatever nationality, prefers not to ship in American bottoms because they cost more than foreign-flag shipping.

The Financial Post of Toronto has already confirmed the apprehension that Russia was buying more in Canada than she really needs: first, to corner the market there and freeze China out; and second, in order to resell Canadian grain to Cuba, to the European satellites, and to our own friends and allies in free Europe.

Obviously, this isn't a desperate move, it's a smart one. And part and parcel of the smart move Russia has made in Canada is the right she has reserved to move her purchases in ships of her own choice. She can charter all that she wants in the world market well under the cost of American-flag freighters. Now the satellites, who've really been bidding for our grain, are pulling back because American-flag shipping costs too much.

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[From the New York (N.Y.) Times, Oct. 27, 1963]

WHEAT SHIP RATES VEX WHITE HOUSE—RUSSIANS BALK, DECLARING FEES ARE DISCRIMINATORY

(By William M. Blair)

WASHINGTON, October 26.—President Kennedy is caught in a political dilemma because the Soviet Union sought and got assurances that American ships would be available to carry wheat to Russia.

Now the Russians are balking, at what they regard as discriminatory American shipping rates, which are higher than the rates of foreign-flag vessels.

A breakdown in the wheat deal would serve to harden Republican criticism and that of anti-Communists of both parties, and would bring on more criticism for trading with the enemy.

It could make the deal a major issue in the 1964 elections and could be particularly damaging if Soviet-American relations took a sudden turn for the worse, making it appear that Mr. Kennedy had been taken in by the Russians.

Authoritative sources say that the Russians first broached the use of U.S. ships for the $250 million worth of wheat they want to buy. They asked for assurances that U.S. vessels would be available and that shipments would not be jeopardized by domestic problems, such as port facilities or strikes.

The administration gave the assurances in the informal diplomatic talks held 2½ weeks ago, when it got its first direct word that the Russians wanted to buy wheat and other commodities.

The talks led to an agreement that the Russians would obtain the use of American ships.

CRITICIZED BY REPUBLICANS

Some officials conjectured that the Russians did not realize at the time that the rates of American-flag vessels then were some $12 a ton higher than charges by foreign-flag ships for cargo to Baltic and Black Sea ports.

Other officials, however, doubted that the Russians had been unaware of the higher American charges. They stated that the Russians had long been exporting and that they would likely have been informed of the rates for all kinds of shipping.

The situation poses a real problem for Mr. Kennedy, who is still under fire from some Republicans for approving the sale of surplus farm products to the Soviet Union. Further, shipping unions have demanded that at least 50 percent of any wheat sold to the Soviet Union be carried in American bottoms.

The 50-percent requirement is in effect on shipments of wheat and other commodities under Government aid and food-for-peace programs. Under these programs, the Maritime Administration puts a ceiling on rates to be charged for Government shipments.

The Maritime Administration made clear yesterday that it was prepared to recommend a ceiling for any Russian shipments when a sale was made by private grain traders. The statement was made at a meeting of the Government shipping officials with representatives of American-flag companies.

TALKS CALLED INCONCLUSIVE

The meeting was described by some shipping representatives as highly inconclusive and unsatisfactory. Donald W. Alexander, Maritime Administrator, said after the meeting that the ship officials had indicated they planned to "operate in a way that their costs are covered and that they make a reasonable profit."

The shipping interests also pointed out to the Government officials that there had been no "adjustment" in rates for Government aid shipments since 1957.

Some officials hope that the problem will be solved without any Government action.

One noted this week that foreign ship rates began to rise when they bought $500 million in wheat from Canada last month and rose further when the American-Soviet negotiations became known. This could mean, he said, "that the gap will be narrowed to the point where the whole thing becomes academic."

NEXT STEP UP TO SOVIET

He said the next step was for a Soviet grain team, due here from Canada, to begin negotiations with private American grain merchants. The shipping rates, however, appear to make necessary further meetings by the Russians and Government officials.

The administration is fully aware that the Russians could buy wheat elsewhere. One report current here is that the Russians are seeking more wheat from Canada. It is also known that they have been watching the Argentine wheat crop, which will be harvested later this year.

The President, however, is understood to be firm for a large wheat deal. Anything less would be embarrassing after his strong approval of the sale.

The sale conditions stipulated that the wheat should be carried in American vessels if they are available. The maritime administrator said that the meeting with the ship companies produced the information that enough American ships were physically available to move the wheat, "but if the rates are not satisfactory, the ships will not be available."

In such a situation, the Maritime Administration could certify that American shipping was not available and foreign bottoms could be used at lower rates.

He also said that the "Government isn't going to ask ship owners to ship below cost." But to permit the use of foreign-flag vessels to move the bulk of the wheat could have far-reaching political effects. Wheat is politically sensitive as a symbol of American agriculture's ability to produce and as a food to feed the world's hungry.

[From the Baltimore (Md.) Sun, Oct. 28, 1963]

WHEAT SALE TO RUSSIANS IS SNARLED—KHRUSHCHEV'S THREAT ON SHIPPING IS NO SURPRISE TO UNITED STATES

WASHINGTON, October 27.—Soviet Premier Khrushchev's public threat to bypass the United States in his wheat purchases came as no surprise to the administration.

One official familiar with the negotiations so far conceded that "the issue is snarled up more than anticipated."

He spoke in the wake of Khrushchev's statement yesterday that any "discriminatory conditions" would block Soviet purchase of U.S. wheat.

AMERICAN SHIPS NEEDED

The Premier did not specify what he meant by "discriminatory conditions" but it was assumed here that he referred to President Kennedy's October 9 stipulation that exports to the Soviet Union would have to be handled in American ships, if available.

This presumably would have the effect of adding about $10 a ton to the cost of the 100 million to 200 million bushels of wheat.

The White House, State Department and other agencies that have been participating in the preliminary negotiations had no formal comment on Khrushchev's remarks as they appeared in the Moscow newspaper Izvestia.

However, officials said that the Premier's objection really was only a public statement of the position that the Soviet negotiators have been taking all along in the private discussions.

CUT IN RATES RESISTED

American shipping lines, are reported to have declined the Maritime Administration's invitation to reconsider their rates.

Administration officials explain their reluctance to comment at this stage on Khrushchev's remarks by hinting that the Government still hopes to come to terms with the shipping industry by reminding it that Mr. Kennedy's qualifying phrase of availability and the question of rates are closely connected.

THREE CHOICES GIVEN

This may mean, some officials privately explained, that should the shipowners reject the administration's overtures, the Government will have three choices:

1. It could consider the deal as having fallen through.

2. It could announce that the high shipping rates mean nonavailability of American vessels, permitting the Soviet to find its own means of transportation.

3. It could seek some kind of accommodation with the Russians, wih part of the wheat to be delivered in American ships.

Beyond stressing that the discussion between the Maritime Administration and the shipowners is far from being closed, officials make it clear in private conversations that the issue is predominantly a domestic political problem that boils down to this:

Mr. Kennedy, who alone decided earlier this month to sell wheat to the Soviet, now has to decide about the next step.

DOCKERS SAY THEY'LL LOAD RUSS GRAIN—BUT LONGSHORE WORKERS WILL NOT PUT WHEAT ON SOVIET SHIPS

(By Helen Delich Bentley)

NEW YORK, October 15.—The International Longshoremen's Association (AFL-CIO) today reluctantly agreed to load U.S. wheat for Russia—but not aboard Russian-flag ships.

Affirmative action was taken by the executive council after wrestling with the problem for nearly 6 hours. One hour and fifteen minutes of that time was consumed by James J. Reynolds, Assistant Secretary of Labor, who requested permission to appear before the council in an effort to sell the program of President Kennedy.

GREAT EFFECT ON VOTE

Thomas W. Gleason, ILA president, credited Reynold's appearance with having a great effect on the council's favorable vote, to which five conditions were attached.

Strong internal opposition came from war veteran dockworkers who belong to the Longshoremen's Post of the Veterans of Foreign Wars. They flatly opposed any move to permit dockworkers to load grain on ships bound for Communist nations.

Refusal to load the Russian-flag ships was one of the conditions included in the qualified approval.

A top Government official tonight said the Russian ship restriction could create a definite problem in the sale of wheat to the Soviet bloc.

The other qualifications were:

PREFERENCE TO U.S. SHIPS

1. Preference should be given to American-flag vessels whenever they are available to carry the wheat.

2. Any work performed on the wheat must be done under the terms of the ILA contracts and working agreements.

3. There shall be no transshipment of any grain to Cuba and Red China.

4. A four-man committee from the ILA will act as liaison with the Government agencies involved in the grain movement.

All the conditions of the sale announced by President Kennedy shall be observed, the ILA added.

REGARDING RUSS SHIPS

Regarding the Russian ships, Gleason stated that:

"No ILA worker shall be asked to load cargo onto Russian ships. We have never in our history loaded ships with a hammer and sickle flying on them and we don't intend to do it now."

The ILA did not take any action on the handling of other Russian exports and imports at the east, gulf, and Great Lakes ports which it embraces.

A boycott against all Russian goods was instituted by the ILA last October at the height of the Cuban crisis and has not been lifted, despite pressure from numerous quarters that this ban be removed.

The other Russian goods were not voted upon today, it was learned, for fear the longshore leaders would reject the wheat deal as well. When it will be discussed has not been announced yet.

MOVE THROUGH CANADA

Many of the cargoes that normally would move through U.S. east coast ports—including Baltimore—are still moving between this country and Russia, but through Canadian ports. In other words, the general feeling is that the people who have lost the most through the boycott are the longshoremen of the United States.

Although the Canadian dockworkers belong to the same ILA, they have not abided by the executive council edict not to handle Soviet bloc trade.

Many port interests are concerned that industry may find substitutes for some of the items—such as cotton linters used by the automobile industry—and they will be a permanent loss in trade to this country.

[From the New York (N.Y.) Times, Oct. 29, 1963]

SHIP MEN BARGAIN OVER WHEAT DEAL—SEEK 10-PERCENT AID RATE RISE—IMPASSE STILL HOLDS

WASHINGTON, October 28—American shipowners sought a 10-percent increase in aid shipment rates in their meeting with Federal officials on carrying wheat to the Soviet Union.

While the owners made no demands, a reliable source said today, they indicated they might agree to rates stipulated by the Maritime Administration for the Russian wheat cargoes if an "adjustment" was made in the foreign aid schedules.

Steeper American ship rates, which run $10 to $12 more than those of foreign flag vessels, have been the major obstacle to private sales of wheat to the Soviet Union.

Hard-bargaining Russians met formally for the first time today with equally hard-bargaining American grain merchants. The session resulted in an impasse because of the rate question. The Russians said they wanted to purchase wheat, but balked at what they considered "extra charges" for shipping.

The rate snag arose because President Kennedy, in approving the sale of surplus farm commodities to Russia October 9, specified that cargoes would be carried in American ships, as available.

He set up the specification, although the sales were to be made by private traders rather than the Government.

It was understood that some of his advisers had opposed the stipulation on the ground that it was a free-enterprise deal and should be carried through from sale to ships on that basis.

The impasse also brought protests from several major maritime countries. Norway was the first, acting through diplomatic channels.

Other protests have been received from Britain, Denmark, and Sweden. They see a possible loss of business for their ships.

The increase sought involves shipments by the Government under Public Law 480. This is the Surplus Disposal Act, which allows sales of farm commodities in exchange for foreign currencies and strategic materials or donations for welfare purposes.

Donald G. Alexander, Maritime Administrator, after a meeting Friday with representatives of shipowners, said they stressed there had been no "adjustment" in rates under the law since 1957.

The law requires that 50 percent of aid cargoes be carried on U.S. ships. The Maritime Commission sets "fair and reasonable" rates under the law. In effect it establishes a rate ceiling for the merchant marine.

The Cabinet is expected to be briefed on the situation when it meets with President Kennedy in the White House tomorrow.

The briefing will cover the protests from Allies who believe their shipping is being discriminated against by the President's ruling.

Mr. Alexander said the Maritime Commission was prepared to set up rates as "guidelines" for the merchant marine. However, he added, he will first report to the Government officials who have dealt with a Russian trade delegation headed by Sergei A. Borisov, First Deputy Minister for Trade.

Mr. Alexander and other officials of the Commerce Department, of which the maritime agency is a part, are expected to meet again soon with representative of the shipowners.

[From the Baltimore (Md.) Sun, Oct. 26, 1963]

SUFFICIENT U.S. SHIPS SEEN FOR RUSSIAN WHEAT DEAL

(SUPERIOR, WIS., October 25.—The first sign of retaliatory measures to be taken against Canadian ships because of a Government-trusteeship placed over Canadian maritime unions was seen here today when American seamen picketed a Canadian vessel. The picketing is expected to spread to all other Canadian ships in U.S. ports. The pickets are members of the Seafarers International Union of North America. Their SIU counterpart in Canada has been seized by the trusteeship.)

(By Helen Delich Bentley)

WASHINGTON, October 25.—Sufficient numbers of American-flag ships now in active service are available to carry the proposed 2,500,000 tons of American wheat to Russia, Donald W. Alexander, Maritime Administrator, reported today.

The only hitch as to whether they will be used by the Soviet, if they buy the wheat, is the freight rate that will be demanded by the American shipowners.

Alexander pointed this out at a press conference following a 2-hour session with the heads of the four principal maritime associations representing every American-flag shipowner.

PURPOSE LIMITED

The meeting was called to discuss the availability of ships and rates, Alexander explained, only for the movement of wheat to Russia, not to any other of the Soviet bloc nations or for any other commodity.

Because rates on American-flag ships for the movement of U.S. Government-aid cargo to other countries range from $7 to $10 a ton higher, there has been some suggestion during the past week that the Iron Curtain countries were reluctant to make their purchases from America if they had to ship them on American ships.

Alexander referred to President Kennedy's initial announcement October 9 when he said the movement of wheat and wheat flour to Russia would be aboard American vessels if they were available.

QUESTIONED ON REPORT

The Maritime Administrator was asked to confirm a report circulating that the Soviets had initially suggested that American-flag ships be used for these shipments.

He replied he had heard of it only as a rumor and could not make the confirmation.

American seamen's unions and the International Longshoremen's Association have both pressed for preference treatment to be given American vessels. If this is not given, the National Maritime Union has said it will picket vessels loading for the bloc. The ILA has indicated it will not load any grain if foreign ships are favored over American.

Alexander explained that until an actual fixture—contract—for a cargo of grain to be moved to Russia is made, it is difficult to say how the rates will run. Shipowners are free to negotiate their own, he explained, although the Department of Commerce intends to establish a guideline—a ceiling—as to what rate it will consider as being "fair and reasonable."

If the rate cited is higher on the export license application, Mr. Alexander said, "We will consider it as no American ship being available because it won't be available at what we consider a fair and reasonable rate."

In this instance, the buyer or seller could designate a foreign-flag ship as he is now able to do under the Cargo Preference Act which requires that at least 50 percent of all aid cargoes must move on American bottoms when available at reasonable rates.

GAP BEING CLOSED

Alexander also pointed out that since the gigantic purchase of wheat by Russia from Canada and Australia, the freight rates for foreign ships have been rising, placing the world market closer to the price of American ships. The steamship representatives told him, he said, that the gap could be closed almost completely if the demand for ships continues rising.

The steamship men also pointed out, he said, that historically when American ships were not available, foreign shipowners skyrocket their rates far in excess of what they were when the demand began. Sometimes they even exceed the American rate, he commented.

The Department of Commerce will not ask any shipowner to handle any wheat or wheat flour for Russia at a rate below cost or less than compensatory, Alexander stated. Wages aboard American ships are about four times higher than foreign ships, while other costs also are comparably higher.

[From the Baltimore (Md.) Sun, Oct. 14, 1963]

FROM BAD TO WORSE?—DARK DAYS FOR THE MERCHANT FLEET

(By Helen Delich Bentley)

The future of the remnants of the domestic shipping fleet literally hangs by a thread. A bill now pending in Congress could wipe it out, although the bill's supporters would deny this.

Introduced by Senator NEUBERGER, Democrat, of Oregon, the bill would permit on a permanent basis the free movement of lumber from the United States to Puerto Rico aboard foreign-flag ships. If that is enacted, the maritime industry feels it is useless even to try to apply the Jones Act any longer. The Jones Act was passed in 1920 to protect domestic shipping by permitting only American-flag ships to carry cargoes between American ports and from the States to territories such as Puerto Rico and the Virgin Islands.

The effect of the Jones Act was weakened last year when Senator NEUBERGER squeezed through a provision that lumber could move to Puerto Rico on foreign-flag ships for a 1-year period if American ships could not meet the low freight rate of the foreign vessels. The pending legislation has no proviso which would give American ships an opportunity even to express a desire for the lumber.

Ironically, American ships which have been converted abroad, but which are still operated under the American flag and manned by American seamen cannot compete against the foreign vessels because the Jones Act excluded them from the domestic trade.

Yet these are the only American ships—primarily bulk type carriers—which could approach the low freight rates of the foreign ships, which are built abroad, registered abroad, and manned by foreign seamen.

Once the lumber industry breaks completely through the Jones Act with the "free movement" doctrine, then the orange, steel, chemical, and oil companies are going to fight for their rights. Who can say that the lumber industry should have any more preference than the others?

Shipping circles feel strongly that the administration is selling the American domestic service short—or cannibalizing it—in behalf of the lumber industry because of the power in Congress of the Pacific Northwest congressional delegation.

The same shipping groups point out that many of the lumbermen who are screaming that they cannot compete against Canadian lumber which moves in foreign bottoms are stockholders and part owners of many of the same Canadian lumber concerns. In other words they are competing against themselves and the domestic fleet is being sacrificed—that is the feeling in the maritime world.

Although the railroads seemingly would support any attack against the domestic shipping lines, they may well beware of some of the far-reaching implications. Competition against American-flag water transportation has been stiff and the railroads have complained. But what will it be if lower-cost foreign ships are given a wide-open field in which to operate?

Great concern has been expressed by many responsible sources about the decline—from 700 ships before World War II to less than 100 today—of the domestic fleet, but thus far only negative action has taken place.

When he was running for the Presidency, the then-Senator Kennedy wrote: "The depressed condition of our country's once-flourishing domestic shipping industry should be a matter of deepest concern to everyone interested in our country's economic progress and national security. Unless strong measures are taken, promptly, to preserve and strengthen the dry cargo fleet now operating coastwise and intercoastal, one of the great bulwarks of our Nation's defense may soon be a thing of the past."

Since that letter was written in 1960, at least eight domestic—intercoastal, coastwise, and offshore—steamship lines have suspended. Only seven are left.

Summarizing in his letter, Mr. Kennedy wrote: "If the domestic merchant fleet, so strategic to the Nation's economy and to its defense, is to be kept alive—and it must be—Government must lend a hand. Steps must be taken to insure fair treatment of domestic shipping vis-a-vis other forms of transportation. Beyond that Government has real and long neglected responsibility to assist in the formulation of a rational over-all transportation policy in which intercoastal transport has a vital position."

Among the problems cited by the "deceased" lines as they went out of business was that of rates—that they were unable to get rate increases approved fast enough by the Federal agencies.

At the Propeller Club Convention held in Baltimore last week, former Senator John Marshall Butler, who was considered outstanding in his contributions to maritime legislation while serving in the Senate Commerce Committee, spoke on "Domestic Water Transportation and the National Interest."

He said among other things, "Unless something is done about the ratemaking situation, a rejuvenation of domestic water shipping would be impossible, according to the experts, even if the cost of the ships were zero. It is in the area of ratemaking, on a wholly coordinated national transportation basis, that Under Secretary Roosevelt and his associates may find the real solution."

Most—if not all—of the remaining segments of the domestic shipping industry have filed for rate increases to compensate for increased costs. Some of these cases have been pending before the Federal Maritime Commission for a year—some even longer. The length of time it takes the Commission to act on a rate petition has been disturbing to the shipping industry for some time because of the mounting losses in the interim. Some lines have collapsed altogether while waiting.

Some shipping people have suggested subsidizing the domestic industry. Subsidy payments would support both the construction of new vessels and their operation. Matson Navigation Co., the biggest domestic nonsubsidized line, has taken a neutral stand on the issue of subsidy for its Hawaii freight trade. In a memorandum issued some time ago on this subject, the company said:

"As the principal carrier in the trade, it is Matson's fundamental responsibility to keep the total cost of moving Hawaii's commerce at the lowest possible level consistent with the maintenance of adequate service and a fair return to the stockholders on their investment in Matson. This responsibility does not include the determination of who is to pay this cost.

"Under the present system, the users of the service pay directly for it through freight charges. This is the normal way of doing business. Under a subsidy arrangement, part of the cost would be shifted, either to the taxpayers of the State or the Nation. Whether or not the cost burden should be shifted is a matter of public policy, to be decided by the public and those appointed or elected to serve the public interest."

More recently, Matson has said that if it could get its requested freight rate, the rate of return would put it on solid operating grounds now—without any subsidy of any kind.

Alcoa Steamship Co. has requested a freight rate boost to Puerto Rico and the Virgin Islands and emphasized that it was urgent. That was nearly 18 months ago. The plea is still pending.

Another bill even bolder than the Neuberger proposal and now before Congress would permit foreign-built ships to be used generally on the domestic routes. Mr. Butler referred to this as obtaining ships from "bargain basement shipyards in foreign countries. This is another artifice of inert expediency, unworthy of those who resort to it."

If the argument is that lower-cost foreign procurement should replace domestic shipping, he said, "you might as well suggest that we import lower salaried legislators from West Germany, Japan, France or wherever, to sit in the Congress of the United States and enact laws to bring about the complete demise of all of U.S. industry."

"This type of attitude, if not nipped in the bud, could pollinate or be catching—and might even lead to the demise of our merchant marine completely or to the demise of the domestic, legal profession—or what have you. Where then would we be with the balance-of-payments problems? Where would they find [the shipping quota] of the 35 million new jobs which the Department of Labor has warned our economy must create in the next decade?"

The Senator blamed both Republican and Democratic administrations for the sad plight of the domestic merchant marine today. Many agree that the weakness of the domestic merchant marine doesn't trace to the Jones Act, but to longcontinued default of suitable action, leadership and coordination within the responsible—the executive—agencies of the National Government. No administration has made a real attempt to salvage any segment of the domestic shipping industry.

OCEAN RATES TO RUSSIA HOLDING UP THE WHEAT DEAL

(By Helen Delich Bentley)

The American shipping industry is being buffeted from all sides in the proposed sale of wheat to the Soviets. Should the sale fall through because of the higher rates charged American-flag vessels, then the whole blame might fall on the U.S. Merchant Marine. [Latest reports are that the United States has proposed a rate compromise which the Russians are studying.—Editor.]

Even some of the American press is criticizing rate structures that threaten to disrupt the wheat deal. Foreign maritime nations are angry at President Kennedy for specifying the use of American ships. Yet American seamen's unions say that American ships must be given preference or they will picket and longshoremen might not load the foreign carriers otherwise.

Did President Kennedy deliberately risk this controversy because he truly felt the wheat should move American? The shipping industry, which has felt neglected under the present administration, would like to believe that the President himself decided that any of this wheat sold at world market prices—meaning that the American taxpayer is paying a subsidy of 60 cents a bushel to the American producers—should move on American-flag ships.

But well-informed sources claim that in the initial inquiries between the two Govments, the Russians requested American-flag transport and that the President made his public statement for that reason.

If the story is true, some wonder whether the Russians didn't plan this deliberately to embarrass the White House by subsequently refusing to purchase the wheat because of the high American shipping rates. It is difficult to believe that the Russians were not aware beforehand of the higher shipping rates on American tramp ships. They have been chartering vessels for years and their shipping agencies are active enough in the world market to know all about the high American rates.

The higher rates, incidentally, do not apply to berth line services—those steamship lines serving on regular trade routes with a steady service—because of the conference systems under which both foreign and American operators charge identical rates and institute identical practices on those routes.

But grain moves on tramp ships primarily, as do most bulk cargoes. The liner services—most of which are subsidized or about to be—would be available only to move parcel lots of wheat on their regular run. This they might be able to do at a slightly lower rate than the tramp ships, but only if they happen to have some empty space on a ship that is sailing near or to Russia.

The Government-aid grain which has been moving around the world to India, Poland, Yugoslavia, Great Britain, France, Germany, Algeria, and other countries since the Marshall Plan was first instituted is transported primarily on regular tramp ships or on liners chartered to a tramp operator. The Cargo Preference Act requires that at least 50 percent of any Government-financed cargo shall move on American-flag ships, if available at fair and reasonable rates.

Those fair and reasonable rates are determined according to guidelines established by the Maritime Administration of the Department of Commerce. Although the guidelines are in theory never made public, the industry learns of them somehow so its operators may know what to charge for a cargo fixed (contracted) for a specific country. Any rate equal to or less than the guideline means that an American ship is available at a fair and reasonable rate. If the rate is higher, the Maritime Administration rules that an American ship is not available.

The American rates have ranged from $7 to $10 higher than the foreign freight rates for several years. Therefore, there is nothing new about them and no reason for a sudden gust of sympathy for the Russians because they may have to pay more to move wheat which they claim they so desperately need.

The Department of Agriculture has been unhappy about the Cargo Preference Act since it was passed in 1954 and has been caught repeatedly trying to skirt it by favoring foreign ships. More than once the Department of Justice has had to issue directives to Agriculture that it favor Americans where the Cargo Preference Act is applicable.

It is certainly true under the Kennedy administration that more Government agencies are using American ships almost exclusively whenever and wherever they can. But there is still a great deal to be done to indoctrinate both the Departments of Agriculture and of State to think of American-flag shipping first.

The Cargo Preference Act is the only protection that the American Merchant Marine has. Today, less than 10 percent of all of the U.S. imports and exports move on American-flag ships. The Norwegians lead the foreign nations in the amount of American foreign trade transported and yet the Norwegians were the first to blast President Kennedy for his suggestion that the subsidized American wheat should move preferably on American ships.

Other countries which have raised questions or registered indignation over the "preference" to American ships are Japan, Denmark, Sweden, Italy, Greece, the Netherlands, and Great Britain.

Luther H. Hodges, Secretary of Commerce, defended President Kennedy's stand by pointing out that foreign nations would arbitrarily designate their own ships (and have done so) to carry such cargoes without consideration for anyone else. Secretary Hodges indicated that was the position the United States should adopt on the Russian wheat movements.

Despite all of the hullabaloo, no one really knows what the American rates actually will be until a fixture—contract—has been made for a ship. Until that time, no one can determine whether the American rate will fall within the "fair and reasonable" category.

The factors involved in determining a rate are numerous: How many tons a ship can carry, the port of loading, the port of discharge, the facilities available for discharge, the length of the voyage, the speed of the ship. All of these are cost factors. A larger and faster ship can quote a much lower rate because it could carry several times as much as a 10-knot Liberty. For instance, the 106,000-deadweight-ton tanker *Manhattan* recently picked up aid grain for the Middle East for about $12.80, while a Liberty ship quoted $24.50.

A group of tramp ship operators did announce last week that they would make sufficient tonnage available at $21 a ton to transport 1 million tons of wheat to Russia before next summer. This, presumably, was a drop of $5 a ton from what they say is the comparable rate on aid cargoes to nearby points. However, it still ranges from $5 to $8 a ton higher than quoted foreign rates.

An interesting development, however, is the climb in foreign rates since the big wheat movements from Canada and Australia were announced. The indices show rates rising from $3 to $5 a ton in the world market with indications they will go still higher. History has shown that whenever American ships were not available to steady them, the foreign rates climbed to abnormal levels. One prognosticator last week mused that "before this grain rush is over, both American and foreign rates will be $33." Nothing would please the shipowners, who have been in recession since 1957, more.

The $21 figure released by the tramp shipowners may serve as a guide to the "guideline" which the Maritime Administration is to determine soon.

It is interesting that no directive or indication has been made that any grain other than wheat is to be channeled to American ships.

Moreover, wheat moving to other Communist bloc nations purportedly can move on ships of any flag. So the big question centers around an estimated 4 million tons of wheat and wheat flour that the Russians allegedly want for themselves. Will the transaction be consummated and will the wheat move on American vessels?

THE COLLAPSING CONTROLS ON EAST-WEST TRADE

[From the Washington (D.C.) Star, Mar. 24, 1963]

BRITAIN SEEKS RED CHINA AND SOVIET TRADE—CONTROVERSY SEEN IN WEST'S CAPITALS OVER CONTRACTS

LONDON, March 23.—The British Government, plagued by export difficulties and high unemployment, is quietly setting the stage for important new business deals with Russia and Red China.

Two big contracts with the Russians were reported under study. Each seems certain to heighten controversy in Western capitals. They are:

1. The Board of Trade has advised the South Durham Steel & Iron Co. it is free to sell oil pipe to the Russians. The $225 million Middlesborough firm has been losing money lately. It hopes to pick up orders for pipeline equipment which West German companies have had to cancel as a result of a Government embargo. Britain's refusal to join in a general Atlantic alliance embargo of steel pipe sales to Russia has been criticized in Bonn and Washington.

2. The British Cabinet is also considering a Moscow offer to sell Britain up to 2 million tons of Soviet oil a year.

As bait, the Russians have indicated they will place orders with the hard-pressed British shipbuilding industry.

NO TRADE INHIBITIONS

In general the British have no inhibitions toward trading in nonstrategic goods with the Russians, Chinese, and other Communist lands.

"This country must export or die," one senior authority said. "We are traditionally a trading nation and cannot exist in self-sufficiency as the United States could do. We would do business with the devil provided he pays."

British Government ministers began a round of talks with Lu Hsu-chang, Red China's visiting Deputy Minister for Foreign Trade.

A treasury spokesman said afterward Mr. Lu "gave some indications of how he thought China's trade with Britain might be developed." In the past 3 years the volume of British Chinese business has neared the $500 million mark and both countries think there is scope for at least a 50 percent increase.

READY TO FORGE AHEAD

London-Peiping Trade reached a peak in 1959, immediately before a succession of three crop failures forced the Chinese to curb imports. On top of this, foreign exchange and domestic political difficulties compelled the Chinese Reds to reorganize their economy and revise their foreign trading policy.

But now they are considered ready to forge ahead into new economic and fiscal relationships with Western countries, including Britain, which has a centuries-long record of business dealings with China.

Mr. Lu and his mission will be visiting an aircraft factory which is building six jet airliners for delivery to China, a nuclear power station, electronic and power generating plants and a variety of other industrial centers. The British are hoping to interest him in buying complete factory installations, machine tools, and consumer goods and equipment.

[From the New York Times, May 31, 1963]

Soviet Presses Bonn for More Trade; Seeks Pact Bypassing Common Market Deadline

(By Arthur J. Olsen)

Bonn, May 29.—Premier Khrushchev has suggested a 3-year renewal and expansion of the Soviet Union's $400 million a year trade agreement with West Germany.

The suggestion was made to a West German industrialist, Berthold Beitz, in Moscow last week. It appears to fit a pattern of developing Soviet interest in economic ties with West Germany. It also promises to confront Bonn with a difficult decision on its future trade policy with eastern countries.

Under the treaty setting up the European Common Market, all trade agreements with countries outside the trade bloc are to be negotiated by the Common Market as a whole after January 1, 1966.

The 3-year agreement sought by Mr. Khrushchev would run through 1966. Bonn therefore would have to insist on short-term renewal of the Soviet agreement that expires this year or ask the Common Market executive for an exception to the 1966 cutoff date.

BLOC NATIONS ARE WARY

There is considerable sentiment in government and industry for expansion of West Germany's commerce with Soviet-bloc countries. Bonn is far from sure of similar enthusiasm among its Common Market partners, some of whom compete with East European countries in exports to West Germany.

Soviet pressure for a 3-year renewal is sure to be heavy, Communist governments, which plan their economies on a long-term basis, insist wherever possible on 3-year or 5-year agreements. Short-term trade protocols are invariably limited in scope and size.

Premier Khrushchev is understood to have impressed Mr. Beitz, who is general manager of the Krupp industrial enterprise, with Moscow's interest in broadened commercial exchange with West Germany. This is a recurrent theme in Soviet propaganda aimed at Bonn.

WEST BERLIN AN ISSUE

A parallel theme, now worrying West German officials, is a current Soviet effort to cultivate commercial relations with West Berlin. The purpose apparently is to develop the position of West Berlin as a foreign-trade partner separate from West Germany.

When the Bonn regime and the Soviet Union negotiated their current trade agreement in 1960, Soviet authorities refused to recognize Bonn as representing West Berlin's commercial interests.

Officials here are uncertain whether Moscow will resume its effort to cut Berlin off from the Federal Republic as far as Soviet trade is concerned. The one recent hint of Soviet policy was ambiguous.

In an invitation to West Germany to exhibit at a Moscow trade fair next year, the Soviet Union specifically invited West Berlin's participation. Berlin officials are now trying to discover whether the Soviet Union meant that West Berlin should appear as a separate country.

This interpretation could well be correct, since the Soviet Embassy in East Berlin has recently been trying to interest West Berlin businessmen in Soviet trade. The effort, which included a conference with about 50 West Berlin executives last month, has won limited response because few Soviet export products are useful to West Berlin.

SOVIET VIEW OF FUTURE

In his talk with Mr. Beitz, Premier Khrushchev appears to have tried hard to encourage the present interest of West Berlin's industrialists in expanded commerce with the East. Officials here believe the Soviet leader may well have been expecting that a new government in Bonn might become more receptive to Soviet political approaches than the regime of Chancellor Adenauer has been.

Premier Khrushchev is understood to have questioned Mr. Beitz closely on the probable character of the government to be organized by Vice Chancellor Ludwig Erhard when he succeeds to the leadership in October. The Premier apparently did not ask the industrialist to convey an invitation for Mr. Erhard to visit Moscow, as was rumored in the West German press.

Mr. Beitz's report will be a principal contribution to a conference next month on Eastern trade policy to which West German industry leaders have been summoned.

Mr. Erhard, Foreign Minister Gerhard Schröder and possibly Chancellor Adenauer will hear recommendations and arguments of industry. It is expected to advocate trade expansion with the East and pressure on the Common Market for concessions that would make that expansion possible.

West Germany's trade with the Communist bloc has risen by 25 percent since 1958, although it remains comparatively small. Last year it amounted to slightly more than $1 billion, or 4 percent of total West German foreign trade. Of the East bloc trade, the Soviet Union accounted for $400 million.

[From the New York Times, Aug. 22, 1963]

Japan Mill Sale Has Wide Impact—Tokyo To Reassure Allies on Red China Deal

(By Emerson Chapin)

Tokyo, August 21.—Japan was reported eager today to reassure its allies that the sale of a multimillion-dollar synthetic textile plant to Communist China had no political implications.

As the long wait began here for world reaction to the deal with China, Japanese Government sources stressed that the arrangement did not constitute any form of "economic aid" to Peiping and asserted that Japan was merely following international business practice.

The Government was said to be anxious to reassure its allies, particularly the United States and Nationalist China, that the deal was strictly commercial.

Fears of adverse reaction in the United States are thought to have been responsible for the Government's long delay in approving the sale of the $20 million plant to produce vinylon. Under the terms finally approved, the Chinese will make a downpayment of 25 percent and pay the balance over 5 years at 6-percent interest.

Vinylon, also known as vinal, is a polyvinyl alcohol fiber developed by the Japanese and not generally used in the United States. The low-cost fiber can be produced in regular filament and staple form as well as in water-soluble form. It is strong and abrasion-resistant and has relatively low elongation.

The Japanese Government imposed on the Kurashiki Rayon Co., which is selling the plant, what was generally regarded as a face-saving condition.

The rate of interest was raised from the 4½ percent originally specified to 6 percent so Japan could not be accused of granting more favorable payment terms to China than are offered by any of the Western trading nations. But the price was reduced from 7,400 million yen ($20,555,555) to $7,200 million yen ($20 million), so that the total amount paid by China would not be altered.

U.S. VIEW OUTLINED

There was no public reaction from the U.S. Embassy. American officials here take the view that Japan cannot be criticized for seeking trade with Peiping on the same terms as such other countries as Britain, Australia, and Canada.

It was noted that a British trade group had just returned from Peiping with predictions of a rapid expansion in trade between the two countries.

Statistics show that Japan has been falling behind Western competitors in exports of machinery and plant equipment largely because of the 20- to 30-percent downpayment requirements imposed by the Government.

The United States has looked askance on the Japanese assertion that the sale to China is simply a business arrangement and has no political significance.

American officials have observed that in dealings with Peiping, economics and politics cannot be separated, and have reminded the Japanese of what happened in 1958, when the Chinese suddenly seized on a political pretext to break off all commerce.

The U.S. view is that the Japanese, in making such manufacturing plants available for deferred payment, would be better advised to consider the underdeveloped countries of southeast Asia, where the need is great and the future of commercial relationships could be more promising.

CONCESSIONS SOUGHT

In announcing the Government decision yesterday, Hajime Fukuda, Minister of International Trade and Industry, declared that the extent of future contracts for plant sales to Communist countries on easy payment terms would be limited by the amount of funds available in the Japan Import Bank. However, U.S. officials believe that the Government, having said "Yes" to Kurashiki Rayon, may find it difficult politically to turn down other applicants.

A number of new applications by textile and chemical fertilizer concerns are expected in the wake of yesterday's decision.

[From Metalworking News, Oct. 14, 1963]

Toolbuilders in United States Generally Endorse Trade With Russians

A general tendency among machine tool builders to favor selling their wares to Russia emerged last week in a Metalworking News spot check around the country.

In the wake of the administration's decision to sell wheat to the U.S.S.R., many tool-company chief executives showed varying degrees of interest in the idea of such trade for themselves. At the same time, a substantial minority of those checked flatly opposed dealing with Russia.

Most tool executives favoring U.S.S.R. trade made it conditional on Government approval, and many would specifically exclude sales of machinery directly useful in war production. Others excluded any tools not already available to Russia from other sources.

The fact that equipment is being made available to Russia by America's allies was pointed out repeatedly.

Builders opposed to Russian trade tended for the most part to question the wisdom of building up the strength of a potential enemy. A few shrank from trading with Russia, however, on the basis of bad experience in prior transactions.

Following are detailed reports from major toolbuilding centers:

SHOULD ALLOW IT

Cleveland: American machine tool builders should be allowed to sell to Russia.

That was the unanimous opinion of machine tool builders here last week in the wake of the decision to allow the sale of wheat to Russia.

None of the builders were willing to be quoted for the record, however, and several recommended restrictions.

Machine tools that can be quickly converted to making of weapons such as artillery shells should be barred, said one builder. He admitted that all machine tools indirectly would help in making military equipment, but added that so would wheat and proposed the banning of only those machines that would directly turn out munitions.

Another builder would allow the sale only of machine tools the Soviet Union can now purchase from other countries. He also said that if the Government wants to ban these machines, the industry should be willing to go along.

"If we don't sell the machine tools to Russia, then Great Britain, West Germany, France, and other countries will. What's the difference between wheat and machine tools?" That was the consensus.

One builder claimed Iron Curtain countries are now copying American machine tools and paying no attention whatsoever to patent rights, except to restrict sale of these tools to other Iron Curtain countries.

MIGHT AS WELL, TOO

Rockford, Ill.: The United States might as well sell machine tools to Soviet bloc nations if those nations can buy them from our allies. Chester J. Braatz, president of Barber-Colman Co., here, said last week:

"We accomplish nothing if we deprive ourselves of this business," he stated.

Mr. Braatz stressed that this is his personal view and is restricted to equipment the Soviet "can buy from someone else if they can't get it from us." He said he does not feel the United States should promote sale of machine tools to the Soviet.

Clayton Gaylord, president of Ingersoll Milling Machine Co. here, noted that anything we sell to the Russians aids their ability to wage war on this country. There is no point in distinguishing between wheat and machine tools, he added.

Mr. Gaylord said the decision as to whether to trade with the Soviets should be made by the "people planning the strategy of the cold war and in a position to estimate the possibility of a hot war."

Philip Mattison, president of Mattison Machine Works, here, stated his strong personal opposition to selling to the Soviets.

"If we had an inquiry right now, and it were legal, we would not quote," he said.

Still another local builder, who prefers to remain unidentified, said "we'd sell to anyone else first." This builder had done business with Russia's Amtorg Trading Corp. at one time and he recalls it as the "toughest kind of business. Their arguments over tolerances were intolerable."

OPINION DIVIDED

Cincinnati: Test-ban treaties and sale of wheat—all signs of growing, yet limited U.S. cooperation with the Soviet Union—have not brought about a major realinement of thinking on trade with Russia among machine tool builders here.

Earlier attitudes, on both sides of the issue, continue to prevail.

Graham A. Marx, president, G. A. Gray Co., said, "We are not eager to deal with the Russians," while Frank Fields, president, Fosdick Machine Tool Co., said, "I feel that machine tool sales to Russia are certainly justified. There is nothing we build that the Russians can't get from our European allies."

A more middle-of-the-road statement was offered by William Dolle, Sr., president of Lodge & Shipley Co.: "If we would get Governmental approval on trade with Russia, there would be no objection to taking orders but Government opinion wil govern our attitude."

It was commonly felt that the wheat-sale agreement would spark industrywide consideration of lifting the Communist-Bloc trade barrier.

Restricting some machine tool types from possible trade was seen as advisable by many builders here. Excluding machines directly related to production of military items or those of unique technology was suggested.

In considering the eventuality of future trade, local machine tool management felt that trade negotiations should be begun and carried on by the individual firm rather than through governmental or industrywide groups.

ISSUE TOO COMPLEX

Providence: Henry D. Sharpe, Jr., president of Brown & Sharpe Manufacturing Co., here, feels the question of machine tool trade with Russia is too complex to be answered with a simple yes or no.

"You would have to have a specific proposition to consider before you could evaluate it," he said, adding that the interest of the United States weighs heavier than the interest of any one manufacturer.

CHICAGO SEES VALUE

Chicago: Machine tool executives here generally favor a review of U.S. machine tool trade restrictions with the Soviet Union.

Several say they cannot understand why the United States does not sell the Russians machine tools when our Allies make such sales. One builder, while favoring a review, said he does not think we should sell the Communist world sophisticated machine tools such as numerically-controlled items, though he saw no objection to selling conventional machines.

The president of one large tool manufacturer, said, however, he does not want us to trade with the Russians. He termed them potential enemies and sees no reason to help such a country even if it means profits here.

DETROIT OPINIONS

Detroit: "If we are to get our gold back, how are we to do it unless we increase our exports," was the reaction of Sam S. Schmidt, president, Drillmation Co., Inc., Center Line, Mich., to the question of selling machinery to the Soviet Union.

"The Russians are getting what they want anyway from Europe, and we might as well cash in," he added.

A similar point of view was voiced by Norman L. Parker, vice president, Parker-Majestic, Inc., here. He favored sales to the Soviet Union, but not sale of machinery that might be converted to military applications.

WORTH THINKING ABOUT

Windsor, Vt.: The prospect of trade with Russia is worth thinking about to J. A. Kiely, vice president and assistant general manager of PneumoDynamic Corp.'s Cone Automatic Division, here.

"I think that, if we were permitted to by the Government, we'd be inclined to consider the business," he said. "Both English and German manufacturers are interested in the business, and there's no reason why we shouldn't be."

A FINE THING

Bridgeton, N.J.: Trade, even with an enemy, is "a fine thing," in the opinion of George E. Bass, president of Ferracute Machine Co., here.

[From the Metalworking News, Oct. 14, 1963]

Tools Issue Sidestepped by NMTBA

Washington.—The National Machine Tool Builders' Association has taken no stand regarding the sale of U.S. tools to the Soviet Union and will leave the decision "up to the Government."

The Commerce Department's Office of Export Control is "considering" a reexamination of the Export Control Act, which now severely limits the sale of equipment to the U.S.S.R., a spokesman said. He made it clear that no firm decision to reexamine the act has been made.

An NMTBA spokesman said that if the Government decides to permit the sale of so-called strategic tools to the Soviet Union, the association probably will advise against it. He added that NMTBA knows of no members who had applied for an export license to sell to the Soviets.

Under the Export Control Act, only manually operated bench and floor tools can be licensed for sale to Russia.

[From the Baltimore Sun, Sept. 25, 1963]

Hodges Favors Red Bloc Trade—Administration Is Considering Change in Policy

(Minneapolis, September 24.—A team of American private grain traders is negotiating with a Soviet commission now in Canada for a huge sale of this country's wheat to the Russians.

The Minneapolis Tribune and Des Moines Register said in a copyrighted story tonight that approval of the U.S. Government was all that remained before a deal could be closed.)

(By William Knighton, Jr.)

Washington, September 24.—Luther H. Hodges, Secretary of Commerce, today said he supports the move to expand trade in consumer goods with Communist bloc countries.

A change in the present governmental policy banning the sale of not only military goods, but also those of economic value, to the Communists is now under very definite consideration by the administration, he told a news conference.

He said he had not yet formally made any specific recommendations on the issue to the President, but his own feelings on this could be summed up in his statement:

"I favor selling goods."

He quickly emphasized that "strategic materials are completely out."

CANADA SELLING WHEAT

Hodges has been designated by the President to lead a drive to increase the sale of American goods abroad by 10 percent, which, if accomplished, would make a sizable dent in the present imbalance in U.S. international payments.

Further, a White House conference on export expansion last week recommended that this Government take another look at its policy on trade with Russia and other members of the Red block, but it did not specifically call for a change.

Also, the recent announcement that Canada had signed a contract for the sale of $500 million in wheat this year to the Soviet has greatly enhanced the possibility that the United States will liberalize its present policy.

A new policy on the sale of foodstuffs could be agreed to relatively speedily, and Hodges indicated he thought an announcement liberalizing current policy against the export of such goods to Russia and the other members of the Eastern bloc might come in about 30 days.

A decision on the sale of other consumer goods probably would take longer to be reached, he said, for our allies would have to be consulted in this respect.

"Maybe, we have not been as practical" as we might have been regarding East-West trade, the Commerce Secretary said.

A number of consumer items could be placed on the export list without congressional action, he pointed out.

He also said, in answer to a question, he expected that Russia would want to purchase from this country a great many items worth considerably more than the products America would want from the Soviet.

This, of course, he noted, would give the United States a favorable balance of trade. But it would not be necessary for America to balance its trade with the East bloc, he said, pointing out that the overall trade balances are figured out on a world-wide basis.

In answer to a question, he said a shift of policy would not interfere with aims to isolate Cuba from trading with the rest of the world. The new policy toward each country would be considered on an individual basis, he said.

Hodges answered two unrelated questions in this fashion:

1. He has no plans to leave the Cabinet and again be a candidate for Governor of his native North Carolina.

2. Business prospects for the remainder of the year are good.

[From the New York Times, Sept. 9, 1963]

Canada Seen Widening Trade With the Communist Countries

(By Philip Shabecoff)

Some recent rumblings have been heard to the north that may herald an expansion of trade between Canada and the Communist nations. Aside from promoting wheat sales to China, the Canadian Government has played a relatively passive role in trade with the Communist bloc.

In the last few weeks. however, there have been several indications that the Government will actively press for increased East-West trade.

Greeting a Soviet negotiating team that arrived at Ottawa last week to renew a trade agreement with Canada that expired last week, Canada's Trade Minister, Mitchell Sharp, expressed the hope that "a mutually satisfactory basis could be found for the continuation of the trade agreement and the expansion of trade between the two countries."

TRADE EMPHASIZED

Paul Martin, the Dominion's Minister of External Affairs, said in a recent speech that the limited nuclear test ban treaty should be followed up with other contacts with the Communist countries, including China. He emphasized the expansion of trade as an important contact.

Perhaps most significant was Canada's agreement to admit $7 million worth of competitive goods from China—mostly textiles—as part of the deal in which she will sell 187 million bushels of wheat to the Chinese over the next 3 years. This clause was admitted to the contract despite the angry protests of Canada's textile industry.

It has been widely conceded that Canada, which consistently maintains a heavy surplus of exports over imports in trade with the Communist nations, could not substantially expand these exports unless it admits more Communist goods. The willingness of the Government to accept Chinese textiles would seem to indicate that Canada would import competitive products to accelerate exports to the Communist nations.

In 1962, Canada's exports to the Communist nations totaled $208,028,000 in Canadian funds. Considering Canada's economy and size, this compares very favorably with U.S. exports of about $288 million to the same countries.

WHEAT IS EXPORTED

Over half of Canada's sales to the Communists—some $147 million—went to China, which is blacklisted by the United States. Exports to the Soviet Union and most Eastern European nations dropped sharply last year because of reduced sales of agricultural products.

Exports to Russia fell to $3,297,000 in 1962 from $24,276,000 the preceding year, according to the Dominion Bureau of Statistics. These exports representing widely scattered product categories, the largest of which were cattle hides, tractors, and plastics and synthetic fibers.

Poland remained the largest customer for Canadian goods with imports of $37,449,000 last year. Poland imported some wheat but the largest dollar volume was accounted for by synthetic fibers.

This year, however, the Soviet bloc is again loading its shopping cart with Canadian wheat. On August 30 the Government announced that it would sell 300,000 tons of the grain to Russia for $11 million. Earlier it had sold $6,800,000 worth of wheat to Poland.

Canadian imports from the Communist countries have been relatively small. In 1962 she imported only $24,223,000 from these nations, over a third of which—surprisingly—came from Czechoslovakia.

If the agreement to admit Chinese textiles indicates a trend, and several trade sources believe that it does, then Canadian imports from the Communist countries can be expected to grow appreciably in the near future.

There are, however, several built-in barriers that probably will put a limit on the expansion of Canada's trade with the Communist areas.

In the first place, Canada requires that its exporters refrain from shipping strategic materials to the Communist bloc. Like most Western nations Canada uses a looser definition of "strategic materials" than the United States but finds itself tied willy-nilly to the American definition because of its economic ties with this country.

RESTRICTIONS NOTED

Many Canadian companies are subsidiaries and affiliates of U.S. concerns, and thus cannot ship products that are prohibited to the Communist nations by American law. Moreover, many Canadian manufactures are made under U.S. patents, and these, too, cannot be exported to the Communist nations.

Former Prime Minister John Diefenbaker commented some time ago that Canada does not share the views of some countries (meaning, presumably, the United States) that argue against trading with Communist countries. However, in many instances Canadian exporters have no choice but to follow American views on the subject.

In the case of the Soviet Union, Canada's trade potential is somewhat limited by a similar raw materials capacity. A Canadian trade official commented recently that "we send wheat to Russia and she sends furs to us. This is carrying coals to Newcastle."

[From Metalworking News, Oct. 22, 1963]

Bulgaria Plans To Hike Western Tool Imports

London.—Bulgaria is planning to increase its machine tool and machinery imports and would welcome an opportunity to acquire American-made equipment, according to the members of a Bulgarian trade mission which wrapped up a 10-day tour of Great Britain last week.

Purpose of the 10-man mission was to explore trade expansion with the United Kingdom, according to Metody Simeonov Popov, president of the Bulgarian Chamber of Commerce and leader of the mission. He noted that Bulgaria, usually considered an agricultural country, has stepped up machine tool production since World War II. Bulgaria is now emphasizing the manufacture of metal cutting machinery, Mr. Popov said.

The mission, which visited British machine tool plants, expects purchasing agreements will be reached after it reports to the Bulgarian Government, it was said.

Emil Mindov, general director, Machineoimport, Bulgaria, said the mission was impressed with the workmanship of British machine tools, but he thought they lacked the efficiency needed for Bulgarian production. He said he did not see multipurpose machine tools for mass production such as models known to be manufactured in the United States.

Last year, foreign trade represented one-half of the country's national income, Mr. Popov said. Bulgarian exports and imports each totaled about $900 million, but only 20 percent represented machinery, he added.

TO SEEK INCREASE

Mr. Mindov noted that Bulgaria is importing $20 million worth of machine tools this year and wants to increase this figure. At present only 20 percent of Bulgaria's total trade is outside the Eastern bloc, he said. The delegates noted that Bulgaria would like to expand trade with Western nations, including the United States.

Bulgaria currently makes general purpose lathes, milling, shaping, and drilling machines; and will soon begin production of a multipurpose miller-borer. However, the delegates noted that the country needs more specialized equipment for mass production, and also requires gear and thread grinding machines.

[From U.S. News & World Report, June 17, 1963]

Another result of the battle for markets is a growing European interest in trade with Communist countries. There is to be a "Khrushchev round" of trade talks next year under United Nations sponsorship. Moves to expand East-West trade are already well advanced.

West Germany has a new trade treaty with Poland, negotiates another with Hungary. The general manager of Krupp, German industrial giant, pays a visit to Moscow, comes back with plans for selling Russia $12.5 million chemical plant. Kiel shipyards hope for a Russian order for trawlers.

Trade groups shuttle back and forth between Britain and Russia all the time. Russia signs up to buy $70 million worth of British equipment for a plastics plant. Britain ships more steel in Russia this year, mulls larger purchases of Russian grain, iron ore and wood products.

Sweden nails down big Russian order for 10 refrigerator ships and 2 floating docks, is expected to take more Soviet oil in return. Austria shows interest in expanding trade with Poland.

Red China plans purchases of European industrial materials and machinery.

Communist world clearly believes the time has come when Western nations will gladly sell all sorts of things the Communists need to keep their economic plans from slipping too badly.

Meanwhile, trade problems cause friction inside the Soviet bloc, just as they do among Western Allies. Moscow's plans for industrial integration of Eastern Europe run into opposition. Satellites are unwilling to shelve plans for broad-based national development, do not want to specialize on just those products the Russians think they ought to produce. Pressure grows in Eastern Europe for some kind of deal with the Common Market.

[From the Christian Science Monitor, May 1, 1963]

British Sell Entire Industry

(By John Allan May)

London.—A development of some importance is seen to lie behind the news that two British firms have signed contracts worth £26 million ($72,800,000) with the Soviet Union for the supply of six complete chemical plants.

The Soviet Union is here trading out of need rather than out of political guile.

It is in a sense buying its way out of failures in Soviet planning. These, in an age of sputniks and widening horizons of thought, become at once more obvious and less bearable than before.

A NATION'S OUTPUT

The two British firms, Simon-Carves and Humphreys and Glasgow, are in effect being asked to produce a complete industry for the Soviet Union in double-quick time.

The two plants to make the ethylene raw material and the four to produce the finished polythene are to have a production capacity equal to the entire polythene capacity of Great Britain.

They are intended to quadruple the Soviet Union's output of this now-essential packaging material. They are to be completed here before the end of 1966.

It is noted that this time there is no oil blackmail about the deal, no making the provision of employment in British heavy industry dependent on British Government agreement to buy Soviet oil the country does not really need.

DAILY WORKER QUOTED

The Daily Worker on Tuesday again mentioned the supposedly great advantages of buying Soviet oil but not until the 14th paragraph of its front-page article and then without great conviction.

The Worker also stated that "this deal was concluded in 4 weeks." However, Leslie Dobson, joint managing director of Simon-Carves, has put the actual period of negotiation at 6 years.

For the British there are also interesting implications in the deal.

The contracts were won in the face of very strong competition from West Germany. That Britain won the contest is credited to these facts: British engineering is certainly as good as German, British prices by now are keener, and the British process of producing polythene, developed by Imperial Chemical Industries, is the best in the world.

Credit facilities for the contracts are being provided by Lazard Bothers, with a group of other London bankers.

TRADE SURPLUS

Two of the plants to be supplied by Simon-Carves are to have an annual capacity of 48,000 tons and two a capacity of 24,000 tons.

Total British exports to the Soviet Union have been running at the rate of £55 million a year in the recent past and British imports at about £85 million.

The Soviets have usually used the consequent surplus to buy raw materials in the overseas sterling area. It could be that in future there will be less need for those materials and more for machinery, which would redound to Britain's trading advantage without requiring extra imports of Soviet goods.

[From the Baltimore Sun, June 14, 1963]

Russia Eyes Big Purchase From Britain—Wants To Buy Oil Refinery at Cost of $300 Million

Moscow, June 13.—The Soviet Union wants to buy an oil refinery costing almost $300 million from Britain.

If the project goes through, it alone will amount to more than twice Britain's current annual exports to Russia.

News of the Soviet interest in a refinery was given to Harold Wilson, British Labor Party leader today by Nikolai Patolichev, Soviet Foreign Trade Minister.

Some observers believed the disclosure was made to Wilson, rather than to one of the officials of the ruling Conservative Party who have been here in recent weeks, in an effort to boost the Laborites' chances in the next British election.

Wilson clearly is using his trip here for campaigning, tying in cracks at the Conservatives with many of the developments during his visit.

He talked with Patolichev, Mikhail A. Suslov, Soviet Party Presidium member and secretary, and Anastas I. Mikoyan, First Deputy Premier, in a busy day.

Wilson said Mikoyan, who has been ill with kidney trouble for several weeks, looked fairly fit but not yet fully ready to resume his official duties. He saw him at Mikoyan's dacha outside the capital.

The Labor Party leader said he did not think construction of a refinery for Russia would conflict with British obligations not to sell embargoed strategic goods to Communist nations.

NO DETAILS GIVEN

The informal Soviet proposal was not tied by Patolichev to British imports of Soviet oil, Wilson said. No details of whether the sale might be for cash or credits were discussed.

Wilson said he discovered that Russia offered some $40 million worth of oil in exchange for a similar amount of British-built shipping in 1961, and the proposal was turned down by the British.

There is no doubt that a considerable amount of the unemployment in British shipyards would have been prevented if the offer had been accepted, he said.

He stated that while it is not the Labor Party's policy to increase British imports of Soviet oil at the expense of British coal, he did believe that more Soviet oil could have been consumed as the over-all use of oil in Britain increased.

Russia apparently has no current oil surplus but is ready to talk about a straight oil-for-ships deal, taking from British yards trawlers, freighters, and refrigerator vessels.

They also will offer Britain a quantity of oil in exchange for items on a list including chemical plants, plastics, fibers, cellulose and paper, Wilson said.

His party would consider forming a consortium of firms to meet such Soviet orders if they materialize, he stated. One firm is not likely to be able to handle such orders.

Wilson had lunch with Soviet journalists today, answering questions for about an hour afterward. American correspondents have been barred from his press conferences so far. Another conference, to which they may be admitted, will be held tomorrow after he talks to Premier Khrushchev a second time.

He leaves for Warsaw for talks with the Polish party leader, Wladyslaw Gomulka, Saturday.

THE SOVIET AGRICULTURAL CRISIS

[From the Washington Post, Oct. 25, 1963]

Cattle Killing in Soviet Gives Hint of Panic

(By Victor Zorza)

London, October 24.—Reports in Soviet papers today that farmers were slaughtering cattle for lack of fodder give to the Soviet food situation the air of panic which Premier Nikita Khrushchev has tried to prevent by his purchase of foreign grain supplies.

The unauthorized slaughter of cattle is a traditional danger signal in the Russian countryside. It has accompanied every agricultural crisis since the 1917 Revolution, through the great famine and collectivization in the thirties, to the postwar disasters under Stalin.

An account in the newspaper "Soviet Russia" today pictured lines of lorries filled with cattle waiting in front of slaughterhouses in the Kursk area. The lorries had come from collective farms "trying to get rid of the cattle," said the paper.

The newspaper quoted farmers as saying they had no fodder to feed the livestock.

The paper said that serious apprehension was caused by farmers who were sending cattle to slaughterhouses prematurely, even though they had enough fodder.

The first indications of food shortages in Russia began a few weeks ago with reports of farmers buying up bread to feed cattle. A newly disclosed shortage of potatoes has added to the difficulties.

In one sense the trouble can be said to have begun with the very cattle that are now being slaughtered. In the middle of last year, Khrushchev decreed a considerable increase in the prices to be paid to the farms for milk and meat. The selling prices in the shops were also raised, but it was promised that over the longer term the new policy would bring more meat to the market.

The farms responded very handsomely, so much so that the cattle population explosion also burned up considerable amounts of grain and feeding stuff much faster than they were being produced.

It is estimated that the additional requirements of grain may amount to something like 5 million tons.

To this must be added the disappointments of this year's harvest, whose marketable grain target had originally been set at 65.5 million tons, was then raised to a minimum of 69 and a possible maximum of 74 million tons, and is now put by Soviet sources at something like 45.6 million tons. This is 10 million tons less than was procured last year.

In the meantime the cows and pigs and bullocks whose appetites may have started it all are beginning to be killed off before the extra feeding stuff procured by the government abroad has a chance of arriving, presumably because the Russian peasant knows from long experience that there will never be enough, and that it is better to slaughter the cattle while there is still meat on them, rather than wait until they starve to death.

[From the Christian Science Monitor, Sept. 25, 1963]

Soviet Citizens Asked To Tighten Belts

Moscow.—Soviet citizens, who doubtless eat more bread than any other single food, are being told at private meetings and in the press to ease an acute shortage by getting along with less.

Local leaders are being warned that bread must be saved and that prices may be raised.

Despite these warnings there appears no great probability that any Soviet citizen will go seriously short of bread.

Emergency wheat purchases abroad, running about 7 million tons, will offset crop losses during the past year due to drought and persistent mismanagement of planting and harvesting. The loss apparently is about 10 percent of the crop, which last year was 65 million tons.

The shortage and the bad harvesting have sent Premier Nikita S. Khrushchev storming about the country denouncing careless farming methods.

And again one of his pet projects, the virgin lands in Siberia and Southwest Asia, has let him down as it did in other recent years.

Harvesting in the Kazakhstan virgin-land area is so far behind schedule that it seems inevitable much grain will rot in the fields and some will be buried under the snow.

While Soviet citizens may not go short of bread, the shortage of wheat and corn as well seems certain to make them short of meat again this year.

In the Kuban, the Soviet Union's best farm area, a bumper crop of wheat was harvested there before the drought set in during July and August.

TRACTORS INOPERABLE

But the drought hurt the corn badly as well as vegetables and fruit. Villages and towns in the area are short of vegetables. This is reflected also in Moscow and other cities. In the capital, queues form every time a shop displays any fresh vegetables.

Grain was lost in the virgin lands last year because thousands of combines and tractors lay idle in the fields for lack of spare parts. And as early as August 28, Selskaya Zhizn (Farm Life) reported that some farms had not finished the repair of harvesting machines and combines before the beginning of this year's harvest.

In some areas only 20 percent of the machinery was used. In the Irkutsk area of eastern Siberia, the paper said, "Peas started to fall out of the pods while drivers were still testing their machines."

One big state farm in that area was awaiting the delivery of 100 combines from Rostov, in European Russia, because the farm's own machines lacked belts or batteries.

Trucks are so leaky that in several harvest areas the Soviet press has reported the roads are yellow with wheat.

Wheat purchases abroad are putting a heavy drain on the Soviet Union's limited foreign exchange. This appears likely to slow down its programs of heavy industry and consumer goods. Both count substantially on machinery purchases from other countries, notably West Germany, Italy, France, and England.

CUBA TO BENEFIT

A half billion dollars is to be paid to Canada in the next 18 months for delivery of 5.3 million tons of wheat and 500,000 tons of flour. An additional 1.5 million tons of wheat has been ordered from Australia, with a like amount of option.

Much of this will be shipped immediately to the Soviet Union's foreign customers, to protect its position as a supplier. About 3.3 million tons normally go to Communist countries of Eastern Europe and 1.5 million to other countries, including Scandinavia and West Germany.

Of the Canadian purchase, 450,000 tons of wheat and flour will go to Cuba.

Effects of the crop shortage are being felt in special ways in Moscow.

Flour cannot be bought at many stores, apparently because it can be hoarded while bread cannot.

Many farmers buy bread to feed to cows and pigs they are allowed to raise privately for market. It is forbidden but continues. One couple was pilloried in the press Sunday for having bought nearly half a ton of flour, bread, rice, and macaroni, apparently to feed much of it to their herd.

Butter is becoming scarce and likely will become scarcer in the winter.

And Mr. Khrushchev's campaign against inefficient farming could bring another round of administrative shakeups this winter.

Dr. Adenauer's advice will be listened to. He seems likely to concern himself more with personalities than with policies.

[From the Baltimore Sun, Sept. 24, 1963]

Pravda Notes Bad Year for Virgin Lands—Khrushchev's Prestige at Stake in New Crop Failure

(By Ernest B. Furgurson)

Moscow, September 23.—Pravda admitted today that the Soviet Union's virgin lands are having the worst years in their history of steadily declining agricultural success.

Severe weather and management troubles in the virgin lands and the Ukraine are the major reasons behind Russia's purchase of more than $500 million worth of wheat from Canada and Australia.

Still another year of failure to meet crop quotas in the virgin lands has a particular political as well as economic significance in the Soviet Union.

PRESTIGE AT STAKE

It was only at Premier Khrushchev's insistence that the nation undertook to plow up many millions of acres in previously unproductive semiarid areas of Kazakhstan and western Siberia.

Thus, Khrushchev has his own prestige at stake in the success of this gigantic gamble, into which heavy investments for machinery and personnel have been sunk.

Yet now, for the fifth consecutive year, the crops there are clearly failing to match the previous year's.

Pravda, organ of the Central Committee of the Soviet Communist Party, said today that "this year as never before, nature has been unmerciful to the people of the virgin lands."

The latest in a series of mishaps was a snowfall within the last 10 days, it maintained. This bent wheat to the ground for several days just at the peak of the harvesting season.

SUFFERED FROM FROST

The trouble began in the spring, when many crops suffered from frost. Then in June dry winds blew across the steppes, and at summer's end prolonged showers delayed the start of the many individual farms managed to turn in good results, the paper said.

Theirs was a fight against difficult conditions, there were many undeveloped grain plants. Then after the rains, weeds sprouted so profusely that in many areas the use of machine harvesters was hampered, it continued.

Then came the other chores of autumn—haycutting, corn harvesting, winter crop plowing, and the preparation of cattle for winter. Organization and prompt action were necessary, Pravda declared.

It blamed the regional party, Government and production board chiefs of the Tselinny (virgin soil) region for not concentrating their work properly and not demanding enough from their subordinates.

PLOWING INCOMPLETE

In the region only 57.5 percent of the acreage had been cut by September 20 and plowing for winter crops was only one-fourth complete. Some 5 million acres of grain were still standing.

The paper told of one state farm where grain was standing overripe—18 combines were idle although each had produced less than half its rated output, and the farm director had overlooked serious losses in the grain already cut.

The party newspaper of the Ukraine reported this weekend that an investigation had been ordered throughout that republic to determine the reason why extensive losses of ruble earnings had been reported on collective farms there.

[From Radio Liberty]

Wheat Deal Reported to Soviet Public—Radio Liberty Broadcasts Also Show Listeners in U.S.S.R. Where Responsibility Lies for Grain Shortage

New York.—"The grain problem, formerly considered the most acute and serious problem, has been solved, solved definitely and finally in the Soviet Union." Stormy and prolonged applause by delegates to the 19th Communist Party Congress followed this statement by the then Central Committee Secretary Georgi Malenkov, 11 years ago.

Malenkov's rash statement is one of many skeletons in the Soviet grain bin, dusted off by Radio Liberty researchers as themes for the freedom network's around-the-clock broadcasts informing millions of Soviet citizens of the huge Soviet-Canadian wheat deal.

The impact of Radio Liberty's special programs on wheat in Russian and 16 other languages has been that the deal demonstrates the bankruptcy of collectivized agriculture.

In the meantime, the Soviet media have carried a one-paragraph announcement that a trade agreement was signed. No mention of wheat or grain was made.

Another theme of Radio Liberty broadcasts is that the responsibility for the Soviet crop catastrophe rests with the Communist Party, since it took over farm management in the fall of 1962.

"On the basis of listener reaction to previous programs on farm problems, millions of Soviet citizens are already aware of the proportions of the Soviet-Canadian wheat deal," a Radio Liberty spokesman said.

The freedom network—the most powerful voice heard in the U.S.S.R.—uses close to 2 million watts of power to overwhelm Soviet jammers. Its transmitters are located in West Germany, Spain, and Formosa.

Soviet Indicates 18-Percent Lag in Grain—Moscow Presses for a 75-Percent Expansion in Fertilizer Output Within 2 Years

Moscow, October 6.—An official Soviet source indicated today that grain supplies available to the Government from domestic production this year would be as much as 18 percent below the 1962 level.

This disclosure, by a commentator of Tass, the official press agency, was the first to be made publicly by an official source on the extent of the Soviet crop failure.

The gravity of the agricultural situation was underscored by two other developments.

All morning newspapers printed on their front pages an open letter of the Communist Party's Central Committee and the Soviet Government. The letter called on workers in the chemical fertilizer industry to do their utmost to fulfill the ambitious plans for expanding production by 75 percent in the next 2 years.

On a more immediate level, 25,000 citizens and all available trucks were mobilized to stock the city's warehouses with potatoes, cabbage, and other vegetables for the winter. The Sunday work was necessitated by a backlog of loaded freight cars in rail yards.

The disclosure of the 18-percent decline in the grain harvest, which has not yet been publicized in the Soviet press, was contained in an English-language report prepared for foreign subscribers by Ivan Artemov, economic commentator for Tass.

In the report, designed to rebut speculation in the foreign press regarding the gravity of the grain situation, Mr. Artemov wrote: "Incidentally, procurement (by the Government from the farms) will be approximately on the level of 1959 and 1960."

Procurements in those years were 46.6 million and 46.7 million metric tons respectively, down from 56.6 million metric tons last year. A metric ton equals about 2,204 pounds.

Grain purchased by the Government usually represents 40 percent of the total harvest, with the rest being retained by the farms as seed reserve and for payments in kind to collective farmers.

Mr. Artemov thus suggested that the total harvest might be 125 million tons. The grain crop last year was a record 147.5 million tons.

The seriousness of the crop shortage was underscored this year by unprecedented Soviet wheat purchases abroard. These have been estimated by Premier Khrushchev at a total of at least 9 million tons, or almost enough to fill the 10-million-ton gap in Government supplies suggested by Mr. Artemov.

BREAD ECONOMIES INTENSIFIED

The poor harvest also gave rise to an intensive propaganda campaign for bread economies and strict implementation of a longstanding rule that no more than 2 kilograms, 4½ pounds, be sold to a customer.

This restriction was intended to curb unlimited purchases of cheap bread as feed for private livestock. Its effect has been very limited since there is nothing to prevent animal owners from visiting several bakeries, one after another.

An important byproduct of this year's decreased grain crop has been a decision by the Soviet leadership to abandon the program of large expansions in the crop area. Instead, the Government is concentrating on getting higher yields per acre.

This is to be achieved through increased fertilizer output and an expansion of irrigation, designed to eliminate the ever-present danger of drought.

As a first step, fertilizer production is to be increased from this year's 29 million tons to 35 million tons by 1965.

[From the Christian Science Monitor, Oct. 23, 1963]

Bad Grain Harvest Still Stalks Peiping

(By Takashi Oka)

Hong Kong.—Interim reports on mainland China's grain harvest this year suggest that it may not be much better than last year and may be slightly worse.

This means that the pace of Communist China's recovery from the three disastrous years 1959 to 1961 continues to be fitful and slow.

In the absence of official Peiping statistics information collated by Western agencies in Hong Kong is at best a guesstimate. But the cautious tone adopted by Peiping itself during the past month, combined with such observations as are available from visitors and refugees, suggest that the Chinese Communists do not have a great deal to cheer about on the agricultural front as they face the coming winter.

ONE BRIGHT SPOT

Floods north of the Yangtze River and drought in southern coastal provinces have taken their toll of the wheat and rice crop. Despite strenuous efforts to increase the supply of chemical fertilizers, production remains a bottleneck and as in previous years the bulk of the available supply has gone to industrial crops such as cotton. In fact, cotton is the one bright area in the Chinese Communist production picture; acreage increased by 20 percent and the harvest also is expected to go up by a similar percentage. This means in turn that textile factories, which have been operating at 30 to 40 percent of capacity, may raise production to about 50 percent.

This will be welcome news to citizens of mainland China who have been having to make do with cloth rations of 3 to 7 feet a year.

On the food front visitors from Shanghai report that the situation has eased and that nonstaple foods (including meat and vegetables) are more available than in the past, but that citizens still do not live as well as they did in 1957, before the disastrous great leap forward of 1958.

Overall, one rough estimate of grain required to feed 700 million mainland Chinese is 200 million tons. Last year's harvest came to between 180 and 185 million tons.

WHEAT IMPORTED

Imported Canadian and Australian wheat helped to make up the difference especially in great urban centers like Shanghai and Peiping.

This year's harvest is not likely to be much better and perhaps foreseeing this eventuality Peiping already has contracted for 5.3 million tons of Western grain for delivery this year.

This difficult domestic situation, complicated by the economic consequences of the Sino-Soviet dispute, is undoubtedly one of the principal reasons for the moderate tone Peiping has adopted in its trade dealings with Western countries such as Britain and Japan.

The Soviet Industrial and Economic Crisis

[From Metalworking News, Oct. 22, 1963]

Decentralized Plants, Research Lack Retard Soviet Tooling Technology, Says U.S. Aid

(By Philip Trupp)

Washington.—Decentralized production facilities and a lack of applied research are keeping the Soviet machine tool industry technologically backward, according to a Government research specialist.

In an interview with Metalworking News, Joseph A. Gwyer, senior Soviet research analyst with the Library of Congress, said the U.S.S.R. annually produces about 170,000 machine tools. But of this total, he said, only 20.3 percent are forming types.

He noted 55 to 60 percent of the cutting tools annually produced by the Russians are lathes and drills.

"The lack of forming equipment is in evidence throughout the country," he said.

The decentralization of production facilities, he continued, tends to jack up the cost of new tools and makes the fabrication process slow, inefficient, and tedious.

In its production planning policies, Mr. Gwyer said, the U.S.S.R. has failed to meet the demand for forming equipment. Even in the area of cutting types—the variety of tools most produced by Soviet industry—the pinch of decentralization is being felt.

YEARS BEHIND UNITED STATES

In the field of general-purpose tools, as well as in the area of numerical-controlled equipment, the Russians are years behind the United States, the researcher noted.

"There aren't enough tools to go around," he stated, "and the replacement of obsolete tools is inadequate."

Last year, Mr. Gwyer pointed out, the U.S.S.R. produced only 13 percent of its estimated quota of numerical-controlled equipment. He said numerical-controlled technology in Russia is in the "infant stages," lacking the sophisticated controls found on U.S. models. Though the Soviets at recent tool shows in Europe have displayed relatively modern automatic machinery, most of it is for "demonstration purposes only," Mr. Gwyer said, and cannot be found in the majority of Soviet factories.

Little is known about the machinery used in Soviet defense plants, but indications are that what little advanced equipment is being developed and utilized in these plants is costing the U.S.S.R. tremendous amounts of time and money, he continued.

Moreover, the U.S.S.R. is importing much of its precision machinery, Mr. Gwyer said. Even some American equipment—sold to Western European nations by the United States—occasionally, through trade deals, winds up in Soviet plants.

West Germany, Italy, Switzerland, and Britain supply much up-to-date machinery to the Soviets, he said. These items include grinders, transfer machines, and the like.

SPENDS MORE ON REPAIRS

Mr. Gwyer reported that the U.S.S.R. spends more to repair its existing machines than it does to build new ones. Last year, he said, the U.S.S.R. spent some $1 billion to repair portions of their inventory.

Soviet tool research is directed at producing workable automatic controls, Mr. Gwyer said, but their efforts in this field are still "theoretical."

He noted that U.S.S.R. industry shows a glaring lack of transfer machines.

"The notion the Soviet Union annually turn out 100 transfer machines in incorrect" he pointed out.

When reporting production figures, they lump together numerical-controlled semiautomatic, and transfer equipment.

Mr. Gwyer asserted that the U.S.S.R. has only 340 transfer units in operation. Two years ago, he said, they had 200 such units.

In the area of semi-automatic machines, the Soviets are also doing poorly, he continued, and are critically short on spindle and turret lathes.

Russian high energy rate forging and explosive, and electrohydraulic forming are still in the "experimental stage," he added.

Much of the Soviet's tool research is aimed at future military production, he said, with the added drawback that very little is in the "practical," or "applied" stages.

PRODUCTION LAGS

To make matters worse, the U.S.S.R. isn't fulfilling its production quotas. Mr. Gwyer pointed out the Soviets had hoped to produce 205 new transfer units for a big automobile plant by the end of 1962. To date, only 43 have been built.

At present, he said, repair functions occupy 50 percent of all Soviet machine tool workers and 30 percent of all existing tools.

U.S.S.R. machine equipment, by American standards, is inadequate, Mr. Gwyer stated, and the Soviet tool inventory, for the most part, is obsolete.

He pointed out that 63 percent of all Soviet machine tools are 10–20 years old or older.

"I don't think the U.S.S.R. is ahead of the United States in any branch of metalworking," he said. "In fact I don't think they're ahead of any of the Western European nations."

The researcher noted that the bulk of Russian tool experts go to other Soviet bloc nations. Soviet exports outside the Communist bloc amount to only about 1 percent of their total tool export figure, Mr. Gwyer said.

[From the New York Times, July 28, 1963]

Economic Pressure Grows in the Soviet—Khrushchev's 'Peace Offensive' Is Weighed in the Light of Need To Ease Burden of Arms Race

(By Harry Schwartz)

Western analysts trying to probe the factors behind Premier Khrushchev's "peace offensive" toward the West in recent weeks are paying increasing attention to the economic pressures upon the Soviet leader. Substantial new evidence on this score became available a few days ago with publication of the official Soviet report on the economy's performance during the first half of 1963.

The Premier himself referred obliquely to these pressures in his major speech last July 19. There, he declared that the real test of socialism is the amount and quality of the food, clothing and other amenities and necessities provided the people living under Socialist rule.

"If socialism does not provide for all this and does not give advantages over capitalism, we shall be idle babblers and not revolutionaries," Mr. Khrushchev declared bluntly.

BASIC PROBLEMS

Moscow's basic economic problem can be stated simply, as can be the relevance of the degree of international tension to that problem:

The Soviet Union now finds itself grossly overextended economically, saddled with vast military, space, and other programs whose demands on Moscow's limited resources cannot be satisfied without keeping a sharp rein on the growth of Soviet living standards. The central importance of Premier Khrushchev's present peace offensive from this point of view is this: Only if international tension is substantially reduced can Premier Khrushchev divert large numbers of men and large amounts of materials from the military and space sectors to ordinary industry and agriculture producing for civilian needs.

The signs of Soviet economic difficulty are plainly visible in the latest economic report and other recent Soviet economic news.

In the first half of this year, Soviet industrial production increased at a slower pace than during any year since World War II. The volume of new housing completed during this period was less than that of a year ago. Soviet collective and state farms produced less milk during the last 6 months than they did in the period a year earlier, and on June 30 last they had fewer hogs and poultry than they had had 12 months earlier. Soviet foreign trade grew by only 2 percent during the first half of 1963, though it had grown by 13 percent in the same period of 1962.

But the most vivid sign of current Soviet economic difficulties is the evidence that a drastic campaign of cutting back capital investment programs is going on throughout the country. Thousands of projects are being halted or slowed because there are not enough resources to go around, and the Soviet Government is therefore trying to concentrate the labor and materials it does have on those new factories, mines, etc., which can be brought into production quickly. Premier Khrushchev last month went to the extreme of suggesting that no new capital investment project be started next year unless it had extraordinary importance and has been approved by the highest Soviet authorities.

WORST PINCH

From the point of view of Soviet consumers, the worst present pinch comes from the abysmal failure of Soviet agriculture to meet its goals during the current 7-year plan period. Soviet food and fiber production has roughly kept pace with Soviet population growth since 1958. This is good enough to prevent hunger, but it is completely inadequate to give the Soviet people the vastly improved diet—with more meat, milk, eggs, butter, and the like—which Premier Khrushchev has promised them, or to provide the needed stocks of agricultural raw materials—leather, cotton, wool, etc.—needed sharply to increase Soviet output of clothing and footwear.

Here is where the vise in which Premier Khrushchev's economic policy is caught is to be seen most clearly. Soviet agriculture fails to produce what is desired of it for two main reasons. One is the failure to provide adequate incentive to Soviet peasants by paying them satisfactorily high prices for their output. The other reason is the scarcity of many essentials needed for a more efficient and more productive agriculture—farm machinery, fertilizers, insecticides, and the like.

To pay the peasant higher prices, Mr. Khrushchev would have to produce more consumer goods so as to match the increased money incomes on farms with real goods available for purchase. To produce more farm machinery, fertilizers, and other chemical aids to agriculture, Premier Khrushchev must allocate more capital to build new factories and expand existing ones. But where shall these additional resources be found when the economy is already terribly strained to meet the existing needs?

SPECIAL PLAN

Even before his latest peace offensive, Premier Khrushchev had begun trying to meet the problem. His "solution" offered some time ago, was virtually to scrap many features of the current 7-year plan and to order preparation of a new special 2-year plan that will replace the current plan in its last years, 1964 and 1965. The key to Premier Khrushchev's efforts has been a massive rearrangement of investments, with capital allocations for new steel plants and other similar "old" branches of industry cut sharply, while the amounts saved in this way are diverted to the chemical, farm equipment, and related industries.

But the possibilities opened by this approach are of limited scope, and each cut in an old industry encounters great opposition from its top bureaucrats and other vested interests. These opponents point out that to slow down the growth of Soviet steel production, for example, is to threaten nonrealization of the grandiose blueprint for achieving communism which was adopted by the Communist party 2 years ago.

The hard fact Premier Khrushchev faces is that the only possible quick way to revitalize Soviet agriculture and industry—particularly those branches producing food and consumer goods—is to withdraw large amounts of resources now tied up in the Soviet military and space efforts and divert them to civilian economy.

But to cut back on arms and on the moon race, Mr. Khrushchev requires a detente in the cold war, a much more radical shift from the Soviet-United States tension remaining after last October's thermonuclear confrontation over Cuba than anything that has yet occured.

It should not be forgotten that in Moscow's equivalent of the Pentagon there are Soviet marshals and generals who oppose any talk of a military spending cutback by arguing fiercely about the dangers threatening Russia from imperialist warmongers. Premier Khrushchev needs tangible evidence of Soviet-American agreement to refute the arguments of his military politicians.

ANSWER IN NEGATIVE

Is the present economic pressure on Premier Khrushchev likely to be long lasting, or is it only temporary, a problem soluble by some short-term measures? The answer would seem to be in the negative. Now that his fight with the Chinese Communists is out in the open, Premier Khrushchev is publicly more committed than ever before to the idea that communism can defeat capitalism only by giving its people a high standard of living and by the Soviet Union's outproducing the United States in industry and agriculture.

The kind of economic competition upon which Premier Khrushchev has banked his reputation and strategy is simply incompatible with any longstanding program of massive military and related nonproductive spending. If the Soviet leader's strategy is ever to be given a chance to see if it can succeed, he needs a long-range detente with the United States and the opportunity for massive diversion of his resources from rockets to tractors and from hydrogen bombs to artificial fertilizers.

[From the Christian Science Monitor, Apr. 29, 1963]

SOVIETS PARE SPENDING

(By Paul Wohl)

Militarization of Soviet industry advances with seven-league boots. This is the one hard fact which seems to emerge from the maze of contradictory figures about stoppage of construction projects, reallocations of investments, etc., which the Kremlin has given out in the past 2 weeks.

First Deputy Premier and chairman of the newly formed Supreme Economic Council, Dmitry F. Ustinov, who has headed Soviet armament industries continuously for 22 years, is pruning bloated industrial finances and molding industrial development in accordance with his purposes.

These purposes are:

1. A stronger, more efficiently organized Soviet economy.
2. Top speed industrialization of central Asia and Siberia.

REPORT ON OUTPUT OF ROCKETS

Colonel General Ustinov, the youngest of the three First Deputy Premiers, reported to the 21st party congress in February, 1959, on the production of rockets and sputniks as the outstanding achievement of the armament industries and an example of the mobilization of the internal resources of industry.

Together, with his longtime deputy in the Armaments Ministry, Konstantin N. Rudnev, head of the State Committee for Coordination of Research, he is one of the main sponsors of the Siberian branch of the Soviet Academy of Sciences.

The shelving of some 500 construction projects planned for this year and of several hundred other unfinished projects could emanate only from Mr. Ustinov's Supreme Economic Council, which has jurisdiction over the two planning agencies (for current and prospective plans) as well as over the central construction board Gosstroi.

SOME PROJECTS ON BOOKS 15 YEARS

The impact of this little publicized measure can be inferred from the fact that, according to the plan, the building of 628 major enterprises was to be started this year.

Some of the unfinished projects have been on the statute books for more than 15 years. By the end of 1961, they immobilized 25 billion rubles, a sum equal to about two and a half times the annual, official defense budget.

These unfinished projects block the even progress of industry. According to the first December issue of Kommunist, 20 iron and steel works were to be started between 1959 and 1962. Only five are being built. "In the machine-tool industry 2 projects are under construction instead of 10."

There are many more examples. "The Government's requests to increase the capacity of specialized enterprises were sabotaged," wrote Kommunist. The word "sabotage" has an ominous ring.

AUTOMATION DEVICES MENTIONED

The "specialized enterprises" referred to by Kommunist were engaged in developing automation devices which Mr. Ustinov in 1959 had called imperative.

Mr. Ustinov was given his economic empire and entrusted with the revision of the current 7-year plan (1959–65) a few days after Premier Nikita S. Khrushchev's great speech on arts and letters.

In view of the importance of these measures, which so far have not been explained to the Soviet public, one must ask whether the present accent on ideology is not merely the political accompaniment of a progressive militarization of the Soviet economy.

The development of investments in the past few years makes it appear as though this process had been going on for some time. Since 1960 the growth rate of investments in all major industries declined sharply (with the exception of powerplants, especially in Siberia), while the total investment outlay continued to grow at the usual rate of between 12 and 9 percent.

BUILDING MATERIAL GAIN—ZERO

Thus investment in metallurgy last year increased by only 2 percent as compared with 12 percent in 1960, investment in the chemical industry by 8 percent as compared with 33 percent in 1960. The corresponding figures for the gas and oil industry were 5 and 10 percent respectively. Investment in building materials (for civilian purposes) does not seem to have increased at all.

One plausible explanation of this contradictory development is that a large part of the total investment in the economy for the past 3 years actually has been earmarked for armament production, including Mr. Ustinov's sputniks and rockets.

[From the Washington (D.C.) Star, June 28, 1963]

KHRUSHCHEV ACTS—FAULTY TV SETS RILE REDS

(By Bernard Gwertzman)

Fed up with complaints about broken-down TV sets, Soviet authorities have called for a campaign to make a televizor that works.

As campaigns go, this probably is one of the most popular the Khrushchev regime ever has dreamed up. If letters to the editor are any index, Russians have been grousing for years about the "dead box in the corner" that once was a television set.

So bad is the present situation, a top-level state commission reported the other day in Pravda, that more than 60,000 complaints were received last year alone about television snafus.

The Party-State Control Commission of the Central Committee of the Communist Party and the Council of Ministers were called on to investigate the television industry, after Premier Khrushchev complained about burned out tubes at a party meeting last fall.

As part of their investigation, the commission reported that 30 to 50 percent of five makes of sets tested stopped working in the first hours of use.

On one line—the Yenesei—80 percent broke down soon after being plugged in.

And of all sets sold, 65 percent were brought back for repairs within the first 6 months of use.

In addition, the commission said televizors are sold with slipshod finishing and with crude defects.

The Soviet Union has produced about 9 million sets since 1950.

"Why do many factories manufacture unreliable television sets?" the control commission asked.

One reason given was lack of proper inspection procedure. Other reasons were poor quality tubes, sloppy work, and "illegal activities."

The report noted that each factory has a certain monthly production schedule of units to manufacture. The best method, the report said, would be to space the units out during the whole month. But the common practice, it said, is to rush them in a few days.

In Bakinsky, for instance, almost a half month's work is produced in the last 5 days of the month. In Leningrad, two-thirds of a month's work is finished in 10 days.

As is usual in these control commission reports, a few individuals were made scapegoats for the whole industry. The director of one plant was severely reprimanded. Other supervisors received punishment ranging from 2 months' loss of pay to dismissal from their jobs.

Such exposés about economic "crimes" have become a regular feature in the Soviet press. The party-state commission is headed by A. N. Shelepin, former head of the KGB (secret police) and is authorized to bring to light various economic wrongdoers.

[From the Christian Science Monitor, June 12, 1963]

MOSCOW JUNKS 7-YEAR PLAN

(By Paul Wohl)

Moscow's much vaunted 7-year plan (1959-65), approved by the 21st party congress and by the Supreme Soviet, has been scrapped. This is the burden of a communique of the U.S.S.R. Council of Ministers of June 4.

Even the plan for this year, which the Supreme Soviet confirmed in December has been made over. "Of the 3,000 largest projects (so far) reviewed, 2,430 are being corrected with the objective of concentrating resources in a (new) order of priority," Gosstroi chairman Ignaty T. Novikov reported in Pravda of June 5.

Gosstroi, the state committee, or superministry, in charge of construction, is one of the three top economic agencies of the U.S.S.R. The others are Gosplan, in charge of long-range planning, and the Economic Soviet of the U.S.S.R., which implements the plan for each current year. Since March 13, these three agencies are coordinated by a Supreme Economic Soviet, headed by veteran Armament Minister, now First Deputy Premier Dmitry F. Ustinov.

An inkling of what was in the cards came on May 27, at a Gosstroi conference attended by Mr. Ustinov, which had before it a devastating report of the Construction Minister of the R.S.F.S.R. (Russian Republic). The theme once again was: Dispersal of investment capital on too many projects to the detriment of important ones. But the Construction Minister was not the only one to be criticized. The other culprit was the Economic Soviet for the R.S.F.S.R.

The Economic Soviet for the U.S.S.R., headed by Deputy Premier Veniamin E. Dymshits, which is one echelon above the R.S.F.S.R. Economic Soviet, also came in for criticism.

"If in the planning organs they do not understand, let us make jobs free for more farsighted workers," Premier Nikita S. Khrushchev angrily told the managers of a large electrical plant in Yaroslavl on June 5.

NEW PLAN ORDERED

Included in this warning was Gosplan, now at work on the plan for the 2-year period 1964-65, which for all practical purposes no longer is an organic part of the old 7-year plan.

For the time being, Gosplan and Gosstroi are to make "a completely new plan for capital construction." Also needed is "a unified plan for the supply of construction projects with technical equipment and material," wrote Mr. Novikev.

In the same article he admitted that the Soviet Union at present had 195,000 unfinished projects, which in the first quarter of this year had swallowed up "almost half of all material resources and pinned down nearly half of the labor force."

This year alone "tens of large enterprises under construction, hundreds of medium ones, and more than 1,000 other projects" will be abandoned and the material resources tied up there, "redirected."

WORKERS DIRECTED

One wonders how the millions of workers "freed" from their present place of work and "directed" to other projects will feel about it. The confusion caused by all these shifts and "redirections" must be boundless.

One must also wonder how good the original 7-year plan and the plan for the current year can have been, if now so much has to be planned all over again. This question suggests itself so strongly that it may explain why the sweeping announcement of June 4 was made only on behalf of the government, without reference to the party's central committee.

Still, it would be a mistake to close one's eyes to the fact that the Soviet industry is progressing. Only the cost is vast, and the so-called plan constantly has to be revised in accordance with the time-honored method of trial and error.

[From the Christian Science Monitor, May 28, 1963]

SECONDS DESTROYED—SOVIETS ACT TO HALT BREAKAGE

(By Paul Wohl)

The Kremlin's newly appointed chief production economists are to be communism's minutemen in the battle against economic muddle and waste. One of their tasks will be to ferret out and stop an industry unique in the world—the Soviet industry of breakage.

Whole industrial installations, complete with conveyor belts and electronic equipment, at times, have been set up to destroy brandnew products turned out by the factory next door.

As a rule these products could be marketed at the right price, even if transportation costs were added.

A trickle of the vast output slated for industrial destruction does reach the open-air bazaars, which can be visited in many cities. In the Ukraine not so long ago, for example, I saw stand after stand selling new off-quality furniture, porcelain, cutlery, fabrics, and electric fixtures. The shrewd-looking peasants at the stands seemed to be doing a brisk business.

QUALITY RECALLED

As I walked through the crowded bazaar, I inquired here and there where these goods came from. Since this was not one of the beautifully laid out, covered markets of the Government, but a large-scale flea market affair, I at first thought these might be products of village industries.

These village industries, which employed about 10 million before World War I, used to be famous for their craftsmanship. I remember samples of cutlery and fabrics which my father had brought home from Russia as souvenirs in the first years of the century. When I was in the Soviet Union in the 1930's these products of folkcraft were still around, but they no longer had their old, fine quality.

What I saw in the Ukranian flea market seemed to have no quality at all. It came from Government factories, I was told, and was sold here "legally."

COST ESTIMATED

Not wishing to query any further, I sought an explanation in the newspapers. It was there I first discovered the existence of a sizable industry devoted to what might as well be called breakage which, as now spelled out in Pravda and in the Economic Gazette, may cost the Soviet Union several hundred million rubles a year (a ruble equals $1.10).

The goods sampled in the flea market may somehow have slipped past the purveyors of this industry.

All this is to be stopped now by the Kremlin's production economists, seconded by the million-strong joint state and party control apparatus and by the bookkeepers of the state bank.

What this latest economy drive is up against was illustrated by a report published last July 14 in Pravada Ukrainy, the Russian-language daily of the Ukrainian Communist Party, under the headline: "Throw the Fur Into the Fire."

QUALITY CONTROL

The report summarized the findings of an investigation made in a dozen factories with special installations to destroy a large part of their production.

An example was the stocking factory of the provincial capital of Zhitomir, which had one conveyor belt to produce stockings, and another to destroy what had been produced. The latter mechanism, according to the party newspaper, worked more efficiently than the former. A special machine tore up 5,000 pairs of stockings in 8 hours.

Regardless of quality, a pair of stockings was destroyed if one stocking was 1 inch shorter than another. No effort was made to sell them at a reduced price.

In one porcelain factory, 38.3 percent of the production was destroyed in the first quarter of the year. One "shockworker" earned a large bonus for destroying more than 4,000 plates an hour.

"It is savageness to destroy, consciously, coldly, values created by the work of the people, and equally savage to produce valueless goods," wrote the newspaper.

Henceforth such off-quality products are to be sold at lower prices. But this is no new idea. Party inspectors could not believe their eyes when they visited the Zhitomir stocking factory and saw the conveyor belt of the "destruction" shop. They rang up the Ukrainian Economic Soviet in Kiev, the capital of the Ukraine.

TIPS FROM CAPITALISTS?

They were tersely told by N. Grad, chief engineer of the council's light-industries division, that formerly the factories of the region had turned out stockings of four different qualities. "We have ordered them to produce only two qualities," said Mr. Grad. "They have to follow our directives."

"The fleas bite you" commented Pravda Ukrainy, "and you throw the fur into the fire."

The bureaucracy's indifference is the thing which worries the Kremlin more than ever today. The way out, as Soviet Premier Nikita S. Khrushchev seems to see it, is for the chief production economists, appointed by the Communist Party, to teach Soviet managers elementary capitalist virtues.

[From the Christian Science Monitor, June 14, 1963]

CONSUMERS GRUMBLE—SHODDY GOODS PROVOKE SOVIETS

(By Ralph Nader)

The problem of quality control is racking the Soviet Union. From shoddy consumer goods to defective machinery, the Soviets, from Premier Nikita S. Khrushchev to Ivan, are grumbling over the quality of Soviet production.

This rampant dissatisfaction is observable from various perspectives. A tourist in Moscow or Leningrad is made almost self-conscious as Soviets admire the quality of his clothing and other material possessions. One of the easiest ways to start a Muscovite complaining is to talk about shoes. What wrath he pours on the sloppy workmanship of shoe manufacturers.

Cartoonists in Krokodil and other satirical magazines are having a field day with their caustic portrayals of rejects and unmarketable goods.

RESOURCES DRAINED

This is not a new situation. But as the nation's industrialization has matured beyond the point where quantitative goals were the chief preoccupation of planners, the emphasis on product quality has been growing stronger. Two pressures are chiefly accountable.

First, defective machinery is draining scarce resources by its adverse effect on production efficiency and output. Second, rising consumer expectations are resulting in refusals to purchase substandard merchandise which is piling up in warehouses.

Widespread criticism recently in Soviet journals and newspapers discloses the failures of industrial organization responsible for such poor quality performances.

There are about 1 million inspectors employed in Soviet factories. The Technical Control Division (OTK) administers the network of quality control throughout the country. No products are permitted to leave any factories without the OTK stamp of approval and certificate of quality.

INSPECTORS POORLY PAID

But the system under which the OTK inspector works militates against his effectiveness. He is paid at lower rates than most production workers whom he is inspecting and is subordinate to the plant managers. Bonuses for workers and managerial personnel are predicated on surpassing production quotas.

Consequently, actions by conscientious OTK inspectors could result in the nonfulfillment of quotas and no bonuses which are a substantial portion of total wages.

In many plants, the "OTK" stamp is a mere formality. This kind of situation, where a potentially advantageous clash of interest between inspectors and managers is, in practice, resolved to the detriment of optimum industrial operation, was decried by Premier Khrushchev before the Communist Party's Central Committee last November.

Breakdowns in quality occur over virtually the entire range of industry. Soviet technical journals often enumerate instances of defective products. A recent copy of Ekonomicheskaya Gazeta noted there are 40 million electric meters and an annual output of 4 million units in the country. About one-quarter of all counters are in repair shops.

TV SET FAILURES

Izvestia reported that 60 percent of all TV sets sold in 1961 failed to work during the 6-month guaranteed period. Komsomolskaya Pravda declared that all washing machines manufactured in August 1962, by the Chelyabinsk plant were found defective and that operators of the Vladimirets-28 tractors complain of spending more time under the tractor repairing it than behind the steering wheel.

Mechanizatsiya i Avtomatizaztsiya Proizvodstva (Mechanization and Automation of Production) noted that 20 percent of all electric motors are constantly in repair shops and that more is spent on maintenance of single-scoop excavators than on the production of new units.

An indication as to the overall economic effect of substandard production was contained in a recent article in Kommunist by a leading quality control specialist, V. Gostev. He estimated an annual loss to the Soviet economy from defective manufacturing at between $16 and $21 billion or more than one-fourth of the income of the state budget.

The lag of Soviet standards, according to Mr. Gostev, is shown in lower quality requirements for many raw materials, such as coal, and finished products such as automobile tires, bearings, electric light bulbs, and radio tubes.

ATTITUDE CONDEMNED

He mentioned certain economic districts where, because of defects, about 25 percent of automobiles, 15 percent of tractors and 30 percent of electric motors remain idle. Along with other commentators, he strongly condemned the attitude of heavy reliance on production cost index without considering improvement of quality.

Last year the Committee on Standards, Measures, and Measuring Instruments of the U.S.S.R. Council of Ministers concluded that a chief cause of defective workmanship is the poor reliability of measuring instruments.

What all this critical consensus amounts to is recognition that action must be taken to scientifically build quality into the product from the very beginning of the manufacturing process, not just inspect at the end of the assembly line, and establish industrial procedures to deter substandard work. Because quantity has been for so long the chief measure of plan fulfillment, a profound shakeup in the present system is required.

FEEDBACK MISSING

In two jolting Izvestia articles, the well-known airplane designer, O. Antonov, attributed the inefficiency throughout Soviet industry to the absence of an independent feedback which, he added, is provided for under capitalism by market forces and competition.

The vast reorganization of the economic system now underway has as one of its aims the development of countervailing forces that work toward quality output. This involves a wide range of changes from more stringent laws and enforcement against those responsible for defective goods and data falsification to greater autonomy and accountability at the factory level. Under serious consideration is a plan to make bonuses dependent more on plant earnings than on surpassing production quotas.

But quality improvement has to rely on more than sharper incentives and sharper lines of responsibility. Of great importance are advances in the science and engineering of quality control.

The Soviets have made notable gains in mathematical methods but their engineering of these methods into the production process is seriously lagging. That is one reason for the current program of reorientation and organization of Soviet industry to remove the roadblocks.

[From the Christian Science Monitor, Apr. 22, 1963]

SCHISMS LOOSEN GRIP OF RED BEAR

(By Joseph C. Harsch)

LONDON.—Largely unnoticed in the West, Rumania of recent days has done an unusual thing.

Its Communist government in defiance of Moscow policy has returned its Ambassador to Albania, signed a new trade agreement with Communist China which increases that trade by 10 percent, and placed a large order for television sets from Japan.

The purchase of the television sets is particularly interesting because the deal involved rejection of Soviet television sets. Japanese sets were bought instead—on the candid grounds that the Japanese ones were better. Why, the Rumanians asked, should they buy inferior Soviets sets when they could get better Japanese sets at a lower price?

The above does not mean that Bucharest is adopting an anti-Soviet or anti-Khrushchev line but rather that it has taken advantage of the strain between Moscow and Peiping to exercise freedom of maneuver to pursue a line to its national advantage.

ANATHEMA TO MOSCOW

Rumanian trade, until now, has been managed to Moscow taste and for the benefit of the Soviet Union and the Communist bloc. But Rumania has gold, probably the healthiest agriculture of any Communist bloc country, and is generally in relatively good economic condition.

It would have been inconceivable even 6 months ago that any one of the Eastern European Communist countries would have dared renew diplomatic amenities with Albania which, after all, is still anathema to Moscow. Equally inconceivable would have been what amounts to the secession of one of these countries from the Communist economic system known as "Comecon."

That the impossible is now possible and has been done is evidence of how far the loosening of ties of the Communist system has progressed under the hammer blows of the Moscow-Peiping schism. There still is no sign of any healing of that schism. In fact, during this past week Red Star in Peiping began publishing another long serial of Chinese complaints against Moscow in the familiar guise of a defense of Lenin.

ABOVE PARTY?

So far as is known in the West, Nikita Khrushchev was still in the Crimea when a long adulatory article appeared in Pravda in Moscow which some Western observers read as paving the way for a maneuver which would "elevate" Mr. Khrushchev above party as Mao Tse-tung has been elevated in Peiping.

There could be a difference in implication. Mr. Mao is apparently still calling the signals in China. There begins to be doubt that Mr. Khrushchev could give up an official state office and continue to exercise full power behind the scenes.

If he gave up state office he would lose perhaps his last chance of recouping his damaged political fortunes. Negotiations are going on for another Kennedy-Khrushchev meeting. The very fact of such a meeting would be a plus for Mr. Khrushchev. But to meet the President of the United States a man must either be a prime minister or a head of government. Washington does not recognize mere party secretaries in the fraternity of world figures.

CONFLICT EASED

In the midst of such uncertainty there continues to be evidence of what might almost be called partial ideological disarmament between East and West. Most striking has been the sequence of events in relations between Moscow and the Roman Catholic Church.

This began with the Adzhubei visit to the Vatican in early March. Since then the papal encyclical "Pacem in Terris" has all but called off the Catholic crusade of recent years against Moscow and all its works.

Add that during the past week Franz Cardinal Koenig from Vienna was in Budapest undoubtedly trying to complete negotiations for the retreat of Joseph Cardinal Mindszenty from the American Embassy there to Rome. The most significant business being transacted across the Iron Curtain involved Moscow and the Vatican.

[From Metalworking News, Oct. 7, 1963]

CZECH EFFORT TO MODERNIZE SEEN STALLED

(By Bernard Leason)

PRAGUE.—Plans for modernization and expansion of basic sectors of the Czechoslovak metalworking industry—particularly the well-subsidized machine tool branch—have reportedly been stalled or postponed 1 to 3 years because of foreign currency shortages.

During a recent tour of Czechoslovak foundry installations and a visit to the Brno International Trade Fair, a Metalworking News correspondent was told of hopes to buy new automatic foundry equipment for moldmaking from Britain or Japan and of the pressing need to divert resources to the task of reequipping the country's own machine tool producing plants.

Considered very indicative of the present situation is quiet but earnest talk among Czechs in the industry about the possibility of obtaining Western licenses in fields where development costs are especially high. It is believed this could include complex electronic gear for factory automation and such new Western developments as high energy rate forming.

Equipment in most Czech factories of the favored machine tool industry averages 13 years old; most of it was installed during a retooling drive lasting from 1946 until the Communist seizure of power in 1948. Other less favored factories are believed to be equipped with prewar tools.

FULL CIRCLE

In the eyes of knowledgeable Western observers, Czechoslovakia's metalworking industry has come full circle.

Emphasis since 1948 on full production to support a politically inspired export drive of almost total proportions, and an accompanying regime refusal to cut production for the sake of continuing modernization, research, and development has now resulted in an investment bind of major importance.

It is felt the situation has matured in the midst of other, more general, economic troubles and that the Czechoslovak situation is probably reflected to a greater or lesser degree in other strongly industrial Soviet bloc states.

Defective production throughout the economy cost the country about $500 million in 1962, according to the regime's own complaints. Prague acknowledged that Rumanian protests about badly produced equipment were correct, and it has been reported that whole shipments of Skoda cars have been returned to South American importers.

SORRY PICTURE

The country's own consumers are rebelling against badly made or tastelessly finished products.

The minister of metallurgical industry and ore mining, V. Supka, in an August interview with the Czech trade union newspaper Prace presented this picture:

In July, not a single foundry achieved its planned production.

Almost all blast furnaces had a high incidence of breakdowns "due to deterioration prior to major repairs."

Production of raw steel was 3.4 percent short of the plan, and rolled material was 4.1 percent under the plan in July.

In the opinion of observers of the Soviet-bloc economic scene Czech efforts to do a quick repair job on past bad relations with the United States, to settle American commercial claims against Czechoslovakia, and to increase United States-Czech trade stem from the economic situation.

For West European machine tool producers, a gradual respite from Czechoslovak low pricing and long-term credit policies in machine tool sales is expected. Sources in Prague maintain the country can no longer support large subsidies for the industry and that it must begin paying its own way, particularly if large new investments are now made for modernization and expansion.

It is also ventured that the industrial situation in Czechoslovakia, Poland, East Germany, and Hungary is probably worse than has been generally recognized in the West, and that this will become more evident during the winter of 1963–64, which is expected to be a tough one.

MUST TURN TO WEST

Prague's planners find themselves in the position where they must deal with Western producers of sophisticated automatic equipment if the metalworking sector is to receive the doctoring it needs.

The transfer line for processing motor blocks in the 2-year-overdue Skoda plant at Mlada Boleslaw, outside Prague, is reportedly being supplied by a French group; the electronically guided overhead conveyor-supply system for carrying bodies and blocks will be British.

Czechoslovak plants seen by Westerners in September exhibited an almost total absence of automatic machinery.

Behind talk of modernization and licensing, and the noticeable improvement of United States-Czechoslovak relations, lie several facts of great importance.

The year 1962 was the worst year economically for the Czech Communists since they took power in 1948. A drop in labor productivity from 1961 to 1962 was on the order of 10 percent. Production increases in the past have come mainly from increases in the labor force. But reserve labor is now largely exhausted.

[From the New Leader, Oct. 28, 1963]

RUSSIA'S CONTINUING CRISIS

(By Richard Judy)

On September 3, 1953, Nikita Khrushchev went before the central committee of the Communist Party of the Soviet Union to sound the tocsin: Agriculture was in crisis. A decade of Khrushchevian husbandry has passed, and Soviet agriculture remains in crisis.

The immediate crisis of 1963 is acute. A long and viciously cold winter killed many crops before they could sprout; the summer was hot and dry in many parts of the country, causing widespread drought. The grain harvest this year may have been the worst in the past 10 years.

The poor harvest apparently caught the Soviets with grain reserves that were insufficient to tide them over until next year. Bread shortages were reported as early as midsummer. Both the state and the party issued appeals to the population to exercise great care in the use of grain and bread. Cafeterias ceased to serve free bread with their meals, and severe penalties were dealt out to profit-seeking individuals who took advantage of artificially low state prices to buy bread for fattening livestock.

Crop failure and negligible reserves placed the Soviet leadership in great difficulty. A harvest upon which the nation could subsist in 1953 was grossly inadequate in 1963: The population had grown by 37 million mouths. Importation of food became an immediate necessity. Russian orders for vast quantities of flour went out to brokers in Western Europe and colossal wheat purchases were contracted from Australia and Canada. A quantity of grain was "borrowed" from Rumania and negotiations are now underway in Washington which may lead to large sales of American wheat.

The size of the Soviet grain imports is enormous, with the total cost expected to exceed $1 billion. Indications are that the Russians feel great urgency for immediate delivery. Everything testifies to the acuteness of the present food crisis in the U.S.S.R.: The expenditure of such quantities of gold and foreign exchange is unprecedented in Soviet history.

The apparent absence of grain reserves raises serious questions about Soviet agricultural performance in recent years. Western calculations indicate that if Soviet harvests since 1953 had been as high as officially reported, there should have been very ample reserves to meet the contingency of this year's crop failure. A possible explanation is that official harvest reports for recent years may have been greatly exaggerated. Experts in the U.S. Department of Agriculture have suspected an increasing degree of exaggeration in these harvest data for at least the past 6 years.

It may me that the falsification has occurred at the lowest level—that Soviet farmers responded to high-level pressure for larger harvests by inflating their reports. If this is true, then top Soviet officials have been misled and have only discovered in the past few months that the graneries were emptier than they had assumed. In any case it is now very difficult to accord the official data much credence, for the harvests for recent years may have been as much as 30 percent below official claims.

In broader perspective, the present acute grain shortage is but an aggravated instance of a chronic agricultural crisis. The Stalinist strategy of economic development gave agriculture, along with other consumer-related sectors, a very low priority. Stalin's main interests in agriculture were to squash any potential political opposition from the peasants and to extract as much farm produce as cheaply as possible for export and urban consumption. At the time of his death in 1953, Soviet agriculture had not yet recovered from the twin traumata of collectivization and wartime destruction.

The sequel to Khrushchev's oratory at the September 1953 plenum was an immediate and dramatic rise in agriculture's priority. State purchase prices of farm goods, which Stalin had maintained at levels far below costs of production, were boosted. Consumer goods were made available in village stores. Peasant incentives were lifted and collective farms found that they had resources to invest. Khrushchev greatly expanded state investment in agriculture; in fact, the share of all state investments going to agriculture increased by half. Soviet farms also received greatly increased quantities of trucks, tractors, and other equipment, and from 1953 to 1958 deliveries of mineral fertilizer rose by nearly two-thirds.

Perhaps the most decisive Khrushchevian measure during the period 1952–58 was the plowing of about 100 million acres of virgin and idle land on the steppes of Kazakhstan, Western Siberia, and other eastern areas. The wisdom of this venture was questioned in the Soviet Union and abroad on the grounds that the climate in these areas was too arid and erratic for agriculture. But Khrushchev prevailed, and vast quantities of men and material were sent to the steppes.

The results were striking. Grain harvests for the years 1954–58 were reportedly about 40 percent above the level for the period 1949–53. Higher priorities for agriculture combined with excellent weather to produce a bumper crop in 1958. The output of livestock products increased sharply. By American standards, the Russian diet continued to be monotonous and starchy, but by local standards Soviet tables were more abundantly spread than they had been since before collectivization. Buoyed by success, Soviet planners set ambitious targets for agricultural growth during the period 1959–65.

Contrary to plan, Soviet agricultural developments since 1958 have been dismal. Instead of expanding, harvests exceeded the 1958 crop only in 1962—and this is now open to serious question due to doubts about the accuracy of official data. Why has nothing gone as planned by Khrushchev and his colleagues?

Unfavorable climatic conditions have contributed to the poor showing in most years since 1958. In particular, drought has drastically reduced the productivity of the new lands. Rainfall in these areas is always sparse and irregular, and abundant harvests were possible in the first few years of their exploitation because moisture had been stored in the soil during the preceeding long period of fallow. The continuous grain cropping and inadequate fallowing of recent years have combined with paltry rainfall to deplete drastically the moisture content of the soil. Dust Bowl conditions now prevail over much of the Soviet Union's virgin lands.

After a brief stay at a comparatively giddy height on the party scale of priorities, agriculture also found itself demoted to its more accustomed position after 1958. Increasing demands on scarce Soviet resources were levied by such high priority programs as the space effort, the arms race, foreign aid, and reemphasized rapid growth in heavy industry. The shore of total state investment that was allocated to agriculture declined to about the same level that it had occupied during the Stalin era. Soviet farms received only 62 percent as many trucks during the year 1959–61 as in the preceding 3 years. Fertilizer deliveries similarly lagged. In the conviction that the agricultural problem was solved, the Soviet leadership, in the words of one American expert, appeared to "sit back to watch and eat."

By the end of 1961, it was obvious to the Soviet leaders that agriculture was lagging far behind what had been expected. The 1961 harvest was reported to be 11 percent below plan, meat output trailed by 16 percent; and milk production fell behind by nearly 13 percent. A plenum of the central committee was convened in March 1962 to consider agricultural problems. By this time an intensive debate was raging in party circles over the proper priority to be accorded agriculture. At one extreme were those who argued that agriculture must be stimulated whatever the cost might be to other sectors of the economy. At the other extreme were the champions of undiminished top priority for space, military, and heavy industry. The latter opposed any measure that appeared to transfer resources from these claimants to agriculture.

The debate over priorities is dramatically illustrated in two speeches by Khrushchev—one was his keynote address to the March 1962 plenum, the other his concluding remarks to the same body. Only 4 days of controversy separated the first speech from the second, but in tone and content they were far apart indeed.

Khrushchev's keynote speech contained two important proposals: The first was a retrogressive plan for the formation of a party bureaucracy to supervise the operation of collective and state farms. The second was a proposal for the intensification of Soviet agriculture, i.e., for raising acreage yields and placing emphasis on animal husbandry. To this end, Khrushchev recommended that millions of acres of grassland and fallow be seeded to grain and forage crops, and called for a broad program of technical and material aid to agriculture.

Noting that state and party attention to agriculture had declined in recent years, the Soviet Premier asserted that "some officials display unconcern and irresponsibility with respect to the urgent problems of increasing the output of equipment, mineral fertilizers, herbicides, etc." Some leaders, he said, even thought it should be possible to divert resources from agricultural investment to other sectors of the economy. Such erroneous views were alleged to be held even by unnamed persons in departments of the Central Committee. "Serious conclusions must be drawn from this," he continued. "Agriculture must not be treated lightly. The entire economy may be undermined if the agricultural lag is not recognized and remedied in good time."

But in his closing speech to the same plenum, Khrushchev retreated from his demands for dramatically increased allocations to agriculture. The arguments that occasioned this retreat may be surmised from his remarks. He said: "* * * measures for increasing aid to agriculture do not signify that resources will now be diverted to agriculture at the expense of the development of industry and the strengthening of the nation's defenses. The buttressing of Soviet military power is our most important task, and we will perform it unflinchingly." The results were thus inconclusive: Farmers were asked to content themselvs with vague promises of larger material inputs and admonitions to make better use of the equipment available.

Later in 1962, the matter of priorities was made even more explicit. It had long been evident that one reason for lagging Soviet livestock production lay in the fact that state purchase prices for animal products were far beneath the average costs of production. The Soviet leadership finally recognized that, as Khrushchev put it, only "a fool is going to raise meat production if the more he produces, the more the collective or state farm loses." Higher prices were necessary, and this meant a diversion of resources from some other sector of the economy into animal husbandry. But from which other sector should those resources be diverted?

The statement announcing the price boost posed the rhetorical question: "Perhaps, for the sake of the quickest possible increase in meat and milk production, we should transfer funds to this area at the expense of our defense capacity and the development of our industry?" This alternative, however, was quickly and emphatically rejected on the grounds that: "Such a decision would create the conditions our enemies are hoping for." Instead, it was decided that the funds for the development of animal husbandry would be lifted from the pockets of Soviet consumers. On June 1, 1962, the retail prices of meat went up by 30 percent and butter prices were boosted by 25 percent.

Moderate concessions have been made to the resource requirements of agriculture in the past 2 years, but it is clear that this sector of the economy has yet to be really lifted high on the party's scale of priorities. It is also clear that significant increases in Soviet farm output are likely to be forthcoming only in response to massive resource inputs. Agricultural gains during the period 1954–58 were due, in large measure, to a vast expansion of the cultivated acreage. These were relatively cheap gains in terms of the investments required to bring them about. No such easy potentials are left to be developed in Soviet agriculture.

Each additional bushel of grain wrought from recalcitrant nature will cost the Kremlin more resources. Vast quantities of capital and chemicals will be required. If and when these are provided, the problem of motivating the Russian peasant will remain. Moreover, increased investments will bring a poor return if resources are used unwisely, which is now the case. Peasant workers and managers must be able to directly associate their efforts with a decent reward, and in the 30 years of its existence, the Soviet system of collectivized agriculture has been unable to permit them to do this. One may entertain a certain skepticism that this will change soon.

The crop catastrophe of 1963 presents the Soviet leadership with agonizing choices. They may choose to become dependent on foreign food; or they may choose to force a tightening of the citizens' belts; or, finally, they may choose to do what is necessary to develop their own agriculture. If they decide on the latter, they must again choose which other cherished objectives must sacrifice the resources required by agriculture. Much talk is now loose in the Soviet Union about the necessity for a crash program of irrigation and fertilizer production. A plenary meeting of the Central Committee is scheduled for November to consider these programs. At present, it appears that the advocates of high priority for agriculture are in the ascendant. Time will tell if and to what extent this is true.

SOVIET ECONOMIC WARFARE

[From the Christian Science Monitor, Feb. 7, 1963]

REDS FORGE CHROME LEVER

(By Pieter Lessing)

SALISBURY, SOUTHERN RHODESIA.—Unless official steps are taken to prevent it happening, the West is likely before the end of this year to become totally dependent on the Soviet Union for the supply of strategically important metallurgical chrome ore.

Metallurgical chrome is an essential ingredient in the alloys needed for the manufacture of missiles and jet engines, and also for stainless steel.

Until recently Western Europe and the United States drew all their requirements from Southern Rhodesia and Turkey, the only two countries outside the Soviet bloc where adequate ore deposits are available.

The Soviet Union is also a major producer of metallurgical chrome ore, and 3 years ago it entered the European market, offering large quantities at prices below Rhodesian or Turkish production costs.

As a result it has by now captured 70 percent of the European market.

FIRMS THREATENED

The United States, particularly with its vast defense program, continued to offer a large enough market to keep both the Turkish and Rhodesian mines in production.

Four months ago, however, the Soviet Union entered the American market as well, offering high-grade ore at $1 a ton less than it costs to produce in either Turkey or Rhodesia, and it promised to reduce prices even more if large contracts were placed.

This has meant immediate disaster for the ore-supplying industries in Turkey and Rhodesia.

In Rhodesia, one in three mines has already ceased production and the prospect is that the whole industry will come to a standstill before the end of this year. It is understood that the position in Turkey is about the same.

RECOVERY SLOW

This information and accompanying forecast were given a few days ago by G. H. Parkinson, president of the Rhodesian Chamber of Mines and general manager of the Rhodesian chrome mines.

"If the West's major producers of chrome ore are forced to discontinue operations," he said, "both Europe and America will be forced to rely entirely on supplies from Russia."

He explained that once the mines close down they cannot be reopened at short notice, thus making the future of ferroalloy producers and all the industries which depend on them contingent on Soviet trading policy.

POLICY PUZZLE

Referring particularly to the Soviet capture of the U.S. market, Mr. Parkinson said: "It is difficult to understand the policy of the American Government in this matter. On the one hand they are spending many millions of dollars each month in an effort to persuade European, African, and Asian states to remain outside the influence of the Communist bloc, while on the other hand they are prepared to permit American industry to become dangerously dependent on Russian switches of policy."

The Rhodesian Chamber of Mines is convinced that the Soviet Union is pricing its chrome ores without regard to economic costs with the sole intention of forcing competition into bankruptcy in order to become the world's sole supplier.

Freight costs from Rhodesia to a U.S. port amount to $14 a ton.

The Soviet ore comes from the center of the Urals and must therefore be moved long distances by rail before being shipped on a long sea journey.

It is therefore estimated that the Soviet freight costs must be considerably higher, yet Soviet chrome ore has on occasions been offered in the United States for as little as $16 a ton.

COMPETITION FELT

American alloy manufacturers who are switching to the Soviet chrome ore have explained that they have been forced to do so because European and Japanese producers have for some time been buying cheap Soviet ore and then shipping the alloy to America to undersell American alloy producers. The only way for American producers to compete is therefore also to buy Soviet ore cheap.

Mr. Parkinson commented: "For the chrome ore producers in Turkey and Southern Rhodesia the economic consequences are serious, but the issue is even bigger than that. As chrome ore is strategically important material, both Europe and America must face up to the dangerous situation which has developed."

[From the Christian Science Monitor,
October 1963]

Moscow Visit Alerts Oilmen

(By Walter Lucas)

Rome.—The visit to Moscow of Prof. Marcello Boldrini, the president of the Italian state oil corporation (ENI), is the subject of widespread speculation in the Italian press and Rome oil circles.

The natural question is: What is he doing there? Questioners note especially that the invitation came from the Soviet side. He has, to date, had lunch with Nikolai Petolichev, president of the State Committee for Foreign Trade, and had talks with Soviet experts in the chemical and petroleum business.

The interest and speculation aroused by this visit caused the press officer of ENI here in Rome to take the unusual step of telephoning this correspondent and asking him not to draw any conclusions from the visit, which was, so that official claimed, only an occasion for Professor Boldrini to meet some of his Soviet friends.

UNUSUAL PICTURE

Such an interpretation of the trip paints the unusual picture of one of Italy's leading industrialists taking the long and expensive trip to Moscow, accompanied by experts from his office, for the pleasure of social chatter among the clatter of teacups with some of the Soviet Union's leading industrial figures and managers of factories.

This may be the object of his visit, just to exchange courtesies, but, at the same time, the visit certainly offers an opportunity for some business talks, too.

In the first place, a time fast is approaching when the ENI oil deal with the Soviet Union must be renegotiated. It looks then as if the conversation in his meetings with Mr. Petolichev and other experts might well turn from social chatter to the questions of oil, petrochemicals, and synthetic rubber; both of these latter products ENI has or will have surpluses to dispose of.

HIGHER PRICES

In regard to Soviet crude oil, information gathered here indicates that the Soviet Union might be wanting higher prices for its crude than it has previously offered to such favored customers as the Italians.

Obviously, a higher price detracts from the attraction of buying Soviet oil, especially now that in the present state of the world oil market there are Western sources which might be prepared to match the Soviet price in a long-term deal. Such a deal would follow the lead of Standard Oil which recently signed an agreement with ENI for a medium-term supply at a favorable price.

But, nevertheless, an oil deal with the Soviet Union has the advantage that it can be arranged against payment in the kind of products ENI has to offer and wishes to sell.

There are other pointers which indicate that Professor Boldrini might be exploring the possibilities in Moscow for an advantageous trade deal. For instance, Italian exports are not as buoyant as they were. The rate of increase in 1962 was not as high as it was in the preceding years, and there is nothing in the first quarter of this year to show that matters in this respect are improving.

SIGNIFICANT ITEM

With exports now assuming such an important role in the Italian economy, there is every reason that Italian industrialists should look for new markets wherever they can be found.

It is interesting that there has recently been a noticeable increase in propaganda for greater trade exchanges with the Soviet Union. Such exchanges certainly offer great possibilities if they can be exploited and if satisfactory means of payment can be found. It is not only ENI which is interested in this direction; several large industrial corporations in the private industrial sector have been trying to line up deals, for building whole plants or providing machinery and equipment for Soviet factories.

But as far as ENI is concerned, basically the question comes back to oil. A small significant item, appearing in the press recently, disclosed that 300 new cars were taking to the Roman streets every week. If that figure is translated into national figures, some idea is given of the growing consumption of gasoline in Italy—in fact, for the first 2 months of this year (and these were winter months), this growth in consumption was 15.2 percent.

Since ENI is maintaining and even increasing its share of Italian sales of gasoline, here is one indication of ENI's rapidly expanding need for more supplies of crude at economic prices if it is to meet its liabilities, not only at home but around the world.

ENI is never tired of stating its agreement with Standard and in no way restricts its freedom to acquire its crude requirements wherever it is most profitable to do so—and that, of course, includes the Soviet Union.

LEVER SUGGESTED

It has been suggested in some oil circles here that the deal with Standard could be used as a lever in the negotiations for further Soviet supplies, providing always that the Soviets are still interested in pushing their exports of crude. This depends upon domestic political and economic considerations, which are difficult to judge.

In any case, whatever may be the ultimate objective of Professor Boldrini's present visit to the Soviet Union, it can only be of an exploratory nature, since Italy is without a government, and Mr. Boldrini has no official mandate for any conclusive arrangement which might commit a government which is still to be formed.

Moscow Continues the Cold War

[Lima Radio America network, in Spanish,
033, GMT, October 26, 1963]

Subversive Propaganda Seized on U.S.S.R. Ship

São Paulo.—The police of the port of Santos seized large quantities of subversive propaganda aboard a Russian ship that had arrived from Havana. The ship was returning (200?) Chilean, Argentine, Brazilian, Paraguayan, and Uruguayan students to their homes.

[From the Baltimore (Md.) Sun,
Oct. 30, 1963]

United States Accuses Reds of Laos Violations—Says Sending of Military Equipment Is Illegal

(By Howard Norton)

Washington, Oct. 29.—The U.S. Government charged today that the Communists have violated the Geneva agreement on the neutralization of Laos.

The accusation came from an official spokesman of the State Department, who declined to say what the United States might do about the violation.

The spokesman said this country has "intelligence reports" that military equipment has been sent to the Communist Pathet Lao forces in Laos from North Vietnam.

He declared that the United States is satisfied that these reports are true, and that the information has been forwarded to the International Control Commission in Laos, which is now attempting to verify the violations.

HAVE BEEN CHECKING

The reports of the illegal shipment of arms and munitions into Laos from North Vietnam first came to the attention of the U.S. Government about 3 weeks ago, it is reported, and American sources have been checking them since then.

"The Geneva agreements," the State Department spokesman pointed out, "prohibit the introduction of armaments, munitions, and war materials generally except as requested by the Laos Government for the national defense of Laos.

"Since the Laos Government has not requested such supplies from North Vietnam," he declared, "the military supplies introduced from there are in violation of the agreement."

NOTED OFFICIALLY

The spokesman said that the U.S. Government has officially brought this matter to the attention of the International Control Commission, and that the Commission has attempted and is attempting "to verify the violations of the agreement wherever they may occur."

"But the Pathet Lao have refused to allow the International Control Commission team to conduct a meaningful investigation in Pathet Lao territory," the State Department spokesman said.

He pointedly declined to say what the United States might choose to do about the violation of Laotian neutrality, but indicated that if a serious proved violation of the Geneva agreement should occur, it would "undoubtedly lead to a consultation among the governments signatory to the agreement."

Under questioning, the spokesman acknowledged that the consultation might not include "all" the governments who signed the agreement—presumably meaning that the Communist governments might not have a part in such a meeting.

The spokesman speculated that the Communist Pathet Lao forces might be getting the new military supplies for any one of a number of reasons.

He said it might be simply to reequip the Communist forces in the country, it might be to strengthen their position, or even to enable them to carry on some limited military action.

Whatever the purpose, he said, the resupplying of these forces is a direct violation of the Geneva agreement.

AGREEMENT OUTLINED

This, according to the State Department spokesman, was brought out clearly in a letter, outlining the agreement, written by the head of the neutralist government, Prince Souvanna Phouma, to the cochairmen of the International Control Commission on June 2, 1963.

Observers here point out that any violation of the Geneva agreement opens the floodgates to rearmament on both sides.

The violation by the Communists, for example, gives the United States the right to increase its military assistance to the central government to guard against the possibility of Communist attack.

And any increase of American or other Western supplies to the central government is likely to cause a boost of the inflow of Communist arms.

[From the New York (N.Y.) Times, Oct. 12, 1963]

COUNT OF CONVOY'S TROOPS IS DEMANDED BY RUSSIANS

BERLIN, October 11.—Soviet forces moved armored vehicles and guns into position on the autobahn from West Germany to West Berlin today to block a U.S. Army convoy detained in East Germany since 9 a.m. yesterday.

Diplomats here and in Bonn said they considered the military action to be related to the talks between the United States and the Soviet Union on a détente. Officials emphasized that the matter was not a local issue but had very serious implications for the entire political scene.

U.S. officials declined to comment on reports that the unit had tried to break through the checkpoint barriers but was stopped by Soviet soldiers and armor.

The convoy of 61 men and 18 vehicles was starting on the 110-mile trip to West Berlin from the West German border when it was stopped by Soviet troops for the first time at Marienborn.

After being held for 15 hours, it was allowed to proceed, only to be stopped again at 4 a.m. at the Babelsberg checkpoint, just outside West Berlin, which is an enclave in East Germany.

COUNT OF PERSONNEL ASKED

The Soviet guards demanded that the Americans leave their vehicles and submit to a count. U.S. officers rejected the demand as unwarranted under existing Western Allied rights of access to West Berlin on the ground that fewer than 75 men were involved.

The Russians then brought armored personnel carriers, antitank guns, and other equipment to obstruct the superhighway. The soldiers were spending the second night in their jeeps and trucks.

Five Soviet armored cars were sent to Marienborn yesterday when the convoy was halted for the first time, and a truck and trailer obstructed the autobahn.

A second convoy, bound from West Berlin to West Germany, also was detained at Marienborn yesterday.

The three Western Allied commandants met in West Berlin for almost 2 hours to review the situation after the U.S. Army had delivered two protests to the Soviet troop command at Wunsdorf.

In Bonn, the political counselors of the three allied embassies met twice to consider the situation.

Civilian traffic on the autobahn was halted briefly at noon as the Soviet armor moved into position but was later allowed to proceed in both directions on the westbound lane.

Truckdrivers coming in from the west said the Russians had set up a military camp equipped with antitank guns and an antiaircraft gun. The U.S. Army announced that the Russians had moved in about 12 armored personnel carriers, but civilian travelers reported counting 30 to 40 Soviet armored vehicles in the area.

A second westbound U.S. convoy, which left Berlin with 143 soldiers on 25 vehicles at 8 a.m. was ordered by the Army to remain at Babelsberg with the unit detained there although the Russians had cleared it within 45 minutes.

A third convoy from Berlin reached West Germany without delay or incident at 11 a.m.

All the troop movements were made in connection with an exchange of two Army units between Berlin and West Germany that began Monday. All such moves are now suspended.

Last May the Russians held a U.S. unit for 4 hours on the same grounds as those today. In 1959 five U.S. servicemen in four trucks were detained for 56 hours.

During much of the day a U.S. helicopter hovered over the scene. A Soviet Mig fighter circled the area for about 15 minutes.

[From the New York (N.Y.) Times, Oct. 11, 1963]

CONCERN GROWING—EMERGENCY SESSIONS ARE HELD AT THE WHITE HOUSE

(By Max Frankel)

WASHINGTON, October 11.—The United States protested strongly and repeatedly to the Soviet Union today against the day-long blocking of an American military convoy by Soviet troops outside West Berlin.

The convoy remained stalled on the Communist-controlled autobahn tonight, and Washington still had no satisfactory explanation from Moscow. As the hours passed, the administration took an increasingly serious view of the incident.

Officials expressed certainty that Premier Khrushchev and other Soviet leaders had had time to be briefed on the situation. Their refusal, or inability to clear the convoy at a time when both sides seemed eager to hold down tensions aroused concern and puzzlement.

The concern was expressed to the Soviet Ambassador here, to the Soviet commanders on the scene and in Potsdam, to the foreign ministry in Moscow and in public statements. It also brought about an emergency session of the four-power ambassadorial steering committee on Berlin affairs, and two meetings at the White House.

EASED ATMOSPHERE IN PERIL

The administration's view is that the longer the blockade remains in effect the more serious the consequences, both international and in domestic politics.

High Soviet officials indicated during the day that they did not intend to let the incident grow into an issue of major proportions. But their first reaction was to support the technical demands of their officers on the scene. U.S. authorities said that nothing less than release of the convoy would satisfy them.

The feeling here was that the timing of the new dispute threatened to spoil not only the conciliatory atmosphere of recent weeks but also the political tolerance for conciliation that President Kennedy has tried to develop in the United States.

Only 48 hours ago, with some political risk, the President authorized the sale of at least $250 million worth of wheat to the Soviet Union.

Yesterday, while the same convoy was being held for 14 hours at the West German end of the autobahn, the President and other officials conferred for more than 8 hours with Andrei A. Gromyko, the Soviet Foreign Minister.

Leading Government officials continued this evening to give the Soviet Union what they called the "benefit of the doubt." They meant their readiness to believe that the autobahn incident was local in origin and was not ordered from Moscow.

But they also believed that Moscow's failure to resolve the dispute promptly after strong protests were delivered here, in Moscow and in Potsdam—a Soviet Army headquarters in Germany—pointed to a Soviet desire to exploit the incident diplomatically.

OTHER THEORIES EXPRESSED

That was the mildest of many theories offered by Government analysts. Some thought the Russians needed an opportunity to demonstrate their power in Berlin, especially after they had conceded great economic weakness. Some noted that Premier Khrushchev had not been seen in Moscow for 2 weeks and they expressed the belief that military leaders wish, through an incident, to spoil the present East-West calm.

There also were some signs that Soviet commanders in Berlin might have wanted to avenge recent displays of force by the Western garrisons.

All sides, however, were assuming that Soviet forces in Berlin could not long act independently of orders from Moscow.

The immediate issue at the Babelsberg checkpoint, near the Berlin end of the 110-mile autobahn through East Germany, was a Soviet demand that the American soldiers in the 18-vehicle convoy dismount for an individual count. The Americans refused.

Behind this situation lies an even subtler problem.

The United States has never acknowledged the right of Soviet guards to inspect or otherwise issue orders to any military convoy on the highway.

For some time, however, "as a convenience," U.S. commanders have made it a custom to show their troops for counting whenever the number of passengers in a convoy exceeded 30. There was some doubt here today about whether this number had ever been given to the Russians.

Drivers and codrivers of vehicles were not included in this American calculation. As far as could be determined here the number of soldiers in the stalled convoy was below 30, but the 18 drivers and some codrivers presumably made a total of more than 30.

PREVIOUS DELAYS

Two- to three-hour delays on the autobahn have been imposed on military convoys almost regularly, at least once or twice a week. At times, considerably longer delays were imposed by some technical argument.

The convoy now blockaded, however, has had a particularly rough journey. It came onto the autobahn at the Marienborn checkpoint about 6 a.m. yesterday, New York time. When it had been stalled there more than 8 hours, Washington was alerted.

The news was rushed to Secretary of State Dean Rusk just before he went to the White House meeting between President Kennedy and Mr. Gromyko.

American officials raised the incident as an example of the kind of thing that must not occur if relations are to improve, but Mr. Gromyko professed ignorance of the situation.

Mr. Rusk saw the Soviet diplomat again at dinner last night, but by then he thought the incident was closed. The convoy was passed through the Marienborn checkpoint about 7 p.m., after a delay of 14 hours, presumably without any concession to Soviet demands.

About 3 hours later, however, while diplomats were still at dinner at the Soviet Embassy here, the convoy reached the Berlin end of the road and was again denied clearance.

At 5:45 this morning, New York time, after a delay of 7 hours, the convoy's commander threatened to proceed past the checkpoint without clearance, if necessary. An hour later he ordered his men to raise the bar across the road and ordered the vehicles forward.

After moving only a few yards, however, they were stopped again, this time by eight Soviet armored personnel carriers. Another convoy was hastily mounted by Americans in Berlin and sent to the checkpoint.

It was cleared quickly and without incident, but then parked on the road to assist the stalled vehicles in case of trouble. Both have been there since.

[From the Washington (D.C.) Star, Oct. 22, 1963]

Reds Again Eye Berlin Issue

(By Edmund Stevens)

Moscow.—With the nuclear test ban sealed, signed, and delivered, the Russians show symptoms of again pressing for the oft-threatened, oft-postponed showdown on West Berlin.

At a glance, this seems inconsistent: First Moscow takes the initiative in pressing for a test ban and improved relations with the Western Powers, in order to revive the one issue sure to generate tension.

The Kremlin sees no inconsistency. The desire for a test ban and an accommodation with the West was spurred by its mounting trouble with Red China for the Russians are determined to avoid the prospect of having to face threats from opposite directions simultaneously.

WANT NEUTRAL WEST LINE

Because of the new menace along the vast length of the border with China, the Russians would like to neutralize their Western approaches. But they consider this impossible while the Western Powers continue to occupy West Berlin and while West Germany is committed to a policy of rearmament.

Because the horrors of the Hitler invasion are still etched in people's memories, German rearmament is a highly emotional issue here. The Kremlin leaders have deliberately played it up for political reasons.

This helped reconcile the citizenry to sacrifices for the sake of defense. It also helped to keep the Poles and other restive satellites in line.

But as sometimes happens, the Kremlin ended by believing its own propaganda, especially since the propagandists selected and collected evidence which, though one-sided, made a fairly convincing case.

DIRECT ATTACK

The proposal for a nonaggression pact between NATO members and the Warsaw Treaty powers, which Foreign Minister Andrei Gromyko first tried to crank into the test ban negotiations, was the first move in the renewed Soviet diplomatic offensive on the issues of Germany and West Berlin.

Since the reception this proposal received in NATO chanceries was less than lukewarm, the Kremlin, as an alternative to an oblique approach, has since trained its sights directly on the target. Thus, Premier Khrushchev, in his message to President Kennedy on the coming into force of the nuclear test-ban treaty, referred to the need for "liquidating the remnants of World War II." In Soviet parlance this is synonymous with the signing of a German peace treaty and demilitarization of West Berlin.

For several months prior to this, the Soviets ignored the Berlin issue, muted their press attacks on NATO and even toned down their criticism of the Bonn Government to keep from rocking the boat before the test ban was settled.

But now, along with the revival of the German peace treaty-West Berlin issue, Moscow has resumed its attacks on NATO, pegged principally to the project for a multinational nuclear force which is pictured as a Bonn inspired subterfuge for getting nuclear weapons into West German hands.

Simultaneously, on the eve of Konrad Adenauer's resignation, the Soviets mounted a blistering campaign of invective against the old man, accusing him of filling his administration with former Nazis and SS troopers and plotting preventive war against the U.S.S.R. The Soviet Foreign Ministry even issued a statement charging Mr. Adenauer lied when he recently asserted that he had tried to achieve German unification on the basis of offering Moscow a 10-year "armistice."

MOSCOW'S KROLL EFFORT FAILED

Doubtless the Russians were angered by Mr. Adenauer's comment that he was opposed to selling wheat to the U.S.S.R. without exacting political conditions and by his skeptical attitude toward the present easing of tension.

But the main reason for painting the outgoing Chancellor in the blackest colors was to make his successor, Ludwig Erhard, look good by comparison on the theory that any change from Mr. Adenauer could only be for the better. Although hardly wild about Mr. Erhard, the Kremlin is at least prepared to give the benefit of a doubt.

About 2 years ago Mr. Khrushchev seriously flirted with the idea of making a separate deal with West Germany, bypassing the United States and Britain.

He made overtures to Mr. Adenauer though Hans Kroll, then West German Ambassador to Moscow. Mr. Kroll had a strong empathy for Mr. Khrushchev—the saying around the Moscow diplomatic colony was that these two saw eye to eye, being of almost identical height and build.

And Mr. Kroll's response to Mr. Khrushchev's feelers was so eager as to prove his undoing. For Mr. Adenauer spurned Mr. Khrushchev's proposition and Mr. Kroll was recalled for exceeding his mandate.

L'affaire Kroll was never fully ventilated, but apparently the Kremlin was prepared to go a long way toward reunification and economic relations in return for West Germany's giving up NATO and acceptance of an Austria-like neutrality.

The reason the Russians, after blowing hot and cold on their demand for the signing of a German withdrawal from West Berlin, may now be set on forcing the issue ties in with their belief that the threat from China, while serious, is not immediate.

The Kremlin may consider its bargaining position with the West is better now than it will be when China is strong enough to press its challenge. And the Russians probably hope that with Mr. Adenauer out, the Bonn government may prove more malleable.

NEEDS OF OUR CITIZENS MUST BE FULFILLED FIRST

Mr. GRUENING. Mr. President, at a recent banquet in Charleston, W. Va., our able and distinguished colleague, the senior Senator from West Virginia [Mr. Jennings Randolph], gave as his opinion that it was more important to help people on earth than to hurry a man to the moon.

A somewhat similar theme, expressed differently, was eloquently voiced the week before last by the junior Senator from Arkansas [Mr. Fulbright], who said it was desirable, in our spending, to establish some priorities. He emphasized that it was more important that we cut down on space and some other expenditures, and concentrate our spending on some of our domestic needs, such as education.

It was natural that our able colleague [Mr. Fulbright] should emphasize the importance of education, he being a former university president, and having been a pioneer in extending education in the international field, through the Fulbright scholarships.

Likewise, I feel it is our duty to focus our attention on problems at home, and it is more important to take care of the unemployed, this great curse in this land of plenty and abundance, and the wealthiest Nation on earth, before we start on ventures overseas.

This idea has relevance to the debate now going on in connection with foreign aid. I am not opposed to foreign aid, but I think its extravagant expenditures could well be reduced in a number of countries which no longer need our aid, for various reasons. Some of the money could be used to put the unemployed back to work.

While we are debating the authorization of the expenditure of several billion dollars in foreign countries, our funds for public works at home have run dry. Hundreds of worthwhile projects are processed and waiting to be put into effect, but cannot be because there is no money. That, at the same time we are discussing an expenditure of $4 billion in foreign aid, is in my view a failure to give proper consideration to our own citizens.

I pay tribute again to the able speech of the distinguished Senator from Arkansas [Mr. Fulbright], made a week and a half ago, on the subject of priorities, which agrees with the view I have, a view which we cannot emphasize too much. I think our first priorities should be for domestic needs, to putting our unemployed back to work. So long as 5½ percent of our people are out of work, our first duty is to work on that problem. I have pending an amendment to increase our accelerated public works fund. What we eliminate from the foreign aid, and space programs, should be expended at home for needed public works projects that help diminish unemployment.

I ask unanimous consent that the editorial which quoted the distinguished Senator from West Virginia [Mr. Randolph], entitled "Needs of Our Citizens Must Be Fulfilled First," which appeared in the Charleston Gazette of October 30, be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Needs of Our Citizens Must Be Fulfilled First

Voices throughout the land are being raised in opposition to the continuing expenditure of fantastic sums to accelerate the lunar space probe and to agument the Nation's "overkill" and conventional arms supply.

It wouldn't be accurate to claim that these voices represent a majority, but many public officials, businessmen, labor leaders, and private citizens are having hard second thought about the billions upon billions being pumped into the economy for purely destructive purposes and for the questionable purpose of placing a man on the moon.

One of the leaders in this fight, we're happy to report, is West Virginia's own Senator Randolph.

The other evening in Charleston at an AFL–CIO banquet, Senator Randolph told the audience that in his opinion it was much more important to "help people here on earth than hurry a man to the moon."

He acknowledged the necessity of the United States meeting its foreign aid, defense, space and nuclear obligations. But he doubted that withdrawing a mere billion from these programs and using it to assist the Nation's jobless and impoverished would seriously jeopardize these obligations.

His argument was later supported by George Meany, AFL-CIO president, the principal speaker of the occasion.

Meany noted that the chronic above-5-percent unemployment rate, the educational lag among those having lost jobs to machines, the inability of the economy to provide the abundant life for far too many citizens living in areas like Appalachia, and the too low national economic growth rate aren't indicators of health or prosperity.

Landing a man on the moon no doubt would enhance U.S. prestige, but is this accomplishment more to be desired than maintaining a decent standard of living for all Americans?

The imperatives of a strong national defense, which is costly and necessitates certain sacrifices to sustain, are facts of life the Nation must accept—probably for generations. Nevertheless, what good is any defense, if the overall economy is flabby and malnourished?

If, as is generally contended, this Nation is in a struggle to the finish with the Soviet Union to determine whose ideology is superior, aren't the imperatives of a self-sufficient society equally as vital as an unassailable military position?

The Randolph-Meany view is quite simple, very precise: Unless the United States can retain its democratic principles while providing for its citizens the indispensable criteria associated with a meaningful and rewarding civilization, the Nation's defense capabilitity and an American astronaut on the moon with flag will count for nothing in the pages of history.

As a nation, the needs of our citizens must be met. Otherwise, as a nation, we will have failed ourselves and our destiny.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the order for the yeas and nays heretofore ordered on my amendment be now vacated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I have been in consultation with the Senator from Florida [Mr. HOLLAND] about this amendment. The addition of the reauthorization of what is already authorized was inadvertent. We had in mind dealing only with this year's $975 million. The law already carries the authorization for $1,500 million, and the clerk of the committee inserted it by reiterating the full language of section 202(b).

I have no strong feeling about the overall limitation of authorization. We have had the authorization for development lending since 1961. In 1961, Congress, in an effort to give the program continuity and, it was thought, some efficiency, authorized it in the act for 5 years. We have never appropriated the full amount. The administration has never requested it. This year the administration requested $1,060 million.

I think it has no real effect on Congress. Congress can always change it, as Congress did in the appropriation for this year.

There is specific language in section 616 of the act which reads:

> Except as otherwise provided in the Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

It is not easily apparent what the real effect is. It is merely a strong hope, I suppose, as to what would be accomplished. It was hoped, in 1961, at least, that this authorization would give the agency some feeling of continuity and that it would improve its planning and administration.

Generally, the really serious criticism in the committee has nearly always been about the efficiency of administration. Back in 1958 or 1959, the Senate approved the proposal for continuing authority to use a public debt transaction, a method of financing which has been used successfully in many other cases by other agencies of Government. But at that time the House of Representatives rejected it; particularly, the House Committee on Appropriations opposed it.

The later action, in 1961, was, in a sense, an outgrowth of the previous action. The main motive was to try to give to the agency a more efficient administration.

Nevertheless, in spite of that fact, I do not wish to have a controversy over this question at this time, and I am disposed to accept the amendment of the Senator from Florida. I think the reauthorization should not have been in the amendment. However, I shall be glad to take the amendment to conference and support it in conference. As I have said, each Congress has full authority to change these authorizations each year the question arises.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. If the amendment were to be adopted, however, the Congress would be without authority to appropriate for the Development Loan Fund, except under that authorization as a ceiling for 1965 and 1966, unless an increased authorization were voted meantime by Congress itself.

Mr. FULBRIGHT. The Senator is quite correct. Congress has every right to change the authorization, as well as the appropriation, in the coming year.

As the Senator knows, I have recommended to the administration, as has the committee, that it reevaluate the entire program and seek a new approach to it. I am thoroughly in accord with that recommendation.

I do not think the Senator and I disagree on that aspect of the problem. We may disagree as to our estimates of what importance it has had in the past and what a great contribution it has made, in spite of faults in its administration.

Be that as it may, I am reluctant to oppose the Senator's amendment. I think it does not drastically change matters, because next year Congress can either increase or decrease the authorization, as the Senator so well stated.

Mr. HOLLAND. I thank the Senator very much for accepting the amendment.

Mr. FULBRIGHT. Mr. President, I accept the amendment.

Mr. MORSE. Mr. President, will the Senator yield for some additional questions?

Mr. FULBRIGHT. I yield.

Mr. MORSE. There are some of us who, for the purpose of legislative history, would like to obtain a statement in the RECORD as to what, in the opinion of the chairman of the committee, the effect of the Holland amendment would be.

I understand the Senator from Arkansas is willing to take the Holland amendment to conference. There are those of us who believe that there should be no authorizations for 1965 and 1966. The answer is that there already are in the act authorizations for 1965 and 1966. Our answer to that is that there is nothing to prevent us from stopping such authorizations as are in the act. That is what we propose to do, if the parliamentary situation will permit us to do it, before consideration of the Holland amendment is concluded.

My first question is this: Assuming that the Holland amendment is agreed to by the Senate, and assuming it goes to conference and is accepted in conference, would it be necessary for a foreign aid bill, with this authorization for 1965 and 1966, to come before the Congress again next year?

Mr. FULBRIGHT. It will be necessary for a bill to come, but, so far as the authorization as to amount is concerned, it would be the same as this year. If there were no effort to change it in any respect, it would not be a matter of action. But it would be if any effort were made—which has been done in this case—to make a change in the existing authorization; not merely by this amendment, but by the proposed Mansfield amendments and the fact that the request of the administration for appropriation was only $1,060 million.

Mr. HOLLAND. Assuming that the Holland amendment is written into law this year, there is nothing that will stop the Congress next year from striking the authorization of $975 million?

Mr. FULBRIGHT. No; I do not see that there is anything to stop it.

Mr. MORSE. Why, therefore, in the opinion of the Senator from Arkansas, is it desirable that the bill this year contain a figure of $975 million as an authorization?

Mr. FULBRIGHT. As I said a moment ago, having the figure after 1964 was an inadvertence on our part; and was no need to reiterate the authorization, because it is already in the law. Since it was done, I was agreeing to take the Senator's amendment to conference. So far as I can see, it does not do too much harm. I am perfectly willing to take it to conference.

Mr. MORSE. Mr. President, I hope the Senator will bear with me. This may be clear to the Senator, but it may not be clear to many people who are unfamiliar with Senate procedure; and I believe that for their sake I must be guilty of some repetition. Even though the bill is passed this year—assuming a hypothetical situation—containing either the

$1,500 million on line 8 of the Mansfield amendment, or the figure of $975 million in the Holland amendment, as a substitute therefor, the adoption of either figure does not in any way bind Congress for fiscal 1965 and 1966 to authorize either figure, depending on which figure is adopted.

Mr. FULBRIGHT. That is my understanding.

Mr. MORSE. There is a desire on the part of some of us to strike any figure for 1965 and 1966; in other words, to amend the existing act by striking what is already in the act for 1965 and 1966, because if Congress is not bound by it anyway, we see no harm in taking it out, and we see some advantage, because the committee in its own report is urging the administration to make a careful review of the entire aid program; and we would at least provide a psychological incentive to accomplish that end if we took action this year to strike the language which is already in the act representing an authorization for 1965 and 1966.

Does the Senator from Arkansas see anything particularly wrong with that proposal?

Mr. FULBRIGHT. Yes; I do not believe it is realistic to assume, as the Senator does, that the program, though it may be lacking in some virtues, is to be ended. I know the Senator expressed that view in committee. I do not agree with him. Much as I would like to end it, I do not believe it is realistic to expect to end it altogether.

What I believe the committee did is to take a new approach. We are proposing a better way to reduce its scope, particularly with respect to the military provisions of the bill.

I do not believe it is realistic to expect this kind of activity to be ended completely. I hope that some method of administration superior to what we now have will be developed by the administration, together with Congress. That is as far as I can go at the moment. It is my hope that we can find a better way to discharge the function of trying to maintain the integrity of the free world. That is one of the major purposes, at least, to help new countries develop as independent countries, rather than to become satellites of the Communist world.

I am sure we shall be called upon to do something. How much, I do not know. The pending bill clearly reduces the amount. That is about all I know about it. If the Senator is suggesting that we delete the amount for the next fiscal years altogether, there again I do not know that that would be disastrous, but I would not support such a proposal. If I am not mistaken, in 1961, when the question was before the Senate, the Senator supported it, just as I did, to give some continuity to the administration of the aid program.

Mr. MORSE. The Senator is absolutely correct. However, this is 1963, and not 1961.

Mr. FULBRIGHT. I agree.

Mr. MORSE. The conditions in 1963 are different than they were in 1961. We were hopeful that there might be some improvement in the administration of the program. I hold to the point of view that there has not been, but, instead, that it has worsened.

Perhaps on this particular question, the difference between the Senator from Arkansas and the Senator from Oregon is perhaps a difference of definition, or perhaps a matter of semantics. The senior Senator from Oregon has never taken the position that this program should end. The position of the Senator from Oregon is that it should continue, but under an entirely different program; that we should announce to the world that we are ending it in its present form, but that we are immediately starting a new foreign aid program. On the basis of terms and conditions, reservations, and guidelines mentioned in my amendment, it would be a better foreign aid program.

There is merit in what the Senator from Arkansas says; that, in a sense, this is an ending and new beginning. I also stress the fact that I propose to start over. I do not propose the ending of all foreign aid. Perhaps it should be put this way: I propose to end the program and immediately substitute for it a new foreign aid program.

That perhaps represents the difference between us. Eliminating the authorization for the Development Loan Fund for 1965 and 1966 will make perfectly clear to the administration that when they come before us with their authorization requests next year, they will have to come prepared to take into account the recommendations which the Senator's committee report makes to the State Department. I believe that puts us in a stronger position. I am not sure from the parliamentary standpoint that this can be done. I shall ask a series of parliamentary questions of the Chair after I obtain the floor in my own right.

Mr. HOLLAND. Mr. President, it seems to me that a specific benefit would be accomplished by the adoption of the amendment; namely, a reduction of $525 million for 1965 of the ceiling on the appropriation for the Development Loan Fund, and a similar reduction in the ceiling of the authorization for 1966. Is the Senator in accord with that?

Mr. FULBRIGHT. The Senator's interpretation is correct.

Mr. HOLLAND. It seems to the Senator from Florida that without any more information before us, about all we can do is to show by our vote that we do not expect the program to be bigger, or the Development Loan Fund to be enlarged, in the 2 succeeding years, and therefore we are not abandoning the position the Senate has repeatedly taken—and I wish to call the particular attention of the Senator from Oregon to this point—that we prefer the loan program to the grant program.

The loan program is here because of the Senate's demand that it be here. The Senator from Florida, both in the consideration of the authorization bills and in the consideration of appropriation bills, with respect to which he has also had some responsibility, has given preferment to the Development Loan Fund.

Therefore it seems to me that in the circumstances we would not be justified in taking as drastic action as that suggested by the Senator from Oregon.

I am hopeful that the Senator from Arkansas, in accepting the amendment, will be followed by the Senate, for this is the first and only opportunity we have had to show that we want a substantial reduction in the program and that we are working toward ending of the program at such reasonable time as the end can be reached. This is an excellent opportunity to show that intention by the adoption of the amendment. I appreciate the willingness of the Senator from Arkansas to accept the amendment.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. GRUENING. I am much interested in what the Senator from Florida has said, and heartily approve of it. But I wish to raise a question which will arise in the form of an amendment. Does the Senator from Florida consider that the so-called loans we are making at three-quarters of 1 percent interest with a 10-year grace period are really loans? The change from grants to loans was in response to the feeling of the Senate that this money should not be given away, but that those who receive it should be asked to repay it. It seems to me that to call money advanced under those terms a loan is really a deception and a fraud upon the American people, for it is not a loan at all. It is obvious that our Government must borrow money from the American people at higher rates of interest, and that we are actually making a grant when we make a so-called loan, as well as a loan.

Mr. HOLLAND. I thoroughly agree with the Senator from Alaska. The terms of the loans, in many instances, have been much too liberal. This is not fair to the taxpaying public. Unfortunately, we cannot hit that part of the program at this point; but, as I have already said, we now have a golden opportunity to say that we want the program reduced substantially and brought to an end as quickly as possible.

Mr. GRUENING. I was somewhat distressed when the President apparently indicated that he was opposed to the half billion dollar cut made in the House. In some remarks I made on the floor last Tuesday, I showed, country by country, how I believe the aid program could be improved by stopping aid to certain countries which either no longer need it, or should not have it for other valid reasons. We are continuing aid to countries like Japan, West Germany, and France which are prospering and no longer need it. Our aid to those countries should be stopped. Aid to other countries, such as Israel, Greece, and Lebanon, is practically finished for the same reasons. We should cease our aid to a country like Taiwan. We have already poured over $3 billion into that little island. It should be self-sufficient by now. I think it is time for aid to such countries to be brought to an end.

Countries, like Egypt, which are engaged in aggression or Indonesia which threatens war on Malaysia should have their aid stopped until we make sure the money is not being used for military ventures but for the purposes intended—namely, to build up the economy and help their people.

If we were to consider the situation country by country, we could decide in which countries the program should continue or be discontinued. By this approach we could make a substantial cut in the total amount, and not only not impair the program but improve it. We could decide whether this country, that country, or the other country should or should not have more money right now.

In my opinion, that is the way to approach the situation, rather than by a blanket, meat-ax cut of a certain amount, which might be too much or might not be enough. That is the way we should focus attention on the bill. That is what we should do in this debate. To cut substantial sums without specifying where and why is not desirable. While I consider there was ample justification for the House cut, I would prefer a country-by-country or project-by-project approach. Then the administrators of the program would have the kind of guidance they should have but have never had in the past from the Congress, which has the constitutional responsibility for authorizing expenditures and appropriating for them.

Mr. HOLLAND. I am thoroughly in sympathy with the suggestion of the Senator from Alaska. I have no objection to making such an approach. I regard this as our first opportunity to make a substantial reduction in the foreign aid program and to bring it to an end as quickly as possible.

Mr. GRUENING. I heartily agree.

Mr. HOLLAND. I hope that my proposal will meet with the approval of the Senate, so that we may give a clear indication to the people of our intention to reduce the foreign aid program.

Mr. GRUENING. It will be a bit of encouraging news and it will improve the program.

Mr. HOLLAND. It certainly should cause widespread encouragement over the country.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. MILLER. Do I correctly understand that the amount in the bill passed by the House was $900 million?

Mr. HOLLAND. I am not familiar with the amount stated in the House bill. The authorized amount for this year, 1964, with which we are now dealing, was $1,500 million. The request of the Budget—as approved by the committee—the request of the administration—was $1,060 million. The amendment offered by the leadership on both sides of the aisle and by the senior members of the Committee on Foreign Relations from both sides of the aisle would reduce that amount to $975 million. By my amendment, I call attention to the fact that we now have an opportunity to cut equally the authorizations which are already law for 1965 and 1966. I think it is our duty to do it. I am sure we are not interested solely in the appropriation to be made this year, but that we are thinking in terms of reduction and of the elimination, finally, of the program.

Mr. MILLER. I thoroughly agree with that approach; but my question is: If the House saw fit to reduce the amount to $900 million—I understand from the Senator from Arkansas that that is what happened—what justification is there for increasing the amount to $975 million? Why not make it $900 million, just as the House did, so that the conference committee would have one less item with which to concern itself?

Mr. HOLLAND. My answer is that if the Senator from Iowa feels that way, he should offer an amendment to the appropriation authorized for this year, which, under the amendment of the leadership, would be fixed at $975 million. The proposals I am offering would be in conference. I feel quite certain that the conference would return with a single answer, rather than to have the authorization for this year differ from the authorizations for 1965 and 1966. The House has not had an opportunity to consider the authorizations for 1965 and 1966 in connection with this bill.

Mr. MILLER. I appreciate the Senator's suggestion, but has he any suggestion as to why the amount should be $975 million in the authorization bill, rather than the $900 million in the bill passed by the House?

Mr. HOLLAND. The reason why I have selected the figure $975 million is that it is in the amendment proposed by the leadership on both sides of the aisle and by the two ranking members of the committee who dealt with this question, and who know much more about the situation than does the Senator from Florida, and perhaps more than most Senators can know about it. It seems to me, without having a greater knowledge of the situation, that we would be on firmer ground if we placed the authorization for the 2 succeeding years at some ceiling that had been fixed by the group of distinguished Senators who have offered the amendment for this year, which provides for $975 million. The Senator from Florida knows perfectly well that Congress has never appropriated an amount up to the ceiling authorized. Authorization bills have been consistently lower than was the blanket authorization for 1961, and appropriation bills have been consistently lower than that. We are not talking now about the amount that will actually be appropriated. I am simply trying to offer an amendment to bring the authorization into conformity with what is recommended by the group of distinguished Senators as what should be authorized for this year.

Mr. MILLER. I am strongly in agreement with that approach. I propose to support the amendment.

Mr. HOLLAND. I thank the Senator from Iowa.

Mr. MILLER. If the amount were the same as the amount the House sent to the Senate, I would feel a little more comfortable about it, unless perhaps the Senator from Arkansas might enlighten the Senate as to the justification for the extra $75 million.

Mr. HOLLAND. The Senator from Iowa is talking about the authorization for 1964. My amendment relates to the authorizations for the 2 succeeding years.

Mr. FULBRIGHT. This amount is the amount that was actually appropriated for this year, 1963, by the Committees on Appropriations of both Houses. That is the reason.

Mr. MILLER. Mr. President, will the Senator from Florida yield further, so that I may ask another question?

Mr. HOLLAND. I am glad to yield.

Mr. MILLER. The response of the Senator from Arkansas is that the appropriation for this year was $975 million. However, I invite attention to the fact that the House, notwithstanding the fact that the appropriation was $975 million, saw fit to reduce the authorization to $900 million. So the Senator from Iowa is still intrigued by the justification the Senate has now found to increase the House amount in the authorization bill from $900 to $975 million.

Mr. HOLLAND. I wish I could respond to the distinguished Senator from Iowa; but not having sat in the committee, I do not know what the reason was. I do know that, so far as I am concerned, my amendment does not relate to the authorization for this year at all. I take it that amendments possibly will be offered to other parts of the amendment offered by the group of distinguished Senators. I have merely tried to reduce the authorization for the 2 succeeding years by $1,050 million, which I think is a worthwhile objective toward which all of us should try to work.

Mr. MILLER. Again, I pledge to support the Holland amendment. However, I hope that perhaps the colloquy that has taken place might develop whether the Holland amendment may be improved a little by reducing the amount to $900 million, which is the amount provided by the House in the bill sent to the Senate.

Mr. HOLLAND. The Senator from Iowa can accomplish what he suggests in another way, because my amendment relates only to 1965 and 1966.

Mr. ELLENDER. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. ELLENDER. I have an amendment that I shall propose today or tomorrow, if I have the opportunity to do so, to reduce the amount in the so-called Mansfield amendments from $975 million to $900 million. As I understand, for next year the amount of authority would be reduced from $1,500 million to $975 million, and there will be ample time to reduce it from $975 million to perhaps less than $900 million.

Mr. HOLLAND. If experience indicates anything, there will be ample energy and ambition to move in that direction.

Mr. ELLENDER. I thank the Senator from Florida.

Mr. HOLLAND. I thank the Senator from Louisiana for his comment.

Mr. MORSE. Mr. President, I think it very important that we take a few minutes at this time to try to clarify the parliamentary situation which confronts us as regards the parliamentary effects of the Mansfield amendments and the parliamentary effects of the Holland amendment. Many of us want to amend the money provisions of the bill as well as many particulars of its policy. But we are concerned and are not too clear about our parliamentary rights in regard to money item amendments.

The Senator from Louisiana has spoken about an amendment which he will propose, and I wish to make certain that he will be in a parliamentary position in which he can propose it.

I have an amendment, which I have not yet submitted in final form, which would amend the text on page 1, in lines 7 to 9 of the Mansfield amendments, by striking out "$975,000,000 for the fiscal year 1964 and $1,500,000,000 for each of the next two succeeding fiscal years," and by inserting in lieu thereof "$900,000,000 for the fiscal year 1964." That would mean that we would automatically drop any reference in the bill to 1965 and 1966, and we would accept the House figure for 1964; namely, $900 million.

I should like to add a further amendment: On page 2 of the Mansfield amendments, strike out lines 10 and 11, and insert in lieu thereof the following:

> On pages 40, line 10, strike out $175,000,000 and insert in lieu thereof $150,000,000.

That would take us back, as regards the contingency fund, to $150 million. If parliamentarily possible, we would desire to handle those two matters together, although we could separate them, and could deal with an amendment to the contingency fund separately from the Mansfield amendments—and perhaps we should, and then we could deal separately with an amendment of $900 million for Development Loan Fund; $900 million is the figure voted by the House.

These amendments then would leave the Alliance for Progress program as it now is in the Mansfield amendments.

The economic aid program to the Alliance for Progress program is very important. I would be willing to raise it beyond what is proposed in the Mansfield amendments. If any further saving is made in Latin American military aid it should be added to the Alliance for Progress economic aid program. That would be welcomed, I believe, by all our friends in Latin America among the heads of state of democratic governments.

Mr. President, my first parliamentary inquiry is as follows: Are we in a position to seek to amend the Manfield amendments by changing the figure $975 million, in line 7, to $900 million; or are we now in a parliamentary position—with the Holland amendment pending—in which we cannot act on the Mansfield amendments until first we act on the Holland amendment; and if we act first on the Holland amendment and if the figure $975 million, which is called for by the Holland amendment, prevails, then will we be foreclosed from amending it to $900 million, particularly if—as are the custom and practice here—a motion to reconsider and a motion to lay on the table are agreed to?

The **PRESIDING OFFICER.** If the Holland amendment is agreed to, the figure $975 million would be agreed to in line 8; and the Parliamentarian informs the Chair that once the Holland amendment is agreed to, insofar as line 8 is concerned, thus changing the amount to $975 million, line 7 of the Mansfield amendments would still be open to amendment.

Mr. **MORSE.** Does the Chair mean to state that the Mansfield amendments would still be open to amendment in line 7, even though the Holland amendment calling for $975 million had been agreed to, insofar as line 8 is concerned?

The **PRESIDING OFFICER.** That is in accordance with the understanding of the Chair.

Mr. **MORSE.** Assuming that in line 7, the figure $975 is changed to the figure $900 million, as called for by the bill as passed by the House, would we then be in a position in which we could not subsequently change the $975 million figure in line 8?

The **PRESIDING OFFICER.** That is correct; the $975 million figure in line 8 would then be frozen in, and—assuming adoption of the Mansfield amendments—could not be amended further.

Mr. **MORSE.** That was my understanding, and that is why I wish to make it a matter of record, and to point out again to the Senate that although some do not like my use of the phrase "powerhouse amendments," it is a rather apt description of the Mansfield amendments.

Before acting on it, any amendments to it, we must be perfectly certain that there is no way at all for us to reach some meeting of the minds in regard to this bill, for I have no intention of agreeing to the taking of a vote on the Holland amendment at this hour until there has been ample cloakroom discussion in regard to the parliamentary effect of the Holland amendment as regards other changes we wish to make later, when the Senate may reach the conclusion that other changes should be made.

It is a difficult position to occupy, and yet it is important that it be occupied, and I occupy it not alone. We want Senators to realize the limitations that have been placed upon their freedom of parliamentary action in the Senate by the introduction of the Mansfield amendments. We think there should be a good many money changes in the bill. I shall ask some parliamentary questions on that point in a moment. We have some avenues open that will make that possible. But my own judgment is that days of time would be saved if the Mansfield amendments were withdrawn, if we cleared the decks, and if we started on the bill item by item, section by section, rather than to have a cut by way of a general money cut on the Mansfield amendments, which create serious parliamentary hurdles for those of us who think that the bill should be cut much more than the Mansfield amendments would cut it.

Mr. President, I should like to ask the following questions: If the Holland amendment were adopted, parliamentarily it would not affect in any way the item of $975 million on line 7. Is that true?

The **PRESIDING OFFICER.** That is true.

Mr. **MORSE.** Mr. President, if the Holland amendment were adopted, and the amount of $975 million were written into line 8 in replacement of the amount of $1,500 million, could those of us who think that the bill should be changed further offer a complete substitute for section (b) of the Mansfield amendments?

The **PRESIDING OFFICER.** It would be in order provided a substantial change were made in the paragraph.

Mr. **MORSE.** I shall come to that point in a moment. Assuming that a very substantial change would be made in the paragraph, would we then be in a position in which we could modify the amount of $975 million in the Holland amendment, even though the Holland amendment were agreed to?

The **PRESIDING OFFICER.** The Parliamentarian states that such action would be in order.

Mr. **MORSE.** Now we come to what a substantial change would be. If we offered an amendment to paragraph (b) which would read:

> Section 202 of the Foreign Assistance Act of 1961, as amended, is amended by striking out "for each of the next four succeeding years," and inserting "for each of the next two years,"

Would that be a substantial change?

The **PRESIDING OFFICER.** The Chair feels that reducing the period of time from 4 to 2 years would be a substantial change.

Mr. **MORSE.** Mr. President, before we might offer such a substitute for paragraph (b), we would be in a parliamentary position, even though the Holland amendment were adopted, to offer, for example, the amendment that many of us propose to offer on the contingency fund, leaving it at the figure of $150 million? The adoption of the Holland amendment would in no conceivable way affect our parliamentary right to amend the contingency fund?

The **PRESIDING OFFICER.** Agreeing to the Holland amendment would not affect any other part of the bill.

Mr. **MORSE.** Likewise we could propose to cut further into the military aid figures of the Mansfield amendments.

Mr. President, I should like the leadership of the Senate to give consideration to a withdrawal of the Mansfield amendment for the time being so that we will not have to do all the parliamentary manipulating and maneuvering in strategic action that would be called for as long as the Mansfield amendments are before the Senate, so that those of us who wish to change the bill in respect to various provisions can go ahead and see how much we can change. Then they can decide whether or not they wish to offer or reoffer the amendment.

We know our reasons in making that proposal. I do not believe it would come to pass, but let us hypothetically assume that we are beaten on most or all of our amendments. Then the proponents of the bill might decide that they do not want to cut the bill at all, not reoffer the Mansfield amendments, and let the committee bill stand as it is.

We are perfectly willing to run that risk. But what we feel sad about is that we have been placed in this parliamentary position in which we have to consume a great deal of time in conference and prevent votes from occurring here in the Senate until we can see the end of the trail parliamentarywise.

So far as we are concerned, all the Mansfield amendments have done is to slow us up. We are cautious men, and we shall be exceedingly cautious, for no matter who disagrees with us, we believe we are putting up a fight here in the Senate on a question so vital to the welfare of the American taxpayer and so important to the welfare of our country foreign policywise, that we are going to take all the slings and arrows that may be directed at us until we are satisfied that we can say to our constituents that we did all we could. We at least tried not to go to sleep by swallowing any parliamentary pills that the leadership may have stuffed into us.

I only make the plea. I cannot bring about a withdrawal of the Mansfield amendments unless the proponents wish to withdraw them. My parliamentary question is as follows: There is nothing that prevents the proponents of the Mansfield amendments from withdrawing the amendments, is there?

The PRESIDING OFFICER. There is nothing that would prevent the Mansfield amendments being postponed temporarily or withdrawn.

Mr. MORSE. When the Chair states "postponed temporarily," such action would not clear the floor of the Senate for other amendments?

The PRESIDING OFFICER. The amendments can be withdrawn at the request of the proponents. The Senator from Montana [Mr. Mansfield] might make the request.

Mr. MORSE. The amendments could be reoffered at any time the proponents of the amendment wished to reoffer them?

The PRESIDING OFFICER. The Senator is correct.

Mr. MORSE. Of course, if they were withdrawn, the Senator from Florida could nevertheless offer his amendment as a separate amendment to the bill.

He could not very well offer it to a withdrawn amendment. But I would assume—I do not know—that if the Mansfield amendments were withdrawn, the Senator from Florida would probably give consideration to postponing any further consideration of his amendment at this time. He would have to change its form, in any event, if the Mansfield amendment were withdrawn.

I have raised all the parliamentary inquiries that I care to raise at this time, so there can be some consultation on the suggestions that I am making in behalf of those who are opposed to the bill in its present form.

I suggest the absence of a quorum, and request that it be live.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 203 Leg.]

Aiken
Allott
Anderson
Bartlett
Bayh
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Curtis
Dirksen
Dodd
Dominick
Douglas
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Johnston
Jordan, N.C.
Keating
Kuchel
Lausche
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Stennis
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. Eastland], the Senator from Oklahoma [Mr. Edmondson], the Senator from Washington [Mr. Jackson], the Senator from Massachusetts [Mr. Kennedy], the Senator from Missouri [Mr. Long], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Connecticut [Mr. Ribicoff], and the Senator from Missouri [Mr. Symington] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent due to illness.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Beall], the Senator from Kentucky [Mr. Cooper], the Senator from New Hampshire [Mr. Cotton], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], and the Senator from New Mexico [Mr. Mechem] are necessarily absent.

The Senator from Utah [Mr. Bennett] and the Senator from New York [Mr. Javits] are absent on official business.

The PRESIDING OFFICER (Mr. Bayh in the chair). A quorum is present.

Mr. DIRKSEN. Mr. President, what is the pending question?

The PRESIDING OFFICER. The pending question is the amendment of the Senator from Florida [Mr. Holland] to the amendments offered by the Senator from Montana [Mr. Mansfield], for himself and other Senators, to the committee amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Is it in order to ask for the yeas and nays on the so-called Mansfield amendments?

The PRESIDING OFFICER. It would be in order.

Mr. MANSFIELD. Mr. President, have the yeas and nays already been ordered?

The PRESIDING OFFICER. No; they have not been ordered.

AMENDMENT NO. 296

FOREIGN AID BUILDS INDUSTRIES ABROAD TO COMPETE WITH U.S. INDUSTRIES

Mr. GRUENING. Mr. President, one of the greater follies committed under the foreign economic assistance program has been the practice of using U.S. dollars to establish or expand industries abroad which compete with U.S. industries.

Since 1945 we have spent $1,735,685,782 building up steel producing capacities in such countries as Japan, Turkey, France, India, Korea, Liberia, Peru, and Yugoslavia. Today our own steel mills are operating well under their capacities.

We have spent abroad, since 1955, $14,507,024 to build up foreign fishery resources, while our own fishing resources at home have been sorely neglected and are floundering.

We have given or loaned millions to establish and expand textile mills in many foreign countries while our own textile mills are in ever more serious trouble because they cannot compete on an equal footing with the more modern textile mills abroad.

Paper mills, rubber plants, chemical plants, and aluminum plants could also be cited as examples of instances in which AID dollars have been used to build facilities abroad to compete with U.S. industries either in the United States or in foreign markets.

I send to the desk and ask that it be printed and lie on the table, an amendment to H.R. 7885, the bill to amend further the Foreign Assistance Act of 1961, so as to lessen competition to the United States from foreign businesses founded with U.S. AID funds.

I ask unanimous consent that this proposed amendment be printed at this point in my remarks.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, will be printed in the Record.

The amendment (No. 296) proposed to be offered by Mr. Gruening is as follows:

On page 51, between lines 13 and 14, insert the following:

"(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises."

Mr. GRUENING. Mr. President, this provision is identical with the provision dealing with this same subject appearing in the House-passed bill.

The Foreign Assistance Act of 1961 already has a provision aimed at cutting down competition with U.S. industries through loans abroad. I ask unanimous consent that section 620(d) of the Foreign Assistance Act of 1961 be printed in the RECORD at this point in my remarks.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

> (d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 20 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

Mr. GRUENING. Even a cursory reading of this provision indicates that it is severely limited—more limited than it should be to protect adequately U.S. business. As I shall demonstrate shortly, many industries in the United States have lost their foreign markets to a considerable extent.

It should be noted that the provision on this subject in the present law—section 620(d)—is limited to development loans.

It has been further limited by the interpretation of its provisions by the Agency for International Development. I ask unanimous consent that Order No. MO-1016.1 of the Agency for International Development Manual entitled "Impact of Aid on the U.S. Economy—Competition With U.S. Enterprise," effective August 1, 1962, be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRUENING. This is a truly remarkable document.

It is an attempt to give to the congressional directive contained in section 620(d) of the Foreign Assistance Act the narrowest possible interpretation.

In the first place, Mr. President, there is a curious shifting of the burden of proving that the granting of the loan will lead to competition with U.S. business. Thus paragraph II-A of this order provides as follows:

> A. Likelihood of competition: Section 620 (d) will apply in those cases where there is substantial evidence that competition in the U.S. market will take place during the life of the loan. It should not be considered applicable in those cases where there is only a possibility that such competition will occur or where there is no reasonable expectation that competition will develop prior to repayment of the loan.

Under this paragraph, Mr. President, note that it must be proven by "substantial evidence that competition in the U.S. market will take place." However, if there is a possibility that such competition will occur, the loan may still be granted. Apparently it must be proven by the strongest evidence that there will be competition. In these enterprises—such as steel mills, for example—why should there not be the requirement that it must be proven by substantial evidence that there will not be competition with U.S. industries?

But this strange order weakens the congressional directive contained in section 620(d) even still further.

Paragraph II-B provides:

> B. U.S. market: The restrictive provision applies only with respect to direct competition in the U.S. market. It is not designed to limit exports for use or consumption outside the United States even though such exports would compete with U.S. enterprises in foreign markets.

Observe, Mr. President, the only consideration is the market for the particular product in the United States. The paragraph specifically decrees that exports outside the United States are not to be considered even though such exports would compete with U.S. enterprises in foreign markets.

The proverbial man from Mars, Mr. President, would have great difficulty understanding our actions during the past 10 years. He would have seen the United States of America, a great export nation, deliberately using its funds to establish abroad, steel mills to compete abroad with our steel mills, paper mills to compete abroad with our paper mills, textile mills to compete with our textile mills, and so on and on and on.

At the same time the man from Mars would have heard the AID administrators proudly proclaim that 80 percent of the AID dollars are spent in the United States. Of course they are now. That was not so a few years back.

But even so, Mr. President, should not the AID administrators in the past have considered the end result years from then when the steel mills built with AID funds could compete abroad for steel orders against our own steel producers? And with our steel mills operating well below capacity they are, in addition, forced to compete with steel produced in modern plants erected with AID funds.

In the past 5 years the Export-Import Bank has loaned for steel mill construction and expansion of facilities the sum of $327.8 million—all U.S. dollars.

In the past 5 years the World Bank has loaned for steel mill construction and expansion the sum of $380.3 million, a good portion in U.S. dollars.

In the years between 1954 and 1962 AID and its predecessors have granted and loaned the sum of $249.3 million for steel mill construction and expansion of facilities.

These three agencies alone account for loans and grants to erect and expand steelmaking facilities abroad of $957.4 million.

I ask unanimous consent that tables showing these loans for steelmaking be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. GRUENING. Mr. President, the gentleman from Texas, Representative BOB CASEY, has obtained from the Library of Congress a listing of loans and grants to steel industries abroad, to pulp and paper plants abroad, to petroleum and related facilities abroad, to chemical plants abroad, to aluminum plants abroad, to plastic plants abroad, and to rubber plants abroad. He is greatly to be commended for obtaining such a list. It is admittedly an incomplete list since the Library of Congress forwarded it to him with this caveat:

> The enumeration of total foreign aid to specific industries can be undertaken with only limited success. * * * The Agency itself does not compile aid figures according to industry or by name.

According to that chart, in the years from 1945 to 1963 the United States has given or loaned for steel mills the total sum of at least $1,735,685,782.

Is it any wonder, Mr. President, that now—but a few years later—our steel industry is operating at less than capacity, that our textile industry is in difficulty, and so on?

Add this, Mr. President, to the facts disclosed to the Senate by the distinguished senior Senator from Illinois [Mr. DOUGLAS] on July 15, 1963, when he disclosed the shocking dual rate system under which imports into the United States pay lower ocean freight rates than must be paid to export the very same item from the United States.

The wonder, Mr. President, is that our balance-of-payments problems is not worse than it is.

No, we cannot be complacent about the fact that 80 percent of the AID dollar is spent in the United States when it is being spent to build up industries abroad which will compete on advantageous terms with U.S. industry in the years ahead.

It is time that we stopped using tax dollars from U.S. industry to build up competition with that very same industry abroad.

But, Mr. President, let us continue to study the amazing AID document issued to implement the congressional directive contained in section 620(d) of the Foreign Assistance Act of 1961.

Paragraph III states that the directive is limited to development loans and only development loans for productive enterprises. It does not apply to commodity import loans, loans to development banks, technical assistance loans, stabilization loans or program loans where the loan cannot be clearly identified as aiding a productive enterprise which will compete in the U.S. market. The paragraph does make a concession for loans to development banks or program loans by saying it is applicable only where it is known that the loan will be used to assist enterprises which will compete in the U.S. market.

Note here, Mr. President, where the burden of proof is placed. It must be known that the industry aided by the loan will compete with U.S. business in the United States to have section 620(d) of the Foreign Assistance Act of 1961 apply. But even if there is a possibility that the industry aided will compete with the United States in the United States that possibility may be disregarded.

Mr. President, it is time we went to the aid of the U.S. businessman.

We must do away with the warped thinking which seems to have all too many officials in its sway—the warped thinking that what helps business abroad of necessity helps business in the United States. That just is not so.

Therefore, I hope that my amendment—which is exactly the same as appears in the House-passed bill—will be adopted.

EXHIBIT 1

IMPACT OF AID ON THE U.S. ECONOMY—COMPETITION WITH U.S. ENTERPRISE

I. LEGISLATION

Section 620(d) of the Foreign Assistance Act of 1961 prohibits loans to productive enterprises which will compete with U.S. enterprises in the U.S. market unless the country agrees to limit the enterprise's exports to the United States to 20 percent of the annual production of the facility for the life of the loan. This prohibition may be waived by the President where it is in the national security interest to do so.

II. GUIDANCE

All development loan proposals should be reviewed to determine whether the provisions of 620(d) are applicable. In testing loan proposals for this purpose AID will be guided by the following principles:

A. Likelihood of competition: Section 620 (d) will apply in those cases where there is substantial evidence that competition in the U.S. market will take place during the life of the loan. It should not be considered applicable in those cases where there is only a possibility that such competition will occur or where there is no reasonable expectation that competition will develop prior to repayment of the loan.

B. U.S. market: The restrictive provision applies only with respect to direct competition in the U.S. market. It is not designed to limit exports for use or consumption outside the United States even though such exports would compete with U.S. enterprises in foreign markets.

C. Nature of loan: The application of the provision is limited to assistance provided in the form of development loans rather than to all economic assistance under part I of the act. It is further limited to loans for the operation or construction of productive enterprises. It will not apply to commodity import loans, loans to development banks, technical assistance loans, stabilization loans or program loans where the loan cannot be clearly identified as aiding a productive enterprise which will compete in the U.S. market. In the case of most loans of this type it will be practically impossible to determine what particular enterprise will benefit. In the case of loans to development banks or a program loan where it is known that the loan will be used to assist enterprises which will compete in the U.S. market, section 620(d) may be applicable. Determination as to the applicability of section 620(d) will need to be made on the basis of the facts in each such case.

In the event a positive finding is made that an aided enterprise will compete with U.S. enterprise, an agreement to establish procedures to prevent exportation for use or consumption in the U.S. market of more than 20 percent of the annual production of the aided enterprise during the life of the loan must be reached. This agreement may be incorporated in the loan agreement or take the form of a separate agreement. The President is authorized to impose import controls necessary to effectuate the objective of section 620(d) if the agreement is not reached or implemented.

Section 620(d) expressly authorizes the President to waive the restrictions of that section where he determines such waiver is in the national security interest. Authority to grant such waivers is expressly reserved to the President under the terms of Executive Order No. 10973 of November 3, 1961.

III. U.S. AREAS OF SUBSTANTIAL LABOR SURPLUS

Sections 201a, 211a, and 604a of the 1961 Foreign Assistance Act require the President to take into account possible adverse effects of the use of the Development Loan Fund, development grants, technical cooperation, and procurement outside the United States on the U.S. economy, "with special reference to areas of substantial labor surplus."

EXHIBIT 2

World Bank loans for steel mills

[In millions of dollars]

Colombia, South America	30.0
Australia	13.4
Belgium	12.1
Italy	1.9
Yugoslavia	8.7
India (four loans):	
1	29.2
2	75.0
3	20.0
4	32.5
Total	156.7
Japan (10 loans):	
1	5.13
2	20.00
3	8.00
4	33.00
5	10.00
6	22.00
7	24.00
8	20.00
9	6.00
10	7.00
11	2.39
Total	157.52
Total loans made for steel mills by World Bank	380.32

Lines of credit extended by Export-Import Bank for steel mill construction and expansion of facilities—1958 to 1963, inclusive

[In millions of dollars]

Japan, 7 credits	84.8
Philippines, 1 credit	62.3
Turkey, 1 credit	15.0
France, 4 credits	6.4
Italy, 4 credits	83.9
Spain, 4 credits	30.8
Argentina, 3 credits	19.4
Chile, 1 credit	8.3
Mexico, 1 credit	16.9
Total, 26 credits	327.8

AID or predecessor agency obligations for iron and steel projects by country and project, fiscal years 1954–62

[In thousands of dollars]

Region, country, and project	Fiscal year obligated	AID or predecessor obligations [1]
Total, all regions		249,333
Europe		116,060
Spain		7,560
Altos Bornos de Viscaya cold rolling mill	1954 and 1956	4,460
Empresa blast furnace	1954	3,100
Yugoslavia		8,500
Sisak Ironworks (development loan)	1961	8,500
European Coal and Steel Community		100,000
Contribution to capitalization (loan) [2]	1954	100,000
Far East		2,923
China, Republic of		695
Steel tube mill, Ya Tung Enterprise, Inc	1955 to 1956	466
Tang Eng Ironworks	1957	229
Korea		2,228
Wire Rope Manufacturing Co	1956	122
Chain Manufacturing Co	1956	111
Pusan Ironworks	1955	1,995
Near East and south Asia		130,350
India		750
Bokaro Steel Plant	1962	750
Turkey		129,600
Steel mill (Eregli) (development loan)	1959 and 1961	129,600

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[1] Data on development loans are loan authorizations.

[2] Data on proportion for steel only not available.

Economic development projects from U.S.-owned foreign currencies,[1] July 1, 1954, to June 30, 1962

[In thousands of dollar equivalents]

Country and project	Source of funds	Fiscal year obligated	AID or predecessor obligations
Total			15,686
Austria			3,154
Steel mill	480	1957	1,346
Steel mill and tool manufacture	480	1958	846
Steel and malleable foundry	480	1958	577
Fabricated structural steel	480	1957	385
Brazil			6,831
Minas Gerais steel plant	480	1961	6,831
India			91
Bokaro steel plant	402	1962	91
Yugoslavia			5,610
Iron works, Niksic	480	1958	5,610

[1] Represents the use of U.S.-owned foreign currencies derived from sales of surplus agricultural commodities under sec. 402 and title I, Public Law 480. Data on Public Law 480 loans to Japan are not in sufficient detail to differentiate any loans benefiting the steel industry.

AID or predecessor agency commitments for aid to iron and steel industry, summary by country and fiscal year of supporting tables II to IV, July 1, 1948, to June 30, 1962

[In millions of dollars or dollar equivalents]

Region and country	Total through June 30, 1962	Fiscal year											
		1949	1950	1951	1952	1954	1955	1956	1957	1958	1959	1961	1962
Grand total	472.5	129.8	71.6	5.2	0.9	107.0	2.4	0.8	1.9	7.0	12.3	132.6	0.9
Europe	332.3	129.8	71.6	5.2	.9	107.0		.6	1.7	7.0		8.5	
Austria	28.2	18.7	6.4						[1] 1.7	[1] 1.4			
Belgium	8.3	5.5	2.9										
France	75.5	70.0	1.3	4.1									
Italy	54.8	7.6	46.1	1.1									
Netherlands	14.9		14.9										
Portugal	.8	.8											
Spain	8.4				.9	7.0		.6					
United Kingdom	27.2	27.2											
Yugoslavia	14.1									[1] 5.6		8.5	
European Coal and Steel Community	[2] 100.0					100.0							
Far East	2.9						2.4	.2	.2				
China, Republic of	.7						.4	(3)	.2				
Korea	2.2						2.0	.2					
Near East and south Asia	130.5										12.3	117.3	.9
India	.9												[1] .9
Turkey	129.6										12.3	117.3	
Latin America—Brazil	6.8											6.8	

[1] Represents the use of U.S.-owned foreign currencies generated by surplus agricultural commodity sales under sec. 402 and Public Law 480, title I; India includes the equivalent of $100,000 in fiscal year 1962; all other data are dollar commitments.

[2] Data on proportion for steel only not available.

[3] Less than $50,000.

NOTE.—There were no commitments in fiscal year 1953 and fiscal year 1960.

European iron and steel projects financed in part by the United States under the European recovery program, by country and project, fiscal years 1949–51[1]

[In thousands of dollars]

Country and project	Project approval date	ECA dollar obligations
Total, all countries		207,565
Austria		25,119
VOEST (Vereinigte Oesterreichisch Eisen-und Stahlwerke A.C.) Linz	Apr. 1, 1949	2,887
VOEST, Linz	do	8,362
Do	Apr. 6, 1950	2,169
Alpine Montan (Oesterreichisch Alpine Montangesellschaft), Donawitz	Feb. 25, 1949	4,147
Alpine Montan Donawitz	May 26, 1949	3,346
Do	Apr. 27, 1950	4,208
Belgium		8,343
S.A. Metallurgique d'Esperance-Longdoz, Liege	Apr. 1, 1949	2,329
S.A. Ougree Marihaye, Ougree	Feb. 9, 1950	2,866
Phenix Works at Flemmale-Haute, near Liege	Apr. 1, 1949	3,148
France		75,475
SOLLAC (Societe Lorraine de Laminage Continu), Hayange and Ebange	June 14, 1949	56,164
USINOR (Union Siderurgique du Nord de la France), Denain (Nord) and Montataire (Oise)	Apr. 1, 1949	11,919
SIDELOR (formerly Societe Lorraine des Acieries de Rombas), Rombas	Sept. 2, 1949	1,301
Sto. Anonyme des Forges et Acieries de Dilling, Dillingen in the Saar	Dec. 21, 1950	2,038
Acieries de Longwy, Mont Saint Martin	do	2,094
J. J. Carnaud et Forges de Basse-Indre	Feb. 25, 1949	1,959
Italy		54,769
FINSIDER	Aug. 18, 1949	32,390
FIAT, Turin and Avigliana	Aug. 4, 1949	7,408
Acciaierie e Ferriere Lombarde FALCK, Milan	June 30, 1949	1,649
Do	May 18, 1950	4,502
Cantieri Metallurgici Italiani (FALCK subsidiary), Castellamare di Stabia	June 30, 1949	2,131
SISMA, Soc. Industrie Siderurgiche e Affini, Villadossola	do	2,538
TERNI, Societa per L'Elettricita, Terni	Apr. 6, 1949	1,315
RECAELLI, Giuseppe e Fratello Redaelli, S.p.A., Rogoredo	Aug. 17, 1950	1,067
Ilssa-Viola, S.A. Pont St. Martin, Aosta Valley	Aug. 30, 1949	1,569
Ferrotubi S.p.A. (FIT), Milan	July 12, 1949	200
Netherlands		14,935
Royal Dutch Blast Furnace & Steel Co, Ijmuiden	Dec. 1, 1949	14,935
Portugal		847
A. J. Oliveira Filhes & Co., LDa., S. Joao da Madeira.	Feb. 14, 1949	847
Spain		853
Sagunto Steel Plant [2]	June 23, 1952	853
United Kingdom		27,224
Steel Co. of Wales, Ltd., Margram and Troste, South Wales.	Apr. 1, 1949	25,373
Stewarts & Lloyds, Ltd., Corby, England, and Clydesdale and Tolcross, Scotland.	May 26, 1949	1,851

[1] List includes 1 project approved in 1952.

[2] Financed under Spanish loan program, Public Law 759, 81st Cong., approved Sept. 6, 1950.

U.S. and international agencies aid to the steel industries of the world, 1945–63

EXPORT-IMPORT BANK CREDITS TO FOREIGN STEEL INDUSTRIES, 1945–63

	Amount authorized
Africa:	
Liberia:	
Liberia Mining Co., 1949	$4,000,000
Liberia Iron Ore Ltd., 1960	5,625,000
National Iron Ore Ltd., 1960	6,000,000
Liberian Amer-Swed Minerals, 1960	30,000,000
Asia:	
Japan:	
Fuji Iron & Steel Co., 1957	10,300,000
Yawata Iron & Steel Co., 1957	26,000,000
Toyo Kohan Co., Ltd., 1958	7,100,000
Toyo Kohan Co., Ltd., 1960	3,000,000
Japan Steel & Tube Co., 1961	6,500,000
Fuji Iron and Steel Co., 1961	15,600,000
Sumimoto Metal, Inc., 1962	8,100,000
Yawata Iron & Steel Co., 1962	26,000,000
Kawasaki Steel Corp., 1962	18,500,000
Philippines:	
American Wire & Cable Co., 1957	98,000
Ysmael Steel Mfg. Co., 1957	68,000
Jacinto Steel, Inc., 1958	58,000
Central Bank of Philippines for steel mill construction, 1961	62,300,000
Turkey:	
Vulcan Iron Works, 1946	5,341,014
Vulcan Iron Works, 1947	2,521,469
Republic of Turkey, 1950	681,563
Republic of Turkey, Karabuk Iron & Steel, 1959	15,000,000
Canada:	
Steep Rock Mines, Ltd., 1948	5,700,000
Europe:	
Austria: Oesterreichisch-Alpine, 1957	28,150,000
France:	
Union Sid du Nord, 1960	1,036,000
Union Sid du Nord, 1960	1,142,000
Union Sid du Nord, 1960	3,536,000
Union Sid du Nord, 1961	842,000
Germany: August Thyssen-Hutte, A.G., 1956	10,000,000
Italy:	
Instituto Mobiliare Italiano, 1947	9,000,000
Instituto Mobiliare Steel Mills:	
Alti Forni, 1947	3,634,000
Terni, 1947	1,350,000
Dalmine, 1947	1,300,000
Cornigliano, 1947	3,000,000
Equipment for steel mills, 1955	2,000,000
Equipment for steel mills, 1955	5,000,000
Equipment for auto and steel, 1956	10,000,000
Innocenti, S.P.A., 1956	1,500,000
Equipment for steel mill, 1958	7,000,000
Blast furnace and rolling mill, 1958	6,500,000
Itatsider steel plant, 1962	25,000,000
Spain:	
Union de Siderurgicas Asturians, S.A., 1958	6,800,000
Empress Nacional, 1959	4,400,000
Empresa Nac Siderurgica, 1960	2,300,000
Empresa Nac Siderurgica, 1961	13,000,000
Altos Hornos Viscaya, 1961	18,000,000
Empresa Nac Siderurgica, 1962	6,600,000
Yugoslavia: Government of Yugoslavia to purchase original U.S. steel mill equipment, 1961	15,000,000
Latin America:	
Argentina:	
Soc Mixta Siderurgia, 1955	$60,000,000
Acinfer, S.A., 1959	700,000
Socie Indus Argentina, Tubos Acero, 1959	1,710,000
Acindar Ind. Argentina Aceros, 1960	5,645,000
Dalmino, SAFTA, 1960	1,842,000
Soc. Ind. Argentina Tubos Ac., 1960	1,675,000
Industrias Puerto San Martin, 1958	90,000
Somisa, Steel Mill Equipment, 1960	12,000,000
Acinfer Ind. Arg. Acero SA, 1960	170,500
Acinfer Ind. Fundiciones SA, 1961	105,000
Rycsa SAM Steel Shear, 1961	9,000
Est. Metalurgicos Santa Rosa, 1961	241,660
Dolmine SAFTA, Equipment, 1961	21,000
Acinfer Ind. Arg. Fundiciones, 1961	20,400
Tinigal SRL Equipment, 1961	5,000
Est. Metalurgicos Santa Rosa, 1962	91,700
Est. Metalurgicos Santa Rosa, 1962	225,900
Est. Metalurgicos Santa Rosa, 1962	100,600
Est. Metalurgicos Santa Rosa, 1962	127,100
Est. Metalurgicos Santa Rosa, 1962	26,200
Metalurgica Tandil, 1962	114,500
Brazil:	
Cia Sid NAC, 1950	25,000,000
Cia Metalurgica Barbara, 1952	2,185,000
Cia Siderurgica Belgo, 1955	780,440
Cia Sid NAC, 1956	35,000,000
Acos Villares AA, 1957	2,320,000
Soc Tecnica Fundicoes Gerais, 1957	2,558,000
Cia Vale Do Rio Doce SA, 1958	12,500,000
Chile:	
Corp. De Fomento Prod., 1951	58,000,000
Cia de Acero del Pacifico SA, 1956	3,550,000
Cia de Acero del Pacifico, 1957	16,000,000
Cia de Acero del Pacifico, 1960	15,574,000
Cia de Acero del Pacifico, 1962	8,300,000
Mexico:	
Cia Fundidora de F.Y.A. Monterrey, S.A., 1945	800,000
National Financiera S.A., 1951	5,000,000
Cia Fundidora de Fierroy, Acerode Monterrey S.A., 1952	4,500,000
National Financiera S.A., 1952	3,600,000
La Consolidada S.A., 1955	662,000
Hojalata y Lamina S.A., 1955	2,055,000
Aceros de Chihuahua S.A., 1955	720,000
Cia Fundidora de Monterrey, 1956	46,500,000
National Financiera S.A., 1957	16,000,000
Altos Hornos de Mexico S.A., 1960	174,000
Aceros de Chihuahua S.A., 1960	550,000
Altos Hornos de Mexico S.A., 1960	$1,479,000
Altos Hornos de Mexico S.A., 1960	443,850
Tubacero S.A., 1960	4,000,000
Altos Hornos de Mexico S.A., 1961	120,000
Manufacturas Metalicas MSA, 1961	113,500
Altos Hornos de Mexico S.A., 1961	290,000
Altos Hornos de Mexico S.A., 1961	345,000
Altos Hornos de Mexico S.A., 1961	51,886
Altos Hornos de Mexico S.A., 1962	1,850,000
Peru:	
Marcona Mining Co., 1953	2,500,000
Marcona Mining Co., 1957	10,000,000
Marcona Mining Co., 1961	6,500,000
Marcona Mining Co., 1962	6,000,000
Metalurgica Pervana, 1962	1,950,000
Uruguay:	
Cinoca, S.A., 1961	65,500
Cinoca, S.A., 1961	35,000

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT LOANS FOR FOREIGN STEEL INDUSTRIES, 1946-63

Asia:	
India:	
Indian Iron & Steel, 1952	$31,500,000
Indian Iron & Steel, 1956	20,000,000
Tata Iron & Steel Co., 1956	75,000,000
Tata Iron & Steel, 1957	32,500,000
Indian Iron & Steel, 1961	19,500,000
Japan:	
Japan Development Bank:	
Yawata Plate Mill, 1955	5,300,000
Yawata Steel Production, 1959	20,000,000
Kawasaki Strip Mill, 1956	20,000,000
Kawasaki Steel Production, 1958	8,000,000
Kawasaki Steel Production, 1960	6,000,000
Sumitomo Steel Production, 1958	33,000,000
Sumitomo Steel Production, 1960	7,000,000
Kobe Steel Production, 1958	10,000,000
Nippon Kokan Steel Production, 1958	22,000,000
Fuji Steel Production, 1959	24,000,000
Europe:	
Belgium: Equipment for steel and power industries, 1949	16,000,000
France: Miferma, 1960	66,000,000
Luxembourg: Steel mill and railroad, 1947	12,000,000

INTERNATIONAL FINANCE CORPORATION LOANS TO FOREIGN STEEL INDUSTRIES, 1956–63

Asia:	
India: Republic Forge Co., 1959	$1,500,000
Pakistan: Steel Corp. of Pakistan, 1958	630,000
Latin America:	
Argentina: Acindar Industria Arg. de Aceros S.A., 1960	3,660,000
Mexico:	
Compania Findidora de Fierro y Acero Monterrey, 1963	1,126,000
Tubos de Aceros de Mexico, 1963	400,000
Venezuela: Siderurgica Venesolana SA, 1960	500,000

U.S. and international agencies aid to the steel industries of the world, 1945–63—Con.

EUROPEAN RECOVERY PROGRAM ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1949–51

	Amount authorized
Europe:	
Austria:	
Voest, Linz, 1949	$2,887,000
Voest, Linz, 1949	8,362,000
Voest, Linz, 1950	2,169,000
Alpine Montan, 1949	4,147,000
Alpine Montan, 1949	3,346,000
Alpine Montan, 1950	4,208,000
Belgium:	
S.A. Metallurgique d'Esperance-Longdoz, Liege, 1949	2,329,000
S.A. Ongree Marihaye, Ougree, 1950	2,866,000
Phenix Works, Flammale-Haute, 1949	3,148,000
France:	
Sollac, Hayange and Ebange, 1949	56,164,000
Usinor, Denain and Montataire, 1949	11,919,000
Sidelor, Bombas, 1949	1,301,000
Ste. Anonyme des Forges, Saar, 1950	2,038,000
Acieries de Longwy. Mont, St. Martin, 1950	2,094,000
J. J. Carnaud et Forges de Basse-Indre, 1949	1,959,000
Italy:	
Finsider, 1949	32,390,000
Fiat, Turin and Aviglina, 1949	7,408,000
Acciaierie e Ferriare, Milan, 1949	1,649,000
Acciaierie e Ferriare, Milan, 1950	4,502,000
Cantieri Metallurgici Italiani, 1949	2,131,000
Sisma, Villadossola, 1949	2,538,000
Terni, Societa per L'Elettricita, Terni, 1949	1,315,000
Recaelli, Rogorado, 1950	1,067,000
Iissa-Viola, Aosta Valley, 1949	1,569,000
Ferretubi, SPA, Milan, 1949	200,000
Netherlands: Royal Dutch Blast Furnace & Steel Co., 1949	14,935,000
Portugal: A. J. Oliveira Filhos Co., 1949	847,000
Spain: Sagunto Steel Plant, 1952	853,000
United Kingdom:	
Steel Co. of Wales, Ltd., 1949	25,373,000
Stewarts & Lloyds, Ltd., 1949	1,851,000

AID OR PREDECESSOR AGENCY ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1954–62

Europe:	
Spain:	
Altos Hornos de Viscaya, 1954	$4,460,000
Empresa Blast Furnace, 1954	3,100,000
Yugoslavia: Sisak Iron Works, 1961	8,500,000
European Coal & Steel Community: Contribution to capitalization loan, 1954	100,000,000
Far East:	
Republic of China:	
Ya Tung Tube Mill, 1955	466,000
Tang Eng Ironworks, 1957	229,000
Korea:	
Wire Rope Mfg. Co., 1956	122,000
Chain Mfg. Co., 1956	111,000
Pusan Iron Works, 1955	1,955,000
Near East and South Asia:	
India: Bokaro Steel Plant 1962	750,000
Turkey: Eregli Steel Mill, 1959	129,600,000

U.S. and international agencies aid to the steel industries of the world, 1945–63—Con.

FOREIGN STEEL INDUSTRIES ASSISTED FROM U.S.-OWNED FOREIGN CURRENCIES, 1954–62

Europe—Continued	*Amount authorized*
Austria:	
Steel mill, 1957, Public Law 480	$1,346,000
Steel mill and tool manufacturing, 1958, Public Law 480	846,000
Steel and malleable foundry, 1958, Public Law 480	577,000
Fabricated structural steel, 1957, Public Law 480	385,000
Yugoslavia: Niksic Iron Works, 1958, Public Law 480	5,610,000
Latin America:	
Brazil: Minas Gerais Steel Plant, 1961, Public Law 480	6,831,000
Asia:	
India: Bokaro Steel Plant, 1962, Public Law 402	91,000

U.S. aid to specific foreign industries, 1958–62

PULP AND PAPER PLANTS

	Amount of aid grants and loans
1958:	
Taiwan: Papermill expansion	$162,000
Iceland: Wastepaper pulp equipment	2,000
Yugoslavia: pulp and paper manufacturing equipment	21,000
Israel: Paper plant	3,000,000
Finland: Wood pulp equipment	750,000
Argentina: Pulp and paper mill	7,600,000
Colombia: Papermill	5,700,000
Mexico: Pulp and paper mill equipment	333,000
1959:	
Vietnam: Pulp plant	265,000
Yugoslavia: Processing pulp	47,000
Argentina: Pulp mill expansion	2,220,000
Philippines: Pulp and paper mill machinery	5,400,000
Colombia: Pulpmill machinery	180,000
1960:	
Finland: Pulp and paperboard machinery	2,056,000
Argentina: Pulp and paper mill	9,190,000
Venezuela: Papermill machinery	198,000
Tanganyika: Pulp and paper mill	6,250,000
Egypt: Pulpmill	6,700,000
Yugoslavia:	
Pulp and paper products machinery	54,000
Pulp and paper mill	3,093,000
South Africa: Pulp machinery	61,000
India: Pulp and paper mill	18,500,000
1960:	
Finland: newsprint machinery	5,203,000
Israel: Pulp and paper machinery	670,000
Greece: Pulp machinery for fiberboard	2,500,000
Argentina: Pulp and paper machinery	80,000
Colombia: Cellophane paper machinery	196,000
Panama: Paper bag machinery	17,000
1962:	
Philippines: Pulp and paper mill machinery	100,000
Egypt: Cellophane plant	3,000,000
Venezuela: Bagasse plant	1,450,000

U.S. aid to specific foreign industries, 1958–62—Continued

PETROLEUM AND RELATED FACILITIES

	Amount of aid grants and loans
1958:	
India:	
Oil and Gas Commission	$41,000
Fuel Research Institute	25,000
Israel: Oil field conservation techniques	6,000
Taiwan:	
Petroleum refining	145,000
Petroleum products diversification	97,000
Bolivia: Ministry of Petroleum	83,000
Argentina: Petroleum asphalt plants	289,000
1959:	
India: Oil and Commission	12,000
Israel:	
Oil field conservation techniques	6,000
Petroleum facilities	367,000
Argentina: Petroleum asphalt plants	83,600
Spain: Petroleum production study	8,000
Panama: Petroleum regulations study	16,000
Greece: Petroleum facilities	500,000
1960:	
India: Oil and Gas Commission	42,000
Israel: Oil field conservation techniques	38,000
Panama: Petroleum laws study	1,000
Italy: Petroleum and chemical plant	2,890,000
Argentina: Petroleum asphalt plant	10,000
Pakistan: Petroleum gas treating plant	1,994,000
1961:	
India: Oil and Gas Commission	31,000
Israel: Oil field conservation techniques	6,000
Greece: Petroleum facilities	836,000
Finland: Petroleum facilities	1,750,000
Chile: Petroleum plants	34,500
1962:	
Colombia: Petroleum asphalt equipment	31,000
Greece: Petroleum facilities	570,000

CHEMICAL PLANTS

1958:	
Taiwan:	
Caustic soda	144,000
Urea plant	1,617,000
Japan: Chemical plant expansion	2,300,000
Mexico: Chemical production	460,000
1959:	
Taiwan: Urea plant expansion	189,000
India: Phosphorous plant	21,000
Korea: Soda ash plant	5,600,000
Colombia: Chemical plant facilities	460,000
Peru: Chemical plant	700,000
1960:	
Taiwan:	
Urea plant	1,884,000
Sulphuric acid plant	74,000
Indonesia: Nitrogenous chemical plant	33,200,000
Argentina: Phenol plant	2,000,000
Mexico: Citric acid plant	800,000
Israel: Chemical facilities	258,000
1961:	
Israel: Chemical plant	7,150,000
Mexico: Chemical plant equipment	58,000
Peru: Chemical plant equipment	508,300
Turkey: Chemical plant	2,800,000

U.S. aid to specific foreign industries, 1958–62—Continued

	Amount of aid grants and loans
1962:	
India: Chemical plant facilities	$7,650,000
Japan: Ammonia and urea plant	800,000
Argentina: Chemical plant for synthetics	413,000
Chile: Sulfuric acid plant	95,000
Colombia: Chemical fertilizer plant	237,200
ALUMINUM PLANTS	
1958:	
Taiwan: Aluminum plant modernization	672,000
Austria:	
Aluminum products plant	385,000
Aluminum plant	1,000,000
1959:	
Tawain: Aluminum plant	1,350,000
Colombia: Aluminum plant facilities	400,000
1960:	
India:	
Aluminum reduction plant	13,650,000
Aluminum fabricating plant	5,000,000
Aluminum plant	2,000,000
Lebanon:	
Aluminum plant	400,000
Aluminum extrusion facilities	124,300
1961:	
Taiwan: Aluminum plant modernization	238,000
Philippines: Aluminum press	150,500
Mexico: Aluminum smelter	6,500,000
PLASTIC PLANTS	
1958:	
Cuba: Plastic injection molders	14,000
1959:	
Argentina: Polyethylene plant	8,000,000
France: Plastic plant facilities	370,000
1960:	
Argentina: Plastic extrusion facilities	110,000
Yugoslavia: Plastics plant	23,000,000
1961:	
Argentina:	
Plastics plant equipment	9,000
Plastics products equipment	24,500
Korea: Plastics plant for fibers	3,200,000
Israel: Plastics equipment	80,000
RUBBER PLANTS	
1958:	
Colombia: Rubber development	2,000
Peru: Rubber development	200,000
Latin America: Regional rubber development	600,000
Austria: Rubber plant equipment	769,000
1959:	
Guatemala: Rubber development	50,000
Latin America: Regional rubber development	400,000
Spain: Rubber plant	650,000
1959:	
Argentina: Rubber pneumatic plant	3,300,000
Guatemala: Rubber plant	5,000,000
Israel: Rubber plant facilities	457,000
1960:	
Guatemala: Rubber development	156,000
Peru: Rubber development	199,000
India: Rubber plant	4,500,000
1961:	
Guatemala: Rubber development	180,000
1961:	
Peru: Rubber development	20,000
Turkey: Rubber plant	4,000,000
India: Rubber plant	8,000,000
1962:	
Guatemala: Rubber development	$26,000
Brazil: Synthetic rubber plant	3,400,000
1962—Continued	
Turkey: Rubber plant	$3,125,000
India:	
Rubber equipment	500,000
Synthetic rubber plant	3,000,000

Hourly employment costs—American versus foreign steel industries

Country	Hourly employment costs [1]		Increase 1961 over 1952		Foreign as percent of United States	
	1952	1961	Cents	Percent	1952	1961
Luxembourg	$0.98	$1.47	$0.49	50	42	37
Belgium	.82	1.26	.44	54	35	32
France	.72	1.11	.39	54	31	28
West Germany	.69	1.37	.68	99	30	34
Italy	.64	1.04	.40	63	27	26
Netherlands	.53	1.40	.87	164	23	35
European coal and steel community average	.72	1.25	.53	74	31	31
Japan	.32	.63	.31	97	14	16
United States	2.32	3.99	1.67	72	100	100

[1] Sources: 1952–60 data, Information Statistique; 1961 data, Siderurgie; 1962, No. 5 and 6, European Coal and Steel Community; Japan Iron and Steel Federation; and American Iron and Steel Institute.

AMENDMENT NO. 297

COMPTROLLER GENERAL SHOULD HAVE THE RIGHT TO AUDIT FOREIGN AID PROGRAM

Mr. GRUENING. Mr. President, I send to the desk and ask that it be printed and lie on the table an amendment to H.R. 7885, a bill to amend further the Foreign Assistance Act of 1961.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. GRUENING. Mr. President, the amendment is also one which appears in the House-passed bill and was offered by Congresswoman KELLY at the request of the Comptroller General.

The amendment merely provides that all aided countries must agree, before qualifying for aid, that they will submit to such reviews, inspections, and audits as the President of the United States may require in order to ascertain whether the assistance granted is being administered in such a way as to carry out the purposes for which it was granted or loaned.

I ask unanimous consent that the text of the amendment be printed at this point in my remarks.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

On page 51, between lines 13 and 14, insert the following:

"(k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Mr. GRUENING. Mr. President, in making this request to Congresswoman KELLY, the Comptroller General states:

> Although we have been able to resolve satisfactorily the difficulties we have encountered in auditing foreign aid programs, it is to be noted that recipient countries are not required, as a condition to receiving economic and technical assistance grants and loans, to permit observation and review by, or furnish information to, U.S. representatives. Enactment of such a requirement would make it clear that recipient countries are expected to grant the right of observation and review to U.S. representatives.

It is a simple request and one which the Congress should honor. As the Comptroller General states, resistance to audit has been overcome in all cases so far but his task would be much easier if the agreements contemplated by my amendment were in existence.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 204 Leg.]

Aiken
Allott
Anderson
Bartlett
Bayh
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Curtis
Dirksen
Dodd
Dominick
Douglas
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Johnston
Jordan, N.C.
Keating
Kuchel
Lausche
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Stennis
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the Holland amendment to the Mansfield amendments to the committee amendment in the nature of a substitute.

Mr. MORSE. Mr. President, before I deliver my next major speech in opposition to the bill, I have another parliamentary inquiry to address to the Chair. Suppose the Holland amendment is adopted, and suppose I then offer a substitute for the paragraph of the Mansfield amendments in lines 4 to 9 on page 1, and suppose the substitute were to read:

> On page 1, lines 7 through 9 of the Mansfield amendments, strike out "$975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years" and insert in lieu thereof: "$900,000,000 for the fiscal year 1964."

Would that substitute language be sufficient substantial change in the language of the paragraph on page 1, lines 4 to 9, to meet the previous ruling of the Chair that if I offered substitute language for this paragraph, and if my substitute were agreed to, the whole paragraph, including the Holland amendment, would come out?

The **PRESIDING OFFICER**. The Chair would rule that such an amendment would be in order—even after the Holland amendment was agreed to—as being a sufficient substantial change.

Mr. **MORSE**. Yes; the amendment would be in order. But if the amendment were adopted, would that wipe out the Holland amendment, with the result that then we would finally have an authorization only for 1964, and it would also automatically amend the Mansfield amendments by wiping out any authorization of $1,500 million for 1965 and 1966?

The **PRESIDING OFFICER**. Does the Senator from Oregon have a copy of the proposed amendment to submit to the Chair for the Chair's consideration?

Mr. **MORSE**. Yes, Mr. President; and at this time I send it to the desk.

Before the Chair rules, let me restate my objective, because I want the Senate to know—in spite of any other views which may be held—what my parliamentary objective is: I want to get myself and my colleagues in a position where we can move expeditiously, amendment by amendment, to deal with the amendments now at the desk, without first being required to hurdle any parliamentary barrier, for the consideration of these amendments moneywise and policywise, in connection with our attempts to modify or amend this bill.

Many of the amendments will be adopted. We believe they should all be adopted. But let us assume, hypothetically, that they are not. Senators should know the risk that those of us who are opposed to the bill are willing to run. Assuming that we lost on our amendments, the proponents of the Mansfield amendments might decide not to offer any amendment and try to win on the bill as is, which is their right. We believe it would be a great mistake for the country, but they would be in a position to act in that manner.

They could say, "We do not like the position which the Senator from Oregon has taken as to why he thinks the amendment was offered." Forget for a moment about the motivation of the amendment. The effect of the amendment is to put those of us in opposition to the bill at a parliamentary disadvantage. That will not hasten the final consideration of the bill, because we have got to have time to figure out as best we can how we can at least reduce that disadvantage.

Mr. **KUCHEL**. Mr. President, will the Senator yield for a question?

Mr. **MORSE**. I should like to finish my explanation, and then I shall be glad to yield.

We have suggested to the leadership that they lay aside for the time being the Mansfield amendments and give the opposition an even break in the race, if we might use that figure of speech. At least they should not put us under a handicap. Let us try our amendments and let the Senate work its will on them. If we lose, we lose. We do not think we will lose on a good many of them. I am very frank to say that I do not want to be in a position of delaying action on the bill.

A few minutes ago I talked to the whip. I do not see him present at the moment. I am not going to agree to a unanimous consent request to limit debate and fix a time to vote on the bill. This is one major piece of legislation that will go through the Senate in keeping with what I think the procedure of the Senate ought to be on all major legislation. Debate will run its course, and we shall vote without any limitations upon the debate. Senators will not like it, but that is just too bad, so far as I am concerned. That is the way it is going to be. That will guarantee to the American people full and adequate debate on the bill. They are entitled to it. I believe that they will approve of that procedure.

Time would be saved if the Mansfield amendments were temporarily laid aside, to see how we get along with our amendments. I do not know whether that course will be agreed to or not; the proponents have not told me that they will or that they will not agree. Therefore, I intend to make my next speech on the bill. But before beginning that speech, I want a ruling on the parliamentary question. If the leadership refuses to lay aside the Mansfield amendments, and the Holland amendment is adopted, the Holland amendment would reduce the authorization for 1965–66 to $975 million. I would congratulate the Senator. That would be wonderful. The only thing wrong with it is that it would not go far enough. But the result is better than the proposed $1.5 billion. What I wish to do is to get rid of the authorization of 1965 and 1966 entirely. In effect, what I wish to do is to offer an amendment that would amend the entire foreign aid program so that the authorization would be only for 1964. Then we would return next year and decide what to authorize for 1965 and 1966.

Psychologically, it would be one of the greatest things for the country, and it would be clear notice to the present administration that the recommendation in the Foreign Relations Committee report that the administration ought to reorganize the foreign aid program should cause them to go forward and do so.

The majority of the committee, with whom I disagree on many parts of the bill, have so recommended in the committee report. I am trying to accommodate them by eliminating the authorization for 1965–66. I wish to know whether or not the amendment that I have sent to the desk for a parliamentary ruling would, first, be in order after the Holland amendment was adopted; and, second, if it would be in order after the Holland amendment had been adopted, would it, in effect, if agreed to, eliminate all authorizations for 1965–66? That is, would it eliminate the $1.5 billion continuing authorization now in the law? That is my objective.

Will the Senator from California accept by apology? I wanted to get that point clear before I yielded.

Mr. **KUCHEL**. Mr. President, though the authors of the Mansfield-Dirksen amendments are not present, I should like to ask the following question: Is it not true that if at any time a Senator obtained an order for a yea-and-nay vote on the Mansfield-Dirksen amendments, Senators would be powerless to withdraw the amendment in the absence of a unanimous-consent agreement?

Mr. **MORSE**. Certainly. For that reason the order for a yea-and-nay vote has been withdrawn, so that there may be a period of negotiations. But it only illustrates again why—although I hurt feelings apparently—I referred to the amendments last Friday as "powerhouse amendments." That is exactly what they are. I know of no more apt description of them. They are a parliamentary powerhouse. They put those of us in opposition to the bill at a great parliamentary disadvantage. Those who have proposed the amendments are perfectly within their rights. I do not question their right. The question is whether or not it is wise to create this kind of parliamentary jam in the Senate. Partly as a result of it—but that is only one of the causes—there will be no unanimous-consent agreement to limit debate.

Mr. **KUCHEL**. I misunderstood my friend. I thought he voiced some apprehension that if the amendments to the Mansfield amendments were offered and defeated, there would be no guarantee on the part of any Senator that the Mansfield-Dirksen amendments would not subsequently be withdrawn.

Mr. **MORSE**. I did not mean to say that if I said it.

Mr. **KUCHEL**. I thank my friend.

Mr. **MORSE**. There is no guarantee that they would not subsequently be offered again. That is what I thought I said.

Mr. President, I ask for a ruling of the Chair.

The **PRESIDING OFFICER**. The Chair rules that the amendment would be in order after the adoption of the Holland amendment. For the sake of the record, the Chair will state the amendment:

> On page 1, lines 7 to 9, of the amendment, strike out "$975,000,000 for the fiscal year

1964 and $1,500,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof, "and $900,000,000 for fiscal year 1964."

The amendment would be in order.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HOLLAND. I call attention to the fact that the Senator's question was predicated on the adoption of the Holland amendment beforehand, which itself would have eliminated the $1,500 million figure and substituted for that figure, "$975 million."

The PRESIDING OFFICER. The Senator from Florida is correct. If the amendment were agreed to, line 7 of the Mansfield amendment would read as follows: "the fiscal year 1963, $900,000,000 for the fiscal year 1964." The remainder of lines 8 and 9 would be stricken out.

Mr. MORSE. My question is this: If the Senate adopted the amendment, would that automatically amend the existing law, which presently contains an authorization of $1.5 billion for 1965–66?

The PRESIDING OFFICER. The Chair is in no position to interpret what the laws are today as they are on the books.

Mr. MORSE. The Presiding Officer is in a position, is he not, to advise the Senate as to whether adoption of the amendment would automatically amend existing law in respect to 1965–66?

The PRESIDING OFFICER. The Chair has no authority to interpret the legal affect of an amendment.

Mr. MORSE. What I am seeking to do is to eliminate from the Foreign Aid Act as it is now on the books any and all authorization of funds for the years 1965 and 1966. I want to know if the passage of the Holland amendment will prevent me from offering an amendment aimed at accomplishing such an end. Such an amendment would defeat the purpose of the Senator from Florida—which is also my purpose, although I would go further. The situation that we would then face if I cannot eliminate the $1.5 billion for 1965–66 would be to seem to support a continuation of a huge authorization beyond the year 1964.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. SALTONSTALL. I have read the amendment of the Senator. It would authorize $900 million for fiscal year 1964 and eliminate the law that Congress passed last year or the year before to carry on through 1965–66; so that if we wanted any aid to be provided next year for the same purpose we would have to pass a completely new authorization.

Mr. MORSE. I believe so. That is what I wish to do. However, I cannot obtain a ruling that says I would accomplish that end. Until I get such a ruling that I would accomplish that end, I must take the time to find some other way to get around the Mansfield amendments so that I can accomplish that objective.

Mr. SALTONSTALL. I have read the amendment and talked with the Parliamentarian. That is what the Senator would accomplish. So the issue before the Senate, if it votes on the amendment, would be whether to eliminate all authorizations for every year after the year 1964.

Mr. MORSE. That is what I am trying to do. I am trying to find out if I can succeed, and the Presiding Officer has told me he cannot advise me.

The PRESIDING OFFICER. The Chair has no authority to interpret the legal affect of an amendment, but his amendment could only change the law which is referred to in the amendment.

Mr. MORSE. I drafted this amendment because I was advised it would accomplish the objective. That is why I wanted to get the matter on record. I will draft another amendment to try to accomplish the same end.

I repeat, what I am trying to do is to eliminate 1965–66 entirely. If I cannot eliminate it entirely, I should like to reduce the amount to the House figure—$900 million. I prefer the Holland amendment to the allowance of $1.5 billion. I like the figure of $900 million better.

This procedure takes time. I am acting in good faith. Those opposed to the bill are entitled to have time—and I shall see to it that they get the time—to see if we can perfect the bill so that our objective, at least, will be brought before the Senate for a vote.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MORSE. I yield.

Mr. SALTONSTALL. If the amendment of the Senator from Oregon is not what I tried to state, but would leave in 1964–65, would it not become an amendment in the third degree after the Mansfield amendments and the Holland amendment? In other words, is it necessary to eliminate 1964 or 1965 before the Senator can offer his amendment at this time?

The PRESIDING OFFICER. If the amendment deals only with the matter contained in the amendment of the Senator from Florida, and would be in order.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HOLLAND. It seems to me there is a mistake in understanding. The Senator from Oregon has predicated his position upon the premise that the so-called Holland amendment would first be adopted and written into the so-called Mansfield amendment.

Mr. MORSE. That is correct.

Mr. HOLLAND. In that case, there could be no objection arising of the nature suggested by the Senator from Massachusetts, to the effect that the amendment would be an amendment in the third degree.

Mr. MORSE. We have these rulings. The staff members of the Foreign Relations Committee who have been assigned to me, and my own staff and others who share my opposition to the bill, can take note. I respectfully request that they get the help of legislative counsel and proceed with the work of drafting an amendment—which I can submit later this afternoon for a series of other parliamentary rulings—so that we can finally get one that will be in order, and that will accomplish the objective I have in mind.

What we are trying to do is to offer an amendment to reduce the authorization for 1964 to the House figure of $900 million. We are trying to perfect an amendment that would eliminate the $1.5 billion authorization for 1965 and 1966 so that the only authorization that then would be left in the law would be $900 million for 1964, with nothing for 1965 and 1966.

This would mean that the administration would have to take a look at the program from the standpoint of the committee's recommendations that the administration should consider reorganizing the foreign aid program. That is sorely needed.

Such a course would leave no doubt that we should be in a better position next year, when the Foreign Relations Committee considers foreign aid legislation again, to consider a much smaller authorization for 1965 and 1966. I believe that by that time the reaction in the country will be such that the Congress will be more prone to cut down the number of countries we are now aiding, from somewhere in the neighborhood of 90. We are having difficulty obtaining the official figure—as to whether it is 90 or 107, or some figure in between—but I believe by next year the temper of the country will be such that the people will want that number of countries cut down to at least the figure in one of the amendments I shall offer—which would limit foreign aid to 50 countries. I believe that about 50 countries which are getting aid do not need it and should not be getting it. That would be a great saving to the taxpayers. If that should be true, we do not need anything in the neighborhood of a $975 million authorization, to say nothing of $1.5 billion.

If my assistants will check with the Parliamentarian and proceed to draft an amendment to accomplish that end, I will hold the floor until it is drafted.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MANSFIELD. I have met with the Senators who joined me in the offering of the amendments, and I am sorry to report back to the Senator from Oregon that there is no possibility for change in the initial procedure.

Mr. MORSE. That is perfectly all right. I understand. The Senators are well within their rights.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MORTON. If there is any question about the amendment as the Senator from Oregon submitted it, and assuming it is adopted after the Holland amendment is considered and adopted, would it not be made perfectly clear, if the Senator's amendment remained just as it is, and a new section were inserted which specifically repealed those sections of the act referred to?

Mr. MORSE. Yes. The ruling of the Chair was interesting. It was a perfectly proper ruling, but if the Chair supports me, my amendment will be in order, and I am of the opinion that it would accomplish exactly what I have in mind, for the Chair has not told me what effect my amendment will have, because the Parliamentarian apparently follows——

The PRESIDING OFFICER. If the Senator will indulge an interruption by the Chair, it is the Chair's understanding that the Chair cannot interpret the legal effect of any measure passed by this body. That is not within the province of the Chair. The Chair was fearful the remarks he made might be misinterpreted. All the Chair said was that lines 8 and 9 of the Mansfield amendments would no longer be in the bill and that the final line then would read: "the fiscal year 1963, $975,000,000 for the fiscal year 1964"—period

The Chair does not have the right to interpret the effect this amendment would have on existing law.

Mr. MORSE. I understand. I am not criticizing the ruling of the Chair. I am trying to explain to the Senator from Kentucky, and through him to the Senate, what my interpretation of the ruling of the Chair is. I shall give study to it.

My interpretation is that when the Chair rules my amendment to be in order, the effect of this amendment will be to eliminate from the existing law $1,500 million of the authorization for 1965–66. That is my judgment. We apparently shall have to wait until my amendment is adopted, and if it is adopted, then obtain a ruling.

I want legislative counsel to take note of the suggestion of the Senator from Kentucky: We can also add an additional section, that proposes to leave no room for doubt, by repealing the authorization for 1965 and 1966.

While my assistant and legislative counsel are giving further consideration to this question, I turn to another discussion of some of my objections to the bill.

One of the amendments I have offered calls for a 25-percent cut from anticipated 1964 aid levels for Spain, Portugal, Greece, and Turkey. These countries are included in one amendment because our aid programs for all are assumed to promote the defenses of Europe.

Ignoring for a moment the question of whether they do promote the defense of Europe, it is still no more our obligation to aid these countries than it is the obligation of all our partners in European defense. Three of the four are NATO members. One of these, Portugal, receives military aid from us in payment for use of her Azore Islands as an air base.

Since Portugal contributes no manpower and very little seapower to NATO defenses, one might reasonably ask why she should not offer the use of the Azores to the Alliance as her contribution. She does not; she gets military aid from us in payment for it. That aid is not to build up Portuguese NATO forces because there are virtually none.

Why should the United States alone pay the cost for this base? Why, if Portugal must be paid, does not each NATO member help pay the bill?

We have already extended $498 million in aid to Portugal. Currently, her aid is entirely in military grants—not loans, but grants, out-and-out gifts by the American taxpayer.

My amendment calls for a military aid program 25 percent below what is planned for fiscal 1964. Unless other NATO members make up whatever difference Portugal requires to make her NATO memberships worth her while, I believe the United States should abandon use of the Azores and cease all aid to Portugal.

Mr. President, I do not like to be held up; I do not like to be told by Portugal, "You pay, or else." That is the position of Portugal. I say, go around her.

Mr. President, do not tell me that we must have the Azores as a base. It is true that we must have the Azores as a base if we want to use certain types of planes, but those planes are already semiobsolescent, and there are other air lanes we can use without going to the Azores.

It is about time that Congress stood up in opposition to what I call a form of international blackmail; for, if it is a case of Portugal saying to us, "Pay, or else," I am for taking the "else."

It is about time for us to make very clear to Portugal that, as a NATO member, she has obligations, too, and that no longer should she be on the receiving end. She must also be on the paying end.

I say to my colleagues in the Senate—and I quote no one—that we would greatly strengthen the hand of this administration, in connection with European diplomacy, if we took a long, hard look at what this bill contains by way of payments for Europe, and cut them drastically.

In my opinion, if that were done, this administration would be put in the position where it could say, in the diplomatic organizations in Europe, "Congress made very clear the limit and the checks that are placed upon us."

In my judgment, if we adopted the amendment of the Senator from Oregon and those who joined with him, we would almost automatically, overnight, change the relationships between Europe and the United States. They would stop spitting in our face. They would stop insulting us with their anti-American nationalism. They would start realizing that the people of the United States, through their elected representatives, had had enough, and that they would either have to fulfill their NATO obligations or we would withdraw.

The fact is that our NATO Allies have not fulfilled their NATO obligations. I challenge any member of the Foreign Relations Committee to stand up and show that there is any NATO ally that has lived up to her NATO commitments—not even West Germany.

What the senior Senator from Oregon is pleading for, in behalf of the taxpayers of this country, is that we stop paying more than our share in respect to Europe, for we have done our duty to Europe. We have rehabilitated Europe. The greatest steel mills in the world are no longer in the United States.

That is having a tremendous effect on the American economy. It is having a tremendous effect on American labor, too. That is so even though much of American labor has been misled into believing that paying more than our share is having a longtime benefit on American labor. I am at a loss to understand the position of some American labor leaders on the question of foreign aid. If they think it is in the longtime best interest of American labor, they could not be more wrong. In order to continue to pay more than our share, we must continue to export more and more jobs from the United States. It is about time that we paid some attention to seeing to it that we provide job opportunities for our own people.

GREECE AND TURKEY

In my earlier remarks on the bill, I have dealt in great detail with what I consider to be the failure of our huge aid program in Turkey. During the committee hearings, I asked AID Director Bell for a report on what our NATO partners are doing to help Turkey and Greece, both of which make available large numbers of troops to NATO. The answer was that some economic aid goes to them, chiefly from Germany, but virtually all their military aid comes from the United States.

Mr. President, Turkish aid has already totaled over $4 billion. For the last 10 years, it has averaged over $300 million per year, and the fiscal 1964 plans are for a sum in considerable excess of $300 million.

If anyone believes that Turkey is a showcase for democracy, he has never been to Turkey, or has never studied the existing system in Turkey. Turkey is anything but a democracy. Is it any wonder, then, why millions of people in the world suspect us of being hypocritical? We are. The sordid fact is that we are a hypocritical Nation with respect to many phases of American foreign policy. We are hypocritical when we say we seek to establish freedom around the world by encouraging governments which have guaranteed to their people self-government based upon the American doctrine that the people should be the masters and not the servants of the state. Yet we pour $4 billion into Turkey, and she is in a worse state now than she was in 1947. What was a trend toward freedom in Turkey has disappeared. Only by a stretch of semantics could one say he has found anything resembling democratic government in Turkey.

I do not know why we should carry the burden alone. Except for some token payment that West Germany makes, we are doing it practically alone.

To Greece we have already given $3.5 billion. The yearly amount in 1961 was $86.2 million and in 1962 it was $82.8 million. But unless some reduction is made this year by Congress, Greek aid will get up far over the $100 million mark once again.

Why? I ask that I be given some reasons. Where is the brief of the administration which justifies $100 million of American taxpayer money for Greece? I want to see the facts. I want to see the brief, I want to proclaim it, so that the American people can criticize it. They will.

The administration cannot sell to the American people $100 million of aid to Greece. The American people will make their opposition known. The American people will say to Congress "Unless the other NATO allies want to come in and help with Greece and Turkey, you must cut down to a reasonable amount American aid to Greece and Turkey."

That is my thesis. I would like to have the administration's answer. I would like to see the administration's justification for $100 million in aid to Greece, without our NATO allies giving a fair share toward that aid.

I do not see any reason why the subsidizing of Greek-Turkish NATO forces should continue to be an American function. If those forces are important to the alliance, their financing should be the function of every member.

SPAIN

Spain is in very much the same position as Portugal, except that she is not a NATO member, even though we treat her as though she were. The U.S. bases in Spain are essentially for the defense of Europe. In payment for those bases, the United States has, through fiscal 1962, extended $1.173 billion in economic aid to Spain, and $524 million in military aid.

She is down for tens of millions more in military aid next year.

A few weeks ago, it was announced that a new agreement extending our leases had been reached. What is in that agreement is still unknown to the American people and to most of Congress.

It is known to call for an undisclosed amount of military aid to Spain. More recently, it has also become known that the agreement does not permit the United States to use the naval base at Rota for our Polaris submarines that are assigned to NATO forces in the Mediterranean. Since the Strategic Air Command bases in Spain are steadily decreasing in importance, it is very difficult for me to see what purpose has been served by this agreement, except another lush handout to Spain.

More important, it is a disservice to the people and to Congress that the terms of this executive agreement and its price tag are kept secret.

Imagine the hue and cry that would go up in this country if an executive agreement of this kind were worked out in secret—and held in secrecy—with Indonesia, or British Guiana, or Algeria, or some other totalitarian government of the left. But little is said about a secret agreement with a totalitarian government of the right, such as how much it is going to cost the American people and whether we are getting our money's worth.

Let it be remembered that there is no executive agreement that cannot be overridden by an act of Congress. The Executive cannot appropriate the money for Spain—only Congress can do that.

And until the American people are shown that every NATO partner which enjoys the protection of those American forces in Spain is helping to pay for their cost, I am not in favor of any such military aid program for Spain as is planned in fiscal 1964.

My proposal is extremely simple. I merely say to my administration, "Tell the American people all the facts about the executive agreement with Spain." If we have really reached the point where a President of the United States, acting through his Secretary of State and Secretary of Defense, can enter into an executive agreement of this type with Spain, pledging all this money, and the elected representatives of the people cannot learn the facts about it, and the American people cannot be told the facts. I do not know how one would describe the situation; but if that is to be the policy, I call it a further step in the direction of a police state. A police state is based upon secrecy; a police state is based upon concealment from the people and the people's elected representatives such pertinent facts as I am calling for in regard to whatever agreement was entered into with Spain. I am for cutting it. I am for an amendment to the bill that will slash it. How can, in any other manner, notice be served on the administration. If the administration wants to go about the world, entering into the kind of arrangement it entered into with Spain, and is not willing to make the facts public, that administration should be cut off at the purse strings. Congress should deny the administration the money. If Congress is not willing to do that, in my judgment, it will have surrendered one of the greatest checks that our constitutional fathers wrote indelibly into the Constitution—the check upon the executive branch of the Government through the purse strings. I am not for giving one dime to Spain until at least we know the facts.

FIRM STAND NOW IMPORTANT

It was never more important for us to take a firm stand on these NATO costs than now. Unless Congress is firm now, the American people are going to find themselves saddled with the cost of yet another NATO venture, one of the most expensive and least useful of all—the Polaris-carrying surface fleet.

One would think that at a time when the American Government has been trying to persuade our NATO partners to start putting up their fair share of the conventional forces of the alliance, it would have better judgment than to propose at the same time a nuclear fleet for which we are offering to pay 40 percent of the cost.

What a sham we are making of the notion that NATO is a multilateral alliance. It is a German-American alliance, as this proposed nuclear fleet makes embarrassingly clear. It is an alliance from which France has virtually withdrawn now that the great flow of money from the United States has ended. It is an alliance that Britain belongs to only to the extent she thinks is necessary to retain some voice in its affairs. Along with Italy, these are the great powers of Western Europe; but when it comes to the financing and manning of the military defenses of the alliance, there are really only two members.

This is true now of its conventional forces. We, the United States, are now trying to make it true for a nuclear force as well. How do American spokesmen expect to make the case stick for the fulfilling of NATO force goals when at the same time they are urging members to let the United States pay 40 percent of the cost of a nuclear force?

Of course, one has to go to Bonn, or Paris, or London, or Rome to find out exactly what our spokesmen are urging.

We do not find it out in Washington, D.C. No Secretary of State or Defense, or Under Secretary, or even Assistant Secretary has discussed the proposed multilateral NATO fleet with the Senate Foreign Relations Committee. Perhaps they have with the Armed Services or Appropriations Committee—I do not know—but if so, it has been kept very quiet.

We Senators have to do our best to find out what it is all about from reading the papers, and buttonholing foreign dignitaries, and foreign newsmen to get some idea of the American objective.

We ought to slash into the NATO funds; we ought to serve notice this year—now—that NATO funds will be drastically reduced. In my judgment, that would not only strengthen the hand of the President and the Secretary of State in diplomatic negotiations; it would also serve notice in the form of a very much needed lesson in democratic self-government to our allies abroad. They need to be told that in this country the executive agreements of a President must be implemented with appropriations. Now is the time to make it clear that any agreements under NATO have run on the rocks; that NATO will not get the appropriations—that is, if the House Committee on Ways and Means and the Committees on Appropriations of the House and Senate intend to carry out the will of the people.

In due course, I shall offer a series of amendments, country by country, if the parliamentary situation forces me to do so, calling for reductions in NATO appropriations. Let Senators stand up and be counted.

PURPOSES OF MULTILATERAL FLEET

On one central point they are all agreed: this new fleet is a political and not a military venture. Apparently it has two purposes; one, to head off a German nuclear arms drive, and second, to give NATO something to work on while waiting for De Gaulle to pass from the scene.

To take the second point first, many Americans are great believers in the theory that working out infinite details and spending large sums of money in joint projects brings nations together irrespective of the value of the project itself. But even if that were true—I think anything but that is true—I do not believe it is worth several billion dollars to the American people.

The second reason given for pressing this fleet is that it will give to the Federal Republic of Germany a hand in a nuclear weapons system and thereby relieve any desire on her part for nuclear weapons of her own.

This is a very large-sized assumption. I have not heard any clamor from the German people to become a nuclear power. They know, as the world knows, that any step in the direction of nuclear weapons for West Germany is considered by the Soviet Union to be a grave threat to her security. Aside from that problem, nuclear weapons are very expensive. It is problematical whether that is an expenditure the German people are ready to make.

Of even greater concern to me is the constant implication in all these discussions that once the nuclear fleet is a reality, the United States would be willing to give up the control of its warheads. That is the old gimmick. That is the "come-on." We offer to pay far more than our share; and to keep the American people quiet, it is said that the warheads will remain under American control. But once the project is a reality, once our money is spent and gone, then our policymakers find it convenient to invite the noncontributing countries in to help to run the fleet and decide when, where, and how its nuclear warheads will be fired.

There have even been rumors in the press that administration officials have hinted that we would turn our entire share of the fleet over to Europeans. These are rumors and allegations that have frightening implications. The very least of them, aside from all the implications of the expansion and proliferation of nuclear forces, is that once again, Uncle Sam is preparing to finance, pay for, and furnish to Europe the instruments of her defense.

I am not at all interested in any more of these military giveaways to Western Europe. Either NATO is going to be an alliance in which everyone pays a fair share, or the alliance should die. The time to find out is now, and the place to begin finding out is here in the Senate, in connection with this foreign aid bill.

Before leaving this point, I want also to bring to the attention of the Senate an article, by Crosby S. Noyes, which appeared in the Evening Star of October 24. 1963. In this article, Mr. Noyes describes the meeting now going on in Paris under the Western European Union treaty. He points out that one provision of this treaty obliges France, now that she has nuclear weapons in production, to submit to a vote of the council of the Western European Union "the level of stocks that the high contracting parties concerned will be allowed to hold on the mainland of Europe." It takes a majority vote of the council to make such decisions.

As Mr. Noyes indicates, France is already in violation of that treaty obligation. France has no intention of submitting the control of her nuclear weapons to a majority vote of the WEU; and apparently no member of the treaty group is planning to hold France to account under its provisions.

Yet it is also this treaty—and this treaty alone—that proscribes the Federal Republic of Germany from manufacturing nuclear weapons and which limits German armaments in other fields, as well. I ask unanimous consent that the article from the Star be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

European Conspiracy of Silence

(By Crosby S. Noyes)

Paris.—The ministers of the Western European Union who meet in Brussels tomorrow are partners in a curious conspiracy of silence.

The conspiracy consists of the fact that France—which is a member of the seven-nation group—is or soon will be in open violation of provisions of the Western European Union treaty. And not one of the assembled ministers is at all likely to so much as mention the fact.

Under little-known terms of the treaty, France is solemnly bound to submit its national nuclear program to the control of the Council of the Western European group as soon as it begins production of nuclear weapons.

From recent statements of high French officials, this stage would now seem to have been reached. On October 16, Minister for Information Alain Peyrefitte announced that "France has started to provide itself with an operational nuclear force."

The terms of the Brussels Treaty, signed in 1954 by Premier Pierre Mendes-France (who also launched France's nuclear development program that same year), are quite explicit:

"When the development of atomic, biological, and chemical weapons in the territory on the mainland of Europe of the high contracting parties who have not given up the right to produce them has passed the experimental stage, and effective production of them has started there, the level of stocks that the high contracting parties concerned will be allowed to hold on the mainland of Europe shall be decided upon by a majority vote of the Council of the Western European Union."

BEHIND THE SILENCE

The reasons for the conspiracy of silence when it comes to invoking this clause are very simple.

France, at least as long as President de Gaulle is running the country, will most certainly not volunteer to place its nuclear force under the control of any international group. Other members of the group—most of whom profess to deplore France's national nuclear effort—feel that invoking the treaty would be the quickest possible way of destroying the Western European Union.

At this stage, the Western European Union is valuable primarily because of its nonmilitary aspects. European powers look on it as a way of maintaining contact after Britain's exclusion by France from the Common Market. Economic and political questions are expected to dominate the discussions at Brussels.

The argument that France, if challenged, would simply denounce the Brussels treaty is somewhat disingenuous. France may not worry very much about the organization which forms a bridge between Britain and the Common Market. But behind the organization is a treaty which is of enormous importance to France as well as the other countries of the Western community.

THE TREATY'S IMPORTANCE

The Western European treaty regulates, among other things, the degree and quality of German rearmament. It is the treaty—and the only one—that prevents Germany from manufacturing nuclear weapons for itself. It also limits German-made armaments in many other fields. It would not be torn up lightly by France if for no other reason than the fact that France relies on the treaty to preserve its nuclear monopoly on the continent of Europe.

The problem of revising the Brussels Treaty is equally hard. Presumably if seven powers can agree not to raise the issue of the French nuclear program, they can also agree to revise the treaty to eliminate the embarrassing clause.

But this would inevitably involve demands for changes from the German side. And this is the problem which the seven Western European powers would dearly like to avoid as long as possible.

If they were asked, French officials would have a ready answer for their failure to adhere to the terms of the Brussels treaty.

Conditions, they would say, have changed greatly since the treaty was signed 9 years ago. At that time, for instance, there were no atomic weapons in Europe. Since 1954, the accumulation of large American nuclear stockpiles in Europe—which along with British stocks are not subject to control of the WEU powers—has made the relatively small nuclear French stockpile unimportant.

This remains to be seen. As things stand at present, the simple fact is that Britain, Belgium, Holland, Luxembourg, Italy, and Germany possess between them undeniable legal control over the French nuclear effort which they claim—in varying degrees—to oppose.

It may be the smart practice of civilized diplomacy to continue to ignore this solemnly ratified international undertaking. But it is doubtful that the issue—which goes to the heart of Europe's future—can indefinitely be swept under the Western European rug.

Mr. MORSE. Mr. President, Russia commits many wrongs; and, in my judgment, Russia has for years deliberately followed a course of action by which she has sought to arouse our concern and to create crisis after crisis. But, many times we are guilty of the same tactics. If we continued to support NATO while France followed her naitonalistic course of action, and if we did not see to it that West Germany continued to be proscribed insofar as the acquisition of nuclear weapons is concerned, we would have to assume a part of the responsibility for creating what I believe would be a very frightening and dangerous crisis in the immediate future between the Western World and Russia. I do not know why anyone should think Russia would stand mute and would remain idle with France building up great nuclear power on the continent of Europe, and with France already in violation of the treaty provisions in regard to the amount of nuclear power a country can maintain on the continent. If there were added to that situation any weakening whatsoever of the proscription of nuclear power insofar as West Germany is concerned, there would be a greater crisis than the 1962 Cuba crisis.

That is why I am fearful that this mad, insane nuclear armaments race will end in war, because if we follow a course of action that leaves Russia no other course, just as Russia last year was following in Cuba a course of action which left us with no other course, the challenge will be laid down. So if we are dedicated to preventing war, we now have an opportunity in dealing with this foreign aid bill, to use it in such a way as to change U.S. policy in regard to NATO. It is for that reason that I said a few minutes ago that Congress could very well strengthen the hand of the President of the United States in diplomatic relations with our NATO Allies by saying to him, "Mr. President, we will allow you only so much money for NATO"—much less than the amount the bill now provides.

Many do not fully realize that what we are doing in connection with some aspects of the foreign aid bill, particularly in connection with the NATO aspect, may very well have a direct bearing on whether in the years immediately ahead we may have to assume our share of the responsibility for plunging the world into a nuclear war. Yet I cannot see any basis for reconciling the nationalistic course of action of De Gaulle with world peace, and I cannot see any basis in reality for assuming that any move to make West Germany a nuclear power could be reconciled with world peace. If Congress does not do something about this matter, insofar as NATO is concerned, in connection with the foreign aid bill, Congress will have to assume its share of the responsibility for the outbreak of a nuclear war, for I am perfectly satisfied that if a nuclear France and a nuclear West Germany are built up, Russia will act before the buildup is completed, because her position is bound to be that although she may not survive, her only chance of survival will be had if she takes action to stop such a nuclear buildup. Senators now can appreciate my belief in regard to the seriousness of the bill.

Of course, others can disagree with my evaluation of this situation; but many persons share it, and that is why a group of us are seeking to amend the pending bill.

It can be argued, at almost any time that Germany wishes to make the argument, that the failure of France to live up to the treaty and the failure of the other members to hold France to account under the treaty have reduced the whole 1954 agreement—to use a notorious phrase—"to a scrap of paper."

In my opinion, the time for Britain, France, Holland, Italy, and Belgium to indicate their rejection of nuclear weapons for Germany is right now. If they have any apprehensions of a nuclear-armed Germany, they must make the Western European Union a meaningful organization. If they do not act to apply its provisions to France, then they are washing their hands of any future limits upon German nuclear forces.

They have already made it pretty clear that they are not interested in diluting German nuclear activity with their own participation in a multilateral fleet. Once again, they expect Uncle Sam to remain in partnership with Germany so that Germany will not become a nuclear power in herself. But they are not interested in sharing the expense.

They will never share expense in any project to which the United States is party so long as they have the constant example of our aid coming in whether they do their share or not.

FAILURE TO MEET NATO FORCE GOALS

We already know the sorry record that our major allies in Europe are making in connection with NATO force goals.

Before the Senate begins voting on the amendments to the foreign aid bill, I hope that each Member will obtain from the Department of Defense its summary of "NATO Country Forces in Being and Force Objectives." This is a frightening document. It is frightening to me for one major reason: It indicates that not only has one of the major suppliers of NATO forces failed to supply those forces, but it has no intention of supplying them.

I refer, of course, to France. Many other of our NATO partners do not have the forces "in being" that they are assigned. Some do not plan to make any improvements next year. But France has reduced her already meager forces under NATO; she has no intention of meeting her force goals this year. And in terms of the troops, ships, and air squadrons she is supposed to furnish to the Organization at the time of mobilization, France does not intend to furnish more than a small fraction of her assignment at the time of mobilization. What an ally. By what stretch of reasoning can we vote more money to her? If the secret document to which I have been referring could only have the label "Classified, Secret," removed from it and the American people could know its contents. I take the position they should be allowed to know the contents. I wish that the "secret" document which I have on my desk could only be known to the American people so that the American people could know what we can count on from France and what we cannot.

If this document could have the "Secret" label removed from it so the American people could know what we can count on from France and what we cannot, our men, women, and dependents would be pulled out of France so fast it would make your head swim. There would be a revision of the alliance demanded by the American people that would count France out formally, as she has already counted herself out informally.

Senators are welcome to come to my desk and read the document. If they come, I particularly suggest that they look at the section labeled "B--NATO Country Forces in Being and Force Objectives." Take a look at the record of our allies. It is a shocking record. We continue to vote aid to them. So far as the Senator from Oregon is concerned, he will continue to call it what it is—a deception of the American people. The American people are entitled to better treatment. If the administration does not like that language, I challenge it to release the document to the American people and obtain their verdict. My language calling it "a deception of the American people" is mild in comparison with what the American people will call it. I challenge members of the Committee on Foreign Relations to answer my argument. Let that classified document be read by every Senator before he casts his vote on the foreign aid bill and then justify his vote if it is for it.

I am always astonished at the anguished cries that go up from the press and politicians of the Federal Republic of Germany whenever it is suggested that some American troops could be brought home.

Before I proceed further, I ask Senators, "Why do you not talk to the chairman of the Senate Committee on Armed Services in regard to the issue of how many American troops are needed in Germany?

I do not propose to placate West Germany any further. We should bring home at least four divisions now. I completely disagree with the President of the United States in his announcement of no intention to bring American forces home from Germany. They ought to be brought home and quickly—at least four divisions of them. That would leave, for the most part, two divisions. I am not sure that we ought to leave more than one division over there.

That action would have a great deal to do with our gold supply. In spite of the rationalizations that the administration has tried to make in regard to the so-called irrelevancy of the troops in Germany to our gold supply problem, they do not make a case. It would have a great effect. We ought to bring them home.

West Germany is a prosperous nation with full employment.

Mr. President, we see an ironical paradox. If Germany were to fulfill her commitments to NATO, she would have to take a great many men out of industry.

But the great United States—supposedly the great industrial example of the world—does not have to take men out of industry to fill up her troop ranks. She takes them out of the unemployed group. There is a lesson to be drawn from that situation. I would bring them home. I would put them to constructive work by spending some of the foreign aid money to develop underdeveloped areas in the United States. I would do something about the falling water table in many parts of America. Such a program requires workers. It requires great dams. It requires great reclamation projects. I would do something about schools in America with some of the foreign aid money that I would take out of Europe. I would build schools which are sorely needed at all educational levels—elementary, secondary, higher education, and graduate. There is such a shortage of schools in our country that tens of thousands of young men and women are being denied the development of their educational opportunities.

Mr. President, my heart does not bleed for West Germany, but my heart does bleed for the boys and girls in this country who are being denied the development of their educational potential. The money that we are wasting on the foreign aid program is needed for the improvement of American health.

I would be perfectly willing, if anyone is at a loss to understand what we can do with that money, to turn it all over to heart research, to cancer research, to arthritis research, or to any other kind of research sorely needed in connection with other diseases that take their heavy toll. I could go on for an hour listing the needs of this country with respect to which we could spend the money.

I would say to West Germany that I do not approve of our Secretary of State going there and promising them that we will not bring home any American divisions. We have already told them that if Russia makes a move against them we will join them in their own defense. We have just finished demonstrating to them that under our airlift power—if it is manpower they need, together with their own divisions, and one or two that we will leave there—they will be quickly reinforced, if necessary, by manpower.

But whom are we kidding, Mr. President? Such a war will never be a manpower war: It will never be a conventional war. We continue to spend billions of dollars for our nuclear might because we know, if war should break out with Russia, that it will be a nuclear war, and military manpower in the old conventional sense to a large extent will be a surplus commodity. Of course, if war should break out, it would be a nonexistent commodity, too—including civilian manpower.

We should stop the waste of money involved in maintaining so many divisions in Germany. We should cut that amount and spend what is saved in the development of our own economy and in helping the truly unfortunate sections of the world, such as are encompassed by the Alliance for Progress program, where the fight for freedom is still to be won.

I have said many times—though I continue to be misrepresented in the press of this country—that I am not for cutting economic aid to Latin America. I will join in increasing it. I will vote to maintain it as it is, and then I will vote to add to it every dollar that we cut from military aid to Latin America. I would take some of the savings made by cutting military aid to other parts of the world and utilize it by giving more economic aid to Latin America. That is the way we will win the case for freedom in the world. But I would not waste the taxpayers' money in the type of military aid we are now supplying West Germany.

Mr. President, the same voices that raise these cries are all too often the same voices that cry out for closer military and political relations between France and Germany. Yet, as our Secretary of State has pointed out in Germany recently, there was not so much as a tremor in Germany when France took her Atlantic fleet out from the command of NATO. Of course, her Mediterranean fleet is long gone. Her failure to meet her troop commitments for the defense of Germany is the most scandalous military problem faced by the entire alliance.

It is a matter of history that after Germany was brought into NATO as a full partner, and when she began furnishing much of NATO's manpower, there was a radical shift in NATO defense plans for central Europe.

It had been the plan in the early 1950's that the alliance would have a "trip-wire" force in Germany that would serve to absorb the initial blow of a prospective Soviet invasion while the nuclear retaliation of the United States was being brought into play. These trip-wire forces were not expected to defend Germany, but to fall back and leave it to massive retaliation to destroy Russia.

But once Germany became an active member of the alliance, she was not satisfied to see the abandonment of Germany as a defense strategy for Europe. She began to insist upon being defended, not liberated. So there was developed, and rightly so, what we now call the forward strategy of defense. It calls for Germany to be defended on her eastern border, and not serve as ground across which NATO will retreat, keeping France as the steppingstone back to the Continent.

To carry out the American part in that defense we have some 250,000 troops, roughly speaking, in Germany.

But the German political leaders, defense leaders, and military leaders who led the cause for the forward defense idea, many of whom are also the chief advocates of throwing in Germany's cause with De Gaulle, have never seen the fulfillment of France's part of the forward defense. Nor will they. I suggest that the next time they raise the cry that Germany is being abandoned by the United States, they go to De Gaulle and see how many French troops they can get from him for the defense of Germany. Let them take Germany's defense problem to De Gaulle, and see how much manpower they get from him.

Certainly, if we all accepted the De Gaulle assumptions about Europe and the Soviet Union, there would be no need for American forces in Germany at all. De Gaulle is assuming that there is not going to be any Soviet attack across Europe. He is assuming that the large NATO ground forces are a waste of time for France. If De Gaulle is right, then they are a waste of time for the United States, as well.

For some reason, I do not hear his counterparts in Germany accepting that line of argument insofar as the United States is concerned. They do not seem to argue with De Gaulle that he is wrong; for them, it is only wrong for the United States to play down or underestimate the dangers of attack from Russia.

Yet the more De Gaulle ignores the defense of Germany, the more some German politicians seem to love him. The more De Gaulle plans on defending Europe at the Rhine instead of the eastern border of Germany, the more he appeals to some German politicians. I will tell you what I suspect: I suspect that their alliance with De Gaulle is only for the purposes of justifying Germany to become an independent nuclear power, just as France has done.

I think they know perfectly well that so long as the De Gaulle theories of European defense prevail, they will get no help from France in defending the territory of Germany from attack from the East. I think they are also willing to accept that, in return for the right of Germany to emulate the French example and to adopt as their own the French reasons for having independent nuclear forces.

That, too, is their right and their country's right. But I think it makes a mockery of their outcries over the withdrawal of American forces, and their advocacy of the De Gaulle theory that the United States will not live up to its obligations to Europe.

We will not fail in our obligations; we are not failing now. We never have; and we are the only member of the NATO that has not. But it is obvious that the other partners, principally France, do not agree that it is necessary to have so many men stationed in Germany. Even Germany has not furnished the manpower asked of her in NATO force goals.

Since we have not won our allies around to our way of thinking on this matter, I think it is only reasonable to accept their decision, and to go along with them. We should reduce our own forces in Germany, and most certainly we should reduce our forces in other places in Europe.

The place we should start is in France. Remember that while we have some 250,000 men in Germany, we have around 400,000 in all of Europe. I would like to see the total of American forces in Europe brought down to the figure of 250,000. That is a cut of 150,000. We should start by bringing back the tens of thousands of troops we have in France.

We could also reduce our very large garrisons in Britain, Italy, Turkey, and Spain.

We should start by bringing back a division from Germany now, in 6 months another division, and in another 6 months a third division. Germany would know that we would defend her immediately, will all the power of the United States, in case she were attacked by Russia—assuming, of course, she herself did not commit an act of aggression.

AMERICAN AID TO NATO PARTNERS SHOULD CEASE

But above all, we must stop up the constant outflow of American aid to these countries. Despite the pleas that have been made from this floor in the last 3 years alone, and despite the promises that have been made "downtown" to head off drastic congressional action, the aid to our NATO partners still flows in one form or another. We are usually told that no new commitments are being made, and that all aid, except to Greece and Turkey, is in fulfillment of past commitments.

In light of some of their own poor performances in fulfilling NATO commitments, I am no longer much impressed with this argument against cutting off our aid. Virtually all of it is military aid. But there is not one recipient that is not capable of furnishing all its NATO forces without aid from us, if it so desires.

It does not intend to do so. It intends to continue to "soak" the American taxpayer. It intends to continue to let Uncle Sam assume European obligations. He has all he can do to assume American obligations now. The word that ought to be on the lips of every Senator is "cut." Cut, and continue to cut the bill until justice is done the American taxpayer, because doing justice to the American taxpayer by the cuts will not weaken the security of this country one iota.

I believe that the bill should not go to the White House without a flat prohibition on new aid commitments to NATO members and a directive that existing commitments immediately be renegotiated downward.

Not only should no new commitments be made by the United States to Norway, Denmark, Great Britain, France, Germany, Italy, Holland, Belgium, Canada, or Luxembourg, but any existing commitments should be promptly revised downward. At the very least, there should be an American policy that any NATO member that does not fulfill its commitments to the organization forfeits any American aid under existing agreements.

The President made a statement in his news conference yesterday in which he said that additional American forces were sent to Germany in 1961 because of unfulfilled commitments by other allies.

Note that, Mr. President; we sent American boys over there in 1961, according to the President of the United States, because of the unfulfilled commitments of other allies. Why? By what justification? I do not know. That statement by the President is an indication that the Congress must no longer leave any choice to administration officials. We must write it into the law that this country is no longer to underwrite the failures of our allies.

Let me read an excerpt from the Foreign Relations Committee hearings on the Foreign Assistance Act of 1963, which includes the colloquy I had with Mr. Bell, of AID. The colloquy is very interesting. I read a part of it:

> Senator Morse. Mr. Bell, I share the views of Senator Fulbright that he has expressed with regard to this European aid.
>
> I won't use the figures although I think figures have been used in public, but I want to direct your attention for a moment to economic and military aid to Greece and Turkey.
>
> Mr. Bell. Yes, sir.
>
> Senator Morse. That amounts to many millions of dollars. That is as much as I will say. They amount to many millions of dollars. And the United States makes the contribution.
>
> Greece and Turkey supply 24 divisions of men in the Mediterranean area under NATO. Here again those divisions are dependent upon the United States because our further military assistance would encompass the cost of their maintenance.

I digress to say that, in spite of all the talk about Turkish and Greek divisions, they are of no value if not maintained by the United States. We equip them. We pay them. They are dependent upon us. That is not my idea of a very effective or efficient ally.

To return to the colloquy:

> What I am at a loss to understand is why shouldn't West Germany—West Germany in particular, although I think it is true of other NATO countries, too—contribute economic aid to Greece and Turkey?
>
> Mr. Bell. They are, sir.
>
> Senator Morse. To what extent and in what amount percentagewise?
>
> Mr. Bell. I am not sure I have the figures with me. But I would be glad to supply them for the record. May I expand on that a moment, if I may?
>
> We have within the last year taken two steps which are exactly in the direction that you are indicating as desirable and which we agree is desirable.

I marvel, all through the hearings on foreign aid, that whenever we had the State Department or other administration witnesses in a tough position, they invariably found themselves in agreement with us on principle. The difficulty with the State Department and other officials of the administration is that they seem to be unable to implement what they deem is sound in principle. It is when we come to their administrative practices that they break down. That is where the inefficiency develops. They are good talkers, but they are failures when it comes to putting into practice their good talk.

Mr. Bell continued:

> First we sought a special contribution from Germany and other NATO countries directly to the Greek military budget as part of an increase in the funds available for the Greek military forces. During the last or current fiscal year, Germany has contributed specifically and directly to Greece as we have been doing for many years, for the purpose of helping them carry larger military forces than their own economic circumstances would permit.
>
> Secondly, we have, under the Organization for Economic Cooperation and Development, the OECD, and its Development Assistance Committee urged the establishment of a consortium of countries. Germany is a member; we are a member; several other countries are as well. We will consider the requirements for economic progress in Greece, and together consider what the contributions might be made to that progress.
>
> This consortium has met twice and the Germans have made a substantial pledge.
>
> Furthermore, Senator, as you know, Greece is one of the cases where we are now rapidly changing the form of the assistance that we make available.
>
> Last year, 1962, we made our last economic grants to Greece.
>
> This year, the present fiscal year, we have made only loans to Greece. The last loan, that I approved the day before yesterday, is at 3½ percent interest and 20 years, like the one you commented on a week ago with respect to Taiwan.
>
> So that we are moving in what seems to me a sensible direction toward providing such assistance as we still will provide to Greece on terms that are more relevant and more appropriate in the light of the progress Greece is making; and we have been trying to urge and arrange for greater and more appropriate participation by Germany and other European countries.
>
> Again, my comment should be qualified to say that we would hope the Europeans will do more than they have to date, but we certainly concur in the direction that you are pointing.

Mr. President, it sounds good. They always sound good. However, when we analyze their language, it is always evasive. The talk by Mr. Bell is not substantiated by policy. So I again say to my administration: "Tell me how much we are going to be able to make it possible for us to cut in Turkish and Greek aid, in terms of the amount of money that the NATO allies are now willing to contribute as their share, thus reducing our share?"

I have been advised that the talk about West Germany contributing still does not put them into a substantial contribution in comparison with the contribution of the United States. There is little from France. If there is anything from Great Britain, it is only a token contribution. Where are the other NATO allies?

I serve notice on the State Department that I am not at all impressed with the kind of "snow job" language they flutter down on us every time they testify on foreign aid. They are great seducers. I am not interested in being seduced into a further waste of taxpayer money. I want some delivery of savings from the State Department. We are not going to get them until we cut the foreign aid bill far below the Mansfield amendments, at least to the House figures, although I would reorganize the House figures by taking more off military aid and adding that saving to economic aid.

The colloquy continued:

> Senator Morse. Let me see if I could get into the record on a percentage basis an answer to this question. Let's take all of the economic and military aid that Greece and Turkey get. Let's set the other NATO countries off to one side and compare their contributions to the U.S. contributions to Greece and Turkey percentagewise.
>
> What percentage would the other NATO countries be paying and what percentage would the United States be paying? We don't have to talk about specific amounts.

Do Senators know why we could not talk about specific amounts? The information is classified. It is top secret. That is so, even though it involves taxpayer money. It is a very sad thing. It is discouraging, too. In this examination of Mr. Bell, as a member of the committee, I could not talk in terms of specific amounts, because they are classified. So I had to resort to the indirection of talking in terms of percentages.

I say to the American people, "How long are you going to tolerate such a situation? How long are you going to take it? When are you going to crack down on the politicians? When are you going to whip them by leaving them at home unless they are willing to start protecting your interest? When are you going to serve notice on the politicians that the veil of secrecy must be lifted to a very large extent?"

I say to the American people, "You get exactly the kind of government you are willing to tolerate. If you are willing to tolerate a government of secrecy, you will get a government of secrecy. But if you are going to make it clear to the politicians that you want them to remove government by secrecy from the American scene, and that you want them to do something about stopping the waste of hundreds of millions of dollars encompassed in the foreign aid bill, or you will beat them, you will start getting foreign aid reform, and not before."

That, of course, applies to Democrats as well as Republicans, so far as the senior Senator from Oregon is concerned. We are talking about a nonpartisan issue in which there is no room for partisanship.

I do not know of any other way. Unless Congress is willing to live up to its responsibilities in protecting the American people, they will have to protect themselves in what I said last week is the citadel of American freedom, the voting booth. Their first opportunity will be in 1964.

When I asked Mr. Bell what percentage the other NATO countries would be paying and what percentage the United

States would be paying, and stated that we did not have to talk about specific amounts, he answered as follows:

Mr. Bell. I have partial data in answer to that question now and I will answer the rest of it if I may in the record.

In the years 1960 through 1962, apart from military assistance, just looking at the economic side, about 70 percent of the foreign assistance disbursements to Greece came from the United States and 30 percent from West Germany.

Senator Morse. From West Germany?

Mr. Bell. Yes, sir.

Senator Morse. Is she the only country that participated?

Mr. Bell. In those years. However, the consortium that I spoke of, includes in addition to Germany, France, Italy, Belgium, Netherlands, Luxembourg, Canada and ourselves.

So that the current flow of assistance to Greece which is being influenced by this consortium will include contributions from at least some of these other countries.

And I will put the exact facts in the record, sir.

(The information referred to follows:)

"UNITED STATES-ALLIED EFFORTS IN GREECE AND TURKEY

"GREECE

"U.S. assistance to Greece in calendar year 1963 will represent 53 percent of total free world aid, compared to 70 percent for the 1960–62 period. It is estimated that Greek receipts of official assistance from European sources during calendar year 1963 will nearly equal U.S. aid during the same period. Receipts under European official credits in calendar year 1963 will be about 47 percent of total aid receipts.

"A large part of the European aid to Greece in calendar year 1963 consists of loans from European investment banks and drawdowns under German Government loans, as well as over $13 million in grant aid by European NATO members for support of the Greek defense program.

That is very interesting. For years, we made grants. We rebuilt our NATO allies and made them prosperous, so that in 1963 they were very cooperative. At good interest rates, they made bank loans to Greece. That is a far cry from grants. Now that we have made them into economic surplus nations, now that they are prosperous, they are willing to make some money out of Greece.

Mr. President, do you know what I favor? I favor letting the entire amount be loaned. There are other places where we ought to put our money. Let the whole program be taken over on a loan basis, and let us put the money in Latin America, at our front door. Let us do something about our Pacific problems. I call upon the administration, I call upon our NATO allies, to relieve us of any further obligations in respect to Greece at all.

Mr. Bell supplied me with the following material on Turkey:

TURKEY

The U.S. portion of assistance to Turkey is expected to drop to 65 percent in calendar year 1963, as Turkey receives the assistance extended by the European countries and Canada under the consortium. In the past, the United States has been providing most of the economic assistance received by Turkey. In calendar year 1961, disbursements under U.S. loans and grants (excluding Public Law 480) represented about 75 percent of Turkish aid receipts. Germany provided the other 25 percent.

Do not forget that all the data I have been discussing in the last few minutes are economic-aid data, not military-aid data. In military aid, we are being taken for even more of a ride. In that area we are doing most of the paying. Mr. Bell admits it, for under the heading "Military assistance" there is an interesting sentence in his report to the Committee on Foreign Relations. Under the heading "Military Assistance," it is stated:

The United States provided almost all the military equipment used by Greece and Turkey.

That was to the tune of hundreds of millions of dollars. Mr. Bell's own figures show that in connection with economic aid we still provide most of the funds. Now that West Germany and other countries have become prosperous because we built them up, they are obliging, they are willing to make money out of Greece; they are willing to make hard loans at good interest rates. All I am saying to the administration is "Draw out entirely; use our money in Latin America."

I want to know what the answer is to this almost hidden sentence in Mr. Bell's report to the Committee on Foreign Relations, under the heading "Military Assistance":

The United States provided almost all the military equipment used by Greece and Turkey.

We shall continue to do so if we do not stop. We will not get any assistance from our NATO allies. So long as Uncle Sam is willing to pay through the nose, he can continue to pay through the nose. That one sentence in Mr. Bell's report ought to be emblazoned on the walls of the Chamber during the course of this debate:

The United States provided almost all the military equipment used by Greece and Turkey.

How long are we going to keep it up? How long shall we accept the noncooperative attitude of our NATO allies? Are Greece and Turkey not important to them? We would hear much howling if the United States decided not to supply almost all the military aid. Of course Greece and Turkey are important to the defense of Europe. It is also important that our NATO allies, whom we have rehabilitated and made prosperous, give us a little assistance in keeping Greece and Turkey militarily strong.

The colloquy in committee continued:

Senator Morse. Can you tell me if you think that that consortium will change that 70- to 30-percent ratio?

That is, with respect to economic aid—

Mr. Bell. Yes, sir, we do.

Senator Morse. How much?

Mr. Bell. We have been working in most of the consortiums toward a rough 50–50 ratio, and I assume we will do the same here.

Greece is a case in which we expect economic assistance to be terminated within the next 2 or 3 years, and at that point we expect them to be able to obtain the external capital they need from the World Bank, the Export-Import Bank, from normal commercial and private sources.

Our allies get out of it by paying practically nothing. The American people must remain soaked and socked. That is not right. This is a matter of common fairness to the taxpayers. I do not know why the ratio should be 50–50. Mr. Bell says that the administration will work "toward a rough 50–50 ratio." If it is a "rough 50–50," it will not be on the low side, so far as the American interests are concerned. That is an interesting use of the word "rough." I will tell Senators what he means. He means, "It will not be 50; it will be somewhat more than 50; but we hope not too much more than 50." But what is "too much" with the State Department? If it were 70 percent, they would be heard to say, "We are working toward a rough 50 percent." If it were 60 percent, they would say, "We are working toward a rough 50 percent."

But I raise the question, why 50 percent? I do not know why the ratio should be 50 percent for the United States and 50 percent for the rest of the countries. I would like it much better if Mr. Bell had said we would be working toward an exact 20 percent, not a rough 50 percent. I say to Mr. Bell and the State Department: "Fifty percent is entirely too much, even if you reach that point; but you are not there."

The language about the creation of a consortium is another semantic device to divert us. Setting up a consortium does not mean a single thing until we consider what results will flow from it.

Senators will vote on the foreign aid bill without having any commitments from other countries, either through the consortium or through any other medium, whereby they will assume any other obligation, or in some instances any obligation at all, as regards Greece and Turkey.

Under the heading "Consortium for Military Assistance to Greece," we find in the committee hearings, on pages 638 and 639, the following:

CONSORTIUM FOR MILITARY ASSISTANCE TO GREECE

Military assistance then will be the only significant kind of assistance that goes into Greece.

This will present a problem which we have not yet worked out the arrangement of a new kind of consortium. This is a new problem for us, and has only arisen as the European countries in recent years have been able to meet their own defense requirement and to begin to be able to contribute to others.

I expect over the next 2 or 3 years we are going to have to work toward consortium-like systems in the military field just as we have developed them in recent years in the economic field.

Senator Morse. Am I correct in my understanding a very large percentage of military aid to Greece and Turkey over the years has been paid by the United States? Would it be an understatement—if I correctly recall the figures—to say that we have been paying at least 70 percent of the costs of military aid to Greece?

Mr. Bell. More than that, sir. For Greece and Turkey.

Senator Morse. And Turkey?

Mr. Bell. Yes, sir. I would say 90 percent of military aid has been paid by the United States.

Mr. President, we should not be fooled by the earlier testimony by Mr. Bell in regard to economic aid, when the figure he stated in regard to economic aid by the United States was in the neighborhood of 70 percent, for the amount of economic aid is much less than the amount of military aid. When we consider the total program for Greece and Turkey—both military aid and economic aid—it is clear that I am quite correct when I say that the United States has paid so much that, when we consider the other NATO countries as a whole, their payments have been only token payments. When we consider West Germany's contributions aside from those from the rest of the European NATO countries, we find that West Germany has paid—but only for a small part of the time—in the neighborhood of 30 percent. However, let us not forget this testimony by Mr. Bell, which is to be found on page 639 of the hearings:

> I would say 90 percent of military aid has been paid by the United States.

I read further from that hearing:

> Senator MORSE. I think one of the trouble spots you are faced with on this bill, which, I think, faces a strenuous drive for reduction, is this European field. Among others that I can mention is this last country I am going to ask about because you have been very patient, the chairman has been very patient, and I will submit the rest of my questions in writing.

Then I proceeded to discuss Pakistan. I shall refer to that at a later time, when I take up an amendment dealing with Pakistan, because here, too, a very large cut in our aid needs to be made.

Mr. President, at this time I have concluded my speech on the NATO issue, and I have just had a whispered conversation with my very good friend, the Senator from Florida [Mr. HOLLAND]. During the remainder of the afternoon, I plan to discuss procedure, if that arrangement meets with the pleasure of the Senate; and in a moment I shall proceed to do so.

At this point I wish to add to the speech I have just concluded a further reference to the "secret" document I hold in my hand. I shall return it immediately to the staff of the Foreign Relations Committee. I requested it from Mr. Marcy. His memorandum reads as follows:

> Attached is information supplied by the Department of Defense in response to inquiries which we initiated in your behalf in regard to NATO costs. Please note that this is classified "secret," and return to the Committee on Foreign Relations when you have finished with it.

I have told Senators that it is available to them in the Foreign Relations Committee. I deplore the fact that its contents are marked "secret." The American people are entitled to know the contents of this document; and if they did know them, I am satisfied there would be some major revisions in this foreign aid bill—as I have said before, because what this classified report shows is that we have no right to hope for any better treatment in the future from our NATO allies than the treatment we are receiving now.

I have referred to this item, section (b) of this classified document. I shall not read into the RECORD any of its contents; but this is the item which deals with M-day, and these are the data which deal with Mobilization Day; these are the data which show the commitments of our alleged allies and what they are willing to do when the shooting is about to start. Mr. President, you will be shocked to read this document. Under the heading "Forces in Being, December 31, 1962," we find the country-by-country plans for M-day, the NATO program for M-day, the requirements up to the end of 1966. All I wish to say by way of generalization is that we find deficiency after deficiency on the part of ally after ally. We do not even have from them commitments that they will agree to live up to the requirements of M-day. So I do not understand why we should be asked in this foreign aid bill to aid them further.

If Mr. Holt, of the Foreign Relations Committee, will now come to my desk, I shall place this classified document in his possession. I now return it to him. I brought it to the floor of the Senate in the hope that I could elicit some interest on the part of Senators in informing themselves—before they vote, some days from now—on the question of further U.S. aid to NATO countries, for, in my judgment, this document is dramatic evidence that we should vote to cut it; and I shall offer amendments that will give the Senate an opportunity to vote to cut it.

I cannot tell the Senator from Minnesota [Mr. HUMPHREY] how pleased I am to have him on the floor while I make some suggestions or proposals in regard to the further handling of this bill. I wish the RECORD to show, first of all, that the Senator from Minnesota has made perfectly clear to me, over and over again, that he does not agree with me on many of the stands I take on the foreign aid bill.

Mr. President, our discussions at least show that the Senator from Minnesota does not consider the Senator from Oregon an ogre or obstructionist, or one who is suffering great internal and introspective pains on the floor of the Senate that causes an empathy reaction on the part of others. I am only presenting my case. I am perfectly willing to let the jury cast the verdict, but the jury will not be here. The jury will be the people of America.

I wish to get on with the bill. We are setting forth our general case against the bill. We must make our specific cases now, amendment by amendment.

Earlier this afternoon I had hoped that we could remove what we find to be a very difficult parliamentary barrier that the Mansfield amendments have thrown in our way. We are at work and are making some progress in finding ways of mollifying somewhat the parliamentary effects of the Mansfield amendments. I do not know whether we can succeed in accomplishing our objective, but we will continue to try. We need a little time for that. The Holland amendment to the Mansfield amendments is before the Senate. If we have to live with the bill as it is, the Holland amendment is a great contribution to its improvement. If we cannot do better than the Holland amendment, I intend to vote for the Holland amendment. But we are going to try parliamentarily to remove 1965 and 1966 authorizations from the bill and have an authorization for no year but 1964. We need a little time tonight to put our parliamentary case in shape for a plea for such action tomorrow.

For that reason, in a whispered conversation with the Senator from Florida [Mr. HOLLAND], I told him that I would try to avoid a vote on his amendment tonight. I believe that in the regular course of events there could be an early vote on his amendment tomorrow, but it will not be held under any unanimous-consent agreement to vote, for, as I said earlier this afternoon, there will never be any such agreement while the bill is before the Senate. We do not need it. We shall see what the lay of the land is parliamentarywise, and try to understand what obstacles the powerhouse amendments have thrown in our way. I pointed out again that they are parliamentary "powerhouse" amendments which are very effective. I commend the generalship of the proponents. After all, if they wish to be so shortsighted as to try to accomplish the objectives of their bill, their generalship is very good. But losing a battle does not lose the war, although it sometimes makes it tougher to win it.

So we will do what we can to reduce the amount in the Mansfield amendments and, if possible, eliminate the Holland amendment completely by eliminating any need for fixing the amounts for 1965 and 1966. But if we must fix an amount for 1965 and 1966, and cannot fix a lower amount than the amount proposed by the Senator from Florida, we will rally behind him and vote for it.

I address myself to the Senator from Minnesota because it is now a quarter after five. It has been a hard day. More progress has been made in the cloakrooms than the work on the floor of the Senate may show. The Senator from Montana [Mr. MANSFIELD] conferred, came back, and announced that he would not withdraw the amendments. I told him that that was his right, and that we would move on from there. I think it would be a mistake for me to call for further speakers tonight. It is late enough. Those of us on the opposition have work to do.

I should like to suggest, without my being required to call further speakers tonight—if any other Senator wishes to say anything, he can say it—that we not seek to obtain any agreements of any kind tonight, that the Senate recess, and proceed tomorrow. If we cannot obtain an agreement on the Holland amendments, I suggest that the Senate vote on the Holland amendments. Then we will offer our amendment, which will be a substitute for paragraph (b) of the Mansfield amendments. It is the amendment that I discussed earlier this afternoon, which we think would probably have the effect of eliminating authorizations for the years 1965 and 1966. If not, we will be told so by tomorrow, and we will try to reword it so that we can accomplish that end. It may be that we shall have to follow the recommendation of the Senator from Kentucky and offer a new section that would amend the Foreign Aid Act of 1961 that seeks to drop the authorizations for 1965 and 1966. That is the position of the Senator from Oregon as of now. I shall await whatever course is followed by the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 205 Leg.]

Aiken
Allott
Anderson
Bartlett
Bayh
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Curtis
Dirksen
Dodd
Dominick
Douglas
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Johnston
Jordan, N.C.
Kennedy
Kuchel
Lausche
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Stennis
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. (Mr. McGovern in the chair). A quorum is present.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the Mansfield-Dirksen "powerhouse" amendments.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. MORSE. Mr. President, before the Senate votes, there should be some discussion.

Mr. HOLLAND. Mr. President, the pending question is on the amendment offered by the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. MORSE. Mr. President, I should like to ask the leadership what its desires are for the remainder of the evening.

Mr. HUMPHREY. Mr. President, in the light of earlier discussion, now that the yeas and nays have been ordered on the Mansfield-Dirksen amendments, and the fact that the Senator from Oregon indicated that he wanted to discuss his proposal of another amendment with some of his colleagues, there is no intention, as I see it now, to attempt to force a vote. There may be some Senators who have an item or two they wish to place in the Record; but, as I understand, the pending business is the Holland amendment. Is my understanding correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. There is no intention to force a vote on that amendment tonight.

Mr. FULBRIGHT. Is there any objection to voting on the Holland amendment tonight?

Mr. MORSE. Yes.

Mr. HUMPHREY. The Senator from Oregon indicated that not only was there objection, but that he wanted to look into the parliamentary situation with reference to whether that amendment might be modified or amended. That seemed to be a reasonable request.

Mr. MORSE. If the Senator from Minnesota will permit me to do so, I shall be glad to make a progress report.

Mr. HUMPHREY. Very well.

Mr. MORSE. Mr. President, I send to the desk another amendment dealing with this subject. It splits the amendment I first offered and provides:

On page 1, lines 7 to 9, strike out "$975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years," and inserting in lieu thereof "and $900,000,000 for the fiscal year 1964."

I ask that the amendment be printed.

The PRESIDING OFFICER. The amendment (No. 303) will be received and printed, and will lie on the table.

Mr. MORSE. A discussion has taken place since the discussion earlier this afternoon. We want to verify the proposal overnight and be ready to offer it tomorrow, after the vote on the Holland amendment; and we believe that it would do the job. In effect, it would amend the act, so that what is called the continuing authorization, so far as 1965 and 1966 are concerned, would be repealed. If we satisfy ourselves that that is in line with the interpretation of the Senator from Massachusetts, that will be the purport of our amendment.

Mr. President, I send to the desk, for printing, the second part of the amendment I offered earlier. That will be called up separately. It really has nothing to do with the Holland amendment.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MORSE. I have informed the majority whip that it is our plan to proceed without delay tomorrow with the Holland amendment and then to offer the first Morse amendment, which we think would improve the bill even beyond the Holland amendment. I shall vote for the Holland amendment because, in my judgment, it is a great improvement. We think the Morse amendment would improve the bill that much more. But there are other speakers, if it becomes necessary to speak longer tonight. However, we believe that that would be a waste of time in the long run.

Mr. HUMPHREY. As the Senator from Oregon looks ahead, Is it his proposal that the Senate vote on the Holland amendment, or any substitute therefor, tomorrow?

Mr. MORSE. I assumed that that would be the order of business when the Senate convened tomorrow. If any Senator wished to talk about the Holland amendment, he would make his remarks; then the Senate would vote on the amendment.

Following the disposition of the Holland amendment, I propose to offer my amendment, or a modification of it, if a conference on the parliamentary situation causes us to believe that that is necessary to accomplish what we are seeking to do.

Mr. HUMPHREY. Then, the Senator would take only a reasonable time tomorrow?

Mr. MORSE. That is all I ever take.

Mr. HUMPHREY. That means that tomorrow there will be some votes. I feel that with the assurances we have had from the distinguished Senator from Oregon, tomorrow will be a very fruitful, productive day.

Mr. MORSE. Today has been a very fruitful day.

Mr. HUMPHREY. I am sure it was; but tomorrow will be even more fruitful. The fruit will be riper.

Mr. MORSE. That depends on one's interpretation.

Mr. HUMPHREY. So the plan will be to have the Senate convene tomorrow at 12 o'clock noon and proceed to the pending amendment, which is the Holland amendment, and also look forward to having a number of votes. All Senators should be on notice.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. Does that mean that there will be no votes tonight?

Mr. HUMPHREY. There will be no votes tonight.

ALLIANCE FOR PROGRESS

Mr. CHURCH. Mr. President, in our discussions of the foreign aid bill this week, many of the defects of this program are being pointed out. Although I have criticized parts of this program, I do believe that the Alliance for Progress warrants and needs our continued support. I ask unanimous consent to insert at this point in the Record two articles pertaining to the Alliance for Progress authorization which were published in the October 22 issue of the Journal of Commerce and the October 4 issue of the Catholic Standard.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Journal of Commerce, Oct. 22, 1963]

FORMER COLOMBIAN CHIEF HOPEFUL ON LATIN PACT

London, October 21.—Ex-President of Colombia, Dr. Alberto Lleras Camargo, said today he was very optimistic about the future of the Alliance for Progress and hoped Britain and other European countries could use it as the framework for stepping up their aid to Latin America.

Mr. Lleras Camargo told a press conference he hoped that his trip to Britain at the invitation of the British Council would help increase British interest in Latin America.

He said that in the past 20 or 30 years British influence and interest in Latin America had declined, but that the trend could be reversed through such practical measures as increased technical assistance, and increased trade.

ALLIANCE FUTURE DISCUSSED

Mr. Lleras Camargo spoke at length about the Alliance for Progress and its future. He said he was very optimistic about its future and considered that in its first 2 years it had made tremendous steps forward.

He told the newsmen that the Alliance should not be seen as a purely U.S. venture but as a project of all Latin American States.

Answering questions he said he thought it would be possible for European nations to help more, and that it would be a good thing if this were done through the framework of the Alliance.

Mr. Lleras Camargo emphasized on several occasions that no one could expect the Alliance to work perfectly in 2 years. He said that the beginning was bound to be difficult, because in Latin America more was needed than money—the human resources had to be developed, and technicians formed.

FIVE-YEAR VISTA

He said he was certain that in 5 to 10 years it would accomplish what it was aiming to do.

On the issue of the role of military elements in Latin America, he said when military coups did occur they were a setback for the democratic process in Latin America and not for the Alliance for Progress. He said the Alliance as such was not designed to protect democratic regimes but to help them develop.

Mr. Lleras Camargo also spoke of Colombia's difficulties over coffee. He said the Latin American States had shared the tax-free U.S. market with African producers, and in this way were helping African states.

He said that at the same time as coffee prices had dropped the cost of imported machinery and manufactured goods had increased, so that Colombia was also supporting the high cost of living in the United States.

[From the Washington (D.C.) Catholic Standard, Oct. 4, 1963]

THE SENATE AND THE ALLIANCE

Among the many problems to come before the Senate is the question of foreign aid. The House has voted to slash $998 million off President Kennedy's foreign aid request, a figure far beyond the recommendations of General Clay's special committee. This aid cut, if the Senate allows it to stand, will force a change in our aid policy. In particular, the proposed cut in aid for Latin America endangers the continued existence of the Alliance for Progress.

Latin American countries have not hidden their displeasure at the House's aid cut vote. Latin American papers, even those friendly to the United States, have noted that the U.S. aid to the entire Latin American area will be only slightly higher than the Soviet aid to Cuba alone.

The House's aid slash is opening up a distrust for the United States at a time when the Alliance for Progress needs strong backing. The work in Chile has shown that the combined effort and determination of government and private groups can bring a nation to the beginnings of true freedom and economic prosperity.

But the Alliance needs the help of U.S. dollars, too, especially now when it is in its infant stages. The cut in aid to Latin America demands careful thinking. At stake is the future of Latin America. It is up to the Senate to make this future possible by restoring that aid cut and thus continuing the work of the Alliance for Progress.

J.M.O'C.

SUBCOMMITTEE MEETING DURING SENATE SESSION ON WEDNESDAY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Subcommittee on Manpower and Labor of the Committee on Labor and Public Welfare may be permitted to meet during the session of the Senate on Wednesday, November 6.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

SENATOR BARTLETT ADDRESSES LOCAL SERVICE AIRLINES

Mr. MONRONEY. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Senator E. L. BARTLETT, an able and distinguished colleague of mine on the Aviation Subcommittee, delivered at the fall quarterly regional meeting of the Association of Local Transport Airlines in Honolulu, Hawaii, on November 1, 1963. His remarks concern the publicly announced plans of the Civil Aeronautics Board to reduce drastically the subsidy paid to local service airlines.

I concur wholeheartedly in his views. They deserve careful and thoughtful study by all the Members of the Senate.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE BIRD IS BORN TO FLY

(Address by Senator E. L. BARTLETT, of Alaska)

Since the last quarterly meeting of the Association of Local Transport Airlines, something has transpired. Something has happened that has caused comment, concern, and searching for cause and effect in and out of the aviation circles. I do not refer to the announced decision of Mr. Khrushchev not to race us to the moon. I make no allusion to what happened to the New York Yankees. I am not here to call to your attention my views on the 1964 Republican presidential nomination—although that doubtless would be of great interest to you—and I could add a dividend by revealing to you the name of the man who, in my judgment, will cop the Democratic nomination. No. It is none of these things. It is the paper written for the Civil Aeronautics Board, duly approved by the Board, published, filed, but not forgotten, relating to the local service airlines.

You will have heard of it. In an uncertain world, this is one thing of which I am certain. Indeed, I suspect every member of this element of the industry has parsed or sought to parse every sentence in the report and could, blindfolded, insert every comma and period in its proper place if such were to be erased—and I have reason to believe some might like to erase the entire report with no power of recall, absolute or partial, left to anyone anywhere.

As a member of the U.S. Senate Commerce Committee's Aviation Subcommittee, I have for the last couple of weeks, among other things, been in fairly regular attendance at the hearings called by my friend, Chairman MIKE MONRONEY, on the proposed supersonic transport airplane. During this time I have learned much of which I was ignorant before. Among the things I have learned is that the minimum skin temperatures on this vehicle when it is way up yonder will be in the neighborhood of 450° F. It is my suggestion now that this temperature does not exceed, and in fact may be lower than, certain temperatures which came into being immediately after publication of the CAB report.

My appearance before you today is in plural capacity. Because the people of Alaska—thank goodness—have so ordered it, I am here as a U.S. Senator and, more specifically, as a member of the Aviation Subcommittee. Perhaps when the records are searched it will indeed be proved that I am a charter or early member of ALTA. Finally, for the purposes of this discussion, I am one who has had an interest in aviation originating long ago and who for a variety of reasons frequently uses the local transport airlines.

Although it is my intention to speak about the Civil Aeronautics Board report and the segment of the industry which is reported upon, it will not in my opinion serve any useful purpose to stand here and seek to attain a high popularity rating with you by denouncing the Civil Aeronautics Board and its works. During my years in Washington I have found the members of the CAB to be in the main reasonable men, informed men, men desirous of encouraging this great transportation system which is even yet so relatively new. These years in Washington have passed for me with supersonic speed; almost one-fifth of a century has gone by since I first took the oath of office in the U.S. House of Representatives as Delegate from the then territory of Alaska. This was at a time when the DC-3 was still predominant in the domestic commercial skies. Many things have changed since then. During that time there have been many changes in the membership of the Civil Aeronautics Board. And, since for the moment we are talking of men rather than things, let me publicly record the fact, namely, that airlines in the category in which yours are found have never had a better friend, a more understanding and effective advocate than in the days when your executive director and general counsel, Gen. Joseph P. Adams, was a member of the CAB.

What would you have done had you been a member of the Civil Aeronautics Board and were confronted by this passage from the President's transportation message to the Congress, dated April 5, 1962:

"I am asking the Board to develop by June 30, 1963, a step-by-step program with specific annual targets to assure sharp reductions of operating subsidies * * * within periods to be established by the Board for each type of service or carrier?"

Would you have failed to heed that instruction? Of course not. You would have honored it, just as the CAB did. The report was made. It suggested subsidy reductions over a 5-year period. In sending the report to the President, Chairman Alan S. Boyd stated: "The Board intends to proceed with implementation of its program as soon as practicable, and subject to such revisions as may be indicated after consideration of your views and the views of Congress."

Logically, realistically, and at the same time with appropriate consideration of the demands upon the Public Treasury being made by the subsidy program, I desire to suggest here that "implementation" will not be "practicable" within the foreseeable future. I speak as an individual Senator. I speak as one who is not affronted or affrighted when the word "subsidy" is uttered. Admittedly, this statement is not true insofar as many others in and out of Government are concerned. They look upon subsidy of whatever nature as an evil not to be tolerated. But history reveals that every nation at whatever time has had to employ this device, not only for the benefit of the immediate recipients, but for the benefit of the many, or all. Subsidy payments of one kind or another have been made since the early days of this Republic. They are being made now. They will be made in the future. They will be tolerable and justified and defensible so long as the public interest is served. I maintain and will hold the view against all comers that the subsidy program for the local service air industry is not only justified but is imperatively necessary. There is not one of you who would not prefer to be in the position of my friend Bob Reeve—that is, off subsidy, rather than on. You are working to that end. That is your goal. You will reach it. But you cannot do so within a 5-year period. If there were to be "implementation" of the CAB report, starting now, my prediction is that sheer chaos would result.

Before coming over here, I had a long talk with myself and told myself that my speech must not have undue concentration placed upon Alaska, tempting as the subject is. But Alaska, and Hawaii no less, offer a perfect example of what would happen with such an abrupt withdrawal of Uncle Sam's financially helpful hand. It is a truism that Alaska has only about 5,000 miles of roads even though it is two and a quarter times as big as Texas. It is a truism that there is no American-flag carrier of the maritime service except insofar as that service is provided by State-owned ferries in southeastern Alaska. It is a truism that more often than not in Alaska if you don't fly, you don't travel. It is a truism that not a single Alaska local carrier now on subsidy could survive for a year or even perhaps a month without subsidy. Without it, the airlines would fold and people who want to travel and need to travel couldn't. Certainly, the same situation exists in Hawaii, where the only connection for people from one island to another is by air. To a lesser extent, but to a very considerable extent, this same statement applies all across the Nation. Railroad passenger trains are removed from service just about as rapidly as the railroads can arrange it. Between points now served by the local carriers, it is generally possible to travel by bus or by private car, even though the compass heading must be changed many times on many journeys. But the fact remains that this air service is essential, no less, in the first 48 States as it is in the two newest. I simply cannot believe that the Appropriation Committees of the Congress or a substantial number of Members of Congress would be deaf and unresponsive to the outraged cries which would arise border to border, from ocean to ocean, if the recommendations in the CAB report were to become effective now. It cannot be. Logic and need dictate otherwise.

As Senator Monroney put it, "It is hardly our will to support any move which will strike a severe blow to the small- and middle-size communities of America and jeopardize the future of the local service airline." Senator Monroney speaks with the voice of knowledge and the voice of authority.

After all, the basic purpose of the local service airlines is to serve—to serve the public, to provide efficient, and convenient transportation, and to create a demand where no demand existed before, making new passengers for themselves and feeding now passengers to the trunklines.

The primary purpose of our Federal subsidy program is to help the local service carriers in these tasks.

The initial goal of the CAB should not be the reduction of subsidies but rather the strengthening of the local service carriers. Strengthened local carriers will provide improved service to the public and in time will require less subsidy from the Government. CAB thinking as reflected in its recent report to the President seems to get the thing backward. As I read the report, the underlying, undoubted principle adopted seems to be nothing more than a determination to meat ax the subsidies.

A couple of "public service" ribbons are tied around the meat ax but the blade remains as sharp.

It is the CAB's hope—and this is a nice thought—that the coming year's local service subsidies can be reduced as new revenues increase. These revenues, says the Board, will exceed new costs by 100 percent. They never have in the past, but the CAB thinks they will in the future. It is a nice thought but it is one upon which it is difficult to build a nationwide policy.

At this point, I take especial pleasure in presenting to you an especial greeting from an especially knowledgeable man. I have referred to him before. He is Senator Monroney. Unable to come here himself in response to your invitation, and knowing I had been asked in his stead, he wrote out and requested me to read this message:

"Congratulations on another dynamic and successful year of service to the smaller communities of this Nation—a year which has shown substantial gains in revenue passengers, mail, express, and freight ton-miles.

"In reviewing the accomplishments of the local service carriers I am again heartened by the fact that your dependence on subsidy is decreasing. This is a tribute to the vigor and initiative of management which continues to provide vitally needed air service to our smaller towns at less cost to the Government with some profit, although probably not enough in your opinion, to the carriers.

"While I realize you are still not out of the woods financially, the trend is encouraging. I am confident you will exhibit the same initiative in succeeding years as you have in the past, and that both profits and service will improve immensely.

"I am also confident that subsidy will be maintained at a level adequate to enable you to achieve these goals. With a continued increase in traffic and a more intense effort to obtain a new aircraft suitable for your needs, I am optimistic about your future.

"I am hopeful, too, that 1964 will be the year when a new short-haul aircraft will move from paper designs into the shop and onto the production line.

"Best wishes for another year of successful operations and improved service."

To me, one sentence above all others stands out here. It is the one which is phrased in this manner: "I am also confident that subsidy will be maintained at a level adequate to enable you to achieve these goals."

I bring you another greeting. It is from Warren G. Magnuson, U.S. Senator from the State of Washington, chairman of the Senate Commerce Committee and aviation's good friend. Senator Magnuson keeps a vigilant and friendly eye on the aviation industry not only in his capacity as chairman of the legislative committee but also as chairman of the Senate Independent Offices Appropriations Subcommittee which doles out the money to the CAB, the FAA, and by whatever roundabout routes to the local service carriers. No one knows better how essential your segment of the industry is.

With your permission, I am going off on a brief tangent which will take us off course for a bit on a subject which to my way of thinking is closely allied with what we are talking about here today. There has been some talk about tax reductions. There has been some talk that these should not be made without an accompanying and like reduction in Federal spending. I feel very strongly that there is a general fallacy in this line of reasoning and a specific fallacy which relates directly to you. To start with, tax reductions are being urged principally as a means whereby the economy may be stimulated, business may grow, industry may thrive, and unemployment may decline. This would be on account of the injection of dollars into the economy by taxpayers according to their own needs and desires instead of having those dollars grabbed by the Government. If tax reductions are made on the order of $11 billion, and Federal spending is to be decreased by like amount, it seems clear to me that the one would cancel out the other, that the gain made by the tax reduction would be exactly offset by the limitation on Federal spending. But I should not trouble you with my economic conclusions in this regard were it not for one matter which very specifically might affect the local service carriers.

Where does your tax dollar go? Well, 75 percent or 80 percent of every dollar you hand over to the Federal Government goes for defense, for explorations in space, for veterans' benefits, and for interest on the national debt. There is one thing of which we can be mighty sure: Should the budgetary cut amount to $11 billion or whatever, not one single dollar will come out of any of the categories mentioned above except possibly, although not probably, reductions will be made in space now that the Soviet Union has publicly bowed out of the moon race.

So where will the reductions be made? Obviously, they will have to come from the other 20 or 25 cents of your tax dollar. And, believe me, should this come to pass, subsidy payments of the kind we are so concerned with now will be among the first to be whacked. If up to this point the CAB report should have been principally an exercise in accommodation, then it likely would turn out to be a matter of brutal fact.

The Congress has determined that it is in the national interest that the local service carriers be subsidized. The subsidy program has, in my view, worked extremely well. The local carriers now provide 80 percent more service for each subsidy dollar than they did 10 years ago. Over the last 10 years the available seat-mile costs have been held constant, while unduplicated route miles have more than doubled, increasing from 28,500 to 52,000. A strong local service network benefits the communities served, the region, the trunks, the economy, and the Nation.

I want to repeat here at this stage of the proceedings that I, at least, see no point at all in picking up the cudgel and using it to thump the collective head of the CAB. That agency, in issuing the report which gave so many of us the shivers, responded to a command.

The transportation message was sent to the Congress, as mentioned, in the spring of 1962, a year and a half ago. It has been considered by the Congress. It is being considered by the Congress. The likelihood is that this examination will continue for some little time. The subject is complex, the subject is vital to our economy and to the national interest.

Chairman Boyd was careful in his letter of transmittal to the President to note that the Board would not proceed with its recommendations until after the views of the President and the "views of the Congress" had been obtained. Senator Monroney has given more than a hint of what his view is. Add mine to his, and you have right there a fiftieth of the U.S. Senate. There will be others. Neither the CAB report, nor the President's transportation message, can be considered as the policy of the National Government until it has been approved by all concerned. It has not.

I would say that time itself will solve the problems that so earnestly and properly engage the attention of those in the administrative and legislative branches of the Government and in the industry. Time, and not precipitate action, will suffice. I honor the desire of the administration to reduce the outflow of tax dollars paid by way of subsidy. But I submit that to change the rules of the game while the game is in full play would be to inflict grievous economic losses upon the general economy far surpassing in amount the total of the subsidy payments. Time will take care of this if for no other reason than that our population is increasing so very rapidly. With 300 million people in the United States by the turn of the century, as the census experts tell us will be the case, there will be so many people flying to so many places that by then, in my judgment, history will record how useful a Government-assistance program, already ended, was in helping to establish and to maintain until the time came it could fly on its own, a transportation facility so vitally important in so many areas.

And by then surely American ingenuity will have developed and long since will have had in service aircraft designed and built to meet every need of the local carriers. After all, this should not be beyond the capacity of the Nation which even now is preparing to launch and fly a supersonic airplane in a decade or less.

Just as the bird is born to fly, so was the airplane built to remain aloft. And just as the mother bird instructs her young how to fly, let us as a nation remember that while the glamour and the drama attach to the plane flying at Mach 2.2 or Mach 3, there are some earthlings who will always need to be taken through the sky at lower altitudes for shorter distances by none other than local service carriers.

Our friends in the CAB have performed their function. They have submitted their report. That chore has been accomplished. Now let us all sit down together, passengers, industry, and Government and, guided by realism, and necessity, join in improving this local service, in stabilizing it, in taking it off subsidy at the earliest possible time—but not before then—and in the meantime performing those services which we simply cannot do without. As a fare-paying passenger, as one U.S. Senator, as one member of the Aviation Subcommittee, I assure you of my earnest desire and intention to cooperate. Let us go on from here to where we ought to go. Let us go without recrimination. Let us go without industry attacking Government or Government attacking industry or the public attacking both. Let us, especially, join in the fullest measure of cooperation. Let us keep that bird flying.

TOWARD AN AFFIRMATIVE APPROACH TO CHINA

Mr. McGOVERN. Mr. President, for many years I have felt that our policy with reference to the Chinese mainland is a sterile, shortsighted approach that is against our best interests. I wonder how long we can maintain the ostrichlike position which ignores a nation embracing one-fourth of all the human beings in the world. Does such a policy advance American security?

Some of the questions that have concerned me, are raised by Mr. O. Edmund Clubb, former director of the State Department's Office of Chinese Affairs, in an article appearing in the November 1963 issue of the Progressive magazine.

I ask unanimous consent that this article entitled "Toward an Affirmative Approach to China" together with a brief reference to former President Truman's recommendation that we offer wheat to China, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TOWARD AN AFFIRMATIVE APPROACH TO CHINA

(By O. Edmund Clubb)

(NOTE.—O. Edmund Clubb, formerly Director of the Office of Chinese Affairs of the State Department, is an author and lecturer on Asian affairs at New York University and was visiting lecturer at Columbia University from 1959 to 1962. He has had 20 years of experience in East Asia, including assignments as consul general at Vladivostok and Peiping.)

The General Assembly of the United Nations has once again refused to approve membership for Communist China, thus putting that issue on the shelf for another year. However, the subject of China may well be prominent in American discussions of foreign policy in the months ahead for there is mounting evidence that the Kennedy administration might welcome a national debate looking toward a somewhat more affirmative U.S. approach toward mainland China.

It is now more than a decade since our traditional China policy was reversed. In the 19th century, the United States fought hard to win acceptance of its envoy in Peiping, and struggled to gain access to China's market. Daniel Webster and Adm. Alfred T. Mahan alike looked upon China as offering a great potential outlet for American goods. As the century ended, Secretary of State John Hay evolved the open-door policy to further our trade aims. East Asia was viewed as the New Frontier of that era, to be opened up to absorb the surplus production of an ever-expanding American economy.

Since 1950, however, a diametrically opposite policy has been developed. The United States, which had worked for a century to break through China's Great Wall of exclusionism, now endeavored to build a barrier designed to keep China "contained." The Kennedy administration, following its predecessor's policy, does not maintain diplomatic relations with Peiping. It contends that it enjoys relations with the rightful Government of China by virtue of its alliance with Chiang Kai-shek's Nationalists on Formosa. It prohibits the travel of Americans to mainland China on the facile ground that protection is not available to our citizens where diplomatic representation is lacking. Finally, Washington imposes a complete embargo on trade with China. The policy is thus one of total nonintercourse. The United States also campaigns in the world community against China's admission to the United Nations. Hoping to achieve "containment" of China, we have substituted the closed-door for the open-door policy.

But winds of change are blowing in the Sino-Soviet relationship, upsetting the premises on which our present China policy is based. In July, world attention turned to the meeting of Chinese and Soviet delegations at Moscow which was called to settle differences that had risen between the two great Communist powers. The conference broke up in a fortnight with the dispute unresolved. In its bout with Moscow, Peiping obtained satisfaction for none of its demands.

The Soviet Union, instead of brandishing its nuclear weapons against us in the international arena and braving nuclear annihilation for itself, as proposed by Mao Tse-tung, has signed a pact with the United States and more than a hundred other countries which reduces the danger of nuclear confrontation. Instead of pouring from its none-too-copious cornucopia a wealth of goods and services for the benefit of "socialist" China, the U.S.S.R. is giving aid to "bourgeois" India. In spite of such heretical acts against Peiping doctrine, and in the face of subjection to Mao Tse-tung's worst thunderbolts and fulminations directed against him as the greatest "revisionist" of them all, Nikita Khrushchev still remains on his pedestal.

The character of the new relationship developing between China and the Soviet Union is now becoming clearer. Evidence of reappraisal and adjustments in the power strategies of the two Communist giants has been discernible ever since the summer of 1960, when the U.S.S.R. pulled its technicians and blueprints out of China and began to reduce assistance to its nominal ally. More evidence of a massive Chinese reaction to all this has become available since the breakdown of the July discussions. Peiping has denounced the test ban agreement among the major nuclear powers—the U.S.S.R., Britain, and the United States—as a "dirty fraud" and indicated that China proposes to go ahead and develop nuclear weapons of its own. Peiping charged Soviet subversion in the Sinkiang-Uighur autonomous region, and in central Asia. China also shows signs of stepping up its own subversive activities in southeast Asia, while a clash of Sino-Soviet interests in India already has taken place. More conflicts of national interest between the two Communist powers are likely to come over such pivotal countries as Indonesia and Japan.

The Sino-Soviet quarrel has been starkly reflected in the economic field. After the calamitous economic plunge that resulted from its attempted great leap of 1958, China, through prodigious effort, succeeded by 1962 in restoring agricultural production to about what it was in 1957. But the population had increased by 60 to 75 million in the meantime, leaving China with a worse food shortage than that of 5 years earlier. Steel production dropped from a peak of an estimated 15 million metric tons in 1960 to less than 10 million tons in 1962. Not only have new starts in industrial construction been drastically curtailed, but important projects already under way, such as the Sanmen hydroelectric plant on the Yellow River, have been suspended for want of machinery which was to have come from the U.S.S.R.

China's overall foreign trade in 1962 was substantially lower than in 1960. Estranged from the Communist bloc, excepting Albania and North Korea—neither a pillar of economic strength—China is turning now to trade with countries it has hitherto execrated as imperialist—Great Britain, France, West Germany, and Japan—and our own northern neighbor, Canada.

The United States for the past decade has exerted the strongest possible pressure against its friends and allies to refrain from such trade with China. It is noteworthy that of China's big non-Communist trading partners only one, Great Britain, has recognized the Peiping regime—but all permit their citizens to visit China and all are prepared to do business with her. American pressure has consequently won only minor successes to date, at the price of arousing strong resentments and finally defiance among our allies. Now, with the breach between Moscow and Peiping forcing China to seek other sources of supply and become a more profitable customer for the trading nations, the American "Chinese Wall" policy is more futile than ever.

Various big international traders have been carefully but persistently exploring the potential of the Chinese market. China has been buying grain abroad since 1961. In the first half of the present year, China purchased 1,300,000 metric tons of wheat from France; in August it contracted for the purchase of 2 to 3 million tons from Canada for delivery over a period of 3 years. After a break in trade relations in 1958, China and Japan began trading again in 1961. In 1962, their two-way exchange amounted to about $80 million; this year it is expected to total $150 million, and a Japanese firm has just sold China a $20 million vinyl plant. In early 1963, the British sold some Vickers prop-jet transport planes to China (after carefully removing American-made navigation equipment). This summer, three British companies opened the first British trade fair in Peiping. The British chargé d'affaires, who presided at the opening, said that a substantial increase of Sino-British trade was "both possible and desirable." And to replace oil supplies previously obtained from the U.S.S.R. at high cost, China now buys some oil from Western countries.

This all adds up to a major reorientation of China's trade. Peiping will not find the adjustment easy, or fully satisfying. Industrialized countries such as Britain and Japan are hardly likely, given China's weak foreign exchange position, to grant Peiping the cheap prices it wants and the long-term credits it needs to cover its purchases. China's basic economic ills will not be cured by a simple change of trade channels. Nevertheless, its trade with the Communist bloc now is dropping from the heights of several years ago, while trade with the non-Communist world promises to grow. The veering course of China's trade is a major development on the world scene. China is not breaking with the Communist bloc in favor of alinement with capitalism, but her contacts with capitalist nations are bound to increase as the rift with Russia widens.

Another trend of great potential significance has entered the picture: the huge expansion of Soviet wheat buying in the West. The U.S.S.R. contracted in September for the purchase from Canada, for delivery by the end of 1964, of a half billion dollars worth of wheat—about 6,500,000 tons. Some of that grain is to be delivered to Cuba, but none to China. In the past, Moscow, like China, has bought wheat elsewhere, but not, of course, in the United States where administration policy, until recently, prohibited such sales.

Washington, while severely limiting trade with Communist countries, has recently urged American businessmen to export more goods in an effort to redress the unfavorable balance of payments and stop the outflow of gold. At the recent White House Conference on Export Expansion, President Kennedy advocated a 10-percent increase over our present $21 billion export volume which, he said, would "practically" solve the balance-of-payments problem.

The administration's decision to sell surplus U.S. wheat and feed grains to Russia and other Communist nations in Europe removes a major contradiction of our earlier policy: We will no longer be urging more exports while refusing to sell wheat to the Soviet. Now our new wheat shipments pose this question: If hungry Soviet citizens, and even Cubans through Russian transshipments, may eat of hallowed American wheat, shall Chinese citizens go hungry?

The silence of Members of Congress, along with the general acquiescence of the American press in the existing state of affairs, evidences the absence of domestic pressures strong enough to change our fruitless campaign to isolate China behind a wall of embargoes. Yet, there are west coast businessmen and shippers who remember past trade profits and who are chafing at Washington's restrictions. Any considerable expansion of China's trade with the West would lead other American entrepreneurs to challenge the policy that bars them from selling to a nation of more than 700 million consumers.

In the immediate situation, then, the obvious question seems to be: What is the value of our present policy? The New York Times observed recently that "Speculation about China falters because nearly nothing is known of the thinking of the younger Communist generation in Peiping." How shall we learn, if we continue to be barred by the State Department from putting foot on China's mainland? Our policy is equally barren in the economic sphere: A total American embargo is useless in the presence of China's alternative sources of supply. Nor can there be hope, or even straightforward discussion, of global nuclear controls, disarmament, or world stability, without taking revolutionary China into account. A stubborn American stance off the China coast will neither preserve our interests nor guarantee that the existing situation will be maintained. Our immobility does not ameliorate, but rather aggravates, the grave difficulty of our dilemma.

As Abbe Raynal once wrote, "There is an infinity of political errors which, being once adopted, become principles." Commitments and positions determined a decade ago inhibit adjustment of our current policy toward China. The administration has shown signs of discomfort in its present cramped position. In a seemingly inspired dispatch from Washington, the New York Times reported that the Kennedy administration was haunted by a policy paradox respecting Communist China: "Administration leaders, including President Kennedy, are saying that Communist China will be the Nation's No. 1 foreign affairs problem over the next decade. But their policy planners report that virtually no fresh ideas on the subject are percolating in the Government." Under Secretary of State Averell Harriman later remarked on a television program that "There was a certain period when anyone who questioned our policies toward China was considered something of a traitor," and then went on to voice what was presumably an official invitation to a nationwide debate on the Government's China policy. "The only way the American gets to understand such questions," he observed, "is through debate."

This invitation must be viewed with some reserve. The administration did not wait upon an expression of public opinion before formulating its current China policy, and it should be able to find its own way out of the labyrinth. It needs only the determination to follow the thread back. Unfortunately, it is evident that given the involvement of our China policy in domestic politics, the administration has no intention of adopting a radically changed approach in east Asia. Adlai Stevenson, as the American representative to the U.N. General Assembly, argued in the December 1961 debate on the Chinese representation issue that "The de jure authority of the Government of the Republic of China [the Nationalist regime on Formosa] extends throughout the territory of China." And although Presidential Candidate John F. Kennedy had said in 1960 that Quemoy and Matsu were "not essential to the defense of Formosa," in June 1962, as President, he effectively reaffirmed the Eisenhower policy regarding those offshore islands and Formosa.

What, then, was the significance of Harriman's references to a debate on China? We have some hints. Laurence Barrett of the New York Herald Tribune staff subsequently reported from Washington that the United States, "in a roundabout whispered dialog with unrecognized Communist China, has revived the question of exchanging delegations of newsmen." If that is true Washington might as well save its (whispered) breath. Peiping stated categorically, in the era of John Foster Dulles, that it was not interested in any such exchange; there is no reason to assume that the Chinese regime has changed its mind.

But the matter may go somewhat deeper than the exchange of newsmen. Speaking at the World Affairs Council in Boston recently, Under Secretary Harriman upheld the official American stand against trade with China. But, in contrast to Washington's action of a few years ago, when it effectively blocked the proposal of an American businessman to sell wheat to China—then in the midst of an agricultural disaster—Harriman proclaimed that grain was an exception to the rule. He implied that we should not prohibit the sale of food to the hungry.

The administration's expressed willingness for a debate on China policy may be genuine to the degree that Washington presumably hopes there will thus be created a public demand which would support a relatively minor shift in policy. This seems to promise little enough. Still, it is conceded that with our China-Formosa policy frozen into principle as well as written into law, any substantial change in policy would require considerable effort over an extended period. But a defrosting must begin somewhere. The sale of grain to China, if it desires to buy, whether this year or next, offers the opportunity to make a start.

Even after such a beginning, most of the task of developing proper relations would still remain. The present policy maladjustment goes too deep to be corrected easily or even painlessly. The amelioration of Sino-American relations can hardly come by insistence on an American victory.

Washington could readily go further by unilaterally lifting—since it unilaterally imposed—its prohibition of travel of Americans to China. In all logic, it could—and should—abolish its total embargo upon general trade with China and place that trade on a level with our trade with other nations of the Communist bloc. At the height of the 1958 Formosa Strait crisis, the late Secretary of State John Foster Dulles himself suggested that if an effective cease-fire in the strait were achieved—and the cease-fire could be de facto instead of depending upon written agreement—something should be done toward reduction of the Chinese Nationalist garrisons on the offshore islands. It is now 5 years since that storm blew over. Is it not time to do something toward reducing the danger of being dragged into a war over the continued presence of Nationalist garrisons on islands which are historically and legally intrinsic parts of mainland China?

It is only by bringing genuine peace to the Formosa Strait, and reaching a final determination of the status of Formosa, that relations between China and the United States can be put on a normal basis in the long run. The way to normal relations with China is obviously circuitous and arduous. But it has to be undertaken, and given world developments, this would seem to be a good time to begin the long journey back.

Above all, let us have the debate that administration spokesmen say they desire. Our present China policy clearly does not meet adequately the challenge of the evolving political and economic situation in East Asia. It is high time to develop a new policy.

A new policy, to be effective, would necessarily be based upon concepts other than those that now seek to outlaw and contain Communist China. That hypothetical policy should assume that (1) there is practically no likelihood that the existing order in Peiping will be replaced by Chiang Kai-shek's regime or anything resembling it; (2) the Chinese revolution has by no means reached its end, and, consequently, can be expected to send out shock waves over an extended period; and (3) this renascent Chinese power does indeed create new problems for the world and for the United States, but such problems are better solved by endeavoring to integrate China into the community of nations than by trying to isolate her and brand her as unfit for human society.

President Kennedy, in his widely acclaimed American University address, called for a reexamination by Americans of their attitude toward the Soviet Union. "No government or social system," he said, "is so evil that its people must be considered as lacking in virtue." The time has come to apply this thought to the Chinese nation as well. No matter what our feelings about Communist China, within its borders lives one-fourth of all humanity.

TRUMAN URGES WHEAT FOR CHINA

Probably the most experienced cold war veteran of our time is former President Harry S. Truman. During his administration NATO was formed, the Berlin airlift conducted, and most of the Korean war fought. Although in some ways as tough-minded about the Communists as even BARRY GOLDWATER might wish, the former President said:

"I question whether it has been altogether wise for the United States to sit by and wait for China to ask us for help to meet the hunger problems of millions of helpless Chinese. We have wheat and other grains to spare. Why not simply offer it? We have always been responsive to the plights of other people without waiting for them to beg. Hunger is everyone's concern.

"Why not get off our high horse and make a tender of wheat and other grains to China without any kind of fuss or maneuvers? It could be a step in the direction of peace."

Warning that his proposal would be called appeasement or worse, Mr. Truman reminded Americans that historically they were not "of a narrowly selfish nature" and have made "tremendous contributions to the needy and less fortunate of the world."

Both considerations of humanity and the requirements of peace call for an end to the isolation of China. The former President believes that an offer of U.S. surplus wheat might be a beginning—and we fully agree with the independent man from Independence.

THE COAL PIPELINE—THE INTEGRAL TRAIN—LONG DISTANCE TRANSMISSION OF ELECTRICITY

Mr. MOSS. Mr. President, having introduced S. 2066, a bill to grant the right of eminent domain for the transportation of coal by pipeline, I should like to call attention to other newly developed media through which the coal industry of Utah stands to advance steadily in the years ahead.

First, it is important that my colleagues understand that Utah's coal mines are an integral component of our overall economy. The coal industry itself is presently doing a $25 to $30 million business in our State. It stimulates railroad freight business and is a vital source of revenue for suppliers and equipment manufacturers.

More than one-tenth of Utah's total area contains workable coal deposits. In a little more than 100 years, some 270 million tons have been produced, yet almost 14 billion tons remain. Our maximum production took place in 1947, when 7,429,000 tons of coal were extracted. In the ensuing decade and a half, output has roller-coasted too freely, with production dropping from 5,159,000 tons in 1961 to a distressing low of 4,270,000 tons last year.

Utah's coal business needs a stimulant, particularly in hard-hit Carbon County. The mining companies and the United Mine Workers of America have cooperated marvelously to keep prices low and quality high. Our mines are equipped with the most modern devices that scientific and engineering technology has yet made available, thus permitting a steady increase in output per man-day. A large portion of the commercial coal produced in our State is water washed or air cleaned so that slate and other undesirable refuse are removed before the product is shipped to market.

In an economy of sharply rising fuel requirements, it is disappointing that Carbon County and other areas looking to better things for coal are still waiting for demand to improve.

But, Mr. President, there may be great things in store for coal as a consequence of two transportation innovations. The coal pipeline which operated over a 108-mile stretch in eastern Ohio for several years was responsible for reducing transportation costs by more than $1 per ton. Because of the competition, determined railroad officials adopted the unit-train concept and are now able to undersell the pipeline tariff on that particular run.

Through similar competition in the West, coal will go places. It will generate electricity for the sprawling California market, and it will bring needed dollars into Carbon County and other parts of our State.

Of a certainty, the unit train—like the coal pipelines—offers an opportunity to move coal from our mines to the west coast at tremendous savings over conventional transportation methods. Many railroads in the East, the South, and the Midwest are already utilizing the full train-load method of carrying coal from mine to market. By picking up all the cars at a single mine or gathering yard, running them through nonstop to their destination, and then emptying the cars so that they may be turned around and sent back without delay, railroads have been able to effect remarkable economies in freight handling. On August 16 of this year the Philadelphia Electric Co. filed a new electric service tariff with the Pennsylvania Public Utility Commission, claiming that a savings of $4.4 million was made possible through the use of solid trains of coal operating directly from coalfields to local powerplants. The announcement emphasized the advantages that can accrue to the consuming public when a revolutionary method of transportation is adopted. Using only conventional equipment—hoppers that may have been in service for many years—some of the eastern mines have been able to reduce freight costs from 85 cents to $1.50 per ton on coal moving from northern West Virginia and western Pennsylvania to the east coast. Eventually even more efficient integral trains—with cars of greater capacities than those now in ordinary use, and with motive power not confined to front and rear of the train—will make still more attractive freight rates possible.

Another technical breakthrough which opens new horizons for coal is the improved efficiency in long distance transmission of electricity. During the past year a group of electric utility companies announced plans for construction of two 800,000-kilowatt generating units in western Pennsylvania, power from which will be carried over long lines into Philadelphia and Newark, with tielines to the New York metropolitan area. Late last month the engineering firm to coordinate the design and manage construction of the 500,000-volt lines was named, and—according to present schedule—power from one of the huge generating units will be in transmission sometime in 1967.

Utah, too, expects to benefit by the technological advances that permit transmission of electricity over greater distances without substantial line losses. Actually, this new technique could well be used in conjunction with the pipeline or integral train to make coal-generated electricity available on the west coast. The fuel might initially move over pipeline or train to a generating station situated beyond the final mountain range on a site where there is abundant water, yet far removed from the metropolitan area. The long distance transmission line would close this remaining gap.

Bituminous coal mined in Utah and other Rocky Mountain States has for more than a decade been considered as a potential source of energy for the electrical requirements on the Pacific coast. As long ago as 1949 the late Bert P. Manley, who was executive secretary of the Utah Coal Operators Association, wrote for a national utilities publication an article entitled, "The West Coast Looks to Coal Fuel." The article noted the great availability of coal in Utah and other Rocky Mountain States, flatly predicting that this solid fuel would become the source of power for generating plants in southern California.

The Pacific Gas & Electric Co., in a report published in the Oil and Gas Journal of September 16, 1963, foresees a steady increase in the use of coal in the electric energy market in Western States. Utah coal, the report indicates can provide substantial supplies to the California market within a few years.

Mr. President, the right of eminent domain for the coal pipeline provided in my bill is essential to the allout development of the coal industry. It is a vital step in reducing a handicap that has impeded coal's ability to compete. Railroads have demonstrated their ingenuity in meeting the challenge, with sharply reduced freight rates resulting from development of the integral train. Meanwhile, the ever extending transmission lines carry additional hope for coal, and when the coal industry progresses, so does Utah and all our mining States.

FIGHTING QUACKERY

Mr. WILLIAMS of New Jersey. Mr. President, automobile models change every year, and so do the forms of quackery directed at the gullible, suffering people of our Nation. The old nostrums have been replaced, to a large degress at least, by the electronic machine, the new drug that cures nothing, and new gadgets and formulas sold by the most modern sales methods.

To help the American public realize the dangers and losses that can result from quackery, the American Medical Association and the U.S. Food and Drug Administration last week cosponsored the Second National Congress on Medical Quackery. Their warning: Quackery is on the increase, and the biggest single group of victims are the elderly citizens of the United States.

The Second Quackery Congress was a significant followup to the first congress, held 2 years ago. It also developed testimony given by witnesses at hearings conducted by Senator PAT McNAMARA for the Senate Committee on Aging last January. The work begun at that time will now be continued by the Subcommittee on Frauds and Misrepresentation Affecting the Elderly in the same committee. As chairman of that subcommittee, I intend to continue the inquiries begun so well by Senator Mc-

Namara against quackery and other frauds against the elderly.

The interest aroused by the recent congress should help make the work of the subcommittee more productive than it would have been. A public alerted to the quackery menace should be all the more help to us as we make our inquiries. The AMA and the FDA—and every speaker who participated—are to be congratulated for an excellent program.

Mr. President, the AMA News ran an editorial in its October 28 issue to explain the purposes and method of the congress. Another excellent summary appeared in an Atlantic City (N.J.) Press editorial of October 25. I ask unanimous consent to have both printed in the Record.

In addition, I would like to draw the attention of the Senate to a recent series written by Charles Schaeffer of the Advance News Service here in Washington. This series appeared earlier this month in the Newark Star-Ledger and other Newhouse newspapers. Mr. Schaeffer has drawn a vivid and valuable portrait of quackery today, and I believe that his writing will be of help to everyone concerned about this problem.

There being no objection, the editorial and article were ordered to be printed in the Record, as follows:

[From the AMA News, Oct. 28, 1963]

FIGHTING QUACKERY

The Second National Congress on Medical Quackery, sponsored by the American Medical Association and the U.S. Food and Drug Administration, is another attempt to increase public awareness of health frauds and to find new methods of fighting the medical mountebank.

This won't be easy. It will take the efforts of physicians, the press, community groups, business organizations and Government agencies. The American public is not stupid but, as Samuel Hopkins Adams said, "Our national quality of commercial shrewdness fails us when we go into the open market to purchase relief from suffering." Most of the quack's victims are intelligent people, some of whom are desperate and all of whom are cunningly misled.

The public is vulnerable to the modern quack. The public has learned, for good reason, to respect advertising, and many quacks are masters of advertising. In this age of rapid communication, the quack reaches more people than ever before and often through respectable media. The quack's "discovery," couched in atomic age jargon, may come as no surprise to a public familiar with the language of science and accustomed to legitimate medical breakthroughs.

Moreover, many people are misguided because of the quack's ability to gain favor among prominent persons in positions of leadership. Fake healers through the ages have been able to get testimonials from the nobility, literary men and politicians. In the 18th century, hundreds of Englishmen sought the nostrums of William Reed, a tailor, who treated Queen Anne and was made a knight of the realm. In our own day, Senator Paul H. Douglas and others have taken up the cause of krebiozen. Quackery is especially tragic in an age when proper medical care has so much to offer.

The American Medical Association has fought quackery for 116 years. It keeps track of charlatans throughout the country and exposes them at every opportunity. The AMA's high ethical and educational standards are designed to protect the public. The First National Congress on Medical Quackery, held in 1961, led to widespread State and community campaigns of public education. The FDA, the Federal Trade Commission and the Post Office Department are constantly seeking tighter antiquackery regulations.

There is much that the individual physician can do. Delegates to the National Medical Convention, the meeting at which the AMA was formed in 1847, stressed this point: "It is the duty of physicians, who are frequent witnesses of the enormities committed by quackery, and the injury to health and even destruction of life caused by the use of quack medicines, to enlighten the public on these subjects, to expose the injuries sustained by the unwary from the devices and pretensions of artful empirics and imposters."

In protecting his patients against charlatans, the physician is practicing good preventive medicine. The intimacy of the physician-patient relationship as it exists in this country provides the ideal setting for discussions that can save lives and money. Reports of quackery should be brought to the attention of the local medical society, so that the entire profession can take action.

Leonard W. Larson, M.D., past president of the AMA, has cited two needs in the battle against medical con men: "We must not only prove the worthlessness of quackery, but we also must establish confidence in sound medical and health care."

The physician's practice of sound medical care is basic to the struggle against quackery. His role is frequently delicate and difficult. He must have the complete trust of patient and family when, in desperation, they are tempted to turn to the charlatan. The physician can, through courtesy, patience, and reason, do much to show that not hope but only a cruel illusion of hope is on the side of the quack.

[From the Atlantic City Press, Oct. 25, 1963]

THE DANGER OF QUACKERY

The medical quack can be and often is a killer. Were quacks merely merry oafs who bilked the gullible, peddling hair growers, bust developers, and sundry other weird nostrums and potions, they would hardly suffer the unceasing attention of the Food and Drug Administration, the American Medical Association, State and Federal health agencies, and better business bureaus.

But quacks can be as dangerous as they are cruel. Any time wasted on useless remedies by persons who have contracted diseases urgently requiring early diagnosis, such as cancer or arthritis, can result in hastened death.

Thus the American Medical Association for more than a decade has been concentrating its antiquack activity on the charlatan who professes to have discovered a magic cure for cancer. Of late the AMA's propaganda and exposure has been considerably broadened. Two years ago the association joined the Food and Drug Administration in sponsoring the first National Congress on Medical Quackery. This symposium in the Nation's Capital resulted in widespread State and community campaigns of public education about medical quacks and health charlatans who peddle worthless treatments.

A flyer sent out to editors to announce the second such national congress, slated in Washington for this weekend, took the form of a sack of low-grade uranium ore. The sponsors noted that it wouldn't make an atom bomb—neither would it "cure disease as claimed by fakers, quacks, and charlatans."

Just as the discovery of electricity gave birth to numberless devices for which miracle cures were claimed, so radioactivity is today's hotbed of quackery. Medical charlatans thrive also where orthodox medicine fails fully to meet public needs, as in curbing cancer. The so-called wonder drug Krebiozen was finally ruled worthless by the FDA and the National Cancer Institute only on October 16.

Quackery has been a menace, of course, since the earliest days of medicine. Indeed, the healing arts originated with the priest-magician, the witch doctor, of primitive tribes. The first recorded prescription for a hair grower was that made up for Queen Ses of Egypt at about 3400 B.C. It was a mixture of dogs' toes, date refuse, and asses' hooves. It is believed to have been quite as effective as today's hair restorers. Quack devices and treatment cost the public about $1 billion a year. And the sad fact is that the suckers are the fearful, the sick in spirit, the elderly, and those who can least afford the luxury of wishful treatment.

[From the Long Island Press, Oct. 7, 1963]

BOOMING QUACKERY RACKET: MODERN WITCH DOCTORS SWINDLE THE SICK AND GULLIBLE

(By Charles Schaeffer)

(Note.—Modern witch doctors equipped with fancy machines and scientific-sounding names—but still smelling of snake oil—are on the rise. They are swindling the sick and gullible out of billions. Here's the first in a series of five reports on this growing health menace, the booming quackery racket.)

Lincoln said it: "You can even fool some of the people all of the time."

Today, giddy Americans bent on proving him right are foolishly pouring out an estimated $1 billion for fake health machines, phony "cures," and worthless stay-young concoctions.

Most will lose a bankroll in the quest for shortcut health—others something more important: their lives.

No one can begin to judge the toll of despair or anguish of the really sick who fall prey to health hucksters. Or count the red faces of the pitchmen's patsys who belatedly discover they suffer from nothing worse than bad judgment.

They can't fool you? Don't be too sure. Quackery is no longer the shady business of the sideburned hawker of snake oil. It is a high-powered, slick, booming business—commercial, almost respectable, urbane and modern.

Brazen health faddists and fakers, glibly mimicking medical terms and outfitted with impressive-looking machines, are hoodwinking people of every shade of education and intelligence.

Every day charlatans challenge scientists, doctors and officials in the Food and Drug Administration, the Federal Trade Commission, the Post Office, and the American Medical Association.

Indeed, there seems no limit to the ingenuity used by frauds to bilk the legions of sick or miserable who will grasp at anything for relief: Spectro chromes, uranium gloves for arthritis, radioscopes, microdynameters, seawater, aspirin, and vitamins peddled by other names at fancy prices, to name a few.

Now the war is getting hotter. Irked FDA officials last year seized or oversaw voluntary destruction of 1,168 microdynameters—an $875 device its manufacturers claimed could diagnose lurking disease by measuring the body's electrical currents.

The FTC, taking the brunt of 7,000 complaints a year, recently persuaded several manufacturers to stop advertising medical miracles for fancy massage machines.

The Post Office, cracking down on medical quackery by mail, boasts a 98 percent conviction rate against claims ranging from bust developing to sinus trouble cures.

Invading the murky world of nutritional food and diet-pill peddlers is toughest of all for Government sleuths. The job is made no easier by many of America's 10 million nutrition and vitamin faddists who believe they are making themselves healthier or thinner, when indeed they are not.

Nevertheless, campaigns of public education and warnings are beginning to dull some of the glitter of the health magician—and cut into his profits, too.

Says Dr. Kenneth L. Milstead, Director of FDA's Bureau of Enforcement: "We're making an impact in the nutritional food area. Sales are falling off."

On October 25–26 FDA will join AMA in the second National Congress on Medical Quackery here. Some 600 doctors, State and Federal health detectives and psychiatrists will try to diagnose the chronic disease, quackery, and what can be done to cure it.

Oliver Field, director of AMA's Department of Investigation, regards the conference partly as preventive medicine to vaccinate the public against quackery.

Figuring the national quackery bill exactly is impossible, since much of the money flows through the hands of illicit operators. But the experts believe at least $1 billion goes down the drain this way: $250 million for worthless arthritis treatment and cures. $500 million for phony food supplements, dietary concoctions, and unneeded vitamins; $250 million for a wide range of useless gimmicks, gadgets, and nostrums for diagnosing and curing ailments ranging from cancer to baldness.

Quackery is big business. Many of its promoters are well heeled and adroit in evading the law for a fast buck.

Worse, it is sometimes a deadly business. Dinshah P. Ghadiali from India did a flourishing business with his Spectrochrome Institute until the U.S. Government prosecuted him in 1947 for repeated violation of the food and drug law.

Testimony showed that Ghadiali, who claimed 15 degrees including an "honorary M.D.," told an elderly diabetic to stop taking insulin. While using the spectrochome, the diabetic went into a coma and died.

An epileptic who testified that the same machine had helped him collapsed on the witness stand from an epileptic fit.

The court fined Ghadiali $20,000, but he escaped prison because of his age. After 5 years' probation he was reported working again.

Listen to Dr. Leonard W. Larson, former AMA president: "Quackery gives birth to cults, fads, and fanatics. It floods the Nation's mailboxes with propaganda * * * with illiterate, incoherent testimonials * * * with moronic praise and rantings about the merits of this or that type of cure.

"The worst harm caused by quackery, however, is when it keeps sick people from getting competent medical attention for serious disorders which—if left to the ministrations and phony remedies of the quack—can be fatal."

[From the Long Island Press, Oct. 8, 1963]

The Diagnosis Gadgets: A "Magic" Machine That Was Just a Mechanical Flop

(By C. Schaeffer, Press Washington bureau)

Not long ago Government inspectors got wind of a grandiose scheme for a kind of medical automation to take the work out of being sick. The idea was simple: Just turn the job of diagnosing and treatment over to machines.

At the peak of their popularity, thousands of practitioners, including a few misguided medical doctors, employed devices peddled by the creator of the Electronic Medical Foundation, the late Dr. Albert Abrams, of San Francisco.

With his system of radionics for treatment the practitioner needed no more skill than is required to take a patient's blood sample and send it to Dr. Abrams' laboratory.

Promptly, the doctor's radioscope spewed out a diagnosis, which was mailed to the sender with a handy reminder about other machines available for treating the disease.

Curious Food and Drug Administration (FDA) officials decided to put the machine to an acid test. They mailed samples of animal blood, blood from a dead man and ersatz blood of colored water.

The machine, of course, flunked. It couldn't tell the blood of the living from the dead nor even pick out the colored water. Shortly, FDA got a Federal court injunction prohibiting the radioscope.

The court banned 13 treatment machines which either produced a weak magnetic field or emitted shortwave radio waves—both worthless in treating disease. Yet, it is possible some are still in use today.

Why do quacks keep popping up with magic machines and why do the gullible bite? First, there is much that is inconclusive about modern medicine. When a genuine doctor is unable to pinpoint or alleviate a chronic ill, the sufferer is apt, in desperation, to turn to the glib assurances of the quack.

Even though he cannot cure the sufferer, the quack—unlike a real doctor—can exude optimism. The idea is to get the patient in front of the machine for several fast (and expensive) treatments, maybe sell him a machine in the bargain, and send him on his way—uncured and maybe sicker than ever.

Tragically, modern medicine's use of some legitimate machines helps the quack to operate behind a screen of electronic mumbo-jumbo. Most patients can't tell one dial from another. So the quack exploits this ignorance along with his copycat talent for making the fake item look real.

FDA's public information director, Wallace F. Janssen, recently told a chiropractors association convention: "There are no machines or devices which are capable of diagnosing or treating all manner of diseases simply by turning dials or applying electric contacts to the body. Do not believe the salesman who claims to have such a machine."

Mechanical quackery is as old as the charms and amulets primitive man used to ward off evil spirits. Even George Washington accepted medical aid from a man the Encyclopedia Britannica calls a quack.

When Washington was President, Dr. Elisha Perkins hatched the idea that magnetized metals could draw disease from the body. In 1796 he invented metallic tractors, two pointed rods 3 inches long.

Dragged over an infection, the fork literally was supposed to yank out disease. Perkins tried it on the president who believed, as did hundreds of other educated people, that the thing worked.

Perkins' son got rich selling tractors in England. But a skeptical American doctor made some tractors of wood, which does not hold magnetism, and won testimonials for his treatment.

Today, modern mechanical quackery flourishes under sophisticated new guises. And it takes the combined skill of FDA, the Federal Trade Commission (FTC), the American Medical Association, the Post Office, the Better Business Bureau, and others to keep it in check. Even so, useless machines account for many millions of the Nation's $1 billion annual quackery bill.

Could a change in the law strengthen FDA's hand? Its experts think so. Now, FDA must prove a device is ineffective no matter how obvious the case. This consumes endless hours chasing around the Nation to catch miscreants shipping their hokum over State borders.

Some FDA officials believe they could make a big dent in device quackery by making applicants prove the safety and effectiveness of their machines—the way the drug law now reads.

Still, the Government does outwit distributors of useless devices. Just a year ago the U.S. Supreme Court, in effect, outlawed a machine called the microdynameter by refusing to consider an appeal by the manufacturer, the Ellis Research Laboratories, Chicago.

The microdynameter is nothing more than a simple device for measuring electric current installed in a flashy cabinet. Its promoters claimed it could detect disease by measuring weaker current supposedly pulsing from diseased organs.

Actually, FDA investigators proved the amount of the current flowing through the machine had nothing to do with disease—but depended upon the amount of moisture on the skin.

Said an FDA official wryly: "Whether you had diabetes or syphillis depended on how much you were sweating."

What's more the machine was fooled more often than not when FDA experts hooked it up to a dead body just to see what would happen.

Recently, 18 FDA district offices reported seizure of 282 microdynameters and voluntary destruction of another 811. FDA Commissioner George Larrick has called the device "a peril to public health because it cannot correctly diagnose any disease."

He said "Thousands of patients are being hoodwinked by its use into believing they have disease which they do not have, or failing to get proper treatment for disease they do have."

The lure of the blinking light, the buzzing machine and the jiggling dial are irresistible. Shortly after FDA closed the micro-dynameter file, U.S. marshals were seizing sunlamps, marketed with exaggerated health-giving powers, and electronic doo-dads built to measure the state of your nerves along with chronic fatigue, distress, depression, worry, and fears.

[From the Long Island Press, Oct. 9, 1963]

The Arthritis Swindle: Pain Can Make a Victim Clutch at Almost Any Straw

(By Charles Schaeffer)

Scene: A Senate committee investigating medical quackery.

The witness: Jerry Walsh, a victim of crippling arthritis for 22 years.

"I know I went from copper bracelets to buckeyes (chestnuts) to find a cure. I've tried vibrating machines and diets, and had a chiropractor break one of my legs with his special treatment.

"Yet continually I went back, maybe to the tune of $2,000 or $3,000 or more. You don't keep track of the dollars. You are always looking for relief."

Now 40, Walsh was a promising athlete when he got arthritis as a Christmas present in 1940. Sentenced to life in bed, he arose after 4 years using sheer willpower and managed, through strenuous doctor-supervised exercise, to walk again. He then went to work for the Arthritis and Rheumatism Foundation, which has launched full-scale war on quack cures.

Today Jerry Walsh says he "is sick and tired of being exploited." Yet if someone came along with glib assurances of a cure, he recently told Senators investigating quackery, he would listen.

In a way, Jerry Walsh symbolizes the agony of arthritis everywhere, clutching at straws. They've heard there is no cure for arthritis. Still * * * maybe.

The mystery of arthritis—what causes it, why its pains come and go—is a setup for the quack. He exploits the fact that the world's best medical brains have been unable to find the cause or cure. Somehow he dramatically finds a cure.

Two years ago, a congress on medical quackery found sufferers wasting $250 million a year on worthless arthritis remedies. This month they will meet again to see if a campaign of public warnings has dented the con men's market.

And a special subcommittee headed by Senator HARRISON WILLIAMS, JR., Democrat, of New Jersey, soon will investigate new frauds against older citizens.

Now nearly 12 million Americans suffer from various forms of arthritis. Probably half of them at one time or another have clutched vainly at hope for "cures."

Since arthritis rarely is fatal, most hurt only their pocketbooks by splashing in "spas," shelling out $300 for tube treatments featuring a penny's worth of useless chemicals, or swallowing ordinary aspirin disguised in fancy trappings at premium prices.

But health dangers loom, too. Just a year ago the Food and Drug Administration had to move fast to alert the public to the menace of "Liefcort," a Canadian-born nostrum. FDA Commissioner George P. Larrick called the drug dangerous and banned import into the United States. FDA said Liefcort was developed and promoted by Dr. Robert Liefman, who is wanted by U.S. marshals to answer charges involving a so-called baldness "cure." Liefman fled to Canada and is not licensed to practice medicine there, FDA charged.

Liefcort supposedly was a secret remedy. A national magazine touched off a flurry of interest by publishing an article about it. But FDA scientists found the drug contained potent hormones, estradiol, prednisone and testosterone—the first in amounts 10 times a normal therapeutic dose.

After reading about Liefcort, a 71-year-old woman flew to Canada to see Liefman. She returned to her California home with a year's supply of the drug. Later, she began bleeding internally. She was hospitalized but following operation to stop uterine bleeding, she caught pneumonia and died, FDA said.

Directly afterward promoters in St. Louis, Mo., popped up with an arthritis treatment. A Federal district judge banned the sale of this adrenal hormone cream, charging the manufacturer with false misleading claims.

Commissioner Larrick then said: "There are millions of arthritics in this country who will grasp at any straw. Many are led to believe in so-called cures because of the remissions which naturally occur in the disease. By taking advantage of this, promoters can profitably sell any product falsely claimed to offer cure or relief."

Not long ago medical pirates hatched a scheme for bottling sea water and selling it for $3 a pint to supplement alleged deficiencies in arthritics.

Did they buy? Dr. R. W. Lamont-Havers, medical director of the Arthritis and Rheumatism Foundation, reports that some patients began going to their physicians with "water logging" of the body.

"This is caused by the excessive intake of salt and could have very serious consequences in patients with heart and kidney disease," he said. "There is also danger of infection from unpasteurized sea water."

Some over-the-counter medicines do, in fact, contain active ingredients, usually pain-relieving salicylates found in common aspirin.

"If it has aspirin in it, it is going to make them feel better, but why pay $1 or $2 for a bottle of aspirin?" Dr. Russell L. Cecil, consulting medical director of the Arthritis and Rheumatism Foundation, told the Senate Quackery Committee.

The word arthritis literally means joint inflammation. There are probably 60 different rheumatic diseases; but the two most common are crippling rheumatoid arthritis which often strikes younger people and osteoarthritis of older people. It is sometimes called everyone's disease.

No on knows exactly what causes arthritis, but one theory is that it stems from an allergic reaction to an infection in some other part of the body. Some scientists believe the rheumatoid type is caused by a virus or bacteria, although the culprit has not been found.

Sound medical treatment can reduce arthritic pain and swelling. And therapy can help unfreeze some joints.

The best bet, though, is a recognized doctor. Avoid the health hucksters claiming to have a cure. It doesn't exist.

[From the Long Island Press, Oct. 10, 1963]

THE CANCER "CURES": BOGUS REMEDIES, LIKE BAD PENNIES, KEEP TURNING UP

(By Charles Schaeffer)

When a Federal court recently gave a Texan a 4-year suspended sentence for selling a phony cancer cure it proved this: Bogus remedies, like bad pennies, keep turning up.

The counterfeit item convicting Thomas T. G. Reynolds of the Reynolds Clinic, Palestine, Tex., actually was minted nearly 50 years before, thousands of miles away in Michigan.

It bubbled out of the cauldron of Dr. William F. Koch, embryology instructor at the University of Michigan around 1914. He called it "Koch's Glyoxide," modestly ballyhooed as a cancer treatment.

FDA investigators later said it was closer to sterile water than anything else. Dr. Koch was tried twice inconclusively, in 1943 and 1946. Then he went to Brazil.

Later, a letter reached FDA:

"At present there is a chiropracter in Palestine, Tex., advertising as follows. * * * 'Genuine Koch Glyoxide for cancer patients is available at $25 from the Reynolds Clinic in Palestine, Tex.' * * * it is your duty to prosecute this crook.

"Sincerely yours,

"WM. F. KOCH."

Cancer quacks are the ghouls of the medical swindlers' world. They offer false hopes, profit from the dying, and, unforgiveably, deny real therapy that could effectively treat and prolong the lives of many cancer victims.

Despite the fact that medical science knows only two sure remedies for human cancer—surgery and radiation—some 4,000 charlatans mulct millions of dollars with a witchdoctor's cabinet of cures. These include useless machines, herbs, injections of colored water, vitamins, raw vegetables, and the like.

How do you recognize the cancer quack? Dr. L. Henry Garland, University of California School of Medicine, gives these hints:

"His treatment is usually secret, or its method of preparation is secret.

"He advertises, plants stories, or distributes testimonials to support his claims. You can't find his work in reputable scientific journals.

"He hides behind the name of a high-sounding organization or foundation easily confused with a real one.

"He discourages or refuses consultation with known local doctors, claiming the 'medical trust' is against him.

"His records are scanty or nonexistent.

"Many of his 'cured' cases show no evidence that the patients ever had cancer."

Several years ago California, fed up with the havoc wrought by the cancer quacks, became the first State to pass a law aimed directly at this crowd. The legislature created a cancer advisory council in the department of public health. The law regulates drugs, medicines, compounds, and devices used in the diagnosis, treatment, and cure of cancer. And it bars unlicensed practioners from using them.

When lawmakers held hearings in Los Angeles and San Francisco, quacks jammed the room, taunting witnesses for the bill and booing American Medical Association and Food and Drug Administration testimony.

But California got its law and can now punish charlatans. Other States are dawdling. In the vacuum, FDA, the Federal Trade Commission, or the Post Office Department must hold off until a quack transports phony drugs and machines across State borders—or merchandises his lies through the U.S. mails.

Even then, convictions are hard to get. Consider the case of Harry Hoxey, now the classic example of cancer quackery. Hoxey, who ran a so-called "cancer clinic," in Dallas, testified he personally saw 6,000 patients in 1 year. In his book, "You Don't Have To Die," Hoxey said he had 10,000 patients taking his treatment.

Though he never went beyond the eighth grade, he called himself "Doctor." Authorities estimated that patients from all over the United States poured $50 million into his coffers. One Hoxey treatment alone cost $400, plus $60 in expenses. AMA called it a cough syrup, and FDA said it might have been a mild laxative, too.

It took FDA years, however, to prove a case against Hoxey. Investigators traveled more than 17,000 miles, interviewed cured patients, their families, and doctors.

They found the "cured" had either never had cancer, had received previous successful surgery or radiation, or still had the disease.

Even a U.S. court of appeals decision in 1952 holding the treatment worthless failed to stop promoters. They bought space in friendly periodicals to attack the government. When it was clear court proceedings were going to drag on indefinitely, FDA published a nationwide warning against the treatment. Eventually, many of the duped got the truth and Hoxey's business dropped, though some continued to believe his claims to the end.

[From the Long Island Press, Oct. 11, 1963]

THE HEALTH FOOD FAD; GLIB PHONIES RAKE IN $500 MILLION EVERY YEAR

(By Charles Schaeffer)

More people are falling for the phony promotion of special foods and tonics than any other products in the health field.

Food and vitamin faddism is big business today, netting promoters a conservative $500 million a year—about half the Nation's quackery take.

The Food and Drug Administration says there are about a dozen major companies in the field and a number of smaller ones. Two years ago these firms employed 50,000 full- or part-time peddlers.

One of them once had 15,000 doorbell ringers—about 7 times FDA's entire staff—pushing a shotgun formula of vitamins in a secret base of alfalfa, parsley, and watercress.

Some inroads have been made by the FDA but America's hypochondriacs, neurotics, and food faddists—an estimated 10 million intelligent and ignorant alike—continue to sop up and believe the suave pitchmen of these products.

Although he has shaved his handlebar mustache, and writes bestsellers instead of haranguing a carnival crowd, the modern patent medicine man's line is as old as the snake-oil peddler's.

For behind this boom is one of the biggest hoaxes ever perpetrated—that standard grocery store food lacks necessary nutrients and vitamins.

Noted Harvard nutritionist and Sunday Press columnist, Dr. Frederick J. Stare, who is often abused by food faddists says:

"No one food is essential to health. Some 60 nutrients are. By eating a varied diet, from foods available in any grocery store, you will get them."

Does this mean vitamin supplements are always superfluous? No. Health authorities believe that most Americans get the required 12 vitamins in their regular diet—and others could if they ate properly.

For those with vitamin deficiencies (and only a licensed doctor can diagnose this) a low-potency vitamin supplement prepared by recognized drug firms can act as preventive medicine, says Dr. Stare.

Health-food quackery is bad if it only raids your purse. But gobbling potent vitamins and off-beat nature foods willy-nilly can damage your body, too, warns Dr. Stare: "There are times when persons with real health problems rely on the products of nutritional quackery rather than on sound medical treatment. There are times when people actually create or contribute to their dietary deficiencies by abandoning their normal diets and turning to so-called health foods."

One of these was a young secretary. Ordinarily in good health, she began to sense periodic spells of weakness and fatigue. Her friends said she was "probably anemic." When she later heard a television pitchman's smooth spiel for pepping up "tired blood," the secretary convinced herself she had iron-deficiency anemia.

She swallowed the tonic for 8 months. Meanwhile, she suffered progressive weakness, weight loss, and swollen ankles. Frightened now, she went to a doctor. Diagnosis: chronic nephritis, a kidney disease she had all along.

Though she was anemic, too, this stemmed from diseased kidneys—not from causes that could be altered by iron tonic. Luckily, the doctor saved her life, but others who self-doctor their symptoms with pills, powders, and potions aren't always so fortunate.

Slick nutrition peddlers craftily skirt the law just outside of the Goverment's reach. Nutritional quackery is the hardest to prove. Occasionally some are netted.

The Federal district court, Detroit, recently gave William L. Abt, naturopath and itinerant health food lecturer, a 1-year suspended jail sentence and fined him $1,000. In 1961 Abt lectured Detroit audiences, sold Health foods, peddled a book on the keys to health and longevity, and offered his products for the treatment and prevention of ailments including cancer, glaucoma, arthritis, heart conditions, and ulcers, FDA said.

When he launched a new series last March, FDA inspectors rushed to the scene and obtained criminal information, charging the health foods were misbranded because of lecture statements. Police arrested Abt before he could return to his Canadian home. Later, said FDA, the health-food lecturer changed his plea from innocent to guilty.

In truth, most Americans must go out of their way to avoid being overnourished. Then why the fantastic health-fad boom? The experts sum it up: Ignorance, fear, superstition, and hypochondria. All of it exploited by an army of glib health hucksters.

Recently, FDA chronicled four myths of nutrition that can help you detect and avoid the health-quack's clutches:

Myth No. 1: Impoverished soil produces inferior food leading to malnutrition that can only be offset by natural foods grown by organic farming.

Myth No. 2: Our food is devitalized by overprocessing and fails to provide proper nourishment. (This, says the American Medical Association, "is a condemnation of our food industry that is, in fact, supplying us with the most nourishing and wholesome foods in the world.")

Myth No. 3: Most, if not all diseases are caused by faulty diet—arthritis, heart disease, anemia, and brittle bones, to name a few.

Myth No. 4: Most Americans suffer from "subclinical deficiencies" curable only by dietary supplements. Nonsense, says AMA. Subclinical means without signs or symptoms, unrecognizable with no evidence of disease. By its very definition it cannot exist.

FDA, too, has issued warnings against: shotgun vitamin formulas, promising as many as 32 vitamins; expensive "organic" foods that are no more nutritious than grocery store items: miracle foods alleged to prevent dangerous disease; medically unsupervised diet pills; extravagant mail-order promises; and "health food" lecturers.

Alarmed at quackery's spread, authorities are mounting campaigns on many fronts. They look to public education as a means of unmasking the culprits.

This is one of the aims of a quackery congress presently to meet in Washington. But there is also the sterner approach. Says Milton P. Duffy of California's Department of Health:

"From the vantage point of 47 years of dueling with quacks, I firmly believe there is nothing so educational as a stretch in jail—or a stiff fine which takes the profit out of profiteers."

TREATMENT OF THE MENTALLY RETARDED

Mr. WILLIAMS of New Jersey. Mr. President, the National Association for Retarded Children recently held its annual convention in Washington. The outcome of this meeting was an indication of great progress in prevention, treatment, and rehabilitation of the mentally retarded.

Richard J. Hughes, Governor of New Jersey, was the keynote speaker at this convention. Governor Hughes has been vitally interested in the work of this organization. He is chairman of the Governors' Conference Committee on Public Health and Welfare. Within New Jersey he has helped to establish an interdepartmental committee on lifetime disability and has invited the formation of a Governors' advisory council on the same subject. The Governor's pending bond issue includes provisions for strengthening institutional facilities and developing community centers for group living, sheltered workshops, day care, and other new programs.

Governor Hughes' speech is a fine summary of the present efforts to aid retarded children. I ask unanimous consent that this speech be printed in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF GOV. RICHARD J. HUGHES TO ANNUAL CONVENTION OF NATIONAL ASSOCIATION FOR RETARDED CHILDREN, MAYFLOWER HOTEL, WASHINGTON, D.C., OCTOBER 23, 1963

It is indeed a privilege for a fairly recent recruit in the fight against mental retardation to be asked to address a meeting of combat veterans in this field. Despite 10 active years on the New Jersey bench, and numerous civic interests, the tragedy of retardation was but a sad statistic to me until I became Governor. Then a full confrontation with the dimensions of this problem reshaped my entire outlook.

And so, as with most recruits, I expect that I will have to make up in enthusiasm what I lack in knowledge of the complexities of the problem of mental retardation. Yet, I draw a great measure of moral support—as I am sure you do—from the fact that the President of the United States is joined with us in this battle.

Truly this must be an exciting time in the life of the National Association for Retarded Children as you review the accomplishments of the past year. After years of struggling in the darkness, you did not despair and in the past year alone you can tally more significant progress than in earlier decades.

Among these notable events was the report of the President's Panel on Mental Retardation, blueprinting the first national action program for combating mental retardation; the President's message to Congress on mental illness and mental retardation, recommending Federal programs for implementing the report of the President's panel; and the White House Conference on Mental Retardation. I daresay that even the most optimistic among you would not have anticipated this dramatic turn of events.

Now your cause is receiving unprecedented attention at the national level. With Dr. Stafford Warren as a Special Assistant to the President for Mental Retardation, you have a spokesman at the highest reaches of Government. And it is your great and good fortune to have as a champion, Mrs. Eunice Kennedy Shriver.

But in reciting these instances of recent achievements for the cause of mental retardation, I do not intend to overlook the steady accomplishments over many years of the National Association for Retarded Children and its affiliated State associations and local chapters.

Your organization—like the many other voluntary service groups in this country—embodies two outstanding characteristics of the American people: the compassionate generosity of the Good Samaritan and the free cooperation of the self-reliant. Let us hope that this tradition of voluntary service shall prosper for, as demonstrated by your efforts, it adds immeasurably to the health of our society. If it were not for the helping hand which you have extended to the mentally retarded, there would be an even greater burden on the conscience of America for the long years of accumulated neglect.

My emphasis on the splendid contributions of voluntary associations and the virtues of individual generosity and self-reliance should not be misunderstood as opposition to the social programs of Government rightly responsive to human needs and the demands of social justice.

Edmund Burke once observed that "government is a contrivance of human wisdom to provide for human wants." If we are wise we will recognize that there is a proper role—indeed, I would say, an obligation—for government action, not merely to encourage the activities of private individuals and groups, but to provide for the general welfare when human needs are beyond the competence of individual citizens and their voluntary associations.

Certainly, both the dimensions of the problem and the demands of social justice necessitate the use of that "contrivance of human wisdom" in the service of the mentally retarded.

In his message to Congress on mental illness and mental retardation, President Kennedy clearly stated the reasons for the involvement of Government. In his words:

"The fact that mental retardation ordinarily exists from birth or early childhood, the highly specialized medical, psychological, and educational evaluations which are required, and the complex and unique social, educational, and vocational lifetime needs of the retarded individual, all require that there be developed a comprehensive approach to this specific problem."

For the first time we have a President who has given full recognition to this Nation's obligation to the afflicted and their families and has initiated a bold new approach to the problems of mental retardation. We all have a duty—every State in the Union—to become involved in the action program set forth in the report of the President's Panel on Mental Retardation.

What is needed is a partnership of service to the mentally retarded. And if this partnership is to be successful, if it is to deliver a satisfactory range of services to those afflicted, we must put aside those petty jealousies and parochial concerns which often bog down the bureaucracy. We must put aside the sterile debates over intergovernmental relationships which ignore the actual arrangements of roles and functions of the American system of cooperative federalism.

Our focus should be functional—fixed on those persons in need of services. All levels of government, along with private individuals and associations, should work together with each contributing the service of which it is best suited and most capable. This concept assumes no prejudice against any level of government, rather it seeks to reflect the reality of the American system. Americans have fashioned many combinations of intergovernmental programs which are devised not to achieve a single logical pattern of fixed jurisdictions, but to get on with the business of America.

Having recognized the practical diversity of intergovernmental arrangements, I would like to call attention to the important role of State government:

"State leaders, especially those in public positions, have a particularly useful perspective on the needs of their citizens as well as on the State's resources for meeting those needs. This perspective is denied to the local community because it is too small and too close to the problem. It is likewise denied to the Federal Government because it is too large and too distant, and lacks the authority for direct action which has been reserved to the States."

It is clear then that the success or failure of this major national effort will depend upon the response of our States to the recommendations of the President's panel.

Speaking as Governor of New Jersey, I fully accept that obligation, that responsibility for leadership in my own State. Speaking as chairman of the Governors' Conference Committee on Public Health and Welfare, I urge that my fellow Governors throughout the country recognize this obligation and their responsibility for leadership in our fight against mental retardation.

No elected official should be hesitant to join in partnership with other levels of government and voluntary associations for service to the mentally retarded. Yet, some are reluctant to translate their admitted moral obligation into the necessary facilities and programs. It is up to you—your associations working with other interested individuals and groups—to build the bonfires under your State leaders and your fellow citizens—and to keep them burning until you get action.

With the full support of the national administration now committed to your cause, there has never been a more opportune time to develop public awareness of the problem of mental retardation so that support for new and improved programs can ben generated in the local communities.

I wonder, for instance, how many of our citizens appreciate what might be called the "iceberg factor" of mental retardation, that great body—estimated to be 75 to 85 percent of mildly retarded—who are the products of poverty and the other kinds of social and cultural deprivations found in city tenements and rural slums. The public must be made to realize that such conditions result in a tremendous waste of human resources and a substantial drain on the public treasury.

But let no one think that the task will be easy. I can testify to that from my own present campaign to secure the passage of a bond program which in the field of mental retardation would provide funds for strengthening our institutional facilities and developing new programs, including community centers for group living, sheltered workshops and day care. I would alert you to the type of citizen who is immune to the call of conscience, whose sole interest is defined in tax dollars: I recall one such citizen confronting me with the query—"Why don't you worry about the 97 percent of us (taxpayers) who aren't mentally retarded?"

Perhaps it might be possible to convince such a person that the financial consequences to the taxpayer of untreated, untrained mentally retarded can be substantial. In this as in any field, preventative action is sound economics as well as humane public policy.

Efficient and effective programs of service require comprehensive planning and coordination of effort. There is a critical need for cooperation between the departments and agencies at all levels of government. We in New Jersey, working with the New Jersey Association for Retarded Children, have established this year an interdepartmental committee on lifetime disability. It is composed of five cabinet members from the appropriate departments and a representative of the Governor's office, and its function is to plan and coordinate State services to all those with permanent handicap. The aim, of course, is to strengthen our services to the handicapped so that they will be brought out of the shadows and into the world of opportunity for personal growth, self-respect, and independence.

To augment the work of the interdepartmental committee, I have invited a broad representation of lay and professional citizens to form a Governor's advisory council on lifetime disability. The council will bring the public, voluntary, and professional efforts into coordination with the planning and the programs developed by the interdepartmental committee.

As I see the function of the advisory council, it would operate as a constructive critic and as a consumer's representative, so to speak. For this reason we have insisted on a clear distinction between the government authorities with administrative responsibility and the advisory group comprised of professional people, interested lay leaders, and representatives of the consumers of the services.

I would like to think that an advisory council would be in a position to alert the Governor as the watchdog of the State's programs. It does not serve the interest of the handicapped to have an advisory council so closely identified with those planning and administering services that it would fail to exercise a critical function for fear of offending a pleasant, but ineffective government official.

And lest I seem to be deserting members of the governmental establishment, let me offer a cautionary word to those interested and single-minded citizens who are apt to be overcritical of the efforts of government authorities. Most such citizens do not feel the broad impact of competing demands upon the scarce resources of their governments. Nothing is quite as sobering as looking down the doubled-barrel of increasing needs and diminishing revenues.

This point was well made by the late Commissioner John Tramburg, who many of you in other States admired and respected as we in New Jersey did. In speaking to the 1961 annual convention of the American Association on Mental Deficiency, Commissioner Tramburg warned of professional workers who "ask for program expansion without successfully undertaking broad information policies that might result in the taxpayer and elected representative supporting such programs despite any reflected increase in taxes."

Although adding that note of caution, I am not an apostle of patience. Considering that we are faced with what President Kenneedy has called "the tradition of neglect," impatience is clearly required. And we must communicate a sense of impatience to the public as well as the realization that there is much that can be done to eliminate those conditions which cause so much retardation. For as was stated by the President's panel:

"Our greatest hope for a major victory over mental retardation lies in the general measures—long-range in character—which are designed to overcome the social and economic ills which plague the underprivileged in our society."

The National Association for Retarded Children will undoubtedly join in such a broad spectrum attack. I would hope that you will be found fighting not only for specific programs, such as PKU testing, sheltered work programs and mental retardation facilities construction, but for the kinds of social and economic policies and programs which offer the promise of raising the living level of the underprivileged. While we may never completely eliminate adverse environmental conditions, each advance against the unrealized needs of those who are in want pays the dividends of fewer retarded children.

This is a great fight, and one which may in our time never result in total victory; but it is a fight which edifies its participants and permits them to leave on the face of this troubled world a record of noble and high achievement, perhaps the highest within the reach of ordinary mortals. Understanding this, I rejoice in being your companion in this struggle upward toward the light.

STAN MUSIAL

Mr. WILLIAMS of New Jersey. Mr. President, one of baseball's truly great men has retired this year after 22 years in the sport. Stan Musial, for the full duration of his career, played dedicated and sporting baseball for the St. Louis Cardinals, and has now retired from active playing to become a vice president of the ball club. The Daily Home News, of New Brunswick, N.J., on August 28, 1963, printed an editorial honoring "Stan, the Man," Musial. I would also like to call your attention to a letter to the editor written by Mr. John J. Wolczanski, executive director, New Jersey Polish-American League. Mr. Wolczanski pays appropriate tribute to Stan Musial, "son of a Polish immigrant." Mr. President, I ask unanimous consent that this editorial and letter be printed in the Record.

There being no objection, the editorial and letter were ordered to be printed in the Record, as follows:

[From the New Brunswick (N.J.) Home News, Aug. 28, 1963]

Learning From Stan

Stan Musial, no doubt, has taught many people many things. (This includes plenty of pitchers not to serve up a fat pitch to him.) Even so, there's one lesson that all of us—especially the youngsters—can learn from this sterling player, retiring after 22 years of major league play.

His great success was compounded on a disappointment. When he broke into baseball in 1938 he wanted to be a pitcher. After 2 years he developed arm trouble and nearly quit the sport. His manager in the minors talked him into trying the outfield and his willingness to stick it out, even though he felt he'd failed, led to fame and records in the book.

In Gene Ward's column appearing in the New York Daily News (Sunday edition) on Sunday, September 29, 1963, a notable statement by Hank Sauer, the old Cub and Giant outfielder, summed it up for all of us in one sentence. "Any guy who ever says anything bad about Stan Musial has to have something wrong with him." That said it all.

On Sunday, October 6, the color magazine section of the New York Daily News again (God bless them), a picture and story by Stan will be published by Benjamin K. Handel, magazine editor.

Stan Musial, "Gentleman of Baseball" and Great Polish Athlete, Retires

Hon. Hugh N. Boyd,
President, the New Brunswick Home News,
New Brunswick, N.J.

Dear Mr. Boyd: As a great admirer of Stanley F. Musial, the great St. Louis Cardinals National League baseball star, I wish to cordially thank you for the excellent editorial you published on "Stan, the Man" in your newspaper on Wednesday, August 28, 1963.

It was a never-forgettable thrill for me personally to represent New Jersey Gov. Richard J. Hughes and the people of New Jersey by presenting a citation to Mr. Musial at the New York Polo Grounds, where a "Musial Night" was held in his honor last year. Among other admirers and messages sent that evening was from the President of the United States, John F. Kennedy.

We, from 8 to 80 can learn many facts of life from the son of a Polish immigrant, who is known as the "Gentleman of Baseball." Among his virtues, he never argues with an umpire or refuses to give his autograph.

Baseball will lose a great public relations man. We will miss his happy smile and peculiar stance at the home plate.

He is a credit to American sportsdom.

God bless him.

John J. Wolczanski,
Executive Director,
New Jersey Polish-American League.

ANTIDUMPING LEGISLATION

Mr. HUMPHREY. Mr. President, as the first session of the 88th Congress draws into its final weeks, it becomes increasingly difficult to expect any action this year on a piece of legislation that remains, nevertheless, of important and even vital concern to our economy. I am referring to the antidumping amendment, S. 1318, and H.R. 5692, and other related bills in the House, which would tighten loopholes and provide for fairer, more effective procedures in the administration of the Antidumping Act of 1921.

What we have proposed is a moderate, constructive amendment which does not alter the act of 1921's basic purpose, philosophy, or function; nor does it conflict with the Trade Expansion Act.

This bill has received the enthusiastic bipartisan support of 27 Senators and 50 Representatives, as well as about 2 dozen affected trade associations, industry groups and labor unions.

While it appears that time may run out on us this calendar year, with the decision to conduct hearings on the President's medicare bill in the House Ways and Means Committee, I know that the sponsors of the proposed Antidumping Act amendment are deeply hopeful that hearings will be called early next session, and that Congress may proceed to an orderly consideration of this legislation.

In the meantime, interest in this amendment remains high, and discussion of the purposes and possible effects of the amendment continues vigorously. This is well, for in the period until hearings are definitely determined and scheduled, wide public discussion may help to bring about a consensus on the need for this legislation.

In introducing the amendment, I did not contemplate that the precise language of the proposal would ultimately be adopted. Rather, the proposal was designed to provoke discussion, hearings and ultimately to produce legislation refined in the legislative process which would carry out the general purposes of the proposal. Those purposes I now wish to review briefly.

On the basic problem of dumping, I believe there to be very wide agreement. Dumping is an unfair trade practice. The Antidumping Act of 1921 is sound in principle. And there appears to be widespread agreement that only changes in the act can provide for fairer and more effective administration of the act.

In its efforts to tighten loopholes that have appeared in the act, this legislation proposes the following:

Legal authority for Treasury Department flexibility necessary to meet the problem of dumping from Communist countries.

Consolidation of complaints against dumping, so that related complaints may be filed and considered together, rather than being sent to the Tariff Commission country by country.

Penalties against filing of false information or failure to file on the part of foreign manufacturers, foreign exporters and importers.

Strengthening the Treasury Department's ability to consider appropriate larger margin in evaluating pricing formulas used by "dummy" foreign exporters.

Permitting quantity discounts for exporters to the United States only if they actually reflect cost savings, as in the Robinson-Patman Act.

In seeking to provide fairer, more effective administration procedures, the amendment would—

Place a reasonable limitation on amount of time that the Treasury Department can take in dumping cases, with escape valves where necessary.

Require the Treasury to publish fuller reports on facts and reasoning behind the Treasury's dumping determinations.

Require Treasury to issue proposed reports so that interested parties may have an opportunity to correct any fallacies and to supply additional information.

Require that complainants under the act should have disclosed to them nonconfidential cost data used against them.

Provide for dismissal by Treasury within 15 days of any unsupportable complaint. Failure to dismiss complaint would not cause automatic withholding of appraisement.

Clarify the right to judicial review, for both importers and complainants, of Treasury and Tariff Commission findings.

Mr. President, these are the general objectives of the amendment. I recognize that the specific proposals may very well be improved or modified in the legislative process. I shall welcome the close attention of the appropriate committees of the Congress, and the opportunity for full public discussion which any good legislation requires prior to enactment.

There has been considerable criticism of the Treasury Department relative to its enforcement of the Antidumping Act, and in all fairness, I asked the Assistant Secretary of the Treasury, James A. Reed, to comment for the record on some of the major criticism of his Department on this score.

The able Assistant Secretary of the Treasury consequently prepared for me a letter which I am pleased to note demonstrates a considerable stepup in the level of enforcement of the Antidumping Act since the advent of the Kennedy administration. In other words, while I believe that the law can be amended to provide for better procedures, we must applaud the action of Treasury in its improvement over the previous administration.

At the same time, I am pleased to be informed by Assistant Secretary Reed that the Department is preparing to conduct "a review of the entire procedure in the Treasury Department and the Customs regulations under the Antidumping Act to determine whether there are changes which should be made to improve the administration of the law."

This is a constructive, affirmative attitude, and I commend Assistant Secretary Reed and the Department for this decision.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks a letter from Assistant Secretary of the Treasury James A. Reed, in which he reviews the recent history of his Department in the antidumping field.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Treasury Department,
Washington, September 11, 1963.

The Honorable Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: I appreciate very much your giving me the opportunity to present a few comments on behalf of the Treasury Department relative to enforcement of the Antidumping Act.

Our job in the Treasury Department is to determine if there is dumping as to price—that is (in the typical case) if imported goods are sold in the United States below a foreign producer's home price. The Tariff Commission's job is to determine if there is injury to American industry. If both injury and price discrimination are present, a dumping finding is made and dumping duties are assessed. In addition, where price discrimination is found but the foreign producer thereafter makes price revisions to correct the situation and the amounts involved are minimal, Treasury often closes the case without reference to the Tariff Commission upon assurance that the revisions will remain in effect. It should also be noted that while the dumping cases are being processed, Treasury withholds appraisement if there is reason to believe or suspect the presence of price discrimination.

In the past 9 years Treasury has found price discrimination and, accordingly, has taken action in protection of U.S. industry in approximately one-third of the cases presented to it. This enforcement record has been considerably stepped up under the Kennedy administration. Whereas, during the period 1955–60, determinations of dumping price by the Treasury or price revisions by foreign producers ending dumping were found in only 27 percent of the cases processed, the figure for 1961 was 40 percent, and the figure for 1962 was 60 percent. Withholding of appraisement, which often brings imports to a stop while cases are being processed, has increased from an average of 10 percent of cases processed in the middle 1950's to 50 percent in the past year.

With reference to steel products, the Treasury Department has passed upon five cases involving steel wire rods of which four were sent to the Tariff Commission with determinations of dumping price. Six cases are pending with regard to steel pipe, but no decision has been reached in any of these cases.

A year ago an interdepartmental study group was formed to consider in detail what improvements should be made in the administration of the Antidumping Act. Recommendations were formulated, largely designed to speed up the administration, which have now been placed in effect.

Recently a study was completed by an outside consultant on the troublesome question of low-price imports from Japan. Recommendations were made as to how this question should be further explored, and these recommendations are now being followed.

It is natural that when the Treasury rejects a complaint the domestic producer often alleges that his position, views on the law, and allegation of fact have been given inadequate or improper consideration. Similarly, when the Treasury finds sales at a dumping price, the foreign exporter, his government, and the American importer are likely to allege that the Antidumping Act is being enforced unfairly in favor of the interest of domestic manufacturers. Accordingly, over the years we have received numerous protests from both sides. Since we endeavor to administer the law with impartiality, this no doubt will continue to be the case. We do not, however, look on the situation with complacency and are about to conduct a review of the entire procedure in the Treasury Department and the customs regulations under the Antidumping Act to determine whether there are changes which should be made to improve the administration of the law.

Sincerely yours,

JAMES A. REED.

COOPERATIVE MOVEMENT IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, before the Senate concludes its business tonight, I wish to comment on one particular aspect of the foreign aid bill which is before the Senate. In my presentation in support of the foreign aid program last week, I referred briefly to the role of the cooperative movement as applied in the development of Latin America.

Last week, in my speech on the Alliance for Progress, I referred briefly to the role which the cooperative movement is playing in the development of Latin America. I mentioned that I have offered an amendment to the existing aid bill to assist in the development in an inter-American cooperative finance system. The amendment was accepted by the Foreign Relations Committee and is incorporated into the bill before the Senate, and also in the committee's report on the bill. I would like to speak briefly today on this section of the bill.

A significant breakthrough in expanding the self-help, private enterprise feature of our assistance program in Latin America is made by new provisions included in H.R. 7885 which authorizes the President to "assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress." This was the amendment I introduced 2 years ago to encourage giving further attention to the cooperative movement in this hemisphere.

There are today nearly 6 million people in Latin America who are already members of more than 16,000 cooperatives. These cooperatives are urban and rural. They deal in credit and fishing. They are trying to provide housing and transportation. In short, they include people from every walk of life. The charter of Punta del Este and the inauguration of the Alliance for Progress are offering new hope and new expectations among these people and among the millions who are not yet a part of any institution or system which permits them to participate in their own economic development and the economic development of their countries. A strong integrated cooperative movement offers one of the finest means through which a significant segment of these masses can organize their own institutions to permit them to participate economically and which, incidentally, will teach them the value of a private enterprise system and the value of practicing democracy. It gives them a stake in the stability of their own government since they will, for the first time, own something which can be lost.

A strong cooperative movement provides:

First. Locally owned and locally controlled institutions in the hands of the people themselves through which their savings and efforts can be utilized for the improvement of their living standards;

Second. A growing private enterprise system;

Third. A strengthening of the buying or marketing power of the smallest purchasers or sellers;

Fourth. A means through which the untrained can afford to hire the highly trained to work in their interests on a self-sustaining basis; and

Fifth. An incentive to save and invest for the future.

Equally as important in a strong cooperative movement is the social effect of—

First. Developing leadership within the institutions and an understanding of the role of leadership in community development;

Second. Dramatizing in a practical way the benefits of working together;

Third. Dramatizing the meaning of democracy, majority rule, and the equal dignity and worth of the individual since each individual has one vote as a person; and

Fourth. A greater appreciation of the value of the free enterprise system in a democracy where people work together to promote their common ends rather than organizing to oppose or destroy.

Great strides have already been undertaken since the Charter of Punta del Este to lay the groundwork and the basis for the kind of developments which the new legislation in H.R. 7885 envisages. In February of this year the cooperative movement of this hemisphere met in Montevideo, Uruguay, to formally establish the Organization of the Cooperatives of America (OCA). Latin American cooperatives are for the first time, now united through their common organization to maximize the principle of self-help. OCA undertook, with a limited staff made possible by AID, a major socioeconomic survey of the status of the cooperative movement in Latin America, the favorable and unfavorable conditions for its development, and guidelines for its future growth. One hundred and thirty-six volunteers from seventeen countries performed this study, the first of its kind ever undertaken in Latin America. Secondly, the leaders of OCA, recognizing the necessity to unite and develop their programs throughout the hemisphere, requested AID and AID had a major feasibility study made to show them how to organize an inter-American cooperative financing system.

The proposed cooperative financing system is intended to become a self-sufficient, privately owned credit system which could finance Latin American cooperatives, attracting private capital from the United States, Europe, and Latin America rather than becoming continuingly and increasingly dependent on the U.S. Government.

The Inter-American Cooperative Finance Institute—IACFI—would serve the cooperatives of Latin America in much the same way as the U.S. Banks for Cooperatives have served farm cooperatives in this country since 1934. The Central Bank for Cooperatives and its 12 associated regional banks in the United States were organized as a private credit system although the Federal Government contributed all of the initial capital and retained important controls over operations. Borrowing cooperatives have systematically increased their equity in the banks because they have been required to buy stock in proportion to their loans. The Cooperative Banks began to retire the Government capital in 1956; ultimately the U.S. Banks for Cooperatives will be wholly owned by their cooperative borrowers. This private financial system can and does borrow approximately $500 million in Wall Street without the guarantee of the Government at interest rates only slightly higher than those paid by the Federal Government.

The proposed IACFI system for Latin American cooperatives would be similarly financed and organized. The lendable resources of the central bank, in Washington, initially would come from the sale of stock to Latin American cooperatives and from external financing from the U.S. Government in local currencies which H.R. 7885 would authorize and some hard currencies from an international lending agency such as AID. The cooperatives of Latin America have recognized that their control of such a system would only be achieved to the extent that their own investment in such a system warrants such control. The proposed system contemplates the borrowing described above over a period of 5 years. It is anticipated that with a history of successful operations, IACFI would be able to borrow in Wall Street and in Europe although probably at a higher interest rate than is paid by the U.S. Banks for Cooperatives.

The Inter-American Institute in Washington would generally discount loans to Latin American cooperatives made by other institutions or participate in loans too large for other cooperative finance institutions and only occasionally lend directly to cooperatives. All loans would be accompanied by appropriate technical assistance measures. National Cooperative Finance Institutes—Nacfi's—would be formed in many countries with domestic capital while IACFI would provide technical assistance and discount privileges. There are appropriate cooperative financial institutions in a few countries which could be made more effective by the establishment of IACFI.

The cooperative movement in Latin America through the Organization of the Cooperatives of America has endorsed the proposed plans for this system and have indicated a willingness to undertake the obligations of participating in such a system. The cooperatives in several countries are already taking steps looking toward the establishment of the Inter-American Cooperative Finance System. Action is already underway in Chile, Peru, and Ecuador while cooperative banks are already in being in Uruguay and Venezuela. Individual cooperatives have for some time been seeking adequate financing for projects which they cannot initiate for the lack of a financing system. These include food processing; livestock and fishery development; coffee, cacao, and banana marketing and export cooperatives; consumer co-op markets; fertilizer, feed, seed, and other farm supply cooperatives, and so forth.

New provisions in H.R. 7885 providing for the expansion and growth of cooperatives in Latin America attack one of the major ills afflicting Latin American growth; namely, rural poverty. The use of local currencies along the lines provided for in this legislation not only makes effective use of local currency resources available to the U.S. Government but stimulates economic activities which will tend to lessen the need for U.S. Government loans and grants of dollars to Latin America.

This cooperative financing system will serve well the purposes of another great institution which our Government is participating in. The social projects division of the American Institute for Free Labor Development is carrying out the great task of developing a free and democratic trade union movement. Those social projects rely almost exclusively upon the development of cooperatives sponsored by free trade unions. The AIFLD is supported by the U.S. business community and foundations, by the AFL–CIO, and by AID.

The Agency for International Development has made extensive progress in developing a program for the establishment of a wide variety of self-sustaining cooperative institutions. These include credit unions, rural electric co-ops, housing cooperatives, savings and loan associations, marketing cooperatives, farm supply cooperatives, transportation cooperatives, and so forth. It has become increasingly apparent that the ultimate success of these programs depends in large measure upon the development of a proper financing mechanism. This legislation offers a concrete step for the immediate development of such an institution.

The report of the Committee on Foreign Relations very clearly indicates the support which it gives to this proposal by singling it out for special emphasis in this bill. President Kennedy, David Bell, Administrator of the Agency for International Development, and Teodoro Moscoso, the U.S. Coordinator of the Alliance for Progress, have been emphasizing the importance of self-help measures and the role of private enterprise in developing nations. This legislation can be made effective almost immediately to carry out those great objectives. I am sure that I speak for all of us when I say that we shall look forward to this course of action.

AID IMPROVES PUBLIC ADMINISTRATION IN LATIN AMERICA

Mr. President, every discussion of the Alliance for Progress eventually turns on the subject of the quality of public administration in Latin America. Whatever area we discuss—agrarian reform, taxes, education, or other—the problems in getting moving hinge upon finding good managers, well-conceived institutions, and well-run programs. Such are the key to doing the public's business in a reasonably efficient manner. We cannot afford the luxury of administrative waste.

Recognizing this, AID has given increasing attention to this area and instituted a number of programs in fiscal year 1963 in Latin America. Success or failure in the long run will hinge upon continuing and expanding this. In this area we must promote rapid but realistic administrative reform. It is not easy to achieve quick and meaningful administrative change, but we cannot wait for any Latinized Hoover Commission to get going. We must train sufficient numbers of local leaders to develop both a nucleus of competence and a better climate for reform. Such are the indispensable ingredients for significant administrative improvement anywhere.

The opportunities are limitless, whether we look at the central management functions such as budgeting and accounting, the organization for planning, statistical services, personnel and procurement practices, or whether we look at functional fields such as public works, agriculture, and education. It is not only the public administrative section which needs attention. The private sector is also important. Indeed it will have to carry the greatest load in developing Latin America.

I wish to call the attention of my colleagues to a summary of the activities carried on in these vital areas in Latin America during the past fiscal year, 1963. This provides a summary on developments in Latin America in the field of public administration, similar to those on land reform, tax reform, housing and private enterprise which I include as appendices to my Alliance for Progress speech delivered in the Senate earlier this week.

I ask unanimous consent to have this summary printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

DEVELOPMENT ADMINISTRATION IN LATIN AMERICA—SUMMARY OF ACTIVITIES, FISCAL YEAR 1963

I. INTRODUCTION

This report highlights AID's activities in the field of development administration during the period July 1, 1962–June 30, 1963. Some of the more significant new activities are summarized first to show changes and increases in the program during fiscal year 1963. This is followed by a review of activities initiated in earlier years which, though limited, provided the indispensable base for this year's developments.

The long-term AID staff in the field fell to less than 40 in 14 countries and on regional assignments during the year, consistent with the total program shift to accelerated use of selected contractors and other Federal agencies such as the Census Bureau and the Internal Revenue Service.

During the year, OAS somewhat strengthened its resources in the field of public finance and administration. The Development Administration Division maintained close day-to-day working relationships in the development and execution of programs to assure that AID's activities complemented those of OAS. Similar informal working relationships were maintained with UNTAA which has a limited public administration program in Latin America.

II. NEW ACTIVITIES IN FISCAL YEAR 1963

A. Fiscal administration

1. The program to enlist the cooperation of the Internal Revenue Service in tax modernization in Latin America was developed, an interagency agreement was signed, and the program is in operation. IRS has constituted a 3-man Washington foreign tax assistance staff and during fiscal year 1963 made available 24 men for service in 11 countries in Latin America.

2. The Latin America Tax Assistance Reserve (LATAR) was established under AID financing and is now operational. By September, 25 IRS men will be in training for service in Latin America. The program provides for 16 weeks of special training, including 8 weeks of Spanish, for men who will be assigned directly overseas or will be on call from their regular IRS positions to meet the needs for tax administration advisors in Latin America.

3. Comprehensive surveys were made by AID/W organized teams of fiscal administration in Peru and Ecuador and of tax administration in Guatemala and Honduras. Surveys of customs administration were made in Chile, Ecuador, Guatemala, and Peru.

4. Following the fiscal survey, the first loan for administrative and fiscal reform was developed and approved by AID for Ecuador. Work has been started on a contract between the GOE and the Internal Revenue Service, the first of its type, to be financed through a loan, for modernization of Ecuadorian tax administration. Some 50 Ecuadorian tax auditors were trained in Quito by a USAID

accounting adviser and a substantial number were hired as new tax auditors by the GOE.

5. An IRS tax adviser, who had previously advised Colombia on plans for ADP, returned to Bogotá toward the end of the fiscal year to begin a 2-year tour, and work has been started to provide the team already requested by Colombia and USAID for the comprehensive survey of tax administration.

6. Panama requested the IRS tax adviser, who had developed an audit handbook and trained Panamanian auditors during a 2-month assignment, to return for a 1–2 year assignment. Plans have been completed for his return in September.

7. Plans were completed for a tax policy survey in Jamaica in July.

8. Costa Rica and Guatemala were given assistance in improving budgeting and a comprehensive survey was made of budgeting in Bolivia.

9. Public administration service started work under an AID contract for the modernization of the Contraloria in Chile.

B. Training

1. An eight-man team from the Harvard Business School is now engaged in the second phase of a program to strengthen business administration in Central America under an AID contract signed in June. The current program was undertaken following an earlier exploratory study by a three-man team from Harvard.

2. The special program of public service training at the University of Puerto Rico became operational. Late in the fiscal year a study was made of training in public administration in Puerto Rico which included both training at the university and in the Commonwealth Government.

3. Two hundred thirty-five participants were trained in the United States including Puerto Rico, through the international training division during fiscal year 1963. This represents an increase of 32 percent over fiscal year 1962. Much of the increase resulted from expanded use of facilities of the Commonwealth and the University of Puerto Rico where more than 150 participants received training.

4. AID/W sponsored and financed a series of special training programs designed to reach key groups in the development process in Latin America:

(a) A seminar on the role of personnel administration in economic and social development in conjunction with the annual conference of the Public Personnel Association at Miami Beach.

(b) A workshop on development planning in conjunction with the conference of the Inter-American Society of Planners in Santiago.

(c) A workshop in Costa Rica on the processing of economic censuses conducted by the Census Bureau with the assistance of the Inter-American Statistical Institute.

(d) Collaboration with UNESCO and OAS in supporting a program for training educational planners at the Latin American Institute for Economic and Social Planning in Santiago.

5. A comprehensive survey of the inservice training needs and interests of the governments of Central America was completed and is now under consideration by ROCAP.

6. The program to strengthen the teaching of economics at the University of Cuyo, Argentina, became operational with the arrival of faculty members from the University of Chicago and the Catholic University of Chile at Mendoza, and the arrival of Cuyo faculty members for study at Chicago. Late in June, negotiations were nearing completion with the University of Minnesota for a contract to strengthen economic training and research at the University of the Andes, Bogotá, Colombia.

7. Stanford University's first staff members began arriving in Lima to begin the establishment of a program in business administration under an AID contract. Plans were developed for new and expanded programs in public and business administration education as part of the overall contract with Pittsburgh to strengthen the Central University of Ecuador.

C. Public administration

1. A public administration program was initiated with the assignment of a senior advisor to the Dominican Republic. As a precondition the GODR established an administrative reform commission. Collett and Clapp is making a comprehensive survey of GODR administrative needs under a mission contract. The University of Michigan will begin soon to assist the GODR in setting up a program of socioeconomic surveys in support of this effort under an AID contract. A Census Bureau team helped organize the work and trained Dominican personnel to speed the processing of the last GODR Census.

2. The Institute of Public Administration of New York began its advisory program in Peru under an AID contract. Staff members are working to rebuild the training program of the Peruvian Institute of Public Administration as well as to influence administrative reform on the part of the new government.

3. In an effort to strengthen and coordinate public administration activities in Central America and Panama, a conference of public administration advisers and program officers was held in San Jose and, in the spring, a senior public administration adviser was assigned to ROCAP. Census-statistics programs were initiated in Nicaragua and Guatemala, and plans were developed for a regional census pool in ROCAP. Cadastral surveys for tax mapping purposes are in various stages of development in Central America.

4. To gear Chile to undertake public works projects more effectively bids have been solicited for a contractor to assist in reorganizing the administrative and engineering work of the Ministry of Public Works in Chile.

5. To strengthen future programs, conversations have been initiated: with OAS in the hope of finding ways to create a climate for administrative reform; with the customs services, in the hope of making their resources available for Latin America; and with the Census Bureau in a search for the development of a program for economic statistics that will capture the imagination and resources of the hemisphere in the same way as the 1950 Census of the Americas.

III. MAJOR CONTINUING ACTIVITIES

1. Argentina: The Columbia University-University of Buenos Aires program in business administration continued with two more successful seminars and increased acceptance at UBA as more Columbia-trained professors returned to teach at UBA.

2. Bolivia: Customs revenues continued to increase with the arrival of a team of United Kingdom customs experts financed by a mission contract. Tax revenues continued to increase through the use of IBM equipment made available by USAID. Some assistance was given to the new civil service, both by the USAID public administration adviser and contract personnel. A former participant helped reorganize the postal service, and active efforts were started toward the establishment of an inservice training center. Toward the end of the year USAID developed a comprehensive program for the improvement of public administration in fiscal year 1964.

3. Brazil: The mission public administration staff was reduced to three men as the GOB continued largely to ignore its administrative problems. The University of Southern California continued to assist public administration at EBAP and DASP in Rio, and the Universities of Bahia and Rio Grande do Sul. Michigan State continued its effective work with schools of business administration in Sao Paulo, Bahia, and Rio Grande do Sul. The decision to continue in business administration was largely the outgrowth of a comprehensive review of the program in Brazil by the dean and two members of the MSU faculty.

4. Chile: The tax modernization project continues to progress. Legislation authorizing higher salaries for the tax service and reorganization was approved. About half the revenue agents, 375, were trained in the tax training school, and a nine-volume manual of operations neared completion. The project continues to expand and, in all, 3 AID and 10 IRS men have been used on the tax program.

The mission has continued the careful development of other major projects and, as a result, the reorganization of the Contraloria was initiated, a survey led to agreement on plans for modernization of customs, and a reorganization of the Ministry of Public Works was about to start.

The Chicago-Catholic University program in economics is phasing out, but has contributed, directly and indirectly, to making Chile one of the best, if not the best, centers for the training of economists in Latin America.

5. Colombia: The program of the School of Administration and Finance at Medellin continues to win strong support from the business community, with the assistance of the Syracuse School of Business Administration under an AID contract.

6. Costa Rica: Continued assistance has been given the GOCR through one public administration adviser, short-term contractors, and one regional property tax man stationed in Costa Rica. In June, Costa Rica marked the 10th anniversary of its civil service system which was set up with AID technical assistance.

7. Dominican Republic (see III C–1): Previous limited activities established base for present program.

8. Ecuador: The four-man public administration team continued to make headway while establishing a firmer foundation for the expanded program under the loan for administrative and fiscal reforms. A modified merit system was adopted for the Contraloria, and personnel technicians were trained by USAID staff. Courses in accounting were developed, and more than 50 tax auditors received special training.

9. El Salvador: Robert Nathan and associates continued to assist in economic planning. One public administration advisor continued to work across the board and, with the assistance of a PAS staff member, to make substantial gains in tax administration. A survey focused attention on problems of local government.

10. Guatemala: The largest direct hire and contract advisory staff in Latin America continues to make progress on a number of fronts. The in-service training center provides training to about 1,000 public employees annually and is becoming a focal point for administrative reform. Civil service legislation has been developed and awaits presidential approval. A consulting firm, under an AID contract, has audited 20,000 government jobs in developing a classification and pay plan for the GOG. Assistance has been given in improving budgeting. The national O. & M. office is making studies of GOG management problems. In the revenue field assistance has been given on taxation, an IRS team has made a comprehensive review of tax administration, and USAID has recently submitted plans to the GOG for modernizing customs.

11. Haiti: The public administration adviser was withdrawn as part of the curtailment of the AID program.

12. Honduras: Through one public administration adviser, short-term contractors, and an IRS tax survey team, studies have been made to facilitate the transition to the new government and to establish the base for a comprehensive program after the elections. Two census advisers were completing their tours and were in process of reassignment.

13. Mexico: Mexico has been used for third-country training and U.S. AID arranged for short-term contractual services to appraise public administration training resources.

14. Nicaragua: The public administration adviser worked with the planning board in preparing the ground for necessary administrative reforms, and a training adviser began an effective program of training in office practices. A census adviser began assistance to the GON in a census program in which AID is financing a substantial share of the local costs.

15. Panama: The public administration adviser continued to assist the Department of Planning and Administration (budget, planning, O. & M., and civil service) in the Office of the President, established earlier with the assistance of the University of Tennessee. Under an AID contract, University of Tennessee continued to assist the University of Panama in public administration and agriculture and added engineering.

16. Paraguay: One public administration adviser, a training man, and a customs adviser continued to work for administrative progress. A study of the administration of the Ministry of Education was undertaken, there was a major step-up in in-service training, with 1,635 Government employees taking courses at the center, and customs revenues continued to climb. A contract adviser is assisting the University of Asuncion in building up its School of Public Administration.

17. Peru (see II, C–2): The training work of the adviser on records management and his two Peruvian assistants is now a part of the Peruvian Institute of Public Administration and is being absorbed in the new program.

18. Uruguay: Some participant training is continuing while U.S. AID is making efforts to develop more direct cooperation to achieve better administration.

19. Venezuela: U.S. AID continues to assist Venezuela indirectly in the improvement of administration through a loan for strengthening local government, cooperation with the Ford Foundation on the development of a Public Administration Institute, and enlisting the active participation of local organizations, such as Creole, in the program. Major emphasis has been placed on support of the Commission on Administration through training and some 75 Venezuelans have participated in special programs in Puerto Rico and 25 more are scheduled in the fall. A former AID participant has been named Executive Director of the Commission.

FOREIGN AID HELPS U.S. EXPORTS

Mr. HUMPHREY. Mr. President, I also wish to have printed in the Record a report which I find most heartening. I regret that we do not have a genuine debate on these matters, because the foreign aid bill should have not only its criticisms, but also its proper evaluation and, I believe, praise.

We know that trade is the lifeblood of an expanding economy. A little-known story in connection with our foreign aid is the degree to which it helps and is increasingly used to help expand the exports of American business, American workers, and American suppliers of raw materials.

Important facts on this were given in a recent address by Herbert J. Waters, Assistant Administrator of the Agency for International Development. I wish to insert this address in the Record at this time, for the benefit of my colleagues.

Approximately 80 percent of the foreign aid funds committed for fiscal 1963, will be spent in the United States. This is the highest percentage in the history of the foreign aid program. It will increase, unless funds are cut far below the level being asked.

This increase did not just happen. It was planned for in tighter procurement policies, an effort to protect our balance of payments and stimulate our economy, while at the same time helping economic development in foreign countries.

In 1960 only 17 percent of our foreign aid moneys spent for fertilizer were spent in the United States. In 1963, 97 percent was spent with U.S. suppliers.

In 1960, we financed only 11 percent of our expenditures for iron and steel products at home. In 1963, and in only 9 months, our foreign aid program has financed 87 percent of these products in the United States.

In nonferrous metals the same story holds. From 1960 to 1963, the percentage of financing in the United States increased from 11 percent to 92 percent.

Mr. Waters goes on:

> The same story is true in almost every other category we could examine. We can truly claim that we are using excess plant capacity and surplus American labor to carry out our AID program—a real production for peace effort that benefits our own economy as it meets the needs of other countries.

An estimate of reduction in exports of the United States that the cuts of the House in foreign aid would produce is approximately $250 million, plus a cut of $23 million in funds going to U.S. flag carriers for shipping.

I ask unanimous consent to have Mr. Water's statement printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Production for Peace

(Opening remarks of Herbert J. Waters, Assistant Administrator, Agency for International Development, U.S. Department of State, as moderator for Western States Democratic Conference Trade Panel, Friday, September 20, 1963)

Trade is the lifeblood of an expanding economy.

While we intend to examine many aspects of trade expansion in this panel today, I want to briefly review one aspect not generally understood or fully appreciated—the relationship of our foreign aid to expanding trade.

Too often people think of our foreign aid as merely helping others, without realizing how much it also helps American business, American suppliers of raw materials, and American workers in plants, factories, mines, and on railroads and ships.

Perhaps it can be put in better perspective if we point out that a total of $1,346 million in foreign aid funds was spent in the United States by the Agency for International Development during fiscal 1963.

Preliminary estimates indicate that 80 percent of the $2,424 million committed in fiscal 1963, most of which is not yet disbursed, will be spent in the United States.

This percentage of U.S. procurement is the highest in the history of the foreign aid program, and will be reflected in expenditures over the next several years. An even greater percentage is expected to be committed by AID for procurement in the United States during fiscal 1964—unless Congress cuts AID funds far below the level requested by the President.

The new record of channeling a greater proportion of AID funds into U.S. procurement is not just happenstance. It is the result of deliberately tightened procurement policies aimed at protecting the U.S. balance of payments and stimulating the U.S. economy while at the same time accomplishing our objective of helping economic development in the developing nations.

What we are really doing, in foreign aid, is sharing excess U.S. productive capacity—providing U.S. goods and services rather than just dollars.

Let me illustrate by some categories of commodities just what this change has meant since fiscal 1960—the last year of the Eisenhower administration—and the first 9 months of fiscal 1963—the latest period for which complete data is available.

For example, in 1960 we financed $55 million worth of fertilizer for other countries—but only $9.4 million worth, or 17 percent came from the United States. By comparison, in the first three quarters of 1963 alone, we financed $34.8 million worth of fertilizer, out of which this time $33.7 million—or 97 percent—came from U.S. suppliers.

The same thing is true for iron and steel products. In 1960, we financed $129.6 million worth of such products, but only $13.9 million, or 11 percent, came from U.S. steel mills. In 1963—and in only 9 months at that—we have financed $123.4 million of iron and steel products of which $107.8 million, or 87 percent, came from the United States. You may be surprised to know that at the present time more than half of all U.S. iron and steel exports are financed out of the foreign aid program.

Here in the West, you may be more interested in nonferrous metals and their products.

We financed $10.8 million worth of such products in 1960, but only $1.2 or 11 percent came from the United States. In fiscal 1963—again for only 9 months—we financed $54.5 million of such products with $50.2 million of that total coming from the United States—a good record of 92 percent U.S. procurement.

Within that total was an increase from only $300,000 worth of copper in 1960—11 percent of the total—to $35.1 million worth of copper in 9 months of fiscal 1963—99 percent of all the copper we provided for other countries with foreign aid funds.

For miscellaneous industrial machinery, engines and turbines, we have stepped up the U.S. procurement share from 23 to 81 percent—a jump in dollar volume of business from $17.8 to $96.1 million.

The same story is true in almost every other category we could examine. We can truly claim that we are using excess plant capacity and surplus American labor to carry out our AID program—a real production for peace effort that benefits our own economy as it meets the needs of other countries.

Regrettably, this side of the AID story is seldom told by its critics. Neither is the fact that some $75 million of our AID funds goes to U.S.-flag carriers to transport these commodities—meaning more jobs at U.S. ports in which the West shares heavily.

As sizable as this AID financing of U.S. exports is today, it really is still only an investment in greater markets for the future.

The economic development we are stimulating in other lands will mean an increase in the number and kinds of paying customers for U.S. goods and services in future years—the development of markets for U.S. goods in areas of the world where heretofore there were none. This—in particular—is where AID makes its greatest contribution to U.S. foreign trade.

The evidence shows that commercial imports from the United States have flourished and the U.S. share of the local market has improved in countries assisted by our economic aid program, except when the recipient's normal foreign exchange earnings have dropped sharply.

For example, a recent study of 32 countries outside of Latin America receiving about 80 percent of all AID and Public Law 480 or food for peace assistance between 1957 and 1962 shows that total imports from the United States rose about four times as fast as total economic aid. In addition, imports from the United States as a percent of total imports by those countries rose from 13.5 to 14.5 percent during the period.

In Latin America, however, commercial imports from the United States decreased, and the U.S. share of the local market dropped. However, the decrease occurred because dollar earnings fell for reasons—such as the sharp drop in coffee prices—having nothing to do with the aid program. And the drop in earnings was greater than the increase in aid. The net dollar loss, after deducting offsets of U.S. economic assistance, was about as much as the drop in Latin American imports from the United States.

AID assistance is extended to help countries import more than their own earnings allow. It is intended to add to regular imports, rather than substitute for them. That is why economic aid has shifted from the developed to the less developed countries—it is the latter whose earnings are now far short of import needs for development and security. And that is why ordinary commerce with assisted countries tends to thrive, as the foregoing evidence shows.

As we consider expansion of exports today, I want to leave with you this carefully considered observation. If the foreign aid program is cut as drastically as has already been voted in the House of Representatives, it is our estimate that this will mean a reduction of some $250 million worth of exports from the United States—and a cut of $23 million in funds going to U.S.-flag carriers for shipping.

Mr. HUMPHREY. Mr. President, I think it is time for us to understand that when we vote funds for foreign aid, we actually are voting considerable help to our own economy; and I have placed the report in the Record because among all the arguments I have heard about the foreign aid program, I have not heard a concise and cogent argument as to the very great amount of good the foreign aid program is doing for the U.S. economy.

To those of us who represent agricultural States, the foreign-aid program has been a lifesaver for agricultural exports; and without them, the price structure for American agricultural products in the marketplace would be considerably lower.

So the foreign-aid program is of aid to more than foreigners; it also aids the people of the United States, American industry, American agriculture, and American workers. In fact, literally thousands of American jobs are tied up to this program.

Therefore, I think it would be well for each Senator, before he votes on the question of making substantial reductions in this program, to consider what would happen in his own State, in terms of jobs and in terms of purchases by the AID administration. When that is done, I think some Senators may want to think twice before they vote to add to the unemployment rolls in their States. As I recall, over half a million jobs in American industry are involved in the foreign-aid program. If we tamper too much with the program and if we cut the heart out of the economic assistance aspect of the program and if we cut the heart out of the Alliance for Progress part of the program—for, Mr. President, as a result of this program, large quantities of American-produced goods are going to the countries of Latin America—not only shall we be trimming foreign aid, but we shall also be trimming the payrolls in State after State in the United States.

Foreign aid is good national security policy, good domestic economic policy, good politics internationally, and good morals, because it represents a commitment by the United States to help other peoples to help themselves.

So I make no apologies for my support of foreign aid. I am an advocate of foreign aid. I think we need it. I recognize that there have been some abuses and some mistakes; but for every mistake, I can find a success; and for every story of failure, there are a dozen stories of accomplishment. So I think it is about time that, instead of abusing the people in the foreign aid administration, we praise them.

I know of no finer Administrator in this Government than Mr. David Bell. I know of no one who works harder than Mr. Moscoso, the Coordinator for the Alliance for Progress. I know that my former assistant, Mr. Herbert Waters, who now is an Assistant Administrator of this program, gives unstintingly of himself, and is highly competent. I know that men such as Frank Coffin, a former Member of the House of Representatives, from the State of Maine, work day and night and are competent and able public servants.

I could go down the line and name the top echelon. They are good people. They do a good job. They love our country. They know the value of the dollar, and they like to protect that dollar. Many thousands of people who are affiliated with the program here and abroad, directly and indirectly, are trying to do a good job.

I recognize that sometimes we are disappointed. Frankly, I am disappointed with Congress. I would like to see it do a better job. I would like to see it move and accomplish results. When I hear Members of the Congress complaining about the slowness of the foreign aid administration, I wonder who we are to be talking—unless we are experts in lethargy or experts in slowdown processes. I hope that that is not the case. We have problems. So do our friends in foreign aid. They have problems. They are our fellow Americans who are operating the program. Their main problem is that today they are working in areas of the world that are poorly equipped in terms of human resources, management, public administration, planning, and, indeed, in capital resources. So we have an uphill battle.

We have a difficult time getting those programs underway, but we are making progress.

I conclude on the following note: I have placed on the desk, on behalf of the Senator from South Dakota [Mr. McGovern], and myself an amendment to the so-called Mansfield-Dirksen amendments. I did so after full consultation with my leader and with Senators who join on the Mansfield-Dirksen amendments. I believe that such consultation is not only necessary but also is fair and proper.

Mr. President, I submit an amendment which I shall call up, which would restore the funds for the Alliance for Progress to the amount in the committee bill, and would cut back to the committee bill level the amount of money for the President's contingency fund.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. Humphrey's amendment is as follows:

On page 2, strike out lines 2 through 11 as follows:

"(1) Strike out 'for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year' and insert 'for use beginning in the fiscal year 1963 not to exceed $600,000,000, for use beginning in the fiscal year 1964 not to exceed $525,000,000, and for use beginning in each of the fiscal years 1965 and 1966 not to exceed $600,000,000'."

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'$300,000,000' and" and "and '$175,000,000', respectively".

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I congratulate the Senator from Minnesota for the move which he is making. Maybe many features of the foreign aid program are dubious. The success of the Alliance for Progress has not been perfect, but it is crucial and it should succeed.

As one of the 100 Members of the Senate, it will give me a great deal of pleasure to vote for the amendment. I again congratulate the Senator from Minnesota [Mr. Humphrey] and the Senator from South Dakota [Mr. McGovern] for the move which they have made.

Mr. HUMPHREY. I am very grateful to the Senator from Illinois.

I have been pleased to find that a number of Senators feel the way the Senator from Illinois has spoken. I wish the Record to show that we do not seek to increase the funds for the total foreign aid program. The cut of $385 million provided in the Mansfield-Dirksen amendments will be maintained. The cut—$300 million—would come in military assistance, and $85 million in the Development Loan Fund. The difference is that our amendment relating to the Alliance for Progress would merely add the $125 million that was to be canceled or taken out of the Alliance for Progress. It would restore that amount. It would take away from the contingency fund of the President the extra $125 million that was to be placed there under the Mansfield-Dirksen amendments.

So what we are really doing in the amendment offered by the Senator from

South Dakota [Mr. McGovern] and myself is asking the Senate to support the considered action of the Senate Committee on Foreign Relations in these two instances—the Alliance for Progress and the President's contingency fund.

I wish to make it crystal clear that the President's contingency fund of $175 million that is provided for in the bill is more than was required last year.

Second, there is an additional $300 million of contingency funds—emergency funds—that are available under the Military Assistance Act for the President of the United States over and above the military assistance moneys that can be taken out of the Department of Defense budget or appropriations, and are reimbursable. So we would not in any way tie the hands of the President. I would never do that. We carefully considered in the Committee on Foreign Relations, after extensive hearings, the President's contingency fund. While it is true that the administration asked for more than it received, it was the unanimous judgment of the Committee on Foreign Relations that the $175 million was adequate.

I am sure that Senators know that if the amount is not adequate, and there is a contingency or an emergency, the President only has to ask the Congress and he will get prompt action as he did in the instance of the Middle East Resolution some years ago.

So I hope that tomorrow Senators will find it possible to join the Senator from South Dakota and me in supporting the amendment. I cannot believe that we would want to do less next year than we did this year in relation to the Alliance for Progress. One of the reasons that we offer the amendment is that the House cut the program down to $450 million. If we should cut it to the amount suggested in the Mansfield-Dirksen amendments, which is $525 million, we would find ourselves in conference with a figure that would be somewhere around $475 million or $500 million. That would be $25 million or $50 million less than the appropriations for this year.

We all know that authorizations always suffer a cut when they reach the Appropriations Committee. So the Senator from Minnesota merely wishes to afford some bargaining power in the conference on the authorization bill and, once we come from conference, provide a figure for the Alliance for Progress that will permit the Appropriations Committee to make a reasonable appropriation for the splendid program that we now have fairly well underway.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 4, 1963, he presented to the President of the United States the enrolled bill (S. 310) for the relief of Kaino Hely Auzis.

RECESS

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, November 5, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nomination received by the Senate November 4 (legislative day of October 22), 1963:

William Jack Howard, of California, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, vice Gerald Johnson, resigned.

CONFIRMATION

Executive nomination confirmed by the Senate November 4 (legislative day of October 22), 1963:

Department of Justice

Bernard T. Moynahan, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

EXTENSIONS OF REMARKS

President's View on United States-Soviet Relations Challenged

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. ALGER. Mr. Speaker, President Kennedy's optimistic view of how the United States is gaining the initiative in the world struggle against the Communist conspiracy is not supported by the facts.

The disturbing fact is that the administration's soft line in dealing with the Soviet Union is being met with renewed arrogance and increased demands by Khrushchev. The victories seen by the President have more often been dismal failures of Kennedy policy. These can be counted off and are well known to all Americans and the whole world—Cuba, Laos, Vietnam, the Berlin wall, normal trade with the Communists, aid to Tito, the bewildering policies followed by the CIA, and on and on.

Under leave to extend my remarks I would like to include the text of the President's speech at the University of Maine on October 19 as it was reported in the U.S. News & World Report of November 11. Also included is editorial comment on the President's view by David Lawrence. I hope these insertions may give many Americans cause for concern as to just what purpose the President has in mind in constantly ignoring history in explaining the cold war. If it is because he does not understand communism and the Communist conspiracy then in this ignorance there is even a greater threat to the security of the United States:

WHERE UNITED STATES AND RUSSIA STAND NOW—THE PRESIDENT'S VIEW

(Text of the section on foreign policy contained in a speech by President Kennedy at the University of Maine, October 19, 1963.)

One year ago this coming week, the United States and the world were gripped with a somber prospect of a military confrontation between the two great nuclear powers. The American people have good reason to recall with pride their conduct throughout that harrowing week. For they neither dissolved in panic nor rushed headlong into reckless belligerence. Well aware of the risks of resistance, they nevertheless refused to tolerate the Soviets' attempt to place nuclear weapons in this hemisphere, but recognized at the same time that our preparations for the use of force necessarily require a simultaneous search for fair and peaceful solutions.

The extraordinary events of that week and the weeks that followed are now history—a history which is differently interpreted, differently recounted and differently labeled among various observers and nations. Some hail it as the West's greatest victory, others as a bitter defeat. Some mark it as a turning point in the cold war, others as proof of its permanence. Some attribute the Soviet withdrawal of missiles to our missiles, to our military actions alone, while some credit solely our use of negotiations. Some view the entire episode as an example of Communist duplicity, while some others abroad have accepted the assertion that it indicated the Soviets' peaceful intentions.

While only the passage of time and events can reveal in full the true perspective of last October's drama, it is already clear that no single, simple view of this kind can be wholly accurate in this case.

While both caution and commonsense proscribe our boasting of it in the traditional terms of unconditional military victory, only the most zealous partisan can attempt to call it a defeat. While it is too late to say that nothing is changed in Soviet-American relations, it is too early to assume that the change is permanent. There are new rays of hope on the horizon, but we still live in the shadows of war.

Let us examine the events of 12 months ago, therefore and the events of the past 12 months and the events of the next 12 months in the context of calm and caution. It is clear there will be further disagreement between ourselves and the Soviets as well as further agreements. There will be setbacks in our Nation's endeavors on behalf of freedom as well as successes. For a pause in the cold war is not a lasting peace—and a détente does noe equal disarmament. The United States must continue to seek a relaxation of tensions, but we have no cause to relax our vigilance.

A year ago it would have been easy to assume that all-out war was inevitable—that any agreement with the Soviets was impossible—and that an unlimited arms race was unavoidable. Today it is equally easy for some to assume that the cold war is over—that all outstanding issues between the Soviets and ours can be quickly and satisfactorily settled—and that we shall now have, in the words of the Psalmist, an "abundance of peace so long as the moon endureth."

The fact of the matter is, of course, that neither view is correct. We have, it is true, made some progress on a long journey. We have achieved new opportunities which we cannot afford to waste. We have concluded with the Soviets a few limited, enforceable agreements or arrangements of mutual benefit to both sides and to the world.

But a change in the atmosphere and in emphasis—not a reversal of purpose. Mr. Khrushchev himself has said that there can be no coexistence in the field of ideology. In addition, there are still major areas of tension and conflict, from Berlin to Cuba to southeast Asia. The United States and the Soviet Union still have wholly different concepts of the world, its freedom, its future. We still have wholly different views on the so-called wars of liberation and the use of subversion. And so long as these basic differences continue, they cannot and should not be concealed; they set limits to the possibilities of agreements; and they will give rise to further crises, large and small, in the months and years ahead, both in the areas of direct confrontation—Germany and the Caribbean—and in areas where events beyond our control could involve us both—areas such as Africa and Asia and the Middle East.

In times such as these, therefore, there is nothing inconsistent with signing an atmospheric nuclear test ban, on the one hand, and testing underground on the other; about being willing to sell to the Soviets our surplus wheat while refusing to sell strategic items; about probing their interest in a joint lunar landing while making a major effort to master this new environment; or about exploring the possibilities of disarmament while maintaining our stockpile of arms. For all of these moves, and all of these elements of American policy and Allied policy toward the Soviet Union, are directed at a single, comprehensive goal; namely, convincing the Soviet leaders that it is dangerous for them to engage in direct or indirect aggression, futile for them to attempt to impose their will and their system on other unwilling people, and beneficial to them, as well as to the world, to join in the achievement of a genuine and enforcible peace.

While the road to that peace is long and hard, and full of traps and pitfalls, there is no reason not to take each step that we can safely take. It is in our national self-interest to ban nuclear testing in the atmosphere so that all of our citizens can breathe more easily. It is in our national self-interest to sell surplus wheat in storage to feed Russians and Eastern Europeans who are willing to divert large portions of their limited foreign-exchange reserves away from the implements of war.

It is in our national self-interest to keep weapons of mass destruction out of outer space, to maintain an emergency communications link with Moscow, and to substitute joint and peaceful exploration in the Antarctic and outer space for cold war exploitation.

No one of these small advances, nor all of them taken together, can be interpreted as meaning that the Soviets are abandoning their basic aims and ambitions. Nor should any future, less friendly Soviet action—whether it is a stoppage on the autobahn, or a veto in the U.N., or a spy in our midst, or new trouble elsewhere—cause us to regret the steps we have taken. Even if those steps themselves should be undone by the violation or renunciation of the test ban treaty, for example, or by a decision to decline American wheat, there would still be no reason to regret the fact that this Nation has made every responsible effort to improve relations.

For without our making such an effort, we could not maintain the leadership and respect of the free world. Without our making such an effort, we could not convince our adversaries that war was not in their interest. And without our making such an effort, we could never, in case of war, satisfy our own hearts and minds that we had done all that could be done to avoid the holocaust of endless death and destruction.

Historians report that in 1914, with most of the world already plunged in war, Prince Bülow, the former German Chancellor, said to the then Chancellor Bethmann-Hollweg, "How did it all happen?" And Bethmann-Hollweg replied, "Ah, if only one knew."

My fellow Americans, if this planet is ever ravaged by nuclear war, if 300 million Americans, Russians, and Europeans are wiped out by a 60-minute nuclear exchange, if the pitiable survivors of that devastation can then endure the ensuing fire, poison, chaos, and catastrophe, I do not want one of those survivors to ask another, "How did it all happen?" and to receive the incredible reply, "Ah, if only one knew."

Therefore, while maintaining our readiness for war, let us exhaust every avenue for peace. Let us always make clear our willingness to talk, if talk will help, and our readiness to fight, if fight we must. Let us resolve to be the masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicion and emotion. Let us distinguish between our hopes and our illusions, always hoping for steady progress toward less critically dangerous relations with the Soviets but never laboring under any illusions about Communist methods or Communist goals.

Let us recognize both the gains we have made down the road to peace and the great distance yet to be covered. Let us not waste the present pause by either a needless renewal of tensions or a needless relaxation of vigilance. And let us recognize that we have made these gains and achieved this pause by the firmness we displayed a year ago as well as our restraint—by our efforts for defense as well as our efforts for peace.

In short, when we think of peace in this country, let us think of both our capacity to deter aggression and our goal of true disarmament. Let us think of both the strength of our Western alliances and the areas of East-West cooperation.

For the American eagle on the presidential seal holds in his talons both the olive branch of peace and the arrows of military might. On the ceiling in the presidential office, constructed many years ago, that eagle is facing the arrows of war on its left. But on the newer carpet on the floor—reflecting a change initiated by President Roosevelt and implemented by President Truman immediately after the war—that eagle is now facing the olive branch of peace.

And it is that spirit, the spirit of both preparedness and peace, that this Nation is stronger than ever before—strengthened by both the increased power of our defenses and our increased efforts for peace—strengthened by both our resolve to resist coercion and our constant search for solutions.

And it is in this spirit that I assure you that the American eagle still faces toward the olive branch of peace.

In the months and years ahead, we intend to build both kinds of strength, during times of détente as well as tension, during periods of conflict as well as cooperation, until the world we pass on to our children is truly safe for diversity and freedom and the rule of law covers all.

WHERE'S THE INITIATIVE?

(By David Lawrence)

President Kennedy's speech delivered at the University of Maine on October 19 deserves careful reading. Adroit in style and rhetoric, it emphasizes the President's palpable effort to do business with the tyrants in the Kremlin.

Mr. Kennedy says the American people can "recall with pride" their conduct of a year ago when they witnessed the "military confrontation between the two great nuclear powers." He adds that, while "well aware of the risks of resistance," this country "refused to tolerate the Soviets' attempt to place nuclear weapons in this hemisphere," but that it was nevertheless necessary at the same time to search for "fair and peaceful solutions."

The President today seems satisfied with the "solutions." Yet, for the first time in our history, we have allowed a hostile European power to establish and maintain a military foothold in this hemisphere. This is still an ignominious fact. We continue to speculate about the number of Soviet troops and "technicians" who remain in Cuba. And we seemingly acquiesce in the acts of subversion plotted there against our neighbors. The last year has witnessed the overthrow of several governments in Latin America resulting from widespread turbulence inspired by Communist subversives, helped with Communist funds and munitions, and directed in large part from Cuba.

The President asserts that we didn't win a victory a year ago nor suffer a defeat—that, while the Cuban missile episode was to some observers evidence of "Communist duplicity," the outcome has been regarded by others here and abroad as an indication of the "Soviets' peaceful intentions." But why have we glossed over this flagrant act of aggression in our hemisphere? Why has the President overemphasized instead a search for some more or less irrelevant agreements, even as he admits that "we still live in the shadows of war"?

Mr. Kennedy explains that "all of these elements of American policy and Allied policy toward the Soviet Union are directed at a single, comprehensive goal—namely, convincing the Soviet leaders that it is dangerous for them to engage in direct or indirect aggression, futile for them to impose their will and their system on other unwilling people, and beneficial to them, as well as to the world, to join in the achievement of a genuine and enforceable peace."

But why are we dealing solely with the leaders in the Kremlin? What has become of the heroic principles first enunciated by President Wilson in World War I and reiterated in World War II, as American and Allied youth gave their lives to save peoples—not to perpetuate autocratic governments?

The only force which can assure peace in the world is not the Kremlin but the people of the Soviet Union and of the Communist-bloc countries.

The President uses often the phrases of resoluteness, but they are accompanied always by the plea for talk and more talk with the Soviet rulers. He says:

"Let us always make clear our willingness to talk, if talk will help, and our readiness to fight, if fight we must. Let us resolve to be the masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicion and emotion. Let us distinguish between our hopes and our illusions."

This reflects an indecisiveness and disregard of basic principle that has again and again frustrated Western governments and brought war to Europe. This is not the way to become the "masters" of our history but its victims. For we cannot ignore our main hope—an eventual alliance with the peoples behind the Iron Curtain. This can be initiated by reaching those very people with the story of freedom and the promise that the United States is willing to help in every way to sustain them when they choose the path of freedom.

Have we no voice with which to speak to the Soviet people? Is the Voice of America to be anesthetized by official instruction from the White House and the Department of State not to create tensions or say anything that might possibly offend Khrushchev and his clique? Do we really think that the few agreements we have obtained, or those we may get in the future, will prove to be anything more than a sop to our vanity and pride—a means of lulling us into continuing our "relaxation" while the Soviet Government strengthens its hold on the peoples of Eastern Europe and infiltrates Latin America?

How should America fight the cold war—or any other kind of war? By letting the other fellow pick his own battleground, even as we hold back our real force, the power that is built by the voice of truth? For we must by day and night keep reminding the Soviet people that in the overthrow of their tyrannical leaders lies their only hope and our only hope of world peace. What has happened to our initiative?

Address by Hon. Barry Goldwater Before the California Federation of Republican Women, Coronado, Calif.

EXTENSION OF REMARKS

OF

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. BOB WILSON. Mr. Speaker, the Republican women of California were thrilled last month to present as their featured speaker our distinguished colleague from the other body, the Honorable BARRY GOLDWATER. Under unanimous consent, I include as a portion of my remarks the text of his speech of October 3, 1963, before the California Federation of Republican Women at the Hotel Del Coronado, in Coronado, Calif., in my congressional district:

REMARKS BY SENATOR BARRY GOLDWATER, REPUBLICAN, OF ARIZONA, BEFORE THE CALIFORNIA FEDERATION OF REPUBLICAN WOMEN, OCTOBER 3, 1963, CORONADO, CALIF.

I am very glad to be here today and I will tell you why.

Like President Kennedy, I thoroughly enjoy these nonpolitical safaris into the Far West. They give you a chance to get out and meet the people and kiss a few babies. They give you a bright feeling of being able to grind a political ax behind a smokescreen of nonpartisanship.

Of course, if you have been reading the newspapers you know that the President's tour was devoted to the cause of "conservation." Now I hope you got the word correctly. I said "conservation," not "conservatism."

And, even though there is a lot of substance that connects these two words, I think you should know that the President had in mind such things as natural resources, wildlife preserves, waterway systems, and national parks. This, of course, is commendable even though the projects mentioned are the kind that appeal to large blocs of American voters.

Now, I have been making a few appearances, too. And I must confess that my major objective these days is conservation. But it is a different kind of conservation than the one which held the President's nonpolitical attention. My interest is in conserving the basic values of American life, as well as conserving our natural resources and the like.

But I suggest that what really needs conserving today—in the most urgent and important sense—is the freedom of the individual, the military strength of the Nation and the constitutional system of checks and balances and our capitalist economic system.

In the field of foreign affairs our job right now is the conservation of our national honor and the protection of our position as leader of the free world.

In the domestic sphere, our job is to conserve the free enterprise system, protect the concept of limited Government and conserve the right of our people to run their own affairs without interference from the Federal Government.

These are the important items on the Republican conservation list. They take a lot of doing and I can tell you right now that we are counting heavily on you women to help get the job done.

You know, I always like to speak before a group of Republican women. Not only because I have an especially high regard for the female of the species, but because I know that when the chips are down in a political campaign it is always the women who pitch in and take on the tough chores. You know men are sometimes a little reluctant to do the doorbell ringing, or work on registration, or handle the mailing and telephone campaigns. But never the women. They work with the enthusiasm of dedication to a great cause.

Frankly, I don't know what we would do in the Republican Party without the women who go in for political action. I shudder to think what might have happened to me in my two campaigns for the U.S. Senate if it hadn't been for the women who worked and, of course, the women who voted.

Let me say that I commend you for your efforts and I salute you for your accomplishments in the field of sound government and individual freedom. You can take it from me, if you will, that the Republican women, not only here in California but all over the country, are an indispensable adjunct to the rough-and-tumble campaign we face next year. And I believe that anyone who has the good fortune to run for public office on the Republican ticket next year will find it highly comforting to wake every morning to the sure knowledge that women like you are backing him and working for him.

While traveling out here I got to thinking about the recent events in the Congress and in the Government and I became more convinced than ever that Washington is the "Wonderland of the World" under the present administration.

Since the end of World War II we've spent billions beefing up our security so that Khrushchev couldn't bury us, only to discover that in the past few weeks what the Kennedys are really working for is a Soviet-American mutual aid society.

Think it over. In less than a month the New Frontier has offered to pick up the check for half the cost of a joint shot to the moon, stop testing nuclear weapons in the air and, finally, bail out the highly vaunted Soviet farm collective with a lot of what I'm willing to bet will be tons of free American wheat.

There is an old line somewhere that goes: "If you can't lick them join them," but I for one am not quite ready to lay down and play Rover to Kremlin tunes. And I doubt if any of you are either.

I think the trouble is that within the past few years we've been getting a brainwashing on the subject of Soviet capabilities. Some of those who are pushing the hardest for accommodation with the Communists would have us believe that the Soviets are superior to us all the way across the board. They have a better educational system, some professors claim; they have better vocational schools, some planners insist; they have a better agricultural system; better scientists, and so on and so on. In fact, we seem to have been exposed to some kind of Red-painted Utopia where those who once wanted to bury us are now mellowing. We are led to believe that Americans, in distrusting the Russians, are creating world tensions that must be reduced. We never seem to hear about the world tensions which the Soviets have created. The President, in one of his nonpolitical speeches last week, insisted that under his administration Communists have been stopped.

All I can say is that if they were stopped in Cuba, if they have been stopped in Laos, if they have been stopped in Vietnam, if they have been pushed back in Berlin—then I will eat my babushka. We have, however, prevented them from landing on Miami—they are still 90 miles away.

I think we ought to be proud of America and the fact that throughout the cold war we have not been the instigators of tension between East and West. I think we ought to stick up for America, the only country in the world that I know of that goes around asking everybody what they think of us.

If your husband thought there was something wrong with him, he would probably talk it over with you and not trot around the neighborhood taking a public opinion poll on his faults. But not the New Frontier. The architects of the present administration want to know what Khrushchev's temperature is every morning. They want to know how General deGaulle enjoyed his breakfast. They want to know every last syllable of what Mao Tse-tung had to say about Russia in his latest diatribe.

At the State Department I suppose all of this international gossip is highly interesting. But what to me is vastly more important is what our sworn enemies are doing—not what they say or how they feel.

What today is actually going on in this country in the administration's dealings with foreign nations is a vast campaign to see no difference, hear no difference, and speak no difference. There seems to be a sort of quasi-official feeling that we are engaging in a love feast with the Soviets that only we can disrupt.

Along the New Frontier the idea is to conform or keep quiet. Nothing must be done to ruffle Mr. Khrushchev's feelings or lead him to think that we are superior to the Soviets in any category. We do not hear a tough note out of this administration unless it is directed at one of our tried and proven allies.

Actually the President has my sympathy. Not all of it, but some of it.

Vigor—or vigah—is now a galloping ghost. It is being expended where it doesn't count. The strength which we spent billions to build is no longer used in the fashion that General Eisenhower and John Foster Dulles used to protect freedom against an aggressive enemy. No, today we must sign a treaty with the very people the President went on nationwide television just a year ago to accuse of perfidy in Cuba. What makes these international liars any more trustworthy today than they were 12 months ago when they sat in the President's Office and insisted they had no offensive missiles in Cuba? What makes us accept the idea that this nuclear test ban treaty is different from the dozens and dozens of other treaties which the Soviets have broken?

On the domestic front, the New Frontier is equally disappointing. In Washington right now you are passé unless you agree that Government has got to grow at the same rate as the population. President Kennedy is just as convinced of this today as he is with the idea that without him America would not be going forward.

I suggest there is no logic in trying to connect population growth with Government growth. For example, there are fewer farmers today but there are far more paid employees in the Department of Agriculture. If it keeps up at the present rate there will be a bureaucrat in Washington for every individual engaged in tilling the soil.

Not many years ago a corporation I happen to know about totaled its profits, filed its tax return, and went about its business of supplying the American public with goods and services, creating jobs in the process. Today that same corporation has to file 3,600 Government forms every year on tax matters alone. Another firm files 37,683 Government reports annually totaling 48,285 man-hours of work—labor that produces absolutely nothing except an excuse for hiring more file clerks in Washington.

I have heard that it costs the railroads $5 million a year just to file reports with the Interstate Commerce Commission. This, of course, is a sick industry and you can guess why.

Actually, you know, the Government is smothering us with loving kindness and devoted attention to our private affairs. The cost in dollars alone is phenomenal, but it is far more serious when it is counted in individual liberties.

In the first 6 months of this session of Congress President Kennedy made 207 requests for spending authority and 70 requests for additional executive power.

This, again following the population growth, is an increase of more than 100 money requests and 40 power requests over the requests to the entire session of the previous Congress.

Actually there is scarcely a corner, a niche or a cranny of our lives that isn't covered by some real or proposed edict of government. I don't see how we take it and I hope that, with your help, we won't have to take it much longer.

I say to you that the way to keep this country great is to give it the freedom to breathe, to stop laying hands on our people every time a new child is born, to stop the Government from peering over our shoulders at every juncture of human endeavor.

Sometimes we're inclined to forget that nothing was leaning over the shoulders of our Founding Fathers but loaded muskets when they put together a new governmental experiment in human freedom.

Inventiveness, free enterprise, and a willingness to work and grow in our own way led to the building of the most productive Nation the world has ever known.

The same things will keep it growing, if our people have a chance to display these virtues.

In California you've got problems. We all have problems and we must seize the chance to solve most of them ourselves because unless we keep the door bolted and the windows fastened, somebody from Washington will be out here trying to solve them for us—and at double the local cost.

And, of course, when Washington moves in on a local problem, we get far more than help. We get tons of advice and counsel and beneath the well-modulated suggestions will be the mailed fist of centralized government.

Now there are cures for these problems. Republican cures. And if we don't foul up the medicine with our own rancor I'm sure the American people will find the remedies palatable.

You know, as Republicans we wear a pretty proud label. But it sets us apart from our fellow citizens of different political persuasion only in that what we believe we have consistently believed.

Our word is good. We can still spell thrift, honesty, and dedication.

We've never had to apologize for what we've tried to do for America, and we never will.

With this much going for us I don't see how we can lose. And we can't lose if we'll just take a raincheck when the arguments start about what kind of a Republican one or the other of us happens to be.

I'm a Republican right down to my gizzard. I always have been and I will continue to be.

I'm not going to read anyone out of the party. But I will read anyone into the party that I can get my hands on. If they can get to the polls in the right frame of mind we need them. And I doubt that a single one of them could pollute our party or strain our integrity after the many years we have stood for what is right and just and honorable for our beloved country.

Republicans do not have to be told what will happen to America if we continue down the road the administration is traveling. It is a road that leads to ruin, and you know it as well as I do.

It's a historic road, littered with the bodies of dead governments and wrecked freedom.

It's a road that goes nowhere but downhill.

In my mind it's almost a sin when vigorous, intelligent, and economically independent people turn to the Federal Government for aid and succor in solving most of their community and State problems when they can be solved close to home.

There is a place for the Federal Government in our lives—a big one.

It was conceived by our Founding Fathers as an instrument to raise the militia and the money to support them to protect us from aggression.

That is a function it can do and it is a function Americans respond to with patriotic willingness.

The blame for our failures in confining the functions of the Federal Government lies not alone with the President or the Presidents who preceded him. Congress must bear an equal burden in creating the climate of centralism that has engulfed us.

I say to you here today, that the remedy is not half as drastic as the disease. The remedy is to elect Republicans in large numbers to the House and Senate next year as you choose a Republican President.

The only pain and suffering will be on the other side, and it will be enlightening to handle the whole problem on an out-patient basis.

Let me repeat, that as Americans we need not offer any apology to any other humans on the face of the earth. Woodrow Wilson said that "only free people can hold their purpose steady to a common end, and prefer the interest of mankind to any narrow interest of their own."

We have for decades held that purpose and continue to do so.

We have, however, reached a point where we are obligated as a free people to hold to the purpose of our own way of life.

It is a purpose that is the marvel of the world, the call of freedom to the enslaved, the beacon of eternal hope to the oppressed.

It is American and I love it. I am proud of the chance to work for it, to try and make it a better country for us all.

What Happened to President Kennedy's "Profiles in Courage" in Korth Case?

EXTENSION OF REMARKS

OF

HON. H. R. GROSS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. GROSS. Mr. Speaker, the veteran correspondent of the New York Times, Mr. Arthur Krock, writes as follows in that newspaper on November 3, 1963:

> At Wittenberg College, October 17, 1960, Presidential Candidate Kennedy promised that if elected he would impose "a single, comprehensive code on conflicts of interest * * * drawing a clearer line between propriety and impropriety * * * protecting the public against the unethical behavior * * *. All America seeks a government which no man holds to his own interest * * *. The next President must set the moral tone, and I refer not only to his language."

At his press conference on November 1, 1963, President Kennedy was asked these questions:

> Question. Mr. President, do you think the letters that Secretary of the Navy (Fred) Korth wrote made his resignation advisable, and was requested?
>
> Answer. I think the letters which Mr. Korth and I exchanged, I think, explain the situation as I would like to see it explained.
>
> Question. Mr. President——
>
> Answer. Mr. Korth, I think, worked hard for the Navy and he indicated his desire to return to private life and I accepted that decision. But I think he worked hard for the Navy.

Later in the same press conference, the questioning on the same subject was renewed as follows:

> Question. Mr. President, Navy Secretary [Fred] Korth had some correspondence which indicated he worked very hard for the Continental National Bank of Forth Worth while he was in Government, as well as for the Navy, and that during this same period of time that he negotiated, or took part in the decision on a contract involving that bank's—one of that bank's best customers, the General Dynamics firm. I wonder if this fulfills the requirements of your code of ethics in Government, and if, in a general way, you think that it is within the law and proper?
>
> Answer. In the case of the contract, the TFX contract, as you know, Mr. Mollenhoff, that matter was referred to the Department of Justice to see whether there was a conflict of interest and the judgment was that there was not. That is No. 1.
>
> No. 2, the amount of the loan to the company, that bank was one of a number of banks which participated in a line of credit and it was relatively a small amount of money, as bank loans go. So in answer to your question, I have no evidence that Mr. Korth acted in any way improperly in the TFX matter. It has nothing to do with any opinion I may have about whether Mr. Korth might have written more letters and been busier than he should have been in one way or another.
>
> The fact of the matter is, I have no evidence that Mr. Korth benefited improperly during his term in office in the Navy, and I have no evidence, and you have not, as I understand the press has not produced any, nor the McClellan committee, which I would indicate that in any way he acted improperly in the TFX. I have always believed that innuendoes should be justified before they are made, either by me and the Congress or even the press.

What has happened to the Kennedy "Profiles in Courage?" What has happened with respect to his bold and reassuring words as spoken when he was a candidate for the presidency; when, for political purposes, he was pointing a finger at the Eisenhower administration and the Sherman Adams-Goldfine episode?

As Mr. Krock says:

> As soon as he learned of Korth's lapses from this code of official ethics, the President conveyed the word to his Navy Secretary that immediate resignation was in order * * *. But by his words at the press conference he strangely diluted his very creditable deed.

Mr. Speaker, at this point and for the information of my colleagues, I submit for printing in the Record the entire article as published in the New York Times on Sunday last:

The Korth Case: Kennedy's Explanation of the Navy Secretary's Resignation Examined

(By Arthur Krock)

Washington, November 2.—President Kennedy expressed a desire common to occupants of his office whom a subordinate has embarrassed when asked at his news conference if he thought certain letters written by Navy Secretary Korth made the resignation of this official "advisable" and if the President had requested it. "I think," he replied, "the letters which Mr. Korth and I exchanged are the—explain the situation as I would like to see it explained."

But whether or not Mr. Kennedy's choice of words was inadvertent, no predecessor has arrayed himself with such candor on the side of the proposition that the press should not explore the background of official explanations of events in Government that, on their face and in the attendant circumstances, are plainly a coverup of the actual situation. For the letters the President referred to (which were not, of course, the letters his questioner described) are excellent examples of deliberate concealment.

Secretary Korth's October 11 letter of resignation to the President gave as his only reason the need "to return to private business to attend to my pressing private affairs." In his prompt reply (October 12) accepting the resignation, Mr. Kennedy made no comment on the reason for it given by Korth, confining his composition to generous—and deserved—praise of the Secretary's "advancement of national security interests," and said these had put "the Nation in your debt." Therefore, the explanation supplied by this exchange, the one the President said he "would like to see" deemed sufficient, stands in the official record merely as this:

Secretary Korth resigned only because the pressure of "private affairs" overcame his dedicated desire to continue to support the leadership of our national defense by the President and Secretary McNamara. * * * Mr. Kennedy's estimate of Korth's service was high and without qualification.

If the press had accommodated the President's stated preference, and let it go at that, the subject would not have been revived by a question later in the news conference. Perhaps the detailed nature of this second inquiry persuaded Mr. Kennedy he must go beyond the official record he previously had said he would like to have accepted as an adequate explanation. However, go beyond it he did, condoning in words a breach of the ethics to which he pledged his administration in the campaign of 1960 that he had already redeemed in action.

SPEEDY RESIGNATION

As soon as he learned of Korth's lapses from this code of official ethics, the President conveyed the word to his Navy Secretary that immediate resignation was in order. In so doing, Mr. Kennedy acted with firmness and promptness in highly favorable contrast to the performances of two previous administrations in comparable circumstances. But by his words at the press conference he strangely diluted his very creditable deed.

The amount of the subscription to TFX loan to General Dynamics by the bank from which Korth had come to public office, said the President, had, after all, "been a relatively small amount of money as bank loans go;" so there was "nothing improper" in the Navy Secretary's participation in the decision to give the contract to General Dynamics. And, as for Korth's letters on Navy stationery, including an offer to the bank to include some of its "best customers * * * in a little party" on the Secretary's official yacht *Sequoia*, the President dismissed them by saying: "This [TFX affair] has nothing to do with any opinion I may have about whether Mr. Korth might have written more letters and been busier than he should have been in one way or another.

WHITE HOUSE ATTITUDE

That part of Mr. Kennedy's news conference comments furnishes only another illustration that the stern ethical attitude of presidential candidates is prone to undergo a softening process when they enter the White House.

The admirable quality in President Truman that evoked greater intensity in his friendship when his friends got themselves in trouble was supplemented by his fierce protective instinct for his party when some of these friends got his administration in trouble, too. And President Eisenhower long and stubbornly justified acceptance of gifts by Sherman Adams that engendered the public disapproval which finally persuaded Adams he was seriously injuring the President by retaining his most influential White House post.

On June 18, 1959, 3 months before Adams' resignation, President Eisenhower gave a news conference his views on the ethical issue involved, of which the following are the pertinent excerpts:

"A gift is not necessarily a bribe. One is evil, the other is a tangible expression of friendship. * * * Anyone who knows Sherman Adams has never had any doubt of his personal integrity and honesty. * * * But * * * in not being sufficiently alert in making certain that the gifts of which he was a recipient could be * * * misinterpreted * * * as attempts to influence his political actions * * * to that extent he was * * * 'imprudent.' * * * Personally, I respect him because of his personal and official integrity. I need him."

ETHICAL CLEARANCE

The sponsors of the "shakedowns" for presentation portraits to judges and campaign funds via testimonial dinners, etc., that have attained a peak of frequency in Washington ask no better ethical clearance than this.

At Wittenberg College, October 17, 1960, Presidential Candidate Kennedy promised that, if elected, he would impose "a single, comprehensive code on conflicts of interest * * * drawing a clearer line between propriety and impropriety * * * protecting the public against the unethical behavior. * * * All America seeks a Government which no man holds to his own interest. * * * The next President must set the moral tone, and I refer not only to his language."

This was the part of the pledge which Mr. Kennedy failed to serve by excusing, in words, the official actions he had, by deed, certified as inexcusable.

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the Record, I include the newsletter of November 2, 1963:

Dallas—Proud, Courageous—Truly the Home of the Free and the Brave

Dallas is second to none as an American community standing for all the highest ideals of Americanism. Its people are the finest type of citizens—courageous, courteous, determined, daring, industrious, kind, patriotic—possessing all the qualities which set apart those who founded this Nation and the pioneers who began its development. Through the years Dallas leaders have been unselfish, forward-looking, builders with giant ideas and giant abilities. Dallas has now, and has always had, one of the most effective and respected police forces anywhere in the world. Dallas has enjoyed capable, hard-working, successful administrations.

Dallas is America. Its people are Americans remembering and inspired by the tradition of the Alamo. Dallas contributions to business, industry, art, culture, have been an integral part of the greatness of America.

IS SELF-CRITICISM BECOMING ACTUAL CHARACTER ASSASSINATION?

Why should there be any discrediting of Dallas? Why should all of its people be subjected to abuse because a few express intemperance? Why are good people, with good intentions, taken in and assume a feeling of guilt where no guilt exists, and apologize for a community that has done no wrong?

LET'S TAKE A CRITICAL LOOK AT THE CURRENT ATTACKS ON DALLAS

Dallas—What it is—What it stands for

1. Dallas is a community of people who believe in the individual and capitalism.

2. No city in the Nation can outstrip Dallas in growth figures, in job opportunities, in new car registrations, in home building, in tackling slum problems, in rejuvenating its blighted areas, and all on its own through private, individual initative.

3. Dallas has never had racial demonstrations, violence against minorities, bombings, race riots that have plagued so many other communities in both the North and South without apology.

4. Dallas peacefully integrated, quietly and through its own efforts.

5. Dallas citizens of all races, religions, and economic status have joined their talents and their efforts in creating a great, beautiful, dynamic, free community.

Because Dallas is now in the headlines over the United Nations, let's appraise that organization.

1. The original purpose and Charter of the U.N., supported by all peace-loving, freedom-loving peoples, has been subverted by the Communists, the godless, the imperialistic Soviet Union, the purveyors of hate, revolutions and destruction of freedom everywhere.

2. The money of U.S. taxpayers has been used to subvert the United States and to strengthen its enemies. We pay 40 percent of the total cost and have 1 vote. The Communists refuse to pay legitimate costs and have many votes.

3. The sovereignty of the United States has been threatened by attacks upon our system of government and the steady attempts to impose the will of the U.N. on the American people, to replace our own Constitution and national institutions. United Nations conventions (agreements) supersede our Constitution.

4. The military head of the U.N. is always a Communist even though the enemy fought by the U.N. has always been Communist supported.

Is it any wonder some citizens verge on intemperance with pent-up concern? One thing the citizens of Dallas and the representatives of the U.N. have in common—they are people. People make mistakes. People disagree. People become intemperate. These are among our human failings. Being people does not excuse nor permit us to condone discourtesy, violence, intemperance, and the suppression of the right of all to express their beliefs.

WE MUST KEEP EVERY SITUATION IN PERSPECTIVE

The vehemence of the attack on Dallas as a city because of the recent incident involving the U.N. Ambassador may be causing some to lose perspective and to forget that many people are fed up with the U.N.

Dallas is not disgraced by the action of an individual, nor even a group of people. The Dallas record for courtesy, for fair treatment, for freedom is all too well known. But by getting the people of Dallas to assume blame for something of which they are not guilty, by having the press and wire services and the commentators castigate Dallas and its people, the real issue is befogged and the cause of the intemperance is not remembered, and the enemies of the United States are encouraged. This all fits in with the Communist objective.

However badly their feelings were expressed, to whatever ungentlemanly and un-Dallas acts to which these feelings led, the basic fact is that the American people are deeply disturbed over the course this Nation is following and the activities of the U.N.

The U.N. is not keeping the peace. There have been 60 wars since it was founded. There are at least a half dozen wars going on at this moment when the Secretary General of the U.N. says the world is at peace.

In too many cases the U.N. itself is fomenting war.

It is not bringing about better international understanding, but its member nations are undermining free governments everywhere and imperiling our own country.

Imagine the absurdity of the U.N.-run Korean war in which 133,000 American men were killed and injured by Communists while a Communist headed the U.N. military operation.

Can we refuse to forgive the actions of a young man (not a Dallasite by the way) who lost his head because of his resentment against the U.N. that threatens his freedom and his country's freedom, and yet forgive the actions of the U.N.?

Must Dallas hang its head in shame because of the hotheaded actions of a few and yet condone U.N. actions in Katanga, in Laos and Vietnam where American boys are dying? Do you believe that Dallas must apologize as a city for an unhappy and regrettable incident, but accept the brutal facts of Hungary and the glossing over by the U.N. of the murder of men, women, and children there by the Red Army? Do you approve the U.N. buying Russian jeeps with U.S. money to give to Castro? This happened. If you disapprove vocally of such things, are you to be called intemperate?

Dallas will always regret intemperance.

Dallas will always glory in its reputation for courtesy and hospitality.

Dallas will continue to fight for the American way of life.

Dallas, the whole city of Dallas, should not accept unjust criticism because of the isolated actions of a few.

Dallas will continue its endeavor to present a welcome to any visitor, afford him the opportunity to be heard and will protect the right of those who disagree to do so within the bounds of good conduct.

Dallas and its people, however, must not be throttled, nor discredited, nor made a party to their own self-destruction by being afraid to stand up and sound off when we feel our city, our State, and our Nation is in danger. We remember well the warning of Abraham Lincoln that, "If destruction be our lot we ourselves must be its author and its finisher."

The real issue—the U.N. today is engaging in many actions harmful to peace, to the Communist captive people, and to U.S. sovereignty.

Dallas must never be discredited.

Democrats and Republicans Oppose Suggestion Advanced by Politician To Sell TVA

EXTENSION OF REMARKS

OF

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. EVINS. Mr. Speaker, the press has recently pointed out that a certain presidential aspirant believes strongly that the Tennessee Valley Authority should be sold to private enterprise. The proposal to sell TVA has met with strong and united opposition not only from the Democrats of the Tennessee Valley area, but also from members of the Republican Party.

The Nashville Banner, in a recent story, has pointed out that Tennessee's three Republican Congressmen have come out in direct opposition to this proposal by a member of their party to sell TVA, thus placing every Member of the Tennessee congressional delegation, along with many others, against a sellout of TVA.

Mr. Speaker, I submit press reports containing statements opposing any sale of TVA for the Record. These statements follow:

State GOP Congressmen Opposed to Sale of TVA

Tennessee's three Republican Congressmen, Representative Howard Baker, Knoxville; Representative William Brock III, Chattanooga, and Representative James Quillen, Kingsport, have declared they would be against any consideration of the sale of the TVA as discussed by Senator Barry Goldwater earlier this week.

Brock, a conservative and an ally of Goldwater, said that although he endorsed without qualification the principle of maximizing free enterprise, he did not think it would be feasible to turn TVA power operations over to private industry. The freshman Congressman said he would actively oppose any such move.

Quillen said "TVA has been with us for many years, and in my judgment, it is not feasible or workable to sell it—as much as I believe in the free enterprise system.

"The functions which TVA exercise in respect to flood control, conservation, navigation and electric power production are so interrelated that, in my opinion, they could not economically be divided and operated separately," Quillen stated.

"Flood control and navigation are the functions of the Government, and TVA, in the area which it serves, is assuming the leadership in these fields, particularly flood control. TVA must accelerate its leadership in this field, and I am assured that this is their plan," he added.

Baker said he is unequivocally opposed to the suggestion that TVA be sold to private industry.

He stated TVA was created by Congress to comprehensively develop the Tennessee River and "is a model for watershed developments throughout the world."

Tennessee's two Senators have strongly opposed this sale. Senator Albert Gore stated:

I am completely opposed to any proposal to sell the TVA. The idea is wholly impractical and contrary to the public interest.

Senator H. S. Walters stated:

Recent suggestions that the sale of TVA to private industry would be to the benefit of Tennessee and the Nation is certainly without any basis of fact.

We in the Tennessee Valley are proud of the fine work of TVA and it would be folly to seriously consider the disruptive suggestion put forth by someone unfamiliar with the people and the economy of the seven-State area served by TVA.

From press reports others comment:

Representative Clifford Davis, Democrat, of Memphis, said the proposal to sell TVA "is absolutely ill-founded, unwise, and will never happen in this country."

Davis said that even the private power people in this country admit it [TVA] is efficient and well managed."

"I wholeheartedly disagree," said Representative Joe L. Evins, Smithville. "He [Goldwater] doesn't even have the facts on what TVA means to the Nation."

Evins, a member of the House Appropriations Committee, called Goldwater "very shortsighted and provincial in opposing TVA."

While the Arizona Senator is doing this, Evins said, he often comes to the committee with requests for reclamation projects for his arid West.

Representative Tom Murray, Democrat, of Jackson, said of the proposal to sell TVA: "Certainly not—not at all.

"It's operating fine now. We should continue it."

Asked in what areas it is operating fine, Murray answered:

"All over."

He called it perfect.

Representative Robert A. (Fats) Everett, Democrat, of Union City, said, "It seems that Senator Goldwater should see the benefits that TVA has rendered to the valley before he capitulates to the private power lobby.

"I certainly think the people of the valley appreciate the benefits that have been afforded them from an agency that is paying its own way."

Everett said that had it not been for TVA and the Rural Electrification Administration, young men and young women would never have remained in the farm areas to make the contributions they are now making.

"Either Senator Goldwater is misinformed," Everett said, "or he cares not for the people of the valley."

Tennessee's other Congressmen agreed Saturday that TVA should not be sold, most of them vigorously defending the agency.

Goldwater made his statement to Fulton after the fifth district Representative had inquired of the Senator if he was correctly quoted in a magazine article about selling the valley agency.

Representative Richard Fulton, Democrat, of Tennessee, said:

During the previous administration TVA was referred to as a form of creeping socialism. It is regrettable that this successful Government service which is of great benefit to a great number of people must come under this attack.

Representative Ross Bass, Democrat, of Tennessee, said:

I am shocked that a man who is supposed to have the basic concept of Government and the intellect to be President of the United States would make such a proposal, to slash up, divide, and destroy an institution that is so important not only to the seven-State area that it serves as a power producing and distributing agency but to all the Nation. To deny the great service it performs to all the people of the United States as a means

> of determining the actual cost of producing power; to stop the TVA from providing a yardstick for this purpose for all power-producing agencies in the United States, would be wasteful and foolhardy.

BASS also said:

> It is providing a great service to all the Nation in the area of power production, cost analyses, and the yardstick for power cost to all of the citizens of the United States.

Congressman ROBERT E. (BOB) JONES, Democrat, of Alabama, said:

> I can think of no more preposterous proposal than to sell TVA to the private power trust.
>
> In view of Mr. GOLDWATER's long anti-TVA record, it is obvious he is really proposing the death of our most successful model of a free people's cooperative effort with the Government.
>
> Mr. GOLDWATER certainly demonstrates clearly that he is no friend of the South. What he is advocating is that the average TVA power user, who pays slightly less than 1 cent a kilowatt-hour as compared with the national average of 2.4 cents, have his power rates increased.
>
> In other words, he offers more of the same old discrimination against the South which has been so true of his party over the years. This is what he means by conservatism.

JONES, who has been a chief sponsor of TVA legislation during his 17 years in Congress, also said:

> Before TVA, the Tennessee Valley was called the Nation's No. 1 economic problem. It has been TVA which not only harnessed the Tennessee River and provided flood control, navigation and power, but promoted the well-being of those in this region as well.
>
> Should TVA be sold to private interests, its numerous services—such as navigation and flood control—would be left high and dry.

He explained that TVA's payments in lieu of taxes to State and local governments are about the same as the taxes paid by other utility systems and that TVA pays no Federal income tax because it makes no profits, just as private industry pays no Federal taxes when it makes no profits.

> TVA and its contract distributors have paid more than $210.7 million to State and local governments in lieu of taxes. The agency is required by law to repay to the Treasury in the next 50 years all of the funds appropriated to it for power purposes.

Alabama Congressman CARL ELLIOTT said GOLDWATER's opposition to TVA is hard to understand when it is remembered that he is now sponsoring legislation (S. 1658) for a $1.1 billion public water and power project—a sort of western TVA—for his own State of Arizona. He said:

> Apparently the junior Senator's position is that if you spend $1.7 billion for a public power project to serve seven Southern States, that is socialism. But, the spending of $1.1 billion for the same purpose in one State is enlightened conservatism—if that State just happens to be Senator GOLDWATER's.

In a personal letter to GOLDWATER, the Alabama Congressman said:

> Since you come from a section of the country 2,000 miles removed from the region served by TVA, it is possible that you are not aware of the extraordinary progress and growth that has been engendered by the great Tennessee Valley Authority.
>
> For your information, Senator, the Tennessee Valley Authority in just 30 years has transformed what was a depressed and eroded valley—the Nation's most urgent economic problem—into what is now one of the most productive and progressive sections of our common country.
>
> The TVA has stimulated the private investment of almost $1 billion on the Tennessee River shoreline, and is providing job opportunities, directly and indirectly, for tens of thousands of Alabamians and other southerners. The great network of 31 dams which make up the Tennessee Valley Authority has tamed and harnessed rivers which once flooded their banks and ran berserk through our region, leaving behind devastation, despair and incalculable human misery and suffering.
>
> I am sure, Senator GOLDWATER, that upon reflection, you would not consider these accomplishments as socialistic, or as a hoax.

From a news clipping we read:

> Senator JOHN SHERMAN COOPER, Republican, of Kentucky, said the Arizona Republican's idea came as a surprise, "because he hasn't offered anything like that in Congress."
>
> "I don't think," COOPER said, "it [sale of TVA] is going to happen whoever is elected President. There are a number of Senators who have opposed the TVA, but I've never heard of anyone—including GOLDWATER—offering a bill to sell the TVA."
>
> COOPER said he had made the first proposition to require TVA to finance its facilities, and he added, "It is now financing them and is repaying its advances from the Government."
>
> "Utterly ridiculous," said Representative PAT JENNINGS, Democrat, of Virginia, of the Goldwater suggestion.
>
> Senator JOHN SPARKMAN, Democrat, of Alabama, called it entirely impractical and said it would do a great disservice to the taxpayers of the United States. He added he doubted GOLDWATER would gain any supporters for his proposal, especially in the TVA area.
>
> Representative FRANK A. STUBBLEFIELD, Democrat, of Kentucky, called the idea "the most asinine, stupid suggestion I've heard since I've been in Congress."
>
> "The TVA," STUBBLEFIELD said, "is the greatest thing that ever happened to the South. I note that GOLDWATER is promoting the central Arizona project, which will cost $1.1 billion. Let him take care of Arizona; we will take care of the TVA area."

Congressman GEORGE HUDDLESTON, JR., Democrat, of Alabama, stated:

> The proposal to sell TVA is among the most preposterous that has come to my attention in a long time. For the Government to lose this great asset would certainly not be in the best interest of our country. The sooner the thought is dispelled the better.

Mr. Speaker, I repeat that this unsound and unwise proposal, I suggest, is costing the distinguished presidential aspirant thousands of votes, as thousands are leaving his banner because of this one unwise and erratic suggestion.

Secretary Dillon Speaks in Arkansas

EXTENSION OF REMARKS

OF

HON. JAMES W. TRIMBLE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. TRIMBLE. Mr. Speaker, on Friday, November 1, 1963, the Honorable Douglas Dillon, Secretary of the Treasury, spoke before the Second Arkansas Federal Tax Institute at the Hotel Lafayette, Little Rock. He made a masterful address explaining the tax situation which confronts the Nation today and the problems before the Congress concerning tax legislation.

In the address he paid high tribute to our friend and colleague, WILBUR MILLS, the chairman of the Ways and Means Committee, who is one of the best informed men in the House of Representatives on tax legislation. He also paid tribute to Senator FULBRIGHT of Arkansas, who is a member of the Finance Committee of the Senate.

Mr. Speaker, I insert the address in the CONGRESSIONAL RECORD as part of my remarks, because in a few days we will be considering a bill to raise the debt limit:

REMARKS BY THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY, BEFORE THE SECOND ARKANSAS FEDERAL TAX INSTITUTE AT THE HOTEL LAFAYETTE, LITTLE ROCK, ARK., FRIDAY, NOVEMBER 1, 1963

I am extremely pleased to be here today in this vigorous State which is engaged in such an intensive effort to breed and attract new industry and to expand its economy.

I have the good fortune to be extremely familiar with the great contributions to our national well-being of two of Arkansas' most illustrious citizens—Senator J. WILLIAM FULBRIGHT, whom I have come to know well both in his capacity as chairman of the Foreign Relations Committee, and as a stalwart member of the Finance Committee, and my good friend WILBUR MILLS, chairman of the House Committee on Ways and Means.

Today I particularly want to pay tribute to WILBUR MILLS. I am constantly impressed with the skill, the wisdom, and the understanding that Mr. MILLS brings to any issue before him. It is due to his brilliant and inspiring leadership that the President's tax bill has moved successfully through his committee and the House of Representatives.

That tax bill as it now stands—with the single exception of the proposed reductions in capital gains rates—is a sound bill, a fair bill, an effective bill. It provides for two-stage reductions in both individual and corporate income tax rates: cutting individual rates from the present scale of 20 to 91 percent to a sharply lower range of 14 to 70 percent, and dropping the overall corporate rate from 52 to 48 percent while the rate on small business falls all the way from 30 to 22 percent. These rate reductions are the single most important reform in the bill. They are vital, not only because they release more than $11½ billion into the private economy, but also because they provide a permanent and substantial increase in incentives to work harder and to invest more.

The bill also includes a substantial number of reforms that provide major improvements in the equity of our tax system. They are, to be sure, only a beginning, but don't let anyone tell you that they are not a significant beginning. Revenue-raising reforms in the present bill, plus those contained in the Revenue Act of 1962, total nearly $2 billion. When one considers that the total revenue increases from structural changes in all other revenue acts since 1940 have barely exceeded $600 million, the magnitude of the present accomplishment becomes clearer.

The structural reforms in the present bill contribute markedly to the equitable distribution of the tax reductions. Without those reforms, the tax reductions would unduly favor upper income taxpayers. The minimum standard deduction, for example, channels more than $300 million in tax relief directly to those in the lowest income groups, and avoids the large overflow into other brackets that would accompany the increased exemption approach that is sometimes proposed. The income-averaging provision would remove the present inequitable tax treatment of bunched income. New deductions for moving expenses would improve the mobility of labor and thus ease the problem of structural unemployment. The repeal of the dividend credit, as well as the tighter rules governing the tax treatment of stock options, depreciable real property, the aggregation of unrelated oil and gas properties for depletion purposes, multiple surtax exemptions and others, would help rectify existing inequities, broaden the tax base, or offset what would otherwise be excessive tax reduction for privileged groups.

The tax bill, therefore, represents a good start toward greater simplicity and equity in our tax structure—toward the kind of reform that Chairman Mills and I would like to achieve. If it is not all we would like, that is because the economic urgency of immediate tax reduction must override our desire for thoroughgoing revision of our tax structure.

Nothing should delude us into thinking that tax cuts are no longer as important as they were 6 or 9 months ago. True, we are now enjoying moderately pleasant economic weather, and the current upturn demonstrates that there are basic strengths in our economy. But we cannot be so blinded by the bright spots around us that we fail to see the pitfalls that lie ahead.

The fact is that this year's upturn, as well as the entire recovery since 1961, have failed to make adequate inroads into the persistent and serious problems that have plagued us ever since 1957—long-range problems that the tax cut is designed to alleviate. For the past 6 years our unemployment rate has been much too high. We have been unable to reduce it at all over the past 12 months, a period in which gross national product grew by $32 billion or 5¾ percent. If we do not greatly improve our performance, and soon, then the sharp increase in our labor force over the next few years will result in more and more unemployment, followed closely by irresistible pressures for ever greater Government spending. This is just one of the critical problems that brings into bold relief the undiminished urgency of the tax bill as a balanced stimulus to more rapid and more durable economic growth.

In addition to its rate reductions, the tax bill would improve 1962's investment credit by restoring the provisions originally approved last year in the House of Representatives It would eliminate the requirement that the depreciation basis of new investment must be reduced by the amount of the investment credit—thus removing the difficult accounting complexities that flow from the current statute. In addition, repeal of that requirement would almost double the present incentive of the credit and would give substantial additional encouragement to more rapid modernization and expansion of plant and equipment.

The 48-percent corporate tax rate, when added to last year's investment credit and revised depreciation guidelines, would reduce corporate tax liabilities by a total of $4.5 billion annually. An when you add to this the proposed liberalization of the investment credit, the after-tax profitability of new investment would be increased by more than one-third.

I do not have to emphasize to you here in Arkansas how vital such tax incentives are to greater industrial growth and expansion. Few States are more intensely concerned with industrial progress than Arkansas. Few can match your recent achievements. From 1957 to 1962, for example, Arkansas per capita income grew by 31 percent, or by almost double the 16-percent figure for the Nation as a whole. Even more revealing in terms of your industrial development program is the fact that—as a percentage of total civilian personal income from productive activity—income from manufacturing in Arkansas rose by 2 percent from 1957 to 1962, while for the Nation as a whole, such income declined by 2 percent during the same period.

Figures such as these demonstrate how successful you have been in making Arkansas an extraordinary attractive magnet for new and greater industrial investment. A number of other investors from various parts of the Nation have made known their intention to expand into Arkansas when the time is propitious. That time will come when the removal of repressive wartime tax rate opens the way to more buoyant and sustained economic growth and sharply increases the incentives for expanded investment in plant and equipment. These major increases in the incentive to invest at home, rather than abroad, are also, of course, an essential and highly important part of our program to achieve balance in our international payments.

Expanded investment will flow not only from the large direct tax stimulus to business that I have just described, but also from the substantial boost in consumer demand that will result from the individual tax reductions. Nearly $9 billion of the overall tax reduction will go to individuals. Well over 90 percent of that money will be spent, setting in motion the familiar economic process in which money circulates throughout the economy and ultimately increases consumer spending by several times the amount of the initial tax cut. That strong and sustained rise in consumer demand—and thus in markets for industry—will further bolster the direct tax incentives to investment.

Without this kind of balanced stimulus to both consumer demand and investment incentives, we will not have the expansion in all sectors of our economy that we must have if our overall growth is to be both strong and durable. Those who suggest that the tax reductions are too heavily weighted in favor of either consumer demand or investment, simply do not understand that fact. Similarly, those who suggest that the individual tax reductions favor the upper income groups forget that, by the very nature of our steeply progressive tax rate structure, equivalent percentage rate reductions in the lower and upper brackets inevitably mean much greater increases in after-tax income in the upper brackets—particularly if the reductions in the upper brackets are not somewhat offset by basebroadening reforms. To achieve equal percentage increases in after-tax income would simply require total abandonment of any thought of reducing our current excessively high rates.

The fallacy in the after-tax income approach as a measurement of tax reduction is clearly shown by the following extreme example: Suppose we reduce the present bottom rate of 20 percent all the way down to zero. That would increase a taxpayer's after-tax income from $80 to $100, or 25 percent. Now look at our highest bracket, 91 percent, with 9 percent left after tax: An increase of 25 percent in after-tax income at this level would be 2¼ percent, or a total after-tax income of 11¼ percent, giving a top tax rate of 88¾ percent. Thus almost any reduction in our top individual tax rates is bound to give a greater percentage increase in after-tax income to today's 91-percent taxpayer than to the present 20 percent-taxpayer.

Under the current bill, when you consider the total effect of rate changes and structural reforms, nearly 60 percent of the overall individual tax reduction goes to those in the under-$10,000 income group, with their share of the total income tax load being slightly reduced from 50 percent to 48 percent.

Let there be no mistake: The tax bill this Nation needs and—when you eliminate the capital gains reductions—the bill this Nation now has before it, is not a bill to make the rich richer. It is a bill to make this Nation richer, stronger, and more productive in jobs, in investment, and in Government revenues. It is a bill that has the support of the AFL–CIO as well as the chamber of commerce, of academic economists as well as business economists. It is a bill that has the support of citizens in all occupations throughout the land.

One great concern of many citizens—a concern fully shared by the President and by the Congress—is that tax reduction be accompanied by strict and careful control over Federal expenditures. There is neither time nor need to cite the wealth of evidence that the administration and the Congress are not only committed to a firm program of expenditure control, but that such a program is already well underway. Let me simply emphasize a few major points:

First, the President, Chairman Mills, and the House of Representatives, in endorsing their views, have all made it unmistakably clear that, by adopting the tax bill, the Nation will be choosing, in Chairman Mills' words, "tax reduction instead of deliberate deficits as the principal means of boosting our economy," that they consider these courses mutually exclusive, that, in short, the tax bill represents a firm decision to rely upon greater private spending rather than upon greater Government spending as the prime factor in our economic growth.

Second, the fiscal 1963 deficit dropped from an estimated $8.8 billion to an actual $6.2 billion, and two-thirds of that decline resulted from lower expenditures. The largest single factor in those lower expenditures was the administration's policy of substituting private for public credit, a policy the administration intends to continue in the future. Fiscal 1964 expenditures are currently estimated at $1 billion below last January's estimate. Partly responsible for that decline is the fact that, as Chairman Clarence Cannon of the House Appropriations Committee, has pointed out, this year's appropriations are being held below last year's, the first time that has been done since the end of the Korean war. Also responsible is the extremely prudent management of Government personnel instituted at the President's direction. This program has enabled the Federal Government, during the past 12 months, to meet the needs of our expanding population while at the same time actually reducing the number of its regular civilian employees.

Third, the President has said that in the absence of any unforeseen crisis, he intends to submit a fiscal 1965 budget with a smaller deficit than the $9.2 billion originally forecast for this year before any allowance for tax reduction, despite the fact that during fiscal 1965, tax revenues must absorb more than $7 billion of the tax cut.

Fourth, more than 70 percent of our budgetary increase from fiscal 1961 through fiscal 1964 occurred in the area of defense, space, and interest on the national debt. Excluding these items, the overall record in all other areas of Government over the past 3 years has been markedly better than that of the preceding administration. Our expenditure increase has been some $1.2 billion, or nearly 25 percent, lower than the $5 billion increase in those very same items over the 3 preceding years, fiscal 1958 through fiscal 1961. And as Budget Director Kermit Gordon pointed out last week in testifying before the Senate Finance Committee, the need for continuing expenditure increases for defense has just about ended and will soon begin to taper off on space programs.

Why is it, then, that one still encounters doubt and confusion in many quarters? The answer, it seems to me, is failure to understand how our Government in Washington actually works. In effect, we have two budgets: One, familiar to all, records expenditures as we meet our bills. The other and far more important budget is probably known to only 1 out of every 1,000 Americans. This is the budget of new appropriations from which all spending flows.

In our private lives, the proper way to cut spending is not to refuse to pay our old bills, but to stop incurring new ones. It is just the same in government. Once the Congress appropriates funds for previously authorized purposes, the President, with one important exception—permitting him, as Commander in Chief, to refuse to undertake defense expenditures for purposes which he deems to be unnecessary or unwise—has no clear authority to refuse to spend those funds.

While Government agencies are responsible for the prudent management of their operations, the power to arbitrarily eliminate congressionally approved programs is simply not available. Only if he were clothed with such power could a President carry out significant reductions in congressionally approved programs outside the area of defense. This would require that Congress entrust the President with the right of the item veto—a right that Congress, in defense of its own prerogatives as a coordinate branch of government, has consistently refused to turn over to the executive branch.

Thus, once the appropriation budget has been adopted, expenditures are sure to follow—but only on a delayed basis. Since many of the dollars in appropriation bills go for such things as public works and complex defense or space hardware, the bills often do not come due for several years. For instance, only about half the money we will pay out this year, fiscal 1964, will come from this year's appropriation bills. The rest will come from moneys appropriated in earlier years.

Now, just what does all this mean when we look at expenditure control in the context of today's situation? It means simply that we should pay continuing and close attention to new appropriations instead of merely watching the current level of expenditures. I venture to say that there are few among you who realize that during the fiscal year that ended last June, a total of $101.5 billion in appropriations was approved—$9 billion more than was spent. That is why expenditures during the current fiscal year will rise by about $5 billion from last year's level of $92.6. And even if we succeed, as Congressman CANNON hopes and expects, in holding this year's appropriations to last year's $101½ billion level, fiscal year 1965 expenditures, which include the costs of many programs and projects approved in previous years, can be expected to rise somewhat above the 1964 level as a natural response to the lingering effects of earlier appropriation budgets.

However, to the extent we level off appropriations, our future bills—and hence our future expenditures—will also level off, but only after the usual and necessary time lag of about 2 years. To those who say that we should not cut taxes and increase expenditures at the same time, I say simply this: Look at the record being written today in new appropriations instead of merely concentrating on the level of expenditures required to meet old bills. When you look at this year's appropriations and compare them with last year's, you will see a clear example of firm expenditure control—a record that will show up in the spending level of future years.

Therefore, there is simply no reason for undue delay on the tax bill. It will not only give us expanding economy that will generate the greater Federal revenues we need to balance our budget, but it will also increasingly enlarge the role of the private economy in meeting our economic needs.

No one knows for certain what our immediate future holds. What is certain is that we cannot afford to be so shortsighted—or so forgetful of our postwar economic history—as to assume that because we are doing relatively well today, we are doing anywhere near well enough to simply let matters proceed as they are into the future. Outside of the prospect of a prompt tax cut, starting next January 1, there is nothing in our present economic situation or in our past history that permits us to expect that we can ride out 1964 on a continuing upswing. By next April 1, it will have been 37 months since the end of the last recession. If we are still in an upturn, it will be the longest peacetime recovery in this century, with the single exception of the 1933–37 pullout from the great depression. And a downturn, even of the relatively mild magnitude of our last two recessions, could easily cost us between $5 and $10 billion in Federal revenue. It would also bring soaring unemployment, which in turn would inevitably lead to greater Government spending. The result would be a deficit that could range as high as $15 or $20 billion—a deficit accompanied by unnecessary suffering and privation, and far larger than any we foresee with tax reduction.

The more we delay on the tax cut, the more we risk losing the opportunity now before us of choosing, decisively and firmly, to expand the role of the private sector in achieving economic growth and in meeting national needs. We risk, as well, foregoing into the far future the single best hope for ending our chronic budgetary deficits, and for reinvigorating the incentives for increased effort and investment.

We could not be in a better position to adopt the tax bill than we are today. We know that our economy is still on the way up. We also know that beyond the first few months of next year, its course is uncertain. We can pass the tax bill this year, and let the current upturn serve as a springboard toward the more rapid and sustained economic growth that we can and must achieve. Or we can fail to pass it and cast our entire economic future into doubt. I do not see how our choice could be clearer or more important.

The State of the Union: Congress Contribution

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. CURTIS. Mr. Speaker, I do not often put in the RECORD speeches I have made. However, because of its timely subject matter, and because I was forced to give it by telephone due to the legislative business before the House that day, I am including it in the RECORD at this point:

THE STATE OF THE UNION: CONGRESS CONTRIBUTION

(Remarks of the Honorable THOMAS B. CURTIS, Republican, of St. Louis County, Mo., at the annual meeting of the Associated Industries of Missouri, Statler-Hilton Hotel, St. Louis, Mo., Wednesday, October 30, 1963)

"It must be made clear to the public that much, if not all, of the stimulating effect of a tax cut might be nullified if it were accompanied by a reduction in spending, by a balanced budget, or by tax cut reforms which aim solely at redistributing, rather than reducing, the total tax burden on the economy."

This quotation comes from page 17 of the first report of the Consumer Advisory Council appointed by President Kennedy in mid-1962, published October 1963, and just made available to the public October 8.

The report was made to Dr. Walter Heller, Chairman of the President's Council of Economic Advisers, which he transmitted to the President on October 1, 1963. The quotation I have just read is a clear expression of the economic-political philosophy of the President's Council of Economic Advisers and is the basic theory which underlies President Kennedy's message to the Congress urging the Congress to reduce Federal income taxes.

This is the economic-political theory that led President Kennedy in his Yale speech to refer to balanced budgets and an abhorrence of Government debt as worn out, useless and dangerous shibboleths. It is this economic philosophy that lay behind Dr. Heller's statement in his testimony before the Joint Economic Committee that we needed to educate the public away from its Puritan ethic.

President Kennedy in his nationwide television and radio appeal to the people to support the proposed Revenue Act of 1963, then pending in the House Rules Committee, stated that this proposal was probably the most important measure to face the Congress in the past 15 years. The President stated that without this tax reduction bill we might face a serious recession. Both he and Secretary of Treasury Douglas Dillon have referred to this tax reduction bill as the answer to the unemployment problem, the balance-of-payments problem, the problem of economic growth, and the problem of operating on balanced budgets.

In his earlier Yale speech President Kennedy had asked that there be a nationwide debate on the subject of fiscal and economic policy so that the public would understand its backwardness in failing to grasp modern economics.

Some of us in the Congress who are in basic disagreement with the President and with Dr. Heller on this theory which we think is not new, but old, have sought to conduct such a debate. We say this is the old discredited economic theory that cheap money brings prosperity, dressed up in the new sophisticated language of the neo-Keynesian economists who promote it. May I say that those who asked for the debate have run away from it, including the President?

In order to overcome the opposition of many of the Democratic Members of the House of Representatives of a tax reduction bill in the context of massive Federal debt and continued deficit financing which would create further debt, the President abandoned a basic part of this novel planned deficit financing theory, at least in words. In his radio and television speech on nationwide hookup, he stated that we would impose even tighter controls on Federal spending. Query: Have the controls that have been imposed in the past on Federal expenditures by President Kennedy been tight controls? The record shows expenditure increases have jumped from the $1.3 billion per year average of the Eisenhower administration—which was bad enough—to over $6 billion increase a year under President Kennedy. In other expressions since then, the President has sought to convey to the Congress and the people that he agrees with his opposition, that in order for tax reduction to be economically beneficial it must be accompanied by Federal expenditure reform. Furthermore, the President agreed to the last minute amendment to the tax bill to save it, stating that it was the sense of Congress that there should be Federal expenditures control. The President has made no effort to disassociate his thinking from the arguments advanced by Congressman MILLS and the other Democratic Congressmen who spoke during House debate against the Republican proposal to establish specific expenditure figures for the 2 fiscal years covered by the tax bill. These arguments accepted the premise that expenditure reform was essential if the tax bill were to have a beneficial economic effect, but alleged (1) it was wrong not to trust the President's statements that he was going to cut back on expenditures, and (2) that anyway Congress should assume the responsibility by cutting the appropriation requests and not pass the buck to the President.

Not a person supported the economic philosophy of planned deficit advanced by Dr. Heller and President Kennedy during the House debate.

I stated in my remarks during the debate, "How are we to conduct a national debate on whether we should abandon the Puritan ethic if those who advocate this course run away everytime we meet in a common forum?"

Although the administration will not engage in straightforward public debate on this subject, let us not be misled. It has not abandoned its efforts to push through its tax program minus expenditure reform. Regrettably, the tactical defeat the neo-Keynesian economists and politicians have experienced in the congressional and other public forms where equal time and honest debate can be conducted has only resulted in increased efforts in the use of indirect methods.

It is one thing to abandon a basic theory and course of action deliberately after full public debate. It is quite another thing to abandon it without debate on a false assurance that it is not being abandoned.

The Kennedy administration states in words that it believes in a balanced Federal budget, but its deeds belie the statement. It seeks to go beyond the acceptable economic theory that the budget need not be balanced on a yearly basis, to argue that it no longer need be or should be balanced upon the basis of a business cycle. According to the new theory, the budget should be balanced only when unemployment reaches a certain percentage of the labor force. The percentage selected is 4 percent—which in itself should be the subject of far-reaching study and discussion.

It is argued that when the economy has full employment (not more than 4 percent unemployed) the gross national product will increase to a point which will provide the tax base necessary to produce the revenues to cover the governmental expenditures and, hence, produce a balanced budget.

This syllogism presupposes that our employment and unemployment statistics are sufficiently accurate to enable the policy decisions and the judgments necessary to be made intelligently. I know of no student of economic statistics who claims such a refinement for our economic statistics.

The base of this sophisticated economic theory goes back a few years to the model on economic growth prepared by Dr. Otto Eckstein, of Harvard, for the Democratic members on the House-Senate Joint Economic Committee. This model propounded the novel theory of an economic gap between the potential growth in our economy and its actual growth which, along with the missile gap, became the base of Senator Kennedy's campaign for President in 1960. The validity of this economic model of Dr. Eckstein was challenged as soon as it was enunciated in the very document, the Joint Economic Committee report, in which it was first presented, by the Republican members of the committee.

Since that time the gap theory has been demolished time and again by many notable economists, among them Dr. Arthur Burns. In spite of this fact, the Kennedy administration has continued to push its economic and fiscal policies based upon this discredited theory.

The gap theory presumes, rather than establishes as a fact, that the economic growth rate has been inadequate since—well, really since President Eisenhower took office. It is argued if we had full employment and full plant utilization during those years the growth rate would have been 5 percent instead of 3 percent. Furthermore, if we had had the economic growth we should have had, the gross national product would then have been sufficient to produce the Federal revenues necessary to pay for the expenditures of Government. In other words, we would have had a balanced budget. Ergo, these theorists argue, plot out a course for the future based upon attaining a growth rate of 5 percent and we will have full employment. The fact that from 1860 to 1960, a period of more rapid growth than probably any society has experienced in history, we grew at a rate of 2.9 percent a year, not 5 percent, doesn't seem to phase these theorists at all. Like King Canute's courtiers they would whip the seas if the tide continued to ebb and flow.

In order to have this growth rate the Kennedy administration argues we must increase total purchasing power in the society. Dr. Heller says he prefers to stimulate private purchasing power first rather than government expenditure to do this job. But he warns (and this is echoed in the President's state of the Union message to the Congress this January) if the private sector does not respond to the governmental prodding, or the Congress fails to follow his wise advice to prod the private sector (through tax reduction) then Government will have to move in by massive Federal spending. This is a threat none of us who believes in the private enterprise system should ignore.

Hence, it is basic to the Kennedy-Heller theory that Government expenditures not be cut at the same time we cut taxes to increase private spending because total purchasing power—Government plus private—will be dampened.

This is the only logical explanation for the President's refusal to accept the very modest proposal of the Republicans that specific dollar expenditure amounts be set out in the tax bill in lieu of general expressions of intent, such as "tight controls" and "expenditure reform."

The President's budget, submitted in January this year, calls for an expenditure rate for fiscal 1964, which begins July 1, 1963, of $98.8 billion. Secretary Dillon testified just a week before the tax bill was debated on the House floor that the President had cut back this expenditure rate to $98.2 billion. The Republican proposal was to cut this rate back to $97 billion.

Let's get these expenditure figures into context. The revised expenditure rate for fiscal 1963, which ended June 30, 1963, submitted in the January 1963 budget statement (containing the proposed budget for fiscal 1964) was $94.6 billion. Actually, the expenditure rate turned out to be $92.6. The expenditure rate for fiscal 1962 was $87.8 billion. For fiscal 1961 it was $81.5. So you see we are talking about rates that have been increasing rapidly, over 20 percent in just 3 years.

Now, why would the President quibble over a less than 2-percent cut in expenditure when he said he was going to apply ever "stricter expenditure controls"? Let's look at the second part of the Republican motion. It limited the expenditure rate for fiscal 1965 to $98 billion. Many of us think the President had, and still has in mind, an expenditure rate for fiscal 1965 of around $105 billion, so this would be a 7-percent cut. Furthermore, this cut would begin June 30, 1964, and go through November 1964, a very crucial period for those who are thinking of reelection. But surely an expenditure rate of $98 billion, which is $17 billion more than the expenditure rate of the 1960 election year, should not be objectionable to anyone who plans to exercise—I quote: "Even tighter expenditure control."

I was quite unhappy with the amendment to tie expenditures to a $97 billion figure in fiscal year 1964 and a $98 billion figure in fiscal year 1965. In my judgment, this is entirely too high for the kind of expenditure reform needed to make a tax cut of $11 billion economically helpful to our economy, overburdened as it is with both high taxes and high debt. The minority views of the Republicans on the Joint Economic Committee, published in early February this year, recommended holding expenditures to $94 billion for both 1964 and 1965, to justify a tax cut. The study of the Tax Foundation committee, just published, recommends holding expenditures to $95 billion for these 2 fiscal years if the tax cut is not to cause damage to our economy.

Before going further I must point out some congressional fiscal procedural facts that are all too little known by the public and, if I may say so, by Congressmen themselves.

Congress has never established the machinery necessary to produce a legislative budget. The only true budget we have is the Executive budget, prepared by the President with the help of the Bureau of the Budget, as required by the Budget and Accounting Act. The only authority Congress has retained for itself in the field of Federal expenditures is over the President's request for new obligational authority to spend. It is the grant of new obligational authority to spend that we refer to as an appropriation bill.

For fiscal 1964, for example, the President requested additional new obligational authority to spend of $108 billion. Only about 40 percent of this amount is scheduled to be spent in that fiscal year; the bulk of the authority is scheduled for expenditure in the ensuing fiscal years.

As of July 1, 1963, the beginning of fiscal 1964, the President's budget presented in January estimated there would be a carryover balance of unexpended previous obligational authority to spend amounting to $87 billion. Inasmuch as the expenditure rate for 1963 set forth in this budget was lowered from $94.6 to $92.6, there should theoretically be another $2 billion authority to spend added to this $87 billion. So the total authority the President would have to spend, if the Congress granted to him his full request of $108 billion, would be $197 billion.

It is from this pool of $197 billion authority to spend the President has said he would spend only $98.8 in fiscal 1964 (possibly revised to the $98.2 billion Douglas Dillon told the Ways and Means Committee). The Congress has retained little or no control over the yearly expenditure rate. The President can freeze programs, accelerate them, decelerate them; do just about what he pleases within the limits of the basic legislation.

This is where the tax debate lies. The Congress seeks to limit the President's total expenditure levels for the next 2 ensuing fiscal years to a figure that in congressional judgment would reduce the amount of Federal bonds that would have to be sold to make up for the revenue loss resulting from a tax cut to a size that would not destroy the economic gains that a tax cut would otherwise produce. The President doesn't want his power to fix the level of expenditures each fiscal year controlled by the Congress.

And now, a word about the increase in the debt ceiling the President has again asked the Congress to grant to him. This so-called debt ceiling is merely the Liberty Loan Act of 1917 as amended from time to time. It limits the total amounts of bonds the Federal Government may have outstanding. $309 billion is the the present ceiling. It is insufficient with our insufficient tax revenues to provide the cash to enable us to pay the expenditures to which we already have committed the full faith and credit of the United States. Regardless of the fact that the Congress will probably cut around $5 billion from the President's $108 billion request for new obligational authority, this is insufficient to even come close to a balanced budget. We are operating close to $1 billion in the red each month and the tax cut, without expenditure reform, would push us over the $1 billion a month rate of deficit.

Once the Congress gives the President the authority to spend, and he does spend, the Congress must authorize the sale of bonds to get the money to pay the bills if our tax revenues are insufficient to meet them. Our tax revenues are still insufficient to meet our bills.

However, the President has been warned by the Congress in the previous bills increasing the debt ceiling that if he does not cut back on his spending plans in an orderly fashion and present to the Congress a schedule revising the expenditures downward, Congress will force him to do so by not giving him authority to sell more bonds. This is strong medicine and, like castor oil, it may make the Nation mighty uncomfortable for awhile.

However, the President can still get around Congress' attempt to use the debt ceiling to impose expenditure reform by selling off capital assets and using the proceeds to pay bills, instead of selling more Government bonds. This is exactly what he did this year.

Congress could stop this if Congress would. However, for the time being I am reconciled to have the Federal Government get out of some of the investments it has, rather than to tax more or print and sell more bonds. However, we are reaching a point where a good bit of the readily marketable capital assets have been sold. Pretty soon the only course open to the President will be to exercise real expenditure reform.

How like the profligate son who inherited vast wealth from his parents this situation is. He does everything he can think of to avoid cutting his high style of living, even to the extent of cashing in a part of his patrimony. Selling off capital assets of course, brings the day of reckoning closer, but the brunt still may be borne by his children, rather than by himself.

And how like the profligate son the administration spokesmen have become. They answer criticism by arguing that debt isn't really bad, that this high spending is really a good thing. Don't worry about debt, they say.

1. It is a less ratio of GNP than it was in 1946.

2. It hasn't gone up as much since 1946 as State and local debt, or as much as private debt (if I am bad, Johnny is worse).

3. Federal debt is an investment in the future like private debt.

4. We owe the debt to ourselves, so it doesn't make any difference.

The errors and downright chicanery of these four arguments need to be hit hard and often. Why are these arguments advanced, if it is not to allay the legitimate fears our people have about excessive debts, so that these politicians can continue to spend and build a bigger Federal debt? If these people really believed in a balanced budget at any time, why do they take the trouble to attack those who oppose deficit financing with such vigor?

What are the flaws in these arguments that debt is really not bad? What has the year 1946 they pick as a bench mark to do with all this? Is this the year we should choose for establishing our optimum ratio of the Federal debt to GNP or to State, local, and private debt? Hardly so. Far from the optimum year, it is the worst year we could possibly pick. It is the year immediately following the greatest period of Federal deficit financing in our history—deficit financing we indulged in to win World War II. But surely we expected to pay off on that debt and get back to a more economically beneficial peacetime ratio as soon as we could. Our optimum peacetime ratio should be below 30 percent. We are still at 54 percent 17 years after the war is over and 70 percent of this decline was the result of the damaging post-World War II inflation, hardly an economic and fiscal course to boast about or to emulate. The peacetime ratio of Federal debt to local and State debt should be well below 50 percent. It is still over 70 percent.

Private debt, both business and personal, is related to capital assets and earning power. So is most State and local debt. However, the reverse is true of the Federal debt. The Federal Government spends primarily and overwhelmingly for national defense. Defense spending, whether for tanks, missiles, aircraft carriers, or whatever, does not produce capital or earning assets. It must go on the books at $1. We sell, each year, about $8 billion of surplus military property and realize only about 4 cents on the dollar. Very little of the Federal debt is related to economic assets and where it is, as in TVA and CCC, here lies a good bit of the national debate of our day as to whether these are proper or efficient functions of the Federal Government in the first place.

Finally, we do not owe the Federal debt to ourselves. Seventeen billion dollars of the Federal debt is owed to foreigners. Eighteen billion dollars is allocated for retirement benefits under the social security system, about $80 billion for other private pensions, insurance, and retirement programs. Billions are set aside in savings to build homes or provide education or to expand a business to provide more jobs for our people.

This last argument demonstrates the full extent to which the mischief inherent in the theory of deficit financing would lead us—it is the destruction of the private enterprise system, based as it is, upon the ownership of private property.

In only one sense has President Kennedy understated his case and that is when he said the tax bill was the most important measure to come before the Congress in 15 years. The tax bill serving as a camouflage for the discredited theory of prosperity through cheap money, if it were enacted without amendment requiring expenditure reform, would radically change the basic fiscal policy this country has followed since the disastrous experience with the Continental Congress and the Articles of Confederation. Now is the time for the people to come to the aid of their Congress and back it in its defense of the Puritan ethic.

Hartke Cites Importance of World Travel Congress

EXTENSION OF REMARKS

OF

HON. VANCE HARTKE

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Monday, November 4, 1963

Mr. HARTKE. Mr. President, I am in receipt of glowing reports concerning the very significant and highly successful 33d world travel congress sponsored by the American Society of Travel Agents which completed its week of deliberations in Mexico City, October 26.

The American Society of Travel Agents, familiarly known as ASTA with its more than 6,000 members, is the world's largest body of professional travel counsellors and representatives of all facets of the gigantic industry, which in 1962 recorded a total of almost $3 billion in foreign travel alone. ASTA is working closely with the U.S. Travel Service in energetically promoting the stimulation of tourism to the United States from abroad and its contribution to this program will be reflected in the reverse dollar flow.

The importance of the 33d world congress, with its theme "Promise of the Future," is best indicated by the fact that it was opened by His Excellency, Adolfo Lopez Mateos, President of the Republic of Mexico, who personally addressed the delegates. Messages from the President of the United States and the Prime Minister of Canada were delivered by their respective Ambassadors.

Of particular significance, because of its pertinency and its grasp of the problems of world tourism, was the eloquent address at the opening session by our colleague, the Honorable WARREN G. MAGNUSON, chairman of the Senate Committee on Commerce.

Senator MAGNUSON's exposition covered the complex problems involved in the extension of freedom to travel with minimal restrictions as a major contributory factor in achieving peace through understanding among peoples.

He gave special emphasis to the need for legislation recommended by the American Society of Travel Agents, now under committee and agency study, which would curb the unconscionable activities of "blue sky" travel promoters. These fringe operators, by taking advantage of laxities in the regulations, defraud the public through fraudulent offers of cheap charter transportation and then leave the unsuspecting travelers stranded far from home.

Senator MAGNUSON pointed out to the ASTA congress that it is "the primary duty of the U.S. Congress and of the Committee on Commerce to protect the public against such malpractices through punitive legislation."

A major accomplishment of the Mexico City congress was the decision to sponsor a conference of national organizations of travel agents to create a greatly needed world body of travel agents.

ASTA's decision to take this important step followed an address by the Honorable Milton A. Marks of Dayton, Ohio, president of the American Society of Travel Agents.

Mr. Marks described the worldwide demand for the creation of an international body to solve the urgent needs for order and cooperation created by the constantly increasing complexities of a constantly expanding international tourism in which our own Nation has become an important participant.

Among the basic tasks confronting such a world body of travel agents is a solution to the existing chaotic conditions created by conflicting national rules and regulations impeding the orderly flow of travel and the adoption of a code of ethics to which all reputable and professional travel agents shall not only subscribe but adhere.

Mr. Marks reported that ASTA repeatedly has been designated as the logical instrument to assume the formidable responsibility of serving as the catalytic agent in the creation of such a world body.

I am sure that all of us wish ASTA success in this essential enterprise.

Because of the unquestioned economic importance of tourism and its vital contribution to international understanding and thus to the cause of world peace, I ask unanimous consent that the complete texts of these two important addresses be printed in the RECORD.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR WARREN G. MAGNUSON, CHAIRMAN, SENATE COMMITTEE ON COMMERCE, AT 33D ANNUAL WORLD TRAVEL CONGRESS OF THE AMERICAN SOCIETY OF TRAVEL AGENTS, INC., AT MEXICO CITY, OCTOBER 21, 1963

The impressive attendance of more than 2,000 delegates from approximately 60 nations at this 33d World Travel Congress is indeed a tribute to the American Society of Travel Agents, and to the ever-increasing importance of the travel agency industry.

It is gratifying also that you have chosen to hold this Congress in the beautiful capital of our great neighbor to the south, Mexico City.

I have heard Mexico City described as the "Paris of the West" which I am sure was intended as a compliment, but to me its architecture, its culture, its vision and vitality are distinctively American.

This does not mean that in any way I am detracting from the famous European city on the Seine. Everyone who can do so should visit both Paris and Mexico City, Rome, and Washington, London, and of course Seattle, particularly Seattle and the other great cities of the Pacific Northwest.

The American Society of Travel Agents means a very great deal to the Pacific Northwest in all seasons of the year, as it did to my home city of Seattle during its World's Fair last year.

Your society also has meant much to me personally and in the success of some of my legislation in the Congress of the United States.

I am especially grateful for the support which you gave me and the Senate Commerce Committee in furthering the International Travel Act of 1961 and the establishment of the U.S. Travel Service.

And I am happy that ASTA, through participation in the Advisory Committee of the U.S. Travel Service, is maintaining a sound and continuing effort to stimulate tourism to the United States.

As chairman of the Senate Committee on Commerce, I was gratified also to receive ASTA's support of my position in the controversy a few months ago concerning transatlantic air fares.

The policy of ASTA, as expressed in the telegram from its President Milton Marks to me on May 15, when our committee was holding hearings on this issue, called for a broadened base of international travel through reduction of airline rates based on air carrier efficiency.

This position coincides precisely with my own on this important question.

ASTA likewise has given strong support to my bill, S. 1540, which would give U.S. authorities certain controls over the level of international fares for flights to and from the United States. This bill was reported favorably by the Commerce Committee and is currently on the Senate Calendar.

There is perhaps no group more aware of the tremendous importance of international tourism than those of you assembled here today.

You and the world travel congresses which have been held in the past have had a major role in the great expansion in international tourism which has taken place during the last decade and which, in turn, has made and is making a substantial contribution to world peace and understanding.

Of equal or greater importance, it has been a factor in stabilizing the economies of a substantial number of friendly governments.

Nations which encourage citizens of other lands to visit their countries and to travel widely within their countries, who receive such visitors with hospitality and good will, invariably benefit both economically and in their international relations. It is good for the host country and it is good for the visitor.

I think you will agree with me that those countries which discourage travel, or which restrict travel within their borders are usually at or near the bottom of the economic escalator.

Fortunately, the number of such countries is decreasing. Even those behind the Iron Curtain are beginning to show increased interest in the tourist dollar, pound or peso, although I doubt that the general tourist will find as much freedom of movement in those countries as he would like.

But the time will come, I am convinced, although it may be far distant, when freedom of travel will be universal.

Only then will there be a complete absence of international tensions. Only then will we arrive at an era of worldwide tolerance, good will, and a full realization of the brotherhood of man.

This era, as I stated, is still far distant, but at some distant day, when the futility of prejudice and the poverty that accompanies insular seclusion is apparent to everyone, worldwide freedom of travel will be achieved and the entire human family will gain thereby and prosper.

All of the Western Hemisphere—with one unfortunate exception—is travelminded. One reason for this is that the ancestral roots of most of us are in the Old World. Much of our culture springs from the Old World and we are drawn to the early homelands of our ancestors and to its monuments, art, and historic landmarks.

But there are amazing cultures in the New World too, both ancient and modern, magnificent works of art, unparalleled scenic attractions, and dynamic cities. All of these are combined here in Mexico City, and in many other cities in the Americas, North, South, and Central.

The enlightened traveler will not be content until he has visited both hemispheres, and I look for the day when tourist traffic from the Old World to the New will equal that from the New World to the Old.

Then both our financial and cultural exchanges will be in balance, an accomplishment the travel agents of the world may well be proud of.

The travel deficit which disturbs the United States and many other Western nations will disappear. The U.S. deficit is still running between $1 and $1.4 billion a year.

In 1962, U.S. citizens spent $2.9 billion on foreign travel, of which $990 million was for transportation and the remainder for other purposes overseas or in other nations of this hemisphere.

Of this amount $395 million or more than 20 percent was spent here in Mexico, and I predict that this percentage will continue to grow as those of us who visit this beautiful country return to praise its manifold charms.

For the world as a whole, in 1962, travel was the largest single item in international trade, representing expenditures totaling $7.5 billion.

The United States, as you know, has been a very late country in promoting what I would call reciprocal tourism, that is the mutual exchange of travelers between other countries and our own.

Our Government began its formal effort in this field only 2 years ago when the U.S. Travel Service was established. Funds for the operation of this agency are not extensive. The 1962 budget for the Travel Service was $3.35 million, while the tourist offices of foreign governments in the United States are expending over $30 million annually to encourage U.S. tourists to visit their countries or areas abroad.

The $3.35 million that our Travel Service spent, combined with the efforts of our non-Government travel agents and offices, helped earn more than 10 times that amount for our country.

During 1962, in my home State of Washington, we had, thanks to you who are assembled here from all parts of the world, a most successful Seattle World's Fair. This fair attracted more than 9 million visitors from all across the United States and from many areas throughout the world.

In April of next year, as you all know, the New York Fair is scheduled to open, with the expectation that 20 million will attend it. Many of you—I hope all of you—will visit this fair, and encourage your clientele to do so also. Your cooperation will assure its success, as it did the World's Fair in Seattle.

From the standpoint of travel time the world is constantly growing smaller, and as it becomes smaller the greater becomes the facility and ease of travel between nations and continents.

Within the lifetime of many of us the airplane has twice shrunk the oceans, first with prop planes and then again with jets. In a few years from now supersonic air carriers which will transport twice as many passengers three to five times more swiftly will again shrink the oceans.

A question that intrigues me, as I know it does you, is whether international air fares will be scaled to improve efficiency and economy of operation or will be arbitrarily set at amounts which impede transocean air travel instead of encouraging it.

The subject of international air fares has just been discussed by the International Air Transport Association in Salzburg, Austria. It behooves all of us to watch these conferences with great interest.

I know that I am interested, the Committee on Commerce is interested, Congress is interested, and I feel that the traveling public of my country is equally interested in what is done at this conference with relation to international air fares which has been the major issue at Salzburg.

On May 8, 1963, on the floor of the U.S. Senate, in discussing this problem, I stated:

"Our carriers operate efficiently and profitably at current fares. If foreign carriers cannot compete at these levels perhaps some soul searching as to the need for their continued existence would be in order. In any event, American citizens are not to be denied choice of lower fares which our carriers are willing and able to provide."

As a matter of fact, it is my opinion that most of the air carriers of nations other than the United States can substantially reduce their international fares, as can the carriers of the United States, and that they can do so with profit, shuttling back and forth across the oceans with full or almost fully loaded planes instead of, as frequently now occurs, planes half or two-thirds empty.

U.S.-flag carriers of the International Air Transport Association know this and have indicated clearly that they favor substantial reductions in the level of scheduled rates.

This would, I am convinced, be a boon to travel agencies around the world. If there is a realistic cutback in air fares available to all members of the traveling public, the vast untapped market existing in the many countries represented here at this meeting will find new encouragement and incentive to patronize your agencies and book passage on fast modern jets to other parts of the world.

Air carrier capacity during the past 3 years has increased faster than the gain in passengers. From 1959 through 1962 capacity across the North Atlantic increased 20.1 percent while the average traffic increase was 12.8 percent.

To encourage increased travel some airlines have been offering promotional fares in accordance with IATA's policy which requires participation by a select segment of the traveling public as a prerequisite to a fare reduction. This is a discriminatory, diversionary and irrational policy which, in my opinion, can only serve to defeat its purpose.

I am in complete agreement with the American Society of Travel Agents and the Civil Aeronautics Board when they advocate the principle that only those fares which are available on a nondiscriminatory basis and thus allow participation by all members of the traveling public are equitable and beneficial to the industry.

It is encouraging to note in this connection that Chairman Boyd of the Civil Aeronautics Board has endorsed the principle of basic charter rates and has intimated that the Board will not indefinitely continue to approve affinity tests in the granting of fare reductions.

The Senate committee of which I am chairman also is concerned with the increasing number of parties that have been stranded on charter flights during the past season.

From the reports of these strandings which have come to us, it is apparent that the fault does not lie with the responsible and reliable members of the travel agency industry and the airlines industry, but with fringe operators who prey upon an unknowing and unsophisticated public.

In some respects they resemble the "blue sky and bucket shop" operators of the past who unloaded worthless land or stock on the gullible until their activities were curbed by legislation.

The primary duty of the Congress, and of the Committee on Commerce as I see it, is to protect the public, and it is for that reason that the committee is presently contemplating legislation which would ban the fraudulent sale of air transportation.

Members of the committee staff are consulting with the American Society of Travel Agents, the Civil Aeronautics Board and other agencies of Federal Government, and with the industry on appropriate legislation which will assure performance with the purchase of air transportation. You will be happy to know that we are making good progress toward perfecting this proposed legislation.

In conclusion, let me express my appreciation for the opportunity to participate in this 33d annual convention and world congress, and to thank the good citizens of Mexico and its national city for the friendly hospitality they have shown to me.

The theme of this congress is "Promise of the Future." The promise of the future, as all of you here attending this conclave know, is progress.

To me it applies not only to the future of national and international travel and tourism, but to the progress of my own country, our delightful host country, and to all countries of this hemisphere which are dedicated, as I know ours is, to progress with freedom.

Freedom is the key to promise and progress as all nations should know who fought their way out of colonialism as did the United States, Mexico, and most other nations of this hemisphere.

And one of the great freedoms—as I mentioned earlier—is the freedom to travel—the freedom to go and come when one chooses—a freedom that does not exist when a country is under foreign domination, no more than it exists today in Cuba.

Freedom to travel is in many ways kin to those other freedoms we are so proud of—freedom of speech, freedom of the press, freedom of peaceful assembly and petition.

They have their origins in the same aspirations, and when one falls all fall together, as this generation has witnessed behind the Iron Curtain and in one unfortunate western island.

It is my hope that the delegates to this 33d World Travel Congress, when they return home, will pledge themselves to fight valiantly to preserve this fifth freedom—the freedom to travel.

Attainment of this freedom throughout the world will be truly the promise of the future. Thank you.

Speech by Milton A. Marks on a World Body of Travel Agents Membership Relations Session, October 25, 1963

By its very nature a trade association—such as ASTA—necessarily resembles a living organism. It was created by human beings and like a human being it has its periods of depression—enjoys its moments of triumph—but most important of all, it is the instrument through which it achieves its own hopes and aspirations for something beyond business success.

ASTA has experienced the trials of infancy and the tribulations of adolescence. Now, here in Mexico City at its 33d convention, we have been meeting in the strength and wisdom of maturity.

Quite naturally, because of our preoccupation with details of programing and consideration of society problems, it is difficult for your officers and directors to properly evaluate the effectiveness of this convention. We have sought not only to give you a report of our stewardship but have been frank in our own self-criticism.

Through sessions such as this, you have told us of your views concerning common problems and thus have given your management the benefit of your experience and wisdom.

Spokesmen for the industries have described their plans. This convention has provided the necessary and vital forum for an exchange of ideas, the renewal of old and creation of new friendships.

You are the sole judge of whether we have, even in a small measure, been successful in our undertaking.

But, I want you to know that all of us—our headquarters staff, your officers, your directors, and your hosts, have given their best to make this convention a memorable occasion.

But now we are 33—no longer are we stumbling children, no longer can we remain youths preoccupied alone with the problems of day-to-day existence and the struggle for survival.

We must look beyond this. If it is for us here to build together so that future generations of members will be able to say—and say proudly—that those who formed this society built well—thought of the future and were not concerned solely with selfish aims.

We have been presented with an opportunity—not of our own seeking; not of our own creation—to build an entity which will be of service to travel agents and thus to people everywhere, in every country, and on every continent.

Through our efforts we can successfully initiate a task which will raise further the ethical concepts and practices of our industry brethren everywhere.

To us, in ASTA, has been given the challenge—to us, in ASTA, is entrusted the assignment of initiating an undertaking which eventually may prove to be the single greatest accomplishment of this convention.

All of you, through the years, have heard talk—much talk—concerning the desirability of a world body of travel agents which not only will stimulate the desire for individual excellence but serve as its common, strong-voiced spokesman.

This task was not of our seeking.

It is not the idea of a single individual.

It is the natural reaction to the basic fact that the travel agent, by virtue of his day-to-day occupation and the role he plays in the international economy provides the best catalytic agent for the realization of the universal desire of people for friendship and understanding.

Because we are businessmen, because we are believed to be hardheaded and practical, we are not beguiled by fancy words or subject to the intoxication of slogans and catchwords.

We have been presented with a practical opportunity to achieve this objective. We, in the travel agency industry, can provide a powerful instrument—can be an important channel to facilitate humanity's common purpose.

ASTA was presented with the challenge by innumerable distinguished representatives of national and regional organizations as a result of the United Nations Conference on Tourism in Rome.

All urged that some group, someplace, take the initiative in arranging a conference where the idea for a world body of travel agents represented by their own national or regional associations—and not—and this I cannot emphasize too strongly—and not a world body of individual travel agents but bona fide, genuine groups possessing stature and reflecting united interests. For, they said, no individuals but only such bona fide, genuine national associations can speak with potent force and honestly represent all.

Time after time, spokesman after spokesman stressed two basic points as requisite to success:

No world body can be composed of both national organizations and individual travel agents.

Success can be achieved only through a new start—a fresh approach based upon complete disentanglement from the old, impotent, self-serving and statureless organizations who presume to speak for worldwide travel agents.

Each one urging the creation of a new world body specifically pointed to the need for a fresh start. They told how, after World War II, this was achieved by deliberately abandoning the old, existing, nonfunctioning League of Nations and creating the United Nations. It is the pertinent—the historic example.

All wanted a new vehicle which would adequately represent the best interests, the highest ethical concepts of the professional travel agent.

But who or what was to be the instrument through which this could be accomplished?

It is with pardonable pride that I report to you that it was ASTA—your organization—that was repeatedly designated as the logical instrument to undertake the initiatory task.

While obviously flattered by this tribute to your society's reputation for ability and recognition of its stature in the world community of travel agents, I frankly stated that I, as an individual, could not presume to make any promises or take a position until I had a consensus of your officers.

I conferred with your officers—obtained their frank expressions as to the desirability of such an undertaking—and made a careful and detailed study of all the pros and cons.

We had as a strong warning the dismal record of failures of the past and woeful consequences of permitting the existence of a vacuum which served as an invitation for sterile, self-serving bureaucrats.

The organization of a functioning worldwide body calls for greatness—the placing of the common good above personal ambitions and salaried sinecures.

It demands comprehension of local and regional problems; of dedication to the highest and most worthwhile objectives.

We recognize that the demand for an international organization does exist.

The time for effective action is now if we are to realize the promise of the future.

As a result of this decision, ASTA—on October 15—sent letters to 45 national and regional organizations of travel agents inviting them to attend a meeting early in 1964 to consider the organization of a World Body of Travel Agents.

Each letter was accompanied by a questionnaire soliciting their preferences as to the time and location of such a meeting.

To assure that no such group would be overlooked, ASTA requested that the recipients of the invitation suggest names of other bodies which should be present.

Because of the recency of the invitation, it is impossible—on this occasion—to report the number of acceptances; however, all indications are that there will be widespread response.

This is a formidable task which ASTA has undertaken.

It requires limitless patience and a comprehensive catalog of talents and skills far beyond the capabilities of any one individual.

Fortunately for our purpose and assuring success, ASTA is the repository of such qualifications.

To serve as ASTA's World Body Advisory Committee, ASTA has called upon its elder statesmen—its veterans who not only are wise in experience but animated by understanding and dedicated to the welfare of all.

This is a committee which will include five of our past presidents: R. F. Kerr, R. W. Hemphill, T. J. Donovan, Dr. L. C. Tombs, and Newell Grinnell.

For the information of our more recent members I need but highlight their services to obtain your enthusiastic support for this committee.

Dick Kerr's experience has been worldwide. English born, he began his travel career with Thoms Cook & Sons. During World War II, he performed acclaimed services as San Francisco's representative of the Australian Government. He is owner of Kerr Travel Service, in Beverly Hills, Calif.

Bert Hemphill is known as the most widely traveled man of this generation. He served in the Navy during World War I and in the Air Transport Command in World War II. Through his visits to more than 190 countries and territories he has a firsthand knowledge of regional and local problems. He has kept in intimate touch with these through Hemphill Travel Service, Inc., of Los Angeles, which specializes in unusual travel.

Tom Donovan, president of Cartan Travel Bureau, Chicago, possesses an almost unequaled knowledge of international travel problems with specialization in the successful operation of escorted tours. His legal background will prove of great value.

Dr. Tombs, president of Guy Tombs, Ltd., Montreal, not only has the distinction of having been a member of ASTA's board of directors when we last met in Mexico City, 14 years ago, but has served almost for the same period as Consul General for Finland in Montreal. He long has been dedicated to the idea of an international body and his services as general chairman of the first ASTA World Congress in Paris in 1951 were outstanding.

Newell Grinnell has a detailed knowledge of international affairs through his continuing experience in solving the problems of ASTA members in their relations with hotels everywhere. As president of Kalbfleisch Travel Agency of Rochester he is an acknowledged expert on a wide range of problems.

Thus you can see we have chosen well.

We recognize that we have presented them with a task formidable in complexity and difficult of successful conclusion because of the myriad of national and international problems.

Their task is compounded by the existing rivalries and jealousies.

We recognize that the path will be long and complex.

ASTA has only one point upon which it is adamant. The world body must be a democratic institution with one vote for each national association which adheres to the charter when and if it is adopted.

ASTA was faced with an inescapable decision in agreeing to the insistent worldwide demand for order and cooperation in the travel agency industry—made even more important by the complexities of a growing international tourism in which our own Nation is participating.

There must be an end to the present chaos.

There must be a code of ethics to which all reputable and responsible travel agents shall not only subscribe but adhere.

Only through such a functioning world body can the problems and the contributions of the travel agent receive the serious consideration which his services warrant.

Animated by a consciousness of the importance of our undertaking, ASTA shall exert every effort to reach this goal.

SENATE

TUESDAY, NOVEMBER 5, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O God, who commandest the morning: At this noontide altar we commit into Thy hands our wills and our work, in calm confidence that Thou art in the shadows, and behind them, working out Thy purposes for mankind, Thy children.

Day by day set our feet on the shining path of righteous duty and selfless service.

In these days wherein the souls of men who seek the right and follow truth are sorely tried, when so much is demanded of those who would serve the present age, grant to the Members of this body of governance strength and grace that they may prove worthy of every trust the Nation has committed to their hands, as on the anvil of momentous issues there slowly is hammered into shape the new and better world that is to be when Thy will is done and Thy kingdom comes.

In the Redeemer's name we ask it. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 5, 1963.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, November 4, 1963, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1414. An act for the relief of Jan and Anna Smal (nee Dworzanski);

H.R. 1887. An act for the relief of Yon Ok Kim, Chang In Wu, and Jung Yol Sohn;

H.R. 3368. An act to authorize the Administrator of General Services to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Inc.;

H.R. 3735. An act to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.;

H.R. 4801. An act to amend subsection 506 (d) of the Federal Property and Administrative Services Act of 1949, as amended, regarding certification of facts based upon transferred records;

H.R. 4862. An act for the relief of Tricia Kim;

H.R. 6975. An act for the relief of Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio and Vittoria Maida;

H.R. 7268. An act for the relief of Mrs. Ingrid Gudrun Schroder Brown; and

H.J. Res. 778. Joint resolution to provide for participation by the Government of the United States in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, and authorizing appropriations therefor.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated:

H.R. 1414. An act for the relief of Jan and Anna Smal (nee Dworzanski);

H.R. 1887. An act for the relief of Yon Ok Kim, Chang In Wu, and Jung Yol Sohn;

H.R. 4862. An act for the relief of Tricia Kim;

H.R. 6975. An act for the relief of Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio, and Vittoria Maida; and

H.R. 7268. An act for the relief of Mrs. Ingrid Gudrun Schroeder Brown; to the Committee on the Judiciary.

H.R. 3368. An act to authorize the Administrator of General Services to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Inc.; and

H.R. 4801. An act to amend subsection 506 (d) of the Federal Property and Administrative Services Act of 1949, as amended, regarding certification of facts based upon transferred records; to the Committee on Government Operations.

H.R. 3735. An act to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.; to the Committee on Interior and Insular Affairs.

H.J. Res. 778. Joint resolution to provide for participation by the Government of the United States in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, and authorizing appropriations therefor; to the Committee on Foreign Relations.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

THE CALENDAR

Mr. MANSFIELD. Mr. President, after clearing this matter with the interested Senators, I wish to call up at this time, if I may, a number of calendar measures to which there is no objection, beginning with Calendar No. 600, Senate bill 2228. The last of the group involves a time limitation. I would suggest that—the Senate concurring—we consider these calendar measures in sequence, beginning with Calendar No. 600.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and the clerk will proceed to call these calendar measures.

ANNUAL MEETING DATE FOR NATIONAL BANKS

The bill (S. 2228) to change the requirements for the annual meeting date for national banks was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 5145 of the Revised Statutes (12 U.S.C. 71) is amended by striking out all after the semicolon and inserting in lieu thereof "and afterward at meetings to be held on such day of each year as is specified therefor in the bylaws."

SEC. 2. The first sentence of section 5149 of the Revised Statutes (12 U.S.C. 75) is amended by striking out "articles of association" and inserting in lieu thereof "bylaws".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 622), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, to whom was referred the bill (S. 2228) to change the requirements for the annual meeting date for national banks, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Under sections 5145 and 5149 of the Revised Statutes (12 U.S.C. 71 and 75) annual meetings of national banks must be held on such day in January of each year as is specified therefor in the articles of association. S. 2228 would amend these sections so as to authorize national banks to hold meetings on any date in the year which may be specified in the bank's bylaws.

The statutory requirement that national banks hold their annual meetings in January has been found inconvenient, because the first few weeks of the year are the busiest from the standpoint of the internal operations of the banks. This requirement is undesirable, because it is frequently not possible to provide annual reports and other appropriate information about a bank's activities during the preceding year so as to give adequate and timely notice to stockholders before a January annual meeting; for example, it is in many cases impossible to furnish annual reports for the preceding year at the time proxies are solicited for annual meetings. It is also inconvenient and unnecessary to require that the date for the annual meeting be specified in the articles of association.

The usual rule is to permit corporations to meet at any time in the year, as specified in their bylaws (Fletcher, Cycl. Corps. (permanent edition), sec. 2001).

The Comptroller of the Currency's Advisory Committee on Banking, in its report entitled "National Banks and the Future," submitted September 17, 1962, pointed out the difficulties arising from the requirement that annual meetings of national banks be held in January. It was suggested that national banks might be permitted to meet at any time during the first 3 months of the year, or, in accordance with usual corporate practice, at any time during the year, and the Advisory Committee recommended the former.

The problem came to the attention of the Committee on Banking and Currency in the course of hearings on S. 1642, 88th Congress, the Securities and Exchange Commission's 1963 legislative proposals. During these hearings the Comptroller of the Currency expressed his disagreement with the statutory requirement that national banks must hold their annual meetings in January and indicated that an amendment to this requirement was being prepared (hearings on S. 1642, 88th Cong., 1st sess., p. 177).

The proposal was transmitted to the Congress by the Secretary of the Treasury on October 2, 1963. A copy of the Secretary of the Treasury's letter is printed at the end of this report.

The American Bankers Association has advised the committee that it supports S. 2228. A copy of a letter from Mr. Walter A. Schlechte, president of the National Bank Division of the American Bankers Association, expressing its support for the bill, is printed at the end of this report.

ANNUITIES OF WIDOWS OF SUPREME COURT JUSTICES

The Senate proceeded to consider the bill (S. 1686) to amend section 375 of title 28 of the United States Code, relating to the annuities of widows of Supreme Court Justices, which had been reported from the Committee on the Judiciary with an amendment after line 7, to insert a new section, as follows:

SEC. 2. The amendment made by this Act shall take effect with respect to annuity payments made beginning with the first month beginning after the date of enactment of this Act.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 375 of title 28 of the United States Code, as amended, is amended by striking out "the Act of January 14, 1937 (50 Stat. 923, chapter 3)," and inserting in lieu thereof: "subsection (e) of the Act of August 25, 1958 (72 Stat. 838),".

SEC. 2. The amendment made by this Act shall take effect with respect to annuity payments made beginning with the first month beginning after the date of enactment of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 623), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

AMENDMENT

Add section 2 to the bill, as follows:

"SEC. 2. The amendment made by this act shall take effect with respect to annuity payments made beginning with the first month beginning after the date of enactment of this act."

PURPOSE OF AMENDMENT

The bill, as introduced, creates a doubt as to the time the annuities accrue. The amendment provides that the annuities operate prospectively only.

PURPOSE

The purpose of the bill, as amended, is to increase the annuities of widows of Supreme Court Justices from $5,000 to $10,000 per annum, payable monthly.

STATEMENT

The Administrative Office of the U.S. Courts declines to comment on the bill in that it "is of primary concern to the Justices of the Supreme Court."

Individually, all the Justices of the Supreme Court favor the bill.

On January 14, 1937, a private bill was passed creating a pension of $5,000 per annum for the widow of a President of the United States (S. 591, 75th Cong., 1st sess., Private Law No. 1).

Nine years ago, in 1954, pensions were created for the widows of Supreme Court Justices payable at the rate of presidential widows (S. 591 supra); namely, $5,000 per annum.

In 1958, by general law, the pensions of presidential widows were increased from $5,000 to $10,000. Because of a quirk in the method of creating these pensions, the widows of Supreme Court Justices were not included in the increase. As a result these widows must live on an amount which was determined in 1937.

It is the feeling of this committee that inadvertently an injustice has been done and that the amount of the pensions for Supreme Court widows is not adequate. In view of the foregoing, the committee recommends favorable enactment.

BILL PASSED OVER

The bill (S. 689) for the relief of Lila Everts Weber was announced as next in order.

Mr. MANSFIELD. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

INCREASE IN AUTHORIZED CAPITAL STOCK OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The bill (H.R. 7405) to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 625), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The bill would add a new section at the end of the Bretton Woods Agreements Act. This would authorize the U.S. Governor of the International Bank for Reconstruction and Development (usually known as the World Bank) to vote for a $1 billion increase in the capital stock of the Bank, as recommended by the Bank's Executive Directors to its Board of Governors in a report of November 1962. The increase in capital stock is required to permit new member countries of the Bank to subscribe, and to enable present members to increase their subscriptions when appropriate. No authorization or appropriation of funds is involved in H.R. 7405, since the United States would not subscribe to any portion of the increase in stock.

BACKGROUND

The World Bank a year and a half ago had 75 members; the membership figure has now reached 101. At the same time, only $13 million of capital stock remains of the Bank's $21 billion total of authorized stock. This remaining margin is inadequate to permit any one of the four newest member countries to complete the process of joining the Bank, even though they have deposited funds on account toward their subscriptions. Another pending membership application, involving a $33 million subscription, will soon exacerbate the problem. Moreover, a further issue of considerably larger financial dimensions has arisen: several existing members have requested increases in their current subscriptions. As a result of these factors, there are now requirements for almost $600 million in capital stock beyond the existing authorization.

To meet this problem, a draft resolution is now pending before the Board of Governors of the Bank. It provides for an increase of $1 billion in the capital stock of the Bank, and for automatic waiver of each member's right to a proportionate share of the increase in the absence of notice to the contrary before the beginning of 1964. H.R. 7405 would authorize the U.S. Governor of the Bank (Secretary of the Treasury Dillon) to vote for this resolution. Such authority is required from the Congress—even though the United States would not subscribe to any part of the increase—by the provisions of section 5 of the Bretton Woods Agreements Act (59 Stat. 514; U.S.C. 286c). An exact precedent for the current proposed legislation is afforded by Public Law 86–48, approved June 17, 1959 (73 Stat. 80).

As of this date, nearly 80 of the Bank's member countries, representing about two-thirds of the total voting power in the Bank, have voted in favor of the proposal; no negative vote has been cast. Under the Bank's articles of agreement, the proposed increase cannot become effective without favorable action by members having 75 percent of the total votes. Since the United States has approximately 27 percent of the total voting power, action by this country would be both necessary and conclusive.

COMMITTEE ACTION

At an open hearing conducted by the Committee on Foreign Relations on October 29, 1963, the Assistant Secretary of the Treasury for International Affairs, John C. Bullitt, testified in support of the proposed legislation and strongly urged favorable action.

While committee members are quite familiar with the successful activities of the World Bank, Assistant Secretary Bullitt took the occasion to bring the record up to date. He noted that, through September of this year, the Bank had made 361 loans totaling almost $7.5 billion in 67 countries since operations began in June 1946. Over $2.3 billion loaned by the Bank has been repaid to it or sold to other investors. Payments due have been made on schedule, and there have been no defaults; Bank special and supplemental reserves now total over $800 million. Emphasis was given to the Bank's highly useful actions in sending missions to assist less-developed member countries with their economic development planning, and in training officials from those countries to meet development problems. It should be further noted that private capital is brought directly into Bank operations through the flotation of securities to raise lending resources. In connection with the U.S. balance-of-payments problem, it is worthy of attention that the Bank in recent years has primarily raised funds in foreign capital markets.

In considering H.R. 7405, committee members reiterated their confidence in the Bank and their appreciation for its fine record. They received with pleasure the testimony that the proposed legislation involves no expenditure whatsoever on the part of the United States. In effect, the bill permits other free-world nations to put funds into international economic development at no cost to this country.

The committee, with no dissenting votes, ordered the bill reported favorably without amendment.

PRINTING OF ADDITIONAL COPIES OF CIVIL RIGHTS HEARINGS

The concurrent resolution (H. Con. Res. 223) to provide for the printing of 3,000 additional copies of civil rights hearings was considered and agreed to.

ANNUAL REPORTS UNDER RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

The bill (S. 1241) to require annual reports instead of quarterly reports under the Reconstruction Finance Corporation Liquidation Act was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 106(b) of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230) be amended by striking out the word "quarterly" and inserting in lieu thereof "annual".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 628), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Committee on Banking and Currency, to whom was referred the bill (S. 1241) to require annual reports instead of quarterly reports under the Reconstruction Finance Corporation Liquidation Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The Reconstruction Finance Corporation Liquidation Act requires liquidating agencies to report quarterly on their activities under that act (except for the Small Business Administration, which was authorized by the Small Business Act Amendments of 1961 to file annual reports of its activities under the Reconstruction Finance Corporation Liquidation Act). S. 1241 would authorize the liquidating agencies to file annual reports of their activities under the act.

Section 106(b) of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230; 15 U.S.C. 609n) required the Secretary of the Treasury to make quarterly reports to the Congress setting forth the progress of his liquidation of the assets and winding up of the affairs of the Reconstruction Finance Corporation. Reorganization Plan No. 2 of 1954 (68 Stat. 1280; 5 U.S.C. 133z–15) transferred to the Export-Import Bank of Washington, the Small Business Administration, and the Federal National Mortgage Association such liquidation functions with respect to certain assets. Reorganization Plan No. 1 of 1957 (71 Stat. 647, 5 U.S.C.; 133z–15) effected further transfers of functions under the Reconstruction Finance Corporation Act and the Reconstruction Finance Corporation Liquidation Act to the Housing and Home Finance Agency, the General Services Administration, the Small Business Administration, and the Secretary of the Treasury. These agencies are now carrying out the task of liquidating the remaining assets, and they report to the Congress from time to time under the Reconstruction Finance Corporation Liquidation Act.

Section 5(a)(1) of the Small Business Act Amendments of 1961 (75 Stat. 666) amended this provision with respect to the Small

Business Administration by authorizing that agency to include information about its activities under the Reconstruction Finance Corporation Liquidation Act in its annual report, in lieu of the quarterly reports required under the Reconstruction Finance Corporation Liquidation Act.

The liquidation of the remaining assets of the Reconstruction Finance Corporation has progressed to such a point that the committee considers that there is no need for quarterly reports under these activities. Accordingly, the committee recommends that the statutory requirement be amended to provide for annual reports instead of quarterly reports, as has already been done in the case of the Small Business Administration.

Reconstruction Finance Corporation

ASSETS HELD WHEN LIQUIDATION ACT BECAME EFFECTIVE ON SEPT. 28, 1953[1]

	Gross assets	Reserve	Net assets
Total	$1,622,100,000	$461,100,000	$1,127,300,000

ASSETS LEFT WITH RECONSTRUCTION FINANCE CORPORATION ON JUNE 30, 1957[2]

	Gross assets	Reserve	Net assets
Total	$99,161,811	$15,758,332	$82,834,930

ASSETS REMAINING WITH THE LIQUIDATING AGENCIES ON JUNE 30, 1963

	Gross assets	Reserve	Net assets
Treasury Department	$7,500,538	$1,475,000	$6,207,603
General Services Administration	12,668,744	7,425,276	5,243,467
Small Business Administration	2,616,003	629,900	1,986,103
Export-Import Bank	3,000,000	1,750,000	1,250,000
Federal National Mortgage Association	29,960,857	14,410,226	15,550,631
Housing and Home Finance Agency	3,595,130	1,200,488	2,474,442
Total	59,341,272	26,890,890	32,712,246

[1] Final report on the Reconstruction Finance Corporation, May 6, 1959, see p. 170.
[2] Final report on the Reconstruction Finance Corporation, May 6, 1959, see p. 184.

RESTORATION OF AMOUNTS UNDER TEMPORARY UNEMPLOYMENT COMPENSATION ACT OF 1958 AND TITLE XII, SOCIAL SECURITY ACT

The bill (H.R. 8821) to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury was considered, ordered to a third reading, read the third time, and passed.

Mr. BYRD of Virginia. Mr. President, House bill 8821 deals with the schedule of repayments of certain advances made to the States for the purpose of paying unemployment compensation.

The normal Federal unemployment tax rate is 0.4 percent of an employee's wages up to $3,000. However, where advances are made to States to pay unemployment compensation, if those advances are not timely repaid, the 90-percent credit against the Federal tax for State unemployment taxes is reduced by 5 percentage points each year so that the advance is compulsorily repaid through an increase in the Federal unemployment tax. Three States, Alaska, Michigan, and Pennsylvania, have received advances which have not been repaid and the automatic reduction in the Federal credit has commenced.

In addition to these advances, 17 States received special advances to finance temporary unemployment compensation benefits under the 1958 act. These advances also are to be repaid through reduction of the Federal credit of 5 percentage points each year beginning this year—unless the State voluntarily repays the advance. Only the District of Columbia has repaid its advance.

Finally, the 1961 temporary unemployment compensation benefits were financed through an increase in the Federal tax applicable to 1962 and 1963 wages. For 1963 the additional tax rate for this purpose is 0.25 percent of wages up to $3,000.

The combination of these factors place a burden upon employers in the affected States, particularly in those States where the repayment rules apply concurrently.

H.R. 8821 relieves this burden on employers by "freezing" the credit reductions for the years 1963–67, thereby "stretching out" the period of repayment. However, it does not forgive repayment of any amount.

Under the bill reductions of credit in the case of Reed fund advances to Alaska, Michigan, and Pennsylvania will be frozen at the first 5-percentage-point step. This means the additional Federal unemployment tax for this purpose will not exceed 0.15 percent during 1963–67. Thereafter the regular reduction in the 90 percent credit of 5 percentage points each year will apply until the advance is fully repaid. Reduction in the credit to repay advances under the 1958 Temporary Unemployment Compensation Act will be frozen at the second 5-percentage-point step. Thus, the additional Federal unemployment tax for this purpose will not exceed 0.3 percent.

In lieu of repaying advances under the 1958 act through increased Federal unemployment taxes, H.R. 8821 permits States to make installment payments of their advances and thereby prevent the increased Federal tax for this purpose from applying for the year in which the installment is paid.

Mr. DIRKSEN. Mr. President, in connection with House bill 8821, which I think was unanimously approved by the House Ways and Means Committee or Judiciary Committee and also the Finance Committee, let me state that it actually involves an extension of the payment period under the Temporary Unemployment Compensation Act of 1958. Participation by the States was voluntary, and some 16 or 19 States had to have some relief with respect to the payments, because rather substantial sums were involved. So this measure provides nothing more than an extension of what was done in 1958; and certainly there is no objection.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Douglas Henderson, of Massachusetts, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary to Bolivia.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL:

S. 2281. A bill to clarify the components of, and to assist in the management of, the national debt and the tax structure; to the Committee on Finance.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

By Mr. ERVIN:

S. 2282. A bill for the relief of Han Chang Wong; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 2283. A bill for the relief of Melvin B. McCormick; to the Committee on the Judiciary.

By Mr. HAYDEN:

S. 2284. A bill to provide for the free entry of certain articles for St. Anthony's Catholic Church of Casa Grande, Ariz.; to the Committee on Finance.

By Mr. MOSS:

S. 2285. A bill to amend the Mineral Leasing Act of February 25, 1920, in order to encourage the production of petroleum products from native asphalt, solid and semisolid bitumen, and bituminous rock; to the Committee on Interior and Insular Affairs.

By Mr. HRUSKA:

S. 2286. A bill conferring jurisdiction upon the U.S. Court of Claims to hear, determine, and render judgment upon the claim of Frank E. Lipp; to the Committee on the Judiciary.

By Mr. HART (for himself, Mr. CLARK, Mr. COOPER, Mr. DOUGLAS, Mr. MORSE, and Mr. SALTONSTALL):

S.J. Res. 131. Joint resolution to authorize the President of the United States to award a medal to Dr. Gordon S. Seagrave; to the Committee on Banking and Currency.

(See the remarks of Mr. HART when he introduced the above joint resolution, which appear under a separate heading.)

MANAGEMENT OF THE NATIONAL DEBT AND THE TAX STRUCTURE

Mr. SALTONSTALL. Mr. President, in the past two Congresses, I have introduced a bill to clarify the components of and to assist in the management of the national debt and the tax structure. I have felt that the taxpayer and the Congress have an incomplete idea of the actual Federal debt. This criticism has been answered by stating that the Federal taxing power puts the entire resources of the Nation behind a Federal obligation, so that irrespective of the size of a Federal obligation, there is no question that it will be paid on time.

But I believe that good financial planning calls for an examination of the size of the Government's obligations at any one time so that preparation can be made for payment. The reporting of the statutory debt is covered in daily statements of the Treasury. Real estate liabilities for leases and other transactions are presently reported to the Senate Appropriations Committee, so although I included these in my previous bills, I am leaving it out of this bill. The reporting of the contingent liabilities of the Government, the obligations for which the public looks to the National Government as a source of strength is not now adequately reported. I have in mind the Government corporations and trust funds, the insurance and annuity obligations of the Government where the person holding an annuity or insurance commitment from the Government looks to the taxpayer in the long run as the source of strength from which the obligation will be paid. More complete reporting is desirable in these fields.

I believe that good financial planning must take all these factors into account. This is especially important in a Congress where we are considering a major change in our tax structure and in which we may take up the important question of medical care for the aged.

I have called for these reports semiannually, but perhaps annually will be sufficient. I hope very much that the Finance Committee, to whom this bill will be referred, will consider this as either a possible amendment to the pending legislation adjusting the statutory national debt or to the pending tax legislation if it does not appear feasible to report it as a bill directly to the Senate.

I ask that the bill be appropriately referred.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2281) to clarify the components of, and to assist in the management of, the national debt and the tax structure, introduced by Mr. SALTONSTALL, was received, read twice by its title, and referred to the Committee on Finance.

AWARD OF MEDAL TO DR. GORDON S. SEAGRAVE

Mr. HART. Mr. President, we rightly are proud of American persons industriously working throughout the world to better the living conditions of their neighbors, and at the same time providing living example of the meaning of our American freedoms. Without doubt, these persons provide us with one of our most potent weapons against communism and its tenets.

Today it is my privilege to propose appropriate recognition for an American citizen who has devoted 40 years of his life and medical talents to the peoples of southeast Asia. Meaningful dedication to the cause of better health combined with the recognition of the needs for the total man, both body and soul, has been successfully provided by this U.S. physician known to millions as the Burma surgeon, Dr. Gordon S. Seagrave.

The son of Christian missionaries, Dr. Seagrave was born in 1897 in Rangoon, Burma. He was graduated from Denison University and the Johns Hopkins School of Medicine. Upon completing his internship in the States, he, with his wife and young daughter, returned to his birthplace, Burma, to begin his life work of skillfully ministering to the Burmese people.

Situated in the remote Kamkham hills of northern Burma, about 2 miles from Communist China, Dr. Seagrave has built a complete medical center, in which approximately 10,500 outpatients and 6,000 inpatients are treated each year. Beginning with one wooden shack, his facilities, which are supported by contributions from the United States, have grown to include four hospital buildings, staff houses, a nurses' residence, a laboratory, and a storage house.

Significant in Dr. Seagrave's work has been the establishment of a difficult 4½-year course in elementary medicine, obstetrics, and nursing for Burmese young women. Upon graduation these nurses, numbering more than 700 since 1923, assist Dr. Seagrave and train village women to work in health centers located in Burma's most remote areas.

With his nurses, Dr. Seagrave took frontline duty with the Allied forces during the Second World War, marching with Gen. Joseph Stilwell and his troops through the jungle during retreat and back again during the recovery by the Allies. Throughout the world Dr. Seagrave was renowned for his outstanding service in the China-Burma-India theater. Upon return to his adopted home in Burma, however, he was personally struck with the ravages of the war—the Japanese had bombed out his prized hospital unit.

Dr. Seagrave, now 66 years of age and often ailing himself, has rebuilt his medical unit and continues his daily work of ministering to his fellow men. These many activities have raised the health standards in Burma and perhaps most significant, provide an excellent example of American dedication to freedom and concern for our less fortunate brothers.

It appears appropriate, for this reason, for us, the American people, tangibly to recognize the accomplishments of this physician and surgeon by providing a medal for him—a medal to symbolize our appreciation to him and the many others now operating in his footsteps of American humanitarian service abroad.

Today, November 5, 1964, is the 40th anniversary of the start of Dr. Seagrave's mission to Burma. On behalf of myself, Senator CLARK, Senator COOPER, Senator DOUGLAS, Senator MORSE, and Senator SALTONSTALL, I introduce for appropriate reference, a joint resolution to authorize the President of the United States to award to Dr. Seagrave, in the name of Congress, a gold medal. I ask consent that the joint resolution be held at the desk for 1 week, should other Members desire to cosponsor.

The ACTING PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be held at the desk, as requested by the Senator from Michigan.

The joint resolution (S.J. Res. 131) to authorize the President of the United States to award a medal to Dr. Gordon S. Seagrave, introduced by Mr. HART (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Banking and Currency.

BERLIN CRISIS AND SALE OF WHEAT TO SOVIET UNION

Mr. DODD. Mr. President, I submit, for appropriate reference, a resolution stating it to be the sense of the Senate that the administration should suspend the current negotiations for the sale of wheat to the Soviet Union until the Soviets cease their campaign of provocations and harassments on the Berlin autobahn.

The resolution also urges that, if this measure proves inadequate to bring the Soviets to their senses, the United States should ask for an emergency session of the NATO council to consider the suspension of all shipments to the Soviet Union of machine tools and other industrial equipment by the NATO nations acting in concert.

Finally, the resolution urges that, if the negotiations for the sale of wheat to the Soviet Union are pursued, the United States should make respect for the existing covenants on Berlin one of the conditions of the sale.

Mr. President, I consider it intolerable that we should be undertaking to feed and to finance the Soviet Government at the very moment when this government is engaging in the most dangerous kind of restricted military action against the United States and its allies on the autobahn to Berlin.

The situation on the autobahn is enough. Because they refuse to dismount and be counted, American soldiers have for more than 48 hours now been surrounded and immobilized in their trucks. But this situation, in my opinion, is compounded many times over if, at the very moment the Soviets engage in this crude provocative action, we sit at the conference table with them to negotiate the sale of wheat which they desperately require.

It is again compounded if, in our great anxiety to sell them this wheat, at a subsidized price, after lending them the money with which to buy it and guaranteeing the loan, we offer concession after concession, asking no concessions in return, and apparently disregarding new and deliberate acts of Soviet aggression in Berlin, in Vietnam, in Laos, and at other points. For all this, we have only ourselves to blame.

I submit the resolution because I believe the time has come to put an end to these provocative situations, which very definitely threaten the peace of the world, by using the tremendous food surpluses, and the economic and political leverage with which they endow us, in the interests of peace and freedom.

Mr. President, I ask that the resolution remain at the desk for 10 days, to enable Senators to join as cosponsors, if they so desire.

The ACTING PRESIDENT pro tempore. The resolution will be received and appropriately referred; and, without objection, the resolution will be printed in the RECORD, and held at the desk, as requested by the Senator from Connecticut.

The resolution (S. Res. 223) was referred to the Committee on Foreign Relations, as follows:

> Whereas the Soviet Union has in recent weeks subjected American and Allied convoys on the Berlin autobahn to repeated and humiliating harassments, culminating in the stoppage and encirclement of an American convoy for the past forty-eight hours; and
>
> Whereas the present harassment and previous harassments constitute flagrant violations of solemn covenants assuring unrestricted right-of-access to Berlin to the Western Allies; and
>
> Whereas these harassments have coincided in point of time with the current negotiations for the sale of some millions of tons of American wheat to the Soviet Union: Now, therefore, be it
>
> *Resolved*, That it is the sense of the Senate that the United States should suspend such negotiations so long as the Soviets continue their provocations and harassments on the Berlin autobahn; and be it further
>
> *Resolved*, That if the harassments continue, despite the suspension of negotiations on the sale of wheat, the United States should ask for an emergency session of the NATO Council to consider the suspension of all shipments to the Soviet Union of machine tools and other industrial equipment by the NATO nations, acting in concert; and be it further
>
> *Resolved*, That, if the negotiations for the sale of wheat to the Soviet Union are pursued, the United States Government should, as one of the conditions of the sale, seek a formula that will assure respect for existing covenants guaranteeing Western access to Berlin, and that will assure the city of Berlin and the Western Allies against any repetition of the Soviet provocations and harassments of recent weeks.

Mr. GRUENING. Mr. President, will the Senator from Connecticut yield?

Mr. DODD. I yield to the Senator from Alaska.

Mr. GRUENING. I have listened with much sympathy to the proposal of the distinguished Senator from Connecticut. Shortly before he came to the Chamber, I referred to this new act of Soviet aggression as a keen disappointment to those who had hoped that after the signing of the test ban treaty there would be a relaxation of tensions in the cold war, and that we might look for other acts that would indicate a departure from the declared purpose of Premier Khrushchev to "bury" us. Unfortunately, the actions in Berlin show quite the opposite.

I added that a similar situation exists in Alaska, where recently the Russians have been invading our fishing grounds, penetrating within the 3-mile limit, and have torn up the crab traps of Alaskan fishermen, traps which costs from $200 to $250 apiece, practically putting the crab fishermen out of business.

Although the United States to date has taken no effective action to stop this kind of aggressive, ruthless performance, I shall not suggest that the crab trap situation be added to the Senator's resolution, because to do so might confuse the issue. Nevertheless, it is pertinent to raise the issue at this time as another example of the Russian failure to adopt any methods which would lead to an encouragement of the belief that perhaps the cold war was becoming a little less severe.

Mr. DODD. I thank the Senator from Alaska for his statement. It is important and significant that the crab fishing industry in Alaska is so badly affected. All these incidents are related to one another. Our difficulty has been to minimize each one, taken by itself. The tendency has been to ask: What difference does it make if the Russians hold up our troops on the autobahn? What difference does it make if the Russians invade our fishing grounds? What difference does it make if the Russians do this, that, or the other? But taken together, all the incidents are a part of a planned, aggressive course of conduct against the United States and the rest of the free world.

A few days ago, when the Russians first interrupted our troop movement on the autobahn, it was said that it was the act of some overzealous Soviet officer. I said on the floor of the Senate that I did not believe it was. I do not know how anyone else who has made any effort to understand communism and the tactics of the Soviets can believe it. Russian officers do not act on their own impulses. They would have been scared to take such a chance or to attempt to do any such thing. Such orders come from the highest authority in the Kremlin. Yet we sit by like boobs and make excuses for their ruthless, inexcusable conduct toward us.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENT NO. 305)

Mr. SIMPSON submitted an amendment (No. 305), intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. MORSE submitted an amendment (No. 306), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. LAUSCHE submitted an amendment (No. 307), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. SIMPSON submitted amendments, (No. 308), intended to be proposed by him, to House bill 7885, supra, which were ordered to lie on the table and to be printed.

FEDERAL SERVICE PROCUREMENT ACT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of October 24, 1963, the names of Mr. ALLOTT, Mr. BYRD of Virginia, Mr. CURTIS, Mr. DIRKSEN, Mr. DOMINICK, Mr. HICKENLOOPER, Mr. HOLLAND, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. MECHEM, Mr. MOSS, Mr. MUNDT, Mr. RANDOLPH, Mr. SIMPSON, Mr. SYMINGTON, and Mr. TOWER were added as additional cosponsors of the bill (S. 2254) to require the procurement of certain services by Government agencies from commercial suppliers whenever economy will result from such procurement, introduced by Mr. BENNETT on October 24, 1963.

ROLLING DICE FOR OUR SURVIVAL

Mr. SPARKMAN. Mr. President, for thousands of years brave men have given their blood and their lives in the unending struggle for freedom. Their great sacrifices multiplied mankind's passports to lands of liberty where human dignity and opportunity gave meaning to life and living.

This freedom is menaced, and for 24 years eloquent pleas and timely warnings have been sounded to alert us to our dangers. One of the most eloquent of these appeals appeared in the Washington Post on October 8, 1963, as an editorial advertisement by Mr. A. N. Spanel, founder and chairman of International Latex Corp., and presented in the public interest. It is a dramatic appeal to reason, rallying free men and their nations to resolve their differences and voluntarily unite to forge their strengths to save the earth and our way of life on it.

The article proposes a plan of action that merits most careful consideration by free world statesmen.

Mr. President, my insertion of this article in the RECORD should not be regarded as my endorsement of everything advocated in it; but the article provokes thinking, and, therefore, I ask unanimous consent that it be printed in the RECORD, in connection with my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ROLLING DICE FOR OUR SURVIVAL

It is a time for mourning when mature nations large and small, committed to freedom, drift toward the quicksands of disunity and isolationism.

It is a time for sackcloth and ashes when free people traditionally allied, provoke each other to turn away from their sworn unity, destined in this weakness to face the merciless enemy that patiently waits for the kill. Today, the very climate of liberty is contaminated with vituperative recriminations. In an atomic age free nations stand naked, tempting nuclear conquest unless they are rooted in that unshakable unity where all their divers strengths are coordinated and ever ready. Surely, no free world leaders would want history to record that they rolled dice for our survival. Can it be, then, that wealth, power, or complacency are so blinding that the heads of states in our threatened Western civilization fail to see the myopic courses they pursue?

This planet is doomed when dominant leaders of our world act not to strengthen their common bonds and interests, but rely more on the false hopes of some magic political transformation from the current Sino-Russia rift. They do not seem to grasp that both these dinosaurs sense that the only prey they can have at little or no cost is the weakened free world torn by fuming disunity, and the distrust of each other to such irrational levels that friend cannot be distinguished from foe. How much longer must we continue proving, "Whom the gods would destroy, they first make mad"?

SAVING OUR WAY OF LIFE

It is the time for reawakening, reappraisal, pair, and reconciliation. The time is now, an abyss. It is the moment of truth and decision for freedom on earth and the ceaseless struggle to keep it alive. Voltaire encouraged free men to continue to hope when he said, "This is the character of truth; it is for all men, it has only to show itself to be recognized, and one cannot argue against it. A long dispute means that both parties are wrong."

Neither perpetuation of error nor face-saving, and certainly not cunning, can save or heal our ills. We must begin anew, with dignity and honor as befits great nations. For never have allied people been served by epithets, newspaper diplomacy, opportunistic politics, frenzied flag-waving or the unilateral pronouncements inspired more by might than right, in willfulness instead of cooperation.

We therefore urge upon the heads of committed free nations, initially the United States, France, England, and Germany, to call an extraordinary four-part meeting to be held within the next 4 months in Washington, Paris, London, and Bonn; thereafter in the capitals of the other committed free nations. The diversity of sites for such momentous assemblies will create new hope and confidence in the hearts of people most of whom have witnessed in bewilderment and fear the creeping disintegration of the alliance.

Let allied unity be heralded as the full purpose of this meeting; and that only mutually arrived at steps will be taken toward its achievement. Whatever else the agenda may comprise, it must include the vital matter of communication between member nations. For in political and diplomatic problems common to the nations of the free world, it is compelling upon us—and no less upon every one of our allies—to steer courses arrived at on the basis of continuous consultation. Merely to inform one another after the fact, or even to notify allies before the fact that we shall act unilaterally, is a caricature of the principle of unity. It has only led to the confused, disoriented and ineffective policies that too often characterized the free world nations individually and collectively.

CONTINUOUS CONSULTATION: MANY MINDS, SINGLE PURPOSE

The free world must promptly mobilize its aggregate strength and create disciplined agencies for consultation, not for moments of crisis and panic but on a continuing basis, especially in the formulation of common, considered foreign policy. Such consultation is only possible between free nations; it belongs in our world.

The agenda must embrace the atomic question and membership of France in the nuclear club. The hour is late and France continues to react sharply to its own and the free world's peril to every maneuver of disparagement or downgrading. The atomic problem transcends the mere making of bombs; for nuclear energy in peaceful and military uses has become the symbol and substance of strength in today's world. France had no alternative but to reach for it.

For Washington to have denied France in the past while favoring England was folly; to continue to neglect her now is to carry that folly to the point of chain reaction, politically.

ISOLATIONISM MEANS BEING ISOLATED

Unless this condition is quickly cured, unless France becomes a full partner in the alliance, the French position will continue to harden into a species of isolationism, or become isolated, with dire consequences both to herself and the free world. The ambiguity of the French role in NATO may lead to a complete alienation, again with disastrous results for the entire free world.

More than ever before, France needs a satisfying sense of belonging to the Atlantic community. More than ever before the true unity of the free world must be confirmed and fortified. And the primary responsibility rests with Washington. We have no alternative in logic, or in terms of rock bottom self-interest but to recognize that France by its own efforts and despite American indifference, now ranks as a nuclear power.

FIGURES SPEAK LOUDER THAN GENERALITIES

A simple analysis of the problem reveals that even 4 years hence the United States and Russia will probably possess 95½ percent of the world's atomic arsenal; with England, as now, 2 percent; and France 2 percent, leaving China a possible one-half percent. In short, France will attain a modest atomic vitality commensurate with her needs in the hierarchy of nations. How much better that this now be done with our generous cooperation.

It is not too late. We can still save French people of all classes from their backbreaking burden of spending additional thousands of millions of dollars in needlessly duplicating our already proved technology of controlled, nuclear fission and fusion.

Does the free world have many alternatives? Dealing with the Kremlin may be but another exercise in fanning hopes and wishful thinking; but with our Allies in wisdom united and unshakable, we might save this planet and ourselves from destruction.

In the world we cherish, our alliance even in its present disarray, has more planes of agreement than disagreement which is natural among free people. But the disunities no longer leave margin for corroding delays, least of all for self-righteousness or smugness. We have no choice but to get together; and we know no more promising start than promptly calling the urged extraordinary alliance meeting.

Freedom's cause cries for remedial action now, not tomorrow!

THE BERLIN BLOCKADE

Mr. YOUNG of Ohio. Mr. President——

The PRESIDING OFFICER (Mr. INOUYE in the chair). The Senator from Ohio is recognized.

Mr. YOUNG of Ohio. Mr. President, an aggravating situation has developed in Berlin, which we Americans must not and will not tolerate. For the third time in less than a month, Soviet troops have blocked a U.S. Army convoy on the autobahn, the highway from West Germany to Berlin. On the other occasions, this action was looked upon by some as a misunderstanding or mistake on the part of junior Russian officers. We can no longer consider this arbitrary action to be the result of a mere misundertanding.

In light of the recent limited test ban treaty approved by both the United States and the Soviet Union, it is deeply disappointing that this opportunity for a lessening of tension may now result in the cold war becoming hotter.

Let Khrushchev make no mistake about it. We have not softened our determination to hold our ground firmly and resolutely in West Berlin and not to yield in any measure to Communist pressures and demands.

The time is past due for us to tolerate any further arbitrary action by the Russians in blocking U.S. Army convoys seeking to enter West Berlin through Soviet controlled checkpoints. We have been paying the penalty for ineptitude and failure on the part of Generals Eisenhower, Clay, and others in 1945 in failing to spell out in writing American rights to entry and exit into and from West Berlin over East German territory. At that time our generals trusted the Communists.

Soviet troops have blocked our convoys, insisting that soldiers dismount for a head count. We refused. This situation is at a stalemate. Here is further effort of Khrushchev to throw us off balance. We agreed last October that convoys with more than 30 passengers, excluding drivers and assistant drivers, would dismount to be counted. In this latest incident, only 20 of the 44 men were passengers in the 12 vehicles.

If this Communist aggression continues, tanks or heavily armed soldiers should directly precede our convoys. Let us barrel through, like Jim Brown of the Cleveland Browns does against opponents—thus demonstrating to the Soviets that they are wrong in their claim that Soviet authorities, not Allied authorities, determine convoy procedures.

This action by the Soviets has been humiliating to the United States and to the officers and men of our Armed Forces. Let us take determined and resolute action, as was done by our President last October. The Communists have no right to control Americans or to humiliate our soldiers.

The Russians are fully informed as to the number of men and vehicles in a convoy. If a show of force does not get us through, then let us use force and without delay.

Let us place some of our mechanized might ahead of our convoys and proceed without submitting to intolerable delays and stoppages. Further, I hope that our President will direct Ambassador Foy Kohler to make firm, determined and resolute representations to Khrushchev to cease these procedures "or else." Ambassador Kohler, a native of Ohio, is a fine representative of the United States. We may have confidence that he is no appeaser.

TRIBUTE TO SENATOR JORDAN OF IDAHO

Mr. SIMPSON. Mr. President, the junior Senator from Idaho [Mr. JORDAN], a gentleman for whom I have a deep personal regard, was honored last Sunday by an excellent and comprehensive story in the Chicago Tribune.

Author of the 1,500-word article, Tribune Correspondent Willard Edwards, painted a graphic picture of the struggle of the Senator from Idaho through the difficult depression days as a rancher in Idaho's Hells Canyon, his college days, his service to the State of Idaho—where he served as Governor for the single term allowed at that time by the Idaho constitution—and followed him through important Government posts held in the early days of the Eisenhower administration.

Not only did Correspondent Edwards pay tribute to the acumen, sagacity, and intellect of my close personal friend, the Senator from Idaho [Mr. JORDAN], but he also pointed out that "the woman behind the man," the Senator's lovely wife, Grace Edgington Jordan, found time to write three popular books about her experiences in Hells Canyon while keeping a household for her husband and three fine children.

Mr. President, as a tribute to my longtime friend, the Senator from Idaho and his gracious wife, I ask unanimous consent that the Willard Edward's article from the Chicago Tribune be printed in the CONGRESSIONAL RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HELLS CANYON CARRIED TO SENATE ON WINGS OF DEPRESSION—BUT JORDAN SAYS IT'S NOT WORTH STORY

(By Willard Edwards)

WASHINGTON, November 2.—Hells Canyon is an awesome gash in the earth's surface, the deepest on the North American Continent. It lies on the Idaho-Oregon boundary where the Snake River carves a tortuous course through wild country abounding in bear and cougar, coyotes, bobcats, and rattlesnakes.

To a quiet man sitting in the rear row of the U.S. Senate, this forbidding territory was a refuge for 10 years, a place where he and his family survived the depression of the thirties, emerging with clear title to a 17,000-acre sheep ranch.

There are many surprises encountered in exploring the personalities and careers of Members of the U.S. Senate. LEN B. JORDAN, Republican, of Idaho, is one of them. He talks little, dresses conservatively, could be mistaken for a smalltown banker or businessman of limited intellectual attainments.

ALMOST A HARVARD MAN

He is, in fact, a unique combination of manual and mental talents. A brilliant college student, Phi Beta Kappa and high honors, he seriously considered a fellowship at Harvard University and an academic career. Instead, he chose the outdoors, became a sheep and cattle foreman, was virtually destitute in 1933, took his wife and three children into the wilderness and wrested from it not only a living but the basis of a comfortable fortune.

He is, almost certainly, the only Member of the Senate who, in his spare hours when not supervising the rovings of 3,000 sheep on a mountain range, poured concrete and laboriously constructed improvements for a rude home in a canyon where only wild animals had previously penetrated.

He has served in the Senate only 15 months, originally by appointment to fill the vacancy left by the death of Senator Henry Dworshak, then by election in November 1962, to the remaining 4 years of the term. A former Governor of Idaho, he was the only Republican winner in the contests for Idaho's two Senate and two House seats.

PUNCTURES A-PACT CLAIMS

Unlike some other Senate newcomers, he attempted no flamboyant gestures to attract publicity. His name did not appear in the Washington press. But during the debate on the nuclear test ban treaty on September 20, the Senate was alerted to a keen new intellect in its midst when JORDAN arose to announce his position.

He was not, he noted, a member of either the Senate Foreign Relations or Armed Services Committees which had been conducting hearings on the treaties. In his study of 1,000 pages of testimony, he had decided to employ an unusual method—to take only the arguments of supporters of the pact and analyze them, ignoring the claims of its opponents.

When he had finished, puncturing the claims of the treaty advocates by quoting their own words, and announcing he would vote against the treaty, Senator CARL CURTIS, Republican, of Nebraska, was moved to a rare tribute.

"I think," CURTIS said, "that I have never heard a more reasoned speech in my 25 years in Congress. In a sense, it is unique."

MAN OF PAINFUL RETICENCE

Those who heard JORDAN speak knew what CURTIS meant. The sheep rancher had a gift for simple logic and clarity not often displayed in the Senate. He demonstrated it, even more remarkably, in an analysis this week of a complex issue—Federal versus State jurisdiction in water development. This is a subject of vital interest to the West. JORDAN stripped it down to the bare bones of comprehensibility for those to whom it had hitherto been a dull and mystifying dispute.

He is a man of almost painful reticence who was loath to talk about himself.

"Why write about me?" he asked. "My wife has the brains and beauty in this family. She's the story."

There is some substance to this contention. Grace Edgington Jordan, to whom the Senator refers without embarrassment as "my fair lady," took three children, aged 6, 3, and 7 months, into the wilderness in 1933, gave them all their schooling for 10 years, ran a household with numerous boarders, including assorted drifters, and found time to write a bestselling book about her experiences. It was called "Home Below Hell's Canyon" and is a revelation of frontier living in a modern day.

VERY SOLID MAN, TOO

Three other books have flowed from Mrs. Jordan's typewriter but it is noteworthy that her writing facility faltered in trying to describe the husband-companion of those trying years. "Six feet tall, blue-eyed, and very solid" was the best she could do.

He was born 64 years ago in Mount Pleasant, Utah, in a mountain area which has been called the Switzerland of America. His father was a county judge, his mother a schoolteacher, and he was good in his studies, being graduated from high school when he was barely 16. But it was a large family and there was no money for a college education. He worked on a ranch, then enlisted in the Army at 18 when the United States entered World War I. He was commissioned a second lieutenant of a machinegun company but never got overseas.

Back in civilian life at 20, a football scholarship helped him work his way through the University of Oregon. He was a 175-pound halfback, "just a bread and butter guy" who could block and tackle, and run. He was also at the top of most of his classes, earned his Phi Beta Kappa key, and began to contemplate a teaching career, beginning with a fellowship at Harvard. He was saved from this fate by a distaste for indoor life.

GETS BANK'S PROPOSITION

"I loved the range," he remarked. "The confinement would have made me a poor teacher."

He began working with livestock on a ranch which stretched more than 50 miles along the Snake River. Twenty thousand sheep and 1,500 cattle roved this small empire. He became foreman, handled financial details for the owner, and was on his way to higher things when the 1929 stock market crash instigated the depression which crippled the national economy.

The livestock industry was crushed like all others. By 1932, JORDAN, now married and the father of three children, was earning $100 a month and keep. The bank, which held his small savings, failed. The future was bleak.

At this point, a Portland bank, aware of his background and experience, offered him a challenging operation. It had come into possession of sheep ranch in the shadow of Hell's Canyon. Its $50,000 investment in this property seemed doomed.

"Go in there and operate it, get our money with interest back, and the place is yours," JORDAN was told.

AWAY THEY GO WITH $20

He didn't hesitate nor did his fair lady. A sheep ranch, she opined, "was a pretty good place to batten down and ride out the depression." By river packet, with a net total of $20 in cash but fortified by a zest for adventure, the family of five made the way to their future home—so isolated that radio could not penetrate the deep gorge in which it was located.

Their actual title was to 1,000 acres but this land "controlled" a total of 17,000 acres of Government range on which their 3,000 sheep could graze. If used continuously and properly by the landowner, this range would eventually belong to the deeded land and could be transferred to a new owner if it was sold.

At the end of 10 years of backbreaking struggle, the JORDANS had paid back the bank its investment with interest. They had not only ridden out the depression but came out of it with a foundation for future prosperity. They sold the ranch and bought another. JORDAN now has other interests, including a motor company, but denied great wealth.

FOUGHT TO NAME TAFT

"I quit trying to earn a million dollars," he remarked, "when I realized I could only eat three meals a day and wear just so many suits. I didn't want to change my living habits."

In 1947, the realization came that Idaho had been good to him. The State needed roads and nobody was doing anything about it. He ran and was elected to the State legislature but suffered political defeat when he sought reelection to a second term.

He had his revenge in 1950 when, virtually unknown to the professional politicians, he ran for Governor and was elected to a 4-year term. His formula for success was simple—to meet personally every voter in a State of tremendous distances with a population of about 700,000. The system demanded constant travel by plane, train, motor, and on foot but it worked.

As head of the Idaho delegation to the Republican convention in 1952, he fought for the nomination of the late Senator Robert A. Taft of Ohio. The victorious Dwight D. Eisenhower did not hold this against JORDAN and summoned him to Washington after he completed his term as Governor. State law forbade a second term as Governor.

SERVED ON IKE GROUPS

He served as chairman of the U.S. delegation of the International Joint Commission, working out agreements with Canada on power and water projects relating to the St. Lawrence Seaway and the Columbia River Basin treaty.

He also went to Afghanistan as head of a team of engineers and economists to survey reclamation and power projects and in 1958 served on the international development advisory board which explored the economic aspects of foreign aid.

"I was rather fed up with Washington," he confessed. "But when the opportunity came to return to the Senate, my wife and I worked like the devil. Now that I'm here, I find the Senate a real challenge. I'm not disturbed by the inactivity in this session. It's just as well for the country that we haven't passed a lot of this legislation."

FISHING IN WYOMING

Mr. SIMPSON. Mr. President, for the edification of my colleagues who may be eyeing the calendar and contemplating a hunting trip to some favorite fishing hole, I should like to read a story which appeared in the Evening Star last night. The story datelined Riverton, Wyo., says, and I quote:

> A new world's record for a golden trout is being claimed by Haskell H. Reed, of Riverton, who landed a 15¼-pounder from Washakie Lake in northwestern Wyoming's Wind River Mountains.
>
> Mr. Reed hooked the large trout with a gift—a small fresh water shrimp fly given to him by a Riverton sporting goods dealer.
>
> The trout measured more than 28 inches long and 7 inches across the middle.
>
> The Wyoming Game and Fish Department says the listed world's record for a golden trout is an 11-pound 4-ounce fish taken from Cook's Lake in Wyoming in 1948 by C. S. Reed, Omaha, Nebr.

Be assured that the old and the new records are merely indicative of the sport fishing to be found in Wyoming waters. Two big ones are gone, but many more remain.

Wyoming is called the Equality State, but I hasten to assure my colleagues that the fishing and hunting in Wyoming are unequaled anywhere.

RETRACTION BY NAVY DEPARTMENT OF STATEMENT ABOUT KITTERY NAVAL SHIPYARD, MAINE

Mrs. SMITH. Mr. President, many weeks ago at a regular open monthly meeting of the Maine congressional delegation attended by representatives of the press as well as members of the Maine congressional delegation, the Chief of the Bureau of Ships of the Navy Department and the Assistant Chief of the Bureau of the Ships made unqualifiedly damaging characterizations of the workers at the Kittery Naval Shipyard.

They said very flatly, without qualifications and without reservations that the workers at the Kittery Naval Shipyard "just won't work." Very rightfully and very understandably, several of the unions at the shipyard immediately demanded an investigation by the Senate Permanent Investigations Subcommittee of these charges made by the two admirals. They made their demand because they wanted to have a right to defend themselves.

But then fears arose as to what an investigation by the Senate Permanent Investigations Subcommittee might do. And so all but one of the unions withdrew the demand for an investigation. After having witnessed those days of the early fifties when accused people were smeared and not given a chance to defend themselves, I supported the demands of the sole survivor of the unions for an investigation.

But the Navy Department opposed its being investigated, as did Senator members of the Kennedy administration—and to this date, no investigation has been conducted.

The end result was a continuing stigma on the workers at the Kittery Naval Shipyard with no retraction having been made of the charges of the admirals that the workers "just won't work." When recently another nuclear submarine construction award was given to the Kittery Naval Shipyard, there were serious suspicions that an award to a shipyard which had been characterized by the cognizant officers of the Navy as a shipyard of workers who "just won't work"—that such an award could not be justified if such charges were true. It cast a strong suspicion that such an award was on the basis of sheer politics and to that extent created the Kittery Naval Shipyard in the image of a "political shipyard."

This I resented very much—not only on behalf of the integrity and capability of the workers at the Kittery Naval Shipyard, but also because of the possible reflection on my own State of Maine.

So I made an issue of it with the Secretary of the Navy and demanded an unequivocal clarification of the Navy's official position on the "just won't work" charge made by the two admirals. Reluctantly, the Navy has finally admitted that the statement made by the two admirals is not true and has now repudiated that statement. In a letter dated November 4, 1963, of Assistant Secretary of the Navy, Installations and Logistics, to me, the Navy Department states that the statement of "they just won't work" is not a correct statement.

Furthermore, in that letter the Navy Department acknowledges that any criticism of the Kittery Naval Shipyard was not limited to just the workers but instead included "all levels of management and even with the Bureau of Ships." The letter concludes with commendation for all hands on the improvement of the work at the Kittery Naval Shipyard.

Mr. President, I am greatly gratified with the Navy's repudiation of the admirals' "just won't work" unjustified and unsubstantiated characterization of the workers at the Kittery Naval Shipyard—even though I had to smoke the Navy out on this. The vindication of the shipyard workers comes a little late—but better late than never and even if reluctant.

I think it is about time that the President kept the campaign promise that he made to the workers at the Kittery Naval Shipyard more than 3 years ago in 1960 when he promised that by Executive order he would take them out of the "second-class citizen" pay status under which they are handicapped and put them on an equal basis with the workers of the shipyard in his own hometown of Boston.

I ask unanimous consent to have printed in the RECORD at this point the letter of November 4, 1963, of Assistant Secretary of the Navy Kenneth E. BeLieu to me.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., November 4, 1963.

Hon. MARGARET CHASE SMITH,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR: This is in reply to your letter of October 24, 1963, concerning assignment of nuclear submarine construction to the Portsmouth Naval Shipyard.

The Department of the Navy, through the Chief, Bureau of Ships, has the responsibility to provide the operating forces with quality weapons at minimum cost. The naval shipyards are a portion of the Naval Establishment involved in the production of such weapons, but certainly neither they, nor anyone else, has an inherent right to excessive cost. Yet, for some time we have been concerned over the competitive position of certain of the naval shipyards compared with private yards in the building of new ships. This has come about for several reasons, including the press of repair work and the accompanying requirements to be responsive to immediate fleet needs, some lag in improving management techniques, certain differentials in employee benefits, and an attitude in some circles that work is assigned by political pressure rather than by demonstrated performance.

Over the past few years considerable effort has been exerted, and I feel successfully, to install improved management techniques in the naval shipyards and to promote a better spirit of cost consciousness on the part of every shipyard employee.

It was just such an effort which was being made last summer at the meeting at which the situation at the Portsmouth Yard was discussed. Remarks made by Navy officials during that meeting concerned the definite need for improved performance at Portsmouth Naval Shipyard and were based on cost returns for construction work by that shipyard. In the course of the discussions, comments were made such as the one to which you refer in your letter. Unfortunately, some of these remarks, taken by themselves, have been subjected to various interpretations. Of course, "they just won't work" is not a correct statement when taken literally. Suffice to say, however, that the intent of the Navy officials at the meeting was to indicate that the productivity of the yard as a whole was below the standard desired, and that this was not the sole responsibility of the labor force but also rested to varying degrees with all levels of management and even with the Bureau of Ships for not taking earlier and perhaps less drastic remedial action. The Navy officials' intent in this instance is fully supported by the Department of the Navy. These officers have the continuing responsibility—the obligation—to alert this yard (or any other yard) to its status and to exhort personnel to improved performance.

Since this meeting, gratifying progress has most certainly been made by all personnel at the Portsmouth Naval Shipyard. It was this progress, coupled with the need to maintain a nuclear construction and related repair capability at this highly important shipyard, which justified to us the assignment of an attack nuclear submarine. The workmen in Portsmouth have turned to us with determination to bring the performance of their yard up, and improvements are still being made. It is my firm belief that performance on this latest attack nuclear submarine will demonstrate the results of this past year's emphasis on improvement. I am also convinced that all hands at the Portsmouth Naval Shipyard recognize the challenge to their efficiency which the assignment of this ship represents.

Sincerely,

Kenneth E. BeLieu,
Assistant Secretary of the Navy, Installations and Logistics.

PROXMIRE CALLS FOR SPACE PROGRESS WITH LESS WASTE

Mr. PROXMIRE. Mr. President, the November issue of the Nation's Business, published by the U.S. Chamber of Commerce, carries an article by me entitled "Glamour Masks Waste in Space Spending."

In this article I make three general recommendations on the immense increases in spending by the National Aeronautics and Space Administration:

First. More effective safeguards against duplication, waste, and other leakages of Federal funds must be built into NASA's own procedures. As a minimum, the space agency should fully observe the letter and the spirit of the cost-cutting requirements established for the Department of Defense and other Federal agencies.

Second. Congress should arm itself with a corps of skilled investigators able to penetrate and analyze the inner workings of the space program.

Third. Private individuals and groups should apply their concern about excessive and unnecessary Government spending to the space program.

Mr. President, I am convinced that we can and should dedicate America's great resources to the magnificent challenge of space. But we should do so with far greater prudence and regard for the taxpayers' money than we have in the past.

I ask unanimous consent that this article be printed in the Record at this point.

There being no objection, the article was ordered printed in the Record, as follows:

Glamour Masks Waste in Space Spending—Congress Must Take More Careful Look To Head Off Unnecessary Cost

(By William Proxmire, U.S. Senator from Wisconsin)

The tidal wave of spending on the Nation's space program—unprecedented in a peacetime program run by a peacetime agency—can quickly get out of control.

My special, urgent concern, as a U.S. Senator recently appointed to the Appropriations Committee, is that space budgets should get on a rational basis while they are still fairly near the beginning of a period of rising costs. The $2 billion per year increase can be expected to continue and accelerate.

The effort to place men on the moon will alone cost $20 billion before 1970.

(One scientist has jokingly suggested that if a way could be found to weld together 20 billion silver dollars, an astronaut could walk to the moon.)

It is a safe prediction that the real headwall on this steeply sloped mountain of expenditure still lies ahead—and has not been accounted for fully in the understandably conservative projections of the National Aeronautics and Space Administration. An intelligent independent estimate for the moon probe puts it at $40 billion by 1970.

When the budget of a federally financed agency grows at the rate of $4 billion in 2 years—as has that of NASA to the current spending request for $5.7 billion—there is a special obligation to scrutinize that budget with extra care. Yet this is precisely what so far has not taken place.

The space budget has received virtually nothing but tender, loving care in Congress. The few of us who have questioned the wisdom of funneling funds into an agency at such a breakneck rate have been buried under a reproving avalanche of votes.

The consequences of this mushrooming rate of spending are predictable. The moon venture has already fallen three-quarters of a year behind schedule—not for lack of funds, but because of a serious management crisis.

Nobel Prize winning physicist Dr. Polykarp Kusch told the Senate Space Committee that the moon program is being carried out with "a certain flamboyance, a mood of haste, that is not commensurate with first-class scientific research."

He also said: "It is my belief that the present space program attempts too much too fast. There is not enough time for profound thought, for imagination to play over the demanding problems that occur."

President Kennedy's proposal at the United Nations, that this country and the Soviet Union jointly undertake lunar exploration, demands further reappraisal of where we are going and how fast.

Whatever the merits of the President's proposal, his downgrading of the competitive aspect of the moon program—a major justification for our wasteful haste up to now—strengthens the argument for a slower, more rational approach to space exploration.

The real issue is not whether we should explore space—of course we should. We should do so rapidly and competently, in the great tradition of American scientific leadership. But this does not mean that the space agency should be handed a license to spend billions of dollars unnecessarily on projects that duplicate others, are wasteful, or are nonproductive.

As has been shown over and over again, frenzied science is not good science. The legitimate and understandable desire for rapid accomplishments cannot be satisfied merely by pouring in ever-larger appropriations of dollars.

NASA has been able to route its massive spending increases through the Budget Bureau without anything like the scrutiny given the budgets of other Federal agencies. Nor has the General Accounting Office, Congress's watchdog on Federal spending, been able to stay abreast of the galloping pace of the space agency.

I applaud the suggestion, made in the minority report on the House space authorization, that there be appointed an inspector general for NASA, plus a number of congressional field inspectors to examine and report on the space program. Qualified independent supervision of a program that is growing at such a tremendous rate is absolutely essential.

Despite the absence of careful, detailed investigations, a number of examples of wasteful, duplicating, or unnecessarily lavish space program outlays have surfaced as a result of their own sheer lack of weight.

For example, a formal Air Force memorandum recently showed that NASA is planning to construct $77,671,000 in facilities that directly duplicate existing Air Force capabilities.

Among the specific examples cited are: a life sciences research facility costing $4.9 million and a space materials laboratory costing $3.6 million, both at Ames Research Center, Calif.; a central instrumentation facility, $31.5 million, at Cape Canaveral; a mission control center ($8.4 million), launch environment and antenna test facilities ($7.5 million), mission simulation and procedures training facilities ($2.2 million) and other projects (totaling over $5.6 million), all at the Manned Spacecraft Center in Houston. All these projects would duplicate existing Air Force facilities, according to the memorandum.

The field of space flight simulation has been especially prone to unnecessary duplication. A $10.6 million centrifuge for flight simulation has been approved for Houston, along with two others at other centers, despite the finding by the National Academy of Sciences that existing centrifuges and similar motion devices for research are not being fully utilized.

A bulky 530-page survey published by the National Standards Association lists literally hundreds of space simulation facilities in the United States, many of them competing and overlapping in function and purpose.

In its current budget NASA requested $131,000 to study its own public relations program. This may seem like peanuts compared to $5.7 billion—but that's just the coin for the survey. The resulting programs would probably have lapped up additional millions of dollars, and their propaganda effect would be to guarantee the easy enactment of future billions of dollars in appropriations. Fortunately, this is one item on which Congress flipped the abort switch.

NASA's budget is frequently padded with nonessential items such as $1.3 million for a fatigue research lab to replace an existing building that was "not ideally suited." Rarely does it appear that a serious effort has been made to see if a job can be done at less cost.

The agency wanted $90 million for three tacking ships for the Apollo project. Careful checking by Congress showed that the Defense Department could provide not three but five fully equipped ships for $80 million, saving a cool $10 million.

It should have been no surprise to those familiar with the space program when the General Accounting Office released a report recently showing waste of some $100 million in the moon program.

While NASA itself has been critical of the performance of industry, the agency can hardly duck the final responsibility for getting what it pays for with the taxpayers' money.

NO MAGIC IN SPACE SPENDING

What disturbs me is the "anything goes if it's for space" attitude that makes it possible for huge spending increases to win congressional approval with only a shadow of the scrutiny applied to earthbound agencies.

In this program, too, I firmly believe there should exist a strong presumption against Federal spending. Simply because the program involves glamorous orbits of the earth does not change the hard fact that every cent spent on it comes out of the pockets of U.S. taxpayers—the same, hard-pressed source for all other, competing Federal programs.

There is no magic about space spending thta converts it into private enterprise. Far from it. In relation to its rapidly growing volume, the space program is probably the most centralized Government spending program in the United States. It concentrates in the hands of a single agency full authority over an important sector of the American economy, one that is expanding with each passing month.

The economic situation created by the space program could well be described as corporate socialism. There are a large number of private corporations and companies in the aerospace industries, a disturbingly large portion of which work only on space agency contracts and subcontracts. But for all the goods and services that they produce, all the many items and products and technologies that they would normally offer for sale in a freely competitive marketplace, there is ony one buyer: the Federal Government.

It has been made clear to occasionally reluctant legislators that the economies of certain States and districts would suffer seriously if pending space projects were cut. This point was stated explicitly to the House Space Committee by NASA officials testifying against a proposed cut in the $1.2 billion Project Apollo budget request.

The House committee recommended a $120 million cut anyhow, seriously questioning whether the space agency could conceivably use all that money in 1 year. Unfortunately, a large part of the funds was restored in the House-Senate compromise signed by the President.

Members of Congress can hardly be blamed for taking an interest in contract awards running into hundreds of millions of dollars. They know full well that a range of consideration going well beyond engineering and scientific know-how enter into the decisions.

DISTRICT-BY-DISTRICT LIST

A symbol of congressional interest: NASA has now been asked to furnish a list of projects broken down geographically, which in political terms means State by State and district by district.

One leading science writer recently referred to "NASA's rather blatant pork-barrel approach on how to win friends and influence people in Congress."

Grounds for cynicism are provided when the case for locating the $130 million (official estimate; more likely total, $200 million) Manned Spacecraft Center in Houston includes the argument that this facility will stimulate a technological boom which will attract people and industries to the area in large numbers, while the more recent decision to construct a $50 million space electronics center in the Boston area is justified on the grounds that large numbers of exceptionally skilled and trained scientists already live there.

It is disturbing but undoubtedly true that the space program has come as a bonanza to those who favor big Government spending. These apostles of big Federal budgets—and there are many—see the space program as a means of taking up the slack caused by a possible future leveling off of military spending.

Space spending is also having other unfavorable effects on our economy.

With each passing month a larger percentage of our gross national product goes into research and development for the space program.

Yet it is essential for the United States to maintain an especially high pace of research oriented toward the civilian economy to maintain our traditional lead in productivity and to offset the higher wages of American labor. Otherwise we will soon be shut out of important international markets.

We cannot simply rely on the spin-off of new products or the technological fallout of space-oriented research to provide needed forward strides in fields where our industries are daily challenged by the productive capacity of other nations.

While an occasional byproduct of space or military research will have application to the civilian economy, this is not enough.

This problem would be less serious if the U.S. economy had a limitless supply of resources that could be tapped for research and development undertakings. But the fact is that, in this field in particular, the space program is in direct, sharp competition with other sectors of our economy for the use of a vital commodity, the supply of which is by no means unlimited—our unique reservoir of highly skilled, trained, and talented scientific manpower.

Each year our universities graduate some 3,000 new Ph. D.'s in science and engineering. On the basis of the space agency's own estimates of its requirements for scientific manpower in the coming years it can be predicted that by 1970 one in every four U.S. scientists will be at work on the space program. This has been described by one scientist as "a spectacular balancing act—education supported by science, science by space, and space by the man on the moon."

OTHER RESEARCH SUFFERS

By skimming off a sizable top layer of scientists each year for the foreseeable future—especially the young, able ones, freshly schooled in up-to-date methodology—the space program may well impoverish the scientific input in other vital areas of research and teaching. Schools, medical centers, industry—even other Government agencies and our Defense Establishment—are beginning to feel the pinch. Already, and we are still only in the early stages of our space effort, there are 10 times as many scientists engaged on NASA space projects as are working on heart disease, mental illness, and cancer at the mammoth research centers of the National Institutes of Health, which themselves have been criticized for overly lavish use of Federal funds.

Even a decision to locate a juicy Government plum like the proposed Electronics Research Center in Boston is received with mixed feelings, as local companies and other facilities ponder whether the new projects will compete for their top scientists.

The prestige value of space accomplishments should not be overlooked. But prestige, too, has a price tag.

Our Government information activities and many other programs contribute to it. The question is whether the investment in space should include extra billions of dollars for propaganda.

We compete with the Soviets on many fronts. By concentrating too much attention on space we run the risk of losing on others.

Despite the urgency with which the space program is viewed I do not believe the need for speed can be so great that NASA should virtually ignore competitive bidding. With all the urgency of military procurement, the Defense Department has a far better record on competitive bidding.

In addition, the Defense Department has inaugurated a cost-cutting and control program that has already saved $1 billion and is expected to realize savings of $4 billion over a 5-year period. This kind of rigorous attention to budget practices is urgently needed in our space effort.

WHO HAS RESPONSIBILITY?

Responsibility for keeping our space program lean and on target lies in three places: the space agency itself, the Congress, and the public at large.

1. More effective safeguards against duplication, waste, and other leakages of Federal funds must be built into NASA's own procedures. As a minimum, the space agency should fully observe the letter, and the spirit of the cost-cutting requirements established for the Department of Defense, the U.S. Army Corps of Engineers, and other Federal agencies.

This includes reliance on competitive bid procedures to the greatest possible extent. It is important to act promptly, before the space program becomes encrusted with habits and ways of doing business which will make it harder, and more unpleasant, to change later on.

2. Congress must be steadily alert to its responsibility of legislative supervision. In our system of checks and balances, if Congress abandons its watchdog function, a program can quickly get cut of hand because there are few other checkreins to keep it on course. To this end Congress should arm itself with a corps of skilled investigators able to penetrate and analyze the inner workings of the space program. Such a staff should be established either within the Government Accounting Office or in a separate office headed by an inspector general for space programs.

3. Most important of all, it is essential that private individuals and groups apply their concern about excessive and unnecessary Government spending to the space program. Recent attacks on pork-barrel projects helped immeasurably to alert the country to the misuse of tax dollars.

A similar alertness to signs of waste and inefficiency in the space program would go a long way to combat the "anything goes if it's for space" attitude.

There are great problems to be solved in space, great returns to those who solve them. But we risk losing a great deal—our self-respect and the respect of others—if we throw billions upon billions into the space hopper without giving careful, sober thought to the price we are paying.

CONCESSIONS MAKES SENSE IN WHEAT DEAL ACCORDING TO EXPERT

Mr. PROXMIRE. Mr. President, there is an unfortunate tendency on the part of many to regard any criticism of State Department dealing with Communist nations as demagogic, or emotional and ill-informed crackpotism.

The recent wheat deal is a case in point. Those of us who have been critical of it have been criticized as against humanity or against peace or as Red-baiting for votes.

The facts are, Mr. President, that the position which some of us in the Senate have taken that we should not agree to sell wheat to Russia without concessions to freedom has been supported by an outstanding scholar in an article appearing on the front editorial page of last Sunday's Washington Post.

Now I hasten to add that Professor Brzezinski does approve of selling wheat to Russia. But he also insists that we should exact concessions—not great concessions, perhaps, but, as he puts it:

> At the very least our negotiators could insist on a clear reciprocal understanding of the technical arrangements involved in Western access to Berlin.

The result of that concession has been driven home three times since the wheat deal has been announced—and right now as I speak an American convoy is being held up outside of West Berlin.

Professor Brzezinski added:

> Similarly we could demand that the Soviets lift their travel restrictions within Russia. Indeed, a political quid pro quo should be sought in the case of other so-called nonpolitical, technical arrangements.

Mr. President, this is exactly what certain Senators have been calling for and these are among the concessions—any one of which, in my stated view—would provide a real concession to freedom in this case.

Dr. Zbigniew Brzezinski also points out that there is no question of starvation in Russia. There is no rationing. There is no plan for rationing. The wheat is mainly to be used to export to Communist satellites and to maintain the kind of chemical and machine tool production in the satellites on which the military strength of Russia depends.

Mr. President, I ask unanimous consent that this article may be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 3, 1963]

POLITICS OF WHEAT DEAL GIVES UNITED STATES UPPER HAND

(By Zbigniew Brzezinski)

(NOTE.—Director of the Research Institute on Communist Affairs and professor of public law and government at Columbia University, Brzezinski is the author of "The Soviet Bloc: Unity and Conflict," "Ideology and Power in Soviet Politics," and other books.)

It has been argued that the wheat deal with the Soviet Union is desirable on humanitarian grounds. If Russian people are starving, the United States should not stand back, said former President Truman on the radio, and he has been echoed by some clergymen and by various people of good will.

Others have suggested that the wheat deal is purely a matter of economics. The Russians need our wheat; we can use their gold. Their food needs will be met; our food surpluses will be diminished. We both gain equally.

The humanitarian argument can be dismissed quickly. First of all, there is no famine in Russia. The Soviet people are not starving, and the government has not lost all of its ability to meet a food crisis. It could certainly divert some of its resources from heavy industry to better agricultural management, and it is still capable of providing the basic staples to meet Russian needs.

Even if all the Western countries were to refuse wheat to Russia, no Russian would starve because of it. There is no doubt, however, that certain kinds of foods would be in short supply, and this would create considerable social and political difficulties for the Soviet Government.

OUTRAGEOUS APPROACH

The economic argument is more complex. The simple equation of profit and trade is deeply rooted in the American tradition, and it is not easy to convince an American that the Soviet approach to the problem is somewhat different. Yet as George Kennan has amply demonstrated in his book, "Russia and the West," the Soviet approach to the problem of trade is a highly political one.

Writing about the Soviet attitude toward the West in the very early twenties, Kennan thus projected the Soviet reasoning on the subject of trade with the West:

"We despise you. We consider that you should be swept from the earth as governments and physically destroyed as individuals. We reserve the right, in our private if not in our official capacities, to do what we can to bring this about: to revile you publicly, to do everything within our power to detach your own people from their loyalty to you and their confidence in you, to subvert your Armed Forces and to work for your downfall in favor of the Communist dictatorship.

"But since we are not strong enough to destroy you today—since an interval must unfortunately elapse before we can give you the coup de grace—we want you during this interval to trade with us. * * * An outrageous demand? Perhaps. But you will accept it nevertheless.

"You will accept it because you are not free agents, because you are slaves to your own capitalist appetites, because when profit is involved, you have no pride, no principles, no honor. In the blindness that characterizes declining and perishing classes, you will wink at our efforts to destroy you, you will compete with one another for our favor."

One may wonder, in the light of the 1962 Cuban confrontation and Khrushchev's general policy of burying us, whether this approach has changed so very fundamentally.

A NECESSARY FAILURE

To the Soviet leaders, the wheat deal is political because two very vital Soviet political interests are involved. The first is the stability of the collective agricultural system itself. Over many years, that system has failed to deliver the goods, at least insofar as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential.

A recent critical revaluation of the Stalinist drive for collectivization, published in Voprosy istorii, states quite categorically that the collectivist system was necessary in order to build socialism in the Soviet Union and for the defense of the country. Mounting consumer dissatisfaction with the inability of the present agricultural system to produce adequately might, over the long haul, force the Soviet leaders to revise the agricultural system. However, if the Soviet leadership finds other means of meeting domestic needs, i.e., imports paid for with gold, it can perpetuate the collectivist system.

Collectivization was abandoned in Poland and Yugoslavia because the leaderships had no way out. By importing wheat, the Soviet leadership sees a way out, and hence the wheat deal is necessary to Moscow in order to maintain its domestic system of collectivization.

EXPORTS POLITICAL, TOO

Secondly, the importation of wheat is necessary to the Soviet Union in order for it to meet its grain export commitments. These commitments are important to the Soviet leadership primarily for political reasons.

Last year the Soviet Union exported approximately 7.8 million tons of grain, of which wheat constituted 4.7 million tons. The list of clients shows clearly the political importance of the exports: The largest consumer was East Germany, followed successively by Czechoslovakia, Poland, Brazil, and Cuba.

The restriction that President Kennedy wishes to impose on the reexportation of American grain to these countries creates a technical impediment to such exports. The Soviet Union would not be able to ship them American wheat directly. Nonetheless, the availability of American wheat, and indeed of other Western wheat, would mean that Soviet grain itself could be exported to the countries concerned. Hence the political problem would not be resolved by the proposed restriction.

The above comments should not be construed as an argument against an American-Soviet wheat deal. They are meant to suggest, however, that this wheat deal ought to be viewed in a political perspective and that U.S. negotiators ought to seek political concessions from the Soviets in return.

Naturally, there would be no point in expecting fundamental concessions. For example, it would be illusory to expect a Soviet acknowledgement of our position in Berlin in return for our willingness to sell Russia some wheat; there is no political equivalence between these two interests. However, on a number of marginal issues, there is no reason why the United States should not insist on a quid pro quo.

For example, it would seem ironical for the United States to be enabling the Soviet Union to maintain its collectivized agriculture and its politically motivated grain exports and at the same time for this country to endure continued Soviet harassment in its access to Berlin. At the very least, our negotiators could insist on a clear reciprocal understanding of the technical arrangements involved in Western access.

Similarly, we could demand that the Soviets lift their travel restrictions within Russia. Indeed, a political quid pro quo should be sought in the case of other so-called nonpolitical, technical arrangements.

For many years, for reasons of political prestige, and also as a precedent, the Soviet Union has been very anxious to establish direct American-Soviet air links. Perhaps there is no reason to oppose such links, but it might be preferable to negotiate about them in the context of a reciprocal Soviet willingness to meet some of our political objectives.

Of course, proponents of the purely "economic" approach might say that if our position is too hard, the Soviet Union will buy the wheat somewhere else. That may be true, but the argument is not entirely convincing. If the Soviet Union could easily buy wheat elsewhere, then why does it not do so?

It either wishes to deal directly with the United States because that would strengthen the impression in the West and elsewhere of an American-Soviet detente—an impression which intensifies Western European fears concerning the American position; or, conceivably, the Soviet Union does not see other markets so readily available and the American wheat is thus of some economic importance to it as well.

One may safely assume that the Soviet Union is not anxious to buy American wheat merely in order to reduce our balance-of-payments difficulties and to alleviate our own internal agricultural problems.

Finally, it should be stated unambiguously that it would be wrong to conclude that since the wheat deal is political, the United States should have no part of it. That is fallacious and extreme. It would be a pity if we failed to use the limited leverage that this particular situation affords.

Since the Soviet Union wishes to buy wheat from us, it puts us in a favorable bargaining position. By all means, we should go ahead with the deal, but our approach should be very conscious of its essentially political character.

THE CONSTITUTIONAL AMBASSADOR OF THE DOMINICAN REPUBLIC REPORTS TO THE NATIONAL PRESS CLUB

Mr. GRUENING. Mr. President, the military junta which overthrew the democratically elected government of Juan Bosch in the Dominican Republic 6 weeks ago, and at the same time dissolved the legislature and annulled the constitution, has now expelled Dr. Juan Cassanovas Garrido, the elected president of the senate, who, if the constitutional provisions were carried out, automatically would be the President of the Dominican Republic, the legal President, Juan Bosch, and the Vice President having previously been expelled by the junta and, therefore, not on Dominican soil. The Constitution provides that succession.

The purpose of this expulsion of Dr. Cassanovas Garrido, is to thwart any effort to return to constitutional rule, which the State Department is properly insisting upon.

It is my hope, and that, I am convinced, of all freedom lovers and believers in the democratic process both at home and in Latin America, that our Government will adhere firmly to this position and never grant either recognition or aid of any kind to the usurping junta in the Dominican Republic.

The Dominican people are bitterly resentful of the overthrow of their government which brought to them the first breath of freedom after 31 years of tyranny, a fact which is not obscured by the now controlled press and slanted news items being released under the police state management of the usurping generals and colonels and their false facade of civilians.

Today, at the National Press Club, Enriquillo del Rosario, the Ambassador of the legal and constitutional Government of the Dominican Republic, made an address pointing out how tragic the situation is for the people of the Dominican Republic, and urging that the United States continue to insist on the return of law and order, constitutional government, and the democratic regime which was so ruthlessly overthrown.

Mr. President, I ask unanimous consent that the address by Ambassador Enriquillo del Rosario to the National Press Club be printed at this point in my remarks; together with two dispatches published in the New York Times for Thursday, October 31, 1963, entitled "Leaders Bar Policy Shift," and "Gains Seen by United States," which show that the usurping junta is not preparing to make any concession whatsoever and that the United States already sees some benefits from the policy of "no recognition" and will adhere to it.

There being no objection, the address and dispatches were ordered to be printed in the Record, as follows:

Statement of Enriquillo del Rosario, Ambassador of the Constitutional Government of the Dominican Republic to the United States, at the National Press Club, November 5, 1963

It is now 6 weeks since the democratically elected government of the Dominican Republic was overthrown by military force. And it is important to establish very clearly at this time how the Dominican people themselves feel about the coup d'etat which terminated constitutional government in my country after only a few months' trial. It has been said that they were indifferent to this act, and that they are relatively content under the present government.

This is utterly untrue.

Never before in history have the Dominican people wanted democratic government and self-rule as deeply and as passionately as now. Being deprived of self-government by a military-dominated junta has made them even more aware than before of how precious democracy is to them. They are well aware that the illegal junta which has seized power in the Dominican Republic represents only a few wealthy men and ambitious officers, and that these people do not want any real democracy. And they are equally aware that any promises by the junta for a return to democratic government are cynical and insincere, entirely contrived to mislead people in the United States.

The Dominican people definitely want a return to constitutional government, and not in 2 years or even 6 months. They want it now. They are united in their contempt and distrust for the illegal junta. And despite the fears engendered by 32 years of living under a brutal police state, they have taken considerable risks to show their deep desire for return to democratic self-government.

Very few newspapers in the United States have given any idea of the scale and intensity of these antijunta feelings. But they are very revealing. Here is just a fraction of the evidence of what the Dominican people themselves are feeling and doing.

Over 90 percent of the professional leaders of the country have denounced the coup and are demanding a return to constitutional government. The doctors' association, the lawyers' association, the engineers' association, and the various teachers' associations have gone forcefully on record to this effect. These are obviously no radical hotheads; they are the educated, middle class, respected leaders of the country.

These professional groups have been jointed by virtually all the labor unions and civic organizations in a demand for the dissolution of the junta and a return to constitutional government. Both university and secondary school students, moreover, have made repeated demonstrations in favor of democratic self-government.

It is no exaggeration to say that 90 percent of the people of the Dominican Republic are not only indignant, but increasingly indignant, at being deprived of their democratic rights. And they are fully determined, by whatever means, to regain their liberties and the right to have a government of their choice.

In the face of the growing desire to throw the junta out, the police and military have used threats, tear gas, and even bullets against demonstrators. They have started to fill the prisons again with prodemocrats, and have outlawed the basic rights of free assembly guaranteed by the Constitution. The usurpers still have the arms, but they know that the people are united as never before against them.

The recent imprisonment and forced exile of Dr. Juan Cassasnovas Garrido shows the junta's fear of any return to legality. Dr. Cassasnovas was the President of the Senate of the legitimate Government. In the absence of the legal President and Vice President, both of whom were forcibly expelled from the country, Dr. Cassasnovas was clearly designated by the Constitution and confirmed by the legislature as the legal successor to the Presidency. But the junta, fearful of any possible rallying point for reestablishing legal government, tracked down Dr. Cassasnovas last week, captured him, beat him, imprisoned him, then forced him into exile. The same junta which is trying to dupe public opinion in the United States by saying that it wants to prepare for a return to constitutional government, cynically throws out all persons who constitutionally are designated as the country's leaders.

In the last week, nonetheless, various European governments have recognized the junta. Let me say that this contrasts sharply with the fact that the Dominican people definitely do not recognize the junta, and this is the capital point. Sovereignty resides in the people. They alone have the right to determine who shall govern them and in what framework. It is this basic democratic right which is at stake, and for which the Dominican people are fighting.

As the lawful representative of the constitutional government of my country in the United States, let me add that the people of my country will not recognize or honor any commitments or agreements entered into by the illegal government which is temporarily in power. Any loans accorded to the junta, for example, will in no way obligate the people or their legitimate government, and will be undertaken at the risk of the lenders. The Dominican people have given no authorization whatsoever to the junta to undertake any fiscal or contractual obligations in their name.

The basic situation in the Dominican Republic is very clear. The people elected the first democratic government in 36 years by an overwhelming majority in free elections. In a few months after its installation, a military coup backed by a tiny handful of wealthy businessmen overthrew the legitimate government on the spurious grounds that it was encouraging communism and had allowed the government to be infiltrated by Communists.

Yet 6 weeks later, the junta has been unable to point out any Communists in the government. This was probably no surprise to them, but they were surprised to discover how united the people are in indignation at being deprived of their basic rights of self-government. And the junta has also been surprised that the U.S. Government has not recognized and supported them. They had deluded themselves into believing that the United States has a certain fondness for military dictatorships, a delusion shared by the Communists as well.

The Communist line has been that the United States withdrawal of recognition and economic aid is sheer hypocrisy, and that the United States secretly sympathizes with the military junta and will shortly find a formula for recognizing it. And they are waiting hopefully for such recognition as the basis to start a major propaganda campaign throughout Latin America to the effect that the United States really prefers military dictatorship, which is indifferent to the misery in Latin countries, over democratic government. It is with this big lie that the Communists hope to make Cubas of all Latin America.

Ironically, the junta and the Communists are now united toward the same objective. Both want the military junta to be recognized. The junta wants it in order to perpetuate the privileges of the wealthy few. The Communists want it as a weapon to destroy not only the reactionary forces, but also the democratic ones as well.

The next few weeks will probably be critical in my country. Pressure on the State Department to find a modus vivendi with the junta will probably increase. The junta will make periodic threats of impending chaos and Communist takeover if they are not backed. And they will continue to track down, imprison and exile all democratic leaders with a constitutional right to govern.

But the key fact is that the democratic forces are in an overwhelming majority among the people of my country, and it is their wishes which must be respected, not those of the present junta, who represent no one but their own selfish interests. In this calvary of democracy in one small Caribbean country, there is still very much at stake for the entire hemisphere. Democratic forces look to the United States for moral support, and are calling for that support. And it is unthinkable that the United States should—now or later—destroy the hopes of the democratic forces in the Dominican Republic and in other Latin American countries by recognizing the antidemocratic junta. This is not an indifferent minority calling for backing. It is the great majority, passionately wanting a return to democracy, which appeals to the American people not to let them down.

[From the New York Times, Oct. 31, 1963]

Leaders Bar Policy Shift

Santo Domingo, Dominican Republic, October 29.—The provisional Government of the Dominican Republic, operating under growing pressures of extreme rightwing civilian and military factions, has decided not to make political concessions as a price for recognition by the United States.

The present disposition of the Dominican ruling groups is to stand firm on the refusal to do anything to speed the return to the democratic process beyond the original promise of general elections more than 2 years from now.

Although the three-man civilian junta in nominal control of the country appeared to be inclined last week to allow presidential and congressional elections perhaps before the end of 1964, it has now become clear that the powerful military-supported rightist groups would not tolerate even such a concession to win quicker recognition.

In fact, the Dominican rulers are taking the position that the country can go on indefinitely without Washington's recognition and U.S. economic aid. Both were suspended last September 24, when the military ousted President Bosch from the presidency after 7 months in office.

The Kennedy administration indicated at the time that diplomatic relations, aid under the Alliance for Progress and military assistance would remain suspended until at least a semblance of the democratic process returned to the Dominican Republic. Dr. Bosch was the Dominican Republic's first freely elected President in 36 years.

It is becoming increasingly clear that the basic alternatives for the United States is to refuse recognition indefinitely, in the hope of stimulating internal change, or to restore full relations on Dominican terms, which would imply a capitulation by the Kennedy administration.

TIES WITHOUT AID SUGGESTED

Some observers here believe, however, that the best solution would be a restoration of formal diplomatic relations, without a resumption of economic and military aid. Such a policy, these observers say, would maintain Washington's condemnation of the anti-Bosch coup, but at the same time would end what is becoming an untenable international situation.

Although the Dominican leadership has refused to make concessions as a price for recognition, its inability thus far in finding international acceptance is among the factors causing pressures from the rightist civilian and military groups that placed it in office.

The groups are also publicly finding fault with the leadership for its alleged failure to "eliminate Communists" from the administration and other sectors of national life. The reason given for the coup was that it would defend the country from communism.

Because the rightist groups' concept of what constitutes a Communist is extremely elastic, the Dominican leadership is increasingly faced with the choice of instituting a major purge—one that could lead to a breakdown of public administration—or finding itself replaced by a new, more responsive junta.

The leaders were criticized, in a letter published in local newspapers last week, for slowness in finding and ejecting Communists. The letter was from Dominican Independent Action, the civilian group principally responsible for pushing the military into the anti-Bosch coup.

A month after the end of the Dominican Republic's brief experiment in democracy, the country finds itself in the midst of growing confusion and dangers from both the right and the left. With rapid polarization, rightists as well as Communists and their allies are seeking to build up their forces for a showdown that many Dominicans fear may end in bloodshed.

GAINS SEEN BY UNITED STATES

WASHINGTON, October 30.—The administration believes that its refusal to recognize the de facto regimes of the Dominican Republic and Honduras is beginning to bear fruit.

The objective of this policy is to hasten the return to constitutional order in both countries.

U.S. officials reported today that the Dominican junta has indicated its willingness to negotiate the early restoration of democratic procedures.

POLITICAL SITUATION IN VIETNAM

Mr. CHURCH. Mr. President, almost overnight, the political situation in South Vietnam has changed, and our policy toward the new government of that country will change accordingly. The U.S. Government—both the executive branch and the Congress—has, since the severe repression of the Vietnamese students and Buddhists by the Diem government this summer, hoped for the creation of an atmosphere in South Vietnam which might regather popular support behind the war effort.

I think that the President has followed the correct course in relation to South Vietnam. Although we have favored reforms, we have left it entirely to the will of the Vietnamese to implement that reform. If they themselves had not so strongly desired the change, we would have seen no coup in South Vietnam. My one regret about the recent coup was the violent death of Diem and Nhu, and all others who fell in the fight.

It will be no easy task to reestablish a stable and effective government in South Vietnam, a government which can rally the Vietnamese people to victory over the Communist Vietcong guerrillas. However, I hope we will share in helping the leaders of the new Vietnamese Government to successfully prosecute the war against the Communists, so that the many Americans there can come home again.

The effects of our policy in South Vietnam were well summarized in an article by Warren Unna which appeared in the November 5 issue of the Washington Post. I ask unanimous consent to have this excellent article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRIGHTER OUTLOOK: SAIGON COUP BOOSTS U.S. POLICY

(By Warren Unna)

The Kennedy administration's policy toward South Vietnam, despite all the cynical predictions of it being either nonexistent or negative, suddenly seems to emerge smelling like a rose.

As things stand now, South Vietnam even may lose its eligibility for becoming a whipping boy in next year's election campaign.

Last week's coup in Saigon accomplished two things:

1. South Vietnam gained a new government which now at least has a running chance of gaining the popular support needed not only to win the war against the Vietcong Communist guerrillas, but to keep the country stable enough to move forward once that war is won.

2. The United States which contributes $1.5 million a day and some 16,500 military advisers toward helping South Vietnam in its war effort, managed to stand by its principles and encourage last week's coup without "playing God" and being its instigator.

As some of the Washington pundits observed, "CIA couldn't have been behind this; it worked too well."

More concrete proof of the U.S. innocence as instigator is the fact that one of the very key State Department officials concerned with South Vietnam was out of town at the time, enrolling his children in school in the South.

The Kennedy administration's policy toward South Vietnam was not always so clean cut and decisive. Until last May, it was governed by the fear that if this country didn't coddle President Ngo Dinh Diem and his all-powerful brother, Ngo Dinh Nhu, these headstrong leaders might scuttle a war which the United States, with its interest in defending the whole of southeast Asia, was desirous of winning.

The Kennedy administration also did not want to scare off the Diem-Nhu regime's backing of a strategic hamlet program which the United States was convinced would give rural Vietnam the protection from the Vietcong and the sense of identification from a caring central government necessary to win the war.

But, according to one U.S. policymaker, May 8 became the turning point. This was the date of the first massacre of Buddhists by government troops in Hue.

From May 8 on, the Kennedy administration became increasingly aware that its old policy of placating Diem and Nhu would get nowhere. These changes followed:

Ambassador Frederick E. Nolting, Jr., who was sent to South Vietnam with explicit instructions to appease Diem in the hopes of restoring his confidence in the United States, was called home for reassignment.

Ambassador Henry Cabot Lodge, a big-name politician known for his bluntness, was sent out with instructions to use his head and stand up for things he believed in.

Lodge did just that. He suggested that Nhu be relieved of his duties; he openly countered Mrs. Nhu's criticism of U.S. soldiers; and he put an end to all of Nolting's obsequious visits to the palace.

President Kennedy in an extraordinary Labor Day TV interview, called for "changes in policy and perhaps with personnel"—an explicit encouragement to the Vietnamese military leaders who at that time had come to the United States asking for support if they attempted a coup.

The military leaders called off that earlier coup attempt. But the Kennedy administration, on its own, proceeded to suspend two vital economic aid programs to South Vietnam and cut off the $3 million a year the CIA had been paying special forces troops whose anti-Communist efforts Nhu had redirected against his own Buddhists.

The apparent assassination of both Diem and Nhu reportedly was not in the cards. The administration believes the coup leaders' assertion that they risked three costly hours at the height of the rebellion in holding their fire on the palace in the hope that Diem and Nhu would accept their guarantee of safe conduct out of the country.

But after the white flag was flown and the trucks wheeled into the palace to pick up Diem and Nhu the coup leaders found they had been duped and that the brothers had escaped.

Yesterday the U.S. Embassy in Saigon was instructed to convey Washington's disapproval of the brothers' deaths.

The Kennedy administration is well aware that there is no such thing as an ideal government in South Vietnam. But now at least the United States can hope for working out mutual problems with a sovereign government more representative of its people.

FUND TO HELP FINANCE EXPERT ASSISTANCE FOR INDIANS IN CASES BEFORE INDIAN CLAIMS COMMISSION

Mr. ANDERSON. Mr. President, yesterday President Kennedy signed into law H.R. 3306, which establishes a fund to help finance procurement of expert assistance for Indians in cases before the Indian Claims Commission. It is now Public Law 88-168.

This is important legislation. I was pleased to introduce the Senate companion bill which the senior Senator from Idaho joined with me in sponsoring. The legislation is urgently needed because the principal reason for the backlog of cases in the Indian Claims Commission is the fact that many Indian litigants lack the funds to prepare their cases for trial. Chief Commissioner Arthur V. Watkins, our former colleague from Utah, has been doing a fine job of trying to expedite the cases. But it has not been an easy task, and the problem of payment of expert witnesses has been a stumbling block.

The new law creates a revolving fund from which loans can be made to Indian tribes to enable them to hire expert witnesses. This should go a long way toward relieving the heavy docket of the Indian Claims Commission.

I ask unanimous consent that an editorial on this subject published in yesterday's Washington Post be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INDIAN CLAIMS RELIEF

Congress has passed an act that should substantially relieve the bind in which many Indian tribes have found themselves in pressing their claims against the Government. Back in 1946, the Indian Claims Commission was created to hear the Indian cases—mostly claims for compensation arising from the taking of tribal lands. In many instances, however, the tribes have had no funds to prepare their cases. So the work of settling them has dragged, and no end of the task is in sight.

The problem was further complicated by the Commission's concern over the payment of many expert witnesses for the Indians on a contingent-fee basis. This meant that some advisers and expert witnesses would not be paid unless the Indians won their case. In such instances the Commission had to weigh the testimony in the light of the financial interest of the witness in the outcome.

The Indian Claims Commission laid its problem before Congress and asked for the creation of a revolving fund from which the Secretary of the Interior could make loans to the tribes for the hiring of expert researchers and witnesses. Congress has now wisely responded by authorizing an appropriation of $900,000 for this purpose. The loans will be recoverable out of any judgment that the tribes may obtain from their claims. If no judgment is obtained, the Secretary of the Interior may declare the loan unpayable. The act also forbids the Secretary in the future to approve any contract for the payment of witness fees in such cases on a contingent basis.

Both the Commission and Congress are to be commended for taking a practical and reasonable way out of what had seemed to be a troublesome impasse.

GOVERNMENT AND SCIENCE

Mr. ANDERSON. Mr. President, Dr. Paul M. Gross, chairman of the board of directors of the American Association for the Advancement of Science, recently appeared before the Subcommittee on Science, Research, and Development of the House Committee on Science and Astronautics.

In his statement, Dr. Gross made a plea for greater geographic distribution of research funds "for the purpose of building up a broader base of high quality institutions scattered throughout the land."

Dr. Gross' plea is of particular significance to the Senate because it bears directly on one of the issues which was involved in our consideration of the water resources research bill, S. 2, which the Senate has passed. It is now pending before the House Interior and Insular Affairs Committee.

The argument has been made that it is a mistake to divide Federal water research assistance funds among 50 States; that they should be concentrated on a relatively few "centers of excellence." Refuting that argument, I have contended that the land-grant colleges and universities in the 50 States have demonstrated their ability to administer research programs through their unrivaled work in the agricultural field; second, that the varying nature of water problems makes a center in each State desirable; third, that the widespread need for advice and assistance on the part of individuals, industries, communities, and governments in the water management field supports the argument for State water research centers; and, finally, that there is need to build up more centers of competence in the water research field both to do our growing load of research work and to train specialists in water problems.

Dr. Gross' well-reasoned statement on relationships between government and science merits the attention of every Member who has any concern with the matter, apart from the particular aspect I am discussing. Consequently, I ask unanimous consent to have it printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. ANDERSON. With special reference to the water resources research bill, I should like to call attention to three extracts from his presentation. Dr. Gross stated to the House subcommittee:

> I suggest that we have reached a stage where we can do some longer range planning, and that it would now be appropriate to allot some funds specifically for research support with selection to be made strictly on grounds of quality, as has been the policy of the agencies in the past, and to allot some funds specifically for the purpose of building up a broader base of high quality institutions scattered throughout the land.

Dr. Gross continued:

> I propose, therefore, that the Government's total objective in supporting science would be better served if immediate research competence were not the only criterion for the distribution of funds and if some grants for research and for the improvement of science education were to be made either on a formula basis or by selection of especially promising institutions with the intent to develop first-class institutions in parts of the country in which they do not now exist.

Dr. Gross also said:

> It will be necessary frankly to recognize the desirability of placing a larger amount of the total budget into universities that have the potential of reaching top rank, but that have not yet done so, for it is in our long-run interest to have top quality universities and research laboratories widely placed throughout the country.

EXHIBIT 1

GOVERNMENT AND SCIENCE

(Statement of Dr. Paul M. Gross, chairman of the board of directors, American Association for the Advancement of Science, before the Subcommittee on Science, Research, and Development of the House of Representatives Committee on Science and Astronautics, October 22, 1963)

Mr. DADDARIO and members of the subcommittee, I appreciate the opportunity to meet with you today to discuss some of the persistent problems involved in the relations between Government and science. Earlier witnesses in these hearings, and other witnesses in legislative and appropriation hearings over the past years, have discussed a number of specific problems, such as budgetary levels; the problems and results of research in the medical sciences, in space, and in other areas; or the proper allowance for indirect expenses. Instead of following their lead, I wish today to discuss a few more general issues, for it seems to me that this subcommittee has a special opportunity to consider the underlying and more fundamental issues involved in the relations between Government and science.

When you invited the American Association for the Advancement of Science to take part in these hearings, you asked us to consider two questions: first, what are some of the most important or difficult problems involved in the relations between Government and science; and, second, how might the Association be of help in enabling the Congress to deal more effectively with issues in which science and Government interact. In taking up the first of these two questions, I should like to try to get behind the specifics of particular fields of research and particular aspects of their administrative management to consider some of the basic, persistent problems of Government-science relationships. Because these problems are fundamental and persistent, they deserve the thoughtful consideration of the subcommittee, of the Congress, and of the scientific community.

RELATIONS BETWEEN GOVERNMENT OBJECTIVES IN APPROPRIATING FUNDS FOR RESEARCH, AND UNIVERSITY OR COLLEGE OBJECTIVES IN USING THOSE FUNDS

I start with the premise that the present character and size of Federal research and development expenditures owe their initiation in large measure to ideas and concepts originating in the scientific community. The basic research supported by NIH, NSF, and other agencies is almost wholly determined by the scientists themselves, who decide what seems worth working on. The applied research and developmental programs of DOD, AEC, NASA, NIH, and other agencies have become possible as a result of work which, in the main, was initiated by scientists. As some of that work developed, it became clear that it could and should be exploited to serve military, industrial, health, and prestige goals of the Nation.

In appropriating funds for research and development, the Congress has certain objectives in mind, as have the executive agencies in submitting their research and development budgets. In submitting proposals for work that is to be funded from these appropriations, scientists and engineers on the staffs of university, industrial, and other research laboratories also have certain objectives in mind for the work that they wish to carry out.

In the long run and in general, there is agreement between the objectives of the Government and the objectives of scientists and engineers. But the match is not always a perfect one, and the amount of agreement between the suppliers and the users of research and development funds may be greater in the long run than in the short run, and greater for some kinds of research activities than for others.

Both scientists and Government officials understand, however, that there is a strong interdependence between the Government, which depends upon industrial and educational research laboratories to conduct research, and those laboratories, which depend upon the Government for a large fraction of the necessary financial support.

Because of this interdependence, there is need for mutual understanding and sometimes need for compromise and adjustment of differences and objectives. There is also need for the kind of analysis of basic problems that this subcommittee is undertaking.

I believe that some of the specific problems could be clarified if we think of the whole area in terms of four parts:

1. First, applied research. I place this first because much the largest fraction of the total Research and Development budget is spent for the development, the testing, and the associated applied research involved in perfecting or bringing into use new equipment, new methods, and new products. A great deal of money is required to develop a new weapon system, but the objective can be foreseen with reasonable clarity, and it is thus reasonably easy to make some of the necessary decisions. Nevertheless, it is rare that such a system can be perfected without finding gaps in our fundamental scientific knowledge.

As an example, let me consider in general terms the development of a weapon system. It began to appear feasible to develop an effective antimissile when three essential components became available: radar, adequate to track a missile, very fast computers that could quickly plot the required interception course for an antimissile, and a small nuclear warhead. These were the principal necessary components, but as work on an antimissile progressed, it soon became apparent that there were large gaps in knowledge and that substantial additions to basic knowledge were necessary.

In my experience, this same kind of situation arises frequently in industry. A new development is delayed by the necessity for further research. Industry frequently solves such problems by a cut-and-try process involving the use of a large number of scientists. With a more adequate store of basic knowledge available, the objective could frequently be more quickly attained and with a more economical and efficient use of available scientific manpower.

2. The second category is basic research. In the abstract, people would agree that the purpose of supporting basic research is to strengthen the Nation's scientific competence, to gain a better understanding of the processes of nature, and to acquire new knowledge, some of which will prove to be of practical usefulness. It is in this area that the scientist finds it most difficult to explain to Congress, to the general public, and sometimes even to scientists in other fields of research, just what he is doing and why he thinks it worthwhile. It is in this area also that journalists and others find it easiest to poke fun at the whole enterprise by selecting a title which they probably do not understand and which may appear trivial or even ludicrous out of the context of technical language of the particular field concerned.

3. The third category is science education at the advanced level. This is closely allied to research, for it consists largely of a kind of research apprenticeship and is supported primarily by graduate fellowships and by research assistantships.

4. Finally, we have to deal with science education at the primary and secondary levels. At these levels, and even to a substantial degree at the collegiate level, science education, although not completely divorced from participation in research, is of course not so intimately connected with it as is science education at the advanced, graduate, and professional levels. Consequently the methods of improving science education at these two levels differs somewhat, and so do the appropriate methods of support.

A major reason for differentiating between research training at the advanced level and science education at earlier levels is the fact that the problems of segregation, religious versus secular control, and the fear of Federal Government control which cannot be avoided at the levels of general education are comparatively irrelevant in considerations of support for research and research training at the advanced level.

Some of the executive agencies—the National Institutes of Health, the National Science Foundation, the National Aeronautics and Space Administration are examples—are involved in all or several of these four kinds of activities. Because of the way in which responsibilities are assigned to committees of the Congress, several of the committees have responsibility over all or several of these four areas. I would not suggest that the four be separated by agencies—with some agencies responsible, for example, only for applied research and development and forbidden to interest themselves in basic research or science education—nor is it realistic to suggest that congressional committees have their responsibilities similarly differentiated. I would suggest, however, that in the formation of policies, and at some stages in the consideration of appropriations, we can think more clearly about government-science relations if we think separately about these four areas. If we do that, we will have clearer opportunities for reaching decisions both concerning policy and concerning operational management.

Let me suggest several advantages of such a separation. First, we could establish more firmly our policies concerning support for fundamental research. In the current budget for research and development of approximately $15 billion, 10 percent or less is devoted to basic research. A wealth of experience tells us that when money gets tight, it is this area that is most likely to suffer, for as I pointed out earlier, it is less easy to agree upon what is most worth doing. It is harder to explain why a particular study is meritorious and it is easier for an antagonistic critic to make fun of a particular investigation, the nature and purposes of which neither he nor his hearers understand, than it is to poke fun at research specifically pointed toward the achievement of a desirable military, medical, or industrial goal. Consequently, when money gets tight, it is the basic research category that is most likely to suffer.

If we differentiated more clearly between basic research, on the one hand, and applied research, development, and testing, on the other, it would, I think, be easier to agree upon the appropriate level of support that the Nation can afford. We are now spending a billion and a half dollars or less a year on basic research. I would contend that the Nation is getting its money's worth for this amount, for this is the money that we spend to renew and extend our fundamental stock of scientific knowledge.

The issue is not whether *x* dollars is too little or too much for science, but whether the Nation's investment in research is producing results that are desirable for the American people. For our investment in basic research we have built a reputation as a great scientific leader among nations—witness the number of Nobel Prizes that have been awarded to Americans. We have made of the United States the mecca for scientists throughout the world. We have learned much about the nature and history of the universe and our planet, about the mechanisms of cellular growth and reproduction. And basic research has been leading with increasing rapidity to applied research that has been of widespread benefit to the American people. A few examples may be quickly cited.

1. Great advances in the health of the American people have coincided with the expansion of Federal investment in medical research and public health measures.

2. The Nation's military might is a direct outgrowth of the scientific community's responsiveness to the needs of national security.

3. Civil aviation's high degree of safety stems from research that is fundamental to traffic control and navigation devices.

4. The productivity of the Nation's farms is directly related to seed and fertilizer developments that originated in the laboratory.

Finally, let me cite a single concrete example as evidence of the value of basic research. This is in part from fundamental research in radiation biology, a field with which I have some acquaintance because of my association with the Oak Ridge Institute of Nuclear Studies.

First let me give the title of an early paper published in the Journal of Economic Entomology in 1951. This was "Experiments with screw-worm flies sterilized by X-rays." If one did not live in Florida or Texas and knew nothing about screw-worm flies, this might at first glance indeed seem a subject of doubtful merit on which to spend Federal research funds. A deeper look, however, would reveal the following:

(a) Fatal wounds in cattle in Florida and Texas caused by maggots from eggs of the screw-worm fly caused losses estimated by cattlemen to aggregate at least $100 million a year.

(b) Basic research on the ecology of this insect, its flight, mating, feeding, and other habits has led to a method for eliminating its occurrence, at least in Florida.

(c) Stated simply, this consists of breeding large numbers of the fly and sterilizing the males. These, after wholesale release, mate with naturally occurring females, but only sterile eggs result.

(d) After systematic application of this quite new and novel technique of insect control in Florida for about 2 years, the insect was practically eradicated and its serious menace to the Florida livestock industry eliminated.

(e) From my general knowledge of research costs, I believe that the cost for the basic research involved did not exceed $1 million in all. The annual savings to the livestock industry of Florida alone would pay many times over not only for this but for much other basic research.

One of the advantages of treating separately the costs of basic research and the much greater costs of development is that it becomes easier to see what we are paying for. For $1.5 billion a year we get our whole basic research program, including many examples such as the one I have cited on the mating habits of the screw-worm fly. The more frequently cited figure of $15 billion a year includes the developmental costs of military, atomic energy, space, and other large programs. Scientists, the executive agencies, and Congress can defend a billion and a half dollars a year for basic research, and can point to such examples as one kind of justification. It is not so easy to justify such work or the level of expenditure if the budget is thought of as $15 billion a year, a budget that includes a great deal of work that the country has decided is necessary but that does not belong in the basic research category.

The second advantage of a clearer separation of basic research from applied research, development, and testing would be in the clarification of our worries about duplication. Congress has very rightly been worried about the duplication of effort in the research and development sphere. Scientists equally correctly deny that there is any intentional duplication in basic research. Congress wishes to save money, and can very properly raise questions about duplication of developmental efforts in the programs of agencies that have overlapping responsibilities. But duplication of effort in basic research is a quite different matter. The scientist's own motivation, his reputation for originality, and the elaborate procedures that have been established for exchanging information about the research that is being undertaken in different laboratories, should constitute much better guarantees against unnecessary duplication than could be provided by any set of governmental regulations or congressional hearings.

Third, questions of overhead, of the kinds of reporting required, of the relative merits of grants versus contracts, and other problems of management would, I believe, be easier to agree upon if we took them up separately for basic research and for applied research and development than they have been when these have all been lumped together into an undifferentiated category.

Fourth, the Government supports science education in a variety of ways in order to have a continuing supply of people qualified in pure science and its applied fields, but there is a considerable amount of confusion in the process. For example, much of the money that is allotted for research purposes is, in fact, used for the advanced training of graduate students. I said earlier that education at this level consists largely of a research apprenticeship. A great number of the grants for basic research and many of those for applied research that are carried out in university laboratories include funds for graduate assistants. The money is usefully spent, and the training received by graduate students contributes to our future supply of scientists and engineers. But some of the issues are clouded, because money that appears in the budget for one purpose is expended for a related but nevertheless different purpose.

There are some major differences between the proper methods of support for science education at the graduate level and for science education for younger students. The budgets upon which Congress has to act include funds for both of these levels. But at no point in their consideration is there a clean separation between the two, and consequently there is never an opportunity for a clear decision as to how much money can appropriately go to each and the differences in arrangements that will most effectively foster each set of objectives.

Fifth, a clearer separation of the four areas of support that I have been discussing would make it easier to define the kinds of responsibility that can most appropriately be carried out by Congress, by the executive agencies, and by the scientists who are ultimately responsible for the research and educational activities that are being supported. The lines are not completely sharp, but I would suggest that Congress and the Office of the President have primary responsibility for deciding what the total budget shall be and how it should be divided among these four broad areas. Within the area of development, testing, and associated applied research, Congress and the Office of the President also have primary responsibility for subdividing funds, for here are involved specific national goals—for defense, for public health, for our activities in space, for industry, agriculture, and for national prestige. On the other hand, the cognizant agencies, such as the National Science Foundation or the National Institutes of Health, and their grantees have a better basis for deciding how money for basic research should be spent and how money for the advanced and graduate education of prospective scientists should be spent. Confusion, mistrust, and a considerable amount of wasted effort result when either group tries to make decisions that might better be made by the other. In his testimony a few days ago, Dr. Wiesner spoke of the great speed with which a new finding in science may alter a variety of research activities. When this happens, a great deal of time can be wasted by going through a lot of bureaucratic redtape to secure permission to alter the direction of a study or to secure a piece of equipment the need for which was not forseen when the proposal was originally submitted. Congress and the Office of the President have great and overriding responsibilities for the health of the Nation's research and development effort. They need not and should not dilute that responsibility by attempting to exercise a kind of control in one area that is only appropriate in some other area, or by attempting to make detailed research decisions which they are not truly qualified to make. Who is responsible for what would be easier to decide if we were thinking separately about these four parts of the total research and development effort than if we try to establish rules and procedures for all of our research and development activities.

Consequently, it seems to me altogether desirable that the subcommittee take up seriously and in depth the general question of the relationships between government and science. I believe that you can take up these questions most constructively if the four areas that I have discussed are looked at one at a time to see what their problems are and how those problems can best be solved.

GEOGRAPHIC DISTRIBUTION OF RESEARCH FUNDS

The second general problem that I would like to discuss is closely related to the first. The problem is that of the geographic distribution of Federal research funds.

The facts are perfectly clear and are a matter of record for each agency. A few States get a great deal more money than do all the rest. In general, the States that get the most money for research are such populous States as California, Massachusetts, and New York, but even on a per capita basis the disparities among the States are tremendous. Whether the distribution is what it ought to be has been and and no doubt will continue to be subject to a good deal of argument. A considerable part of the argument has been confused and confusing because we have been trying to use the same money for objectives that in the short run are mutually contradictory. In the abstract, most people would, I believe, agree that it is desirable that research be done on a variety of problems and that the research be of as high quality as we can procure. In the abstract, I believe also that most people would agree that it would be desirable to have a larger number of research and educational institutions of high quality, and that such institutions should be located in various parts of the country instead of being concentrated in a few locations.

In practice, there has been conflict between these two objectives. The need for defense, the fear of possible attack, the desire to ameliorate or even eradicate crippling and disabling diseases, and the desire to achieve other national goals as rapidly as possible have all argued in the direction of placing research grants and contracts with those institutions that are best qualified to conduct the desired research. There are not many such institutions. Consequently there has been a pile-up of Federal research funds in a relatively small number of our best qualified universities. In order to fulfill their obligations, these universities have recruited competent scientists from other universities and colleges, and so there has been further concentration of research talent in the best institutions. From time to time, this system has been criticized and the claim advanced that research funds should be more broadly allocated among the 50 States. The concentrated distribution has often seemed necessary in the past. The urgency of attaining some of the goals we have had in mind would have made anything like an equal distribution among the 50 States a serious mistake.

But this situation has posed a dilemma for Congress, one that was illustrated—to take a single example—by the hearings of a subcommittee of the Committee on Appropriations of the House of Representatives earlier this year. In reviewing the 1964 budget of the National Science Foundation, officers of the National Science Foundation were criticized several times for what members of the subcommittee considered undue concentration of NSF funds in a few States. The same hearings, however, resulted in striking out of the NSF budget the funds that had been requested for developmental grants that would have enabled NSF to assist a number of universities to attain greater research competence, and thus on merit to secure a larger proportion of funds handled through the regular grant procedures of the National Science Foundation and other agencies.

We cannot let down our guard, but I suggest that we have reached a stage where we can do some longer range planning, and that it would now be appropriate to allot some funds specifically for research support with selection to be made strictly on grounds of quality, as has been the policy of the agencies in the past, and to allot some funds specifically for the purpose of building up a broader base of high-quality institutions scattered throughout the land.

Here clearly is a matter of high policy for the Congress and the President's Office. The change of policy would recognize that there is now an overemphasis on research at the expense of teaching and an overemphasis upon short-time research goals at the expense of a broadened research competence.

When the establishment of the National Science Foundation was first being debated in Congress, consideration was given to the possibility of alloting some portion of its funds—perhaps 25 percent—among the several States on a formula basis and of allotting 75 percent strictly on the basis of merit. This proposal was killed, partly because the pork-barrel label got attached to it, but the objective is still desirable. I propose, therefore, that the Government's total objective in supporting science would be better served if immediate research competence were not the only criterion for the distribution of funds and if some grants for research and for the improvement of science education were to be made either on a formula basis or by selection of especially promising institutions with the intent to develop first-class institutions in parts of the country in which they do not now exist.

To the extent that Federal funds can be used to accomplish this purpose, it will be necessary to use a larger fraction of that money than we have been using in past years in the form of institutional grants rather than individual project grants, and it will be necessary frankly to recognize the desirability of placing a larger amount of the total budget into universities that have the potential of reaching top rank but that have not yet done so, for it is in our longrun interest to have top-quality universities and research laboratories widely placed throughout the country.

All in all, as a long-range problem, I would list the matter of arriving at a better adjustment between the immediate, short-term research goals and the long-term goal of attaining a broadened national educational and research competence as one of the most fundamental and important problems in the area of Government-science relations.

NATURE OF THE AAAS

I shall turn now to the second topic that I was asked to discuss, the nature of the American Association for the Advancement of Science and the ways in which it might help the Congress to fulfill its obligation to study and review legislative matters that are influenced by or that have an influence upon science and science education.

Just as the American Bar Association is the large, national, voluntary society of lawyers in the United States, so the American Association for the Advancement of Science is the large, national, voluntary society of scientists. The association was established 115 years ago. It now has 90,000 members. It covers all fields of science: astronomy, mathematics, physics and chemistry, the various fields of biology, agriculture, medicine, psychology, and the social sciences. While we have sections in all of these fields, provide for meetings coverings all fields, and publish papers and technical symposia in all, most of our attention is devoted to matters that concern science as a whole, that involve several different fields of science, or that deal with questions of science education. In the last 8 or 9 years, we have been devoting a good deal of time and energy to problems of science education.

We hold national and regional meetings each year. Occasionally we are responsible for international scientific congresses. And we have a number of publications dealing with science, science education, and the public understanding of science.

As a matter of general policy, we rarely take formal positions on public issues. This is not because of lack of interest, but rather because we think we can be of greater service by providing an open forum for their analysis and discussion than we could by trying to decide upon the right answer in each case. Once in a while there is an exception. For example, from 1946 to 1950 we tried very hard to persuade the Congress and the country that it would be a good thing to establish the National Science Foundation. But in general we do not try to influence legislation or national policy by taking a position on one side of an issue.

Instead, we provide a forum for debate and discussion. This is done at annual meetings. It is also done, on a continuing basis, through the weekly magazine Science which we publish. Editorials, news, and news analyses concerning pending legislation, programs, and decisions of the executive agencies, and other political, economic, and social actions and forces that have a bearing on science or upon which scientific activities have a bearing are published regularly in Science. These are very widely read in the scientific community and have a fair readership among governmental policymakers. A fast printing schedule enables Science to reach the scientific community very rapidly; the editorial staff finished writing last night or even today the news and comment material that will be printed and mailed tomorrow in this week's issue of Science.

A second way in which we have attempted to serve a useful role is through the publication of analyses of problems that arise in the interaction between science and public affairs. As an example, several years ago there was considerable interest in the possibility of establishing a Cabinet-level Department of Science or Department of Science and Technology. We collected half a dozen knowledgeable people who held different ideas about this possibility, kept them together for 3 days of intensive discussion, and as a result published in Science an analysis that did not try to give a simple yes or no answer to the question of whether there should be such a department of government, but instead laid out the issues, discussed the pros and cons, and tried to analyze the probable effects of the several proposals that were then current.

As another example, in 1952 we published a book reviewing the status of work in the various fields of science in Soviet Russia. This was before there was any general concern over a race with the Russians, and it has since become much easier to get information about what the Russians have been doing. But at the time, it served as a widely useful source book of information about Russian scientific work. More recently we have done the same thing for Communist China. In 1960 we set a group of American and Chinese-American scholars the task of reviewing all of the Chinese journals and scientific reports that were available in the United States. The amount of material for the decade of the 1950's was extensive, but since then the flow of information from Communist China has been substantially curtailed. We published the result in 1961, and it is still the best available source of information about what the Communist Chinese are doing in geophysics, medicine, and a variety of other fields.

The magazine Science and analyses such as those I have described are primarily intended for scientists. They are read by others, but in the main they reach a scientific audience. I want, therefore, to mention three ways in which we might be of more direct help to the Congress. Whether the suggestions I am going to make would be helpful is something I hope you will discuss. The extent to which we could do these or other things that you might propose is something that I would want to discuss with the association's board of directors, for there are limits on what an organization that has a limited staff and that is primarily supported by the annual dues of its members can promise to do.

Several recent bills have advocated the establishment of a group of scientific staff members or science consultants to work with Congress and its committees. If such a congressional office is established, the staff will certainly not be large enough to handle all questions by itself. Help from outside will be needed, just as you have indicated that the existing committees need help.

One possibility for us would be to serve as a source of information about advisers. It is always difficult and sometimes impossible to get advisers who are well informed about a matter and who are not involved either as recipients of Government grants or as advisers to executive agencies. But we know the scientists of the country, and perhaps as well as anyone else could arrange to get well-qualified advisers on a variety of scientific matters of concern to congressional committees.

A second possibility is through the seminar mechanism. The Committee on Science and Astronautics has its own panel of advisers that meets periodically. In a quite different fashion, we have held, jointly with the Brookings Institution, several series of seminars for an invited group of Members of the House of Representatives. Mr. DADDARIO and Mr. MOSHER, I am told, have been regular participants in those seminars. Each seminar has dealt with a specific area of research. The purpose in all cases has been educational and deliberately has not dealt with pending legislation. But if a committee wishes, we could arrange for a speaker or a panel of scientists to discuss the scientific background or the probable implications of a problem with which the committee was concerned. The discussions might be held here and constitute part of the record, or they might be held in a more informal atmosphere at our building and be off the record. The British have had considerable success, and also some problems, with a standing committee consisting in part of Members of Parliament and in part of scientists. The Parliamentary and Science Committee meets periodically to discuss matters that are to come before Parliament. I do not think that a standing committee would be the best arrangement here, but perhaps it would be useful to arrange some ad hoc joint meetings that would serve a similar purpose.

As a third possibility, it may at times be possible for us to carry out analyses or studies that would be of use. Problems of air pollution are beginning to become of general concern and have long been of concern to some local areas, notably Los Angeles. The atmosphere is one of our most precious natural resources, and we have been doing a number of things to it that may irrevocably alter its character and its value. For the past 2 years the association has had a group of physicists, chemists, economists, urban planners, and public health specialists, with the help of a small staff, conducting a study of this important problem. We will have the report ready for publication next year.

As another example, last month we published in Spanish and later this fall will publish in English a review of American experience in the handling of arid land problems. We published the Spanish version first because it constituted the U.S. contribution to the Latin American Congress on Arid Lands that was held with UNESCO assistance in Argentina last month.

Both these studies of the atmosphere and of arid lands were planned and written not with any particular legislative or congressional problem in mind, but rather as efforts to bring together the available information on an important matter of public concern. I hope that they will be widely useful. They might have been of more direct use to you had we discussed with you your interest in such matters before we started the two studies.

As an example of how such discussions in advance might be useful, I refer again to the problem of geographic distribution of Federal support for scientific research and for science education. These are questions of obvious concern to Congress. They are matters that affect the operating policies of a number of Government agencies. And they are of great importance to the educational institutions of the country.

Obviously the suggestions I have made would by no means wholly solve the problem of giving Congress the competence it seeks in handling scientific and technical problems. But if, after you and the staff have had an opportunity to consider these and other ideas, it appears that the association can be of real assistance, we will be glad to continue the discussion of directions in which we might help.

VIETNAM

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may proceed for not to exceed 6 minutes and at the conclusion of my remarks to have printed a statement I made on the Vietnam uprising on November 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MANSFIELD. Mr. President, the recent events in Vietnam are tragic events. It is tragic that a leader who began by accomplishing so much that was constructive with so little, that a Government which began with so much promise, in the end crumbled in military coup and violent death, a situation which I deeply and personally regret.

When news of these events first reached this city, it seemed to me that their primary significance to the United States was clear. They were a clarion call for a reassessment of U.S. policies with respect to Vietnam and southeast Asia. For the government which fell, up until a few months ago, had been generally regarded for years, I so felt, as indispensable in the structure of American policy in southeast Asia. We will fail to heed this call only at the risk of great danger to the future of our relations with all of Asia.

We will not serve the interests of the Nation if:

First. We regard the overthrow of the Diem government as a victory or defeat for this country. It is neither. It is more an inexorable development in the tragic postwar history of the Vietnamese people.

Second. If we reassume that the successor military-dominated regime is an automatic guarantee of a permanment improvement in the situation in Vietnam. This successor authority in Vietnam is, at this point, at best a promise of something better. But if the Korean experience is at all relevant, it is apparent that such promises can be undone in short order.

If these tragic events of the past few days are to have constructive significance for this Nation as well as for the Vietnamese people, we would be well advised to recognize that the effectiveness of our Asian policies cannot be measured by an overthrow of a government, by whether one government is "easier to work with" than another, by whether one government smiles at us and another frowns. In the last analysis, the effectiveness of our policies and their administration with respect to the Vietnamese situation and, indeed, all of southeast Asia can only be weighed in the light of these basic questions:

First. Do these policies make possible a progressive reduction in the expenditures of American lives and aid in Vietnam?

Second. Do these policies hold a valid promise of encouraging in Vietnam the growth of popularly responsible and responsive government?

Third. Do these policies contribute not only to the development of internal stability in South Vietnam but to the growth of an environment of a decent peace and a popularly based stability throughout Asia—the kind of environment which will permit the replacement of the present heavy dependence upon U.S. arms and resources with an equitable and mutual relationship between the Asian peoples and our own?

This is, indeed, an appropriate time, Mr. President, for the executive branch to reassess policies for Vietnam and southeast Asia in these terms. It may well be that few changes, if any, are required at this time. But if that is the case—if indeed the problem in Vietnam has been primarily one of an inadequate government—then, Mr. President, we should begin to see results in the period ahead. We should see:

First. A reduction in the commitment of U.S. forces and aid in Vietnam and southeast Asia;

Second. The emergence in Vietnam of a responsible and responsive civilian government attuned to the needs and reasonable aspirations of its people;

Third. An improvement in the relations of Vietnam with Cambodia and Laos;

Fourth. A growth in mutual commercial, cultural, and other friendly intercourse between the people of this Nation and the various Asian people.

These are basic tests, Mr. President, and it remains to be seen how they shall be met not only in our relations with the successor authority in Saigon but with all the nations of southeast Asia. From the point of view of this Nation, it would appear appropriate to reiterate at this time what the Senator from Rhode Island [Mr. PELL] and the Senator from Delaware [Mr. BOGGS] will recall that we stated on our return from a visit to Vietnam and southeast Asia less than a year ago:

> It must be clear to ourselves as well as to the Vietnamese where the primary responsibility lies in this situation. It must rest, as it has rested, with the Vietnamese Government and people. What further effort may be needed for the survival of the Republic of Vietnam in present circumstances must come from that source. If it is not forthcoming, the United States can reduce its commitment or abandon it entirely but there is no interest of the United States in Vietnam which would justify, in present circumstances, the conversion of the war in that country primarily into an American war, to be fought primarily with American lives. It is the frequent contention of Communist propaganda that such is already the case. It should remain the fact that the war in Vietnam is not an American war in present circumstances.

That conclusion, Mr. President, in my judgment, would apply to the successor government in Saigon no less than to its predecessor.

EXHIBIT 1

STATEMENT OF SENATOR MIKE MANSFIELD

The news of the uprising in Vietnam came as a complete surprise to me, and I am quite certain a surprise to the administration. There have been rumors, of course, for weeks that a coup d'etat was in the making, but there was nothing tangible to reinforce such an assumption up to this time.

This appears to me to be a purely Vietnamese affair which the Vietnamese should settle among themselves. As far as this Government is concerned, it is my opinion that the events of the past several hours call more than ever for a reassessment and reappraisal of our policy in South Vietnam and, for that matter, in all of southeast Asia.

One would hope that the people of South Vietnam will obtain the kind of government, out of these tragic developments, which will be responsive to their needs and responsible to them. It remains to be seen whether such a government shall emerge, and in any reappraisal of our policies this would be a factor of the utmost importance.

I have always had the highest respect for the integrity, the patriotism, and dedication of President Ngo Dinh Diem and regret deeply and personally, very much that the situation has had to come to such a pass.

Mr. PELL. Mr. President, I rise to strongly endorse the statement of the very wise Senator from Montana [Mr. MANSFIELD]. There is no Member of this body and few in the United States who know and understand that area and its people as well as he. I had the privilege of being with him on his last trip to Vietnam, and would like to underline his thought that these are days of decision for the people of Vietnam. They can make up their minds to go along the democratic path we have hoped they will follow, or they can follow the paths of other countries in the Far East, of which Korea would be an example. The Vietnamese have seen what happens when a country does not enjoy the regard or respect of her people—the people will eventually toss out the government. On the other hand, if the government enjoys the respect and regard of the people, the people embrace it and it remains in power. We hope this lesson will not be lost on the new Government of Vietnam. We also hope that Government will not lean too heavily on the United States, as our eventual goal remains not only the restoration of Vietnamese freedom from authoritarianism, no matter whether Communist or otherwise, but the reduction of our manpower and financial commitment in South Vietnam.

Mr. BOGGS. Mr. President, I was in the Chamber when the distinguished majority leader, the Senator from Montana [Mr. MANSFIELD] made what I consider to be a very comprehensive and important statement concerning the situation in Vietnam.

I recognize in the very able majority leader a man of great wisdom and a student of foreign affairs and of the southeast Asia area. I thought his statement was considerate not only of past developments in South Vietnam and the southeast Asia area, but also one looking hopefully toward the future with the best interests of freedom loving people and the people of South Vietnam and the southeast Asia area in mind.

His statement deserves the attention of all of us, and especially of our executive department, and those concerned with the problems in that part of the world.

I take this opportunity to express my support of the views and thoughts so well presented by the very able and distinguished majority leader.

GEORGE F. KENNAN'S VIEWS ON FOREIGN POLICY

Mr. FULBRIGHT. Mr. President some comments were made on the floor of this body relating to an article about Mr. George Kennan. Several articles were written. I ask unanimous consent that at the end of my remarks, an article from Look magazine of November 19, by J. Robert Moskin, be included in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. FULBRIGHT. Mr. President, I do not agree with some of the comments made by Mr. Kennan. I have regarded him, and still do, as one of the outstanding public servants of this country. I think he was, and is, uniquely qualified to comment on various aspects of our foreign policy, particularly on that part relating to our relations with the Soviet Union and Eastern Europe. He was in the Foreign Service for 25 or 30 years. He was acknowledged as one of the leading experts on Russia. He spoke the language well. He was sent there as a very young man specifically to learn Russian. He was our Ambassador to Russia. He had the distinction, if one wishes to call it that, of having his recall requested by the Soviet Government for remarks he made that were considered by the Kremlin as being critical of the situation in Berlin, I believe. This was about 10 years ago.

I believe everyone acknowledges that he has wide experience and knowledge of conditions in that part of the world and of our relations there.

I regret that anyone should criticize his efforts to enlighten the American people and Members of this body about our relations with Yugoslavia specifically, or Eastern Europe generally, or with the Kremlin.

His views are deserving of great weight. I would certainly not say they were infallible, but there is no more thoughtful man or student of our relations with Eastern Europe and Russia in or out of government.

He has resigned. He has a private capacity now. He is entitled to speak as any other citizen is. The only difference is that he speaks about his special field of study from knowledge and experience that are virtually unique among all the citizens of this country.

I believe the statements he made in this article are on the whole correct. I predict that history will prove that many of the suggestions that have been made regarding our policy with respect to the Soviet Union will prove to have been wise ones.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I ask unanimous consent that I may have 1 more minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Several years ago Mr. Kennan became well known for an article in Foreign Affairs, written by "Mr. X"—I believe that was the pseudonym. It was considered as the origin of the policy of containment. Subsequent to that, a new policy of liberation theoretically was developed, which has not proved as effective. I think the actual state of affairs is much closer, and has been, to that of containment rather than liberation.

He also has given noted lectures on Western Europe regarding our policies in that area, which, while they have not been followed, and were roundly condemned by former Secretary Acheson, may prove in the future to have had considerable wisdom.

In any case, I for one wish to commend Mr. Kennan for taking the trouble to give the public his views. I regard him as one of the outstanding public servants of our time.

Exhibit 1

Our Foreign Policy Is Paralyzed

(Note.—Respected diplomat, Russian expert, and Pulitzer Prize historian, George F. Kennan, has quit as President Kennedy's Ambassador to Yugoslavia. Now free to speak out boldly, he warns that "overmilitarization" of our cold war thinking and fear of the "powerful influence of the right wing" are destroying our strength abroad.

(By J. Robert Moskin)

"Congress and the American people are so divided that American leadership is indecisive. It is high time we clarified our ideas, as a nation and a government, as to what we want in our contest with the Soviet Union and the rest of the Communist world: Whether we want these countries to change, to capitulate to our desires, or whether we want war. People who hold all these three points of view have influence in Washington."

This warning comes from George F. Kennan, long time expert on communism, former U.S. Ambassador to the Soviet Union and to Yugoslavia, and a prime architect of the Marshall plan. It is a rare event when a top-rank diplomat like Kennan, who has served 29 years in the Foreign Service, breaks loose from the establishment and speaks out on America's foreign policy failings.

Kennan, 59, has fought for his convictions against Democrats and Republicans alike. He opposed Democratic Secretary of State Dean Acheson's German policy and was once fired by Republican Secretary of State John Foster Dulles for disagreeing with his talk of the "liberation" of Eastern Europe. Now, Kennan has resigned as President Kennedy's Ambassador to Communist Yugoslavia because, he feels, the Congress and Washington bureaucracy had him hogtied and have crippled American foreign policy.

After a lifetime in diplomacy (he was sent to the Soviet Union as soon as we recognized its existence in 1933), this tall, lean, imposing man sits now in his still book-bare office at the Institute for Advanced Study in Princeton, N.J., clasps and unclasps his hands, jumps up and paces the small room, peers out the window—as he struggles to say precisely what the American people should know about the state of their Nation abroad.

In essence, he holds: We are fumbling because we have not made up our minds what kind of world we want, or what our role in the world should be. The administration is zeroed in on political victory at home, enmeshed in bureaucratic redtape and buffeted by political cyclones that roar in from many directions. It sacrifices thought-out policies to pressures often inspired by "the powerful influence of the American right-wing." Kennan fears that unless we nail down what we want our foreign policy to be, we will plummet to the ground in wing-clipped futility, or plunge into the flames of war.

"If we can't devise solutions better than this, we should ask ourselves whether we belong in the big leagues," Kennan warns. Indecisiveness at the top leads to a sterility of ideas and a failure to act. As a result, he argues, our foreign policy is paralyzed. A politician, whether in the White House or the Congress, who voices new ideas or acts with firmness in foreign affairs, must always protect his political life against extremists who talk loudly, but carry a very small stick of responsibility.

Kennan sees three forces paralyzing our foreign policy. The first is the Congress, in which a few powerful men—such as some leaders of the House Ways and Means Committee—tie up foreign policy. Some have strong notions about what the Government should be doing; others fear attacks from the extremists; some speak for special interests or jealously hug their prerogatives as holders of the Nation's purse strings. There is no reason to believe Kennan says, that their views represent American opinion more accurately than the President's.

The second force is the deadening hand of Government bureaucracy. As an Ambassador, Kennan found "the great difficulty was to get opinion and authority out of Washington, especially when it cost money."

The bureaucracy cannot react to changes fast enough. "Other countries find they are protected by our own financial procedures," he says. "The ponderousness of our Government institutions works against our best interest."

The third force Kennan sees crippling our foreign policy is the self-interest of our allies. "This coalition is incapable of agreeing on any negotiated solutions except unconditional capitulation and the satisfaction of the maximum demands of each of our allies. It is easier for a coalition to agree to ask for everything but the kitchen sink, rather than take a real negotiating position.

"This worries me because there is not going to be any capitulation. Our adversaries are not that weak. If we cannot find any negotiating position, the cold war will continue, and the dangers will not decrease."

The Russians may not accept our proposals, "but unless you dangle something before them, you put no pressure on their decisionmaking."

Kennan sees no New Frontier in foreign affairs. "The Kennedy administration is not by any means a free agent in foreign policy. I can see important changes in military policy. But in foreign policy, the administration has had little latitude of action.

"Supposing these strictures did not exist and the Congress were more receptive? I believe we could usefully rethink our position on the problems of Germany and Central Europe. The same applies to the complex of problems surrounding Communist China, Taiwan, and the Japanese peace treaty. We ought to review carefully our attitude toward Gen. Charles de Gaulle and see whether, under his concepts, France could not assume more of the burden of leadership in Western Europe and protection of Western Europe against Communist pressures. There ought to be searching reexamination and clarification of our policy toward Eastern Europe. The same applies to the various neutralist countries in Asia, Africa, and Europe.

"Finally, there must be a real debate and clarification of our views on the problems of nuclear weapons. It seems dangerous to me that we should have to continue to stagger along with unresolved differences such as we have just witnessed in the debate on the test ban treaty."

To illustrate how such forces paralyze our foreign policy, Kennan explains why he resigned from the State Department: "I had no difficulty with the administration, but the actions which the Congress designed to tie the administration's hands in our economic relations with Yugoslavia—and in a way that would deny the Yugoslavs normal commercial treatment—largely paralyzed my effectiveness there. If I had greater support on the congressional side, and felt there were important possibilities for accomplishment, my decision might have been different."

Although the United States had millions of dollars in the bank in Yugoslavia, Kennan spent months getting congressional approval even to repair the Embassy fence. "The jealous and narrow ways in which these matters are handled have to be changed."

Last July 26, an earthquake destroyed the Yugoslav city of Skoplje, killing and injuring thousands. He has bitter memories: "The congressional strictures were so severe that we didnt know how we could help. The only thing I could do was give blood. No congressional committee could stop me from doing that."

Last year, the Congress directed the President to stop, as soon as practicable, normal most-favored-nation trade with any country dominated or controlled by communism. "The Yugoslavs aren't even asking aid," Kennan says. (They stopped taking military assistance from the United States in 1957.)

"They just want normal commercial treatment, and the Congress won't give it to them. That's very bad.

"I don't like to serve an administration that has been told by Congress it can't aid a country if it wishes to. I feel very strongly it is foolish to deny normal commercial intercourse to a country facing important choices between East and West * * *. I don't favor any gifts to Yugoslavia, but I think it unfortunate that we should leave the long-term financing of Yugoslavia's industrial development entirely to Russia."

Kennan found some Congressmen sympathetic toward his views on trade with Yugoslavia. They told him, "What you say is true, but I don't want to go back to my district having helped a Communist regime." Kennan charges: "This resulted in a position that gave aid and comfort to an enemy. They were interested in keeping themselves out of trouble."

He believes that much of the pressure on such Congressmen comes from the right wing. "People are terribly sensitive to the charge that they are not sufficiently anti-Communist. The right wing has had an influence—it silences its opponents and makes everyone desirous of not being criticized from this quarter. A great part of the country stands silent on this. By far the greatest part of the American press is intimidated."

He concludes: "There are tremendous issues that ought to be thoroughly debated and talked out and resolved in such a way as we can have a clear, vigorous, and consistent policy in all these fields. These issues should not be allowed to smolder and paralyze national action."

Kennan sets forth four basic questions that Americans must answer for themselves:

Do we want to destroy, or negotiate with, Communist nations? At the heart of our international confusion is the question of "whether we are determined to destroy all these Communist regimes and inevitably have war, or are we determined to take advantage of such elements of moderation as may appear in the behavior of some of them, with a view of strengthening the chances of world peace?"

Kennan states bluntly where he stands: "People who expect the capitulation of Communist power are talking about something so unrealistic that they really want war." He calls their view highly irresponsible.

Some Americans, in Kennan's view, see totalitarianism as a straitjacket in which people get locked permanently. Others recognize it as one illness of the human spirit from which societies recover.

He contrasts Khrushchev's regime with Stalin's: "I don't think it is more friendly toward us than Stalin's, but it is probably ready to go further in the direction of accommodation with us on questions of disarmament than was Stalin. The moderation of the internal terror and the greater liberality internally make it easier for us to deal with them."

Looking beyond the Khrushchev era, Kennan says, "The demand of Russian youth for knowledge about the outside world and for freedom of expression has reached a dimension such that no Russian regime will be able to frustrate it entirely."

Do we want political or military solutions for the cold war? Kennan has long felt that our thinking about the cold war has been dominated by overmilitarization. We too often believe, if we have military superiority, the Communists must meet our demands.

To Kennan, Europe is a political problem. This judgment led to his break with Secretary of State Acheson. Kennan advocated a withdrawal of both Soviet and American power from the center of Europe. Acheson, he recalls, took "violent exception" to this idea of "disengagement" and blasted it as "a timid and defeatist policy of retreat" and "the new isolationism." Kennan still disagrees with Acheson's claim that if the great powers were to withdraw, all Europe would go down on its knees. He points to the Austrians: "They didn't go down on their knees. The Finns have done nothing of the sort."

As a result of this overmilitarized thinking, Kennan believes we have mishandled postwar Germany. "Ever since 1950, when Mr. Acheson proceeded to the rearming of West Germany, I've had misgivings about it. This has been a serious handicap on our policy in Eastern Europe. All of them fear Germany and don't want to see Germany rearmed. This is one fear that is shared by the people and the regimes of Eastern Europe.

"It wouldn't have hurt the Germans to have had at least 20 years of demilitarization."

Kennan would like to see a unified but neutralized Germany possessing only weapons for defense. "None of this can be changed overnight. The West Germans are members of NATO, and we have to respect that status. I'm talking about a disposition to change some of these arrangements if, and only if, the Russians will make some compensation—only as part of a deal."

As Kennan sees it, two factors block the reunification of Germany: "We are inhibited by feeling the need of a strong U.S. military force in West Germany, even if the Russians withdraw in East Germany. They are inhibited by the disgraceful weakness of the Ulbricht regime." We should press the Russians to replace it. "They realize they are holding up a regime which has no popular support. I believe someday Russia will have to abandon East Germany and let it rejoin Germany."

Disengagement in Europe has not become American policy, but Kennan's ideas about the containment of Soviet power have greatly influenced our approach to the Soviet Union. They also triggered his being fired from the Foreign Service in 1953 by Secretary of State Dulles, or, as Emmet John Hughes has written, discourteously dismissed.

Kennan is convinced that Dulles talk of rescuing Eastern Europe damaged the United States. "Mr. Dulles liked to talk about liberation of Eastern Europe, but did nothing about it. I prefer not to talk about it. Mr. Dulles talked a line designed to appease the rightwing critics of our policy, and followed the same policy as in the past. I have felt we should not talk in a way we did not intend to act." The effect of Dulles' words was "to tighten the apron strings of the satellite governments to the Soviet Union." Kennan warns that we still have not made up our minds "whether we want Eastern Europe to evolve in our direction, or whether we want to overthrow these governments."

On what basis should we give aid to other nations? Kennan argues that economic and military aid is no checkrein to keep teetering nations from dropping into the pit of communism. "I personally am skeptical about foreign aid, especially when it is given as a condition of not going Communist. We should help those who say, 'We are going to survive whether you help us or not'—like Finland. When a country says, 'If you don't help us, we will go under,' we should get off the trolley."

Jumping off the trolley can be a tricky maneuver, as the U.S. Government was reminded recently when it reexamined its choices of action in South Vietnam. Kennan wants to take a tough look at regimes like Ngo Dinh Diem's. "We should appraise them—neither take too tragic a view of them nor underrate them. When you have regimes of this sort, they are awful fast to take advantage of your willingness to help them. You always have to be ready to get out."

If we find people unable to help themselves but still consider their area vital, Kennan adds, "then we have to be ready to take over entirely, and be ready to face the charges of colonialism—and we have to be very leery, very cautious of that."

He thinks getting out of South Vietnam is a possibility to be considered: "Let's not overdramatize the results. Let's look at it realistically. It will be bad, but not as bad as we sometimes think. Politically, I regard the Chinese as much more deeply committed against us than the Russians." However, he adds, "the Chinese Communists are not yet a substantial naval or air power. It does not bear the same military implications as Russia taking over. On the contrary, there is such a thing as overextension."

How should we react to the Soviet-Chinese split? "The Soviet-Chinese conflict represents one of those turns of events in the face of which a great nation has no excuse not to think through its policies toward the Communist world."

Kennan sees little hope of establishing relations with the Chinese Communists now. He thinks they are "much too violent, wild, emotional." Yet, he contends, "the day will come when they settle down and we can have talks with them. We should be prepared to talk to the devil himself, if he controls enough of the world to make it worth our while."

He regards recognition of Communist China as "nothing more than the opening of a channel of communication—not a reward or approval." But, he says, "I am not sure they are even prepared to treat an American representative properly. I think we might have de facto recognition, keep a chargé there as the British do, if they will treat him properly."

Of Communist China entering the U.N., he says, "I don't think they would be a very constructive member of the U.N.—any more than the Russians have been. But if a majority of members wanted them in, we would put ourselves in a misleading position by holding out against it. This too is not some kind of reward."

How can the United States rid itself of the jellylike indecision that paralyzes our foreign policy? Kennan points to three alternatives:

First, if we are not going to act as a powerful and responsible leader of the free world, we had better get out of the arena. Kennan does not advocate isolationism, but he feels that the present chaos is worse than isolation. Americans are not used to compromises and dealing with a formidable adversary in peacetime. We need, he says, either to strengthen the Executive's freedom to act in foreign affairs or quit. "We lived for more than 100 years on principles of withdrawal from the mainstream, and maybe this should be done again."

His second alternative is to modify our political system. "Our form of Government is not well suited to making decisions." The reason for this, he says, is that "power is too much fragmented in Washington, including the Congress, the Armed Forces, the FBI—all the people who decide our national actions."

Kennan suggests that we move closer to a parliamentary system. We could regard the off-year congressional elections between presidential elections as a vote of confidence on the administration's policies. If a President felt the vote showed that he was not supported in the country, he could be free to call a presidential election immediately. (To those who fear this idea, Kennan emphasizes that it would have to be made by amending the Constitution: "There's nothing treasonable about that.")

Kennan's third alternative is to mount a public debate over foreign policy so that the American people can understand the issues, make up their minds about them and reach a consensus. Out of such a debate, Kennan hopes, can come an American viewpoint—a body of instruction to the President and a body of support. "You must have a crystallization of dominant public opinion. Our international position calls for this kind of clarification—calls urgently for it—in such a way that perhaps it is the last call. It can't come too soon."

Mr. ROBERTSON subsequently said: Mr. President, in my opinion, our former Ambassador, first, to Russia and then to Yugoslavia, Hon. George F. Kennan, is the ablest diplomat that we have developed, especially with respect to our relations with the Communists, in recent years. Before resigning from the diplomatic service to become a professor at Princeton, Mr. Kennan had spent most of his adult years with the State Department, having been sent to the Soviet Union as soon as we recognized it in 1933.

In an interesting interview in the November 19 issue of Look magazine, Ambassador Kennan had this to say about foreign aid:

> I personally am skeptical about foreign aid, especially when it is given as a condition of not going Communist. We should help those who say, "We are going to survive whether you help us or not"—like Finland. When a country says, "If you don't help us, we will go under," we should get off the trolley.

With that statement I am in full sympathy and accord, as I indicated in my speech to the Senate last Friday when I quoted my letter of December 4, 1949, to Paul Hoffman, then Administrator of the Economic Cooperation Administration, in which I said that through our aid governments had been established among all of our World War Allies in Western Europe sufficiently strong to resist the pressure of minority Communist groups.

CIVIL RIGHTS LEGISLATION AND FOREIGN AID LEGISLATION

Mr. MORSE. Mr. President, the press continues to print misstatements and misrepresentations in regard to the status of civil rights legislation on the floor of the Senate. The smear tactic of the press is that because the senior Senator from Oregon refuses to give unanimous consent to limit debate in the Senate on the foreign aid bill, he is in some kind of collusive conspiracy with anticivil rights forces in this country, and that we would be able to proceed to consideration of a civil rights bill in the Senate if the senior Senator from Oregon would be more cooperative with the leadership of the Senate by surrendering his right to prevent unanimous consent agreements on the foreign aid bill.

Let me say once again that if consideration of the foreign aid bill were stopped this minute, by passage of the bill, there would not be a start on civil rights legislation on the floor of the Senate, for there is no civil rights bill that any Senator has any intention of offering immediately on the floor of the Senate.

It is the understanding of the senior Senator from Oregon that the Senate is awaiting some action in the House on civil rights. The House is probably 2 and even 3 weeks away from completing action on a civil rights bill.

I grant that debate on civil rights could be started if that happened to be a part of the agenda, but it is not a part of the agenda.

Moreover, an examination of the Senate Calendar does not reveal any great list of important legislation that is awaiting action by the Senate. It is a short list. With the exception of the cold war GI bill and two or three other measures, much of it can be disposed of within a few days of debate. Seven of the bills on it have already been adopted this morning.

I ask unanimous consent to have printed at this point in the RECORD, the general orders of the Senate Calendar, which shows the bills awaiting Senate consideration.

There being no objection, the material ordered to be printed in the RECORD, is as follows:

General orders under rule VIII

Order No.	Number and author of bill	Title	Reported by
305	H.R. 4214	An act for the relief of the Stella Reorganized Schools R-I, Missouri. ($1,500).	June 27, 1963.—Mr. Eastland, Committee on the Judiciary, without amendment. (Rept. 331.)
319	S. 5 Mr. Yarborough and others.	A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period.	July 2, 1963.—Mr. Yarborough, Committee on Labor and Public Welfare, with amendments. (Rept. 345) (Minority views.)
449	S. 1540 Mr. Magnuson	A bill to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.	Aug. 28, 1963.—Mr. Monroney, Committee on Commerce, without amendment. (Rept. 473).
451	S. 1033 Mr. Magnuson	A bill to establish a uniform system of time standards and measurements for the United States and require the observance of such time standards for all purposes.	Aug. 30, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 475.)
462	H.R. 82	An act to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.	Sept. 11, 1963.—Mr. Bartlett, Committee on Commerce, without amendment. (Rept. 486.) (Minority views filed.)
483	S. Con. Res. 1 Mr. Clark and others.	Concurrent resolution to create a joint committee to study the organization and operation of the Congress and recommend improvements therein.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with an amendment. (Rept. 504.) (Individual and supplemental views filed.)
485	S. Res. 111 Mr. Church and others.	Resolution amending Rule XXV of the Standing Rules relative to meetings of committees while the Senate is in session.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, without amendment. (Rept. 506.) (Individual views filed.)
486	S. Res. 89 Mr. Pastore and others.	Resolution providing for germaneness of debate under certain circumstances.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with amendments. (Rept. 507.) (Individual views filed.)
502	S. 927 Mr. Magnuson.	A bill to amend title 12 of the Merchant Marine Act, 1936, in order to remove certain limitations with respect to war risk insurance issued under the provisions of such title.	Sept. 24, 1963.—Mr. Bartlett, Committee on Commerce, with an amendment. (Rept. 523.) (Individual views filed.)
546	S. 2100 Messrs. Magnuson and Jackson.	A bill to continue certain authority of the Secretary of Commerce to suspend the provisions of sec. 27 of the Merchant Marine Act, 1920 with respect to the transportation of lumber.	Oct. 17, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 568.) (Minority views filed.)
566	H.R. 7885	An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.	Oct. 22, 1963.—Mr. Fulbright, Committee on Foreign Relations, with an amendment. (Rept. 588.)
570	S. 2265 Mr. Morse.	A bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.	Oct. 29, 1963.—Mr. Morse, Committee on Labor and Public Welfare, without amendment. (Rept. 592.) (Minority views filed.)
572	S. 1396 Mr. Fong.	A bill to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State.	Oct. 29, 1963.—Mr. Fong, Committee on the Judiciary, without amendment. (Rept. 594.)
			Calendar called Oct. 39, 1963
600	S. 2228 Mr. Robertson.	A bill to change the requirements for the annual meeting date for national banks.	Nov. 1, 1963.—Mr. Robertson, Committee on Banking and Currency, without amendment. (Rept. 622.)
601	S. 1686 Mr. Dirksen.	A bill to amend sec. 375 of title 28 of the United States Code, relating to the annuities of widows of Supreme Court Justices.	Nov. 1, 1963.—Mr. Dirksen, Committee on the Judiciary, with an amendment. (Rept. 623.)
602	S. 689 Messrs. Long of Missouri and Symington.	A bill for the relief of Lila Everts Weber	Nov. 1, 1963.—Mr. Long of Missouri, Committee on the Judiciary, without amendment. (Rept. 624.)
603	H.R. 7405	An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock.	Nov. 1, 1963.—Mr. Fulbright, Committee on Foreign Relations, without amendment. (Rept. 625.)
604	H. Con. Res. 223	Concurrent resolution to provide for the printing of 3,000 additional copies of civil rights hearings.	Nov. 1, 1963.—Mr. Jordan of North Carolina, Committee on Rules and Administration, without amendment. (Rept. 627.)
605	S. 1241 Mr. Robertson.	A bill to require annual reports instead of quarterly reports under the Reconstruction Finance Corporation Liquidation Act.	Nov. 1, 1963.—Mr. Robertson, Committee on Banking and Currency, without amendment. (Rept. 628.)
606	H.R. 8821	An act to revise the provision of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury.	Nov. 4, 1963.—Mr. Byrd, of Virginia. Committee on Finance, without amendment. (Rept. 629).

Mr. MORSE. Mr. President, therefore, once again let me say—although it never does any good to give facts to the press, because a very large segment of it is so Pravda inclined that it does not report the facts and will not print them—that those of us who are interested in full debate on the foreign aid bill are, first, not in any collusion or conspiracy with the anti-civil-rights forces in the Senate, if there are any; and, second, there is no present intention to start, in the immediate future, Senate consideration of a civil rights bill. Our refusal to give a definite commitment to debate the foreign aid bill on a time limitation bears no relationship whatever to any immediate handling of civil rights legislation.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MANSFIELD. I wish to reinforce what the distinguished senior Senator from Oregon has said. I point out that if it were his desire to delay any legislation, he could do so quite easily. However, every time that I have gone to him and other Senators to bring up bills on the calendar, he has been most cooperative and courteous.

I join in what he has said, and point out to Senators that so far as the calendar is concerned, it is clear at the moment that we are waiting for a bill in the civil rights field from the House, that no bill has yet been reported to the House, and therefore, we do have time.

Mr. MORSE. I thank the majority leader very much for that statement. It is typical of the majority leader. I appreciate his statement very much.

INSECURITY OF SOCIAL SECURITY

Mr. MILLER. Mr. President, on October 31 it was my pleasure to address the 45th annual meeting of the Illinois State Chamber of Commerce on the subject "Insecurity of Social Security."

All of us from time to time receive letters from people inquiring why social security taxes are as high as they are, and expressing concern over the prospect that they will become higher. Along with my speech, I included an outline setting forth various tables showing important data relative to the social security system, not the least of which is the fact that the social security system is now $320 billion unfunded, and that, of course, the prospect of a hospitalization act financed through social security taxes looms in the offing as an additional burden on the backs of Americans.

I ask unanimous consent that the text of my address, with the tables and examples, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INSECURITY OF SOCIAL SECURITY

(By JACK MILLER, U.S. Senator, Iowa)

Members of the Illinois State Chamber of Commerce, and guests, first let me express my appreciation for the gracious invitation to appear on the splendid program of your 45th annual meeting. It is an exceptionally well-balanced and timely program; and I am honored to appear in the company of such a distinguished and knowledgeable array of talent which you have drawn together to present the program.

Most of us take the social security system for granted. During the past 26 years, the system has been broadened and liberalized so that today nearly everyone who draws wages or a salary, or is self-employed, is in the program. It has become an accepted way of life in the United States, and few practical politicians suggest its repeal anymore.

But this does not mean that it is impractical to call attention to the state of insecurity of social security. It is a deadly practical situation which must be faced up to; and if the ill-considered and unfair King-Anderson bill has done nothing else than to focus public attention on the deplorable state of our social security system, it has served a useful purpose.

During 1961 and 1962, while we were going almost $14 billion deeper into debt, we had inflation of over $14 billion throughout the United States. This is at the rate of $7 billion a year—equal to a 10-percent income tax increase. Illinois' share of this $7 billion annual inflation was $459 million—equal to a 3.4 percent sales tax put on the backs of Illinois citizens to finance the billion-dollar deficit spending programs passed by Congress. The wholesale price index has remained stable for the past 5 years. However, the retail cost-of-living index, which is what affects 99.9 percent of our citizens, has gone up from 214.5 in January of 1961 to an alltime high of 221.3 in September. And the correlative is that the purchasing power of our dollar has fallen during this period from 46.6 cents (measured against a 1939 dollar worth 100 cents) to 45.2 cents.

All of this means that social security recipients are being steadily squeezed by a continued decline in the purchasing power of their pensions.

From table 1 (see below) in our outline, you can see how the increases in pensions enacted by Congress have been needed to preserve the purchasing power of pensioners because of the declining value of the dollar.

Since most of these pensioners do not have enough income to pay income tax, or pay very little income tax, they are naturally concerned over an even greater decline in the value of their pensions. They would receive no benefit from a tax cut; but they would severely feel a stepped up inflation if a tax cut were enacted without a cutback in spending to make room for it. Congress would sooner or later have to increase the pensions—and taxes.

These are two reasons for the insecure state of the Social Security System:

1. Millions of people have been blanketed into the program without paying more than a fraction in taxes of the cost of the benefits they are receiving. (See table II below, showing the total payments a pensioner would have made under the various acts—as against just the first year of retirement benefits he or he and his wife would receive.)

2. Congress has been increasing social security benefits and expanding the coverage without at the same time increasing social security taxes enough to meet the increased costs—on a current basis. When measured against the benefits which are going to have to be paid out to all persons presently working or retired under social security, the fund is some $320 billion short. This represents a per capita deficit of $4,679 for each and every person in the social security program today.

Incidentally, the balance in the fund was about $19 billion last June 30—down $4 billion from its high point of $23 billion in 1957.

From table 3 (see below) in your outline, you can see how the deficit has increased just since 1956. Following the 1956 act, the value of benefits and expenses for all presently covered persons in the social security system was $486 billion—$269 billion in excess of the value of the taxes these persons and their employers would pay, plus what was left in the trust fund.

Following the 1961 act, the shortage reached $321 billion. In just 4 years, the shortage legislated by Congress amounted to $52 billion.

As a class, present members of the social security system will pay an estimated 42 percent of the value of their benefits in taxes. But, as shown in table 4 (below), new entrants, along with their employers, will pay an estimated average of 167 percent of the value of the benefits they can ever hope to receive. The discrepancy is worse for many, of course, depending upon whether they are married, how few children they have, and whether or not they are self-employed. This disproportion for new entrants into the social security system will continue indefinitely into the future and will grow worse if Congress votes some more benefits under social security without increasing taxes to pay for these added benefits currently.

It is in this setting, of course, which the administration's social security-financed Hospital Insurance Act of 1963—formerly misleadingly called medicare, is to be considered. No doctor bills are covered—only limited hospital and nursing home bills. Under the proposal, some 16 million persons over 65 would immediately become eligible for benefits even though they never paid any tax money to finance them; and millions of others in the middle-age group would pay only a fraction in taxes of the value of the benefits they would receive. And this would be so whether or not any of these people could afford to pay for these benefits out of their own resources.

In other words, there would be another deficit in the social security system to be made up by higher taxes on present and future entrants into the system—along with their employers. This deficit has been variously estimated at between $25 and $60 billion, and it would be on top of the $321 billion deficit now in the social security system. The only way the deficit could be avoided would be to modify the bill to exclude benefits for those who can afford to pay for them, or partially exclude benefits for those who can afford to pay part of them, and to increase taxes enough to put the new program on a pay-as-you-go basis. Otherwise, future generations of employees and their employers will pick up the tab.

From table 5 below, you can see that two more boosts in social security taxes for employers and employees are already in the law. However, be forewarned that there may be more increases. Congressman WILBUR MILLS, of Arkansas, the chairman of the House Ways and Means Committee, has introduced a bill which would raise the earnings base from $4,800 to $5,400. This bill appears to be in response to a trustee's report on social security trust funds a few months ago which indicated a long-range income deficiency of about 3 percent. The Mills bill would cut in half the 3-percent deficiency. If enacted, it would mean that the employer and employee would each pay $21.75 a year more; and self-employed persons earning $5,400 would pay $32.40 a year more.

Table 6 below indicates how, even in recent years, tax payments are falling short of funding benefit payments. Just for the 6 years shown, the shortage comes to $4.3 billion. This will level off in future years, but the long-range deficiency will still be an estimated 3 percent unless either the tax rate or the earnings base, or both, are increased.

If the administration's proposed Hospitalization Insurance Act of 1963 (the King-Anderson bill) is enacted, the earnings base would be increased to $5,200, and the rate would be increased one-fourth of 1 percent for the employer and one-fourth of 1 percent for the employee; the rate would be increased four-tenths of 1 percent for self-employed individuals. It would mean that the employer and employee would each pay $24.50 a year more; and self-employed persons earning $5,200 would pay $42.40 a year more. Even so, as I have earlier pointed out, this would produce a deficit of between $25 and $60 billion—still further aggravating the 3-percent deficit the Mills bill is designed to partially correct.

However, let us not be so naive as to think that if the administration bill is enacted, this is where social security tax increases will stop. The limited scope of the benefits—only 90 days' hospitalization and 180 days' nursing home per benefit period, and no doctor bills—will hardly satisfy the needs of people who are met with catastrophic illness or disease, or who have large doctor bills, and who do not have the wherewithal to pay for them. As time goes on, these areas of need will be covered—for not only persons 65 and over, but for younger people as well. This will require a further boost in taxes—unless benefits to those who do have the wherewithal to meet their medicare costs are dropped from coverage. Mr. Wilbur Cohen, Assistant Secretary of the Department of Health, Education, and Welfare, has testified that over the next 10 years, the earnings base for social security taxes might well go from $5,200, as proposed in the administration's bill, to $9,000.

Not to be overlooked is the fact that the social security tax is a flat rate applied against gross salaries and wages. Under the administration's bill, the first $5,200 of the wages of a low-income taxpayer would be taxed exactly the same amount as the first $5,200 of the income of a high-bracket income taxpayer. This is just as regressive as having a 1-percent Federal sales tax to finance the program. In view of this fact, it is incredible to find the AFL–CIO Washington officials championing the administration's bill. These are the same people who strongly oppose sales tax increases as being "regressive." Now they come along and support a bill which calls for financing by an increase in the regressive social security tax. They reply by saying that the average worker would like to put aside a small portion of his weekly paycheck to buy social insurance, so that when he retires there will be a fund to cover his hospital and nursing home expenses. There are two answers to this: (1) the worker is already, through income taxes, putting aside a portion of his weekly paycheck to finance the Kerr-Mills program which, if amended to cure a few defects and if given a fair chance to work, will meet the needs of those who cannot afford their doctor, hospital, and nursing home expenses; (2) workers had better not be too sure about having a fund from which to pay benefits when they retire, because of the horrible unfunded liabilities that plague the social security system.

When future generations come into the hundreds of billions of dollars in debt heritage we are leaving them and begin to elect people to Congress, they are not going to be very happy. They could well cut back the benefits, scrap the program, or enact a new program financed out of general taxation—anything to get out of a program which forces them to pay far more in taxes than the value of the benefits they could ever hope to receive.

Other Federal Government trust funds are in bad shape besides the old-age and survivors insurance trust fund. Also in the social security system is the disability insurance trust fund. This is expected to go broke between 1969 and 1975 unless some changes, such as those provided in the Mills bill, are enacted. The civil service retirement system has unfunded liabilities amounting to $34 billion, and Civil Service Commission officials have warned that the retirement fund will go bankrupt between 1980 and 1990 unless some changes are made. Things are so bad that more than $4 billion in unused sick leave has been accumulated by civil service employees, and Congress has no plans to reimburse these employees for this accumulation because the retirement fund is in such jeopardy. Some administration officials and some Members of Congress would postpone the day of reckoning by simply integrating the Civil Service Retirement Fund into the Social Security System, and adding the $34 billion of unfunded liabilities onto the $320 billion in unfunded liabilities of the social security system.

If what I have said leaves you with a insecure feeling over the fiscal policies of your Federal Government in general and the social security system in particular, then I would recommend that you make known your feelings to not only those Members of Congress who have been supporting these policies, but to the White House as well. The proposed tax cut without a cutback in spending to make room for it affords a good opportunity to do this. The American people are being teased with the idea that we can have a meaningful tax cut of billions of dollars and at the same time continue to go billions of dollars deeper in debt. They should know—and especially businessmen—that you can't get something for nothing—even on the New Frontier.

TABLES AND EXAMPLES

TABLE 1.—*Showing increases in social security pensions legislated by Congress in order to enable pensioners to maintain their purchasing power in view of decline in value of the dollar*

[NOTE.—The example is a worker having a $3,000 annual income base, single at retirement, and "fully covered." The 1940 year figure is for a worker retired under the 1935 act. Other figures are for a worker retired under successive acts for years indicated]

Year	Annual pension	Purchasing power of dollar compared to 1939 dollar worth 100 cents	Real value of pension
		Cents	
1940	$499.20	99.2	$495.20
1950	870.00	57.8	502.86
1952	930.00	52.3	486.39
1954	1,062.00	51.7	549.05
1958	1,140.00	48.1	548.34
1962	(1)	45.9	523.26

[1] No change.

TABLE 2.—*Showing payments made by worker and his employer, commencing in 1937, compared with pension for just 1 year following retirement under the 1935 act and successive acts ($3,000 base)*

Year	Total payments	Annual pension (single)	Annual pension (married couple)
1940	$240.00	$499.20	$748.80
1950	870.00	870.00	1,305.60
1952	1,050.00	930.00	1,395.60
1954	1,260.00	1,062.00	1,593 60
1958	1,770 00	1,140.00	1,713.60
1962	2,467.50	1,140.00	1,713.60

NOTE.—Multiplying annual pension by life expectancies of pensioners would reveal the true disproportion between the taxes paid and the benefits received.

TABLE 3.—*Showing relation between value of taxes to be paid by present members of social security system plus what is left in trust fund and value of benefits expected to be paid to present members under recent acts*

[In billions of dollars]

	Taxes plus trust funds	Value of benefits	Unfunded liability
1956 act	217	486	269
1958 act	254	543	289
1960 act	276	587	311
1961 act	304	625	321

NOTE.—Acts of 1956, 1960, and 1961 did not increase pensions, but liberalized coverage (e.g., brought in members of Armed Forces, professional self-employed, permitted optional retirement at age 62, etc.).

TABLE 4.—*Showing relation between value of taxes to be paid by new workers coming into the Social Security system and their employers, and value of benefits to be paid to them upon retirement*

	Taxes	Benefits	Ratio of taxes to benefits
	Billions	*Billions*	*Percent*
1956 act	$563	$335	168
1958 act	641	377	170
1960 act	682	404	169
1961 act	719	431	167

TABLE 5.—*Showing how social security taxes and earnings base have grown*

Period	Maximum earnings base	Combined tax rate employer and employee	Employer tax	Employee tax	Self-employed rate	Self-employed tax
		Percent			*Percent*	
1937–49	$3,000	2	$30.00	$30.00	(1)	(1)
1950	3,000	3	45.00	45.00	(1)	(1)
1951–53	3,600	3	54.00	54.00	2¼	$81.00
1954	3,600	4	72.00	72.00	3	108.00
1955–56	4,200	4	84.00	84.00	3	126.00
1957–58	4,200	4½	94.50	94.50	3⅜	141.75
1959	4,800	5	120.00	120.00	3¾	180.00
1960–61	4,800	6	144.00	144.00	4½	216.00
1962	4,800	6¼	150.00	150.00	4.7	225.60
1963–65	4,800	7¼	174.00	174.00	5.4	259.20
1966–67	4,800	8¼	198.00	198.00	6.2	297.60
1968 and after	4,800	9¼	222.00	222.00	6.9	331.20

[1] Not covered.

TABLE 6.—*Showing how, even in recent years, tax payments are falling short of funding benefit payments (by fiscal year)*

[In millions of dollars]

Year	Tax payments	Benefit payments	Deficit
1958	7,267	7,875	608
1959	7,565	9,049	1,484
1960	9,843	10,270	427
1961	11,293	11,185	(+108)
1962	11,455	12,658	1,203
1963	13,328	13,845	517

EXAMPLES OF TAX PAYMENTS VERSUS RETIREMENT BENEFITS

1. Worker retired in 1940, wife same age. Before retirement, worker and employer had paid social security taxes for 3 years. Total tax combined—$180. Since retirement, this man and wife have been drawing benefits for 22½ years, totaling $24,973.

2. Worker who retired last January 1 after paying maximum social security tax since 1937, total combined with his employer—$2,868. Add interest at 3 percent and this contribution to the trust fund would come to $3,714. Pension from now on will bring him and his wife (same age) $32,074.

3. College graduate started working in 1962, paying maximum social security tax until retirement in year 2005. Total combined tax with employer—$18,564. Add interest at 3 percent and this contribution to the fund would come to $36,226. Pension for him and his wife (same age) would bring total of $33,664.

4. Young man gets job in 1968 and pays maximum tax from then until retirement in year 2011. Total combined tax with employer—$19,092. Add interest at 3 percent and this contribution to the trust fund would come to $37,954. Assuming this man is widower, with no dependents, and lives only 2 years after retirement, benefits would total $3,048.

THE RUSSIAN RAIDS ON ALASKAN FISHERMEN SHOULD BE STOPPED

Mr. GRUENING. Mr. President, a great many Americans nourished the hope that the signing of the test ban treaty with Russia and its ratification by the U.S. Senate would usher in a period of diminishing tensions in the cold war. It was hoped that other steps indicating a departure from Premier Khrushchev's announced purpose to "bury us" would follow. Unfortunately, this seems not to have been the case.

We now have the shocking situation of another blocking of a U.S. troop convoy in Berlin, actions which could not have taken place without the knowledge and approval of the Kremlin, and indeed must have been by its orders. At the same time we have another situation which concerns the people of Alaska greatly, and indeed should concern all Americans, and that is the ruthless invasion of Alaska's crab fishing grounds by Russian fishing vessels and the pulling up and destruction of American fishermen's crab traps.

The development of the Alaska king crab industry was a great pioneering achievement, attributable almost wholly to the initiative and determination of two Alaskan brothers, Howard and Lowell Wakefield. Since that time, in the last decade and a half, Alaska king crab—an entirely new marine food resource—has become a nationally known and prized delicacy. It is increasingly being marketed.

Now, the Russians are invading these king crab fishing grounds, have destroyed the traps of our American fishermen, and the United States is apparently doing nothing about it.

It is true that many of these traps are outside the 3-mile limit and therefore in international waters. Two remedies, of course, are immediately available: The first would be to extend the fishing limits for all fisheries to 12 miles, and the second—and even more pertinent—would be to extend the limits for the taking of crustacea and shellfish to the Continental Shelf, which would be a wholly proper procedure since crab and shellfish exist on the bottom of the sea. And thereafter a little display of strength and energy by our Federal Government to enforce our rights would be most helpful.

In recent weeks, in addition to the taking of the crab traps, Russian vessels have penetrated within the 3-mile limit, have taken whales there, and have apparently been indifferent to the fact that they were violating our waters.

I have urged, and repeat my request, that the President station some faster vessels in Alaskan waters in order to indicate to these Russians that they cannot continue these illegal practices with immunity. Our Coast Guard vessels are not sufficiently fast to overtake some of the Russian ships, which are modern, up to date and, of course, subsidized by the Russian Government. I hope the President and Secretary of State will realize how bitter the feeling among Alaskan fishermen is becoming and that he will send one or two destroyers up there which will help protect these resources which have been so painstakingly developed under conservation practices which the Russians do not follow. One of our fishermen, the victim of the Russian raid upon his traps, come alongside a Russian trawler recently and saw what he estimated to be about 10,000 crabs on its deck. It included female and immature crabs which are not taken under American conservation practices. Our crab fishermen, when they find either female or immature crabs in their traps or pots throw them back overboard alive. The Russians do not do that. They take everything.

I hope there will be vigor, initiative, and energy enough in our administration to meet this issue head on. Such action is now overdue.

I ask unanimous consent that two articles from the New York Times of today, one entitled "Russians' Armor Balks U.S. Convoy on the Autobahn" together with a subsequent dispatch from Washington headed "United States Files Protest," as well as an article by Lawrence E. Davies, the west coast correspondent of the New York Times, entitled "Soviet Crab Raid Haunts Alaskans: Future Russian Action Is Subject of Deep Concern," be printed at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 5, 1963]

RUSSIANS' ARMOR BALKS U.S. CONVOY ON THE AUTOBAHN—AMERICAN TRUCKS ATTEMPT TO BREAK THROUGH, BUT ARE HELD AT THIRD BARRIER—WASHINGTON WATCHFUL—SAYS DETENTION OF FORCE ON ROAD TO BERLIN IS OF "SERIOUS DIMENSIONS"

BERLIN, Tuesday, November 5.—A U.S. troop convoy was blocked by three Soviet armored personnel carriers late last night when it attempted to break through a blockade at the Marienborn checkpoint on the autobahn to West Berlin.

Soviet guards had held up the convoy of 12 vehicles and 44 men since early yesterday.

An official American announcement said the Russian action was a "flagrant violation of the Western allies unrestricted rights of access to Berlin."

The statement warned the Soviet Union that it must bear "the full responsibility for any consequences."

(In Washington, State Department officials said that the blockade had "assumed quite serious dimensions." Earlier, administration officials had appeared confident that the incident resulted from a misunderstanding by Soviet troops of American procedures and would be settled shortly.)

TRIED TO END DEADLOCK

The confrontation came after the U.S. convoy attempted to break the 15-hour deadlock at the East-West German border point and continue its trip to Berlin.

The Army said that the Russians moved three armored personnel carriers and three Army sedans across the autobahn shortly before midnight "to block any further movement of the U.S. convoy."

"An unknown number of Soviet personnel carriers have also been stationed on the right flank of the U.S. convoy" the Army statement added.

The convoy was delayed at about 9 a.m. yesterday after the Americans refused to submit to a Soviet demand that 15 soldier-passengers in 3 of the trucks get down for a head count.

The convoy commander said that the demand conflicted with Allied procedures. U.S. Army spokesmen said that the Soviet command in Berlin had been informed of these procedures, involving conditions under which troops submit to a count, and that there was no chance of a misunderstanding.

The American, British, and French commanders in Berlin met this afternoon to discuss the Soviet move. A statement said that the three generals had decided "on how to deal with the situation."

The U.S. Army later postponed for 24 hours a 3-day field exercise that was to have taken the entire American garrison to the Grunewald Forest tomorrow morning. All Allied troops in Berlin were placed on an alert.

It was reported that the U.S. Army intended to send a convoy to stand by at Marienborn near the East-West German border.

The delayed convoy consists of 12 vehicles with 44 men, of whom 20 are passengers. The Russians demanded that seven men riding in the back of one truck and four each in two others should get down to be counted.

The convey commander, 1st Lt. John Lamb, refused. Then the Soviet officer in charge, Lieutenant Colonel Spiridonov, said that it was "the Soviet and not the Allied authorities who determine convoy processing procedures."

This position was disputed by the Americans.

The troops detained at Marienborn consisted of men from Company C of the 2d

Battalion, 6th Infantry. They were returning to Berlin from a training exercise in West Germany.

Lieutenant Lamb, 25 years old, the convoy commander, is from North Augusta, S.C.

At nightfall the American vehicles remained parked at the roadside.

The Army rejected as untrue an East German charge that the convoy was obstructing civilian traffic on the East-West highway.

[From the New York Times, Nov. 5, 1963]

UNITED STATES FILES PROTEST

WASHINGTON, November 4.—The United States formally protested today against the delay by Soviet troops of an American military convoy attempting to enter West Berlin early in the day.

The convoy of 12 vehicles, carrying 20 passengers, was held up at 3 a.m. Washington time at the Marienborn checkpoint of the autobahn leading into Berlin through East Germany. It was still blocked at nightfall.

Administration officials nevertheless appeared confident that the incident resulted from a misunderstanding by Soviet troops of American procedures. They believed the issue would be settled soon without damaging East-West efforts to ease cold war tensions.

[Ranking American officials in Berlin said that there was no question of a misunderstanding since the Russians had been notified in writing of Allied procedures. The harassment was viewed there as a deliberate attempt by the Soviet command to whittle away Western rights on traffic between Berlin and West Germany.]

EARLIER CONVOY BLOCKED

A 2-day blockade of an American convoy last month was viewed at first as indicating a hardening of Soviet policy. Later, however, it was acknowledged to be the result of independent action by Russian commanders unfamiliar with regulations governing autobahn traffic.

Then, as today, the Soviet officials insisted that American troops leave their vehicles to be counted before entering the city.

American commanders have instructions not to allow their men to dismount if the convoys carry fewer than 31 passengers, not counting drivers and assistant drivers.

Secretary of State Dean Rusk expressed the administration's concern over the blocking of the convoy at a 10-minute mid-morning meeting with Georgi M. Korniyenko, counselor at the Soviet Embassy.

Mr. Rusk had previously discussed the incident with President Kennedy and Llewellyn E. Thompson, Jr., Ambassador at Large and former U.S. Ambassador to Moscow.

It was understood that a mild representation was agreed on as the first step and that it would become firmer the longer the blockade remained effective.

ENVOYS MAY MEET

In contrast to Washington's reaction to the last blockade October 11, the administration did not call for an emergency session of the four-power ambassadorial steering committee on Berlin affairs.

A high State Department source said tonight that the group, composed of representatives of Britain, France, the Soviet Union and the United States, would probably be convened tomorrow if the blockade continued.

The first protests against the blockade were made this morning by U.S. officials to Soviet commanders at the Marienborn checkpoint.

U.S. military commanders in Berlin were also ordered to protest the incident at the Soviet Army headquarters in Potsdam.

REAFFIRM WEST'S RIGHTS

The American representations were primarily intended to reaffirm Western rights of access to Berlin. They also were to remind the Soviets of procedures jointly agreed on after Soviet forces delayed the American convoy for 52 hours last month.

The Western allies notified the Soviet commanders in Berlin on October 29 that a new procedure had been established under which troops in large convoys would be dismounted for inspection.

It was stressed that this was for the "information and convenience" of the Soviet guards and that the dismounting was a matter of "courtesy" and not of Soviet rights.

[From the New York Times, Nov. 5, 1963]

SOVIET CRAB RAID HAUNTS ALASKANS—FUTURE RUSSIAN ACTION IS SUBJECT OF DEEP CONCERN

(By Lawrence E. Davies)

ANCHORAGE, ALASKA, November 3.—The Soviet Union's future policy toward Alaska's rich crab fishery is a subject of deep concern in the 49th State.

State and Federal officials, the Coast Guard, crab fishermen and communities dependent for jobs on this $12-million-a-year industry are watching every development in a delicate and potentially explosive situation.

A segment of a big Soviet fishing fleet irked Alaskan crabbers late last summer with a damaging sortie into the Kodiak area. Seven Russian trawlers, using a type of dragnet outlawed for Alaska crab fishermen, included in their "catch" Alaskan crab pots valued at from $20,000 to $25,000.

The incident brought threats of retaliation from Kodiak crabmen, along with protests to the State Department.

The crab fishermen, however, realize that under existing laws the Federal Government is unable to terminate fishing by foreign craft, Russian or Japanese, in the crab-rich waters.

PRESIDENTIAL ACTION SOUGHT

Nevertheless, a campaign continues to try to persuade the Kennedy administration to declare the Alaskan king crab a resource of the continental shelf. The shelf and many other fishing sites extend far beyond the 3-mile limit, where the Soviet fishing has been done.

State officials, including Gov. William A. Egan and Attorney General George N. Hayes, contend that all governments would respect a simple declaration by the President to that effect.

Mr. Hayes recently noted at Juneau that a 1958 Geneva convention, which provides that a nation may declare what is found on the floor of the continental shelf to be a resource of the contiguous nation, now has 21 of 22 signatures necessary to make it international law.

The bulk of the Soviet fleet of large trawlers and fish-processing vessels has now retired beyond the Aleutians. The total strength of both Russian and Japanese fleets in Alaskan waters is now estimated to be about 50 vessels. However, the Russians alone are believed to have had 180 fishing vessels in the eastern Bering Sea and North Pacific last summer.

Crab fishing is done the year-round, and the winter months are often among the most productive. Mayor Pete Deveau of Kodiak, a fisherman who operated a crab cannery for 9 years, says the crabmeat taken from December through March is prime.

There is speculation, therefore, that the Soviet fleet has retired only temporarily. The Coast Guard, under the supervision of Rear Adm. G. D. Synon, commandant of the 17th District with headquarters at Juneau, is maintaining an aerial and surface surveillance.

"We regard the Alaska fishermen as people who are entitled to our help and protection rather than as objects of our law enforcement," the admiral said in an interview. "But we still require that the law be observed under all conditions."

His comment was made against the background of reports that some Kodiak fishermen were trying to obtain war surplus weapons for their vessels.

NO WEAPONS FOUND

The law empowers the Coast Guard to board ships for enforcement of Federal marine laws. A number of the crab fishing boats have been boarded, but no illegal weapons have been found.

Ronald C. Naab, the Federal Government's fisheries management supervisor for the Alaskan region, said the Russian fleet moved through the Unimak Pass in the Aleutians and fished for Pacific perch at Portlock Bank, directly east of Kodiak, in late July. Then, in reduced numbers, it headed for Albatross Bank to the southwest about mid-August, he said.

Finally, Mr. Naab continued, seven trawlers moved into a favorite Kodiak fishing ground, Alitok Bay, "apparently for crab."

Alitok Bay is an area where Americans have been fishing for crabs for 15 years, carefully nurturing the fishery, officials say, under protective statutes. The law requires them to use crab pots and prohibits the dragging of nets along the ocean floor.

As a further conservation measure, Alaskan fishermen are required to throw back all female crabs and those male crabs that measure less than 7 inches across the body.

DAMAGE TO CRABS CITED

According to testimony at an official hearing conducted at Kodiak afterward, the Russians kept everything they swept up with nets, leaving many injured crab on the bottom.

Alaska crabmen use fishing vessels from 35 to 110 feet long. The large boats are in the minority.

The vessels set out at 1 or 2 a.m. the year round, carrying crews of two to four men depending on the size of the vessel and the distance offshore to be fished.

"Real large vessels—100 feet or more—stay right out 3 or 4 days," Mayor Deveau said. "They lay out there till they get a load. Small boats fix their pots and gear, come back into port and go back maybe the next day."

In the Kodiak area each boat is limited to 30 crab pots, steel frames with webbing around them. The pots measure about 10 feet long, 4 to 5 feet wide and 3 to 4 feet deep. They cost, complete with plastic buoys that float on the surface, $150 to $300 each. The buoys are attached by lines to the pots on the ocean floor, sometimes at depths of 900 feet.

"We use frozen herring as bait," Mayor Deveau continued. "The crabs smell it in plastic containers inside the pot and they crawl toward it through a tunnel. I've seen some big pots come up with 125 to 150 crabs in them."

A record crab, he said, weighed 26 pounds and measured more than 6 feet from the tip of one leg to another. It takes a male crab 7 or 8 years to grow to acceptable size.

The Russian trawlers, on the other hand, are equipped to stay on the fishing grounds months at a time.

The incident in which the seven Soviet vessels invaded an area where Kodiak crab fishers were numerous occurred not far in advance of North Pacific Treaty renegotiation talks held by the United States, Canada, and Japan in Tokyo.

Lowell Wakefield, who operates a processing plant at Port Wakefield 40 miles northwest of Kodiak, and who was an American adviser at the Tokyo sessions, said the Soviet fishermen might have acted "to force us to invite Russia to join in."

He suggested that in most cases where crab pots had been lost, the Soviet actions had not been deliberate. However, he told a recent meeting of the State chamber of commerce at Juneau that the situation was one in which "all hell could break loose" unless the problem was solved.

Although Mr. Wakefield urged more international conferences, he declared:

"Foreign fishing activity in Alaska waters, at or even above present levels, is something we will have to learn to live with."

Attorney General Hayes said the testimony from 16 witnesses, including 14 fishermen, all of whom had lost gear to Russian trawlers, had convinced him that the incident "was not accidental."

"By destroying some of the gear the Russians apparently felt the Americans would pack up and go home," he declared.

Mr. Hayes and other officials asserted, however, that they did not think the maneuvers were "necessarily directed by Moscow."

Oscar Dyson, one of the witnesses, testified that he and his fishing partner were "going to find some means—what it is I don't know—of taking care of our own property in our own way."

Mr. Dyson indicated he had nothing specific in mind beyond such steps as "urging our Government to give some protection for our gear."

"Most American fishermen feel our Government in the last 10 years has taken a more or less weakened position in the fishery question," he said.

THE ATLANTIC'S FUTURE: EUROPE'S CHOICE

Mr. PELL. Mr. President, I invite the attention of my colleagues to a singularly interesting and provocative article entitled "The Atlantic's Future: Europe's Choice" by the able and thoughtful senior Senator from Idaho [Mr. CHURCH] which appears in the current November issue of Harper's magazine.

Senator CHURCH has always been a man with a fine and far-reaching intellect. More important, he has never been afraid to use it. In the changing and fast-moving world in which we live, this ability to explore and probe for openings, to seek out new policies which might be more effective and advantageous to the United States, is an excellent quality.

Our national policies must be the servants of our national interests. When policies become stultified by a changing world, then the policies must change, because we certainly cannot roll back the tide of world events, nor should we want to do so. Too often our adherence to outdated policies remind me of the man who, with considerable effort, has lost a great deal of weight. He then finds his suits do not fit him, so what does he do? Instead of buying new suits, or cutting the old suits down to his present size, he feels he must immediately regain weight in order to fill out his old suits.

Senator CHURCH points out that two sensible alternatives face Western Europe today. The European can either develop an all European multilateral nuclear deterrent, in which case there is no more need for us to remain in Europe. Or they can rely on the American nuclear deterrent, in which case they must carry more of the financial burdens, leadership and manpower responsibilities in the free world. But the Europeans must make one choice or the other.

I ask unanimous consent to insert this remarkably thoughtful article, and an article with which I find myself in general agreement, in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ATLANTIC FUTURE: EUROPE'S CHOICE

(By Senator FRANK CHURCH)

(NOTE.—FRANK CHURCH, the guest in the easy chair this month, has been U.S. Senator from Idaho since 1957 and is a member of the Foreign Relations Committee. He was keynoter of the Democratic National Convention in 1960, and a military intelligence officer in World War II.)

If the partial test ban treaty is the first crack in the glacier we call the cold war, it should serve to remind us of how massive and prolonged a thaw is yet required before the danger of nuclear disaster finally melts away. In the years immediately ahead, the treaty in no sense diminishes the importance of our defensive alliances, chief among which is NATO.

Yet NATO is now drifting into a deepening crisis that our European allies seem either unwilling or unable to counteract. Everyone agrees, on both sides of the Atlantic, as to the fact that a crisis exists. Paradoxically, it is the very success of NATO in accomplishing its original objectives which has led to the present impasse.

NATO was originally established to prevent Western Europe, the heartland of our common civilization, from falling under Russian rule. For over 14 years, NATO's shield has included large numbers of American troops, whose presence in Europe has been proof of the American commitment to invoke her nuclear power, as NATO's sword, in the event of a Communist attack. American arms of both conventional and nuclear character were required to make NATO work; that is, to keep the Russians at bay while the countries of Western Europe, battered and broken in the aftermath of the war, were regaining their health and strength.

I do not believe that either the American people or the Senate of the United States, which ratified the treaty establishing NATO, regarded our entry as an arrangement for stationing American forces permanently in Europe. Firemen are welcomed into a household threatened by fire, but they are not expected to remain inside indefinitely as residents. So it ought not to be surprising—in view of the remarkable recovery in Western Europe which has occurred—that some Europeans should begin to ask, "How much longer are the Americans to stay?" or that some Americans should begin to inquire, "How much longer will we be welcome?"

We have come to the end of the era for which NATO was created. The circumstances have changed. We must remold the alliance to fit present conditions, or the crisis within it will grow. NATO cannot remain static and stay relevant; it must be transformed or abandoned; it will adapt to the new era as a useful instrument to serve the objectives we hold in common with our allies, or it will come apart from the stress of mounting internal pressures. So we must clearly identify those changes in circumstances which have rendered NATO, as originally conceived, obsolete.

To begin with, there has been a change in the relative strength and hence in the credibility, of the American nuclear deterrent. This change has taken place in three phases. In the first phase, only the United States possessed massive strike capability with nuclear weapons. The Soviet Union could oppose us with conventional land power alone. Our deterrent was believable and, therefore, effective, so long as the Soviets in fact understood that it would be used to prevent, or to punish intolerably, a march by them on the West. In the second phase, the Soviets, too, possessed weapons of mass destruction. But the ones which could reach and damage the American Continent were few in number and vulnerable to neutralization by the enormously superior and diversified nuclear weapons system which we had by then developed. While the risks to the United States had been greatly increased, there was room to suppose that we could, if necessary, obliterate Soviet power without suffering mortal damage in return. Now in the third and present phase, this assumption can no longer be made. Each nuclear giant possesses weapons sufficient in number, in diversification, in concealment, or in invulnerability, to insure that it could withstand a first strike by its adversary and thereafter inflict nearly total destruction upon him.

The consequence of this third phase is that Europeans must ask themselves—for the first time—if it is really believable that the American nation would suffer immolation in their defense. And the question is not whether we, the Americans, believe that we would do this, or whether the Europeans believe we would do it. For it is evident that a deterrent has failed if it has to be used, and it follows from this that it is only the Russian belief about the conditions under which it would be used—not our belief or that of our allies, or even the objective fact itself—which is ultimately determinative.

I know of no way to remove, absolutely, the doubts which some Europeans have raised about the answer to this question. The cornerstone of American policy has been, and remains, that the defense of the West is indivisible. Our President has recently reaffirmed, in Germany, that our forces will remain so long as they are wanted and needed; that we will put our cities to the hazard in defense of theirs. He spoke with absolute sincerity and conviction, and with the support of the American people. Still, the proposition itself is without precedent in human history. It cannot be tested or proved in advance. While it may be convincing to the Soviets, it evidently is no longer convincing to all Europeans, for, if it were, there would clearly be no need for France to pursue the effort now in progress to create, at great difficulty and expense, a separate national nuclear capability.

This brings me to the second fundamental change in circumstances which accounts for the crisis in NATO. It is that Europe now has, for the first time, the capacity to create for itself an alternative to reliance upon American power. I make a distinction here between nuclear capability of modest dimensions, useful chiefly as a means of augmenting the prestige or bargaining power of its possessor—perhaps having the potential of invoking, under some conditions, the use of American power—and a genuine nuclear deterrent, capable of massive or controlled response in a variety of strategic situations. It is the latter which free Europe now has the population, the economic base, the technological resources, and the developing political institutions to create and command, if it chooses. In most of these categories, Western Europe now surpasses the Soviet Union itself. If Europe determines that the effort is necessary or desirable, it can in due course equip itself to match the Soviet Union, bomb for bomb, rocket for rocket. It would then, of course, be free from dependence upon a nuclear deterrent provided and controlled by the United States.

The present drift in free Europe points toward the eventual development of separate national nuclear systems, even though this course represents the most unstable, costly, and inefficient method for achieving nuclear self-sufficiency. Perhaps this is inevitable, as long as Western Europe remains a loose association of wholly sovereign states. The possession of nuclear weapons cannot be separated from the sovereign power to command them, for they represent in today's world the instruments of life or death—for the country which has them, for its adversaries, and quite probably for its allies.

What I have thus far said carries the implication that there is an inherent incompatibility in this new state of affairs between sovereignty, if that sovereignty involves possession and control of nuclear weapons, and alliance. I think this is the case, and that this single concept summarizes and explains the reasons for the crisis in NATO.

The continued expansion in Europe of nuclear capability under national control will expose the United States to intolerable risks, so long as our troops are there, and so long as we are committed to regard any attack upon our European allies as an attack upon ourselves. In these circumstances, every additional national finger upon the nuclear trigger means one more country other than the United States with power to decide what Americans will die for. While the risks involved in sharing this fateful power with a single independent European state, or with a suitable command structure representing all of Western Europe, might be acceptable, it is too much to ask that we share it with every European country stocking a nuclear arsenal of its own, each with its own sense of destiny and order of priorities.

In short, the present drift toward proliferation in the control of nuclear weapons unless it is checked, will eventually force the United States to withdraw from Europe. Time is running out on the NATO alliance. The 1960's will tell the tale.

What then of the future? How are we to reconcile the conflicting positions on control of nuclear weapons which now plague the alliance? I think we must begin by recognizing that no device or technical arrangement designed to gloss over the differences, without really changing anything, will suffice. As strongly as De Gaulle feels that France must have its own deterrent, we feel just as strongly that we must retain control over the risks to which we are exposed—so long as American forces are committed in Europe and we supply the nuclear means for meeting or preventing an attack against it. It is possible to share a master plan for programing and targeting, but the core decisions about the use of American nuclear weapons must be made by Americans.

I think there are, however, alternative solutions to the problem. The first is for Europe—not France or Germany or even Great Britain, but Western Europe—to undertake a unified effort to arm itself with a genuine nuclear-deterrent capability. To do this would require an integrated program, not merely because of the expense, but chiefly because it would be necessary to create a unified command structure with the sovereign power to invoke the use of its nuclear weapons in the defense of Western Europe. It seems to me that it would be in the interest of the United States to encourage and assist Europeans to make this effort. We could then withdraw our forces from the Continent in an orderly fashion, leaving Europe with its own defense, and both Europe and America could thus minimize the risks inherent in the proliferation of separate national defenses.

This course need not involve, as might be first supposed, a return to isolationism on the part of the United States. On the contrary, the creation of a European entity capable of assembling and commanding a unified European nuclear deterrent could contribute to a stronger partnership, spanning the Atlantic, for the defense and development of our common civilization. I say it could contribute, because partnership is illusory if one partner is in a position to dominate the others. Just as there can be no authentic European entity under the hegemony of France, so there can be no equal partnership across the Atlantic until Europe has achieved cohesion to match and balance the unified power of the United States.

In addition to this advantage, there would be others incidental to Europe's assuming full responsibility for its own defense. The American adverse balance-of-payments problem would then lend itself to ready solution. It is entirely possible, also, that the vexing problems resulting from the artificial division of Europe between East and West, which do not seem amenable to negotiations between Washington and the Kremlin, could be approached from new perspectives by Europeans negotiating with Europeans.

If the problem of attaining a sovereign, integrated European Nuclear Defense Command proves to be insuperable, and this further step toward a more perfect union among the countries of Western Europe is not taken, there is the other alternative: Let Europe forgo nuclear armament and continue, so long as the cold war makes it necessary, to rely upon the United States to furnish the nuclear deterrent against a Soviet attack upon the Continent.

From our national point of view, this alternative is to be preferred; but I think that if we Americans are to be Europe's nuclear sentinels, stationed there for indefinite duty, then we have a right to ask our allies for fairer arrangements.

Let it be understood that we are there as invited guests, not as intruders; that our presence in Europe is no longer a rescue mission, extended by the strong to the weak, but simply a division of responsibility, as between rich equals, for mutual advantage. If we furnish our nuclear deterrent for the defense of Europe, as well as our physical presence to make this deterrent convincing to the Soviets, then Europe must make fair exchanges, including at least two elements:

1. No further diffusion of nuclear arms, for this will involve intolerable risks, both to us and to Europe itself. If we are to have the responsibility for holding at bay the weapons of mass destruction which might otherwise be used to smash or blackmail our NATO allies, we must ask that they rely on us to honor that trust in our common interest, come what may.

2. Equitable financial and economic arrangements to assist us in solving our adverse balance-of-payments problem. In this connection, it is notable that our military disbursements abroad contribute five times as much to the drain on our dollar resources as do all of our foreign-aid programs. There is no good reason why the force levels of American troops quartered in Europe should not be reduced, and the difference made up by an added commitment of European troops to the NATO command. It is essential, too, that European trade barriers against American agricultural and industrial products be reduced or removed as speedily as possible. Finally, we have a right to ask that Europe assume an increased share of the cost of aiding the underdeveloped countries of the world in those needy regions of Africa, Asia, and Latin America where the struggle with communism is yet to be won.

There are heavy burdens and responsibilities, for Europeans as well as for Americans, whichever alternative is chosen. And the choice, after all, is Europe's. Either course would seem acceptable to the United States. What is not acceptable is a continuation of present trends which point toward the disintegration of the Atlantic alliance, leaving a vacuum of policy and power, with diminished security for all.

These thoughts were largely the substance of an address I delivered this June at the Evangelical Academy in Tutzing, Bavaria, before a gathering of lay leaders representing various professional, business, and labor groups. The conference was attended by numerous German political leaders, including Chancellor Adenauer and Berlin Mayor Brandt.

Although I spoke only my personal views at Tutzing, the reaction to my speech caused me to feel that the United States ought to acknowledge openly that Europeans have their choices to make.

If nuclear parity for Western Europe becomes their chosen course, then it can be realized only through the creation of a genuine European deterrent. This would be a great step toward European union, even if it had to be undertaken initially without De Gaulle. An empty chair could always be left for France to occupy eventually.

We must never forget that the most critical test of a deterrent is its credibility. A substantial nuclear retaliatory force, able to survive and strike back lethally at an aggressor—commanded by Europeans—is the most believable deterrent that can be posed against any future threat to attack Europe. Its existence would minimize the risk that the Soviets might someday mistake our intention or our will to defend Europe as our own homeland, and thus reduce the chance of war.

Further, the establishment of such a force in Europe would enable us to restore normalcy to our relationship with the continent. History has a way of abhorring anomalies. It is as unnatural for American troops and weapons to be stationed indefinitely on European soil, as it would be for French, British, or German soldiers to be permanently billeted here in the United States.

Finally, the deliberate substitution of a European nuclear force would permit the orderly withdrawal of American power from Western Europe, under conditions of our own choosing, without impairment of Europe's security or our own.

I must report, however, that German reaction seemed heavily to favor the second of the alternatives I suggested—a confining reliance on the U.S. nuclear deterrent. If other European opinion bears out the apparent German belief that Europe is not yet prepared to form a single nuclear command, it seems all the more important to me to confront the Europeans with the fact that they do have such an alternative within their reach and that this choice is theirs.

Our failure to do just this is helping to widen the gulf between the developing attitudes in Washington and the capitals of Western Europe. As James Reston recently observed in his column in the New York Times:

"The leaders in London and Bonn increasingly talk as if they were spectators rather than participants in the conflict between the giant nations.

"Britons see nothing odd in the fact that America should conscript its men to defend Europe while Britain has not only abandoned conscription but is hoping to bring its army back from Germany.

"The widely held assumption in West Europe is that Europe can be both protectionist and prosperous, self-sufficient economically and dependent on the United States militarily, and that Washington will go on putting 11 percent of its gross national product into defense and foreign aid while some of the allies are doing less than half as much proportionately.

"How this attitude of mind developed in Europe is clear enough. In the early postwar years of poverty and reconstruction, Western Europe not only came to rely on the United States but gradually accepted the idea that power in the modern world had become proportional to mass, and therefore that only gross material size (population, area, and raw materials) could be effective in world politics. There is now less evidence of poverty and unemployment anywhere in Western Europe than in many parts of the United States but this attitude persists and, what is more disturbing, seems to be growing."

Once the Europeans realize that we are not imposing our presence upon them for purposes of our own defense, and that their continued reliance upon our nuclear power is the result of their own decision, then they will see the justice in assuming an increased burden in conventional arms, as their share of the common effort, and in helping us to solve some of our financial problems which are directly related to the cost of our presence in Europe.

Moreover, for Europeans to make this choice consciously will reduce the appeal of de Gaulle's resistance to American leadership on the Continent, and render more acceptable our insistence that other European nations must forgo separate nuclear armaments of their own.

After I had spoken at Tutzing, one of the Germans in the audience said to me, "Senator, you have made a hard speech, but an honest one. To us, this is the best evidence of real friendship."

Another said, "As I see it, you have told us we will have to pay more. I think you are right."

THE WHEAT DEAL—WHO IS CONCEDING TO WHOM?

Mr. HRUSKA. Mr. President, since President Kennedy's announcement of this Nation's willingness to sell wheat to Russia, there has been a great deal of discussion as to whether the United States should not demand appropriate political concessions in return.

A thoughtful discussion of this matter appeared in this Sunday's edition of the Washington Post in an article by Mr. Zbigniew Brzezinski, director of the Research Institute on Communist Affairs and professor of public law and government at Columbia University.

Professor Brzezinski points out that the sale of wheat to the Soviets cannot be justified on humanitarian grounds:

> First of all, there is no famine in Russia. The Soviet people are not starving, and the government has not lost all of its ability to meet a food crisis. It could certainly divert some of its resources from heavy industry to better agricultural management and it is still capable of providing the basic staples to meet Russian needs.

The wheat deal, says this expert on Russian affairs, is vital to the Kremlin for two reasons:

> The first is the stability of the collective agricultural system itself. Over many years, that system has failed to deliver the goods, at least so far as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential.
>
> Secondly, the importation of wheat is necessary to the Soviet Union in order for it to meet its grain export commitments. These commitments are important to the Soviet leadership primarily for political reasons.

Thus, Mr. President, since the wheat deal is so clearly in the interests of supporting and maintaining the present Communist system, it seems particularly strange that the administration appears completely unwilling to follow the course suggested by Professor Brzezinski:

> This wheat deal ought to be viewed in a political perspective and U.S. negotiators ought to seek political concessions from the Soviets in return.

The same suggestion was made last week in Lincoln, Nebr., by Dr. Galen Saylor, chairman of the University of Nebraska's Department of Secondary Education.

Dr. Saylor, who has spent considerable time in Finland, reminded the Lincoln Kiwanis Club that Russia insists on political guarantees from Finland in order that the Finns may gain trade agreements with the Soviets.

> Why not turn the tables on Russia now that she needs the wheat? If she balks at our conditions, let her go elsewhere for wheat. The sale of a mere fraction of our surplus wheat is not so important as to justify a compromising, timid attitude towards international relations on our part.

It is interesting, Mr. President, that Dr. Saylor used the word "compromising," because that is exactly the word Sunday's New York Times used in its headline over a story by William M. Blair which relates that the administration is backing away from its initial insistence that the wheat be shipped to Russia in American vessels.

Mr. Blair reports that the United States has proposed to lower the rates paid to American shipowners and that the cargoes will be divided between United States and foreign-flag shipping.

Thus, Mr. President, instead of winning concessions from the Soviets, the administration is eagerly seeking to accommodate to Russian demands. It is we, not they, who are making the concessions.

Last week, speaking to a Nebraska audience about the wheat sale, I stated that Russia's principal purpose in making the purchase was to resell the wheat to other nations for a profit. Her concern, in other words, was not to relieve any hunger within her own borders, but to fulfill wheat export obligations to the Eastern Europe satellites, to Latin American nations and elsewhere. In this fashion Russia clearly intends not only to get back the $250 million she would pay to the United States for the wheat, but also to reap a profit by the transaction.

Is it not curious that with our own commodities and cooperation, the same nation which has boasted she will bury us—and which therefore compels us to expend a $1 billion a week, every week in the year, to maintain an invincible defense posture—is assured of getting a profitmaking $250 million wheat sale without giving any concessions on her own part? One could say this is a mighty poor showing for well-known Yankee shrewdness. I only hope that the Kennedy round elsewhere is more successful.

Last Friday night in my home city of Omaha, a White House spokesman attempted to reply to the portion of my remarks about Russia's use of the wheat purchased for resale to other nations. In part, he stated:

> Possibly Senator HRUSKA has information the Central Intelligence Agency, the Department of State, and the Department of Agriculture do not have. From the best information that could be gathered, the Russians do need wheat for internal commitments.

Mr. President, the information upon which this Senator based his statement came from the State and Agriculture Departments. Speaking in the Senate on October 2, Senator COOPER told of the joint meeting which the Senate Foreign Relations Committee and the Senate Agriculture Committee held on September 30. Present in addition to the members of the committees were the Under Secretary of State George Ball, Secretary of Agriculture Orville Freeman, and Secretary of Commerce Luther Hodges. Senator COOPER attended the meeting. He told this body:

> If the proposal were to relieve hunger in Russia, I have no doubt that there would be no great objection by the Congress and the people generally, because the relief of hunger wherever it may occur has been the traditional policy of our country * * *. But it is not claimed by the executive branch of our Government that the wheat is needed to relieve hunger in Russia.

And at another point in his thoughtful remarks, Senator COOPER declared:

> I conclude by saying that the proposed sale of wheat may not be a major transaction. On the other hand, it would not relieve hunger in the Soviet Union. It would enable the Soviet Union to meet its trade commitments.

These conclusions were reached by the Senator from Kentucky after listening to the discussions of the Under Secretary of State, the Secretary of Agriculture, and the Secretary of Commerce. If the administration were not so averse to Cabinet meetings, perhaps the White House spokesman to whom I have referred would have learned what is generally known and accepted in the Capital and which Mr. Brzezinski put in these words in his Washington Post article:

> First of all, there is no famine in Russia. The Soviet people are not starving, and the Government has not lost all of its ability to meet a food crisis.
>
> Second, the importation of wheat is necessary to the Soviet Union in order for it to meet its grain export commitments. These commitments are important to the Soviet leadership primarily for political reasons.

Mr. President, I ask unanimous consent to have printed in the RECORD Professor Brzezinski's article from the November 3 edition of the Washington Post, an account of Dr. Saylor's speech which appeared in the November 1 edition of the Lincoln Journal, and Mr. Blair's article from the November 3 New York Times.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Post,
Nov. 3, 1963]

POLICIES OF WHEAT DEAL GIVES UNITED STATES UPPER HAND

(By Zbigniew Brzezinski)

It has been argued that the wheat deal with the Soviet Union is desirable on humanitarian grounds. If Russian people are starving, the United States should not stand back, said former President Truman on the radio, and he has been echoed by some clergymen and by various people of good will.

Others have suggested that the wheat deal is purely a matter of economics. The Russians need our wheat; we can use their gold. Their food needs will be met; our food surpluses will be diminished. We both gain equally.

The humanitarian argument can be dismissed quickly. First of all, there is no famine in Russia. The Soviet people are not starving, and the Government has not lost all of its ability to meet a food crisis. It could certainly divert some of its resources from heavy industry to better agricultural management, and it is still capable of providing the basic staples to meet Russian needs.

Even if all the Western countries were to refuse wheat to Russia, no Russian would starve because of it. There is no doubt, however, that certain kinds of foods would be in short supply, and this would create considerable social and political difficulties for the Soviet Government.

OUTRAGEOUS APPROACH

The economic argument is more complex. The simple equation of profit and trade is deeply rooted in the American tradition, and it is not easy to convince an American that the Soviet approach to the problem is somewhat different. Yet as George Kennan has amply demonstrated in his book, "Russia and the West," the Soviet approach to the problem of trade is a highly political one.

Writing about the Soviet attitude toward the West in the very early 1920's, Kennan thus projected the Soviet reasoning on the subject of trade with the West:

"We despise you. We consider that you should be swept from the earth as governments and physically destroyed as individuals. We reserve the right, in our private, if not in our official capacities, to do what we can to bring this about: to revile you publicly, to do everything within our power to detach your own people from their loyalty to you and their confidence in you, to subvert your Armed Forces and to work for your downfall in favor of the Communist dictatorship.

"But since we are not strong enough to destroy you today—since an interval must unfortunately elapse before we can give you the coup de grace—we want you during this interval to trade with us. An outrageous demand? Perhaps. But you will accept it nevertheless.

"You will accept it because you are not free agents, because you are slaves to your own capitalist appetites, because when profit is involved, you have no pride, no principles, no honor. In the blindness that characterizes declining and perishing classes, you will wink at our efforts to destroy you, you will compete with one another for our favor."

One may wonder, in the light of the 1962 Cuban confrontation and Khrushchev's general policy of "burying" us, whether this approach has changed so very fundamentally.

A NECESSARY FAILURE

To the Soviet leaders, the wheat deal is political because two very vital Soviet political interests are involved. The first is the stability of the collective agricultural system itself. Over many years, that system has failed to deliver the goods, at least insofar as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential.

A recent critical reevaluation of the Stalinist drive for collectivization, published in Voprosy istorii, state quite categorically that the collectivist system was necessary in order to build socialism in the Soviet Union and for the defense of the country. Mounting consumer dissatisfaction with the inability of the present agricultural system to produce adequately might, over the long haul, force the Soviet leaders to revise the agricultural system. However, if the Soviet leadership finds other means of meeting domestic needs; i.e., imports paid for with gold, it can perpetuate the collectivist system.

Collectivization was abandoned in Poland and Yugoslavia because the leaderships had no way out. By importing wheat, the Soviet leadership sees a way out, and hence the wheat deal is necessary to Moscow in order to maintain its domestic system of collectivization.

EXPORTS POLITICAL, TOO

Second, the importation of wheat is necessary to the Soviet Union in order for it to meet its grain export commitments. These commitments are important to the Soviet leadership primarily for political reasons.

Last year the Soviet Union exported approximately 7.8 million tons of grain, of which wheat constituted 4.7 million tons. The list of clients shows clearly the political importance of the exports: the largest consumer was East Germany, followed successively by Czechoslovakia, Poland, Brazil and Cuba.

The restriction that President Kennedy wishes to impose on the reexportation of American grain to these countries creates a technical impediment to such exports. The Soviet Union would not be able to ship them American wheat directly. Nonetheless, the availability of American wheat, and indeed of other Western wheat, would mean that Soviet grain itself could be exported to the countries concerned. Hence the political problem would not be resolved by the proposed restriction.

The above comments should not be construed as an argument against an American-Soviet wheat deal. They are meant to suggest, however, that this wheat deal ought to be viewed in a political perspective and that U.S. negotiators ought to seek political concession from the Soviets in return.

Naturally, there would be no point in expecting fundamental concessions. For example, it would be illusory to expect a Soviet acknowledgement of our position in Berlin in return for our willingness to sell Russia some wheat; there is no political equivalence between these two interests. However, on a number of marginal issues, there is no reason why the United States should not insist on a quid pro quo.

For example, it would seem ironical for the United States to be enabling the Soviet Union to maintain its collectivized agriculture and its politically motivated grain exports and at the same time for this country to endure continued Soviet harassment in its access to Berlin. At the very least, our negotiators could insist on a clear reciprocal understanding of the technical arrangements involved in Western access.

Similarly, we could demand that the Soviets lift their travel restrictions within Russia. Indeed, a political quid pro quo should be sought in the case of other so-called nonpolitical, technical arrangements.

For many years, for reasons of political prestige and also as a precedent, the Soviet Union has been very anxious to establish direct American-Soviet air links. Perhaps there is no reason to oppose such links, but it might be preferable to negotiate about them in the context of a reciprocal Soviet willingness to meet some of our political objectives.

Of course, proponents of the purely "economic" approach might say that if our position is too hard, the Soviet Union will buy the wheat somewhere else. That may be true, but the argument is not entirely convincing. If the Soviet Union could easily buy wheat elsewhere, then why does it not do so?

It either wishes to deal directly with the United States because that would strengthen the impression in the West and elsewhere of an American-Soviet detente—an impression which intensifies Western European fears concerning the American position; or, conceivably, the Soviet Union does not see other markets so readily available and the American wheat is thus of some economic importance to it as well.

One may safely assume that the Soviet Union is not anxious to buy American wheat merely in order to reduce our balance-of-payments difficulties and to alleviate our own internal agricultural problems.

Finally, it should be stated unambiguously that it would be wrong to conclude that since the wheat deal is political, the United States should have no part of it. That is fallacious and extreme. It would be a pity if we failed to use the limited leverage that this particular situation affords.

Since the Soviet Union wishes to buy wheat from us, it puts us in a favorable bargaining position. By all means, we should go ahead with the deal, but our approach should be very conscious of its essentially political character.

[From the Lincoln (Nebr.) Journal, Nov. 1, 1963]

DEMAND MORE THAN DOLLARS: TEACHER TALKS ON WHEAT SALE

A University of Nebraska professor Friday called for the United States to demand concessions besides dollars in any sale of wheat to the Soviet Union.

Dr. Galen Saylor, chairman of NU's Department of Secondary Education in Teachers College, drew from his experiences teaching in Finland last year while addressing the Lincoln Kiwanis Club.

Dr. Saylor noted Russia insists on political guarantees from Finland in order that the Finns may gain trade agreements with the Soviets.

"Why not turn the tables on Russia now that she needs wheat?" the professor asked.

"If she balks at our conditions, let her go elsewhere for wheat. The sale of a mere fraction of our surplus wheat is not so important as to justify a compromising, timid attitude toward international relations on our part."

Dr. Saylor said that American people should impose conditions leading to a lessening of international tensions as an additional basis for the wheat deal.

[From the New York (N.Y.) Times, Nov. 3, 1963]

UNITED STATES GIVES SOVIET COMPROMISE PLAN FOR WHEAT RATES—SUGGESTS PROVIDING VESSELS FOR 20 TO 30 PERCENT OF GRAIN AT A COST OF $18 A TON—RUSSIANS WEIGH OFFER—APPROVAL WILL END DEADLOCK—BULGARIA MAY PURCHASE $8 MILLION IN TOBACCO

(By William M. Blair)

WASHINGTON, November 2.—The United States has moved to break the impasse on its shipping rates that has held up sales of wheat to the Soviet Union.

A new proposal, which the Russians are understood to be considering over the weekend, would involve concessions by both sides. It includes a lowered U.S. cargo rate and a division of $250 million worth of wheat between American and foreign-flag vessels.

The sale of up to 4 million tons of wheat has been blocked because U.S. cargo schedules have been $10 to $13 or more higher than foreign charter charges for shipments to Black Sea and Baltic ports.

STIPULATION BY KENNEDY

President Kennedy stipulated that wheat sold to the Soviet Union and its satellites should be carried in American vessels, as available, supplemented by foreign ships.

It is understood that the United States is willing to provide a cargo rate of $18 a ton if 20 to 30 percent of the wheat is carried in American vessels. Payment for this amount would be in dollars or gold.

The $18-a-ton rate compares with the $21 a ton recently offered by a group of tramp-ship owners to move wheat to the Soviet Union. The tramp-ship operators, whose unscheduled vessels ply between any ports where cargo is available, recently reduced their rate by $5 from $26 a ton.

FOREIGN SHIPS TO BE USED

Presumably, the remainder of the wheat purchase, 70 to 80 percent, would be carried by foreign vessels at the world charter rate of about $12.50 a ton. This amount of wheat would be paid for through normal commercial credits of about 18 months.

The $18-a-ton figure was said to have been worked out with American tramp-ship owners, whose vessels are regarded as most suitable by wheat shippers, at an unannounced meeting earlier this week in New York. It was understood that ship representatives and officials of the Commerce Department had agreed that ships or tankers of larger capacities—16,000 to 20,000 tons—could handle nearly 720,000 tons of the wheat.

Later, it was said, one other shipping line had offered to handle 200,000 more tons. This would put the amount of wheat to go in American vessels at 920,000 tons, or about 23 percent of the projected total shipments.

A survey by shipowners and Government officials indicated that the 23 percent was about all that could be carried by the U.S.-flag ships now available.

A division of the shipment between U.S.- and foreign-flag vessels has been regarded as the most likely solution. If acceptable to the Russians, the Maritime Administration will set a guideline for U.S. shippers. In effect, the guideline would be a ceiling rate of $18 a ton.

If the rate quoted by a shipowner to a private grain trader who negotiates a sale to the Russians falls within the $18-a-ton schedule, the Maritime Administration would certify the ship as available. The Department of Commerce then could issue an export license for the sale.

There was speculation in trading circles on what concessions would be made to shipowners for meeting the $18 rate. It is known that in the first meeting here of shipowners with the Maritime Administration last week the shippers sought a 10-percent increase in rates for shipments of surplus agricultural products under foreign aid programs.

Under Federal law, 50 percent of foreign aid shipments must be made in U.S. ships. This requirement would not apply to the proposed sale of wheat to the Soviet Union because it would be made by commercial companies.

The shipowners argued that there had been no "adjustment" of foreign-aid shipment rates since 1957, and that since then their costs, including labor, had risen.

The division of the wheat shipments would also placate foreign maritime nations. Several countries have informally protested that the "American bottoms" condition laid down by President Kennedy was discriminatory and contrary to U.S. endorsement of free trade principles.

Several countries were considering a strong, concerted representation, or informal diplomatic protest, to the United States on the wheat sale. These included Britain, the Netherlands, Belgium, France, Spain, Italy, Norway, Sweden, Denmark, Greece and possibly Japan. Norway was one of the first to protest.

The latest effort to reach some sort of agreement was made in a meeting at the Department of State with Sergei A. Borisov, First Deputy Trade Minister of the Soviet Union. The United States was represented by Under Secretaries George W. Ball of the State Department, Charles S. Murphy of the Department of Agriculture and Franklin D. Roosevelt, Jr., of the Department of Commerce.

It was also learned that at least six more export licenses had been filed with the Commerce Department for shipments of wheat, soybeans, tobacco, and cotton to Communist countries.

ALCOHOL SALE POSSIBLE

The Russians were also understood to be interested in buying some 300,000 tons of industrial alcohol, possibly for use in the manufacture of fertilizer. Premier Khrushchev has called on Soviet farm planners to produce more fertilizer to increase food production.

A major surprise among the pending applications was for an $8 million sale of tobacco to Bulgaria. It was said that Bulgaria, which grows tobacco, must need tobacco to keep her mills running. The application was made by the A. C. Monk Co. of Farmville, N.C.

The applications covering wheat were for 100,000 long tons of wheat for $7,600,000 by Cargill, Inc., of Minneapolis and 50,000 long tons for $4,200,000 by the Continental Grain Co. of Minneapolis. A long ton is 2,240 pounds.

The first application for cotton called for the sale of 375,000 pounds of cotton linters at $17,500 to the Soviet Union. It was filed by Reis & Co. of New York.

Export licenses already have been issued for $7,900,000 in agricultural products since the President approved such sales on October 9.

A check of licenses issued turned up a sale to East Germany of soybeans and tobacco. The total sale was $896,000. The other sales were of corn, soybeans, and soybean meal to Hungary.

THE 182D ANNIVERSARY OF ELECTION OF JOHN HANSON, OF MARYLAND, AS FIRST PRESIDENT OF UNITED STATES IN CONGRESS ASSEMBLED

Mr. BEALL. Mr. President, today is the 182d anniversary of the election of John Hanson, of Maryland, as the first President of the United States in Congress assembled. That election came under the Articles of Confederation and Perpetual Union. It preceded the adoption of the Constitution of the United States and the election of George Washington as President by 7 years.

It is the restrictive words "in Congress assembled" that keeps John Hanson's name from the list of U.S. Presidents, and from the No. 1 spot in that list.

As a Member of the Continental Congress, John Hanson, of Maryland, was elected President of the Continental Congress on November 5, 1781.

John Hanson should be remembered and honored, not only as "technically" the first President of the United States, but also for his part in helping to put Maryland into the Confederation and in the early formation of our Nation.

John Hanson was born at Mulberry Grove, near Port Tobacco, Charles County, Md., on April 3, 1715. After pursuing an academic course in school and engaging in farming, he became a member of the Maryland House of Delegates. Here he served for nine terms. John Hanson was elected to the Maryland Senate in 1757 and served in the Senate until 1773. He moved to Frederick County and was quite active in pre-Revolutionary matters. He was a delegate to the General Congress in Annapolis in 1774, and was a member of the Maryland Convention of 1775 which issued the declaration known as the Association of Free Men of Maryland.

Following this, John Hanson became a Member of the Continental Congress and its President.

History credits Hanson with helping to put Maryland into the Confederation at a time when many residents of the State wanted to go it alone. It was later recognized that Maryland's teamplay in the Confederation seasoned her for the Union later on.

It was in his capacity as President of the Continental Congress that John Hanson tendered Gen. George Washington, on November 28, 1781, the thanks of the Congress for Washington's victory at Yorktown.

When John Hanson retired from public life he settled at Oxon Hill in Prince Georges County, Md. Thus John Hanson, the first President of the United States "in Congress assembled" was born, educated, worked, served his country, retired, and died in his beloved State of Maryland.

Incidentally, a grandson, Alexander Contee Hanson, served in the U.S. Senate with distinction.

In my opinion, Mr. President, it is well for us to hold on to the memory of these great men who helped form our great Nation, destined to lead the world. We remember and honor John Hanson, of Maryland.

STAY-IN-SCHOOL EFFORTS PAY OFF

Mr. BAYH. Mr. President, in this 1st session of the 88th Congress, I have attempted to identify myself with the efforts of this body to solve some of the great problems that confront our Nation's younger citizens. I have supported the Youth Employment Act, the Manpower Development Act, the Vocational Education Act, the Juvenile Delinquency and Youth Offenses Control Act, and several corollary pieces of legislation that, while not directly affecting youth, will, in the long run, greatly aid them.

All of these are good, sound programs that reflect a concern for the well-being of our Nation's most precious resource—its youth.

However, my remarks today are not to extol the virtues of any program of Washington origin. Today, I wish to call attention to what a group of aroused and dedicated citizens have done in order to insure a brighter future for the young people of Indianapolis, Ind.

All of us realize the importance of education to our Nation as a whole and to each individual. The results of inadequate educational attainment are lower earning capacity, higher rates of unemployment, dependence upon public aid and higher rejections for military service.

While this is realized, statistics still tell us that 30 to 40 percent of the pupils currently in the fifth grade will not remain in school to receive their high school diplomas. Therefore, if present trends continue, we as a nation will have 7½ to 8 million high-school dropouts in this decade.

While the Indianapolis problem is not as great as it is in larger metropolitan areas, Indianapolis women realize that unless this problem was met head-on, it would soon assume alarming proportions.

Therefore, a stay-in-school project was initiated. Its purpose was to encourage would-be high school dropouts to continue their education. The project was sponsored by the Indianapolis News and under the skillful guidance of Mrs. Margaret Moore. Mrs. C. B. LaDine is chairman of the stay-in-school committee.

Under their direction, 107 women received dropout lists from Indianapolis public high schools. These volunteers immediately wrote letters to prospective dropouts in order to determine the cause of their failure to return to school. Person-to-person visits were then carried out. If lack of proper clothing, or money for lunches, bus tickets, or books, was the cause of leaving school, these funds or supplies were provided. Part-time jobs were found for those needing them. Remedial reading facilities were made available to slow readers.

The results—257 would-be dropouts in the Indianapolis area are in classes this very minute due to the hard work of these civic-minded women.

As I see it, there are two things of significance about this program. First, the entire project required no public funds. Local initiative and foresight supplanted the use of taxpayers' dollars. Second, the comprehensive nature of this program, coupled with the extra effort of the volunteers insured success. A careful reading of this article shows that the Indianapolis public school system, the press, the Indiana Literacy Council, private tutors, women's clubs, church groups, and sororities were well mobilized.

The wide-range causes for the dropouts demand nothing less than a comprehensive approach to the problem. This method was complemented by the many extra hours of difficult and taxing work of the 107 volunteers.

Mr. President, I ask unanimous consent to have this article reprinted in the CONGRESSIONAL RECORD for the benefit of any and all who wish to help youth help themselves. I ask Members of the Senate to join me in congratulating these dedicated, hard-working women.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STAY-IN-SCHOOL EFFORTS PAY OFF

(By Margaret Moore)

Personal counseling by volunteer women has prompted the return of 157 dropouts to Indianapolis schools.

In addition, more than 100 other youths returned to classes last week as a result of personal letters written by volunteer women, and phone conversations with dropouts.

A total of 107 women, volunteers in the News stay-in-school drive, are responsible for the success of the project. The person-to-person program required weeks of work including home visits, arrangements for clothing, lunches, bus tickets, books and fees, remedial reading, and employment.

Mrs. C. B. LaDine, president of Seventh District Federation of Clubs, is chairman of the stay-in-school committee.

The project was carried out in cooperation with Indianapolis public schools, and needs of youths were established through investigation.

The returning dropouts who had person-to-person counseling are enrolled as follows: Arlington, 2; Attucks, 58; Howe, 3; Manual, 2; Northwestern, 1; Shortridge, 6; Tech, 66; Washington, 11, and Wood, 7.

Many of the others are enrolled in evening schools at Attucks, Tech, and Washington. Some dropouts whose families moved were assisted in enrolling in Marion County schools and elsewhere in Indiana. Dropouts from Broad Ripple with whom volunteers worked returned to other schools.

One Indianapolis dropout, through help of a volunteer woman, is enrolled in New York City, and another in Germany.

Names of dropouts were listed by principals of all Indianapolis high schools and given to the News stay-in-school committee.

Personal letters were mailed by the women volunteers to all these dropouts. Enclosed in the letters were stamped, addressed return cards listing many reasons for dropping out of school—need of a job, clothing, lunches, bus tickets, books or fees, glasses, remedial reading, babysitter, advice on career, etc. Dropouts were asked to check their needs in order to return to school.

The entire project has required no public funds. Women's clubs, church groups, sororities, and other organizations have made contributions from bazaars, chili suppers, candy sales, benefit style shows, book reviews, and apron sales.

Seven organizations have chosen aid to dropouts as a year-round project.

CLOTHING PROVIDED FOR MANY

Sixty-three youths who stayed at home many days because they were ashamed of their clothes are in classes now with attractive and serviceable outfits.

Mrs. J. C. Fix, chairman, Mrs. Russell Justice, Mrs. Harvey Shawver, Mrs. Robert Udell, Eva J. Lewis, and other volunteers manned a room provided for clothes at the YWCA, 329 North Pennsylvania. More than 2,000 items of school clothes have been given by individuals and groups.

A 17-year-old who had been classed as a "slow learner" was fitted with his first pair of glasses.

"I can see for the first time since I was in the sixth grade," he told his volunteer counselor.

Arrangements for nursery school were made for the 4-year-old child of a teenage mother who wanted to return to school in order to support the little boy.

Thirty-three jobs, part-time and 40-hour week, have been obtained for returning dropouts who could not return to school without means to help themselves or needy families.

Mrs. Harold E. Rodden, employment chairman of the volunteer project, worked with personnel directors of retail stores, industries, and other firms, in placing the youths.

HELP IN READING PROVIDED

Two high school graduates, whose names inadvertently appeared on the dropout list provided by schools, were aided in obtaining college scholarships.

Twenty-one returning dropouts are receiving assistance in remedial reading by volunteer teachers headed by Dr. Margaret Fisher, president of the Indiana Literacy Council.

Inability to read was one of the chief causes of dropouts counseled by the volunteer women. Many have been placed in special classes.

"I couldn't read in the fifth grade," an 18-year-old girl told Mrs. O. U. Mutz. "And I didn't learn in the sixth or seventh. Nobody seemed to care then."

Seventy-five percent of the returning dropouts told women volunteers that lack of direction and personal counseling caused them to leave school.

Five young married women, neighbors in a five-block area, returned to evening school through help of interested women.

"We read about others going back to school," a 24-year-old mother of three said. "And we decided we couldn't wait any longer to finish high school. We want to be better able to take care of our families."

Mrs. Addison Dowling, one of the 28 volunteer women who worked last year on a pilot project in which 28 dropouts returned, has helped to rehabilitate an entire family.

"I can't fail," the teenage girl in the family told Mrs. Dowling. "Because you care so much."

Miss Belle Ramey, another former teacher who has helped with the pilot project and this year's big-scale program, went to three schools to help her three pupils register.

Mrs. David Cook, Mrs. L. R. Mottern, Mrs. Hugh Gibson, Mrs. William Weisell, Mrs. Bruce Richards, Mrs. Floyd Hughett, and other women can take credit for getting more than one youth back in school. Sara C. Ewing aided nine dropouts this fall in returning to pupil status.

STUDY TABLES ARE ARRANGED

All 107 women plan to follow through with the young people assigned to them and assist them to stay in school.

Mrs. Ernest Campbell heads a group of former teachers who have offered to tutor these young people during the year.

Twenty-nine parent groups have offered to set up study tables in their areas and keep on the lookout for potential dropouts in elementary and high schools.

Leaders of the stay-in-schol committee have been asked to speak to caseworkers of the children's division, Marion County Department of Public Welfare, Wednesday morning. Miss Helen Heady, director, said, "I'm sure the workers can help to encourage children to work harder and take more interest in school."

Camp Fire leaders of the Central Indiana Council who will meet Tuesday also have asked the volunteer stay-in-school women to speak on "Stay-in-School Pointers."

OTHER CITIES ASK INFORMATION

Requests for the pattern used by Indianapolis women are being received almost daily from across the Nation.

L. M. Livingston, principal of North Vernon High School, has asked Mrs. LaDine, Mrs. Marshall Lincoln, and Margaret Moore to speak to high school teachers and volunteer women at North Vernon on October 8.

"We hope you'll let us use your plan in Crawfordsville," Judge Howard A. Sommer of Montgomery Circuit Court, said. "We want you to come to Crawfordsville to talk with volunteers."

Mrs. David W. Martin, Fort Wayne, first vice president of the Indiana Federation of Clubs, and Mrs. Parke Jessup, Westfield, education chairman, have reports from eight counties where the Indianapolis plan is to be initiated. Club women will help to get dropouts back in school.

Congressman DONALD BRUCE, Member of the House Committee on Education, has asked leaders of the movement to testify before the committee in Washington.

Congressman WILLIAM BRAY, of Martinsville, said, "there's no parallel to the Indianapolis person-to-person plan in the United States. We could lick the national dropout problem by initiating this program through women's groups across the country."

Gov. Matthew E. Welsh has asked the Indianapolis women to make their return-to-school plan available to two State groups.

"The Indiana Legislative Advisory Commission on Dropouts and the Indiana Youth Council will welcome your assistance," he said. "I suggest you meet with both groups and help them solve the statewide problem."

Pierre Salinger, Press Secretary to President John F. Kennedy, wrote to Mrs. Lincoln from the White House this week asking for full information on the Indianapolis plan to refer to the President.

Dr. Phillip D. Gaffney, of the Education Department, Arizona State University, has requested information about the return of dropouts in Indianapolis for his classes in education.

ABILENE REPORTER-NEWS REPORTS ON TEXANS IN THE PEACE CORPS

Mr. YARBOROUGH. Mr. President, I am pleased and proud that my fellow Texans are playing such an important role in the Peace Corps, one of the greatest successes of this administration.

In order to share with my colleagues the work Texans are doing in the Peace Corps, I ask unanimous consent that the following article by Ned Curran in the Abilene (Tex.) Reporter-News be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PEACE CORPS IS TEXAS FLAVORED

(By Ned Curran)

WASHINGTON.—Even the Peace Corps has a Texas look.

From Deputy Director Bill Moyers to a 76-year-old volunteer from Dallas, the Corps is shot through with nearly 160 Texans. And Vice President LYNDON JOHNSON is Chairman of the Peace Corps Advisory Council.

The real Peace Corps image, of course, is being formed by the volunteers of which there are a total of 5,466 overseas. Of these, 153 are Texans, ranking the State 11th in the Nation as a wellspring for Peace Corps workers.

The Texas corpsmen are scattered from Pakistan to Nigeria and represent almost as divergent areas of this home State. Their hometowns stretch from El Paso to Baytown.

Perhaps the most unusual Texan in the Corps is 76-year-old Ralph Cole of Dallas. A civil engineer before he became a volunteer, Cole is now in Pakistan doing the same kind of work. He is not above a little diplomacy either, according to a Peace Corps report.

Cole is asked continually by the Pakistanis why the United States keeps giving arms aid to India without insisting on settlement of the Kashmir border dispute between India and Pakistan. Cole's stock answer is that "they're doing it all without my permission."

In case Cole runs out of answers, the Peace Corps has at least one Texan in India to balance things out. Joe Pena of El Paso is involved in a unique enterprise with three other volunteers. They have set up their own machine tool factory in a small town and are attempting to mass-produce farm equipment.

With only a gas station job during high school as background, Joe has joined the others in setting up the miniature factory as a co-op that is fast becoming a boom in the heavily agricultural area.

EDINBURG NURSE

In the neighboring new Federation to Malaysia, Marilyn Billimek, a nurse from Edinburg, is plying her trade in a hospital. The most trouble, according to Marilyn, "to keep from spinning my wheels in trying to find workable substitutes for ordinary things like cleansing tissue and diapers."

There are two Texans in Brazil, slightly closer to home, Nelson Jacob of Goliad and John S. Alfred, of Baytown. Both are in agricultural extension work and Jacob doubles as an English teacher in a remote hamlet. Commenting on the graduation custom in his school in which the students choose their sponsor both for graduation and a dance afterwards, Jacob reported that he was picked by the "ugliest girl in the class."

Richard Moos, of Hondo, is even closer to home, in El Salvador where he is busily engaged in trying to show the natives literally how to make better hay. It seems there is no haymaking in the little country despite lush growth and long dry spells. Moos is using new grass varieties and trench silos to change all that.

"Minding the store" in Washington is a covey of Texans who operate the business end of the Corps. Moyers, who is second in command to Director Sargent Shriver, is considered one of the outstanding men in Government. At 28 he was one of the youngest Presidential appointments in history to be confirmed by the Senate.

Moyers was graduated from the University of Texas and won a Rotary International scholarship for a year's study abroad. He was information director for the Southwest Baptist Theological Seminary in Fort Worth before joining the then Senator JOHNSON's staff in 1959.

HARDIN-SIMMONS UNIVERSITY GRADUATE

A trio of Texans help publicize the Peace Corps at home and abroad. Deputy Associate Director for Public Affairs is Lloyd Wright, of Hale Center; Phillip D. Hardberger, of O'Donnell, is communications director; and Ruth Schumm, of Dallas, is a special feature writer.

Wright, who helps direct recruiting and information and advertising, is a Hardin-Simmons graduate, president of the Hardin-Simmons University Student Council in 1952–53. He is also a former publicist for Texas Baptist organizations.

Hardberger, another Texas Baptist alumnus, is a Baylor graduate and possessor of a varied newspaper and writing background.

Miss Schumm was formerly with the Washington bureau of the Dallas Morning News and then a member of Vice President JOHNSON's staff. She is one of Washington's best known newspaper women.

TEXAS HAS OPPORTUNITY TO REPEAL ITS POLL TAX ON NOVEMBER 9

Mr. YARBOROUGH. Mr. President, this past weekend, Saturday, November 2, I had the pleasure of speaking at an antipoll tax rally in Corpus Christi, Tex., sponsored by the league of women voters and other groups. This meeting was also addressed by the mayor of Corpus Christi and a number of other speakers.

Texas has an election on November 9, 1963, and on the ballot will be a proposed amendment to the State constitution to allow a vote for or against repeal of the poll tax as a prerequisite for voting in elections. The league of women voters has performed a distinguished public service in Texas in bringing this vital issue to public attention, and in leading the fight for repeal.

Those of us who have worked for years for abolition of the poll tax as a shackle on the voter of low income are pointing out that vast confusion will result in Texas when the Federal amendment passes, if Texas retains a poll tax on the State level.

Because there is some national interest in the outcome of Texas' November 9 election for or against repeal of the poll, I ask unanimous consent to have printed in the RECORD, an excerpt from my remarks at an antipoll tax rally held in Exposition Hall in Corpus Christi, Nueces County, Tex., on November 2, 1963.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The poll tax is a barricade to voting. The records prove it. It is a startling fact that of the 11 States with a poll tax requirement for voting since 1920, all 11 States had the 11 worst records for low percentage of people voting in the entire United States in national elections in 1958 and again in 1960.

Let's take 1960 first. A State-by-State breakdown of voter percentages in votes cast in November 1960, for presidential electors, shows the 11 States with a poll tax history since 1920, have the worst 11 State voting records in this order, and I quote from Census Bureau figures:

North Carolina, 40th with 54.3 percent of adults voting.

Tennessee, 41st with 50.6 percent of adults voting.

Florida, 42d with 49.8 percent of adults voting.

Louisiana, 43d with 45.7 percent of adults voting.

Texas, 44th with 43.4 percent of adults voting.

Arkansas, 45th with 41.7 percent of adults voting.

Virginia, 46th with 34.4 percent of adults voting.

South Carolina, 47th with 31.5 percent of adults voting.

Georgia, 48th with 31.3 percent of adults voting.

Alabama, 49th with 31.2 percent of adults voting.

Mississippi, 50th with 25.6 percent of adults voting.

Of these 11 States, Alabama, Arkansas, Mississippi, Virginia, and Texas still have a poll tax. Of the remaining six with a poll tax history, Tennessee abolished the poll tax as a voting requirement in 1959; South Carolina in 1950; Georgia, 1945; Florida, 1937; Louisiana, 1934; North Carolina, 1920. Regardless of why an individual State may have decided to impose a poll tax, there is absolutely no question that it has served as a shackle on the potential voter, a barrier to the ballot box, a blockade on a full voter participation, and continues to do so where it is in effect.

By contrast, some of the States with higher turnout of adults voting for President in 1960 are:

Idaho with 80.6 percent of adults voting.

New Hampshire with 80.6 percent of adults voting.

Utah with 79.9 percent of adults voting.

South Dakota with 78.8 percent of adults voting.

California with 70.6 percent of adults voting.

New York with 67.6 percent of adults voting.

Back in 1958 the same 11 States with a poll tax history at sometime since 1920, still ranked as the 11 with the lowest and worst voting record. At that time there were only 48 States. The position of the 11 poll tax States changed a little, but they still had the worst voting percentage turnout of the 48 States. Here is how they ranked in the November 1958 election, in votes for U.S. Representatives:

North Carolina, 38th with 24.7 percent of the adult population voting.

Virginia, 39th with 19.8 percent.

Tennessee, 40th with 18 percent.

Florida 41st with 17.4 percent.

Texas, 42d with 14.5 percent.

Alabama, 43d with 13.2 percent.

Louisiana, 44th with 10.4 percent.

Georgia, 45th with 6.9 percent.

South Carolina, 46th with 6.4 percent.

Arkansas, 47th with 5.8 percent.

Mississippi, 48th with only 5.3 percent.

The 11 States with a poll tax history ranked the lowest, though 6 had repealed their poll taxes, some a generation ago. Once a State suffers voter discrimination for a long period of years because of the poll tax barrier, the removal of that barrier does not result in all adults voting immediately. Years are required before the majority of adults, barred from voting by the poll tax, acquire the habit of voting after that poll tax shackle is cast off. Texas needs to cut down the poll tax bars, and to begin the job of training her people for full voter participation. History shows that it will take years of hard work by many people and organizations to rid a majority of adult Texans of the generations-old habit of not voting.

I am coauthor of the proposed amendment to the Constitution of the United States (the impending 24th amendment) which would abolish the poll tax as a requirement to vote in Federal elections for Members of Congress, the Vice President, and President. This amendment, which required ratification by three-fourths of the States before becoming a part of the Constitution, has already been ratified by 36 State legislatures. Ratification by only two more States are needed, and this amendment will be a part of the Constitution. I am confident that it will be a part of the Federal Constitution by March 1964, before the next elections in Texas and the Nation. But this amendment will apply only to Federal elections; it will not remove the poll tax requirement in elections for candidates for State or local office, for Governor or the State legislature.

If the Federal amendment is adopted and we are faced next year with the prospect of a poll tax requirement on the State level and no poll tax on the Federal level, Texas will gain a doubtful distinction; it will rank first as a State of election confusion.

If the Texas poll tax is not repealed on November 9, each person who wants to vote in Texas in the 1964 elections will have to qualify under two sets of qualification requirements, one in Federal elections, the other in State and county elections. There would be two separate ballots, two separate ballot boxes, two different qualified voter lists. We would have confusion confounded, and chaos at the ballot box. The failure to repeal the Texas poll tax amendment would make voting in Texas the most difficult governmental effort since Reconstruction days. It would deny democracy and promote chicanery and confusion.

It would be hard to tell who should vote and, afterwards, who won what election. We would have thousands and thousands of people going to the polls to cast a vote for their President, only to find they cannot vote for Governor. Confusion would reign.

For a straightforward election in the best traditions of the American people, the poll tax amendment should be repealed, and all voters enabled to vote for all officers with one qualification, on one ballot at one ballot box, as Texans have been accustomed to doing.

PADRE ISLAND NATIONAL SEASHORE RECREATION AREA PROMISES BOTH RECREATIONAL AND ECONOMIC BENEFITS

Mr. YARBOROUGH. Mr. President, the achievements of this administration and the 87th Congress in conservation of hundreds of miles of seashore in three new national seashore recreation areas, exceeds the record of any previous Congress in this field. Padre Island, Cape Cod, and Point Reyes were added to the national seashore heritage.

As author of the Senate bill which led to establishing of the National Seashore Recreation Area on Padre Island, off the gulf coast of Texas, last year, I have been pleased to see borne out the promise of economic benefit to my State as a result of the enactment of this bill. The primary reason for preservation of a natural resource in its primitive state is to insure its availability to the public for all time. However, the economic benefits are important, too.

One of the reasons we were enabled to pass the Padre Island bill in the Senate and House and later to win enabling legislation in Texas was the foresight and hard work of many people in Texas. A good example is Cameron County Judge Oscar C. Dancy, who worked not only in his home territory, but who came to Washington several times at his own expense to testify in hearings on the Padre Island bill.

Cameron County has also been responsible under Judge Dancy's leadership for 40 years for development of a part of Padre Island not included in the 81½ miles of national seashore area. To illustrate the economic benefits already accruing in my home State as a result of increased tourist interest in Padre Island, even though the Federal Government has only recently begun acquisition of the open beach, I ask unanimous consent to have printed in the Record two articles: First, "Seashore Beckons Padre: National Mecca" from the Houston Chronicle of September 8, 1963; and "Padre Island's Siren Song," from Texas Game and Fish, October 1963.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Houston (Tex.) Chronicle, Sept. 8, 1963]

PADRE: NATIONAL MECCA

Corpus Christi.—Confident Texans expect that 80 miles of seashore area in its natural state will soon become dotted with thousands of vacationers, sportsmen, campers, birdwatchers, and photographers. The newly authorized Padre Island National Seashore Area is destined to spark unprecedented tourist activity for the Lone Star State, especially around the Gateway City—Corpus Christi—a booming resort area in its own right.

The seashore area, to be in full swing by 1965, is expected to be a tourist magnet for the entire State. Travel spokesmen feel it will draw thousands of new visitors from all over the United States, Canada, and Mexico to the bustling resort metropolis of Corpus Christi where almost 200,000 permanent residents already welcome some 100,000 out-of-town visitors and convention delegates annually.

The Padre Island National Seashore is on the south Texas coast of the Gulf of Mexico between Corpus Christi and Brownsville. It is bounded on the west by the warm waters of Laguna Madre, with its exceptional waterfowl and fish, and on the east by the Gulf of Mexico.

The island, a 110-mile-long strip of sand that hugs the Texas gulf coast, is no more than 4 miles wide and, at the crest of one of its numerous dunes, is only a few feet high.

The National Park Service of the Department of the Interior has set aside three other public areas for seashore recreation: Cape Hatteras, N.C.; Point Reyes, Calif.; and Cape Cod, Mass.

Official interest in Padre Island as a national seashore dates back to 1934 when a survey of the Texas gulf coast was made under the emergency conservation work program. At that time the island was recommended as a national beach park. In 1940, another study was made of the Texas gulf coast, and Padre Island was recommended for national seashore status. A restudy of the island was made in 1947 and again the recommendation was for administration by the National Park Service for public use and enjoyment. The complete survey of the Atlantic and gulf coasts in 1954 and 1955 again pointed to Padre Island as a national seashore. In December 1957, National Park Service authorized a study to "detemine definitely and finally the feasibility of such a project."

Congressional legislative action begun in 1958, was climaxed when President John F. Kennedy signed the Padre seashore bill into law on September 28, 1962, almost 30 years after the first studies recommending the area. The law authorizes the Secretary of the Interior to acquire lands and waters within a described area encompassing somewhere near 237,600 acres, including a large amount of State lands.

The law provides that State and county owned lands may be acquired only with the consent of the State. To this end, the Texas legislature enacted, and the Governor approved in April 1963, legislation consenting to the acquisition and directing the school land board to convey to the United States, the State lands (except minerals) within the authorized seashore boundary. Formal transfer of the deed to Texas-owned land in the seashore area to the Federal Government was accomplished on August 23, in Austin.

Congress has appropriated $1.5 million to start immediate acquisition of private property within the seashore area.

A superintendent, a land acquisition officer and a chief park ranger, together with their clerical help will be the nucleus of the seashore staff until sufficient land has been acquired to begin development.

Early stages of development will stress facilities for picnic and camping areas, fishing piers, trailer parks, marinas, and visitor centers.

Concession stands, overnight accommodations and other private development projects are expected to be built outside the park area.

The National Park Service is expected to build roads into the seashore area from each end of the island with access spurs to the beach, campgrounds, and other visitors' facilities.

[From the Texas Game and Fish magazine, October 1963]

PADRE ISLAND'S SIREN SONG

(By Jack Galloway)

The silver shaft of waveswept sand stabs its way 117 miles down the southern Texas coastline. Honed by the endless caress of the surf, whetted by the salt breeze and tempered by the fire of a blazing summer sun, the knife-blade profile of Padre Island is cutting deeply into the hearts of vacationers from throughout the Nation.

Steeped in history and luxuriating in loveliness, the very sands themselves seem to whisper the echoes of Cabeza de Vaca, Pineda, Padre Balli, and the cannibal Karankawa Indians. But these early travelers left little of lasting note behind, save an occasional handful of Spanish coins uncovered by indefatigable beachcombers, and a historical flavor that adds its own special lure to this semitropical island playground.

Now the island is being discovered for the umpteenth time, this time by the modern day band known as tourists, and it appears likely that their mark will prove indelible. On Padre Island's southern tip, the influx of La Belle Touriste is bringing permanent and lasting change. But no one is complaining; it's a long island, with lots of room.

The responsibility for this change rests primarily on the needs of the vacationing public itself, but more directly on the operation of what is perhaps the most ambitious county park system in the entire State.

In 1954 Cameron County made south Padre Island accessible to everyone by spanning the Laguna Madre with the Queen Isabella Causeway at Port Isabel. At the same time a system of county parks was instituted on the island, which at the time contained only a few scattered fishing shacks. The beginning was timorous and inauspicious, but when the Cameron County parks got going, private development followed inevitably behind, to the point that south Padre Island now boasts luxury resort hotels and scores of private vacation homes.

This year the developmental growth has received added impetus, with three major projects for the two Cameron County parks. There is simply no predicting how far it will go.

Long before the slender island was named Padre, after a Spanish priest who was deeded the land by the King of Spain, Spanish seagoing adventurers called the long barrier reef "Isla Blanca," Spanish for "white island." The Cameron County Park Board has perpetuated the title in its initial park development on the extreme tip of South Padre Island. Isla Blanca Park now offers complete facilities for vacationers the year round, and more is in prospect.

Just completed in Isla Blanca Park is a $125,000 recreational pavilion. The multipurpose facility houses the office of the park director, as well as shuffleboard courts, volleyball equipment and other recreational provisions. It also doubles as a convention and activity center, with the capacity for accommodating 1,000 persons at open convention, or some 750 at banquet. Architecturally outstanding, the recreational pavilion will answer a long-felt need on south Texas' pleasure island. It is the frosting on an already well-sampled resort and recreation cake.

One hundred and seventeen trailer spaces are booked solid throughout the summer in the trailer park at Isla Blanca Park, with easily three-fourths of that capacity utilized the rest of the year. Complete trailer facilities are available, with running water, electricity and sewer connections. The Cameron County Park Board is planning additional trailer sites to meet the growing demand, as mobile home travel increases in popularity throughout the Nation.

Summer and winter visitors who prefer the more simple accommodations for beach vacationing enjoy the overnight shelters of Isla Blanca Park. With no glamor attempted, these facilities are the next step above camping out. The shelters contain bunk beds for four people (with additional cots available) electric hot plates and a cold-water shower. Tenants use the central bathhouse facilities of the trailer park. As nearly primitive as they are, however, the 17 overnight shelters are filled throughout the summer season.

Equally popular are the 32 open cabanas in Isla Blanca Park. Fronting on the Gulf of Mexico, the cabanas are daytime rental facilities, available until 10 p.m. for lounging, loafing, showering, barbecuing, and as a place to call home base during a day's outing at the beach.

Visitors who simply want a place to spread out their picnic lunch in the shade enjoy the picnic pavilion and the patio at the bathhouse, both just a short walk over the sand dunes to the broad expanse of open beach in Isla Blanca Park. There, also, are picnic tables, set up under colorful sunshades.

Is it a vacationer's paradise? Perhaps so and perhaps not, for so varied are the needs and tastes of our Nation's meandering pleasure seekers that one man's cup of orange pekoe might well be another's hemlock. But the Cameron County parks on South Padre Island are constantly instituting changes and planning new facilities to reach that happy state somewhere on the pekoe side, at least.

Itinerant beachgoers raised the forensic roof a few years ago when automobile traffic was closed off on the beach in Isla Blanca Park. The action cut off the cavalier joys of blasting the family lizzie through the sand to spend a day's outing living out of the car and leaving the litter for the sand crabs, seagulls and wafting breezes. But what was also accomplished was the making of probably the safest public beach on the Texas gulf coast. Parents can feel content to let the kids run and play through the sand and surf of Isla Blanca Park with their own childhood abandon. The surf and sandgoers are constantly under the protective eye of well-trained lifeguards, watching from high above the throng in candy-striped guard towers. The safety record in Isla Blanca Park is impeccable.

The park's roster of public facilities is impressive already, but it continues to grow.

Now under construction in Isla Blanca Park is the initial phase of a long-range development program. Construction on a marina and boatel near the foot of the causeway bridge in Isla Blanca Park was begun recently by a development firm. The primary construction phase will establish a marina with 30 boat slips and complete boat-handling facilities, providing immediate access to the adjacent deep waters of the Gulf of Mexico, or a quick outboard run to the favorite bay-fishing haunts of the Laguna Madre. The firm envisions ultimately as many as 400 boat slips for the marina installation.

The firm holds option on additional park land for the construction of a marineland exhibit, to be built across the street from the marina and boatel. It also plans to build an oceanographic research laboratory, from which extensive research and exploratory operations into the Gulf of Mexico can be launched.

All this in Isla Blanca Park.

But there is a second Cameron County park.

Five miles up South Padre Island from all this activity is Andy Bowie Park, named for a former county commissioner. Until this year it was undeveloped, open beach. Now Andy Bowie Park has sprouted a fishing pier that extends 500 feet into the Gulf of Mexico at one of the most choice fishing spots on the lower gulf coast. Another private enterprise venture operating under lease from the Cameron County park system, the fishing pier contains a 200-foot T-head on the end, in water 18 to 20 feet deep. At that point the ocean bottom drops abruptly, providing deep sea fishing the easy way—without sea sickness. At the entrance to the pier is a concession and bait stand, built out over the water, where the general beach-going public as well as the pier-fishing clientele can have sandwiches and what-have-you while enjoying the spendid vista of the waves rolling in below, with the unbroken and seemingly endless sweep of Padre Island stretched out beyond.

The fishing pier is the first installation in the planned overall development of Andy Bowie Park. Envisioned for the very near future is a complete tent and overnight trailer campground to be laid out with all proper facilities just across the sand dunes from the rolling Gulf of Mexico. Also in the master plan is a camp and youth activity center for the Laguna Madre side of Andy Bowie Park.

Beyond that, there is no limit.

But the rumble of the tourist herds is growing louder and louder across the horizon, and as their influx grows, more facilities are certain to be added. There are those who say that with the Padre Island National Seashore soon to occupy the middle 80 miles of the island, the southern end, immediately adjacent, as it is, to Mexico and the lush Rio Grande Valley, will someday burgeon into another Miami Beach. Others say, "Who wants it? We like our Padre Island the way it is, relaxed and peaceful."

But there remains a whopping lot of island, with room for many things.

The Cameron County Park Board is now receiving many requests from various entrepreneurs who would like to put this facility and that into the county parks. And as South Padre Island's popularity grows, so will the requests, so that the major development problem of the future is likely to be that of separating the what's-good-for-the-parks from the what's-bad, trying to keep most of the development, as it were, on the pekoe side of the tourist's cup.

CIVILIAN LEADERSHIP IN THE DEPARTMENT OF DEFENSE

Mr. THURMOND. Mr. President, more and more people are becoming concerned about the civilian leadership in the Defense Department and the evident determination of this civilian leadership to downgrade and ignore the advice and assistance of distinguished military experts on matters which are vital to our national security. I recall, Mr. President, that in 1961 I first raised the cry here in the Senate against what was popularly known as the muzzling of our military leaders by the civilian leadership in the Pentagon and also by the State Department. My efforts to present this to the public were hampered, ridiculed, and ignored as much as possible by many in the Congress, in the news media, and particularly by the civilian leadership in the Pentagon and the State Department.

Since that time, Mr. President, more and more evidence has come to the fore to the effect that our military leaders are having to take a back seat to computing machines and the civilian whiz kids who seem to make most of the decisions in the Pentagon these days through the Secretary of Defense.

A distinguished military analyst, Mr. George Fielding Eliot, has written for the American Legion magazine of November 1963, an eloquent article on the subject of "The Conflict in the Pentagon: Does the Secretary of Defense Put Housekeeping Ahead of National Security?—That's the Question."

In view of the increasing congressional concern over the muzzling and downgrading of our military leaders, I believe that the Members of the Congress would find this article to be interesting and informative reading. Therefore, I ask unanimous consent, Mr. President, to have this article printed in the Record at the conclusion of these remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Conflict in the Pentagon

(By George Fielding Eliot)

In the early spring of 1963, the lightnings of press and congressional criticism played fiercely around the unbowed head of Robert S. McNamara, the dynamic and very tough Secretary of Defense of the United States. The occasion of this violent outburst was McNamara's decision to award the contract for a new aircraft—called TFX for tactical fighter experimental—to General Dynamics of Fort Worth, Tex., instead of the Boeing firm at Seattle, Wash.

This contract is not peanuts. It involves the production of up to 1,700 planes for the

Navy and Air Force, and the total price tag attached to it is estimated at $6 to $7 billion. It also involves 20,000 prime jobs in the period 1963–1969. So when it was disclosed that Boeing's bid had actually been somewhat lower than that of the successful General Dynamics outfit, outraged cries were heard both from the losers and from disappointed politicians such as Senator Henry M. Jackson, Democrat, of Washington. The latter immediately demanded a closed-door inquiry by the Senate's Permanent Investigations Subcommittee chaired by the redoubtable Senator John L. McClellan, Democrat, of Arkansas, ostensibly to determine whether favoritism played any part in the decision.

Senator Jackson hardly believed that McNamara had been influenced by favoritism. What he did think is what many other anxious Members of both Houses of Congress have been saying, openly for the most part and with increasing frequency—that McNamara is paying insufficient attention to the views of professional military men and tends to make high-level decisions of great military consequence largely on data supplied by young, fast thinking civilian analysts whose military experience is zero.

The McClellan investigation, as far as revealed, has focused on the point that in the TFX decision, McNamara set aside the repeated and unanimous recommendations of the military evaluation boards, all of which favored the Boeing offer as promising superior performance. Leaks from the investigation resulted in headlines playing up this feature, and leaks from other interested sources—some in the Pentagon itself—added to the clamor.

Similar charges of ignoring military advice had already been leveled at McNamara in regard to his refusal to go ahead with the RS–70 long-range strike plane, his cancellation of the Skybolt airborne missile, and his delay in advancing the Nike-Zeus antimissile missile from a research project to production status. Any notions that the hearings would cause the stubborn Secretary to change his decision about TFX were wrong.

Instead, he fought back with his usual vigor. "Fighting Bob is at it again," said Time, quoting McNamara's angry statement to the McClellan subcommittee that its leaks and partial releases of testimony had "needlessly undermined public confidence in the integrity and judgment of the highest officals of the Department of Defense."

McNamara had much more to say. He produced—as he generally does—carefully prepared and "quantified" answers about the merits of his decision. He had never taken his eye off his target: one plane for both Navy and Air Force, not two planes as the services both wanted. This would save up to $1 billion in production and maintenance costs and simplified spare parts inventories. Some modifications between the Navy and Air Force versions would be permitted, but General Dynamics came closer to real "commonality" (or two-service plane) than did Boeing. Boeing's design did promise better performance in some respects, but both designs satisfied the basic military requirements of the services.

The real decision turned on McNamara's judgment, reinforced by that of both service Secretaries. Their choice boiled down to this: With General Dynamics we have a relatively reliable prospect of getting a steady flow of satisfactory aircraft according to schedule; with Boeing we are less certain about timely delivery and are not even sure their lower cost estimates will not be offset by production bugs besides their less satisfactory meeting of the "commonality" requirement. So stated, this was a decision which turned less on the military qualities of the two designs that on production prospects and McNamara's favorite yardstick of cost effectiveness. It was, therefore, a decision which fell properly within the province of the civilian leadership of the Defense Department. That was the McNamara story on TFX, in substance, and he stuck to it determinedly.

A little later in the spring, he again underlined his determination to be master in his own house. The Chief of Naval Operations, Adm. George W. Anderson, and the Chief of Staff of the Air Force, rugged Gen. Curtis B. LeMay, had not liked the TFX decision and had said so to the McClellan committee in vigorous language. The 2-year terms of both Chiefs expired in August. Admiral Anderson was suddenly notified that he would not be reappointed for a second term, as had been the usual custom; General LeMay was reappointed for a single year only. Press and congressional comment linked this action to McNamara's discontent with the TFX testimony of the two officers. There followed subsurface rumblings in the Navy and Air Force sections of the Pentagon. The Navy was already apprehensive about a new McNamara order that the value of the fleet as a whole must be restudied in relation to the cost of defending the fleet against air attack. The Air Force, already smarting under the RS–70 decision and the Skybolt cancellation, foresaw not only the eventual disappearance of manned aircraft as nuclear delivery systems but also a challenge to their close-support mission by the swift expansion of the Army's own aviation.

The Army has made notable gains under McNamara (with a strong assist from Gen. Maxwell D. Taylor, now Chairman of the Joint Chiefs of Staff). It rejoices in new weapons, 16 combat-ready divisions instead of 11, and a prospective increase in global mobility with the expansion of airlift.

But the Army shares with the other services the gathering anxieties as to the weight accorded to professional experience in top-level decisions. The Anderson-LeMay crackdown suggested ominously that McNamara would not tolerate any future military questioning of his judgments.

"Maybe," some military long-range thinkers in the Pentagon began to reason, "outright opposition isn't the best way of dealing with the McNamara phenomenon. He's got a hard head, and whatever impression we make is quickly offset by public admiration for his courage and the growing notion that he's doing a job that has long needed doing. Let's turn our attention to improving communications—with the Secretary himself and the whole crew of civilian analysts and researchers he sets such store by. Our real object ought to be to find a way to hitch up the McNamara drive and energy to the military values that he doesn't yet fully accept. Let's admit that analysis has some very real values and try to get the Secretary's civilian analysts to admit—as some of 'em are beginning to—that it also has its limits, beyond which judgment and military experience must be relied on."

This "creed of New Hope," as skeptics promptly dubbed it, has shown some promise, but it has not healed all the wounds, nor allayed the deep-seated misgivings, born of even deeper seated military instincts, which torment many veteran officers.

These misgivings revolve around two questions which bear directly on the security of the Nation.

1. Is the development of decisionmaking machinery which is tailored to the needs and capabilities of "a very special kind of Secretary of Defense with a most unusual array of assistants" producing a defense establishment which can be readily and smoothly taken over by Mr. McNamara's successor in office? Will not the inevitable change, when it comes, result in an interval of relative chaos which an alert enemy might well anticipate, and which (if it occurs as the result of an election) might be so predictable that hostile exploitation could be prepared in advance?

2. Have overcentralization and overcivilianization already impaired the capability of the defense establishment to react effectively and in timely fashion to any sudden emergency—especially one which might require prompt transfer of authority and responsibility to military commanders? In short, is the military being stripped of initiative which it must exercise in an emergency?

The one major crisis of the McNamara regime was the naval "quarantine" of Cuba last year to compel the withdrawal of Soviet ballistic missiles from the island. Its handling served to feed the anxieties over the destruction of military initiative. In the Cuban instance, the established system of military control was literally pushed aside in favor of a committee, largely civilian in composition and chaired by the President in person, which met daily during the crisis. It issued, through Secretary McNamara, the most detailed daily orders covering such minute points as the exact type and scope of aerial reconnaissance to be carried out each day, and just what steps should be taken to inspect each Soviet ship departing Cuba with a deckload of missiles.

The responsible operational command was the Atlantic Command under Adm. Robert L. Dennison, with which officer Mr. McNamara should normally have communicated through the Joint Chiefs of Staff by means of a directive embodying the President's orders. The details of execution should have been left in Admiral Dennison's experienced and able hands, and in those of his naval task force commanders and the ship skippers—a course far more efficient and far safer than trying to run the show from a Washington committee room practically on an hour-to-hour basis.

The consciousness that the Secretary of Defense was breathing down his neck was certainly no help to Admiral Dennison. The constant stream of minutely detailed orders—not always either responsive to a changing situation or consistent with previous instructions—was no help to the commanders who were actually dealing with the situation at sea and in the air.

It may be urged that this was a very special instance, one in which the President himself felt so deep a sense of responsibility, where the Soviet reaction was so uncertain and potentially terrible, that the tightest kind of personal Presidential grip on the controls was an inescapable requirement. But allowing for that, was it not the duty of the Secretary of Defense to protect the integrity of the military chain of command in passing on the President's orders, instead of taking personal charge himself?

"Certainly, in principle," an officer commented. "But although the principle involved has been developed from the military experience of 25 centuries, there's just no means of communicating it to McNamara so that he'll accept it. He's simply incapable of realizing that there can be times when the decision of what to do next is much better left to a three-stripe destroyer skipper standing on his bridge looking at a situation than to Bob McNamara sitting in Washington with all the miracles of modern communication at his service."

Military opinion is nearly unanimous that McNamara's basic difficulty from the first day he took office has been just this baffling inability to communicate with professional military men. He thinks fast and learns incredibly fast in terms of facts and figures, but not in terms of intangibles. He has an energy and drive which have been described as "ferocious." He is impatient with answers to question which are slow in coming or which do not seem to him sufficiently responsive or precise.

"If you can't explain your answer, you don't understand the problem," is one of his maxims. He has not disguised his dissatisfaction with competent military associates who have given him answers drawn from the depth of their experience, but who are hard pressed at times to produce convincing, detailed, hot-off-the-griddle supporting explanations that can be mathematically "qualified."

More and more he has tended to depend on answers provided by quick-minded civilian research analysts drawn from civilian institutions such as the Rand Corp. and the Institute of Defense Analyses. These are on the whole freewheeling young men who regard the most sacred concepts of the military profession with skepticism, and what they are pleased to call the military mind with unconcealed disdain.

McNamara's favorite measuring stick for the validity of any proposal is "cost effectiveness." He thinks in terms of dollars and of figures. Ideas which don't lend themselves to those terms he regards with suspicion. Considering the enormous financial burden which today's defense requirements impose on the Nation's taxpayers, no Secretary of Defense can ignore the dollar valuation of his decisions. There are, however, troubled military men in high Pentagon assignments who believe that McNamara can hardly be induced to consider any argument which can't be evaluated in dollars and figures, that he tends to dismiss military judgment and experience as "emotion" unless it can be mathematically expressed. Also he likes fast answers—as one officer puts it, "he gives the impression he'd rather be rapid than right." But another officer admitted ruefully, "It's our own fault if we're in trouble. Our Joint Staff-Joint Chiefs of Staff system is the best and most reliable setup for fighting and winning a war that the mind of man has yet devised, as the Germans and Japanese learned to their cost. But in peacetime, without the prodding of a war, the system often moves slowly. McNamara is a man who can't wait patiently for his answers, so he sets his whiz kids digging at lower echelons for facts and figures and alternatives, and by the time a finalized JCS paper gets to his desk he already has a paper of his own drawn up by these bright youngsters with more or less advice from subordinate military people. Because it's written in the terms in which McNamara thinks himself, he may like this paper better than the JCS production. The job that we professionals have to do is to get McNamara to understand that there are limits to what theoretical analysis can do for him, that it is only an aid to human judgment and not a substitute for it."

The new Secretary took over the Defense Department on January 21, 1961, amid a barrage of press comment—to which this writer contributed—that asserted with a confidence based on past experience that a brandnew Secretary with no military experience except a wartime hitch as a statistical officer in the Air Force would certainly take a year or two to get the hang of his job and become anything like effective.

McNamara was sternly resolved to prove otherwise—and he was completely confident that he could do just that. "He didn't underestimate the size of the job," a civilian aid remarked. "He just figured that he was equal to it despite its appalling dimensions." McNamara was also aware that strong pressures had been brought to bear on the incoming President to reappoint, at least for the time being, the last of President Eisenhower's three Secretaries of Defense, Thomas S. Gates, Jr. Gates in his single year of office had displayed great ability and certainly possessed the full confidence of the military. McNamara promised himself that he would prove to President Kennedy that no mistake had been made in the final decision. He, however, can hardly have understood the handicap under which he would suffer—his lack of that "visceral understanding" of military men and their motivations which was the key to Gates' close relationship and easy communication with the services and the Joint Chiefs, as had been the case with Robert A. Lovett and James Forrestal in earlier times.

McNamara had his own view of the special interests of the services—"knocking heads together" was not his own way of putting it, but it was his concept of how to deal with service differences of viewpoint. This view started the new Secretary off with a certain distrust of military judgments as being predominantly merely pro-Army, or pro-Navy or pro-Air Force. Experience has begun to erode this distrust, but it is still not wholly eliminated. Combined with his tremendous self-confidence, this has led McNamara to insist on "finalizing" all important decisions himself. His almost incredible capacity for hard work enabled him to make good on this resolve.

The writer will not soon forget the distress with which a very senior Army officer told of McNamara's court order regarding ROAD—reorganization of Army divisions—a huge Army-wide concept that was fairly well under way when McNamara took over.

"Before this is approved," the Secretary snapped, "you are going to have to convince me of the need for every man, every weapon, every vehicle." The general simply could not believe that any one man could find time and energy to make decisions in such detail and go on doing it—"It just means that the decisions will actually be made by some half-baked civilian analyst or maybe a junior officer in the Secretary's office instead of being made by the Army staff."

But the general wasn't quite right. Robert McNamara has managed to find the time to deal personally with the ROAD decisions as with many others equally detailed. Sometimes he does make snap judgments which he sticks to stubbornly and which are not always fortunate—as when an adviser came in with a paper suggesting that in applying the somewhat flexible ROAD concept to the National Guard, an average strength of 88 company-sized units per division might be a useful rule of thumb.

"Whereupon," the adviser relates, "the trap clicked shut on me. Mac had a figure, and that was it. Now no National Guard division can have either more or less than 88 company units no matter how much better a different number might fit its mission and its local circumstances. The cardinal virtue of ROAD—organizational flexibility—is to this extent denied the National Guard because the boss just doesn't think in terms of military values which can't be fed into a computer."

Nevertheless, Secretary McNamara's decisionmaking machinery is not entirely a one-man show. It couldn't be and get the work done.

The Office of the Secretary of Defense has grown and grown as more and more people are required to feed papers, information, and computerized data into the McNamara personal-decision mill. A graphic illustration of what this may mean is presented by Col. William R. Kintner in the Naval Review—two charts contrasting the organization of the Defense Department (Gates model) on January 1, 1961, and (McNamara model) in March 1961. In both charts, the Secretary of Defense is at the top of the pyramid. There all similarity ends.

In the Gates chart, the next line below the Secretary of Defense was occupied by a civilian-military balance. On one side of the center line were the Joint Chiefs of Staff with the unified and specified commands below them (according to the established military chain of command). On the other side were two separate civilian-ruled areas, the Office of the Secretary of Defense with its Assistant Secretaries and other senior officials, and the three military departments with the service Secretaries of Army, Navy, and Air Force, in association with their Chiefs of Staff.

In the McNamara chart, the Assistant Secretary of Defense appears directly under the Secretary of Defense, above everything else, showing visually the new domination of the Secretary's immediate staff over all the remainder of the Defense Establishment. The Joint Chiefs of Staff and the military departments occupy opposite ends of the third line, together with the new Defense Supply Agency. Colonel Kintner reserves judgment as to the interpretation of this chart as a guide to the future, suggesting that it might be "more charitable" to call it a "Freudian slip * * * which unconsciously reflected the inner attitude of the new defense team."

An equally graphic illustration was furnished the writer by a military friend who is not stationed in the Pentagon but has occasional reason to visit it. "Every time I get back there," he reported, "I find that the spaces occupied by various functionaries of the Office of the Secretary of Defense have spread a little farther in both directions around the E Ring. It won't be too long before the three service Secretaries and the Chiefs of Staff are all relegated to the inside offices which are doubtless considered the appropriate status-symbol of their reduced importance."

That the status of the three service Secretaries had indeed been sharply downgraded can hardly be questioned.

Nominally they still have some degree of independence, as Congress always has intended they should.

For a service Secretary to be able to command the respect and loyalty of his own service, he must be able to champion the views and objectives of that service with some effect. He must not merely be a transmission belt for carrying out the wishes of the Secretary of Defense.

McNamara's first Secretaries of the Army and the Navy (Elvis J. Stahr and John B. Connally, Jr.) have both left the Pentagon because they could not stomach the downgrading of their historic offices. Mr. Stahr has subsequently expressed anxiety lest "the leadership of the military services might become stultified and its identities and initiative lost to the Government. * * * The Department of Defense is too big to be run by only a few people, and (anyway) there just are not enough McNamaras."

Granting that Mr. McNamara has met frequently with the service Secretaries since he took office, Mr. Stahr went on to say: "The frequency of these contacts, however, led to continuous intrusion on his part in many small details of the administration of the services." Mr. Connally has been somewhat more reticent as to his experiences, though he is reported to have told a friend that he went to Washington thinking that he was to be Secretary of the Navy and left when he discovered otherwise.

Mr. McNamara also meets with the Joint Chiefs of Staff more regularly than any previous Secretary of Defense except Mr. Gates, but the difficulties of communication and of viewpoint already referred to have made these meetings far less productive than they ought to be.

Unquestionably, there has grown up a feeling of deep mutual distrust between the professional military officers on the one hand and the civilian scientists and analysts on the other. This feeling is exacerbated by the often disdainful attitude of the civilians, or occasional loss of temper by one of the military when it is demanded of him that he reduce to a mathematical formula a military value-judgment which cannot be measured in that fashion. Every civilian analyst knows that he must satisfy the standard McNamara requirement that "for every proposed expenditure, there must be a proven benefit; and for every benefit, the cost must be measured and all possible alternatives examined to determine whether the same result can be attained by expanding existing programs or in some other less expensive way. Show me the benefit; show me the cost; and show me the proof."

Under such a system it is far easier to wash out existing projects while still in the development stage than it is to initiate new projects and keep them alive until they reach the stage of actual production of military hardware. Few indeed are the military novelties that the McNamara regime has produced so far; but its path is well marked by the tombstones of projects which have become the victims of cost effectiveness—at times against a substantial weight of military opposition.

Here is the very nub of the public question which underlies the present conflict in the Pentagon. It is a well-worn cliche to term the Department of Defense "the biggest business in the world"—but it is not a business in which the annual profit-and-loss figures are the final criteria of success or failure. Its success is measured by the degree to which it continues from year to year to conserve the safety of the Nation.

Remembering always the continued presence of formidable enemies, the constant likelihood—indeed the certainty—of future attempts at surprise (as in Korea and Cuba), how far should cost-effectiveness and business-type analyses be depended on to come up with the right answers? Acknowledging the very real value of these processes within prudent limits, is there not a point beyond which military judgment and instinct, born of experience, must be given priority? If we do have another war of even limited dimensions, it is from the military chiefs that the Nation will expect the decisions that will mean victory or defeat. A system of peacetime decisionmaking in which military judgment and initiative are consistently subordinated to financial and housekeeping considerations is hardly a system which develops a healthy interplay of initiative and responsibility between civilian and military leaders.

This is one of those rather rare situations in which compromise could provide a happy solution. The rather significant success already achieved by military officers on duty in the Pentagon in improving communications and restoring mutual confidence between military and civilian personnel at what may be called the second and third echelons of decision has already been noted. But the top level remains—and at the top level stands Robert S. McNamara with his powerful personality, and his vast—and often justified—self-confidence.

Can Secretary McNamara be brought to understand that there is a limit to the value of quantified analysis in reaching the momentous decisions which are his to make? Can he be convinced that beyond that limit he must accept the considered judgment of military professionals whose wisdom is drawn from sources foreign to his own experience?

If he can, Robert McNamara's place in history as one of our truly great Secretaries of Defense seems assured. If he cannot, the American people must walk with danger in the years that lie ahead.

OPPORTUNITIES FOR FAMILY FARM VACATIONS

Mr. HART. Mr. President, we have heard a great deal in recent years about the opportunities for family farm vacations.

A few days ago the Mason-Lake Soil Conservation District newsletter came to my desk telling of such opportunities on the Carl Eikenberry farm in Mason County, Mich.

Here is a new form of family recreation which I am convinced will become increasingly popular in the years ahead, and I commend the Mason-Lake Soil Conservation District for their leadership in supporting this new source of income for rural families.

Mr. President, I ask unanimous consent that this newsletter article describing the Eikenberry farm be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARM VACATIONS IN MASON COUNTY

Vacation farming heralds a new type of income for the American farmer. It might best be thought of as a byproduct of the farm. On a vacation farm, paying guests come and live on the farm for a vacation. Pioneering in this type of farming in Mason County, is the Carl Eikenberry family. On their farm the guests live right with the family. Mrs. Eikenberry cooks the meals and the guests can observe the farming operation and chores that are being done at the time of their visit.

The Eikenberry's own a 116-acre farm. They have 55 head of dairy cattle, a 3½-acre orchard and a large family garden. After observing this farm operation one might describe it as a typical family farm. That is what makes it a good vacation farm. Many persons that live in the large cities were raised on farms. They miss the quiet restful farm life of their youth. Vacation farming allows them a chance to enjoy rural living again and also gives the vacation farmer an additional income.

Last June, Mr. Eikenberry was assisted by the Soil Conservation Service in developing a complete soil and water conservation plan for his farm. For his cropland a rotation was selected. It was based on two needs: (1) The type of crops needed for his farm operation; (2) the type of rotation that can be used safely on his fields. Other soil and water conservation practices Mr. Eikenberry will use on his cropland will be soil testing, lime and fertilizer application, cover crops, and crop residue use. He will renovate his pastureland for top production. Selective cutting will be done in his woods to improve the quality of his timber. Three wildlife areas will be improved to encourage small game and songbirds. This will be done by planting shrubbery and pines for food and cover.

In addition to seeing the regular operation of this dairy farm, the Eikenberry's have provided means for recreation and relaxation for their guests. Badminton, croquet, and horseshoes can be played on the lawn. Besides cooking the meals, Mrs. Eikenberry makes homemade butter and bakes bread for the guests. Next year they plan horseback riding and a program for butterfly collecting. A walking trail is planned for the future with the identification of trees along the way. Fourteen different kinds of trees have been found along the proposed trail.

The guests at the Eikenberry farm this summer were two families from St. Louis, one family from Pennsylvania, one family from Detroit, and a young girl from Indiana. The guests usually stay for 1 week, however, they will take them for weekends or overnight. This summer the Eikenberry's just advertised for families as guests, but next year they will accept groups of children as well as families.

"We feel that it is a good farm supplement and we thoroughly enjoyed having the guests" said Mr. Eikenberry. "We haven't traveled extensively and we find this a good source of travel experience" he added.

Mr. Eikenberry feels to be successful with vacation farming it is most important that one enjoys having people around. He also told how some of the guests enjoyed helping with farmwork. This summer the family from Detroit helped with baling the straw and hay.

The Eikenberrys belong to the Farm Vacation and Holidays, Inc. There are 202 farms in the United States that belong. Last year there were two farms from Michigan that belonged, now there are seven.

"This is a growing thing," said Mr. Eikenberry.

DISCRIMINATION AGAINST CERTAIN NATURALIZED CITIZENS

Mr. HART. Mr. President, on October 30 the Washington Post commented editorially on the change in citizenship laws which has been proposed by the distinguished junior Senator from Rhode Island, Senator PELL.

As the editorial notes, the Supreme Court presently is considering this discrimination against our naturalized citizens which requires special residency standards if they are to retain their United States citizenship.

I know that I am joined by many of our colleagues when I indicate support not only for this change but also for changes in other provisions which tend to limit the privileges and rights of U.S. citizens for those who are naturalized citizens.

The junior Senator from Rhode Island is to be commended for his leadership, pointing as he does to injustices which continue to exist in our citizenship laws. His role in support of immigration reform rightly has attracted national attention and praise. The repealer which is the subject of the editorial is but a part of the many constructive suggestions made by Senator PELL.

Mr. President, I ask unanimous consent that the editorial from the Washington Post of October 30 be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RELIC OF ISOLATIONISM

Sometime within the next few months the Supreme Court will decide whether Congress may impose on naturalized citizens penalties that may not be inflicted on native-born citizens. Meanwhile, however, Congress also has the issue before it in the form of a repealer introduced by Senator CLAIBORNE PELL. If Congress would hasten to correct this grave injustice to naturalized citizens, the difficult constitutional issue would not have to be decided.

The case which the Court has consented to hear is that of Angelika L. Schneider, who came here from Germany at the age of 4 and was naturalized while in college. Having grown up in this country, she has an attachment to it, but since 1956 she has been living in Germany with her husband, a German attorney. Under the Immigration and Nationality Act of 1940 she has forfeited her citizenship by living in her native land for more than 3 years since her naturalization.

Similarly the law provides that a naturalized citizen living abroad in any foreign land for 5 years loses his citizenship. Since Congress could not impose any such harsh penalty on a native-born citizen, there is a good deal of substance in the argument that this reduces those who are naturalized to second-class citizenship. In 1913 the Supreme Court asserted that "under our Constitution, a naturalized citizen stands on an equal footing with the native citizen in all respects save that of eligibility to the Presidency."

The present Court may or may not find this view controlling, but any conscientious legislator should be able to see that it is unreasonable punishment to deprive a citizen of his rights as an American for merely living abroad for a few years. It is said that this unreasonable provision stripped citizenship from 1,200 Americans in a recent 12-month period. Why the irrational haste to disclaim citizens who cherish their acquired allegiance to this country? Regardless of what the Court may decide, Congress ought to repeal this harsh and self-defeating relic from the isolationist years.

AUTOMATION AND THE DISINHERITED

Mr. BOGGS. Mr. President, the story of automation, its promises as well as its problems, is being covered in increasing detail by news media of our country. This emphasis is well placed. Automation, which has as companions people out of work and people in need of training, may well be the overriding economic problem to face the United States this century.

What occasions my comment today is the sobering article, "Automation and the Disinherited," which is carried in the November 5 edition of the Christian Science Monitor, a fine newspaper which consistently carries articles of worth.

It begins by quoting Richard L. Worsnop of Editorial Research Reports, who says:

> There is general agreement that automation is a more serious threat to employment than was the Industrial Revolution.

It is because of the magnitude of the economic change which is accompanying automation that I have long advocated a White House conference on automation, a conference which would have local community education about automation as its most important product. Only after automation was studied at local levels would delegates meet in Washington to sift the best ideas for living with the changes of automation and for making the most of them for the good of the public as a whole. Passage of S. 185 would bring about the White House conference we need.

I mentioned that people in need of training are companions of automation, and so they are. For this reason we need greatly expanded programs of education for employment in this country.

Automation, unemployment, and training also have a vital tie-in with the need for jobs if minorities in this country are to improve their lot. In this connection I am proud to mention the position on hiring practices emphasized 2 days ago by Henry B. Du Pont, a director of the great Du Pont Co. in my State.

Mr. Du Pont said:

> Our policy—and every branch of the company is aware of it—is not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, or ancestry with respect to hiring, promotion, demotion, transfer, recruitment, termination, rates of pay, or other forms of compensation and selection for training.

Mr. Du Pont added:

> Unfortunately our experience right here in Wilmington as well as elsewhere in the country is that only a very small percentage of Negroes are adequately prepared for the kinds of jobs that American industry will need to fill in the years ahead.

Mr. President, in the interests of spreading information about automation, and with the sincere hope that it will be carefully read by my colleagues, I ask unanimous consent that the article referred to from the Christian Science Monitor be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, Nov. 5, 1963]

AUTOMATION AND THE DISINHERITED—TECHNOLOGY MAKES MORE JOBS, IT IS TRUE, BUT NOT ALWAYS, OR OFTEN, FOR THE PEOPLE WHO ARE DISPLACED

"There is general agreement that automation is a more serious threat to employment than was the industrial revolution." In this striking statement, Richard L. Worsnop, of Editorial Research Reports, speaks the views of some businessmen as well as of labor leaders and government authorities.

John I. Snyder, Jr., board chairman of U.S. Industries, Inc., a company that makes automatic machinery, admits, "We're using sophisticated machines to destroy jobs." His company is financing a foundation, cosponsored with the International Association of Machinists, to study problems of technological displacement.

John F. Henning, Under Secretary of Labor, estimates that 2.2 million jobs a year are eliminated in the United States by increased output per man-hour due largely to technological progress. This means that new jobs need to be found for 40,000 displaced workers a week besides new workers.

The classical contention has been that invention creates new jobs as it wipes out old ones. But as applied to automation, or "cybernetics," Mr. Snyder declares this is "a myth." And Mr. Worsnop sums up the evidence thus:

"Ideally, displaced workers should be the first to share in the benefits of automation. So far, just the opposite has been true. Workers who have managed to hold on to their jobs in automated factories find working conditions and fringe benefits improved. Many of those who have lost their jobs to machines are likely to remain unemployed, or employed only part time, for the remainder of their lives."

MINERS: FROM PAYROLLS TO DANGEROUS "DOG HOLES"

One of the regions where displacement of this sort has taken a most heavy toll is described by Homer Bigart in the New York Times. In the Cumberland Mountains of eastern Kentucky tens of thousands of idle miners, replaced by coal-cutting machines, face a winter of grinding poverty. "Three generations of living on handouts," he reports, has eroded their self-respect and "resulted in a whipped, dispirited community."

In one county even Government surplus foods are not available because the county has no funds to fetch and distribute them. Able-bodied men, barred from the relief rolls, leave their families so the women can qualify for aid to dependent children (ADC).

These, as described by A. H. Raskin in the Saturday Evening Post, are "the once-proud men whose high wages and industry-financed pensions made them the soot-smudged aristocrats of American labor only a dozen years ago." Today some of them "scratch out a perilous subsistence" in played-out pits or "dog holes" where the coal seam is too thin for effective mechanization.

All this takes place while Department of Commerce statistics show that the gross national product for the country at large has risen to an annual rate of more than $588 billion and disposable personal income is at a new high of more than $400 billion annually.

ARE AMERICANS LIVING IN TWO COMPARTMENTS?

Several months ago the traveling interviewer, Samuel Lubell, observed that while older workers in stable industries were doing well, many younger workers "have been virtually walled out * * * by seniority rights and high fringe benefits."

Does this mean that, unless steps are taken to prevent it, a situation described by Prof. Andrew Hacker, of Cornell University, is taking shape? To the American Political Science Association, September 6, Dr. Hacker said, "It may well be that two Americas are emerging, one a society protected by the corporate umbrella and the other a society whose members have failed to affiliate themselves with the dominant institutions.

If such a situation is to be avoided there will have to be some hard thinking, planning, and doing about it in the United States. There are remedies but they are not automatic. Congress and State legislatures have hardly caught up with the age of the typewriter, let alone the computer.

Some remedies are nonpolitical. For example, does all research have to be directed toward using mineral and other inorganic resources? Why not more research and development toward devising industries that can utilize relatively unskilled or semiskilled hands? Ingenuity has found use for once waste materials from bones and sawdust to cinders and bagasse; why not for surplus human resources? Industry already does vast amounts of training and retraining; but a company can afford this only where there is a prospect of use within its own organization.

Much of the need in an age of rising technology is for a spread of elementary education, then for more and better vocational education, and finally for retraining programs where an obsolete skill must be replaced by a current one.

HOPE IN EDUCATION AND REHABILITATION

This calls for more schools such as one in New Haven, Conn., described in the October Reader's Digest by Lester Velie—an elementary school that has made itself a 16-hour-a-day community center in a slum neighborhood and sparks an interest in learning among Negro families hitherto without hope.

It calls also for such initiative as has been displayed in Chicago, where the Cook County Welfare and Rehabilitation Service last year placed in jobs 12,000 persons formerly on the relief rolls. It did this by a basic literacy program and evening vocational or high school courses which welfare recipients were required to take. In addition, 5,000 relief clients were put on work projects for the city, county, or State.

The problem of idle human resources is complicated by the fact that in some States compensation is being paid to persons in fairly comfortable circumstances while in others the compensation payments have been exhausted by workers whose families are hungry and for whom the prospect of reemployment is remote if not nonexistent.

Among workers with displaced skills, such as notably the coal miners, one of two needs exists. Either new industry must be brought to them or they must be retrained and enabled to move where employment is assured. The latter course involves some kind of sustenance payments.

LABOR-INDUSTRY FUNDS ONLY PARTLY SUCCESSFUL

Automation, through its economies, does create new market demands and ultimately new jobs—but they are not generally for the same people, or even the sons and daughters of the same people, unless a great deal of human relations engineering is introduced into the process.

Efforts of unions and industries to cushion the effect of technological change by special funds for this purpose have been only partly successful. One of the first, in the packinghouse industry, produced only 8 retrained persons out of 431 laid off. The Pacific Maritime Association, in agreement with the Longshoremen's Union, has set up a fund by which profits from greater efficiency stabilize weekly earnings and sweeten retirement pay.

Unquestionably, technological advancement can introduce new jobs as it obliterates old ones. Prof. Walter Buckingham, a labor mediator, says most of the jobs held by workers in the United States today "would not exist if it were not for technology."

Yet, to return to Mr. Snyder, this seller of automation believes that in time machines will do most of the work of humans. "People—living, breathing, feeling, and thinking people—" he says, "somehow will have to learn to do nothing in a constructive way." Many of them already have found enriching uses for the leisure.

Will machines further shorten the work week and leave even the employed with time on their hands? Will a few be busier than ever correlating the functions of the machines? And will some unhappy thousands, even millions, find themselves left out of such an economy altogether? To avoid this last possibility, the President's Committee on Labor Management Policy says, "Achievement of technological progress without sacrifice of human values requires a combination of private and Government action consonant with the principles of a free society."

The PRESIDING OFFICER. If there be no further morning business, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the Holland amendment to the so-called Mansfield-Dirksen amendments to the committee amendment. The Holland amendment to the Mansfield-Dirksen amendments will be stated.

The LEGISLATIVE CLERK. On page 1, line 8, of the Mansfield-Dirksen amendments, it is proposed to strike out "1,500,000,000" and insert in lieu thereof $975,000,000".

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, on the question of agreeing to the Holland amendment to the Mansfield-Dirksen amendments, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, I rise to support the Holland amendment to the Mansfield-Dirksen amendments, but I point out several things which may not be understood by some of the opponents of this measure. I did not hear anything said on the Senate floor about these matters.

When the authorization for the Development Loan Fund was granted in the 1961 act, under section 202 it was provided that for the first year the appropriation would be $1.2 billion, and for the 4 years following 1962 it would be at the rate of $1.5 billion.

As I understand the Holland amendment to the Mansfield-Dirksen amendments, it seeks to make the authorization for 1965 and 1966, $975 million a year. I invite the attention of Senators to the fact that if that action is taken, the $975 million, under that limitation, will not be the only amount which can be appropriated for that purpose, because the authorization bill contains the following proviso:

> *Provided,* That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period, in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

I wish to call to the attention of the Senate the fact that in 1962, although there was an authorization of $1.2 billion, the amount actually appropriated was only $1,112,500,000—leaving for future appropriation $87,500,000; and during the past fiscal year, 1963, although the Senate could have appropriated for this purpose $1.5 billion, it actually appropriated only $975 million—thereby leaving the sum of $525 million which could be appropriated either this year or in fiscal year 1965 or in fiscal year 1966.

So the amounts left over from 1962 and 1963 aggregate $612,500,000. Therefore, even tnough the Holland amendment to the Mansfield-Dirksen amendments were to be adopted, Congress could appropriate as much as $612,500,000 over and above the $975 million contained in the Holland amendment.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. There would not be any additional amount, because it is limited, by the Holland amendment, to $975 million.

Mr. ELLENDER. No; because the Holland amendment does not eliminate the proviso. The Holland amendment merely changes the figure "$1,500,000,000" to "$975,000,000"; but the proviso in section 202 still remains, and I point out that even though the Holland amendment were to be adopted, for the fiscal year 1965, Congress would have a right to provide—if the Mansfield-Dirksen amendments as thus amended were adopted—in addition to the $975 million provided for by the Holland amendment, $612,500,000. I repeat that this results from the fact that under the 1962 appropriation we had unused authorization of $87,500,000; and under the appropriation made for the fiscal year 1963, we had unused authorization in the amount of $525 million.

I wish to make it perfectly plain that although I believe the Holland amendment is a step in the right direction, nevertheless, even though that amendment to the Mansfield amendments were adopted, come next year Congress would have authority to increase the $975 million by as much as an additional $612,500,000.

I thought I would bring that point to the attention of the Senate, so Senators would know about it in advance of the vote on the Holland amendment to the Mansfield-Dirksen amendments.

THIRTY-SEVEN SENATORS HAVE SPONSORED OVER TWENTY-FIVE SUBSTANTIVE AMENDMENTS TO FOREIGN AID BILL

Mr. GRUENING. Mr. President, it is most surprising that the press, radio, and television, in reporting the very vital debate on foreign aid, which now has been going on in the Senate for the past 5 days, has not brought home to the American public the important fact that the debate is in great measure centered on how the program is administered and will be administered, rather than on how many dollars are to be authorized for the foreign aid program.

From reading the reports appearing in the daily press or from listening to them on the radio and television, it would seem as though the entire Senate has been engaged in a numbers game about whether the overall amount to be authorized should be $4.5 billion, $4.2 billion, $3.8 billion, or $3.5 billion.

Mr. President, with the concession made by the Mansfield amendments, thus lowering the figure to $3.8 billion, the Senate is now engaged in these long hours of debate over $300 million. However, much, much more is involved in this debate.

Those of us who are in favor of the foreign aid program are attempting to do on the floor of the Senate that which the administrators of the AID program should have done long before this—tighten up the administration and objectives of the AID program so that our foreign economic and military aid will hit the mark rather than be scattered to the four winds.

This is the story that should be told to the American people. As a matter of fact, Mr. President, it is misleading to give the people the impression that the sole issue is how much money would be authorized to be appropriated for the foreign aid program this fiscal year. Most of us are concerned also—indeed more—with program substance: how the program has been administered, what pitfalls from the past can be avoided in the future, what parts of the program should be emphasized or deemphasized, and what guidelines and principles can be laid down in the authorization bill to give congressional directive to the entire program.

We are concerned—and properly so—that whatever amount is appropriated utimately, be it $4.5 billion or $3.5 billion, or less, it be properly, efficiently, and wisely spent. The American people should not be misled into believing that what is going on in the Senate debate is merely an argument about "how much" but that it is an argument about how effectively and wisely whatever is appropriated will be expended.

I have listened to radio and television and read the papers in vain to read or hear something which would give an impression opposite to the one that we are arguing—merely about money totals. As of the end of business on last Friday, some 50 amendments had been introduced. Well over half of these amendments do not—I repeat the word "not"—deal with how much money would be authorized. They deal with how the program should be administered.

Here are descriptions of some of these amendments:

Should the United States continue to give economic assistance to countries such as Egypt and Algeria, which are engaged in aggression against their neighbors, thereby diverting their own resources from the economic development of their countries to wage aggressive war? This issue will be solved by the adoption of amendment No. 231, sponsored by Mr. GRUENING, for himself, Mr. JAVITS, Mr. MORSE, Mr. CASE, Mr. WILLIAMS, JR., of New Jersey, Mr. RIBICOFF, Mr. YOUNG of Ohio, Mr. KEATING, Mr. MUSKIE, Mr. DOUGLAS, and Mr. DODD.

Should the United States continue to make development loans, charging interest at the rate of three-quarters of 1 percent per annum for 40 years with a 10-year grace period, thereby in effect—because the United States has to borrow money at higher interest rates to make these loans—giving a grant to the borrower nation of about 80 cents for each dollar loaned? This problem would be solved by acceptance of amendment No. 232 by Mr. GRUENING, for himself, Mr. MORSE, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS.

Should contracts with universities for the performance of services abroad contain the same terms and conditions as are applicable to contracts with the same universities for services within the United States so that competition for the limited numbers of qualified educators between programs at home and abroad may at least be put on an equal footing? This would be taken care of by adoption of amendment No. 234 by Mr. GRUENING for himself.

Should military assistance be continued for Latin American countries now that the Department of Defense has admitted that such arms are no longer necessary for hemispheric defense and the arms supplied by the United States have been repeatedly used to overthrow constitutionally elected governments? Amendment No. 235 by Mr. GRUENING, for himself, Mr. ERVIN, Mr. CANNON, Mr. MORSE, Mr. SMATHERS, Mr. NELSON, Mr. PROXMIRE, and Mr. MCGOVERN would take care of this wasteful and actually destructive expenditure.

Should foreign assistance be given Yugoslavia even though that nation makes no payment for property nationalized or should such foreign assistance be stopped until Yugoslavia makes acceptable payment? Amendment No. 236 by Mr. DIRKSEN seeks to resolve that question.

Should development grants for capital projects be made only if the recipient finances at least 25 percent of the cost? Amendment No. 241 by Mr. ELLENDER raises this issue.

Should military aid to African countries be limited to $25 million a year and not be available to meet internal security requirements or should there be no special restriction on how much military aid can be given to the African nations so as to permit the support of special police forces? Amendment No. 244 by Mr. ELLENDER deals with this matter.

Should any agreement between the United States and Czechslovakia relating to the settlement of claims by U.S. nationals against Czechslovakia arising out of nationalization be submitted to the Senate for its advice and consent? Amendment No. 247 by Mr. KEATING would enable the Senate to debate and pass on this issue.

Should AID be discontinued from any nation which extends its jurisdiction for fishing purposes beyond the 3-mile limit or imposes penalties or sanctions against any U.S. fishing vessel on account of its fishing in such area? Amendment No. 248 by Mr. KUCHEL for himself and Mr. ENGLE, if adopted, would prevent the arrests and fining of American tuna fishermen in international waters.

Should AID be withdrawn from any nation which does not pay its assessments in the United Nations? Amendment No. 249 by Mr. MILLER would enable the Senate to show its disapproval of those who will not pay their share.

Should Public Law 480 products which are sold to other nations for soft—local—currencies include fisheries products? Amendment No. 250 by Mr. ELLENDER would enable the Senate to hear the arguments pro and con.

Should AID be used, as it has been, to meet foreign nations' deficits or should payments be ruled out and AID used for specific projects? Amendment No. 254 by Mr. MORSE would, if adopted, stop the bailing out of governments that do not follow sound fiscal practices.

Should the AID program be revamped completely beginning June 30, 1965—a proposal the Senate Committee on Foreign Relations had under serious consideration—so that each country would be required, as a condition to receiving economic assistance, to prove that it had taken the necessary self-help measures such as land and tax reforms? Amendment No. 259 by Mr. MORSE raises a fundamental issue which should be thoroughly debated.

Should aid be withheld from countries where a military coup has overthrown a constitutionally elected government? Amendment No. 265 by Mr. MORSE would tend to stop the overthrow of legally constituted governments by military juntas.

Should aid assistance be withheld from Indonesia which is threatening aggressive war against its neighbors and when the economic situation is going from bad to worse? Amendment No. 266 by Mr. PROXMIRE, if adopted, would tend to discourage aggression and subsidizing of unstable dictatorships.

But the fact remains, Mr. President, that 37 Senators have sponsored or cosponsored amendments to the foreign aid bill. This indicates the deep feeling of the Senate that the time for reforms in the administration of the foreign aid program is at hand. The time to act is now.

We hope that in the future the press will give a little more emphasis to those amendments, and not concentrate the discussion on whether we shall spend so many dollars more or so many dollars less in toto.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Florida [Mr. HOLLAND] to the Mansfield-Dirksen amendments to the committee substitute. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **HUMPHREY.** I announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Massachusetts [Mr. KENNEDY, the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS] the Senator from Missouri [Mr. SYMINGTON], the Senator from Tennessee [Mr. WALTERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

Mr. **KUCHEL.** I announce that the Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

The Senator from New York [Mr. KEATING] is detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], the Senator from New York [Mr. KEATING], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 80, nays 0, as follows:

[No. 206 Leg.]

YEAS—80

Aiken
Allott
Anderson
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Curtis
Dirksen
Dodd
Dominick
Douglas
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Jackson
Johnston
Jordan, N.C.
Kuchel
Lausche
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Simpson
Smathers
Smith
Sparkman
Talmadge
Thurmond
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—0

NOT VOTING—20

Bennett
Clark
Cotton
Eastland
Edmondson
Engle
Goldwater
Javits
Jordan, Idaho
Keating
Kennedy
Long, Mo.
McGee
McNamara
Pastore
Scott
Stennis
Symington
Tower
Walters

So Mr. HOLLAND's amendment to the Mansfield-Dirksen amendments to the committee amendment in the nature of a substitute was agreed to.

Mr. HOLLAND. Mr. President, I move to reconsider the vote by which the Senate adopted my amendment.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I call up my amendment No. 298, and ask for its consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana to the amendments proposed by Mr. MANSFIELD, for himself and other Senators, to the committee amendment in the nature of a substitute, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 1, line 7, of the amendments, to strike out "$975,000,000" and insert in lieu thereof "$900,000,000".

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

MILITARY ASSISTANCE

Mr. ELLENDER. Mr. President, before proceeding with a discussion of the pending amendment to the Mansfield-Dirksen amendments, I wish to address myself to military assistance.

My amendment—No. 242—submitted on October 28 and calling for a cut of $300 million in military assistance, is included in the Mansfield-Dirksen amendments. If adopted, $1 billion will be made available for military assistance in fiscal year 1964, which amount is in accord with the House figure.

No matter who delves into and analyzes our military assistance program, be he a respected general, statistician, accountant, economist, or representative of the people in the Congress, the conclusion inevitably follows that the 1964 budget request for military assistance is about $400 million more than is needed to carry out the program.

I point out that the amendment I had submitted called for a cut of only $300 million, but I sincerely believe we could cut another $100 million from the military aid program, without affecting our security.

This is based on an analysis of the Clay Committee report, and a statistical analysis of the reductions made in this program by Congress and the executive branch over the last 10 years.

Let us first look at the views of the Presidential investigating committee headed by Gen. Lucius D. Clay, and known as the Committee To Strengthen the Security of the Free World, or the Clay Committee. This Committee made a 3-month study of our Nation's military and economic assistance programs, and made its report to the President on March 20 of this year.

The Committee's report to the President contains a number of comments and recommendations concerning our military assistance program, all of which had, and I believe still have, the approval of General Clay. I would now like to refresh the recollection of Senators by citing some of these comments and recommendations.

On page 7 of the Clay Committee report, the following appears:

> We are convinced that in several of these countries (and here the committee is referring to nations on the frontiers of the free world) indigenous forces are larger than required for their immediate mission of defense and not large enough to assume other missions. There, phased reductions of a very substantial order appear practical, after further careful examination, without unduly sacrificing immediate effectiveness. This would not only lessen the cost of military assistance but reduce related supporting economic assistance as well.

Continuing on page 8:

> There are a few other border countries whose military forces presently are of value largely for internal security purposes. Even though they belong to alliances with which we are associated, we believe the present level of support to these forces, particularly with sophisticated weapons, cannot be considered as essential to the security of the free world. In these countries, which have substantial resources of their own, significant reductions of military and economic assistance are in order.
>
> In addition, there are other countries in this border area, particularly in southeastern and western Asia, to which we provide economic assistance and, in some cases, military equipment, though they are neither allies nor members of alliances with which we are associated. We believe most of this military assistance is not essential to our own or free world security, and we cannot recommend continued supply of this equipment.

Commenting on aid to the NATO countries of Greece and Turkey, on page 9 the Committee points out that:

> On the western end of the bloc periphery Greece and Turkey are moving toward increased security and well-being. Both of these important nations, however, are still in need of military assistance and economic support, and Turkey will require both forms of assistance for some time to come. We believe that other NATO members should increase their contributions to these countries to the point where they bear a proportionate share of the burden and that the proportion of our own assistance should be reduced accordingly. Elsewhere in Europe, there is no apparent need for further military or economic assistance other than for the fulfillment of existing commitments.

For many years I have been making that very contention to my colleagues in the Senate. But somehow the military authorities have been listened to, and in practically all cases we have acceded to their wishes. Efforts to obtain assistance from our allies from the West have failed. I believe that at this date, with the heavy load we are carrying all over the world, it is shameful that the countries in Western Europe should be permitted to lag behind.

As I pointed out some time ago, in the pending bill there is an amount approximating $230 million of military assistance for the countries of Western Europe, excluding Turkey and Greece. In addition, we are furnishing millions of dollars of both economic and military assistance to Turkey and Greece, but that assistance does not appear in the justifications for Europe, but in the justifications for Asia. Why they should be separated from Europe in that way, I do not know. However, the fact remains that as to those two countries, to which a very limited amount of assistance is being given by the countries of Western Europe, we are continuing to furnish large amounts. I repeat what I said the other day, that so long as we continue to pour out our wealth and furnish those countries with all they supposedly need, no effort will be made by the countries of Western Europe to assist us with the burden.

In connection with the last quotation from the Clay Committee report, Secretary McNamara, in testifying before the House Appropriations Committee this year, stated:

> In fiscal year 1963, six NATO countries expressed their willingness to provide aid to Greece in one form or other, and under varying circumstances and conditions, to a total monetary value of approximately $15 million.

Why, Mr. President, this is a mere pittance compared to the military and economic assistance we are furnishing to Greece and Turkey. To date we have furnished in excess of $7 billion to these two countries. Is this the best we can do in getting our more prosperous European allies to render this very necessary assistance? I do not believe the administration has really tried hard enough, and if we in Congress continue to make an inflated amount of military assistance available, I do not believe a real effort will ever be made. After all, why should our allies make aid available to Greece and Turkey if the U.S. Congress is going to fill the gaps which may be left, over and above our rightful share?

Returning to the Clay report, it is pointed out on page 18:

> The committee has examined the economic and military assistance the United States provides to certain countries in exchange for bases. In many instances, the practical cost seems excessive, particularly where the bases provide both considerable dollar income from expenditures by our personnel and substantial local employment.

The Clay Committee also looked askance at the aid we furnished to a number of countries, including those in Latin America and Africa. In this regard, on page 18 of the report, the Committee states:

> In addition to our remarks above concerning various areas, the committee wishes to note its general view that only in extraordinary circumstances should the United States provide MAP aid, including military equipment of a small arms nature, where the principal quarrel of the recipient country is with a non-Communist neighbor with which the United States also maintains friendly relations.

In this same connection, the committee on page 10 of its report stated specifically with regard to aid to the African countries:

> With regard generally to U.S. military assistance to African countries, we must bear in mind that the chief burden of helping these nations to enhance their internal security capabilities again falls logically on the former metropoles, with which most of these countries have retained police and military relationships. In some cases, small-scale and supplementary U.S. training programs and internal security assistance may be justified, and limited activity in a few countries where we maintain bases is in order. Small programs and missions should be terminated elsewhere.

I have been advocating such a program for the past 7 or 8 years, but little, if anything, has been done. On the contrary, they have been increased—not in number of men, but in number of missions abroad.

The Clay report continues:

> We believe the problems created by military assistance programs in the African countries generally would be greater than those they would forestall or resolve.

I covered that point very thoroughly in my report to the Senate after I had visited Africa last year.

My own personal opinion about military aid to Africa is set out on page 9 of my recent report on Africa wherein I stated:

> It will be devastating to the African nations if they have to expend even a small amount of their meager revenues to support armies. It is to be hoped that none of them will endeavor to build up their armed forces for use in expanding their territories, and everything possible should be done to promote lasting peace. I am convinced that any amount of military aid to the newly independent countries will serve only to bring on chaotic conditions. Here is a most important field where the United States could play a definite, beneficial role by staying out of Africa. No military aid in any way, shape, or form should be tolerated.
>
> Although we are now supposedly giving military aid only for internal security, one does not have to look too far to find programs which started out as internal security blossoming into full-fledged military support. The question is always where to draw the line? How is internal security to be defined? When do weapons furnished for internal security become weapons to be used for external aggression?
>
> We are at present, or have been in the recent past, engaged in training paratroopers in Mali, at a cost of over $600,000. Can this be called internal security? Are paratroopers needed to maintain order?

Now, Mr. President, with the help of my staff and the staff of the Senate Appropriations Committee I have thoroughly analyzed the report of General Clay's Committee and have applied his Committee's recommendations to the President's revised 1964 budget request for military assistance. This has resulted in a determination that reductions in military assistance totaling $432,244,000 would be in consonance with the recommendations made in the Clay report. These reductions are applied to the programs in the various areas of the world, and I am confident, if made, would result in no threat to our security or the security of the nations of the free world.

The amount of military assistance requested for Europe in the President's budget is $229,356,000. Allowing the amount which we are committed to contribute to Europe, and recommended in the Clay report, a total of $78,500,000 should be authorized for this area, thus permitting a reduction of $150,856,000 in this segment of the military assistance program.

In Africa, where $24,511,000 is included in the budget estimate, the amount concurring with the recommendations by the Clay Committee would total $5,132,000, thus permitting reductions of $19,379,000.

In the Near East and south Asia, $444,726,000 has been requested in the budget. The amount covered in the recommendations of the Clay Committee total $393,287,000, thus permitting reductions of $95,439,000 in the program for this area of the world.

In addition to the reductions in these three areas, applying the Clay Committee recommendations, further reductions amounting to $166,570,000 could be made in the Far East and in the Latin American areas of the world.

Mr. President, I hold in my hand a detailed tabulation of the application of reductions recommended by the Clay Committee. Notwithstanding its lessened value because of the necessity of deletions on account of security reasons, I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Military aid

[In thousands of dollars]

Region	Revised 1964 budget request, amount [1]	Clay Committee recommendations, amount	Reductions
Europe	229, 356	[2] 78, 500	150, 856
Africa	24, 511	[3] 5, 132	19, 379
Near East and south Asia	444, 726	[4] 349, 287	95, 439
Far East	671, 853	[4] 584, 045	87, 808
Latin America	77, 262	[5] 0	77, 262
Administrative expenses	25, 000	[6] 23, 500	1, 500
Nonregional	57, 283	[7] 57, 283	----------
Total	1, 529, 991	1, 097, 747	432, 244
Recoupments, prior years	125, 000	125, 000	----------
Total new obligation amounts	1, 404, 991	972, 747	----------

[1] Includes $125,000,000 recouped from cancellations of prior year programs.

[2] Deleted for security reasons.

[3] Includes aid for only those countries where base rights are held by United States.

[4] Deleted for security reasons.

[5] Civic action projects should be financed from economic aid program.

[6] 6-percent cut on account of reduced program.

[7] Application of recommendations not possible without thorough scrutiny of various areas involved, thus no reductions are recommended here.

Mr. ELLENDER. Mr. President, having documented why military assistance can be cut, based on the recommendations of the Clay Committee, I would now like to show why reductions in military assistance are also justified even if approached from a statistical or accounting viewpoint. In this connection, I have had my staff prepare an analysis of the military assistance estimates and appropriations for the 10-year period, fiscal year 1954 through fiscal year 1963. During this period of time, budget estimates were submitted to Congress for military assistance totaling $21,258 million. The amount actually appropriated by Congress during this same period was $16,342,400,000; thus Congress reduced the budget estimates during this decade by a total of $4,915,600,000. Surely, this record shows that Congress has made drastic reductions in this program; yet, on top of the reductions made by Congress the executive branch made even further reductions, totaling $537 million. Congress, notwithstanding its large reductions, had appropriated too much money during this period. If the reductions made by Congress and the further reductions made by the executive branch are added together, we find that the total reductions of budget estimates during this decade amounted to $5,452,600,000. That is a reduction in the budget estimates of 24.46 percent.

Thus, the reductions made in military assistance during the past decade have amounted to almost one quarter of the original budget estimates. If this same yardstick should be applied to the current budget estimate for military assistance for fiscal year 1964, a reduction of $400 million in the budget estimate would be in order, which is an amount approximating the recommendations of the Clay Committee.

Mr. President, it is no coincidence that the reductions recommended by the Clay Committee and the amount determined by averaging congressional cuts over the past decade are identical.

I submit that $400 million of the military assistance budget request is simple fat and that it was placed in the budget as fat, with no justification for its existence.

Mr. President, I ask unanimous consent to have the analysis that was prepared by my staff printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Analysis of military assistance estimates and appropriations for 10-year period, fiscal year 1954 through fiscal year 1963

[In millions of dollars]

Fiscal year	Budget estimate	Appropriation	Reductions				Amount available for obligation
			By Congress	By Executive[1]	Total	Percent	
1954	4,274.5	3,230.0	1,044.5	318.7	1,363.2	31.89	2,911.3
1955	1,778.3	1,192.7	585.6	175.5	761.1	42.79	1,017.2
1956	1,595.2	1,022.2	573.0	14.0	587.0	36.79	1,008.2
1957	2,925.0	2,017.5	907.5	14.2	921.7	31.51	2,003.3
1958	1,900.0	1,340.0	560.0	6.3	566.3	29.81	1,333.7
1959	1,800.0	1,515.0	285.0	----------	285.0	15.83	1,515.0
1960	1,600.0	1,300.0	300.0	----------	300.0	18.75	1,300.0
1961	2,000.0	1,800.0	200.0	8.3	208.3	10.42	1,791.7
1962	1,885.0	1,600.0	285.0	(2)	285.0	15.12	1,600.0
1963	1,500.0	1,325.0	175.0	----------	175.0	11.67	1,325.0
Total	21,258.0	16,342.4	4,915.6	537.0	5,452.6	24.46	----------

[1] Unobligated balances returned to Treasury.

[2] Less than $50,000.

Mr. ELLENDER. Mr. President, if only from the standpoint of good economics or good programing, the amount authorized for military assistance should not exceed $1 billion for fiscal year 1964. Each year the witnesses from the Pentagon, from the Secretary of Defense on down to the Administrator, endeavor to justify this program as being firm and concrete, while, in fact, it is based on guesswork. In the recent testimony before the House Appropriations Committee, when questioned by the chairman of the subcommittee which handles foreign aid about the concreteness of the military assistance program, Secretary McNamara replied, "Oh, yes indeed, no question about it," and then he proceeded to state that it was necessary to make some minor changes in the program on account of the aid that was furnished India and South Vietnam.

If these were the only changes, one would be justified in calling the military assistance program concrete and firm. But this is not the case. In fiscal year 1963, hundreds of changes were made in the military assistance program, affecting almost every country which receives military aid from us.

Unfortunately, I am not able to read into the RECORD today the many changes that were made in the military assistance program for fiscal year 1963, because they are classified, labeled "Secret." However, to give the Senate and the people of our country an indication of just how uncertain this program is, I found in an analysis presented with the justifications given to the Appropriations Committees that reprograming deletions were made in almost all the countries, aggregating $520,747,000, or almost one-third of the total program.

Furthermore, reprograming additions totaling $357,768,000 were also made in almost every country included in the military assitance program. Thus, when the combination of the reprograming deletions and the reprograming additions are added together, one finds that almost 75 percent of the program that was justified to Congress in fiscal year 1963 was changed after funds had been made available. In fact, there is no question that since this appropriation has been so overfunded for years, there has resulted much waste of funds, much laxity in programing, and much inefficiency in financial management in general, and that the program is anything but concrete and firm.

In this regard, a recent report, entitled "FAD 445," which was prepared by the Fiscal Analysis Division of the Department of Defense Comptroller's Office, shows that obligations for military assistance for the month of June 1963 alone were in excess of $442 million. Needless to say, this figure represents almost one-third of the total program for 1963, and it was all obligated in the last month of the fiscal year.

This report also shows that for fiscal year 1963 almost one-half of the total obligated during the entire year for military assistance was actually obligated during the last 3 months of the fiscal year.

Mr. President, I submit that this was done to reduce the amount of unobligated balances at the end of the fiscal year which would normally revert to the Treasury unless reappropriated by Congress. It also indicates laxity in programing and, further, that there is excess funding of the military assistance program.

I ask unanimous consent that the text of the aforementioned FAD report 445 be printed at this point in the RECORD, so that the pictorial record of obligations in the military assistance program for fiscal year 1963 will be available for everyone's perusal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Obligations—Military assistance, fiscal year 1963

[In thousands of dollars]

	Available for obligation	Obligations													Unobligated balance June 30, 1963
		July 1962	August 1962	September 1962	October 1962	November 1962	December 1962	January 1963	February 1963	March 1963	April 1963	May 1963	June 1963	Cumulative through June 30, 1963	
DEPARTMENT OF DEFENSE															
Military personnel	5,630	--------	465	--------	35	76	--------	--------	577	64	88	130	299	1,734	3,896
Operation and maintenance	925,696	28,616	31,324	32,341	33,025	43,041	47,874	46,698	71,653	64,270	39,644	41,001	188,846	668,333	257,363
Procurement	2,097,537	8,351	25,294	19,041	−10,114	31,788	56,163	93,425	102,203	110,617	77,331	164,440	230,293	908,832	1,188,705
Aircraft	552,716	5,473	4,986	7,685	−15,781	6,393	8,334	63,483	18,041	29,162	16,920	37,729	64,312	246,737	305,979
Missiles	423,395	2,895	1,576	4,304	1,509	2,964	11,511	5,637	20,151	30,967	20,950	42,738	34,250	179,452	243,942
Ships	217,292	195	11,708	346	1,748	5,297	4,481	708	8,402	5,751	3,367	15,891	4,628	62,522	154,771
Ordnance, vehicles and related equipment	505,607	−308	5,106	5,188	741	13,079	21,342	4,074	25,063	34,339	24,868	52,108	80,018	265,618	239,989
Electronics and communications	246,511	927	277	1,379	1,604	5,611	8,815	5,247	5,972	12,260	7,322	7,257	31,711	88,382	158,129
Other procurement	152,016	−832	1,642	139	66	−1,556	1,676	14,278	24,575	−1,862	3,903	8,718	15,374	66,121	85,895
Research, development, test, and evaluation	558	54	147	71	113	87	−46	91	21	−422	−252	117	161	142	416
Military construction	131,219	2,366	360	15,401	12,648	4,224	10,073	11,068	2,735	12,427	5,927	10,010	22,652	100,911	21,309
Undistributed	13,526	--------	−8	27	−15	−4	−639	−6	−38	277	−241	14	−23	−656	14,182
Total, Department of Defense	3,174,167	39,387	57,581	66,883	35,690	79,213	113,424	151,296	177,154	187,230	122,497	215,714	442,227	1,688,296	1,485,871

NOTE.—Amounts will not necessarily add to totals due to rounding.

Mr. ELLENDER. Mr. President, there is no question that a close scrutiny and analysis of the military assistance program, whether it be made by a general, statistician, accountant, or economist, will reveal that the military assistance revised budget estimate for fiscal year 1964 can be reduced by $400 million, as I previously stated.

I point out that both the Clay Committee and Secretary McNamara agree that a $1 billion military assistance program is adequate, and the only difference in their opinions is the precise point in time when this figure may be reached. Secretary McNamara feels that it cannot be attained before fiscal year 1968, and the Clay Committee feels that it is possible within the next couple of years. Regardless of what opinion may be the correct one, even if we are pessimistic and accept Secretary McNamara's view, if this goal is to be attained, it is absolutely essential that the authorization of new obligational authority for military assistance for fiscal year 1964 not exceed $1 billion. This is necessary because of the abnormal pipeline condition that presently exists in the military assistance program, and because of the considerable recoupments that will be made over the years because of the cancellations and changes in the program. I point out that we now have in the pipeline, unobligated, $1,500 million, as can be gleaned from the FAD Report No. 445 which I previously included in the Record.

Mr. President, in the interest of having a sounder military assistance program, in the interest of getting greater efficiency in the financial and other management of this program, in the interest of fiscal sanity, and in the interest of the American taxpayers, I urge Senators to vote to cut the military aid program in the way proposed by me and as called for by the so-called Mansfield-Dirksen amendments.

DEVELOPMENT LOAN FUND

Mr. President, as I stated a moment ago, I submitted an amendment to cut the Development Loan Fund from $975 million, as provided in the so-called Mansfield-Dirksen amendments, as amended, to an authorization of $900 million for development loans for the fiscal year 1964—the same amount as authorized in the bill passed by the House.

Legislation which already exists provides an authorization of $1.5 billion for each of the 5 fiscal years, 1963 through 1966, for development loans. I point out that these amounts have been modified by the Holland amendment which recently was adopted by the Senate, thus reducing the authorizations for 1965 and 1966 to an amount not to exceed $975 million.

Nevertheless, the administration, even in its wildest dreams, could not take advantage of the past generosity of Congress; and it originally requested, for the fiscal year 1964, $1,248 million. The ink on this request was hardly dry when it was revised and reduced to $1,060 million by the executive branch.

The House amended existing legislation by reducing the authorization ceiling for development loans to $900 million. The Senate Foreign Relations Committee elected to leave the authorization for development lending as it is in existing legislation—namely, $1,500 million—notwithstanding the fact that the administration has only sought $1,060 million.

Last year, when the development loan program was presented to Congress, the budget estimate totaled $1,250 million. This money was programed in the various regions of the world as follows:

Africa, $200 to $270 million; Far East, $200 to $280 million; Near East and south Asia, $850 to $950 million; for a total of $1,250 to $1,500 million.

Thus, the amount programed on the low side was $1,250 million, and on the high side $1,500 million, or an overprograming of $250 million. Of course, it is normal practice for the agency to engage in overprograming, both on the regional and country levels, and when funds are made available the program can be adjusted to fit within the available appropriations. Overprograming by about 10 percent of country loan planning figures is employed to provide guidance in terms of program priorities, while retaining flexibility regarding the screening and final approval of individual projects.

Since there is on hand a huge backlog of loan applications and since the loan approval cycle involves a lengthy process of project analysis and screening of applications, it would seem that when Congress made a considerable reduction in the budget estimate of the fiscal year 1963, every dollar Congress appropriated would have been obligated against the many loan applications allegedly on hand.

Actually, Congress appropriated $975 million for the Development Loan Fund in the fiscal year 1963, which was a reduction of $275 million in the budget estimate. But notwithstanding this cut by Congress, as of June 30, 1963, $71,400,000 of the moneys appropriated for the Development Loan Fund remained unobligated at June 30, 1963. Thus, even though the agency overprogramed for its requirements, and even though Congress made a drastic cut in the appropriation, the agency was still unable to obligate all of the funds appropriated.

I submit, Mr. President, that by making available more money than can be efficiently obligated by AID, Congress is aiding and abetting in the promotion of waste and extravagance.

I also point out that under the pending amendments offered by the Senator from Montana [Mr. Mansfield], for himself, the Senator from Illinois [Mr. Dirksen], and other Senators, a further obligation is imposed on the AID administrators; namely, to submit these programs, when they are in excess of $500,000, to the Corps of Engineers for approval. If the Corps of Engineers does a good job, it will take a much longer time in order to properly place this money for projects all over the world.

Mr. President, as I pointed out a few days ago, there is no earthly reason why we should begin—as suggested by the administrators of this program—a large aid program in Africa. Africa is a great continent. It is filled with numerous natural resources that are awaiting development. Those resources are not controlled by us. They are not in our hands. They are not in the hands of the natives in Africa. Those resources are owned and controlled by European countries—Britain, France, Portugal, Spain, and other countries of Western Europe.

As I have pointed out many times, if Africa is to blossom out and expand economically, it will be necessary that the resources in that country be utilized in order to assist the people there.

In order for the population of Africa to develop economically and make a good showing, it will be necessary that the resources of Africa be developed first for the benefit of the people there. How would that be done? By the construction of roads, schools, colleges, and the like.

The money we are now placing in Africa is money put down a rathole. It is used to maintain a few groups that are trying to remain in power. There is no question that many newly created countries there will never be successful unless they find a Santa Claus. I do not wish Uncle Sam to be that Santa Claus, for the simple reason that Africa is not within our sphere of influence.

If our dollars are to be spent in order to assist America, let us spend them where they will do us some good; namely, to the south of us. I am strongly in favor of developing South and Central America. I am glad that the AID administrators have virtually accepted the recommendations made in my report of 1958 when I returned from South and Central America.

In countries to the south of us there is a golden opportunity not only to develop resources for the benefit of the people there, in the form of roads, schools, colleges, and other facilities, but also to provide the necessary raw materials to feed our hungry mills here. As everyone knows, our iron resources are extremely limited. I understand that the Mesabi Range in Minnesota will be almost depleted in about 15 years. The remaining ore in our country grades from 25 to 30 percent iron, whereas the mines now being exploited in South and Central America produce ore in which the iron content is 68 percent. I am sure that the day will come when steel mills in the United States will not be able to compete with a concern in another country where the iron ore content is 68 percent. That is why in the past I have been in favor of developing South and Central America. They are good neighbors.

If the decision were left to me, I would try to find some way by which our own economy could be meshed with the economies of South and Central America. In the long run, it would pay us to do so.

Let us leave Africa to the Europeans, because all sorts of natural resources there—copper, gold, diamonds, uranium, and timber—are owned and controlled lock, stock, and barrel, by the Europeans. It is up to the Europeans to utilize those great resources, to develop the country and to assist the people who inhabit that great continent.

By making more money available than can be efficiently obligated by AID, Congress is aiding and abetting in the promotion of waste and extravagance, as I indicated a while ago in the case of the military aid program.

Why was the agency unable to obligate the reduced amount of money made available by Congress in fiscal year 1963? The reasons are enumerated in the justifications that have been presented to the Congress. I would like to give the Senate these reasons on a country-by-country basis, but in so many instances I am precluded from doing so because the data are classified "secret."

They are labeled secret and, of course, we cannot give that information to the American people.

However, I feel I can make the point clear by reading some of the reasons into the RECORD and deleting the name of the particular country and/or project.

> 1. ———: Loan applications were not received for any of the above projects, and thus the amount programed for ——— was completely eliminated from the development loan program.

In other words, we expected them to run in and put in applications as they were supposed to under the act of 1961. They did not do so. However, we had program money for them.

> 2. ———: Expectations for loan applications in ——— for fiscal year 1963 have not been met. In addition, AID criteria for completed loan applications have not been met for any of the applications which have not been received. Therefore, the fiscal year 1963 lending program has been substantially reduced.
>
> 3. ———: There has been a delay in receipt of the Government of ———'s financial feasibility study for the ——— airport. The anticipated loan application for the ——— road has not been received. The planned school construction loan will not be ready for final decision until fiscal year 1964 due to the absence of data from the ——— Government.
>
> 4. ———: Reductions in this country's program are due to the fact that certain elements of the program originally planned will not be ready for financing until fiscal year 1964. And yet we have provided for these countries.
>
> 5. ———: Reductions have been made for the following reasons in this country:
>
> 1. Slower than anticipated drawdown of the fiscal year 1962 loans.
>
> 2. Deferral of a completed loan to ——— pending an overall supports survey by the World Bank.
>
> 3. Increased interest of private investors in some of the industries for which development loans were contemplated.
>
> 4. Delayed completion of feasibility studies on which loan applications would be used.

I could go on, Mr. President, with reason after reason submitted in the agency's own justifications to Congress, accounting for why the Development Loan Fund could not obligate the reduced funds made available by Congress, but I feel the above illustrations make the point very clearly, and further emphasis would only burden the RECORD.

As I stated a while ago, there is a new provision in the so-called Mansfield-Dirksen amendments which would further delay these applications, since the approval of the Corps of Engineers would be required on those of large amounts. This language is found on page 2 of the amendments, beginning on line 16:

> (b) Section 611(a), which relates to completion of plans and cost estimates, is amended by inserting before the semicolon at the end of subparagraph (1) a comma and the following: "and, in any case in which such estimate of cost exceeds $500,000, until such estimate of cost and the feasibility of the project have been approved by the Corps of Engineers, United States Army, or by a reputable United States private firm of engineers".

That is a fine provision. Some of us have tried—I, particularly, tried—to put such a provision in the bill in the past, but to no avail.

There were many instances in which roads were merely surveyed from an airplane traveling over woods, or marsh, or jungle. Then it would be said, "This road in Vietnam or in some other country might cost so many millions of dollars." That was the way the situation was handled, not only in Asia, but also in South America. In the past, we have embraced many programs which were not well considered.

I remember the Rama Road. We started with the assumption that the cost of the Rama Road would be about $5 million. We have now spent in excess of $15 million and the road is not yet complete.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to my colleague.

Mr. LONG of Louisiana. Is it not true that any engineering firm or construction firm offered the opportunity to bid on construction of a highway such as that, would insist that it have the opportunity to go onto the land itself and take test borings to see what kind of foundation was beneath the land and whether adequate materials could be found nearby, in order to reduce the cost of hauling the fill and the material, to arrive at a firm estimate of the cost of building a road of that character?

Mr. ELLENDER. There is no doubt about that. I cannot see that they could do other than what we do in our own country. The authorizing process for our projects is very long and tedious.

It cannot be done overnight. I know of some projects in our own country, including the construction of dams and even the construction of roads, which required from 5 to 10 years of study before a conclusion could be reached as to how much the project would cost and before it could be authorized by Congress. Since the money is loaned to these countries, they should be interested in seeing to it that the money is well spent. We should be adequately protected by a thorough examination of the project to see that it is feasible, and to see that it can be constructed within the estimate made. All of that should follow, in my judgment, for the program to be effective.

I cannot for the life of me see why the procedure should be any different from what we do in our own country. The fact that added conditions are to be imposed is a good thing. It will make the applicants for the loans more careful.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LONG of Louisiana. Is it not true that in practice, not only in this country but also in practically all other enlightened countries, no one would undertake to build a project unless he had a firm estimate of cost?

Mr. ELLENDER. If he were responsible for the money spent, the Senator is correct.

Mr. LONG of Louisiana. The only conceivable reason why a person would not obtain a firm cost estimate before undertaking a project would be that somebody else was paying for it, and therefore it would make no difference what the cost might be.

Mr. ELLENDER. The Senator is correct. That has been the difficulty in the past. That is why so much of the money has been wasted, in my judgment.

Mr. LONG of Louisiana. Of course, if U.S. money is to be used to pay for it, assuming that the applicant does not accept the responsibility of obtaining a firm cost estimate, I am sure the Senator would agree with me that we should assume the responsibility of seeing to it that there is a firm cost estimate.

Mr. ELLENDER. That is why in the past several years we have insisted that studies be made. The pending amendment contains the provision that I have read, which is that if a project involves in excess of $500,000, the Corps of Engineers must examine it and make a finding as to its feasibility. That is a good thing. This will inure not only to the benefit of the taxpayer, but also to the benefit of countries which will borrow the money for various projects.

Mr. President, unless the brakes are put on the development loan program and the amount authorized for 1964 is cut back to the amount authorized by the House, I fear that loans will be made to many countries that really do not qualify under the criteria that have been established for development loans, and that funds will be obligated solely for the purpose of reducing the unobligated balances without regard for the objectives to be obtained.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. The remarks of the Senator from Louisiana are directed at the amendment now before the Senate. Is that correct?

Mr. ELLENDER. Yes.

Mr. LAUSCHE. Am I correct in stating that the purpose of the amendment is to reduce the suggested authorization of $975 million to $900 million, conforming to the figure adopted by the House?

Mr. ELLENDER. The Senator is correct. That is the purpose.

I ask: Should we be making three-fourths of 1 percent loans, with a 10-year grace period and 40 years to repay, to a country whose GNP has risen 10 percent per annum over the past several years—from $734 per capita in 1959 to $853 per capita in 1962?

Should we be making these loans to a country whose gold and foreign exchange holdings have risen at a fantastic rate since 1957, from $87 million in 1957 to $498 million in 1962, an increase of almost 500 percent? Should we be making low-interest development loans to a country which has a very favorable balance of payments, while our own balance of payments continues to run a considerable deficit?

Mr. President, I believe not. But this we have done, and this we contemplate doing in fiscal year 1964 in the case of the country of Israel, solely because Congress authorizes and appropriates more money than this program needs to function soundly.

Mr. President, I submit that there is not one iota of justification to make one dollar of development "soft loan" money available to Israel. Yes, Israel is the country that has achieved a very rapid rate of economic growth. Its GNP has risen 10 percent per annum over the past several years, and it is anticipated that this growth will be maintained. Its per capita output already exceeds the levels attained by some European countries, and it is comparable to many of the industrial countries of the world.

As I just pointed out, its per capita GNP has risen from $734 in 1959 to $853 in 1962. Israel's present level of annual investment approximates 25 percent of its gross national product, which rate, I believe, is exceeded only by Japan. I might add that our own country's rate is running at about 15 percent.

Mr. President, I am not opposed to lending money to Israel, but the economic facts of life make it clear that our loans to Israel should be made only on a businesslike basis, and not through the soft money route which has been set up for aiding the truly underdeveloped countries of the world.

At this point, Mr. President, I would like the record to show how generous we have been with Israel since the country came into existence and, therefore, I request that the schedule I hold in my hand covering the status of loans we have made to Israel through December 31, 1962, be inserted in the RECORD at this point.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

Israel—Status of loan from the United States, as of Dec. 31, 1962

[Value in dollars or dollar equivalents]

Program and borrower	Purpose	Date authorized	Amount authorized	Status of loan			Interest and commissions collected	Interest rate (percent)
				Disbursed	Repaid	Outstanding		
Grand total, Israel			504,380,425	423,839,286	102,466,901	310,004,163	69,788,480	
AID			141,660,387	104,432,345	3,338,675	101,093,670	9,273,906	
Government of Israel	Project assistance	Feb. 9, 1955	15,000,000	15,000,000	122,420	14,877,580	2,604,382	4
Do	do	May 25, 1955	5,000,000	5,000,000	40,807	4,959,193	808,127	4
Do	do	June 29, 1956	10,000,000	10,000,000	15,160	9,984,840	709,800	A
Do	Commodity assistance	Apr. 29, 1957	9,993,720	9,993,720	232,463	9,761,257	794,894	A
Do	Economic development	June 25, 1958	15,000,000	15,000,000	2,177,825	12,822,175	2,829,713	5¼
Industrial Development Bank of Israel	Development bank	May 12, 1959	10,000,000	7,763,074	400,000	7,363,074	452,450	5
Government of Israel	Irrigation and agricultural	June 30, 1960	15,000,000	15,000,000	300,000	14,700,000	676,618	3½
Do	Telephone development	Feb. 20, 1961	6,000,000	5,511,082	50,000	5,461,082	99,146	3½
Do	Airport construction	May 26, 1961	666,667					3½
Industrial Development Bank	Development bank	Sept. 7, 1961	10,000,000	1,000,072		1,000,072		5
Government of Israel	Development program	Mar. 21, 1962	10,000,000	10,000,000		10,000,000	28,866	¾
Do	2d development program	Aug. 3, 1962	35,000,000	10,164,397		10,164,397		¾
Food for peace			153,795,038	130,882,228	1,810,529	117,703,484	13,758,196	
Title I, sec. 104 (g) and (d):								
Government of Israel	Project assistance	July 19, 1960	12,832,778	12,832,778		8,400,000	205,722	4
Do	do	Oct. 12, 1960	4,293,838	3,095,947		2,342,109	41,819	4
Do	do	July 14, 1961	6,422,717	5,067,942		4,104,226	42,717	4
Do	Industrial development bank	Apr. 30, 1962	5,333,333	3,333,333		3,333,333		4
Do	Project assistance	Jun. 29, 1962	13,750,000					4
Do	do	Aug. 5, 1955	7,096,520	7,096,520	146,282	6,950,238	1,284,250	A
Do	do	Apr. 6, 1956	11,740,000	11,740,000	95,244	11,644,756	1,406,285	A
Weisman Institute	Building program	Mar. 12, 1962	2,500,000	2,500,000		2,500,000	30,614	4
Government of Israel	Economic research	Dec. 17, 1962	500,000					¾
Do	Project assistance	July 31, 1956	2,498,461	2,498,461	6,348	2,492,113	249,720	A
Do	do	Aug. 23, 1956	9,342,031	9,342,031	31,002	9,311,029	746,953	A
Do	do	July 16, 1957	7,838,427	7,838,427	25,702	7,812,725	626,734	A
Do	do	Jan. 9, 1958	21,000,000	21,000,000	10,079	20,989,921	4,014,504	B
Do	do	Aug. 25, 1958	3,600,000	1,875,608		1,875,608	193,123	B
Do	do	Oct. 7, 1958	11,111,111	11,111,111	5,333	11,105,778	2,222,222	B
Do	do	Dec. 17, 1958	18,872,000	16,697,817		16,697,817	1,256,268	3½
Do	do	Aug. 3, 1959	283,000	283,000		283,000	24,762	3½
Title I, sec. 104(e), "Cooley":								
Israel Bank of Agriculture, Ltd.	Grain storage facilities	Dec. 15, 1958	1,944,983	1,962,751	196,934	1,064,166	209,817	5½
Alliance Tire & Rubber Co., Ltd.	Tire and tube plant facilities	Feb. 18, 1959	405,205	408,907	72,390	193,700	70,375	7½
Samson Tire & Rubber Co., Ltd.	do	Feb. 27, 1959	193,453	195,220	34,534	92,500	36,523	7½
Dagon Batey-Mamguroth Le Israel, Ltd.	Grain storage facilities	Mar. 10, 1959	810,409	817,813	144,667	387,500	99,404	5½
The United Saran Plastic Corp., Ltd.	Plastic products facilities	Mar. 17, 1959	26,142	26,381	4,676	12,492	4,968	7½
Silos & Warehouse Co., Ltd.	Grain storage facilities	Mar. 26, 1959	188,224	189,943	8,960	112,000	28,339	5½
Moller Textile Corp.	Textile plant facilities	Apr. 5, 1959	784,267	791,432	140,000	375,000	86,201	5½
Paradise Mattress & Couch Co., Ltd.	Mattress and furniture facilities	May 3, 1959	26,142	26,381	4,667	12,500	3,869	5½
Sonol Israel, Ltd	Petroleum distributing facilities	May 6, 1959	575,120	580,383	102,667	275,000	78,448	5½
Mechanico, Ltd	Rebuild auto parts facilities	June 9, 1959	99,341	100,248	17,733	47,500	11,864	5½
Suliatan, Ltd	Soles and heels products facilities	Aug. 11, 1959	31,371	31,657	5,600	15,000	5,093	7½
Serafon Resinous Chemicals Corp., Ltd.	Plastics and chemicals facilities	do	65,356	65,953	11,723	31,200	11,305	7½
Palestine Milling & Trading Co., Ltd.	Grain storage facilities	Sept. 7, 1959	104,569	105,524	18,667	50,000	13,013	5½
Safen, Ltd	Soft and hard board products facilities.	Oct. 26, 1959	376,448	379,887	50,400	195,000	42,020	5½
American Israeli Paper Mills, Ltd.	Paper mill facilities	Dec. 24, 1959	1,045,690	1,055,242	140,000	541,666	128,330	5½
The Ashdod Co., Ltd	Industrial projects and constructions	Jan. 6, 1960	647,282	653,195	73,920	346,666	32,214	5½
"Dawe-Abic," Ltd	Animal feeds and medical facilities	Jan. 8, 1960	96,726	97,610	13,011	50,050	10,307	5½
Silos & Warhouses Co., Ltd.	Grain storage facilities	Feb. 4, 1960	156,853	158,286	7,467	93,333	17,718	5½
Israel Fine Cotton Spinning, Ltd.	Cotton spin mill facilities	Feb. 7, 1960	261,422	263,811	46,667	125,000	23,219	5½
Rastrom, Ltd	Precast concrete products facilities	Feb. 17, 1960	104,569	105,524	14,000	54,167	8,512	5½
Kadimah Chemical Corp.	Chemical plant facilities	Feb. 23, 1960	405,205	408,906	72,502	193,600	35,191	5½
Amcor, Ltd	Compressors production facilities	Mar. 2, 1960	616,957	622,593	55,067	344,166	60,814	5½

Israel—Status of loans from the United States, as of Dec. 31, 1962—Continued

[Value in dollars or dollar equivalents]

Program and borrower	Purpose	Date authorized	Amount authorized	Status of loan			Interest and commissions collected	Interest rate (percent)
				Disbursed	Repaid	Outstanding		
Food for peace—Continued								
Title I, sec. 104(e). "Cooley"—Con.								
Haifa Silos, Ltd	Grain storage facilities	Mar. 30, 1960	423,504	427,373	37,333	236,667	30,138	5½
The United Saran Plastic Corp., Ltd.	Zinc oxide manufacturing plant	May 12, 1960	62,741	63,315	5,600	35,000	6,844	5½
Palestine Milling & Trading Co.	Grain storage facilities	July 19, 1960	52,284	52,762	4,667	29,167	4,967	5½
Samson Tire & Rubber Co., Ltd.	Tire and rubber plant facilities	Aug. 2, 1960	522,845	527,671	46,667	291,667	43,200	5½
"Rassco" Rural & Suburban Settlement Co., Ltd.	Light industry centers and cosmetic facilities.	Oct. 16, 1960	522,845	527,671	46,667	291,667	35,968	5½
Near East International Financial & Trust Co., Ltd.	Small industry facilities	Oct. 21, 1960	235,280	237,430	10,500	140,625	14,946	5½
Assamin (1954), Ltd	Plant manufacturing macaroni	Dec. 30, 1960	159,468	79,143	--------	50,000	2,139	5½
Silos & Warehouse, Ltd	Grain storage facilities	Dec. 13, 1960	177,767	179,391	7,933	106,250	14,024	5½
"Binet" Jerusalem Chemical Industries, Ltd.	Plastic manufacturing plant facilities.	Jan. 4, 1961	33,985	34,295	1,587	20,250	2,494	5½
San Kol Chay Central Feed Mill Corp., Ltd.	Grain storage facilities	Apr. 27, 1961	784,267	791,432	--------	500,000	34,224	5½
"Shemen" Israel Oil Industries, Ltd.	Soybean meal storage facilities	May 14, 1961	282,336	--------	--------	--------	--------	5½
Avia Hotels, Ltd	Hotel facilities	May 16, 1961	235,280	237,430	--------	150,000	15,488	5½
Szekely-Hoffman & Co., Ltd.	Electrical control manufacturing facilities.	July 10, 1961	74,244	74,922	--------	47,333	3,707	5½
Dan Hotel Corp	Hotel contruction	July 25, 1961	1,307,112	1,319,053	93,333	750,000	53,736	5½
"Dagon" Batey-Mamguroth Le-Israel.	Grain storage facilities	Dec. 11, 1961	941,121	949,718	--------	600,000	34,076	5½
Export-Import Bank	--------	--------	208,925,000	188,524,713	97,317,697	91,207,009	46,756,297	
State of Israel	Agricultural production	Jan. 19, 1949	70,000,000	70,000,000	47,354,725	22,645,274	21,242,037	3½
Do	Transportation	Mar. 9, 1949	9,535,243	9,534,698	6,578,702	2,955,995	3,021,594	3½
Do	Housing materials	Mar. 16, 1949	25,000,000	25,000,000	16,836,578	8,163,421	7,721,995	3½
Do	Telecommunications equipment	Mar. 23, 1949	5,000,000	4,998,743	3,588,610	1,410,133	1,494,813	3½
Do	Port development	Sept. 7, 1949	5,464,757	5,464,757	3,670,489	1,794,267	1,536,064	3½
Do	Industrial development	Oct. 26, 1949	20,000,000	20,000,000	13,172,938	6,827,061	5,722,441	3½
Do	Water supply distribution facilities, agricultural development.	Feb. 20, 1958	24,200,000	24,200,000	3,025,007	21,174,993	4,339,125	5¼
American Israeli Paper Mills	Paper and pulp plant equipment	Oct. 8, 1958	3,000,000	3,000,000	642,857	2,357,142	483,470	5½
Mifalei Tovala, Ltd	Diesel trucks and trailers	Mar. 17, 1960	500,000	496,592	200,000	296,592	48,258	5¾
El Al Israel Airlines, Ltd	Jet aircraft—Boeing Airplane Co	Sept. 2, 1960	8,925,000	8,925,000	1,912,500	7,012,500	717,415	5¾
State of Israel	Equipment, etc., for airport	Nov. 3, 1960	1,500,000	1,066,082	75,000	991,082	15,068	5¾
Government of Israel	Port expansion program	Mar. 16, 1961	2,000,000	1,321,847	--------	1,321,847	43,432	5¾
State of Israel—Bank of Agriculture.	Agricultural program	Apr. 13, 1961	13,000,000	7,023,738	--------	7,023,738	156,480	5¾
State of Israel	Expansion—Palestine electric	Apr. 20, 1961	3,750,000	3,048,456	--------	3,048,456	69,956	5¾
Do	Diesel electric locomotives—railways.	May 4, 1961	800,000	800,000	--------	800,000	11,002	5¾
Do	Equipment for Negev. Phosphates, Ltd.	May 31, 1962	2,000,000	--------	--------	--------	--------	5¾
Government of Israel	Equipment, etc.—highway maintenance.	Sept. 13, 1962	3,450,000	--------	--------	--------	--------	5¾
El Al Israel Airlines, Ltd	Aircraft—Boeing	Aug. 24, 1961	3,650,000	3,644,800	260,291	3,384,508	131,147	5¾
Israel Petrochem Enterprises	Establishment of chemical plant	Apr. 26, 1962	7,150,000	--------	--------	--------	--------	5¾

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. The Senator from Louisiana is aware of the fact that the Lausche-Mundt amendment has changed the law with respect to the interest rates that are to be charged.

Mr. ELLENDER. Yes; I am aware of that fact, but——

Mr. LAUSCHE. I believe the amendment is moving in the proper direction. Whether it has gone far enough, I am not certain; but the amendment of which I speak provides that three-fourths of 1 percent interest shall be chargeable only for the first 5 years, and thereafter the rate of interest shall be not less than 2 percent.

Mr. ELLENDER. Yes; I am familiar with that amendment. As the Senator has said, it is in the right direction. It is written in the act that the AID administration should, under no conditions, lend money, except on a businesslike basis, to countries that are able to pay or that are not underdeveloped. The purpose of development loans is to assist underdeveloped countries. That is the main purpose of the fund. We have made loans in the past to Israel and other countries, in large quantities, on a businesslike basis. For the administrator to take the soft money route by making loans to Israel on the basis of three-fourths of 1 percent interest, with a 10-year grace period is shameful, to say the least.

Mr. LAUSCHE. I concur in what the Senator from Louisiana has said. The rule which has thus far been in existence is neither reasonable nor just—namely, to make loans at an interest rate of three-fourths of 1 percent, to be repaid in 40 years, with a grace period of 10 years in which no amortization takes place. Interest was paid in the first 10 years.

I concur completely in what the Senator has said. I repeat, the amendment moves in the right direction. Whether it goes far enough, I cannot say.

Mr. ELLENDER. I agree with what the Senator from Ohio has said. In my opinion it does not go far enough, particularly with regard to loans to the countries that are capable of repaying.

As I pointed out the other day, in studying our programs abroad, I learned that efforts are being made to amend Public Law 480 in the pending bill, which I think is wrong. I believe that consideration of proposed amendments of the act should be left to the Committee on Agriculture and Forestry. In connection with Public Law 480 loans, the three-quarters of 1 percent interest requirement and the 10-year grace period has been used, in reloaning proceeds from sales. In many instances we have sold surplus commodities at world prices and lost considerable sums. In some countries we have even sold at unrealistic exchange prices, so that another 25 or 30 percent were added to our losses. To assist those people to a greater extent, we are now permitting them to borrow the proceeds from the sales at three-quarters of 1 percent, payable in 40 years, with 10 years' grace.

I am hopeful that the Senate will vote for the amendment, in which I ask that all references to Public Law 480 in the act be deleted. It is the hope of the Committee on Agriculture and Forestry to revamp Public Law 480. We expect to hold hearings on that subject next year. The time has come to amend the act. We can then take care of the situations that are sought after in the pending bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Ohio.

Mr. LAUSCHE. I point out that in discussions in the Foreign Relations Committee some suggestion was made that there be a mandatory rate of 2 percent, but, following a discussion, it was determined that a floor of 2 percent should be fixed—meaning that the administrator should charge a rate of interest commensurate with the ability of the borrowing country to meet its obligation, with an interest rate of 2 percent or over.

Mr. ELLENDER. That is the way I would interpret the amendment.

I point out that in addition to loans amounting to $527 million, we have also made available to Israel economic grants totaling $352 million.

In connection with the schedule of loans I have just included in the RECORD, I would like to direct the attention of Senators to two development loans we made to Israel in March and July of 1962. They aggregate $45 million and were made on terms of 40 years repayment, with a 10-year grace period, and bearing interest at the rate of three-fourths of 1 percent. And I might reiterate that more development loans are contemplated for Israel in fiscal year 1964.

I cannot emphasize too strongly, Mr. President, that too much money was appropriated for the Development Loan Fund in fiscal year 1963, and unless Congress reduces the amount authorized in the current bill to the amount allowed by the House—or even lower, if the Senate could be persuaded to do it—the same thing is going to happen in fiscal year 1964.

As Senators know, the Agency for International Development is presently operating under a continuing resolution which permits them to obligate funds at the lowest of the following pro rata rates: First, the amount appropriated in fiscal year 1963; second, the amount contained in the budget estimate for fiscal year 1964; third, the amount allowed in the House appropriation bill; or, fourth, the amount allowed in the Senate appropriation bill.

Since we have neither a House nor Senate appropriation bill, and since the budget estimate for fiscal year 1964 is higher than the amount appropriated in 1963, the agency is currently operating at the same pro rata rate it had for fiscal year 1963. Thus, in the first quarter of fiscal year 1964, ending September 30, 1963, a flash report from the Agency for International Development covering the status of fiscal year 1964 allotments and obligations indicates that a total of $754,121,160 is available for all types of economic assistance.

Of this total amount, the Development Loan Fund has available for the first quarter of 1964 a total of $278,527,370.

And what has the agency been able to obligate out of the Development Loan Fund in this first quarter of fiscal year 1964? The answer, Mr. President, is a total of $10,600,000 actually obligated by the Development Loan Fund for the first quarter of fiscal year 1964. These data are set out in the flash fiscal report I hold in my hand, and I request that it be placed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

EXHIBIT A.—AGENCY FOR INTERNATIONAL DEVELOPMENT

Flash report—Status of fiscal year 1964 allotments and obligations—Global summary by appropriation as of Sept. 30, 1963

	Appropriation		Available funds	Implementation approval documents	Amount allotted	Obligations and loans authorized current month	Cumulative obligations and loan authorization	Available balance of allotment
	Symbol	Code						
ECONOMIC ASSISTANCE								
Annual appropriation:								
Development grants	1004	454	$75,000,000	$55,137,252	$54,429,352	$11,837,207	$30,260,414	$24,168,938
International organizations and programs	1005	455	10,000,000					
Supporting assistance	1006	456	125,000,000	63,158,403	63,158,403	1,741,952	27,282,801	35,875,602
Contingency fund	1078	421	19,515,000	490,500	490,500	20,266	21,566	468,934
Surveys of investment opportunities	1008	458	300,000	221,722	221,722	102,208	174,841	46,881
Administrative expenses (sec. 637(a))	1000	423	19,500,000	18,203,000	18,203,000	4,126,801	12,965,026	5,237,974
Alliance for Progress, development grants	1010	495	33,000,000	17,211,000	17,211,000	3,155,606	9,966,809	7,244,191
Total, annual appropriations			282,315,000	154,421,877	153,713,977	20,984,040	80,671,457	73,042,520
No-year appropriation: Inter-American social and economic program	X0070	187	1,260,911	1,207,095	1,207,095	6,266	9,924	1,197,171
Subtotal			283,575,911	155,628,972	154,921,072	20,990,306	80,681,381	74,239,691
Revolving funds:								
Alliance for Progress, development loans	X4111	389	192, 17,879	41,050,000	41,050,000		41,050,000	
Development loans	X4103	253	278,527,370	12,600,000	12,600,000	1,000,000	10,600,000	2,000,000
Total, revolving funds			470,545,249	53,650,000	53,650,000	1,000,000	51,650,000	2,000,000
Grand total			754,121,160	209,278,972	208,571,072	21,990,306	132,331,381	76,239,691

Mr. ELLENDER. Mr. President, what facts must be presented to the Senate to show that it will err if it makes available $160 million more than the amount allowed by the House to the Development Loan Fund?

There is a preponderance of evidence buttressing the House allowance. In fact, the evidence justifies cuts below the amount allowed by the House. If the flash report on the status of 1964 allotments and obligations were the only evidence, it alone would be sufficient. But there is the other evidence which I have already presented to the Senate.

We must discourage the programing of development loan funds when firm applications are not on hand. We must have a loan program that is not based on expectations for loan applications. We must not appropriate funds when feasibility studies for projects are not yet available. We must not plan construction projects when the recipient government has not furnished us any data. I believe we can reach these goals if we limit the amount authorized for development loan funds to $900 million, which will be accomplished if my amendment is adopted.

I urge Senators to vote for it.

Mr. LAUSCHE. Mr. President, I commend the Senator from Louisiana for his excellent presentation of this subject. He is worthy of praise, and I extend to him that praise on the basis of his general approach to the subject.

Mr. ELLENDER. I thank the Senator.

Mr. MORSE. Mr. President, I join the Senator from Ohio in commending the Senator from Louisiana for his very able speech, in which he has brought out what I consider to be some of the shocking facts in connection with the military aid program.

I believe the RECORD ought to be clear that in due course of time the Senator from Louisiana will be offering amendments dealing with the military aid program, in which he will seek to reduce the authorization for that part of the program. The RECORD ought to be very clear that the amendments will be offered, some by the Senator from Louisiana and some by other Senators.

Mr. LAUSCHE. Mr. President, I should like to state that I will support the amendment now pending before the Senate, offered by the Senate from Louisiana [Mr. ELLENDER].

AMENDMENT NO. 307

Mr. LAUSCHE. Mr. President, I send to the desk an amendment which, if adopted, would strike from the bill lines

8 through 17, both inclusive, on page 39, as follows:

> (d) After section 253, which relates to fiscal provisions, insert the following new section:
>
> "SEC. 254. RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest."

I ask that the language be stricken in conformity with my amendment, because I believe that power now resides in the executive branch of the Government. The language now in the bill would in a way press the President not to grant aid to countries like the Dominican Republic and Honduras, or any other country in the Western Hemisphere in which a constitutionally chosen government has been overthrown by the people.

We have the grave responsibility of making a decision on whether or not to recognize a revolutionary government in South Vietnam, on the one hand, while we refuse to recognize a revolutionary government in the Dominican Republic on the other hand. Both those governments were constitutionally chosen. President Bosch, of the Dominican Republic was turned out of office because of his softhanded treatment of communism. In South Vietnam, Diem was vigorous in his opposition to the Communists. It can be said that he was firm, but I believe that his firmness was partly the consequence of the circumstances which prevailed in South Vietnam.

We thus have before us a paradox: Shall we recognize a revolutionary government in South Vietnam which overthrew a government that was definitely hostile to communism? Shall we refuse to recognize the Dominican Republic revolutionary government, which overthrew a regime that was soft on communism?

The world will be looking to see what our policy is. It will want to know why we refuse to recognize the government in the Dominican Republic, when we know that it is the product of the will of the people, beginning with the man working on the farm, in the factory, in the mine, in the business house, in the professional office, and in the church. From beginning to end the purpose was to remove Bosch from the government because of his softhanded treatment of communism.

That revolutionary government has not been recognized. I fear that chaos will come into existence in the Dominican Republic. If it does, we know that the Communists move into areas where chaos exists.

By our refusal to recognize the incumbent government of the Dominican Republic, we are, in effect, telling the people of that nation that we do not approve of the new government. When we tell them that, I am afraid that we are giving aid and comfort to the Communists.

In any event, my amendment, if it is adopted, will leave the law as it is and allow the administration either to recognize or reject a revolutionary government. It will not place pressure on the administration not to recognize, in the Western Hemisphere, a revolutionary government, even though it has overthrown a positive Communist regime.

What will we do if Jagan is overthrown in British Guiana? He is a Communist. He is oriented to Moscow. He has been selected under a constitutional basis of government. But we know that he is an enemy of the United States. If the people of British Guiana overthrew Jagan and installed a government that was friendly to us and hostile to Russia, would we still refuse to recognize the new government?

Mr. DOMINICK. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. DOMINICK. It seems to me that the distinguished Senator from Ohio has raised an extremely important point; namely, the conflict in policy within the Foreign Aid Act as it is presented to us by the committee. On the one hand, we say that we will give most-favored-nation treatment to countries which are at least communistic in their form of government, even though the State Department calls them independent countries—for example, Poland and Yugoslavia. We propose to give them special treatment, most-favored-nation treatment, under both the Foreign Aid Act and the Foreign Trade Act. On the other hand, there is no doubt in my mind that section 254, referred to by the distinguished Senator from Ohio, definitely refers to governments which have moved into control in Central and South America in order to prevent a Communist takeover or a giveaway of the country by an existing government.

So it seems that there is a real conflict. We say we are trying to avoid communism by providing foreign aid; yet we give most-favored-nation treatment, on the one hand, and penalize countries which are trying to prevent communism, on the other hand. I do not know how anyone can determine which way we will go if we continue under this section. Unless the Senator's amendment were adopted, many problems could be posed.

Suppose there were a change in the government of any of the underdeveloped countries which we are now assisting. Suppose Ghana, which has certainly been oriented toward the East until recently, and perhaps still is, were to change its form of government. What would we do then? Would we say we would not provide aid to the new government, even though it might be pro-Western in its attitude?

There are any number of such examples. The situation concerning Cheddi Jagan, to which the Senator from Ohio has referred, is pertinent on this particular point. The inconsistency of providing aid to the military junta which has taken over South Vietnam, but not providing aid to the Dominican Republic, is a classic example of the problem which confronts us.

Does the Senator from Ohio believe that this decision should be left wholly to the discretion of the State Department or of the AID Administration? Or should Congress establish a policy in the foreign aid program which is designed to try to prevent further Communist takeovers of portions of the free world? Should not our foreign aid program be handled on that basis?

Mr. LAUSCHE. My position is that the granting of aid to a Communist government is never in the interest of the United States. Communist governments are hostile to our life. They want our country and system of government to perish. Therefore, it cannot be said that the granting of aid to a Communist government, whether the communism is international in scope or merely national, is ever in our interest.

However, my amendment would not enter into that field. It would merely strike section 254 from the bill and leave the language as it now is. If section 254 remains in the bill, I am afraid it will mean that there is a presumption that aid should not be granted to a revolutionary government that took control in one of the nations which was a member of the Alliance for Progress.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SPARKMAN. The Senator may recall that there was much discussion in committee regarding this proposal. We were more or less torn between two ideas. One was to discourage military coups; the second was, at the same time, not to limit ourselves unduly in the granting of aid to countries in which new governments had been established as a result of military coups.

The Senator may recall that before the committee would agree to this provision, it was modified considerably. First, it does not apply to any country outside the Western Hemisphere; in fact, it does not apply to any country outside the Alliance for Progress. Therefore, it does not apply to British Guiana, for example, and does not apply to South Vietnam.

Mr. LAUSCHE. I am speaking of British Guiana, in the Caribbean.

Mr. SPARKMAN. So am I.

It does not apply to British Guiana, because that country is not a member of the Alliance for Progress. This provision relates only to this title. I say that in order to clear the RECORD. It could apply to any country in the Alliance for Progress. However, the committee insisted that the language be included before the committee would agree to to the section.

There is a saving clause:

> Unless the President determines that withholding such assistance would be contrary to the national interest.

The RECORD should show that the President is not prohibited from acting. If he determines that the national interest will be served by so doing, he may extend aid to a government established as a result of a military coup.

Mr. LAUSCHE. I thank the Senator from Alabama.

Mr. President, I call the attention of the Senate to an article entitled, "It Depends on Who Is Getting Couped," published in the Washington Daily News of today, November 5, 1963. The meaning of the title of the article is: What is the nature of the country whose government has been overthrown? The government of the Dominican Republic incumbent several weeks ago was overthrown. A new government came into control there, but our Government refused to recognize it. In Saigon, the existing government was overthrown, and the indications are that the Government of the United States will recognize the revolutionary government there. Why the difference? Why did our Government give preferential treatment to one and prejudicially discriminatory treatment to the other? That is the important question.

I now read the article:

IT DEPENDS ON WHO IS GETTING COUPED—DOMINICANS RAISE THEIR EYEBROWS OVER SAIGON

(By Hal Hendrix)

MIAMI, November 5.—From the Dominican Republic point of view, last week's bloody military coup d'etat in South Vietnam has an inconsistent twist.

"It all depends on who is getting couped and where," commented a Dominican traveler upon arrival here.

The traveler, a source close to the ruling provisional government in Santo Domingo, said it was interesting to Dominican associates that, according to news agency reports, Washington could hardly wait to extend recognition to a provisional regime in Saigon. "But almost 6 weeks have passed since the military staged a coup in Santo Domingo and we are no nearer getting U.S. recognition than we were 6 weeks ago," the source said.

STRANGE

It seems strange to Dominicans—and it must to other Latin Americans—that the United States deplored the military action in Santo Domingo but openly called for a change in Vietnam's government and thereby encouraged the Saigon coup, he said.

The visitor pointed out that Washington officials happily reported that the Vietnam military leaders who overthrew the constitutional government of President Ngo Dinh Diem—and then killed him and his brother, Ngo Dinh Nhu— were friendly toward the United States and stanchly anti-Communist.

By the same token, the Dominican noted, Dominican military leaders never have been unfriendly toward the United States and are, in fact, strongly pro-United States and anti-Communist.

Furthermore, he added, the Dominican military coup against President Juan Bosch last September 25—in which softness toward communism was an announced factor—was bloodless and government reins were turned over to a civilian triumvirate within 36 hours after the coup.

NONE KILLED

President Bosch was accompanied into exile by an army general (Antonio Imbert) at his own request and none of his government officials was killed or injured in the coup, the traveler reminded.

In Santo Domingo, the visitor said, Dominicans noted with interest news agency reports from Saigon about celebrations following the overthrow of the Diem regime.

It recently was reported in the New York press, he mentioned, that American Peace Corps representatives in the Dominican interior referred to celebrations in small villages when it was learned Sr. Bosch had been toppled.

Also, the Dominican visitor said, it should be evident now there has been no national clamor in the republic for a return of Sr. Bosch or any of his cohorts, except by remnants of his revolutionary party, the Marxist-Leninist June 14 movement and other leftist elements.

PRIDE HURT

"Obviously," the Dominicans concluded, "the Kennedy administration and its democratic advisers in Puerto Rico had their pride wounded when their man Sr. Bosch was overthrown.

"It is equally obvious that the United States is not engaged in a shooting war against the Communists in our country like it is in Vietnam.

"But, according to the Kennedy administration, the Alliance for Progress is supposed to be a weapon against communism in the Americas. Now they have cut off Alliance-for-Progress programs in the Dominican Republic.

"So you have to ask, if you are a Dominican, Is the Alliance for Progress really for the Latin people or the favored Latin governments?"

Mr. President, to repeat, from the beginning to the end the people of the Dominican Republic were apprehensive that Bosch, the poet, the romanticist, the sentimentalist, was soft on communism, and they begged him to become firm. Our State Department said to him, "You will run yourself into trouble." But he would not listen, and the people overthrew him. But our Government refused to recognize the revolutionary government there, although the indications are that probably our Government will recognize the revolutionary government in South Vietnam.

Mr. President, in my opinion, there is no difference between the two; but even if there is a difference, it is in favor of the Dominican Republic Government. If our Government recognizes one, then justice, fairness, decency, and security for our country require that our Government give recognition and grant aid to both.

DISMISSAL OF OTTO OTEPKA

Mr. DODD. Mr. President, today the State Department announced the dismissal of Otto Otepka, a senior, experienced, and extremely competent security officer, because he gave to members of the Senate Judiciary Committee information concerning irregularities and probable illegalities affecting the security of the United States.

I consider the dismissal of Mr. Otepka by the Department of State a serious challenge to responsible government and to the system of checks and balances on which it is based. It is not only a direct affront to the Senate Subcommittee on Internal Security; it is also an affront to the Senate as a whole, and is a denial of its powers as established by legislation.

The charges on which Mr. Otepka's dismissal is based boil down to the simple fact that he has testified honestly before the Senate Subcommittee on Internal Security on matters relating to security in the Department of State.

The right of Government employees to furnish information to them is established by statute. The United States Code, title 5, paragraph 652(d), reads:

(d) The right of persons employed in the civil service of the United States, either individually or collectively, to petition Congress, or any Member thereof, or to furnish information to either House of Congress or to any committee or member thereof, shall not be denied or interfered with. (As amended June 10, 1948, c. 447, 62 Stat. 345; 1949 Reorganization Plan No. 5, effective Aug. 19, 1949, 14 F.R. 5227, 63 Stat. 1067.)

The State Department, by its action in the Otepka case, has, in effect, nullified this statute and issued a warning to all Government employees that cooperation with the established committees of the Senate, if this cooperation involves testimony considered unpalatable at higher echelon, is a crime punishable by dismissal.

Mr. President, the high significance of the Otepka case cannot be overstated.

Mr. Otepka was the last old-line security officer holding a top position in the Office of Security.

He has been an employee of the U.S. Government for 27 years. He has served as Deputy Director of the Office of Security and officer in charge of evaluations. His efficiency ratings have always been "excellent." In 1958 he received the Meritorious Service Award from Secretary of State John Foster Dulles. But suddenly, for some strange reason, certain people in the Department decided that Mr. Otepka had to go.

So they began, first, to restrict his functions.

Then they installed a tap on his telephone. Although a State Department official has denied under oath that this was done, the Subcommittee on Internal Security has proof that the tap was installed.

Then they began to monitor Mr. Otepka's wastebasket.

Then they locked him out of his office and denied him access to his files, although no charge had yet been brought against him.

No one suspected of espionage or disloyalty has to my knowledge been subjected to such surveillance and humiliation.

But Mr. Otepka was not suspected of disloyalty or espionage.

He was suspected very simply of cooperating with the Senate Subcommittee on Internal Security and of providing it with information that some of his superiors found embarrassing or objectionable.

In the topsy-turvy attitude it has displayed in the Otepka case, the State Department has been chasing the policeman instead of the culprit; and the words "security violation" have come to mean not the act of turning over information to an alien power, but the act of giving information to a committee of the Senate of the United States.

I have asked for an emergency meeting of the full Senate Judiciary Committee to consider the implications of Mr. Otepka's dismissal.

I have also asked that the 10-page memorandum on the Otepka case which I personally delivered to Secretary Rusk in New York, and which was signed by all the members of the Judiciary Committee, be circulated to all the Members of the Senate.

If the dismissal of Mr. Otepka is permitted to stand, it will become impossible or exceedingly difficult to elicit any information from employees of the executive branch that bears on disloyalty, malfeasance, conflict of interest, or other wrongdoing by their superiors.

I hope the Secretary of State will see fit to reverse the decision of the Department when this matter comes to his attention.

Mr. THURMOND. Mr. President, will the Senator from Connecticut yield?

The PRESIDING OFFICER (Mr. BAYH in the chair). Does the Senator from Connecticut yield to the Senator from South Carolina?

Mr. DODD. I am happy to yield to the Senator from South Carolina.

Mr. THURMOND. I wish to commend the distinguished Senator from Connecticut for bringing this information to the attention of the Senate.

Does the Senator from Connecticut feel that if this decision of the State Department stands, that it would not only nullify the law on the subject—I refer to the law which requires an employee to state truthfully to a congressional committee the facts within his knowledge about the matter concerning which he is questioned—but that it also would nullify our constitutional system of government, by tending to destroy the constitutional system of checks and balances?

Mr. DODD. Yes. The Senator was not present in the Chamber when at the opening of my remarks I said that I considered it a most serious challenge to the system of checks and balances under which our Government operates. There is nothing more precious than this system. If we are to preserve free government, it must be founded on checks and balances.

If the legislative branch cannot inquire about irregularities or illegalities in Government departments, who will inquire?

Who will question wrongdoing if the legislative branch of the Government cannot do so?

If any Government employee is barred from giving vital information to a congressional committee, Senate or House, how will we ever learn of malfeasance or wrongdoing in the Government.

If the reward for coming forward and honestly telling Members of the Senate and the House of Representatives of wrongdoing is dismissal, something terrible has happened in our country, and we had better move before it is too late.

Mr. THURMOND. I believe it was Thomas Jefferson who made a statement to the effect that no man can be trusted with power, but must be bound by the chains of the Constitution. Does the Senator construe that statement to indicate that the purpose in the relevant provisions of the Constitution was to prevent any one man or agency in the Government from becoming too powerful, and to provide that each branch of the Government should be a check on the other branches? In the instance now in question, was not the legislative branch performing its constitutional function of checking on the executive branch by calling before it a witness who was in possession of valuable information which the Congress desired?

Mr. DODD. Yes. That is exactly what happened. That is all the man did. He gave honest information.

Incidentally, I have no doubt of the truth of the testimony; and I do not believe that any member of the committee doubts the truth of it. I do not think there is any question about that.

Mr. Otepka has not been charged with giving false information. He is charged with giving the truth to a committee of the Senate. Since someone in the Department has been embarrassed, Mr. Otepka has been dismissed for doing so. I cannot think of anything worse.

I try to be temperate about these things.

The difficulty concerning this individual has been going on for some time. There is much more to the story than I have been able to reveal, but in due time I am confident that it will all be made public. I am reluctant to raise the point on the floor of the Senate. I would prefer to see the investigations and hearings go along quietly. They have all been conducted in executive sessions to protect the reputations of people and to be sure of our facts before it is all made public—if it ever is or should be.

Now we are faced with a challenge to the Senate and the House of Representatives. Next the challenge will be presented to, say, the Committee on Commerce, and then, say, to the Committee on Labor and Public Welfare.

No committee of the Senate will be safe from interference, if an employee of the Government cannot come before a committee and tell the truth about any situation prevailing in the Government. In my judgment, no more grievous threat to our system of Government has been postured before us in my recollection.

It is not merely a problem for the Committee on the Judiciary or for the subcommittee. It is a problem for the Congress and the American people. That is why I have presented the facts, as I have done this afternoon.

Mr. THURMOND. If Mr. Otepka had not told the truth to the Subcommittee on Internal Security of the Committee on the Judiciary, would he not then have been guilty of perjury?

Mr. DODD. Of course. Our witnesses have been under oath. I pointed out earlier—and again I am quite sure that the Senator from South Carolina was not present at the time—that we know the Department of State tapped Mr. Otepka's telephone, but an employee of the Department of State came to our subcommittee and, under oath, said that the telephone had not been tapped—which was an untruth. That is the man who ought to be subject to charges. When employees of the Government come before a congressional committee and either make wilfull mistatements or tell untruths under oath I believe that dismissal charges should be preferred against them. But up to the present hour the man who has been dismissed is the man who told the truth, and so far as I know, the man who told the untruth has not been moved against.

Mr. THURMOND. Does the committee have any plans to cite for perjury the man to whom the Senator referred?

Mr. DODD. I have not asked any questions about that. As I said, I asked for an emergency meeting of the Judiciary Committee so that all the implications of the situation might be fully explored and the committee might make a decision with respect to what it should do, how it should advise the Senate, and what it should report to the Senate.

Mr. THURMOND. If this becomes accepted practice, in the future will not a witness called before a committee face one of two courses: If he tells a falsehood, he is subject to being prosecuted for perjury; if he tells the truth, as Mr. Otepka did, he will subject himself to the wrath of his employers, and be in danger of dismissal?

Does that not put an employee of the Government who may be a witness in the difficult position as far as knowing which course he must take—to tell the truth and be subject to dismissal or tell a lie and be subject to being cited for perjury?

Mr. DODD. Of course it does. It is very obvious that it does.

Mr. THURMOND. Should the employees of our Government ever be placed in such a position? Should not the State Department have commended Mr. Otepka for telling the truth, and promoted him because he had the courage to tell the truth and bring those matters to our attention? Instead, the State Department is taking the position that he should be fired because he came before a duly constituted congressional subcommittee and told the truth.

Mr. DODD. Yes. I speak for myself only. I have never considered our function on the subcommittee as an adversary position.

I do not believe that we of the legislative branch should be in an adversary position with respect to the executive or the judicial branch. We are in a cooperative posture. We should be. We should be working together. I tried to conduct myself on the subcommittee in that way. I believe the other members have, too. I know they have. So we are not in a contest. We do not want to be in a contest. We want to work together. If something wrong is brought to our attention through a Government employee, we want to tell the Secretary of State, the head of whatever department is involved, or the proper officials. Then something could be done about it.

I have never believed that the subcommittee should seek large headlines in an effort to make a case against the executive department. I do not believe that is our task. There has been too much of it in the past. We are a part of the Government, too. We should be working with the other two branches. How can we do so if another branch dismisses an employee who comes before us and tells the truth about a situation in a specific department?

Mr. THURMOND. It is the duty of the subcommittee to make inquiry. That is what I understood the subcommittee did in the present instance. It made a legitimate inquiry during which the witness was cross-examined. The witness spoke the truth; and because he spoke the truth he has been fired.

Mr. DODD. That is what happened.

Mr. THURMOND. Mr. President, I deeply regret what has occurred. The Secretary of State should consider the question most carefully and reconsider the action which has been taken. He should restore this faithful employee, who has been recognized as a man of character, a man of ability, and a man of dedication, he having been the recipient of an award from the Department of State only a few years ago. There has not been the least criticism concerning his ability, his patriotism, or the manner in which he has performed his duties. Merely because he gave information in response to an inquiry of a congressional subcommittee that someone in the State Department did not like, they have acted to get rid of him.

Mr. DODD. What, if the Senator from Arkansas [Mr. McClellan] were faced with this situation. The Senator has been carrying on investigations with great dignity and care for some time. In view of this fact, assuming that some situation developed in one of the executive departments as to which the Senator from Arkansas wanted to question an employee of that department, if that employee came before the Senator's committee to testify, would he be fired? The implications are grave.

Mr. THURMOND. How would the Congress ever get the needed information? How can the Government Operations Committee perform its function of making inquiries concering the operation of the Government if employees in the Government who have facts and knowledge essential to such inquiry and investigation are not allowed to speak the truth and present it to a committee of Congress?

Mr. DODD. I know of no way.

Mr. THURMOND. There is a fundamental principle, involving more than one employee. Is there not a principle involved that could lead to great trouble in the future?

Mr. DODD. That is correct.

Mr. THURMOND. Furthermore, not only could this discourage employees from volunteering information to Congress, but also it could discourage them from testifying if it was known that they were wanted to testify or that their presence would be desired. Is it not the same as virtually saying to Government employees, "Stay away from Congress. You are working for the executive branch, and you have no right to give committees of Congress information, although they ask questions and you are supposed to respond truthfully. And if you do respond truthfully, you are in danger of being dismissed"? As I understand it, that is what happened to Mr. Otepka.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DODD. I am glad to yield.

Mr. LAUSCHE. There is another horn waiting to impale Mr. Otepka. If, when he was called, he refused to testify, he would be subject to contempt proceedings.

Mr. DODD. Yes; under certain circumstances.

Mr. LAUSCHE. If he testified under oath, and told a falsehood, he would be subject to criminal prosecution. If he testified under oath and told the truth, under this policy which has been followed, he stood to lose his job.

Thus, three horns were awaiting him, and it made no difference in which direction he moved. He was hooked.

Mr. DODD. I believe that is the situation. In fairness to the Secretary of State, who is heavily burdened with great problems, I do not feel that he has had an opportunity to obtain an intimate knowledge of the situation. I strongly feel that if the Secretary had a full opportunity to know all the facts and all the implications, we would not be faced with this situation today. I have the highest regard for the Secretary of State. He is a fair, honest, capable, and decent man in every respect.

I believe the situation has gotten out of his hands, which is understandable to me. In such a large department of Government, with all the Secretary of State has to do, these things "boil up" on him. He does not know about them, perhaps, until the last minute. It does not make the situation any less serious, but in all fairness to the Secretary I would not want it to be understood by Senators, or beyond the walls of the Chamber, that I charge in any respect that the Secretary of State is responsible for this situation. I do not believe he is. I believe it is the people under him who have misled him, or misled his Department, into this situation.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AID TO YUGOSLAVIA

Mr. DODD. Mr. President, I support the amendment of the able senior Senator from Wisconsin which calls for the elimination of aid of any kind to Communist Yugoslavia.

This resolution is particularly timely because of the effort that is now being made to reinstate favored-nation treatment for Yugoslavia and to create an image of Marshal Tito and of his regime that is completely controverted by the facts.

I have spoken many times in the past in opposition to our program of assistance to Communist nations in terms of its harmful effect on our national and international position.

I am opposed to any form of aid to the Tito regime because of its long, unbroken record of tyranny over its own people, including the mass executions at the close of World War II, the judicial murder of General Mihailovich, the imprisonment of Cardinal Stepinac, and the recent reimprisonment of Milovan Djilas.

I am opposed to it because Tito has consistently lined up with the Soviet Union on foreign policy issues, including Hungary and Cuba.

I am opposed to the extension of any form of aid to Tito because in his posture as a so-called independent Communist he has in effect served as the prime organizer of anti-Western neutralism. Among other things, he was the organizer and ideological leader of the viciously anti-Western conference of neutralist nations in Belgrade in August 1960.

These are the historic reasons for my opposition to the continued folly of aid to Tito.

There are some who will say that this is in the past, and that we must concern ourselves with the present rather than with the facts of history. My answer to those who hold this view is that there has been no break in continuity between the Tito regime of the past and the Tito regime of today. In my remarks today, I propose not to deal with the past, but with five current situations that are relevant to the question of whether we should or should not extend favored-nation treatment to Yugoslavia and assist it in other ways.

There has been far too much self-deception on the subject of Tito and Titoism. I do not say that Tito's vaunted independence of Moscow is a complete fraud; he does enjoy a degree of independence.

But when the chips are down, what is the ultimate significance of this so-called independence?

I believe this question was correctly answered by Paul Underwood in an article entitled "Tito's Neutral Road—Toward Moscow" printed in the New York Times magazine in November 1961, who said:

> Tito's basic aim in his association with the nonalined nations seems to be to form a group of Socialist-minded, essentially anti-Western supporters in preparation for Moscow's expected triumph. Such a backing might enable him to maintain a certain independence and give him continued influence even in a Soviet-dominated world.

This is my first reason for supporting the amendment offered by the distinguished Senator from Wisconsin.

My second reason for opposing aid to the Tito regime is that it is a total dictatorship which not only tyrannizes its own people, but which, at the time of Marshall Tito's visit to this country practiced blackmail against American citizens of Yugoslav origin by threatening reprisals against their relatives in Yugoslavia if they engaged in any anti-Tito demonstration.

I have in my possession a number of letters, with translations, written to people in this country by family members in Yugoslavia. The language of these letters is remarkably similar: They all warn the recipients that their relatives in Yugoslavia will suffer if they take part in "counterrevolutionary" or anti-Tito demonstrations of any kind. Let me quote one of these blackmail letters, written by a Yugoslav mother to her son in America, so that my colleagues may have a better understanding of the nature of this reputedly more benign Communist state:

> I must turn to you for very great request, and I ask you this as a mother that you do not do anything foolish during the visit of Tito to Washington and New York. You know very well that you have your old parents here who do not have much longer to live. And you know very well how unpleasant it is for us to be called to the police

> headquarters every hour of the day where they threaten us and warn us of the consequences which can befall us.
>
> You look after yourself because you are young and you know as do the others that your past is clear so don't let anyone talk you into taking the wrong path. I beg you as your mother if you love us at all or think something of us who have remained to live here that you do nothing foolish.
>
> Be good as you were before and think a little of us, you know our nerves are weak and we have no strength for anything let alone this unpleasantness. We are already fighting to live; you know that your father and I live from a pension which is $15 a month and life is short and therefore do not cause any unpleasantness. Think also of your sister and her children. I hope that you will heed me as you did the last time and that everything will be alright.
>
> Love,

It is interesting to note that this letter was sent to an address where the recipient had not lived for 7 months, although the mother was aware of her son's present address and had in fact sent her last several letters to this address.

The son believes that in this way his mother was signaling to him that the letter was written under duress from the secret police or else that his mother did not intend for him to receive the letter at all.

I shall be happy to provide my colleagues with translations of the other letters if they are interested.

From the scale of the letter writing and from the similarity of the letters, it is clear that what is involved here is a concerted effort by Tito's secret police to exercise pressure on Americans of Yugoslav origin or descent by compelling their relatives in Yugoslavia to write, or sign, form letters to them.

To me there could be nothing more despicable than this blatant effort to coerce and silence American citizens by threatening reprisals against innocent women and children who could in no way be responsible for the activities of their relatives in this country.

A third fact which motivates my opposition to the restoration of favored-nation treatment to Yugoslavia is the continuing effort of the Serbian Orthodox Church authorities in Yugoslavia, obviously acting with the approval and most probably at the instigation of their government, to extend their direct control over the churches of the several hundred thousand Americans of the Serbian Orthodox faith.

This is part of a larger pattern which has involved in recent years an increasing number of visits by Orthodox clergymen who have come to this country from the Soviet Union, Bulgaria, Rumania, as well as Yugoslavia.

The Serbian Orthodox clergy from Yugoslavia, on their visits to this country, have made the rounds of the several score Serbian Orthodox parishes; the visiting Rumanian Orthodox clergy have made the rounds of the Rumanian Orthodox parishes; and so on.

Last July, I asked the Senate Subcommittee on Internal Security to look into this situation because I felt that there were definite security implications in this obviously concerted effort to subject American Orthodox church organizations to the control of clerical authorities who are, in turn, under the control or influence of their Communist governments.

Among other things, there is preliminary evidence which indicates that this control, to the extent that it exists, has been used to discourage criticism of the Yugoslav-Communist regime and other Communist regimes, to encourage American citizens to believe that the regimes in these countries are essentially decent and deserving of support, and to foster an artificial and unwarranted feeling of loyalty to their ancient homelands, despite the fact that they are now Communist dominated.

At the time, I pointed out that these efforts have encountered very bitter resistance from our citizens of Russian, Serbian, Bulgarian, and Rumanian origin and had already resulted or were threatening to result in open schisms.

The great majority of Americans of the Serbian Orthodox faith were aroused by these actions and, at the 10th National Church Assembly which convened this last August 6 in Libertyville, Ill., they voted to request of the Belgrade Synod that "The future relationship of this Serbian Orthodox diocese for the United States and Canada toward the Serbian Orthodox mother church in Yugoslavia shall be broadly autonomous, in which it shall be united spiritually and liturgically but not subject to any canonical-hierarchal relationship." They further voted that until the relationship between the diocese and the mother church is regulated, no decisions or orders of the Belgrade Synod would be accepted by the Serbian Orthodox churches represented at the conferences.

In taking this stand, they pointed out that the Belgrade Synod is not free since it must make its decisions in collaboration with and with the approval of the so-called Federal Commission for Religious Questions of the Federal Socialist Republic of Yugoslavia; they claimed that the continued existence of their diocese required a determined struggle against all efforts at Communist infiltration; and they declared that their attitude would be in harmony with the welfare of the United States and Canada.

I ask unanimous consent, Mr. President, to have printed at the conclusion of my remarks the complete text of the declaration of the 10th National Church Assembly of the Serbian Orthodox diocese of the United States and Canada.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 1.)

Mr. **DODD.** Mr. President, the decision to reject the authority of the mother church in Yugoslavia was, I know, a most difficult one for Americans of Serbian origin. The orthodox church has played a heroic role in Serbian history and the Serbian people are bound to it not only by strong ties of faith, but by ties of blood and comradeship in battle extending back through the centuries.

How difficult the decision was is attested to by the fact that they continued to accept the authority of the Belgrade Synod until it openly moved to assert direct hierarchal and physical control over them.

As for those American Serbs who have not broken with the authority of the Belgrade Synod and have accepted the bishops appointed by it, I think it should be stated emphatically that, with the possible exception of a handful, there are no Communists among them. They have been motivated not by any sympathy for the Belgrade government but by the profound attachment that all Serbs feel to their mother church.

My fourth reason for opposing the extension of any form of aid to the Communist dictatorship in Yugoslavia is the insidious anti-Western policy pushed by Marshal Tito during his recent tour of Latin America. Tito's prime argument in the several Latin American countries he visited was that blocs and alliances have now become antiquated and that the best possible course for the Latin American countries would be to pursue a policy of neutralism akin to his own. In advocating neutralism in the capitals of Latin America, Tito was indirectly assailing and undermining both the OAS and the Alliance for Progress; he was doing Khrushchev's work far more effectively than Khrushchev could do it himself.

I think it noteworthy that Tito, in his visits to the satellite countries and to the Soviet Union, has not ventured to suggest to his Communist colleagues, as he did to our friends in Latin America, that blocs and alliances serve no useful functions.

I also consider it noteworthy that in Mexico City Tito received a reception which, according to all accounts, dwarfed the receptions accorded to other foreign leaders including President Kennedy.

In building up Tito's reputation by inviting him to our own country, we directly abetted his political effort in Latin America. I am certain that it will not be long before we will rue the consequences of Tito's recent visit to the Western Hemisphere.

The fifth reason for opposing foreign aid or favored-nation treatment for Communist Yugoslavia is the damage that this policy has done to important sectors of American industry.

Last year Congress acted to deprive Yugoslavia and Poland of favored-nation treatment. To date, no action has been taken to comply with this congressional decision.

In our single-minded determination to give aid to Communist Yugoslavia, we have sometimes completely ignored the welfare of American industries and of American workers and American communities who are dependent on these industries.

I call the attention of my colleagues, in particular, to the tragic deterioration of the zinc sheet industry of this country over the past 10-year period, a deterioration that is due primarily to the favored-nation treatment accorded to Yugoslavia zinc sheet.

In 1952, the domestic American industry produced 99 percent of the zinc sheet used in this country; imports accounted for only 1 percent of consumption. By 1962, imports of zinc sheet had increased to the point where they accounted for fully one-third of the domestic market. The larger part of the increase in the import of zinc sheet is attributable to the phenomenal rise in Yugoslav imports, from near zero in 1952 to 776 tons in 1962. Imports from Yugoslavia, in fact, now account for almost 60 percent of total imports.

This has done very grave damage to an important American industry that is not in a position to compete with the state-directed labor of Communist societies. According to the figures of the Rolled Zinc Manufacturers Association, the industry has run at a loss for 4 consecutive years, and the losses have increased with each year of operation, virtually in direct proportion to the increase of Yugoslav imports.

It is not merely the zinc sheet industry that has been affected. The production and consumption of zinc strip is several times that of zinc sheet, and this industry, too, is feeling the pinch of foreign competition, primarily Yugoslav competition, in the domestic market.

Platt Bros. & Co., of Waterbury, Conn., is one of the companies in the zinc strip and wire business. In his letter to me, Mr. Orton P. Camp of Platt Bros. & Co. said:

> We have every reason to believe that the domestic zinc strip business will be ruined, as has the sheet business, if the most-favored-nation treatment to Yugoslavia is continued.

Mr. President, I am particularly concerned about this situation because busines and labor in my own State of Connecticut are suffering from it. This is just one example of the harm we are doing to our own people in our misguided effort to assist Communist regimes. I know that business and labor in other parts of the country have also been adversely affected.

I earnestly hope that the Senate will take into consideration the plight of the American zinc sheet industry and of other industries that have suffered from the favored-nation treatment accorded to Yugoslavia.

I ask unanimous consent to have printed in the RECORD an exchange of correspondence with Mr. Orton P. Camp of the Platt Bros. & Co. zinc plant in Waterbury, Conn., and of several statistical tables prepared by the Rolled Zinc Manufacturers Association; and I also ask unanimous consent to have printed in the RECORD an excerpt from a study of "United States Aid to Yugoslavia and Poland," by Milorad M. Drachkovitch, published by the American Enterprise Institute.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

JULY 18, 1963.

Hon. THOMAS J. DODD,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR DODD: Thank you for your letter of July 10. I am glad to give you some statistics in connection with the Yugoslavian zinc import problem. Am enclosing the following schedules:

A. Zinc sheet produced in the United States, 1952–62.

B. Zinc sheets—imports by volume and value, 1952–62.

C. Zinc sheet imports by country of origin, 1956–62.

D. Zinc strip produced in the United States, 1959–62.

You will see from schedule C that there were no imports of zinc sheet from Yugoslavia prior to 1956 but that in 1962, the imports of sheet zinc from Yugoslavia were more than 50 percent of total imports, and total imports were 48 percent of domestic production. This means that total imports were about one-third of domestic consumption. This is a terrifically high figure. The domestic zinc sheet business has already been ruined (see the last column on schedule A).

The production and consumption of zinc strip is several times that of zinc sheets but we do not have imports statistics on zinc strip. The Bureau of Census does not maintain this information although on several occasions, our association has requested the Bureau to do so and has offered to stand the expense. We have every reason to believe that the domestic zinc strip business will be ruined as has the sheet business if the most-favored-nation treatment to Yugoslavia is continued.

It seems to me that the above figures tell the story. I hope that you will do all you can, both in your committee and in the Senate, to see that this most-favored-nation treatment to Yugoslavia is not allowed to continue. As I said in my letter of June 21, it seems to me that from a point of view of ethics and fairness and good relations with friendly nations, it is improper to continue to give most-favored-nation treatment to countries which are either communistic or communistically inclined.

Thank you again for your interest and help.

Very truly yours,
THE PLATT BROS. & CO.,
ORTON P. CAMP.

Zinc sheet produced in the United States

	Production in tons	Sales		Exports in tons	Average number of employees	Man-hours expended	Average hourly pay to employees	Approximate fringe cost per paid hour	Average total hourly labor cost	Labor cost as percent of cost of finished product	Dollars of profit (loss) on these items
		(A) Tonnage	(B) Dollars								
1952	6,930	6,864	$4,261,164	299	349	635,493	$1.71	$0.18	$1.89	21.98	$52,571
1953	6,881	6,700	4,098,844	449	334	655,710	1.81	.24	2.05	28.85	205,229
1954	6,129	6,101	3,671,196	292	320	587,668	1.85	.30	2.15	30.55	160,057
1955	6,583	6,442	4,118,618	339	320	642,008	1.90	.30	2.20	28.53	126,104
1956	5,888	6,013	4,063,219	367	315	612,658	2.03	.33	2.36	29.72	6,350
1957	4,640	4,596	3,367,451	335	276	511,653	2.11	.37	2.48	32.90	63,408
1958	4,214	4,175	3,024,755	294	259	428,353	2.21	.40	2.61	34.62	37,774
1959	3,825	3,756	2,849,939	221	245	430,992	2.26	.46	2.72	36.68	(130,826)
1960	3,356	3,276	2,576,121	224	223	380,767	2.30	.48	2.78	33.65	(251,348)
1961	2,647	2,933	2,194,504	164	188	279,641	2.36	.54	2.90	32.66	(421,886)
1962	2,699	2,752	2,026,750	172	167	279,478	2.43	.62	3.06	33.70	(357,641)

Source: Rolled Zinc Manufacturers Association.

Zinc sheets—Imports by volume and value, average value of imports in terms of cents per pound and imports as percentage of domestic production

Year	Imports (tons)	Imports (dollars)	Average foreign value of imports (cents per pound)	Imports by volume as percent of domestic production	Year	Imports (tons)	Imports (dollars)	Average foreign value of imports (cents per pound)	Imports by volume as percent of domestic production
1952	47	23,557	25.0	1	1958	823	262,324	15.9	19
1953	196	76,751	19.5	3	1959	950	310,855	16.3	25
1954	259	88,010	17.0	4	1960	904	301,667	16.6	27
1955	431	148,389	17.2	7	1961	1,177	350,200	14.9	44
1956	450	170,416	18.9	8	1962	1,298	363,916	14.0	48
1957	732	244,722	16.7	16					

Source: Imports by tons and dollar value are as reported by the Bureau of the Census, U.S. Department of Commerce Commodity Classification 6559000 except that for the years 1952 through 1958 they have been revised in accordance with the findings of the U.S. Tariff Commission in Report on Zinc Sheet—Escape Clause Investigation No. 81, dated January 1960, table 12. Other data as computed by Rolled Zinc Manufacturers Association.

Excludes quantities erroneously reported as having been entered from Canada.

Zinc sheet imports by country of origin

[In tons]

	Yugoslavia	West Germany	Belgium	Netherlands	United Kingdom
1956	------	323	43	75	------
1957	236	314	78	103	------
1958	267	361	112	141	17
1959	222	450	113	155	6
1960	411	251	92	58	5
1961	769	244	67	92	5
1962	776	271	118	111	21

Source: U.S. Bureau of the Census.

Zinc strip produced in the United States

	Production in tons	Sales		Exports in tons	Average number of employees	Man-hours expended	Average hourly pay to employees	Approximate fringe cost per paid hour	Average total hourly labor cost	Labor cost as percent of cost of finished product	Dollars of profit (loss) on these items
		(A) Tonnage	(B) Dollars								
1959	32,364	32,221	10,773,634	1,052	242	459,716	$2.37	$0.48	$2.85	14.55	505,347
1960	30,843	30,433	10,823,882	637	228	392,573	2.44	.49	2.93	14.63	(73,197)
1961	31,902	31,890	11,028,920	761	236	407,691	2.47	.51	2.98	13.70	(98,273)
1962	33,924	34,056	11,635,416	1,016	220	405,171	2.56	.54	3.10	13.67	116,920

Source: Rolled Zinc Manufacturers Association.

TITO'S INDEPENDENT WAY OF SPREADING COMMUNISM ABROAD

During the 1962 congressional debates on foreign aid, the leading critics of administration policy toward Yugoslavia particularly stressed the role played by Tito's regime among the nonalined nations of Asia, Africa, and Latin America. Several Senators expressed concern over the harm allegedly done to Western interests by Tito's tireless efforts to influence the domestic policies and foreign political orientation of countries geographically remote from Yugoslavia.

Tito identifies his type of neutralism with the victory of communism over freedom. This is what he is working to achieve, not only in Yugoslavia, but also in Asia and Africa and, it is obvious, in view of his statements, if he can do so, in South America.

Despite the heretic label affixed upon Tito by the Communist bloc, Titoism promotes Soviet interest in the third or neutral world, if not directly, then indirectly by inspiring and supporting attitudes in those countries which are detrimental to the basic interest of the West.[1]

In the international arena, by and large and on balance, Tito is working against the interests of the United States and the free world, against the interest of NATO, and in support of Soviet policies on Berlin and on other points of conflict.[2]

The granting of aid to Tito, admittedly a Communist, who has repeatedly declared that the world must be communized, is an inducement to the nations in Africa, in the Middle East and in the Far East, to follow Tito. By giving aid to Communist countries, we are encouraging all of the emerging nations to look favorably upon the Tito form of government.[3]

While we have been giving billions of dollars to Yugoslavia, Yugoslavia has been spending hundreds of millions of dollars on a foreign aid program of its own, geared to the expansion of neutralist influence in the non-Communist world. India, Indonesia, Burma, Egypt, the Sudan, Ghana, Ethiopia, and other Afro-Asian nations with neutralist leanings, have been recipients of this aid. In short, through our aid to Yugoslavia, we have, in effect, been underwriting the extension of anti-Western neutralism in the countries of Asia and Africa.[4]

The seriousness of these charges was confirmed, in a milder form to be sure, by Ambassador Kennan himself, during his aforementioned NBC–TV interview of July 1962, when he declared that "what the Yugoslavs have said to the other neutrals is often something that I haven't liked, and I don't find to be in the interest of this country."[5]

What then are the motives behind Tito's attempts to shape the views and the policies of the nonalined nations? For the answer one must first of all consult the sacred book of Titoism, the LCY's 1958 program. Two principles, according to that program, determine the world outlook of Yugoslav Communists. One is that "inexorably and in a variety of ways, humanity is moving deep into the era of socialism."[6] From this postulate stems the imperative for the LCY to educate the Yugoslav working people in the spirit of proletarian internationalism:

"In all contacts with other Communists, Socialist, progressive and anti-imperialist movements, and in all its international relations in general, the League of the Communists of Yugoslavia has upheld and will continue to uphold the great idea of proletarian socialist internationalism as its guiding principle.[7]

In the practical application of these principles, the program of the LCY actually reformulates two guidelines which go directly back to Lenin's own thesis on national and colonial questions offered to the Second Congress of the Communist International (July-August 1920). Thus Lenin's thesis that "Communist parties must aid nationalist-revolutionary liberation movements in backward countries" finds the following expression in the LCY's program:

"In certain countries in Asia, Africa, and Latin America, at a certain stage of the movement of society toward socialism, a positive role can be played by certain national movements of progressive orientation, movements growing out of the struggle against imperialism and capitalist monopolies."[8]

Likewise, Lenin's explanation that the capitalist phase of development in a given backward country could be skipped and immediately replaced by the Soviet system, was echoed in the LCY program:

"In the underdeveloped countries just liberated from colonial oppression, tendencies and possibilities exist for bypassing certain phases of capitalist development and immediately passing on to the construction of the economic foundations of the development of socialism."[9]

It is in the same Marxist-Leninist spirit that Edvard Kardelj, chief ideologist of Titoism, explained the meaning of "peaceful coexistence," the central tenet of Yugoslav foreign policy:

"For Yugoslav Communists the justification of the policy of coexistence is based * * * on the conviction that in the circumstances of today it will be ever more difficult for the forces of imperialism and war to break the existing coexistence, which will bring the internal contradictions and oppositions of the capitalist world to a new stage of development, that is, it will speed up the processes of disintegration of imperialism and capitalism as a system and increasingly strengthen the part played by Socialist factors, material and political."[10]

The same dialectical approach used to explain the concept of active peaceful coexistence underlies also the Yugoslav analysis of the bloc division of the world. Although in current propaganda the Yugoslav Communists criticize the existence of antagonistic military blocs as detrimental to world peace, they explain also that they do not put the Western and Soviet blocs back to back, as equally responsible for world divisions and tensions. In his report to the Seventh Congress of the LCY, Tito put the responsibility for world partition squarely on the West:

"One of the reasons for the establishment of the Atlantic Pact was the rigid and unnecessarily threatening Stalinist foreign policy, and besides that also the fact that the Western Powers had reached the conviction that through diplomatic ways they would not be able to achieve their imperialistic goals. This pact should have served as means toward the realization of world domination and this from the position of strength. The establishment of the Atlantic Pact and the drawing of Western Germany into it have necessarily led to the establishment of the defensive Warsaw Pact of Eastern countries, as counterweight to the Atlantic Pact." [11]

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[1] Senator PROXMIRE, CONGRESSIONAL RECORD, vol 108, pt. 7, p. 9863.

[2] Senator KEATING, CONGRESSIONAL RECORD, vol. 108, pt. 7, p. 9867.

[3] Senator LAUSCHE, CONGRESSIONAL RECORD, vol. 108, pt. 7, pp. 9923–9924.

[4] Senator DODD, CONGRESSIONAL RECORD, vol. 108, pt. 10, p. 12935.

[5] In his letter to the New York Times (July 6, 1962), Mr. Kennan was even more explicit: "At no time during my incumbency here have I considered Yugoslavia's influence over the other neutrals to be satisfactory from the standpoint of the concepts and purposes of our country in world affairs."

[6] Yugoslavia's Way, p. 17. "As Marxists we cannot doubt that social progress in contemporary conditions is a manifestation of the general march toward socialism." Edvard Kardelj, in an interview with the official Yugoslav News Agency, Tanjug, before his departure for Indonesia, December 1962, Review of International Affairs, Dec. 20, 1962, p. 20.

[7] Yugoslavia's Way, p. 67.

[8] Ibid., p. 60.

[9] Ibid., p. 21.

[10] Socialism and War (London: Methuen & Co., 1961), p. 66.

Likewise, more subtly but no less significantly, Edvard Kardelj declared in his interview before leaving for Indonesia on December 6, 1962, that the bloc division of the world reflects the existence of contradictory Socialist and capitalist systems. But the social systems which change, necessarily, "by the freeing of the internal social forces in every country," should not be identified with the blocs, which are "a historically conditioned political phenomenon." [12] This distinction, at first sight rather obscure, actually contains two very important implications. One is the confirmation of the Titoist thesis that while the blocs are ad hoc, static, and strictly temporary manifestations, the present bloc division will be overcome gradually, not through a world war but through internal process leading inexorably toward socialism. The second implication suggests that Yugoslavia, although not a member of the Warsaw Pact, and indeed because of this very fact, may serve to accelerate the worldwide movement toward socialism. This was also intimated by Tito in his speech of December 29, 1962. In his address he informed his Yugoslav listeners that he had explained in Moscow how important it was that Yugoslavia enjoy a world status and reputation, particularly among the nonengaged states of Africa and Asia. That would be, in his words, "useful not only to us and to those countries but also to the progressive movement and to the whole peace-loving world." [13] This formulation, veiled in form but not in substance, points to another conclusion reached by Paul Underwood a year before Tito's speech:

"Tito's basic aim in his association with the nonalined nations seems to be to form a group of Socialist-minded, essentially anti-Western supporters in preparation for Moscow's expected triumph. Such a backing might enable him to maintain a certain independence and give him continued influence even in a Soviet-dominated world." [14]

Another element to be mentioned in this connection—which has certainly been viewed with some displeasure in Moscow, and with open hostility in Peiping—is the tendency of Titosim to export its version of Marxism-Leninism and its socioeconomic experiment as particularly suitable to the underdeveloped countries. "Skip capitalism through Titoism" is indeed the unstated but underlying slogan of LCY propaganda in the "third" part of the world. Before assessing its deeper meaning, we should turn to a brief description of this Titoist Afro-Asian (and to a lesser extent, Latin American) operation.

Titoist concern for the underdeveloped countries began to pick up momentum after Stalin's death, and has steadily increased along with the emergence of new states in Asia and Africa. Since his first and carefully prepared trip to Asia, in December 1954,[15] through several subsequent trips on both continents, and finally through the pivotal role he played at the September 1961 Belgrade Conference,[16] Tito tried to influence these new states on three planes: ideological, world political, and socioeconomic.

The LCY program has served as the main vehicle of Tito's ideological proselytism. Its dissemination has reached worldwide proportions with 26 editions, including a Spanish edition in Chile, an Indonesian in Djakarta, a Burmese in Rangoon, and an Indian in New Delhi. Yugoslavia's very smallness, Tito's reformist, revisionist, and nonalined reputation, and the more dignified and scientific outlook of the LCY's program—as compared with the cruder Soviet program, and with aggressive Chinese propaganda—have made the Yugoslav interpretation of Marxism-Leninism much more respectable among the local elites of underdeveloped countries, than the direct influence of the great Communist powers. Thus, in the words of a competent observer:

"The fitting of the Marxist formula onto the natural anticolonial reaction is the greatest service the Yugoslav regime has made to the Communist cause." [17]

Titoist influence on the world political outlook of the underdeveloped countries may be correctly assessed from two of Tito's recent addresses. One was his violent hate-the-colonialists-and-neocolonialists speech before the parliament of Ghana, on March 2, 1961, in which the West was pictured as the exclusive villain in the piece.[18] Another was his pro-Soviet and anti-Western, and particularly anti-United States, speech of September 3, at the Belgrade conference. On the one hand, he declared his unqualified support for all national revolutionary movements—from southeast Asia, through the Congo, Algeria, and Angola, to Cuba—and he appealed for the liquidation of colonialism everywhere and the right to self-determination for all former or present colonial peoples. All this was expressed in countless communiques following the meetings of Yugoslav leaders with their counterparts from other nonalined countries. But, on the other hand, Tito maintained total silence on the nature of Soviet-satellite relations and deliberately failed to mention the right of self-determination for the peoples of East-central Europe. The fact of Tito's quarrels with the Chinese, and ups-and-downs in his relations with Khrushchev, make this discrepancy between his anti-Western positions and his tacit approval of the present state of affairs in Eastern Europe less conspicuous in the eyes of his nonalined friends.[19]

The impact of Titoism on the socioeconomic life of the underdeveloped countries may be observed on two levels. One relates to the advice given by some Yugoslav writers, particularly to African leaders, to shun closer relations with Western imperialist powers which are attempting to replace political with economic domination in their second conquest of Africa.[20] Likewise, prominent Yugoslav economic experts counsel the Africans to "restrict private capitalist tendencies," [21] while the Yugoslav delegates at the United Nations have for many years drawn attention to the fact that economic development of the underdeveloped countries cannot simply be left to foreign private capital.[22]

These strictures against Western economic neocolonialism go well beyond the level of mere anti-Western attacks. They imply, at the same time, an invitation to the underdeveloped countries to transplant the Yugoslav economic model on their own soil. Thus, for example, Edvard Kardelj's visit to Cairo in December 1960 has been credited as contributing to the emerging "Arab socialism." [23] More recently, the president of the new Republic of Tanganyika, Julius Nyerere, declared in an interview with a Yugoslav correspondent that his visit to Yugoslavia and his acquaintance there with the process of industrialization and the socialization of economic activities convinced him that "one day we will introduce in practice many things you are doing now." [24]

Another aspect of the same phenomenon is the establishment of many-sided relations between Yugoslavia and the new states of Asia, Africa, and to some extent Latin America, ranging from trade to scientific and technical cooperation and to treaties on economic aid extended by Yugoslavia. This aspect of Yugoslav assistance to the economically underdeveloped countries on a bilateral basis merits particular attention, and its operation is described as follows by Yugoslav official circles:

"As the insufficiently developed countries are not in a position to pay for their imports from Yugoslavia in convertible foreign exchange, Yugoslavia has instituted an ever broader crediting policy toward these countries of late. Special arrangements have recently been concluded to this effect with Ceylon, Ethiopia, the Sudan, Indonesia, Argentina, Brazil and with many emergent African countries. These arrangements enable imports of capital goods from Yugoslavia to be paid for only when the respective investments begin yielding returns in the importing country." [25]

The scope and exact amount of aid given by Yugoslavia to various underdeveloped countries is difficult to establish, but even the following and certainly incomplete table speaks eloquently about the efforts of over-indebted Yugoslavia to become the creditor of countries thousands of miles from the Balkans:

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[11] VII Kongres Saveza Komunista Jugoslavije, pp. 25–26.

[12] "Vice President Kardelj's Interview With Editor of Tanjug," Review of International Affairs, Dec. 20, 1962, pp. 19–20. It is interesting to note that in his speech at the Sixth Congress of the Socialist Unity Party of Germany on Jan. 16, 1963, in East Berlin, Khrushchev used the same formula as Kardelj when he declared that "the military blocs cannot be identified with the system," the first being the result of international treaties and agreements, and the latter, "an objective law of social development." For the full text of Khrushchev's speech see Soviet Booklet No. 106 (London), January 1963, p. 19.

[13] Politika, Dec. 30, 1962.

[14] "Tito's Neutral Road—Toward Moscow," the New York Times Magazine, Nov. 26, 1961, p. 129.

[15] Cf. Slobodan M. Draskovich, Tito, Moscow's Trojan Horse (Chicago: Regnery, 1957), pp. 213–217.

[16] Between 1954 and 1961 Tito made four official Afro-Asian trips: 1954–55, India and Burma; 1955–56, Ethiopia and Egypt; 1958–59, India, Indonesia, Burma, Ceylon, Ethiopia, Sudan, United Arab Republic; 1961, Ghana, Togo, Liberia, Guinea, Mali, Morocco, Tunisia, United Arab Republic.

[17] George Bailey, "They Call Themselves Neutrals," the Reporter, Sept. 28, 1961.

[18] The entire text of this speech, in English, may be found in an official Yugoslav publication entitled "President Tito's Visit to Friendly African Countries" (Belgrade, 1961), pp. 5–23.

[19] A telling example of the effects of Titoist propaganda in Latin America is the following letter from a Chilean reader to the editors of the Belgrade Review of International Affairs: "We have been accustomed to hearing that the idea of human rights is suppressed in socialist countries, but thanks to the articles in the 'Revue of International Affairs' I have realized that the opposite is true. * * *" May 5, 1962, p. 6.

[20] V. Milenkovic, "The Second Conquest of Africa," Ekonomska Politika, Feb. 25, 1961.

[21] Janez Stanovnik, "The Struggle of Two Opposite Tendencies in the Economy of Underdeveloped Countries," Nasa Stvarnost, March 1961.

[22] Yugoslav View on Assistance to Economically Underdeveloped Countries," Yugoslav Survey, July–September 1960, p. 267.

[23] "Officials of the Nasser Government are reported to feel that the Yugoslav Communists' experience in building up industry, modernizing agriculture and organizing the nation on their own pattern could be useful." The New York Times, Nov. 27, 1960.

[24] Borba, Dec. 9, 1962.

[25] "Yugoslav View on Assistance to Economically Underdeveloped Countries," Yugoslav Survey, July–September 1960, p. 273.

Date of agreement	Assisted country	Amount and nature of Yugoslav assistance
Feb. 12, 1959	Ethiopia	Financial and technical assistance; offers of a nonspecified amount of Yugoslavian credits.
Jan. 21, 1960	India	$40,000,000 credits for purchasing Yugoslav capital goods.
February 1960	Morocco	$5,000,000 investment credits for the import of Yugoslav capital goods.
January 1961	Sudan	Nonspecified amount of long-term credits granted under the agreement of July 18, 1959.
Do	United Arab Republic	$20,000,000 credits for the purchase of industrial equipment and machines.
Do	Pakistan	$10,000,000 credit arrangements.
June 2, 1961	Guinea	Agreement on the elaboration of a town plan for Conakry, to be financed 50 percent by Yugoslavia. (An operational credit of $600,000 had already been granted in October of 1960, when an agreement on technical assistance was signed.)
June 1961	Mali	$10,000,000 credits earmarked for the execution of certain projects of the Malian 5-year plan.
July 1961	Indonesia	$15,000,000 credit.
Sept. 27, 1961	Morocco	$5,000,000 loan.
October 1961	Ghana	An earlier credit of $1,800,000 was increased to $3,600,000.
Oct. 28, 1961	Guinea	$5,000,000 loan.
Feb. 2, 1962	Tunisia	$6,000,000 credits for investment equipment.
Feb. 19, 1962	Ghana	$5,000,000 credits on deliveries of Yugoslav goods.
March 1962	Ethiopia	Yugoslav economic experts to help prepare the 2d 5-year plan of Ethiopia.
Apr. 18, 1962	Indonesia	$15,000,000 credits for investment equipment.
April 1962	Ghana	Nonspecified amount of credits for imports of capital equipment.
Apr. 26, 1962	do	Agreement on granting of credit facilities for the construction of a 2d naval base in Ghana.
December 1962	Indonesia	Nonspecified increase of a credit previously granted for imports of raw materials, subsidiary materials, and spare parts.
Dec. 24, 1962	Tanganyika	Purchase of some industrial plants in Yugoslavia on a nonspecified credit basis.
April 1963	Algeria	Supply, together with Czechoslovakia and Bulgaria, of the major portion of outside aid to launch Algeria's first home-grown industry for production of textiles, clothing, and leather.

Source: Yugoslav Survey, April 1960–September 1962 (10 issues); Review of International Affairs (1960–63); Thomas Philippovich, "La Yougoslavie entre l'ouest et l'est" (Paris: Les Cahiers Africains, No. 11, 1962), pp. 69–74; the New York Times (western edition), Apr. 9, 1963.

There is a last, but certainly not least important feature of these Titoist operational methods in connection with the underdeveloped countries. Hundreds of experts, engineers, teachers, and other technical and diplomatic personnel are being sent abroad, while large numbers—particularly of young Africans—are invited to study at various Yugoslav schools and universities under highly favorable financial conditions.[26] In addition, a series of Yugoslav social organizations systematically exchange delegations with African, Asian, and Latin American countries. Two of the largest such organizations, the Socialist Alliance of Working People of Yugoslavia (former Popular Front) and the Confederation of Trade Unions of Yugoslavia, have been particularly active in establishing tangible forms of cooperation with underdeveloped countries, ranging from study tours and exchanges of opinion to assistance in the training of personnel, etc. Here, for example, is an excerpt from a glowing report on rich and extensive international activities and relations of the Socialist Alliance.

"Foremost among the activities of the Socialist Alliance of Working People of Yugoslavia last year (1961) was its intensive and wide support of the liberation movements of the dependent African countries, so that 1961 may rightly be called Africa Year for the Alliance, too.

"In the course of last year alone Yugoslavia was visited by 26 delegations from various liberation movements of Africa, and by individual representatives of 18 countries. Most of these movements and parties are greatly interested in the work and development of Yugoslav organizations and sociopolitical and state development." [27]

Practically the same may be said for the international activities of the Yugoslav Confederation of Trade Unions.[28] Its president, Svetozar Vukmanovic—who is also a member of the Secretariat of the executive committee (Politbureau) of the LCY and thus the fifth highest ranking official in the party hierarchy—is particularly active in establishing close personal contacts with the trade unionists of northwestern and central Africa. Thus, after a trip to Ghana and Morocco, in October 1960, he declared in an interview that Yugoslav trade unions are highly interested in combating anti-Communist tendencies within the International Confederation of Free Trade Unions. Since the Moroccan Trade Union Federation belongs to the ICFTU, Vukmanovic emphasized, with satisfaction, his influence on Moroccan rejection of the ICFTU's anti-Communist policy.[29]

EXHIBIT 1

(Declaration of the 10th National Church Assembly of the Serbian Orthodox Diocese of the United States and Canada)

The 10th National Church Assembly of the Serbian Orthodox diocese of the United States of America convoked in regular session on August 6, 7, 8, 1963, at St. Sava Monastery, Libertyville, Ill., by His Grace, the Right Reverend Bishop Dionisije, and the diocesan council, sends warm greetings to all our Serbian brothers of St. Sava in this diocese and the free world, but especially in our ancient enslaved fatherland.

Because past occasions have shown that the eyes of the enslaved faithful look to this diocese as the champion of the free Serbian Orthodox Church with its glorious national traditions and determined resistance to godless communism, this assembly must, in its sacred duty, bring the following facts to their attention:

The holy synod of the Serbian Orthodox patriarchate in Belgrade forwarded to this national church assembly the decisions of the holy assembly of bishops as Nos. 21 and 21/Min. 77, No. 1725/Min. 237, and No. 1726/Min. 238, dated May 17, 1963, as well as its separate undated epistle to the faithful of this diocese in which it informed our assembly that the holy assembly of bishops had decided to abolish the Serbian Orthodox diocese for the United States of America and Canada by dividing it into three new dioceses—the middle eastern American-Canadian diocese, with its seat at Detroit, Mich.; the middle western American diocese, with its seat at Libertyville, Ill.; and the western American diocese, with its seat at Los Angeles, Calif., granting these newly created dioceses the same legal status enjoyed by the Serbian Orthodox dioceses in the Federal Socialist Republic of Yugoslavia.

The holy assembly of bishops at the same time appointed the Very Reverend Stevan Castavica, bishop of the new Middle-Eastern American-Canadian diocese; and His Grace, the Right Reverend Bishop Dionisije, bishop of the newly created Middle-Western American diocese. Simultaneously with its appointment of Bishop Dionisije, the holy assembly suspended his conduct of affairs of the new diocese; placed him under interdiction of sacerdotal duties; and announced his investigation by the ecclesiastical court because of numerous alleged accusations against him; and, finally, the assembly appointed the Very Reverend Archmandrite Dr. Firmilijan Ocokoljich, administrator of the newly created Middle-Western American diocese, and the Very Reverend Archimandrite Gregory Udicki administrator of the new Western-American diocese.

For its part, the diocesan council for this see advised the National Church Assembly that after numerous faithful had called its attention to the aforementioned decisions of the holy assembly of bishops and the holy synod in Belgrade, it convened in plenary session on June 6, 1963, and decreed as follows:

1. The Diocesan Council of the Serbian Orthodox diocese for the United States and Canada declares that it is not authorized to accept or reject the three-way division of the diocese for the United States of America and Canada into new dioceses; and for this reason the matter is referred to the National Church Assembly. For emergency reasons, this assembly is convoked for the days of August 6, 7, 8, and 9, 1963, at the Monastery of Saint Sava at Libertyville, Ill., in accordance with the rules and decisions of the last national church assembly held in September 1960. This decision is unanimously adopted.

2. Upon motion of the Reverend Aleksandar Dimitrijevich, seconded by Mr. Milos Konjevich, it has been decided to send a letter to the holy synod requesting that a synodal commission be sent as soon as possible, at the plaintiff's expense, to investigate and adjudicate the accusations against His Grace, the Bishop Dionisije—since according to the previous decision of the diocesan council, no legal changes can be made until the decision of the 10th National Church Assembly already convened. This decision is adopted by all present except for two who vote against.

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[26] According to Frankfurter Allgemeine Zeitung, Jan. 12, 1963, the African students in Yugoslavia receive scholarships of 60,000 dinars a month ($80), while the scholarships for Yugoslav students amount to only 15,000 dinars ($20).

[27] "The 1961 International Activities of the Socialist Alliance of Working People of Yugoslavia," Review of International Affairs, Mar. 20, 1962, p. 19. The same report is interesting also because it stresses the improvement of relations and intensification of contacts with the corresponding sociopolitical organizations of all East European countries (with the exception of Albania) and certain Communist parties and organizations outside the Soviet bloc.

[28] "International Activities of the Yugoslav Trade Unions in 1959," Yugoslav Survey, April 1960, pp. 121–28. Also, "The Yugoslav Trade Unions' Links with Foreign Countries," ibid, January–March 1961, pp. 578–83. Also, "Yugoslav Trade Unions and the International Trade Union Movement," ibid, April–June 1962, pp. 1355–62.

[29] Borba, Oct. 30, 1960.

The diocesan council advised the holy synod of its decisions pursuant to which the investigation commission of the patriarchate, consisting of His Grace, Bishop Chrisostom, His Grace, Bishop Visarion, and the Very Reverends Mladen Mladenovich and Boza Tripkovich arrived in New York, N.Y., on June 28, 1963, where they were greeted by the consul of the Yugoslav Communist Government.

The said commission arrived at Libertyville, Ill., the See of the Bishops for the United States and Canada, His Grace Dionisije, on July 5, 1963, and tried to compel his deposition concerning the alleged offenses while at the same time refusing to divulge the identity of the plaintiffs or to provide him, for his direct response, with the copies of the complaints; alleging canonical misconduct, on which he stood accused, as is provided for by church criminal procedure. In acting thus, the Belgrade Investigation Commission not only deprived Bishop Dionisije of his fundamental rights as an individual and an American citizen to a fair trial based upon the Constitution but also made it impossible for him to prepare his defense by gathering witnesses and using other kinds of evidence.

In private conversations with the individual members of the diocesan council and with individual lay workers in the church affairs of the Serbian people in the United States and Canada, the right reverend members of the investigation commission admitted first, that they had never presented a copy of the complaints for response by His Grace, Bishop Dionisije; and secondly, that they were obliged to act this way in order to protect the plaintiffs from civil or criminal suit by Bishop Dionisije in American courts.

As a matter of fact, the investigation commission was in a hurry to perform the real and principal task for which it had come—namely, the consecration of the Very Reverend Lastavica as bishop of the newly created Middle-Eastern American-Canadian diocese. This it did on July 13, 1963, in the church of St. Elijah at Aliquippa, Pa.

On the other hand the investigation commission, together with the Association of Clergymen and the above-named administrators of the two newly created dioceses, Archimandrites Dr. Firmilijan and Gregory, took a series of measures to reinforce their positions:

1. They sought to misdirect all clergymen, churches, and school communities, by means of incomplete information or half-truths with a view to persuading these groups to sever their relations with the Serbian Orthodox Diocese for the United States and Canada and to remit their contributions, instead, to the new administrators of the nonexistent dioceses.

2. They sought to take over from the diocese and to enter into possession of the diocesan real property including the Monastery of St. Sava at Libertyville, Ill., the charity home at Shadeland, Pa., and the St. Sava Mission at Jackson, Calif., and they also sought to seize liquid assets of the diocese in various bank accounts.

3. They sought to organize a boycott of the 10th National Church Assembly and to prevent, by whatever means, the election and participation of the delegates of the individual church and school communities to it.

All of these illegal endeavors remain unsuccessful to date. Our diocese continues to perform its activities and carry on its divine mission, although with great difficulties and material and moral losses. Our clergy, our church, and school communities, as well as our national organizations, and all our faithful, although stunned at first by the violent frontal attack not only on His Grace, Bishop Dionisije, but also on the very foundations, autonomy and existence of this diocese, gathered strength and rallied the ranks of defenders of St. Sava's heritage on this continent.

The facts strongly suggest that one did not count on such resistance. The facts establish that the holy synod did not consider the views of the free faithful in the diocese of the United States of America and Canada, in accordance with the ancient aphorism: "The voice of the people is the voice of the Son of God." Instead, the holy synod, by its decision of July 1963, heedlessly put the administration of the newly created and on the paper existing dioceses into the hands of His Holiness, the Serbian and Macedonian Patriarch.

Thereafter, His Grace, Bishop Visarion, went back to Yugoslavia in order to suggest the convocation of an extraordinary session of the holy assembly of bishops. The assembly was held on July 26, 1963, and then made decision which reads as follows: "The administrators—the Archimandrites Dr. Firmilijan and Gregory—are appointed bishops for the dioceses which previously were given to them for administration."

The oral instruction was added to this decision—according to the statement of the investigation commission itself—that their consecration was to be performed as expeditiously as possible, and before this 10th Church National Assembly convened. Pursuant to this instruction, the Archimandrite Dr. Firmilijan was consecrated in the Church of St. Sava in Milwaukee, Wis., on August 1, 1963, while the consecration of the Archimandrite Gregory took place in the Church of St. Steven at Alhambra, Calif., on August 4, 1963. The objections of the faithful and their picket lines went unheeded, although these protests obviously were the cries "unaxios," which canonically make invalid the elevation of the unworthy to the high rank of bishops.

The aforementioned decisions of the holy assembly of bishops and the holy synod of the Serbian Orthodox Church in Communist Yugoslavia, as well as the above-cited events and the actions of their investigation commission and of the newly consecrated bishops, clearly demonstrated that the alleged canonical offenses of His Grace Bishop Dionisije are not the real points at issue. The real point at issue is the long and carefully planned and prepared conspiracy of the present Communist regime in Yugoslavia to take over the diocese of the United States of America and Canada as a base for the further Communist infiltration in the United States of America and Canada. The fact of this bold attempt is further proven by Tito's ambassador to Ottawa who said in Windsor, Ontario, that it is indispensable for Communist infiltration to capture at least one church and school community in this country and in Canada as well.

This National Church Assembly particularly emphasizes the fact that the Serbian Orthodox Church in Yugoslavia lives and acts under the same slavery which has enchained the entire Serbian people of Yugoslavia from the time of the takeover of the Communist Party of Yugoslavia. The Communist regime confiscated almost all of the church's liquid assets and real property. At its inception, the Communist government completely forbade religious education; and while it subsequently permitted such education in theory, in practice it imposed so many attenuating conditions that such education became virtually impossible. Celebration of the greatest Christian holy days was forbidden, and students and workers were mercilessly punished for their absences on such days. The Communists have imposed severe economic sanctions and jeopardized the livelihood of all those who wed in church, who baptize their children or keep the custom of celebrating the feast day of the family patron saint—the greatest and most sacred national religious symbol of each Serbian family from the time of the conversion of the Serbs to Christianity down through the ages.

The Serbian Orthodox patriarchate, its holy assembly of bishops, and the holy synod, are not free since they make their decisions either upon the request of the Federal Commission for Religious Questions of the Federal Socialist Republic of Yugoslavia (its divisions are such commissions in each of the federal units) or in collaboration with the commission and with its prior assent. This Yugoslav commission closely corresponds to the Soviet Commission for Religions.

The Association of the Orthodox Clergy of the Federal Socialist Republic of Yugoslavia has as one of its aims "* * * to safeguard and strengthen all the achievements of the heroic partisan liberation struggle of our peoples, especially freedom, brotherhood, and equality"; i.e., to safeguard the power and dominion of the Communist Party elite of Yugoslavia. This association actually plays the part of a political commissar in all the institutions of the patriarchate.

The long resistance of the Patriarchs Gavrilo and Vikentije, whose memory will always be blessed, against the schismatic endeavors of the Communist regime to split the Serbian Orthodox patriarchate by establishing the so-called Macedonian Orthodox Church, was finally abandoned by Patriarch German. He gave up the ancient title of the Serbian patriarchs which was, "Patriarch of Serbia, Archbishop of Ipek and Metropolitan of Belgrade and Karlovci." He replaced it with the twofold title—"Serbian and Macedonian Patriarch." However, this dual role of the head of the Orthodox church in Yugoslavia is only temporary according to a recent statement of the Macedonian Metropolitan, H. E. Dositej, recently published in this country, the Metropolitan expects that the Macedonian Orthodox church will secede, definitively, from the patriarchate of Belgrade and become independent, and perhaps even autocephalic, after the election of two or three new bishops this coming autumn. The present Communist Yugoslav regime can then use this Macedonian church as a political tool to imperil the Greek part of Aegean Macedonia and the Bulgarian part of Pirine Macedonia. The Communists are promoting this essentially political schism even though an autonomous Macedonian Orthodox Church—much less an autocephalic one—has never before existed, either before or after the establishment of the Serbian Orthodox Patriarchate in 1346.

Thus, the enslaved position of the Serbian Orthodox Church in Yugoslavia demonstrates unambiguously that these decisions attributed to the Holy Assembly of Bishops and the holy synod and communicated to this 10th National Church Assembly belong to the growing category of decisions actually written in the Federal Commission for Religious Questions of the Federal Socialist Republic of Yugoslavia and signed, as a formality, by the highest anthorities of the hierarchy. With respect to these decisions, the National Church Assembly wishes to state emphatically that not one of the previous National Church Assemblies, nor the bishop of the Serbian Orthodox diocese for the United States and Canada ever requested the three-way division of the diocese at least into three new ones. On the contrary, the National Church Assemblies of 1956 and 1960 requested that the Latin American part of the diaspora of our Holy Church, be placed under the jurisdiction of the bishop of this diocese in order to keep the faithful in this portion of the world within the pale of the Mother Church.

During this present session, this National Church Assembly considered the legal status of the Serbian Orthodox diocese for the United States of America and Canada with a view to establishing two points: First, whether this assembly was lawfully convoked and therefore legal; second, whether the aforementioned decisions of the holy assembly of bishops and the holy synod are constitutional and legal in the light of the legal status of our diocese and the provisions of its constitution, respectively.

With regard to these matters, this National Church Assembly affirms the following unchallengeable facts: (a) The status of the Serbian Orthodox diocese for the United States and Canada rests on autonomy, embodied in its constitution of 1927 and the amendments to this constitution, the last of which was approved by the holy synod in 1939, in accordance with the constitution of the Serbian Orthodox patriarchate of 1931. Our diocese's specific legal status and relationship toward the patriarchate is completely different from the status and relationship of other dioceses in Yugoslav territory. This conclusion is clearly demonstrable from the fact that the provisions of article 13 of the said constitution deal expressly wtih this diocese while article 12 deals with the status of others.

(b) Imbued with the Serbian spirit and the traditions of St. Sava, the Serbian pioneers on this continent established their places of worship in this country with the twofold desire to preserve the unity of the mother church while simultaneously safeguarding their rights to govern themselves and to enact indigenous rules and regulations, essential for the normal life and development of their religious institutions. To this end, their representatives met in the National Church Assembly of 1927, sovereignly and with all the rights of a constitutional assembly, to adopt the constitution of our diocese, which they thereafter submitted to the Holy Assembly of Bishops and the Holy Synod of the Serbian Orthodox patriarchate in Belgrade for sanction. In this way, a two-sided legal act came into being, according to article 15 of which the National Church Assembly not only became the highest legislative and regulatory body, but also the only one authorized to enact and adopt changes and amendments to the constitution of the diocese regarding its territorial jurisdiction and internal organization. Therefore, with respect to the legal process through which the constitution of our diocese came into being, any attempt to change the territorial jurisdiction or legal status which has not been adopted by the National Church Assembly as the legislative and governing body of the diocese represents not only a violation of its autonomy and indivisibility but also constitutes an indirect revocation of the entire constitution.

(c) The Serbian Orthodox diocese for the United States and Canada conformed its above-described legal status and relationship to the patriarchate in accordance with the provisions of the law on the Serbian Orthodox Church of 1930, and the constitution of the Serbian Orthodox patriarchate of 1931, respectively. Consequently, the only such constitutional provisions in church legislation enacted by the Kingdom of Yugoslavia which are obligatory to our church are those enacted before April 6, 1941, under the condition that they do not contradict the constitutional and statutory provisions of the United States of America and Canada, respectively. Furthermore, any provisions enacted by the present regime in Yugoslavia cannot be binding regardless of the fact that they may be obligatory for the Serbian Orthodox Church in the old country. For one cannot overlook the fact, as the holy assembly of bishops and the synod usually do, that the overwhelming majority of the faithful of this diocese consist of free citizens of the United States of America and Canada for whom the provisions of their own constitutions and statutes are obligatory, in the first place.

(d) By the provision of article 20 of the constitution of the diocese, it has been provided that the diocesan bishop convoke the national church assemblies "* * * into session each third year in the month of September, on the day which the bishop determines."

Thus, with respect to this 10th National Church Assembly, there is the incontestable fact that His Grace, Bishop Dionisije, in accordance with the decision of the diocesan council of February 7, and the diocesan administrative board of February 17, 1963, by his decree No. 178, dated April 17, 1963, convoking this national church assembly to be held on the days of October 15, 16, and 17, 1963. What this signifies is that this assembly was convoked before the decisions of the holy assembly of bishops and the holy synod were issued. Therefore, even if their decisions were constitutional and lawful the validity of the convocation of the national church assembly cannot be questioned.

However, because of the emergency situation created by the said decisions of the holy assembly of bishops and the holy synod and in order to avoid the grave consequences to the interests and welfare of the diocese inherent in these decisions—our diocesan council, by its decision of June 6, 1963, acted to advance the date on which the assembly was to be held. It is clear, therefore, that this decision of the plenary session of our diocesan council did not serve to convoke a new national church assembly, but simply changed the time of the previously lawfully convoked National Church Assembly.

For these reasons, this 10th national church assembly has unanimously established that it has been lawfully convoked and that it is completely legal according to the constitution of this diocese.

Regarding the above-cited decisions of the holy assembly of bishops and the holy synod, this National Church Assembly has established that, through these decisions, the constitution of this diocese was abrogated in its entirety; that they annul all the rights of the faithful of this diocese; and that they have caused the faithful of this diocese to experience the greatest offense and disgrace that can be inflicted on free men. Particularly, each Serb in the free world knows that His Grace, Bishop Dionisije, has indebted the Serbian people to him by laboring indefatigably for 23 years to advance and strengthen the Serbian Orthodox Church in the free world, by working ceaselessly for Serbian unity, and by his uncompromising struggle against communism and the bloodthirsty Ustaskis. These are the particularly compelling reasons why the holy assembly of bishops and the holy synod must assure His Grace, Bishop Dionisije, the right to an unrestricted defense against the alleged accusations, according to the spirit and the letter of the provisions of the Constitution and Church Criminal Procedure.

Taking all the above said into consideration—the 10th Diocesan National Church Assembly of the Serbian Orthodox Diocese for the United States and Canada, attended by 193 fully pledged delegates, 25 of whom are the presidents of their church and school communities and 26 of whom are clergymen, jointly representing the entire membership of 44 church and school communities from this diocese; in the presence of representatives of a great number of national, political, cultural, and charitable organizations, as well as the minority membership representatives of three additional church and school communities and representatives of the total membership of church and school communities in Europe, Africa, and South America, who attended as guests;

Desirous of preserving the unity and strength of the only Serbian Orthodox Diocese in the free world;

Convinced that the autonomous foundations of this diocese, its church and school communities and other religious institutions, which have been built up by the endeavors of delegates participating in previous national church assemblies, are indispensable to the future work and normal development of this diocese;

Fully aware of the fact that, upon the participants of this assembly, rests the difficult task of preserving the freedom, democratic institutions and rights of our fellow church members, as well as their national traditions and customs so that those beliefs and values that godless communism has sought to destroy may be brought back to the family hearth;

Considering that, in the best interests of the continued existence and undisturbed development of our diocese as a whole, and of our church and school communities as its parts, a determined struggle must be waged as a sine qua non condition, to make the Communist infiltration of our diocese impossible; and considering that this would also be in harmony with the welfare of the United States and Canada, the following resolution is unanimously adopted:

1. The assembly considers as unlawful, unconstitutional, null and void, and refuses to recognize the decisions of the holy assembly of bishops and the holy synod of the Serbian Orthodox Church, communicated to this 10th National Church Assembly, regarding the three-way division of the Serbian Orthodox diocese for the United States and Canada; the suspension and interdiction from sacerdotal duties of His Grace, the Right Reverend Bishop Dionisije, as the diocesan bishop for the United States and Canada; the nomination of three new bishops—the Very Reverend Stevan Lastavica, the Reverend Archimandrite Dr. Firmilijan Ocokoljich, and the Reverend Archimandrite Gregory Udicki;

2. The assembly emphatically demands that the holy assembly of bishops and the holy synod revoke all the above-mentioned decisions concerning our diocese, the Right Reverend Bishop Dionisije, and the appointment of the above-mentioned clergy to the newly designed bishoprics, and it further demands that the same three Bishops be withdrawn from the territory of this diocese.

3. The assembly adopts the rule that the future relationship of this Serbian Orthodox diocese for the United States of America and Canada toward the Serbian Orthodox mother church in Yugoslavia shall be broadly autonomous, in which it shall be united spiritually and liturgically but not subject to any canonical-hierarchal relationship. Such unity should connect this diocese to the mother church until full freedom of conduct and decision is restored to the Serbian Orthodox Church in Yugoslavia, which state of affairs can be expected only after liberation from the Communist yoke.

4. The assembly requests that His Holiness, Patriarch German, the assembly of bishops and the holy synod do not take any disciplinary measures against the clergymen attending this National Church Assembly who, in accordance with this assembly, do not recognize the aforementioned decisions of the holy assembly of bishops and the holy synod, since such disciplinary measures will cause further tensions and division among the faithful of this continent.

5. The assembly resolves that for the present, until the relationship between this diocese and the mother church will not be regulated, no decrees, decisions, or orders of the holy assembly of bishops and the holy synod will be accepted, since these shall not be recognized as binding for this diocese and its organs.

6. The assembly repeats the request, made in the resolutions of the National Church Assemblies of 1956 and 1960 in accordance

with the ancient customs of the Serbian Orthodox Church, that, in case of the death or incapacity of the diocesan bishop, or in case of need, it shall be authorized to elect three candidates, one of whom the holy assembly will acknowledge as diocesan bishop or auxiliary to the diocesan bishop.

7. The assembly decided to wait 60 days from the time that a copy of this resolution shall be posted by registered mail, return receipt requested, in an envelope addressed to His Holiness, for His Holiness, the Holy Assembly of Bishops, and the holy synod to accept requests 1, 2, 3, and 4 of this resolution.

If His Holiness, the Patriarch, the holy assembly of bishops, and the holy synod do not accept these requests within the said period of time, then this National Church Assembly shall look to other solutions for all questions which concern the future conduct of affairs of this Serbian Orthodox diocese for the United States and Canada.

For this purpose, today's session of the National Church Assembly is adjourned and shall continue its work on November 12, 13, and 14, 1963, at the St. Sava Monastery at Libertyville, Ill., with the same delegates and presidency. However, in case of emergency, the presidency of this National Church Assembly shall be obligated to advance the date of continuation of this National Church Assembly. In any event, the diocesan bishop, the Right Reverend Dionisije, in all the rights of his See, shall continue the unrestricted conduct of the affairs of his diocese in association with all other diocesan authorities and organs.

8. The assembly shall take due cognizance of the repeated statements of His Grace, Bishop Dionisije, that he is prepared to defend himself against any accusation which has been submitted or shall be submitted against him dealing with alleged violations in the conduct of his duties as diocesan bishop.

9. The assembly declares that it will not recognize as legal any other National Church Assembly or any diocesan authority, which shall be held or shall act on the territory of this diocese, if it has been established by the three new bishops forcibly imposed on the faithful of certain parts of this diocese.

10. The assembly pledges itself to God, to St. Sava, and to mother church and the Serbian people, that it shall do everything in its best conscience and knowledge to defend the freedom, interests, and welfare of its Serbian Orthodox diocese for the United States and Canada and through it, the welfare of the mother church, the Serbian Orthodox Church in our native country.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. Ellender] to the amendments offered by the Senator from Montana [Mr. Mansfield], for himself and other Senators, to the committee amendment in the nature of a substitute.

Mr. **ELLENDER**. Mr. President, have the yeas and nays been ordered?

The **PRESIDING OFFICER**. The yeas and nays have been ordered.

Mr. **ELLENDER**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **ELLENDER**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Louisiana to the Mansfield-Dirksen amendments to the committee amendment in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **RIBICOFF** (after having voted in the affirmative). Mr. President, on this vote I have a live pair with the Senator from Rhode Island [Mr. Pastore]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I therefore withdraw my vote.

Mr. **MAGNUSON** (after having voted in the affirmative). Mr. President, I have a live pair with the Senator from Michigan [Mr. McNamara]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I therefore withdraw my vote.

Mr. **HUMPHREY**. I announce that the Senator from Mississippi [Mr. Eastland], the Senator from Oklahoma [Mr. Edmondson], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Mississippi [Mr. Stennis], and the Senator from Tennessee [Mr. Walters] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

On this vote, the Senator from Oklahoma [Mr. Edmondson] is paired with the Senator from Wyoming [Mr. McGee]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Wyoming would vote "nay."

I further announce that, if present and voting, the Senator from Mississippi [Mr. Eastland], the Senator from Mississippi [Mr. Stennis] would each vote "yea."

Mr. **KUCHEL**. I announce that the Senator from Vermont [Mr. Prouty] is absent on official business.

The Senator from New Hampshire [Mr. Cotton], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], and the Senator from Texas [Mr. Tower] are necessarily absent.

The Senator from Utah [Mr. Bennett] and the Senator from New York [Mr. Javits] are absent on official business.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], and the Senator from Texas [Mr. Tower] would each vote "yea."

The result was announced—yeas 40, nays 43, as follows:

[No. 207 Leg.]

YEAS—40

Allott
Bible
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Church
Curtis
Dominick
Ellender
Ervin
Fong
Gruening
Hill
Hruska
Jackson
Johnston
Jordan, N.C.
Lausche
Long, Mo.
Long, La.
McClellan
Mechem
Miller
Morse
Mundt
Pearson
Proxmire
Randolph
Robertson
Russell
Simpson
Symington
Talmadge
Thurmond
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—43

Aiken
Anderson
Bartlett
Bayh
Beall
Boggs
Carlson
Case
Clark
Cooper
Dirksen
Dodd
Douglas
Fulbright
Gore
Hart
Hartke
Hayden
Hickenlooper
Holland
Humphrey
Inouye
Keating
Kennedy
Kuchel
Mansfield
McCarthy
McGovern
McIntyre
Metcalf
Monroney
Morton
Moss
Muskie
Nelson
Neuberger
Pell
Saltonstall
Scott
Smathers
Smith
Sparkman
Williams, N.J.

NOT VOTING—17

Bennett
Cotton
Eastland
Edmondson
Engle
Goldwater
Javits
Jordan, Idaho
Magnuson
McGee
McNamara
Pastore
Prouty
Ribicoff
Stennis
Tower
Walters

So Mr. Ellender's amendment to the Mansfield-Dirksen amendments to the committee amendment in the nature of a substitute was rejected.

Mr. **FULBRIGHT**. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. **DIRKSEN**. Mr. President, I move to lay that motion on the table.

Mr. **ELLENDER**. On the motion to table I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. **DOUGLAS**. Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER**. The Senator will state it.

Mr. **DOUGLAS**. Will the Presiding Officer state the motion that is now before the Senate?

The **PRESIDING OFFICER**. The question is on agreeing to the motion to table the motion to reconsider the vote by which the amendment of the Senator from Louisiana [Mr. Ellender] was rejected.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **RIBICOFF**. On this vote I have a live pair with the Senator from Rhode Island [Mr. Pastore]. If he were present and voting, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. **BREWSTER**. On this vote I have a live pair with the Senator from Michigan [Mr. McNamara]. If he were here, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. **LONG** of Missouri. On this vote I have a live pair with the Senator from Wyoming [Mr. McGee]. If he were present, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. **HUMPHREY**. I announce that the Senator from Mississippi [Mr. Eastland], the Senator from Oklahoma [Mr. Edmondson], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Mississippi [Mr. Stennis], and the Senator from Tennessee [Mr. Walters] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], and the Senator from Mississippi [Mr. STENNIS], would each vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] would each vote "nay."

On this vote, the Senator from Vermont [Mr. AIKEN] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from Arizona would vote "nay."

The result was announced—yeas 42, nays 39, as follows:

[No. 208 Leg.]

YEAS—42

Anderson
Bartlett
Bayh
Beall
Boggs
Carlson
Case
Clark
Cooper
Dirksen
Dodd
Douglas
Fulbright
Gore
Hart
Hartke
Hayden
Hickenlooper
Holland
Humphrey
Inouye
Keating
Kennedy
Kuchel
Mansfield
McCarthy
McGovern
McIntyre
Metcalf
Monroney
Morton
Moss
Muskie
Nelson
Neuberger
Pell
Saltonstall
Scott
Smathers
Smith
Sparkman
Williams, N.J.

NAYS—39

Allott
Bible
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Church
Curtis
Dominick
Ellender
Ervin
Fong
Gruening
Hill
Hruska
Jackson
Johnston
Jordan, N.C.
Lausche
Long, La.
Magnuson
McClellan
Mechem
Miller
Morse
Mundt
Pearson
Proxmire
Randolph
Robertson
Russell
Simpson
Symington
Talmadge
Thurmond
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING—19

Aiken
Bennett
Brewster
Cotton
Eastland
Edmondson
Engle
Goldwater
Javits
Jordan, Idaho
Long, Mo.
McGee
McNamara
Pastore
Prouty
Ribicoff
Stennis
Tower
Walters

So Mr. DIRKSEN's motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, to the Mansfield amendment, as amended, I call up my amendment No. 303. Before I ask that it be read, I wish to make two modifications in it: In line 2—in view of the adoption of the Holland amendment—the figure "$1,500,000,000" should read "$975,000,000"; in addition, on line 4, the figure "$900,000,000" should read "$950,000,000".

I ask that the amendment be modified accordingly.

The PRESIDING OFFICER. The amendment will be modified accordingly as requested.

Mr. MORSE. Mr. President, I now ask that my amendment, as thus modified, be read.

The PRESIDING OFFICER. The modified amendment will be stated.

The LEGISLATIVE CLERK. On page 1, in lines 7 to 9 of the Mansfield-Dirksen amendments, as amended, it is proposed to strike out "$975,000,000 for the fiscal year 1964, and $975,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof "and $950,000,000 for the fiscal year 1964,".

The PRESIDING OFFICER. The question is on agreeing to this amendment to the Mansfield-Dirksen amendments, as amended, to the committee amendment.

Mr. MORSE. On this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a brief statement in support of my amendment and a statement prepared by the Legislative Counsel as to the effect of the amendment, and other amendments, upon the Development Loan Fund.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

MORSE AMENDMENT TO THE MANSFIELD AMENDMENTS—DEVELOPMENT LOAN FUND

My amendment has the effect of reducing this year's authorization to $950 million, and repealing the existing authorization for the next 2 fiscal years.

Senators will recall that the report of the Senate Foreign Relations Committee was severely critical of the foreign aid program. It noted that it had rejected an amendment terminating all existing foreign aid programs at the close of fiscal year 1965 because it expected the administration to submit an entirely new program for fiscal year 1965.

Yet we know that there was already authorized $1.5 billion for both fiscal year 1965 and 1966. How likely is it that with an authorization of $1.5 billion already on the books, any administration would make a serious effort to revise and reduce the aid program for 1965 and 1966?

Nor would it make much difference if there were an authorization of $975 million on the books. The Senate has just made it $975 million by adopting the Holland amendment.

Leaving any authorization for 1965 and 1966 will further minimize the fainthearted appeal of the Foreign Relations Committee for submission of a foreign aid bill next year that will be as the committee put it, "revamped in major respects."

STATEMENT PREPARED BY THE LEGISLATIVE COUNSEL

EXISTING LAW OF 1961

"SEC. 202. Authorization: (a) There is hereby authorized to be appropriated to the President for the purposes of this title $1,200,000,000 for the fiscal year 1962 and $1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year."

PENDING BILL (H.R. 7885)

The pending bill proposes no change in section 202.

MANSFIELD AMENDMENT

Inserts in the bill the following amendment to section 202:

"(b) Section 202 of the Foreign Assistance Act of 1961, as amended, is amended by striking out 'for each of the next four succeeding fiscal years,' and inserting 'for the fiscal year 1963, $975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years,'."

The effect of this amendment would be to reduce from $1,500,000,000 to $975,000,000 the authorization for 1964, and to leave unchanged the authorization ($1,500,000,000) for 1965 and 1966.

HOLLAND AMENDMENT TO MANSFIELD AMENDMENT

On line 8 of Mansfield amendment strike out "$1,500,000,000" and insert "$975,000,000".

The effect of this amendment is to reduce the authorizations for 1965 and 1966 from $1,500,000,000 to $975,000,000.

MORSE AMENDMENT TO MANSFIELD AMENDMENT

On page 1, lines 7 to 9, strike out "$975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof "and $950,000,000 for the fiscal year 1964."

The effect of this amendment would be to make the 1964 authorization $950,000,000 (instead of $975,000,000 as proposed by the Mansfield amendment), and eliminate entirely the authorizations for 1965 and 1966.

Mr. MORSE. Mr. President, I can very quickly summarize my amendment to the Mansfield amendments: In my opinion the previous vote—which finally was decided after numerous changes, plus the perfectly proper work of the leadership in turning defeat into victory by getting pairs and vote changes—tells quite a story; it makes perfectly clear that the foreign aid program, in the form in which it is before the Senate, is not a popular program and that many people know and recognize the fact that it should be drastically modified; and in my opinion the people will see to it that it is modified.

The effect of my pending amendment to the Mansfield amendments is to cut $25 million from the $975 million and to make perfectly clear that the administration will have to come before the congressional committees in 1965 and 1966 tabula rasa. There will not be any continuation of the $975 million; Congress will deal with the problem as a new authorization in 1965 and 1966. My amendment repeals all authorization for development loans beyond fiscal 1964. I believe Congress should do so, for that would be psychologically beneficial and would say to the American people that we are willing to vote, for 1965 and 1966, whatever sound foreign aid program the administration at that time can prove is needed, but we are not going to give the administration any advantage by starting with a presumption in favor of an authorization of $975 million. Instead, we shall start with the blackboard erased clean, and will say to the administration, "Write on the blackboard the figures for foreign aid that you can justify. Come in with the new and revamped program for fiscal 1965 which the Foreign Relations Committee has asked for, and with the sum you believe should be expended under it."

Mr. President, by means of this amendment to the Mansfield amendments, as amended, the Senate has an opportunity to save the taxpayers $25 million—by reducing the present figure of $975 million to $950 million—and also to guarantee that there will not be a continuation of the authorization for 1965 and 1966. Hence, foreign aid will be considered tabula rasa when the administration submits its proposed program for 1965 and 1966.

Mr. FULBRIGHT. Mr. President, the pending amendment of the Senator from Oregon to the Mansfield-Dirksen amendments, as amended, would reduce the authorization which has been made by means of the Holland amendment to the Mansfield amendments. The pending Morse amendment would not necessarily result in any saving this year, because the pending bill is only an authorization bill, and the appropriation has never, to my knowledge, been in the same amount as the authorization.

In view of the Senate's vote on the Ellender amendment—which called for $50 million more than the pending Morse amendment does for this fiscal year—I think the pending amendment is an example of cheese paring. Furthermore, if we must vote on every one of the various amendments which call for changes in the amount of $25 million or $50 million or less, we shall be here all winter.

In addition, the Holland amendment to the Mansfield-Dirksen amendments was agreed to unanimously only a couple of hours ago, and I thought it was perfectly acceptable to the Senate. The pending Morse amendment would strike out the Holland amendment; it would pare down the currently applicable figure in the Mansfield amendment by $25 million.

Therefore, Mr. President, I hope the Senate will reject this amendment.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The question is on agreeing to the Morse amendment No. 303, as modified, to the Mansfield-Dirksen amendments, as amended, to the committee amendment.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMINICK (when his name was called). On this vote I have a pair with the senior Senator from Vermont [Mr. AIKEN]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Arizona [Mr. HAYDEN] would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Michigan [Mr. McNAMARA]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

The pair of the Senator from Vermont [Mr. AIKEN] has been previously announced.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 42, nays 40, as follows:

[No. 209 Leg.]

YEAS—42

Allott
Anderson
Beall
Bible
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Church
Curtis
Ellender
Ervin
Fong
Gruening
Hruska
Jackson
Johnston
Jordan, N.C.
Lausche
Long, Mo.
Magnuson
McClellan
Mechem
Miller
Morse
Mundt
Pearson
Proxmire
Randolph
Ribicoff
Robertson
Russell
Scott
Simpson
Symington
Talmadge
Thurmond
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—40

Bartlett
Bayh
Boggs
Carlson
Case
Clark
Cooper
Dirksen
Dodd
Douglas
Fulbright
Gore
Hart
Hartke
Hickenlooper
Hill
Holland
Humphrey
Inouye
Keating
Kennedy
Kuchel
Long, La.
Mansfield
McCarthy
McGovern
McIntyre
Metcalf
Monroney
Morton
Moss
Muskie
Nelson
Neuberger
Pell
Saltonstall
Smathers
Smith
Sparkman
Williams, N.J.

NOT VOTING—18

Aiken
Bennett
Cotton
Dominick
Eastland
Edmondson
Engle
Goldwater
Hayden
Javits
Jordan, Idaho
McGee
McNamara
Pastore
Prouty
Stennis
Tower
Walters

So Mr. MORSE's amendment (No. 303), as modified, to the Mansfield-Dirksen amendments, was agreed to.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Mansfield-Dirksen amendments to the committee amendment is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment No. 301, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. On page 2, in the Mansfield-Dirksen amendments, it is proposed to strike out lines 2 through 11, as follows:

> (1) Strike out "for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year" and insert "for use beginning in the fiscal year 1963 not to exceed $600,000,000, for use beginning in the fiscal year 1964 not to exceed $525,000,000, and for use beginning in each of the fiscal years 1965 and 1966 not to exceed $600,000,000".

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'$300,000,000' and" and "and '$175,000,000', respectively".

Mr. HUMPHREY. Mr. President, I wish to take a few moments on the amendment. This particular amendment would modify the Mansfield-Dirksen amendments cosponsored by other Senators in this manner: it would restore to the Alliance for Progress the amount recommended by the committee, which amount was reduced in the "powerhouse" amendment by $125 million. That fund would be restored to the Alliance for Progress.

The President's contingency fund, which was increased by $125 million, would be reduced by this amendment $125 million. Basically, in view of the recent action of the Senate in adopting the Morse amendment, the amendment would leave the reductions in the Development Loan Fund and the Military Assistance Fund as recommended by the Mansfield-Dirksen amendments as modified by the Morse amendment, which would be approximately $410 million, I believe, and it would restore the $125 million to the Alliance for Progress.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. Would it be fair to characterize this amendment as the "little powerhouse" amendment?

Mr. HUMPHREY. It would be fair to characterize it as a fair amendment.

Mr. KEATING. I wondered.

Mr. HUMPHREY. It is a reasonable amendment, that would keep our commitment under the Alliance for Progress. I repeat, it would leave intact all of the reductions which have been voted. It would in no way modify the total aggregate sum of the reductions. It would merely take the sum of $125 million from the contingency fund, as recommended in the Mansfield-Dirksen amendments, and add that sum to the Alliance for Progress, so that the contingency fund amount and the Alliance for Progress amount would be as recommended by the Senate Committee on Foreign Relations.

Let me say to those who are strong advocates of the reduction in amounts in this program that the total amount of reduction would remain as presently voted and as pending in the Mansfield-Dirksen amendments as modified by the Morse amendment.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield.

Mr. CHURCH. Is it not true that if the cut of $125 million for the Alliance for Progress is sustained by the Senate, that will have a crippling effect upon the Alliance for Progress for the coming year. The evidence indicates that this is the only program which we can rely upon in the hope of bringing Latin America away from its long tradition of feudalism and dictatorship?

Mr. HUMPHREY. I feel that that is correct. I believe the testimony before the committee would bear that out.

Mr. CHURCH. Would not the Senator also agree that in dealing with the problems which face us in the Western Hemisphere, there is probably no more hopeful new development in the entire field of foreign aid than the Alliance for Progress, addressed to the real problems, the real seedbeds of communism in this hemisphere? If there is one part of the program that ought not to be cut, it is the Alliance for Progress.

Mr. HUMPHREY. The Senator from Idaho is eminently correct. To the advocates of reductions in this overall foreign aid program, I only add that the House made serious cuts in the Alliance for Progress—down to $450 million—which I believe really jeopardized the effort that we have already made in Latin America. Unless we restore these funds in the authorization bill, when we come from conference we will find ourselves in such a position that the investments already made in the Alliance for Progress will be jeopardized as to effectiveness.

Needless to say, we still have to go through the appropriation process, which will result in a reduced amount. I am very hopeful we will not alter the effort that was made in committee to assist the Alliance for Progress at a reasonable level. So far as the President's contingency fund is concerned, $175 million was the amount recommended by the committee, after careful examination. That is more than was used last year out of the President's contingency fund. There is an additional $300 million available to the President under the so-called military assistance, $300 million of emergency funds that can be taken from the Department of Defense appropriation. That is reimbursable under law. So this would not cripple the President. It would leave him a $475 million contingency fund. He would also have what we call flexibility with respect to a certain percentage of the total authorized and appropriated funds in each category.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Louisiana.

Mr. ELLENDER. I am in accord with the views expressed by the Senator from Minnesota in regard to the Alliance for Progress funds. In my judgment, the amount should be left intact. My only disagreement with the Senator is that the amount of the contingency fund should be decreased to $100 million. I expect to call up my amendment No. 299, Mr. President——

Mr. HUMPHREY. Does not the Senator understand that the amendment I have offered would also reduce the contingency fund to $175 million?

Mr. ELLENDER. I understand that, but I wish to make it $100 million. I wish the Senate to listen. I wish the Senate to know that the President now has almost a billion dollars which he can transfer from one appropriation item to another, in order to take care of situations like Lebanon and other places in the world, and that of the contingency fund provided for the President last year, $100 million some odd, only $34 million was used. I have a lot of data to prove that this fund will not suffer at all if reduced to the $100 million.

Mr. HUMPHREY. Would the Senator from Louisiana withhold his amendment for just one moment? I gather, under the parliamentary situation, it would be an amendment to the amendment I have offered on behalf of myself, the Senator from South Dakota [Mr. McGOVERN], and the Senator from Massacuhsetts [Mr. KENNEDY].

To repeat quickly what I am attempting to do in this amendment, this would restore the Senate Foreign Relations Committee's original recommendation of $650 million for the Alliance for Progress, and $175 million for the contingency fund. It would not alter the total reduction recommended by the so-called Mansfield-Dirksen amendments, as now modified by the amendment of the Senator from Oregon [Mr. MORSE]. This reduction would remain the same, at about $410 million.

The Alliance for Progress program has been repeatedly given top priority by President Kennedy who has, time after time, described this area as the most critical area in the world for U.S. foreign policy.

The restoration of the committee figure would mean a final figure for the Alliance for Progress, this year, after a conference with the House and after consideration of appropriations, about the same as the final figure for last year, which was $525 million, even if we are quite optimistic in the estimate. It might even be less. The committee carefully considered the contingency fund and reduced it because $117 million of the $260 million for last year went unspent. The committee figure of $175 million is substantially higher than the total amount of $143 million spent last year.

The committee's action supports the idea that the AID agency must use this money for the program agreed to by Congress in the Alliance for Progress. I am hopeful that Senators will realize that we should support this proposal.

I shall let the Senator from Louisiana argue the merits of his case. I indicated that the amount spent last year was less than recommended for this year.

Mr. MORSE. Mr. President, I should announce that many of us were not aware that the Senator's amendment was going to be considered next. It is a very important amendment.

As the Senator knows, I am entirely in sympathy with the overall objectives; but the amendment raises the question of the entire Alliance for Progress program; and the Alliance for Progress program, in its totality, needs to be discussed first, before we start voting on any amendment, because a series of amendments will be offered to the amendment if we cannot reach an agreement in the cloakrooms with regard to rewording the amendment.

One of the items we shall want to consider has just been mentioned, namely, military aid to Latin America; whether or not we should reduce further military aid, and add the savings to the Alliance for Progress economic aid.

Then there is the question of the contingency fund. I say most respectfully to the Senator from Minnesota that this amendment will call for such detailed discussion of so many items of the Alliance for Progress program that, if we are willing to start it now, we could not finish it tonight in time for a vote. But we will discuss it tonight, and finish discussing it tomorrow; and if we have not arrived at an adjustment of the differences with the Senator from Minnesota, we shall offer some amendments.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Georgia.

Mr. RUSSELL. Is there anything in the act which would prevent the President from transferring funds from the contingency fund to the Alliance for Progress?

Mr. HUMPHREY. No.

Mr. RUSSELL. The Senator has emphasized repeatedly the importance the President attaches to the Alliance for Progress program. If the President thinks that this program is so important, he can transfer funds from the contingency fund and it is not necessary to upset the amendment offered by the leadership or has the leadership abandoned this phase of their amendment?

Mr. DIRKSEN. Oh, Mr. President, if I may interrupt, the leadership has not abandoned it. The reason why Tom Scott, from the staff, sat in the conference was that we were selecting figures. Transferability is provided for. We thought this arrangement should not be disturbed.

I do not think the amendment of the Senator from Minnesota should be adopted.

Mr. HUMPHREY. Mr. President, the reason I offered the amendment is that it is my understanding, with respect to funds available from the contingency fund that those funds are not permitted to be used for items which had been cut from the authorization, but for unforeseen situations. If funds are cut back for the Alliance for Progress, we are in a sorry condition so far as contingency fund use is concerned.

I will give another reason. Many forces may be at work on the contingency fund. There may be military situations, for example, which require drawing on those funds. I have reason to believe that those who battled for the Alliance for Progress are not aware of this situation. There will be heavy demands for contingency funds if a contingency arises. If a contingency or emergency does not arise, those funds ought not to be used. I think the Senator from Georgia is aware that authorizations or programs cannot be cut back and be paid for from contingency funds.

Mr. RUSSELL. I am not aware of any law to that effect. The Appropriations Committee, when it has reduced appropriations—and it has been the subject of controversy—has been highly critical of transfers with respect to appropriations that have been reduced. But this is an authorization. This is not an appropriation bill. In the case of appropriations, the Appropriations Committee is very jealous, when it has recommeded reductions, and Congress has acted accordingly, and, despite the fact that Congress has fixed the appropriations at a certain level, funds have been transferred for that purpose. It has considered it an abuse of executive power.

But that is not true in the case of authorizations. Where we authorize $300 million, if Congress appropriates $300 million, it knows the President has certain discretion. It seems to me it would be a lack of faith in the President, if the Senator says he is so concerned about the Alliance for Progress, to say he would not use funds from the contingency fund if necessary.

Mr. HUMPHREY. It seems to me the people who have an interest in the program might think differently. A very interesting thing, in connection with the Alliance for Progress and our foreign policy relating to the Western Hemisphere, is that this is a relatively new program. It is in its third year. The first year was an organizational year. The second year we got some start. We are now in the third year of the Alliance for Progress program. It is in this period that we are talking about whether we are going to have, to some degree, freedom in the Western Hemisphere.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. COOPER. Will the Senator inform me if I am correct in stating that the administration made a final request which totaled $650 million for fiscal 1964, and that $650 million would have been made available for the Alliance for Progress under the bill reported by the committee? And will the Senator tell me if this latter amount compares with an amount of $450 million which was included for the Alliance for Progress in the bill passed by the House?

Mr. HUMPHREY. Yes. The amount of $650 million was recommended by the committee. The amount acted on and recommended by the House was $450 million. The request of the administration was $650 million. The Senate committee, after considerable discussion and debate, recommended that amount to the Senate.

Mr. COOPER. The amendment of the Senator from Minnesota would add $125 million to the amount authorized in the amendment offered by the Senator from Montana and the Senator from Illinois?

Mr. HUMPHREY. It would add $125 million above the so-called Dirksen-Mansfield amendments.

Mr. COOPER. This amendment would not add anything above the amount requested to be appropriated and recommended by the administration?

Mr. HUMPHREY. No; my amendment would bring the amount to what the administration recommended and the Senate Committee on Foreign Relations recommended.

I know of no newspaper or journal in this country, regardless of its political persuasion, that has not deplored the action taken in the other body. They felt the $450 million figure was too low. We all know that when we go to conference there is give and take. The Senator from Minnesota is attempting to recommend the amount the committee recommended, and that the administration recommended, and what I consider to be the most respectable segment of the press recommends. I do not see how it could be too far wrong.

Mr. COOPER. Would the Senator's amendment add anything to the total amount of the bill?

Mr. HUMPHREY. No.

Mr. COOPER. It represents a transfer?

Mr. HUMPHREY. It represents a transfer.

Mr. COOPER. I have not been here the last 2 days. Unfortunately, I have not been able to follow the progress of the debate, particularly on the Alliance for Progress. I voted for the reductions offered by the senior Senator from Florida. I intend to support the recommendations made by the Senator from Montana and the Senator from Illinois. I have a strong feeling about supporting, to the fullest extent we can, the Alliance for Progress. We have been talking for 2 years about Cuba. The Soviet Union has established a military presence in Cuba. It is a threat to Latin America. I do think this area could provide the greatest source of danger to this country, or the greatest source of strength to the future of this country. I am going to support the amendment of the Senator from Minnesota.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. So that the authentic figures may be in the RECORD—and we received these figures from the Appropriations Committee—for fiscal 1963 the Alliance for Progress had $525 million.

Mr. HUMPHREY. In appropriations.

Mr. DIRKSEN. Yes. The budget asked for $650 million for 1964. The House cut the amount by $200 million and reduced it to $450 million. The Senate committee put it all back and raised it to $650 million.

Mr. HUMPHREY. That is the administration's request.

Mr. DIRKSEN. Yes. To balance out this account we went back to the expenditure for fiscal 1963. The so-called "powerhouse" amendments contain $525 million, exactly what was appropriated for fiscal 1963. We considered that that was enough. On balance it ought to be approved. Those are the figures.

Mr. HUMPHREY. If we could be assured that we would get $525 million in appropriations for fiscal 1964, I would withdraw the amendment. The truth is that $450 million is provided in the House bill. If we have only $525 million in the Senate version, as valiant as my colleagues in the Senate will be in terms of their conference committee capability, I doubt that the House will fold up and agree to the $525 million authorization. If we have only a $525 million authorization, I am sure the Appropriations Committee will not automatically appropriate that amount of money.

I offered my amendment in the hope that the conferees on the part of the Senate would be able to come out of conference with a figure close to $525 or $550 million in authorizations. I hope more than that will come to us in the appropriations bill, in the third year of the Alliance for Progress program, when programs are now getting underway.

I have received an excellent report on this program. I hope that at least we will come out of the Appropriations Committee with the same amount that we had in fiscal 1963.

Unless we adopt an amendment that will restore it to $650 million, or an amendment similar to it, we will have no chance whatever of coming out with the full amount of money.

Mr. DIRKSEN. Mr. President, we did not touch the so-called social trust fund.

Mr. HUMPHREY. That is correct.

Mr. DIRKSEN. That is the $200 million, for example, for the benefit of Latin America.

Mr. FULBRIGHT. $175 million.

Mr. DIRKSEN. Yes; but originally the request was for $200 million.

Mr. FULBRIGHT. The House provided for $200 million.

Mr. DIRKSEN. Yes.

Mr. HUMPHREY. I am not arguing about the other figures. As the Senator from Georgia has indicated, possibly the President would use some of the contingency fund for the Alliance for Progress. That is a part of the argument for increasing the contingency fund. All I am saying is that in light of the drastic action taken by the other body in cutting the authorization for the Alliance for Progress programs, the Senate ought at least to sustain the figure in the committee report, or close to it, so that when we go to conference on the Alliance for Progress we shall be able to come out with a little more than is offered in the Mansfield-Dirksen amendments.

I am sure the Senator from Illinois knows that I really do not like to be in this position. I do not exactly support what the distinguished majority leader and the distinguished minority leader have attempted to do. In other respects, I believe they had to do what was done. I hope I can persuade my colleagues in the Senate to agree that the allocation to the Alliance for Progress would be a wise step to take. Apparently some shift was made, and I am not quite sure why. It seems to me that if we could agree on a better figure for this year we would be serving the cause that we all wish to support.

Mr. DIRKSEN. The situation amounts to, "You pay your money and you take your choice." In other words, shall we put the money into the contingency fund of the President, giving that added flexibility, or do we take it out of that fund and put it into the Alliance for Progress authorization?

Mr. HUMPHREY. That is correct. I also feel that inasmuch as the committee made a long and careful study of the Alliance for Progress, it would be a good idea to go along with the progress that has been made. I respect the committee's judgment with respect to the Alliance for Progress funds.

Mr. KEATING. Am I correct in saying that the Senator's amendment would add to the Alliance for Progress fund the exact amount which would be taken from the contingency fund?

Mr. HUMPHREY. That is correct.

Mr. KEATING. I should like, with the Senator's permission, to address a parliamentary inquiry to the Chair. Is the amendment divisible? It strikes out two sections.

The PRESIDING OFFICER. A motion to strike out is divisible.

Mr. KEATING. So it may be divided into two parts?

The PRESIDING OFFICER. The Senator is correct.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. I believe that the Senator from Illinois made a good point, but it seems to me that there is an underlying question of policy involved, and that is that the so-called powerhouse amendments seek to make it clear to the Alliance for Progress members that we are concerned about some of the countries that have not been performing as we feel they should, and, therefore, we are not going to approve the amount that was originally recommended by the Foreign Relations Committee, but that, instead, we will leave it up to the President to exercise his discretion as to whether they are going to go ahead with a program.

Mr. HUMPHREY. Mr. President, I believe that is a valid argument. I do not deny it.

Mr. MILLER. The Senator from Minnesota has said that he has received progress reports. The Senator from Minnesota probably has much better information on this point than I. However, I too have seen some reports which indicate that of all the Latin American countries, only about 12 have come forth with the kind of programs that we have long been expecting them to propose.

Mr. HUMPHREY. Will the Senator permit me to make an observation?

Mr. MILLER. I would appreciate it very much if the Senator from Minnesota would tell us a little more about the state of these programs, because we have received reports which indicate that all is not well with respect to some of the countries.

Mr. HUMPHREY. I do not claim to be any expert on this subject, but basically there is considerable truth in what the Senator from Iowa has said with respect to the fact that a number of countries have not come forth with what we call necessary reforms.

Mr. MILLER. Not only with respect to reforms, but with respect to programs as well.

Mr. HUMPHREY. Yes; programs also. That is why the Alliance for Progress has been slow in starting. We have not only demanded feasibility studies, project by project, and economic studies, project by project, but also countrywide plans, country by country. This has compelled some of the countries to examine their human resources, their natural resources, their capital resources, and their public administration structure. We have insisted on rather high criteria. Now they are beginning to show some progress in that respect. In some countries the programs have not come along as fast as we would like to have had them come along because we have insisted upon better performance.

If we had insisted in certain other parts of the world on the same kind of performance that we are insisting upon with respect to Latin American countries, there would have been less criticism of the foreign aid program than we have had thus far. I believe we have learned a great deal as a result of our demand for better performance. Our funds in Latin America are showing much better performance on these projects.

I have had brought to my attention a report from Colombia. It is in the form of a letter, with pictures, and it deals with the city of Cucuta, Colombia.

The letter is addressed to the President of the United States, and it states:

> With the present we are enclosing some photographs, which show how the Alliance for Progress program is producing results in our city.
>
> We have been granted a loan by the Inter-American Development Bank, that is helping to finance a 10-year expansion program, designed to provide water and sewerage house connections for more than 95 percent of our 115,000 inhabitants of the city.

Their plan was designed to take care of some of the sewerage, water, and sanitation needs. I show Senators the pictures, which obviously cannot be printed in the Record. One picture shows the problem, and another picture shows the solution. In other words, the pictures say, "This is what we had, and this is what we are getting."

This was done after American engineers had been brought in and after economic and feasibility studies.

This is the kind of program we ought to support.

Mr. ELLENDER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield to the Senator from Louisiana, who must leave the Chamber and who desires to offer his amendment now.

Mr. ELLENDER. As I stated a while ago, I am in full agreement with the position taken by the distinguished Senator from Minnesota. I do not believe, as has been stated by some Senators, that money could be transferred from the contingency fund, as such, to the Alliance for Progress. The purpose of the contingency fund is to provide for unforeseen happenings, such as at Quemoy and in Lebanon.

Mr. President, I call up my amendment No. 299 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 2 of the Mansfield-Dirksen amendments, it is proposed to strike out lines 10 and 11 and insert in lieu thereof the following:

> On page 40, line 10, strike out "$175,000,000" and insert in lieu thereof "$100,000,000".

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. ELLENDER. As I understand, this amendment will be voted upon before the so-called Humphrey amendment.

The PRESIDING OFFICER (Mr. Kennedy in the chair). A motion to amend language proposed to be stricken out takes precedence over a motion to strike out.

Mr. HUMPHREY. It is not an amendment in the third degree?

The PRESIDING OFFICER. It is a preferential amendment.

Mr. ELLENDER. As the Senator from Minnesota has just stated, I have a previous engagement. Tomorrow I shall give my reasons why I believe my amendment should be adopted.

Mr. MILLER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. My only comment in response to the Senator's statement is that I recognize that the scrutiny which is being given to some of the Alliance programs is tight. That is as it should be. It does not mean that when these programs are not measuring up to our standards, especially those set forth in the Clay Committee report, we should automatically appropriate the same amount of money we did last year. I take it from the action of the House that the House has been restive because we have not been moving fast enough with the moneys appropriated originally, and that the understanding and hope that there would be a quicker movement have not been justified. That is why some of the excess funds have been built up.

Mr. HUMPHREY. One of the reasons why we have not moved so rapidly as the Senator from Iowa would have liked or the Senator from Minnesota would have liked is that there was a tooling-up job that had to be done in working with the governments. In many instances, they simply were dragging their feet for a while, in terms of some of the criteria or qualifications that had to be met according to our commitments under the Act of Punta del Este. Many countries did not have the services that were necessary, such as planning officers and economists, to undertake their part of their work. That is now being done. Some progress is beginning to be made. When General Clay came before the committee, he said, speaking on the total authorization in the foreign aid bill, in response to a question from the chairman:

> Yes, sir. We believe that the authorization should be in the neighborhood of $4.2 billion or $4.3 billion.
>
> The reason we have recommended that this figure be higher than we think the appropriation need be is that we feel the full amount promised to Latin America should be authorized even though we don't really believe that there is any chance that their performance will justify it all being expended. We think that a failure to authorize the full amount for Latin America would be widely interpreted as a failure of the United States to support the Alliance for Progress.

That was General Clay's statement. In the Clay report, as I recall, special emphasis was placed upon our commitment to the Alliance for Progress and the authorization that has been requested.

Mr. MILLER. I thank the Senator from Minnesota. I have great respect for General Clay. However, with reference to the last statement the Senator read, I should say, in light of what we have been doing and in light of the clear commitments that are required under the Alliance for Progress, that if the Mansfield-Dirksen amendment stands, and the amendment of the Senator from Minnesota fails, and if Latin American nations get the idea that we are not proceeding in their support, it will be due to our own failure of information. I see no reason why this information cannot be disseminated properly, so that they will know that we are still committed to their support, and that the only reason why we are not authorizing so much money is that, frankly, we are disappointed with their poor performance in some cases—and it has been poor in some cases. In other instances, we could give quite adequate and quite proper praise.

However, I cannot accept General Clay's statement which is, in effect, that we would be doing a very poor job of public relations in getting that information across to the people of Latin America.

Mr. SALTONSTALL. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. SALTONSTALL. Most respectfully, I say to the Senator from Minnesota that I think he is mistaken in the statement he made some time ago that the contingency fund could not be used in any place where the authorization had been reduced or the appropriation for a specific purpose had been reduced. I have checked with one of the clerks of the Committee on Appropriations, Mr. Scott, and have confirmed my memory of a good many years that the contingency fund can be used where the purposes are vaguely stated. In the Alliance for Progress, no specific item is picked out that has been eliminated by the authorization or the appropriation. The Senator's amendment restores to the full budget request the amount for the Alliance for Progress, and reduces the contingency fund by $125 million.

Mr. HUMPHREY. It is merely a shift of funds.

Mr. SALTONSTALL. Yes. Based upon my experience in the Committee on Appropriations, we have already tried to stand by the contingency fund. The administration, whether it be the administration of Truman, Eisenhower, or Kennedy, has always asked to have the contingency fund at a reasonable level to allow for any emergency that might arise.

The Senator's amendment would restore the amount to the specific project, the Alliance for Progress, where it might not be used, because projects might not come up, and therefore might be cut from the contingency fund.

Therefore, I personally am opposed to the Senator's amendment for the reason, based on experience, that the contingency fund is one of the most responsible, valuable adjuncts that the administration has, even though the fund might not be entirely used.

I am sorry to have to disagree with what the Senator from Minnesota has said, but I did wish to call his attention particularly to the fact that I do not believe his statement is entirely backed up by experience, namely, that when an amount is cut back, the contingency fund cannot be used when the objective is not clearly stated.

Mr. HUMPHREY. I hope the Senator from Massachusetts is correct. Frankly, I have no desire to limit the President's contingency fund. Had I had my way about this matter, the President's contingency fund would be cut at his request, because I thoroughly agree with the Senator that the President's contingency fund in many cases serves a valuable purpose.

Let us discuss for a moment the Committee on Appropriations. Excluding the member of that committee who is speaking, let us talk about the competency of the other members. It was the considered judgment of that committee that the contingency fund should be kept at $175 million. I thought that that amount was too small. It was also the considered judgment—if not the unanimous judgment, then surely the judgment of an overwhelming majority of the members of the committee—that this fund should be $150 million. I have no desire to cut the President's contingency fund; nevertheless, I sense the temperament of the Senate to be that it is going to make some cuts. I felt that way when the bill was reported to the Senate. If that be true, I do not want my amendment to be interpreted as one that would add money to the bill. My amendment merely provides for a different allocation of the funds as proposed in the Mansfield-Dirksen-Fulbright-Sparkman-Aiken - Hickenlooper amendment. There is an honest disagreement among Senators as to how these funds should be allocated. I agree that there should be a cut in military assistance. I agree that there should be a cut in the Development Loan Fund. That amount was further reduced by the Morse amendment.

I am now asking only that the Senate be given some room for bargaining with the House Committee on Foreign Affairs when we go to conference on the Alliance for Progress.

I really believe that this is a meritorious position. I am not arguing with the judgment of other Senators as to the amounts that ought to be provided for the Alliance for Progress. If we can get $525 million, the Senator from Minnesota will be exceedingly happy. That was the total amount provided last year. Last year we had an authorization for $600 million.

Mr. SALTONSTALL. Mr. President, will the Senator from Minnesota yield for a further question?

Mr. HUMPHREY. I yield.

Mr. SALTONSTALL. The Senator from Minnesota is talking to a friend of the Alliance for Progress program when he talks to me.

Mr. HUMPHREY. I fully realize that; and I realize also that the same is true when I speak to the distinguished minority leader [Mr. DIRKSEN]. I said that, essentially, we are not arguing about the programs; instead, we are merely discussing ways and means to fulfill or implement them.

Mr. SALTONSTALL. Yes. My point is that if we are to make cuts in line with the recent votes in the Senate—and, as the Senator from Minnesota has said, it seems to be the temper of the Senate to make some cuts in the bill as recommended by the committee—we shall be providing for a better overall situation by leaving the contingency fund larger and thus providing desirable fluidity for the administration.

I have agreed with the Senator on some of the positions he takes, but I cannot agree with him on this amendment.

Mr. DIRKSEN. Mr. President, will the Senator from Minnesota yield for a brief question?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. In view of the procedure in the Senate thus far today, is it intended to have the Senate vote today on this amendment?

Mr. HUMPHREY. I believe not. Before the vote is taken, the Senator from Oregon will speak on the Alliance for Progress program; and in view of his knowledge of the Latin American area, his remarks will be most important. So I have no intention of pressing for a vote today on this amendment.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I am glad to cooperate in this connection. I did not know the Senator's amendment was to be brought up today. He knows that I wish to work with him in connection with this subject matter.

Mr. HUMPHREY. Yes, indeed.

Mr. MORSE. And other Senators also wish to work with him and collaborate with him in this connection. However, some of our amendments are not even drafted as yet.

Furthermore, I think that at this point in the debate on the foreign aid bill we need to have whatever discussion and debate we are going to have on all aspects of the Alliance for Progress program. We cannot deal with this particular amendment without affecting the entire program, inasmuch as the Alliance goes to the very heart of the program. Therefore, in our discussions and debate tomorrow in regard to the Alliance for Progress program, we wish to outline the various proposals in regard to amendments of or modification in the Alliance for Progress program. That is why I propose that there be no vote tonight on this amendment. Furthermore, I understand—although I may be mistaken about this—that the amendment of the Senator from Louisiana [Mr. ELLENDER] has precedence over this amendment; and he has already left the Chamber, with the understanding that no further votes will be taken tonight.

Mr. HUMPHREY. The Senator from Oregon is correct; and I am very anxious to take up this matter with the Senator from Oregon and his associates, because I am sure that a package which will greatly strengthen the Alliance for Progress can be arranged. After this debate, I shall meet promptly with the Senator from Oregon to discuss this subject.

Mr. McGOVERN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. McGOVERN. Would the Senator from Minnesota say the Senate was acting in accordance with a long established foreign policy if it were to demonstrate in a concrete way its special consideration of the Western Hemisphere?

Mr. HUMPHREY. I certainly would. If there is any nation which demonstrates special consideration of the Western Hemisphere, certainly it is the United States, through the U.S. Congress. I think I can say with complete accuracy and confidence that so far as the American people are concerned today about foreign aid, the one area of the program to which they seem to make an enthusiastic response is the Alliance for Progress. They want to do something constructive for this hemisphere. There are 101 reasons for that. Some say it is because of fear of Castro; but I think the more important reason is the realization that we have denied to some of our neighbors in this hemisphere the attention they justly have deserved over all these years.

Mr. McGOVERN. Furthermore, even Castro is a representative of a country in our hemisphere.

Mr. HUMPHREY. Yes.

Mr. McGOVERN. Does the Senator from Minnesota have information which he can give us in regard to the cost of our involvement in South Vietnam, as compared with the entire cost of everything we are doing in the 21 countries of Latin America?

Mr. HUMPHREY. I think last year we expended $500 million or $600 million in South Vietnam; and in this case we are talking about an authorization—not an appropriation—of $650 million or $525 million for the Alliance for Progress, although, to be sure, there is also the Social Progress Trust Fund, for which I believe the Senate recommended $175 million. But when we consider the total amount we are contemplating authorizing—it has not yet been voted—for all the republics of the Western Hemisphere, in terms of any real aid program, we find that it is only approximately $150 million more than the amount we have put into South Vietnam in 1 year.

Mr. McGOVERN. There has been some understandable impatience regarding the rate of the progress we are making in the countries to the south of us. Can the Senator from Minnesota state how long we have been involved in South Vietnam, as compared to the length of time the Alliance for Progress has been operating?

Mr. HUMPHREY. As I recall, our involvement in South Vietnam began about 1954; I refer to our direct involvement after the French were defeated.

Mr. McGOVERN. Since then we have expended well over $3 billion in that one country, whereas the Alliance for Progress has been operating for approximately 2 years in some 20 different countries. I believe the Senator from Minnesota would agree that we have not been entirely satisfied with the progress we have made in South Vietnam, although we have been involved there over a much longer period of time.

Mr. HUMPHREY. Absolutely so. Furthermore, in a few days Mr. Harriman, our Under Secretary of State, will go to a very important conference in South America—the Conference of the Inter-American Economic and Social Council, at which he, one of the highest representatives of our Government, will discuss, once again, the plans for the economic advancement of the countries of this hemisphere, region by region, country by country, area by area, and category by category. I believe it would be wise to arm Mr. Harriman with the kind of commitment for resources that will strengthen his position in that Conference, in terms of exacting from our sister republics the conditions which we believe to be necessary in order to have an effective aid program.

I repeat that because of the position taken by Congress, and, in particular, because of the position taken by the subcommittee headed by the Senator from Oregon himself, as was indicated here in the early stages of the debate on the aid bill, certain conditions and criteria for the Alliance for Progress program were established, and I believe those conditions and criteria will make that program much more viable and much more effective than any other program we have had in any other part of the world, save the Marshall plan. This is one of the reasons for the delay or for what some call the slowness of our progress. However, I point out that although we may be proceeding a little slower than we would like to, we are proceeding well. The programs which are underway can be thoroughly justified economically, socially, and politically. We have not constructed, in connection with this program, any four-lane roads that go nowhere, or luxury homes and luxury buildings that are not needed, in areas of poverty. We have been printing books, building schools, developing rural credits, engaging in land reform, helping in home building, cleaning up slums, installing water systems, and protecting the public health. I think the people of the United States find these programs most desirable and worthy of support.

Mr. McGOVERN. And those programs are not covered by any contingency fund; am I correct in that statement?

Mr. HUMPHREY. The Senator is correct. They are not.

Mr. McGOVERN. As the Senator from Louisiana [Mr. ELLENDER] said before he left, the purpose of the contingency fund, is to meet emergency conditions, usually of a military nature or something of that sort.

Mr. HUMPHREY. Exactly. I know that certain Senators feel that there are changes that need to be made in the Alliance for Progress program. With some I agree. For example, the military assistance program. I think we should get into that. The Senator from Oregon will do so. I wish him to know that I feel that the military assistance program in Latin America ought to be cut. As I told him the other day, it is my intention to support him. The Senator from Oregon feels that if cuts are to be made in some of these items, possibly we can make them at that point and in a package. I am amenable to that suggestion. I wish to talk to the Senator about it.

The amendment is now before the Senate. The amendment will give us an opportunity to talk on that aspect of the foreign aid bill.

I wish to conclude my presentation today on the question by saying that of all the items in the bill that deserve the most thoughtful consideration, it is the Alliance for Progress. It will be fully discussed by a number of Senators. That will be time well spent. Of all the items in the bill that deserve the support of Congress, it is the Alliance for Progress. I hope that we will do nothing either overtly or indirectly that will weaken our position in relation to the Alliance for Progress.

Mr. McGOVERN. The Senator from Minnesota has expressed my views exactly, including the comment he made about the desirability of reducing some of the military aid funds. When the motion to recommit the bill was made the other day by the Senator from Oregon [Mr. MORSE], I joined—and I believe others joined—in supporting the motion to recommit, not because we wanted to make drastic cuts in the foreign aid bill across the board, but because we saw in that motion an opportunity to make some selective cuts in the military field particularly, which would give us a stronger over-all program.

I am happy to be a cosponsor of the amendment offered by the Senator from Minnesota. I thank him for yielding to me.

LUMBER PROFITS

Mr. MORSE. Mr. President, on September 13, 1963, I made a statement on the floor of the Senate on the lumber situation in which I discussed extensively the production and profit situation in the lumber industry. The data in support of my statement came from an analysis prepared by Dun & Bradstreet, Inc.

The National Lumber Manufacturers Association, on October 10, released a statement which contains some information which it believes is contrary to the material I used. I ask unanimous consent that the National Lumber Manufacturers Association's statement of October 10, and attachments, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. I note with concern that the National Lumber Manufacturers Association believes that the Dun and Bradstreet report "erroneously credits the lumber industry with greater economic achievements than it could honestly claim." I have made a further investigation, particularly regarding the contention that certain of the Dun and Bradstreet figures were unreliable and did not agree with the material published in the "Statistical Abstract of the United States" for 1963. The latter publication is characterized by NLMA as "an official U.S. Government publication of established repute."

The NLMA quotes figures from the Statistical Abstract which indicate a larger number of failures in the lumber industry than those used by Dun and Bradstreet. I ask unanimous consent that the pertinent portions of table 678 of the 1963 Statistical Abstract be printed in the RECORD at this point in my remarks.

There being no objection, the portions were ordered to be printed in the RECORD, as follows:

[Statistical Abstract of the United States, 1963, p. 506]

No. 678. Industrial and commercial failures—Number and liabilities, by industry and size of liability: 1955–62

[Liabilities in thousands of dollars. Excludes Alaska and Hawaii. See footnotes 2 and 3, table 676]

Industry and size of liability	Failures				Current liabilities			
	1955	1960	1961	1962	1955	1960	1961	1962
Total	10,969	15,445	17,075	15,782	449,380	938,630	1,090,123	1,213,601
Mining and manufacturing	2,202	2,612	2,825	2,575	156,945	289,635	325,282	400,001
By industry:								
Mining—Coal, oil, misc	55	98	103	85	5,156	19,650	16,814	48,278
Food and kindred products	165	173	182	160	14,198	31,276	26,767	23,167
Textile-mill products and apparel	506	435	467	393	25,334	36,374	40,647	36,764
Lumber and products	336	520	497	386	13,658	38,292	36,824	34,632
Paper, printing, and publishing	114	200	238	246	6,760	12,084	16,415	21,127
Chemicals and allied products	49	63	94	74	3,454	5,662	9,135	43,524
Leather and products	80	82	75	68	4,358	12,768	6,074	10,539
Stone, clay, and glass products	49	44	64	59	1,821	4,000	5,632	6,394
Iron, steel, and products	120	167	183	175	14,219	27,046	70,337	26,042
Machinery	291	289	294	351	37,278	44,682	32,372	71,229
Transportation equipment	47	133	136	130	5,327	16,854	27,332	43,526
Miscellaneous	390	408	492	448	25,382	40,929	36,933	34,779
By size of liability:								
Under $25,000	1,093	1,071	1,135	961	12,182	11,798	12,708	11,042
$25,000 to $100,000	764	941	1,062	932	36,288	46,364	52,042	44,350
$100,000 and over	345	600	628	682	108,475	231,473	260,532	344,609
Wholesale trade	1,164	1,473	1,734	1,613	57,682	107,156	158,465	126,377
By industry:								
Food and farm products	274	321	318	293	12,635	29,318	53,402	23,532
Apparel	62	46	56	53	2,176	3,513	3,038	3,204
Dry goods	54	35	43	31	4,107	1,403	2,896	1,762
Lumber, building materials, hardware	135	184	241	208	7,014	14,040	23,012	17,836
Chemicals and drugs	36	45	58	65	1,187	1,626	2,407	4,607
Motor vehicles and auto equipment	68	116	128	100	2,020	7,404	6,167	5,277
Miscellaneous	535	726	890	863	28,543	49,852	67,543	70,159
By size of liability:								
Under $25,000	632	654	740	694	7,385	7,867	8,456	7,991
$25,000 to $100,000	142	577	673	638	19,690	27,889	32,493	31,268
$100,000 and over	120	242	321	281	30,607	71,400	117,516	87,138
Retail trade	5,339	7,386	8,292	7,552	121,619	241,094	333,043	349,716
By industry:								
Food and liquor	1,053	1,059	1,151	1,078	19,556	28,557	67,604	51,200
General merchandise	193	255	304	304	5,193	12,844	15,482	29,536
Apparel and accessories	865	978	1,107	1,026	17,774	25,753	39,748	64,986
Furniture, home furnishings	719	968	1,033	853	21,072	38,782	51,581	62,776
Lumber, building materials, hardware	324	487	530	506	10,367	20,063	21,511	21,582
Automotive group	544	1,338	1,535	1,315	12,915	49,944	51,848	34,357
Eating and drinking places	956	1,426	1,593	1,456	20,330	41,589	51,278	47,137
Drug stores	128	166	204	186	2,574	5,817	6,623	5,170
Miscellaneous	557	709	835	828	11,838	17,745	27,368	32,972
By size of liability:								
Under $25,000	4,057	4,838	5,211	4,665	38,351	50,719	54,668	49,571
$25,000 to $100,000	1,101	2,164	2,513	2,418	48,197	94,846	112,957	110,762
$100,000 and over	181	384	568	469	35,071	95,529	165,418	189,383
Construction	1,404	2,607	2,752	2,703	83,179	201,369	193,005	243,535
By industry:								
General building contractors	443	1,020	1,068	1,003	39,827	110,656	94,042	133,901
Building subcontractors	880	1,419	1,520	1,498	34,485	74,177	76,685	81,370
Other contractors	81	168	164	202	8,867	16,536	22,278	28,264
By size of liability:								
Under $25,000	777	1,180	1,307	1,224	8,737	13,296	14,830	13,766
$25,000 to $100,000	462	991	1,026	1,033	21,779	48,040	51,303	50,771
$100,000 and over	165	436	419	446	52,663	140,083	126,872	178,998

[Statistical Abstract of the United States, 1963, p. 506]

No. 678. Industrial and commercial failures—Number and liabilities, by industry and size of liability: 1955–62—Continued

[Liabilities in thousands of dollars. Excludes Alaska and Hawaii. See footnotes 2 and 3, table 676]

Industry and size of liability	Failures				Current liabilities			
	1955	1960	1961	1962	1955	1960	1961	1962
Commercial service	860	1,367	1,472	1,339	29,955	99,376	80,328	93,972
By industry:								
Passenger and freight transportation	255	410	409	336	11,870	38,356	30,690	29,350
Miscellaneous public services	30	62	58	71	4,028	3,874	2,239	3,605
Hotels	41	82	97	70	5,901	23,271	23,786	20,957
Cleaning, dyeing, repairing	95	122	153	145	1,229	3.381	4,057	4.288
Laundries	50	68	77	57	1.344	2,459	2,719	4.568
Undertakers	8	7	14	5	401	172	520	248
Other personal services	61	81	105	97	536	3,583	1,872	13,923
Business and repair services	320	535	559	558	4,646	24,280	14.445	17,033
By size of liability:								
Under $25,000	638	829	888	803	5.706	8,561	9,220	8,526
$25,000 to $100,000	177	405	451	404	8,049	17,823	21,418	18,427
$100,000 and over	45	133	133	132	16,200	72,992	49,690	67,019

Source: Dun & Bradstreet, Inc , New York, N.Y., "The Failure Record Through 1961," and records.

Mr. MORSE. My colleagues will be particularly interested in the source of the data contained in table No. 678 of the Statistical Abstract. The footnote of the table shows that the source of this Government table is none other than Dun & Bradstreet itself.

The only conclusion I can draw from the statistics under consideration is this: The original Dun & Bradstreet statement which showed failures in the lumber industry declining from 194 in 1961 to 163 in 1962 apparently represents the raw data for that industry and the larger figure cited in the Statistical Abstract—with Dun & Bradstreet as the source—includes not only the lumber mills but other types of establishments manufacturing various wood products, which, of course, is not the same for comparison purposes.

It is entirely possible that profits in the lumber industry are not properly reported by various statistical surveys, both private and public, but again, the data supplied in attachment 6 by the NLMA shows that since 1960, corporate net profits after taxes as a percentage of sales after Federal income taxes in the lumber and wood products—except furniture—industry have risen by 60 percent from 1.7 to 2.7 percent. At the same time, profits for all manufacturing corporations—except newspapers—have risen approximately 5 percent, from 4.4 to 4.6 percent and profits for the primary metal and the stone, clay, and glass groups have declined.

It is true that lumber profits are substantially below levels achieved in 1949, but they are above the low point reached in 1957 and again in 1960. A politician might want to argue that the improvement in profits is a direct result of the programs of the administration now in power. I do not for 1 minute contend that the 60-percent gain in the percentage of profits this industry has enjoyed results from actions taken only by a Democratic administration. The evidence is clear, as I stated on September 13, that the industry, itself, deserves a substantial part of the credit for having worked hard to improve its production and its market. At that time, I also pointed out that the improved situation reflects action taken by the Government, both directly and indirectly, to assist the lumber industry.

There has come to my attention a report on a further Dun & Bradstreet analysis of business failures, reproduced by the Southern Lumbermen in the October 15, 1963, issue, at page 6. It is contained in an editorial entitled "Gratifying Statistics." I ask unanimous consent that this editorial be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GRATIFYING STATISTICS

The industry studies department of Dun & Bradstreet, Inc., recently issued its "Failure Record Through 1962," a statistical record of the business failures during that year, based on a comprehensive nationwide study.

This report sets forth the fact that in all lines of business in 1962 there were a total of 15,782 business failures; but a cheering note is found in the fact that this was a reduction of 8 percent from the 17,075 in 1961. Even so, the total liabilities of these failures was in excess of a billion dollars, a staggering evidence of the wear and tear of our economy.

From the lumberman's standpoint, however, there is some cheer to be derived from these sad statistics. In the table showing the failure rate per 10,000 operating concerns in the manufacturing industries, lumber manufacturing ranks close to the bottom of the list with a total of only 44 failures, as compared with 220 in transportation equipment, 212 in furniture, 194 in electric machinery, etc. In the classification of retail lines of business, dealers in lumber and building materials also made a relatively good showing—only 54 per 10,000 operating concerns, compared with 161 in children's wear, 145 in sporting goods, 105 in furniture and furnishings, etc.

The lumber business is not the most profitable business in the world; it has its ups and downs. But it should be a source of satisfaction to those engaged in it, manufacturers and retailers, that it is excelled by few industries in the country from the standpoint of substantial stability.

Mr. MORSE. The editorial concludes with the observation:

> The lumber business is not the most profitable business in the world; it has its ups and downs. But it should be a source of satisfaction to those engaged in it, manufacturers and retailers, that it is excelled by few industries in the country from the standpoint of substantial stability.

I shall continue to look forward in the months that lie ahead to assisting, in every way possible, the efforts that may be undertaken to improve the profitability of the lumber industry. I hope that it will be possible to develop a better picture of the profit situation because, in my judgment, the data presently being used do not adequately reflect the problems that may be faced by various components of the forest products industry. In my judgment, the National Lumber Manufacturers Association has performed a fine service by its effort to make a detailed analysis of the profit picture in the lumber industry.

EXHIBIT 1

LUMBER INDUSTRY PROFIT RATIO LAGS BADLY AMONG MAJOR MATERIAL PRODUCERS, SAYS SPOKESMAN

WASHINGTON, D.C., October 10.—A spokesman for the lumber industry today called upon producers to continue their efforts to improve the economic position of the industry and overcome factors that kept 1962 profits to a disappointing 2.5 percent of sales. Although slightly better than the 1.9 percent figure for 1961, last year's profit picture still compared unfavorably with that of competing industries in the building-materials field, according to Mortimer B. Doyle, executive vice president of the National Lumber Manufacturers Association.

The profit level for manufacturing industries in 1962 was 4.6 percent, according to the Quarterly Financial Report for Manufacturing Corporations, published by the Federal Trade Commission and Securities and Exchange Commission. For primary metals it was 4.4 percent; for stone, clay, and glass products, 5.6 percent.

"It is fairly obvious from this comparison," said Mr. Doyle, "that the relative profit position of the lumber industry is extremely poor and that if the industry is to regain its health and improve its productive facilities, the profit ratio must be improved."

Although the dollar value of lumber and wood products sales has nearly doubled since 1949, the lumber executive pointed out, net profit in 1962, after taxes, was at the same dollar level as it was in 1949 (actually less in terms of 1949 dollars). During the same period, competitive industries achieved substantial increases in profits in proportion to sales.

"In 1962 the slight increase in single-family housing starts was reflected in a similarly slight increase in the consumption of lumber. Over the 13-year period from 1949 to 1962, however, the 25-percent increase in such construction far outstripped the 11-percent increase in lumber consumption," said Mr. Doyle.

Mr. Doyle noted, with irony, that a recent Dun & Bradstreet report erroneously credits the lumber industry with greater economic achievements that it could honestly claim. Although stating that its analysis was based on only 75 lumber manufacturers, Dun & Bradstreet concludes that production and sales were up, along with profits, that business failures had declined, and that the overall financial condition of the industry is sound.

"We wish these figures applied to the entire industry," Mr. Doyle commented, "and we hope they will in the near future. Actually, of course, it is impossible to gage the economic condition of an industry consisting of some 33,000 companies on the basis of a mere 75. In all likelihood, it should be emphasized, the 75 companies Dun & Bradstreet surveyed are among the industry's biggest, highly integrated companies; the eight listed in the report certainly are.

"In reply to our query," said Mr. Doyle, "Dun & Bradstreet stated that its analysis of the 75 companies 'was not restricted to their lumber manufacturing operations.'"

To illustrate the unreliability of industry figures based on 75 companies, Mr. Doyle referred to the number of reported business failures. According to the Dun & Bradstreet study, failures in the lumber industry declined from 194 in 1961 to 163 in 1962. Actually, according to the Statistical Abstract of the United States for 1963, an official U.S. Government publication of established repute, failures in the lumber and wood products industries totaled 497 in 1961 and 386 in 1962.

NOTE.—Figures substantiating all statements made above are attached.

Employment—Production workers

[In thousands of workers]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949	---- 11,790	968	443	680
1955	---- 13,288	1,116	496	672
1957	---- 13,189	1,118	493	588
1958	---- 11,997	928	458	549
1959	---- 12,596	953	494	594
1960	---- 12,562	992	483	570
1961	---- 12,046	914	455	535
1962	---- 12,417	938	460	544

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (monthly).

Estimated lumber production, domestic consumption, and housing units started [1]

Year	Softwood production (million board feet)	Softwood consumption (million board feet) [2]	Single-family housing starts (thousands of units)
1949	27,197	28,125	794
1955	30,293	32,830	1,194
1957	27,100	29,618	873
1958	27,379	30,293	975
1959	30,509	33,639	1,251
1960	26,672	28,974	1,009
1961	25,883	29,063	989
1962	26,615	30,507	994

[1] Subject to revision.
[2] Exports deducted.

Source: Statistics compiled by National Lumber Manufacturers Association.

Number of failures of selected industrial corporations

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1951	1,533	40	31	220
1955	2,202	120	49	336
1958	2,680	177	62	530
1959	2,465	136	48	503
1960	2,612	167	44	520
1961	2,825	183	64	497
1962	2,575	175	59	386

Source: Statistical Abstract of the U.S., 1963.

Net profits (after taxes)

[In millions of dollars]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949	8,711	799	311	163
1955	15,099	2,016	631	280
1957	15,438	1,864	619	121
1958	12,670	1,251	514	153
1959	16,328	1,581	685	268
1960	15,198	1,438	573	105
1961	15,311	1,290	543	114
1962	17,727	1,252	581	163
1963 [1]	9,237	763	244	95

[1] 1st half.

Source: Federal Trade Commission, Securities and Exchange Commission (Quarterly Financial Report for Manufacturing Corporations), 1949–63.

Gross sales for selected manufacturing industries

[In millions of dollars]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949	178,898	13,882	3,875	3,733
1955	278,394	26,645	7,350	5,146
1957	320,039	28,394	8,238	5,251
1958	305,281	24,238	7,599	5,462
1959	337,817	28,514	8,653	6,454
1960	345,690	27,771	8,669	6,081
1961	356,424	26,672	9,310	5,886
1962	389,404	28,256	10,422	6,639
1963 [1]	201,714	15,208	5,196	3,487

[1] 1st half.

Source: Federal Trade Commission, Securities and Exchange Commission (Quarterly Financial Report for Manufacturing Corporations), 1949–63.

Corporate net profits after taxes as a percentage of sales after Federal income taxes

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949	4.9	5.8	8.0	4.4
1955	5.4	7.6	8.6	5.4
1957	4.8	6.6	7.5	2.3
1958	4.2	5.2	6.8	2.8
1959	4.8	5.5	7.9	4.2
1960	4.4	5.2	6.6	1.7
1961	4.3	4.8	5.8	1.9
1962	4.6	4.4	5.6	2.5
1963 [1]	4.6	5.0	4.7	2.7

[1] 1st half.

Source: Prepared by National Lumber Manufacturers Association from Quarterly Financial Report for Manufacturing Corporations, Federal Trade Commission, and Securities and Exchange Commission.

Average weekly earnings for employees for selected industries

[Actual dollars]

Year	All manufacturing corporations (except newspapers)	Primary metal industries	Stone, clay, and glass products	Lumber and wood products (except furniture)
1949	53.88	60.94	54.31	48.02
1955	75.70	92.51	77.00	63.99
1957	81.59	99.00	82.82	66.64
1958	82.71	101.11	84.80	69.09
1959	88.26	112.19	91.46	74.24
1960	89.72	109.59	92.97	73.71
1961	92.34	114.95	95.24	77.03
1962	96.56	119.50	98.57	78.61

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings (monthly).

Wholesale price indexes by selected commodities

[1957–59=100]

	1950	1955	1957	1958	1959	1960	1961	1962	3 months 1963
All commodities	86.8	93.2	99.0	100.4	100.6	100.7	100.3	100.6	99.9
All construction materials	83.0	95.1	99.0	98.9	102.1	100.5	98.6	98.3	97.7
Metals and metal products	72.7	90.0	99.7	99.1	101.2	101.3	100.7	100.0	99.4
Nonmetallic mineral products	78.6	91.3	98.8	99.9	101.2	101.4	101.8	101.8	103.0
Flat glass	79.3	94.5	100.2	100.0	99.9	97.9	96.8	97.0	102.2
Concrete products	82.4	92.7	98.7	100.0	101.3	102.4	102.5	102.6	105.0
Structural clay products	71.7	89.3	98.2	99.8	102.1	103.1	103.2	103.5	94.1
Lumber and wood products	94.1	102.3	98.5	97.4	104.1	100.4	95.9	96.5	96.4
Softwood lumber	93.7	104.0	98.5	96.6	105.0	98.6	93.5	95.9	96.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I ask unanimous consent that certain material on the Alliance for Progress program be printed at this point in the RECORD so that Senators will have it available in printed form tomorrow when we discuss the Alliance for Progress program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE I.—*Funds made available to Latin America under the auspices of the Alliance for Progress*

[Period of operation: July 1, 1961, to Feb. 28, 1963]

	Millions
(a) By AID	$747.8
(b) By Food for Peace	317.7
(c) By the Export-Import Bank	295.5
(d) By the IDB (Social Progress Trust Fund)	336.9
(e) By other sources (contingency fund, etc.)	130.7
Total	1,818.6

Sources: AID, Department of State.

TABLE II.—*Funds made available to Latin America under the auspices of the Alliance for Progress*

[Period of operation: July 1, 1961, to Feb. 28, 1963]

	Millions
Argentina	$165.0
Bolivia	65.2
Brazil	289.0
Chile	299.8
Colombia	163.8
Costa Rica	11.8
Dominican Republic	61.5
Ecuador	59.9
El Salvador	29.2
Guatemala	20.3
Haiti	13.9
Honduras	9.4
Mexico	164.9
Nicaragua	16.0
Panama	33.5
Paraguay	15.9
Peru	85.1
Uruguay	27.5
Venezuela	112.6

Source: AID, Department of State.

TABLE III.—*Foreign aid disbursements to Latin America*

ARGENTINA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Livestock improvement	585	1,000
Industrial management and productivity	62	65
Development of university curriculum	2	--------
Civil aviation	203	300
Agricultural schools	25	20
Science—Graduate physics	47	300
Science—Metallurgy	50	--------
University of Cordoba: Engineering	10	300
Public safety	1	15
Techno-economic studies: Sources of capital investment funds for industrial and resource development	25	--------
Statistics	10	65
Techno-economic studies: Adviser to CAFADE group	92	--------
Techno-economic studies: Taxes	49	--------
University of Cuyo: Economics	450	--------
Colombia University: Business administration	151	--------
Resources development research	84	--------
Technical support	179	160
Aerial photomapping	--------	30
Industrial districts	--------	65
Industrial vocational schools	--------	120
Mar del Plata: Land grant college contract	--------	200
Labor Management Institute	--------	30
Agriculture Economic Institute	--------	345
Housing	--------	50
Fruit production: Rio Negro Valley	--------	30
Techno-economic studies	--------	5

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Nonproject	20,000	--------
Central housing bank	--------	12,500
Route 12	--------	6,700
IBRD roads	--------	30,500
Feasibility studies	--------	3,000
Grain storage	--------	21,700
Self-help housing	--------	2,000
Social progress trust fund loans (as of May 31, 1963):		
Republic of Argentina: Equipment for advanced technical education for the national universities of Argentina of an estimated cost of $10,000,000	5,000	--------
Banco Hipotecario Nacional: Financing the construction of housing for low-income families of an estimated cost of $60,000,000	--------	30,000

LOAN AUTHORIZATIONS—Continued

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Export-Import Bank loans (as of Apr. 30, 1963):		
Purina de Argentina S.R.L.: Machinery, equipment, and services for construction of livestock and poultry feed mill	--------	300
Interamerican Dehydration Co., S.A. (Banco Ind. de la Rep. Argentina): Machinery, equipment, and services for alfalfa dehydrating plant	--------	200
Siderugia Campana S.A. (SIDERCA) (Banco Ind. del Rep. del Argentina): Machinery, equipment, and services for steam electric generating plant	--------	4,332
Servicio Electrica del Gran Buenos: Electric power IGE	579	--------
John Deere SAIC: Tractor-producing facilities	1,280	--------
Government of Argentina: Commodities-cancellation pending	50,000	--------

OTHER

Supporting assistance: Nonproject loan [1]	--------	20.000

[1] Contingency fund.

BOLIVIA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural servicio, Inter-American	237	--------
Agricultural extension	51	--------
Research and technical services	207	--------
Agricultural demonstration centers	211	85
Agricultural engineering	20	--------
Supervised agricultural credit	19	--------
Agricultural economics	28	--------
Cooperative product marketing	3	100
Marketing and cooperative staff	2	--------
Agricultural administration	105	--------
YPFB procurement	7	--------
Minerals survey	131	180
Aftosa laboratory	50	--------
Industrial development	110	110
Civil aviation	42	250
Engineering and transportation advisory services	179	225
Geodetic mapping service	804	400
Labor	145	145
Health and sanitation services	40	140
Environmental sanitation	3	--------
Administrative support, health service	116	100
Industrial education project	5	--------
Rural school construction	250	200
Rural education project	202	165
Urban school construction	600	200
Administrative support	59	60
Commercial education	13	--------
Textbook publication	200	180
Public safety program	339	420
Government management assistance	164	450
Financial advisory services	4	--------
Data sampling	25	--------
Communications media	46	40
Engineering and feasibility studies and services	200	--------
Special studies	254	260
Excess surplus property	40	--------
Project engineering	200	--------
Technical support	169	320
Agricultural development	--------	550
(Following former projects included: agricultural extension, research and technical services, marketing and cooperative staff and agricultural administration, and credit advisory staff.)		
Industrial education	--------	9
Occupational health program	--------	174
Support for national planning	--------	50
Cooperative wool marketing	--------	90
Vaccine production and disease control	--------	50
Engineering construction units	--------	681
Territorial labor construction	--------	20
Self-help community water	--------	289
Excess surplus property	--------	50
Banco Minero	--------	400

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
El Alto Airport	1,200	--------
Highway maintenance	400	--------
Feasibility studies	6,000	--------
COMIBOL mine rehabilitation	--------	5,000
Social progress trust fund loans (as of May 31, 1963):		
Corporación Boliviana de Fomento (Banco Central de Bolivia): Financing the settlement of 8,000 farm families of an estimated cost of $15,321,428	--------	6,500
Corporación Boliviana de Fomento (Banco Central de Bolivia): Financing the construction of housing for low-income families of an estimated cost of $5,429,000	--------	4,000

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Engineering construction units	250	--------
Railway rehabilitation	700	--------
Public works	3,000	--------
Support for Public Law 480, title III distribution program	250	--------
Public Law 480:		
Title I: Bread grains, cotton, dairy products, rice, vegetable oil, and wheat flour	3,900	16,900
Title II: Bread grains, coarse grains, fats and oils, dry beans, and milk products	116	15
Title III: Beans, butter, cheese, milk, bulgur, flour, and vegetable oil	780	3,590
Title IV: Bread grains, rice, vegetable oil, and dairy products	--------	2,500
Peace Corps (as of Apr. 30, 1963): Rural development, rural community action, public health, and university education	900	600

BRAZIL

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Estimated, fiscal year 1963
Agricultural institutions	377	--------
Agricultural economics and cooperatives	97	--------
Agricultural research and development	338	--------
Agricultural advisory service	100	--------
Agricultural servicio	350	--------
Mineral and water resources identification	308	--------
Electrical energy management training	12	20
Industrial productivity	58	120
Railroad shop and maintenance training	4	--------
Air navigation aid traffic control	270	120
Meteorological training center	51	75
Labor leader training	25	250
Employment service and manpower survey	7	35
Malaria eradication	1,895	3,600
Community water supply development	292	655
Public health advisory service	52	--------
Promotion of health in the Brazilian northeast	170	(1)
Public health methods	46	--------
Occupational health	57	--------
Secondary industrial education	229	--------
Secondary industrial education servicio	85	25
Elementary education	273	510
Elementary education servicio	70	--------
Pernambuco alliance for progress elementary and basic education	1,000	200
Secondary education	11	--------
University education	1,390	250
Marine engineering and naval architecture	47	--------

See footnotes at end of table.

BRAZIL

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Estimated, fiscal year 1963
Educational advisory service	76	--------
Public safety	506	1,295
Improvement of Government administrative practices	336	260
Housing	9	5
Peaceful uses of atomic energy	4	--------
Regional economic development survey	71	--------
Northeast regional development	23	--------
National planning	450	--------
Program support—audiovisual	93	140
Technical support	1,216	1,300
Dependent schools for construction	16	--------
Technical support (northeast)	--------	1,000
Rural electrification (northeast)	--------	40
Economic education	--------	195
Community water supply (northeast)	2,555	640
Community health centers (northeast)	1,000	385
Industrial vocational education (northeast)	--------	10
Agricultural education (northeast)	--------	900
Industrial vocational education	--------	620
Geology education	--------	150
Agricultural education	--------	2,620
Livestock planning production and marketing, and food distribution	--------	4,435
Colonization and resettlement (northeast)	--------	25
Water resources (northeast)	--------	110
Agricultural production and marketing (northeast)	--------	165
Fisheries (northeast)	--------	85
Agricultural resources and extension (northeast)	--------	140
Resources inventory (northeast)	--------	520
Industrial development (northeast)	--------	370
Minerals resources survey	--------	610
Roads (northeast)	--------	1,100
Community development (northeast)	--------	25
Technical and scientific publications	--------	415
Food for peace (northeast)	--------	10
Economic and social research planning	--------	260
Orientation in social sciences	--------	5
Public and business administration	--------	245
Urban community development	--------	65
Housing (northeast)	--------	40

[1] Separate projects.

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Nonproject (commodities imported include industrial and agricultural machinery, industrial raw materials, fuels, food, feed, and fertilizer)	74,500	--------
COPERB rubber production	--------	3,400
COPEG Development Bank	--------	4,000
Carbon black plant	--------	2,000
Santa Cruz thermal power	--------	15,500
Social Progress Trust Fund (as of May 31, 1963):		
Superintendencia de Aguas e Esgotos do Reconcavo (State of Bahia): Financing of water system for city of Salvador of an estimated cost of $8,127,000	4,120	--------
Banco do Estado da Guanabara, S.A. (State of Guanabara): Financing of water supply system of the State of Guanabara of an estimated cost of $27,883,852	12,500	--------
Banco do Estado da Guanabara, S.A. (State of Guanabara): Financing of sewerage system of the State of Guanabara of an estimated cost of $22,473,000	11,000	--------
Banco do Nordeste do Brasil, S.A. (United States of Brazil): To finance the expansion and improvement of potable water and sewerage systems in 6 cities of an estimated cost of $18,534,700	12,990	--------
Caixa Economica do Estado de Minas Gerais (State of Minas Gerais): To expand the agricultural credit program for low-income farmers of an estimated cost of $13,000,000	6,400	--------
Social Progress, etc.—Continued		
Banco do Nordeste do Brasil, S.A. (United States of Brazil): Financing of low-cost housing programs in the State of Pernambuco, Brazil, of an estimated cost of $7,058,600	--------	3,850
Banco de Credito Agricola do Expirito Santo, S.A. (State of Expirito Santo): Financing a program of agricultural credit of an estimated cost of $3,420,800	--------	2,000

OTHER

Supporting assistance: Nonproject loan (emergency stopgap) [1]	--------	25,500
Public Law 480:		
Title I: Bread grains, wheat, flour, feed grains	52,400	114,500
Title II: Bread grains, coarse grains, fat and oils, milk, dry beans	27,400	13,460
Title III: Beans, butter, cheese, milk, vinegar, cornmeal, flour, vegetable oil	6,788	18,700
Peace Corps (as of Apr. 30, 1963): Agricultural extension, Sao Francisco River Valley development, urban community development and public health education	900	700

[1] Contingency fund.

CHILE

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Rural extension	348	310
Agricultural economics	26	--------
Fisheries development	26	25
Administrative DTICA	120	--------
Geology	227	135
Management association assistance program	22	--------
Manufacturers association cooperation program	27	--------
Roads development	122	--------
Civil aviation	104	40
Labor relations	121	125
Teachers training	48	65
Education system diagnosis	1	--------
Police School	12	--------
Public administration—Tax modernization	194	310
C.A. forest protection	200	275
Rural improvement program	627	310
Housing	182	90
Development bank—Small industry	1	--------
Communications media	51	--------
Technical support	879	400
Modernization of accounting	--------	230
Improvement of public works administration	--------	180
Savings and loan system	--------	20
Primary school construction	--------	55
Customs administration	--------	65
Marketing	--------	80
Industrial training	--------	180
Office of Engineering Services	--------	105
Medical care	--------	195
Education systems surveys	--------	60
Scholarship program	--------	25
Influenza immunization	--------	20
Pediatrics equipment	--------	40

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Earthquake reconstruction (authorized by Public Law 86-735 under the inter-American program for social progress)	100,000	--------
Development loans, etc.—Continued		
Projects:		
CORFO reconstruction loans	(16,600)	
Urban paving	(1,700)	--------
Hospital reconstruction	(4,400)	--------
CORVI reconstruction loans	(12,500)	--------
School reconstruction—S.C.E.E	(3,300)	--------
Longitudinal highway	(11,900)	--------
State railways	(3,800)	--------
Sanitary works	(5,300)	--------
Port works	(3,000)	--------
River bank protection—Valdivia	(1,200)	--------
Reconstruction of grain storage facilities	(1,200)	--------
Public services building	(700)	--------
School construction—M.O.P	(2,600)	--------
Transverse roads	(16,900)	--------
CORVI direct construction of housing	(10,500)	--------
Fundacion de Viviendas	(2,900)	--------
Reconstruction of Ministry of Agriculture facilities	(1,500)	--------
CORFO, the local currency proceeds for relending for development in public and private sectors	40,000	--------
Program assistance	--------	35,000
Social progress trust fund loans (as of May 31, 1963):		
Republic of Chile: Financing of potable water systems for the cities of Concepcion and Talcahuano of an estimated cost of $4,248,120	2,470	--------
Corporacion de Fomento de la Produccion de Chile and Corporacion de la Reforma Agraria (CORA): Financing construction of houses for low-income farmers of an estimated cost of $2,489,942	1,268	--------
Corporacion de Fomento de la Produccion de Chile and Corporacion de la Reforma Agraria (CORA): Agricultural credits to small farmers and agricultural cooperatives of an estimated cost of $21,770,000	10,000	--------
Caja Central de Ahorros y Prestamos (Government of Chile): Financing construction of houses for low-income families of an estimated cost of $7,696,800	5,000	--------
Promotora de Viviendas Economicas Limitada y Compania, C.P.A. (Corporacion de Formento de la Produccion or Corporacion de la Vivienda): Financing construction of houses for low-income families of an estimated cost of $7,642,857	--------	2,000
La Universidad de Chile (Corporacion de la Produccion de Chile): Financing a program for 5 regional colleges of an estimated cost of $6,847,000	--------	2,300
Cooperativa de Consumidores Unidos, "UNICOOP," Santiago Ltda. (Corporacion de Fomento de la Produccion de Chile and Cooperative Sodimac Ltda.): Financing the establishment of cooperative supermarkets of an estimated cost of $1,175,000	--------	600
Export-Import Bank Loans (as of Apr. 30, 1963):		
Manufacturea Metales: Expansion of facilities	820	--------
Cia Minera Andina: Copper mines	45,625	--------
Republic of Chile: Refinancing of U.S. dollar purchases	--------	15,000

OTHER

[In thousands of dollars]

Supporting assistance: Emergency public safety [1]	--------	6
Public Law 480:		
Title III: Cheese, flour, milk, bulgur, cornmeal	6,637	6,775
Title IV: Bread grains, feed grains, cotton, vegetable oil, tobacco, dairy products	--------	21,000
Peace Corps (as of Apr. 30, 1963): Urban community action, social welfare development, rural community action, rural community development, urban development, and agricultural education	1,000	200

[1] Contingency fund.

COLOMBIA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural cooperative services	150	--------
National agricultural extension	130	--------
Land settlement	127	225
Basic resources	1,420	275
Special crops development	17	60
Livestock development	67	120
Agricultural credit and co-ops	57	165
National forest resource development	33	--------
Agricultural management and planning	125	--------
Agricultural engineering and farm machinery assistance	98	40
Industrial management planning	227	--------
Pan American highway construction	26	30
Civil aviation technical assistance	137	110
Labor management relations	110	90
Health and sanitation cooperative service	75	40
Malaria eradication	150	--------
Hospital administration	25	--------
National Institute of Hygiene	46	--------
Administration of nursing services	133	55
Health education campaign	7	5
Management water supply system	20	--------
Director, Samper-Martinez Institute	28	--------
Community health	50	--------
Administration health and sanitation	120	--------
Health management and planning	--------	10
Education, cooperative service	149	1
Trade and industrial education	87	55
Vocational agriculture education	74	55
Primary education	3,689	355
Economics	261	--------
Administration, education service	71	--------
Public administration training	99	30
Business administration	9	30
Housing	42	60
Free enterprise	100	205
Miscellaneous training	37	90
Technical support	151	445

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Development program assistance: Purchase essential commodities; pesos generated to be used for: Private investment fund, $30,000,000; labor housing, $10,000,000; investment items in development budget, $20,000,000	--------	60,000
Self-help housing	--------	7,500
Feasibility studies	--------	4,000
Agricultural credit	--------	10,000
Social progress trust fund loans (as of May 31, 1963):		
Establecimiento Publico Empresas Municipales de Cali (Republic of Colombia): Financing the expansion and improvement of potable water systems of an estimated cost of $4,780,000	2,454	--------
Instituto de Credito Territorial (Republic of Colombia): Financing housing for persons of low income of an estimated cost of $29,340,000	15,200	--------
Empresas Municipales de Cucuta (Republic of Colombia): Financing the expansion and improvement of water and sewerage system of the city of Cucuta of an estimated cost of $9,161,000	5,183	--------
Instituto Nacional de Fomento Municipal (Republic of Colombia): Expansion of potable water and sewerage systems of an estimated cost of $19,312,000	--------	8,500
Export-Import Bank loans (as of April 30, 1963): Cementos del Caribe S.A.: Machinery, equipment, and services for expansion of cement capacity and installation of electric powerplant at cement plant	--------	3,360

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Supporting assistance: Emergency public safety [1]	--------	175
Public Law 480:		
Title II: Wheat, flour, milk, and grains	--------	360
Title III: Vegetable oil, beans, milk, bulgur, cornmeal, and flour	9,125	14,305
Title IV; Bread, grains, cotton, and tobacco	--------	6,700
Peace Corps (as of Apr. 30 1963): Community development, university physical education, university English teaching, cooperatives, rural community development, health, agriculture, educational television, and nurses	1,300	2,800

[1] Contingency fund.

COSTA RICA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Inter-American technical service for agricultural cooperation	91	--------
Agricultural development	368	600
Industrial development	130	165
Civil aviation assistance	27	30
Ministry of Labor assistance	9	--------
Public Health cooperative service	33	--------
Control of specific diseases	14	--------
Environmental sanitation	104	--------
Hospital improvement and development	77	--------
University of Costa Rica Medical School	125	125
Training public health	29	--------
General health administrative project	53	--------
Vocational education	245	230
Ministry of Educational Development	223	310
University of Costa Rica development	206	130
Government-wide organization and management	108	125
Planning office	--------	20
Housing and city planning	30	--------
Technical support	96	125
Public safety	--------	200
Health facilities (consolidation of hospital improvement, general health administration, control of specific diseases, and public health training)	--------	300
Sanitary engineering (incorporates part of environmental sanitation)	--------	105

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Agricultural credit	--------	5,000
INVU slum clearance	--------	2,000
ICE, electric power	--------	1,500
Social progress trust fund loans (May 31, 1963): Instituto Nacional de Vivienda y Urbanismo de Costa Rica, financing construction of houses for low-income families of an estimated cost of $16,000,000	3,500	--------
Export-Import Bank loans (as of Apr. 30, 1963): National Water S. & S. Authority, equipment etc., for water supply	4,500	--------

OTHER

Peace Corps (as of Apr. 30, 1963): Rural community action and education	400	100

DOMINICAN REPUBLIC

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural institutional development training	3	--------
Agricultural crops and livestock	3	--------
Manpower development and labor administration	4	87
Elementary school textbooks	627	--------
Teacher training	185	414
Public administration training	26	--------
Community development training	24	--------
Technical support costs	94	269
Agricultural development and diversification	--------	235
Agrarian reform	--------	126
Cooperatives development	--------	135
Livestock development	--------	46
Forest conservation and management	--------	160
Forest protection (civic action)	--------	100
Industrial development	--------	40
Public safety	--------	295
Dependent education	--------	51
Skilled manpower development center	--------	181
Credit union cooperatives	--------	99
Education planning and administration	--------	48
English textbooks	--------	16
Adult education	--------	60
Vocational education	--------	184
School construction (civic action)	--------	168
Government planning and administrative reform	--------	404
Road repair and construction (civic action)	--------	83

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): National Housing Bank	--------	2,100
Social Progress Trust Fund loans (as of May 31, 1963):		
Banco Agricola (Dominican Republic): Financing a program of rural credit for low-income farmers of an estimated cost of $5,790,000	--------	3,000
Government of the Dominican Republic: Financing the construction of housing for low-income families of an estimated cost of $6,375,000	--------	3,500
Export-Import Bank loans (as of Apr. 30, 1962):		
Government of the Dominican Republic: Miscellaneous industrial purchases	6,600	--------
Corporacion Dominicana Electrical: Thermal power project	3,018	--------

OTHER

Supporting assistance:		
Nonproject loan (commodities imported include: foodstuffs, industrial raw materials, industrial and agricultural machinery and vehicles) [1]	25,000	--------
For development purposes [1]	--------	22,750
Special Economic Readjustment Fund [1]	--------	1,000
Emergency public safety)[1]	--------	175
Public Law 480:		
Title II: Milk	--------	3,100
Title III: Corn, cornmeal, flour, vegetable oil, beans, butter, cheese, milk, bulgur	826	7,450
Title IV: Rice	--------	5,000
Peace Corps (as of Apr. 30, 1963): Rural community development, secondary and normal school teachers, cooperatives, community action, rural community action, fishermen and vocational agriculture teachers, nurses, and teachers and teacher-trainers	200	1,100

[1] Contingency fund.

ECUADOR

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural extension	96	-------
Tropical agricultural research	53	-------
Agronomy and soil conservation	12	-------
Livestock development	57	-------
Agricultural development	377	470
Agricultural cooperative service	160	-------
Agricultural administration	97	-------
Farm mechanization	32	-------
Industry development	96	300
Industry administration	50	-------
Civil aviation	30	15
Inter-American geodetic survey	8	-------
Labor advisory service	293	300
Malaria eradication	420	450
Environmental sanitation	39	85
Health facilities and control campaigns	50	15
Health education	41	-------
Cooperative service health and sanitation	100	-------
Health administration	50	-------
School construction	144	170
Assistance to universities	1,100	1,130
Vocational and technical education	1,129	160
Education administration	53	-------
Public safety	233	1,055
Contraband control	141	-------
Tax administration improvement	65	-------
School of Administration Central University	418	-------
Public Administration Advisor	139	180
Economic and social development planning	495	150
Aided self-help housing	91	170
Communications media	94	70
Civic action	560	-------
Technical support	300	400
Excess property	-------	100
Credit union development	-------	300

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Industrial Credit Corporation	5,000	-------
Roads	-------	2,700
Feasibility studies	-------	2,000
Administrative and fiscal reforms	-------	1,600
Social progress trust fund loans (as of May 31, 1963):		
Banco Ecuatoriano de la Vivienda (Republic of Ecuador): Financing construction of houses for low-income families of an estimated cost of $16,415,000	10,600	-------
Municipalidad de Quito (Republic of Ecuador): Expansion and improvement of sewerage systems of an estimated cost of $5,015,000	3,000	-------
Instituto Nacional de Colonización (Republic of Ecuador): Financing a program of integration of the farmer into the national economy of an estimated cost of $5,516,000	-------	1,880
Instituto Nacional de Colonización (Republic of Ecuador): Financing a project of settlement at Santo Domingo de los Colorados of an estimated cost of $3,935,000	-------	2,535
Republic of Ecuador: Financing the construction and improvement of water supply and sewerage systems in 18 cities of an estimated cost of $6,224,000	-------	5,500
Export-Import Bank loans (as of Apr. 30, 1963):		
Ministry of Development (Government of Ecuador): U.S. dairy and meat cattle breeding stock	-------	500
Republic of Ecuador: Navigation and communicating equipment for Quito and Guayaquil Airport	-------	793

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Budget support loan [1]	8,000	7,000
Emergency public safety [1]	33	-------
Public Law 480:		
Title II: Bread grains, milk products, coarse grains, fats and oils	257	1,375
Title III; Beans, cornmeal, butter, cheese, milk, bulgur, vegetable oil, and flour	1,858	3,175
Title IV: Bread grains, cotton, vegetable oil, and tobacco	-------	3,800
Peace Corps (as of Apr. 30, 1963): Community development, regional development, agricultural extension, physical education, school construction, credit union and cooperatives, and university education	800	600

[1] Contingency fund.

EL SALVADOR

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Increased agricultural production	363	395
Industrial advisory services	95	145
Technical labor services	182	145
Public health centers	150	-------
Public health service	87	50
SCISP administration	33	-------
Malaria eradication	-------	200
Remote area health	-------	100
School construction	1,505	25
Teacher training	13	980
University education	58	50
Public safety	105	360
Public administration and economic advisory service	55	75
Economic Planning Commission	459	185
Cadastral survey	18	-------
Social services	39	25
Urban facilities planning	30	30
Technical support	129	185

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Airport	-------	800
Agricultural credit	-------	8,900
Primary school construction	-------	2,400
Social progress trust fund loans (as of May 31, 1963):		
Banco Central de Reserva de El Salvador (Republic of El Salvador): For relending to small farmers for development of agriculture and animal husbandry of an estimated cost of $2,800,000	2,000	-------
Banco Central de Reserva de El Salvador (Republic of El Salvador): Financing the expansion and improvement of sewerage systems of 5 cities of an estimated cost of $1,400,000	840	-------
Banco Central de Reserva de El Salvador (Republic of El Salvador): Financing the expansion and improvement of potable water and sewerage systems in 34 towns of an estimated cost of $3,830,000	2,700	-------
Instituto de Vivienda Urbana (Republic of El Salvador): Construction of housing for families of low income of an estimated cost of $11,300,000	6,100	-------
Export-Import Bank loans (as of Apr. 30, 1963): Banco Central de Reserva, capital goods	6,000	-------

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Public Law 480:		
Title II: Bread grains, milk, fats and oils, wheat flour	-------	2,575
Title III: Beans, butter, milk, corn, cornmeal, flour, vegetable oil	276	3,400
Title IV: Wheat, flour, dairy products	2,000	400
Peace Corps (as of Apr. 30, 1963): Agricultural extension and vocational agriculture, and rural community action	200	100

GUATEMALA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural research	80	-------
Agricultural mechanization	14	-------
Agricultural extension	310	-------
Agricultural diversification	1,090	390
Rubber and complementary crops development	26	-------
Industrial development	238	170
Health cooperative service	217	-------
Administration	40	-------
Malaria eradication	517	585
Environmental sanitation	57	-------
Health advisory service	24	-------
Education cooperative service	279	-------
Vocational training	56	220
Mass education	242	570
Vocational education	86	-------
Education administration	43	-------
Rural education	84	-------
Urban education	92	-------
Public safety division	77	215
Public administration	677	250
Housing program	66	7
Rural development	50	-------
Technical support	185	255

LOAN AUTHORIZATIONS

Development loans (as of June 21, 1963): American School	-------	700
Social Progress Trust Fund loans (as of May 31, 1963):		
Banco de Guatemala: Financing of approximately 82 water supply and sewerage systems of an estimated cost of $5,150,000	3,500	-------
Banco de Guatemala: Financing of housing for low-income families of an estimated cost of $10,740,000	-------	5,300
Republic of Guatemala: Financing a rural credit program for low-income farmers of an estimated cost of $3,500,000	-------	2,500

OTHER

Public Law 480:		
Title II: Wheat, flour, milk, vegetable oil, cornmeal, bulgur	-------	180
Title III: Beans, milk, bulgur, cornmeal flour, vegetable oil	651	1,380
Peace Corps (as of Apr. 30, 1963): Rural extension, rural community action and urban community action (school feeding)	900	500

HAITI

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Technical support, Pote Cole	25	-------

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Technical advisory assistance to Department of Public Works	465	35
Cooperative service in public works	42	--------
Rural credit	220	10
Technical advisory assistance in agriculture	2,788	315
Cooperative service in agriculture	159	--------
Malaria eradication	943	1,340
Technical assistance: Public Health	149	100
Cooperative service: Health and Welfare	112	--------
Adult literacy	98	--------
Rural education	1,528	95
Cooperative service: Education	120	--------
Technical assistance to the Minister of Finance	89	35
HADO Central Office: Administration budget	70	--------
Communications media services	46	--------
Technical support	242	300
Jet airport construction loan	--------	2,800
Public Law 480, title III: Cornmeal, flour, vegetable oil, beans, butter, cheese, milk, bulgur	742	1,265

HONDURAS

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 (estimated)
Agricultural cooperative service	200	200
Human and institutional development in agriculture	176	205
Production development agriculture	141	100
Rural development	--------	70
Industry management and development	158	220
Equipment and management operation	72	--------
Consultant in civil aviation	120	--------
Training at IAGS School	3	--------
Labor and trade union leadership	46	50
Health cooperative service	33	30
Malaria eradication	418	410
Assistance to water authority	40	30
Health facilities	45	100
Health training and education	37	45
Health administration	38	40
Education cooperative service	150	150
Vocational education	106	265
General education	184	300
Aid to self-help school construction	22	630
School construction equipment and supply	500	--------
Public safety	61	135
Public administration	261	110
Technical support	85	100
Dependent schools for construction	33	--------
Engineering construction unit	--------	75

LOAN AUTHORIZATIONS

[In thousands of dollars]

Development loans (as of June 21, 1963):		
Self-help school construction (IAPSP funds) (approved in fiscal year 1962 but carried as part of fiscal year 1963 program)	--------	600
Water systems (IAPSP funds)	--------	1,050
Social progress trust fund loans (as of May 31, 1963):		
Banco Nacional de Fomento (Banco Central de Honduras): Financing a program of rural credit of an estimated cost of $3,575,000	--------	2,500
Instituto de la Vivienda (Republic of Honduras): Financing construction of housing for low-income families of an estimated cost of $1,469,000	--------	1,000
Servicio Autonomo Nacional de Acueductos y Alcantarillados (Republic of Honduras): Financing the improvement of the water supply system in the city of Tegucigalpa of an estimated cost of $2,700,000	--------	2,150

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Emergency disaster relief[1]	25	--------
Tela. Union housing loan	--------	400
Public Law 480. Title III: Beans, milk, flour, vegetable oil, bulgur, and cornmeal	224	370
Peace Corps (as of Apr. 30, 1963): Health and social service and rural community action	--------	100

[1] Contingency fund.

JAMAICA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Agricultural and rural development	284	150
Industry service	59	70
Jamaica malaria eradication program	15	45
Establishment of pilot water supply system at Annotto Bay	95	--------
First phase AIWA community water supply construction program	93	100
Health planning service	54	35
Trade and industrial education	90	100
Teacher training facilities	120	--------
Low-cost housing	141	100
Technical support	99	80
Independence scholarships	--------	75
Labor training center	--------	180

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Water supply system (IAPSP funds) (approved in fiscal year 1962 but carried as part of fiscal year 1963 program)	--------	2,200
Low-cost housing (IAPSP funds)	--------	1,700
Export-Import Bank loans (as of Apr. 30, 1963): Development Finance Corporation: Subloans to private enterprise	--------	5,000

OTHER

Public Law 480: Title III: Cornmeal, flour, vegetable oil, beans, butter, cheese, milk, bulgur	832	2,000
Peace Corps (as of Apr. 30, 1963)	200	100

MEXICO

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Bureau of Mines	42	--------
Geological Survey	63	--------
Industrial development	333	120
Industrial diagnostic survey	65	--------
Labor union training teams	37	2
Vocational rehabilitation	53	30
Institute of Public Administration	50	70
Technical support	62	170

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Supervised agricultural credit	20,000	--------
Social Progress Trust Fund loans (as of May 31, 1963):		
Nacional Financiera, S.A. (Government of Mexico): Water supply service for 12 cities in the State of Yucatan of an estimated cost of $15,280,000	9,200	--------
Nacional Financiera, S.A. (United States of Mexico): Improved use of farmlands of an estimated cost of $2,448,000	1,000	--------
Instituto Mexicano de Investigaciones Tecnologicas, A.C. (Nacional Financiera S.A.): To acquire technological equipment for experimentation and laboratory equipment of an estimated cost of $400,000	400	--------
Nacional Financiera, S.A. (United States of Mexico): Financing the improved use of land in the Lerma-Chapala-Santiago Valley of an estimated cost of $6,000,000	--------	3,000
Export-Import Bank loans (as of Apr. 30, 1963):		
Cia Fundidora de Monterrey: U.S. steel mill equipment	3,000	--------
Nacional Financiera, S.A.: Refinance U.S. purchases	90,000	--------
Altos Hornos de Mexico: Expansion, steel mill	1,850	--------
Nacional Financiera, S.A.: National Railways program	10,458	--------
Compania General de Aceptaciones, S.A.: Machinery, equipment, and services for various enterprises	--------	2,000
Nacional Financiera, S.A. (United Mexican States): Machinery, equipment, and services for construction of dairy pasteurization plants	--------	2,900

OTHER

Public Law 480:		
Title III: Beans, butter, milk, bulgur, corn, flour, cornmeal, vegetable oil	5,143	17,235
Title II: Wheat, flour, milk, corn, vegetable oil	--------	1,270

NICARAGUA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agriculture research and extension	4	--------
Agricultural sector planning	128	180
Agriculture, forestry	19	--------
Agriculture, co-ops (rural cooperative development)	--------	65
Industrial development and management	101	140
Cartographic and physical planning	61	--------
Transportation, highways	19	--------
Civil aviation	49	10
Manpower development	28	20
Malaria eradication	316	430
Environmental sanitation	53	25
Rio Coco emergency health project	77	20
Development of health services	206	140
Establishment of administration structure and practices in Ministry of Public Health	1	--------
Vocational and industrial arts	23	--------
Elementary education	1,223	425
Ministry of Education Planning	26	--------
American-Nicaraguan School	--------	200
Public administration reform	60	110
National census	7	515
National planning office	53	85
Comprehensive physical planning	7	--------
Aided self-help housing	2	10
Cooperative service, Nicaraguan-American Technical Cooperation Organization	75	45
Administration, ONACT	35	45
Technical support	77	140

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Elementary education (IAPSP funds)	540	--------
Highway construction	900	--------
Social progress trust fund loans (as of May 31, 1963):		
Instituto Nicaragüense de la Vivienda: Construction of housing for families of low income of an estimated cost of $7,789,000	5,200	--------
Banco Nacional de Nicaragua: Rural credit for farmers of low income of an estimated cost of $4,033,000	2,500	--------

OTHER

Public Law 480: Title III: Beans, butter, cheese, milk, corn, cornmeal, flour, and vegetable oil	673	1,800

PANAMA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural research, education, and extension	153	--------
Crop and livestock development	72	--------
Agricultural economics and planning	41	--------
Agricultural development and production	--------	370
Cooperative service:		
Agriculture	155	--------
Administration	41	--------
Natural resources	27	--------
Water resources and electric power	86	110
Assistance to Industrial Development Center	101	130
Assistance to industry development	61	--------
Operation and maintenance of roads	145	285
Tambo-Salud (Cocle) road survey and design	40	--------
Civil aviation development	47	--------
General engineering services	27	--------
Nursing education	50	--------
Development of intergrade health services and sanitation in rural areas	--------	115
Aguadulce regional and Los Santos psychiatric hospitals design	35	--------
Cooperative service:		
Health	105	--------
Administration	30	--------
Vocational education	275	160
Teacher training	365	200
University of Panama: Teaching and research	300	--------
National school construction	49	280
Cooperative service: Education administration	53	--------
Public safety improvement	27	130
Government management and administration	53	70
National economic planning	20	110
Community development	39	--------
Housing development program	30	50
All other training	23	65
Technical support	149	335

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Water sewage systems	--------	6,000
Social progress trust fund loans (as of May 31, 1963):		
Instituto de Vivienda y Urbanismo (Republic of Panama): Financing housing for persons of low income of an estimated cost of $10,444,917	7,600	--------
Instituto de Acueductos y Alcantarillados Nacionales (Republic of Panama): Financing of water supply systems for 7 cities of an estimated cost of $3,835,000	2,762	--------
Export-Import Bank loans (as of Apr. 30, 1963):		
Republic of Panama:		
Refuse collection equipment	420	--------
Highway equipment	1,580	--------

OTHER

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Aerial photography and mapping[1]	1,000	--------
Agricultural development and production[1]	500	--------
Minerals resources survey[1]	161	--------
Technical studies for hydroelectrical development of the Bayano River[1]	325	--------
Water resources and electric power[1]	284	--------
Assistance to industrial development center[1]	16	--------
Operation and maintenance of roads[1]	500	--------
Cocle road survey and design[1]	200	--------
Colon sewer system development[1]	114	--------
Development of intergrade health services and sanitation in rural areas[1]	950	--------
Aguadulce regional and Los Santos psychiatric hospitals design[1]	200	--------
National school construction[1]	5,000	--------
National economic planning[1]	150	--------
Housing development program[1]	500	--------
Public Law 480: Title III—Milk, cornmeal, flour, vegetable oil	394	900
Peace Corps (as of Apr. 30, 1963): Health, agricultural, and cooperative development	--------	300

[1] Contingency fund.

PARAGUAY

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Cooperative service for agriculture	163	165
Agricultural development and productivity	135	200
Agricultural education	39	25
Credit cooperatives and marketing	10	65
Forestry	26	20
Administration: Agriculture	52	50
Industrial development	5	315
Road construction and maintenance training	212	315
Roadbuilding equipment	--------	450
Cooperative public health service	85	--------
Health services development	99	230
Medical and nurses education	109	275
Administration: Health	51	--------
Cooperative service: Education	17	--------
Vocational education	18	--------
Elementary teacher education	65	--------
Rural education development	341	675
Administration: Education	45	--------
Government management and organization	88	95
Economy policy, planning, and fiscal reform	41	95
Public administration school: Now National University	22	300
Communications media	73	60
Technical support	208	205

LOAN AUTHORIZATIONS

[In thousands of dollars]

Social progress trust fund loans (as of May 31, 1963): Banco Nacional de Fomento (Republic of Paraguay): Financing agricultural credit for low-income farmers, improved land use and development of agricultural marketing facilities of an estimated cost of $4,338,000	--------	2,900

OTHER

Public Law 480:		
Title I: Wheat, flour, bread grains	5,500	5,000
Title III: Beans, milk, bulgur, cornmeal, flour, vegetable oil	988	1,490

PERU

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Basic agricultural institutional development	1,341	400

PERU—Continued

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 (estimated)
Agricultural research	10	--------
Agricultural research and development	22	--------
Land development	29	--------
Livestock development	56	--------
Agrarian reform	640	20
Agricultural economics	15	--------
Agricultural credit and cooperatives	17	--------
Forestry development	36	--------
Agricultural extension	103	--------
Administration and General Accounting	2	--------
Do	2	--------
U.S. Bureau of Mines	24	--------
Industrial management	589	65
Private enterprise development	319	100
Civil aviation advisory services	52	--------
Transportation development	24	120
Labor development	135	260
National employment service	15	--------
Cooperative employment service	35	--------
Labor training	72	--------
Special advisory service	256	--------
Improvement and expansion of health services	57	155
Health unit operation	24	--------
Cooperative health and sanitation service	81	--------
General administration	47	--------
Industrial training (Peruvian Army)	100	160
Rural elementary education	70	--------
Improvement and expansion of higher education	9	--------
Basic educational reform and development program	1,205	25
Cooperative service in education	41	--------
General administration service	36	--------
Normal school education	129	--------
Public safety	54	535
Do	72	--------
Training and advisory service in public administration	924	55
Government organization and management	38	--------
National economic planning	529	150
Housing and urban development	326	105
Housing commission	59	--------
Southern Peru regional development	1,005	120
Miscellaneous training	12	--------
Administration project	28	--------
Irrigation engineer	63	--------
Economic planning	1	--------
Rural development	2	--------
Technical support	338	725

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Lima, water and sewage	8,600	--------
Feasibility studies	3,000	--------
Social progress trust fund loans (as of May 31, 1963):		
Republic of Peru, financing housing for persons of low income of an estimated cost of $48,700,000	22,800	--------
Cooperativa de Credito Central del Peru (Government of Peru), small loans to finance housing, improved land use, and potable water and sanitation of an estimated cost of $2,000,000	1,000	--------
Asociacion Mutual de Credito para la Vivienda "El Pueblo" (Government of Peru), construction of housing for families of low income of an estimated cost of $2,069,200	1,000	--------
Universidad Nacional Mayor de San Marcos (Republic of Peru), financing the installation of a department for basic sciences of an estimated cost of $3,002,000	--------	1,500
Export-Import Bank loans (as of Apr. 30, 1963):		
The Peruvian Corp., diesel and locomotive spare parts	1,500	--------
Ind. Quimas Basicas, equipment to produce fertilizer, etc	508	--------
Fabrica Alumino Metales, equipment for aluminum fabricating	611	--------
Republic of Peru, water and sewer facilities	6,500	--------
Marcona Mining Co., expansion of iron ore facilities	6,000	--------
Metalurgica Pervara, metallurgical plant	1,950	--------

LOAN AUTHORIZATIONS—continued

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Export-Import Bank, etc—Con.		
Marcona Mining Co., expansion of iron ore beneficiation program	--------	1,250
Peruvian Corp., Ltd., diesel electric locomotive and relating parts	--------	4,750

OTHER

Supporting assistance: Puno emergency relief loan [1]	6,000	−4,000
Public Law 480:		
Title II: Bread grains, coarse grains, fats and oils, milk	2,335	3,570
Title III: Beans, butter, milk, bulgur, cornmeal, flour, vegetable oil	2,173	14,890
Title IV: Bread grain, feed grain, vegetable oil	2,000	4,000
Peace Corps (as of Apr. 30, 1963): Indian integration, community development, health and sanitation, credit unions, urban community action, savings and loan program. Education: Art foundation; education, university education, and social development	700	1,600

[1] Contingency fund.

TRINIDAD AND TOBAGO, WEST INDIES AND EASTERN CARIBBEAN

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agriculture, general	134	120
Handicraft development	17	--------
Industrial management	9	--------
Meteorological training	22	--------
Road development, demonstration and training	48	--------
Labor training	24	10
Health education	23	--------
Education:		
General	142	180
Participants	92	15
Economic development and planning	51	30
Public service training forum	36	25
Housing and planning	46	20
Windward Islands, administrative services	21	--------
Engineering and technical services	--------	55
Technical support	212	200

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Export-Import Bank loans (as of April 30, 1963): Government of Trinidad and Tobago: Sewerage system	9,000	--------

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Supporting assistance:		
Rural development: St. Lucia	114	--------
Cocoa processing facilities: St. Lucia	35	--------
Water and vegetable products: Antigua	3	--------
Telecommunications adviser	17	45
Electrification survey and transmission line construction: Antigua	71	--------
Chaguaramas Road	175	2,000
Road equipment: Antigua	147	--------
Millet Road resurfacing: St. Lucia	90	--------
Road construction equipment	95	--------
Airport Pepi fence	121	--------
Hospital sewage disposal: Antigua	30	--------
Vocational education	27	--------
Industrial education: Barbados	22	--------
Supporting assistance—Con.		
Teacher training facilities: St. Lucia	38	--------
Liberal arts college: Trinidad	400	5,000
Teteron Bay facilities	580	--------
Engineering services	61	75
Fiscal year 1963: May 26 agreement executed between the Governments of Trinidad and Tobago and the United States for a grant of $10,000,000.[1] The local currency generated to be used for Chaguaramas Road and liberal arts college as indicated above. The balance to be used for mutually acceptable activities, such as road development, port engineering, and low-cost housing	--------	3,000
Public Law 480:		
Title II: Coarse grains	8	45
Title III: Milk	361	545
Peace Corps (as of Apr. 30, 1963): Education, recreation, and agriculture: St. Lucia	100	(2)

[1] Contingency fund.
[2] Less than $50,000.

URUGUAY

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural education and research	201	--------
Agricultural natural resources	2	--------
Assistance in developing agriculture services	--------	1,610
Improving skills and productivity	4	240
Meteorology	4	--------
Monterrey Institute of Technology	4	--------
Public safety	3	--------
Assistance in development planning	--------	190
Contract studies and training for Uruguay planning agency	3	--------
Assistance in public administration	--------	1
Technical support	57	80

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Home construction	--------	6,000
Social progress trust fund loans (as of May 31, 1963):		
Gobierno del Departamento de Montevideo: Financing of sanitation works of an estimated cost of $12,000,000	2,500	--------
Republic of Uruguay: Construction of housing for low-income families of an estimated cost of $15,301,125	--------	8,000
Export-Import Bank loans (Apr. 30, 1963):		
Republic of Uruguay: Water supply	1,900	--------
St. Hermanos Uruguay: Coffee manufacturing plant	200	--------
Banco de la Republica Oriental del Uruguay: Various	--------	5,000

OTHER

Public Law 480:		
Title I: Tobacco	1,900	--------
Title II: Grains, milk products, fats, and oils	--------	180
Title III: Beans, milk, flour, cornmeal	285	695
Peace Corps (as of Apr. 30, 1963): Agriculture extension: Home economics	--------	(1)

[1] Less than $50,000.

VENEZUELA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Rural improvement	9	350
Industrial development	163	--------
Industrial resources survey	104	--------
Labor program	52	--------
National manpower training and development	--------	680
Hospital maintenance advisory services	9	--------
Hospital construction and equipment	20	--------
Rural health and environmental sanitation	10	--------
Vocational education	171	--------
Rural education	83	--------
Public safety	27	180
Government management assistance	153	370
Economic planning	45	--------
Housing	9	95
Technical support	206	345

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963):		
Supervised agricultural credit	10,000	--------
Slum clearance and low-cost housing	--------	30,000
Social Progress Trust Fund (as of May 31, 1963):		
Banco Obrero de Venezuela (Government of Venezuela): Financing of rural housing for persons of low income through self-help system of an estimated cost of $45,950,000	12,000	--------
Republic of Venezuela: Financing of potable water systems for 330 towns of an estimated cost of $20,000,000	10,000	--------
Instituto Nacional de Obras Sanitarias (Government of Venezuela): Financing of potable water system for 55 towns of an estimated cost of $21,000,000	10,000	--------
Banco Obrero de Venezuela (Government of Venezuela): Construction of housing for families of low income of an estimated cost of $14,025,000	10,000	--------
Instituto Agrario Nacional (Government of Venezuela): Financing a program of consolidation of rural settlements of an estimated cost of $80,078,580	--------	10,000
Universidad de Oriente, de Venezuela (Corporación Venezolana de Fomento): Financing the development of basic science and technology of an estimated cost of $2,400,000	--------	1,000
Export-Import loans (as of Apr. 30, 1963): C.A. Venezolana de Pulpa y Papel: (Construction of pulp bleaching plant, power transformed substation and steam reduction substation)	--------	450

OTHER

Supporting assistance: Emergency Public Safety [1]	--------	70
Public Law 480:		
Title II: Wheat, cornmeal, flour, milk, and vegetable oil	--------	440
Title III: Cornmeal, flour, beans, milk, bulgur, and vegetable oil	546	1,940
Title IV: Feed grains, cotton, dairy products, rice, and vegetable oil	11,400	11,500
Peace Corps (as of Apr. 30, 1963): YMCA, university education, agricultural extension, secondary school English teaching, and physical education and recreation	600	600

[1] Contingency fund.

ROCAP

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Physical planning infrastructure	--------	200
Manpower inventory and training	--------	155
Census	--------	365
Cadastral survey	--------	620
Overall regional planning	--------	105
Public administration	--------	130
Higher education	--------	580
Textbook production	--------	510
Industrial productivity and management	--------	240
Agricultural sector planning	--------	3
Mobile rural health	--------	1,550
Civil aviation	--------	400
Technical support	--------	240

LOAN AUTHORIZATIONS

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Development loans (as of June 21, 1963): Central American Bank, for economic integration feasibility studies	--------	2,500
Social progress trust fund loans (as of May 31, 1963): Universities of Costa Rica, Guatemala, El Salvador, Honduras, and Nicaragua (Governments of Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua): Financing a program of development of basic sciences of an estimated cost of $10,833,000	--------	2,925

REGIONAL

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agriculture leadership training (farmer's union)	162	165
Aviation (Panama)	168	--------
Labor society development	250	--------
Malaria eradication (Peru)	23	--------
Water supply (Peru)	13	--------
Regional health consultant (Jamaica)	29	--------
Higher education (Costa Rica)	2	--------
Police Academy (Panama)	266	600
Public administration adviser on tax (Panama)	18	--------
Regional public consultant (Peru)	15	--------
Public administration (Peru)	23	--------
Regional housing (Nicaragua)	37	--------
Credit union training	160	--------
Regional Andean center (Peru)	105	40
Support of statistical work of permanent secretariat (Guatemala)	45	--------
Technical aids center (Mexico)	400	825
U.S. book exchange	90	80
Cooperative training (Puerto Rico)	606	--------
Marketing seminar (Brazil)	10	--------
Regional workshop (Costa Rica)	46	--------
Seminars and workshops	62	25
Technical consultants and audiovisual support	161	--------
3d country training (Mexico)	94	--------
Teacher training	--------	350
Science books	--------	250
Inter-American Institute of Agricultural Sciences	--------	355
American Institute of Free Labor Development	--------	1,110
Civil engineering training	--------	200
Aided self-help housing evaluation	--------	30
Public administration	--------	20
Peace Corps: Community development	--------	150
League of Women Voters: Women's leadership training	--------	300
Housing construction statistics	--------	160
Development of commercial standards	--------	200
National Science Foundation: Summer Teacher Institute in Science and mathematics	--------	400
Puerto Rico, labor statistics training	--------	80
Water Supply: Management training	--------	65
National Rural Electric: Co-ops	--------	150
National Academy of Science	--------	285
Committee for Higher Education in Latin America Academic Journals	--------	40
Inter-American Center, Loyola: Leadership for social development	--------	20
Puerto Rico University:		
Labor relations training	--------	80
Medical training	--------	200
Public administration training	--------	50
Rutgers University: Urban problems	--------	20
Tax advisory service	--------	30
Health statistics	--------	50
Mexican book	--------	40
Regional credit union development	--------	200
IAGS: Natural resources survey	--------	50
Urban development	--------	160
Cooperative advisory service for organization of co-ops of Americas	--------	345
Cooperative advisory service for individual co-ops	--------	90
Land-grant college coordination	--------	25
Johns Hopkins: Economics of health planning	--------	30
Census	--------	55
Labor administration seminar	--------	25
Scholarship survey	--------	20
Co-op League: To set up organization of co-ops	--------	30
Pilot food processing survey	--------	15
Housing advisory service	--------	120
Advisory services: Andean Indian development	--------	25
Child feeding	--------	900
HOPE	--------	1,040
OAS:		
European fellowships	--------	610
Technical cooperation program	--------	2,500
Information program	--------	1,600
PAHO	--------	2,300
Civil aviation	--------	200
Commerce advisory committee for the Alliance for Progress	--------	75
SEMLA (center for economic and monetary studies for Latin America)	--------	130

BRITISH GUIANA

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Shrimp and fisheries	17	10
Agriculture project	117	115
Industrial development advisory service	2	--------
Road development	31	56
Engineering analysis survey, Berbice River Bar	864	230
Civil aviation	5	5
Trade union seminar	21	2
Filaria control	47	40
Health service training, operation and advisory services	52	200
Vocational education	61	60
Public safety (civil police training)	3	--------
Public administration, local government	9	20
Town planning and community development	5	20
Government information service	4	--------
Technical assistance development organization	29	--------
Technical support	171	150
Hydropower survey	--------	350

BRITISH HONDURAS

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963 estimated
Agricultural development	69	10
Industrial training	17	--------
Education—General	--------	25
Vocational training	77	5
Housing development	27	20
Technical support	34	40

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Peace Corps (as of Apr. 30, 1963): Primary, secondary, and vocational education	100	200

SURINAM

[Obligations in thousands of dollars]

Development grants	Fiscal year 1962	Fiscal year 1963, estimated
Agricultural and natural resources	136	120
Industry and mining	13	12
Industrial training (vocational)	21	1
Public health	122	40
Visual aids	12	--------
Administrative services	17	--------
Area development	14	--------
Aided self-help housing	45	--------
Housing	--------	40
Cooperative service:		
Grant	75	75
Administration	--------	15
Technical support	15	15

OTHER

[In thousands of dollars]

	Fiscal year 1962	Fiscal year 1963
Public Law 480: Title III—Cornmeal, flour, vegetable oil	61	95

YUGOSLAVIA

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed at this point in my remarks a very excellent editorial entitled "Ambivalence on Yugoslavia" published in today's issue of the New York Times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AMBIVALENCE ON YUGOSLAVIA

George F. Kennan's statement on his unhappy experiences as American Ambassador in Belgrade reminds us once again of the schizophrenia in this country's policy toward Yugoslavia. Since 1950, under both Democratic and Republican Presidents, the official attitude of the White House toward Yugoslavia has been one of friendship, an attitude reflected tangibly by hundreds of millions of dollars of economic and military aid as well as, most recently, by the reception of President Tito by President Kennedy in Washington.

In contrast, Congress has seemed to be tending toward a policy almost of vendetta against Yugoslavia. Last year it asked for an end to Yugoslavia's most-favored-nation status. If the President had acted on this proposal—he has successfully resisted it thus far—the result would have been a doubling or tripling of American tariffs against more than three-quarters of the commodities we buy from the Yugoslavs. Trade in both directions would have been disrupted. This year the House has already rejected President Kennedy's request for a reversal of last year's directive; unless the Senate backs him up, he will doubtless have to accede to this unwise policy in the coming months.

The Congressmen pushing for maximum enmity against Yugoslavia are engaged in a primitive anticommunism which refuses to make distinctions or to understand subtleties, in a spirit reminiscent of the old frontiersmen's motto, "The only good Indian is a dead Indian." Presidents Truman, Eisenhower, and Kennedy have all understood that Yugoslav communism is a very different thing from Soviet or Chinese communism, and that Belgrade—since it broke with Moscow in 1948—has been no threat to the United States. If the Communist bloc is today in disarray, it is in no small measure related to the Yugoslav stand against Stalinist dictation.

Friendship with Yugoslavia serves American interests today as it has for over a decade. We fail to see why Congress cannot understand a policy line that has been fruitful for many years—the repudiation of which would surely drive Belgrade closer than ever to Moscow.

RECESS

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 19 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, November 6, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 5 (legislative day of October 22), 1963:

IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major generals

Brig. Gen. Robert Howard York, O21341, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry William Osborn Kinnard, O21990, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles Edward Johnson, 3d, O19534, U.S. Army.

Brig. Gen. George Paul Sampson, O42926, U.S. Army.

Brig. Gen. William Carl Garrison, O30144, U.S. Army.

Brig. Gen. John Graham Zierdt, O20632, Army of the United States (colonel, U.S. Army).

To be brigadier generals

Col. Harry George Woodbury, Jr., O21432, U.S. Army.

Col. Paul Alfred Feyereisen, O39089, Army of the United States (lieutenant colonel, U.S. Army).

Col. Byron Ludwig Steger, O19661, Medical Corps, U.S. Army.

Col. Robert Mabry Williams, O21801, Army of the United States (lieutenant colonel, Judge Advocate General's Corps, U.S. Army).

Col. George Bibbs Pickett, Jr., O23932, Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard George Ciccolella, O34117, Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles Allen Corcoran, O31721, Army of the United States (lieutenant colonel, U.S. Army).

Col. Livingston Nelson Taylor, Jr., O21853, Army of the United States (lieutenant colonel, U.S. Army).

Col. John Keith Boles, Jr., O22025, Army of the United Sttaes (lieutenant colonel, U.S. Army).

Col. Joseph Schuyler Hardin, O23126, Army of the United States (lieutenant colonel, U.S. Army).

HOUSE OF REPRESENTATIVES

WEDNESDAY, NOVEMBER 6, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

James 5: 16: *The supplication of a righteous man availeth much.*

Almighty God, whose divine will is the supreme and sovereign law of the universe, we acknowledge that we are constrained by Thy love and compelled by our needs to turn to Thee in prayer because we have nowhere else to go and Thou alone canst give us peace and power.

We penitently confess that we are facing difficult tasks and heavy responsibilities which are chastening our spirits and teaching us humility and bringing our minds and hearts down from their pride and complacent self-righteousness.

Grant that we may seek Thee earnestly, beseeching Thee to give us wisdom to understand Thy will, insight to lead us when the way is dark, strength to perform our duties faithfully, and courage to sustain us in times of tragedy and tribulation.

Create within us those desires which Thou dost delight to satisfy for our conscience indicts and convicts us that we are often so self-willed and our wills are not in tune with Thine.

In the name of our blessed Lord we offer our prayers and dedicate our lives. Amen.

THE JOURNAL

The Journal of the proceedings of Monday, November 4, 1963, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H.R. 7405. An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock;

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury; and

H. Con. Res. 223. Concurrent resolution to provide for the printing of 3,000 additional copies of civil rights hearings.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1241. An act to require annual reports instead of quarterly reports under the Reconstruction Finance Corporation Liquidation Act;

S. 1686. An act to amend section 375 of title 28 of the United States Code, relating to the annuities of widows of Supreme Court Justices; and

S. 2228. An act to change the requirements for the annual meeting date for national banks.

The message also announced that the Vice President has appointed Mr. JOHNSTON and Mr. CARLSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 64-6.

VENUE IN TORT CLAIMS

The SPEAKER laid before the House the following request from the Senate:

Ordered, That the Secretary of the Senate request the House of Representatives to return to the Senate the bill (H.R. 2985) entitled "An act to amend section 1391 of title 28 of the United States Code, relating to venue generally" together with all accompanying papers.

The SPEAKER. Without objection, the request is granted.

There was no objection.

A motion to reconsider was laid on the table.

ELECTION OF HON. JOHN F. SHELLEY AS MAYOR OF SAN FRANCISCO

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MILLER of California. Mr. Speaker, I know the Members of the House of Representatives will be very happy to learn that our colleague, the gentleman from California, Mr. JACK SHELLEY, has been elected mayor of the city of San Francisco. The vote was 120,000 to 81,000. In spite of the fact that JACK had to fight an uphill battle because he had none of the local newspapers with him. The vote was heavy; over 70 percent of it turned out.

FREE WORLD SHIPS CALLING ON COMMUNIST CUBA'S PORTS

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, I have long been concerned over the number of free world ships calling on Communist Cuba's ports. I have repeatedly urged that our allies end their commerce with Cuba, and have introduced legislation that would bring about an end of their shipping to Cuba, or loss of the privilege of carrying goods to or from U.S. ports.

The burden on Russia of having to carry more goods to Cuba is beginning to be apparent as a result of some decrease in allied shipping to Cuba in the past 2 months. Latest reports indicate that in September 29 allied ships called on Cuban ports, as compared to 36 Russian stops. October's figures, which are still incomplete, indicate that 25 calls were made by free world ships, while there were 42 stops made by Russian ships at Cuba harbors.

It is clear that if allied shipping decreases, then Russian shipping to Cuba must increase if Castro is to be supported. One only has to look at the shipping figures from the beginning of this year to bear out this conclusion. Now is the time to end all allied shipping to Cuba, and I urge action to be taken on my bill, H.R. 7687, that will bring about an end to free world shipping to Castro. If we can persuade our allies to end all of their shipping to Cuba, the burden to Russia of supplying that Red island will greatly increase. She will have to divert part of her fleet from other areas of Communist influence to supply Castro. Already Russia is expressing concern and discontent with the increased cost and effort to maintain Castro.

As long as communism exists in this hemisphere, there is a constant threat to the peace and security of the United States. If the Congress will enact H.R. 7687, I feel we will have taken an important positive step toward the end of Communist domination in Cuba and its potential threat to this hemisphere.

ADJOURNMENT OVER FROM FRIDAY TO TUESDAY NEXT

Mr. ALBERT. Mr. Speaker, in view of the fact that Monday next is Veterans' Day, I ask unanimous consent that when the House adjourns on Friday, it adjourn to meet on Tuesday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SUBCOMMITTEE ON COMMUNICATIONS AND POWER, COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. ROGERS of Texas. Mr. Speaker, I ask unanimous consent that the Subcommittee on Communications and Power of the Committee on Interstate and Foreign Commerce be permitted to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT ON H.R. 6143, COLLEGE ACADEMIC FACILITIES ACT

Mr. POWELL. Mr. Speaker, I call up the conference report on the bill (H.R. 6143) to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Iowa makes the point of order that a quorum is not present, and evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 190]

Abernethy
Anderson
Arends
Avery
Baring
Bass
Bates
Berry
Blatnik
Bruce
Burkhalter
Burton
Celler
Chamberlain
Colmer
Dague
Davis, Tenn.
Denton
Derwinski
Donohue
Dowdy
Everett
Feighan
Findley
Foreman
Forrester
Fuqua
Garmatz
Giaimo
Goodling
Gubser
Hagan, Ga.
Hardy
Hays
Healey
Holifield
Hosmer
Jennings
Jones, Ala.
Karth
Kilburn
Kirwan
Kluczynski
Kyl
Landrum
Lesinski
Lindsay
Long, La.
Mailliard
Martin, Mass.
May
Michel
Miller, N.Y.
Moorhead
Morrison
Nix
O'Brien, Ill.
Passman
Philbin
Pilcher
Pirnie
Pucinski
Rains
Rhodes, Ariz.
Rivers, S.C.
Roberts, Tex.
Rodino
St. Onge
Schenck
Scott
Shelley
Sheppard
Sikes
Siler
Slack
Smith, Iowa
Staebler
Stephens
Stubblefield
Talcott
Thompson, La.
Thompson, N.J.
Thornberry
Tuten
Ullman
Watts
Weaver
Westland
Wharton
White
Whitener
Whitten
Widnall
Williams
Winstead
Wyman

The SPEAKER. On this rollcall 336 Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

SUBCOMMITTEE ON COMMERCE AND FINANCE, COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Commerce and Finance of the Committee on Interstate and Foreign Commerce be permitted to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

COLLEGE ACADEMIC FACILITIES ACT

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 884)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6143) to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Higher Education Facilities Act of 1963'.

"Findings and declaration of policy

"SEC. 2. The Congress hereby finds that the security and welfare of the United States require that this and future generations of American youth be assured ample opportunity for the fullest development of their intellectual capacities, and that this opportunity will be jeopardized unless the Nation's colleges and universities are encouraged and assisted in their efforts to accommodate rapidly growing numbers of youth who aspire to a higher education. The Congress further finds and declares that these needs are so great and these steps so urgent that it is incumbent upon the Nation to take positive and immediate action to meet these needs through assistance to institutions of higher education, including graduate and undergraduate institutions, junior and community colleges, and technical institutes, in providing certain academic facilities.

"TITLE I—GRANTS FOR CONSTRUCTION OF UNDERGRADUATE ACADEMIC FACILITIES

"Appropriations authorized

"SEC. 101. (a) The Commissioner of Education (hereinafter in this Act referred to as the 'Commissioner') shall carry out during the fiscal year ending June 30, 1964, and each of the four succeeding fiscal years, a program of grants to institutions of higher education for the construction of academic facilities in accordance with this title.

"(b) For the purpose of making grants under this title, there is hereby authorized to be appropriated the sum of $230,000,000 for the fiscal year ending June 30, 1964, and each of the two succeeding fiscal years; but for the fiscal year ending June 30, 1967, and the succeeding fiscal year, only such sums may be appropriated as the Congress may hereafter authorize by law. In addition to the sums authorized to be appropriated under the preceding sentence, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1965, and the succeeding fiscal year, for making such grants the difference (if any) between the sums authorized to be appropriated under the preceding sentence for preceding fiscal years and the aggregate of the sums which were appropriated for such preceding years under such sentence.

"(c) Sums appropriated pursuant to subsection (b) of this section shall remain available for reservation as provided in section 109 until the close of the fiscal year next succeeding the fiscal year for which they were appropriated.

"Allotments

"SEC. 102. Of the funds appropriated pursuant to section 101 for any fiscal year, 22 per centum shall be allotted among the States in the manner prescribed by section 103 for use in providing academic facilities for public community colleges and public technical institutes. The remainder of the funds so appropriated shall be allotted among the States in the manner as prescribed in section 104 for use in providing academic facilities for institutions of higher education other than public community colleges and public technical institutes.

"Allotments to States for public community Colleges and Public Technical Institutes

"SEC. 103. (a) The funds to be allotted for any fiscal year for use in providing academic facilities for public community colleges and public technical institutes shall be allotted among the States on the basis of the income per person and the number of high school graduates of the respective States. Such allotments shall be made as follows: The Commissioner shall allot to each State for each fiscal year an amount which bears the same ratio to the funds being allotted as the product of—

"(1) the number of high school graduates of the State, and

"(2) The State's allotment ratio (as determined under subsection (d)) bear to the sum of the corresponding products for all the States.

"(b) The amount of each allotment to a State under this section shall be available, in accordance with the provisions of this title, for payment of the Federal share (as determined under sections 108(b)(3) and 401(d)) of the development cost of approved projects for the construction of academic facilities within such State for public community colleges and public technical institutes. Sums allotted to a State for the fiscal year ending June 30, 1964, shall remain available for reservation as provided in section 109 until the close of the next fiscal year, in addition to the sums allotted to such State for such next fiscal year.

"(c) All amounts allotted under this section for the fiscal year ending June 30, 1965, and the succeeding fiscal year, which are not reserved as provided in section 109 by the close of the fiscal year for which they are allotted, shall be reallotted by the Commissioner, on the basis of such factors as he determines to be equitable and reasonable, among the States which, as determined by the Commissioner, are able to use without delay any amounts so reallotted for providing academic facilities for public community colleges or public technical institutes. Amounts reallotted under this subsection shall be available for reservation until the close of the fiscal year next succeeding the fiscal year for which they were originally allotted.

"(d) For purposes of this section—

"(1) The 'allotment ratio' for any State shall be 1.00 less the product of (A) .50 and (B) the quotient obtained by dividing the income per person for the State by the income per person for all the States (not including Puerto Rico, the Virgin Islands, American Samoa, and Guam), except that (i) the allotment ratio shall in no case be less than .33⅓ or more than .66⅔, (ii) the allotment ratio for Puerto Rico, the Virgin Islands, American Samoa, and Guam shall be .66⅔, and (iii) the allotment ratio of any State shall be .50 for any fiscal year if the Commissioner finds that the cost of school construction in such State exceeds twice the median of such costs in all the States as determined by him on the basis of an index of the average per pupil cost of constructing minimum school facilities in the States as determined for such fiscal year under section 15(6) of the Act of September 23, 1950, as amended (20 U.S.C. 645), or, in the Commissioner's discretion, on the basis of such index and such other statistics and data as the Commissioner shall deem adequate and appropriate; and

"(2) The allotment ratios shall be promulgated by the Commissioner as soon as possible after enactment of this Act, and annually thereafter, on the basis of the average of the incomes per person of the States and of all the States for the three most recent consecutive calendar years for which satisfactory data are available from the Department of Commerce.

"(3) The term 'high school graduate' means a person who has received formal recognition (by diploma, certificate, or similar means) from an approved school for successful completion of four years of education beyond the first eight years of schoolwork, or for demonstration of equivalent achievement. For the purposes of this section the number of high school graduates shall be limited to the number who graduated in the most recent school year for which satisfactory data are available from the Department of Health, Education, and Welfare. The interpretation of the definition of 'high school graduate' shall fall within the authority of the Commissioner.

"Allotments to States for institutions of higher education other than public community colleges and public technical institutes

"SEC. 104. (a) Of the funds to be allotted for any fiscal year for use in providing academic facilities for institutions of higher education other than public community colleges and public technical institutes (1) one-half shall be allotted by the Commissioner among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such one-half as the number of students enrolled in institutions of higher education in such States bears to the total number of students enrolled in such institutions in all the States; and (2) the remaining one-half shall be allotted by him among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such remainder as the number of students enrolled in grades nine to twelve (both inclusive) of schools in such State bears to the total number of students in such grades in schools in all the States. For the purposes of this subsection, (A) the number of students enrolled in institutions of higher education shall be deemed to be equal to the sum of (i) the number of full-time students and (ii) the full-time equivalent of the number of part-time students as determined by the Commissioner in accordance with regulations; and (B) determinations as to enrollment under either clause (1) or clause (2) of this subsection shall be made by the Commissioner on the basis of data for the most recent year for which satisfactory data with respect to such enrollment are available to him.

"(b) The amount of each allotment to a State under this section shall be available, in accordance with the provisions of this title, for payment of the Federal share (as determined under sections 108(b)(3) and 401(d)) of the development cost of approved projects for the construction of academic facilities within such State for institutions of higher education other than public community colleges and public technical institutes. Sums allotted to a State for the fiscal year ending June 30, 1964, shall remain available for reservation as provided in section 109 until the close of the next fiscal year, in addition to the sums allotted to such State for such next fiscal year.

"(c) All amounts allotted under this section for the fiscal year ending June 30, 1965, and the succeeding fiscal year, which are not reserved as provided in section 109 by the close of the fiscal year for which they are allotted, shall be reallotted by the Commissioner, on the basis of such factors as he determines to be equitable and reasonable, among the States which, as determined by the Commissioner, are able to use without delay any amounts so reallotted for providing academic facilities for institutions of higher education other than public community colleges and public technical institutes. Amounts reallotted under this subsection shall be available for reservation until the close of the fiscal year next succeeding the fiscal year for which they were originally allotted.

"State commissioners and plans

"SEC. 105. (a) Any State desiring to participate in the grant program under this title shall designate for that purpose an existing State agency which is broadly representative of the public and of institutions of higher education (including junior colleges and technical institutes) in the State, or, if no such State agency exists, shall establish such a State agency, and submit to the Commissioner through the agency so designated or established (hereinafter in this title referred to as the 'State commission'), a State plan for such participation. The Commissioner shall approve any such plan which—

"(1) provides that it shall be administered by the State commission;

"(2) sets forth, consistently with basic criteria prescribed by regulation pursuant to section 107, objective standards and methods (A) for determining the relative priorities of eligible projects for the construction of academic facilities submitted by institutions of higher education within the State, and (B) for determining the Federal share of the development cost of each such project other than a project for a public community college or public technical institute (unless such plan provides for a uniform Federal share for all such projects);

"(3) provides that the funds allotted (or reallotted) for any year under section 103 will be available only for use for the construction of academic facilities for public community colleges and public technical institutes, and that funds allotted (or reallotted) for any year to the State under section 104 will be available only for use for the construction of academic facilities for institutions of higher education other than public community colleges and public technical institutes;

"(4) provides (A) for assigning priorities solely on the basis of such criteria, standards, and methods to eligible projects submitted to the State commission and deemed by it to be otherwise approvable under the provisions of this title; and (B) for approving and recommending to the Commissioner, in the order of such priority, applications covering such eligible projects, and for certifying to the Commissioner the Federal share, determined by the State commission under the State plan, of the development cost of the project involved;

"(5) provides for affording to every applicant, which has submitted to the State commission a project, an opportunity for a fair hearing before the State commission as to the priority assigned to such project or as to any other determination of the State commission adversely affecting such applicant; and

"(6) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State commission under this title, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Commissioner to perform his functions under this title.

"(b) The Commissioner is authorized to expend not exceeding $3,000,000 during each of the first two fiscal years of the program under this title in such amounts as he may consider necessary for the proper and efficient administration of the State plans approved under this title, including expenses which he determines were necessary for the preparation of such plans.

"Eligibility for grants

"SEC. 106. An institution of higher education shall be eligible for a grant for construction of an academic facility under this title (1) in the case of an institution of higher education other than a public community college or public technical institute, only if such construction is limited to structures, or portions thereof, especially designed for instruction or research in the natural or physical sciences, mathematics, modern foreign languages, or engineering, or for use as a library, and (2) only if such construction will, either alone or together with other construction to be undertaken within a reasonable time, (A) result in an urgently needed substantial expansion of the institution's student enrollment capacity, or (B) in the case of a new institution of higher education, result in creating urgently needed enrollment capacity.

"Basic criteria for determining priorities and Federal share

"SEC. 107. (a) As soon as practicable after the enactment of this Act the Commissioner shall by regulation prescribe basic criteria to which the provisions of State plans setting forth standards and methods for determining relative priorities of eligible construction projects, and the application of such standards and methods to such projects under such plans, shall be subject. Such basic criteria (1) shall be such as will best tend to achieve the objectives of this title while leaving opportunity and flexibility for the development of State plan standards and methods that will best accommodate the varied needs of institutions in the several States, and (2) shall give special consideration to expansion of undergraduate enrollment capacity. Subject to the foregoing requirements, such regulations may establish additional and appropriate basic criteria, including provision for considering the degree to which applicant institutions are effectively utilizing existing facilities, provision for allowing State plans to group or provide for grouping, in a reasonable manner, facilities or institutions according to functional or educational type for priority purposes, and, in view of the national objectives of this Act, provision for considering the degree to which the institution serves students from two or more States or from outside the United States; and in no event shall an institution's readiness to admit such out-of-State students be considered as a priority factor adverse to such institution.

"(b) The Commissioner shall further prescribe by regulation the basic criteria for determining the Federal share of the development cost of any eligible project under this title within a State other than a project for a public community college or public technical institute, to which criteria the applicable standards and methods set forth in the State plan for such State shall conform in the absence of a uniform statewide Federal share specified in or pursuant to such plan. In the case of a project for an institution of higher education other than a public community college or public technical institute, the Federal share shall in no event exceed 33⅓ per centum of its development cost; and in the case of a project for a public community college or public technical institute, the Federal share shall be 40 per centum of its development cost.

"(c) Section 4 of the Administrative Procedure Act shall apply to the prescription of regulations under this section, notwithstanding the provisions of clause (2) thereof.

"Applications for grants and conditions for approval

"SEC. 108. (a) Institutions of higher education which desire to obtain grants under this title shall submit applications therefor at such time or times and in such manner as may be prescribed by the Commissioner, and such applications shall contain such information as may be required by or pursuant to regulation for the purpose of enabling the Commissioner to make the determinations required to be made by him under this title.

"(b) The Commissioner shall approve an application covering a project for construction of an academic facility and meeting the requirements prescribed pursuant to subsection (a) if—

"(1) the project is an eligible project as determined under section 106;

"(2) the project has been approved and recommended by the appropriate State commission;

"(3) the State commission has certified to the Commissioner, in accordance with the State plan, the Federal share of the development cost of the project, and sufficient funds to pay such Federal share are available from the applicable allotment of the State (including any applicable reallotment to the State);

"(4) the project has, pursuant to the State plan, been assigned a priority that is higher than that of all other projects within such State (chargeable to the same allotment) which meet all the requirements of this section (other than this clause) and for which Federal funds have not yet been reserved;

"(5) the Commissioner determines that the construction will be undertaken in an economical manner and will not be of elaborate or extravagant design or materials; and

"(6) the Commissioner determines that (in addition to the assurance required by section 403 and such assurance as to title to the site as he may deem necessary) the application contains or is by supported by satisfactory assurances—

"(A) that Federal funds received by the applicant will be used solely for defraying the development cost of the project covered by such application,

"(B) that sufficient funds will be available to meet the non-Federal portion of such cost and to provide for the effective use of the academic facility upon completion, and

"(C) that the facility will be used as an academic facility during at least the period of the Federal interest therein (as defined in section 404).

"(c) Amendments of applications shall, except as the Commissioner may otherwise provide by or pursuant to regulation, be subject to approval in the same manner as original applications.

"Amount of grant—Payment

"SEC. 109. Upon his approval of any application for a grant under this title, the Commissioner shall reserve from the applicable allotment (including any applicable reallotment) available therefor, the amount of such grant, which (subject to the limits of such allotment or reallotment) shall be equal to the Federal share (ascertained by him under section 108(b)(3)) of the development cost of the project covered by such application. The Commissioner shall pay such reserved amount, in advance or by way of reimbursement, and in such installments consistent with construction progress, as he may determine. The Commissioner's reservation of any amount under this section may be amended by him, either upon approval of an amendment of the application covering such project or upon revision of the estimated development cost of a project with respect to which such reservation was made, and in the event of an upward revision of such estimated cost approved by him he may reserve the Federal share of the added cost only from the applicable allotment (or reallotment) available at the time of such approval.

"Administration of State plans

"SEC. 110. (a) The Commissioner shall not finally disapprove any State plan submitted under this title, or any modification thereof, without first affording the State commission submitting the plan reasonable notice and opportunity for a hearing.

"(b) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the State commission administering a State plan approved under this title, finds—

"(1) that the State plan has been so changed that it no longer complies with the provisions of section 105(a), or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision,

the Commissioner shall notify such State commission that the State will not be regarded as eligible to participate in the program under this title until he is satisfied that there is no longer any such failure to comply.

"Judicial review

"SEC. 111. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under section 105(a) or with his final action under section 110(b), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Commissioner shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

"(b) The findings of fact by the Commissioner, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(c) The court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, United States Code, section 1254.

"TITLE II—GRANTS FOR CONSTRUCTION OF GRADUATE ACADEMIC FACILITIES

"Appropriations authorized

"SEC. 201. In order to increase the supply of highly qualified personnel critically needed by the community, industry, government, research, and teaching, the Commissioner shall, during the fiscal year ending June 30, 1964, and each of the four succeeding fiscal years, make construction grants to assist institutions of higher education to improve existing graduate schools and cooperative graduate centers, and to assist in the establishment of graduate schools and cooperative graduate centers of excellence. For the purpose of making grants under this title, there is hereby authorized to be appropriated the sum of $25,000,000 for the fiscal year ending June 30, 1964, and the sum of $60,000,000 each for the fiscal year ending June 30, 1965, and the succeeding fiscal year, but for the fiscal year ending June 30, 1967, and the succeeding fiscal year, only such sums may be appropriated as the Congress may hereafter authorize by law. Sums so appropriated for the fiscal year ending June 30, 1964, shall remain available for grants under this title until the end of the next succeeding fiscal year.

"Grants

"SEC. 202. (a) Grants under this title may be made to institutions of higher education and to cooperative graduate center boards to assist them to meet the development costs for projects for construction of academic facilities for graduate schools and cooperative graduate centers. Such grants may be made only upon application therefor at such time or times, in such manner, and containing or accompanied by such information as the Commissioner finds necessary to determine eligibility for the grants and the amounts thereof.

"(b) Grants under this title for construction of academic facilities may not exceed 33⅓ per centum of the development cost of any such construction project.

"(c)(1) The Commissioner shall not approve any application for a grant under this title without the advice of the Advisory Committee established under section 203.

"(2) In determining whether to approve applications for grants under this title, the order in which to approve such applications, and the amount of the grants, the Commissioner shall give consideration to the extent to which such projects will contribute to achieving the objectives of this title and also the extent to which they will aid in attaining a wider distribution throughout the United States of graduate schools and cooperative graduate centers.

"(d) Notwithstanding the other provisions of this title the total of the payments from the appropriations for any fiscal year under this title made with respect to projects in any State may not exceed an amount equal to 12½ per centum of such appropriation.

"Advisory committee

"Sec. 203. (a) There is hereby established in the Office of Education an Advisory Committee on Graduate Education, consisting of the Commissioner, who shall be Chairman; one representative from the Office of Science and Technology in the Executive Office of the President; one from the National Science Foundation; and eight members appointed, without regard to the civil service laws, by the Commissioner with the approval of the Secretary of Health, Education, and Welfare. Such appointed members shall be selected from leading authorities in the field of education, at least three of whom shall be from the field of the humanities, with at least one of these three from a graduate school of education.

"(b) The Advisory Committee shall advise the Commissioner (1) on the action to be taken with regard to each application for a grant under this title, and (2) in the preparation of general regulations and with respect to policy matters arising in the administration of this title, including the development of criteria for approval of applications thereunder. The Advisory Committee may appoint such special advisory and technical experts and consultants as may be useful in carrying out its functions.

"(c) Members of the Advisory Committee and special advisory and technical experts and consultants appointed pursuant to subsection (b) shall, while serving on the business of the Advisory Committee, be entitled to receive compensation at rates fixed by the Secretary of Health, Education, and Welfare, but not exceeding $75 per day, including travel time; and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"TITLE III—LOANS FOR CONSTRUCTION OF ACADEMIC FACILITIES

"Lending authority

"Sec. 301. The Commissioner may, in accordance with the provisions of this title, make loans to institutions of higher education or to higher education building agencies for construction of academic facilities.

"Loan limit for any State

"Sec. 302. Not more than 12½ per centum of the funds provided for in this title in the form of loans shall be used for loans to institutions of higher education or higher education building agencies within any one State.

"Eligibility conditions, amounts, and terms of loans

"Sec. 303. (a) No loan pursuant to this title shall be made unless the Commissioner finds (1) that not less than one-fourth of the development cost of the facility will be financed from non-Federal sources, (2) that the applicant is unable to secure the amount of such loan from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (3) that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials.

"(b) A loan pursuant to this title shall be secured in such manner, and shall be repaid within such period not exceeding fifty years, as may be determined by the Commissioner; and shall bear interest at a rate determined by the Commissioner which shall not be less than a per annum rate that is one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 per centum.

"(c) The Commissioner shall, during the fiscal year ending June 30, 1964, and each of the four succeeding fiscal years, make loans to institutions of higher education for the construction of academic facilities in accordance with the provisions of this title. For the purpose of making loans under this title, there is hereby authorized to be appropriated the sum of $120,000,000 for the fiscal year ending June 30, 1964, and each of the two succeeding fiscal years; but for the fiscal year ending June 30, 1967, and the succeeding fiscal year, only such sums may be appropriated as the Congress may hereafter authorize by law. In addition to the sums authorized to be appropriated under the preceding sentence, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1965, and the succeeding fiscal year, for making such loans the difference (if any) between the sums authorized to be appropriated under the preceding sentence for preceding fiscal years and the aggregate of the sums which were appropriated for such preceding years under such sentence.

"General provisions for loan program

"Sec. 304. (a) Such financial transactions of the Commissioner as the making of loans and vouchers approved by the Commissioner in connection with such financial transactions, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government.

"(b) The Commissioner is authorized (1) to prescribe a schedule of fees which, in his judgment, would be adequate in the aggregate to cover necessary expenses of making inspections (including audits) and providing representatives at the site of projects in connection with loans under this title, and (2) to condition the making of such loans on agreement by the applicant to pay such fees. For the purpose of providing such services, the Commissioner may, as authorized by section 402(b), utilize any agency, and such agency may accept reimbursement or payment for such services from such applicant or from the Commissioner, and shall, if a Federal agency, credit such amounts to the appropriation or fund against which expenditures by such agency for such services have been charged.

"(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner may—

"(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this title;

"(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this title without regard to the amount in controversy, and any action instituted under this subsection by or against the Commissioner shall survive notwithstanding any change in the person occupying the office of Commissioner or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this title from the application of sections 507(b) and 2679 of title 28 of the United States Code and of section 367 of the Revised Statutes (5 U.S.C. 316);

"(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this title; and, in the event of any such acquisition (and notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States), complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property: *Provided,* That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

"(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

"(5) subject to the specific limitations in this title, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this section; and

"(6) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including provisions designed to assure against use of the facility, constructed with the aid of a loan under this title, for purposes described in section 401(a)(2)) as he may deem necessary to assure that the purposes of this title will be achieved.

"TITLE IV—GENERAL PROVISIONS

"Definitions

"Sec. 401. As used in this Act—

"(a)(1) Except as provided in subparagraph (2) of this paragraph, the term 'academic facilities' means structures suitable for use as classrooms, laboratories, libraries, and related facilities necessary or appropriate for instruction of students, or for research, or for administration of the educational or research programs, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities.

"(2) The term 'academic facilities' shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public, or (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Commissioner finds that the physical integration of such facilities with other academic facilities included under this Act is required to carry out the objectives of this Act, or (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity, or (E) any facility used or to be used by a 'school of medicine,' 'school of dentistry,' 'school of osteopathy,' 'school of pharmacy,' 'school of optometry,' 'school of podiatry,' 'school of nursing,' or 'school of public health,' as defined in section 724 of the Public Health Service Act. For the purposes of this subparagraph, the term 'school or department of divinity' means an institution, or a department or branch of an institution, whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation or to prepare them to teach theological subjects.

"(b) (1) The term 'construction' means (A) erection of new or expansion of existing structures, and the acquisition and installation of initial equipment therefor; or (B) acquisition of existing structures not owned by the institution involved; or (C) rehabilitation, alteration, conversion, or improvement (including the acquisition and installation of initial equipment, or modernization or replacement of built-in equipment) of existing structures; or (D) a combination of any two or more of the foregoing.

"(2) The term 'equipment' includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, except books, curricular and program materials, and items of current operating expense such as fuel, supplies, and the like; the term 'initial equipment' means equipment acquired and installed in connection with construction as defined in paragraph (1) (A) or (B) of this subsection or, in cases referred to in paragraph (1)(C), equipment acquired and installed as part of the rehabilitation, alteration, conversion, or improvement of an existing structure which structure would otherwise not be adequate for use as an academic facility; and the terms 'equipment,' 'initial equipment,' and 'built-in equipment' shall be more particularly defined by the Commissioner by regulation.

"(c) The term 'development cost,' with respect to an academic facility, means the amount found by the Commissioner to be the cost, to the applicant for a grant or loan under this Act, of the construction involved and the cost of necessary acquisition of the land on which the facility is located and of necessary site improvements to permit its use for such facility, but excluding any cost incurred before, or under a contract entered into before, the enactment of this Act. There shall further be excluded from the development cost—

"(1) in determining the amount of any grant under title I or II of this Act, an amount equal to the sum of (A) any Federal grant which the institution has obtained, or is assured of obtaining, under any law other than this Act, with respect to the construction that is to be financed with the aid of a grant under title I or II of this Act, and (B) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant; and

"(2) in determining the amount of any loan under title III of this Act, an amount equal to the amount of any Federal financial assistance which the institution has obtained, or is assured of obtaining, under any law other than this Act, with respect to the construction that is to be financed with the aid of a loan under title III of this Act.

"(d) The term 'Federal share' means, in the case of a project for an institution of higher education other than a public community college or public technical institute, a percentage (as determined under the applicable State plan) not in excess of 33⅓ per centum of its development cost; and such term means, in the case of a public community college or public technical institute, 40 per centum of its development cost.

"(e) The term 'higher education building agency' means (1) an agency, public authority, or other instrumentality of a State authorized to provide, or finance the construction of, academic facilities for institutions of higher education (whether or not also authorized to provide or finance other facilities for such or other educational institutions, or for their students or faculty), or (2) any corporation (no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual) (A) established by an institution of higher education for the sole purpose of providing academic facilities for the use of such institution, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan made under title III of this Act will pass to such institution.

"(f) The term 'institution of higher education' means an educational institution in any State which—

"(1) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

"(2) is legally authorized within such State to provide a program of education beyond high school;

"(3) provides an educational program for which it awards a bachelor's degree, or provides not less than a two-year program which is acceptable for full credit toward such a degree, or offers a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge;

"(4) is a public or other nonprofit institution; and

"(5) is accredited by a nationally recognized accrediting agency or association listed by the Commissioner pursuant to this paragraph or, if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited: *Provided, however,* That in the case of an institution offering a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge, if the Commission determines there is no nationally recognized accrediting agency or association qualified to accredit such institutions, he shall, under section 402(c), appoint an advisory committee, composed of persons specially qualified to evaluate training provided by such institutions, which shall prescribe the standards of content, scope, and quality which must be met in order to qualify such institutions for assistance under this Act and shall also determine whether particular institutions meet such standards: *Provided, however,* That the requirements of this clause (5) shall be deemed to be satisfied in the case of an institution applying for assistance under this Act, if the Commissioner determines that there is satisfactory assurance that upon completion of the project for which such assistance is requested, or upon completion of that project and others under construction or planned and to be commenced within a reasonable time, the institution will meet such requirements; and for the purposes of this paragraph the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of education or training offered.

"(g) The term 'public community college and public technical institute' means an institution of higher education which is under public supervision and control and is organized and administered principally to provide a two-year program which is acceptable for full credit toward a bachelor's degree or a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge, and, if a branch of an institution of higher education offering four or more years of higher education, is located in a community different from that in which its parent institution is located.

"(h) The term 'cooperative graduate center' means an institution, or program created by two or more institutions of higher education which will offer to the students of the participating institutions of higher education graduate work which could not be offered with the same proficiency and/or economy at the individual institution of higher education. The center may be located or the program carried out on the campus of any of the participating institutions or at a separate location.

"(i) The term 'cooperative graduate center board' means a duly constituted board established to construct and maintain the cooperative graduate center and coordinate academic programs. The board shall be composed of representatives of each of the higher education institutions participating in the center and of the community involved. At least one-third of the board's members shall be community representatives. The board shall elect by a majority vote a chairman from among its membership.

"(j) The term 'high school' does not include any grade beyond grade 12.

"(k) The term 'nonprofit educational institution' means an educational institution owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"(l) The term 'public educational institution' does not include a school or institution of any agency of the United States.

"(m) The term 'State' includes, in addition to the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"Federal administration

"SEC. 402. (a) The Commissioner may delegate any of his functions under this Act, except the making of regulations to any officer or employee of the Office of Education.

"(b) In administering the provisions of this Act for which he is responsible, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement, as may be agreed upon.

"(c) The Commissioner, with the approval of the Secretary of Health, Education, and Welfare, may appoint one or more advisory committees to advise and consult with the Commissioner with respect to the administration of any of his functions under title I or III of this Act. Members of any such committee, while attending conferences or meetings of the committee, shall be entitled to receive compensation at a rate to be fixed by the Secretary of Health, Education, and Welfare, but not to exceed $75 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"Labor standards

"SEC. 403. (a) The Commissioner shall not approve any application for a grant or loan under this Act except upon adequate assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on construction assisted by such grant or loan will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a-5), and will receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours Standards Act (Public Law 87-581); but, in the case of any nonprofit educational institution, the Commissioner may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of the project, voluntarily donate their services for the purpose of lowering the costs of construction and the Commissioner determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a) of this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"Recovery of payments

"SEC. 404. (a) The Congress hereby finds and declares that, if a facility constructed with the aid of a grant or grants under title I or II of this Act is used as an academic facility for twenty years following completion of such construction, the public benefit accruing to the United States from such use will equal or exceed in value the amount of such grant or grants. The period of twenty years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this Act.

"(b) If, within twenty years after completion of construction of an academic facility which has been constructed in part with a grant or grants under title I or II of this Act—

"(1) the applicant (or its successor in title or possession) ceases or fails to be a public or nonprofit institution, or

"(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term 'academic facility' by section 401(a)(2),

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the then value of the facility (or so much thereof as constituted an approved project or projects) the same ratio as the amount of such Federal grant or grants bore to the development cost of the facility financed with the aid of such grant or grants. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

"Method of payment

"SEC. 405. Payments under this Act to any State or Federal agency, institution of higher education, or any other organization, pursuant to a grant or loan, may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

"Administrative appropriations authorized

"SEC. 406. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1964, and for each fiscal year thereafter, such sums as may be necessary for the cost of administering the provisions of this Act.

"Federal control not authorized

"SEC. 407. No department, agency, officer, or employee of the United States shall, under authority of this Act, exercise any direction, supervision, or control over, or impose any requirements or conditions with respect to, the personnel, curriculum, methods of instruction, or administration of any educational institution."

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the bill and agree to the same.

ADAM C. POWELL,
EDITH GREEN,
JOHN BRADEMAS,
CARLTON R. SICKLES,
SAM M. GIBBONS,
PETER FRELINGHUYSEN,
CHAS. GOODELL,
ROBERT P. GRIFFIN,
ALBERT H. QUIE,
Managers on the Part of the House.
PAT MCNAMARA,
WAYNE MORSE,
RALPH YARBOROUGH,
JOSEPH S. CLARK,
JENNINGS RANDOLPH,
WINSTON L. PROUTY,
J. K. JAVITS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6143) to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The differences between the House bill and the substitute agreed upon in conference are described in this statement, except for minor, clarifying, or technical differences.

The conference substitute contains four titles. Titles II, III, and IV of the substitute are substantially the same as the corresponding titles of the House bill. In most respects, title I of the conference substitute is also the same as title I of the House bill. There are, however, two significant differences which are discussed below.

CATEGORIES OF FACILITIES ELIGIBLE

The House bill permitted Federal grants for facilities so long as they were "academic facilities" within the meaning of the act. The term "academic facilities" excluded, specifically, certain athletic facilities and facilities used or to be used for sectarian instruction or as a place for religious worship or used or to be used in connection with a divinity school.

The Senate amendment provided Federal grants for "academic facilities" (defined as in the House bill), but also contained an additional limitation. It limited construction to structures, or portions thereof, especially designed, and to be used only, for instruction or research in the natural or physical sciences or engineering or for use as a library.

The substitute agreed upon in conference limits construction (except in the case of public community colleges and public technical institutes) to structures, or portions thereof, especially designed for instruction or research in the natural or physical sciences, mathematics, modern foreign languages, or engineering, or for use as a library.

SPECIAL PROVISIONS FOR PUBLIC COMMUNITY COLLEGES AND PUBLIC TECHNICAL INSTITUTES

The House bill provided special treatment for junior colleges and technical institutes by requiring that 22 percent of each State's allotment of funds for construction of academic facilities could be used only for these institutions. In all other respects junior colleges and technical institutes were treated the same as other types of institutions of higher education. Since the House bill authorized the appropriation of $230,000,000, the result would be to earmark, on a full appropriation, $50,600,000 for junior colleges and technical institutes.

The Senate amendment, in contrast, contained a separate title providing construction grants for public community colleges—that is, junior colleges which are under public supervision and control. It authorized the appropriation of $50,000,000 for this purpose. This title differed in many respects from the provisions of the House bill governing grants to other types of institutions of higher education. Of these, the five listed below are of the greatest significance:

1. The method of administration.
2. The formula for allotting the funds among the States.
3. The matching requirements.
4. The differing treatment of public community colleges and of private junior colleges.
5. The treatment of technical institutes.

These differences, and the conference action on each, are discussed below:

1. The method of administration in the House bill is to have a State agency, broadly representative of the public and the various types of institutions of higher education in the State, be responsible for carrying out the program in the State. The State agency would establish the relative priority to be accorded projects for construction, and would also fix for projects for institutions of higher education other than public community colleges and public technical institutes the extent of Federal participation (the Federal share) within the prescribed ceiling. The grant would be made directly to the institution by the Commissioner of Education. The Senate amendment, in the case of these grants for public community colleges, provided that the grant should be made to a State agency, and that that agency would in turn make the grants to the public community colleges. The conference substitute is like the House bill in that public community colleges and public technical institutes are embraced within title I along with all other types of institutions. However, where deemed appropriate special provisions applicable only to these institutions are included in title I.

2. The formula for allotting funds among the States contained in the House bill applied to public community colleges and public technical institutes in the same manner it applied to all others.

The Senate amendment, in the title dealing with public community colleges, contained a formula for allotting funds among the States which was entirely different from the formula used in the case of other types of institutions of higher education. This formula provided that the funds would be allotted among the States on the basis of

(A) the number of persons graduating from high school in the respective States in the most recent schoolyear for which satisfactory data are available, and (B) the relative income per person in the respective States. The formula contained special provisions to insure that no State would receive more than three times as much as any other State per high school graduate no matter what its relative per capita income, and to provide that Puerto Rico, the Virgin Islands, American Samoa, and Guam would receive the same amount per high school graduate as the States with the lowest per capita income.

The substitute agreed upon in conference provides 22 percent of each year's allotment shall be allotted among the States on the basis of the Senate formula just described (with one minor modification) and that the funds so allotted may be used only by public community colleges and public technical institutes. The minor modification referred to is to reduce the maximum spread between the States with the lowest per capita incomes and those with the highest from 3 to 1 to 2 to 1. The result is that under the conference substitute each State will receive substantially the same allotment for public community colleges and public technical institutes as it would have received under the Senate amendment for public community colleges.

3. The matching requirements in the House bill were the same for all types of institutions of higher education—that is, the State commission would fix the amount of the Federal share, which could not exceed one-third of the cost of the project. The Senate amendment provided for variable matching in the case of projects for public community colleges. The conference substitute retains the House pattern but provides that in the case of public community colleges and public technical institutes the Federal share shall be 40 percent of the cost of the project.

4. The treatment of public community colleges and private junior colleges differed between the House bill and the Senate amendment. The conference substitute earmarks 22 percent of each year's appropriation for the public community colleges (and public technical institutes), and, correspondingly, does not permit any of the funds allotted for other institutions to be used for these. Private junior colleges will be eligible for assistance, but must draw their funds from the remaining 79 percent of the annual appropriations. The private junior colleges will be able to use their funds only for the categories of specially designed facilities referred to above. The sums allotted for public community colleges are not limited to use for such categories of specially designed facilities, and may be used for construction of any facility coming within the definition of "academic facility."

5. The Senate amendment treated public and private technical institutes alike. The conference substitute provides that public technical institutes will be treated like public community colleges and that private technical institutes will be treated like private junior colleges. The conference substitute includes the provisions of the House bill providing a special accreditation procedure for technical institutes.

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Managers on the Part of the House.

The **SPEAKER**. The gentleman from New York [Mr. POWELL] is recognized for 1 hour.

Mr. **POWELL**. Mr. Speaker, I would like to pay tribute to the gentlewoman from Oregon [Mrs. GREEN] for her fight through the years for higher education assistance from the Federal Government and for her leadership as chairman of the subcommittee.

I would also like to pay tribute to the minority members of the subcommittee and of the full committee for their support in bringing you this conference report.

Mr. Speaker, it is noteworthy that the conference report was unanimously agreed to on the part of the conferees for the House indicating complete bipartisan support of our action. I feel we have been faithful to the Members of the House who, on August 14, voted 287 to 113 in favor of this bill.

No one would question the great need for more adequate facilities for our expanding enrollment in institutions of higher learning, for higher education in the United States faces both a crisis and a challenge in the coming decade. The so-called population explosion will confront the colleges and the universities with a 30-percent enrollment increase by 1965. By 1970 the number of students seeking admission to institutions of higher education will be almost double the campus enrollments of 1960.

Not only has the population of young people age 18–22 increased from 11.8 million in 1960 to 13 million in 1962, but an increasing proportion of high school graduates are seeking admission to the colleges and universities to qualify for the ever-increasing professional and semiprofessional positions required in an increasingly complex society.

At the same time, the demands of the Nation challenge institutions of higher education to produce needed scientists and engineers.

This bill then is addressed to the problem of providing assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation or improvement of needed academic and related facilities in undergraduate and graduate institutions. It represents a compromise in some few areas.

1. CATEGORIES OF FACILITIES ELIGIBLE

Title I of the bill as now presented is very similar to the original bill passed by the House, with the exception that certain categorical uses are defined. These categories were borrowed largely from the conference report on H.R. 8900 of the 87th Congress and the National Defense Education Act, and were based upon the current needs of our great Nation in its defense of our way of life.

An institution is now eligible for grants only if such construction is limited to structures or portions thereof especially designed for instruction or research in the natural or physical sciences, mathematics, modern foreign languages or engineering, or for use as a library.

2. FUNDS FOR UNDERGRADUATE FACILITIES

Two hundred thirty million dollars is authorized annually for a 3-year period for the construction and development of these undergraduate facilities. The bill provides a 5-year program but it authorizes appropriations only for the first 3 years in order that the Congress may review the operation of the entire program.

3. FUNDS FOR PUBLIC COMMUNITY COLLEGES AND PUBLIC TECHNICAL INSTITUTES

Of the funds authorized, 22 percent would be allotted among the States for use in providing academic facilities for public community colleges and public technical institutes. The remainder of the funds would be allotted among the States for use in providing academic facilities for institutions of higher education other than public community colleges and technical institutes.

4. ALLOTMENT FORMULA FOR PUBLIC COMMUNITY COLLEGES AND PUBLIC TECHNICAL INSTITUTES

The funds to be allotted in any fiscal year for use in providing academic facilities for public community colleges and technical institutes shall be allotted on the basis of the income per person and the number of high school graduates of the respective States. This allocation formula takes into account, therefore, the economic status of the various States and provides a measure of equalization of opportunity through additional Federal funds to those States needing the greatest help. The allocation formula utilized for determining funds available to States for other institutions of higher education is based upon the following: One-half on the basis of a State's relative high school enrollment and one-half on its relative college and university enrollment.

5. STATE COMMISSIONS AND PLANS

Provision is made for the designation of a State agency to serve as the State commission for approving plans and administering the programs. Such a commission would be responsible for submitting plans for the allocation of funds, for assigning priorities and for providing an opportunity for a fair hearing to all applicants submitting plans. It would likewise be responsible for the fiscal accounting of Federal funds received. Its membership would be broadly representative of the public and the various types of institutions of higher education in the States.

6. GRANTS FOR CONSTRUCTION OF GRADUATE ACADEMIC FACILITIES

Title II provides for grants for construction of graduate academic facilities. Both the House and the Senate were in agreement in this title which authorizes an appropriation of $25 million for the fiscal year ending June 30, 1964, and $60 million for the succeeding 2 fiscal years. Federal moneys thus granted may not exceed 33⅓ percent of the development cost of any such construction project. A committee is established in the Office of Education to advise the Commissioner regarding action taken on applications and in the preparation of the general regulations.

7. LOANS FOR CONSTRUCTION OF ACADEMIC FACILITIES

Title III provides loans for construction of academic facilities. For this purpose, the sum of $120 million for fiscal year 1964 and each of the 2 succeeding fiscal years is authorized.

8. DEFINITIONS

The definitions utilized in this act and provided for in title IV are very important in understanding the concepts developed. The term "academic facilities" is limited to the development of structures suitable for classrooms, laboratories, libraries, and related facilities necessary for the expansion of the institution. However, the term "academic facilities" also excludes certain athletic facilities and facilities used or to be used for sectarian instruction or as a place for religious worship or in connection with a divinity school. Likewise excluded is any facility used or to be used by a "school of medicine," "school of dentistry," "school of osteopathy," "school of pharmacy," "school of optometry," "school of podiatry," "school of nursing," or "school of public health," as defined in section 7724 of the Public Health Service Act.

Therefore, as indicated, the major differences between the bill which is now before you and the bill which was approved on August 14 are:

First. Categorical grants have been substituted for the general grants.

Second. The 22-percent provision for technical institutes and junior colleges has been limited to public community colleges and technical institutes.

Third. The allocation formula for public community colleges and technical institutes includes recognition of the per capita income of the States.

Mr. Speaker, I feel that the conference report as presented to the House at this time represents in large measure the will expressed by the House at the time H.R. 6143 was originally passed, and therefore should be given wholehearted support by the Members of this body. I urge acceptance of this conference report today so that H.R. 6143 may be enacted into law. Such a program will pay back in actual return far more than its cost because we will have at last mounted an initial attack against the growing obsolescence of our present support of higher education, an obsolescence that is a luxury that this country cannot afford.

If education is truly to be the keystone in the arch of freedom and progress, we must provide the necessary facilities for our youth to obtain the level and quality of education demanded by our challenging times. We can no longer afford the serious manpower shortages we suffer in engineering, science, mathematics, and other areas. We must act favorably upon this legislation for the sake of our children, for the sake of our Nation.

Mr. Speaker, I yield such time as she may desire to the distinguished lady from Oregon [Mrs. GREEN].

Mrs. GREEN of Oregon. Mr. Speaker, the conferees on the part of the House I think are very pleased to bring back this conference report. It was signed by every member of the House conferees and it was signed by seven of the nine Senate conferees. In other words, 16 of the 18 conferees signed this report.

As the chairman of the committee has pointed out, there were very few changes made from the House bill which was passed on this floor in mid-August by a vote of 287 to 113. The provisions originally in the bill are still in the bill. It is a bricks-and-mortar bill, nothing else but that. The dollar amount has not been raised one cent from the original House bill.

Title I provides $230 million annually for 3 years, of which 22 percent or approximately $50 million annually is reserved for public community colleges and public technical schools.

Title II of the House bill is in the conference report which provided for $25 million for the first year and $60 million for each of the next 2 years for graduate facilities.

Title III of the bill is the same as the House provision in regard to loans. The one principal change in the bill, which the chairman has already pointed out, is in relation to categories in the grants made to institutions. The House bill provided for across-the-board grants except that, we specifically prohibited any of the funds being spent for stadiums or gymnasiums or purely recreational facilities for which admission is charged. We also specifically said that none of the funds could be spent for buildings used for sectarian instruction or religious worship. These restrictions are still in the bill and they apply to all institutions, including junior colleges.

Several of the Members have asked me about the public community colleges, and the public technical schools. When the House conferees agreed to adopt the limitation by categories, Senate and House conferees agreed that this limitation by categories does not apply to the public community colleges or the public technical schools because so many of the public community colleges are liberal arts colleges, and we did not want to restrict their construction of facilities to the natural and physical sciences, modern foreign languages and engineering, and libraries. However, let me again make clear that these limitations by categories do apply to all other institutions under title I.

Mr. LAIRD. Mr. Speaker, will the gentlelady yield for a question?

Mrs. GREEN of Oregon. I am glad to yield to the gentleman from Wisconsin.

Mr. LAIRD. I have two questions I should like to address to the gentlelady from Oregon. First, in the bill as it passed the House a college which did not anticipate any great enrollment expansion would not qualify for construction aid. I have in mind the Wisconsin State College at Stevens Point, Wis. The university extension centers plan to back up almost to its campus. It does not look like a great expansion will be possible but one has occurred during the past 10 years. They need a new administration and classroom building. Under the terms of the bill as it passed the House, this college would not qualify for aid. Has there been a change in the qualification provisions?

Mrs. GREEN of Oregon. I would be unwilling to say that they absolutely would not qualify for aid without more information. But one criteria in establishing priorities requires the State agency to consider how much the enrollment would be expanded.

Mr. LAIRD. If there were no expansion, then what would be the situation?

Mrs. GREEN of Oregon. The State agency must consider this; it would be up to the State agency to determine the priority within the State. There is no change from the original House version and the conference report in this respect.

Mr. LAIRD. If a bond issue has already passed but construction of facilities has not started, can aid be made available to the extension or college facility?

Mrs. GREEN of Oregon. This would be up to the State agency to determine. On page 13, section 401(c), excludes any cost incurred before, or under a contract entered into before the enactment of the act.

Mr. LAIRD. If the gentlewoman will yield further, the Office of Education has indicated that this school would not qualify, as long as their financial arrangements have already been made, but the gentlewoman thinks that under this conference report they would qualify?

Mrs. GREEN of Oregon. It would depend on whether nor not they had already entered into the contract. However, the bill provides for structures, or portions of structures. Additions obviously could be added.

I see the gentleman from New York [Mr. GOODELL] on his feet in regard to this.

Mr. GOODELL. If the gentlewoman from Oregon will yield, I think what I wanted to address my remarks to was the first question of the gentleman from Wisconsin [Mr. LAIRD]. I believe any institution which wants to construct a facility, where that construction would not result in what we call an urgently needed substantial expansion of the institution's student enrollment capacity would not be eligible for funds. If it is a new institution, we do provide for aid where the construction will result in creating urgently needed enrollment capacity. An existing institution, however, would have to be expanding its enrollment in order to qualify for funds under this legislation. As I understood the question of the gentleman from Wisconsin, his institution is not eligible in that case.

Mrs. GREEN of Oregon. This is the criteria for establishing priorities.

Mr. GOODELL. If the gentlewoman will yield further, I think it is a sole criterion in terms of the construction funds for existing institutions. I think we ought to be clear on that.

I would like to ask the gentlewoman another question for clarification. The gentlewoman has pointed out that the categorical aid which the Senate urged upon the House was accepted with some modification of the Senate version. I think it should be clear, first of all, that all House conferees resisted the Senate approach. We wanted to adhere to the House version of the legislation because we felt the terms of the House legislation were much wiser. But in order to accommodate the Senate and in order to get some legislation, we finally did compromise to add to the categorical approach modifications that expanded the categories. I would emphasize particularly that the categories in the conference report are described as follows:

> Only if such construction is limited to structures or portions thereof especially designed for instruction or research in the natural or physical sciences, mathematics, modern foreign languages and engineering, or for use as a library.

I would emphasize the words "especially designed for" in this legislation.

Mrs. GREEN of Oregon. I thank the gentleman from New York. This is one of the areas where the House conferees did give in to the Senate in allowing the categories to remain in the bill. But we felt we improved the bill considerably by adding mathematics and foreign languages and by retaining only the words to which the gentleman has referred.

Mr. QUIE. Mr. Speaker, will the gentlewoman yield?

Mrs. GREEN of Oregon. I yield to the gentleman from Minnesota.

Mr. QUIE. I think we ought to also point out that in the event these facilities were constructed there would be no prohibition against using the facilities for another discipline if they were needed, and if for any reason the college wanted to have a lecture, say, in the chemistry lecture room, which is usually constructed like an auditorium or such type facility, or if there were some adult education class at night which wanted to use them, there is no prohibition against such use. The institution need not feel that the Federal Government will be looking over its shoulder all the time to make certain that they are not using such facilities for any other purpose.

The prohibition which we had in our bill against religious instruction or worship, or for the use of the general public, where admission is charged, is the only prohibition that is retained after the construction is completed.

Mrs. GREEN of Oregon. I do think it should be emphasized that the consensus of the conference committee was that the academic facilities constructed with Federal aid should be limited to these categories that we have already enumerated. However, for example, we were concerned if some national association wanted to hold a conference at University X, and if they wanted to use various rooms for conference meetings at a particular time, we did not want language that said these rooms could never under any circumstances be used for anything but these enumerated categories. Or if adult education classes were held in the evening, or a lecture were to be given in a large study hall, we think the bill should be so written as to allow this additional use. But when the language "to be used only for" was deleted, this was not intended as a subterfuge for across-the-board grants. And in my judgment, we must keep good faith with the Senate in this regard.

Mr. QUIE. If the gentlewoman will yield further, this means that the classroom cannot be constructed and especially designed for political science or for history or anything of that nature. It has to be especially designed for the categories specified in the bill.

Mrs. GREEN of Oregon. The gentleman from Minnesota is correct.

Mr. GOODELL. Mr. Speaker, I want to emphasize here that the conference struck from the Senate language the phrase "and to be used only for". This is very significant. It is a modification which permitted the House to accept the categorical approach and it was a fair compromise. I would emphasize that the conference report we are presenting here today to the House has full bipartisan support of the conferees.

Mrs. GREEN of Oregon. I thank the gentleman.

Mr. O'NEILL. Mr. Speaker, will the gentlewoman yield?

Mrs. GREEN of Oregon. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. Mr. Speaker, today the House of Representatives through its overwhelming approval of H.R. 6143, the higher education bill, has made this a great day for American education. This is a broad and far-reaching bill which will affect the lives of millions of Americans, and I am proud of the House and the statesmanlike way in which this bill was developed.

However, I would like to call attention to one aspect of this bill which is of particular interest to me and the Commonwealth of Massachusetts. I refer to the manner in which public community colleges are fostered and facilitated by this legislation.

Community colleges in Massachusetts, as in many other States throughout the Nation, are emerging from a period of gestation and birth into a proud and flourishing childhood. These colleges with their low tuition costs and convenient locations are the connecting links between the high schools and the larger, 4-year, degree-granting colleges and universities, and it is with a sense of sincere pride that I note that Massachusetts has been among the first to recognize the potential of community colleges and one of the leaders among the States in their development. With the passage of this, which provides unrestricted aid for the construction of community college facilities, Massachusetts and other States with similar programs will be able to further strengthen and develop this important facet of public education.

I should like to further emphasize that the unrestricted status which community colleges have been afforded under this bill is due mainly to the efforts of several people who share with me a great appreciation for the educational importance of community colleges. Great tribute should be paid to Dr. Martin Sweig, legislative assistant to the Speaker and a member of the Massachusetts Regional Community College Board, and his assistant Mr. J. Donald Fisher, they both worked diligently with Prof. John Mallan of the Massachusetts Community College Board. A particular note of praise should go to the Honorable Kermit Morrissey, chairman of the board, for his vision and leadership in guiding not only the Massachusetts community college system but in assisting the growth of the community college concept throughout the Nation.

I would like to have the gentlewoman explain to me the paragraph starting on page 18 reading:

> The substitute agreed upon in conference limits construction (except in the case of public community colleges and public technical institutes) to structures—

And so forth.

We have in Massachusetts seven or eight excellent community colleges which are in their infancy. They are making exceptional strides. Will they be eligible under this present bill?

Mrs. GREEN of Oregon. This bill reserves 22 percent of the funds under title I for public community colleges and public technical schools. There is no limitation on categories. Funds can be used for construction of any academic facilities except those for sectarian instruction or religious worship—or stadiums, and so forth. The private community colleges, the private junior colleges and private technical schools will be eligible under title I of the bill. All of the junior colleges are eligible under this legislation.

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. O'NEILL. One of the small institutions we have in Massachusetts recently had bidding on a library. They have not started to construct the library as yet. Would they be eligible in the event they were in the process of building? Would they be eligible?

Mrs. GREEN of Oregon. If they were in the process of building?

Mr. O'NEILL. If they were in the process of building, yes.

Mrs. GREEN of Oregon. If they were in the process of building it would be my judgment they would not be eligible.

Mr. O'NEILL. I thank the gentlewoman.

Mrs. GREEN of Oregon. Mr. Speaker, there are two other points I would like to make. The Senate bill provided for judicial review—a taxpayer's suit. This was rejected by the House conferees because a judicial review amendment had previously been defeated by this House. However, I have today introduced a separate bill providing for a judicial review—an institutional suit to test the constitutionality of this act. Let me make it perfectly clear that I firmly believe this legislation violates no constitutional provision. If I believed otherwise, I would not support it so strongly. For over 100 years our Government has been giving Federal aid to private institutions of higher education, dating back to the time when Brown University, a Baptist related college was made a land-grant institution. However, because some of my colleagues have expressed concern about it, I have introduced this bill today and I hope that the Judiciary Committee will give it the thorough hearings the subject requires.

The second point on which I would like to comment is my great concern about adequate education at the elementary and secondary level. I hope the 88th Congress will explore every possibility of expanding every existing education statute to find new ways of providing Federal assistance to elementary and secondary education. With the Higher Education Facilities Act, we are helping to provide facilities for the tremendous increase in college enrollments. But we must make sure that every one of our millions of children in the elementary schools has an equal opportunity to receive an adequate education.

The elementary and secondary schools are the very foundation of our whole education structure.

The Senate and House conferees are now working on the vocational education bill which this House approved overwhelmingly. This is urgent legislation and will be of great help at the secondary level. I hope that this vocational education conference report will be brought back to the House next week. But today—and at this time—we have the opportunity to take affirmative action to assist the institutions of higher education.

I urge the House to accept this conference report because it will help meet today's urgent needs. This legislation is good legislation for all of the colleges and universities in our country, and it is fair to say that it is demonstrably clear, in this case, that what is good for higher education is good for the country.

Mr. POWELL. Mr. Speaker, I yield 15 minutes to the gentleman from New Jersey [Mr. Frelinghuysen].

Mr. FRELINGHUYSEN. Mr. Speaker, as the discussion has already indicated, there is solid agreement among the House conferees on this report. All of us urge its adoption by the House.

In my opinion this is significant legislation. It is legislation which might well have been enacted some time ago. The facilities which will be built with Federal funds are needed now, and it will take time to get them ready for use for this generation of college students.

There are significant differences between the bill as approved by the House last August and this conference report, but none which detract from the position that the House took when it passed the bill. One provision in the bill as it passed the Senate that has not been mentioned is worthy of comment. I refer to the provision allowing judicial review by means of a taxpayer's suit in reference to the constitutionality of the assistance made available in this legislation. It was at the insistence of the House conferees that the Senate conferees, somewhat reluctantly, agreed to drop this provision altogether. There is no question that a challenge may be made on some aspect of this and other programs which provide aid to our nonpublic institutions of higher education. However, I feel strongly that language which would facilitate a suit, or which would try to establish a controversy where perhaps there would otherwise be none, should not have been incorporated into this legislation. I am glad it has been dropped.

I personally regret that we are approving the principle of categories for granting assistance, because I do not think that the categorical approach makes much sense. As you can see, we are providing aid only if construction is limited to structures or portions thereof especially designed for instruction or research in certain areas. We are providing, in other words, assistance if the building is to be used or designed for the use of instruction in French or modern Greek, but it presumably cannot be financed with Federal money if it is designed for instruction in English or in history or in economics.

If it were not for the fact that the limitation is not an absolute one, I would think this approach of categories would be undesirable. However, as has already been indicated, we did strike the Senate language which would have said that these buildings should be used only for certain purposes. In other words, they must be designed for certain purposes, but there is leeway with respect to subsequent use, so long as it does not fall within the prohibitions with respect to religious practices. This is a significant modification of the language as it passed the Senate.

Mr. GOODELL. Mr. Speaker, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from New York.

Mr. GOODELL. Would the gentleman agree that it was the intent of the conferees that the only restriction on use of these facilities after they are constructed is the restriction contained in section 401(a)(2) where we define "academic facilities." That section provides that the facilities are not to be used for athletic or recreational events or for sectarian instruction or places of religious worship, or divinity schools, or finally so it would not overlap with the medical school bill.

Mr. FRELINGHUYSEN. I thank the gentleman for his clarification of the point I was trying to make.

Mr. Speaker, I yield the balance of my time to the gentleman from Minnesota [Mr. Quie].

Mr. QUIE. Mr. Speaker, I think we came to a successful compromise in the conference report on this bill. I am pleased and happy about the fact that we have come so close to across-the-board grants to higher education institutions. The Senate agreed prior to going to conference that in graduate schools there would be no categorical grants, it would be across the board. We made additional headway in public community colleges and technical institutions, in which we removed the limitations of categorical grants. The Senators were adamant against removing the categorical grants from 4-year institutions. We could never tell why they were adamant but they were, so the House finally had to back down if we were to get any legislation at all. The idea of grants for higher education institutions limited to academic facilities of limited categories is indefensible. This being the case, it should not be difficult to amend the law in future years to make the grants "across the board." I think this is important because we cannot say that the teaching of political science is less important than chemistry, the teaching of history less important than mathematics, or that ancient Greek is not as important as modern Greek, or social science is not as important as engineering. I think as we look into this we will see how unwise categorical aids are. But now when we are about to accept this legislation, let us point out that the facilities that are permitted to be constructed are the most expensive, that we took away the prohibition from teaching any discipline that would be natural for the institutions to teach in the facilities that are constructed. We took out that prohibition. So at least we have, to my knowledge, the most acceptable version we could possibly come up with and still provide for categorical grants.

Mr. GOODELL. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. GOODELL. Will the gentleman agree with me about the contradictory position taken in the original Senate bill, which in effect provided that under this program we could make a grant for construction of a graduate facility in political science but it was unconstitutional for construction of an undergraduate facility for political science. This was the provision in the original bill that passed the Senate.

Mr. QUIE. That is correct.

Mr. GOODELL. This contradictory situation caused the House conferees to press the Senate conferees at some length to explain their justification for such a constitutional distinction between graduate and undergraduate facilities. I think we can say flatly, we got no substantive justification on the merits at all for that line of distinction.

Mr. QUIE. That is correct.

Mr. GRIFFIN. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Michigan.

Mr. GRIFFIN. As one of the conferees, I should like to add my voice to those of my colleagues on both sides of the aisle who served on the conference committee in urging the House to adopt this conference report. Any Member who voted for the bill earlier, as it went through the House, can certainly give his wholehearted approval to this conference report. I should like to emphasize and call attention to one aspect of this legislation. As agreed upon in conference, the bill gives special emphasis to the need for, and desirability of, further development and expansion of community and junior colleges in this country. Not only have we specifically earmarked 22 percent of the grant funds for this purpose, but another provision will be very significant so far as junior colleges are concerned. I refer to the fact that with respect to junior college construction, the Federal grant can amount to 40 percent of the cost.

Presumably, the other 60 percent of the cost, in most cases, will come, 30 percent from State and 30 percent from local sources.

So far as other institutions of higher learning are concerned, Federal grant funds can account for up to one-third of the construction costs.

This legislation indicates, in my opinion, the launching of a new and a sound national policy, for at least the next 3 years—a policy which encourages the development and expansion of community and junior colleges—a policy which looks toward the day when every high school graduate in this country will be able to attend a college, for at least 2 years, close to his home where it will be inexpensive and where he can try his wings, so to speak. I think that the policy which the Congress is now embarking upon is a sound and a wise one for these times.

Mr. QUIE. I thank the gentleman from Michigan. I might point out to those of you who might be wondering if the Senate caused us to give in to them on the amount of money, the Senate completely gave in to us on the amount of money. There is no additional money in this bill from what was reported when the House passed the bill originally. It is a 3-year program for which we authorize the money. It automatically comes up for consideration not only before the Committee on Appropriations but by the authorizing committee. And if this is an acceptable program earmarking funds for the junior colleges it is going to last for that length of time and I think, therefore, this is the kind of bill that anybody who voted for it before, as the gentleman from Michigan said, ought to be wholeheartedly in favor of it now. I would say to many of those who opposed it for some reason that they ought also to consider seriously supporting it now.

Mr. GOODELL. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. GOODELL. I would like to emphasize that there is a change in the Senate legislation as far as the money authorization is concerned. We have indicated we believe a 5-year program is going to be necessary, and we have adopted a 5-year program, but we have authorized appropriations for only a period of 3 years, it being our considered judgment on the part of the House of Representatives that we could not anticipate the need for money in the fourth and fifth years at this stage. The legislative committee should review this matter before we authorize funds for a fourth and fifth year to see where those funds should be allocated. We have, therefore, authorized funds for only a 3-year period, in accordance with the House version.

Mr. QUIE. That is correct.

Mr. Speaker, I yield back the balance of my time.

The **SPEAKER** pro tempore (Mr. STAGGERS). The gentleman from New Jersey, who is in control of the time, yields back 3 minutes.

Mr. POWELL. Mr. Speaker, I yield to the distinguished Speaker of the House of Representatives, the gentleman from Massachusetts [Mr. McCORMACK], such time as he may require.

Mr. McCORMACK. Mr. Speaker, I want to take this opportunity to congratulate the members of the House conference committee on both sides of the aisle. I think our colleagues have done a remarkable job and achieved excellent results. This is a very effective bill, and when enacted into law, it will constitute the greatest piece of legislation in the field of higher education that has ever been passed by any Congress in the past.

I know the many intricate questions involved. We of the House can indeed be proud of the admirable leadership and the excellent manner in which the House conferees performed their duties in adjusting the differences that existed between both branches. I congratulate them. I know they served with the full dignity and strength of the House.

This is a bill that is essentially along the lines of the bill as it originally passed the House of Representatives. It is going to be of inestimable value in the field of higher education.

I am pleased to take special note of the action in reference to public community colleges. The unrestricted aid provided these colleges will contribute to the advancement and appreciation of the liberal arts and will thus serve to enhance the intellectual vitality of America.

The results that will flow from this bill will be of tremendous value in the life of our Nation.

Mr. POWELL. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. HANNA].

Mr. HANNA. Mr. Speaker, I want to thank the gentleman for yielding to me. I would like to bring to the attention of the Members from California one very important part of this bill as far as California is concerned. As perhaps some of you know, California has a tremendous system of junior colleges. While I was serving as chairman of the Committee on Education of the House in California, we passed what was called the master plan for higher education. Under that plan we anticipated that the college enrollment in California would double between 1960 and 1975. Under the master plan it was provided that 70 percent of the new enrolling freshmen would go into junior colleges, which in California are supported by local tax dollars. This bill will do a great deal toward encouraging those people who carry such a heavy burden of higher education in the State of California. I think we Californians owe a special expression of indebtedness to this fine committee for the conference report they are bringing to the floor this morning.

Mr. KING of California. Mr. Speaker, I would like to associate myself with the splendid remarks of my fellow Californian, the Honorable RICHARD T. HANNA, who has so well stated the importance of this bill and its particular impact on public community colleges. Community colleges are flourishing in California and have long since proven a tremendously valuable adjunct to our State's progressive educational system. It is satisfying for me to realize that today the House will approve a bill which does so much to insure the continued progress of these important institutions.

Mr. SICKLES. Mr. Speaker, the bill that has been agreed on by the House and Senate conferees could do much to relieve the shortage of college facilities that exists today. A shortage that is bound to get worse unless congressional action is taken.

By 1965, college enrollments will be 50 percent greater than they were in 1960. If we are to accommodate the projected college enrollment of 7 million students by 1970, which is a doubling in enrollment, during this decade, $23 billion worth of college facilities will need to be built. This means that just to put a roof over the head of the generation beating a path to our college doors will require more structures built on college campuses in this decade than all the facilities built from the American Revolution until 1960. To make this problem more critical, the greatest increases in college enrollment are expected in the next 2 years.

The practical effect of inaction on this problem would be to deny an opportunity for further education to thousands of qualified young men and women simply because there is not enough room for them in our existing colleges.

Also a lack of facilities would make college costs higher, thus requiring parents to take out larger and more burdensome loans to finance their sons' and daughters' education. It would mean more mothers going to work so they can put their children through college and finally it would mean too many students struggling through school with both a heavy academic load and outside work commitments that could combine to endanger their college careers.

The bill agreed upon by the House and Senate conferees, if signed into law, would be the first general college aid program in our Nation's history. Basically the program provides for: first, $230 million in matching grants to States in each of 3 successive years. The Federal grant would pay one-third of the costs of constructing, rehabilitating, or improving undergraduate facilities. The 3-year total authorized is $690 million with over $50 million earmarked each year for junior colleges and technical schools—the fastest growing segment in higher education picture.

Second, $25 million in 1964 and $60 million in both 1965 and 1966 for Federal grants for the establishment or improvement of graduate schools or cooperative graduate schools—those maintained by two or more institutions. The Federal grants will cover one-third of the project costs and will help supply the M.A.'s and Ph. D.'s this country needs.

Third, $120 million in Federal loans to colleges is authorized in each of the next 3 years for construction, rehabilitation, or improvement of facilities.

Under the first portion of this program that I discussed, Maryland institutions of higher education would receive about $3½ million a year in grants in each of the next 3 years. This money will be used to build needed college facilities here for our young people. It is estimated that across the Nation about 2,100 colleges—both public and private—would be eligible to benefit from the higher education bill.

We may need to take other steps to keep college costs from rising too high.

As you know, intelligence is not related to family income or the ability to pay the cost of going to college, but college enrollment is. At the present time, one-half of the top one-third of our high-school students fail to go on to college mainly because they lack the financial means. Although scholarships are increasing, a University of Wisconsin's study has found that, of an average student income of $1,619, scholarships only provided $82 of this figure.

Various programs, such as the National Defense Education Act, provide loans to needy, talented students. However, in the future, it may be necessary to take additional action to bridge the gap between the financial resources of our talented young people and the cost of a college education. We cannot afford to waste the talents of these young people by failing to invest in their and, indeed, our Nation's own future.

Mr. HALPERN. Mr. Speaker, I rise in enthusiastic support of the conference report on H.R. 6143, the Higher Education Facilities Act of 1963. I think the report is excellent, and I commend the conferees of both the House and Senate for their fine work. I hope their efforts will be rewarded this afternoon by overwhelming approval by the House of this conference report.

As a cosponsor of the Higher Education Facilities Act of 1963, my bill being H.R. 7988, which passed the House on August 14, I am pleased to see that the key important features of this first-rate higher education bill have been retained by the conferees.

The approval of this report, based on a reconciling of the House and Senate version of the bill will be a great step forward in the effort to meet the ever-growing educational needs of our Nation. It has been my privilege many times to speak on this floor in behalf of the educational needs of our country, because I strongly believe there are few problems facing us which are more serious, more demanding of immediate attention, or which offer a more rewarding benefit to our Nation if we provide an adequate solution to the problem.

I believe the American public has convincingly demonstrated that it supports the right to a better education for our youth. Yet, our House committee report on H.R. 6143 informs us that by 1970 the number of students seeking higher education will be almost twice that of the enrollment in 1960. To meet this tremendous need, to affirm this Nation's commitment to the education of its youth, we must take action to see that the facilities of our institutions of higher education are able to support the new demands on them. We must do this at the Federal level, because the situation is crucial and the problem has become too great to be handled solely by the learning institutions and by the State and local governments, although they have risen valiantly to the task.

The time to act is now, before the crisis deepens. It is time for us to heed the mood of the American people, a mood which, I am confident wholeheartedly supports legislation to improve our higher education facilities, and to help meet the ever mounting costs of educational needs.

The program proposed in the conference report is commendable. It is basically the same program approved earlier by this body. It provides matching grants for construction of undergraduate and graduate academic facilities as well as loans for such construction. It is a $1.1 billion 5-year program, calling for new authorization of appropriations and congressional review after 3 years. In no situation will the Federal share of a project exceed one-third of the total cost, thus State and local incentive and initiative is stimulated, not destroyed. This is exactly the type of balanced, reasonable program this country needs, and for that reason I sincerely urge my colleagues to approve this report.

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. BOLAND] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOLAND. Mr. Speaker, I rise in favor of the conference report on H.R. 6143, the "Higher Education Facilities Act of 1963." The acceptance of this legislation will result in a giant step forward for higher education in America, because herein Congress establishes a policy that the security and welfare of the United States require that the present and future generations of American youth be assured ample opportunity for the fullest development of their intellectual capacities, and that this opportunity will be jeopardized unless the Nation's colleges and universities are encouraged and assisted in their efforts to accommodate rapidly growing numbers of youth who aspire to a higher education.

Also, Congress further finds and declares that these needs are so great and these steps so urgent that it is incumbent upon the Nation to take positive and immediate action to meet these needs through assistance to institutions of higher education, including graduate and undergraduate institutions, junior and community colleges, and technical institutes, in providing certain academic facilities.

Mr. Speaker, I would like to have the House position with respect to general aid, rather than categorical aid, sustained. However, I realize that the conferees were dedicated to the proposition of getting the best possible compromise out of conference, so that we can get this bill through the Senate and House, and enacted into law this year. I am pleased that the conferees did broaden the categorical aid to go beyond engineering, mathematics, and library facilities, and included facilities for modern foreign languages, and the natural and physical sciences. I am also glad that the bill also contains allotments to States for public community colleges and public technical institutes.

As I have said before, Mr. Speaker, I support this bill because it means we are looking forward. It cares for the whole spectrum of higher education, public and private. It particularly enables a rapid advance in the development of junior colleges and technical schools. Now is the time to act favorably in behalf of the next generation of leaders in America. They will be assuming the burdens of private and public affairs as we slip into retirement, and we want these future leaders to be equal to tasks they will face, and the crucial decisions they will make for America in the latter part of this century.

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. MORSE] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. MORSE. Mr. Speaker, I rise in support of this conference report. Although the bill is not as strong as the one for which I voted in August, I feel that it will make an important contribution to the strength of our higher educational system. I would like to call the attention of the House particularly to the provisions regarding community colleges and public technical institutes. These institutions can play a vital role in providing posthigh school opportunities for our Nation's young people. Junior college enrollments were up 13.7 percent in 1962 over 1961, compared with an 8.1 percent increase for all higher education institutions. Statistics show us that a student has a 50 percent greater chance of receiving higher education if he lives within 20 to 25 miles of a college; the reduction in living costs for college students is obvious.

This bill recognizes the importance of this trend. It reserves 22 percent of the funds provided for construction in title I to public community colleges and public technical institutes. In addition the State commissions which are to administer the plans must include representatives of junior colleges and technical institutes.

The crisis in American higher education today is broadly based; it is a crisis of costs, of personnel, and of quality. We must attack the problem of expanding technology, expanding population, and shrinking resources on many fronts. I think that we have neglected the importance of our community colleges and institutes for too long and I am happy to see that this legislation marks a significant departure from this practice.

Mr. ALGER. Mr. Speaker, it is important to note the difference between original House legislation and the conference report. I opposed H.R. 6143, the Higher Education Facilities Act of 1963, and shall always oppose, as I now see it, Federal aid to education.

I do not want Federal encroachment on localities in educational facilities, even so-called brick-and-mortar construction bills.

However, a conference report, as a procedural matter, must be voted up or down, as I see it, based on whether there was a maintenance of House position or acceding to the other body. So a vote on a conference report is a Member's approval or disapproval of the House conferees compromising the differences between bills. If well done, the vote is "aye," if not, the vote is "no."

So I voted "aye" on this conference report because I believed the House conferees did a good job considering the two alternatives confronting them. No additional cost or regulations were added.

However, I still oppose aid to education and shall so vote at every appropriate opportunity.

Mr. CONTE. Mr. Speaker, I want to take this opportunity to commend the chairman of the House Education and Labor Committee, the gentleman from New York [Mr. POWELL], and the members of the House education conference which concluded in recordbreaking time last Friday their session with conferees from the other body. Remembering the great roadblocks of last year's education bill, this was a magnificent gesture on the part of both sides to work out a meaningful compromise. The fact that the bill, which emerged from the conference, was a remarkably good bill is even more amazing, and all concerned deserve the credit of the full House of Representatives.

The fact that 2,100 colleges and universities in the Nation will be eligible for loans under the compromise bill approved is a most heartening fact. Since the 3-year program will authorize $230 million a year in grants and $120 million a year in loans, it will prove beneficial throughout the entire land. One of the most pleasing facts to me is that 22 percent of the grants or roughly $50 million will be reserved for public community colleges and technical institutes. I am immensely gratified that the conferees have agreed to these provisions of the aid bill.

As I suggested in a speech on the floor of the House recently, the growth of community colleges in the United States will be phenomenal and the passage of this bill will mark the first great turning point in the development of these colleges throughout the land, particularly in my State of Massachusetts which already has established a strong community college program. This additional aid will prove to be a much needed shot in the arm and is a welcome sign.

It would be unnecessary for me, Mr. Speaker, to review the particular provisions of this bill. They have already been well stated on the floor. I simply want to say that I hope the House will enact this legislation by an overwhelming majority. It will be one of the most important bills passed this year, and I am grateful to rise at this time and give it my most vigorous support.

GENERAL LEAVE TO EXTEND

Mr. POWELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on this bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. POWELL. Mr. Speaker, I yield back the balance of my time.

I move the previous question on the conference report.

The previous question was ordered.

The **SPEAKER**. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 258, nays 92, not voting 83, as follows:

[Roll No. 191]

YEAS—258

Adair
Addabbo
Albert
Alger
Andrews, N. Dak.
Ashley
Aspinall
Auchincloss
Ayres
Baker
Baldwin
Barrett
Barry
Battin
Becker
Beckworth
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Blatnik
Boggs
Boland
Bolling
Bolton, Frances P.
Bolton, Oliver P.
Bow
Brademas
Bray
Bromwell
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Ohio
Broyhill, Va.
Buckley
Burke
Byrne, Pa.
Byrnes, Wis.
Cahill
Cameron
Cannon
Carey
Cederberg
Chelf
Chenoweth
Clark
Cleveland
Cohelan
Conte
Corbett
Corman
Cramer
Curtin
Daniels
Dawson
Delaney
Dent
Derounian
Derwinski
Diggs
Dingell
Donohue
Dulski
Duncan
Dwyer
Edmondson
Edwards
Elliott
Ellsworth
Evins
Fallon
Farbstein
Fascell
Finnegan
Fino
Flood
Fogarty
Ford
Fraser
Frelinghuysen
Friedel
Gallagher
Garmatz
Giaimo
Gibbons
Gilbert
Gill
Glenn
Gonzalez
Goodell
Grabowski
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Grover
Hagen, Calif.
Halleck
Halpern
Hanna
Hansen
Harding
Harris
Harrison
Harvey, Ind.
Harvey, Mich.
Hawkins
Healey
Hébert
Hechler
Hemphill
Holland
Horan
Horton
Ichord
Jarman
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Keogh
King, Calif.
King, N.Y.
Kirwan
Kluczynski
Knox
Kunkel
Langen
Lankford
Latta
Libonati
Long, La.
Long, Md.
McDade
McDowell
McFall
McIntire
Macdonald
MacGregor
Madden
Mathias
Matsunaga
Meader
Milliken
Minish
Monagan
Montoya
Moore
Morgan
Morris
Morrison
Morse
Morton
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nelsen
Nix
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen, Mont.
Olson, Minn.
O'Neill
Osmers
Ostertag
Patman
Pelly
Pepper
Perkins
Philbin
Pike
Pillion
Poage
Powell
Price
Purcell
Quie
Randall
Reid, N.Y.
Reifel
Reuss
Rhodes, Pa.
Rich
Rivers, Alaska
Robison
Rogers, Colo.
Rogers, Fla.
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Roybal
Ryan, Mich.
Ryan, N.Y.
St Germain
Schneebeli
Schweiker
Schwengel
Secrest
Senner
Sheppard
Shipley
Shriver
Sibal
Sickles
Sikes
Sisk
Slack
Springer
Staebler
Stafford
Staggers
Steed
Stratton
Sullivan
Taft
Thomas
Thompson, La.
Thompson, Tex.
Thomson, Wis.
Toll
Tollefson
Trimble
Tupper
Udall
Ullman
Van Deerlin
Vanik
Van Pelt
Vinson
Wallhauser
Whalley
Wickersham
Willis
Wilson, Bob
Wilson, Charles H.
Wright
Wydler
Young
Younger
Zablocki

NAYS—92

Abbitt
Abele
Andrews, Ala.
Ashbrook
Ashmore
Beermann
Betts
Bonner
Brock
Broyhill, N.C.
Bruce
Burleson
Casey
Clancy
Clausen, Don H.
Clawson, Del
Collier
Cooley
Cunningham
Curtis
Devine
Dole
Dorn
Downing
Fisher
Flynt
Fountain
Gary
Gathings
Goodling
Grant
Gross
Gurney
Hagan, Ga.
Haley
Hall
Henderson
Herlong
Hoeven
Hoffman
Huddleston
Hull
Hutchinson
Jensen
Johansen
Jonas
Jones, Mo.
Kilgore
Kornegay
Laird
Lennon
Lipscomb
Lloyd
McClory
McCulloch
McLoskey
McMillan
Mahon
Marsh
Martin, Calif.
Martin, Nebr.
Matthews
Mills
Minshall
Murray
Norblad
Poff
Pool
Reid, Ill.
Roberts, Ala.
Rogers, Tex.
Rumsfeld
St. George
Saylor
Schadeberg
Selden
Short
Skubitz
Smith, Calif.
Smith, Va.
Snyder
Stinson
Taylor
Teague, Calif.
Teague, Tex.
Tuck
Utt
Waggonner
Watson
Weltner
Whitener
Wilson, Ind.

NOT VOTING—83

Abernethy
Anderson
Arends
Avery
Baring
Bass
Bates
Berry
Burkhalter
Burton
Celler
Chamberlain
Colmer
Daddario
Dague
Davis, Ga.
Davis, Tenn.
Denton
Dowdy
Everett
Feighan
Findley
Foreman
Forrester
Fulton, Pa.
Fulton, Tenn.
Fuqua
Gubser
Hardy
Harsha
Hays
Holifield
Hosmer
Jennings
Kilburn
Kyl
Landrum
Leggett
Lesinski
Lindsay
Mailliard
Martin, Mass.
May
Michel
Miller, Calif.
Miller, N.Y.
Moorhead
Mosher
O'Brien, Ill.
Passman
Patten
Pilcher
Pirnie
Pucinski
Quillen
Rains
Rhodes, Ariz.
Riehlman
Rivers, S.C.
Roberts, Tex.
Rodino
St. Onge
Schenck
Scott
Shelley
Siler
Smith, Iowa
Stephens
Stubblefield
Talcott
Thompson, N.J.
Thornberry
Tuten
Watts
Weaver
Westland
Wharton
White
Whitten
Widnall
Williams
Winstead
Wyman

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Rodino for, with Mr. Scott against.

Mr. Holifield for, with Mr. Colmer against.

Mr. Widnall for, with Mr. Quillen against.

Mr. Rhodes of Arizona for, with Mr. Siler against.

Mrs. May for, with Mr. Findley against.

Mr. Lindsay for, with Mr. Kilburn against.

Mr. Jennings for, with Mr. Roberts of Texas against.

Mr. Celler for, with Mr. Rivers of South Carolina against.

Mr. Daddario for, with Mr. Passman against.

Mr. Moorhead for, with Mr. Baring against.

Mr. Feighan for, with Mr. Forrester against.

Mr. Denton for, with Mr. Fuqua against.

Mr. Thompson of New Jersey for, with Mr. Dowdy against.

Until further notice:

Mr. Stubblefield with Mr. Schenck.
Mr. Arends with Mr. Westland.
Mr. Landrum with Mr. Bates.
Mr. Rains with Mr. Avery.
Mr. Patten with Mr. Dague.
Mr. Pucinski with Mr. Fulton of Pennsylvania.
Mr. Hardy with Mr. Wyman.
Mr. Fulton of Tennessee with Mr. Talcott.
Mr. Miller of California with Mr. Weaver.
Mr. Lesinski with Mr. Michel.
Mr. White with Mr. Anderson.
Mr. Burkhalter with Mr. Chamberlain.
Mr. Davis of Georgia with Mr. Wharton.
Mr. Abernethy with Mr. Harsha.
Mr. O'Brien of Illinois with Mr. Mailliard.
Mr. Watts with Mr. Pirnie.
Mr. Stephens with Mr. Foreman.
Mr. Davis of Tennessee with Mr. Berry of South Dakota.
Mr. Williams with Mr. Mosher.
Mr. Whitten with Mr. Kyl.
Mr. Everett with Mr. Hosmer.
Mr. Shelley with Mr. Gubser.
Mr. Smith of Iowa with Mr. Miller of New York.
Mr. Pilcher with Mr. Burton.
Mr. Tuten with Mr. Riehlman.
Mr. Leggett with Mr. Martin of Massachusetts.
Mr. Hays with Mr. Arends.

Mr. **DOWNING** changed his vote from "yea" to "nay".

Mr. **FLYNT** changed his vote from "yea" to "nay".

Mr. **COLLIER** changed his vote from "yea" to "nay".

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

AMEND DISTRICT OF COLUMBIA PRACTICAL NURSES' LICENSING ACT

Mr. **McMILLAN**. Mr. Speaker, by direction of the House Committee on the District of Columbia, I call up the bill (S. 933) to amend the District of Columbia Practical Nurses' Licensing Act, and for other purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The **SPEAKER**. Is there objection to the request of the gentleman from South Carolina

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the District of Columbia Practical Nurses' Licensing Act (74 Stat. 803; sec. 2-421, D.C. Code, 1961 edition) is amended by adding at the end thereof the following new subsection:

"(e) The term 'Washington metropolitan area' means that area comprising the District of Columbia, Montgomery and Prince Georges Counties, Maryland, the counties of Arlington and Fairfax, Virginia, and the cities of Alexandria, Falls Church, and Fairfax, Virginia."

Sec. 2. Section 10 of the District of Columbia Practical Nurses' Licensing Act (sec. 2-429, D.C. Code, 1961 edition) is amended (1) by inserting the subsection designation "(a)" immediately before the first word of such section; (2) by amending clause (4) to read as follows: "(4) has been actively engaged in caring for the sick in the District of Columbia at any time during the year immediately preceding the effective date of this Act, or at any time during the year immediately preceding the effective date of this Act has resided in the District of Columbia and been actively engaged in caring for the sick in the Washington metropolitan area;"; and (3) by adding at the end thereof the following new subsections:

"(b) In the case of any application made by an applicant for a license pursuant to this section which, solely because of noncompliance with clause (4) of subsection (a) of this section, was disapproved prior to the effective date of this subsection shall, at the written request of such applicant made within the ninety-day period immediately following such date, be reconsidered in accordance with such clause, as amended, without additional charge to such applicant other than the repayment to the District of Columbia of any fee or portion thereof which may have been refunded to the applicant by reason of the denial of a license for which application was made, and such applicant may submit, without charge, such additional information in support of such application as she may desire.

"(c) Any person who failed to make application for a license under this section on or before July 30, 1962, may make application for such a license under this section, as amended, at any time during the ninety-day period immediately following the effective date of this subsection."

Sec. 3. This Act shall take effect fifteen days after its approval.

With the following committee amendments:

1. Page 2, line 7, strike out "at any time" and substitute in lieu thereof "for at least six months".
2. Page 2, line 8, strike out "at any time" and substitute in lieu thereof "for at least six months".

The committee amendments were agreed to.

Mr. **BROYHILL** of Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The **SPEAKER**. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. **BROYHILL** of Virginia. Mr. Speaker, in the 86th Congress, I introduced legislation to authorize licensing of practical nurses in the District of Columbia. This bill was enacted into law on September 6, 1960, as Public Law 86-708, and became effective as of July 29, 1961.

Section 10 of this act provided for the licensing of a practical nurse in the District, without written examination, who applied for such license within 1 year after the effective date of the act—that is, prior to July 29, 1962—and who also, together with certain other qualifications, "has been actively engaged in caring for the sick in the District of Columbia for the year immediately preceding the effective date of this Act."

Even though the Practical Nurses' Licensing Board decided that it would be reasonable to accept 9 months of practice in the District of Columbia during the prescribed year as satisfying this requirement for "grandfather clause" licensing, this provision caused a great deal of protest because of the large number of practical nurses, many of them residents of the District and members of the Association of Undergraduate and Practical Nurses of the District of Columbia, who had happened to accept cases in the suburbs during a substantial portion of the year ending July 29, 1961, and thus could not qualify for District of Columbia licensure without examination in view of this controversial restriction. Appeals were made by the above-named association and by many individual nurses as well, for an amendment to the act which would alleviate this problem. A bill was introduced in the Senate last year for this purpose (S. 3639), but too late to receive consideration in the 87th Congress.

After consultation with the Practical Nurses' Licensing Board and with the attorney for the Association of Undergraduate and Practical Nurses of the District of Columbia, on March 25, 1963, I introduced H.R. 5097, which was the same in substance as S. 933 as reported by the Senate District Committee on August 19, 1963. This bill sought to resolve this inequity by the following provisions:

1. Define "Washington Metropolitan Area" in the usual context for purposes of this Act;
2. In section 10, change the controversial paragraph (4) by causing it to read: "has been actively engaged in caring for the sick in the District of Columbia for the year immediately preceding the effective date of this Act, or for the year immediately preceding the effective date of this Act has resided in the District of Columbia and been actively engaged in the care of the sick in the Washington Metropolitan Area."
3. Provide for a period of 90 days after the date of enactment of these amendments, during which a practical nurse may apply for a license under Section 10 as amended;
4. Provide that an applicant who previously was rejected solely because of the more restrictive present language of paragraph (4) of section 10, and who applies again within the 90-day period under the more liberal language of the amendment, may not be charged a fee for reconsideration of her application except as repayment of any part of the original application fee which may have been refunded to her.

S. 933 was amended on the floor of the Senate, however, so as to provide licensing as a practical nurse without written examination to an applicant who resided and practiced in the District of Columbia at any time during the year ending July 31, 1961.

I concur with the opinion expressed by the president of the Practical Nurses' Licensing Board, that this provision in S. 933, as passed by the Senate, would be disastrous, as it would force the Board to grant practical nurses' licenses without written examination to a great number of persons without proper consideration of their professional competence.

In view of this picture, I feel that the amendment which the House District Committee adopted, which would require at least 6 months of residence and practice in the District during the year prior to the effective date of the Practical Nurses' Licensing Act as a prerequisite for a practical nurse's license without written examination, to be a fair and reasonable compromise.

For these reasons, I endorse S. 933 as reported to the House.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill, S. 933 (a companion bill to H.R. 5097), as amended, is to amend the District of Columbia Practical Nurses' Licensing Act (74 Stat. 803, title 2, District of Columbia Code, sec. 421, approved Sept. 6, 1960), with respect to licensing of practical nurses in the District of Columbia without written examination.

The enactment of the District of Columbia Practical Nurses' Licensing Act, as set forth in House Report No. 880, was for the purpose of authorizing and regulating the licensing of practical nurses in the District of Columbia. Section 9 of this act provides that all applicants for a license to practice as a licensed practical nurse in the District must take a written examination, unless otherwise provided.

Section 10 of this act makes exception to this requirement of written examination, by providing that those practical nurses who engaged in the active care of the sick in the District of Columbia for the year immediately preceding the effective date of the act—that is, the year ending July 29, 1961—and who also meet other specified professional criteria, shall be licensed without written examination. It is further stipulated that any applicant desiring to come under this special exception must have filed application for a practical nurse's license within 1 year after the effective date of the licensing act—that is, not later than July 29, 1962.

Even though the licensing board decided to accept 9 months of practice in the District during the prescribed year as satisfying this requirement for grandfather clause licensing without written examination, the administration of the Licensing Act has revealed an inequity in licensing of practical nurses in the District, caused by this language in section 10. We are informed that there are many competent, experienced practical nurses who resided in the District of Columbia during the year immediately preceding the effective date of the District of Columbia Practical Nurses' Licensing Act, but who happened to be assigned to cases in the suburban areas of Maryland and Virginia during a substantial portion of the year ending July 29, 1961. Such nurses, of course, could not qualify under the present language of section 10 for licensing as practical nurses in the District of Columbia without written examination. On the other hand, nurses with far less experience, but who were fortunate enough to have spent at least 9 months of that year in caring for the sick in the city proper, do qualify for practical nurses' licenses without written examination.

S. 933, as reported to the Senate, would have remedied this inequity as it exists in present law by amending the controversial paragraph (4) of section 10 of the Licensing Act, so as to make it possible for applicants to be licensed as practical nurses without written examination if they resided in the District of Columbia and actively cared for the sick in the Washington metropolitan area for the year prior to the effective date of the Practical Nurses' Licensing Act. This same corrective provision exists also in the language of H.R. 5097. However, S. 933 was amended on the floor of the Senate so as to provide such licensure without examination if the applicant had resided in the District and practiced in the metropolitan area at any time during the prescribed year.

Subsequent to the Senate's action on this bill, the president of the District of Columbia Practical Nurses' Licensing Board expressed to this committe her serious objection to the extremely broad latitude which the above-cited provision would allow applicants for licensing without examination. We are informed that by providing for no real minimum period of residence in the city and professional experience in the area, this language would seriously weaken the Board's authority to evaluate applications on the basis of actual professional qualifications, with the result that a great number of practical nurses whose professional competence might be subject to question would become entitled to licensure. This committee, therefore, amended this language in S. 933 so as to provide for licensing without written examination for applicants who lived in the District and cared for the sick in the metropolitan area for at least 6 months during the year prior to the effective date of the Licensing Act.

In its other provisions, S. 933 is virtually identical in substance to H.R. 5097, on which hearings were held by the committee. The bill defines the Washington metropolitan area in the usual context for the purposes of this legislation. It further provides that applicants shall be given a period of 90 days following the enactment of this amendatory act in which to make application for a practical nursing license without written examination.

The bill also authorizes the reconsideration, without additional charge to the applicant except for any refund of previous fee which may have been granted, of the application of any person who was denied, under existing law, a practical nurse's license without written examination, solely on the ground that she had not actively cared for the sick in the District of Columbia for 1 year prior to the effective date of the District of Columbia Practical Nurses' Licensing Act. The bill will preclude, however, the reconsideration of applications where a denial under existing law was based upon lack of professional competency, or any of the other qualifying criteria specified in section 10 of the act.

Except for such reconsideration of applications formerly rejected for this reason, applications considered for practical nurses' licenses without written examination under the provisions of this amending legislation will be restricted to those of persons who failed to make such application prior to July 30, 1962, which was the cutoff date for such applications established in the original act.

Public hearings on the subject of this bill were held by Subcommittee No. 3 on June 6, 1963.

Mr. Speaker, I yield to the gentleman from New York [Mr. MULTER] for the purpose of calling up a bill from his subcommittee.

AMEND DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

Mr. MULTER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8920) to revise the District of Columbia Alcoholic Beverage Control Act, pursuant to the unanimous consent agreement of last Thursday, and pending that motion, Mr. Speaker, I ask unanimous consent that general debate on the bill be limited to 1 hour, to be equally divided between both sides.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from New York.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8920, with Mr. DELANEY in the chair.

IN THE COMMITTEE OF THE WHOLE

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MULTER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill, H.R. 8920, is the first attempt by the House to revise the Alcoholic Beverage Control Act of 1934. Up until the introduction of H.R. 9808 in the last Congress there was no attempt to review or to revise or modernize that act. We muddled along with it all through the years, getting along as best we could until that bill was introduced. We then conducted very extensive hearings on the bill and sought to revise the bill in order to do justice to all concerned in the industry, but having in mind the paramount interest of the public.

The question of whether or not we should have prohibition was not before the committee. It is not before us now. The question was and is: Will we have a law which will regulate and control the industry in all of its various segments in all of its phases, which will promote moderation and temperance and so that the liquor industry could operate as legitimate enterprise. We heard all sides, those for and against and in addition listened to all of those who had recommendations for amendment and improvement of the bill.

The bill did not get out of the committee in the last Congress. Another bill was introduced in this Congress after extensive hearings in this Congress before the subcommittee which I have the privilege to chair. We then reported a bill to the full committee. Before reporting the bill we went through it item-by-item and considered every amendment that had been offered either during the course of the hearings or during the executive sessions. We then brought the matter before the full committtee and in executive session again we considered all amendments that were offered and then, by unanimous consent, agreed that a clean bill be introduced and reported. Despite the unanimous consent request, after the bill was introduced and printed as a clean bill, it came before the full committee again in executive session and was then reported to this House for its consideration.

The bill is practically the same as was introduced for the first time in January 1963. Despite anything you might have read in the newspapers and that you may be told in the course of this debate, this was not a bill that was introduced on one day and reported the next day without consideration. As I have said to you, it has received careful and complete study and attention both in the subcommittee and in the full committee.

The only objection that is now raised against the bill is that generated by the local newspapers, which are opposed to the bill, not because it is a bad bill, but because they are afraid they may lose some advertising.

The newspapers have tried to spread the idea that this is a price-fixing bill, and therefore it is against the public interest, and that it is solely in the interest of the industry. Well, to be perfectly frank, there is no segment of any of the various parts of the liquor industry, whether it be the wholesaler or distributor, or the retailer or the hotel owner or the restaurateur, that did not find some fault with some particular part of the bill. They all were heard. The fact that they are now in favor of this bill does not mean that it is a bill which is advocated by the industry. The industry did not sponsor, nor did it participate in its drafting.

Mr. Chairman, during the last session of Congress the District Commissioners appointed a so-called Citizens Committee, the alleged purpose of appointing that Citizens Committee was to review this bill, the actual purpose was to delay the enactment of the bill in the last session, and they did accomplish just that and then went out of business. Every last one of the reasonable amendments suggested by that committee has now been written into this bill. We have not heard a word since from that alleged Citizens Committee finding fault with any part of this bill.

Now, Mr. Chairman, the District Commissioners are still opposed to this bill. They are opposed to it for one reason only, and it reflects badly upon the District Commissioners, because they urge this objection.

Mr. Chairman, the bill as finally presented in the last session of Congress to the full committee had the provision, which is also in the bill introduced at this session and as now reported to the Members of the House, to make the ABC Board an autonomous, independent agency of the District. But the District Commissioners will continue to make the appointments, the District Commissioners will continue to have the right to remove the members of the Board.

Mr. Chairman, the bill provides that the ABC Board will be, as I said, an independent, autonomous agency of the District government but will continue to be appointed by the District Commissioners, with a provision giving the District Commissioners the right to remove these members of the Board for wrongdoing, for misfeasance, malfeasance, or nonfeasance.

Mr. Chairman, the objection now is raised by the newspapers—and the members of the Committee will hear it raised on the floor today, and by the Commissioners, that this is bad. Well, there is not a State in the Union that has a liquor law—obviously in a State monopoly, those States that have a monopoly and all liquor is dispensed through a State-owned store—you do not have this problem. But in every other State, the other 34 States, where they have a law regulating the liquor industry, you have either a one-man official or a board or a commission that has complete jurisdiction over the industry, to make rules and regulations, and to enforce them. Only in the District of Columbia do you have the provision that you have an ABC Board charged by law to enforce the law and to make regulations with the Commissioners sitting on the top with the right to review anything and everything they do, including revision of the regulations the Board may make.

So, Mr. Chairman, this bill conforms with the law of those 34 States and by providing that the Board which is closest to the matter of law enforcement, which deals with it every day, will make the rules and regulations and issue the permits or revoke the permits or suspend them, but only after hearings.

However, the bill has this further new provision, that instead of going from the Board by appeal or review to the Commissioners, anyone who is aggrieved can appeal directly to the courts.

Mr. Chairman, I think this is good, American doctrine. If one does not like what a board or a commission does, one has a right of appeal to the courts. Thereby, we expedite the procedure and we save the time, expense, and the money of both those concerned in the industry and in government by permitting a direct appeal or review to the courts rather than going through the commission first and then to court.

In the matter of regulation, let me give you one instance of why the Board should be given the right to make the regulations rather than let them make the regulations and the Commission review them. A few weeks ago the question came up, whether or not in the District of Columbia the retail liquor stores shall be open on Christmas and New Year's eves. The Board recommended a rule or a regulation that would provide that on Christmas and New Year's Eves the stores would close down at midnight and remain closed on Christmas Day and New Year's Day. Incidentally, that happens to be the law in almost every one of the 50 States of the Union.

The Board made the regulation, it was brought before the Commissioners for review. Now, the Commission consists of three members, and it requires two votes to change a regulation. One member of the Board abstained. One member voted to permit the regulation to go into effect calling for closing of the stores on New Year's Eve and on Christmas Eve. The other member of the Board said:

> This is an undue interference with the free enterprise system. Let the merchants determine for themselves whether they will be shut on New Year's Eve or on Christmas Eve.

This will apply to other holidays, too. This is a typical instance of why the Board should be given the right to make the regulations.

This is only one of many instances where the Board that is closest to the industry should make the regulations without any right of review by the Commissioners.

I want to dwell for a minute or so on the objection that if the ABC Board is made independent or autonomous it will become the tool of the industry. This is the objection that will be made today on behalf of the District Commissioners. I say if that is so it is the worst indictment that the District Commissioners have ever delivered against themselves. The District Commissioners have always appointed the members of the ABC Board, they have always had the right to remove the members, and they will have that right under this bill. If there is anything wrong with the members of the Board it is the fault of the Commissioners. I say to you there is nothing wrong and no scandal has ever developed in connection with the ABC Board. No member of the present Board and, so far as I know, of any prior Board, has ever been affiliated directly or indirectly in any way with any part of the industry, whether it be on the retail level, the wholesale level, the restaurants, or distillers in this industry. That is as it should be and that is what the law has always provided. That is what this bill continues to provide, that no member of the Board may have any interest, direct or indirect, in any part of the industry.

Mr. Chairman, I say to you this is a good bill. This argument that will be raised that this will raise prices in the District of Columbia is as phoney as the advertisements that the newspapers have insisted on carrying in their publications in the District.

Mr. SPRINGER. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I hope in these few minutes that I may generate some light, not heat, on H.R. 8920, a bill to revise the District of Columbia Alcoholic Beverage Control Act, which is here on the floor of the House today.

H.R. 8920 is not the first attempt that has been made to get such a bill through this House. The two bills previous to this have fallen flat because of public outcry against them. A similar bill was in the committee in 1962. It was strongly opposed by the Department of Justice, the District Board of Commissioners, and the Commissioners' "blue ribbon committee" which was appointed to go into the background of the ABC Board and its activities in the District of Columbia. The Federation of Citizens' Associations of the District of Columbia, which is made up of organizations from the 17 original communities in Washington, opposed that bill.

About the only solid support for these bills comes from the District of Columbia Liquor Dealers Association.

The three newspapers in Washington unanimously opposed the bill editorially last year and they have opposed the present bill in somewhat stronger language in 1963.

From this I think you could get a picture of who is for this bill and who is against it.

The real interested party in having this bill passed is the liquor interests and the strongest of these are the wholesale liquor dealers in the District of Columbia.

Why are the liquor dealers and especially the wholesalers so strongly for this bill? In the first place, the bill, in veiled language, will restrain price cutting. The overall effect ultimately would be to lessen competition.

The great majority of the liquor industry in the District of Columbia is controlled by 14 wholesalers. They supply the outlet for approximately 90 percent of the liquor in the District of Columbia. The remaining 10 percent are small retailers and small wholesalers who for a great part of their business handle off brands. By discounting and joint advertising, this group has been able to survive in spite of being deprived of large wholesale outlets.

It is this 10 percent that the wholesalers are trying to get at and ultimately to eliminate. Why are the wholesalers trying to eliminate this small 10 percent? These are the retailers who have kept the price of liquor at a low figure in the District. For instance, a bottle sold for $4.99 in New York is now selling for $3.83 in Washington. If the wholesalers can eliminate this 10-percent competition they can then jack their prices up to equal those in New York City.

There are millions to be made in the District of Columbia if they can boost the price of liquor here another 20 percent over the next decade.

The District Board of Commissioners and the Department of Justice have been strongly opposed to these provisions consistently as eliminating competition and being against the public interest.

The author of this bill has mentioned what a model law they have in the State of New York. Here is what the Washington Post said about that:

> The new bill arrives just as a commission of inquiry in New York has recommended that the State abandon its "price maintenance" laws for liquor because they generate indefensibly high profits for the dealer at the consumer's expense.

In following up what the Post said with reference to the New York law, I quote from the Washington Evening Star of last night, November 5, as follows:

> It is the height of irony that just a day before this bill sailed through the District Committee, a commission in New York City, whence Mr. MULTER hails, strongly urged the repeal of that city's liquor price-setting laws. In its report, the commission cited the great difference between liquor prices in New York and Washington, holding up the District's system, by implication at least, as a model to be followed.

From this I think you can see what is going to happen in the District of Columbia if this law is passed.

The heart of H.R. 8920 creates the Alcoholic Beverage Control Board as an independent agency. At the present time the District Commissioners supervise the activities of the ABC Board and also write the regulations which are administered by the ABC Board.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from New York.

Mr. MULTER. The statement that the gentleman read from the newspaper is an accurate quotation, but the newspaper's statement is inaccurate, because the day they wrote that editorial and made those statements there was no recommendation. As a matter of fact, it was that date the Commission in New York decided to hold hearings on that subject. They are in the midst of holding those hearings now. No recommendation of any kind has ever been made by that Commission in New York.

Mr. SPRINGER. I can only say in answer to my chairman that I read an article from one of the papers in the city of New York and the report of that newspaper was substantially as has been reported in these two local editorials. However, if the gentleman says that is not true, I will not dispute it.

Mr. MULTER. My statement is true. They are in the midst of holding hearings now and have made no recommendations yet, and will not until the hearings are completed.

Mr. SPRINGER. Mr. Speaker, at this point I insert in the RECORD a series of articles from the Washington Daily News of March 1, 1962, March 3, 1962, and March 5, 1962.

[From the Washington (D.C.) Daily News, Nov. 5, 1963]

THE CASE OF THE REAPPEARING TAX STAMPS

(By Jerry Doolittle)

On January 22, 1959, an anonymous phone call touched off the District's biggest and most controversial liquor case in a decade.

The caller claimed there was untaxed liquor on the shelves of the Apex Liquor Store at 633 Pennsylvania Avenue NW., and an Alcoholic Beverage Control Board inspector, William T. Brunson, went to check.

Six bottles on the shelves did not bear the required stamp showing that liquor tax had been paid, Mr. Brunson later testified. So he checked further.

He began by opening 12 cases of a dozen bottles each in the storeroom. None bore stamps. Mr. Brunson called the ABC Board for reinforcements.

RUSH ORDER

Before they arrived, Mr. Brunson testified, the manager sent a boy out with money to buy 5,650 stamps from the District. When he came back, the manager asked the inspector if he could start putting the newly bought stamps on the bottles. Mr. Brunson said it was "too late."

The reinforcements were the Board's late chief inspector, James L. Darby, and his assistant, George A. Cohill. They found almost 500 cases—about $20,000 worth—without stamps, they said, and they found only 10 stamps on hand, not counting the ones the boy had gotten.

Apex Liquor was charged on five counts and a hearing was finally held September 27, 1960—20 months after the liquor had been seized.

Apex's lawyer, former District Commissioner F. Joseph Donohue, entered a plea of "nolo contendre" on all five charges.

Assistant Corporation Counsel Robert Wise said, "I believe, if a plea (of nolo contendere) is entered, then it is tantamount to a plea of guilty."

"I concede it," Mr. Donohue replied. The Board accepted the plea.

From the start, the hearing was plagued with confusion and lost evidence.

First, Inspectors Darby and Cohill couldn't produce invoices for 365 of the 495 cases listed in the charge.

It was an important point, because the city had to prove the liquor had been on the premises more than 24 hours without being stamped.

Mr. Wise changed the charge to 130 cases. But then, after lunch, Mr. Darby produced the missing invoices.

"It's just one of those things," he explained. "They were in a manila envelope in the bottom of my desk."

SWITCHER

In the meantime more confusion had arisen. Inspector Cohill testified he had found only ten 1/16-gallon stamps on the premises when he arrived—in addition to the 5,650 the boy had been hastily sent for.

Then, minutes later, Mr. Cohill said he'd been wrong and reversed himself. Actually, he said, there were 3,900 stamps on hand, 10 loose ones in the drawer, and 5,650 brought by the boy.

Prosecutor Wise, stunned, tried to straighten out the mixup, but Mr. Cohill stuck by his second story.

"I'm completely obfuscated" Mr. Wise said, "The witness said they first found 10 loose stamps on the premises. The chairman asked him that and the witness repeated it. Later on, we found over 3,900 stamps, enough to cover over 395 cases of liquor. I just have no evidence."

Defense lawyer Donohue got permission to change his "nolo contendere" plea to one of not guilty.

DISMISSED

The hearing limped to a close and, about a month later, the Board returned its finding: all five counts were dismissed.

"The ineptness of such evidence adduced, as well as the manner, import and inconsistency of the witnesses' testimony, were such as to render a determination based on the charges of the citation a practical impossibility," the Board noted.

Board Chairman Frank E. Weakley told the Washington Daily News, "If the Chief Justice of the United States read it [the transcript] he would make the same decision the Board made."

CASES CACHED

But the story had just begun. The District had 494 cases of liquor in a warehouse—and it didn't want to give them back.

The Commissioners ordered the Internal Audit Division and the Finance Office to investigate the case in spite of the ABC Board's finding.

The two auditors assigned to the job spent nearly 4 weeks doing the detective work the ABC inspectors hadn't done. They found the bottles in three of the cases were properly stamped—and shouldn't have been seized.

They checked with distillers and truckers and found, they said, that almost all of the remaining cases had been delivered earlier than 24 hours before the raid—and many had been in the store more than a month without stamps.

They reported back, unequivocally and "notwithstanding the finding of the ABC Board," that Apex had violated the District's liquor laws, and that the city should move to have the liquor confiscated.

INTO COURT

The Commissioners took this advice, and U.S. District Judge Joseph C. McGarraghy presided over the resulting condemnation hearing on June 15, 1961.

This time, Inspector Cohill testified he had been right the first time and only 10 stamps were on hand when the first ABC inspector arrived at Apex.

"Well," he confessed, "I might say that during the (ABC) hearing I became quite confused in using papers that I had." The 3,900 extra stamps he had mistakenly said were on hand, he explained, were actually not on hand but had been bought during the previous 2 months.

After the ABC Board hearing, he told the judge, he studied his list of figures all afternoon and all evening before realizing the boner he had made. Assistant Corporation Counsel George Clark questioned Mr. Cohill further:

Question. "Now, after you realized that, sir, at any time did you apprise the Board of that fact?

Answer. "I did."

Question. "Do you recall, sir, when you apprised the Board of this?

Answer. "I don't remember exactly what day it was or just how close it was, but it was within a short time after the hearing date that I informed the Board that I had made this error."

Then defense lawyer Donohue took up the questioning and asked Mr. Cohill, "And to whom did you make that report?"

"Mr. Weakly," the inspector answered.

WEAKLY QUIZZED

The three ABC Board members, were waiting in the hall to be called as witnesses. First on the stand was Chairman Weakly.

Mr. Donohue asked, "Were you informed by Mr. Cohill in the period between the hearing on September 27, 1960, and the decision by your Board on November 3, 1960, that his testimony before the Board was in error?"

Answer. "There was some conversation about it. My memory is not too clear. I do not recall just what he did say was the precise statement to which he wanted to adhere."

Question. If Mr. Cohill admitted he was wrong, would not Mr. Weakly have "taken some administrative step to continue the hearing?"

Answer. "Well, it was not considered at that time. It might have been done. It was not done."

(Assistant Corporation Counsel Clark asked whether Mr. Weakly had told the other two members of Board of Inspector Cohill's visit.)

Answer. "The statements that he made were in the presence of all three members of the Board."

Question. "As a result of that information?"

Answer. "We took no action."

Mr. Weakly added that Mr. Cohill's statement had been "very confusing, impossible to make any conclusive opinion." He said the statement had not figured "one iota" in the Board's decision.

The Board, Mr. Weakly explained, was required to decide cases only on the basis of the hearing record—although he conceded that in one earlier case the Board had reconvened to hear further testimony.

SULLIVAN

Then Board Member Richard Sullivan was called in. He was questioned by Assistant Corporation Counsel Clark.

Question. "You had no conversation with Mr. Cohill in which he stated to you that his testimony before the Board at the hearing was erroneous?"

Answer. "That is right."

Judge McGarraghy: "Either stated to you or in your presence?"

Answer. "No, sir."

Question. "You never heard him make such a statement?"

Answer. "No, sir."

TYSON

Mr. Sullivan was excused and James G. Tyson, the third member of the ABC Board, was called in. Mr. Tyson said the Board had called Inspector Cohill in after the hearing, and before the decision.

But he could not remember whether Mr. Cohill had changed his story before or after the Board made its decision.

Question. "Did he (Mr. Cohill) at some time tell the Board that he was confused in his testimony before the Board?"

Answer. "I think he did, Judge."

Question (Mr. Donohue). "Do you have any recollection of his saying that he was in error in his testimony with respect to the 3,900 stamps and wanted to change that testimony?"

Answer. "Oh, no."

JUDGE RULES

Mr. Tyson was excused and, as the trial ended, Judge McGarraghy ruled, "The tax had not been paid, and it [the liquor] had been in the possession of the licensee more than 24 hours.

"I find, as a fact, that on January 22, 1959, when the first inspector, Mr. Brunson, went onto the premises, that the only stamps that were there in the inventory at that time were ten $\frac{1}{16}$-gallon stamps."

Judge McGarraghy ruled that the huge cache of liquor should be kept by the District to be sold at auction or to be otherwise disposed of.

Defense lawyer Donohue appealed the case, but the appeal has not been heard yet. The liquor is still in the city's warehouse.

[From the Washington (D.C.) Daily News, Mar. 1, 1963]

ABC Board Dismissal: Case of the Hazy Date

(By Jerry Doolittle)

On July 27, 1960—or was it July 28—a District policeman walked into the Rendezvous Bar & Grill, 409 10th Street NW., noticed a young-looking marine drinking beer.

The marine was only 17, and on September 29, 1960, the Alcoholic Beverage Control Board set a hearing on charges that Pandora P. Gogos had been responsible for serving a minor.

Pvt. David A. McPherson, the only witness, was questioned by Assistant Corporation Counsel M. Michael Cramer:

Question. "Officer McPherson, on July 28, 1960, did you have occasion to make an investigation at the Rendezvous Bar & Grill?"

Answer. "Yes, I did."

Question. "Will you please tell the Board generally what you found at that time?"

Answer. "About 7:30 p.m., on July 27 of this year, I entered the Rendezvous."

Nobody then noticed the discrepancy in the dates—it could even have been a typographical error in the transcript—and Private McPherson went on to say that identification papers showed the marine was 17.

SWITCHED

Four days later, October 3, the Board ordered the Rendezvous' license lifted for the week of October 12–19, but on October 5, Defense Lawyer James F. O'Donnell asked the Board to reconsider. So the Board postponed the penalty and set another hearing December 5.

At that hearing, Mr. O'Donnell pointed out that the charges read "July 28" and the policeman had said "July 27."

Mr. Cramer argued that this was obviously a slip of the tongue and should have no bearing on the Board's decision, and at first Chairman Frank E. Weakly seemed to agree.

"This is a technical objection," he said. "There is no question about that. There is no question in the Board's mind about the fact that a violation took place."

But then Mr. Weakly added, "The question before the Board is when did it take place. * * * Although it is very technical, it affects substantial rights."

On December 29 the Board dismissed charge against the Rendezvous.

There were 39 more dismissals and 42 warnings during the present Board's first 4 years in office—more than half of all the violation hearings it held.

Many policemen complain privately about what this does to the force's morale.

"Very frankly," one said, "you get to the point where you wonder whether it's worth the trouble to report violations to the Board.

"We have to do just as much work preparing these cases as any other kind. It takes the heart out of you to spend a couple or 3 days getting up the paperwork, then see the Board dismiss the thing."

Police handle almost all the city's cases of criminal violations of the ABC law. The District's Internal Audit Office reports that in fiscal 1961 ABC inspectors prepared only 2 out of 35 cases for violation hearings.

[From the Washington (D.C.) Daily News, Mar. 3, 1963]

Auditors Had To Clamp on ABC: More Bottles Than Stamps

(By Jerry Doolittle)

Spotty and brief inspections, lack of vigorous followups in criminal charges, and ineffective controls over liquor imports.

These are some of the charges made against the District's Alcoholic Beverage Control Board over the last few years by the Internal Audit Office, which rides herd on every department of city government.

In a check of the lag—often as long as 6 months—between the time police spot a liquor law violation and the time the Board holds a hearing on it, Internal Audit Chief Frank M. Hally found last fall:

"An examination of the log of reports sent to the Corporation Counsel disclosed that the majority of reports are returned with citation (charges) within 1 to 3 months."

But Mr. Hally said his men uncovered one case that sat around the Corporation Counsel's Office for 16 months. Investigation showed that the papers in the case, which involved a liquor salesman and a retail license, had been misplaced.

During those 16 months, Mr. Hally reported, nobody from the ABC Board ever inquired to find out what had happened to the case.

CHECK SYSTEM

He recommended that the Board set up a system of followthroughs on charges of violations sent to the Corporation Counsel to be tidied into legal form. The Board followed the recommendation.

In a report last spring, Mr. Hally said:

"The procedure followed by the Board to control importation of retail licensees are not adequate to ascertain that all taxes, when due, are paid by these licensees."

This meant that the Board wasn't checking carefully enough to make sure tax stamps were bought and put on bottles by dealers who buy liquor from distilleries outside the city.

And Mr. Hally charged that the Board "has never made effective use of available records of liquor imports and stamp purchases."

DIDN'T ADD UP

As evidence, he offered the fact that his auditors had run a test check of records which disclosed "substantial discrepancies between purchases of tax stamps and receipts of liquor by several retail licensees." The stores, in effect, were buying more liquor than stamps.

Mr. Hally made several suggestions for tightening up the Board's procedures, but they were not approved by the District Commissioners because the city had just abandoned the stamp method of collecting liquor taxes anyway.

In the same report, the Internal Audit Office claimed that "adequate administrative control is not exercised over the inspection function."

A check of the records kept by ABC inspectors, Mr. Hally said, "disclosed wide variations in the number and frequency of inspections. As an example, during a 4-month period one large retail licensee had no inspections, whereas a retailer of the same class had 13 inspections."

The inspections themselves, investigators found, lasted an average of 30 minutes each—including travel time between stores and bars. The auditors doubted that this was enough time to make all the checks the inspectors were supposed to make.

The ABC Board told the Internal Audit Office that the apparent inequality of inspections came because troublesome establishments need frequent inspections while well run stores or bars didn't.

But the Board promised to set up a special card file anyway, in an effort to spread the inspections around more evenly.

(The District Alcoholic Beverage Control Board's apparent laxness in judging charges against liquor dealers and bars here, compared to a previous board, has been discussed in the first four articles in this series. This fifth article shows how the District government auditors noted another kind of apparent laxness.)

These articles point out the weaknesses that have developed in the past in the activities of the ABC Board. When these articles were published the ABC Board was on the edge of a scandal. The District Commissioners promptly appointed a "blue ribbon committee" which was made up of some of the outstanding community and civic leaders in the District of Columbia. The "blue ribbon committee" made an investigation of its own and filed its report.

Mr. AUCHINCLOSS. Mr. Chairman, would the gentleman yield?

Mr. SPRINGER. I will be glad to yield to the gentleman from New Jersey.

Mr. AUCHINCLOSS. Mr. Chairman, I want to associate myself with the arguments and the statements of the gentleman from Illinois, because they are sound and they are factual. It has always been a mystery to me why the distinguished gentleman from New York, with all his great abilities, should spend so much time working on this liquor bill here in the District of Columbia. There has been no demand for any reforms that I know of. As a matter of fact, I have discussed this matter with some of my friends in the liquor business, retail and wholesale, and I find that they are not interested in this bill at all. I cannot find anyone in my investigations who is interested in the bill. There are plenty of people who are opposed to this legislation. There has been no criticism of the administration of the liquor laws in the District of Columbia by responsible people. There has been no scandal involved, as there has been in other parts of the country. I think to disturb this situation as it is now working along the way it does would be a great mistake on the part of the Congress.

I thank the gentleman for yielding to me.

Mr. SPRINGER. I thank the distinguished gentleman from New Jersey.

Mr. MULTER. Mr. Chairman, will the gentleman yield so I can respond?

Mr. SPRINGER. Since the name of the gentleman from New York has been mentioned, I will yield to him.

Mr. MULTER. Mr. Chairman, I would suggest our distinguished colleague from New Jersey, who just addressed the House and referred to me, should read the hearings, some 241 pages in length, of last year.

Also I wish he would read the hearings, 147 pages in length, which were taken this year. It is too bad the gentleman from New Jersey did not find the time to attend some of these hearings as many of the subcommittee members did. If he had, he would find that there was sufficient support, and the enacting of this bill will prevent any scandals coming into the District of Columbia in the operation of the ABC Act, as it has in so many other jurisdictions.

I thank the gentleman for yielding.

Mr. SPRINGER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include extraneous matter, including certain newspaper articles and reports.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SPRINGER. Mr. Chairman, may I say in response to the distinguished chairman of the subcommitee, that even though I read the record he has pointed out, I find no support for the bill except from the District liquor industry. There was considerable testimony in opposition by impartial people. I am talking about the Department of Justice, the Board of Commissioners, the "blue ribbon" committee, and the Federation of Citizens Committees which represents the 17 committees in Washington. I have a whole stack of individual letters and cards, and I do not know how many telephone calls, all against the bill, but I have yet to record one single letter or telephone call in favor of this bill.

I feel the "blue ribbon" committee does represent community sentiment, and I would like to put it in the RECORD by unanimous consent the report of the Citizens' Committee dated July 25, 1962:

GOVERNMENT OF THE DISTRICT
OF COLUMBIA,
Washington, D.C., July 25, 1963.

Report to: Board of Commissioners.

From: Citizens' Committee To Conduct a Cooperative Study of the Alcoholic Beverage Control System.

The committee has been meeting regularly since the first of May, 1962. It has had the full cooperation of the ABC Board, Corporation Counsel's office, the Police Department including the Youth Aid Division, and the office of the Commissioners. The committee has studied the existing legislation and regulations, policies of the ABC Board, administration and enforcement of the existing legislation, the public interest, and proposed changes in the act.

In the study, no public hearings were held. Representatives of industry organizations, religious, and citizens groups were contacted and invited to submit statements in writing. The committee did not concern itself with individual complaints on specific cases, but rather with the general situation in all its aspects.

The following recommendations and statements have been adopted by the committee:

1. EXISTING LEGISLATION

(a) The age limits as set forth in section 20 of the act shall be continued: 18 years of age as a minimum for sale or consumption of light wines and beer, and 21 years of age for other alcoholic beverages.

(b) Provisions for notice of applications for licenses are adequate as currently provided for.

(c) No change in the present law is recommended concerning restrictions on advertising. There are adequate safeguards in the code pertaining to false and misleading advertising and misrepresentation, with penalties prescribed.

(d) There is no provision in the present act for any kind of pricefixing, and there shall be none.

Respectfully submitted.

MRS. HENRY GICHNER,
Chairman.

(Vice chairman: Oliver Gasch, Esq.; members: Mr. J. C. Turner, Mr. George E. C. Hayes, Mr. Howland Shaw, Mrs. Harold N. Marsh, Mr. Herbert Blunck, Mr. Berkeley Burrell, Roy Garving, Esq., Mrs. Ernest K. Lindley, and Dr. Garnet C. Wilkinson.)

As you can see from this report, the "blue ribbon committee" suggested that there be no change in the law with reference to pricing or advertising. The "blue ribbon committee" disbanded immediately after that report was filed. It did an excellent job and I think resulted in the squelching of a similar liquor bill which was before our committee in 1962. But a bill similar to the one last year was introduced earlier this year. Hearings were held at which the District Commissioners and the Department of Justice testified negatively on the legislation. Both the Commissioners and the Department of Justice used very strong language in disapproving that bill. This bill creates the ABC Board as an independent agency. Mr. Chairman, why was this particular provision inserted in this legislation? The proponents of this bill, knowing that they could never pass a bill with the provisions on price fixing and advertising in them that had been in the previous bills because of the firm opposition of the Department of Justice and the District Commissioners, now seek to accomplish the same thing by removing the ABC Board from the jurisdiction of the District Board of Commissioners.

In short, if the Board is separated from the District Commissioners and the District Commissioners no longer have any supervision or the right to make regulations, the ABC Board by its own regulations will accomplish what the advocates of the bill sought last year and earlier this year with regard to price fixing and advertising. Mr. Weakly, the Chairman of the ABC Board, testified for the bill in 1962. He had some reservations but on the whole I would say that the record showed he supported the legislation which was firmly opposed by the District Board of Commissioners and the Department of Justice. This will give you an idea of what they intend to do on these matters as soon as the

ABC Board has the right to write the regulations without any objection from the Board of Commissioners. Mr. Chairman, although the "blue ribbon committee" which was appointed by the Commissioners has disbanded, I asked Mrs. Henry Gichner, of 5160 Linnean Terrace NW., Washington, D.C., who was chairman of the "blue ribbon committee," to make a review of H.R. 8920 and advise me of her findings. Mrs. Gichner is well known in Washington and I think everyone will admit that she has only the public interest at heart but at the same time is qualified to determine whether or not this is fair legislation. Mr. Speaker, I herewith ask unanimous consent to insert her letter of November 1, 1963, to me in the RECORD at this point.

WASHINGTON, D.C.,
November 1, 1963.

Hon. WILLIAM L. SPRINGER,
House Office Building,
Washington, D.C.

MY DEAR MR. SPRINGER: I am writing to you only as an interested citizen of the District of Columbia. I happen to be a member of the Citizens Council for the District of Columbia. I was also chairman of the special committee, appointed by the Commissioners of the District in April 1962, to "conduct a cooperative study of the Alcoholic Beverage Control System." The report of this so-called blue-ribbon committee was submitted to the Commissioners of the District of Columbia in July 1962.

Certain provisions of the new bill, H.R. 8920, as reported in the newspapers, seem to me ill advised and possibly dangerous. Upon study of the bill, I would like to make the following comments:

1. I object strongly to the provision which sets up the ABC Board as an independent agency. Today, the philosophy of those interested in the welfare of the District of Columbia has expressed itself as favoring centralization of responsibility under the Board of Commissioners. To remove one of the important agencies, namely the ABC Board, from their supervision and jurisdiction seems a bad mistake. I would also urge that the power to prescribe hours and/or days of sale of alcoholic beverages should be reserved to the Commissioners of the District of Columbia, rather than assigning it to the ABC Board.

2. The provision with regard to limitation of advertising, (d) of section 38, is much too restrictive and should be eliminated. This kind of restriction (supply available for sale at a given time) is applied to no other industry, nor is the provision that an individual customer may purchase an unlimited amount of the same article at any time. Sellers of other goods have always been able to "limit quantity for sale" and have so stated in their advertising. This whole paragraph is unfair to the dealers, and seems to me an artificial restraint of the principle of free enterprise.

3. I do not understand the provision (7) of paragraph (g), section 38. How can one retailer sell to another retailer "for purposes of accommodation" when (5) of section 11 states that "such license shall not authorize the licensee to sell other licensees for resale." Are these two statements inconsistent?

4. Section 18 deals with, among other things, what is understood to mean display articles and equipment. In the old law, the amount of such article was specified at $10. This amount was unrealistic, especially since it was understood to cover the cost of extravagant displays, obviously costing much more. It has now been proposed to substitute $15 for the old $10. This, too, is an unrealistic figure, and as time goes on and costs increase, may prove to be an even more impossible figure in the future. It is suggested that the determination of the cost of display articles, etc. and the limitation thereof be left to the discretion of the ABC Board, who would have the right to change such specification from time to time, without having to go through the labors of having a congressional bill introduced for such purpose.

I have not studied the bill carefully in all detail. However, the portions I have reviewed seem to me to need amendment or revision. The Commissioners of the District of Columbia and the Justice Department voiced objections to portions of the bill introduced last year. Some of these objections have been met and corrected. Others are still present in H.R. 8920, though couched in different language or hidden in unclear terms.

If the Congress is honestly concerned with the welfare of the District of Columbia and the enactment of legislation to help make it a "model" community, then the bill to regulate the alcoholic beverage industry should safeguard the interests of the entire community: the government (the Commissioners), the public and the members of the industry.

Yours very truly,
MRS. HENRY GICHNER.

I feel that Mrs. Gichner does represent community sentiment. I feel sure that if the "blue ribbon committee" were in operation today that the findings which Mrs. Gichner has made of her own accord would be unanimously ratified by the "blue ribbon committee."

Mr. Chairman, the U.S. Department of Justice has been opposed to this bill consistently. The author has tried in various ways to work around these objections. He has not been successful. I ask unanimous consent at this point to insert in the RECORD a letter of the Department of Justice of November 5, 1963, signed by Nicholas deB. Katzenbach, Deputy Attorney General, with reference to this legislation and especially that provision of this legislation which attempts to remove the Alcoholic Beverage Control Board from the jurisdiction of the District of Columbia.

U.S. DEPARTMENT OF JUSTICE, OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., November 5, 1963.

Hon. WILLIAM L. SPRINGER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN SPRINGER: This is in response to your request for the views of the Department of Justice concerning the committee print dated September 11, 1963, showing subcommittee amendments to H.R. 2036, a bill to revise the District of Columbia Alcoholic Beverage Control Act.

Although the committee print has been drawn to meet the specific objections previously expressed by the Department of Justice to H.R. 2036, we still are not aware of the need for this legislation.

A question has been raised concerning the desirability of making the Alcoholic Beverage Control Board an independent agency with the power to promulgate rules and regulations relating to the alcoholic beverage trade in the District of Columbia (secs. 4 and 7). Existing law vests in the Board of Commissioners of the District of Columbia the powers which the print would give to the Alcoholic Beverage Control Board. (Title I, appendix, D.C. Code, 1961 ed., pp. 81, 103, and title 25, D.C. Code, 1961 ed., secs. 104 and 107.)

In view of the fact that almost all governmental agencies of the District of Columbia are not independent, but are subject to the control of the Board of Commissioners, and the creditable way in which the Board of Commissioners has administered existing law (free of the liquor scandals which have arisen in other metropolitan areas), we see no reason to remove the Alcoholic Beverage Control Board from its control.

In addition, we note that section 38(d) of the print would prohibit a licensed wholesaler or retailer who advertises or offers to sell an alcoholic beverage at a "special" or "unusual" price from limiting the quantity of the beverage that each customer may purchase. We are unaware of the need for this provision which would inhibit the business judgments of the licensees affected.

I hope that our comments will be of assistance to you, and I apologize for our delay in responding to your request.

Sincerely yours,
NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

As Mr. Katzenbach so well points out:

> Almost all governmental agencies of the District of Columbia are not independent, but are subject to the control of the Board of Commissioners, and the creditable way in which the Board of Commissioners has administered existing law (free of the liquor scandals which have arisen in other metropolitan areas), we see no reason to remove the Alcoholic Beverage Control Board from its control.

FEDERATION OF CITIZENS ASSOCIATIONS, OF THE DISTRICT OF COLUMBIA,
Washington, D.C., November 6, 1963.

Hon. WILLIAM L. SPRINGER,
House of Representatives Committee on the District of Columbia, Washington, D.C.

DEAR MR. SPRINGER: The above-entitled District of Columbia Alcoholic Beverage Control Act introduced only on October 12, 1963, is the omnibus successor, ingeniously diluted, of several bills supported by the alcoholic beverage industry for the District of Columbia. Similar legislation has been considered by many citizens' associations in the District and by the Federation of Citizens Associations and they have urged that it not be passed.

In its present form there has been no opportunity for the associations to give detailed consideration to the bill and I am therefore obliged to rely on the past expressions on the same subject matter. It is obvious from a reading of the present bill that its basic purpose is to remove from the control of the Commissioners of the District of Columbia not only the entire wholesale and retail liquor business in the District, but also the control of the police, fire, welfare inspections and other members when engaged in any investigation or prosecution which is covered by this comprehensive act. This is bad government. In the absence of local suffrage it is even more imperative that the responsibility for the control of this debatable industry must be concentrated in its basic essentials in the District Commissioner.

However disguised, the proposed act would utilize severe penalties and suspension or revocation of licenses for the independent, competitive pricing of alcoholic beverages in the District. This is price fixing no matter how sugar coated and is devised to give monopolistic control to manufacturers and distributors of alcoholic beverages.

The act proposed unrealistic and ridiculous limitations on the importation of alcoholic beverages other than through the monopoly licensees. For example, section 34(b) makes it unlawful for a common carrier to transport into the District wine, spirits, or beer

> in a quantity in excess of 1 gallon during 1 calendar month for delivery to any one person in the District other than the holder of a manufacturer's, wholesaler's, or retailer's license. Such action is made a crime and with its enforcement would require every trucker or other common carrier to maintain a fantastic complexity of records. Section 37, while purporting to relate to false advertising is so vague in its scope as to render unlawful the publication of any publisher, radio broadcast licensee, or other advertising medium unless he maintains the names and addresses of every advertiser and the full text of the advertisement and first reaches a conclusion as to what would be a false advertisement. Particular reference is made to paragraph 38(d) on page 65 of the bill in this connection.
>
> We wonder precisely the reaction of your constituents when they become aware by police prosecution of their violation of section 27(a) providing that "no person shall in the District of Columbia drink any alcoholic beverage in any public space with respect to which a license has not been issued under this act; * * *" I question that any average citizen could conceivably become aware of the risks which he is assuming.
>
> The sheer inadvisability of jamming through this legislation without thorough understanding by the Members of Congress is so apparent that we cannot believe it will occur, but we sincerely hope that you will be able to convince the Congressmen that as residents of the District for most of the year they can't afford such an absurd and unbalanced act.
>
> Sincerely yours,
>
> William A. Roberts,
> *President, Federation of Citizens Associaations.*

Mr. Chairman, in my opinion, this legislation is one of self-interest for the liquor industry in the District of Columbia. In the 5 years that I have been a member of the House District Committee this appears to me the most flagrant bill of self-interest that I have known anything about. Every disinterested party, including the Department of Justice, the District Board of Commissioners, the three community newspapers, the Federation of Citizens Associations of the District of Columbia, and innumerable citizens who have made their views known to me by letter and telephone, have been opposed to this bill.

Practically all of the effort to enact this bill on the House side of Congress has been through the "liquor lobby." For the past several weeks the Secretary of the District Liquor Association has been practically living in the Halls of Congress. If he were here any more than he has been I think it would be necessary for the House Administration Committee to rent him a separate room in the building. He has done almost everything except sleep here. I know that many of you have had him constantly on your doorstep.

Generally speaking, I think that the newspapers do express a certain conscience for the District of Columbia. I do not mean by that that the newspapers are always right. However, when all three of the newspapers in the District of Columbia, that is the Washington Post, the Evening Star, and the Daily News are against this bill, I am sure that most Members realize there certainly must be some very questionable provisions in this liquor bill.

Here is what the Washington Post, in an editorial of October 29, titled "The Liquor Lobby Again" said:

> The new bill arrives just as a commission of inquiry in New York has recommended that the State abandon its "price maintenance" laws for liquor because they generate indefensibly high profits for the dealer at the consumer's expense. The bottle sold here for $3.83 costs $4.99 in New York.
>
> The bill repeats the earlier attempt to give the District's Alcoholic Beverage Control Board full independence of the District Commissioners' supervision. In the past, the Board has consistently shown sympathy to the idea of price fixing and the Commissioners have consistently opposed it. The purpose of this cry for independence is wholly suspicious.
>
> Those Members who do not favor turning liquor regulation over to the liquor industry will oppose the bill.

The Evening Star, in an editorial of June 15, 1963, has this to say:

> One of its worst features would entirely remove the Alcoholic Beverage Control Board, with all the vast pressures which buffet that agency, from any supervisory check or control by the District Commissioners. Another would prohibit retailers from selling liquor below a tediously detailed formula of the retailer's costs, thereby ending not only loss-leader advertising but bargains for the prudent shopper. Still another questionable section would add a lot of muddy and totally unnecessary verbiage to the existing controls against false advertising. There are others.
>
> At an initial hearing the other day, the Commissioners gave this measure a well-deserved lambasting. We trust, in the lamentable event hearings are resumed, that it will continue to receive more of the same.

The Washington Daily News, in an editorial of October 31, 1963, entitled "Here We Go Again," had this to say of the bill:

> Once again we have before the House a bill * * * to revamp the District's liquor laws * * * against the best advice of the District Commissioners and to the undoubted disadvantage of citizens who long have enjoyed comparatively low prices here.
>
> This time it's somewhat more sedately dressed, but it remains essentially the same act * * * an ill-considered and unnecessary move in the direction of permitting liquor wholesalers to regulate prices to their own gain.
>
> This bill, for instance, would set up the Alcoholic Beverage Control Board as an independent agency, its members appointed by the District Commissioners, to be sure, but their actions and powers removed from whatever supervision they now receive.
>
> As it is, the Alcoholic Beverage Control Board is hardly noted for a penchant to hold its actions up to public view. It has been noted, however, for its past inclination to view kindly the liquor industry's philosophy of price maintenance. Regardless of the honest convictions of the Board, to permit it to completely draw the blinds on its day-to-day activities is to invite unbridled mischief at some future date.
>
> When the bill comes up on the floor, it would be well to force a rollcall vote. Then everyone will know just who believes in competition and who does not.

I believe that these editorials and news stories from which I have quoted do reflect much of the feeling about the dangers of allowing this bill to be passed and to become law. The Members of Congress are the only ones who can guard the public interest and look after the welfare of all of the citizens of the District of Columbia. In my opinion, one of the ways in which the welfare of the District can be protected is to vote this bill down.

Mr. MULTER. Mr. Chairman, I yield myself such time as I may consume.

Mr. CHARLES H. WILSON. Mr. Chairman, will the gentleman yield for a question?

Mr. MULTER. Surely.

Mr. CHARLES H. WILSON. I have been rather surprised at the discussion which has taken place so far by the gentlemen on the other side of the aisle. One of the strong cases which has been emphasized is the fact that this legislation has been defeated on prior occasions and, therefore, this is sufficient reason not to consider it seriously.

As a new Member of Congress, I can recall about 10 or 12 years ago in the State of California that we had a great liquor scandal. The way in which it was straightened out was to adopt the ABC Board form of control. They took over complete authority of this important activity.

Is not this similar to what is done in most of our States, to have a board of autonomous control?

Mr. MULTER. This is exactly the same as in every jurisdiction of the United States. In each of the 34 States where they have a liquor board or a liquor authority or a commissioner, one person or one board or one commissioner has the sole and complete jurisdiction.

In the monopoly States the States have full and complete control and again under a single board or official.

May I indicate, apparently other Members may have gotten the same idea as the gentleman did, that this bill has been before the House and has been defeated, or before the committee and has been defeated. This bill has never been voted down by a committee or by the House. The so-called blue ribbon committee that was appointed did have the effect of delaying action in the last Congress until it was too late to bring the bill out. The bill has not been voted down in the Committee, and it has not been before the House.

Mr. CHARLES H. WILSON. In connection with the blue ribbon committee, are they residents of the District or are they from the outside; does the gentleman know?

Mr. MULTER. I think it is safe to say they came from the metropolitan area of Washington. Not all of them came from the District.

May I say this so called blue ribbon committee was supposed to represent the community. It came into being to give us their views. Whether they had any meetings or not, I do not know. They did not conduct any hearings. They did send up a report for the record which came to us over the signature of the chairman of that committee and was written for her and for her committee by an assistant corporation counsel under the direction of the District Commissioners. It was not the views at all of the so-called citizens' committee. Despite that, we considered them item by item, and you have not heard and will not hear on the floor today a single word in support of any of their recommendations not already in the bill. All of their good recommendations are now in the bill. They were in the bill when we had it before the full committee in the last session. The only thing you find them talking about is taking away from the Commissioners their right to review the actions of the Board. I say the Board should act in the first instance and if they do anything wrong an appeal to the courts should be had.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Illinois.

Mr. SPRINGER. I think there is some dispute there. I do not believe all of the things are in the blue bill that were recommended by the blue ribbon committee. I think the letter that was written speaking about price control is one that was strongly objected to in the original bill.

Mr. MULTER. Let me take up that point.

When the bill was first introduced in the last session of Congress there was a price-fixing provision in it. But it is not in there now, and it was not in it when it came before the full committee. We took that out. We met the objections of the Attorney General. There is no price fixing of any kind whatsoever in this bill. There is a provision against false, misleading, and fraudulent advertising, and that is what the newspapers are objecting to.

Mr. SPRINGER. I suggest the gentleman read the report in full. I did not put those in the record because I believe under the rules of the House the distinguished gentleman's name was mentioned, so I did not include that. If you will read the editorials cited, one of the real objections is that this is a price-fixing formula.

Mr. MULTER. That is their charge, but it is a false charge.

Mr. SPRINGER. I think the gentleman has a right to say that, but I disagree with him. I believe the newspapers are reasonably correct. I do not wish to dispute my chairman. I respect him, but I want to be sure there is no misunderstanding as to what is in the editorials.

Mr. MULTER. Let me make this point about the publishers: In the last session the publishers association sent up its representatives to testify. The very day they were testifying the newspapers were carrying these false and fraudulent advertisements. We confronted them with it after they said "We, the newspapers, have a right to censor these ads, and we do keep out the bad advertising." We showed them the ads some of which are in the record. This year they did not come in for examination. They merely sent in a statement, and the very day the statement came in the newspapers again carried these false, fraudulent, and misleading advertisements.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Michigan.

Mr. DINGELL. May I say at this time I am very much concerned this bill does include price fixing. I want such assurances as I can get on this point from the gentleman from New York.

Is the gentleman telling the House categorically that under this bill the Alcohol Beverage Control Board established under this legislation would have no power whatsoever to fix prices?

Mr. MULTER. I say this as unequivocally and as categorically as I can say it—the Board has no power, and nothing in this bill will give the ABC Board or the Commission the right to fix prices on anything. Even though it was not necessary, we went so far as to put a provision in the bill to permit joint advertising, because there came up the question that under the guise of regulating joint advertising they might fix prices. So we put in a provision that nothing in this bill shall prohibit joint advertising.

Mr. DINGELL. The reason I am concerned is I note on page 38 of the report in the part dealing with changes in the law as required to be printed under the Ramseyer rule that it says:

> The Board is hereby authorized and directed to prescribe such rules and regulations as it deems necessary—
>
> (1) relating to displays or other services or articles of property given or sold any retail licensee under this Act by any manufacturer or wholesaler of alcoholic beverages, including the establishment of limitations as to the cost thereof, notwithstanding section 19 of this Act;

That does not confer upon the Board the power to fix prices.

Mr. MULTER. No, it does not.

Mr. DINGELL. Then I note on page 65 of the bill on line 11, subsection (c) it reads as follows:

> It is hereby declared that knowingly to advertise, to offer to sell, or to sell any alcoholic beverage, either by retailers or wholesalers, with the intent, effect, or the result of deceiving any purchaser or prospective purchaser, substantially lessening competition, unreasonably restraining trade, or tending to create a monopoly is an unfair method of competition, contrary to public policy, and in contravention of the policy of this section.

Does this either directly or indirectly give the Board the power to fix prices over alcoholic beverages?

Mr. MULTER. No, it does not. It is not intended to. I say to the gentleman's question categorically it is not intended to and it does not. Historically, this has to do with discounts or so-called loss leaders, where they take a branded item and advertise it at a certain price, and when you walk in behind the man who opens the store he is all out of it, and tries to tout you onto another item. Under this bill he can advertise it as a loss leader or any way he pleases, but he has to have it on hand and offer it at that price when you walk in and ask him to sell it to you. That is what the bill would do.

Mr. DINGELL. This legislation does not confer upon the ABC Board the power to establish retail prices generally or the power to regulate retail prices?

Mr. MULTER. I say it does not. It is not intended to. If anybody can come up with better language to say that in the bill, I will put it into the bill. The newspapers try to charge that this is to bring in price fixing through the back door. It is not.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Illinois.

Mr. SPRINGER. I just want to read further what the Post has had to say about the matter:

> True, Mr. MULTER has now been constrained to somewhat veil his language. But he continues to define any merchandising practice "substantially lessening competition" as unfair competition, punishable by license revocation. In this context, of course, substantially lessening competition means price cutting. Mr. MULTER is still diligently trying to outlaw discounting in the District's liquor stores.

Mr. MULTER. The answer to that is just this. This is the exact language you will find in the Robertson-Patman Act, the Antitrust Act, and all the other acts enforceable by the Antitrust Division of the Department of Justice and the Federal Trade Commission. This is to meet that situation.

Mr. DINGELL. The language in this bill does not mean that the Board or the wholesaler or the manufacturer has the right to fix prices?

Mr. MULTER. I once again say to the gentleman—he is correct. That is what we intend to do and that is what this language does. If anybody can give us any better language to say it again, we will say it again.

Mr. DINGELL. I thank the gentleman.

Mr. MULTER. Mr. Speaker, for the guidance of those who are interested, the following is a summary of the bill and what is sought to be accomplished by it, and a section-by-section analysis of the changes sought to be accomplished by this bill:

BACKGROUND OF H.R. 8920

Extended hearings on proposed changes in the Alcoholic Beverage Control Act for the District of Columbia were held in the last Congress on H.R. 8908, by a subcommittee of this committee, and during this session on H.R. 684 and H.R. 2036. The reported bill, H.R. 8920—House Report 881—embodies various proposals and amendments drafted and incorporated therein to meet suggestions for improvement in the law made at the hearings and during consideration of the proposed legislation in executive sessions of the subcommittee and of the full committee.

H.R. 8920 rewrites the Alcoholic Beverage Control Act for the District of Columbia—title 25, District of Columbia Code, sections 101-139—which it repeals, but continues the present Alcoholic Beverage Control Board with its present members and establishes it as an independent agency of the District government.

As an independent agency, the Board under this bill succeeds to most of the regulatory powers now exercised by the Commissioners of the District of Columbia, and would be free of the general supervisory powers now exercised by such

Commissioners over the Board's management of its administrative and internal affairs and functions.

In addition to establishing the Board as such an independent agency, the bill further provides that Board members may be removed by the Commissioners "only for inefficiency, neglect of duty, or malfeasance in office." Under the code provisions relating to the present Board, there is no such specific authority of removal. Also, the bill provides that upon removal—for cause or otherwise—a member may continue to serve on the Board until his successor shall have been appointed. The code contains no such provision.

Although the bill rewrites entirely the present Alcoholic Beverage Control Act, many of the features and much of the language of the repealed act are retained. However, several major innovations and changes are provided for in the bill, some of which are as follows:

APPEALS TO THE COURT

The Board is vested with power to issue, transfer, reissue, and revoke licenses. Its action on any question of fact in this regard is final and conclusive, except that in the case of a reissuance, revocation, or suspension of a license, any party aggrieved by the Board's action may appeal to the District of Columbia Court of Appeals—formerly the municipal court of appeals for the District of Columbia.

This innovation substantially changes the code provisions relating to such appeals. Under the code, only revocations or suspensions for more than 30 days could be appealed to the Commissioners whose findings on such appeals were final and conclusive as no further appeals were provided for.

MAKING AND AMENDING REGULATIONS

The Board is vested with specific authority to make regulations concerning all phases of the alcoholic beverage business. Such regulations, however, shall not be made, altered, or revoked until after a public hearing thereon.

Under the code, broad regulatory power is vested in the Commissioners, whose regulations become effective 5 days after their being published in a newspaper of general, daily distribution; and no public hearing is required.

LICENSES

In all, 12 kinds of licenses may be issued under the bill, as under the code, as follows—annual fees also are shown:

First. Manufacturer's license, class A—$5,775.

Second. Manufacturer's license, class B—$4,125.

Third. Wholesale license, class A—$2,475.

Fourth. Wholesale license, class B—$1,250.

Fifth. Retail license, class A—$1,250.

Sixth. Retail license, class B—$165.

Seventh. Retail license, class C—$825, and so forth.

Eighth. Retail license, class D—$330.

Ninth. Retail license, class E—$40.

Tenth. Retail license, class F—$7.50.

Eleventh. Solicitor's license—$100 each license.

Twelfth. Consumption license for a club—$100.

LICENSE PRIORITIES

The bill would grant a priority or preference to license applications received from persons required to relocate their licensed business establishments by reason of the exercise by the Federal or District governments, of the power of eminent domain, or in aid of urban renewal, redevelopment, highway, transportation, or other governmental program. The code contains no comparable provision.

BOTTLE CLUBS

Provisions in the code permitting licensing of bottle clubs are omitted in the bill and, therefore, repealed under the provisions of section 39(4) which repeals the Alcoholic Beverage Control Act of 1935—title 25, District of Columbia Code, section 101–139.

STANDUP DRINKING

Extends standup drinking privileges to hotels and clubs and permits such drinking in restaurants, hotels, and clubs by assemblages of more than six persons in a private room previously approved by the Board and in an enclosed area on such premises by its patrons waiting to be seated at public tables.

CREDIT SALES

Sales on reasonable credit terms are permitted between licensees. In addition, holders of retail licenses class C, D, or E may sell alcoholic beverages on credit to their customers. Under the code, this privilege was limited to holders of retail license, class E.

IMPORT RESTRICTIONS

The bill limits the quantity of alcoholic beverages that may be imported or brought into the District by the general public to 1 gallon during any calendar month. Under the code, the restriction is 1 gallon at any one time.

TESTS CHANGED

Throughout the code and the bill, there are prohibitions against one class of licensees holding an interest in another class of licensees when, in the judgment of the Board, such interest would tend to influence the one class to make its principal purchases of beverages from the other class.

In the case of corporate licensees, the code prohibitions apply only to holders of 25 percent or more of the common stock of such licensees. In the case of individuals and partnerships, this interest was required to be substantial.

Under the bill, the above tests are eliminated and the prohibitions are made to apply to any person having any interest in any licensee if in the judgment of the Board such interest will tend to bring about an undesirable practice.

Further, with regard to hotels, clubs, and restaurants, under the code licenses are conditioned upon the Board's being satisfied that the sale of alcoholic beverages is not the prime source of revenue of such establishments. Under the bill, the Board must be satisfied that the sale of food is the source of a reasonable amount of revenue to such establishments as a condition to their being granted a license.

TAXES

The bill continues the tax on every wine-gallon of alcohol and spirits at $1.50 per such gallon.

The most significant change in the bill in this area is its provision that the Commissioners may provide that the taxes imposed herein shall not apply to imported beverages for the personal and official use of heads of foreign diplomatic and consular missions; and to sales to such persons by wholesale licensees if such beverage was purchased for such purposes and was withdrawn from a customs bonded warehouse under supervision of the Secretary of the Treasury and located on the vendor licensee's premises.

In the absence of such a regulation, it would appear that these transactions would be fully taxable at the rates imposed by this section.

The code contains no similar provision.

IDENTIFICATION OF ALCOHOLIC BEVERAGES

The bill makes it mandatory that the Board shall require that containers of alcoholic beverages carry the license number of each licensee selling or offering the same for sale.

The code provision is permissive only as to the Commissioners in this instance.

FALSE ADVERTISING AND SALES BELOW COST

The bill invests the Board with jurisdiction and powers similar to those possessed by the Federal Trade Commission and the Department of Justice in the areas of false and misleading advertising and restraint of trade.

In this regard, the bill makes it unlawful for any person knowingly to disseminate false and misleading advertising of alcoholic beverages for the purpose of directly or indirectly inducing the purchase of such beverages in the District of Columbia.

A willful, knowing, violation of the above by a licensee may result in the suspension or revocation of his license if such facts are shown upon a hearing on such violations.

Advertising media and personnel are generally exempt from the application of this section unless they refuse to supply the name and address of the licensee or other person causing them to disseminate such false and misleading advertisement.

Retailers and wholesalers advertising special, unusual or bargain prices are required to specify the quantities of each item available at such prices, and to have same on hand; and no limitation on quantity per customer may be imposed.

This section does not apply, however, to sales below a cost determined in good faith to meet lawful competition; bona fide clearance sales; final liquidation sales; sales of imperfect or damaged beverages; sales on contract to Government agencies, and to charitable organizations and relief agencies; sales under permits specifically authorizing sales under cost without regard to the prohibitions of this section, et cetera.

Violations of this section may result in the suspension or revocation of the license.

A section-by-section analysis of the bill follows:

SUMMARY OF CHANGES MADE BY THE BILL, H.R. 8920, IN THE ALCOHOLIC BEVERAGE CONTRACT ACT FOR THE DISTRICT OF COLUMBIA (TITLE 25, SECS. 101–139)

SECTION 1 OF H.R. 8920

Section 1 of H.R. 8920 (pp. 1–68) is made up of 39 sections which are revisions of the Alcoholic Beverage Control Act as amended by the bill. Changes in these sections will be first considered:

Sections 1 and 2 of the ABC Act, as amended—no changes.

Section 3 of the ABC Act, as amended, contains definitions. They are the same as provided in present law, with the following exceptions:

* * * * *

(3) Wine: Same as subsection (c) of section 103 of the code, except that the definition of "light wines" therein is deleted and transposed to subsection 18 herein where it is defined as "champagne and wines containing 14 perecnt or less alcohol by volume."

* * * * *

(5) Alcoholic beverage: Same as subsection (e) of section 103 of the code, except that the separate term "beverage" is deleted.

* * * * *

(7) Club: Same as subsection (g) except for the following: (a) subject to Board approval, space outside and adjoining the building—including public property—may be used to provide reasonable and comfortable accommodations for its members and guests.

(NOTE.—This provision will permit the establishment of club dining or drinking facilities on public sidewalks and other public property outside and adjoining such club building.)

(b) The Board must be satisfied that the sale of food is the source of a reasonable amount of revenue to such club.

(NOTE.—This changes the test required by subsection (g)(2).)

* * * * *

(10) Hotel: Same as subsection (j) of the code, but adds: (a) provisions identical to subsection 7 (a) and (b) above; (b) and deletes the requirement that only a bona fide business incidental to the operation of a dining room may be conducted therein.

* * * * *

(14) Restaurant: Same as subsection (n) of the code, plus the same additions and deletions to the definition as are made to the definition of "hotel," as set out in subsection (10) above.

* * * * *

(16) Tavern: Same as subsection (q) of the code except that the Board must be satisfied that the sale of food is the source of a reasonable amount of the revenue of such tavern.

(17) Corporation Counsel: Means the attorney for the District designated by the Commissioners to perform the functions prescribed for the Corporation Counsel in this bill. There is no corresponding provision in the code.

(18) Light wines: See subsection (3) above.

Section 4 amends the current code provisions to—

(1) establish the Alcoholic Beverage Control Board of three members as an independent agency of the District.

(2) provide for removal of Board members by the Commissioners "only for inefficiency, neglect of duty, or malfeasance in office."

(3) require Board members to be of good character and otherwise fit for the trust to be imposed in them.

(4) permit each Board member to continue to serve as such until his successor is appointed.

(5) provide for the determination of Board members' salaries in accordance with the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.).

(6) give the Board authority to hire necessary personnel and to define the duties and responsibilities of the positions established in this regard.

(NOTE.—Reorganization Order No. 35: G. F. 25-100, C.O. 302, 853114, June 16, 1953, ordered that there is hereby established under the direction and control of the Commissioners, an Alcoholic Beverage Control Board consisting of three persons appointed by the Commissioners. The members of the then existing Board were reappointed to the new Board and all powers and authority authorized by statute or by the Commissioners to be exercised by the previous Board was thereafter vested in the new Board. The order abolished the preexisting Board and establishes such positions with such duties and responsibilities as said Board—with the approval of the Commissioners to whom assigned—shall from time to time determine.)

(7) delete authority of the Commissioners to provide for the expenses of the Board, but continues the requirement that the Commissioners shall include in their annual estimates such amounts as may be required for the salaries and expenses herein authorized.

(NOTE.—The remaining provisions of this section are identical with current code provisions.)

* * * * *

Section 6, identical with code section 106 except that an appeal may be taken to the District of Columbia Court of Appeals (formerly the Municipal Court of Appeals for the District of Columbia) on any adverse finding by the Board relating to the reissuance, revocation, or suspension of a license.

Section 7, transfers to the Board the powers presently conferred upon the Commissioners in section 107 of the code, with the following amendments:

(1) the Board may prohibit sales of alcoholic beverages on such days as it determines necessary in the public interest.

(2) no regulation shall be made, altered, or revoked by the Board without first holding a public hearing thereon.

(3) the Board is further empowered to prescribe rules and regulations relating to—

(a) displays and other services or articles of property given or sold licensees by manufacturerers, etc., including limitations as to cost.

(b) the display of merchandise and the holding of fashion shows and exhibits in the hotel dining rooms licensed under the act.

(c) the conduct of hearings.

(d) the posting and availability of pricelists in restaurants and hotels subject to the act.

(4) no retailer's license, class A, shall be issued for an operation within 500 feet of the premises of another holder of such class of license.

* * * * *

Section 9 reduces, substantially, the length of its corresponding code section 109 but does not appear to change, substantially, the intent and meaning of section 109.

The term "offer for sale" and the provision making the section inapplicable to such offers and solicitations made upon the premises of the licensee—which appear in section 109—are deleted, however.

Section 10 deletes reference in section 110 of the code with regard to issuance of licenses to permit consumption of alcoholic beverages on club premises where food, nonalcoholic beverages, or entertainment is sold or provided for compensation, i.e., "bottle clubs."

Adds a requirement that the Board shall give priority to applications from persons required to relocate by reason of an exercise by the Federal or District governments of the power of eminent domain, or in aid of any urban renewal, redevelopment, highway, transportation, or other governmental program.

Section 11 provides for the issuance of the same 12 types of licenses as does the code.

This section substitutes "Board" for "Commissioners" with regard to the power to formulate and issue regulations under the act.

This section also extends "standup" drinking privileges to hotels and clubs and provides that such drinking may be done in restaurants, hotels, and clubs by assemblages of more than six persons in a private room approved by the Board as well as in an enclosed area, on such premises, by patrons waiting to be seated at public tables.

(NOTE.—Remaining provisions are identical with those in the code. There are no changes in license fees.)

Section 12 follows the language of Code section 113 except that the code provisions relating to 25 percent stockownership are deleted. In substitution thereof, the term "any interest" is prescribed.

Section 13—new matter provides that actions on applications shall not terminate by reason of the end of a licensing year. Fees on such applications shall, however, be adjusted by reason of such terminal date.

Otherwise, the proposed section is identical with section 114 of the code.

Section 14 makes the following changes in section 115—its corresponding code provision—to which it is identical in all other respects:

(a) Requires the Board—not the Commissioners—to prescribe the form of applications for licenses.

(b) Eliminates the obsolete provision prohibiting issuance of a license to persons convicted of misdemeanors under the National Prohibition Act within 5 years immediately preceding the date of their application.

(c) With the exception of a retailer's license class E, no manufacturer or wholesaler of alcoholic beverages—or its officers or stockholders, if a corporation—shall have any interest in the license or premises of an applicant for a wholesaler or retailer license if such interest—in the Board's judgment—would tend to influence such licensee to purchase alcoholic beverages from such wholesaler or manufacturer.

(d) Substitutes "Commissioners" for "Collector of Taxes" as the party to which license fees required by the act shall be paid.

(e) Provides that license applications shall be verified by the individual applicant, partners, or by a corporate officer—if a corporation. The code requires such verification in such instances by the president or vice president of the corporation.

Section 15 repeats the prohibitions and exceptions set forth in section 116 of the code but redefines the zoning areas involved as residential, special use, or commercial district.

Also requires that no part of the entrance to such establishment shall be visible from a sidewalk.

* * * * *

Section 17 provisions are identical to code section 118 with the exception of the following:

(a) All revocations and suspensions—and not just those suspensions of 30 days or more—may be decreed only after a hearing, subject to court review, rather than review by the Commissioners as in present law.

(b) A license may be suspended or revoked if any of the principal officers or directors of a corporate licensee fails to meet the requirements of citizenship, age, and nonconviction of a felony.

(c) Deletes reference to misdemeanor convictions under the National Prohibition Act.

(d) Licensees are required to furnish the Board information it may deem reasonably necessary with respect to sales of and offers to sell alcoholic beverages.

Section 18, provisions are identical to code section 119, with the exception of the following:

(a) prohibits a manufacturer from having any interest in a wholesale or retail licensee's business if in the opinion of the Board such interest will tend to influence such licensee to purchase alcoholic beverages from the manufacturer.

(b) raises to $15, from $10 in present law, the value of any service or property that a manufacturer may sell, give, rent, or loan to wholesale or retail licensees with prior Board approval.

(c) eliminates the 25-percent test in the code's definition of manufacturer.

(d) substitutes court review for present review by the Commissioners with regard to revocation of license proceedings before the Board.

Section 19, identical with section 120, but makes the same changes with respect to such wholesalers, etc., as are made in section 18 above with respect to manufacturers.

* * * * *

Section 23—with the exception of the following, the section is identical with section 124:

(a) continues the tax on every wine gallon of spirits and alcohol at $1.50 per gallon.

(b) provides that such taxes shall be payable to the Commissioners.

(c) empowers the Commissioners to provide that no tax shall be levied or collected on—

(1) alcoholic beverages imported into the United States for the personal or official use of the head of a diplomatic or foreign consular mission.

(2) alcoholic beverages purchased from the holder of a wholesaler's license if it is purchased for the personal or official use of the head of a foreign diplomatic or consular mission and was withdrawn from a customs bonded warehouse which is under supervision of the Secretary of the Treasury and is located on the premises of such licensee.

Subsection (h) of this section makes it mandatory that the Board shall require that the containers of alcoholic beverages carry the license number of the licensee.

* * * * *

Section 26, identical with section 127 of the code except for the following:

(a) deletes references to "streetcar," "elevator," or "horsedrawn vehicle."

(b) deletes references to cited portions of the District of Columbia Motor Vehicle Code.

Section 27, identical with code section 128 except that "public space" is substituted for the various distinctions of "street," etc.

Section 28, identical with section 129 of the code except that the renamed District of Columbia Court of General Sessions is substituted for the term "municipal court."

* * * * *

Section 31, exempts only holders of retailer's license class C, D, or E from the prohibition of selling alcoholic beverages on credit.

* * * * *

Section 34, identical with section 137 of the code except that the "1 gallon" restrictions are limited to a calendar month whereas under the code, the restriction applies to any such delivery "at any one time."

* * * * *

Section 36, identical with section 139 of the code except that District of Columbia Court of General Sessions is substituted for Municipal Court for the District of Columbia.

New matter in H.R. 8920 not presently set forth in the code

False Advertising

Section 37, makes it unlawful to knowingly disseminate false and misleading advertising for the purpose of directly or indirectly inducing the purchase of alcoholic beverages in the District.

Penalty: A licensee violating the above, with intent to defraud or mislead, may have his license revoked or suspended after due notice and hearing by the Board, and review by the court, as previously provided herein.

Conditions of liability:

(a) manufacturers, packers, distributors, and sellers of alcoholic beverages shall be liable without further qualifications.

(b) a publisher, radio broadcast licensee, or other agency or medium disseminating such advertising shall be liable only if—

(1) He refuses the Board's request to furnish them the name and address of the manufacturer, packer, distributor, seller, or advertising agency, residing in the United States, who caused him to disseminate such advertising.

(2) Such advertising agency also refuses to furnish the Board, upon request, with the above information.

Definitions:

False advertisement—an advertisement—other than labeling—which is misleading in a material respect.

(1) Facts to be considered in determining the above:

(a) Representations made or suggested by statement, word, design, device, sound, or any combination thereof.

(b) The extent to which the advertisement fails to reveal material facts in the light of such representations.

Congressional Policy

Section 38 declares the following with respect to congressional findings and policy:

The manufacture, distribution, and consumption of alcoholic beverages affect the public interest, and in the further interest of protecting public health, welfare, and morals, and to encourage temperance and moderation, it is necessary to provide for the regulation thereof.

This section also provides that retailers and wholesalers advertising special, unusual, or bargain prices are required to specify the quantities of each item available at such prices, and to have the same on hand; and no limitation on quantity per customer may be imposed.

Definitions—with reference to alcoholic beverages:

(1) Sell at retail; or, sales at retail; and, retail sale: Means any transfer for a valuable consideration made in the ordinary or usual course of trade or business which passes title to purchaser for his consumption or use other than a resale or further processing or manufacturing. Includes any transfer where title is retained as security for payment of the purchase price.

(2) Sell at wholesale; or, sales at wholesale; and, wholesale sales: Sales as above defined to a purchaser for purposes of resale or further processing or manufacturing and includes transfers where title is retained as security for payment.

(3) Retailer: Means and includes every person licensed under this act to sell alcoholic beverages at retail in the District of Columbia.

(4) Wholesaler: Means and includes every person licensed under the act to sell alcoholic beverages at wholesale in the District of Columbia.

Penalties: Upon compliance with the hearing and review procedures established herein, the licenses of retailers who knowingly violate the prohibitions against advertising, offering for sale, or selling, or refusing to sell, may be revoked or suspended after due notice and hearing.

Injunctive relief: The courts of the District are empowered to prevent and restrain violation upon institution of appropriate proceedings in equity by the Corporation Counsel. Such relief may also be sought by any person threatened with loss or injury by reason of such violation.

Nonapplicability: This section shall not apply to alcholic beverages sold:

(1) At bona fide clearance sales, if advertised, marked, and sold as such.

(2) As imperfect or damaged, or is being discounted and is advertised, marked, and sold as such.

(3) At final liquidation sales.

(4) For charitable purposese or to relief agencies.

(5) On contract to departments of governments or governmental institutions.

(6) At a price made in good faith to meet lawful competition.

(7) By one wholesaler to another or by one retailer to another.

(8) By an officer acting under the order or direction of any court or fiduciary, or by any trustee in a deed of trust or deed of assignment for the benefit of creditors.

Section 39 provides that:

(1) Nothing contained in the act shall divest the Federal Trade Commission or the Department of Justice of any jurisdiction possessed by them with regard to any provision of this act.

(2) Nothing herein shall be construed as repealing any portion of section 7 of the District of Columbia Appropriation Act approved July 1, 1902 (i.e. 47 D.C. Code, sec. 2301 et seq. which is the general licensing law for the District of Columbia).

SECTION 2 OF H.R. 8920

This section provides that nothing in Reorganization Plan No. 5, 1952 (66 Stat. 824) shall authorize the Commissioners to delegate, divest, or otherwise affect the Board's authority as granted herein. The Commissioners may, however, delegate their own authority conferred under the proposed act.

SECTION 3 OF H.R. 8920

Section 3 provides that the present Alcoholic Beverage Control Board, and its membership, shall be continued.

SECTION 4 OF H.R. 8920

Section 4 repeals current provisions of 25 District of Columbia Code, sections 101–139, for example, the Alcoholic Beverage Control Act for the District of Columbia.

SECTION 5 OF H.R. 8920

Section 5 provides that any decision of the board revoking or suspending a license may be appealed to the District of Columbia Court of Appeals.

SECTION 6 OF H.R. 8920

Section 6 provides that the act shall take effect 120 days after its enactment, or upon such earlier date as the District of Columbia Board of Commissioners shall prescribe.

Mr. Speaker, I am pleased to call to the attention of the House the biographies of the present members of the Alcoholic Beverage Control Board of the District, which clearly indicate that none of them have any direct or indirect affiliation with any segment of the liquor industry, in or out of the District of Columbia:

FRANK ERVIN WEAKLY

Weakly, Frank Ervin, property management exec.; b. Shelbyville, Ill., Jan. 27, 1890; s. Benedict and Maria Louisa Jane (Hursh) W.; student Ill. Weslyan U., 1909–10; Ph. B., U. of Chicago, 1914; m. Lucille Lyon, Aug. 27, 1914; children—Amorita Lucile, Rhoda Frances; m. 2d Catherine Hughes Hall, Dec. 23, 1950. Grocer's clk. Shelbyville, 1906–09; foreman Burson Knitting Co., Rockford, Ill., 1910–11; instr. Little Rock, Ark., high sch., 1914–15; personnel dir. Montgomery Ward & Co., Chicago, 1915–21; gen. operating mgr. Halsey Stuart & Co., investment bankers, Chicago, 1921–33, v.p., 1933–44; pres., dir.

Washington Properties, Inc., 1944–53; chmn. board Washington Sheraton Corporation, 1953–56; director Capital Transit Co. Mem. adv. bd. for branches, Am. Security and Trust Company. Served as labor specialist Council Nat. Defense, 1917, labor specialist Emergency Fleet Corp., 1918, mgr. personnel Quartermaster Corps, U.S. Army, 1918. Mem. Citizen's Advisory Com. on Public Works; chmn. Alcoholic Beverage Control Board, 1958—. Mem. Washington Bd. Trade Washington Real Estate Bd., Am., Washington (pres. 1946–53, dir.), Internat. hotel assns. Director President's Cup Regatta Assn., Gov. Better Bus. Bur., Minimum Wage and Indsl. Safety Bds. Mem. Greater Nat. Capital Exec. Com., bd. dir. Mct. Police Boy's Club. D.C. Bldg. Code Adv. Com. Mem. Tau Kappa Epsilon, Republican, Methodist. Clubs: South Shore Country, Executive (Chicago); Congressional Country, Carlton, Kiwanis (Washington); Circus Saints and Sinners. Author: Applied Personnel Procedure, 1923. Chmn. Cherry Blossom Festival, 1943–54. Home: Sheraton Park Hotel, Washington 8. Office: 2600 Woodley Rd., NW., Washington 8.

Source: Who's Who in America. Vol. 32, p. 3297.

JAMES G. TYSON

Born near Smithfield, Pa., July 25, 1899. Mother and Father deceased. Three children, Eleanor Louise, James G. Jr., and Charles Leonard. Now married to Ann Montier Tyson, teacher in the D.C. Public Schools—now retired. Married December 24, 1927.

FORMAL EDUCATION

Public and High School, Uniontown, Pa., graduating 1919. All Varsity sports. Captain Football team 1918. Howard University 1925–29. A.B. 1929. Varsity Sports. All-American Football 1927, Captain Swimming team 1928, Student Manager Glee Club 1929, Awarded Gold Key, 1929. Honorary Society, Alpha Sigma 1929, an editor of Yearbook, 1929. Howard University, LLB, 1932. President of Class, 1929–30, First Chief Justice, Court of Peers, 1931–32. Student Instructor, 1931–32. Harvard University Graduate School of Law, 1935–36.

INSTRUCTION

Instructor, subsequently Professor of Law, Terrell Law School, Washington, D.C., 1938–42, 1945–49. Also coached football, basketball, swimming and track teams.

BUSINESS

Editor of the Uniontown Journal Newspaper. Sports editor of the Washington Sun. Manager Francis Swimming Pools. General Manager Slade's Restaurants in Boston.

PROFESSIONAL

Admitted to the District of Columbia Bar in April, 1933, also to the Bar of the United States Court of Appeals for the District of Columbia, the Bar of the United States District Court, 4th District, the Bar of the Municipal Court, D.C., and the United States Supreme Court.

Member of the Washington Bar Association, the District of Columbia Bar Association, the Federal Bar Association, the National Bar Association, the American Bar Association, the American Judicature Society, the Howard University Law Alumni Association, and the Harvard University Law Alumni Association.

Entered the general practice of law in Washington, D.C. in April 1933 and practiced extensively in and before the Courts of the District of Columbia, including Juvenile, Police, Municipal, Supreme Court, later known as the United States District Court for the District of Columbia, the United States Court of Appeals, and also before several of the Administrative Agencies of Government Agencies until October 1942. Up to that time the practice was primarily criminal, probate and domestic relations, however many other civil and administrative matters were handled. Several of the cases were of national interest, including the Crawford case in Leesburg, Virginia; also participated in the investigation of the Willie Peterson and the Scottsboro Cases in Alabama; served as prosecutor in a sectionally prominent murder case in Yorktown, Virginia. Locally, the United States v Roland Lindsey, 77 U.S. Appeals 1, and the Brown v D.C. Bar Association, were the most prominent. Returned to the United States late October 1945 and resumed private practice, after having served in the American Red Cross from 1942 to 1945. Was appointed receiver to wind up the Stockholders Union of the Colored Women's League and was again active in criminal and domestic relations work including several adoption matters. On March 4, 1946 was appointed Hearing Examiner for the D.C. Rent Control Board as set up under the authority of the "District of Columbia Emergency Rent Act" and served as such until its termination through July 1953. During that period heard approximately 30,000 cases, issued findings of fact, ruled on evidence, decided questions raised by motions, jurisdiction, service, notices and very many other legal points, assisted in preparing legislation, and assisted in training other examiners in this field. Served as Senior Examiner for several years. From September 1953 have re-entered the general practice almost exclusively civil and primarily domestic relations, adoptions and probate work. Was appointed to defend in the United States v Quincy Toney, the only first degree murder case since my return. Several less serious cases round out the criminal work to date. Appointed as Board Member A.B.C. Board from May 1, 1958 to date.

SERVICE

Member of Draft Board No. 13, Washington, D.C., 1939–42. Received Presidential Citation.

American Red Cross (Task Force) 1942; served in the Southwest Pacific Area (Australia and New Guinea) and also with the M.T.O. (Italy and Corsica), as Club and Field Director. Returned to the United States in late October, 1945. Both sons are veterans who served with the Armed Services during World War II.

ORGANIZATIONS AND CIVIC

Was formerly member of the Masons in Pennsylvania; Mt. Pisgah Lodge No. 91, served as Treasurer and Senior Warden, St. Cyprian Consistory 32d Degree, Pittsburgh, Pa., Columbia Lodge No. 85, I.B.P.O. of Elks, Washington, D.C., Pigskin Club, Washington, D.C., Charter member, former president (five years) and now Treasurer, Alpha Phi Alpha Fraternity, Acting President Beta Chapter 1929, Royal Golf Club, D.C., former president, National Golf Association, former legal counsel, Bachelor-Benedict Club, former president, Mu-So-Lit Club, Member board of directors, Washington, D.C., Affiliated Boards of Athletic Officials, former president, Mid-City Association, Lincoln Club, Uniontown, Pa., former president Oyster Harbor Civic Association, Maryland, former president. The N.A.A.C.P., formerly on national legal staff, the American Overseas Association (American Red Cross), and several other organizations such as the Y.M.C.A., Boys Club, Church Clubs, Etc.

CHURCH

Member A.M.E. Church, Uniontown, Pa., from childhood until 1935. Member Galbraith A.M.E. Zion Church, Washington, D.C. since 1935, served for over fifteen years on the Board of Trustees, chairman of the Board for three, now attorney for the Board of Trustees.

POLITICS

Life-long Republican, former Central State Committee, D.C. Republican and Board of Directors Citizens for Eisenhower-Nixon.

LOUIS N. NICHOLS

Born April 24, 1923, Washington, D.C., and resided therein all my life save for the period of time that I served on active duty with the Armed Forces of the United States. (October 20, 1942–December 18, 1945.) Honorably discharged on the latter date with the rank of Sergeant, United States Air Force.

Locally educated in the Public Schools and attended the George Washington University, and graduated on November 11, 1949, with the degree of Bachelor of Laws. Admitted to the Bar on May the 5th, 1950, and was admitted to practice before all of the Courts of the District of Columbia and several administrative agencies.

Was engaged in the private practice of law from January 1951 until appointed to the Alcoholic Beverage Control Board on April 2nd, 1962, to the unexpired term of Richard C. Sullivan.

Presently reside at 7219 Western Avenue, N.W., with my wife, Stella P. Nichols and four children; Nicky, aged 15; Billy, aged 12; Kathy, aged 11, and Valerie, who will be 10 years old in December.

Parents were born in Greece. Migrated to this country in early part of the century.

Attend St. Sophia Greek Orthodox Cathedral at 36th and Massachusetts Avenue, N.W.

For the accommodation of clients have served without compensation as officer and/or director of restaurants which held Retailer's Class "C" licenses prior to appointment to ABC Board. Prior to appointment to the ABC Board had severed connections with all of these restauarants except for Success Cafe, Inc., which is owned by my sister and her husband, and my connection with this restaurant was terminated within a few days after my appointment to the Board.

The following editorial appeared in the Seaboard Beverage Journal of November 1963:

AN APPEAL TO COMMONSENSE

The argument that has been used against establishing a so-called independent ABC Board empowered to make and enforce control regulations for the District, never made sense. No one came right out and said so publicly, but in plain language the principal argument has been (1) that members of an independent Board would be more susceptible to corruption than under the present setup, and (2) that this is an irresponsible industry hellbent on corrupting everyone and everything it comes in contact with. Then, as a clincher, the recent New York Liquor Authority scandal is cited.

In the first place, the word "independent" as used in this connection, is misleading. It is contorted to conjure up the picture of some arrogant, autonomous overlord conniving with a crooked industry to make suckers of the consuming public. Nothing could be further from the truth. The proposal is that the Commissioners would select and appoint the three Board members for 4-year terms of office, as they do now. These Board members would be removable for cause by the Commissioners, as they now are. And the decisions of these Board members could be appealed under the law, which is a distinct improvement over the present system.

The contention that an ABC Board not directly "under the eye" of the Commissioners would be more responsive to the greater pressure of the industry it controls, is not only unadulterated hokum but an insult to all upstanding citizens who have ever served on the Board, and a slap in the face to everyone who earns his livelihood in this industry. Of those who perpetrate this kind of claptrap not one in a thousand has even read the actual proposal in print.

This business of harping on the New York scandal is for the birds. Why not cite the Bobby Baker case? That's even more recent and closer at home. Of course, the great drawback to that would be that the liquor industry couldn't be made the prime target of all the smears and guilt-by-association tactics now being used. It's not the setup that has kept the District ABC Board free from any scandal, it's the type of people who have served on that board. Are we to assume that under the new system the Commissioners wouldn't continue to appoint the same type of upstanding citizens to the Board that they have in the past?

I, for one, am proud to be a member of this industry. For that reason, I deplore all this cheap, emotional argumentum ad nauseum which has been stirred up over what is nothing more or less than a new, commonsense regulatory proposal to eliminate confusion and place on a businesslike basis the task of properly and lawfully distributing alcoholic beverages to the public in this Nation's Capital.

It is to be hoped that Congress will disregard the prattle of all the sob sisters and angle shooters and give the people of the District a clean, modern, practical method of control, now that three decades have elapsed since it enacted the original ABC Act.

Ralph Chase,
Editor and Publisher.

The following is a letter received by me today together with the resolution referred to therein:

The Conrad Hilton,
Chicago, November 5, 1963.

FROM ANNUAL CONVENTION NATIONAL LICENSED BEVERAGE ASSOCIATION

Hon. Abraham J. Multer,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Multer: I am pleased to enclose to you a resolution adopted this date by the annual convention of the National Licensed Beverage Association favoring passage by the House of Representatives of H.R. 8920, which you have introduced to modernize the alcoholic beverage law of the District of Columbia.

H.R. 8920 has the full support of NLAB's 45,000 members in some 28 States, including the State of New York.

Respectfully yours,
Andrew J. Ziomek,
President,
National Licensed Beverage Association.

Whereas on October 29, 1963, the Committee on the District of Columbia of the U.S. House of Representatives reported out of committee H.R. 8920, a bill introduced by Congressman Abraham Multer, of New York, to modernize and update the Alcoholic Beverage Control Act of the District of Columbia; and

Whereas H.R. 8920 constitutes the first serious effort in over 30 years to overhaul and modernize the archaic alcoholic beverage control law for Washington, D.C.; and

Whereas the passage of H.R. 8920 has been endorsed and recommended by the Restaurant Beverage Association of Washington, D.C., an affiliate of the National Licensed Beverage Association; and

Whereas H.R. 8920 would bring the alcoholic beverage control law of the District of Columbia into conformity with similar laws governing most large metropolitan cities of the country; and

Whereas the Alcoholic Beverage Control Act of the District of Columbia is enacted by the Congress of the United States and is sometimes cited as a pilot or model statute by legislators in the various States: Now, therefore, be it

Resolved, That the members of the National Licensed Beverage Association at their annual convention in Chicago, Ill., on this 5th day of November, 1963, go on record as supporting the passage of H.R. 8920, which will amend the Alcoholic Beverage Control Act of the District of Columbia and bring its provisions into compliance with alcoholic beverage control statutes prevailing in large metropolitan cities across the country; be it further

Resolved, That copies of this resolution be sent forthwith to John W. McCormack, Speaker of the House of Representatives; to Hon. John L. McMillan, chairman of the House Committee on the District of Columbia; and to the Honorable Abraham J. Multer, of New York, author of the bill.

Under date of November 2, 1963, the Restaurant Beverage Association of Washington, D.C., wrote me as follows:

In keeping with a resolution recently adopted by the directors of the Restaurant Beverage Association of Washington, D.C., I have been asked to inform you that the association has studied and wholeheartedly endorses your bill, H.R. 8920, to update the local ABC Act. We believe this bill is both in the public interest and in the interest of modernizing an act which has not had major change since its enactment.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRINGER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am going to try to answer three or four matters that have been raised by my distinguished chairman. The gentleman made a statement here broadly that this bill satisfies the Citizens' Committee and their objectives. May I say, one big objection is that the Citizens' Committee did not get a chance to consider this provision because it was not in last year's bill. The heart of the bill this year takes away from the District Commissioners the right to supervise the activities of the ABC Board and removes from the District Commissioners and transfers to the ABC Board the right to write regulations. This is the objection that Mrs. Gichner talked about. It was not even in the bill last year and, of course, the blue ribbon committee did not get a chance to examine it.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I am sorry I cannot yield to the gentleman since I do not have sufficient time.

Mr. MULTER. Mr. Chairman, will the gentleman yield for a question, and I will yield 1 additional minute to him.

Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. SPRINGER. I yield to the gentleman.

Mr. MULTER. Is it not a fact that ever since this bill was introduced on January 17 of this year, this provision was in the bill making the Board independent?

Mr. SPRINGER. Yes, but you have to recall that the blue ribbon committee which disbanded had only authority for the appointment of the Board of Commissioners to make a review last year, and it was disbanded in September 1962.

Mr. MULTER. Nevertheless, she still wrote you a letter with reference to this.

Mr. SPRINGER. She did on her own, but she did not presume to represent the blue ribbon committee. She objected to this provision because she thought it was not in the interest of sound government.

Mr. MULTER. She objected to no provision of this bill. Nobody, neither she nor anyone else, came before the committee to object to this provision.

Mr. SPRINGER. In any event I give you whatever she said as the way I feel that the blue ribbon committee would have acted if they had a chance to examine this.

The second thing is fraudulent advertising. The gentleman has said here that there was all kinds of fraudulent advertising. I have a report in my file here from the District of Columbia Better Advertising Bureau in which they cite over 2,200 complaints and they itemize the complaints that came to them and not one single complaint came to that advertising bureau from the liquor industry or anyone complaining about advertising in the liquor industry.

The Federal Trade Commission has the right to supervise false advertising and has the right to prosecute the complaint. My chairman has said repeatedly that the Federal Trade Commission would not do anything. I have talked with the Federal Trade Commission—to their complaint division—and they say there has never been a single case sent down there of a complaint against liquor advertising in the District of Columbia that has ever been supported by any evidence—not one single complaint. Those are two big agencies—the Better Advertising Bureau of the District of Columbia and the Federal Trade Commission that says there has never been a complaint filed. If there is a whole lot of false advertising going on, certainly, someone should have made a complaint to one of those two bureaus.

The distinguished gentleman from Michigan [Mr. Dingell] asked a question a moment ago about whether or not you could have price fixing by regulation of the ABC Board. That is exactly what they intend to do by removing the ABC Board from the jurisdiction of the Board of Commissioners of the District of Columbia.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman on his time.

Mr. MULTER. Will not the gentleman concede that no regulation can be issued by the District Commissioners or by the Board unless such regulation comes squarely within the four corners of the statute by virtue of which the Board or the Commissioners would have the authority to issue such a regulation. The regulation must cover the subject matter as permitted by the statute.

Mr. SPRINGER. I would say they will have the power to regulate. If the gentleman wants to say that they will not have the power to regulate that is all right, but I say that is what they intend to do.

Mr. MULTER. I assure the gentleman that any lawyer will tell him a board can issue a regulation only if the statute covers the subject matter that is to be covered by the regulation.

There is nothing in this bill that permits any price fixing. I say it requires a statutory provision directing delegation of authority to the Board before it can do it. Not only is there no such provision in the bill, but now we make express prohibition so that the Board cannot do it.

Mr. SPRINGER. May I say the distinguished gentleman from Michigan [Mr. Dingell] in following this up, said that the very language in this bill does "substantially lessen competition" and it does prevent discounts, in my opinion. This is the whole thing the editorials have been pointing up, that is, the fact that discounts cannot be made as they have been in the past. These are the real objections and the answers I have to what my distinguished chairman had to say on these points. This is price fixing.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MULTER. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey.

Mr. JOELSON. Mr. Chairman, I take this time to ask the gentleman from Illinois a question or two. I have read editorials and received a statement from the gentleman from Illinois which convinced me to vote against this bill on the ground of price fixing. Very frankly, I am now confused as to whether or not there is price fixing in this bill or whether there is a prohibition against discount selling. I would like the gentleman from Illinois to point out to me exactly where in the bill there might be price fixing or price control or a prohibition on reduced prices on alcoholic beverages in the District. I might say the newspaper editorials flatly make this statement, but I do not see it in the bill.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. I yield to the gentleman.

Mr. SPRINGER. In my opinion, I think this is what the bill does.

Mr. JOELSON. I am not being hostile.

Mr. SPRINGER. I understand.

Mr. JOELSON. But could the gentleman show me where in the bill this is contained?

Mr. MULTER. Mr. Chairman, may I attempt to answer the gentleman's question?

Mr. JOELSON. Yes.

Mr. MULTER. If there is anything in this bill which gives the ABC Board the right to fix prices, it will give it to the Commissioners, and the same objection applies to the Commissioners. I say the District Commissioners under existing law have no right to fix prices, there is nothing in this bill which will give to them or to the ABC Board the right to fix prices. Not one word.

Mr. JOELSON. I will say to the gentleman this is one time where debate, as far as I am concerned, has had a very strong effect, because I came in here prepared to vote against this bill, and if there is no price fixing in it, I am going to vote for it.

Mr. MULTER. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. Sisk].

Mr. SISK. Mr. Chairman, I take this time to indicate my strong support of this legislation. I think it is evident from the questions of my good friend from New Jersey to the gentleman from Illinois and his request to pinpoint any place in this bill where price fixing is specified and the fact that he could not point to it is evidence that there is no price fixing in this legislation. I would simply like to say, and I think we should probably just lay it out cold turkey, that a lot of editorials you have been reading are frankly inspired by one of the most parochial press operations, I think, in America. They are simply scared to death that they are going to lose a little bit of advertising. I think it is just that plain and simple. Unfortunately, Washington is blessed with some of the most parochial newspapers in this Nation, and their position in this matter and the editorials they have written are completely selfish.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield 1 minute to the gentleman from New York.

Mr. FARBSTEIN. Mr. Chairman, am I to understand that the colloquy that took place between the gentleman from New York [Mr. Multer], and the gentleman from New Jersey [Mr. Joelson], will represent legislative history insofar as price fixing is concerned? By that I mean do we nail down the substance of the question, the substance of the subject, that it is the intent of this legislation not to indulge in or to suggest price fixing?

Mr. MULTER. Everything I said I said having in mind that it is part of the legislative history on this bill, just as everything that is said on the floor is part of the legislative history of any bill. I do intend that it be part of the legislative history on this bill.

One last word, and that is this: Reference has been made to the fact that the Attorney General and the Federal Trade Commission have a right to receive complaints of false advertising and that they received complaints and found they were unjustified. The fact is that both last year and this year we made the statements on the record that when the Attorney General got complaints against false advertising in the District he referred them to the Federal Trade Commission and the Federal Trade Commission referred them back to the Attorney General and neither one would take any action on them. That is on the record and has never been refuted by either the Attorney General or the Federal Trade Commission.

Mr. NEDZI. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. NEDZI. With respect to the question whether this is a price-fixing bill, I would like to refer the gentleman to section 7 on page 10 and inquire of him just what is the meaning of this section where it says:

> The Board is hereby authorized to prescribe such rules and regulations not inconsistent with this Act as it may deem necessary to carry out the purposes thereof and to control and regulate the manufacture, sale, keeping for sale—

And I emphasize sale; would the gentleman clarify this section in the light of his previous statement that this is not and cannot be a price-fixing measure?

Mr. MULTER. This is in the statute today. There is no change made in this language. This is intended to keep those who are engaged in this business doing business in an honorable way. It is not intended to be a price-fixing measure at all.

Mr. NEDZI. Perhaps it is not the intent——

Mr. MULTER. It has never been so construed as to permit price fixing.

Mr. NEDZI. Does the Commission at the present time have the right to fix prices?

Mr. MULTER. It does not, and it does not fix prices.

Mr. NEDZI. I thank the gentleman.

Mr. SCHWENGEL. Mr. Chairman, I want the record to show that I support the amendment by the gentleman from New York [Mr. Derounian]—the striking of the word "shall" on page 48, line 5, substitute the word "may" instead.

When this matter was before the committee I voted for putting the word "shall" in the bill believing that this was consistent with Iowa regulation and law. Upon investigation I found that Iowa has not had this requirement for several years. So my argument for this wording was based on the wrong assumption. On further study I find that Iowa's law enforcement has not become more difficult because of the change. For this reason and for the reason that the retaining of the word "shall" would tend to restrain under certain circumstances I think it desirable to make the law in this regard consistent with the law and practices of other States and regulatory bodies. Also, as will be seen from the following excerpt from the regulations of the District ABC Board, they are evidently taking adequate precautions of the problem of law enforcement:

> B
>
> On and after December 1, 1961 each retail licensee shall print his retail license number in indelible ink, in figures not less than one-fourth inch in height, upon every immediate container of alcoholic beverage (except beer containers and wine containers and spirits containers of less than 2 ounces) prior to the sale or display of the same. The words "immediate container" mean the bottle, jar, jug, or other individual container into which the liquid is placed by the manufacturer, or the individual package sealed by the manufacturer enclosing such container. The license number shall be printed by rubber stamp in contrasting ink directly on the principal label of the bottle, jar, jug, or other individual container unless such container be enclosed in an outer individual package sealed by the manufacturer and displayed or sold in that condition, in which case the license number shall be printed on such outer individual sealed package: *Provided*, That the foregoing requirements shall not be applicable to holiday gift packages prewrapped by the manufacturer. Each license number, whether placed on the label of the individual container or on the outer sealed package, shall be so printed as to be clearly visible and legible.

Mr. Chairman, for the above reasons and for other reasons, I support the amendment and the bill.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the District of Columbia Alcoholic Beverage Control Act is amended to read as follows:

"That the National Prohibition Act, as amended and supplemented, insofar as it affects the manufacture, sale, and possession in the District of Columbia, and the transportation in, into, and from the District of Columbia, of alcoholic beverages, is hereby repealed, with the exception of title III, and section 4 of title II insofar as it affects denatured alcohol.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. DINGELL. Mr. Chairman, at this moment I have to object.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

"SEC. 2. This Act may be cited as the 'District of Columbia Alcoholic Beverage Control Act'. It shall apply only to the District of Columbia and shall not authorize the delivery of alcoholic beverages outside of the District of Columbia in violation of the law of the place of delivery.

"SEC. 3. As used in this Act—

"(1) The word 'alcohol' means ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, from whatever source or by whatever processes produced.

"(2) The word 'spirits' means any beverage which contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, including brandy, rum, whisky, cordials, and gin.

"(3) The word 'wine' means the product of the normal alcoholic fermentation of the juice of fresh, sound, ripe grapes, with the usual cellar treatment and necessary additions to correct defects due to climatic, saccharine and seasonal conditions, including champagne, sparkling, artificially carbonated and fortified wine. No other product obtained by the fermentation of the natural sugar contents of fruits or other agricultural products containing sugar shall be called 'wine' unless designated by appropriate prefix descriptions of the fruit or other product from which the same was predominantly produced, or as artificial or imitation wine.

"(4) The word 'beer' means any fermented beverages of any name or description manufactured from malt, wholly or in part, or from any substitute therefor.

"(5) The words 'alcoholic beverage' include the four varieties of liquor above defined (alcohol, spirits, wine, and beer) and every liquid or solid, patented or not, containing alcohol, spirits, wine, or beer and capable of being consumed by a human being. Any liquid or solid containing more than one of the four varieties above defined is considered as belonging to that variety which has the higher percentage of alcohol, according to the order in which they are above defined, except as provided in paragraph (3) hereof. The provisions of this section and of this Act shall not apply to any liquid or solid containing less than one-half of 1 per centum of alcohol by volume, nor shall anything contained in this Act be construed as affecting the manufacture of apple cider or the sale thereof.

"(6) The word 'Board' shall mean the Alcoholic Beverage Control Board.

"(7) The word 'club' means a corporation for the promotion of some common object (not including corporations organized for any commercial or business purpose, the object of which is money profit), owning, hiring, or leasing a building or space in a building of such extent and character as in the judgment of the Board may be suitable and adequate for the reasonable and comfortable use and accommodations of its members and their guests, and including such space outside of the building (including public property) and adjoining it as may be approved by the Board, and provided with such suitable and adequate kitchen and dining room space and equipment, implements, and facilities, and employing such a sufficient number of employees for cooking, preparing, and serving meals for its members and their guests, as shall satisfy the Board that the sale of food is the source of a reasonable amount of revenue from such space; and the affairs and management of such corporation are conducted by a board of directors, executive committee, or similar body chosen by the members at least once each calendar year and no officer, agent, or employee of the club is paid directly or indirectly, or receives in the form of salary or other compensation, any profit from the disposition or sale of alcoholic beverages to the club or to the members of the club or guests introduced by members, beyond the amount of such salary as may be fixed and voted by the members, or by its directors, or other governing body.

"(8) The word 'Commissioners' shall mean the Commissioners of the District of Columbia.

"(9) The word 'District' shall mean the District of Columbia.

"(10) The word 'hotel' means a suitable building or other structure, approved by the Board, including such suitable space outside of the building (including public property) and adjoining it as may be approved by the Board, kept, used, maintained, advertised, or held out to the public to be a place where meals are served and sleeping accommodations offered for pay to transient guests; in which thirty or more rooms are used for the sleeping accommodations of such transient guests, and having one or more dining rooms where meals are served to such transient guests, such sleeping accommodations and dining rooms being conducted in the same building or in connecting buildings, and such building or buildings, structure or structures being provided with such adequate kitchen and dining room equipment and capacity and having employed therein such number and kinds of employees for preparing, cooking, and serving meals for its guests as shall satisfy the Board that such dining room is intended for use primarily as a place for preparing, cooking, and serving meals and that a reasonable amount of the revenue to be derived from the operation of such dining room shall be from the preparation, cooking, and serving of meals and not from the sale of alcoholic beverages.

"(11) The word 'manufacture' shall include rectification.

"(12) The word 'meals' means the usual assortment of foods commonly ordered at various hours of the day; and such food and victuals as sandwiches and salads shall not be regarded as a meal.

"(13) The word 'person' includes an individual, partnership, corporation, and association.

"(14) The word 'restaurant' means a suitable space in a suitable building, approved by the Board, including such suitable space outside of the building (including public property) and adjoining it as may be approved by the Board, kept, used, maintained, advertised, or held out to the public to be a place where meals are served, such space being provided with such adequate kitchen and dining room equipment and capacity, and having employed therein such number and kinds of employees for preparing, cooking, and serving meals for its guests as shall satisfy the Board that such space is intended for use primarily as a place for preparing, cooking, and serving meals, and that a reasonable amount of the revenue to be derived from the operation of such place shall be from the preparation, cooking, and serving of meals and not from the sale of alcoholic beverages.

"(15) The word 'sell' or 'sale' shall include offering for sale, keeping for sale, trafficking in, bartering, delivering for value, exchanging for goods, or in any way other than purely gratuitously, and every delivery of any alcoholic beverage made otherwise than by purely gratuitous title shall constitute a sale.

"(16) The word 'tavern' means a suitable space in a suitable building approved by the Board, including such suitable space outside of the building (including public property) and adjoining it, as may be approved by the Board, kept, used, maintained, advertised, or held out to the public to be a place where sandwiches or light lunches are prepared and served for consumption on the premises in such quantities as to satisfy the Board that the sale of food is the source of a reasonable amount of revenue of such tavern.

"(17) The term 'corporation counsel' means the attorney for the District by whatever title such attorney may be known, designated by the Commissioners to perform the functions prescribed for the corporation counsel in this Act.

"(18) The term 'light wines' means champagne and wines containing 14 per centum or less of alcohol by volume.

"SEC. 4. The Commissioners, within fifteen days after the approval of this Act, shall appoint a Board of three persons, subject to removal only for inefficiency, neglect of duty, or malfeasance in office, to be called the 'Alcoholic Beverage Control Board'. The Board shall be an independent agency of the government of the District of Columbia. Each of the members of the Board shall be a citizen of the United States and a resident of the District for at least three years immediately preceding his appointment and have during that period claimed residence nowhere else, and shall be of good character and otherwise fit for the trust to be imposed in him. Of the three persons first appointed as members of said Board, one shall be appointed for two years, one for three years and one for four years, and thereafter all appointments shall be for the term of four years, except such appointments as may be made for the remainder of unexpired terms. A member of the Board may continue to serve until such time as his successor shall have been appointed. Vacancies caused by death, resignation or otherwise shall be filled by the Commissioners only for the unexpired terms. Members shall be eligible for reappointment. The Commissioners shall designate one of the members of the Board to be chairman thereof. The positions of members of the Board shall be classified in accordance with the Classication Act of 1949, as amended. The Board is authorized to employ such persons as may be necessary to carry out its functions under this Act. The Commissioners are authorized to employ such other personal services, including three additional assistant corporation counsels, as may be necessary to carry out this Act. The salaries of employees, other than members of the Board, shall be fixed in accordance with the provisions of the Classification Act of 1949, as amended. The Commissioners shall include in their annual estimates such amounts as may be required for the salaries and expenses herein authorized.

"SEC. 5. No member or employee of the Board, directly or indirectly, individually, or as a member of a partnership or association, or stockholder in a corporation shall have any interest whatsoever in dealing in, manufacturing, transporting, or storing alcoholic beverages, nor receive any commission or profit whatsoever from any person authorized by virtue of this Act to manufacture or sell alcoholic beverages. No provision of this section, however, shall prevent any such member or such employee from purchasing, transporting, and keeping in his possession any alcoholic beverage for the personal use of himself or members of his family or guests.

"Sec. 6. (a) The right, power, and jurisdiction to issue, reissue, transfer, revoke, and suspend all licenses under this Act shall be vested solely in the Board, and the action of the Board on any question of fact shall be final and conclusive; except that, in the case of the reissuance, revocation, or suspension of a license by the Board, the licensee may appeal to the District of Columbia Court of Appeals in accordance with section 7 of the Act of April 1, 1942, as amended (D.C. Code 11–772). Pending such appeal the license shall stand suspended unless the Court shall otherwise order.

"(b) The right and power shall be vested in the Board, for good cause shown, to issue permits for the sales of stocks of alcoholic beverages located in the District by individuals, corporations or associations, partnerships, executors, administrators, being owners thereof, receivers or other representatives of a court, to persons licensed under this Act.

"Sec. 7. (a) The Board is hereby authorized to prescribe such rules and regulations not inconsistent with this Act as it may deem necessary to carry out the purposes thereof and to control and regulate the manufacture, sale, keeping for sale, offer for sale, solicitation of orders for sale, importation, exportation, and transportation of alcoholic beverages in the District for the protection of the public health, comfort, safety, and morals, and the Board is further authorized to prescribe such rules and regulations not inconsistent with this Act as it may deem necessary to properly and adequately control the consumption of alcoholic beverages on premises licensed under paragraph (12) of section 11 of this Act, with specific authority to prescribe the hours during which alcoholic beverages may be consumed on such premises.

"(b) The Board shall have specific authority to make rules and regulations for the issuance, transfer, and revocation of licenses; to cooperate with other government agencies and departments in the collection of taxes; to govern the operation of the business of licensees, with full power and authority to prescribe all of the terms and conditions under which alcoholic beverages may be sold by each class of licensees; to forbid the issuance of licenses for manufacture, sale, or storage of alcoholic beverages in such localities in, and such sections and portions of, the District as it may deem proper in the public interest; to limit the number of licenses of each class to be issued in the District and to limit the number of licenses of each class in any locality in, or sections or portions of, the District as it may deem proper in the public interest; to forbid the issuance of licenses for businesses conducted on such premises as it, in the public interest, may deem inappropriate; to forbid the issuance of any class or classes of licenses for businesses established subsequent to January 24, 1934, near or around schools, colleges, universities, churches, or public institutions; to prescribe the hours during which alcoholic beverages may be sold and to prohibit the sale of any or all alcoholic beverages on such days as the Board determines necessary in the public interest. The powers and authorities expressly enumerated are to be construed as in addition to, and not by way of limitation of, the general powers herein granted. Different regulations may be prescribed for the different classes of licenses, for the different classes of alcoholic beverages, and for different localities in or sections or portions of the District.

"(c) No regulation shall be made, altered, or revoked by the Board without first holding a public hearing thereon. Such public hearing shall be called after at least ten days' notice printed in a daily newspaper of general circulation published in the District. Any regulations promulgated under this section shall become effective five days after being published in any daily newspaper of general circulation in the District. Such regulations may be altered or amended from time to time as the Board may deem desirable. The Board shall also have authority in any time of public emergency, without previous notice or advertisement, to prohibit the sale of any or all alcoholic beverages during the period of such emergency.

"(d) Notwithstanding any other provision of this Act, no retailer's license, class A, shall be granted for any premises located within 500 feet of any premises holding such class of license on the same street or avenue. This subsection shall apply only with respect to retailer's licenses, class A, which are initially issued after the date of enactment of this subsection.

"(e) The Board is hereby authorized and directed to prescribe such rules and regulations as it deems necessary—

"(1) relating to displays or other services or articles of property given or sold any retail licensee under this Act by any manufacturer or wholesaler of alcoholic beverages, including the establishment of limitations as to the cost thereof, notwithstanding section 19 of this Act;

"(2) relating to the conduct of business in any dining room in any hotel or restaurant, notwithstanding the service of alcoholic beverages in such room (including, but not limited to, the display of merchandise and the holding of exhibits and fashion shows);

"(3) requiring information concerning any officer, director, or stockholder of any licensee under this Act in addition to any information otherwise required by this Act;

"(4) relating to the printing and supplying of copies of regulations and other information concerning this Act, any rule or regulation made under this Act; and the operations of the Board;

"(5) relating to the conduct of hearings, including, but not limited to, the appearance by attorneys, and the right of examination and cross-examination;

"(6) relating to the assignment of inspectors, investigators, and other personnel of the Board to night duty;

"(7) authorizing the delgation of authority over personnel to one member of the Board;

"(8) relating to the posting and availability of price lists in restaurants and hotels subject to this Act.

"Sec. 8 (a) No provision of this Act shall apply to alcohol intended for use in the manufacture and sale of any of the following when they are unfit for beverage purposes, namely:

"(1) Denatured alcohol produced and used pursuant to Acts of Congress and regulations promulgated thereunder;

"(2) Patent, proprietary, medicinal, pharmaceutical, antiseptic and toilet preparations;

"(3) Flavoring extracts, syrups, and food products;

"(4) Scientific, chemical, mechanical, and industrial products.

"(b) Any person who shall knowingly sell any of the products enumerated in paragraphs (1), (2), (3), or (4) of subsection (a) of this section for alcoholic beverage purposes, or who shall sell any of the same under circumstances from which he might reasonably deduce the intention of the purchaser to use them for such purposes, shall be subject to the penalties provided for in section 30 of this Act.

"Sec. 9. (a) No person shall, within the District, manufacture for sale, keep for sale, or sell any alcoholic beverage without having first obtained a license under this Act.

"(b) It shall be unlawful for any person operating any premises where food, nonalcoholic beverages, or entertainment are sold or provided for compensation, and where facilities are especially provided and service is rendered for the consumption of alcoholic beverages, who does not possess a license under this Act, to permit the consumption of such alcoholic beverages on such premises.

"(c) No person not licensed under paragraph (11) of section 11 of this Act shall, within the District, solicit any order for the sale at wholesale of any alcoholic beverage from any person not a licensee under this Act, irrespective of whether such sale is to be made within or without the District.

"(d) Physicians, dentists, and veterinarians may, in the course of their practice, administer or cause to be administered alcoholic beverages. A person in charge of an institution regularly conducted as a hospital or sanatorium, or as a home devoted exclusively to the care of aged people, may administer or cause to be administered alcoholic beverages to any bona fide patient or inmate of the institution for medicinal purposes, and may charge for the alcoholic beverages so administered.

"Sec. 10. (a) The Board is authorized to issue licenses under this Act to individuals, partnerships, or corporations, but not to unincorporated associations, on application duly made therefor. The Board shall keep a full record of all applications for licenses, and of all recommendations for and remonstrances against the granting of licenses and of the action taken thereon.

"(b) The Board shall give priority to the application of any person licensed under this Act to relocate his premises if such person is required to vacate his premises as the result of the exercise by the United States or the District of its power of eminent domain, or as the result of any urban renewal, urban redevelopment, highway, transportation, or governmental program, and subsection (d) of section 7 of this Act shall not apply to any such license.

"Sec. 11. Licenses issued under authority of this Act shall be of twelve kinds:

"(1) Manufacturer's License, Class A.—To operate a rectifying plant, a distillery, or a winery. Such a license shall authorize the holder thereof to operate a rectifying plant for the manufacture of the products of rectification by purifying or combining alcohol, spirits, wine, or beer; a distillery for the manufacture of alcohol or spirits by distillation or redistillation; or a winery for the manufacture of wine; at the place therein described, but such license shall not authorize more than one of said activities, namely, that of a rectifying plant, a distillery, or a winery, and a separate license shall be required for each such plant. Such a license shall also authorize the sale from the licensed place of the products manufactured under such license by the licensee to another license holder under this Act for resale or to a dealer licensed under the laws of any State or Commonwealth of the United States for resale. It shall not authorize the sale of alcoholic beverages to any other person except as may be provided by regulations promulgated by the Board under this Act. The annual fee for such license for a rectifying plant shall be $5,775; for a distillery shall be $5,775; and for a winery shall be $825. If a manufacturer shall operate a distillery only for the manufacture of alcohol and more than 50 per centum of such alcohol is sold for nonbeverage purposes, the annual fee shall be $1,650. If said manufacturer holding a license issued at the rate last mentioned shall sell during any license period 50 per centum or more of said alcohol for beverage purposes, he shall pay to the Commissioners the difference between the license fee paid and the license fee for a distiller of spirits.

"(2) Manufacturer's License, Class B.—To operate a brewery. Such a license shall authorize the holder thereof to operate a brewery for the manufacture of beer at the place therein described. It shall also authorize the sale from the licensed place of the beer manufactured under such license to another license holder under this Act for resale or to a dealer licensed under the laws of any State or Commonwealth of the United States for resale, or to a consumer. Said manufacturer may sell beer to the consumer only in barrels, kegs, and sealed bottles and said barrels, kegs, and bottles shall not be opened after sale nor the contents consumed, on the premises where sold. The annual fee for such license shall be $4,125.

"(3) Wholesaler's License, Class A.—Such a license shall authorize the holder thereof to sell alcoholic beverages from the place within the District therein described to another license holder under this Act for resale or to a dealer licensed under the laws of any State or Commonwealth of the United States for resale, and, in addition, in the case of beer or light wines, to a consumer, said alcoholic beverages to be sold only in barrels, kegs, sealed bottles, and other closed containers, which said barrels, kegs, sealed bottles, and other closed containers shall not be opened after sale, nor the contents consumed, on the premises where sold. It shall not authorize the sale of alcoholic beverages to any other person except as may be provided by regulations promulgated by the Board under this Act. No holder of such a license except a wholesale druggist or a wholesale grocer shall be engaged in any business on the premises for which the license is issued other than the sale of alcoholic and nonalcoholic beverages. The annual fee for such license shall be $2,475.

"(4) Wholesaler's License, Class B.—Such a license shall authorize the holder thereof to sell beer and light wines from the place within the District therein described to another license holder under this Act for resale or to a dealer licensed under the laws of any State or Commonwealth of the United States for resale, or to a consumer in barrels, kegs, sealed bottles, and other closed containers, which said barrels, kegs, sealed bottles, and other closed containers shall not be opened after sale nor the contents consumed on the premises where sold. The annual fee for such license shall be $1,250.

"(5) Retailer's License, Class A.—Such a license shall authorize the holder thereof to sell alcoholic beverages from the place therein described and to deliver the same in the barrel, keg, sealed bottle, or other closed container in which the same was received by the licensee, which said barrel, keg, sealed bottle, or other closed container shall not be opened nor the contents consumed on the premises where sold. Such license shall not authorize the licensee to sell to other licensees for resale. The annual fee for such license shall be $1,250.

"(6) Retailer's License, Class B.—Such a license shall authorize the holder thereof to sell beer and light wines from the place therein described and to deliver the same in the barrel, keg, sealed bottle, or other closed container in which the same was received by the licensee, which said barrel, keg, sealed bottle, or other closed container shall not be opened nor the contents consumed on the premises where sold. Such license shall not authorize the licensee to sell to other licensees for resale. The annual fee for such license shall be $165.

"(7) Retailer's License, Class C.—Such a license shall be issued only for a bona fide restaurant, hotel, or club, or a passenger-carrying marine vessel serving meals, or a club car or a dining car on a railroad. It shall authorize the holder thereof to keep for sale and to sell spirits, wine, and beer at the place therein described for consumption only in said place. Except in the case of clubs, hotels, and passenger-carrying marine vessels serving meals in interstate commerce of one hundred miles or more, no alcoholic beverage shall be sold or served to a consumer in any closed container. In the case of passenger-carrying marine vessels and club cars or dining cars on a railroad, said spirits and wine, except light wines, shall be sold or served only to persons seated at public tables, and beer and light wines shall be sold and served only to persons seated at public tables or at bona fide lunch counters, except that spirits, wine, and beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board. In the case of restaurants, hotels, and clubs, said spirits, beer, and wine shall be sold or served only (A) to persons seated at public tables or at bona fide lunch counters, and (B) to persons in an enclosed or screened-off area in any such restaurant, hotel, or club set aside for the accommodation of persons waiting to be seated at public tables or to assemblages of more than six individuals in a private room when such room has been previously approved by the Board. In the case of hotels, said alcoholic beverages may be sold and served also in the private room of a registered guest and to assemblages of more than six individuals in a private room, when such room has been previously approved by the Board. No license shall be issued to a club which has not been established for at least three months immediately prior to the making of the application for such license. All alcoholic beverages offered for sale or sold by the holder of such licenses may be displayed and dispensed in full sight of the purchaser. The fee for such a license shall be for a restaurant, $825 per annum; for a hotel, under one hundred rooms, $825 per annum; for a hotel of one hundred or more rooms, $1,650 per annum; for a club, $425 per annum; for a marine vessel serving meals in interstate commerce of one hundred miles or more and for each railroad dining car or club car, $3 per month, or $20 per annum, except that such a license may be issued to any company engaged in interstate commerce covering all dining, club, and lounge cars operated by such company on railroads within the District upon the payment of an annual fee of $100; for all other passenger-carrying marine vessels serving meals, $75 per month or $825 per annum.

"(8) Retailer's License, Class D.—Such a license shall be issued only for a bona fide restaurant, tavern, hotel, or club, or a passenger-carrying marine vessel serving meals, light lunches, or sandwiches, or a club car or a dining car on a railroad. Such a license shall authorize the holder thereof to sell beer and light wines at the place therein described for consumption only in said place. Except in the case of clubs and hotels, no beer or light wines shall be sold or served to a customer in any closed container. In the case of restaurants, taverns, and passenger-carrying marine vessels and club cars or dining cars on a railroad, said beer and light wines shall be sold or served only to persons seated at public tables or at bona fide lunch counters, except that beer and light wines may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board. In the case of hotels, beer and light wines may be sold and served only in the private room of a registered guest or to persons seated at public tables or at bona fide lunch counters or to assemblages of more than six individuals in a private room when such room has been previously approved by the Board. No license shall be issued to a club which has not been established for at least three months immediately prior to the making of the application for such license. The annual fee for such a license shall be $330; except that in the case of a marine vessel the fee shall be $30 per month or $330 per annum, and in the case of each railroad dining car or club car $1.50 per month or $15 per annum, except that such a license may be issued to any company engaged in interstate commerce covering all dining, club, and lounge cars operated by such company on railroads within the District upon the payment of an annual fee of $50.

"(9) Retailer's License, Class E.—Such a license shall authorize a person entitled to retail, compound, and dispense medicines and poisons, to sell from the place therein described, alcoholic beverages in sealed packages, not to exceed one quart each, for medical purposes, and only upon prescription of a duly licensed practicing physician for liquors as defined by the United States Pharmacopoeia. Such package shall not be opened after sale, nor its contents consumed, on the premises where sold. Such prescription, when filled, shall be canceled by writing across its face the word 'Canceled' together with the date on which it is presented and filled, and such prescription shall be numbered consecutively as filled and kept on file in consecutive order. No such prescription shall be refilled. The annual fee for such license shall be $40.

"(10) Retailer's License, Class F.—Such license shall authorize the holder thereof temporarily to sell beer and light wines on the premises therein described for consumption on the premises where sold. Such permits may be issued for a banquet, picnic, bazaar, fair, or similar public or private gathering, where food is served for consumption on the premises. No beer or light wines shall be sold or served to a customer in any unopened container. The issuance of such a permit shall be solely in the discretion of the Board. The fee for each such license shall be $7.50 per day.

"(11) Solicitor's License.—Such a license shall authorize the licensee to offer or sell to or solicit orders from licensees for the sale of any alcoholic beverage on behalf of the vendor whose name appears on such license and whom the solicitor represents. The name of only one vendor shall appear on the license, and if the solicitor represents more than one vendor, a license may be issued for each vendor such solicitor represents. The annual fee for each such license shall be $100.

"(12) Consumption License for a Club.—Such a license shall be issued only for a club. The word 'club' within the meaning of this paragraph is a corporation for the promotion of some common object (not including corporations organized or conducted for any commercial or business purpose, or for money profit), owning, hiring, or leasing a building or space in a building of such extent and character as in the judgment of the Board may be suitable and adequate for the reasonable and comfortable use and accommodations of its members and their guests; and the affairs and management of such corporation are conducted by a board of directors, executive committee, or similar body chosen by the members at least once each calendar year, and no officer, agent, or employee of the club is paid, directly or indirectly, or receives in the form of salary or other compensation, any profit from the conduct and operation of the club beyond the amount of such salary as may be fixed and voted by the members or by its directors or other governing body. No license shall be issued to a club which has not been established for at least three months immediately prior to the making of the application for such license. Such a license shall authorize the holder thereof to permit consumption of alcoholic beverages on such parts of the licensed premises as may be approved by the Board. The annual fee for such a license shall be $100.

"SEC. 12. (a) The holder of a manufacturer's or wholesaler's license issued hereunder shall not be entitled to hold any other class of license. A person, not licensed hereunder, owning an establishment for the manufacture of alcoholic beverages located outside the District may hold one wholesale license, and shall not be entitled to hold any other license.

"(b) No licensee holding a retailer's license, class A or class B, and no person including any members of the corporation whether or not owning stock in said corporation owning any interest in such licensee shall own, directly or indirectly, any interest in any other license, other than a retailer's license, class E. No licensee holding a retailer's license, class C or D, and no person owning any interest in such licensee, shall own, directly or indirectly, any interest in any other license other than a retailer's license, class C, D, or E.

"SEC. 13. Every license shall particularly describe the place where the rights thereunder are to be exercised, and alcoholic beverages shall not be manufactured or kept for sale or sold by any licensee except at the place so described in his license, except that the holder of a manufacturer's or wholesaler's license or the holder of a retailer's license, class C, and class D, issued for a passenger-carrying marine vessel or club car or a dining car on a railroad may store alcoholic beverages, with the consent of the Board, upon premises other than the premises designated in the license. Every annual license shall date from the 1st day of February in each year and expire on the 31st day of January next after its issuance, except as hereinafter provided. Actions on licenses applied for within the limits set out by the Board, whether new or by transfer, shall not terminate or be cut off by reason of the end of a license year, except that the fee for said application may be adjusted by reason of said terminal date. Licenses issued at any time after the beginning of the license year shall date from the first day of the month in which the license was issued and end on the last day of the license year above described, and payments shall be made of the proportionate amount of the annual license fee. Every monthly license shall date from the first day of the month in which it is issued and expire on the last day of the month named in the license. Monthly licenses shall not be issued for periods exceeding six months.

"SEC. 14. (a) Any individual, partnership, or corporation desiring a license under this Act shall file with the Board an application in such form as the Board may prescribe, and such application shall contain such additional information as the Board may require, and (except in the case of an application for a manufacturer's license, retailer's license class E, or solicitor's license) shall contain a statement setting forth the name and address of the true and actual owner of the premises upon which the business to be licensed is to be conducted. Before a license is issued the Board shall satisfy itself:

"(1) That the applicant, if an individual, or, if a partnership, each of the members of the partnership, or if a corporation, each of its principal officers, directors, and stockholders (other than stockholders of publicly owned corporations), is of good moral character and generally fit for the trust to be in him reposed; and

"(2) That the applicant, if an individual, or, if a partnership, each of the members of the partnership, or, if a corporation, each of its principal officers, is a citizen of the United States, not less than twenty-one years of age, and has not, within ten years prior to the filing of such application, been convicted of any felony; and

"(3) Except in the case of an application for a solicitor's license, that the applicant is the true and actual owner of the business for which the license is desired, and that he intends to carry on the business authorized by the license for himself and not as the agent of any individual, partnership, association, or corporation, and that he intends to superintend in person the management of the business licensed, or intends to have some other person, to be approved by the Board, manage the business for him, which said manager must possess all of the qualifications required of a licensee hereunder; and

"(4) That in the case of an applicant for a wholesaler's license or a retailer's license (except a retailer's license class E), no manufacturer or wholesaler of alcoholic beverages other than the applicant (including a stockholder or an officer of any manufacturer or wholesaler of alcoholic beverages, if such manufacturer or wholesaler is a corporation), shall have any interest of any kind, direct or indirect, in the business for which the license is requested, or in the premises in respect of which such license is to be issued, as in the judgment of the Board may tend to influence such licensee to purchase alcoholic beverages from such manufacturer or wholesaler, and that such business will not be conducted with any money, equipment, furniture, fixtures, or property rented from or loaned or given by any such manufacturer or wholesaler (including such stockholder or officer) or sold by such manufacturer or wholesaler (including such stockholder or officer) to any such licensee for less than the fair market value or upon a conditional sale agreement or chattel trust; and

"(5) That the place for which the license is to be issued is an appropriate one considering the character of the premises, its surroundings, and the wishes of the persons residing or owning property in the neighborhood of the premises for which the license is desired.

"(b) Before granting a license under paragraph (12) of section 11 of this Act, or a retailer's license, except a retailer's license class E or class F, the Board shall give notice by advertisement published once a week and for at least two weeks in some newspaper of general circulation published in the District. The advertisement so published shall contain the name of the applicant and a description by street and number, or other plain designation, of the particular location for which the license is requested and the class of license desired. Such notice shall state that remonstrants are entitled to be heard before the granting of such licenses and shall name the time and place of such hearing. There shall also be posted by the Board a notice, in a conspicuous place, on the outside of the premises. This notice shall state that remonstrants are entitled to be heard before the granting of such license and shall name the same time and place for such hearing as set out in the public advertisement; and, if remonstrance against the granting of such license is filed, no final action shall be taken by the Board until the remonstrant shall have had an opportunity to be heard, under rules and regulations prescribed by said Board. Any person willfully removing, obliterating, marring, or defacing said notice shall be deemed guilty of a violation of this Act. The provisions of this subsection relating to posting of notice and newspaper advertisement shall not apply to the issuance of a license to a retailer for any place of business if such retailer is the holder of a license of the same class for the same place and if said last-mentioned license is in effect on the date the application for the new license is filed.

"(c) Except in the case of a retailer's license class C, class D or a license issued under paragraph (12) of section 11 of this Act to be issued for a club, or a retailer's license class B or class E, no place for which a license under this Act has not been issued and in effect on the date the written objections hereinafter provided for are filed, shall be deemed appropriate if the owners of a majority of the real property within a radius of six hundred feet of the boundary lines of the lot or parcel of ground upon which is situated the place for which the license is desired, shall, on a form to be prescribed by, and filed with, the Board, object to the granting of such license. In determining the sufficiency of such objections the owners of all such property not lying within a residential use district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission shall be taken as consenting to the granting of such license, except that the Commissioners shall have power to file objections on behalf of any property lying within such radius owned by the United States or the District. This subsection shall be construed as a limitation upon the discretion of the Board in granting a license and not as a limitation upon the discretion of the Board in refusing a license. None of the provisions of this Act shall prevent the Board from promulgating regulations to permit the lawful bona fide owners of warehouse receipts for bonded liquors stored in Government warehouses either in the District or elsewhere from withdrawing such bonded liquors for personal use on payment to the Commissioners for the District, taxes at such rates as provided in this Act, if such bona fide holder of such warehouse receipts held legal title to such warehouse receipts prior to the passage of this Act.

"(d) A separate application shall be filed with respect to each place of business, except that a company engaged in interstate commerce may file one application for a license for the operation thereunder of all of its dining, club, and lounge cars operated on railroads within the District. The required license fee shall be paid to the Commissioners and a duplicate receipt shall accompany the application for license. In the event the license is denied the fee shall be returned. Every such application shall be verified by the affidavit of the applicant, if an individual, or by all of the members of a partnership, or by an officer of a corporation. If any false statement is knowingly made in such application, or in any accompanying statement under oath which may be required by the Board, the person making the same shall be deemed guilty of perjury. The making of a false statement in any such application, or in any such accompanying statement, whether made with or without the knowledge or consent of the applicant, shall, in the discretion of the Board, constitute sufficient cause for the revocation of the license.

"SEC. 15. (a) No retailer's licenses except of classes B or E shall be issued for any business conducted in a residential district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission, except for a restaurant or tavern conducted in a hotel, apartment house, or club, and then only when the entrance to such restaurant or tavern is entirely inside of the hotel, apartment house, or club, no part of such entrance is visible from a sidewalk, and no sign or display indicating the existence of such restaurant or tavern is visible from the outside of the building.

"(b) No wholesaler's license shall be issued for any establishment conducted in such residential or special purpose district and no manufacturer's license shall be issued for any establishment conducted in a residential, special use, or commercial district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission.

"(c) The provisions of subsection (a) of this section shall not apply in any case where an application is made for the issuance or transfer of a retailer's license for a place of business conducted in a residential district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission if the zoning of such place of business was changed from a less restricted use to such residential district during a period when a license of the same class for which application is made was in effect at such place of business, and if a license of the same class at such place of business is in effect on the date the application for the new license, or transfer, is filed.

"(d) The provisions of subsection (b) of this section shall not apply in any case where an application is made for the issuance or transfer of a wholesaler's or manufacturer's license for a place of business conducted in a residential, special purpose, or commercial district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission if the zoning of such place of business was changed from a less restricted use to such residential, special purpose, or commercial district during a period when a license of the same class for which application is made was in effect at such place of business, and if a license of the same class at such place of business is in effect on the date the application for the new license, or transfer, is filed.

"(e) Nothing contained in this section shall be construed as entitling a licensee to any preferential treatment or be construed as making inapplicable any provision in any other section of this Act, in any case where an application is made pursuant to this section for the issuance or transfer of a retailer's license for a place of business conducted in a residential district, or for the issuance or transfer of a wholesaler's or manufacturer's license for a place of business conducted in a residential, special purpose, or commercial district, as such districts are defined in the zoning regulations and shown in the official atlases of the Zoning Commission, and the applicant for the issuance or transfer of any of the said licenses is the holder of a similar license for any of the said places of business in effect on the date the application for the new license, or transfer, is filed.

"Sec. 16. No license shall be transferred by the licensee to any other person or to any other place, except with the written consent of the Board, upon a regular application therefor in writing and after notice and hearing, as herein provided for an original application for license, and the fee to be paid by the party applying for such transfer shall be $100, which shall be paid to the Commissioners before such transfer is made. The Board shall not allow the transfer of the license of any person against whom there is pending in the courts or before the Board any charge of keeping a disorderly house, or of violating this law or the laws against gambling in the District.

"Sec. 17. (a) If during the period for which any license was issued the licensee shall be convicted of any felony, or if any licensee violates any of the provisions of this Act or any of the rules or regulations promulgated pursuant thereto or fails to superintend in person, or through a manager approved by the Board, the business for which the license was issued, or allows the premises with respect to which the license of such licensee was issued, to be used for any unlawful, disorderly, or immoral purpose, or knowingly employs in the sale or distribution of alcoholic beverages any person who has, within ten years prior thereto, been convicted of any felony, or such licensee otherwise fails to carry out in good faith the provisions of this Act, the license of said licensee may be revoked or suspended by the Board after the licensee has been given an opportunity to be heard in his defense, subject to review in case of revocation or in case of suspension as herein provided. If, during the period for which any license was issued to a corporate licensee, any of the principal officers or directors of such corporation do not meet the requirements of paragraph (2) of subsection (a) of section 14 of this Act, the license of said licensee may be revoked or suspended by the Board after the licensee has been given an opportunity to be heard in his defense, subject to review in the case of revocation or in case of suspension as herein provided. In case a license issued hereunder shall be revoked or suspended, no part of the license fee shall be returned, and the Board may, in its discretion, as a part of the order of revocation provide that no license shall be granted for the same place for the period of one year next after such revocation, and in case such order shall be made no license shall, during said year, be issued for said place or to a person or persons whose license is so revoked for any other location.

"(b) In the event the Board at any time shall order the suspension of any license a notice may be posted by the Board, in a conspicuous place, on the outside of the licensed premises, at or near the main street entrance thereto; which notice shall state that the license theretofore issued to the licensee has been suspended and shall state the time for which said license is suspended, and state that the suspension is ordered because of a violation of the District of Columbia Alcoholic Beverage Control Act, or of regulations adopted under authority of said District of Columbia Alcoholic Beverage Control Act.

"(c) Every licensee or permittee shall furnish to the Board any information it may deem reasonably necessary with respect to all sales and offers to sell alcoholic beverages. The Board shall issue appropriate regulations with reference thereto which shall apply with equal force and effect to all licensees and permittees.

"Sec. 18. If any manufacturer of alcoholic beverages, whether licensed hereunder or not, by direct ownership, stock ownership, interlocking directors, mortgage, or lien, or by any other means shall have any interest of any kind, whether direct or indirect, in the business of any wholesale or retail licensee or in the premises on which said business is conducted as in the judgment of the Board may tend to influence such licensee to purchase alcoholic beverages from such manufacturer, the Board may, in its discretion, revoke the license issued in respect of the business in which such manufacturer is interested, subject to review as herein provided. No such manufacturer of alcoholic beverages shall loan or give any money to any wholesale or retail licensee, or sell, rent, loan, or give to such licensee any equipment, furniture, fixtures, or property, or give or sell any service to such licensee, except that with the prior approval of the Board, a manufacturer may sell, give, rent, or loan to a wholesale or retail licensee any service or article of property costing such manufacturer not more than $15. No wholesale or retail licensee shall receive or accept any loan or gift of money from any such manufacturer or purchase from, rent from, borrow or receive by gift from such manufacturer any equipment, furniture, fixtures, or property, or accept or receive any service from such manufacturer, except that with the prior approval of the Board, a wholesale or retail licensee may purchase from, rent from, borrow or receive by gift from such manufacturer any service or article of property costing such manufacturer not more than $15. Nothing herein contained, however, shall prohibit the sale of alcoholic and nonalcoholic beverages and the reasonable extension of credit therefor by a manufacturer to a wholesale or retail licensee. When used in this section the word 'manufacturer' shall include any stockholder holding directly or indirectly any of the common stock or any officer of a manufacturer of alcoholic beverages, if a corporation, whether licensed hereunder or not. This section shall not apply to retail licenses, class E, or to the wholesale license held by a person not licensed as a manufacturer hereunder owning an establishment for the manufacture of alcoholic beverages outside of the District.

"Sec. 19. If any wholesaler of alcoholic beverages, whether licensed hereunder or not, by direct ownership, stock ownership, interlocking directors, mortgage or lien or by any other means shall have such a substantial interest either direct or indirect in the business of any retail licensee or in the premises on which said business is conducted as in the judgment of the Board may tend to influence such licensee to purchase alcoholic beverages from such wholesaler, the Board may in its discretion revoke the license issued in respect of the business in which such wholesaler is interested, subject to review as herein provided. No such wholesaler of alcoholic beverages shall lend or give any money to any retail licensee or sell to such licensee, any equipment, furniture, fixtures, or property, except merchandise sold at the fair market value for resale by such licensee, or rent, loan, or give to such licensee any equipment, furniture, fixtures, or property, or give or sell any service to such licensee. With the prior approval of the Board, a wholesaler may sell, give, rent, or loan to such licensee any service or article of property costing such wholesaler not more than $15. No retail licensee shall receive or accept any loan or gift of money from any such wholesaler or purchase from any such wholesaler any equipment, furniture, fixtures, or property, except merchandise purchased at the fair market value for resale, or rent from, borrow, or receive by gift from such wholesaler any equipment, furniture, fixtures, or property, or receive any service from such wholesaler. With the prior approval of the Board, a retail licensee may purchase from, rent from, borrow or receive by gift from such wholesaler any service or article of property costing such wholesaler not more than $15. Nothing herein contained, however, shall prohibit the reasonable extension of credit by a wholesaler for alcoholic beverages sold to a retail licensee for resale as herein permitted. When used in this section the word 'wholesaler' shall include any stockholder holding directly or indirectly any of the common stock or any officer of a wholesaler of alcoholic beverages, if a corporation, whether licensed hereunder or not. This section shall not apply to retail licenses, class E.

"Sec. 20. (a) Licenses issued hereunder shall not authorize the sale or delivery of alcoholic beverages, with the exception of beer and light wines, to any person under the age of twenty-one years, or beer or light wines to any person under the age of eighteen years, either for his own use or for the use of any other person; or the sale, service, or delivery of alcoholic beverages to any intoxicated person, or to any person of notoriously intemperate habits, or to any person who appears to be intoxicated; and ignorance of the age of any such minor shall not be a defense to any action instituted under this section. No licensee shall be liable to any person for damages claimed to arise from refusal to sell such alcoholic beverages.

"(b) No person being the holder of a license issued under paragraph (12) of section 11 of this Act shall permit on the licensed premises the consumption of alcoholic beverages, with the exception of beer and light wines, by any person under the age of twenty-one years, or permit the consumption of beer and light wines by any person under the age of eighteen years; or the consumption of any alcoholic beverage by any intoxicated person, or any person of notoriously intemperate habits, or any person who appears to be intoxicated; and ignorance of the age of any such minor shall not be a defense to any action instituted under this section. No licensee shall be liable to any person for damages claimed to arise from refusal to permit the consumption of any alcoholic beverage on any premises licensed under paragraph (12) of section 11 of this Act.

"Sec. 21. If any person holding a license under this Act shall become bail for any person complained of for the violation of any provisions of this Act, his license shall become void as of the date of becoming such bail.

"Sec. 22. (a) Each holder of a manufacturer's license shall, on or before the 10th day of each month, furnish to the Board a statement under oath, showing the quantity of each kind of alcoholic beverages, except beer, manufactured during the preceding calendar month. Alcoholic beverages shall not be considered as manufactured within the meaning of this section and section 23 until they are ready for sale.

"(b) Each holder of a wholesaler's or retailer's license shall, on or before the 10th day of each month, furnish to the Board a statement under oath, showing the quantity of each kind of alcoholic beverages, except beer, purchased by him during the preceding calendar month, and also showing the date of each such purchase, the name of the person from whom purchased, giving the license number of the vendor, if licensed hereunder, and the quantity and kind of alcoholic beverages in each such purchase.

"(c) The Board may at any time suspend or revoke in whole or in part the requirements of this section.

"Sec. 23. (a) There shall be levied, collected, and paid on all of the following-named alcoholic beverages manufactured by a holder of a manufacturer's license and on all of the said alcoholic beverages imported or brought into the District by a holder of a wholesaler's license, except alcoholic beverages as may be sold to a dealer licensed under the laws of any State or Commonwealth of the United States and not licensed under this Act, and on all alcoholic beverages imported or brought into the District by a holder of a retailer's license, a tax at the following rates to be paid by the licensee in the manner hereinafter provided: (1) a tax of 15 cents on every wine-gallon of wine containing 14 per centum or less of alcohol by volume, other than champagne, sparkling wine, and any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (2) a tax of 33 cents on every wine-gallon of wine containing more than 14 per centum of alcohol by volume, other than champagne, sparkling wine, and any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon: (3) a tax of 45 cents on every wine-gallon of champagne, sparkling wine, and any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (4) a tax of $1.50 on every wine-gallon of spirits and a proportionate tax at a like rate on all fractional parts of such gallon; (5) and a tax of $1.50 on every wine-gallon of alcohol and a proportionate tax at a like rate on all fractional prts of such gallon.

"(b) Said taxes shall be collected by and paid to the Commissioners and shall be deposited in the Treasury of the United States to the credit of the District.

"(c) Said taxes shall be collected and paid in the following manner:

"(1) Each holder of a manufacturer's or wholesaler's license shall, on or before the tenth day of each month, furnish to the Commissioners or their designated agent on a form to be prescribed by the Commissioners, a statement under oath showing the quantity of alcoholic beverages subject to taxation hereunder sold by him during the preceding calendar month and shall, on or before the fifteenth day of each month, pay to the Commissioners or their designated agent the tax hereby imposed upon the quantity of alcoholic beverages subject to taxation hereunder sold by him during the preceding calendar month.

"(2) No licensee holding a retailer's license shall transport or cause to be transported into the District any alcoholic beverages subject to taxation hereunder other than the regular stock on hand in a passenger-carrying marine vessel operating in and beyond the District, or a club car or a dining car on a railroad operating in and beyond the District, for which a retailer's license, class C or D, has been issued under this Act, unless such licensee has first obtained a permit so to do from the Board. No such permit shall issue until the tax imposed by this section shall have been paid for the alcoholic beverages for which the permit is requested. Such permit shall specifically set forth the quantity, character, and brand or trade name of the alcoholic beverage to be transported and the names and addresses of the seller and of the purchaser. Such permit shall accompany such alcoholic beverages during transportation in the District to the licensed premises of such retail licensee and shall be exhibited upon the demand of any police officer or duly authorized inspector of the Board. Such permit shall, immediately upon receipt of the alcoholic beverage by the retail licensee, be marked 'canceled' and retained by him.

"(3) The Commissioners are authorized and empowered to prescribe by regulation such other methods or devices or both for the assessment, evidencing of payment, and collection of the taxes imposed by this section in addition to or in lieu of the method hereinbefore set forth whenever in their judgment such action is necessary to prevent frauds or evasions.

"(d) No tax shall be levied and collected on any alcohol exempt from tax under the laws of the United States, or on any alcohol sold for nonbeverage purposes by the holder of a manufacturer's or wholesaler's license, in accordance with the regulations promulgated by the Board.

"(e) If any Act of Congress shall hereafter prescribe for a Federal volume tax on alcoholic beverages under which a portion of said tax shall be returned to the District, the taxes levied under this section shall not be collected after the effective date of said Act.

"(f) No taxing provision of this section shall apply in the case of a passenger-carrying marine vessel operating in and beyond the District, or a club car or a dining car on a railroad operating in and beyond the District, for which a retailer's license, class C or D, has been issued under this Act, except as set forth in this subsection. The tax as specified in subsection (a) of this section shall be paid on all such alcoholic beverages as are sold and served by said licensee while passing through or when at rest in the District, in the following manner: A record shall be made and kept by the licensee for each passenger-carrying marine vessel operating in and beyond the District, and for each club car or dining car on a railroad operating in and beyond the District, for which a retailer's license, class C or class D, has been issued under this Act, of all alcoholic beverages sold and served in the District, which record shall be subject to inspection by the Board. Each holder of such a license shall, on or before the tenth day of each month, forward to the Board on a form to be prescribed by the Commissioners, a statement under oath, showing the quantity of each kind of alcoholic beverage, except beer and wine, sold under such license in the District during the preceding calendar month and such statement shall be accompanied by payment of any tax imposed under this Act upon any such alcoholic beverages set forth in said report.

"(g) The Commissioners may provide that—

"(1) no tax shall be levied or collected under this section on any alcoholic beverage imported into the United States by the head of a foreign diplomatic or consular mission for his personal or official use, and

"(2) no tax shall be levied or collected under this section on any alcoholic beverage purchased by the head of a foreign diplomatic or consular mission for his personal or official use from a holder of a wholesaler's license under this Act, if such beverage is withdrawn from a customs bonded warehouse which is under the supervision of the Secretary of the Treasury and is located on the premises of such licensee.

"(h) The Board shall require that the immediate container of each alcoholic beverage, other than beer and wine, subject to tax under this Act contain the license number of each licensee who sells or offers for sale such beverage. Such license number must be affixed at the time of display or sale of said beverage by the retailer. This subsection shall not apply to alcoholic beverage containers of less than two ounces.

"Sec. 24. No licensee under this Act shall allow any person who has, within ten years prior thereto, been convicted of any felony, to sell, give, furnish, or distribute any alcoholic beverage, nor allow any minor under the age of twenty-one years of age to sell, give, furnish, or distribute any alcoholic beverage, except beer and light wines, or any minor under the age of eighteen years to sell, give, furnish, or distribute beer and light wines.

"Sec. 25. The Board is hereby authorized and empowered to summon any person before it to give testimony on oath or affirmation, or to produce all books, records, papers, documents, or other legal evidence as to any matter affecting the operation of this Act and any member of said Board shall have the power to administer all oaths and affirmations for the purposes of the administration of this Act. Such summons may be served by any member of the Metropolitan Police Department. If any witness having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event any member of the Board may report that fact to the United States District Court for the District of Columbia or one of the judges thereof and said court or any judge thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be completed to obey the subpenas of that court. Witnesses, other than those employed by the District or the United States Government, summoned to appear before said Board shall be entitled to the same fees as are paid witnesses for attendance before the United States District Court for the District of Columbia, but said fees need not be paid said witnesses in advance of their appearing and testifying, or producing books, records, papers, documents, or other legal evidence before said Board. Any person who shall willfully swear falsely in any proceeding, matter, or hearing before said Board shall be deemed guilty of perjury.

"Sec. 26. (a) No person shall be intoxicated while in charge of or operating any locomotive or while acting as a conductor or brakeman of a car or train of cars, or while in charge of or operating any watercraft in the District.

"(b) Any person violating the provisions of this section shall be punished by a fine of not more than $300, or by imprisonment for not longer than three months, or by both such fine and imprisonment in the discretion of the court.

"Sec. 27. (a) No person shall in the District drink any alcoholic beverage in any public space with respect to which a license has not been issued under this Act; or in any vehicle in or upon the same; or in or upon any premises where food, nonalcoholic beverages, or entertainment are sold or provided for compensation not licensed under this Act; or in any place to which the public is invited for which a license has not been issued hereunder permitting the sale and consumption of such alcoholic beverage upon such premises except premises licensed under paragraph (12) of section 11 of this Act; or in any place to which the public is invited (for which a license under this Act has been issued) at a time when the sale of such alcoholic beverages on the premises is prohibited by this Act or by the regulations promulgated thereunder, or in any place for which a license under paragraph (12)of section 11 of this Act has been issued at a time when the consumption of such alcoholic beverages on the premises is prohibited by regulations promulgated under this Act. No such person shall be drunk or intoxicated in any public space; or in any vehicle in or upon the same or in any place to which the public is invited, or at any public gathering and no person anywhere shall be drunk or intoxicated and disturb the peace of any person.

"(b) Any person violating the provisions of this section shall be punished by a fine of not more than $100 or by imprisonment for not more than ninety days, or both.

"SEC. 28. (a) A search warrant may be issued by any judge of the District of Columbia Court of General Sessions or by a United States commissioner for the District of Columbia when any alcoholic beverages are manufactured for sale, kept for sale, sold, or consumed in violation of the provisions of this Act, and any such alcoholic beverages and any other property designed for use in connection with such unlawful manufacture for sale, keeping for sale, selling, or consumption may be seized thereunder, and shall be subject to such disposition as the court may make thereof, and such alcoholic beverages may be taken on the warrant from any house or other place in which it is concealed.

"(b) A search warrant cannot be issued but upon probable cause supported by affidavit particularly describing the property and the place to be searched.

"(c) The judge or commissioner must, before issuing the warrant, examine on oath the complainant and any witness he may produce, and require their affidavits or take their depositions in writing and cause them to be subscribed by the parties making them.

"(d) The affidavits or depositions must set forth the facts tending to establish the grounds of the application or probable cause for believing that they exist.

"(e) If the judge or commissioner is thereupon satisfied of the existence of the grounds of the application or that there is probable cause to believe their existence, he must issue a search warrant signed by him with his name of office to the Chief of Police or any member of the Metropolitan Police Department, stating the particular grounds or probable cause for its issue and the names of the persons whose affidavits have been taken in support thereof, and commanding him forthwith to search the place named for the property specified and to bring it before the judge or commissioner.

"(f) A search warrant may in all cases be served by any of the officers mentioned in its direction, but by no other person, except in aid of the officer on his requiring it, he being present and acting in its execution.

"(g) The officer may break open any outer or inner door or window of a house, or any part of a house, or anything therein, to execute the warrant, if, after notice of his authority and purpose, he is refused admittance.

"(h) The judge or commissioner must insert a direction in the warrant that it be served in the daytime unless the affidavit is positive that the property is in the place to be searched in which case he must insert a direction that it be served at any time in the day or night.

"(i) A search warrant must be executed and returned to the judge or commissioner who issued it within ten days after its date; after the expiration of this time the warrant, unless executed, is void.

"(j) When the officer takes property under the warrant, he must give a copy of the warrant together with a receipt for the property taken (specifying it in detail) to the person from whom it was taken by him, or in whose possession it was found; or, in the absence of any person, he must leave it in the place where he found the property.

"(k) The officer must forthwith return the warrant to the judge or commissioner and deliver to him a written inventory of the property taken, made publicly or in the presence of the person from whose possession it was taken and of the applicant for the warrant, if they are present, verified by the affidavit of the officer at the foot of the inventory and taken before the judge or commissioner at the time, to the following effect: 'I, R. S., the officer by whom this warrant was executed, do swear that the above inventory contains a true and detailed account of all the property taken by me on the warrant.'

"(l) The judge or commissioner must thereupon, if required, deliver a copy of the inventory to the person from whose possession the property was taken and to the applicant for the warrant.

"(m) The judge or commissioner must annex the affidavits, search warrant, return, inventory, and evidence, and at once file the same, together with a copy of the record of his proceedings, with the clerk of the District of Columbia Court of General Sessions.

"(n) Whoever shall knowingly and willfully obstruct, resist, or oppose any such officer or person in serving or attempting to serve or execute any such search warrant, or shall assault, beat, or wound any such officer or person, knowing him to be an officer or person so authorized, shall be fined not more than $1,000 or imprisoned not more than two years.

"(o) If the accused be discharged, the alcoholic beverages and other property seized shall be returned to the person in whose possession they were found; if he be convicted, the said alcoholic beverages and other property shall be forfeited and may be destroyed by the police department or delivered for medicinal, mechanical, or scientific uses to any department or agency of the United States Government or the District of Columbia government or any hospital or other charitable institution in the District, or sold at public auction, as the court may direct.

"(p) If any of said property so seized, other than the said alcoholic beverages and the containers thereof, shall be subject to a lien which is established by intervention or otherwise to the satisfaction of the court as being bona fide and as having been created without the lienor's having any notice that said property was to be used in connection with the illegal manufacture for sale, keeping for sale, or selling of alcoholic beverages, the court, upon the conviction of the accused, shall order a sale of said property at public auction and the officer making the sale, after deducting the expenses of keeping the property, the fee for the seizure and the cost of the sale, shall pay all such liens according to their priorities, and such lien or liens shall be transferred from the property to the proceeds of the sale thereof.

"SEC. 29. Any minor who falsely represents his age for the purpose of procuring any alcoholic beverage shall be deemed guilty of a misdemeanor and be fined for each offense not more than $25 and, in default in the payment of such fine, shall be imprisoned not exceeding ten days.

"SEC. 30. (a) Whosoever violates any of the provisions of this Act for which no specific penalty is provided, or any of the rules and regulations promulgated pursuant thereto, shall be punished by a fine of not more than $1,000 or by imprisonment for not longer than one year or by both such fine and imprisonment in the discretion of the court.

"(b) Prosecutions for violations of this Act shall be on information filed in the District of Columbia Court of General Sessions by the corporation counsel or any of his assistants, except for such violations as are felonies, and prosecutions for such violations as are felonies shall be by the United States attorney in and for the District of Columbia or any of his assistants.

"SEC. 31. No holder of a retailer's license, except a retailer's license class C, class D, or class E, shall sell on credit any alcoholic beverages.

"SEC. 32. No rectified or blended spirits shall be sold unless the container in which it is sold shall bear a legible label firmly affixed thereto stating the nature and percentage of each ingredient therein (except water), the age of each such ingredient, and the alcoholic content of such spirits by volume.

"SEC. 33. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

"SEC. 34. (a) It shall be unlawful for anyone, except a public or common carrier or the holder of a manufacturer's, wholesaler's, or retailer's license issued under this Act, to transport, import, bring, or ship or cause to be transported, imported, brought, or shipped into the District from without the District any wines, spirits, or beer in a quantity in excess of one gallon during any calendar month.

"(b) No public or common carrier shall transport or bring into the District wine, spirits, or beer in a quantity in excess of one gallon during any calendar month for delivery to any one person in the District other than the holder of a manufacturer's, wholesaler's, or retailer's license issued under this Act.

"(c) The provisions of this section shall not apply to bona fide possessors of old stocks who are moving into the District nor to embassies or diplomatic representatives of foreign countries, nor to wines imported for religious or sacramental purposes, nor to wine, spirits, and beer to be delivered to the holder of a manufacturer's, wholesaler's, or retailer's license issued under this Act.

"(d) The penalty for violation of this section shall consist of the forfeiture of the alcoholic beverages transported, imported, or shipped or caused to be transported, imported, brought, or shipped in violation of this section, and a fine of not more than $500 or imprisonment for not more than six months.

"SEC. 35. (a) There shall be levied and collected by the District on all beer sold by the holder of a manufacturer's or wholesaler's license, except such beer as may have been purchased from a licensee under this Act, and except such beer as may be sold to a dealer licensed under the laws of any State or Commonwealth of the United States and not licensed under this Act, and on all beer purchased for resale by the holder of a retailer's license, except such beer as may have been purchased from a licensee under this Act, a tax of $1.50 for every barrel containing not more than thirty-one gallons and at a like rate for any other quantity or for the fractional parts thereof. Unless the Commissioners shall by regulation prescribe otherwise, the collection and payment of such tax shall be in the manner following:

"(1) Each holder of a manufacturer's or wholesaler's license shall, on or before the

10th day of each month, furnish to the Commissioners, on a form to be prescribed by them, a statement under oath showing the quantity of beer subject to taxation hereunder sold by him during the preceding calendar month and shall, on or before the 15th day of each month, pay to the Commissioners the tax hereby imposed upon the quantity of beer subject to taxation hereunder sold by him during the preceding calendar month.

"(2) No licensee holding a retailer's license shall transport or cause to be transported into the District for resale any beer, other than the regular stock on hand in a passenger-carrying marine vessel operating in and beyond the District, or a club car or a dining car on a railroad operating in and beyond the District, for which a retailer's license, class C or D, has been issued under this Act, unless such licensee has first obtained a permit so to do from the Board. No such permit shall issue until the tax imposed by this section shall have been paid for the beer for which the permit is requested. Such permit shall specifically set forth the quantity, character, and brand or trade name of the beer to be transported and the names and addresses of the seller and of the purchaser. Such permit shall accompany such beer during its transportation in the District to the licensed premises of such retail licensee and shall be exhibited upon the demand of any police officer or duly authorized inspector of the Board. Such permit shall, immediately upon receipt of the beer by the retail licensee, be marked 'canceled' and retained by him.

"(b) The Commissioners are authorized and empowered to prescribe by regulation such other methods or devices or both for the assessment, evidencing of payment, and collection of the taxes imposed by this section in addition to or in lieu of the method hereinbefore set forth whenever, in their judgment, such action is necessary to prevent frauds or evasions.

"(c) The taxes imposed hereby, when collected, shall be deposited in the Treasury of the United States to the credit of the District.

"SEC. 36. (a) Any building, ground, premises, or place where any alcoholic beverage is manufactured, sold, kept for sale, or permitted to be consumed in violation of this Act is hereby declared to be a nuisance, and may be enjoined and abated as hereinafter provided.

"(b) An action to enjoin any nuisance defined in subsection (a) of this section may be brought in the name of the District of Columbia by the corporation counsel of the District of Columbia, or any of his assistants, in the civil branch of the District of Columbia Court of General Sessions against any person conducting or maintaining such nuisance or knowingly permitting such nuisance to be conducted or maintained. The rules of the District of Columbia Court of General Sessions relating to the granting of an injunction or restraining order shall be applicable with respect to actions brought under this subsection, except that the District as complaining party shall not be required to furnish bond or security. It shall not be necessary for the court to find the building, ground, premises, or place was being unlawfully used as aforesaid at the time of the hearing, but on finding that the material allegations of the complaint are true, the court shall enter an order restraining the defendant from manufacturing, selling, keeping for sale, or permitting to be consumed any alcoholic beverage in violation of this Act. When an injunction, either temporary or permanent, has been granted it shall be binding on the defendant throughout the District. Upon final judgment of the court ordering such nuisance to be abated, the court may order that the defendant, or anyone claiming under him, shall not occupy or use, for a period of one year thereafter, the building, ground, premises, or place upon which the nuisance existed, but the court may, in its discretion, permit the defendant to occupy or use the said building, ground premises, or place, if the defendant shall give bond with sufficient security to be approved by the court, in the penal and liquidated sum of not less than $500 nor more than $1,000, payable to the District, and conditioned that alcoholic beverages will not thereafter be manufactured, sold, kept for sale, or permitted to be consumed in or upon the building, ground, premises, or place in violation of this Act.

"(c) In the case of the violation of any injunction, temporary or permanent, rendered pursuant to the provisions of this section, proceedings for punishment for contempt may be commenced by the corporation counsel or any of his assistants, by filing with the court in the same case in which the injunction was issued a petition under oath setting out the alleged offense constituting the violation and serving a copy of said petition upon the defendant requiring him to appear and answer the same within ten days from the service thereof. The trial shall be promptly held and may be upon affidavits or either party may demand the production and oral examination of the witnesses. Any person found guilty of contempt under the provisions of this section shall be punished by a fine of not more than $1,000 or by imprisonment for not more than twelve months, or by both such fine and imprisonment.

"SEC. 37. (a) It shall be unlawful for any person knowingly to disseminate or cause to be disseminated in the District any false advertisement by any means for the purpose of inducing or which is likely to induce directly or indirectly, the purchase of any alcoholic beverage.

"(b) Any licensee under this Act who violates subsection (a) of this section with intent to defraud or mislead may have his license suspended or revoked after due notice and hearing by the Board, with right of review, in accordance with the provisions of this Act.

"(c) No publisher, radio broadcast licensee, or agency or medium for the dissemination of advertising, other than the manufacturer, packer, distributor, or seller of the alcoholic beverage to which the false advertisement relates, shall be liable under this section by reason of dissemination by him of any false advertisement, unless he has refused on request of the Board to furnish it the name and post office address of the manufacturer, packer, distributor, seller, or advertising agency, residing in the United States, who caused him to disseminate such advertising. No advertising agency shall be liable under this section by reason of the causing by it of the dissemination of any false advertisement, unless it has refused on the request of the Board to furnish it the name and post office address of the manufacturer, packer, distributor, or seller, residing in the United States, who caused it to cause the dissemination of such advertising.

"(d) For the purposes of this section the term 'false advertisement' means an advertisement, other than labeling, which is misleading in a material respect; and, in determining whether any advertisement is misleading, there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, sound, or any combination thereof, but also the extent to which the advertisement fails to reveal facts material in the light of such representations.

"SEC. 38. (a) The Congress hereby finds that the manufacture, distribution, and consumption of alcoholic beverages affect the public interest, and it is necessary for the full protection of the public health, welfare, and morals that such manufacture, distribution, and consumption be so regulated so that the orderly distribution of alcoholic beverages be achieved for the further purpose of encouraging temperance and moderation and for best serving the public interest, convenience, and advantage.

"(b) As used in this section—

"(1) The terms 'sell at retail', 'sales at retail', and 'retail sale' shall mean and include any transfer for a valuable consideration, made in the ordinary course of trade or in the usual prosecution of the seller's business, of title to an alcoholic beverage to the purchaser for consumption or use other than resale or further processing or manufacturing, and shall include any transfer of such alcoholic beverage where title is retained by the seller as security for the payment of such purchase price.

"(2) The terms 'sell at wholesale', 'sales at wholesale', and 'wholesale sales' shall mean and include any transfer for a valuable consideration made in the ordinary course of trade or the usual prosecution of the seller's business, of title to an alcoholic beverage to the purchaser for purposes of resale or further processing or manufacturing, and shall include any such transfer of an alcoholic beverage where title is retained by the seller as security for the payment of the purchase price.

"(3) The term 'retailer' shall mean and include every person engaged in the business of making sales of alcoholic beverages at retail within the District licensed under this Act.

"(4) The term 'wholesaler' shall mean and include every person engaged in the business of making sales of alcoholic beverages at wholesale within the District licensed under this Act.

"(c) It is hereby declared that knowingly to advertise, to offer to sell, or to sell any alcoholic beverage, either by retailers or wholesalers, with the intent, effect, or the result of deceiving any purchaser or prospective purchaser, substantially lessening competition, unreasonably restraining trade, or tending to create a monopoly is an unfair method of competition, contrary to public policy, and in contravention of the policy of this section.

"(d) Each retailer or wholesaler licensed under the Act who advertises or offers to sell any alcoholic beverage by means of an advertisement having a format or appearance reasonably tending to indicate that the beverage is being offered at a 'special' or 'unusual' price, indicating to the public that such beverage is being offered at a bargain price, regardless of the terms actually employed in such advertisement or offer, shall include in such advertisements, in immediate juxtaposition to each item offered at the specified price the quantity of the item available at that price and shall have on hand at the time of such advertisement or offer for sale a supply of the alcoholic beverage equal to the quantity so advertised or offered for sale, and there shall be no limitation on the quantity an individual customer may purchase.

"(e) Any retailer licensed under the Act who shall knowingly, in contravention of the policy of this section, advertise, offer to sell, sell, or refuse to sell at retail any alcoholic beverage, and any wholesaler licensed under the Act who shall, in contravention of the policy of this section, advertise, offer to sell, sell, or refuse to sell at wholesale any alcoholic beverage, may have his license suspended or revoked after due notice and hearing by the Board, with right of review, in accordance with the provisions of this Act.

"(f) In addition to the penalties provided in this section, the courts of the District are hereby invested with jurisdiction to prevent and restrain violations of this section, and it shall be the duty of the corporation counsel to institute proceedings in equity to prevent and restrain violations. Any person shall be entitled to sue for and have injunctive relief in any court of competent jurisdiction against any threatened loss or injury by reason of a violation of this section.

"(g) The provisions of this section shall not apply to sales at retail or sales at wholesale (1) where the alcoholic beverage is sold in bona fide clearance sales, if advertised, marked, and sold as such; (2) where the alcoholic beverage is imperfect or damaged, or is being discontinued, and is advertised, marked, and sold as such; (3) where the alcoholic beverage is sold upon the final liquidation of any business; (4) where the alcoholic beverage is sold for charitable purposes or to relief agencies; (5) where the alcoholic beverage is sold on contract to departments of governments or governmental institutions; (6) where the price of the alcoholic beverage is made in good faith to meet lawful competition; (7) where sales are made by one wholesaler to another wholesaler or by one retailer to another retailer for the purpose of accommodations; (8) where the alcoholic beverage is sold by an officer acting under the order or direction of any court or by any fiduciary, or by any trustee in a deed of trust or deed of assignment for the benefit of creditors.

"SEC. 39. Nothing in this Act shall be construed as repealing any portion of section 7 of the District of Columbia Appropriation Act for the fiscal year ending June 30, 1903, approved July 1, 1902, as amended. Nothing in this Act shall be construed to divest the Federal Trade Commission or the United States Department of Justice of any jurisdiction now or hereafter vested in them as to any of the provisions of this Act."

SEC. 2. Nothing in Reorganization Plan Numbered 5, 1952 (66 Stat. 824), or in any other provision of law shall authorize the Board of Commissioners of the District of Columbia to delegate, divest, or otherwise affect any authority vested in the Alcoholic Beverage Control Board by the amendment made by the first section of this Act. The performance of any function vested in the Board of Commissioners or in any officer or agency under the jurisdiction or control of the Board of Commissioners by the amendment made by the first section of this Act may be delegated by the Board of Commissioners in accordance with section 3 of such reorganization plan.

SEC. 3. Nothing in the amendment made by the first section of this Act shall be construed to terminate the Alcoholic Beverage Control Board in existence on the date of enactment of this Act, and the members of such Board shall continue in office for the term for which they were appointed.

SEC. 4. Section 18 of the Act entitled "An Act to amend the District of Columbia Alcoholic Beverage Control Act", approved August 27, 1935 (49 Stat. 903), is hereby repealed.

SEC. 5. Subsection (e) of section 7 of the Act entitled "An Act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'The Municipal Court for the District of Columbia', to create 'The Municipal Court of Appeals for the District of Columbia', and for other purposes", approved April 1, 1942, as amended (D.C. Code, sec. 11-772), is amended by striking out "and" at the end of paragraph (8), by striking out the period at the end of paragraph (9), and inserting in lieu thereof "; and" and by adding at the end thereof the following new paragraph:

"(10) any decision of the Alcoholic Beverage Control Board refusing to reissue or revoking or suspending a license issued under the District of Columbia Alcoholic Beverage Control Act."

SEC. 6. This Act shall take effect on the one hundred and twentieth day after the date of its enactment or upon such earlier date as the Board of Commissioners of the District of Columbia shall prescribe.

Mr. MULTER (interrupting the reading of the bill). Mr. Chairman, I renew my unanimous-consent request, that the bill be considered as read and printed at this point in the RECORD and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

With the following committee amendment:

Page 24, line 17, strike out "or sell" and substitute in lieu thereof "for sale".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: On page 68, line 2, strike out the quotation marks.

Page 68, after line 2 insert the following:

"SEC. 40 (a) Nothing in this Act shall be deemed to authorize the Commissioners or the Board to establish, maintain, or enforce any wholesale or retail prices on alcoholic beverages in the District.

"(b) Nothing in this Act shall be deemed to authorize any licensee or combination of licensees to establish, maintain, or enforce any wholesale or retail price maintenance programs or policies with respect to the sale of alcoholic beverages in the District."

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from New York.

Mr. MULTER. I do not think the language is necessary. But it is directly in line with every expression which I have made on the floor today and which I made in the committee.

Mr. Chairman, I see no objection to adding the additional language. It makes crystal clear exactly what the gentleman from Michigan and I said during the course of the general debate.

Mr. DINGELL. I thank my friend, the gentleman from New York [Mr. MULTER].

Let me say that I was prepared fully and completely to rely upon his honor and upon his skill and knowledge in this matter, but in order to make sure that no court would erroneously interpret or fail to understand clearly the intent of the gentleman from New York and myself, this language is offered. The amendment makes it abundantly plain that price fixing, resale price maintenance, or similar endeavor and the enforcement thereof with regard to the sale of these beverages in the District of Columbia are not authorized by this statute. And, as a matter of fact, that it expressly prohibits such activity.

May I say to my friend, the gentleman from New York [Mr. MULTER], that this amendment meets any objection which I had to the bill. I am happy to support the bill if this amendment is adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DINGELL].

The amendment was agreed to.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, a moment ago the question was raised, and the gentleman's amendment has not cured this at all, but suppose that it did? This is not the big objection to this bill. The big objection to this bill which is being glossed over is that we are removing the ABC Board from the jurisdiction, the supervisory jurisdiction, of the District of Columbia Board of Commissioners. That is the heart of this bill.

Mr. Chairman, let us come back to this price-fixing question which was talked about a minute ago. The distinguished gentleman asked me a minute ago where there was anything in the bill with reference to this question.

On page 65, subsection (c), there is the following:

It is hereby declared that knowingly to advertise, to offer to sell, or to sell any alcoholic beverage, either by retailers or wholesalers, with the intent, effect, or the result of deceiving any purchaser or prospective purchaser, substantially lessening competition, unreasonably restraining trade, or tending to create a monopoly is an unfair method of competition, contrary to public policy, and in contravention of the policy of this section.

That was exactly what the Washington Post editorial was talking about, because that would then be left up to the judgment of the ABC Board as to whether or not discounting and price cutting would lessen competition.

Mr. Chairman, there is the language in the bill for those who want to know about whether or not this bill would prohibit discounting and price fixing.

Mr. MULTER. This again proves how little the newspapers know about the bill, how little they followed the testimony and how little they know about the bill in general. This is language we put in at the suggestion of the Attorney General to meet the objections he made last year. It is exactly the same language and it deals with unfair competition and nothing more.

Mr. SPRINGER. I do not believe that is true, and I do not believe the Attorney General thinks it is either.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like the attention of the gentleman from New York, if I may have it.

Unfortunately, I could not be on the House floor for most of the debate thus far. Since the report does not, as most reports do, state the purpose for this legislation, could the gentleman give me in capsule form the reasons for the legislation?

Mr. MULTER. During my original presentation in support of the bill I indicated this was the first review and revision of this statute since it was enacted in 1934. Throughout the years the ABC Board and the Commissioners have found defects in the statute. Instead of trying to take this and correct it piecemeal, we have tried to do the whole job at one time and make it a modern bill that will meet the situation as it exists today and not as it existed in 1934 when the law was first enacted.

Mr. GROSS. Does it not go far beyond the cure of defects in the present law? Does it not establish new policies with respect to handling liquor in the District of Columbia?

Mr. MULTER. I do not believe it does.

Mr. GROSS. I note on page 4 of the report this subhead "false advertising and sales below cost." What does the bill do with respect to sales below cost?

Mr. MULTER. It permits anyone to sell at any price he pleases, even though it is below cost, provided when advertising the product he will have available for the customer the product he advertises at the price he advertises. That is all we require.

Mr. GROSS. So it does permit the sale of liquor at below cost?

Mr. MULTER. At any price he wants to establish.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. SPRINGER. There is a difference between the gentleman from New York and myself on that point, and that is the point of the language which the Washington Post pointed out in its editorial. There is a difference of opinion. There is a difference between the Post, the gentleman from New York and myself.

May I say to the gentleman from Iowa that the real heart of this bill, and it is what the liquor dealers want to do, is to get the ABC out from under the District Commissioners. That effort has been made repeatedly. I cited the three editorials on the ABC Board. That was the reason that the Commissioners, immediately when these articles appeared, appointed the blue ribbon committee to make an investigation to find out what was going on down at the ABC. They got the report. Every time the ABC has gotten into trouble the Commissioners have moved in and cleared the situation up. May I say that under Republican and Democratic administrations the District Commissioners have been of high order. The people down there have been honest, they have been on the job, and they have tried to do a good job. You cannot say that of the ABC Board. It is more or less down to the political level, and these are the people who have to be supervised by someone because of the pressures exerted on the ABC for relaxation of regulations, and no prosecution of complaints, such as I quoted from one of these articles. Again I say, the heart of the bill is to get the ABC Board out from under the District Commissioners. Then the liquor industry will have a free run and that is certainly what the editorial said.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. SISK. I would like to direct a question to the gentleman from Illinois.

Who appoints the members of the ABC Board? Who are the ABC Board members responsible to for their office under the terms of this bill?

Mr. SPRINGER. The District Commissioners appoint the members of the ABC Board. There are a lot of politics in this. When appointment on the ABC comes up for consideration, whether Republican or Democratic, the liquor industry moves in. It was shown that one of these appointments was formerly a salesman for the liquor industry in the District of Columbia. This is politics at the very lowest level. I am not going to make any accusations against the District Commissioners for what has happened, but I do want to say the District Commissioners do have that responsibility and to allow the ABC Board to be withdrawn from supervision of the body which is responsible to Congress, I think is morally wrong.

Mr. SISK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, let me say that the ABC Board, under the terms of this proposed legislation, is appointed by the District Commissioners, subject to the District Commissioners in exactly the same way as the ABC Board in any of the States is responsible to the Governor to the extent that he makes the appointments, and they can be removed in the same way for cause. So any argument that this bill removes any responsibility from the District Commissioners is simply erroneous. I beg to differ with my good friend from Illinois. I know he does not desire to leave the wrong impression. I appreciate his position and I know his position is sincere. As long as the District Commissioners have the responsibility which they would have under the terms of this legislation to appoint the members of the ABC Board, then to that extent you cannot say there is not that responsibility. If these ABC members are, let us say, less than proper in their conduct, as he implies they might be, then it becomes a responsibility to remove them, and it is a responsibility on the Commissioners. I believe along with the gentleman that the District Commissioners have done a good job both under Democratic as well as Republican administrations but, after all, you cannot disassociate from the District Commissioners the responsibility of the ABC Board.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Illinois.

Mr. SPRINGER. The important provision of this bill takes away from the Commissioners the right to write the regulations. That is the important thing. It transfers the power to write regulations to the ABC Board. That is what is wrong with this bill, and that is what I am against.

Mr. SISK. I might say to my friend this is the very reason I am strongly in support of this provision in the bill. The District Commissioners in this city I think are overloaded. I think that a group such as the ABC Board should be held responsible to write the regulations. That is what I propose to do under the terms of this legislation. I think the people in the District and the Commissioners have a right to hold them responsible to do their job. In the absence of doing a proper kind of job, certainly they can be removed. Secondly, I know my friend from Illinois will agree that these regulations can be appealed. We set up provision for appeal from their decisions.

Mr. SPRINGER. With all the people that come into the city, if there is a need for this legislation there certainly ought to be a community expression. Who has testified for the bill? The only people that testified for this bill were the liquor dealers. There was one small portion of the bill recommended by others. But taking it altogether, the people who have done all the lobbying have been the District liquor dealers. There has not been one single party who testified for the community that was not against this bill. Is the gentleman going to say that the Attorney General is wrong about this thing? I read into the RECORD today that Mr. Katzenbach, who is a very honorable person, in my estimation, has consistently opposed this bill. The gentleman from New York has tried in every way he could to get away from what Mr. Katzenbach said.

Mr. SISK. It is our job to make policy, not Mr. Katzenbach, Bobby Kennedy, or anybody else. My reason for supporting this bill is that I firmly believe there is a need to bring up to date the Alcoholic Beverage Control Act in the District.

Mr. MATSUNAGA. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe that there is a greater issue involved here than the control of liquor sales—the issue of home rule. I would like to make my vote dependent upon the answer to this question, and I would like to put this question to the chairman: Will this piece of legislation mean greater or less home rule for the District of Columbia?

Mr. MULTER. This, in my opinion, means more home rule for the District of Columbia. This is going to give the Board the right to run this Board and operate this Board and make the regulations within the four corners of the statute in the interest of the District of Columbia and not in the interest of the liquor industry. It will be in the interest of the people, the consumers, the taxpayers of the District of Columbia, and that is whom they are going to serve. For the first time if this bill is enacted, we will be writing into the statute that the District Commissioners will have the right to remove members of the Board for inefficiency, neglect of duty, and malfeasance in office. That provision is not contained in the existing statute, but we write it in to make sure that these men will do a good job.

May I say further, Mr. Chairman, out of due respect to the men who are serving on the Board that when the committee rises and we get back into the House, I will ask permission to put into the RECORD as part of my remarks the biographies of each of the men presently serving on the Board. They are all men of integrity, honor, and distinction. Not one of them has ever been connected with any segment of the liquor industry in the District of Columbia or anywhere else.

Mr. MATSUNAGA. Then, as I understand it, the ABC Board members will be appointed by the Commissioners?

Mr. MULTER. They will continue to be appointed by the Commissioners as the present law provides.

Mr. MATSUNAGA. Who will have the removal authority?

Mr. MULTER. The District Commissioners will have the removal authority.

Mr. MATSUNAGA. I thank the gentleman.

AMENDMENT OFFERED BY MR. DEROUNIAN

Mr. DEROUNIAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Derounian: On page 48, line 5, strike out "shall" and insert "is authorized to".

Mr. DEROUNIAN. Mr. Chairman, the purpose of this amendment is merely to make it conform to the existing code which allows discretionary authority for the Board to waive the application of the special numbering process during the holiday season of gift-wrapped merchandise. That is all it does.

Mr. SPRINGER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, may I say to the House, I am certainly not for the bill and I certainly do not want this amendment. I respect my distinguished colleague from New York, and I do love him and he knows that. But there is a serious objection to this and I trust my colleague will listen closely so that he may be sure that I have not misunderstood his amendment. I believe I got the context of the amendment. It would eliminate the numbering now required on all bottles. We have had this proposal up for a hearing before and the liquor industry has tried to get this requirement stricken out. The chief of police came before our subcommittee and testified that on two occasions he had been able to solve serious crimes in the city of Washington because he was able to trace certain people through these identification numbers on the individual bottles. So this did substantially help in two or three instances to solve some rather serious crimes. As I said, this has been up before us in the committee. The subcommittee considered it and we considered it in the full committee as well. It was voted down. I do not believe we would want to make a change of this kind in the law, and if the bill under consideration becomes law, we certainly do not want this amendment in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Derounian].

The amendment was rejected.

Mr. UDALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not know whether I am going to vote for this bill or not. My feelings about the legislation were expressed by one of my colleagues the other evening back in the back row at the end of a hard day. We were about to vote on a complicated amendment that apparently no one understood. The chairman said, "As many as are for the amendment will rise and remain standing until counted." Then he said, "As many as are opposed to the amendment will rise and remain standing until counted." And my friend said in a kind of loud voice, "And as many as do not care much one way or the other will rise and remain standing until counted." That is about the way I feel about this bill. It is preposterous for the Congress of the United States faced with a 12-month session this year, faced with problems of taxes, and with problems of national security and unemployment and with problems of resource development and with civil rights legislation and with all the important national problems before us, to be wasting an hour or 2 hours here today to decide whether the people of the District of Columbia are to have numbers on their liquor bottles or to determine what amount is going to be charged for liquor in the District of Columbia.

I think the people of this area are intelligent and educated. They are American citizens, and I think the very least the Congress could do is give them the right to set up a city council or a city government of some kind to determine things like dog licenses and liquor licenses and to settle problems which do not involve the national interest.

In this connection I want to commend the chairman of the committee, the gentleman from South Carolina, who has called hearings on a great variety of home rule bills, one of which I am the author. There are probably 20 or 30 of these bills that have been introduced, some of them providing for a great deal of home rule and some of them providing for a limited amount of home rule and some of them providing for the District at least to have a nonvoting delegate in the Congress. These hearings will start on November 18, and I would urge every Member of this House who has seen the debate here today and who feels that we should have some measure of home rule here to come before the committee to testify and to let your views be known. We worked out last year a modified bipartisan home rule bill with several sponsors on both sides of the aisle that preserves all the prerogatives of Congress in this field and which would preserve to the District of Columbia Committee the right to review legislation passed by the local governing body. I think this is good legislation, and I commend it to the attention of my colleagues. When we have, if you look at the statistics, only perhaps 500 hours in this Chamber a year to settle all the major affairs of this country and when we waste 30 or 40 or 50 of these hours on legislation of this kind, I think we do the people of this country a disservice. Congress is under criticism. We need more efficient procedures. We need better to economize our time, and one way to start is to give the inhabitants of the District of Columbia some measure of home rule.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from California [Mr. Cohelan].

Mr. COHELAN. Mr. Chairman, I wish to congratulate the gentleman on the very fine statement he has made and to associate myself as a member of the committee with his remarks. I am especially grateful that he has seen fit to commend our chairman for holding these hearings.

Mr. UDALL. I thank the gentleman, and I yield back the balance of my time.

Mr. MULTER. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments adopted in the Committee of the Whole, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Delaney, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8920) to revise the District of Columbia Alcoholic Beverage Control Act, had directed him to report the bill back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SPRINGER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SPRINGER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. Springer moves to recommit the bill H.R. 8920 to the Committee on the District of Columbia.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken.

Mr. SPRINGER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Illinois makes the point of order that a quorum is not present, and evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 258, nays 98, not voting 77, as follows:

[Roll No. 192]

YEAS—258

Abbitt
Abele
Adair
Alger
Andrews, Ala.
Andrews, N. Dak.
Ashley
Ashmore
Auchincloss
Ayres
Baker
Baldwin
Barry
Battin
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Betts
Blatnik
Boggs
Boland
Bolling
Bolton, Frances P.
Bolton, Oliver P.
Bonner
Bow
Brademas
Bray
Brock
Bromwell
Broomfield
Brotzman
Brown, Ohio

Broyhill, N.C.
Broyhill, Va.
Bruce
Burleson
Byrne, Pa.
Cahill
Cameron
Cannon
Cederberg
Chelf
Chenoweth
Clancy
Clark
Clausen, Don H.
Clawson, Del.
Cleveland
Collier
Conte
Corbett
Cramer
Cunningham
Curtin
Curtis
Dawson
Delaney
Devine
Dole
Dorn
Downing
Duncan
Dwyer
Edmondson
Edwards
Elliott
Evins
Fallon
Fascell
Feighan
Finnegan
Fisher
Flood
Flynt
Fogarty
Ford
Fountain
Fraser
Frelinghuysen
Fulton, Pa.
Fulton, Tenn.
Fuqua
Gary
Gathings
Gibbons
Glenn
Gonzalez
Goodell
Goodling
Grant
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Gross
Grover
Gurney
Haley
Hall
Halleck
Hanna
Hansen
Harding
Harris
Harrison
Harvey, Ind.
Harvey, Mich.
Hawkins
Hechler
Hemphill
Henderson
Herlong
Hoeven
Hoffman
Holland
Horan
Hull
Hutchinson
Ichord
Jarman
Jensen
Johansen
Johnson, Wis.
Jonas
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kastenmeier
Keith
Kilgore
King, N.Y.
Kluczynski
Knox
Kornegay
Kunkel
Langen
Lankford
Latta
Lennon
Lipscomb
Lloyd
Long, Md.
McClory
McDade
McDowell
McFall
McIntire
McLoskey
Macdonald
MacGregor
Madden
Mahon
Marsh
Martin, Calif.
Martin, Nebr.
Mathias
Matthews
May
Meader
Miller, Calif.
Milliken
Minshall
Montoya
Moore
Morse
Morton
Mosher
Murphy, Ill.
Natcher
Nedzi
Nix
Norblad
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
Osmers
Ostertag
Patman
Pelly
Perkins
Pike
Pillion
Poage
Poff
Pool
Price
Quie
Randall
Reid, Ill.
Reid, N.Y.
Reifel
Reuss
Rhodes, Pa.
Rich
Riehlman
Robison
Rogers, Fla.
Rogers, Tex.
Rooney, Pa.
Roosevelt
Rostenkowski
Roush
Rumsfeld
St. George
Schadeberg
Schneebeli
Schweiker
Scott
Secrest
Selden
Senner
Sheppard
Shipley
Short
Shriver
Sibal
Sickles
Sikes
Skubitz
Smith, Calif.
Snyder
Springer
Staebler
Stafford
Staggers
Stinson
Stratton
Taft
Taylor
Teague, Calif.
Thompson, N.J.
Thomson, Wis.
Toll
Tollefson
Tuck
Tupper
Udall
Ullman
Utt
Van Deerlin
Vanik
Van Pelt
Wallhauser
Watson
Weltner
Whalley
Whitener
Wickersham
Wilson, Bob
Wilson, Ind.
Younger

NAYS—98

Addabbo
Albert
Ashbrook
Aspinall
Barrett
Becker
Brooks
Brown, Calif.
Buckley
Burke
Byrnes, Wis.
Casey
Cohelan
Cooley
Corman
Daddario
Daniels
Davis, Ga.
Dent
Derounian
Derwinski
Diggs
Dingell
Donohue
Dulski
Ellsworth
Farbstein
Fino
Friedel
Gallagher
Garmatz
Giaimo
Gilbert
Gill
Grabowski
Gray
Hagan, Ga.
Hagen, Calif.
Halpern
Healey
Hébert
Horton
Huddleston
Jennings
Joelson
Johnson, Calif.
Kelly
Keogh
King, Calif.
Kirwan
Leggett
Libonati
McMillan
Matsunaga
Mills
Minish
Monagan
Morgan
Morris
Multer
Murphy, N.Y.
Murray
Nelsen
O'Konski
O'Neill
Patten
Pepper
Philbin
Powell
Purcell
Rivers, Alaska
Roberts, Ala.
Rogers, Colo.
Rooney, N.Y.
Rosenthal
Roudebush
Roybal
Ryan, Mich.
Ryan, N.Y.
Saylor
Schwengel
Sisk
Slack
Smith, Va.
Sullivan
Teague, Tex.
Thomas
Thompson, La.
Thompson, Tex.
Trimble
Vinson
Waggonner
Willis
Wilson, Charles H.
Wright
Wydler
Young
Zablocki

NOT VOTING—77

Abernethy
Anderson
Arends
Avery
Baring
Bass
Bates
Berry
Burkhalter
Burton
Carey
Celler
Chamberlain
Colmer
Dague
Davis, Tenn.
Denton
Dowdy
Everett
Findley
Foreman
Forrester
Gubser
Hardy
Harsha
Hays
Holifield
Hosmer
Kee
Kilburn
Kyl
Laird
Landrum
Lesinski
Lindsay
Long, La.
McCulloch
Mailliard
Martin, Mass.
Michel
Miller, N.Y.
Moorhead
Morrison
Moss
O'Brien, Ill.
Passman
Pilcher
Pirnie
Pucinski
Quillen
Rains
Rhodes, Ariz.
Rivers, S.C.
Roberts, Tex.
Rodino
St Germain
St. Onge
Schenck
Shelley
Siler
Smith, Iowa
Steed
Stephens
Stubblefield
Talcott
Thornberry
Tuten
Watts
Weaver
Westland
Wharton
White
Whitten
Widnall
Williams
Winstead
Wyman

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Wyman for, with Mr. Stephens against.

Mr. Findley for, with Mr. Rodino against.

Mr. Rhodes of Arizona for, with Mr. Celler against.

Mr. Talcott for, with Mr. St. Onge against.

Until further notice:

Mr. White with Mr. Anderson.

Mr. Lesinski with Mr. Miller of New York.

Mr. Denton with Mr. Lindsay.

Mr. Pucinski with Mr. Westland.

Mr. Williams with Mr. Foreman.

Mr. Bass with Mr. Siler.

Mr. O'Brien of Illinois with Mr. Widnall.

Mr. Roberts of Texas with Mr. Dague.

Mr. Hays with Mr. Avery.

Mr. Holifield with Mr. Mailliard.

Mr. Dowdy with Mr. Kilburn.

Mr. Forrester with Mr. McCulloch.

Mr. Shelley with Mr. Gubser.

Mr. Watts with Mr. Berry.

Mr. Landrum with Mr. Laird.

Mr. Long of Louisiana with Mr. Hosmer.

Mr. Colmer with Mr. Bates.

Mr. Winstead with Mr. Wharton.

Mr. Whitten with Mr. Schenck.

Mr. Morrison with Mr. Quillen.

Mr. Moss with Mr. Harsha.

Mr. Moorhead with Mr. Chamberlain.

Mr. Rains with Mr. Weaver.

Mr. Hardy with Mr. Pirnie.

Mr. Stubblefield with Mr. Martin of Massachusetts.

Mr. Abernethy with Mr. Kyl.

Mr. Tuten with Mr. Burton.

Mr. Steed with Mrs. Kee.

Mr. Davis of Tennessee with Mr. Baring.

Mr. Everett with Mr. Carey.

Mr. Burkhalter with Mr. St Germain.

Mr. Rivers of South Carolina with Mr. Smith of Iowa.

Mr. Passman with Mr. Pilcher.

Messrs. ASHLEY, ROOSEVELT, and THOMPSON of New Jersey changed their votes from "nay" to "yea."

Messrs. ASPINALL and BECKER changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MULTER. Mr. Speaker, I ask unanimous consent that all Members may revise and extend their remarks on the bill just considered within 5 days.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

UNAUTHORIZED USE OF GOVERNMENT VEHICLE

Mr. ROBERTS of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ROBERTS of Alabama. Mr. Speaker, on October 17, 1963, I received word through reliable sources that Justice Department personnel had rented cars for the purpose of driving Martin Luther King and other agitators in Selma and Dallas County.

Upon receipt of this information I immediately sent a telegram to the Attorney General stating that such act was unwarranted, highly inflammatory and was an interference in local administration. I further stated that this was completely unjustified and requested that I be advised as to the legal authority for such expenditures of taxpayer's money and further requested that the Attorney General issue an immediate order stopping this flagrant violation and illegal use of public funds.

On October 22, 1963, Mr. Speaker, I placed in the CONGRESSIONAL RECORD a summary of the official report I had received on this subject together with a copy of my telegram to the Attorney General.

On October 30, 1963, in reply to my telegram Mr. Burke Marshall, Assistant Attorney General, Civil Rights Division, U.S. Justice Department, categorically denied the allegations and further stated that, "the reports to the contrary are false."

Today, Mr. Speaker, I received another communication from Mr. Marshall enclosing a statement correcting the inaccurate information furnished me under date of October 30, 1963. This statement was as follows:

> Reports were published in Alabama last month that automobiles rented by the Department of Justice were used to transport Rev. Martin Luther King from Birmingham to Selma on the evening of October 15.
>
> The Department of Justice issued a statement on October 18, asserting that no automobiles rented by the Department of Justice had been used to drive Reverend King either from Birmingham to Selma or from Selma to Montgomery.
>
> No car rented by the Department was used to drive Reverend King from Selma to Montgomery. However, a car rented by the Department and being used by a Department lawyer was loaned to a private citizen who subsequently drove Reverend King from Birmingham to Selma on October 15.
>
> During that time, the attorney, Thelton Henderson, remained in Birmingham. Nevertheless, the use of the car for unofficial business was contrary to Department of Justice regulations. It was also contrary to a statement which Mr. Henderson originally gave to the Department of Justice. Mr. Henderson came forward last night and

voluntarily gave a correct account of what occurred. He has submitted his resignation to the Department and it has been accepted.

The Department regrets very much that its earlier statement as to the use of a car rented by the Department in connection with Reverend King's transportation from Birmingham to Selma was based on misinformation and, therefore, erroneous.

It would appear, Mr. Speaker, that an agency of the Government and particularly a law enforcement agency such as the Justice Department would, prior to rendering a report such as the one submitted to me by Mr. Marshall, and which I ask to be inserted immediately following my remarks, would make a thorough investigation of the facts before writing a Member of Congress. However, I submit, Mr. Speaker, that perhaps this is a typical example of the operations of this Department which has used equipment, manpower and resources to aid racial agitators in my native Alabama without legal authority. If there are violations or threatened violations of Federal laws, the Justice Department should be present, but to place equipment and resources at the disposal of agitators is to put the Federal Government in the position of encouraging unlawful and uncalled for rioting, strife and racial unrest.

TO AUTHORIZE THE VIRGIN ISLANDS TO ISSUE BONDS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1989) to authorize the government of the Virgin Islands to issue general obligation bonds, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 5, strike out "operate" and insert "equip".

The **SPEAKER.** Is there objection to the request of the gentleman from Colorado?

Mr. SAYLOR. Mr. Speaker, reserving the right to object, I take this opportunity to ask the chairman of the House Committee on Interior and Insular Affairs whether or not the amendment which was placed in the bill by the Senate is what was basically the intention of the House when the bill was reported.

Mr. ASPINALL. The gentleman is right.

Mr. SAYLOR. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

Mr. O'NEILL, from the Committee on Rules, reported the following privileged resolution (H. Res. 564, Rept. No. 889), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

HOUR OF MEETING TOMORROW

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERSONAL EXPLANATION

Mr. FULTON of Pennsylvania. Mr. Speaker, as a member of the Committee on Science and Astronautics, I was at a meeting of that committee at the Congressional Hotel when rollcall No. 191 was had, on H.R. 6143. We did not get word there that the vote was being had. Had I been present I would have voted "yea" on the conference report.

RECREATION ALLOCATION POLICY

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include the text of an executive communication together with the text of a bill introduced by me today.

The **SPEAKER.** Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. ASPINALL. Mr. Speaker, back in March and April of this year, my committee spent 5 days considering allocation policy for water resource projects with particular emphasis on allocations of project costs to recreation and fish and wildlife. The committee found that the administration had not adopted a uniform policy with respect to allocations, and that multiple-purpose water resource projects were being submitted to the Congress by the Department of the Interior and the Corps of Engineers with recreation and fish and wildlife allocations determined on a different basis. Feeling strongly that a uniform recreation allocation policy should be established, the committee, on May 22, 1963, adopted a resolution requesting the administration to submit to Congress its recommendations with respect to legislation to establish policies and procedures relating to cost allocation, reimbursement and cost sharing which would be applicable to all water resource projects. It seemed to the committee that since this was a matter involving several executive departments and the jurisdiction of several committees of the Congress, the recommendations of the administration was a necessary first step toward enactment by the Congress of legislation establishing a uniform policy. Pending receipt of the administration's recommendation, the committee has not considered any reclamation projects for authorization.

Since last May, in response to my committee's request, the executive departments and the Bureau of the Budget have been working diligently to reach agreement on the policies which should be adopted and develop legislation to implement their recommendations. On Monday, the legislation was submitted to the Congress by the Bureau of the Budget and has been referred to the Committee on Interior and Insular Affairs. It is my hope that the committee can give early consideration to this legislation and that it can be expeditiously approved by the Congress with whatever changes are found to be necessary in order that we may again be in position to consider the authorization of reclamation projects.

The legislation involves projects of the Corps of Engineers which are under the jurisdiction of the Committee on Public Works. Therefore, I am advising the chairman of that committee of the legislation and assuring him that the views and recommendations of the Public Works Committee will be fully considered in any action which my committee takes.

I know that many Members are interested in this legislation and, therefore, I am including as a part of these remarks, the letter from the Bureau of the Budget to the Speaker along with the recommended legislation. It will be noted that the legislation is concurred in by the Department of the Interior and by the Department of the Army.

The letter follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., November 2, 1963.
Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: The demands of the American people for all forms of outdoor recreation opportunities, particularly those which are water related, have increased sharply since the Second World War and are expected to accelerate in the years ahead. This situation has resulted in general recognition that recreation should be fully considered along with other purposes served by Federal multiple-purpose water resources projects as part of a sound conservation program. Uniform policies, including cost-sharing and reimbursement policies, are needed for the treatment of recreation and fish and wildlife as part of these projects. In addition, the Secretary of the Interior should have general authority, comparable to that now available to the Department of the

Army, for recreation development of projects under his control. I am transmitting herewith for the consideration of the Congress a draft bill which would establish uniform policies regarding recreation and fish and wildlife and would provide the Secretary of the Interior with appropriate authority.

Subsection 1(a) states congressional policy that (1) full consideration shall be given to recreation and fish and wildlife enhancement as part of Federal water resource projects; (2) planning with respect to recreation aspects of a project shall be coordinated with existing and planning recreation developments; and (3) except where Federal administration is authorized, the project construction agency shall encourage non-Federal public bodies to assume responsibility for the management of project areas and facilities provided initially at Federal cost and for the additional development of the area to realize the full recreation and fish and wildlife potential.

Subsection 1(b) provides that the value of recreation and fish and wildlife enhancement benefits shall be taken into account in determining the economic value of water resource projects, and that costs shall be allocated to recreation and fish and wildlife enhancement in a manner which will insure that all project purposes share equitably in the advantages of multiple-purpose construction.

Subsection 1(c) deals with the subject of reimbursement and cost sharing of those costs of Federal projects that are allocated to recreation and fish and wildlife enhancement. The two functions are combined for this purpose because of the close relationship between the benefits that flow from them.

Beginning in 1962, the Army Corps of Engineers recommended Federal assumption of the separable cost of balanced basic recreational development, plus a portion of joint project costs allocated to this function in the order of 25 percent or less of the total project costs. On June 21, 1962, we advised the Secretary of the Army in connection with the first project report containing this recommendation as follows:

"The administration is currently giving consideration to the problems of cost allocation and of reimbursement and cost sharing between the Federal Government and non-Federal bodies—matters not fully dealt with in the policies and standards recently approved by the President. There is also under consideration the development of detailed standards to supplement the new principle for estimating recreation benefits, including those derived from the recreational aspects of fish and wildlife. We would expect that prior to the initiation of construction, the project would be reevaluated in light of the administration's standards and policies applicable at that time."

Similar statements were included in letters of advice on other project reports. Thus, it is abundantly clear that the administration made no commitment regarding the 25-percent formula and that the proposed projects would be reevaluated before estimates of appropriations are requested to initiate project construction.

Enactment of the proposed legislation would establish general cost-sharing and reimbursement policy for recreation and fish and wildlife enhancement. Therefore, this matter was given very careful consideration. We requested and received the views of several agencies on the bill and held discussions with representatives of the agencies including the Department of the Interior and the Department of the Army. The enclosed draft bill takes into account the agencies' views. The following explains our views with respect to the bill.

A basic consideration is the need to differentiate appropriately between Federal responsibility and non-Federal responsibility. For example, the National Park System has long been recognized as a Federal responsibility. As another example, the Recreation Advisory Council this year established criteria for the establishment and management of national recreation areas with costs generally to be borne by the Federal Government. It is considered that recreation opportunities provided by water resource projects in most cases will be of primary benefit to people living in the locality of the project. In the absence of such a project, there would be little question that the provision of similar recreation opportunities would be a non-Federal responsibility. Thus, it would seem appropriate and equitable generally to require cost sharing by State and local interests for project costs allocated to recreation and fish and wildlife enhancement. Such cost sharing would be consistent with the administration's proposed program of grants to States to assist them in providing recreation opportunities. However, it is recognized that to require cost sharing for recreation and fish and wildlife enhancement on every project may hinder the development of some much needed and worthwhile water resource projects because of the inability of the State and local people to share the costs. It is also recognized that there will be some sharing of costs through recreation user charges and fees upon enactment of the Land and Water Conservation Fund legislation; however, this will also be true of the National Park System and national recreation areas.

Taking these factors into account, we believe it would be reasonable for the Federal Government to bear (1) the costs incurred specifically for land and basic facilities for recreation or fish and wildlife enhancement, (2) the joint costs allocated to recreation and to fish and wildlife enhancement up to a dollar limit as described in the next paragraph, and (3) certain other Federal costs, such as the cost of increasing the size of a reservoir for recreation, up to a limit of 25 percent of the cost of joint-use land and facilities or $5 million, whichever is the lesser. Joint-use land and facilities are defined as land or facilities serving two or more project purposes, one of which is recreation or fish and wildlife enhancement.

The draft bill provides that the limit on nonreimbursable joint costs allocated to recreation and fish and wildlife enhancement vary according to the size of projects—the limit expressed in percentages would be relatively large for small projects with progressively smaller percentages for larger projects. The effect of this is that the limit on nonreimbursable costs in dollar terms increases gradually for larger projects rather than in direct proportion to the size of projects. The rationale for this approach is that the Federal investment for recreation at water resource projects should not be inordinately large in any area merely because the water resource project happens to be large for other purposes. It would appear reasonable to start the percentage limit at 25 percent of the cost of joint-use land and facilities for small projects with decreasing percentages for larger projects.

Under the draft bill, cost sharing or reimbursement for recreation and fish and wildlife enhancement would not be required for the great majority of water resource projects. Even where cost sharing or reimbursement would be required, a large part of the cost allocated to recreation and fish and wildlife enhancement would in general be borne by the Federal Government.

Under the provisions of the bill, non-Federal interests would reimburse the Federal Government for costs in excess of the specified limits. The draft bill provides for three methods of payment or reimbursement. One or a combination of the following methods, as determined appropriate by the head of the agency having jurisdiction over the project, would be used: (1) provision by non-Federal interests of land or interests therein or facilities required for the Federal project; (2) payment or repayment by non-Federal public bodies with interest at a rate comparable to that for other project functions; and (3) repayment by use of project revenues at projects which have revenue-producing functions such as hydroelectric power or water supply. The water and power users will benefit from the recreation opportunities provided by the project and will also benefit from the additional economic activities in the area which can be expected to be generated by the project. Interest comparable to that for other project functions would be charged and repayment of recreation and fish and wildlife enhancement costs would be made during the payout of cost allocations to water and power functions. However, if there were unusual circumstances where deferral of repayment would be in the public interest, the head of the agency could recommend that deferred repayment be authorized.

Enactment of the draft bill would establish general cost-sharing and reimbursement policy for recreation and fish and wildlife enhancement. The formulation of a policy to fit every circumstance is made difficult by the great variety among water resource projects—in size, purposes served, and problems encountered. It is recognized that the application of the policy which would be established by the bill may not be appropriate in every case. There will be instances when it will be entirely fitting for the water resource agencies to recommend departures from the general policy and we would expect the agencies to do so. For example, there may be a few instances where the strict application of the provisions of the bill could result in rates for electric power and water supply that would be higher than those generally prevailing in the area for obtaining equivalent amounts of power or water. Other examples might include water resource projects that affect a national park or are included within a national recreation area, or where an outstanding opportunity to further the migratory waterfowl conservation program exists.

Subsection 1(d) provides that the views of the Secretary of the Interior, developed in accordance with section 3 of the act of May 28, 1963 (Public Law 88–29; 77 Stat. 49), shall be included in each project report.

Subsection 1(e) confirms the limitations of the first proviso of section 2(d) of the Fish and Wildlife Coordination Act (72 Stat. 563, 16 U.S.C. 662(d)) with respect to measures for the enhancement of fish and wildlife properly includable in a Federal water resource project; it also repeals the second proviso of that section of the Fish and Wildlife Coordination Act, which applies to projects constructed under reclamation law. The effect of repeal of the second proviso is twofold: first, it will result in the costs of mitigation of project-occasioned damage to fish and wildlife being distributed among all project purposes the same as any other project cost; and, second, it will terminate the reimbursement policy for costs allocated to fish and wildlife enhancement now set out in the Fish and Wildlife Coordination Act so that the reimbursement policy established by this bill may take effect.

Subsection 1(f) is largely self-explanatory; it places a limitation of $28 million on water resource project funds that may be expended for land acquisition to accomplish the Federal Government's obligations to conserve and protect migratory waterfowl. These expenditures are in addition to those made from the migratory bird conservation fund for migratory waterfowl refuges. The $28 million limitation applies only to expenditures for acquisition of lands or interests in lands which would otherwise not be acquired, when they are acquired at a water resource project for incorporation into a migratory waterfowl refuge located there. The $28 million limitation specifically does not apply to expenditures for the mitigation of damages to migratory waterfowl, since that is properly a project cost to be allocated to project purposes in the same manner as any other project cost.

Subsection 1(g) brings several recently authorized Corps of Engineers projects that may include migratory waterfowl refuges under the provisions of this bill.

Subsection 1(h) provides that the act shall not apply to the Tennessee Valley Authority nor to projects constructed under the authority of the Small Reclamation Projects Act (43 U.S.C. 422a). We believe that cost-sharing and reimbursement requirements for recreation and fish and wildlife enhancement at small reclamation projects should be considered in relation to such requirements at watershed protection projects constructed under the Watershed Protection and Flood Prevention Act (Public Law 566, 83d Cong.), as amended.

The Tennessee Valley Authority has informed us that they have adequate authority to plan for, evaluate benefits from, and allocate costs to recreation and fish and wildlife enhancement in connection with multiple-purpose projects. They believe that the bill contains language which is inappropriate for TVA, for example, the requirement that the views of the Secretary of the Interior be included in any report concerning a project within the bill's purview. While TVA consults and cooperates with other Federal agencies, TVA believes it must as a unified development agency take full responsibility for all phases of projects which it plans and constructs. This was recognized in TVA's exemption from the Fish and Wildlife Coordination Act. Furthermore, the policy of the Tennessee Valley Authority is not to provide recreation facilities at Federal cost but to transfer lands adjacent to reservoirs to non-Federal bodies for recreation development and management. We agree the TVA has been quite successful in this policy and recommend that the bill not apply to TVA.

The purpose of section 2 of the bill is to provide the Secretary of the Interior with the authority to implement the provisions of section 1. Since 1944 the Department of the Army has had basic statutory authority to provide recreation development at reservoir projects under its control; in 1962 this authority was expanded to embrace water resource development projects generally (sec. 4 of the act of Dec. 22, 1944, as amended; 16 U.S.C. 460(d)). On the other hand, only piecemeal authority exists for certain individual projects under the control of the Department of the Interior. A notable example of this project-by-project approach is section 8 of the Colorado River Storage Project Act of 1956 (70 Stat. 105; 43 U.S.C. 620g). Enactment of the proposed legislation will fill in the statutory gaps and permit the realization of potential returns on recreation resources created by public investment in the development of water resource projects of the Department of the Interior.

By its terms section 2 of the bill applies to all water resource projects under the control of the Department of the Interior, both heretofore and hereafter constructed. Thus, construction or acquisition of land for recreation purposes at existing projects could be undertaken under the authority of that section if it were to be enacted. In this connection, it is important to note what the section does not do; the first proviso of section 2 specifically provides that the bill shall not be the basis for allocation of water, reservoir capacity, or joint project costs at existing or previously authorized projects. While the Department of the Interior does propose to review existing projects in light of the general authority contained in the bill, we understand that the Department does not plan to undertake construction of basic facilities or land acquisition activity at existing projects without notification to the Congress.

Because of the contingent nature of the program that may be pursued under the proposed bill, it is not possible at this time to prepare the data required by the act of July 25, 1956 (5 U.S.C. 642a) with respect to this bill.

Because of the increasing use of Federal reservoirs for recreational purposes, water pollution can be expected to become a greater problem. We have discussed this matter with the Department of Health, Education, and Welfare and understand that adequate authority exists under the Water Pollution Control Act to correct such problems as may occur. We also understand that the Departments of the Army and the Interior have adequate authority to deal with water pollution problems at reservoirs under their jurisdiction and that further steps will be taken where necessary in controlling pollution to protect recreation values.

The Bureau of the Budget, with the concurrence of the Department of the Interior and the Department of the Army, recommends enactment of the proposed legislation as consistent with the administration's objectives.

Sincerely,

ELMER B. STAATS,
Deputy Director.

H.R. 9032

A bill to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control.

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That (a) it is the policy of the Congress and the intent of this Act that (1) full consideration shall be given to outdoor recreation opportunities and fish and wildlife enhancement where these can be provided or enhanced in the investigation, planning, construction, operation, and maintenance of Federal navigation, flood control, reclamation, hydroelectric, and multiple-purpose water resource projects; (2) planning with respect to the development of the recreation potential of any such project shall be based on the coordination of the recreational use of the project area with the use of existing and planned Federal, State, or local public recreation developments; and (3) except in the case of project areas or facilities which heretofore or hereafter are authorized by law for inclusion within national recreation areas or are appropriate for administration by other Federal agencies as part of the national forest system or in connection with other authorized Federal programs, the project construction agency shall encourage non-Federal public bodies to assume responsibility for the administration and additional development of project land and water areas for recreation and fish and wildlife enhancement purposes, including operation, maintenance and replacement of basic recreation facilities provided initially at Federal cost.

(b) The benefits of the recreation and fish and wildlife enhancement features of each project or appropriate unit thereof shall be taken into account in determining the economic benefits of the project or unit. Costs shall be allocated to the purposes of recreation, fish and wildlife enhancement, and other purposes in a manner which will insure that all project purposes share equitably in the advantages of multiple-purpose construction: *Provided,* That the costs allocated to recreation or fish and wildlife enhancement shall not exceed the lesser of the benefits from those functions or of the cost of providing recreation or fish and wildlife enhancement benefits of reasonably equivalent use and location by the least costly alternative means.

(c) For each project or appropriate unit thereof, except local flood control, beach erosion control, small boat harbor, or hurricane protection projects, the Federal costs incurred specifically for land or basic facilities for recreation or fish and wildlife enhancement shall be nonreimbursable; joint costs allocated to recreation and to fish and wildlife enhancement shall in the aggregate be nonreimbursable up to a dollar limit determined in accordance with the following table:

If the cost of joint-use land and facilities is—	The dollar limit is—
Not over $10,000,000.	25 percent of the cost of joint-use land and facilities;
Over $10,000,000 but not over $40,000,000.	$2,500,000, plus 15 percent of the amount over $10,000,000;
Over $40,000,000 but not over $100,000,000.	$7,000,000, plus 10 percent of the amount over $40,000,000;
Over $100,000,000 but not over $200,000,000.	$13,000,000, plus 4 percent of the amount over $100,000,000;
Over $200,000,000	$17,000,000, plus 2 percent of the amount over $200,000,000;

other Federal costs allocated to recreation and to fish and wildlife enhancement shall in the aggregate be nonreimbursable up to a limit of 25 per centum of the cost of joint-use land and facilities or $5 million, whichever is the lesser. Provision shall be made for the reimbursement, or for the contribution by non-Federal interests, of costs in excess of the limits specified above under one or a combination of the following methods, as may be determined appropriate by the head of the agency having jurisdiction over the project: (1) provision by non-Federal interests of land or interests therein or facilities required for the Federal project; (2) payment or repayment, with interest at a rate comparable to that for other project functions, pursuant to agreement with one or more non-Federal public bodies; (3) repayment, with interest from the date of first delivery of water or power from the project for beneficial use at a rate comparable to that for other project functions, by use of project revenues that will be available during payout of cost allocations to water and power functions: *Provided,* That if the head of the agency having jurisdiction over the project finds there are unusual circumstances when deferral of repayment would be in the public interest, he may recommend that repayment by use of project revenues be deferred until after the payment of costs allocated to water and power functions are completed, and such recommendation shall become effective only when specifically authorized by law. The term "nonreimbursable" as used in this act shall not be construed to prohibit the imposition of entrance, admission, and other recreation user fees or charges. For purposes of this subsection "joint-use land and facilities" shall mean land or facilities serving two or more project purposes one of which is recreation or fish and wildlife enhancement.

(d) The views of the Secretary of the Interior developed in accordance with section 3 of the Act of May 28, 1963 (Public Law 88–29; 77 Stat. 49), with respect to the outdoor recreation aspects shall be set forth in any report on any project or appropriate unit thereof within the purview of this act.

(e) Nothing in this Act shall be construed as amending the first proviso of section 2(d) of the Act of August 12, 1958 (72 Stat. 563; 16 U.S.C. 662(d)), and the second proviso of section 2(d) of that Act is hereby repealed.

(f) Expenditures for lands or interests in lands hereafter acquired by project construction agencies for the establishment of migratory waterfowl refuges recommended by the Secretary of the Interior at Federal water resource projects, when such lands or interests in lands would not have been acquired but for the establishment of a migratory waterfowl refuge at the project, shall not exceed $28 million: *Provided*, That the aforementioned expenditure limitation in this subsection shall not apply to the costs of mitigating damages to migratory waterfowl caused by such water resource projects.

(g) The provisos with respect to wildlife refuges applicable to the authorizations for the Trinity River, Wallisville Reservoir, Texas, contained in section 101 of the River and Harbor Act of 1962 (76 Stat. 1175), and for the Kaysinger Bluff Reservoir, Osage River, Missouri, and the Kaw Reservoir, Arkansas River, Oklahoma, contained in section 203 of the Flood Control Act of 1962 (76 Stat. 1186 and 1187), are hereby amended by adding before the punctuation marks at the end thereof the following, "until such time as the Secretary of the Interior has approved the establishment of such a refuge."

(h) This Act shall not apply to the Tennessee Valley Authority nor to projects constructed under authority of the Small Reclamation Projects Act (43 U.S.C. 422a).

SEC. 2. Subject to the provisions of section 1 of this Act, the Secretary of the Interior is authorized as a part of any water resource development project under his control, except projects or areas within national wildlife refuges, to construct, operate, and maintain or otherwise provide for basic public outdoor recreation facilities, to acquire or to otherwise include within the project area such adjacent lands or interests therein as are necessary for present or future public recreation use, to allocate water and reservoir capacity to recreation, and to provide for the public use and enjoyment of project lands, facilities and water areas in a manner coordinated with the other project purposes: *Provided*, That this Act shall not provide the Secretary of the Interior with the basis for allocation to recreation of water or reservoir capacity or joint project costs at any existing or heretofore authorized project. The Secretary of the Interior is authorized to enter into agreements with Federal agencies or State or local public bodies for the operation, maintenance, and additional development of project lands or facilities, or to dispose of project lands or facilities to Federal agencies or State or local public bodies by lease, transfer, conveyance or exchange, upon such terms and conditions as will best promote the development and operation of such lands or facilities in the public interest for recreation purposes. No lands under the jurisdiction of any other Federal agency may be included for or devoted to recreation purposes under the authority of this Act without the consent of the head of such agency; and the head of any such agency is authorized to transfer any such lands to the jurisdiction of the Secretary of the Interior for purposes of this section. The Secretary of the Interior is authorized to transfer jurisdiction over project lands within or adjacent to the exterior boundaries of national forests and facilities thereon to the Secretary of Agriculture for recreation and other national forest system purposes; and such transfer shall be made in each case in which the project reservoir area is located wholly within the exterior boundaries of a national forest unless the Secretaries of Agriculture and Interior jointly determine otherwise. Where any project lands are transferred hereunder to the jurisdiction of the Secretary of Agriculture, the lands involved shall become national forest lands: *Provided*, That the lands and waters within the flow lines of any reservoir or otherwise needed or used for the operation of the project for other purposes shall continue to be administered by the Secretary of the Interior to the extent he determines to be necessary for such operation. Nothing herein shall limit the authority of the Secretary of the Interior granted by existing provisions of law relating to recreation development of water resource projects or to disposition of public lands for recreational purposes.

SEC. 3. This Act may be cited as the "Federal Water Project Recreation Act."

FEDERAL PAY INCREASE

Mr. UDALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include several editorials.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, I rise today to offer further encouragement to those of my colleagues who, while favoring Federal pay legislation, have feared the consequences of advocating pay increases for themselves and other Members of Congress.

Expecting a certain amount of interest in this matter, I recently mailed every newspaper and broadcasting station in my district a copy of my remarks in this Chamber on October 10. Along with the speech I sent a short letter which began like this:

> When you read a few days ago that I had introduced a bill to increase my own pay (along with all other Government officials) I can imagine some of you said, "Well, UDALL has done it again." In case this kind of thought did cross your mind, I think it might be well for you to have just a little background on what my Federal pay bill is all about.

As I knew they would be, the editors and broadcasters of Arizona have been very fair. Some have disagreed with me in part, and others have agreed with me, but the whole discussion has been on a rational plane, free from the emotion that often develops on such issues.

I think the response that has warmed my heart the most is an editorial carried some days ago on radio station KTKT, the largest and most prosperous radio station in my district.

Mr. Speaker, without objection, I insert the text of that editorial at this point in my remarks.

EDITORIAL, RADIO STATION KTKT, TUCSON, ARIZ., OCTOBER 28, 1963

Our Congressman, MORRIS K. UDALL, in a speech in the House of Representatives October 10, proposed passage of House of Representatives bill 8716, a bill to adjust the rates of compensation for most of the officers and employees of the Federal Government. In "Mo's" own words, he said, "I am beginning to suspect that one feature of my bill may not go unnoticed. This is the section increasing the salary of Representatives and Senators from $22,500 to $35,000." We admit that this is only one small part of the legislation, which would also increase Cabinet officers' pay from $25,000 to $40,000 yearly. In his speech Congressman UDALL makes a good and strong argument for the Federal Government to give comparable pay for comparable skill and responsibility to that paid by private enterprise for similar duties. UDALL has sent us a charming letter concerning this bill which we will read to you tomorrow. Our only comment at this time after imparting this information is "A freshman Representative with this much audacity can't be all bad."

Mr. Speaker, I have been paid more effusive compliments on occasion, but I have never had one I appreciated more. "Not all bad" is good enough for me.

Also, I want to report to my colleagues that I am continuing to receive favorable comments, resolutions, letters, telegrams, and newspaper editorials from across the Nation in support of Federal pay legislation.

I particularly want to call the attention of all Members to a column in Monday's Washington Evening Star by William S. White, one of the real authorities on the Congress. Does Mr. White think the proposed pay increases for Congressmen are too great? Far from it; he thinks they are inadequate. Here is his conclusion:

> To put congressional pay at the level where men there could go about their high jobs free of financial fear—and free of financial temptation, for they are human, too—would be the best and soundest investment the people of the United States could make, even if it cost double or triple what the present proposal would cost.

Mr. Speaker, I also wish to call the attention of my colleagues to editorials on this subject published recently by the Des Moines Register, the Washington Post, and the Daily Local News of West Chester, Pa. Without objection, I insert these items at this point in the RECORD.

[From the Washington (D.C.) Evening Star,
Nov. 4, 1963]

PAY RAISE BILL FALLS SHORT

(By William S. White)

A bipartisan congressional committee has at last had the courage to recommend a bill for an increase in the salaries of Members of the Senate and House from $22,500 to $32,500 a year.

It is not an adequate raise: The minimum should be $50,000 a year, which would be, perhaps, a tenth of the annual take of one of the junior glamour girls of Hollywood. But, perhaps understandably, everything being considered, not quite enough guts is to be found in any congressional committee to propose what really ought to be done.

For even the suggestion for this very modest increase in the pay of the men who collectively hold the life and honor of this Nation in their hands is meeting a howling chorus of complaint from two sets of critics.

One set is made up of economizers whose horizons are so pinched and small that they honestly believe a Member of Congress should be content with less pay than can readily be earned by a good wholesale salesman in, say, cosmetics or beer. Of this set, no more will be said in this column, for their opposition is at any rate in good faith, however wrong it may be.

But the second set of critics is made up of people who know perfectly well that in today's world and at today's cost of living it is absurd to maintain so pennypinching an economic ceiling on men chosen to write the laws of this country. These fellows, in short, are not really concerned with saving tax money. Instead, they are tirelessly concerned with cutting down Congress, as an institution and as the sole truly representative forum left in this Nation, by every means that comes to hand.

THE TWO-BIT CYNICS

These are the two-bit cynics, who demand reforms which would really mean the slow destruction of Congress and the final elevation of the bureaucrats as our undisputed masters. These are the ones who cry up every real or alleged scandal involving Congress, without waiting to hear a word of the evidence and with pitiless disregard of the old-fashioned notion that even elected politicians are entitled to the presumption of innocence until proved guilty.

These are the professional moralizers—about the supposed poor morals of Congress—and the professional finger pointers at somebody else's human weakness. These are the self-righteous prigs whose compassion for themselves—especially when it comes to taking care to see that their own incomes are always more than merely adequate—is so all-consuming that they have no time for compassion for others.

To starve out Congress—to keep in constant economic anxiety Members whose record for high public service is an unarguable part of current history—would well suit the book of this set of critics. And current congressional pay literally means near poverty for all save the Members of independent wealth or separate income. When a man must maintain not one but two homes; when he must contribute beyond his real means to every charity "because it is expected of him"; when he must educate his children and run expensive campaigns for reelection—this man is an economic victim in an affluent society.

INFANTILE LOGIC

"Well," it is said, "if they don't like the pay they can always quit. Nobody made them go to Congress." And also it is said: "Lots of those fellows in Congress aren't worth what they are getting already."

But this sort of infantile logic—"if you don't like it here why don't you go back where you came from?"—is a poor excuse for unfairness. It is an unfairness, moreover, that is dangerous for the country itself. For to follow such logic to the end would mean to close the doors of Congress to all but the wealthy—or the tricky ones who know how to become wealthy in very unpleasant ways.

To put congressional pay at the level where men there could go about their high jobs free of financial fear—and free of financial tempetation, for they are human, too—would be the best and soundest investment the people of the United States could make, even if it cost double or triple what the present proposal would cost.

[From the Des Moines (Iowa) Register, Oct. 30, 1963]

HIGHER FEDERAL PAY

Representative Morris Udall, Democrat, of Arizona, recognizing the "risks involved," has introduced a Federal pay bill that would boost the salaries of nearly all of the Government's 2½ million officials and employees.

The measure is almost certain to invite ridicule. Among other things, it calls for increasing the pay of the Speaker of the House from $35,000 to $50,000 and of Congressmen from $22,500 to $35,000.

The natural resentment of the public toward officials who propose raising their own pay should not obscure the merit of the Udall proposal. The increases for higher echelon officials are based on a careful study by a committee headed by Clarence Randall, formerly head of the Inland Steel Co. The committee included Gen. Omar Bradley, Marion Folsom of the Eastman Kodak Co., Theodore Houser, former head of Sears, Roebuck, and Stanley Reed, former Supreme Court justice. In almost all cases the Udall bill calls for somewhat smaller increases than the Randall Committee proposed.

The committee found Federal pay scales lagging behind State and local government and private pay scales for top-caliber people. The Secretary of Defense and other Cabinet officials are paid annual salaries of only $25,000. California has 125 State positions which pay more than this, Illinois has 93, Pennsylvania has 165, and New York 432. More than 200 State judges in New York are paid more than Federal district court judges, who earn $22,500.

Chicago's police chief, whose pay is $30,000, gets $7,500 more than the head of the FBI and $4,500 more than justices on the circuit courts of appeals. The manager of the Los Angeles airport is paid $40,000; his counterpart at the Government's Dulles International Airport in Washington, D.C., draws $16,000.

Cabinet-level officials are temporary officeholders who frequently can look forward to a return to lucrative jobs in private industry. But their pay determines the pay scales of subordinate officials who make Government service a career. Randall points out that "unless a change is made in the salaries of the Cabinet Secretaries, no career officer who enters the Government service upon leaving college, and who gives his entire life to it, can ever hope to earn more than $20,000 a year, no matter how great the responsibility which he bears or how competent his performance."

Udall proposes to make the congressional pay increase more palatable by requiring Congressmen to file a public record of their relationship with the people they hire. Employees would also have to perform their jobs either in Washington or the home State of the Congressman.

This would clear up some of the present abuse in congressional pay, but not all. The public is aware that the $22,500 salary figure tells considerably less than the full story about income possibilities for Congressmen.

Congress would be wise to act to curb pay abuses by its Members before attempting to convince the public of the need for more pay for Congressmen and thereby endangering the other objectives of the Randall report.

[From the Washington (D.C.) Post, Nov. 1, 1963]

SALARY REALINEMENT

The salary adjustments proposed by the House Post Office and Civil Service Committee for top executives, judges, and Members of Congress should not be regarded as an ordinary pay increase. On that basis it would be impossible, of course, to justify a $10,000 boost for any Government employee. What the committee is proposing is a new policy of remunerating topflight Federal workers in some relationship to salaries paid for comparable service by State and local governments and private industry.

The comparison with private industry cannot be pressed too far because in many instances there are no comparable positions in the field of private enterprise. Moreover, the proposed $10,000 boost stops far short of what had been recommended by the experts who have been studying the lag in Federal salaries. Clarence Randall's advisory panel recommended salaries of $50,000 for Cabinet members, $60,000 for Supreme Court Justices, and $35,000 for Congressmen. The committee would reduce these figures to $35,000 for Cabinet officers, $45,000 for Supreme Court Justices, and $32,500 for Members of Congress.

It is significant that the committee trimmed its allowance for Congressmen only slightly below the Randall panel's figure, while sharply reducing the recommended salaries for top officials in the executive and judicial branches. The House itself or the Senate might well restore these differentials. The justification for substantial increases will be much stronger if they are made proportional to the responsibilities that each recipient carries.

The linking of this bill with higher pay for classified and postal employees would make the entire package cost $600 million. That is a very substantial sum, but most of it would go, of course, to employees in the lower pay brackets. Even the substantial increases recommended by Mr. Randall and his colleagues in the upper brackets would amount to less than one-tenth of 1 percent of the Federal civilian payroll. What is needed most at this point is widespread support for the bill, with some amendments in the interest of equity in the highest brackets.

[From the West Chester (Pa.) Daily Local News, Oct. 28, 1963]

CONGRESS' DUTY IN SALARY ADJUSTMENTS

One of the most forceful arguments in support of Congress increasing the salaries of its own Members as well as those of the Federal judiciary is to be found in the fact that neither has been adjusted in neary 10 years.

Congress now has the opportunity to make this long overdue adjustment, a move which has the backing of the Advisory Panel on Federal Salary Systems which was appointed by the President and headed by Clarence B. Randall, of Inland Steel. This panel, following a careful and detailed study of comparable salaries paid by private business, State and local governments, education and charitable institutions, as well as other fields, has presented its findings to President Kennedy.

Back in January 1954, the Commission on Judicial and Congressional Salaries made specific recommendations as to the compensation due those in these responsible positions, yet Congress, after due deliberation, adopted a salary schedule substantially less than recommended. This schedule continues today despite the fact that in the intervening 8 years Federal classified service employers have been granted six pay increases.

This fact alone, it appears, would warrant congressional action at this time, but there is no assurance that it will materialize, despite the inequities which have long prevailed. Out of a sense of justice, if for no other reason, these salaries should be brought into line with others as they stand today. We say this even in light of the fact that three House Members, during the last salary schedule hearing, opposed the proposed increases because of large sources of income which they happened to have outside their salaries. While such frankness is to be commended, it does nothing for those Members who are not so fortunately situated.

Congress has a duty to perform, not for present Members alone but for those who will follow them in office in years to come. The same goes for those of the Federal judiciary.

REPORT OF 1963 EUROPEAN TRIP

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, at the request of the Honorable Carl Vinson, the distinguished chairman of the House Armed Services Committee, from October 1 to October 15, inclusive, I participated in a military inspection trip of U.S. installations in Europe. The purpose of the trip was to receive firsthand information on NATO operations, troop deployment, offbase housing, and the organization, commitments, and day-to-day operations of U.S. military forces.

The trip included visits to our Air Force bases in Spain, to the 6th Fleet in the Mediterranean, to Germany for briefings and personal inspection of prepositioned equipment and supplies for Operation Big Lift, Headquarters, U.S. Army, Europe, to NATO Headquarters in France, to Great Britain for review of our newest missile radar defense unit, and to Greece and Italy for briefings on missile detachments and military advisory groups.

In order to get a feeling of the personal morale and needs of our serviceman, I was housed, at my request, in military barracks whenever possible. I also traveled by military aircraft whenever it was available.

As a result of my trip, I can conclude the following:

First. Our defense system, including our early warning radar system, and military preparedness have never been stronger at any time in our history.

Second. The morale of our troops overseas is very high. Our servicemen are making excellent "good will ambassadors."

Third. In general, off-base housing for our military personnel is poor and the cost of rent and utilities is very high compared with the quality received.

Fourth. Secretary of Defense McNamara recently cut off oversea pay to troops in many areas. This pay should be restored to troops and personnel stationed in areas where living costs are higher than usual. Reconsideration should be given to action recently taken in connection with proficiency pay.

Fifth. We need to keep our Air Force bases and full complement of manned bombers in Spain and avoid any reduction of our manned bomber force in Europe.

OUR MILITARY MIGHT IS STRONG

The U.S. Army, Europe—USAREUR—is the largest and most powerful offshore Army command ever maintained by the United States in peacetime. It is composed of 250,000 officers and men, representing one-fourth of the Army's strength worldwide, and nearly two-thirds of its oversea strength.

The tasks assigned to USAREUR are into two categories, those directly involving NATO and those derived from USAREUR's status as a U.S. force.

The NATO missions of USAREUR are to provide evidence of U.S. determination to maintain a strong NATO alliance, to deter and defeat the Soviets, or any other enemy of the free world, should they attack NATO, and to provide know-how and a training base to modernize NATO armies.

The non-NATO missions include preparing to move troops and supplies across Europe or the Mediterranean to carry out U.S. policy, supporting U.S. policy by other than military means—diplomatic activity in Berlin and helping distressed areas—and by maintaining cordial relations between our forces and our military and civilian allies. U.S. Army, Europe, is to be combat-ready at all times, and to be good neighbors to the host nations concerned.

The military threat facing USAREUR at this time consists of 60 Communist and Red satellite divisions, with 400,000 men in East Germany alone. In Poland and Hungary the Soviets have about 100,000 combat-ready troops, all backed up by strong reserves in western Russia. Soviet efforts to increase their military power continue undiminished with particular emphasis on improving their capability for offensive operations.

After viewing the Berlin wall in person, one cannot help but see the danger we are facing there. There is a unique threat to Berlin. It is an island surrounded by potential aggressor forces. Against the equivalent of one division in the Allied sectors of West Berlin, the equivalent of six Soviet and East German divisions are located either in the Soviet sector of the city or on its outskirts.

USAREUR is a major target of hostile espionage activity. In recent years several hundred Soviet bloc agents have been apprehended who had specific missions to obtain information on USAREUR personnel, units and activities. They perform observation-type missions, that is, counting tanks in an installation, or watching maneuver activity. The volume of their reports does provide the enemy with a comprehensive picture of USAREUR operations.

The bulk of USAREUR's manpower, about 70 percent, is assigned to 7th Army, which patrols the border 24 hours a day along 400 miles of the Iron Curtain. About 15 percent is devoted to logistical support and another 15 percent to various other missions.

U.S. Army Europe possesses extreme mobility and has the latest in weapons to combat any threat thrust upon it.

BMEWS PROTECTS UNITED STATES

Recently completed in northern England at Fylingdales Moor is the U.S. Air Force ballistic missile early warning station—BMEWS. I was the first Congressman to visit this installation, after completion. This BMEWS is the most effective known deterrent to a surprise missile attack in the free world. BMEWS is unique in the history of military electronics, providing a powerful space radar net for long-range ICBM's.

Elsewhere in Great Britain are located Royal Air Force Greenham Common and Royal Air Force Mildenhall. Greenham Common is located 70 miles west of London. This is a SAC base, supporting reflex operations, a term which indicates the utilization of strategic forces at forward area bases that support the strategic alert forces.

RAF Mildenhall is a MATS base and the aerial port to the United Kingdom, located 85 miles northeast of London. Both bases are part of the 3d Air Force, an organization of 30,000 personnel with 1,000 installations. In addition to its four tactical wings, the 3d Air Force also runs a variety of other bases.

General Puryear, commander of the 3d Air Force, has a vast number of duties and responsibilities. He negotiates with the British all transactions on policy matters and services, location of installations, logistics, law, medicine, and education for the military personnel and their dependents stationed in the United Kingdom. Since the Air Force returned to England in 1948 there has been nothing on paper setting forth terms, conditions, and so forth, but all relations have been worked out amicably between the British-American forces.

BASES IN SPAIN

Recently this country renewed a 5-year agreement with Generalissimo Franco to keep U.S. Air Force bases in Spain. This country has three SAC bases and a naval installation in Spain at this time. Among the bases I visited was Torrejon Air Base, 18 miles east of Madrid, which is 16th Air Force—SAC—Headquarters. The focus of all SAC activities at Torrejon is the Reflex mission. In addition to the SAC mission, this base supports the 65th Air Division which is responsible for command and operational control of the air defense mission in Spain and Morocco. There are 750 officers and 4,300 airmen at this base.

The development of new missiles and intercontinental bombers has supplemented the value of SAC bases in Spain. These bases are very important as staging areas as well as refueling points. Spain is allied with the United States, yet General Franco does not allow the U.S. flag to fly over our bases there. He insists that it would affront his people if an American flag were also displayed.

I strongly recommend that in any future negotiations with Spain that this country firm up our requirements, including urging General Franco to relax some of the tensions imposed on the Spanish people. Certainly the U.S. flag should fly over U.S. bases in Spain, just as it does in other areas where our U.S. military forces are located.

SIXTH FLEET ON GUARD

Protecting the Mediterranean area is the U.S. 6th Fleet, made up of a multitude of every type of U.S. ship. I visited the flagship, the *Little Rock*, a guided missile cruiser equipped with the latest missiles and electronic equipment. I was also the overnight guest of the crew of the U.S.S. *Independence*, while at sea. I received firsthand information on the operation and requirements of a modern aircraft carrier of the *Independence* class.

OFF-BASE HOUSING IS PROBLEM

Perhaps the No. 1 problem of our military personnel overseas is in the area of off-base housing.

In Great Britain, off-base housing is very difficult to find. Many men are forced to live many miles from their bases. At RAF Station Greenham Common, public quarters on base are provided for 23 officers and 51 airmen. As of September 30, 26 officers and 369 airmen lived off base in private rentals. Average monthly costs to officers are $94 for rent plus $45 for utilities. Average monthly cost for an airman, first class, is $70 for rent plus $30 for utilities. Furthermore, approximately 70 percent of the private rentals are substandard, due to poor structural condition, lack of proper insulation, improper room arrangements, lack of adequate facilities, or because of poor surroundings.

The situation is almost as serious in Germany, where most of our personnel are stationed. Fifty percent of our families there are living in inadequate accommodations, inadequate because of excess distance and excess cost of substandard conditions.

Private rentals consist largely of apartments with a few single and duplex units. Three bedroom apartments are almost unheard of luxuries. Hot water is limited, at times available only in the bath from a flash heater over the tub. Bedrooms are small by our standards and rarely have closet space.

Utility charges are high, varying from $15 to $20 in summer to $70 and $80 in winter. Rentals are high in terms of the accommodations received. More on-base housing is definitely needed; if the United States is going to keep thousands of troops in Europe on a permanent basis, we should provide decent housing for them. We should also encourage the government of the host country to sponsor housing programs. After all, our troops are there to protect Europe, as well as the United States.

EXPENDITURES ON TRIP

I have submitted the following expenditure report to the House Armed Services Committee, which shows that I spent $123.23 in counterpart funds, $29.88 to the Department of the Army for military billeting, and $449 to the Department of the Army for transportation, category Z—tourist—at my request. Total cost of trip was $602.11. I declined to request the extra $10 per day per diem from the Appropriations Committee—a privilege provided for by House resolution.

Following is a complete financial report:

Country	Days there	Per diem amount allowed	Actual amount spent	Amount not used, but returned by me
Great Britain	2	$28.00	$23.06	$4.94
France	1	20.00	19.78	.22
Germany	4	52.00	29.07	22.93
Greece	2	28.00	36.24	[1]8.24
Italy	2½	43.00	40.80	2.20
Spain	1½	19.50	12.40	7.10
Travel time	2			

[1] Over.

While in Greece for 2 days, I spent $18.80 for 2 nights hotel lodging, $13.94 for six meals, and $3.50 for taxis and tips. This is $8.24 over per diem allowance.

I have written a check for $8.24 to the Treasurer of the United States reimbursing the excess per diem allowance for Greece.

The expenditure report shows that I spent $44.39 less than the per diem allowance in five countries and $8.24 over per diem in one country, or $32.15 less than the per diem allowance for the entire trip.

CONCLUSION OF LEGISLATIVE BUSINESS FOR TODAY

The SPEAKER. The Chair desires to inform the Members that the legislative business for today has been concluded.

RESOLUTIONS PASSED AT THE 52D CONFERENCE OF THE INTER-PARLIAMENTARY UNION HELD AT BELGRADE, SEPTEMBER 12 THROUGH SEPTEMBER 20, 1963

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New York [Mrs. St. George] may extend her remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. ST. GEORGE. Mr. Speaker, as president of the U.S. National Group of the Inter-Parliamentary Union it is my duty to bring to the attention of the Congress the resolutions passed at the 52d Conference held at Belgrade on September 12 through September 20, 1963.

The five resolutions follow:

Resolution I. Appeal for Aid to the City of Skopje

The 52d Inter-Parliamentary Conference,

Informed of the tragic condition of the city of Skopje in the report submitted by the delegation entrusted with visiting, on September 16, the site of the recent earthquake,

Noting that the material damage and distress of the population are still greater than was to be expected, as 90% of the buildings have to be reconstructed and almost all the inhabitants still live in tents.

Pays a moving tribute to the dead of Skopje and addresses its fraternal greetings to the homeless, whose courage and dignity are above all praise.

Invites the Parliaments represented at the session as well as the appropriate national and international organizations, to do everything in their power, before winter makes further victims, to speed up the action of human solidarity already undertaken on a world scale and to aid in the reconstruction of Skopje, particularly by granting long-term and low-interest credits for this purpose.

Resolution II. The World Problem of Development

The 52d Inter-Parliamentary Conference,

Recalling that the period 1960 to 1970 has been designated as the Development Decade by the United Nations General Assembly Resolution 1710 (XVI),

Believing that the economic and social advancement of the developing countries is not only of vital interest to those countries but of fundamental importance for world peace and prosperity,

Considering that, to reach a stage where international cooperation on an equal footing would become possible, it is necessary to attain, apart from political independence, a given essential level of economic achievement,

Noting—

1. That the average per capita income of industrialized countries is eight times higher than that of developing countries—the richest being over twenty times greater than the poorest—and that this gap between poorer and richer countries is continually widening,

2. That United Nations statistics show that between 1953 and 1961 industrialized prices rose by 10 percent, whereas raw material prices fell by 8 percent, reducing the developing countries' income by an estimated $14,000 million annually,

3. That this persistent decline in the terms of trade of the developing countries' export products is a major cause of their continuing low level of economic development,

4. That about 80 percent of the developing countries' foreign currency receipts come from exports and only 20 percent from oversea aid and that therefore greater trade and greater industrial development and diversification, not merely aid, are required,

5. That raw material price stability is not enough: The terms of trade should be reversed in favour of developing countries,

6. That existing international commodity agreements need strengthening and extending to other raw materials and foodstuffs on an individual commodity basis and should, as appropriate, include arrangements for disposal of surpluses in ways which avoid the disruption of commercial marketing and which promote the economic progress of developing countries,

7. That barter agreements have tended to restrict international trade and reduce prices,

8. that the enormous increase in population is one of the gravest problems of the day: Urgent support of the United Nations assistance for family planning research is necessary,

9. that a fairer distribution of the world's wealth which would materially improve standards of living in developing countries will require great sacrifices from the wealthier industrialized nations in order to discharge their moral obligations and likewise improved technology in the production of raw materials by the developing countries,

Urges Governments to give practical support to the 1964 International Conference on Trade and Development Problems so as to:

increase trade as well as aid;

help reverse terms of trade in favour of developing countries, with special attention to their industrial development and to the solution of the problem of patents;

adjust tariff and remove other barriers to trade, and adopt such steps as may be necessary to give positive encouragement to the developing countries so that they may export their manufactured or semi-manufactured goods and be assured of a market for their products;

develop a new technique and medium of international exchange to supplement the present gold and currency reserves, which are proving inadequate in the face of increasing world production.

Resolution III. Space Law

The 52d Inter-Parliamentary Conference,

Having regard to the spectacular progress of space technology and the ever-increasing activity in outer space,

Considering that the first artificial satellite was placed into orbit on October 4, 1957, and that, since that date, several satellites and space-men have been launched into outer space and have successfully returned to earth,

Recognizing the common interest of mankind in furthering the peaceful use of outer space,

Bearing in mind that the development of space law must keep pace with scientific and technological advances if threats to world peace and to the survival of mankind are to be averted,

Expresses the hope that, in the exploration and use of outer space, all States shall respect the following juridical principles unanimously approved at the XVIth Session of the General Assembly of the United Nations on December 20, 1961:

(a) International law, including the Charter of the United Nations, applies to outer space and celestial bodies;

(b) Outer space and celestial bodies are free for exploration and use by all States in conformity with international law and are not subject to national appropriation;

Regrets that, since then, the United Nations has made no further progress in working out the basic principles of space law, especially in view of the fact that delays in this field make it more difficult for solutions to be reached;

Calls upon National Groups to recommend to their Governments, through their respective Parliaments, that they should—

1. Reaffirm their belief in the need to further the peaceful uses of outer space in accordance with international law, with the Charter of the United Nations and the abovementioned juridical principles;

2. Refrain from space experiments or any activities which may interfere with the peaceful use of outer space by other countries;

3. In view of the urgent need to solve international space law problems, conclude at the earliest possible date international agreements covering—

(a) Basic legal principles which should govern the activities of States in outer space;

(b) Assistance to space-men and spaceships which might make an emergency landing on the territory of other States or on the high seas;

(c) Liability in respect of personal injury, loss by or damage to third parties caused by space vehicles or any part thereof.

Resolution IV. Racial Discrimination

The 52d Inter-Parliamentary Conference,

Desirous of achieving the principle of the equality of all mankind, regardless of race, colour, religion, language or social class, as laid down in the United Nations Charter and the Universal Declaration of Human Rights,

Deeply disturbed at the continuous existence, in the different regions of the world, of racial hatred and discrimination based upon race, colour, religion, language or social class,

Believing that it is necessary to take appropriate steps on both the national and international levels with a view to the definitive and effective elimination of this intolerable behaviour which is contrary to the Charter, the Universal Declaration of Human Rights and the principles of humanity,

Stressing the responsibility of States in this respect and affirming that it is their duty to do everything in their power to prohibit these condemnable manifestations,

Emphasizing, in this connection, the importance of the role of Parliament in its quality as the supreme legislative organ of the State,

1. Invites the Parliaments of those States in which there are signs of such practices to take all necessary steps, in co-operation with their Governments, to promulgate laws aiming at the prohibition of discrimination, in any form whatsoever, based upon race, colour, religion, language or social class, to adopt legislative and other regulations in order effectively to combat hatred and discrimination, and to abolish all laws which might create conditions favourable to the rise or existence of hatred and discrimination;

2. Recommends the Parliaments of all countries to take steps to educate public opinion with a view to creating conditions favourable for the elimination of prejudices and discrimination based upon race, colour, religion, language or social class or of other harmful influences which encourage them, and to see that the principle of the equality of all mankind is applied without discrimination in the education of youth;

3. Notes with satisfaction the action taken by the United Nations, Unesco and other international bodies to eliminate hatred and discrimination based upon race, colour, religion, language, or social class, and invites the Parliaments of all countries to support the measures taken by these organizations on an international level, particularly by the preparation and completion of a convention and a declaration on the abolition of all such practices, as provided for in the resolution adopted by the XVIIth session of the United Nations General Assembly.

Resolution V. Safeguarding Peace

(A) METHODS OF INCREASING THE EFFECTIVENESS OF UNITED NATIONS ACTION IN MAINTAINING INTERNATIONAL PEACE AND SECURITY

The 52d Inter-Parliamentary Conference,

Deeply convinced that the United Nations is an essential element in the preservation of peace and international security,

Bearing in mind that the main task of the United Nations Organization is to watch over the maintenance and consolidation of peace and security, a task which is becoming increasingly urgent and difficult at the present time owing to the intensification of the armaments race,

Noting with regret and anxiety that U.N. action is encountering many difficulties and that this most important Organization of our time has not yet succeeded in obtaining concrete results in the solution of such vital problems as those of general, complete and controlled disarmament, the creation of denuclearized zones and other similar issues,

Recognizing the essential contribution of the United Nations, through the Eighteen-Nation Disarmament Conference at Geneva, to the recent successful conclusion in Moscow of the treaty banning nuclear weapons tests in the atmosphere, in outer space and under water,

Convinced that the members of the United Nations desire even more effective activity and fuller participation of the UN in efforts to strengthen peace and to promote negotiation as a method for settling current international questions in the political, economic, social, cultural and other spheres, and in particular the problems of disarmament and of economic development,

Bearing in mind the considerable increase in UN membership and the need to adapt the structure and work of the Organization and its main organs to changes in the composition of the international community and in the world in general,

Convinced of the need for greater efforts to realize the principle of universality in the United Nations,

Aware of the necessity for the active development of fruitful co-operation, on an equal footing, between States and between peoples,

Confirms the recommendations made in the resolution adopted by the 50th Inter-Parliamentary Conference in Brussels concerning means of increasing the effectiveness of United Nations action for the maintenance of peace;

Calls on National Groups of the Union to bring their influence to bear on their Parliaments and Governments—

To work for respect for the aims and principles of the UN Charter by all States, and for the active and creative application of those principles in conformity with the changes which have occurred and will occur in the world;

To endeavour to ensure that member States of the UN refrain from using it as a place for stirring up cold-war dissension and for the achieving of selfish political and other interests;

To strive to make the UN as effective an instrument as possible for the solution of international social and economic problems—the fight against hunger, poverty and illiteracy—and for the full use of natural and human resources;

To strive for the consistent application of the decisions of the Security Council and acceptance of the recommendations of the General Assembly so that the principles of the Charter of the United Nations may be implemented and that the authority ascribed by the Charter to the two most important organs of the United Nations may be fully recognized;

To make every effort to achieve the goal of general and complete disarmament as early as possible;

To take such steps, in accordance with the U.N. Charter, as may seem appropriate to strengthen the administration and operational organization of the U.N.'s peace-keeping forces, including, if necessary, an increase in the numbers of advisory military personnel, in order to facilitate planning and to increase the efficiency and economy of U.N. police operations;

To take all appropriate steps, in accordance with the U.N. Charter, particularly with regard to Chapter VII, to strengthen the system ensuring the maintenance of peace and international security;

To ensure the fulfillment of U.N. responsibilities by the provision of adequate contributions and the avoidance of arrears in accordance with Article 17 of the Charter, while bearing in mind more particularly General Assembly Resolution 1877 (S–IV),

Appeals to the States which have not yet signed the Moscow Test-Ban Treaty to do so as early as possible.

(B) THE CREATION OF DENUCLEARIZED AND LIMITED ARMAMENTS ZONES AS A FIRST STEP TOWARD GENERAL AND COMPLETE DISARMAMENT

The 52d Inter-Parliamentary Conference,

Considering it necessary, simultaneously with the drafting of a treaty on general and complete disarmament, to take rapid and adequate measures to decrease tension in relations between States and to facilitate the achievement of humanity's principal goal, namely, peace in the world through general and complete disarmament,

Considering also that among these measures a treaty to ban all nuclear tests, and agreements to set up denuclearized zones, where required by the international situation, with the consent of the States concerned, could play a particularly important role,

Taking into account—

That a number of States have submitted plans for the creation of atom-free zones in different parts of the world—in Central Europe, the Balkans, the Mediterranean Basin, Northern Europe, the Pacific, the Near East, Latin America and other parts of the world;

That the idea of such zones has been favourably received in various States, as evidenced by the resolution adopted by the U.N. General Assembly in 1961 on the denuclearization of Africa, and by the support accorded by the XVIIth Session of the U.N. General Assembly to the plan for an atom-free Latin America;

That the idea of denuclearization has already been given concrete expression by the conclusion, in 1959, of a convention on Antarctica;

Recalling that, in the resolutions adopted by the Warsaw and Brasilia Conferences, the Inter-Parliamentary Union supported the creation of atom-free zones as being a further guarantee of collective security,

Noting that wide support for the idea of denuclearized zones leads to conditions favourable for formulating the general principles governing their creation,

Believes that the efforts to create adequately verified denuclearized zones and limited armaments zones in different parts of the world, provided they are arrived at freely by all the parties concerned in the region and do not alter the balance of military forces, would serve the cause of peace and represent a step towards the achievement of general and complete disarmament.

Welcomes the signature of the Moscow Test-Ban Treaty;

Urges those concerned to redouble their efforts in the Eighteen-Nation Disarmament Conference and elsewhere in order to reach early agreement on further measures to reduce tension and improve international confidence;

Calls for the achievement of the "principal aim" proclaimed in the Preamble of the Moscow Test-Ban Treaty, namely: "the speediest possible achievement of an agreement on general and complete disarmament under strict international control, in accordance with the objectives of the United Nations, which would put an end to the armaments race and eliminate the incentive to the production and testing of all kinds of weapons, including nuclear weapons".

(C) AFTER THE MOSCOW AGREEMENT

The 52d Inter-Parliamentary Conference,

Noting with profound satisfaction that ninety nations have already signed a treaty on the banning of nuclear tests in the atmosphere, in outer space and under water, thus giving evidence of the great concern of the world over contamination of the human environment,

Convinced that the Moscow Agreement constitutes an important step forward in lessening international tension and strengthening confidence in relations between States and that it gives proof of the possibility of settling international problems by peaceful means, whatever the political or social régime of the States involved.

Considering that the Moscow Agreement creates favourable conditions for the realization of new accords leading to a detente in international relations and aiming at general and complete disarmament, an indispensable condition for the consolidation of peace among peoples.

Appeals to those few States who have not yet signed the Moscow Treaty to take the necessary measures to adhere to this agreement, and also addresses an appeal to all countries that they ratify the accord pursuant to their respective lawful procedures so that it may enter into force as soon as possible;

Invites Parliaments to insure the implementation of the agreement in question in conformity with its letter and spirit and in particular to prevent any new extension of nuclear weapons;

Urges the atomic Powers to make all possible efforts to bring about an absolute ban on all nuclear weapons tests under strict international control, thus taking a further step toward the absolute interdiction and destruction of atomic weapons;

Appeals to each State to consider, after full consultation with the countries concerned;

proposals for achieving a new détente in international relations, including nonaggression pacts where appropriate, in accordance with the terms of the communiqué issued on the initialing of the Moscow Treaty;

such measures as would help to reduce the risk of surprise attacks or of a war started by miscalculation and would also promote an atmosphere of international trust and confidence, and thus reduce the risk of war.

INTRODUCTION OF JOINT RESOLUTION TO CLARIFY RIGHT OF CITIZENS TO PARTICIPATE VOLUNTARILY IN CONDUCTED PRAYER AND READING OF THE SCRIPTURES IN PUBLIC SCHOOLS AND OTHER PLACES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Bob Wilson] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BOB WILSON. Mr. Speaker, I am today introducing a joint resolution which is intended to clarify the right of every citizen under our Constitution to participate in voluntarily conducted prayer and reading of the Scriptures in our public schools and in other public places.

The Supreme Court has ruled on this issue in several specific cases. This resolution is not designed to reverse their decisions, rather establish a clear-cut guideline. I believe that in essence the Supreme Court ruled that no governmental unit can compel religious activity of any kind in the schoolrooms or public places. This has generally been interpreted by many authorities to mean that not only can the State not compel, it cannot permit any religious observances, readings, or prayers in schools or public places.

My resolution would simply permit such religious activities as reading the Bible, or saying the Lord's Prayer. It would allow, but not compel. If adopted, this resolution would be a constitutional amendment and would have to be ratified by the States.

The Supreme Court's decision was expressed in such a way that extremists have seized upon it as being a credo for atheism in our public institutions. This Nation was founded by brave men and women who came here in search of a place to worship. God is referred to often in our history. Religion played a great part in our early development. Denominational strife does not deter or erase the recognition that we are a Christian nation. We also are a Nation of majority rule. The vast majority of our citizenry has religious beliefs. Therefore, nondenominational observance of religious principles has a definite place in our schools and public institutions.

To allow a tiny minority to deny what should be the privilege of the vast majority is not in line with the intent of our Republic. My resolution would rectify the erroneous interpretation being placed on the Supreme Court's sweeping opinions, rendered in cases that actually encompassed extremely narrow issues.

Local school boards and teachers, educational authorities across the country should have the right to conduct prayers and public readings on a voluntary basis. I feel this issue is important. In these times when materialism is being pushed upon our people from many sides, it is important that our children be given spiritual guidance and be taught the precepts of religion. I am hopeful that the Congress will act favorably on this amendment.

"THE PRINCE"

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Younger] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. YOUNGER. Mr. Speaker, when this administration came to power, it was widely circulated that Machiavelli's "The Prince" was required reading for all top appointees.

In order to better understand the "family" New Frontier crusade, I got a copy of "The Prince" from the Congressional Library and read much of it. As a result, I have understood the words and actions of the counterpart of the young prince whose philosophy can be summed up as follows, and I quote from the book:

> It is not essential that a prince should have all the good qualities which I have enumerated above, but it is most essential that he should seem to have them—the appearance of having them is useful.

When the wheat and corn sales to Russia and Hungary were announced, the President said they would be, and I quote, "by private dealers for American dollars or gold either cash on delivery or normal commercial terms."

Here you have the appearance of the good qualities of the prince, but what are the facts? The credit of both countries will be guaranteed to the commercial banks by the Export-Import Bank, not on a 50-50 basis as is the usual practice, but a guarantee of the entire short-term credit. Nor is the shipment to be made in ships of U.S. registry as promised.

The 1964 election will determine the percentage of our people who can be fooled all the time.

MORE MANAGED NEWS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Barry] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BARRY. Mr. Speaker, Illinois has produced more than its share of dedicated public officials. It has never been more ably represented than by the distinguished gentleman who represents the 19th Congressional District of that great State.

In a commendable effort to keep his constituents thoroughly informed about vital legislation affecting this country, our distinguished colleague from time to time writes a report from Washington which he sends to constituents of the 19th Congressional District. His October report is well worth reading and I need hardly add, very well written. One section of the report entitled "Now Managed History" relates to a serious issue facing this country. I quote:

Now Managed History

On October 15 a rather obscure bill, H.R. 6237, was passed by the House of Representatives. This bill, which I vigorously opposed, granted $500,000 to the National Historical

Publications Commission, a private enterprise operation which compiles and edits various historical papers.

In the past this organization has relied on private donations to finance its operation. Now that it has been given Federal money one can feel reasonably certain, as always happens when the Federal Government gives funds to someone or something, that they will have some control as to what this organization does.

I guess it never ends—they are not satisfied with managing the news. Now they want to manage history.

Mr. Speaker, the distinguished gentleman from Illinois deserves the support and praise of every American who values freedom of speech and freedom of the press. My congratulations to our distinguished colleague.

THE WHITE HOUSE IN SHOW BUSINESS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. LIPSCOMB] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. LIPSCOMB. Mr. Speaker, about the best that can be said about the "intimate glimpse" into what goes on in the Office of the Chief Executive which recently was given the Nation's television viewers by the President is that it was in questionable taste.

The "show," purportedly to portray the President and his brother, the Attorney General, in the actual process of reaching an important decision, I believe demeaned the high office of the presidency.

Aside from that, this exercise in showmanship at the White House was patently a brandnew vehicle for use by this administration in its broad program of news management. That the "show" also was devised to advance the political fortunes of the administration, however subtly, goes without saying.

A pertinent editorial entitled: "No Business in Show Business" appeared in the October 24 issue of the New York Herald Tribune. Under leave to extend my remarks in the RECORD, I include the editorial at this point:

NO BUSINESS IN SHOW BUSINESS

There's a time and place, the old saw goes, for everything. The President's Office, when he and his top aids are reaching a crucial and politically charged decision, is not the time and not the place for television cameras.

As entertainment, ABC-TV's "Crisis: Behind a Presidential Commitment," finally aired this week, wasn't bad. But the President has no business in show business, particularly when he's engaged in the supposedly private deliberations essential to the responsible exercise of Executive authority.

Does any one for a moment suppose that the participants in these events—the planning and execution of the Government's moves in last June's showdown with Alabama's Governor Wallace—were unaffected by the cameras, installed by prearrangement in both the President's and the Attorney General's offices?

The public, supposedly given an intimate glimpse of Executive action, will never know to what extent it was all play acting. But knowing the image consciousness of the brothers Kennedy, it's safe to assume that the final, edited product achieved what they wanted it to. And that they intended that it would.

As an exercise in the sacrifice of essential Presidential privacy to showmanship, the precedent was bad enough. As an indication of possible new dimensions in news management, it's downright appalling.

PREDATORS CONSTITUTE AN IMPORTANT AND VALUABLE PART OF OUR WILDLIFE HERITAGE

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. DINGELL. Mr. Speaker, the large carnivorous mammals commonly called predators constitute an important and valuable part of our wildlife heritage. I speak of such animals as the mountain lion; the wolf and its smaller cousin, the coyote; the bears, the lynx, and the bobcat. Some of these magnificent animals are almost gone due to the civilization of the wilderness habitat upon which they depend and to needless persecution that resulted from a misunderstanding of their role in nature.

The true wolf is virtually gone in all the States except Alaska. The mountain lion, or "cougar," and the grizzly bear are now so rare as to require nearly complete protection if they are to be kept among America's living wildlife. Fortunately some of these large carnivores, as important to science and human culture in North America as the lion and the leopard are in Africa, still survive in some of the national parks and forests of the West where good management practices should be able to keep them.

The coyote and the bobcat are quite widely distributed and are in no danger of extirpation except perhaps in parts of their native range. These animals not only play an important ecological role in helping keep the prolific rodents in check, but they also have high recreational value, providing sport for many hunters who like to pursue them.

There was a time when the destruction of predators was thought to be a way to wild game abundance, but this idea has been thoroughly exploded by modern wildlife research. It is now recognized that natural predation actually plays a beneficial role in maintaining the health of such species as the deer, rabbits, and the game birds, weeding the diseased and the unfit from the game populations. The more progressive of the State game departments have now abandoned predator-control practices as needless and wasteful.

I believe no Member of Congress has worked harder than I have in support of the conservation programs of the U.S. Fish and Wildlife Service. Wildlife is an invaluable natural resource that all too often comes out on the short end in the never-ending competition for the development and exploitation of the lands and waters of our Nation. This is because the decisions are often made on an economic basis, and it is difficult to ascribe dollar value to the intangible benefits derived by people from the recreational and esthetic enjoyment of wildlife, not to mention the vital ecological role played by wild animals of all kinds in maintaining the health of the land.

There is one area, however, in which the policies and practices of the Fish and Wildlife Service are hopelessly behind the times. This is not necessarily strange, because Government policies often lag behind scientific discoveries and the evolution of social values. I refer to the predator control program presently carried out by the Bureau of Sport Fisheries and Wildlife. This program has been permitted to grow beyond the bounds of any demonstrable need largely by default, because it has not been publicly challenged nor carefully examined by the Congress. At present there are more than 600 Government trappers in the Western States engaged in widespread poisoning and other indiscriminate methods. Such methods tend to decimate whole populations of predators, encourage the explosion of rodents and other pest animals, and adversely affect other valuable species.

No one questions that depredations on domestic livestock do occur, but it has also been demonstrated that such depredations can be most effectively prevented by selective methods which eliminate the individual predators that are doing the damage, and not by indiscriminate, mass-control methods.

I have today introduced a bill to establish an up-to-date Federal policy with respect to the conservation and control of the predatory mammals, and to convert the existing program gradually to a more effective and more economical system that would utilize a few highly trained specialists to instruct and assist the ranchers in eliminating the guilty "rogue" animals in cases where depredations actually occur. Such a system has been tried and proven on a statewide basis in Missouri and Kansas and on a local basis in other areas.

My bill, not unimportantly, would save some $2 million in Federal appropriations annually. This is money which could well be devoted to constructive conservation measures.

I am pleased to note that Secretary of the Interior Udall, who is always alert to conservation opportunities and invariably in step with the times, has asked a committee of leading wildlife scientists to review the predator and rodent control program as carried on in the Bureau of Sport Fisheries and Wildlife. The study panel is headed by the distinguished Dr. A. Starker Leopold of the University of California. Its other members are Dr. Ira N. Gabrielson, president of the Wildlife Management Institute; Mr. Thomas Kimball, executive director, the National Wildlife Federation; Dr. Clarence Cottam, director of the Welder Wildlife Foundation of Sinton, Tex., and Dr. Stanley Cain, head of the Conservation Department of the University of Michigan. Secretary Udall could not have selected a more capable group, and I am looking forward eagerly to their report.

BALANCE-OF-PAYMENTS PROBLEM AS IT AFFECTS TOURISM

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. PEPPER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PEPPER. Mr. Speaker, I should like to commend to your attention and to the attention of the other Members of the House an excellent paper having to do with the balance-of-payments deficit problem as it affects tourism, which was delivered at Miami Beach on October 18 when our Advisory Subcommittee on Tourism of the House Banking and Currency Committee held a conference at the Carillon Hotel.

The statement was prepared by Somerset R. Waters, of Child and Waters, Inc., in New York, which in the past has been most helpful to the U.S. Travel Agency in its efforts to stimulate more foreign tourist dollars to the United States to offset the balance-of-payments deficit.

STATEMENT OF SOMERSET R. WATERS, CHILD & WATERS, INC., NEW YORK, TO THE TRAVEL ADVISORY SUBCOMMITTEE OF THE HOUSE BANKING AND CURRENCY COMMITTEE, OCTOBER 17, 1963

The best definition I have heard for our travel industry appeared in an economic report published by the Federal Reserve Bank of Philadelphia: "Travel and vacation is an industry unlike any other. It conforms to no one pattern or mold. The industry produces both goods and services but not a prescribed formula. The establishments catering to vacationers often cater also to people not on vacation. The origin of the industry is hard to pinpoint but its growth has been prodigious. The industry is easy to identify, hard to define and is statistically slippery. The industry is confined to no one place, no one class of clients, no one type of services. It is easy to enter, easy to leave. It is proud of its accomplishments but not always sure it wants to be an industry."

Because we all view the domestic travel industry from such entirely different points of view, it is hard to stand back and think about basic problems and trends which affect the entire industry. There are few trends, however, which seem to be obvious enough to be accepted by most observers of this invisible sleeping giant we call the travel industry:

1. Total travel within the United States seems to be expanding at a much slower rate than travel to foreign destinations. (I would estimate that during the past 10 years international travel has increased at a rate at least double that of domestic travel.)

2. A few States such as Florida and Hawaii have shown rates of travel growth equal to that of international travel.

3. The flow of Americans traveling abroad is increasing at a more rapid rate than the flow of foreign visitors to the United States.

4. Total domestic consumption of oil (an index of domestic transportation) from 1935 to 1955 increased at a fairly steady rate of about 6 percent per year. Since 1955 this rate of increase has dropped to 2.6 percent per year. Looking at this another way if you plot motor gasoline consumption against disposable personal income over the past 15 years you get a line with a decided curvature, indicating that rising incomes are not translated proportionally into gasoline consumption.

5. There seems to be a stagnant homebound segment of our adult population—approximately 50 percent—which does not vacation away from home and, in fact, does not venture as far as 200 miles from home by any mode of transportation, for any reason, during the course of a year.

6. Most of the famous old resorts and tourist destination areas have taken on a decided honky-tonk appearance. Stewart Alsop has described them as "garish, brassy, neon-lit, billboard-ridden, slummish, littered, tasteless, and above all, messy places." Another commentator has observed that we have reached a point where "what is good for the vacation business is bad for the vacationer."

These discouraging trends in the domestic travel market are hard to understand in a country which is providing rapid increases in available leisure time and is at an alltime high in personal income, discretionary spending power, and liquid savings.

The purpose of my remarks today is to suggest that there are vast areas in research, economic analysis, resort area planning, and in needed legislative action which deserve the attention of both the Congress and the Executive offices of our Federal Government. By the same token, the State governments and the major travel-serving industries have an even greater responsibility to take steps which will strengthen this complex, fragmented, economic giant we call the travel industry.

I would suggest that product research in this travel industry has been even more neglected than market research. Perhaps product improvement through better research and development is our most immediate need. We know that to increase travel sales the ultimate aim must be traveler or visitor satisfaction. We know that a satisfied customer is in himself our best promotional asset. He influences his friends. He shows his photographs and movies. He returns again for repeat visits.

How can we use the tools of research and economic planning to devise new, interesting, pleasant destination areas which will appeal to the present-day travel market and yet be economically feasible to construct and to maintain?

We know that an exciting new travel destination, designed to meet the desires of the modern tourist will create new travel. Disneyland, which did not exist a few years ago, now attracts more visitors than Niagara Falls or our most popular national park. Las Vegas has certainly changed the economy of the entire State of Nevada.

Florida has a record to be proud of, following its rather recent discovery that tourism could be sold on a year-round basis.

Williamsburg has had a great impact on the economy of the tidewater area of Virginia.

In the western part of New York State we still have remnants of a great Seneca-Iroquois Indian culture. Studies are now being made as to the feasibility of an Indian destination area done with all the quality and cultural depth of Williamsburg, where travelers could spend several days learning about America's great Indian heritage. Such a destination would have great appeal to foreign visitors who seem to have a particular interest in observing our Indian culture.

President Kennedy has recently issued a call to all Americans to travel in the United States in 1964. His proclamation was motivated by the need for the United States to attain a better balance between outgoing American tourists and incoming foreign visitors.

The situation is not unlike that of the American automobile manufacturers a few years ago. At that time imported European cars were capturing an increasing share of the U.S. market. I doubt if a Presidential proclamation at that time, calling for Americans to buy domestic-made cars would have had any appreciable effect. Certainly the Detroit automakers did not call for such action. What they did do was to improve the product. They made both an economy line for the mass market and a luxury line, including most of the refinements of the European models, for the high-income market.

Through product improvement the automakers recaptured their straying customers.

This is the path I believe our travel industry should be following, and I believe it is time for both government and industry to determine the proper roles each should play.

It is suggested that the President would be better served if he would call on the travel industry, the Congress and the executive branch of the Government to set about improving our domestic travel destination areas so that they could compete in appeal with any place in the world. Our resorts need facilities available in enough diversity of price ranges to suit all income segments of our population.

Where will we find the leadership in the travel industry to finance the research and prototype development which could lead the way toward improved travel destination areas? Who will profit most from increased travel caused by the creation of new, exciting places to go, and things to see?

Last year the public spent $20 billion for new and used cars, $15 billion for gas and oil, $3.7 billion for tires, tubes, and auto accessories. A total of $59 billion was spent for all passenger transportation of which 86 percent could be attributed to private automobile travel.

If each U.S. automobile were driven an average of just 3 additional miles per day during 1964 it would mean an increase of approximately 10 percent in the miles driven per year by the average car. This would mean an increase in spending of at least $3 billion for automobile transportation alone and I may be underestimating by as much as a billion. Additional billions would be spent for goods and services purchased as part of this additional travel.

Clearly the automotive, tire, and oil industries have a major stake in the travel business. They have another great advantage in their organizations which enables them to operate at the community level through a network of oil marketers and automobile dealers.

Another great factor in the domestic travel industry is the State government. Many States get more than 30 percent of their tax revenue from retail firms and individuals in the travel-serving businesses. Some States get considerably more. It has been said that almost any tourist business which brings out-of-town visitors into a community is profitable to the community and profitable to the State. The difficult thing to find is a local tourist business which is also profitable to its owner.

The third major beneficiary of the domestic travel business is the Federal Government. Not only does it derive substantial tax revenue from retail firms, manufacturing and producing companies, and individuals in the travel-serving businesses, but the solution of two of its major current problems involves improvement in the product offered by our domestic travel industry.

Our international balance-of-payments difficulties, resulting in a continuing outflow of gold can be attributed to a wide variety of causes, but unfortunately the rapid increase in the number of Americans traveling abroad puts the spotlight on the so-called travel gap. This present gap of $1.4 billion (the difference between what our tourists spend abroad and what foreign tourists spend in this country) continues to widen. Part of the solution to this problem is (1) to make the United States such an appealing destination that it will attract hordes of foreign visitors, and (2) to improve our domestic destination areas so that more future U.S. travelers will visit within the United States. We should also recognize the fact that the United States can afford a substantial travel gap and that these tourist expenditures provide the dollars which are used by other nations to buy the export products of our farms and factories.

In addition to product improvement there is, of course, the large task of promoting and selling our product and pricing it to meet the needs of the available market. For example: the present advertising and promotion budget available to the Commerce Department's U.S. Travel Service, for attracting more foreign visitors to our country, is pitifully inadequate for the task it now faces. The legislative ceiling of $4.7 million on the U.S. Travel Service budget should be raised to a more realistic level.

The other major Government problem is the continuing high rate of the unemployed in the United States. As mentioned earlier, a service industry such as travel provides the exact type of employment which meets the present needs. Most of the jobs in the domestic travel-serving industries are such that unskilled and semiskilled personnel can be easily trained for the work. These are the people who are being displaced by automation.

When our grandfathers were young, the pioneering and leadership in developing our great resorts was assumed by the railroad interests.

For example, here in the East the railroads and various tycoons who made their fortunes from railroad land speculations, played major roles in developing Atlantic City, Saratoga, Newport, Bar Harbor, Palm Beach, Hot Springs, the Poconos, the Catskills, and Niagara Falls. The Canadian railroads built a chain of major hotels across Canada. The European railroads followed the same pattern on the other side of the Atlantic.

With the change from the railroad to the privately owned car for major means of transportation, the travel industry lost the services of a large strongly financed industry interested in providing new and exciting destination areas tailored to suit the needs of a broad spectrum of travelers.

The new automobile traveler was entirely different from the railroad passenger. He was mobile. Instead of remaining for weeks in a single place he roamed over the countryside like a gypsy. If the weather was bad he failed to show up. If he disliked his destination he could easily return home. The car made it possible to own a vacation home in a resort area and do most of his traveling between his two homes.

With no one to take the leadership in planning our travel destination areas the new resorts often appeared as a confused honky-tonk collection of motels, neon-lit drive-in restaurants, souvenir shops, and various catch-penny attractions.

This does not have to happen. Research, planning, and zoning can create resort areas which will meet modern needs and compete with the best that can be offered by other countries.

Urban renewal projects can restore older areas to their original charm and unique character and give them a real reason for existence.

But first we need in industry and in Government some focal point for the direction and execution of the research and planning. We need to know the proper roles to be played by both industry and Government.

From time to time in the past few years there have been rumors that the oil and automotive interests in this country were about to form a National Travel Council which would include a research and planning staff and which in turn would be in a position to provide guidance to local grassroots travel councils at the community level. Such a development, if properly organized and financed, would certainly be an historic development of great significance.

At the same time we need in our Federal and State Governments, centralized tourist departments with the responsibility for encouraging the improvement of our travel destination areas as a source of great potential in future economic development.

If you go to Washington today for the purpose of discussing the problem of improving our domestic travel plant it is impossible to find any one agency involved in what Saturday Review's William Patterson calls "The Big Picture." There is a department to promote foreign travel to this country, another department to encourage outdoor recreation. The Agriculture Department is encouraging farmers to build campsites. Interior is helping Indian reservations to create tourist attractions. ARA is lending money for tourist development in distressed areas. Interior has national parks and agriculture, national forests. The Commerce Department establishes transportation policy and so do a number of independent agencies. We badly need some central coordinating body which can at least think about the overall state of our domestic travel industry. It should focus on travel and tourism as well as outdoor recreation. If such an agency had only a research and planning function and provided a central point where industry, Federal Government, and State governments could meet to discuss their common travel problems, much could be accomplished.

WHY HAS AMERICA DEVELOPED SO MANY INFERIOR TRAVEL DESTINATION AREAS?

Although conditions in various sections of our country are so diverse that it is hard to offer many generalizations, the following reasons apply to the majority of our tourist destination areas:

1. At the local level the travel industry is invisible. Local entrepreneurs may be in the oil business, the automobile business, the restaurant business, the motel or hotel business, the retail shop business, but few people admit to being in the travel business.

2. At the community level there is no strong local organization or public consensus which focuses on the benefits to be gained by developing and maintaining an attractive totally integrated destination product.

3. The short, 2- or 3-month tourist season in most areas is insufficient to justify investment in top-quality facilities. Because of the short tourist season the individual entrepreneur may be able to make a small profit by investing in cheap construction, keeping his service at a minimum, charging high prices, and using the most highly visible neon signs or billboards to catch the eye of the passing motorist.

4. If we are to have successful high-quality destination areas, a way must be found to attract visitors for at least a 7-month season.

5. Local real estate developers in resort areas within 3 hours driving time of major urban centers find a ready market for weekend homes. These developers buy up all of the waterfront property or property with particularly attractive views of interesting surroundings. They then squeeze as many homesites as possible into the best locations, with the end result that the original charm of the area is destroyed.

6. Because of the invisible nature of the travel business, most of the tourist income flows into the hands of a wide variety of service and retail firms which feel no responsibility for travel development. These beneficiaries seldom share in the cost of such essentials as promotion, maintenance of attractive surroundings, celebrations, festivals, cultural attractions, and other endeavors which are so necessary for the purpose of lengthening the travel season.

7. Unlike foreign travel, the travel agent can derive only a minimum reward for selling domestic travel. Most agents spend the major share of their time selling foreign tours.

WHAT ACTION CAN THIS COUNTRY PROPERLY TAKE TO START A TREND TOWARD IMPROVED TRAVEL DESTINATION AREAS?

1. The ultimate solution must be developed at the local community level. The organization and education of the local travel community requires leadership. As mentioned earlier, the oil and automotive industries, together with the State and Federal Governments, seem to be in the best position to provide this leadership.

2. We need research and economic studies to provide the statistical data needed to make the travel industry visible. Until we can provide the evidence, the travel industry will remain an invisible sleeping giant. We need basic data for the community level and for the Federal level. We need travel expenditures within the subject area and expenditures of visitors to the area. We need the proportion of total retail and service trade within the area attributable to travel. Also the number of firms serving travelers, the employment attributable to travel, and the contribution of travel service and transport to tax revenues at county, State, and Federal levels.

3. The most important requirement for a successful destination area is a long season. Adding a few months to the season can have a remarkable effect on the profits of the travel-serving firms. There are a number of ways to accomplish this which are familiar to all who have observed the programs of the more successful tourist destination areas. I would suggest that one of the most promising and rewarding future programs, involving State and Federal Government support would be in activities which will increase the length of the season in selected travel destination areas.

4. We must preserve and even exaggerate our regional differences. We must preserve and cherish the unique cultural heritages of each region. We must restore some of the pageantry to our American life. Well conceived and enforced zoning in both rural and urban areas, preservation of unique natural or manmade attractions, use of trees, flowers, ponds and fountains, shrubs for increased beauty, all are important.

5. Weekend or year-round homes can do much to improve the economy of resort areas if properly controlled and zoned. The $40 billion interstate highway program is radically changing the time-relationship between urban areas and resort destinations. An apartment in the city and a home in a resort area is now within the reach of a large segment of our population.

6. We need to use a larger share of State and Federal tax funds, derived from travel activity, for the improvement of facilities which cannot be provided on an economically feasible basis by private industry. We should also use tax incentive devices and low interest long-term loans to encourage more private firms to provide needed tourist facilities.

7. State legislative action on the Monday holiday plan is long overdue.

8. The love of a vacation at bargain prices is one of the most powerful motivating factors. Hundreds of thousands of Americans make large transportation expenditures to

cross the Atlantic Ocean to taste the luxury and good service found in Spain at remarkably low prices. Other thousands will journey to Hong Kong to spend a few days shopping. It is not the total cost of the trip that counts but the feeling that for a short time one can enjoy a life of luxury with good service at a bargain price. Can we discover any way to make this possible in America? Florida does this in certain seasons, Las Vegas can offer reasonable prices in attractive surroundings because of its gambling earnings. If we were writers of science fiction we might conceive of some new economic invention which would permit inhabitants of our east coast to buy anything on the west coast at half price and vice versa. This would be sure to start a transcontinental traffic boom.

To summarize these rather rambling remarks it seems to me we have a vast unexploited economic potential in our domestic travel market. To tap this potential we need a much greater effort in research planning, and leadership from both industry and government, directed toward product improvement. By "product" I mean our domestic travel destination areas.

One of the major problems facing travel industry is to find ways to make our travel industry more visible statistically at the community level, the State level, and the Federal level. With proper understanding of the economic power of the travel industry, it should be possible to organize its various segments so that we can systematically study and develop the type of product which will have a far greater appeal to the public than now exists. We also need much new study to define the proper role of Government in assisting in the developmnt of our travel industry.

With a better domestic travel product, and resulting increased travel, we will be in a position to provide jobs for a large portion of the unemployed, attract an increasing number of foreign visitors as a step toward improving our balance-of-payments position. and improve the economies of many sections of the United States where farming and manufacturing industries are not practical answers to the problem of underdevelopment.

A travel subcommittee of the House Banking and Currency Committee could render a most valuable service to this Nation by providing one of the missing links in our present travel structure—an official congressional instrument for the collection of information on which new legislation of a necessary and desirable nature can be based.

TEXAS GOV. JOHN CONNALLY'S SPEECH COMMENTED ON BY EDITOR OF BAPTIST STANDARD

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PATMAN. Mr. Speaker, an editorial in the October 16, 1963, issue of the Baptist Standard discussed a recent speech made by Gov. John Connally, of Texas, to the Grand Chapter of Texas, Order of Eastern Star. The Governor's address was concerned with the moral status of our citizens, and he referred to the McGuffey's Readers used by American public school students as textbooks in the earlier generations. In this connection, I would like to point out that a copy of McGuffey's Fifth Reader which recently came to my attention contained excerpts from the works of great American and British poets and statesmen, and also excerpts from the Bible, as well as articles on the Bible, one of which is entitled "The Bible the Best of Classics."

Governor Connally's reference to this school text of a bygone day and his concern with public education and morality are indicative of his knowledge and deep understanding of the American people and of our great and precious historical heritage. The editorial by Mr. E. S. James, editor of the Baptist Standard, is as follows:

GOVERNOR CONNALLY AND OUR MORAL STATUS

Regardless of one's religious or political affiliation he should be grateful that the chief administrative officer in Texas is deeply concerned about the moral decline of this generation. In addressing the Grand Chapter of Texas, Order of Eastern Star, Gov. John Connally discussed our moral status and urged that the public schools set aside a period each day for the teaching of simple morality. He recalled that in an earlier day the McGuffey Readers used by students may not have been sophisticated but that they did leave some lasting moral impressions that could be used today.

Two weeks earlier this editor spent almost an hour with him at his request. The entire time was devoted to an examination of this problem and what can be done about it. Earlier that day he had met with a number of ministers and business and professional men and laid on them the burden he feels for the moral uplift of the entire State. We imagine every man who talked with him that day felt as we did that this man is deeply and definitely concerned about what is happening to our youths and their elders.

The Standard agrees with him that our scientific progress will avail little if we lose sight of spiritual values. The Nation is surrounded on every side by Communists who have vowed to destroy the American system of government and economics. Governor Connally reminded the women that spiritual corruption will make this or any nation an easy prey for them. History verifies this statement. One has but to look back at the ancient records of Greece and Rome to know that immorality heralds national destruction. Americans who fought in two world wars came back to say that France's immorality prepared the way for the German invasion. Every nation that forgets God and the decencies of life paves the road to its own downfall. The Governor has thrown out the challenge. Surely the Lord's people will respond and do something about it. Can any Christian be narrow enough to charge this to politics?

We cannot imagine any child of God refusing to put his shoulder to the load that the level of our moral and spiritual life may be lifted above the muck and mire where so many Texans now live. With the help now offered by the Governor and some other leaders of state we can bring back to Texas a type of textbook and public school curriculum that will produce a proper balance between knowing things and doing right. If we will add to this the right influence in the homes and the churches, God may help us save our State and Nation. Otherwise, it is goodbye to American democracy.

HON. JAMES J. DELANEY RECEIVES 1963 CHARLES CARROLL AWARD

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. KEOGH] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. KEOGH. Mr. Speaker, on Saturday evening, November 2, 1963, our distinguished colleague, Representative JAMES J. DELANEY, of New York, received the 1963 Charles Carroll Award. This new and high honor which has come to JIM DELANEY is fitting recognition of his many years of dedicated service to his country, to the people of the Ninth Congressional District whom he represents so capably, and to his church. An outstanding Catholic layman, Representative DELANEY has been an active and devoted worker in many humanitarian causes and has been a leader in the unending pursuit of justice and equality for all.

I am pleased to join in this tribute to my good friend and to include the following press release issued in connection with the award:

The Honorable JAMES J. DELANEY, U.S. Representative to Congress, Democrat, from the Ninth District, New York, member of the executive committee and director, respectively, of the New York World's Fair, has been designated as the recipient of the 1963 Charles Carroll Award. The announcement was made on the anniversary of the birth of Charles Carroll of Carrollton, outstanding American Catholic layman and signer of the Declaration of Independence, by Anthony P. Cognata, faithful navigator of the Charles Carroll General Assembly, fourth degree Knights of Columbus.

The Charles Carroll Award is presented to Congressman DELANEY as best typifying the example of Charles Carroll in the service of church, country, and community. The presentation will take place at the annual fourth degree ball to be held in the main ballroom of the Henry Hudson Hotel, Saturday evening, November 2, 1963.

THE RECIPIENT

A native New Yorker, Congressman DELANEY attended Bryant High School and St. John's University, School of Law, where he received his bachelor of laws degree in 1931. In June of this year his alma mater bestowed upon him the degree of doctor of laws, honoris causa, "because he has been 'useful to himself, to his neighbors, and to the public' for more than three decades and in an admirable manner." He is married and has a son, a graduate of Providence College now attending Georgetown University.

Member of the law firm of Danahy & Delaney, the recipient was also assistant district attorney of Queens County from 1936 to 1944. In the latter year he was elected to the 79th Congress, was reelected to the 81st, and has served continuously ever since. He is presently third ranking member of the Committee on Rules of the House of Representatives and has distinguished himself by his investigation of the use of chemicals in foods and cosmetics. His efforts resulted in the enactment of the food additive law of 1958, for which he was given the Humanitarian Award by the National Health Federation.

Congressman DELANEY serves on the board of governors of the National Democratic Club, is a member of the Civil Center Club of Brooklyn, Queens County Bar Association, Capitol Hill First Friday Club, Lincoln Council No. 312 of the Knights of Columbus, and

Queensboro Lodge No. 878 of the Benevolent & Protective Order of Elks.

He has been honored by the Steuben Society for outstanding work in legislation and has been the recipient of the Disabled Veterans' and AHEPA Awards. In February of this year he received a special award from the Catholic Youth Organization for his "unwavering pursuit of the principles of justice on behalf of American youth."

In recognizing the Honorable James J. Delaney, the Charles Carroll Assembly pays tribute to an exemplary and dedicated American Catholic layman.

Submitted by:

Donald T. Kellaher,
Publicity Chairman.

Flushing, N.Y.

CIVIL RIGHTS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Roosevelt] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, recently I received a letter from Ira H. Nunn, Washington counsel for the National Restaurant Association, stating that organization's position with regard to two titles of the omnibus civil rights bill.

The Restaurant Association has adopted "a strong policy of opposition to title II, the public accommodations section, and to title VII, the section which establishes a Fair Employment Practices Commission."

Mr. Speaker, I replied to Mr. Nunn, as representative of the association, taking issue with the organization's position regarding these specific provisions. I believe that the policy stand of the organization is precipitate and unwise. The stand of the organization is not against equal opportunity, but rather asserts that progress can only be made on the local level. In fact, the association claims to have achieved widespread success in voluntary integration. This positive position is to be commended. Certainly voluntary action is preferential to coerced action.

However, the position of the organization, notwithstanding their claims of progress, ignore the realities of the day. If peaceful, lawful procedures are not established which will allow for redress of grievances, other forms of protest will multiply.

Since the association, with admirable wisdom, recognizes the validity of the claims for equal treatment, would it not be judicious to support a procedure developed to secure that goal with minimum turmoil in the streets?

I recommend to the association a rereading of this legislation with an emphasis upon the procedures provided for securing the rights to equal access to public accommodations and equal employment opportunity. Reconsider the choice and reevaluate the conclusion.

The letter of the National Restaurant Association and my reply thereto are attached for the interest and consideration of the Members:

November 4, 1963.

Mr. Ira H. Nunn,
Washington Counsel, National Restaurant Association, Washington, D.C.

Dear Mr. Nunn: Thank you very much for your letter of November 1, 1963, relating the policy position taken by the board of directors of the National Restaurant Association in opposition to titles II and VII of the omnibus civil rights bill.

The association holds that it has no desire to impede or restrain the rights of any citizen. It further advocates that progress in equal rights be left to voluntary cooperation on the local level. Presumably this means that the association foresees progress in equal job opportunity and access to public accommodations without regard to race on the local level. I am afraid that I don't foresee such progress within any acceptable period of time in such places as, for example, Mississippi and Alabama. Also, in numerous areas of the North discrimination in employment is manifest and progress slow.

What are the true alternatives? I see them as peaceful, judicial process to secure the inalienable right to be treated with dignity or more demonstrations in the streets with the concomitant violence of the extremists as a repressed minority seeks to redress grievances.

Certainly no one wishes to see the power of the Federal Government increase merely for its own sake. But is not the alternative to leave the situation in a vacuum created by a lack of local leadership in many areas? What will happen within those vacuums? What sacrifice of human rights or human life? Far better to protect human rights and the life and property of all involved by a clear and immediate delineation of lawful behavior. Such is the purpose of H.R. 7152, including titles II and VII.

Thank you again for writing to me to inform me of your association's views on this very vital proposed legislation.

All best wishes.

Sincerely yours,

James Roosevelt,
Chairman.

National Restaurant Association,
Washington, D.C., November 1, 1963.

The Honorable James Roosevelt,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Roosevelt: On September 23, 1963, the board of directors of the National Restaurant Association met and adopted a strong policy of opposition to title II, the public accommodations section of H.R. 7152 (amended), and to title VII, the section which establishes a Fair Employment Practices Commission. These proposals provide an unprecedented and undesirable extension of Federal control over private business.

The National Restaurant Association has no desire to impede or restrain the rights of any citizen. On the contrary, it is the association's firm belief that the realization of these rights will come only through voluntary cooperation on the local level. Indeed, through a policy of encouraging voluntary integration, the National Restaurant Association has rapidly achieved widespread success in this area.

The public accommodations features of the bill and the establishment of the Fair Employment Practices Commission provide no meaningful guarantee of constitutional rights. Instead, by subjecting private business to unnecessary harassment and by enabling the Federal Government to exert more control over individual rights and over private business, the proposals, if enacted, can only result in the diminution of free enterprise and of the rights and freedoms of all citizens.

For these reasons, the National Restaurant Association is opposed to the public accommodations and the Fair Employment Practices Commission provisions of the bill, H.R. 7152, as amended.

Respectfully yours,

Ira H. Nunn,
Washington Counsel.

PROGRAM IN APPRENTICESHIP TRAINING

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Roosevelt] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, recently I received a copy and analysis of a joint survey of the District of Columbia apprentices by color and trade transmitted to me by Malcolm C. MacKinnon, acting chairman, District of Columbia Apprenticeship Council. The survey was conducted jointly by the District of Columbia Apprenticeship Council and the Commissioners' Council on Human Relations to determine the extent of racial integration within local apprenticeship programs and to establish a factual foundation for determination regarding progress in this area.

For the interest and consideration of the Members I am attaching this correspondence and my reply thereto to these remarks.

I wish to emphasize that this survey terminated officially on July 1, 1963. Subsequently changes in the total number and the number of Negroes involved in these apprenticeship programs have occurred. Where such changes indicate a serious attempt to abolish racially discriminatory practices, the changes are to be commended. Where no serious attempts to implement a genuinely nondiscriminatory policy have been made, the persons responsible had better give this a second thought.

A situation which perpetuates the gross imbalance in group participation which is manifested by the District of Columbia apprenticeship programs is of the utmost seriousness. In an area in which more than 50 percent of the population is Negro an 11.7 percent rate of Negro participation cannot continue. Further, organized labor cannot afford to continue to be outpaced by unorganized labor in the process of removing racial barriers. Progress must be made and this cannot continue to be token progress.

November 1, 1963.

Mr. Malcolm C. MacKinnon,
Acting Chairman,
District of Columbia
Apprenticeship Council,
Washington, D.C.

Dear Mr. MacKinnon: Thank you very much for transmitting to me a copy of the joint survey of District of Columbia apprentices by color and trade through July 1, 1963.

The indications of the survey data are encouraging to the degree that they show recent progress towards increasing Negro involvement in apprenticeship programs. The District of Columbia Apprenticeship Council is to be commended for its efforts to eliminate racial discrimination in local apprenticeship programs. Similarly, labor groups and employers utilizing apprentices are increasingly demonstrating an enlightened approach to this subject and are deserving of recognition for this indication of concern for equal employment opportunity.

In all fairness and objectivity, however, it is necessary to comment upon the relative progress of individual employers as contrasted to the labor-management Joint Apprenticeship Committees (JAC). The fact that nearly a third of apprentices registered with individual employers are Negro, as compared with 8.5 percent of those registered under the Joint Apprenticeship Committees, is a particularly distressing comment regarding the JAC programs. The 5.5 percent figure representing Negro involvement in building trades apprenticeship programs under Joint Labor-Management Committees is inexcusably low and represents tokenism of a most ineffectual and effete character.

While the selected trades of bricklayers, printer-compositors, bookbinders, operating engineers, cement masons, bindery workers, auto mechanics, pastry cooks, and optical technicians have made a relatively impressive record, other trades as, for example, carpentry, electrical workers, pipefitters, plumbers, sheet metal workers, asbestos workers, painters, and stationary engineers have an abysmal record. The progress since July 1, 1963 among the JAC programs of the electrical workers, plumbers, and carpenters should not be ignored, but must proceed much further along this path to avoid the epithet of "tokenism."

The obvious conclusion to be gained from this survey, which indicates that 11.7 percent of the apprentices in the District of Columbia, registered under the Bridges-Randolph District of Columbia Apprenticeship Act of 1946, are Negro, is that there is both room and necessity for considerable improvement. It is my firm hope that this report will be used as a point of departure for much greater integration of apprenticeship programs in the District of Columbia through efforts of the Apprenticeship Council, labor unions, and employers.

With best wishes.

Sincerely yours,

JAMES ROOSEVELT,
Chairman.

[From Government of the District of Columbia, Commissioners' Council on Human Relations, District of Columbia Apprenticeship Council]

NUMBER OF NEGRO APPRENTICES IN THE DISTRICT OF COLUMBIA INCREASE

Approximately 11.7 percent of the apprentices in the District of Columbia, registered under the Bridges-Randolph District of Columbia Apprenticeship Act of 1946, are Negro, according to a survey just completed by a joint committee of the District of Columbia Commissioners' Council on Human Relations and the District of Columbia Apprenticeship Council.

The survey, undertaken to determine the extent of Negro involvement in apprenticeship programs, shows the status of apprentices as of July 1, 1963. The survey covered 1,844 of the 1,893 apprentices who were registered as of that date. Of the total of 1,844 included in the survey, 216 or 11.7 percent were Negro.

Members of the joint committee that supervised the study were Dr. R. Frank Jones, chairman, Dr. C. J. Nuesse, and George E. C. Hayes, members of the Commissioners' Council on Human Relations; William F. Nelson, vice chairman, Malcolm C. MacKinnon, and Robert L. Wearring, members of the District of Columbia Apprenticeship Council.

Assisting in the study were Gino J. Simi, executive secretary of the District of Columbia Apprenticeship Council, Paul M. Rilling, Executive Director of the Commissioners' Council on Human Relations, and their staffs.

The survey data indicates a more widespread use of Negro apprentices by individual employers than by labor-management Joint Apprenticeship Committees. Most of the individual employers covered are nonunion shops.

Nearly a third, 29.2 percent, of apprentices registered with individual employers were Negro, as compared with 8.5 percent of those registered under the Joint Apprenticeship Committees. The exact figures show 74 of 253 apprentices in individual shops as Negro; 142 Negroes among 1,591 registered with Joint Apprenticeship Committees.

In the building construction trades, the target of recent apprenticeship desegregation efforts by the Department of Labor, a total of 96 of 1,230 apprentices were Negro, or 7.8 percent. Building trade apprentices under Joint Labor-Management Committees, however, numbered 62 Negroes out of a total of 1,128 apprentices for a percentage figure of 5.5 percent.

In releasing the results of the survey, the committee noted that although July 1 was the survey termination date, Joint Apprenticeship Committees have reported a number of Negro apprentices registered since that time. For instance, the survey shows two Negro apprentices with the Electrical Workers JAC as of July 1; there are now nine. The plumbers JAC reported two Negro apprentices in the survey; they now have seven. The Carpenters, JAC now has 20 compared to 5 as of July 1. The Pipefitters JAC has registered two additional Negro apprentices, making a total of four.

Trades showing a relatively high proportion of Negro apprentices were bricklayers (with 14 Negroes of 52 apprentices), printer-compositors (299 apprentices, 50 Negroes), bookbinders (6 Negroes of 15), operating engineers (95 apprentices, 18 Negroes), cement masons (21 apprentices, 10 Negroes), bindery workers (40 apprentices, 10 Negroes), auto mechanics (37 apprentices, 9 Negroes), pastry cooks (2 apprentices, both Negroes), optical technicians (8 apprentices, 5 Negroes).

Individual employers reported that they had trained a total of 278 Negroes during the 5 years prior to 1963. The JAC's reported a total of 54 Negro apprentices trained during the same period.

FINAL REPORT OF JOINT COMMITTEE SURVEY OF DISTRICT OF COLUMBIA APPRENTICES AS OF JULY 1, 1963

Herewith final report on special survey of apprentices under the Bridges-Randolph District of Columbia Apprenticeship Act of 1946 by color, conducted by a joint committee composed of representatives of the Commissioners Council on Human Relations and the District of Columbia Apprenticeship Council, between April 1 and July 1, 1963.

The joint survey was proposed at the November 21, 1962, meeting of the Commissioners Council on Human Relations at which representatives of the District of Columbia Apprenticeship Council had been invited to review mutual problems.

At the Apprenticeship Council's quarterly meeting of February 16, 1963, the council agreed to the survey if approval could be obtained from the Secretary of Labor and the District of Columbia Board of Commissioners. The Apprenticeship Council Chairman, John R. Evans, designated Vice Chairman M. C. MacKinnon, Robert L. Wearring, William F. Nelson, and Gino J. Simi, secretary, as the Apprenticeship Council members to meet with Vice Chairman R. Frank Jones, Francis H. McGuigan and Prof. C. J. Nuesse, and Paul M. Rilling, director, appointed by Chairman Aaron Goldman for the Council on Human Relations to draft plans for the survey as soon as approval had been granted by the Commissioners and the Secretary of Labor.

By letter dated February 26, the joint survey was approved by Walter N. Tobriner, president, District of Columbia Board of Commissioners, and on March 4, similar approval came from Under Secretary of Labor John F. Henning.

On May 21, the joint committee met, elected Dr. Jones chairman, Mr. Nelson vice chairman, and Mr. Rilling secretary, and approved a questionnaire and a press release announcing the joint survey. On April 1, questionnaires with a letter from Aaron Goldman (chairman, Commissioners Council on Human Relations) were mailed to 55 joint apprenticeship committees with programs approved by the District of Columbia Apprenticeship Council.

On April 26, questionnaires with a letter from Chairman Goldman were sent to 917 individual employers with certified programs. On June 21, additional questionnaires were mailed to JAC's and employers who had not responded. The final figures were reviewed and approved by the Joint Survey Committee on October 3, 1963, and released to the public. The final results:

	Questionnaires		Total apprentices	Negro apprentices	Percent	Negro apprentices since 1957
	Sent	Replies				
JAC's	55	55	1,591	142	8.9	54
Individual shops	917	516	253	74	29.2	278
Total	972	571	1,844	216	11.7	332

NOTE.—Individual shops: No replies, 401; no apprentices, 311; out of business or moved out of District of Columbia, 21. Total with apprentices: 184 shops.

Joint survey of apprentices in District of Columbia as of July 1, 1963—Joint apprenticeship committees (JAC's)

JAC's	Total apprentices	Negro apprentices
1. Carpentry	312	5
2. Columbia Typo No. 101	228	50
3. Electrical Workers No. 26	125	2
4. Pipefitters No. 602	120	2
5. Operating Engineers No. 77	95	18
6. Stationary Engineers No. 99	96	5
7. Plumbers No. 5	80	2
8. Sheet Metal Workers No. 102	77	3

Joint survey of apprentices in District of Columbia as of July 1, 1963—Joint apprenticeship committees (JAC's)—Con.

JAC's	Total apprentices	Negro apprentices
9. Iron Workers No. 5	58	2
10. Bindery Workers No. 42	40	10
11. Asbestos Workers No. 24	31	--------
12. Bricklayers No. 1	30	7
13. Painters Council No. 51	30	--------
14. Stone Masons No. 2	28	--------
15. Rodmen No. 201	23	1
16. Lathers No. 9	23	--------
17. Cement Masons No. 896	21	10
18. Photoengravers No. 17	21	--------
19. Bakers No. 117	17	3
20. Plasterers No. 96	17	2
21. Glaziers No. 963	16	--------
22. Web Pressmen No. 6	14	--------
23. Bookbinders No. 4	13	4
24. Bricklayers No. 4	11	5
25. Pressmen No. 72	10	4
26. Iron Shopmen No. 486	10	2
27. Machinists No. 193	10	1
28. Mailers No. 29	10	1
29. Auto Mechanics No. 1486	9	2
30. Tile Setters No. 3	9	--------
31. Sign Painters No. 1129	5	1
32. Stone Cutters of North America	2	--------
33. Electrotypers No. 17	1	--------
34. Barbers No. 239	--------	--------
35. Pressmen No. 1	--------	--------
36. Stereotypers No. 19	--------	--------
37. Meatcutters No. 393	--------	--------
38. Lithographers No. 13 (Independent)	--------	--------
39. Painters No. 1831	--------	--------
40. Linemen No. 70	--------	--------
41. Boilermakers No. 518	--------	--------
42. Tailors No. 118	--------	--------
43. Cooks No. 219	--------	--------
44. American Line Builders	--------	--------
45. Boilermakers, S.E	--------	--------
46. Glaziers No. 963 (shops)	(1)	(1)
47. Electrical Workers No. 26 (R)	(2)	(2)
48. Press Assistants No. 42	(3)	(4)
49. Pressmen No. 351	(3)	(3)
50. Offset Art. No. 530	(3)	(3)
51. Columbia Typo No. 101	(4)	(4)
52. Photoengravers No. 17	(4)	(4)
53. Mailers No. 29	(4)	(4)
54. Stereotypers No. 19	(4)	(4)
55. Web Pressmen No. 6	(4)	(4)
Total	1,591	142

[1] See item 21.
[2] See item 3.
[3] Merged as Pressmen No. 72 JAC.
[4] Job shops JAC's shown under newspaper JAC's.

NOTE.—Total apprentices reported by JAC's was 1,591, of whom 142 or 8.9 percent were Negroes. It was also reported that the JAC's had also trained 54 Negro apprentices between 1957 and 1962.

None of the JAC's listed above have kept records of apprentices by race, color, or creed.

Joint survey of apprentices in District of Columbia as of July 1, 1963—Individual employers

Trade	Total apprentices	Negro apprentices
1. Electricians	36	12
2. Plumbers-pipefitters	36	7
3. Auto mechanics	28	7
4. Stationary engineers	17	3
5. Machinists	17	2
6. Bricklayers	11	2
7. Business machine mechanics	10	1
8. Millworkers	10	--------
9. Optical technicians	8	5
10. Sheet metal workers	7	4
11. Carpenters	6	2
12. Pressmen (all types)	6	1
13. Lithographers	5	--------
14. Pipefitters (refrigeration)	4	1
15. Locksmiths	4	--------
16. Reinforcing rodmen	3	3
17. Draftsmen	3	2
18. Dental technicians	3	1
19. Photographers	3	--------
20. Electricians (signal)	3	0
21. Electronic technicians	2	2
22. Lathers	2	2
23. Bakers	2	2
24. Pastry cooks	2	2
25. Bookbinders	2	2
26. Electric motor repairmen	2	1
27. Cabinetmakers	2	--------
28. Upholsterers	2	--------
29. Scale servicemen	2	--------
30. Sewing machine mechanic	1	1
31. Motorcycle mechanics	1	1
32. Shoemakers	1	1
23. Auto glaziers	1	1
34. Painters (building)	1	1
35. Furniture finishers	1	1
36. Piano tuners	1	1
37. Seamstresses	1	1
38. Tailors	1	1
39. Auto body repairmen	1	1
40. Printer-compositors	1	--------
41. Sign painters	1	--------
42. Safe technicians	1	--------
43. Camera repairmen	1	--------
44. Maintenance mechanics	1	--------
Total	253	74

NOTE.—Total apprentices reported by individual employers, 253, of whom 74 or 29.2 percent. were Negro. These employers also reported that 278 Negroes were registered as apprentices with them during the period 1957 through 1962.

FISCAL IRRESPONSIBILITY OF THE FEDERAL AVIATION AGENCY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. GONZALEZ] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, I have previously made statements from the floor of this House pointing out the general fiscal irresponsibility of the Federal Aviation Agency. Specifically, on October 16, 1963, I made a speech in this House in which I submitted certain statements made by Mr. S. B. Poritzky showing the waste in the FAA. These statements were quoted in an article in the publication Aviation Daily in its June 6, 1963, issue. The gist of this article is that the cost of navigational aids is rising sharply and most of the blame can be attributed to FAA's methods of procurement and construction. In this article Mr. Poritzky pointed out that the FAA costs are in some cases 10 times more than industry costs for the same equipment.

Now another trade publication has cited these same statistics to point out the almost unbelievable skyrocketing costs, overspending and poor judgment in the FAA's airways program. The text of this article which was printed in the September 1963 issue of Flying follows:

NAVAID COSTS

An almost unbelievable recitation on skyrocketing costs, overspending and poor judgment in the FAA's airways program was presented recently by Sig Poritzky of the Air Transport Association.

Poritzky's data revealed that the FAA, in many cases, is paying five or six times more for electronic and visual navigation aids than airlines and State governments which use similar equipment sold on the open market, and built to commercial standards. In addition, he pointed out that the commercial equipment had proven to be just as reliable as FAA units which received considerably more maintenance.

Some examples of current FAA policy for the purchasing and housing of airways equipment which were cited by Poritzky are:

The FAA is now paying a total of $18,200 for a runway end identification light system (REIL) consisting of two light fixtures, with appropriate housings and two flashing lights inside. The State of Minnesota spends $3,000 for lights to serve exactly the same purpose.

A 75-m.c. fan marker, with its building and antenna, costs the FAA $25,800. A dual-equipment, commercial, 75-m.c. marker, sold by Wilcox Electric and mounted on two ordinary telephone poles, costs the State of Nebraska about $3,250.

The FAA, in 1962, budgeted more than $60,000 for one of its limited remote communications outlets. A commercial facility, built by ARINC, serving a similar function for an airline, costs less than $15,000, including its building and all auxiliary equipment.

The total available operating time for FAA communications facilities of the type described just above was listed by the agency as 99.08 percent in 1962. The ARINC equipment was available 99.4 percent of the time. The FAA operates a single TVOR station at Riverton, Wyo., which cost $115,340 total. The State of Nebraska operates a single TVOR facility at Ainsworth for which it paid $15,941 total. The FAA facility last year had an availability of 98.17 percent while the State facility was in operation 98.14 percent of the time. An astounding rise has also been experienced in the cost of larger FAA facilities in the last 2 years. In fiscal year 1960, the agency estimated that an ILS facility, all electronic equipment and buildings, cost $194,000 to get into operation. In this fiscal year the FAA sets the price at $276,460, an increase of 42 percent in only 3 years. There has been no radical improvement or change in ILS equipment which can account for the cost jump, and the overall U.S. commodity price index has risen only 2.7 percent in the same length of time.

It is a difficult matter to contend that Poritzky has no understanding of, or sympathy for the Government engineer and manager. In his talk, he pointed out time and again, that he knew of no FAA employee working on the airways who was not dedicated to providing a superior system with the highest possible reliability. He pointed out many reasons why he believed that costs had risen as they have. These included: the Federal Government's elaborate procurement policies which are intended to be fair to all contractors, yet to protect the Government from the unscrupulous bidder: Government personnel policies which are enlightened and good for the individuals involved, but which unfortunately cost money; split design responsibilities in which the engineer who writes the specifications for electronic equipment is not responsible for its operation or maintenance—his only task is to get the "best" possible equipment without consideration for cost in other areas; and, over the years conservative specifications often are laid upon conservative specification and the cost inevitably rises.

The best summation of Poritzky's remarks is that the FAA suffers from the lack of a "boss" when it comes to buying airways equipment and housing it. A number of groups within FAA are at liberty to add to the specifications lists for equipment and buildings and the result is a "gold-plated" job. For instance, the trimmings in the FAA's navigation aids buildings have run the buildings up to about 50 percent of the total facility cost, and in some cases the cost of constructing the building is 75 percent of the total. This compares to a building cost of less than 20 percent in commercial facilities.

It will be difficult to understand if Poritzky's alarming yet reasoned and temperate discussion does not bring some positive action from the FAA to overhaul its system and to institute a stronger central management control over the building of the airways.

These figures are truly astounding. Is it not curious that the FAA pays a total of $18,200 for a runway end identification light system, while the State of Minnesota pays only $3,000 for a light system serving exactly the same purpose? Is it not curious that the FAA pays $25,800 for a 75-m.c. marker, with its building and antenna, while the State of Nebraska pays $3,250 for exactly the same thing? Is it not curious that the FAA paid $115,340 for a single TVOR station at Riverton, Wyo., while the State of Nebraska paid only $15,941 for a TVOR facility at Ainsworth?

These charges have been made before. They have been made by responsible persons and associations intimately related to the air industry. To my knowledge they have never been refuted. Apparently, the Administrator chooses to ignore these criticisms. What are we to assume from the fact that the Administrator ignores the charges that he is wasting the taxpayers' money, that FAA costs are skyrocketing, that his administration is spending too much, that he himself is exercising poor judgment? In view of his position as a servant of the people, presumably answerable for his actions in office, I can only conclude that the charges are true. He refuses to answer or deny the charges. I conclude that if he had the answers he would present them.

Mr. Speaker, these facts illustrates not only that the Administrator has exercised poor judgment in the instances mentioned. These facts when taken together, show a propensity for poor judgment. They show that there is something wrong with the decisionmaking mechanism within the FAA. They indicate that the Administrator either is unable or unwilling to exercise good judgment.

An example of this is contained in the facts relating to the agreement announced on October 23, 1963, between the Federal Government, United Airlines and Trans World Airlines in connection with the midair collision of December 16, 1960, over New York City. Under the terms of the agreement, the U.S. Government agreed to pay 24 percent of whatever damages are fixed in lawsuits growing out of the crash. United Air Lines and Trans World Airlines will pay 61 and 15 percent, respectively.

The significance of this agreement is, in the words of the New York Times, that it represents "a reluctant about-face" for the U.S. Government. It will be recalled that the tragedy of December 16, 1960, was the worst civil air disaster of all times. All 128 persons in the 2 planes were killed, as well as 6 persons on the ground where the wreckage came down.

It will also be recalled that the FAA made its own immediate investigation of the accident, under the direction of Najeeb E. Halaby, who became the Administrator of the FAA soon after the accident occurred. Whether this internal investigation was a sincere attempt to pinpoint the cause of the tragedy so as to take corrective action to avoid it happening again, or whether it was merely an attempt to whitewash the part played by the FAA in the crash may be determined by reading the self-serving statements contained in the FAA report:

> Air traffic control procedures did not contribute to the cause of the accident.
>
> Air traffic control personnel operated in accordance with established procedures and were not negligent in any performance which could be related to the cause of the accident.

These FAA findings should be contrasted with the following admissions by FAA air traffic control personnel made under oath during the 7 months of depositions that were taken immediately preceding the three-way agreement described above. These depositions were taken in connection with the lawsuits that were filed against the two airlines and the Federal Government by the families of the victims of the crash. Among the departures from the rules on how air traffic should be handled, as reported by the New York Times, were:

> 1. Failure to make proper use of codes that make it easier to match planes with radar blips.
>
> 2. Failure to make proper use of signal lights by which one controller notifies another that a plane is being instructed to call him by radio.
>
> 3. Relaying an incorrect routing for the DC-8 jet from one controller to another.
>
> 4. Failing to instruct the crew to turn the jet's radar-beacon equipment to the code number for jets bound for Idlewild.
>
> 5. Failure of the area controller in handling the GRS (general railway signal) lights. These lights were used to notify approach control that a particular plane was being told to change radio contact from area control to approach control.
>
> 6. Failure of the area controller in turning his radar-beacon equipment to the wrong code.
>
> 7. Failure of the area controller in not radioing ahead to the approach control that the jet would arrive at Preston via Colts Neck rather than along V-123.

Yet, the FAA internal report would have us believe that none of these failures actually occurred. And for many months the Administrator has steadfastly maintained that the FAA is completely without fault in the accident and that therefore the Federal Government should not agree to pay any of the damages ultimately fixed in the lawsuits growing out of the crash.

This has been the position of the Administrator: the FAA is completely without fault; the FAA did nothing wrong in connection with the accident; the Federal Government should under no circumstances agree to pay any percentage of the damages which will ultimately have to be paid to the families of the victims of the crash.

Such stubbornness must be condemned for at least two reasons:

First, it caused the Government to waste over $100,000 of the people's money.

Second, it suggests that the Administrator is too proud to admit a mistake. It would be bad enough if such pride went only before a personal fall on the part of the Administrator. I fear that such pride and inflexibility has already led to the fall of a good many aircraft and that it will lead to a good many more.

Mr. Speaker, the recently announced agreement was actually identical to the one proposed many months ago and which was vetoed by the Administrator. His refusal to heed the advice of the Government attorneys who recommended that the Government agree to pay 24 percent of whatever damages are fixed in the lawsuits arising out of the crash caused the taking of 15,000 pages of depositions over a period of 7 months and the expenditure of more than $100,000 of taxpayers' money. Finally the Attorney General himself had to override the Administrator's decision and it is reported that the agreement was signed by the Attorney General.

The article in Flying says that the FAA suffers from the lack of a "boss." I agree that the FAA as well as the air traffic program suffers from the lack of something. In my opinion, it is the lack of good judgment.

CONGRESSIONAL ETIQUETTE

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. GONZALEZ] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, since my name has again been mentioned in a highly personal manner, I am submitting the following editorials and newspaper columns:

[From Roll Call, Oct. 30, 1963]

CONGRESSIONAL ETIQUETTE

It appears as though every time the Republicans have a fair chance to make some gains in the Congress, they do everything in their power to blow it.

A return to the dread days of McCarthyism seems to be one unfortunate strategy being employed, and deplorable development it is.

A freshman Republican from Texas, the youngest Member of the House, has been engaged in a speaking tour of vilification against his colleagues. The gist of the hatchet man's attacks is the old McCarthy line that because they voted contrary to his views, they are "pinkos"—and, by insinuation, probably worse.

This ill becomes a Member of Congress. Despite his standing as the youngest legislator in the legislature, he cannot be excused on grounds of immaturity. He is old enough to know better.

In the Congress itself, etiquette and courtesy prohibit the reference to any Member by name. A colleague is referred to as "the gentleman from such-and-such a State." Personal attacks are frowned upon and seldom occur.

The young Congressman, Representative ED FOREMAN of Texas, yesterday was the recipient of a powerful punch in the shoulder just outside the House Chamber. The donor, Representative HENRY GONZALEZ, also of Texas, had been verbally attacked by FOREMAN in a speech in Houston, GONZALEZ' home grounds.

FOREMAN did not strike back, but was quoted as saying, "I can't imagine an intelligent adult and a Member of Congress doing a thing like that."

Representative Gonzalez well could have replied with the same words.

Invading a colleague's home ground and playing footsie with the John Birch Society in efforts to discredit the colleague is certainly no more commendable than slugging a fellow legislator in a defense of principle.

More reprehensible is the letter of apology which the junketing Congressman wrote to another of his victims, Representative Don Edwards, a liberal Democrat. Said Foreman, "I regret that the news people reported me as describing you as a pinko. I retract the statement regarding your voting record."

After sending this letter, Foreman then explained, "I wrote the retraction to keep from being sued by Edwards. But I still say he is a pinko."

Foreman also labeled another 20 colleagues as "pinko," to date without physical repercussions.

Perhaps Representative Gonzalez, in physically rebuking young Foreman, believed he would "let the punishment fit the crime."

But who will be hurt most by this type of irresponsible campaigning is the Republican Party.

[From the Miami (Fla.) Herald, Oct. 31, 1963]

The Hot Collar of Representative Gonzalez

It's comforting to find out there is enough spirit left in Washington for a Congressman to throw a punch at a fellow lawmaker and call him a yellow-livered sissy.

Representative Henry Gonzalez got sore when he was accused of helping the Communist cause. So he caught Representative Ed Foreman out in the hall and let him have one. It's too bad they are both Texans because there will be a tendency to dismiss the incident as just another of those hot air jokes you hear about that great State.

This was no hot air, but a good old-fashioned American hot collar. Most of our Congressmen would have called on their public relations staff to release heated statements to the press, TV, and radio. Representative Gonzalez may have affronted the imagemakers with his punch, but the rest of us thought it was great.

[From the Beaumont Enterprise, Oct. 31, 1963]

Not All Comedy

The Capitol Hill encounter between two Texas Congressmen, Representatives Ed Foreman and Henry B. Gonzalez, is not without comedy. We think especially of the grandiose explanations given the press.

We don't know, of course, what these Lone Star stalwarts really said to each other. And we aren't sure that either is as tough as he sounds—physically, that is.

However, the trouble between the Texas Representatives has a serious side that should be pondered by all Americans.

Regardless of what Foreman might have said or meant or implied in commenting on the Gonzalez voting record, the word "Communist" is much overworked today in discussions of the motives of American citizens—in both public and private life.

To loosely use the word is unfair, ungentlemanly and un-American. Some of our concepts of patriotism have become pretty ridiculous.

[From the Anadarko (Okla.) Daily News, Oct. 31, 1963]

Not Kidding

(By Wallace Kidd)

I'm for this fellow, Henry B. Gonzalez, the Democratic Congressman from San Antonio, Tex. If Ed Foreman, a Republican Congressman from Odessa, accepts Gonzalez' challenge to go to fist-city, I may even apply for the job as ring sponge boy.

In the first place, Foreman had no business calling Gonzalez anything that could brand him a Communist or a pinko. Since he did—which apparently is becoming Foreman's habit when he wants to disagree with a fellow Congressman—Gonzalez felt obliged to take a swing. Fortunately for dignity of the House of Representatives, the punch came just outside the Chamber rather than before a nonpaying audience.

Perhaps there's a personal feeling favoring this fellow, Gonzalez. Just a week ago yesterday, while enjoying a Wickersham-bought steak in the Capitol House restaurant, a smiling, pleasant sort of man walked by the table. He patted our victorious Congressman on the shoulder and was seated with two companions at an adjoining table. Introductions were exchanged and Congressman Gonzalez beamed with pleasure when I recalled hearing some of his "reports to constituents" on our favorite nighttime car-radio station, WOAI, San Antonio.

Liking Gonzalez or not liking him is beside the point. He was born in San Antonio 47 years ago. His father, one of the original colonists of the State of Durango in northern Mexico, fled to the United States during a revolution. Gonzalez' background, his education and law degree, his service as mayor pro tem of San Antonio and his other public actions are completely contrary to communism. There is quick understanding of his aroused anger when his voting record was described by younger and bigger Ed Foreman as helping the Socialist-Communist cause.

Foreman is typical of some of the so-called "super patriots" who stir up Texas dust with a platform of "think as I and be American; think differently and you're Communist." Recently he called another Member of Congress a "pinko" but withdrew his remark after facing threat of a damage suit. Gonzalez apparently isn't the courting type. He feels strongly about his American rights. If it takes some man-to-man decisions, he's ready.

So it's in the Gonzalez corner we'll be standing. Our first advice would be to feint with a left, which apparently is what Foreman spends his time looking for. Then, whammo. A solid right, smack down the middle. It'll be go, go, go, Gonzalez. Not only will the eyes of Texas be upon you but so will the eyes and cheers of at least one Oklahoman.

Amblin' Around

(With Jim Glasscock)

When is Congressman Ed Foreman going to start representing the people of the 16th District of Texas and stop meddling in the affairs of Representative Henry Gonzalez of San Antonio and Representative Don Edwards, of California?

Foreman is such a super-self-styled patriot that if you don't agree with his particular political philosophy, he labels you a "pinko."

Ed apparently has forgotten the words of that great Republican, Abraham Lincoln—this is a government "of the people, by the people, and for the people."

It seems to us that it is the voters of Gonzalez' congressional district who should dictate how the San Antonian votes and not Foreman. If Gonzalez' constituents don't like his voting record, then they can vote him out.

Although Foreman did not apologize to Gonzalez after their fisticuffs in Washington earlier this week, he did write a letter of retraction to Representative Edwards, Democrat, of California, a former FBI agent and a millionaire businessman.

Foreman, in a speech in San Diego, was quoted by Scripps-Howard newspapers as saying:

"If you had an outright Leftist, avowed Communist (in Congress) you wouldn't be getting any different kind of votes than you're getting from Don Edwards."

Foreman, threatened with a law suit by Edwards, wrote the following letter to the California Congressman:

"In view of the publicity given my remarks in San Jose, Calif., last weekend, causing embarrassment to you personally, I regret that the news people reported me as describing you as a pinko. I retract the statement regarding your voting record.

"Although we strongly disagree philosophically, a description of this sort was not in the best taste or good manners."

Foreman has become the Westbrook Pegler of Congress. He constantly has failed to present a constructive program for either his district or the Nation.

He's simply an "aginner" and even if it was "good he wouldn't like it."

Ed is an affable young man, but he is not the man to represent all of the people of the 16th Congressional District of west Texas.

You'll find that a bunch of people out here who voted against Ed are pretty good Americans, too.

[From the Pensacola (Fla.) Journal, Nov. 1, 1963]

Natural Resentment

Fisticuffs are not the best way to settle an argument, on or off the floor of the U.S. House of Representatives, yet we cannot blame Representative Henry Gonzalez for righteous indignation and desire to vent such indignation upon his loose-tongued, young Republican colleague, Ed Foreman. Both are from Texas, Gonzalez from San Antonio and Foreman from Odessa.

Gonzalez naturally resented Foreman saying in an interview that Gonzalez by voting as a liberal was furthering "the Socialistic-Communist cause."

This fallacious contention that liberalism means softness of communism is one which is flung about recklessly by many conservatives to smear rather than to voice solid arguments against their opponents and it should be halted, even if one has to resort to the manly art.

We applaud Gonzalez for issuing the challenge.

KENNEDY-RUSSIAN WHEAT DEAL A TRAGIC MISTAKE FOR AMERICA

The SPEAKER. Under previous order of the House the gentleman from Iowa [Mr. Hoeven] is recognized for 60 minutes.

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Iowa.

There was no objection.

Mr. Hoeven. Mr. Speaker, I have a prepared statement, together with some extraneous matter which will be found complete in the Record.

I do not intend to take all of the time and want to yield to those of my colleagues who are interested in the sale of wheat to Russia.

Mr. Speaker, perhaps the proposed sale of wheat to Russia has now become a moot question because the tickertape tells me today, under a Moscow heading, as follows:

Soviet Premier Nikita Khrushchev declared tonight he has ordered Soviet wheat negotiators in the United States "to break off talks and leave," if the Americans insist on discriminatory conditions.

Mr. Speaker, the President of the United States recently announced a profound change in our export and foreign policy toward Communist Russia and her European satellites.

President Kennedy has told the Nation that from now on he will allow the Commerce Department to issue export licenses to grain companies and other exporters for the shipment of U.S. wheat to the Soviet Union and the Eastern European bloc nations. The President also stated that he would permit the Commodity Credit Corporation to subsidize these sales to the Communists by selling surplus wheat to the private U.S. grain trade at a substantial loss in replacement of wheat sold directly to the Soviets. The Department of Agriculture apparently will also continue to make export subsidy payments in cash and in kind to exporters shipping wheat to the Communists.

Needless to say, this decision by President Kennedy has precipitated the beginning of a long and serious national debate. Members of Congress have expressed their support or opposition to the decision. This issue is not a partisan matter as evidence by the fact that a number of Members of Congress who belong to the President's own party have joined the growing chorus of opposition to this deal. Farm organizations, the press, and the public are still in the most part not fully decided as to the wisdom of the decision.

In order to describe my position on this important question and to present the opportunity for my colleagues in the House to present their views, I have asked for this special order. Let me say at this point that I feel it would be most unfortunate for a logical and intelligent discussion of this important matter if emotional and unreasonable questions concerning the integrity or patriotism of those persons either supporting or criticizing the President's decision were raised. I am sure that such a situation will not develop here in the House and I hope it will not develop in the debate within our great Nation.

Mr. Speaker, I am opposed to the President's decision to sell wheat to the Communists on the grounds of both policy and execution. I believe he made the decision in the wrong manner by flouting the declared policy of Congress and I believe his decision was wrong on its merits. In any event he should have consulted the Congress.

BACKGROUND AND HISTORY

The question of selling subsidized farm commodities to the Soviets is not a new one. It has been with us for a number of years. Argument in support of such a policy was persuasively made within the administration 2½ years ago when the Department of Commerce issued a statement on June 22, 1961, that it would issue export licenses for the export of subsidized farm commodities to Russia and the European bloc nations. The 1961 Commerce Department action was described in the following press release from the U.S. Department of Commerce and news article from the Wall Street Journal.

U.S. Department of Commerce—Export Licensing of Surplus Commodities to Eastern Europe Soviet Bloc Eased

A change in U.S. export licensing policy to permit the sale of subsidized surplus agricultural commodities to the Eastern European Soviet bloc was announced today by the Bureau of Foreign Commerce, U.S. Department of Commerce.

Under the new policy, BFC will consider for approval export license applications to ship U.S.-subsidized surplus agricultural commodities to the U.S.S.R. and other Eastern European countries provided they are sold for convertible currency. The new policy also applies to commodities acquired directly or indirectly from Commodity Credit Corporation stock and to agricultural products shipped in substitution for such CCC commodities. Previously only those surplus commodities which were not subsidized and were not obtained from previously owned governmental stock were approved for export to Eastern Europe.

The change in licensing policy toward Eastern Europe does not affect the total embargo against exports of U.S. goods to Communist China, North Korea, and North Vietnam.

It also does not affect the present licensing policy toward Cuba which, except for shipments of wheat and wheat flour, is to generally deny applications to export surplus commodities to that destination.

In submitting applications for license to ship subsidized surplus commodities to all Eastern European Soviet bloc countries, exporters will be required to supply commitments from the importers in the bloc countries that the commodities will not be reexported to another destination.

Some of the subsidized commodities which could now be considered for licensing to Eastern Europe under the new policy include feed grains, wheat and wheat flour, cotton and cotton textiles, rice, and nonfat dry milk.

All subsidized agricultural commodities are exportable under general license to Poland and free world countries regardless of price or method of payment.

[From the Wall Street Journal, June 23, 1961]

Agency Eases Ban on Agricultural Trade With Russia, Eastern European Satellites

Washington.—The Commerce Department lowered the bars on agricultural trade with Russia and its East European satellite nations by authorizing sales to them of U.S. Government-owned farm surpluses and commodities subsidized for export. The action does not lift the ban on export of such goods to Red China, Cuba, North Korea or North Vietnam.

The new policy will enable U.S. traders to sell European Communist countries wheat, corn, barley, oats, rye, dairy products, cotton, rice, and other commodities. Previously, agricultural trade with all Red-dominated countries, except Poland and Yugoslavia, was limited to such nonsurplus or nonsubsidized items as tobacco, soybeans, fruits, vegetables, seeds, livestock products and others.

As in the past, all deals between U.S. exporters and Communist nations, except Poland and Yugoslavia, have to be for dollars, gold or other convertible currencies. The Russian ruble is not a convertible currency, but the U.S.S.R. is known to hold quantities of gold and other convertible foreign money.

Some international financial experts in Washington noted the Soviet Union lately has been selling gold in Western Europe for convertible currencies, which are used to pay for imported merchandise. These officials said the Soviet gold reserve probably gives that country plenty of financial resources to buy U.S. farm goods under the new licensing rule. But they expressed doubt over the financial ability of some Eastern European satellite nations to make heavy purchases without Russian help.

CONSIDERED FOR SOME TIME

Officials said revision of the trade restrictions had been under consideration for some time, and is designed to increase U.S. farm exports as a means of surplus disposal.

Poland and Yugoslavia were not included in the new export order because they have been major customers for U.S. surpluses for the past several years. Yugoslavia, which broke with Stalin in 1948, is not regarded as a Communist satellite country insofar as U.S. export licensers are concerned. And because the Poznan riots of 1956–57 led to a more liberal Communist rule in Poland, the U.S. lowered trade barriers in an effort to woo Poland away from Russia and to obtain an observation post behind the Iron Curtain via an exchange of trade attachés with Poland.

U.S. exports to Russia have been largely nonagricultural. In 1960 only $38 million worth of goods were sold by U.S. traders to the Soviet Union, and of that amount only $2 million represented farm goods.

OUTCRY CAUSED RESTRICTION

Restriction on agricultural trade with the Communist nations were clamped on in 1954 as a result of public and congressional outcry over a U.S. proposal to sell a portion of its 900-million-pound hoard of butter and cheese to Russia. The objection was that because exports of dairy products are subsidized, the Communists could buy American butter and cheese at lower prices than U.S. consumers.

The Government pays exporters a subsidy on many U.S. farm products to make up the difference between price-propped domestic prices and lower world market prices. Thus, U.S. people pay one price and recipient nations a lower price for subsidized commodities sold abroad.

The new trade policy will allow U.S. traders to compete with such countries as Canada and Australia for grain deals with European Communist nations. Czechoslovakia, Bulgaria and others have been shopping in the free world for grain to take the place of normal shipments from Russia, known to be in short supply. Additionally, all of Europe ordinarily buys quantities of grain, soybeans, and rice from China, but China is suffering farm production difficulties for the third year in a row and has reduced exports sharply. U.S. officials declined to speculate on the export potential which might result from the trade policy revision.

Please note that the news story alludes to a previous unsuccessful attempt to sell surplus farm commodities to Russia in 1954.

The reaction of Congress to this policy was immediate and adverse. Some 22 bills were introduced to prevent these subsidized sales. Authors included the following Members of Congress: Mr. Hoeven, Mr. Latta, Mr. Chamberlain, Mrs. St. George, Mr. Glenn, Mr. Harsha, Mr. Norblad, Mr. Scherer, Mr. Findley, Mr. Devine, Mr. King of New York, Mr. Thomson of Wisconsin, Mr. Clancy, Mr. Derwinski, Mr. Harvey of Indiana, Mr. Roudebush, Mr. Teague of California, Mr. Goodell, Mr. Moorehead of Ohio, Mr. Tollefson, Mr. Rogers of Florida, and Senator Lausche, of Ohio.

Later in 1961 the House established a Select Committee on Export Control, chaired by our former colleague, the gentleman from North Carolina, Mr. Kitchin. That committee worked with diligence on the overall problem, and partly through its efforts the administration's policy was reversed.

THE LATTA AMENDMENT

In July 1961, the "Agricultural Act of 1961" was being debated on the floor of the House. The distinguished gentleman from Ohio [Mr. LATTA] an outstanding member of both the Committee on Agriculture and the Select Committee on Export Control, offered an amendment to the declaration of policy section of the pending bill. That amendment stated in unequivocal terms the policy of Congress that our Government should not sell, make available, or subsidize the export of surplus farm commodities to the Soviet Union or any area or Nation controlled by world communism.

The amendment was adopted by the House. It was retained in conference with the Senate and was part of the positive law included in Public Law 87-128 signed by President Kennedy on August 8, 1961.

The Agricultural Act of 1961 carries the Latta amendment in section 2(c) which you will note follows the enacting clause.

PUBLIC LAW 87-128, 87TH CONGRESS, S. 1643, AUGUST 8, 1961

An Act to improve and protect farm prices and farm income, to increase farmer participation in the development of farm programs, to adjust supplies of agricultural commodities in line with the requirements therefor, to improve distribution and expand exports of agricultural commodities, to liberalize and extend farm credit services, to protect the interest of consumers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Act of 1961".

DECLARATION OF POLICY

SEC. 2. In order more fully and effectively to improve, maintain, and protect the prices and incomes of farmers, to enlarge rural purchasing power, to achieve a better balance between supplies of agricultural commodities and the requirements of consumers therefor, to preserve and strengthen the structure of agriculture, and to revitalize and stabilize the overall economy at reasonable costs to the Government, it is hereby declared to be the policy of Congress to—

(a) afford farmers the opportunity to achieve parity of income with other economic groups by providing them with the means to develop and strengthen their bargaining power in the Nation's economy;

(b) encourage a commodity-by-commodity approach in the solution of farm problems and provide the means for meeting varied and changing conditions peculiar to each commodity;

(c) expand foreign trade in agricultural commodities with friendly nations, as defined in section 107 of Public Law 480, 83d Congress, as amended (7 U.S.C. 1707), and in no manner either subsidize the export, sell, or make available any subsidized agricultural commodity to any nations other than such friendly nations and thus make full use of our agricultural abundance;

(d) utilize more effectively our agricultural productive capacity to improve the diets of the Nation's needy persons;

(e) recognize the importance of the family farm as an efficient unit of production and as an economic base for towns and cities in rural areas and encourage, promote, and strengthen this form of farm enterprise;

(f) facilitate and improve credit services to farmers by revising, expanding, and clarifying the laws relating to agricultural credit;

(g) assure consumers of a continuous, adequate, and stable supply of food and fiber at fair and reasonable prices;

(h) reduce the cost of farm programs, by preventing the accumulation of surpluses; and

(i) use surplus farm commodities on hand as fully as practicable as an incentive to reduce production as may be necessary to bring supplies on hand and firm demand in balance.

Section 107 of Public Law 480, 83d Congress, provides:

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

During the floor debate on the amendment on July 27, 1961, I expressed my support for the amendment by saying:

I think it is a very good amendment. It is timely and appropriate at this very critical time in world history. I think we should make our voices heard and be very specific in dealing with the Communist countries.

I then pointed out that the amendment pertained only to the policy section of the bill. The Attorney General has taken that one sentence of mine out of context to sustain his contention that the Latta amendment did not apply to the present situation. That, Mr. Speaker, is a complete distortion of my position and the entire legislative history that went into the adoption of the amendment.

After President Kennedy signed Public Law 87-128, the administration quietly dropped its new policy on subsidized exports to Red nations. Apparently the President agreed with the Congress in 1961 and chose to follow the declared public policy of section 2(c) because he signed the bill and there was a change in Executive policy to conform with the statute. He did not veto the bill which, of course, he could have done if he had objected to the change in policy.

In a press conference held by the Secretary of Commerce on Tuesday, August 8, 1961, the following colloquy was held:

PRESS CONFERENCE OF HON. LUTHER H. HODGES, SECRETARY OF COMMERCE, OFFICE OF THE SECRETARY, DEPARTMENT OF COMMERCE, WASHINGTON, D.C., TUESDAY, AUGUST 8, 1961.

The press conference was convened at 2:30 p.m.

Question. Mr. Secretary, the farm bill declaration of policy states that Congress believes agricultural commodities should be sold only to friendly nations. Do you intend to follow that? Do you regard Poland and Yugoslavia as friendly nations?

Secretary HODGES. I didn't get the last part of your question, sir.

Question. Do you regard Poland and Yugoslavia as friendly nations?

Secretary HODGES. Well, let's put it this way: In the technicality of discussion of those nations they are more friendly than the Soviet, but whether or not they qualify for being a friendly nation I can't answer. That would be for the State Department, which handles officially all international relations and negotiations.

Question. Will you follow the declaration of policy through?

Secretary HODGES. Let me say this about the declaration of policy: We have not received in the Department of Commerce any request for a license to ship anything abroad, and nothing has been done.

The Secretary of State and I, as you may recall—the release is available—on August 4 stated that because of the negotiations—reading between the lines—so that we might keep ourselves flexible there would be no change at the present time in what we were going to ship or not ship, but that we reserved the right to change at any moment.

Now, as quickly as Dean Rusk gets back, I am going to sit down with him, and I'd rather reserve an answer until we have a chance to talk it out together.

Question. Well, while we're on this subject, Mr. Secretary, would you explain to us why about 6 weeks or so ago the Department ruled that subsidized commodities may be sold to Soviet bloc countries provided the sales are for convertible currencies? That was a change in the direction of more trade I think.

What was the reason for that?

Secretary HODGES. What was the reason for doing it at that time?

Question. Yes.

Secretary HODGES. Because the various departments of the Government felt like it was something they could do properly, but developments in the last 6 or 8 weeks have almost turned the situation around as far as Berlin is concerned.

Question. You mean you're thinking of rescinding that ruling?

Secretary HODGES. Whether we will rescind the ruling or not I can't answer. It's entirely possible that that will be the effect of it.

* * * * *

Mr. Speaker, I think it is important to note that since July 1961 no export licenses have been granted for the sale of subsidized U.S. farm commodities to the Communists.

The President has made a point of the fact that our country has been selling the Russians and the satellites unsubsidized farm goods for some time. That is true on a very modest and limited scale. But, I submit, it is one thing to sell to the Communists at the full U.S. price and quite another to sell to them at subsidized prices.

The President stated that he considered the Latta amendment before he chose not to follow it. He stated his opinion that the sense of the Congress has changed since the Berlin crisis in July 1961. But has it? Speaking for the representative of the people of the Sixth District of Iowa, I, for one, told the President that my intent had not changed. Perhaps others have changed their minds. Perhaps some who supported the amendment are no longer in Congress.

But, I submit, that is not the constitutional way to change public policy. The President should not follow policy when it is convenient to his interest and then ignore it when it is not. The Congress should have been consulted when a change in policy was contemplated.

The precedent set by the President in this instance is indeed a serious one. Since he has chosen to ignore subsection

2(c) of Public Law 128, he is now free to ignore the other provisions of policy in section 2.

He may now say it is not the policy of Congress to work for parity of income for farmers; it is not public policy for a commodity by commodity approach; it is not our policy to improve the diets of needy people; the family farm is not important; Congress does not seek to facilitate and improve rural credit services; consumers are no longer entitled to a continuous, adequate and stable supply of food; and payment in kind will not be used when practicable to balance supply and demand.

Following this Kennedy rationale, the President need not follow the resolutions of Congress on Formosa, Berlin, captive nations, labor relations or a host of other areas of law. He need not do so, according to this precedent, that is, unless it is expedient and the President is assured of a minimum amount of congressional and public opposition. Well, Mr. Speaker, I, for one, am opposed to such a philosophy and I think that Congress and our country are too. We must all be opposed to this power grab or representative government in America has come to mean nothing but a rubber stamp of the Executive.

THE ATTORNEY GENERAL'S BRIEF

So far, Mr. Speaker, I have directed my remarks to the President's arguments in justification of his action in ignoring the policy of Congress in the Agricultural Act of 1961. The President's legal position was fortified by his brother, the Attorney General.

I think it would be appropriate to examine that fortification because I do not believe it will withstand a logical legal assault.

The Attorney General's brief covers the Johnson Act—where a "credit" is held not to be a "loan"—the Battle Act—where the congressional declaration of policy section is cited to support his position—the Export Control Act—which is found to be no prohibition—and the Latta amendment to the Agricultural Act of 1961. The Attorney General lays down an interesting rule of law when he states:

> Declarations of policy in legislation, like preambles and other introductory material, do not alter specific operative provisions of law.

He then cites four Supreme Court cases and Sutherland Statutory Construction, third edition. After citing these four cases, he then lays down his own rule which is pure dictum and is unsupported by either case law or legal authority. He states:

> This rule is particularly relevant where, as here, the declaration of policy was not contemporaneous with the enactment or amendment of any of the basic pertinent statutes.

Mr. Speaker, the Attorney General did not cite a case for his actual ruling that in the exercise of power under discretionary statutes—the Export Control Act, as amended, and the Commodity Credit Corporation Charter Act, as amended—the President may ignore and violate the clear public policy expressed in a subsequent statute—the Agricultural Act of 1961.

Before getting further in the matter, let us just look at the four Supreme Court cases cited by the Attorney General. The first two cases (*Yazoo R. R. Co.* v. *Thomas*, 132 U.S. 174, 188 (1889) and *Price* v. *Forrest*, 173 U.S. 410, 427 (1899)) involve the construction of preambles to State and a Federal statute. In both statutes the preamble appeared before the enacting clause and as such were not part of the positive law.

It is well established that preambles are not part of the statute unless they follow the enacting clause. Sutherland, section 1805, states as follows on this point:

> The enacting clause, however, must precede the purview of the statute for no material preceding the enacting clause may be treated as law (*Barton* v. *McWhinney*, 85 Ind. 481 (1882)). Thus the purview of an act is said to be the enacting part of a statute in contradistinction to the preamble (*State* v. *Reynolds* (108 Ind. 353 (1886)); *State* v. *Ives* (167 Ind. 13 (1906)); *Frank* v. *City of Decatur* (174 Ind. 388 (1910)); *Payne* v. *Conser* (3 Bibb 180 (Ky. 1813)); *In re Wiley's Guardianship* (239 Iowa 1225 (1948)); *Sunshine Dairy* v. *Peterson* (183 Ore. 305 (1948)).

The other two cases (*Lauf* v. *E. G. Shinner and Co.* (303 U.S. 323, 330 (1938)), and (*Sinclair Refining Co.* v. *Atkinson* (370 U.S. 195, 202 (1962)), both deal with the interpretation of a labor dispute under the Norris-LaGuardia Act. That act contains both a declaration of policy section and a specific definition of "labor dispute," and the Supreme Court very logically reasoned in both cases that the declaration of policy did not narrow the specific definition set forth in the act.

I urge you to read these cases and see if you can find any application whatsoever to the situation at hand. They are interesting cases, to be sure, but are not at all on the point. The Latta amendment expressed the law of the land clearly and without ambiguity.

The section in Sutherland cited by the Attorney General provides as follows:

> Section 4820. In place of a preamble it has become common, particularly in Federal legislation, to include a policy section which states the general objectives of the act in order that administrators and courts may know its purposes. This is frequently of significance where the enforcement of the act depends principally upon administration and the administrative officers have not participated in the preparation of the legislation.
>
> The policy section like the preamble is available for the clarification of ambiguous provisions of the statute, but may not be used for the creation of ambiguity.

As can be seen by simply reading it, the citation is not pertinent to the point at issue here. This section of Sutherland speaks only about ambiguous statutes, which section 2(c) of the Agricultural Act of 1961 most clearly is not. The more appropriate rule is set forth by Sutherland in section 4502 as follows:

> The most common rule of statutory interpretation is the rule that a statute clear and unambiguous on its face need not and cannot be interpreted by a court and only those statutes which are ambiguous and of doubtful meaning are subject to the process of statutory interpretation. *Caminetti* v. *U.S.* 242 U.S. 470 (1916) which held: "Where the language is plain and admits of no more than one meaning the duty of interpretation does not arise and the rules which are to aid doubtful meanings need no discussion." See also *Hamilon* v. *Rathbone* 175 U.S. 414 (1899); *Armco Steel Corp.* v. *State Tax Commission* 221 Md. 33 (1959).

The argument is also presented that Congress had several opportunities to amend the basic statutes to prohibit subsidized sales to the Reds but failed to do so. This is a foolish argument, Mr. Speaker. Why should Congress do a futile thing? The Latta amendment was law. The policy had been reversed. Every lawyer knows it is wise to cease arguing after the judge has decided in your favor.

The Attorney General also relies on the general constitutional doctrine that the President is supreme in areas of foreign policy and therefore need not follow congressional mandates. Without engaging in an extended discussion of constitutional law, I believe it would be appropriate to just recite article I, section 1, of the Constitution of the United States, which reads:

> All legislative powers herein granted shall be vested in a Congress of the United States which shall consist of a Senate and House of Representatives.

Congress, not the President, makes the laws of this Nation and Congress, not the President, should change these laws.

Congress said in the Latta amendment:

> No subsidized sales to the Reds.

The President and his brother disagree, but rather than let Congress change the law, they flaunt it and say:

> There will be subsidized sales to the Reds.

ARE THERE ADVANTAGES?

So much for the procedural side of this issue. Now let us discuss the merits, or more properly, the demerits involved in the President's decision to sell surplus U.S. wheat to the Communists.

The President presented seven basic arguments in support of his decision. Let us examine each of these claimed benefits:

First, surplus removal: While it must be conceded that this deal will reduce our inventory of wheat, we may properly ask by how much. Recalling that the Commodity Credit Corporation now owns over 1 billion bushels of wheat, a Communist purchase of 100 to 300 million bushels represents only 10 percent to 30 percent of present stocks. This is not to say that such a purchase is not significant, but it does not represent a solution to the wheat surplus problem.

Second, balance of payments: I think we all realize the existence of a balance-of-payments problem which is currently in the magnitude of $2 billion annually. A multimillion-dollar wheat deal with the Soviets will no doubt help ease this problem, but let me submit that other problems facing our Nation are more serious than balance of payments. For example, we would have no balance-of-payments problem if it were not for the Communists who force us to expend billions of dollars annually on oversea military installations and foreign aid.

Third, consume Soviet foreign exchange: This argument should be tempered with the thought that the Soviet's capacity to purchase internationally will not be materially depleted by U.S. wheat purchases. The Soviet Union is a traditional wheat exporter. Recently she canceled her export commitments to the bloc nations and to Scandinavia. The wheat we will sell to Russia may well be reexported to these nations, thus restoring the Soviet's foreign exchange and solidifying their control over the captive nations of Eastern Europe.

Fourth, propaganda effect: My only question concerning this claimed advantage is whether it will be used. If this deal is to reduce tensions, as has been argued by its proponents, I seriously doubt that the administration will aggressively pursue the propaganda effects of the sale. And let us remember that propaganda is, to a great extent, just words. It alone will not harm the Communists.

Fifth, a step to world peace through humanitarianism: I question seriously whether we will ever be able to have real peace with the Soviets as long as they persist in perpetuating the delusions of Marx and Lenin. This transaction is not for feeding hungry people. It is for building up Red reserves and for meeting their export commitments. Khrushchev and the Soviet Government actually stand to make a profit on this deal since the internal Russian wheat price of $2.50 per bushel is well in excess of both the world and the U.S. price for wheat.

Sixth, improved economic activity in the United States: I have no doubt, Mr. Speaker, that speculators have enjoyed a field day on the wheat markets since the Kennedy-Russian deal came into being. The effect on our economy is yet to be seen and I noticed that Secretary Freeman himself held out very little prospect of improved wheat prices in 1964 as a result of this deal.

Seventh, present policy not realistic: The argument most often heard in justification of the Kennedy-Russian wheat deal is that the Canadians are trading with them, so why do not we? Let me point out first that Canada also trades with Red China. Is that now a reason for us to do so, too? The fact is, Mr. Speaker, that the entire East-West trade relationship is unrealistic and should, as the distinguished gentleman from Minnesota [Mr. QUIE] has suggested, be reviewed from top to bottom. In the meantime, the Kennedy administration most assuredly should be able to prevent the transshipment of wheat from our allies to Russia since they claim that they can now prevent transshipment of wheat from Russia to Cuba, China, North Vietnam, and North Korea.

A MISTAKE FOR AMERICA

The real disadvantages involved in this transaction lie more in the areas of foreign and national policy than in areas of farm and fiscal policy.

First. Our Nation's foreign policy will be in a most awkward position from now on. Let us take Cuba for example. How can we ask our South American friends to help us isolate Cuba? When they ask us why, what do we say to them? Do we say, "You must not help Castro—he is a Communist"? What do we say when they ask us, "Are there not any Communists in Russia, Poland, Bulgaria, Rumania, Czechoslovakia, Hungary, Lithuania, Estonia, and Latvia?"

I believe it is generally recognized that the Soviets have a great deal of trouble controlling their European captive nations where there is deep-rooted opposition to the Communist system of land tenure. This wheat deal, I submit, will also ease the pressure within these captive nations for more private ownership of land, thus postponing further the day of their independence and freedom.

How do we justify a foreign policy position advocating freedom for the captive nations of Eastern Europe when we trade extensively with the Soviet Union?

When a country trades with the enemy for the expressed purpose of monetary gain, the hope for freedom of the many Communist-dominated peoples of the world fade away into despair.

How can we insist that our allies take a hard line against the Reds if we take a soft one ourselves?

Second. Is not this a "bail out" for Khrushchev who is facing his own problems at home? The Chicago Tribune put the situation very succinctly recently when it published a cartoon showing Khrushchev with an empty breadbasket and asking Uncle Sam for wheat while saying:

> I'll bury you if you'll sustain me until I get my strength back.

No matter how momentarily helpful to our wheat surplus problem and our balance-of-payments dilemma, selling wheat to the Russians would undeniably strengthen them where they are weak; to wit, shortage of grain. Have we waited all these years in the cold war for this weak spot only to now rush in to fill it without demanding anything in return except the price of the wheat itself? If the deal is to be consummated, why does not the Kennedy administration demand concessions such as the withdrawal of all Russian troops from Cuba or the destruction of the Berlin Wall?

Third. The Communists will be receiving U.S. surpluses at a subsidized price. Mr. Khrushchev will buy American wheat at the world price of $1.77 per bushel at Galveston, Tex. The U.S. price is currently 56 cents a bushel more at that port. The United States taxpayer will pick up the 56-cent difference.

I realize that a fancy argument in semantics can be made as to how export subsidies are paid, how the Kennedy-Russian deal will be from replenished stocks, and how the American farmer is the recipient of the subsidy. I think we all recognize the fact that export subsidies are actually paid by the U.S. Government to grain companies which are wheat exporters and are the result of the price support program designed to help U.S. farmers. But the indisputable and undeniable fact remains that the foreign purchaser receives the benefit of the lower world price.

In the past, we have tolerated a situation whereby an English housewife could buy U.S. wheat products at 50 to 60 cents per bushel cheaper than could an American housewife. The English are at least our allies in the cold war.

Now a Russian housewife will be able to do so unless that great humanitarian, Nikita Khrushchev, collects for himself and the Soviet Communist Party the profit from the resale of the U.S. wheat in Russia where internal wheat prices are much higher than in the United States or in the world market.

Where, then, does the U.S. taxpayer fit into the picture? Secretary Freeman has ventured a guess that total U.S. wheat exports might go to a billion bushels as a result of the Kennedy-Russian deal.

Since our normal wheat exports are from 600 to 700 million bushels, this means that the Secretary thinks the Communists will buy 300 to 400 million bushels of U.S. subsidized wheat. Since the export subsidy—or loss to taxpayers—currently averages 56 cents per bushel, U.S. taxpayers will be paying from $168 million to $224 million for the privilege of providing wheat to the man who is dedicated to the burial of our Nation, our Government, our system, our families, and us.

Fourth. How do we prevent transshipment of wheat to the Asian Communists or to Cuba? While it might be possible to extract reliable promises from our free world allies that they would not resell to Russia, how can we depend on the Soviets to keep a promise on transshipment?

And even if they did keep their word, the new supply of American wheat could easily and simply displace Canadian or their own wheat which might be transshipped.

Fifth. The precedents established by this deal are indeed most serious. Aside from the legal precedent of ignoring the Congress, the President's decision opens the door for these events: broadened agricultural trade involving other U.S. farm commodities; broadened trade involving U.S. industrial goods; trade with Red China, North Korea, North Vietnam, and Cuba; and diplomatic recognition of each of these Red nations.

In regard to our China policy, let me point out that despite the current protests that Red China is not to be in on the present Kennedy-Russian wheat deal, many persons in the administration actively advocate trade with China. In support of this statement let me quote from the following remarks of April 5, 1962, by the gentleman from Louisiana [Mr. HÉBERT], as appearing on page A2678 of the daily RECORD of that date:

> Mr. HÉBERT. Of particular interest to me is the forthright action taken by the Chairman of the Select Committee, Mr. Kitchin, and our esteemed Speaker when they learned of the efforts by a west coast firm to obtain this Government's approval to export wheat valued at $400 million to North Korea and Communist China. All freedom-loving people, I am sure, were happy to learn of the rejection of the application.

The news article is as follows:

GRAIN FOR CHINA: TWO SOLONS BLOCKED IT

(By Robert S. Allen and Paul Scott)

WASHINGTON.—The vigorous opposition of two influential Members of Congress played a major role in stopping the sale of $400 million worth of grain to Communist China and North Korea.

The huge grain shipment was barred by President Kennedy after he learned that Speaker John McCormack, Democrat, of Massachusetts, and Representative A. Paul Kitchin, Democrat, of North Carolina, chairman of a special House investigating subcommittee were opposed to the sale and were ready to light a congressional bonfire if it was approved.

EXPLOSIVE

Word of this explosive legislative opposition was given the President by Commerce Secretary Luther Hodges during a White House meeting called to determine whether a private export license for shipment of the grain should be granted.

International Trade Corp., a Seattle, Wash., firm, had applied for the license to ship 6 million tons of wheat and barley to Red China and 4.5 million tons to North Korea over a 3-year period.

The refusal of the license was announced by the Commerce Department in a two-sentence statement issued last Friday. It made no mention of the following dramatic White House meeting during which the legislators' intervention tipped the scales against the sale.

TWO FAVORED

Under Secretary of State George Ball and Dr. Walt Rostow, Chairman of the State Department's Planning Commission, had just finished a vigorous argument supporting the grain sale when the President, turning to Secretary Hodges, asked for his views, stating:

"Luther, since it is your responsibility to grant or deny this license, let's hear from you."

"Before giving you my own position," Hodges replied, "I would like to present the views of Speaker McCormack and Representative Kitchin who is chairman of a House subcommittee investigating the sale of strategic materials to the Communist bloc."

"Have they expressed themselves?" inquired the President.

"Quite vigorously," said Secretary Hodges. "They called me personally and expressed very strong objections to the sale. They requested that I make their views known to you."

"On what grounds are they opposed?" asked the President.

"Speaker McCormack took the position that the sales would serve to bolster a sinking Communist government at a time when we should be taking steps to hasten its downfall," reported Hodges. "He warned that approval of the shipment of grain to Peiping would touch off a major foreign policy debate in Congress that could easily endanger passage of your trade program."

KITCHIN BLUNT

"What did Representative Kitchin say?" questioned the President.

"Kitchin was very blunt," replied Hodges. "He threatened a full-scale investigation."

"What is your recommendation?" the President asked.

"As you know," said Hodges, "I have been opposed to granting the license from the outset unless you should rule it in the national interest to permit such sales. This legislative opposition reinforces my position."

"There are good arguments on both sides," said the President in summing up. "However, my decision is that we do nothing to jeopardize the trade bill. We can't afford to have that important legislation mixed up in a China policy debate."

TERSE REFUSAL

Later, the President called Hodges and directed him to reject the license and issue a terse statement, reading:

"There was no evidence that the order held by International Trade Corp. was based upon a request from the government concerned. It is rejected."

This statement was drafted by Secretary Ball and Dr. Rostow. They prepared it to keep the door open for future sales to Communist China. Their argument is that surplus grain can be used to temper the Chinese Communist hostilities toward the United States.

POLICY REVIEW

The United States does not recognize either Communist China or North Korea, and has a tight embargo against trade with both countries.

At the President's request, Dr. Walt Rostow has begun an overall review of our policy toward Communist China. This review is based on a State Department policy paper stating that Sino-Soviet relations are deteriorating so fast that the United States should adopt a flexible China policy to take advantage of the alleged split.

This view of a Russia-China split is challenged by the Joint Chiefs of Staff and Central Intelligence Director John McCone. They hold that the rift is not nearly as deep as claimed in the official State Department paper.

As you can see from the news story, the Speaker was quoted as follows:

> Speaker McCormack took the position that the sales would serve to bolster a sinking Communist government at a time when we should be taking steps to hasten its downfall.

Secretary Hodges was quoted as saying:

> Kitchin was very blunt. He threatened a full-scale investigation.

The President was quoted as saying:

> There are good arguments on both sides, however, my decision is that we can do nothing to jeopardize the trade bill.

The news article then goes on to state that a terse statement denying the request was issued after being drafted by Dr. Rostow and Secretary Ball who prepared it to keep the door open for future sales to Communist China.

I cannot vouch for the accuracy of this story, but I do know that the International Trade Corp. of Seattle, Wash., did seek to sell subsidized wheat to Red China last year and was refused permission to do so. I was as happy then to see that result as I am unhappy now to see a wheat sale to the Russians.

The Washington Evening Star of March 23, 1962, reported the rejected sale as follows:

[From the Washington Evening Star, Mar. 23, 1962]

U.S. Rejects Grain Request for Red Asia

A Seattle trading firm's request for permission to ship $400 million of grain to Communist China and North Korea was rejected today by the Government.

Secretary of Commerce Hodges announced the denial of export license applications from the International Trading Corp., Seattle, for sales of wheat and barley to the two Communist nations in Asia.

A brief announcement said "there was no evidence that the order held by ITC was based upon a request from the Governments concerned."

Officials indicated this was a roundabout way of saying that the proposed grain shipment had been subject to discussions between the Commerce Department and the International Trading Corp., and did not involve any talks with the Governments of Red China and North Korea.

There is a complete embargo on shipments of American goods and produce to the two countries. However, the Commerce Department at least considered making an exception to the rule in this case.

President Kennedy was asked at a recent news conference about reports that a grain deal with Communist China, which has been suffering from agricultural failures, was being considered.

The proposed shipments would have extended over 3 years. Communist China had wanted 6 million tons of grain while North Korea had ordered 4.5 million tons.

Informed sources said that International Trading Corp., in negotiating for the sale of the grain, dealt with a private businessman in Hong Kong and had no contact with the actual purchasers in Communist China and North Korea.

WHAT TO DO?

In conclusion, Mr. Speaker, I would like to remind the House that 2 years ago there was a Berlin crisis marked by the construction of the infamous wall. One year ago there was a Cuban crisis marked by the prospect of an imminent nuclear rocket attack on our Nation. Two weeks ago Russian forces in Germany refused to allow American and British troops to enter West Berlin. Two days ago the Reds again began to harass our troops in Germany. Yet in spite of all this experience, our Government is now going to allow the sale of wheat to Russia. What fate holds in the future is uncertain, but no one should be surprised if 1 month or 1 year from now we are engaged in another showdown somewhere in the world with the Communists. When we do reach that point we may look back with chagrin on October 1963 when our Government decided to bolster up the economies of our potential enemies.

Four times since 1954 there have been attempts to allow subsidized sales to the Reds. Three times before those efforts failed. The fourth time now looks probable unless Congress and the people stop it. If Congress does not take immediate action, the decision of President Kennedy which was conceived in violation of the law of the land and which is now being executed to the detriment of all of us will, I sadly predict, become one of America's most tragic mistakes in this decade.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from California.

Mr. MILLER of California. I may say, Mr. Khrushchev changes his mind quite frequently nowadays. Recently we have had a lot of publicity in this country that has led us to believe he is begging off in his effort to send Russian cosmonauts to the moon, but to a group of American businessmen yesterday, he reasserted that the Russians were very definitely in the race, and they were going on. It is the same question of consistency showing here, and I hope we are not going to be misled and accept Mr. Khrushchev's leadership under all the circumstances.

Mr. HOEVEN. I thank the gentleman for his comment. Moscow-Washington negotiations are taking the usual course. Having won the first big concession, the U.S. offer to supply the wheat, Khrushchev at once started to whittle away at the "firm conditions" which President Kennedy had laid down. Moscow will not agree that all wheat shipments must be transported on U.S. vessels. Moscow refuses to guarantee that the grain is "for delivery to and use in the Soviet Union and Eastern Europe only," as the President stated. Khrushchev has declared "If the Americans, in selling wheat, attach any discriminatory conditions, then we will make no purchases in America," which all confirms the ticker-tape report I just mentioned.

Mr. HARVEY of Indiana. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. I want to compliment the gentleman on his very timely statement that he is making and particularly with reference to the intent of the Congress. I think it is important to recognize also that the Trade Expansion Act of the 87th Congress carried a provision which distinctly stated that Communist-dominated nations such as Poland and Yugoslavia should not continue to receive the most-favored-nation treatment. This was very definitely set forth in the act, but it has not been followed by the administration. It seems in this instance they have excused their unwillingness to follow the intent of Congress, and to follow the law, in fact, by the same device that they have in this other instance which you have just cited.

Mr. HOEVEN. I am glad to have the comments of the gentleman. They are very helpful.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to my colleague from Iowa.

Mr. JENSEN. I want to congratulate the gentleman from Iowa [Mr. HOEVEN] for the analysis and the explanation he has given us relative to the laws which Congress passed relating to this subject. As everybody in the Congress knows and as most every American knows, you, Mr. HOEVEN, are the ranking Republican on the Agriculture Legislative Committee of the House and you have been on the committee for many, many years. Now, it appears to me, we are handing Mr. Khrushchev and his Communist stooges not only a spade but a steam shovel to bury us with—as he said he was going to do not too long ago, when he said he would bury the United States of America. Here we have a situation where the farmers of Russia and the other satellite nations behind the Iron Curtain have apparently decided there is no particular point in them producing to the limit since they receive compensation for their hard labors the same as those who sit around and do very little work.

So the production of crops in Russia has been reduced materially this year and during past years. Therefore, Mr. Khrushchev is buying wheat from every place he can get it and, of course, some of that wheat will be shipped to Castro, the Communist dictator of Cuba. If we sent our wheat there, without a doubt it will be used to fill the void that is caused by the wheat that he will ship to Communist Cuba or to Mr. Castro.

Mr. HOEVEN. I thank the gentleman for his timely contribution.

Mr. JENSEN. Does the gentleman agree with me?

Mr. HOEVEN. I agree with the gentleman wholeheartedly. Of course I do.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I will be glad to yield to the gentleman from Ohio, the author of the Latta amendment.

Mr. LATTA. Is it not a fact that the administration was adhering to this policy established in the 1961 Agricultural Act? Is that true?

Mr. HOEVEN. That is right.

Mr. LATTA. So actually there was not any need for the Congress to take any position, since the administration had followed it for a period of 2 years.

Mr. HOEVEN. The administration had followed it as the gentleman says. The President signed the law and we had every right to assume that he agreed, and approved the policy statement. Now he says Congress should have taken the initiative if it wanted to change the policy. The fact of the matter is that this situation came up so suddenly that the Congress did not have a chance even to review the situation. The opinion of the Congress was not sought by the administration as to whether or not the policy statements should be revised or eliminated.

Mr. LATTA. Mr. Speaker, will the gentleman yield further on that point?

Mr. HOEVEN. I yield.

Mr. LATTA. Is it not true that the leaders of the Congress, including the gentleman now in the well, were called to the White House to be informed that the administration had already taken this position; and they were not consulted on it, and their advice was not sought? Is not that true?

Mr. HOEVEN. The gentleman is correct. The gentleman now addressing you was called to the White House, with others, and we were told what the administration was going to do. Our opinion was not sought; our advice was not sought. I may say that although it is not a matter of record, I spoke out at this meeting and tried to uphold the Congress in this regard. I said that Congress should have been consulted, because we had declared the policy and had written the law; and now all of a sudden we were confronted with a change in policy that we had not been consulted about at all.

Mr. LATTA. If the gentleman will yield further, the gentleman further pointed out the ridiculousness of the Attorney General's opinion on the subject dealing with policy. Would not this in fact mean that every declaration of policy, on every bill, would have to be reenacted every session of Congress if we were to follow this policy?

Mr. HOEVEN. That would seen to be the logical assumption. I just made reference to the fact that every policy enunciated by the Congress could be automatically found not to apply if it did not suit the convenience of the executive branch. The Attorney General also relies on the general constitutional doctrine that the President is supreme in areas of foreign policy and need not follow congressional intent. Without engaging in an extended discussion of constitutional law I believe it would be appropriate for us to recite what it says. Section 1 of the Constitution of the United States reads:

> All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

So Congress, not the President, makes the laws of this Nation and Congress, not the President, should change the law. Congress, in effect, said in the Latta amendment:

> No subsidized sales to the Reds.

The President and the Attorney General disagree, but rather than let Congress change the law they flaunt it and say in substance, "There will be subsidized sales to the Reds."

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. LATTA. Is it not well that we point out that the President did not tell the Nation all that they were supposed to have been told or should have been told on this subject when he said:

> In short, this particular decision with respect to sales to the Soviet Union which is not inconsistent with many smaller transactions over a long period of time does not represent a new Soviet-American trade policy.

Is it not a fact that this did establish a new Soviet-American trade policy as it pertains to subsidized agricultural commodities?

Mr. HOEVEN. The gentleman is correct. It is a new policy.

Mr. LATTA. This statement does need some clarification on this point? It does establish a new policy?

Mr. HOEVEN. I think the statement is too broad, it is not specific, and it does establish a new policy.

Let us discuss the merits and more properly the demerits involved in the President's decision to sell surplus U.S. wheat to the Communists.

I think it is all covered in the statement which I made shortly after this wheat deal was first proposed. I said, and I quote:

> I strongly question the propriety of selling American wheat to Russia. The proposed deal would be just another concession or accommodation to the Soviet Union in the cold war. It would be a unilateral proposition wherein the United States would grant the concession of supplying the Soviet with subsidized wheat at 60 cents a bushel below the price American consumers would have to pay for the same wheat. No matter how monetarily helpful to our wheat surplus problem and our balance-of-payments dilemma, selling wheat to the Russians would undeniably strengthen them where they are weak, to wit, the shortage of grain.

Today, I say parenthetically that the weakest point in the Soviet economy today is the lack of grain.

Have we waited all these years in the cold war for this weak spot only to now rush in to fill it without demanding anything in return except the price of the wheat itself?

If the deal is to be consummated why does not the Kennedy administration demand concessions such as the withdrawal of Russian troops from Cuba or the destruction of the Berlin wall? Furthermore, if we sell wheat to Russia, there will be no logical reason why we should not sell it to Red China and to Castro in Cuba.

I hear someone say, "We have not recognized Red China." Unless I miss the signs of the time we are drifting that way. It is being advocated in many high places. I read in the paper today where Red China was short of grain. The article said the President was waiting for a request from the Red Chinese. I do not know how reliable that newspaper story is, but I am a bit apprehensive in that once we engage in the sale of wheat and grains to the Communists, we have thrown the door wide open and we are defeating the very purpose of our position in the cold war.

Mr. Speaker, Russia is either our friend or she is our enemy. We either have a cold war or we do not have a cold war. If we do not have a cold war why are we spending over half of our budget for national defense if it is not to save the world from communism?

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from California.

Mr. TEAGUE of California. It seems to me the point the gentleman has just so well made has not been set forth in the public discussion on this matter as often as it should be.

I think we can all agree that Soviet Russia is not proposing to buy wheat from us to help our wheat farmers or to help our gold situation. There must be some reason. There must be some reason which the Russians themselves deem important enough so that they have proposed a wheat deal.

Now, there are many people of good faith and good intentions who believe we should sell wheat to Russia. I am not one of them. I have been opposed to the deal from the start. But it seems to me, certainly abundantly clear, if we are to sell wheat to Russia we must insist upon something in return more than dollars or gold. There must be some concession or something given on the part of Russia in perhaps the matter of the removal of troops from Cuba, tearing down the Berlin wall, or some other point on which we have differences of opinion.

Mr. Speaker, I compliment the gentleman from Iowa [Mr. HOEVEN] for making this point so well, and I think we should continue to make it.

Mr. HOEVEN. I thank the gentleman for his kind remarks.

If we sell wheat to our potential enemies, we may have the satisfaction of getting the gold and the dollars in payment, but we most certainly will be surrendering principles in our fight against world communism.

The administration only mentions material considerations—the greed for gold; we want the money, we want to get rid of our wheat surplus, and I am all for doing those things. But there is something more important and that is the great moral issue involved. The following article in the Iron Age of October 17, 1963, tells the full story:

THE WHEAT SALE: MORE THAN MEETS THE EYE

Let's get this wheat sale to the Communists straight. It is not a humanitarian gesture. It is not an accommodation for a friend. It is nothing but a coldblooded business deal—to save storage space.

Only storage space will be saved. The taxpayers will cough up at least 60 cents a bushel on the wheat going to the Russkies. Saps like us always cough up at least 55 or 60 cents a bushel subsidy for wheat. But this time it goes to the Russians—not to starving these or those.

Now that we have that straight, where do we stop? Mr. Khrushchev told us he would bury us, economically, not militarily. So their economy is all shot to hell and we are bailing them out with wheat.

Part of this selling is because other nations are doing it too. So what? They always have. And they have sold to Red China. Why don't we sell to Red China? Is there any difference between the communism of Russia and Red China?

You bet your boots there is little difference between what the Red Chinese and the Red Russians think. Maybe they are at each other's throat, temporarily. But when it comes to selling wheat, shouldn't we sell to the Chinese, too?

It was not too long ago that millions of Americans, including the farmers, and wheat brokers, were crying to the high heavens about the Russians. What has changed since then? Nothing, we think.

The Russians and the rest of the Commies around the world are out to get us. As far as the gold or the dollars we get for the wheat, it won't help our trade deficit much.

Besides, we could wipe out a lot of the trade deficit if we cut out the international pork barrel for those who do not need it, and haven't needed it for years.

The fact that the President had a public relations conference (press conference to you) a la radio, television, etc., has nothing to do with selling wheat to the Reds.

Questions were answered for the administration's benefit, in view of millions upon millions. And why not, with an election coming up?

Let's make up our minds. Are we partners with Khrushchev or are we not?

I also set out the following news story by Holmes Alexander which appeared in the Sioux City Journal of October 23, 1963:

PART OF LENIN'S GOAL? THE WHEAT DEAL: HISTORY'S WARNING

(By Holmes Alexander)

Nobody at President Kennedy's recent press conference, when he announced the wheat deal with Russia, had the nerve or the handy knowledge to ask his comment on this very pertinent statement by Lenin:

"It is necessary," Lenin said December 21, 1920, "to bribe capitalism with extra profit * * * and we will get the basics (equipment) with the aid of which we will strengthen ourselves, will finally get up on our feet and then defeat it [capitalism] economically."

How the President would have explained our willingness to fall into this well-marked trap, I do not know—for there is no rational answer. Yet, I am afraid, there is a historical answer which the history-minded President could have given. When it was contemplated in the 1840's to annex Texas at the price of war with Mexico, Senator John C. Calhoun warned us that we were reaching for "forbidden fruit" by conquest.

When Treasury Secretary McAdoo in Wilson's administration arranged to insure American ships in the Atlantic trade and thereby insure profit, it was another example of taking the fast dollar and ignoring the consequences.

There are, alas, too many such examples from American history when the money seemed more important than the principle and the long-range outcome. The Mexican War, along with our seizure of the Panama Canal zone, is still proof positive in Latin America that we are imperialists—and the reputation will not die, because our enemies will not let it die.

The lucrative arms trade of 1914–17 brought profits of $13 billion, as estimated by John Dos Passos in his book called "Mr. Wilson's War." But the disastrous consequences of our entering that European war are still being spun out.

What will be the consequences of the wheat deal? There is a good deal of ready evidence to show what happens whenever the Western World has been beguiled by moneymaking into selling useful goods to the Soviet Union.

Testifying to a Senate subcommittee in 1961, the Library of Congress authority on Russian economy, Joseph Anthony Gwyer, gave this summary of the prewar buildup we supplied in the Lenin-Stalin period:

"In the early 1920's, by granting mineral concessions, the Soviets obtained from the United States and from other countries, key types of industrial equipment, plus trucks and tractors for their agriculture * * * French manufacturers shared with Americans the credit of helping the Soviet Union build its airpower.

"The Italians provided the Soviets with Fiat cars, airplane engines, dockyard equipment and ships. Germany, to a large extent, became responsible for building up the Soviet machine tool industry. The first Soviet watch factory began functioning with the machinery purchased from the United States."

Did all this lead to peaceful "coexistence"? Or did it advance Lenin's plan to "get up on our feet and then defeat (capitalism) economically"?

Likewise, during and after World War II—up to about 1947—the United States poured not only war supplies but a billion dollars worth of industrial tools into the Soviet Union, as Mr. Gwyer told the Senate subcommittee. No doubt, this contribution helped to make possible the Soviet sputnik triumph of 1957.

And now, to Russia, has come another time "to bribe capitalism with extra profit." A crisis has occurred in Soviet industry and agriculture, requiring outside help. It is help we would never give, as we give foreign aid, for the frank purpose of uplifting another nation's economy.

No, we are doing it for very wrong reasons—to unload our wheat surpluses and to get gold. If, like the greedy monkey, we find ourselves captured, with a clutched fist around the bait, history will have to write that Lenin warned us—but that President Kennedy did not.

Mr. OLIVER P. BOLTON. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. I want to compliment the gentleman on the statement he has made. The gentleman has indicated that we were going to receive gold for these farm commodities. I have been trying for several days to ascertain from the Export-Import Bank the truth or falsehood of a well-substantiated rumor that I get. It is my understanding, at least from people in that field, that the Export-Import Bank is now considering a loan to Hungary which would permit Hungary to purchase corn with our money when they are in our debt already and, as a matter of fact, behind in their payments on that debt.

Has the gentleman any information along that line?

Mr. HOEVEN. I have read some of the newspaper reports relating to the facts the gentleman is giving us. It is even suggested that as a part of our accommodation policy we should lend money to Russia so she could buy our wheat. I do not know whether the administration wants to go that far or not.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Ohio.

Mr. LATTA. In answer to the question propounded by the gentleman from Ohio [Mr. BOLTON], may I advise the House I have been informed on inquiry of the Export-Import Bank that this loan has been made on the Hungarian purchase for $6.4 million worth of corn, that we are guaranteeing that loan with our taxpayers' dollars in the Export-Import Bank to the extent of $6.4 million. The loan was made by one bank in New York City.

Mr. BEERMANN. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Nebraska.

Mr. BEERMANN. Mr. Speaker, I would like to commend my colleague from Iowa for his comprehensive interpretation of the wheat sale situation, and perhaps expand upon one point he made; that one in reference to concessions the United States might win if it is going to pursue this sale.

Not that I condone the sale; I firmly believe it is morally wrong that we make it. But if the administration is bent upon pursuing it and willing to negotiate every point in relation to it, then it only seems sensible that we win some concessions.

Therefore, sarcastically speaking, I was wondering whether it might be appropriate to ask Russia to give us free access to Berlin. I know we have the right to free access but, unfortunately, the Russians do not seem to know it. Therefore, we are treated to a series of humiliating instances wherein American troops are forced to wait hours until Russian guards decide to let them pass. I am wondering if we cannot insist, in the sale agreement, that someone speak to the Russian border guards and tell them it is naughty to stop American troop convoys; and if they do not let the Americans pass, we will never let Mr. Khrushchev see Disneyland.

We might also point out that the Berlin wall violates the spirit, if not the letter of World War II agreements, so would Russia please quit restoring it? I am sure the wall will eventually be torn down since East Germans simply cannot stand having their view of their less fortunate capitalistic neighbors blocked. So all we have to do is to have Russia agree that the wall won't be repaired, and that doesn't seem much of a concession to ask when it is compared against keeping the Russian bellies full during the coming winter.

There are many other concessions I might cite all in sarcasm, but not one expresses the degree of disgust I have for this sale. I think it is extremely unfortunate that we are apparently selling out on a moral issue and being led in that sellout by the present administration. In other times when backbones were stiffer, this transaction could have been labeled "treason."

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from North Dakota.

Mr. SHORT. I thank the distinguished ranking member of the House Committee on Agriculture for yielding to me. I want to commend him for taking the time to bring to the attention of the House some of the realities on this proposition of selling wheat to Communist Russia or any Communist nation, for that matter.

I think one of the important facets of this whole operation has been the fact that I believe the American people are tending to look upon all of the Communist nations at this time as being a little bit more friendly. In fact, perhaps a lot more friendly than they have been in the past.

May I say that I was one of those who raised some question and expressed some opposition as to the merits of selling wheat to Russia when this proposition was first publicized. I did this because I felt that many American people were coming to the conclusion that Russia was on the verge of becoming a more friendly country. As I pointed out at the time, Russia had done nothing even at the time of our agreeing to the test ban treaty positively evidencing her good faith. She could have removed cause for tension between the United States and Russia by such action as removing her troops from Cuba or taking down the Berlin wall, or probably even extending a greater degree of freedom to some of the captive nations. No such demonstration of the desire for friendship was ever made and has not been made to this day.

We had some reason to believe that after we signed the test ban treaty they might reciprocate by making some positive evidence of their desire for friendship and move in the direction of eliminating tension. They have not done this.

As we consider the matter of selling wheat to Russia I think we should keep in mind that we are not dealing with a friendly nation. Neither are we dealing with a country which has any intention of becoming friendly. If there is any need for clarification of the fact that Russia still clings to the Communist ideology and is not about to temper her adherence, this proof was offered in a speech delivered on October 27 by the Honorable W. Averell Harriman at the Waldorf-Astoria Hotel in New York. Mr. Speaker, I ask unanimous consent that I may include Mr. Harriman's outstanding address following my remarks in the RECORD.

The SPEAKER pro tempore (Mr. LIBONATI). Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. SHORT. I call particular attention to several paragraphs which refer to specific statements made to Mr. Harriman by Soviet leaders reiterating their adherence to Communist principles and to the fact that they intend to pursue their aim of Communist world domination.

I would also call attention to some references to Communist policy in reference to freedom of religion.

I urge the Members of the House to read in the RECORD on tomorrow the speech made by the distinguished ex-Governor of New York, who is now an Under Secretary of State. This speech as contained in a press release issued by the Department of State is as follows:

"The limited Nuclear Test Ban Agreement reached with the Soviet Union this summer is a step in the direction of reducing the danger of nuclear disaster," W. Averell Harriman, Under Secretary of State for Political Affairs, said tonight. "But we must not take it as a signal that we can drop our guard or reduce our vigilance. It may be that our competition with the Communists in the political and economic fields will become more intense, not less."

The Under Secretary spoke at the award dinner of the American Jewish Congress at the Waldorf-Astoria Hotel in New York City. Governor Harriman received the congress Stephen S. Wise Award for Advancing Human Freedom.

"It is most important for us to keep in mind what this agreement is, and what it is not," Governor Harriman said. "It is a first step in the direction of bringing the destructive power of nuclear weapons under rational control. It will sharply reduce the danger to health from radioactive fallout for all mankind. We hope it will lead to other steps forward—in the direction of ending the danger of war by miscalculation or surprise attack and, eventually, of halting and then reducing the upward spiral of competition in the arms race."

"But we should make no mistake about it being a step into the millenium. Chairman Khrushchev has told me that 'there can be no coexistence in ideology; that conflict goes on.' Mr. Gromyko confirmed this in his recent speech at the United Nations when he said there could be no compromise in ideology.

"The Soviet leaders remain devoted Communists, pledged to pursue their aim of a Communist world by every means at their disposal—propaganda, subversion and so-called wars of liberation. That does not mean, however, that there may not be areas of common interest where agreements are possible. The nuclear test ban is one such area; we hope there will be others.

"One year ago, in Cuba, Mr. Khrushchev learned that nuclear threats could not succeed against a powerful and determined United States. President Kennedy, through his courage and wisdom, forced Mr. Khrushchev to withdraw his offensive nuclear missiles from Cuba. And it is doubtful that the Soviet leader wants to repeat this experience.

"This, I am convinced, was one of the reasons Chairman Khrushchev decided to go through with the test ban treaty. He wanted to reduce the risk of nuclear war which would destroy all the Soviets had built in Russia. Second, he undoubtedly hoped that a reduction of world tensions would permit him to make good on some of his long overdue promises to his own people for a better life. Finally, in his deepening struggle with the Chinese Communists for leadership of the world Communist movement, he saw that he could use the test ban agreement to isolate Peiping in world opinion. As expected, the Chinese Reds turned down this agreement which has met with the overwhelming support of most of mankind. This supports the Soviet claim that whereas they would communize the world without nuclear war, Peiping's reckless plans would end in nuclear disaster.

"The chilling experience of their Cuban adventure and now their position in the battle with Peiping has moved Moscow's leaders away from their former rocket-rattling course—in the Middle East and elsewhere. But we can count on their attempting to gain their ends in all parts of the non-Communist world by every other means—including support of armed subversion where it seems to promise success.

"This is only one reason why our programs of military and economic assistance may now be more essential than ever. This is a time for us to do more and to do it better. If we retreat from our efforts to help underdeveloped nations to achieve their aspirations in freedom, we can be sure that the Communists will take advantage of every weakness.

"In the continuing ideological struggle with the Communists, the field of religion is one of the more important areas of deep difference. From the time that Lenin said that 'Religion is the opium of the people,' to the present day, the effort of the Communists to stamp out religious sentiments and practices has been vigorous and unrelenting. Back in 1927, Stalin told an American labor delegation: 'The Party cannot be neutral towards religion and it does conduct anti-religious propaganda against all and every religious prejudice because it stands for science * * * it will continue to carry on propaganda against these prejudices."

"When I went to Moscow in 1941, I argued the question of freedom of religion with Stalin as important to our mutual understanding in the war effort. The only result I could identify was the release shortly afterward by the Soviet Minister for Information of a long propaganda statement on the guarantee of religious freedom in the Soviet Constitution.

"I need not remind this group that despite this and other elaborate denials by the Soviet Government, there is still suppression of and discrimination against all religious groups in the Soviet Union. And undoubtedly the heaviest burden of this attack has been borne by the Jews.

"The list of Jewish writers, scholars, and artists who died in concentration camps or at the hands of the secret police in Stalin's final years is a long one. And in the closing days of the ruthless dictator's rule, the notorious doctors' plot was the clear signal of a planned new wave of terror against the Jews.

"After Stalin's death, there was some relaxation. But the respite was brief. Slowly, steadily, new pressures were exerted against the Jews. One after another, synagogues have been closed throughout the Soviet Union until only a few are left. Even the baking of matzohs for the Passover has been prohibited and the last kosher meat market in Moscow has been closed. Nor is the prejudice solely on religious grounds. A person of Jewish descent who may have broken completely with his religious tradition must still carry the nationality designation 'Jew' in his identity card.

"In 1957, the last Jew was removed from the Presidium, the ruling body of the Soviet Union. Of the 175 members of the Communist Party's Central Committee, only 1 is of Jewish descent and only 1 Jew is a senior commander of the Soviet armed forces. It is difficult, if not impossible, for a Jew to play a significant role in political or military affairs. But the Soviet state has no hesitation about harnessing Jewish technical skills and scientific genius for its chosen purposes. Though Jews represent only 1 percent of the Soviet population, they make up more than 9 percent of that country's scientific workers.

"During my last visit to Moscow, I raised the question of religion with Mr. Khrushchev, prompted by his son-in-law's audience with the Pope. The Soviet leader replied that he is an atheist in an atheist government. He closed the door to any thought that the Soviet Government might alter its antireligious policies.

"I know that all of you are particularly concerned, as I am, with the plight of the Jewish community in the Soviet Union. A distinguished group of Americans met here in New York 2 weeks ago at the Conference on the Status of Soviet Jews. After full discussion, they adopted an appeal of conscience for the Jews of the Soviet Union. That appeal and its specific recommendations should be heartily endorsed. This action by persons of different races and religions was in the best tradition of American concern over discrimination and religious persecution wherever they occur.

"The Government of the United States opposes the loss of basic freedoms wherever it may occur—whether by the Jews or other religious groups in the Soviet Union, by racial or national minorities in any part of the world. The difficulty is in doing something effective to alleviate their trials. As you know, the Soviets are resentful of official approaches on matters which they consider to be within their domestic jurisdiction. We do raise these matters informally whenever there is an appropriate opportunity.

"We are working constantly to reunite families of American citizens and to bring close relatives to this country. Mr. Khrushchev has indicated he wanted to see this problem settled and there has been some progress. As a result, approximately 800 Soviet citizens have been permitted to join their relatives in this country and quite a few of them were Jews. Our efforts in this regard extend to all the countries of Eastern Europe, not to the Soviet Union alone. We are making progress and we hope more will be made in the months ahead.

"At the United Nations, we have called attention to persecution wherever it occurs. As a result of our initiative, the U.N.'s Commission on Human Rights has agreed to accept and to use in its periodic reports information supplied by nongovernmental organizations. This kind of exposure of the facts to the spotlight of world opinion is often more effective in producing useful results than formal protests in government-to-government communications. President Kennedy, in his recent speech at the United Nations, condemned the closing of synagogues as one of the violations of human rights.

"But you can be certain," Governor Harriman concluded, "that if it seems likely that a more direct approach will serve useful ends and ease the situation of even a few of our fellow men, our Government will make it. Meanwhile, the relentless exposure of the real facts by groups such as this will continue to serve the cause of freedom and of justice."

Mr. HOEVEN. I am glad the gentleman made reference to Ambassador Harriman's speech.

May I also call the attention of the House to a very fine speech made in the other body on November 4 by the senior Senator from Connecticut [Mr. DODD]. It is one of the finest exposes of this entire situation. I commend it to you, and I compliment the senior Senator from Connecticut for his very factual and statesmanlike speech. It should make everyone stop, look, and listen.

I yield to the gentleman from Kansas [Mr. DOLE].

Mr. DOLE. I thank my colleague for yielding.

I might point out, first of all, that I am privileged to represent the largest wheat producing district in America. Of course, our farmers are interested in disposing of their commodities. They have been asked by Secretary Freeman, as he travels around rural America after his travels around Communist Russia and other Communist bloc countries, whether or not they wish to sell their wheat, and, needless to say, many hands go up because the farmer, of course, wants to sell his wheat. I do believe, however, they should be given the entire story. It is hard to justify fighting communism with the one hand and feeding communism with the other and I make specific reference to the 130 Americans who have died fighting in Vietnam. In the recent book by J. Edgar Hoover, "A Study of Communism," he pointed out that we cannot isolate one Communist country from another Communist country. We are dealing with an international Communist conspiracy whether we like it or not. We talk about peaceful coexistence—we all want peace and good will but certainly cannot have it as long as we travel a one-way street. Just what has Russia done to relax world tension?

On this basis, 10 of us from wheat producing districts sent a telegram to President Kennedy on September 30 and another telegram on the very day that he approved the sale on October 8, 1963. We are still waiting for a reply.

The telegrams of September 30 and October 8 are as follows:

SEPTEMBER 30, 1963.

The Honorable JOHN F. KENNEDY,
President of the United States,
The White House,
Washington, D.C.

Recognizing the great interest in and significance of the current proposal to sell U.S. wheat to the Soviet Union, we desire clarification of pertinent details concerning such a transaction and the probable ramifications should you make an affirmative decision.

Have any representatives of the Soviet Union or other Communist nations recently contacted our Government, either directly or indirectly, with reference to purchase of wheat or other U.S. agricultural commodities? If so, in what quantity and upon what terms and for what price?

Has the long-range effect of such a transaction on our foreign policy been considered? What will be our policy toward Red China, North Korea, North Vietnam, and Cuba in the event any of these nations should hereafter offer gold or dollars for wheat or other U.S. farm commodities?

In the event of a United States-Russian wheat transaction, what diplomatic pressures could our Government apply to free world nations wishing to step up trade with Cuba or other Communist nations? Will such sales to Russia impair the present policy of containment in Cuba?

Another vital factor in your decision involves the current and projected status of the world wheat market. Secretary Freeman has pointed out that Soviet Russia canceled many of its export commitments and that outside the United States there are but a few substantial sources of wheat in the world. In view of Soviet and European shortages, therefore, there appears a serious question whether our Nation could export any more wheat to Russia than to the free world. If this be so, exporting wheat to free world countries would seem an obvious choice.

Will transshipment from Russia to Cuba of any U.S. wheat purchased, or its byproducts be permitted?

Finally, we trust the legal aspects of such a sale to Russia—such as the Johnson Act on export credits, the Webb-Pomerene Act on export assistance, Public Law 480 which prohibits soft currency sales, barter, and Government-supported dollar sales to Russia, and the Latta amendment to the Agricultural Act of 1961 expressing congressional policy against a subsidized sale to Russia—will be full considered.

As representatives of wheat-producing areas, we shall appreciate answers to the questions raised. Without specific information, it is difficult for us and the many farmers we represent to make a proper appraisal.

Bob Dole, Al Quie, Don Short, Garner Shriver, Joe Skubitz, Bob Ellsworth, Don Brotzman, Catherine May, Ben Reifel, Odin Langen.

October 8, 1963.

The Honorable John F. Kennedy,
President of the United States,
The White House,
Washington, D.C.

Since reports indicate an announcement will be made during your press conference this afternoon concerning sale of wheat and possibly other grains to Russia and its satellites, we again respectfully request your position relative to the questions posed in our telegram of September 30. All Americans want assurance the sale of wheat, or any other commodity, to Russia or its satellites will not endanger the life of one American, here or abroad.

Bob Dole, Al Quie, Don Short, Garner Shriver, Joe Skubitz, Bob Ellsworth, Don Brotzman, Catherine May, Ben Reifel, Odin Langen.

Mr. Speaker, time does not permit me to point out other very fine statements, but I call your attention to one in a letter to the editor under the heading "Peasants Can Defeat Communism" by Bela Fabian, chairman, Federation of Hungarian Former Political Prisoners.

The matter referred to is as follows:

PEASANTS CAN DEFEAT COMMUNISM

To the Herald Tribune:

Between the two world wars Hungary exported 5 million tons of wheat a year, as well as cattle, poultry, butter and fruit. Today, Hungary depends on imported wheat. Why? The peasants will not work for a regime that took their land by force and forced them into collectives. They want back their land and freedom.

The 1956 revolt showed that armed uprisings cannot defeat communism without the support of the West. But in Hungary, as in other oppressed countries, the peasants have found that by not working they can force the regime to its knees. Peasant resistance does not ask for outside intervention in its fight for freedom. It hopes to lick the Communists by itself.

The Hungarian, as well as the Bulgarian, Czechoslovak and Romanian, peasants ask only one thing of the West: do not give aid to their enemies. Do not give wheat to a regime for which they refuse to work.

Bela Fabian,
Chairman, Federation of Hungarian Former Political Prisoners.
New York.

I would like to ask one question, Mr. Hoeven. Mr. Freeman spent 30 days in Russia and other Communist countries. He came back apparently feeling that technology had advanced in Russia and that Russians were gaining in agriculture. There was not one single bit of evidence he knew anything about a crop failure. Do you know why the top man in U.S. agriculture did not recognize this crop failure?

Mr. HOEVEN. I am glad the gentleman made reference to that particular subject and I want to make an observation. It is regrettable that so many people in this country do not really understand that we are in a cold war with the Communists. Many well-meaning people say we have to feed the hungry. I am for feeding hungry people too, but that is entirely beside the point. I challenge anybody to point out to me wherein in the President's report sent to Congress in which he justified the wheat sale, he gave one humanitarian reason for such sale. Everything he mentioned related to saving money, to doing away with storage costs, to bettering our balance-of-payments situation, to increasing the income of farmers, et cetera. But, not one single word about feeding the hungry mouths of starving people. I am receiving a few letters from well-meaning folks who kind of chide me for not wanting to feed hungry people. But that is not the issue at all. It is not claimed by our Government that the wheat is needed to relieve the hungry in Russia. There is no famine in Russia and people are not starving there. Secretary Freeman upon his return from Russia had a press conference and it is reported he said that he saw no evidence of hunger. He is also reported to have said that the Russians were able to feed themselves. Russia wants this wheat so it can meet its grain export commitments to the satellite nations. That is why she wants this wheat. This will permit her to devote her money and energies to national defense and the buildup of her vast military resources. Wheat sales are important to the Soviets primarily for political reasons and not for any humanitarian reasons whatsoever.

Mr. DOLE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. McCLORY. Mr. Speaker, I thank the gentleman for yielding and want to compliment him on the very fine statement he has made this afternoon, and also I would like to associate myself with his remarks. Also I would like to compliment him for bringing out the fact that there is no humanitarian aspect to this problem that we are dealing with; that in addition to opportunity of the Russians to meet their commitments to the Soviet bloc nations, as well as Cuba and Red China and particularly East Germany, this would give an opportunity to the Soviets to stockpile these products, for some unknown reason, because they have not stated what reason they might want to stockpile grain. But we can be certain that it would not be a reason consistent with the best interests of our Nation. This is bad politics for the United States of America, good world politics and internal politics for Mr. Khrushchev, and we should certainly call the whole deal off.

Mr. Speaker, the proposed subsidized sale of wheat to the Soviet Union, as it has been reported so far by the administration, is not in the best interests of our Nation or of the free world.

The proposal has never been described as having any humanitarian aspects, and no suggestion has been made that the Soviet Union is facing a famine or that any Russian people are on the verge of starvation.

Accordingly, we have no right to assume that Russia needs the wheat for its own domestic needs, unless it is seeking to acquire a large quantity of wheat as a stockpile for some future, unknown purpose. It is much more likely that the Kremlin wants to acquire our wheat in order to export wheat to its satellite nations or, indeed, even to Red China or Cuba.

If, then, the Soviet Union desires to purchase our wheat for the purpose of stockpiling or for export to other nations, it is certainly appropriate to ask—in the first instance—upon what theory a sale of wheat to the Soviet Union may be justified under any circumstance, or at any price. I have not heard anyone deny that the Soviet Union continues to be the enemy of our Nation and of our democratic system of government.

A majority of the Republican members of the House Agriculture Committee has denounced this proposed trade with the enemy as morally wrong, and has stated that this wheat deal will destroy our position of moral leadership in the world.

A most remarkable aspect of the deal which is said to have been negotiated is that it indicates no negotiations, whatever. The Russians are buying our wheat at the world price—the price at which we sell wheat to our allies and friends throughout the world. Consequently, the Soviet Union is suddenly exalted to the role of "most favored nation," under this deal. This means the Soviet Union under this wheat deal enjoys the preferred status of purchasing a large quantity of our surplus wheat at a price 56 cents lower than wheat can be purchased by domestic buyers. This reduced price results from the contribution by American taxpayers to the extent of the 56-cent differential.

As the gentleman from Iowa [Mr. Hoeven], the distinguished ranking minority member of the House Committee on Agriculture, declared earlier in remarks on the floor of this House: We are not upset when we learn that the British housewife is able to purchase bread at a lower price than the American housewife, because of the lower price of American grown wheat per bushel in England than in the United States. But the American housewife and the U.S. taxpayer will not sit still while the Secretary of Agriculture, Mr. Freeman, negotiates a sale of wheat to the Soviet Union, which may enable the Russian housewife to buy her loaf of bread manufactured from American grown wheat at a price lower than she, the American housewife, has to pay.

If I understand the dilemma which has arisen with regard to cotton—and I believe I do—a subsidy of cotton is desired for the domestic textile manufacturer because the foreign textile manufacturer purchasing cotton at a figure lower than the domestic manufacturer has to pay is able to compete unfairly with our American manufacturers.

Is it not possible that the Soviet Union might likewise place us in a similar position with regard to wheat? Certainly, if our American wheat is converted into flour or wheat products in the Soviet Union—from wheat which they purchase at 56 cents a bushel cheaper than domestic millers must pay—we may find that we are buying cereals, cookies, cakes, and other manufactured wheat products from the Soviet bloc nations at prices which will make it impossible for our domestic manufacturers to compete pricewise.

But, the administration has stated that President Kennedy wishes to impose a restriction against Soviet reexportation of American grain to Soviet bloc nations and to Red China and Cuba. However, it should be pointed out that even though these restrictions were observed there would be nothing to prevent the Soviet Union from consuming the American wheat—itself—and then exporting Soviet-grown wheat to the satellites and Soviet bloc nations, plus Red China and Castro's Cuba.

I am informed that, last year, the Soviet Union exported approximately 7.8 million tons of grain—of which wheat constituted 4.7 million tons. East Germany was the largest consumer, with Czechoslovakia, Poland, Brazil, and Cuba also receiving large shipments from the Soviet Union.

It would seem most important to the political success of Khrushchev that this dependence of the Soviet bloc nations on the Soviet Union should continue. The Soviet Union's stock would certainly plummet if Khrushchev could not deliver wheat, and if the inherent weakness of the Communist system should be brought home—through actual food shortages—to the rank-and-file citizens of the Soviet bloc nations.

Not only does there appear to be no negotiation with regard to the price at which the Soviets might purchase our wheat, there appears likewise to be no negotiations with regard to any other subject which today stands between our Nation and the Soviet Union. The Berlin wall, the troops in Cuba, the harassment of our troop convoys serving Berlin, and other subjects might appropriately be arbitrated if we are to serve the great internal and political needs of the Soviet leadership. But none of these subjects are said to have been resolved.

Indeed, the arrogant effrontery of the Communists with regard to our troop movements along the road to Berlin appears to have been deliberately stepped up. This is as if to remind us that indeed the Khrushchev promise to bury us will be made good and that, meanwhile, we must subsidize those who would detroy us, and keep them strong and healthy while we await our day with destiny as Khrushchev has planned it.

The wheat deal, as it stands now, is good world politics for Khrushchev and his cohorts. In addition, purchasing wheat at a reduced and subsidized price is a very attractive financial deal for the Soviets.

But, as it stands today, the wheat deal is poor politics for our Nation. It is politically unwise in the eyes of the world and, if I may say so, it is politically unwise for the administration in the eyes of the citizens of the Nation.

Perhaps we can learn one important lesson from the Soviet leaders; namely, that whenever they discover that they have made a bad deal—they call the whole deal off.

That is my suggestion to Mr. Kennedy and Mr. Freeman.

Mr. HUTCHINSON. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman.

Mr. HUTCHINSON. Mr. Speaker, I simply want to make this observation: I am sure the gentleman will agree with me that the people in the United States have the idea that if we can get gold for this wheat that that will be the quid pro quo. Would not the gentleman agree with me, however, that we will in effect be shortchanged so far as the gold is concerned to the extent of the subsidy which we are giving to the Russians? We are going to get less gold for the wheat due to the fact that they are going to buy on the world market whereas our economy has to purchase the wheat on our domestic market.

Mr. HOEVEN. I tried to point that out. The gentleman is exactly correct.

Mr. FEIGHAN. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Mr. Speaker, the issue of selling U.S. wheat to the Russians has passed through so many contradictory stages and conflicting reports that the whole matter has reached the proportions of an Odyssey—with the real issues lost in the wanderings up and down a well marked Russian trail.

The first public notice of a possible sale of wheat to the Russians played the line that the Russians were in desperate need due to another round of agricultural failures in Red utopia and that the Russians had a surplus of gold ready to be put on the barrelhead for our wheat. No one raised a question whether the Russian gold was hot—which it is, having been produced mainly by the toil of slave labor—because we need gold to improve our balance of payments. Russian gold, hot or cold, for our wheat looked like and was presented as a sound business deal. Public protests were raised, but the ring of gold drowned them out.

After the lure of gold was fully established, authority for negotiating the deal was given to a combine of private U.S. grain operators. When the haggling process with the Russians began, a series of significant leaks came out of the haggling room.

It soon became clear that the Russians expected to get wheat subsidized by the American taxpayers. That is, the Russian offer was well below the normal market price for wheat and represented a price about 60 cents per bushel less than the actual cost of the wheat, the 60 cents per bushel difference being the U.S. Government subsidy—which in reality is the subsidy provided by the American taxpayers. No doubt the Russians figured that since the American taxpayers had been maneuvered into subsidizing the Tito and Gomulka regimes, it was worth a try on their part.

The next disagreement to leak out of the haggling room was that the Russians refused to use U.S. vessels to transport the golden wheat, a fixed condition required by U.S. law. Their argument was that they could get cheaper rates on non-U.S.-flag ships. Apparently the Russians intend to ignore President Kennedy's promise that the deal would produce "added income and employment to American shipping, longshoremen, railroad workers as well as grain traders and farmers." There is an escape clause in U.S. law with regard to use of U.S. vessels, limiting use to "when available." No doubt the Russians will produce a plan in which American vessels will not be available.

These events were followed by news that if we did not bow to Russian haggling, they would turn to other nations of the free world to make their wheat purchases. Someone should have asked them to whom they could turn for the volume of wheat they need to survive. Canada and Australia, the other great wheat producers, have already sold their surplus to Red China and the Russians. There is no other wheat surplus in the world able to meet the Russian needs. But here again Russian threats have a way of influencing too many people.

These events were capped with hints that the Russians would seek a loan from the United States in order to cover the cost of our wheat. Someone forgot to ask what happened to all that Russian surplus gold that was supposed to be on the barrelhead for our wheat.

Finally, President Kennedy announced a few days ago that negotiations during the immediate days ahead would reveal whether we will succeed in selling our grain to the Russians. I was under the impression the Russians were trying to buy our wheat, not that we were trying to sell them our wheat. There is a great difference involved here. It would appear the Russians have put us on the defensive in this matter, in a position where we will eventually be asking them to take the wheat off our hands.

The lure of Russian gold has been removed from the haggling room.

The honest cost of our wheat is not a point the Russians consider relevant.

The profits of American vessels and longshoremen now appear as nothing more than a hopeful promise.

American taxpayers should get ready for the news that the Russians received a loan in order to buy our wheat. I hope no one will be so rude as to recall that the Russians now owe us over $10 billion—and they have made it clear they have no intention of repaying those loans.

This is but another example of Russian confusion techniques at their best. Time will tell just how confused we have become in the Odyssey of a Russian-American wheat game.

SELLING WHEAT TO RUSSIA

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. DAGUE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DAGUE. Mr. Speaker, I am unqualifiedly opposed to the sale of U.S. wheat to Communist Russia. My opposition stems from the firm conviction that the purchase of wheat outside the Communist bloc is a move to their strategic advantage. As I read it, the law specifically forbids traffic with Russia under Public Law 480, and I feel that any attempt to circumvent that edict in the case of wheat would be completely reprehensible.

As regards the sale of wheat or other strategic commodities to the U.S.S.R. by nations with whom we are allied, I would state as emphatically as I know how that continuation of such sales should automatically cancel any aid we may be now providing the countries involved. Deserving special condemnation, in my opinion, is Canada's assistance to Cuba; and I think that forthright action by our Government is indicated, including blockade of such traffic if necessary.

As for the "bleeding hearts" who will defend the sale of wheat to the Soviets on humanitarian grounds, I would suggest that Russia will be able adequately to feed her people if she will simply cut back on her military establishment, now being maintained for aggressive purposes, and use the funds and personnel thus released for the increased production of food and fiber.

SELLING WHEAT TO RUSSIA

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. DERWINSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, I join my colleague, the gentleman from Iowa, in expressing vigorous opposition to the Kennedy administration decision to sell American wheat to the Soviet Union.

It is my strong conviction that any aid to any Communist government serves to perpetuate its dictatorial control over the people and does not provide for their material or political wellbeing. Thus, we are acting in direct contradiction to our historic support of the principle of self-determination of peoples by bolstering their oppressive Communist governments.

It has been clearly established that there will be no starvation in the Soviet Union if we refuse to cooperate with the Communists' request for our wheat. Therefore, the argument that the deal should be consummated for humanitarian reasons certainly has no validity. The Soviet Union plans to continue its exports of wheat to other countries, so it is obvious that the United States, by its sale of wheat to the Soviet Union, is contributing to politically motivated trade policies of the Communists.

By this misguided deal, which is a symptom of the illness of appeasement from which this administration is suffering, we are also helping the Soviet dictatorship to forestall the collapse of the collective farms, the ineffectiveness of which has been the major factor in the crop failure in the Soviet Union.

The American taxpayer is being forced by the administration to subsidize this infamous sale and the American shipowners are being given the choice of drastically cutting their charges or losing the job of shipping our wheat to the Communist countries. In spite of the President's specific requirement that the wheat be shipped in American bottoms, the Commerce Department is now pressuring our shipowners to meet Soviet demands for lower shipping charges.

It would be far wiser and more morally defensible for the United States to alleviate its balance-of-payments problems by reducing foreign aid to Communist Yugoslavia and the left-leaning neutral countries we are now supporting than by this direct support of the Soviet Government in the form of the sale of wheat.

Mr. Speaker, I again protest this deal made by the present administration on moral and practical political and economic grounds and urge that Congress act to make sure that such a betrayal of both the American people and the captive peoples of communism will never occur again.

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that those Members who participated in the discussion may be permitted to revise and extend their remarks.

The SPEAKER pro tempore (Mr. LIBONATI). Is there objection to the request of the gentleman from Iowa?

There was no objection.

THE NEW WHEAT DEAL

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Wisconsin [Mr. LAIRD] is recognized for 20 minutes.

Mr. LAIRD. Mr. Speaker, it has come to my attention that the Export-Import Bank has decided to guarantee all commercial credit extended by private commercial banks for purchase of U.S. farm commodities by Communist countries.

Normal practice for the Export-Import Bank is to guarantee no more than half the amounts due from foreigners. This normal practice applies to every free world ally this country has.

Many of us in the Congress seriously criticized our Government's decision to approve a wheat sale to Communist countries. We felt that at least sufficient time should have been permitted prior to such an approval during which the Congress could have made a thorough study of the feasibility of such a sale.

This was not done. In apparent disregard of the Johnson Act and the Latta amendment, the executive branch went ahead with the approval.

The Latta amendment, in its loosest construction, was at least a guideline set down by the Congress. The President chose to ignore it.

In his press conference of October 9, the President stated his own guidelines to accompany the approved sale. He said that the deal would be between the Communists and private American merchants. He said that the wheat we sell would be carried in available American ships, supplemented by ships of other countries, as required.

The President has now chosen to ignore his own guidelines almost as readily as he chooses to ignore congressional guidelines whenever they come into conflict with his own views on a given matter.

He said it would be a private deal. Yet the Export-Import Bank, a U.S. agency, has mysteriously agreed to shatter its own precedents and to guarantee up to 100 percent of the credit extended by commercial banks to those American dealers who will carry out the transaction with the Communists. At present, this guarantee has been extended to a $6 million corn sale to Hungary. All indications are that this same 100 percent guarantee will also be extended to the entire $250 million proposed and Government-approved deal with the Communists. This goes far beyond even the most-favored-nation treatment we accord our allies.

At the same time—if not by definition, at least in actuality—the Export-Import Bank's action makes this not a private, but a public and therefore a Government deal. The risk which should accrue to the dealers themselves and to the commercial banks which extend the credit—this risk has been nationalized.

If the Communists default, the American taxpayer will pick up the entire tab.

Mr. Speaker, this makes no sense at all, from any perspective. As a strict business deal, he who enters into a transaction expecting to make a profit, should take upon his own shoulders some of the risk involved.

In his press conference, the President's insistence that this would be a strictly private deal was obviously brought into the picture because the President was uncertain of his ground vis-a-vis existing statutes concerning this matter if it had been a Government deal. If the Government now chooses to assume the entire risk, it would certainly and plainly seem to follow that the Government is a major party to this transaction and the Congress should look deeply into the altered circumstances of this transaction.

Parenthetically, Mr. Speaker, it seems inconceivable that the Government of the United States would find it possible and attempt to make palatable the fact that every time we make a concession to the Soviets, the quid pro quo we find ourselves accepting is another and graver incident in Berlin.

I have heard reports that the administration is now contemplating an agonizing reappraisal of its relations with the Soviet Union. Many of us in the Congress requested such an appraisal before the test ban was ratified, before a joint moon shot was suggested—naively, I might add—by our President, before we agreed to bail our sworn enemy, the Soviet Union out of an agricultural mess, and before we established a meaningful and effective policy with respect to what we would demand as reciprocal concessions for our own generosity.

Let us hope, Mr. Speaker, that after 3½ years of consistently bad guesses, woefully inadequate analyses of Communist intentions, and imperfectly devised policies, the administration has now come to the point where it will deal with realities and not dreams.

GOVERNMENT DEBT BEING PAID MORE THAN ONCE—A BILLION DOLLARS A YEAR PAID TO FEDERAL RESERVE ON BONDS THAT HAVE BEEN PAID ONCE, WITH INTEREST—IF BONDS ALREADY PAID ONE TIME ARE EXCLUDED FROM NATIONAL DEBT THE BILL TO INCREASE NATIONAL DEBT TO $315 BILLION UNNECESSARY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, I asked to be heard before the Rules Committee this morning on H.R. 8969, a bill to increase temporarily the public debt limit to $315 billion.

The sole purpose of my appearance was to request that when the Rules Committee reports a rule to consider H.R. 8969 it do so with an open rule, so that amendments to the bill may be offered in the House.

DEBT LIMIT INCREASE UNNECESSARY

It will be my purpose, when the bill reaches the floor of the House, to offer an amendment if the rule permits which will make an increase in the debt limit unnecessary, simply by requiring that the outstanding public debt be properly counted.

GOVERNMENT BONDS THAT HAVE BEEN PAID SHOULD NOT BE INCLUDED IN NATIONAL DEBT

If we as individuals or as businessmen paid off a debt we owed and got back our canceled note or our canceled mortgage, we would no longer count that previous debt as debt which we still owe. We would eliminate that former debt from any accounting of our financial condition which we might give to Dun & Bradstreet, to a bank, or anyone else.

It should be the same with the Federal debt, but at present this is not the case. Certain Treasury bonds, notes, certificates, and other evidence of indebtedness which the U.S. Government itself owns on behalf of the general public are counted as outstanding debt. This is an irrational and misleading method of accounting.

DIFFERENT WAYS GOVERNMENT BONDS HELD BY AGENCY

Let me make clear that agencies of the Federal Government hold Federal debt obligations under two entirely distinct circumstances. In one circumstance, Federal agencies hold Government securities in certain trust accounts, where the agency is merely acting as trustee, and for funds belonging to particular segments of the population. Examples of these trust accounts are the unemployment compensation and the old age retirement funds; the civil service retirement funds; the railroad retirement fund; postal savings deposits; Federal Deposit Insurance Corporation funds; Federal savings and loan insurance funds, and so on. The general public does not own the securities in these funds. The Government has merely invested the funds of some particular group who have entrusted the funds to the Government. Government securities held in such trust funds are of course properly counted as outstanding public debt. They are quite properly counted as a part of the debt which is subject to the debt ceiling.

STABILIZATION FUND EXAMPLE

There are, however, circumstances where the Government itself owns debt obligations, not on behalf of any particular segment of the population but on behalf of the general public. These obligations should not be counted as outstanding debt. When the Secretary of the Treasury takes the general funds of the Treasury, for example, and invests them in Government debt obligations these obligations have been paid for by the general public, and should not be counted as outstanding debt. This is the case of Federal debt obligations held by the Treasury in the exchange stabilization fund.

The exchange stabilization fund represents funds which have been taken out of the general fund of the Treasury and set aside in a special fund to be used as may be needed, to purchase foreign currencies for the purpose of stabilizing the exchange value of the dollar in terms of foreign currencies.

On October 31, 1963, the Treasury held $33 million of Federal debt obligations in the exchange stabilization fund—see "Daily Statement of the U.S. Treasury," October 31, 1963. This is not a large amount, in terms of $307 billion Federal debt; but this amount could well grow in the months ahead, because of our peculiar balance-of-payments problem and the steps which may be necessary to carry on stabilization activities.

HIGHWAY TRUST FUND

Similarly, the Treasury held $465.4 million in the highway trust fund on October 31, 1963—same source as above. True, these funds have been collected, through gasoline taxes, for a special purpose—highway building—but they are funds which belong to the general public, not to some special set of claimants, and in my view these obligations should not be counted as outstanding debt. They have been paid for with the taxpayers money.

GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE OPEN MARKET COMMITTEE HAVE BEEN PAID ONCE

Finally, a very large amount of Federal debt obligations belonging to the general public is held at all times by the Federal Reserve System. On October 30, 1963, the amount of U.S. Government securities which had been bought outright and held by the Federal Reserve was $32.4 billion, or more than 10 percent of the total outstanding Federal debt, as outstanding Federal debt is presently counted—see "Factors Affecting Bank Reserves and Condition Statement of Federal Reserve Banks, Board of Governors, Federal Reserve System," October 31, 1963. How can we as Members of Congress further condone making our constituents pay our debts more than one time? Or to pay interest on debts and interest that have been paid once?

How have these debt obligations been acquired? For what purpose are they held? Who owns them? And what disposition will finally be made of them?

These obligations—consisting of Treasury bonds, bills, notes, certificates, and other interest-bearing Treasury obligations—have been purchased simply by creating the money with which to buy them. This is not as horrible as it may sound; indeed, it is an essential part of the system used in all industrial nations to provide the growth in the supply of money necessary to accommodate growths in population and even greater growths in economic transactions. Money has to be created, because it does not come from heaven, and it does not grow on trees.

Under our Constitution the power to create money is assigned to the Federal Government and, more specifically, it is assigned to the Congress. This power to create money has been delegated to the Federal Reserve System and to the private commercial banks. The Federal Reserve System has been delegated the responsibility for determining how much money shall be created and in circulation at any one time, and also responsibility for determining, within wide limits, what portion of the money supply shall be created by the private banks and what portion by the Federal Reserve itself.

MONEY CREATED BY FEDERAL RESERVE AND COMMERCIAL BANKS

Getting down to mechanics, the Federal Reserve creates money in much the same way that private banks create money. It creates demand deposits to the account of the private banks which are called bank reserves. When the Federal Reserve finds it necessary to expand bank reserves by, say, $1 billion, it does so simply by buying $1 billion of Government securities from the open market and paying for them by creating $1 billion of bank reserves, credited to the account of one or more private commercial banks. This money created is high-powered dollars, which banks can use to create 10 additional dollars to loan or invest on every high-powered dollar.

Under present regulations of the Federal Reserve, the money-creating powers are divided between the Federal Reserve and the private banks on an approximate 1-to-10 basis. In other words, when the Federal Reserve expands bank reserves by a billion dollars, this automatically entitles the private commercial banking systems to create $10 billion of new bank deposits. The private commercial banks may do this by purchasing $10 billion of Government securities, by purchasing private securities, or by making loans to business and consumers, or by whatever mixture of loans and investments they see fit to make.

Now, we might ask, will the time ever come when the Federal Reserve will find it appropriate to sell some substantial amount of its Government securities in order to contract the supply of money? The answer is "no," because as a general rule the supply of money must be expanded by about 3 percent each year, compounded, in order to keep up with the growth of economic transactions which are effectuated with transactions in money.

BANKS CREATE MONEY ON BASIS OF 10 TO 1

Of course, the bank reserves which the Federal Reserve has on its books are a liability of the Federal Reserve to the commercial banks. Any commercial bank caring to do so can draw out currency, on a dollar-for-dollar basis, in exchange for its reserves. But no bank wishes to draw out any more currency than is absolutely necessary to accommodate its customers, because currency draws no interest and, what is more important, with each dollar of reserves the bank draws down by taking out currency, that bank loses the power to create $10 of demand deposits in exchange for $10 worth of interest-bearing assets.

Even so, the public's demand for "hand money," or currency, continues to grow also. Coincidentally, the amount of Federal Reserve currency in circulation is about equal to the value of the Treasury obligations it holds. So in one sense it could be said that by issuing currency, the Federal Reserve has acquired interest-bearing Government obligations by issuing non-interest-bearing Government obligations in exchange for them.

The following table will illustrate the postwar growth in the Federal Reserve's holdings of Government securities and the growth in the money supply, which is defined to consist of demand deposits of the commercial banks, plus currency in circulation outside of banks.

[In billions of dollars]

End of year	Federal Reserve holdings of Government obligations	Demand deposits in commercial banks	Currency outside banks
1929[1]	0.5	22.5	3.6
1939	2.5	29.8	6.4
1950	20.7	92.3	25.4
1960	27.0	116.1	29.5
1962	30.5	120.4	31.2

[1] End of June 1929.

Since it is manifest that the Federal Reserves' holdings of Government securities must continue to increase in the years ahead, we might ask why these securities are not canceled? They could be, because they will be held in perpetuity. In truth, the Fed merely holds them, draws the interest from the Treasury, spends all of this interest income it cares to spend, then returns the rest back to the Treasury.

NINETY-NINE PERCENT OF EARNINGS OF FEDERAL RESERVE BANKS COMES FROM TAXPAYERS WHO HAVE PAID THE BONDS AND INTEREST ONE TIME

Last year the Federal Reserves' total income was $1,049 millions. Of this amount, $1,039 millions, or better than 99 percent, came from interest payments from the Treasury, on its holdings of Government obligations—the Treasury paid the System an average interest rate of 3.52 percent. From this income, the Federal Reserve spent or otherwise disposed of $250 million and returned the other $799 million to the Treasury. The people are being compelled to pay a billion dollars a year interest on bonds that have already been paid once. It is a subsidy with a vengeance.

IS THIS BEING CONTINUED TO PROTECT FEDERAL RESERVE IN ITS BACK-DOOR SPENDING?

The Federal Reserve System is, we might note, the biggest and most free-wheeling back-door spending operation ever conceived. It spends all the public funds it cares to spend without so much as a by your leave from Congress. It submits no budget; its expenditures are not in the President's budget; and it is not even audited by the General Accounting Office or any other agency of the Government.

GOVERNMENT OWNS FEDERAL RESERVE BANKS

I know that some people have an idea that the private commercial banks own the Federal Reserve banks, and, therefore, own the assets of these banks, including their holdings of Government obligations. But this notion is completely in error. The notion arises from the fact that the member banks in the Federal Reserve System have been required to make a small investment in the System, totaling less than $400 million, in what has been incorrectly called stock. This stock in no sense represents ownership, or a share of ownership, in the System or the Federal Reserve banks. The statute of 1913 which set up the Federal Reserve System makes this clear. Under this statute the so-called stock cannot be sold, it cannot be voted, it cannot be hypothecated or pledged to secure a loan, and it cannot share in the profits of the System, except for a fixed 6-percent-interest payment on the investment. And finally, the statute makes clear that if and when the System is terminated, all of the assets of the System will go into the Treasury, exclusive of an amount necessary to pay the stipulated 6-percent interest per annum on the so-called stock.

Over the years I have questioned many officials of the Federal Reserve System—including the present Chairman of the Federal Reserve Board and the past Chairman of the Federal Reserve Board, Mr. Marriner Eccles—and all have testified to the effect that the Federal Reserve banks are owned by the Federal Government—general public—not by the private commercial banks—see samples of testimony attached.

In summary, Mr. Speaker, the present method of counting as part of the outstanding public debt those debt obligations which have been paid for by the Government, and are thus owned by the general public, is bad and misleading. It will cause difficulties, because the amount of such obligations owned by the Government itself will necessarily grow, giving the public an impression that the public debt which is outstanding is growing a great deal faster than it actually is growing. We owe the public a proper accounting of the public debt, and if we give the public a proper accounting of the public debt, it will not now be necessary to increase the debt ceiling and thus disturb the minds of a great many people who are properly concerned about the public debt.

Quotations From Testimony on Ownership of Federal Reserve Assets

Mr. Patman. Now these 6,500 banks, they have paid in 3 percent of their capital and surplus to the Federal Reserve bank.

Mr. Martin. That is right. * * * Now it is not, and I am glad it is not, proprietary interest on the part of the banks. (Wm. McC. Martin, Jr., Chairman, Board of Governors of the Federal Reserve System, before the House Select Committee on Small Business, Nov. 21, 1957, p. 338.)

Mr. Martin. The banks through their stock ownership, which you have rightly pointed out a number of times, is not proprietorship, is not ownership. (Chairman Martin before the House Banking and Currency Committee, July 31, 1957, p. 377.)

Mr. Patman. Do you agree with Mr. Martin that the member banks do not own the Federal Reserve banks, and have no claim to their assets or income other than the interest payment on the so-called stock which the member banks are required to subscribe to the Federal Reserve banks?

Mr. Szymczak. That is correct. (M. S. Szymczak, member, Board of Governors, before the House Select Committee on Small Business, Apr. 16, 1958, p. 416.)

Mr. Mills. Not a proprietary interest in the sense that the ownership or the representation of stock ownership in the Federal Reserve bank entitles the member banks to the type of ownership and control of resources that is associated with stock ownership in private enterprise. (Abbot L. Mills, Jr., member, Board of Governors, before the House Select Committee on Small Business, Apr. 17, 1958, p. 448.)

Mr. Robertson. The commercial banks hold stock in the Federal Reserve banks, but all that represents, as far as I can see, is membership in the Federal Reserve System * * *. They have no proprietary interest in the Federal System as such. (J. L. Robertson, member, Board of Governors, before the House Select Committee on Small Business, Apr. 17, 1958, p. 466.)

Mr. **Shepardson**. I think we have never contended that the central bank, the Federal Reserve System, is owned by the commercial banks. On the contrary, we have taken every occasion in my knowledge to disabuse that idea. (Charles N. Shepardson, member, Board of Governors, before the House Select Committee on Small Business, Apr. 17, 1958, p. 480.)

THE UNITED STATES DID NOT HAVE A ROLE IN THE SOUTH VIETNAM COUP

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Delaware [Mr. McDowell] is recognized for 10 minutes.

Mr. McDOWELL. Mr. Speaker, having just returned from South Vietnam, as a member of the special study group of the House Foreign Affairs Committee, I can say with a certainty that the United States did not have a role in the bloody South Vietnam coup.

The fact of the matter is that both President Diem and his powerful brother, Ngo Dinh Nhu knew that a coup was in the making, and, furthermore, they knew that they could take steps to improve their government and thereby abort the coup by cutting the ground out from under the leaders of the coup which was being prepared. They did not take such steps, even though the United States took every step and every means possible to encourage them to do so.

As Joseph Alsop points out in the Washington Post of November 6:

> Until the very eve of the coup, moreover, Ambassador Lodge continued his fruitless effort to persuade President Diem to set his house in order. His last attempt was made on Sunday, October 27, when Diem invited Lodge to join him on a visit of inspection in the countryside.

These are sad and horrible days for this little country, on which the hopes of so much of the free world rest for turning back the tide of communism in Asia.

We must ask ourselves, as Roscoe Drummond does in his column today:

> Why are we doing all this—putting lives and treasure and troops into such a distant battle? We are doing it because the safety of all southeast Asia is at stake on this front of the anti-Communist struggle. Laos and Cambodia, Thailand, and Burma would be next.
>
> South Vietnam is the crucial place to turn back the Communist aggression-by-guerrilla-warfare. The evidence is mounting that it can be done.

I think we must give the new government of Vietnam the same kind of powerful military support which we gave the Diem-Nhu government it has replaced. If we falter and are irresolute now we will undoubtedly sacrifice the keystone of the whole free world in Asia, and the cost of stopping the Communist aggression will escalate and skyrocket incalculably. I commend the columns by Joseph Alsop and Roscoe Drummond to my colleagues and to my countrymen, and include them here:

[From the Washington Post, Nov. 6, 1963]

Turnover in Saigon: New Team Promising Start

(By Roscoe Drummond)

The rapidly moving events in Saigon—revolt, and new government replacing Diem in a span of 36 hours—are now sufficiently clear to begin to answer the questions which must deeply concern most Americans and many others.

Did the U.S. Government plot and procure the overthrow of the Diem regime?

How will it affect the anti-Communist war?

Why is the United States putting lives, treasure ($1.5 million a day), and troops (nearly 15,000 military advisers and technicians) into this distant and bitter battle?

The Communist press in Moscow and North Vietnam (where the Communist Vietcong are in control) find it convenient to answer the first question both ways. For several weeks they have been berating the United States for supporting the repressive Diem government and now berate the United States for bringing about its downfall.

The candid and factual answer is this: Neither the CIA nor the Embassy in Saigon nor any American official planned or plotted the coup. It could not have been seriously begun nor successfully completed unless the circumstances within South Vietnam had been ripe for revolt.

American policy unquestionably gave encouragement and incentive to the revolt.

The Kennedy administration welcomes the outcome in the conviction that the repressive policies of the Diem regime had lost it the loyalty of many Vietnamese people, and that it was thereby dissipating the vast American aid in its war against the Communist guerrillas.

President Kennedy, Secretary of State Dean Rusk and influential Members of Congress made it evident that military assistance could not continue indefinitely under these circumstances. Some reduction in aid was beginning to be carried out.

This confronted the South Vietnamese military leaders, who unitedly joined in the anti-Diem revolt, with a point-of-no-return decision. They either had to accept the continuance of the Diem-Nhu regime with all its autocratic shortcomings or see the war lost to the Communists for lack of American assistance.

The decision which Gen. Duong Van Minh and his associates made was that the fate of their nation depended upon freeing it from the divisive Diem-Nhu regime.

What next? Obviously no one can be sure. Government by military junta can go in any direction. But the beginnings are encouraging. It has elevated Vice President Nguyen Ngoc Tho, a figurehead under Diem. It has freed the Buddhist monks and other anti-Communist critics of Diem. It has lifted the censorship and has promised elections.

Undoubtedly the new government will step up the battle against the Vietcong. The generals in the revolt are not neutralists. They have no intention of negotiating away the independence of their country in some amorphous deal with the North Vietnamese Communists. They have the will to win.

There are two reasons why they will now have more means of winning. First, the United States will have the incentive to lend the maximum aid because it will be effectively used. Secondly, many security forces, which could have been deployed to the fighting areas, were hoarded by Diem for his own protection. They will now be available against the Communists.

Why are we doing all this—putting lives and treasure and troops into such a distant battle? We are doing it because the safety of all southeast Asia is at stake on this front of the anti-Communist struggle. Laos and Cambodia, Thailand and Burma would be next.

South Vietnam is the crucial place to turn back the Communist aggression by guerrilla warfare. The evidence is mounting that it can be done.

[From the Washington Post, Nov. 6, 1963]

Matter of Fact: Blood on Our Hands?

(By Joseph Alsop)

The American role in the bloodstained but purgative coup in South Vietnam is a subject demanding serious inquiry, if only because so much bosh is sure to be talked about it unless the facts are understood.

Beginning, then, at the beginning, the American Government was of course aware that the leaders of the Vietnamese Army were talking with one another about ways and means of displacing President Ngo Dinh Diem. Indeed, there was no way to avoid being aware of this.

As long as 2 months ago, when this reporter was in Saigon, he was taken into the confidence of one of the most active organizers of the coup. This member of the future junta listed the other generals who had already placed themselves under the leadership of Gen. Duong Van Minh; he said the coup would come soon; and he actually asked that the information be transmitted at once to Ambassador Henry Cabot Lodge.

Long before the coup occurred, therefore, it was quite clear there was trouble ahead. The expectation of early trouble in fact led Secretary of Defense Robert McNamara to send his personal plane to Saigon, so that Ambassador Lodge could make his planned visit to Washington without the extra days away from his post required for travel by the commercial airlines.

That simple fact in turn reveals another aspect of the story. While aware that trouble was brewing, the U.S. Government was in no sense a party to the preparations for the coup. Otherwise, the plan would never have been made for this Lodge trip to Washington, which was so abruptly forestalled when the coup took place.

Until the very eve of the coup, moreover, Ambassador Lodge continued his fruitless effort to persuade President Diem to set his house in order. His last attempt was made on Sunday, October 27, when Diem invited Lodge to join him on a visit of inspection in the countryside.

The long day with Diem gave the Ambassador the opportunity to discuss both the state of affairs in Vietnam, and its effects on United States-Vietnamese relations, in detail and at great length. He offered a list of modest but significant steps which Diem could take to relax the tension in Saigon, and to improve the climate in Washington. Every item on the Lodge list was categorically vetoed by Diem.

Lodge then asked Diem whether he had any suggestions of his own about possible means of escape from the impasse. Diem merely gave the Ambassador "a blank look and changed the subject," as Lodge subsequently reported. Yet on Monday Lodge returned to the attack with Diem's intelligent and flexible minister of defense, Nguyen Dinh Thuan.

Thuan, who described the program pressed by Lodge on Diem as "extremely moderate," promised to go to Diem and see whether his persuasions would have any effect. His first report was decidedly encouraging. But the second report from Thuan, the next day, was a gloomy, final negative. Diem's brother, the all-powerful and half-mad Ngo Dinh Nhu, had had his say in the interval.

In short, there was no way to save Diem and Nhu from themselves. Or rather, there was only one way. It was indicated to Secretary McNamara just before he left Vietnam by the able Englishman, Prof.

Patrick Honey, who is the unusual expert on Vietnam without a personal ax to grind.

"You must understand," Honey told McNamara, "that the Diem regime will surely be destroyed by a coup unless the U.S. Government makes a ringing reassertion of confidence in Diem and support for his government as soon as you get back to Washington."

McNamara gave Honey's judgment to President Kennedy as his own judgment. But no reassertion of confidence in the Diem regime was possible, simply because the U.S. Government had quite rightly lost confidence in the Diem regime.

Such are the facts. They constitute an interesting moral problem. On the one hand, the U.S. Government had foreknowledge that a coup was being considered. In addition, the U.S. Government could have forestalled the coup—by stultifying itself. But the U.S. Government refused to stultify itself. Diem refused to put his house in order. And so the coup took place.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BATES (at the request of Mr. PRICE), on account of official business.

Mr. PIRNIE (at the request of Mr. HALLECK), for today, and for the balance of the week, on account of official business as a member of the Committee on Armed Services.

Mr. HOLIFIELD (at the request of Mr. PRICE), on account of official business.

Mr. HOSMER (at the request of Mr. PRICE), on account of official business.

Mr. ANDERSON (at the request of Mr. PRICE), on account of official business.

Mr. RIVERS of South Carolina, for November 6, 1963, through November 15, 1963, on account of being a delegate to the NATO Parliamentarians Conference.

Mr. HARDY (at the request of Mr. ALBERT), for today, November 6, 1963, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. WILSON of Indiana, for 15 minutes, on Tuesday next.

Mr. WILSON of Indiana, for 15 minutes, on Wednesday next.

Mr. LAIRD for 20 minutes, today, and to revise and extend his remarks.

Mr. UTT, for 45 minutes, on November 7.

Mr. PATMAN, for 30 minutes, today, to revise and extend his remarks and to include extraneous matter.

Mr. SCHADEBERG (at the request of Mr. REIFEL), for 60 minutes, on Thursday, November 7, 1963.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. FINO.

Mr. STAEBLER.

(The following Member (at the request of Mr. REIFEL) and to include extraneous matter:)

Mr. DOLE.

(The following Members (at the request of Mr. BOGGS) and to include extraneous matter:)

Mr. CAREY.

Mr. MATSUNAGA.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1241. An act to require annual reports instead of quarterly reports under the Reconstruction Finance Corporation Liquidation Act; to the Committee on Banking and Currency.

S. 1686. An act to amend section 375 of title 28 of the United States Code, relating to the annuities of widows of Supreme Court Justices; to the Committee on the Judiciary.

S. 2228. An act to change the requirements for the annual meeting date for national banks; to the Committee on Banking and Currency.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7405. An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock; and

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 876. An act to authorize the Administrator of General Services to convey certain lands in Prince Georges County, Md., to the American National Red Cross; and

S. 1201. An act for the relief of Dr. James T. Maddux.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on November 5, 1963, present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H.R. 1049. An act to amend sections 334, 367, and 369 of the Bankruptcy Act (11 U.S.C. 734, 767, 769) and to add a new section 355 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XI (arrangement) proceedings to the time prescribed by section 57n of the Bankruptcy Act (11 U.S.C. 93n);

H.R. 1311. An act for the relief of Jolan Berczeller;

H.R. 1345. An act for the relief of Peter Carson;

H.R. 2260. An act for the relief of Mrs. Rozsi Neuman;

H.R. 2445. An act for the relief of Mrs. Barbara Ray Van Olphen;

H.R. 2754. An act for the relief of Mercedes Robinson Orr;

H.R. 2757. An act for the relief of Woo You Lyn (also known as Hom You Fong and Lyn Fong Y. Hom);

H.R. 2835. An act to clarify the status of circuit and district judges retired from regular active service;

H.R. 2968. An act for the relief of Kazimierz Kurmas and Zdzislaw Kurmas;

H.R. 3384. An act for the relief of Lee Suey Jom (also known as Tommy Lee and Lee Shue Chung);

H.R. 4145. An act for the relief of certain individuals;

H.R. 6097. An act for the relief of Dr. Pedro B. Montemayor, Jr.;

H.R. 6260. An act for the relief of Wai Chan Cheng Liu;

H.R. 6500. An act to authorize certain construction at military installations, and for other purposes; and

H.J. Res. 626. Joint resolution granting the consent of Congress to the establishment of an interstate school district by Hanover, N.H., and Norwich, Vt., and to an agreement between Hanover School District, New Hampshire, and Norwich Town School District, Vermont.

ADJOURNMENT

Mr. WAGGONNER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 56 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, November 7, 1963, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1354. A letter from the Administrative Assistant Secretary of the Treasury, transmitting a list of negotiated purchases and contracts made by the Coast Guard since May 19, 1963, pursuant to section 2304e of title 10, United States Code; to the Committee on Armed Services.

1355. A letter from the Comptroller General of the United States, transmitting a report on the unsatisfactory condition of combat vehicles and equipment in the 3d Marine Division (Reinforced), Okinawa, U.S. Marine Corps, Department of the Navy; to the Committee on Government Operations.

1356. A letter from the Deputy Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of a proposed bill entitled "A bill to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control"; to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HÉBERT: Committee on Armed Services. H.R. 2512. A bill to clarify the status of members of the National Guard while attending or instructing at National Guard schools established under the authority of the Secretary of the Army or Secretary of the Air Force, as the case may be, and for other purposes; without amendment (Rept. No. 886). Referred to the Committee of the Whole House on the State of the Union.

Mr. HÉBERT: Committee on Armed Services. H.R. 2988. A bill to amend title 10, United States Code, to provide for participation by members of the Armed Forces in international sports activities; with amendment (Rept. No. 887). Referred to the Committee of the Whole House on the State of the Union.

Mr. HÉBERT: Committee on Armed Services. H.R. 3005. A bill to amend sections 510 and 591 of title 10, United States Code, to remove the requirement that an alien must make a declaration of intention to become a citizen of the United States before he may be enlisted or appointed in a Reserve component; with amendment (Rept. No. 888). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 564. Resolution for consideration of H.R. 8969, a bill to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act; without amendment (Rept. No. 889). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of North Dakota:

H.R. 9030. A bill to increase the participation by counties in revenues from the national wildlife refuge system by amending the act of June 15, 1935, relating to such participation, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. ASHMORE:

H.R. 9031. A bill to amend the Communications Act of 1934 to provide that appeals from certain decisions and orders of the Federal Communications Commission shall be taken to the U.S. court of appeals for the circuit in which the appellant resides or has his principal place of business; to the Committee on Interstate and Foreign Commerce.

By Mr. ASPINALL:

H.R. 9032. A bill to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control; to the Committee on Interior and Insular Affairs.

By Mr. BATTIN:

H.R. 9033. A bill to authorize establishment of the Fort Union Trading Post National Historic Site, N. Dak. and Mont., and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 9034. A bill to authorize the transfer of the Piegan unit of the Blackfeet Indian irrigation project, Montana, to the landowners within the unit; to the Committee on Interior and Insular Affairs.

By Mr. BROWN of California:

H.R. 9035. A bill to amend sections 303 and 310 of the Communications Act of 1934, as amended, to provide that the Federal Communications Commission may issue authorizations, but not licenses, for alien amateur radio operators to operate their amateur radio stations in the United States, its possessions, and the Commonwealth of Puerto Rico provided there is in effect a bilateral agreement between the United States and the alien's government for such operation by U.S. amateurs on a reciprocal basis; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON:

H.R. 9036. A bill to amend the act of October 24, 1951 (65 Stat. 634; 40 U.S.C. 193 (n)-(w)), as amended, relating to the policing of the buildings and grounds of the Smithsonian Institution and its constituent bureaus; to the Committee on House Administration.

By Mr. DINGELL:

H.R. 9037. A bill to establish a national policy and program with respect to wild predatory mammals, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DORN:

H.R. 9038. A bill to amend title VII of the Public Health Service Act so as to extend to qualified schools of optometry and students of optometry those provisions thereof relating to student loan programs; to the Committee on Interstate and Foreign Commerce.

By Mrs. GREEN of Oregon:

H.R. 9039. A bill to provide for judicial review of the constitutionality of grants or loans under certain acts; to the Committee on the Judiciary.

H.R. 9040. A bill to amend the Civil Service Retirement Act, as amended, to provide for the recomputation of annuities of retired employees who elected reduced annuities at the time of retirement in order to provide survivor annuities for their spouses; to the Committee on Post Office and Civil Service.

By Mr. KING of California:

H.R. 9041. A bill to amend the Internal Revenue Code of 1954 to permit the amortization of reorganization expenditures of railroad corporations, and for other purposes; to the Committee on Ways and Means.

By Mr. KORNEGAY:

H.R. 9042. A bill to amend the Communications Act of 1934 to prohibit the Federal Communications Commission from making certain rules relating to the length or frequency of broadcast advertisements; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHWEIKER:

H.R. 9043. A bill to provide an exemption from participation in the Federal old-age survivors insurance program for individuals who are members of a church whose doctrines forbid participation in such program on grounds of religious belief; to the Committee on Ways and Means.

By Mr. UTT:

H.R. 9044. A bill to amend Title I—Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962, to correct certain inequities in the classification and duty provided for certain aluminum products and television picture tubes; to the Committee on Ways and Means.

By Mr. WILLIS:

H.R. 9045. A bill to amend section 215 of the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. ANDREWS of North Dakota:

H.R. 9046. A bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior; to the Committee on Interior and Insular Affairs.

By Mr. FULTON of Pennsylvania:

H.R. 9047. A bill to authorize the coinage of 50-cent pieces to help dramatize the progress of the American Negro from the time of the Emancipation Proclamation until the present; to the Committee on Banking and Currency.

By Mr. HARVEY of Michigan:

H.R. 9048. A bill to promote safety by requiring that motor vehicles used by the Federal Government be equipped with running lights; to the Committee on Government Operations.

By Mr. ROBERTS of Alabama:

H.R. 9049. A bill to amend the Federal Food, Drug, and Cosmetic Act in order to protect the public health by preventing misuse of barbiturates, amphetamine, and certain other dangerous drugs; to the Committee on Interstate and Foreign Commerce.

By Mr. OLSEN of Montana:

H.R. 9050. A bill to increase annuities payable to certain annuitants from the civil service retirement and disability fund; to the Committee on Post Office and Civil Service.

By Mr. TUPPER:

H.R. 9051. A bill to promote the development of improved local-service aircraft by providing for temporary Federal assistance for such development, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MORSE:

H.R. 9052. A bill to amend title 38, United States Code, to provide vocational rehabilitation, education and training, and loan guarantee benefits to persons who served in the Armed Forces on or after January 1, 1962, in combat zones, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. KARTH:

H.J. Res. 795. Joint Resolution to authorize the President to proclaim October 9 in each year as Leif Erikson Day; to the Committee on the Judiciary.

By Mr. BOB WILSON:

H.J. Res. 796. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. DEL CLAWSON:

H.J. Res. 797. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. MILLER of California:

H.J. Res. 798. Joint resolution providing for the erection of a memorial statue to the late Dr. Robert H. Goddard, the father of American rocketry; to the Committee on Science and Astronautics.

By Mr. PATTEN:

H. Con Res. 233. Concurrent resolution expressing the sense of the Congress that the President should bring the Baltic States' question before the United Nations, and for other purposes; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLANCY:

H.R. 9053. A bill for the relief of Lourdes R. Caparas; to the Committee on the Judiciary.

By Mr. CURTIN:

H.R. 9054. A bill for the relief of Mario Budinich; to the Committee on the Judiciary.

By Mr. DEVINE:

H.R. 9055. A bill to provide for the free entry of a rheogoniometer for the use of Ohio State University; to the Committee on Ways and Means.

By Mr. FARBSTEIN:

H.R. 9056. A bill for the relief of John L. Afros; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 9057. A bill for the relief of Domenico Romano; to the Committee on the Judiciary.

By Mr. PEPPER:

H.R. 9058. A bill for the relief of Stanley Alexander Yhap and Joycelyn Patricia Woo-Ming Yhap; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 9059. A bill for the relief of Angelo Trumbaturi; to the Committee on the Judiciary.

By Mr. RYAN of New York:

H.R. 9060. A bill for the relief of Irfan Mavruk; to the Committee on the Judiciary.

H.R. 9061. A bill for the relief of Papule Cakiridis; to the Committee on the Judiciary.

H.R. 9062. A bill for the relief of Rexy L. Barrato; to the Committee on the Judiciary.

H.R. 9063. A bill for the relief of Araceli Fuerte Ocampo; to the Committee on the Judiciary.

H.R. 9064. A bill for the relief of Norma Cunanan Liwag; to the Committee on the Judiciary.

H.R. 9065. A bill for the relief of Mrs. Yolando Asuncion Chia de Fernandez; to the Committee on the Judiciary.

By Mr. TOLL:

H.R. 9066. A bill for the relief of Antonio Firetto (also known as Frank Menfi and Paul Menfi); to the Committee on the Judiciary.

By Mr. UTT:

H.R. 9067. A bill for the relief of Helga Luisa Dzaak; to the Committee on the Judiciary.

By Mr. WIDNALL:

H.R. 9068. A bill for the relief of Maria Restivo; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

436. By Mr. RYAN of New York: Petition of Mrs. Sidy Wolff, New York, N.Y., and 73 others giving fullhearted approval of President Kennedy's proposed civil rights bill, and pledging every possible support for the acceptance of it; to the Committee on the Judiciary.

437. By the SPEAKER: Petition of Henry Stoner, General Delivery, Worland, Wyo., relative to the seating arrangement of the two major political parties in the U.S. House of Representatives; to the Committee on House Administration.

SENATE

Wednesday, November 6, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the Acting President pro tempore, Hon. Lee Metcalf, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Gracious God, Almighty Father: In reverence, we stand before Thy majesty—a greatness that we cannot comprehend, as our little lives are enfolded by a love that is broader than the measure of man's mind.

We are grateful that our eyes have seen beauty, our hearts have felt love, our minds have discovered truth, and our wills have been gripped and captured by purposes that lift and ennoble and tie us to causes greater than our own brief span.

Give us a vision of the far-off years as they may be if redeemed by the Sons of God, so that we shall take heart and shall battle more valiantly as with eager devotion we dedicate the Nation's strength to throwing open to all mankind the gates of a new life.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, November 5, 1963, was dispensed with.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. Mansfield, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. Mansfield, and by unanimous consent, the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

DEPARTMENT OF STATE

The Chief Clerk read the nomination of Douglas Henderson, of Massachusetts, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bolivia.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. Mansfield, the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Report on Procurement From Small and Other Business Firms

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, a report on procurement from small and other business firms, for the period July–August 1963 (with an accompanying report); to the Committee on Banking and Currency.

Free Importation of Personal and Household Effects Brought Into the United States Under Government Orders

A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders (with an accompanying paper); to the Committee on Finance.

Report on Illegal Payments to Certain Military Personnel of the Navy and Marine Corps

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on illegal per diem payments to military personnel of the Navy and Marine Corps serving as military inspection representatives in Tokyo and Osaka, Japan, Department of the Navy, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

Report on Unsatisfactory Condition of Certain Equipment in 3d Marine Division (Reinforced), Okinawa

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the unsatisfactory condition of combat vehicles and equipment in the 3d Marine Division (reinforced), Okinawa, U.S. Marine Corps, Department of the Navy, dated October 1963 (with an accompanying report); to the Committee on Government Operations.

Federal Water Project Recreation Act

A letter from the Deputy Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control (with an accompanying paper); to the Committee on Interior and Insular Affairs.

Suspension of Deportation of Certain Aliens

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law pertaining to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the commissioners' court of Dallas County, Tex., condemning the actions of certain persons in that county toward public officials; to the Committee on the Judiciary.

Two petitions signed by Lowell E. Weiss and Albert Bolyard, and sundry citizens of the State of Illinois, praying for the enactment of legislation to provide an amendment to the Constitution of the United States permitting prayer and the reading of the Bible in educational institutions; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTSON, from the Committee on Banking and Currency, without amendment:

H.R. 3488. An act to provide for the striking of medals in commemoration of the

150th anniversary of the statehood of the State of Indiana (Rept. No. 630); and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union (Rept. No. 631).

By Mr. BYRD of West Virginia, from the Committee on Appropriations, with amendments:

H.R. 7431. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1964, and for other purposes (Rept. No. 632).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GRUENING (for himself and Mr. Bartlett):

S. 2287. A bill to terminate a restriction on use with respect to certain land previously conveyed to the city of Petersburg, Alaska; to the Committee on Interior and Insular Affairs.

By Mr. KENNEDY:

S. 2288. A bill for the relief of John J. Feeney; to the Committee on the Judiciary.

By Mr. JORDAN of North Carolina (for himself and Mr. Ervin):

S. 2289. A bill for the relief of Dr. Angelina Edralin Knox; to the Committee on the Judiciary.

By Mr. HARTKE (for himself and Mr. Metcalf):

S. 2290. A bill to amend the Communications Act of 1934 with respect to the hours during which certain broadcasting stations may operate with their daytime facilities; to the Committee on Commerce.

(See the remarks of Mr. Hartke when he introduced the above bill, which appear under a separate heading.)

By Mr. SYMINGTON:

S. 2291. A bill to amend section 409 of title 37, United States Code, to authorize the transportation of house trailers and mobile dwellings of members of the uniformed services within the continental United States, within Alaska, or between the continental United States and Alaska, and for other purposes; to the Committee on Armed Services.

By Mr. EDMONDSON:

S. 2292. A bill for the relief of Tarek L. Radjef; to the Committee on the Judiciary.

By Mr. FONG (for himself, Mr. Bartlett, Mr. Gruening, and Mr. Inouye):

S. 2293. A bill relating to the adding of the names of the States of Hawaii and Alaska to the attic parapet of the Lincoln National Memorial; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. Fong when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF COMMUNICATIONS ACT OF 1934

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill to amend part I of title III of the Communications Act of 1934, to permit operation of certain radio broadcast stations, known as "daytime" stations, to broadcast before sunrise.

Of about 3,800 standard broadcast radio stations licensed by the Federal Communications Commission, approximately 1,850 are "daytime" stations whose operations may begin only after sunrise and must cease at sunset. Approximately 40 percent of these are in areas not receiving primary service from an unlimited-time station.

Due to the extreme seasonal changes in daylight hours, especially in the north during the winter months, a station in the northern United States may be able to sign on no earlier than 7:15 a.m. if on the eastern edge of its time zone, or, if on the western edge, may have to sign on as late as 8:45 a.m.

In many of the communities served by these daylight stations there are no local full-time stations. The presunrise restrictions prevent public service programing to meet the needs of the area with important or even vital morning information, such as local weather and driving conditions, word of school closings for weather reasons, local agricultural market information, plant openings and closings, and local school, civic, and charitable activities.

The bill I introduce was passed by the House of Representatives in the 2d session of the 87th Congress as H.R. 4749 on July 2, 1962. It would, subject to international treaties and certain rulings of the Federal Communications Commission, allow operation of authorized daytime broadcasting facilities during the presunrise period after 6 a.m., and in some cases after 4 a.m.

The attitude of the FCC, which has opposed previous bills authorizing 5 a.m. to 7 p.m. and 6 a.m. to 6 p.m. hours for "daytimers," may be judged by its "Further Notice of Proposed Rule Making" adopted November 28, 1962. The administrative proposal outlined there would, like this bill, make "daytime" operations available under certain circumstances between 6 a.m. and sunrise. This bill, applying only to the morning hours, is thus not in conflict with the thinking of the FCC currently.

There is a need, especially in the 725 or so communities where no full-time local station is operating, for the public service to the area which early morning operation can give with local news, weather, marketing, and the like. This bill will allow a greater measure of public service in radio broadcasting within local communities.

The PRESIDING OFFICER (Mr. Inouye in the chair). The bill will be received and appropriately referred.

The bill (S. 2290) to amend the Communications Act of 1934 with respect to the hours during which certain broadcasting stations may operate with their daytime facilities, introduced by Mr. Hartke (for himself and Mr. Metcalf), was received, read twice by its title, and referred to the Committee on Commerce.

ADDITION OF NAMES OF STATES OF HAWAII AND ALASKA TO ATTIC PARAPET OF LINCOLN NATIONAL MEMORIAL

Mr. FONG. Mr. President, the Lincoln Memorial here in the Nation's Capital was built in 1922 to honor one of the outstanding Presidents of the United States of America, our beloved Abraham Lincoln, who ranks among the world's greatest humanitarians.

On one wall of the Lincoln Memorial is inscribed Abraham Lincoln's immortal Gettysburg Address delivered almost 100 years ago—November 19, 1863. This address is more than a classic tribute to America's fallen warriors. It is an enduring charter for liberty, freedom, and union.

The men who designed and constructed the Lincoln Memorial attempted to build into the monument a motif symbolizing the Union of the States advocated so forcefully by Abraham Lincoln. Thirty-six columns representing the 36 States in the Union at the time of Lincoln's death surround the walls of the memorial. A frieze above the colonnade names these States. On the attic walls above the frieze are the names of the 48 States comprising the Union at the time the memorial was built in 1922.

Since that time Alaska and Hawaii have joined this great Union of States. However, the names of these two newest States do not yet appear anywhere on the Lincoln Memorial.

The purpose of the bill I now introduce for myself, my colleague from Hawaii [Mr. Inouye], and the Senators representing Alaska, [Mr. Bartlett and Mr. Gruening], is to add the names of the great States of Alaska and Hawaii to those of their sister States already enscribed on the attic parapet of the Lincoln Memorial. I am sure that our 48 sister States would be pleased to have Hawaii and Alaska recorded on this memorial.

That which we propose is not a great task and can be done in a manner which would not mar or deface this noble monument. It would rather be in keeping with the great plea of unity espoused by Abraham Lincoln a century ago.

Aside from the possibility that the Commonwealth of Puerto Rico might at some future date be admitted into the Union as a State, I am quite sure all of us do not anticipate any other area joining our Union as a State for a long, long time, if ever. Therefore, our proposal is not an act which might be followed by many similar proposals.

The bill which I now introduce for myself and my colleagues from Hawaii and Alaska directs the Secretary of the Interior to submit to Congress a report on the best method to add the names of the States of Alaska and Hawaii to those of the other 48 States enscribed on the attic parapet of the Lincoln Memorial.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill—S. 2293—relating to the adding of the names of the States of Hawaii and Alaska to the attic parapet of the Lincoln National Memorial, introduced by Mr. Fong (for himself and Senators Bartlett, Gruening, and Inouye), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

REDUCTION OF INDIVIDUAL AND CORPORATE INCOME TAXES—AMENDMENT (AMENDMENT NO. 309)

Mr. McCARTHY submitted an amendment—No. 309—intended to be proposed by him, to the bill—H.R. 8363—to amend the Internal Revenue Code of 1954 to reduce individual and corporate income taxes, to make certain structural changes with respect to the income tax, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENT NO. 310)

Mr. MORSE submitted amendments, intended to be proposed by him, to the bill—H.R. 7885—to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

POSTPONEMENT OF CONSIDERATION OF MEXICAN LABOR BILL

Mr. ELLENDER. Mr. President, I wish to announce that the so-called Mexican labor bill will not be called up today, as I had announced last Monday. I have been informed by the majority leader and the minority leader that they prefer to have the consideration of this issue postponed until the completion of the Senate's consideration of the foreign aid bill. Of course I do not wish to proceed counter to the wishes of the majority leader, and I have gladly acceded to his wish.

REVITALIZATION OF AMERICAN GOLD MINING INDUSTRY—ADDITIONAL COSPONSOR OF BILL

Mr. GRUENING. Mr. President, I ask unanimous consent that the name of the Senator from South Dakota [Mr. McGovern] be added as one of the cosponsors of Senate bill 2125, to revitalize the American gold mining industry.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE OF HEARING ON CERTAIN POSTMASTER NOMINATIONS

Mr. JOHNSTON. Mr. President, pursuant to the rules for committee procedure of the Committee on Post Office and Civil Service, the standing Subcommittee on Contested Nominations will hold a hearing in room 6202, New Senate Office Building on Wednesday, Nov. 13, 1963, at 10:30 a.m. on the following postmaster nominations for: First, Gettysburg, Pa.; second, Grover, Colo.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, returned to the Senate, in compliance with its request, the bill—H.R. 2985—to amend section 1391 of title 28 of the United States Code, relating to venue generally.

The message announced that the House had passed a bill—H.R. 6624—for the relief of Mrs. Concetta Foto Napoli, Salvatore Napoli, Antonina Napoli, and Michela Napoli, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 876. An act to authorize the Administrator of General Services to convey certain lands in Prince Georges County, Md., to the American National Red Cross.

S. 1201. An act for the relief of Dr. James T. Maddux.

HOUSE BILL REFERRED

The bill—H.R. 6624—for the relief of Mrs. Concetta Foto Napoli, Salvatore Napoli, Antonina Napoli, and Michela Napoli, was read twice by its title and referred to the Committee on the Judiciary.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. HUMPHREY:

Sundry tributes to Senator Yarborough, by President Kennedy and others, upon the occasion of a recent testimonial dinner in Senator Yarborough's honor.

By Mr. BAYH:

Address delivered by John A. Gronouski, Postmaster General, at a dinner commemorating the centennial of free city delivery, Washington, D.C., on October 26, 1963.

By Mr. RANDOLPH:

Editorial, "B. & O. Deserves Our Applause," in the Thursday, October 31, 1963, issue of the Morgantown (W. Va.) Dominion-News; correspondence between Senator Randolph and Mr. Jervis Langdon, Jr., president of the Baltimore & Ohio Railroad.

By Mr. TALMADGE:

News release of Hubert F. Lee, editor of Dixie Business magazine, Decatur, Ga., relating to a list of great Americans.

ADDRESS BY SENATOR GOLDWATER AT CONCORD, N.H.

Mr. COTTON. Mr. President, on October 29, at Concord, N.H., a dinner was held for the purpose of starting a fund to establish a chair of governmental studies at New England College, in memory of our late beloved colleague, Senator Styles Bridges.

The address was given by the distinguished Senator from Arizona, Barry Goldwater. To me, his address was an accurate and inspiring summation of the governmental philosophy of Styles Bridges, a philosophy which many of us share. I believe the speech is worthy of the attention of every Member of this Senate, and request unanimous consent that it be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

REMARKS OF SENATOR BARRY GOLDWATER AT NEW ENGLAND COLLEGE, CONCORD, N.H., OCTOBER 29, 1963

Only rarely is there such a perfect confluence of purpose and person as there is in an effort directed toward a new chair of Government studies and its dedication to the memory of Senator Styles Bridges.

Senator Bridges, as much as any man I have known and served with, understood government. He knew it as a method of order in man's affairs. He rejected it as a means of ordering men. He served in government as a citizen duly elected to represent his fellow citizens. He rejected and opposed those who see in such service an opportunity to rule, regulate, or regiment.

His life was, as our studies of government should be, dedicated to the central lesson, to the vital genius of the freedom which is the meaning of the American Revolution, the essence of the American experience, and the life of the American people.

Government is never an end in itself. Every form of public control is but a means toward human purposes. The state is made for and by men. Men are not molded for the state. The just state derives its just powers from the consent of the governed. Its powers are limited so that liberty may live. Its powers are balanced so that justice may prevail. Its powers are sufficient but they are decentralized so that difference may proceed without disorder.

In that concept, which is simply the concept of our own constitutional order, there is freedom's answer to tyranny's thrall over the minds of men, their property and their persons.

America's Government and America's freedom means just this: We consent to be governed. We do not elect to be ruled.

That was Styles Bridges' dedication and his life. Let it be, also, the life of our studies and the dedication of our students.

You are embarking upon this project at a time when the process of self-government, however, is profoundly challenged in the world at large and even in the will of some of our own people.

The reason is beyond momentary political aberrations or disturbances. The reason is that the sort of freedom we know in this land is an exception in the long story of mankind. It is a vibrant chapter but not a title or a theme.

The reason is that this sort of freedom is strenuously demanding, not comfortably self-sustaining. Men, before, have wearied of such demands and have sought comforts instead. Men, before, have lost patience with freedom's deliberations and have sought instead the forced efficiency of faceless authoritarianism.

Impatient men, as well as power-seeking men, may choose such paths. Tyranny wears many masks.

In the Communist world it wears the mask of an irrational world view which has declared and wages unalterable war upon all other views and versions of man and his world.

In the free world it may wear the mask of political efficiency righteously demanding the perfection of its programs and recklessly spending the freedom of its citizens to pay for it.

Only the shortsighted will make of the tensions in America's own system a purely partisan matter. There is partisanship, to be sure, but it is of a new order and a new dimension. It is not the partisanship of party against party, at its essence. It is the partisanship of balance against imbalance, of decentralization against centralization, of deliberation against dictation.

And it is of only that order of partisanship that I wish to speak tonight. I do it in confidence that the political affiliations we may share, or in which we may differ, still permit a wide degree of agreement on some fundamental problems. If, on the other hand, we disagree, then party labels are not the reason. Philosophies of government are.

Since the War Between the States, the American political system has experienced seismic rumblings at two levels.

At one level, the ground has shifted seriously and significantly beneath the structure of State powers. These powers, the fuel for the Federal system itself, have been siphoned off into the National Government, the Central Government—to the Capital in Washington and away from the State capitals.

The shift is shared both by those who do not jealously guard and wisely use their local power and by those who, from the outside, attack it in the name of central planning.

The results are often described most broadly as overconcentration of power in the central authority. But there are other and more subtle effects to which we have, I feel, given too little attention.

There is, for instance, a distinct cultural loss. The structure of the Federal system, with its 50 separate State units, has long permitted this Nation to nourish local differences, even local cultures. Technological standardization may have done more than anything else to level them off but, still, in the structure of State power there has always been the guarantee that some minorities could preserve their dissident voices, in the local forums. And from those dissident voices have come the continual enrichment of our national debates, our national ways.

Or, we might look upon the 50 States as 50 laboratories in which men, in their own and local ways, test and probe the ways of civil government, developing new tools and techniques and, above all, developing their own skills. Those that develop well become available to the Nation as a whole. Those that fail or are warped in ways that make them unsuitable to the Nation as a whole, can be buried in their own backyards.

There are those who say that the cost of 50 governments is too great to bear in this supposedly complex age. And yet, how better to meet complexity than with a diversity of resource? And how can we measure the cost of what we gain from our States against any scale of dollars that might be rechanneled and centralized as a result of weakening State responsibilities? The ledger sheet that the structure of State power must satisfy is the well-being and the freedom of the people who live in those States.

Regard for the Federal system, and the 50 States that make it a system, is first of all a regard for the due process of law as a fundamental of political order. It is a regard also for the wisdom of the people themselves. It is confidence in their ability to use that wisdom to solve their problems, in their own best ways.

The Federal system, with its base in the States, tolerates many differences without, of course, tolerating impairment of nationally agreed freedoms. It does not demand, in other words, that all citizens adopt a single best answer to any problem—but it does tend to prevent them from adopting any single worst answer.

But the decline of State power is by no means the only shift in the political ground upon which our freedom has been built.

Although it may not as dramatically burst out in the headlines as does the tension between the Central Government and State government, the tension, the veritable warfare between the legislative and executive branches of Government presents a major disturbance in the ground of freedom today.

Again, the factors involved must be shared between those who would give legislative powers away and those who would take them away. Only recently, a colleague of mine in the U.S. Senate flatly described the legislatures of America—all of them, State, local, national—as the major stumbling block in the democratic process.

The charge is fantastic. What it says is that representative government—which is the essence of freedom itself—is the enemy of freedom. And the solution which my colleague offered was as fantastic. He said that an increase in executive power would be the answer—an increase in the very centralization of power which always has been contrary to broadly based democratic processes.

After hearing such a statement as that, I can assure you that I view the teaching of governmental history as an urgent task.

The whole history of freedom has been simply the history of resistance to the concentration of power in Government. Over three decades, however, our own resistance to such concentration has been less than complete. The growing imbalance between legislative and executive powers attests to that and proves it.

The power of Congress to initiate legislation has slowly passed to the Executive. It has become increasingly difficult for Congress to say "no" to the major items of a President's legislative agenda.

The Congress may represent the people directly, but the Executive has found ways to reach them even more effectively, even if indirectly.

Into executive agencies, for instance, has flowed a vast power for public relations, for public pronouncements. The pocketbook powers of patronage have flowed to it also. Vast contracts make the executive branch a far-from-silent partner in many enterprises. Its appeal need no longer be to reason alone. It can appeal also to power.

Meantime, the Congress has become inhibited. Men who are elected to represent the people find themselves the targets of abuse when, in representing them, they oppose major legislative programs. They are called "do nothing" representatives. Actually, by such resistance they may be doing the very best job they can and may be representing the actual wishes of their constituents perfectly.

Today the great debates in Congress rarely concern the truly significant questions of whether a program should be initiated or discontinued, what the general purposes and goals of our foreign policy should be, what major goals we should set for our Defense Establishment, what principled guidelines we should establish for economic growth and security.

When Congress debates such matters, the restless Executive whispers and then shouts that time is being wasted. Too many people have listened to the criticism without analyzing it. Too many echo it.

Congress, more and more, simply concerns itself with the question of how much.

Foreign aid is a perfect example. Not once have we as a nation paused to debate the great issue of a doctrine to truly and surely guide our programs. There is no such doctrine. There are, instead, flurries of programs. And the flurries of debate that attend them are not on "why" and "whether," but only on "how much" or "how little."

The Senate's record in treatymaking is no more impressive. It has rejected only two treaties since the end of the First World War. It would be comforting to say that the reason is simply that every treaty has been a good one. It would be far more practical, however, to probe our conscience to see if the reason has not been a rubberstamp syndrome in which the Senate simply feels it must not, out of some awed deference for the presidency, exercise its full partnership in these grave matters.

There can, for instance, be no truly bipartisan foreign policy at all, if the Congress is asked to delegate its support after the fact of formulation but is never asked to participate in the process prior to that.

There has been a tendency to view the two trends toward centralization of Government power—the erosion of State power and the erosion of legislative power—as independent of one another. Actually, they are closely related. They are interrelated.

The problem and the interrelationship can be seen this way: The State governments and the Congress, by and large, stand together on one side of the battleline. They face, across that battleline, the executive branch and, usually, the judiciary branch, the Supreme Court. Its decisions have clearly shown that it has no disposition whatsoever to support the States or the Congress against the Executive or to prevent the Congress from abdicating more and more of its powers despite the delegation of those powers to them by the Constitution itself.

The dynamics of the battle are clear in many instances. When the Court acts to subjugate State powers, the President feels obliged to use his powers to implement the decision. On that side of the battleline there is concerted action.

But, on the other side, even where Congress has the power to act in preservation of, or enhancement of State powers it has become reluctant to do so. On that side of the line there is no concerted action—there is, too often, not even the opportunity for action, so bogged has Congress become in executive proposals.

But, some say, if Congress will not reassert itself, why bother, why not just let the Executive go ahead and carry the ball? Or the question might be, "Is there any way in which the imbalance can be redressed?"

On that latter, I say there surely are ways. Congress can take positive actions to reduce the policymaking authority of the executive branch. It can restore to the States authority over policy areas now staked out by the Supreme Court. It can debate and decide fundamental questions of direction as well as details of program. I can, and should, submit legislative budgets on behalf of the Nation as a whole and not rely solely upon the massive, often unarguable budget of the executive branch. It can take care that all efforts to reform its procedures be channeled toward strengthening, and not weakening, its ability and responsibility to directly represent the people.

But, should it? What, again, is wrong with executive rather than representative government?

First there is the danger of arbitrary government. Concentration of power in any single area tends to shrink competing centers of power capable of resisting arbitrary decisions. Should this erosion of balancing powers ever become final, those who would disagree with the Executive, for whatever reason, would not have to be consulted or considered. The politics of humane compromise would give way to the unchecked power of politicians.

Decisionmaking would become more and more secret. Already such secrecy has cast shadows on our governmental processes. But an open society demands and must have open decisions, open debate, open dissent, and open ways to illuminate conflicting views.

Finally, local self-government would stand no chance of survival in a system of executive government. Differences in policies, values, and beliefs would be submerged beneath the weight of national majorities which can hardly be expected to have the restraint necessary to allow diversity on important matters of public policy. Evolution of wise policies would be replaced by a series of sharp clashes between embattled local minorities and rampaging national powers.

To understand the greatness of America is to understand the greatness of our Federal system and representative, balanced government. To misunderstand it is to forsake it.

America is still just a moment, even if a glorious moment, in the long span of history. We have sustained the form of our Government, and the fruits of its freedom have sustained us, for nearly 2 centuries.

The burden of responsibility that such freedom places upon people never lessens.

There is in no chapter of our freedom a line, sentence, or paragraph that even suggests security from responsibility.

We have given ourselves, in our freedom, the liberty of opportunity, not the luxury of letting down.

This year, and the years after, do not mark way stations at which, wearily, we can afford to rest and relinquish these responsibilities.

A whole world, much of it unsure of freedom, unsure that it really can work, watches us. Our own history and heritage watch us.

We must say "no" to apathy, "no" to convenience—and "yes" to our conscience. We must say that "yes," this free land, this free form of government will endure, that our will to make it work will prevail and that one day, in God's good time, the liberty we love and live will be proclaimed throughout the world.

DEPARTMENT OF AGRICULTURE PROPOSED REVISION OF GRADES OF BEEF

Mr. PEARSON. Mr. President, Kansas is known as a wheat State; however, its livestock industry annually produces more than $536 million worth of beef animals, and ranks fourth in the Nation in the production of beef. Recognizing that the livestock industry is one of the last phases of our agricultural economy free from Government control, any new Federal legislation or regulation which may adversely affect our livestock industry by Government intervention should be carefully noted.

The U.S. Department of Agriculture has proposed the revision of official U.S. standards for grades of carcass beef under sections 203 and 205 of the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1622, 1624) and published in the Federal Register of September 18, 1963, pages 10208–10212. The livestock industry has been given until April 1, 1964, to submit to the Department comments outlining its position on the recommended change. This new proposal has the deceptive title of "Cutability," and is being instituted as a mandatory requirement for our Nation's packing industry, which presently adheres on a voluntary basis to Government grading.

This newest proposal by the USDA follows last year's dual grading experiment, which went beyond the commonly accepted grading classifications of U.S. Prime, Choice, or Good. This first dual grading experiment was discontinued on June 30, 1963, after livestock industry opposition became virtually unanimous across the Nation.

For example, last year about one-half of all beef produced was federally graded, but only 3 percent of this beef was subjected to dual grading. Moreover, of that 3 percent, a very substantial quantity, 80 to 90 percent, was so graded because dual grading was mandatory for beef purchased by the Government.

Now, once again, the USDA is proposing a "cutability" grading requirement for meatpackers, but actually it is nothing more than new terminology for last year's rejected dual grading proposal. The significant change in this new "cutability" scheme is the mandatory part of the regulation which forces all meatpackers and persons associated with the sale and purveyance of beef carcasses either to use the new grading technique or not to use Government grading standards in their business.

The acceptance of Federal grading, as it is now instituted, is encouraged as a matter of public policy. But the addition of as many as five additional classifications within each grade on a compulsory basis would restrict the free play of the market, increase costs to the producer, packer and consumer and, in its final result, act contrary to the public policy above stated. These results would be of immediate concern. In the long term, and perhaps of greater significance, this new regulation is the first mandatory requirement or compulsory regulation by the Government into a heretofore free livestock industry.

On the practical side, the consumer would face added confusion. Many packers assert that they would abandon Government grading, and would use, to a great extent, their own merchandising grades. The public would become even more confused over the tangle of grades available from different packers and retailers, and would understand a new grading system even less than the present form.

I would hope that all Senators whose States have substantial livestock investments will explore this proposal by the USDA and will analyze it carefully. Although many Senators may not consider their States major producers of beef, I believe they should study its effect on their consumers. After viewing the change from that standpoint, I believe all would agree this regulation is nothing more than an additional form of restrictive Government control which is totally unnecessary at this time. The added cost of establishing the change would not accomplish the announced purpose but, rather, would serve only to confuse the beef industry and the meat-buying public. At a time when the per capita consumption of meat is at an all-time high, such a recommendation would be detrimental to the best interests of our beef producers, packers, and consumers.

Mr. President, at this time I can find no support in the livestock industry for the USDA proposal to change the present time-proven and popularly accepted system in grading. The Kansas Livestock Association opposes it, as do the American Meat Institute, the National Independent Meat Packers Association, the wholesalers and jobbers and hotel and restaurant purveyors.

I ask unanimous consent to have printed in the RECORD statements from the Kansas Livestock Association, the American Meat Institute, and the National Independent Meat Packing Association, and several pieces of related correspondence.

There being no objection, the statements and correspondence were ordered to be printed in the RECORD, as follows:

KANSAS LIVESTOCK ASSOCIATION,
Topeka, Kans., October 9, 1963.

Hon. JAMES B. PEARSON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PEARSON: The Kansas Livestock Association's board of directors met October 2 and considered the proposed rule-making of the Department of Agriculture's Agricultural Market Service, regulation 7 CFR 53—Carcass Beef.

It was the board's considered opinion that the Secretary of Agriculture's proposal to impose a cutability grade on top of the quality grade would not accomplish the purpose intended and, more important, it would confuse the consuming public. It would also add confusion in trade on carcass beef, particularly among those who do not understand the program.

It was the opinion of our association that the added cost and added requirements and details would penalize the producer on the fat cattle markets. Furthermore, we would like to state that the association is on record as opposing dual grading as followed for a period on a trial basis. The current proposal would adopt dual grading.

The proposal to return confirmation to the grade standards as a basis for establishing the old quality grade is highly commendable and favored by our association.

Yours truly,

A. G. PICKETT,
Secretary.

AMERICAN MEAT INSTITUTE,
Chicago, Ill., October 29, 1963.

DIRECTOR, LIVESTOCK DIVISION,
Agricultural Marketing Service,
U.S. Department of Agriculture,
Washington, D.C.

DEAR SIR: In response to the notice published in the Federal Register on September 19, 1963, the American Meat Institute, national trade association of the meatpacking industry, hereby submits its views concerning proposed amendments to official U.S. standards for grades of carcass beef.

The institute's board of directors, representing more than 50 of the Nation's leading meatpacking firms, at a meeting on September 24, rejected the so-called dual grading system and voted to oppose the proposed changes in beef grade standards. We object to the proposal because it is not workable, it will be harmful to the cattle and beef industry, and it is an unwarranted Government interference with the right of industry to merchandise its products most effectively.

The current proposal is substantially the same as that published in the Federal Register April 13, 1962, and it is not accurate to say, "That proposal is not being adopted and is no longer under consideration." We think a fair appraisal indicates that the two are alike except that the yield designations have been reduced from six to five, conformation has been added as a factor in quality designation, and dual grading would be made compulsory for anyone requesting Federal carcass beef grading. Nor do we agree with the statement, "This proposal would comply with the recommendations of most of those who objected to provisions of the April 1962 proposal * * *." To our membership, many of whom did file objections to the April 1962 proposal, the current proposal is even more objectionable.

Experience during the 12-month trial period of the proposed dual grading system, which terminated June 30, 1963, demonstrated that there was no desire on the part of retailers, meatpackers, or consumers for the dual grading feature of the system. Only about 3 percent of the Government graded beef was dual graded and a substantial part of this 3 percent was Government purchases. This lack of interest was due to the impractical and undesirable aspects of the cutability requirements as applied to our present beef merchandising methods. Notwithstanding this clear evidence of lack of desirability of Government dual grading in the domestic merchandising of beef, the U.S. Department of Agriculture continues to try to promote this proposal by incorporating the undesirable cutability designations into the existing standards for beef grades, thus making it, in effect, mandatory for the portion of the industry using grading to use dual grading.

It is common knowledge that meatpackers for many years have done selecting within grades. Sometimes the selection is done by the retailer customer. However, it is evident that both packers and retailers would prefer to use their own judgment rather than to rely on that of a Government grader, who has no monetary investment at stake. In this connection, it has been observed that the only objective factor in the proposed standards is carcass weight. All the rest are essentially subjective factors which properly should be matters for negotiation rather than determined by a third party.

One of the shortcomings of the proposal under consideration is the implication that Choice No. 1 is a better product than Choice No. 2 or Choice No. 3, for example. This is not necessarily so, for in addition to the uncertainty about judging cutability precisely there may be considerable variation in quality within a grade. Nevertheless, we are convinced that use of the cutability designations inevitably will lead to inferences concerning overall desirability. The result will be overemphasis on leanness and deterioration in quality, to the detriment of the cattle and beef industry. The ultimate consumer of meat would derive no benefit from dual grading because he purchases trimmed meat cuts at the retail counter, and the popularity of beef would seem to indicate that he is pretty well satisfied with the product he has been getting.

We think the meatpacking industry (and ultimately the livestock producer) will be detrimentally affected by the proposal because it will lead to reduced opportunities for effective merchandising. Because of demands by large retailer buyers and inclusion of grade in Government specifications, meatpackers have been compelled to maintain Government grading, even though it is widely recognized that the Government grade is much less than an accurate indication of quality.

Government grading as it is now constituted tends to set the price, although there is still some leeway for the seller to merchandise the variability of carcasses within grade. With the inclusion of yield designation as a compulsory feature of grading, the appearance of precision in the grading process will be further enhanced, and the judgment of the Government grader will be an even greater factor in fixing the product price. Contrary to the actualities of the situation, beef will be regarded as a commodity, with complete substitutibility of one carcass for another bearing the same grade designations. By fostering a belief in a uniformity which does not exist, the Department of Agriculture will erode the ability of the meatpacker to merchandise the variability of the beef carcasses in his cooler by matching them with the varying requirements of his different customers. It will displace the skill of the packer whose success is based on his knowledge of beef and of his customers with the arbitrary judgment of a grader.

In summary, we believe the proposal for revised beef standards is a faulty instrument for improving the acceptability of beef or for improving the efficiency of the industry which produces, processes and markets the beef. We believe it will be harmful to the industry. We are opposed to the proposal also because we object to giving up our right to price our products independently and to merchandise them on the basis of our own individual value judgments.

We urge that the proposal for modifying beef carcass grade standards be withdrawn.

Very truly yours,

HERRELL DEGRAFF, *President*.

EXCERPTS FROM LETTER TO DEPARTMENT OF AGRICULTURE FROM NATIONAL INDEPENDENT MEAT PACKING ASSOCIATION

Our failure to respond immediately to the invitation to submit "written data, views or arguments" concerning the proposed rulemaking entitled "Carcass Beef: Proposed U.S. Standards for Grades," which was published in the Federal Register on September 18, 1963, should not be misconstrued as indicating any lessening or weakening of the opposition of this association and its members to the concept of so-called dual grading—no matter how it is camouflaged nor by what name it is called.

To the contrary, the feeling of our members on this subject is so strong and so deep rooted that we have found it necessary to call a special emergency meeting of the National Independent Meat Packing Association beef and hides committee and the National Independent Meat Packing Association executive committee, at the cost of considerable time and expense, personally, for those involved, to compose in the most effective manner our logical reasons as to why this proposed rule should not be placed in effect.

The purpose of this letter, therefore, is to apprise you of our continuing interest in, and opposition to, any grading system which bears even a remote resemblance to dual grading, and to let you know that a formal presentation of the views of our members and our association will be forthcoming as rapidly as possible.

Respectfully,

JOHN A. KILLICK,
Executive Secretary.

WILSON & CO., INC.,
Kansas City, Kans., October 10, 1963.

Hon. JAMES B. PEARSON,
Senate Office Building,
Washington, D.C.

DEAR SIR: I am attaching a letter that Wilson & Co., Inc., sent to the Director of the Livestock Division, expressing our company's views to the notice placed in the Federal Register on September 13, 1963, concerning proposed U.S. standards for grading carcass beef.

I believe that this letter clearly expresses our concern over the problems involved if this cutability concept goes into effect.

During the trial period of dual grading, there was not any demand for dual graded beef from our retail customers, and we feel that this grading system would be detrimental to the best interests of livestock producers and feeders, as well as meat processors. This would represent an added expense in the selection and grading of beef.

Respectfully yours,

D. A. LYON,
General Manager.

THE FLEMING CO., INC.,
Topeka, Kans., October 8, 1963.

Senator JAMES B. PEARSON,
Senate Office Building,
Washington, D.C.

DEAR SIR: We have attached a copy of a letter written to Mr. Dave Pettus, Director of Livestock Division, Washington, D.C.

We urge your support in objecting to the measure taken by the Department of Agriculture.

If this ruling becomes mandatory, we will have to cease promoting Government grading as most of my suppliers have informed me that they will discontinue Government grading. This is a real serious threat to our country and to our economy.

Would appreciate your thoughts and any action taken.

Thank you.

Sincerely yours,

J. W. REECE,
Director of Meat Procurement.

EXCEL PACKING CO.,
Wichita, Kans., October 7, 1963.

DIRECTOR, LIVESTOCK DIVISION,
Agricultural Marketing Service,
Washington, D.C.

DEAR SIR: I would like to register our complaints to the modified beef grading proposed for the following reasons and request that the mandatory requirement of yield standards to the regulation be dropped. This would give the industry the opportunity to merchandise the cutability standards. If made compulsory, we fear the more desirable carcasses will be used as standard and the fatter carcasses will have to be sold at considerable discount to the trade at the expense of the packer and producer.

I herein list the objections in greater detail:

1. The proposed regulation mandatorily tying yield, or cutability grades to regular grading is highly objectionable to the beef slaughtering industry.

2. Regarding retailers' attitudes toward the proposed grading program, if adopted, carcasses bearing the lower cut-out grades would be excessively discounted by retailers.

3. The proposed program, if adopted, would put cattle slaughterers in the position of being mere order takers instead of beef merchandisers. This would limit, if not block, their ability to recover the full use value of the total beef supply in the marketplace.

4. By tying yield grading to quality grading the program transfers all value judgments to the grader. This should be objectionable to retail buyers who have their own selection programs; it should be objectionable to packers who truly try to do a real merchandising job on beef; producers also should object because it will lose for them the merchandising efforts of the packing industry through which maximum dollars are recovered for the total beef supply.

5. Consumers have nothing to gain one way or the other. In any event they are buyers of trimmed beef cuts.

6. We are greatly disturbed by the "politicking" which obviously is responsible for first removing conformation from the quality grade then reinstating it. Important as this factor is, it would appear that objectivity was not considered in the maneuvering that preceded the USDA's announced intention to reinstate yield grading.

7. The USDA, producers, packers, and college meats people who generally favor standards and grading by the USDA also should be disturbed by the research results of Burdette Breidenstein, which reveals very clearly that this proposed program does an improper job of classification. He has found from actual cutting tests of a large number of beef carcasses that only one-half of his extensive sample actually cut out in the yield grade indicated by the USDA formula.

Very truly yours,

SAM H. MARCUS.

EXCERPT FROM WEEKLY NEWS LETTER OF THE NATIONAL ASSOCIATION OF HOTEL AND RESTAURANT MEAT PURVEYORS IN OPPOSITION TO DUAL GRADING

OCTOBER 11, 1963.

To the Members:

Along with many other trade associations representing segments of the livestock and meat industry, the National Association of

Hotel and Restaurant Meat Purveyors is strongly opposed to the inclusion of "cutability" in grading. The meat industry made it quite clear to the Department of Agriculture that it was opposed to dual grading as unnecessary, burdensome, and of doubtful value. In apparent acceptance of the desires of the meat industry, the Secretary of Agriculture announced that the proposed dual grading would be abandoned, but instead of abandoning the concept he now proposes to include the very same concept into the present grading standards. Thus, anybody who would want to grade meat in accordance with the present regulations would at the same time be obligated to have the meat graded with respect to cutability. This is his attempt to do indirectly what the Department was unable to do directly. All of the reasons that have been advanced against dual grading are likewise applicable to the proposal to include the concept of cutability in our present grading standards.

Mr. SIMPSON. Mr. President, will the Senator from Kansas yield?

Mr. PEARSON. I yield to the distinguished Senator from Wyoming.

Mr. SIMPSON. I wish to associate myself with the remarks of the Senator from Kansas. The Wyoming Livestock Association has also gone on record in this connection.

It seems to me that it is incumbent upon the Senate to do something to protect this industry, which never has been given a Government subsidy, and which probably has been the greatest exponent of private enterprise in the United States.

Unless this industry is protected from imports as well as from the "cutability" proposed new grades, as referred to by the Senator from Kansas, we shall be in grave difficulties.

Mr. MORSE. Mr. President, will the Senator from Kansas yield to me?

Mr. PEARSON. I am glad to yield to the distinguished Senator from Oregon.

Mr. MORSE. Mr. President, I also wish to be associated with the remarks of the Senator from Kansas.

EDITORIAL COMMENT ON FOREIGN AID DEBATE

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "For Whom the Bell Tolls," published in this morning's issue of the Washington Post.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FOR WHOM THE BELL TOLLS

"Never send to know for whom the bell tolls," John Donne advised, "it tolls for thee." Sponsors of the civil rights bill, the tax bill, and many other pieces of legislation in the mountainous backlog on Capitol Hill may well recall these words as they listen to the protracted debate on the foreign-aid bill droning on and on in the Senate. The bell may be tolling specifically for foreign aid, but it is also tolling for civil rights, tax relief, and the entire Kennedy program.

Yesterday's voting involving relatively small sums and a good deal of intricate maneuvering on both sides did not change the situation much. Majority Leader MANSFIELD, who is putting up a strong fight to save the administration's aid bill, foresees a long, hard struggle ahead.

Senator MORSE, who is leading the fight against the foreign-aid bill, bitterly resents the suggestion that he is playing the game of the southern Senators who plan later on to filibuster the civil-rights bill. His reputation as a fighter for civil rights is well established, and his sincerity in attacking the aid program is not open to question. The fact remains, however, that every hour of debate on the aid bill and every delaying maneuver dims the chances for enactment of other major legislation.

The basic fault, of course, is not with any Senator or any particular bill but with the Senate system. A large and complicated legislative program, such as that which President Kennedy laid before the present Congress, is manageable only through systematic scheduling of bills so that each may be considered in orderly fashion within the time limits available. But systematic scheduling is impossible so long as every committee chairman is a law unto himself, and any Senator or group of Senators may indulge in unlimited debate.

Under the present rules, a group of Senators who conscientiously oppose a bill may reasonably feel that they have not done their duty unless they use dilatory tactics to kill it. Slowdowns, time-wasting maneuvers, and filibusters are thus the norm in the Senate whenever they serve the purpose of a committee chairman or a powerful minority group. The dismal truth is that the Senate has no centralized leadership or organization capable of overcoming these handicaps.

The outlook would be less discouraging if the Congress were moving to put its house, or more specifically, its two Houses, in order. In the absence of modernizing reforms it would be naive to suppose that the legislative skies will suddenly clear once the civil-rights and tax bills have been disposed of. Rather, the congestion is likely to get worse with the accumulation of difficult domestic and international problems.

Let the sponsors of all progressive legislation listen well to the extended debate on foreign aid. The symbolic bell is tolling for them.

Mr. MORSE. The Washington Post continues the misrepresentation which has filled so many columns of the press in the past few days on the theme that those of us who are insisting upon a full debate of the foreign aid bill in the Senate are holding up proposed civil rights legislation. I shall again answer that charge in a moment. I have already answered it several times. I shall continue to answer it as long as the misrepresentation flows from the pens of American editors and correspondents.

The editorial states:

> Under the present rules a group of Senators who conscientiously oppose a bill may reasonably feel that they have not done their duty unless they use dilatory tactics to kill it. Slow-downs, time-wasting maneuvers and filibusters are thus the norm in the Senate whenever they serve the purpose of a committee chairman or a powerful minority group. The dismal truth is that the Senate has no centralized leadership or organization capable of overcoming these handicaps.

Delivering himself of those generalities, the editor is counting upon the reader to make the false assumption that that is what is happening in connection with the foreign aid bill in the Senate.

Let us place the facts before America. What that editor, as well as other editors, obviously do not like is that there is full debate in the Senate on the foreign aid bill. Steamroller tactics will not be permitted. What the editor ought to do is to refresh his knowledge, if he ever had any knowledge, about the history of the Senate, particularly in relation to what the Senate was established to do. The Senate was designed to debate controversial issues and bring out their merits and demerits. The Senate was not intended by our Constitutional Fathers to be merely a meeting place to vote. In my years in the Senate I have seen this procedure develop, so that the Senate is more and more becoming a meeting place of Senators to congregate and vote rather than a meeting place to debate and present the facts on two sides of a controversial issue. The senior Senator from Oregon has said that he has had enough of such procedure. His attitude will not be limited to the foreign aid bill, but will be applied to all major pieces of proposed legislation, because the so-called technique that the editor of the Washington Post thinks is in the public interest is a unanimous consent agreement to limit debate.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. The editor of the Washington Post would doubtless favor a unanimous consent agreement to limit debate on an issue or an amendment to, say, 15 minutes—and sometimes the time has been as short as 5 minutes to a side on an amendment—and then "bingo," a vote.

What happens? While the debate continues for that short period of time, the Senate Chamber is practically empty. In the present debate we have succeeded in having pretty good attendance, by and large, on most of the foreign aid amendments that have been offered. I think we shall find that that kind of attendance will continue.

Those to whom I have referred wish to establish a procedure by which debate on the bill would be limited to half an hour on a side or an hour or two. When the Senate operates under such a limitation, few Senators come to the Chamber because they know that the vote will be certain to take place at a particular time. Senators stay away. They congregate in the Chamber to vote at the appointed hour.

Mr. President, in my judgment that practice has contributed to a lowering of the prestige of the Senate. It has changed the purpose of the Senate. I believe it is time to get back to its historic purpose.

The senior Senator from Oregon will continue, no matter how many editors stick their pens into his blood—I am used to it—and write any critical editorials they desire. The Senator from Oregon will see to it that the foreign aid bill is debated amendment by amendment until every Senator has said all he desires to say on the question. Then there will be a vote.

In the long run time will be saved. I am certain that the public interest will be protected by that procedure.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Let us consider the crux of the criticism: It is the false charge that we are holding up civil rights legislation in the Senate.

For the benefit of the editor of the Washington Post, I ask unanimous consent that there be printed at this point in the RECORD the pending calendar of the Senate.

There being no objection, the calendar was ordered to be printed in the RECORD, as follows:

General orders under rule VIII

Order No.	Number and author of bill	Title	Reported by
305	H.R. 4214	An act for the relief of the Stella Reorganized Schools R-I, Missouri. ($1,500.)	June 27, 1963.—Mr. Eastland, Committee on the Judiciary, without amendment. (Rept. 331.)
319	S. 5, Mr. Yarborough and others.	A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period.	July 2, 1963.—Mr. Yarborough, Committee on Labor and Public Welfare, with amendments. (Rept. 345.) (Minority views.)
449	S. 1540, Mr. Magnuson	A bill to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.	Aug. 28, 1963.—Mr. Monroney, Committee on Commerce, without amendment. (Rept. 473.)
451	S. 1033, Mr. Magnuson	A bill to establish a uniform system of time standards and measurements for the United States and require the observance of such time standards for all purposes.	Aug. 30, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 475.)
462	H.R. 82	An act to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.	Sept. 11, 1963.—Mr. Bartlett, Committee on Commerce, without amendment. (Rept. 486.) (Minority views filed.)
483	S. Con. Res. 1, Mr. Clark and others.	Concurrent resolution to create a joint committee to study the organization and operation of the Congress and recommend improvements therein.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with an amendment. (Rept. 504.) (Individual and supplemental views filed.)
485	S. Res. 111, Mr. Church and others.	Resolution amending rule XXV of the standing rules relative to meetings of committees while the Senate is in session.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration without amendment. (Rept. 506.) (Individual views filed.)
486	S. Res. 89, Mr. Pastore and others.	Resolution providing for germaneness of debate under certain circumstances.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with amendments. (Rept. 507.) (Individual views filed.)
502	S. 927, Mr. Magnuson	A bill to amend title 12 of the Merchant Marine Act, 1936, in order to remove certain limitations with respect to war risk insurance issued under the provisions of such title.	Sept. 24, 1963.—Mr. Bartlett, Committee on Commerce, with an amendment. (Rept. 523.) (Individual views filed.)
546	S. 2100, Messrs. Magnuson and Jackson.	A bill to continue certain authority of the Secretary of Commerce to suspend the provisions of sec. 27 of the Merchant Marine Act, 1920, with respect to the transportation of lumber.	Oct. 17, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 568.) (Minority views filed.)
566	H.R. 7885	An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.	Oct. 22, 1963.—Mr. Fulbright, Committee on Foreign Relations, with an amendment. (Rept. 588.)
570	S. 2265, Mr. Morse	A bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.	Oct. 29, 1963.—Mr. Morse, Committee on Labor and Public Welfare, without amendment. (Rept. 592.) (Minority views filed.)
572	S. 1396, Mr. Fong	A bill to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State.	Oct. 29, 1963.—Mr. Fong, Committee on the Judiciary, without amendment. (Rept. 594.)
602	S. 689, Messrs. Long of Missouri and Symington.	A bill for the relief of Lila Everts Weber	Nov. 1, 1963.—Mr. Long of Missouri, Committee on the Judiciary, without amendment. (Rept. 624.) Calendar called, Nov. 5, 1963.

Mr. MORSE. Mr. President, there are 14 bills on the calendar. No Senator will state that the overwhelming majority of them are not considered minor bills. There is no civil rights bill on that list. If the Senate voted in the next hour on the foreign aid bill, there is not a civil rights bill on the calendar of the Senate so that it could proceed to that question. The Senate could not even proceed to discuss a civil rights bill. It has not yet come to us.

Senators will take judicial notice that there is not a man or a woman in this body who will deny the statement I now make: There is no expectation of a civil rights bill from the House of Representatives—and my statement is an understatement—in less than 2 weeks. Most Representatives will tell us that none can be expected in less than 3 weeks. But, I am sure, the Senate will be through with the foreign aid authorization bill within a week.

The Senate will still have ample time to consider other questions, because even then no civil rights bill will be before the Senate.

I do not know the objective of the press. I do not know whether it seeks to deceive the American people or to misrepresent the issue to the American people.

A day or two ago I was shocked by a news story in the New York Times that tried to perpetuate the misrepresentation that there is some collusive conspiracy between the senior Senator from Oregon and the southerners in the Senate to hold up proposed civil rights legislation.

That is a lot of "hogwash." It has no basis in fact. We must see to it that the foreign aid bill, which is so vital to the security of our country and to the economic welfare of the people, is debated fully. On both sides of the issue there are dedicated and sincere Senators who believe in their respective points of view. I happen to believe that the bill must be debated fully. I will engage in no dilatory tactics, nor have I engaged in them. The majority leader has my word that I will not. I will not permit a unanimous-consent agreement to vote until the debate is concluded.

Mr. President, there is nothing dilatory about that position. With his usual kindness and generosity, the majority leader has said that I am not only within my rights, but that he has had my complete cooperation within my rights.

Of course, the majority leader would like to have a unanimous-consent agreement. I shall state one other reason why I will not consent to one. In my judgment, a unanimous-consent agreement to limit debate on any part of foreign aid would result in a good many Senators voting on amendments without being fully informed. Senators have said to those of us who have been debating the question, "We did not have any idea that those facts were involved in the bill until you spoke."

They have come to us and said, "It is because of the representations and the arguments that you have made that we have started to change our minds about a good many parts of the foreign aid bill."

That is why the constitutional fathers established the Senate. That is why they established this parliamentary body, which Senators have boasted is the greatest parliamentary body in the world.

I close with the statement that one of our greatest strengths is the fact that straitjackets cannot be put upon us.

Muzzles cannot be put upon us. We cannot be tied down by repressions that deny us the right to represent our contingency fully or to say what we think needs to be said before a vote is cast. That is my answer to the Washington Post. I hope that it will take a look at the calendar and find that the pending calendar of the Senate cannot be squared with the innuendos and insinuations of the editorial.

I yield the floor.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. MORSE. I have yielded the floor. The Senator can obtain the floor in his own right.

Mr. SIMPSON. Mr. President——

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. I wish to associate myself with the remarks of the senior Senator from Oregon in respect to the statement he has made. I trust that no pen stuck in his blood or any other atrocity will deter the Senator from continuing his battle on behalf of the American people. I assure the Senator from Oregon that full debate on the subject is as important as debate on any other bill that could come before the Senate.

I propose to support the Senator from Oregon in most of his amendments and in his fight on this particular bill. I am sure he has already had evidence of majority support in the amendments he will undertake.

Mr. MORSE. I thank the Senator.

MR. REUTHER SEES NEED FOR ECONOMIC CONVERSION PLANNING

Mr. McGOVERN. Mr. President, in a report to the Industrial Union Department of the AFL–CIO to be released today, Mr. Walter P. Reuther has pointed up the need to plan for possible shifts in our Defense Establishment. In his report to the delegates of the Fifth Constitutional Convention of the IUD—AFL–CIO scheduled in Washington, D.C., for November 7 and 8, Mr. Reuther says:

> If and when arms reduction takes place, the probability is that it will proceed over a period of years. This offers opportunity for planned and orderly conversion to nonmilitary utilization of facilities, resources, and manpower if we begin to plan well in advance. The changing nature of weaponry, of itself, dictates the need to find civilian alternatives to arms.

To meet this problem Mr. Reuther suggests:

> A national peace planning board with authority to develop national and regional plans and programs is required. Labor, industry, the universities, and Government should be adequately represented. The board should be empowered to utilize Federal agencies and their resources in the development of programs.

Mr. President, last Thursday I introduced a measure, with the cosponsorship of other Senators, to provide for a National Economic Conversion Commission. The legislation which I have proposed could help provide the machinery that is needed to implement Mr. Reuther's proposal.

I believe Senators will find it profitable to read that portion of Mr. Reuther's report which relates to the conversion of our defense industries as conditions permit. I ask unanimous consent to have this section of the report printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

NEW PROBLEMS AND NEW OPPORTUNITY

Great shifts have marked our world since our industrial unions last assembled in convention in this city.

When we last met here, reverberations of Soviet megaton nuclear testing still echoed across a fevered world. The fear of war, the destructive power of the bomb, and ever-rising levels of radioactive fallout haunted the dreams of every man.

The cold war reached near boiling temperatures in the Cuban crisis—possibly the most fearful yet to confront mankind. Thanks to the firm position of the administration and intelligent diplomacy, peace with honor was preserved.

Mankind has since withdrawn from the brink. For the first time since the end of World War II, it has become possible to think seriously of arms control and disarmament. This is not to say that peace and mutual good will blanket our earth, or that America can afford to relax her vigilance. But the internal problems of the Soviet, the widening gaps in the Soviet-Sino alliance, and strains within the Soviet bloc are realities that offer new possibilities for fruitful diplomacy and reduction of the armaments burden.

The nuclear test ban does not limit the arms race or end the manufacture of armaments. Nonetheless the treaty can turn out to be a small but significant step toward arms control. Both the AFL–CIO and the IUD testified on behalf of ratification, stressing labor's interest in a more peaceful world.

While America cannot drop her guard, neither can she ignore the challenge of a peace race with the Soviet Union. Industrial labor would gladly welcome such a race. It is our firm belief that the free world can show by example that it can meet and surmount the problems of abundance inherent in a world imburdened by massive armaments.

Arms reduction offers to U.S. labor hope and opportunity for higher living standards, elimination of domestic poverty, and greater leisure. Needed are alternatives to arms. While work has been undertaken in this area, there has been no comprehensive national planning.

A disarmed world lies far in the future, but arms reduction with inspection now has become a possibility. It would be foolhardy to wait until the problems are upon us before preparing for conversion from arms manufacture to civilian production. America has proved her ability to plan decisively for defense without serious impairment of her basic institutions. Industrial labor has full faith that she can plan equally well for a disarmed world.

If and when arms reduction takes place, the probability is that it will proceed over a period of years. This offers opportunity for planned and orderly conversion to nonmilitary utilization of facilities, resources, and manpower if we begin to plan well in advance.

The changing nature of weaponry, of itself, dictates the need to find civilian alternatives to arms. America's tremendous stockpile of weapons on hand would indicate a coming slowdown in military procurement. Greater sophistication in weaponry would also indicate smaller employment in the Defense Establishment even with present levels of expenditure.

Defense industry has created jobs, but it is a weak reed for any nation to lean upon for sustained prosperity. Defense facilities and procurement cannot be permitted to become a means for creating industrial activity at the expense of a growing civilian economy. While there can be no unilateral disarmament, this Nation is certainly strong and confident enough to welcome the opportunities that arms reduction can create.

Defense industry has introduced serious distortion and neglect into the Nation's economy. Side by side with the massive Defense Establishment, there have grown areas of massive public neglect. As pointed out by Defense Secretary Robert McNamara, "The award of new defense contracts in a particular area can make the difference between prosperity and depression."

LITTLE PRIVATE CONCERN

Recent surveys show little private concern with or preparation for conversion from defense to civilian production. The Morgan Guaranty Trust Co. of New York reported in its August letter that little attention is being given by business to the "possibility that spend'ng for defense may one of these years begin to decline significantly." Responses of defense contractors to a Senate subcommittee questionnaire showed that only one in six had even made any kind of survey on the impact of defense cutbacks.

A lengthy New York Times survey in mid-August noted that defense contractors are doing "very little" to cope with the impact of arms control or disarmament. The paper's conclusion was based upon a survey of the 25 largest prime defense contractors, accounting for 50.8 percent of all defense work.

Economists generally agree that the U.S. economy can adjust to disarmament in the long run. But people must live in the short run. The Times reported that "when it comes to the short run, confident assertions about the resiliency of the U.S. economy often give way to cries of sheer panic."

Industrial labor too has been lax in this area. It must devote more thought and planning to the problems that will lie ahead if arms reduction can be negotiated. Obviously, we stand to benefit with the entire Nation if the results of arms reduction are higher living standards. But we will lose most if the net result is still greater unemployment.

The problem of conversion is national in scope and requires national planning with the participation of all sectors of the economy. Needed first are fiscal and monetary policies to facilitate conversion and growth. It is imperative to obtain the broadest possible agreement in these areas now and to plan to make such policies operative at the right time.

Government policy regarding broad expansion of public works and services must be formulated well in advance of actual arms reduction to permit public works to be phased in as defense work is phased out. There is a need to plan broad programs of worker relocation and retraining before massive joblessness strikes.

Government programs alone are insufficient. Regional plans that would include alternative uses of defense facilities must be developed. Such plans need not and could not be made mandatory upon any private industry but could serve as guidelines. Inducements to convert in accordance with the best available judgment can be developed for contractors.

A national peace planning board with authority to develop national and regional plans and programs is required. Labor, industry, the universities, and government should be adequately represented. The board should be empowered to utilize Federal agencies and their resources in the development of programs.

A national peace planning board could stimulate national interest and debate regarding alternatives to arms, and part of its function should be educational. While the board would have the authority to propose programs, their adoption and implementation would obviously be left to the Congress and the Executive.

SOFTENING THE SHOCK OF DEFENSE SPENDING CUTS

Mr. McGOVERN. Mr. President, Business Week magazine of November 2, 1963, carries a significant article on the growing concern about the impact of possible military spending cuts on our economy.

I commend the article to the attention of Senators and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Softening the Shock of Defense Spending Cuts

The impact on industry and the economy of "a little disarmament every day" is causing some quiet worry in Congress and the administration.

Although there have been no official pronouncements, the cold war thaw, prospects of a decline in defense spending, and the shift away from big missiles to sophisticated electronic gadgetry foreshadow significant changes. Washington already is looking ahead to the possibility that it may have to take some steps to soften the hardships that might be felt in some industries and communities.

This week, a Senate subcommittee on manpower and employment headed by Senator Joseph Clark, Democrat, of Pennsylvania, began looking into defense spending, what it means now, and what it will mean 2 or 5 years hence.

In the Defense Department, top officials are trying to work out an "early warning system" to alert defense industries and localities to the upheavals ahead from changing patterns of military spending.

Nobody foresees real disarmament, however rosy United States-Soviet relations become. Defense spending will continue hefty, but the buildup that lifted military outlays from $40 billion annually to $50 billion in a few years is over.

PUZZLEMENT

Senator Clark will find few easy answers. The Pentagon does not even know where all defense money ends up by the time orders are subcontracted out. The Institute for Defense Analysis is just beginning a study to find ways to collect data on the impact of defense spending.

The Defense Department wants to help business, but is handicapped by what it can say. Long-range strategic plans are secret, and efforts to warn one company or an industry could cause panic. Furthermore, today's warnings could be misleading anyhow, since strategic concepts may be scrapped because of tomorrow's technological developments.

Defense Secretary Robert S. McNamara has named Special Assistant Adam Yarmolinsky to head a committee that will try to work out an early warning system for industry. The group is just starting to feel its way, but it will probably rely mostly on consultations.

LOOKING AHEAD

Such a system may do little in forecasting where defense changes will fall in 2 or 3 years. But it could alert industry to the economic impact for at least the next fiscal year, once Congress has acted on spending requests.

The Pentagon's Office of Economic Adjustment has started work on a community alert program in Roswell, N. Mex., to avoid what happened in Wichita, Kans., a few years ago when aircraft production employing 25 percent of the city's work force closed out.

Roswell, with half its economy dependent on Walker Air Force Base, faces the same potentially dangerous situation, although there is no thought of closing down the facility.

Two weeks ago, Donald E. Bradford, head of the Economic Adjustment Office, visited Roswell with officials of other Federal agencies at the request of the city's civic leaders. They explored what could be done to diversify the city's economy. Suggestions included trying to attract ceramic industries to take advantage of local clay deposits; getting an oil refinery to move into town, rather than ship locally produced crude oil elsewhere; and developing the sugarbeet industry.

CONGRESS AND INDUSTRY

Senator George McGovern, Democrat, of South Dakota, will soon introduce a bill to set up a National Economic Conversion Committee to encourage planning by business concerns with 25 percent or more of sales in defense. Senator Clark's subcommittee also hopes to recommend ways in which the Defense Department could do more to help companies and communities over the hurdle of sudden withdrawal of defense contracts.

The Electronic Industries Association warns that few companies are doing any planning; most are "just not facing the music." But Westinghouse Electric Corp. Vice President F. P. Cotter finds a lot of thought being given to this problem in intellectual circles in Washington. Because of this, he thinks many companies will be giving more attention to conversion by spring.

WORDS OF CONFIDENCE

Many Washington economists believe a switch out of military spending can bring real growth benefits, if resources are absorbed by the civilian economy without too much dislocation. Military spending, they say, is inherently wasteful. Because of rapid obsolescence and the unpredictability of production and planning, $1 million spent for defense brings less economic good than $1 million spent on civilian goods. One study estimates that if a 20-percent disarmament program had been put in effect in 1958, some 254,000 jobs would have been lost, but 542,000 new jobs would have been created if the money had been spent for civilian purposes instead.

SENATOR McINTYRE SPEAKS OUT ON DEFENSE AND DISARMAMENT

Mrs. NEUBERGER. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon [Mrs. Neuberger] is recognized.

Mrs. NEUBERGER. Mr. President, the junior Senator from New Hampshire [Mr. McIntyre] has been a Member of this body for less than 1 year. Yet in that brief span his perceptive eye and conscientious voice have earned him a respectful audience among his colleagues. Senator McIntyre has distinguished himself as a partisan of the underdog—the small businessman, the consumer. He has been an outspoken advocate of sound conservation legislation, and a cautious and conscientious analyst of all legislation affecting the weal of his State and Nation.

It is for these reasons that I read with particular interest the major speech by the Senator from New Hampshire delivered on October 24 at Notre Dame College in Manchester, N.H., setting forth his views on defense policy and the control of nuclear testing. Again, this address is characterized by both those qualities of reason and candor which have marked Tom McIntyre's Senate performance to date. In deft, short strokes, he sketches the complex relationship between nuclear testing and national security. Maintaining that "national security is the strength of our guarantees for freedom, here at home and all over the world," he nonetheless builds an imposing case for the Senate-ratified test ban treaty.

He speaks of "tough competitive coexistence" as the only acceptable mode of living with, while not giving into, the threat of international communism. We see clearly that to be firm in opposition to the encroachments of communism, we need not deliver ourselves to nuclear conflict or continue the "radioactive contamination of the atmosphere and of our own bodies and those of our children." And he warns that "we have been playing fast and loose with the fragile genetic basis of humanity's future." "We honor our peacemakers" he tells us, "but must remain in readiness for war."

I commend this fine address to those of our colleagues who may not yet have seen it and I ask unanimous consent that for their benefit it may be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

The Limited Treaty Banning Nuclear Tests

(By U.S. Senator Tom McIntyre)

I would like to commend you for attending and contributing to today's discussions of international affairs. We hear more about such subjects than we used to. This is true for several reasons. Unlike most nations, we face the two great seas of the world. These oceans used to protect us. In these days of rapid travel they expose us. Second, we led the victorious alliance in a great war. Upon us fell the responsibility to construct the peace from the shattered remains of nations. Our position as a world power has involved us in many crises not of our own making. Third, we have become much more exposed to problems of world trade and finance. In the depression we did not have funds enough to buy foreign products. The war disrupted trade and destroyed factories, giving this country a virtual monopoly on currency and goods. But after 30 years we are again fully exposed to foreign competition, whether for markets overseas or here at home. Fourth, the peoples of the underdeveloped nations have discovered that famine and disease are not inevitable laws of nature. They look to us for the knowledge that will overcome poverty.

The many-sided involvement of the United States with foreign nations might be expressed in one short story. Prime Minister Balewa of Nigeria wished to tour the United States, but to get away from the ordinary big city stops made by visiting dignitaries. Instead, he proposed to tour the Tennessee Valley to inspect dams, power generators, and other improvements which bore a close relation to his own country's efforts. As the official party made its way, Balewa said he would like to visit a farmhouse. Nervously State Department officials indicated that colored men were not always welcome in that part of the country but the visitor insisted that a request be made. Surprisingly, the farmer said he would be delighted to meet the Prime Minister. So the tall, gaunt official took up a position in the parlor, his white Moslem robes overflowing onto the floor. In faultless English he discussed the farmer's operation and the farmer spoke in simple, direct terms about his problems with his land, his experience with the TVA electric power, and the education of his children. You can readily imagine the questions which preoccupied everyone there that day. What is the proper role of government in developing a region like the Tennessee Valley? How do America's race relations look to the rest of the world in days of concern about human rights? What skills and assistance will a country like Nigeria need to promote its development? I think Prime Minister Balewa's parting remarks bear repeating. He said, "I, too, was a farmer in my own country. I think if I were to change places with you, that I could run a farm much like yours. But, as for your changing places with me, I can readily see that you would not do it. You must truly be the happiest man alive." This comment, and the farflung works of the TVA, and the great uranium plants which the electric power operates at Oak Ridge remind us that America does indeed have much to offer the world. I would like to discuss some of our international relations with you this evening in the light of the overriding concern of the foreign policy of the United States—the attainment of a just and secure peace.

The recent ratification of the limited treaty banning nuclear tests is one event in our foreign policy which I participated in in the U.S. Senate. On July 2 of this year, Nikita Khrushchev announced the willingness of the U.S.S.R. to conclude an agreement banning nuclear tests in the atmosphere, outer space, and the oceans. On July 25 an agreed draft was initialed. On August 5 the three great powers signed the treaty in Moscow. Throughout July and August, like most Members of the Senate, I gave my attention to the problems raised by the treaty and its impending ratification. I would like to discuss the treaty, explain why such an agreement has been an overriding concern of U.S. foreign policy for 14 years, and tell you why I believe its ratification was in the national interest. It is a large subject. Many aspects were considered. The points I shall discuss are the ones I found most persuasive.

THE MEANING OF NATIONAL SECURITY

Above all other considerations, the test ban had to be evaluated in terms of our national security. This is a term which we often use in a heedless kind of way, without much effort to define it precisely. National security is the strength of our guarantees for freedom, here at home and all over the world. The ruthless philosophy of Leninism, based on the writings of Marx, exalts the work of the state by devaluing human achievement. Our own policy has consistently been to extend strong guarantees of human worth. Communism, throughout most of its history, has based the strength of the state upon a dogmatic political creed. It justifies its regimentation of men by arguing that only strong central governments can discover the meaning of life. The Communists have built an unwieldy structure that weakens if it does not expand. Our mission has been to frustrate that expansion and to strengthen men's ability to choose the ways of life best suited to themselves.

The extension of communism in Europe after the war was carried out under the guns of the Russian Army. Civil war had broken out in Greece and there was a definable military threat in Turkey and Iran. Relying upon our experience with nuclear weapons we created a system of forward bases for striking forces. The 14 years since have witnessed a spiraling competition in armaments between this country and the U.S.S.R. We have gone from B-47's to B-52's, from atomic bombs to hydrogen bombs of increasing complexity, efficiency, and power. From airplanes we went to guided and ballistic missiles, first of intermediate and then of intercontinental range, to be fired from underwater and underground. During the same period our annual military budget climbed from around $10 billion in 1949 to $50 billion today. The strength of our guarantees for freedom, in the last resort, depends upon the power of these strategic retaliatory forces and our ultimate willingness to use them. Weapons testing has been an integral part of weapons development, upon which the success of the Western deterrent depends. That is why the treaty had to be subjected to a very careful scrutiny, to make sure that our strategic retaliatory forces could continue to function as a shield of freedom. No attack upon us can destroy all of these weapons. Those remaining shall deny the fruits of victory to any aggressor. Our willingness to invoke their awesome power was demonstrated in last year's clash over Cuba. But we have not resorted to the actual use of these engines of destruction in 17 years of contest and I hope we never shall.

There is a point in this progression where more weapons do not necessarily mean more security. It does no good to have more bombs than we could ever need or quantities far out of relation to the number and type of targets which must be destroyed. The purpose of these weapons is to enable this country to threaten unacceptable damage on an aggressor. Both the United States and the U.S.S.R. now have enough nuclear power to inflict enormous destruction on each other. Still, the search for bigger, more destructive weapons goes on. Each generation of major weapons has been more expensive than the last. Each has involved an increasing burden, an increasing diversion of resources from the great unfinished business of mankind. The military arts are not a monopoly of any country. The atom yields its secrets to a properly designed experiment regardless of the nationality of the investigator. We cannot improve our weapons in such a way as to deny similar improvements to others. It is undeniable that our destructive strength today is many times what it was 14 years ago. But is our security many times greater? The lesson of the postwar years is that security does not depend on military technology alone. When we sum up the dangers of our situation, including accidental war and the spread of nuclear weapons to irresponsible powers, I believe we are fully justified in concluding that efforts to control the armaments competition are in the interest of our national security.

THE COMPETITION IN ARMAMENTS

I supported the efforts at negotiation because I thought their basic purpose was to give this Nation a more flexible approach to the cold war. I believe flexibility is the essential prerequisite to success. Rather than stake our security only on the ultimate destructive power of thermonucelar weapons, the last trump to play in any hand, we should have a whole series of responses to the bewildering variety of cold war initiatives. In the conflicts between the free and Communist worlds we need an enhanced capacity to win battles, in order to avert wars. This treaty does not change our primary objective, which is to secure the global future of freedom. I do hope that it will increase our emphasis upon the first line defenses which have not always held in the years of the cold war. An ambassador who can persuade an unruly crowd, a sensitive night landscape scanner for use in jungle warfare, a training agreement with the forces of a country on the frontiers of the Communist empire—these can be decisive "weapons" in our long-range pursuit of freedom. Our failure to master them as fully as we have mastered nuclear technology has led to tragedy in Cuba, the drawn-out conflict in South Vietnam, and a dozen explosive situations around the world.

The test ban treaty does not show that the Soviets have revised their notions about their place in the world. Two weeks after Khrushchev announced that the U.S.S.R. would be willing to sign an agreement, statements in Pravda plainly indicated that the ambitions of communism for world domination were as strong as ever. We must continue our efforts to consolidate the Western alliance, in order to strengthen Western unity on fundamentals in a period when the Communist world is increasingly disunified. We must intensify our efforts to correct the conditions of instability and bleak poverty which communism exploits for empire. We must answer aggression or subversion with dexterity and a practical wisdom that provides a countermove to exact just enough of a cost to discourage further adventuring. By winning these small contests we shall prevail. Yet our power to threaten ultimate war contributes very little to this contest. Nuclear technology is only one science to press into service; agriculture, education, economics, and psychology are going to be increasingly important. The treaty banning nuclear tests should slow the spiraling race in superweapons development. In so doing, let us concentrate on the encounters where we should win, not those where all civilization must lose. Our nuclear forces shall remain in awesome readiness, but the last resort should not be the foremost safeguard in our minds.

In the Cuban crisis a year ago, the curtain rolled back for a moment and we all had to think about the consequences of nuclear war as an imminent possibility. Our President boldly withstood nuclear blackmail and Khrushchev backed down. Few of us want to see such a grim encounter repeated. The road to peace is bound to be a long and difficult one, but the American people must be determined to take every step along that road that opens before us. The treaty banning nuclear tests was such a step.

THE NATURE OF NUCLEAR WEAPONS

The reason for pursuing this long-term goal is clear. We must not forget the nature of the weapons we are considering, although their effects are something we would just as soon not think about. In Hiroshima and Nagasaki today no one has forgotten the overpowering horror of the nuclear holocaust although almost all wish they could forget. And weapons actually carried in our bombers today are literally hundreds of times more powerful. A 10-megaton bomb causes second degree burns at a distance of 25 miles and would destroy houses for 8 miles around by blast effects alone. The fireball and following radiation effects are perhaps best left undescribed, but we must not shrink from them in contemplating this subject.

At the outset I considered the impact of the treaty upon the strength of our deterrent forces. I called officials of the Atomic Energy Commission and the Defense Department to my office. We discussed some of the technical fine points about military strength. It was at once apparent that almost all those concerned with overall defense policy and weapons design supported the treaty. Every technical argument offered against it was answered by careful scientific testimony. The unanimity of the highest intelligence, atomic energy, and defense officials was most impressive.

IS THE AGREEMENT BASED ON TRUST?

Another question, and one on many of your minds I am sure, was whether or not we could trust the Russians to observe the agreement. The answer, quite simply, is that this treaty is not based on trust. We have arrays of sensitive instruments that can detect any atmospheric or underwater test that might be significant for Soviet weapons development. There are now in orbit two out of the planned system of very high altitude earth satellites which would detect radiation from blasts up to at least 20 million miles into space. We remain ready to test again ourselves and the President recently informed Congress that some $18 million is to be spent on new facilities for this purpose. If this treaty, like the famous pie crust of Lenin's dictum, was made to be broken, we shall neither be surprised nor placed at a disadvantage.

If the treaty were based on trust, it could have been extended to cover all underground tests. But in that environment we do not have sufficiently reliable detection equipment to monitor a ban. It was in 1958 that President Eisenhower first suggested a test ban to cover everything but underground tests. At that time the Russians refused, replying that they would reserve the right to test anywhere they liked and would not permit us to force them to rely on tests underground. Why have they retreated from this position and given in on a point they once regarded as essential to their own security? I do not have the answer, but it is important to notice that they have altered a position. This treaty is not something they have wanted all along. Its advantages for them are not too hard to discover: The treaty stops us from testing where we do have things to learn, it permits them to pose as peacemakers, and it will swing world opinion against Chinese weapons development. It is these ingredients of Soviet self-interest which will cause them to observe the treaty, so long as they do in fact observe it. We should hark back to the warning George Washington addressed to our young Nation, which was not to trust any nation beyond the limits of its own self-interest. That is timely advice today. The history of Russia reveals centuries of treachery on a grand scale. But I do not believe it would be to their advantage to violate this treaty before the open forum of world opinion.

COMPETITIVE COEXISTENCE

The third question was whether we were entering upon some drastically new phase in our relations with the Soviet Union. Many have called this treaty a limited first step toward other agreements which may help to minimize the danger of conflict between the great powers. I agree with that. But it is not an end to the cold war. It does not automatically usher in an age of congenial coexistence. I would prefer to speak of tough competitive coexistence. I don't for a minute believe the Russians have shelved their blueprint for world domination. Nor have we budged an inch in our determination to defend freedom. This treaty frankly recognizes conflicts with the Communists too deep to resolve. As Senator FULBRIGHT, chairman of the Foreign Relations Committee, so persuasively stated in the opening minutes of the Senate debate, such wide gulfs are usually closed by history, not by the feeble diplomatic machinery of nations.

It is precisely because these divisions are going to be with us for a long time that we ought to try to leave our most awesome weapons at some distance from the various arenas of conflict. This treaty embodies a germ of understanding on this point. We of the free world are not going to sacrifice a heritage of freedom which has been with us since the age of Pericles. The Communists are not going to be reborn next Sunday morning. We of the West should proceed in the belief that time and reason are on our side so long as we are firm and that if we have the sense to avoid the final nuclear catastrophe, we can sort out the problems of the world in a manner that will prove acceptable to us.

RADIOACTIVE FALLOUT AND CONTAMINATION

A fourth point, which was very persuasive with me, was that a vast concert of nations would agree to halt further radioactive contamination of the atmosphere and of our own bodies and of those of our children. The overwhelming burden of scientific opinion is that we have been playing fast and loose with the fragile genetic basis of humanity's future. There is disagreement about how much damage, but it would be sheer folly to wait for statistically significant obvious physical damage to reveal itself. Let me point out just how drastic the effects of these weapons can be on the world in which we must live. I observed that the detection satellites have been placed in an orbit about 60,000 miles up. The reason for that is that radioactive bands from earlier tests, now trapped in the earth's magnetic field, would destroy the electronic equipment of the detection satellites if they were any closer to earth. The explosion above Johnston Island in July of 1962 created artificial northern lights at a distance of 3,000 miles in seconds. It lowered the ionospheric layer of the atmosphere above the Eastern United States about 10 seconds later. In succeeding days satellite after satellite fell silent. Within the heart of that artificial electron belt, since strengthened by later Soviet tests, an astronaut 1,000 miles up would receive a lethal dose of radiation in about 1 day spent orbiting the earth. It may be too technical to say the Johnston Island blast was 1.4 megatons, or 70 times as strong as the bomb that was dropped on Hiroshima. But these widespread effects for thousands of miles out into space show the immensity of the force that mankind has set free. The treaty places a limit upon these artificial radiation belts and a limit upon increasing fallout which contaminates milk and clouds the future of the human race.

Those, then are the principal points that weighed on my mind. One, the exceptional nature of nuclear weapons and their threat to mankind. Two, the fact that the treaty does not weaken our military position. Three, violations can be detected by our equipment so the agreement is not based on trust. Four, it is a step that makes sense in the cold war situation. Five, it will help to end the contamination of fallout and other dramatic effects upon our environment.

And so, on September 24, 1963, the Senate ratified the limited treaty banning nuclear tests by a vote of 80 to 19. To the extent that reason may be our guide, I believe it confirmed a vote for ratification. But international affairs offer few certainties. We are adventuring upon uncertain seas if we look to the future. How right Robert Frost was to observe that most of the change we think we see is due to truths being in and out of favor. There is no shortage of armchair strategists to claim that this treaty is the beginning of something or the end of something else. I suspect that it is neither. It is one moment in America's long history. We honor our peacemakers but must remain in readiness for war. We are strongly determined to steer a resolute course toward our destiny, free from illusions but unafraid of hope.

GOLDWATER AND THE GREEK ELECTIONS

Mr. DIRKSEN. Mr. President, President Kennedy in his press conference on Thursday, October 31, said our distinguished colleague, the junior Senator from Arizona, had been "involving himself" in the Greek elections. There was no elaboration by Mr. Kennedy, reporters sought none and most people were mystified.

The enterprising Baltimore Sun in its issue of November 3, 1963, goes to considerable effort and probable expense to solve the mystery. It is interesting to note that the implications of the President's press conference remarks are not sustained by the interview with the Senator whose position against meddling in the Greek election is clearly established.

Mr. President, I ask unanimous consent that the Baltimore Sun article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOLDWATER AND THE GREEK ELECTIONS

In his press conference on Thursday President Kennedy said that Senator GOLDWATER had "had a busy week selling TVA * * * suggesting that military commanders overseas be permitted to use nuclear weapons; attacking the President of Bolivia while he was here in the United States; involving himself in the Greek elections." The reference to the Greek elections, which take place today, was not elaborated upon by the President, and he was not questioned about it. The background:

Today's voting finds Constantine Karamanlis ERE (National Radical Union Party) opposed chiefly by George Papandreou's Center Union Party. Mr. Karamanlis opponents have repeatedly charged that the American Embassy in Athens exerted pressure on behalf of Karamanlis in the 1961 elections, which returned him to the Premiership. The charge has been just as repeatedly denied by the American Embassy, and was denied once more, emphatically and categorically, by Ambassador Henry R. Labouisse after the recent publication in Athens of on interview granted by Senator GOLDWATER to Elias Demetrakopoulos, political correspondent of the Athenian English-language Daily Post.

One version of the import of that interview is given here in translation from the October 14 issue of the Athens News, an all-out supporter of the Center Union Party, whose leaders, including Papandreou, are quoted in the same issue as finding Senator GOLDWATER's view of the Greek political situation forthright and perceptive.

"The revelations by Mr. BARRY GOLDWATER, Republican Senator, concerning intervention by the American Embassy in Athens in the 1961 elections, and the soundings of elements of the ERE (National Radical Union Party) regarding creation of dictatorship and of American State Department efforts in the Balkans endangering Greek interests have created a sharp impression in political circles and among public opinion here.

"In an interview with Mr. Elias Demetrakopoulos, Mr. GOLDWATER, a top Republican leader, and President Kennedy's most likely opponent:

"1. Verified that reports concerning the trip of Mr. Farmakis, prominent ERE politician, to the United States several months ago were correct. He emphasized a dictatorial regime in Greece would definitely be a step backward.

"2. Admitted there was interference by the American Embassy in the 1961 Greek elections and disclosed that since he has not, as yet, seen the conclusions of an inquiry into the Embassy's electoral role, he was not sure whether disciplinary measures would be necessary. He further asserted that the current Greek elections must be absolutely free and that 'our Embassy in Athens must this time remain absolutely neutral, avoiding any interference whatsoever.'

"3. Said he shared fears expressed in Athens that increasing American Government contact with Eastern bloc nations, particularly Bulgaria and Yugoslavia, could seriously damage vital Greek interests. He especially singled out sinister Bulgarian and Yugoslavian initiatives at the expense of Greece and assigned responsibility for this official policy to 'a clique in the State Department.'

"In detail:

"Question. There are reports currently circulating in the Greek press that you strongly opposed suggestions made to you that creation of a dictatorship in Greece would provide a final solution to Greece's problems. Would you care to comment on these reports?

"Answer. I am against dictatorships in any country and this is why I severely attacked suggestions that creation of a dictatorship in Greece would finally solve her problems. My God, No! Greece is one of the most civilized nations in the world. Our own democratic methods of government have their root in Greece. It would be tragic if Greece, the first democracy, would retrogress into a dictatorship. I just can't understand why any Greeks would have such ideas.

"Question. Do you share current fears about the tense Greek political situation and what are the results of your investigation of last year denouncing the role of the American Embassy in Athens during the 1961 Greek elections?

"Answer. I am very upset about the disturbing political situation in Greece and I was particularly nettled by the London riots of last July during the Greek royal trip there. I have not yet reviewed the final results of the study investigating the American Embassy's role in the last elections. We must, however, take proper action that this meddling will not take place again. First I would like to see the investigation's conclusions and then I could say what disciplinary measures would be required. The Greek people, among all other nations, deserve free elections and I sincerely hope that the forthcoming elections will be conducted in a free atmosphere and that our embassy in Greece will remain this time absolutely neutral, avoiding any meddling.

"Question. Do you share the fears expressed in Athens that current American active concern and increasing contact with Communist nations in Eastern Europe, particularly Yugoslavia and Bulgaria, constitute a threat to basic Greek interests?

"Answer. Certainly I share these fears. And the American Congress is also very upset with these recent contacts. Bulgarian and Yugoslavian aims with regard to Greek Macedonia prove their long-term intentions to harm Greece, one of our most faithful allies. These unprincipled Bulgarian and Yugoslavian policies designed to violate your nation's territorial integrity justify the aforementioned fears which are also shared by Congress."

TRIBUTE TO JOHN TAYLOR

Mr. MOSS. Mr. President, on November 1, 1963, the descendants of President John Taylor, third president of the Church of Jesus Christ of Latter-day Saints—Mormon, commemorated the 144th anniversary of his birth.

President Taylor has thousands of living descendants. Among them are men and women who have distinguished themselves in wide ranges of human endeavors, including religion, government and public affairs, medicine, business, education, science, literature, engineering, law, and the Armed Forces. I am privileged to count many of President Taylor's descendants among my friends and join with them in honoring the memory of their great ancestor.

The story of President Taylor is, in its earlier chapters, the story of the founding of the Mormon Church. In his middle years, John Taylor's history becomes the history of the founding of Utah, and later his life story traces the emergence of Salt Lake City and the surrounding territory as the location of the largest and most civilized community between the Missouri and the Pacific coast. He was with Joseph and Hyrum Smith when they were killed in the Carthage, Ill., jail. He was one of the pioneers to reach the Salt Lake Valley in 1847, and he was associated with almost every significant decision and in almost every important event in Utah from then until his death in 1887.

I ask unanimous consent that a tribute to President Taylor, written recently by one of his descendants, be printed in the Record.

There being no objection, the tribute was ordered to be printed in the Record, as follows:

John Taylor, Churchman and Utah Pioneer

John Taylor was born in England in 1808. At the age of 17 he was made a Methodist preacher, and at 20 he started a business for himself as a turner. When he was 24 he emigrated to Canada and subsequently he became a member of the Church of Jesus Christ of Latter-day Saints, joining the main body of the church in the United States. At the age of 30 he was ordained one of the Twelve Apostles of the church. From then until his death, nearly 50 years later, President Taylor served as an apostle and prophet and was president of the church during the last 7 years of his life. His life and activities were intertwined with the development of both the church and the State of Utah.

In 1839 the main body of the church was expelled from Missouri and found a temporary resting place in Illinois. However, subsequently, President Taylor and others—in secrecy for fear of mobs—met at a dedicated temple site in Far West, Mo., and there, after solemn discussions and prayers, departed on missions to Europe.

Five years later President Taylor was with the prophet, Joseph Smith, and his brother, Hyrum Smith, when those two leaders were killed by mobs in the Carthage, Ill., jail. President Taylor was severely wounded, but his life was saved from a bullet, meant for his heart, by a watch worn in his vest pocket.

The expulsion of the church from Illinois in 1845–46 presented new problems and trials. Brigham Young with the assistance of John Taylor and others organized and directed the most historic exodus of modern time: the migration of tens of thousands of church members from the Missouri River to the heart of the Rocky Mountains. Some had wagons, others traveled the thousand miles of uncharted wilderness with only handcarts. History can never forget this Mormon trek and the over 7,000 unmarked graves along the Mormon trail from Council Bluffs to Salt Lake City.

President Taylor arrived in Salt Lake in 1847 with his family. When their first crops were ready to harvest, clouds of crickets descended upon them. All prayed earnestly to the Lord to save their crops from the crickets, and John Taylor was among those who witnessed the miracle of the seagulls. These birds arrived in huge flocks and proceeded to devour the crickets. Some of the gulls were observed disgorging crickets in Great Salt Lake and then returning to the fields to devour more of them.

In 1857 President Buchanan (based on erroneous reports) ordered a contingent of the U.S. Army to Salt Lake City. This aroused strong resentment among the people, some of whom had been driven out of Missouri in 1838–39, and Illinois in 1845–46 and had endured extreme hardships during the migration to Utah and the establishment of their homes. Their feelings are illustrated in quoting from a church meeting in Salt Lake City, September 1857:

"Elder Taylor. What would be your feelings if the United States wanted to have the honor of driving us from our homes? * * * Would you, if necessary, brethren, put the torch to your buildings and lay them in ashes and wander houseless into these mountains? I know what you would say and what you would do.

"President Brigham Young. Try the vote.

"Elder Taylor. All you that are willing to set fire to your property and lay it in ashes rather than submit to their military rule and oppression, manifest it by raising your hands.

"The congregation, numbering more than 4,000, unanimously raised their hands.

"Elder Taylor. I know what your feelings are. We have been persecuted and robbed long enough; and in the name of Israel's God, we will be free.

"Congregation responded, 'Amen.'

"President Young. I say amen all the time to that.

"Elder Taylor. 'I feel to thank God that I am associated with such men, with such people, where honesty and truth dwell in the heart—where men have a religion that they are not afraid to live by, and that they are not afraid to die by; and I would not give a straw for anything short of that.' "

By June of 1858, various settlements in northern Utah were deserted, save by those left to destroy them. However, in conferences with church leaders, President Taylor among them, and President Buchanan's representatives, the problem was amicably solved.

The last 50 years of John Taylor's life were devoted almost exclusively to the benefits of his fellowmen: as a leader of his people, as a missionary who converted hundreds to the church in America, England, France and other countries, as a journalist and editor, as a legislator, and as a devoted husband and father. But further, he was a strong and determined defender of human liberty. He wrote:

"We say we are the children of God. That is true, we are. We are sparks struck from the blaze of His eternal fire. But what of the rest of the world—whose children are they? They are also the children of our Heavenly Father, and He is interested in their welfare as He is in ours; and as a kind, beneficent Father toward His children, He has been seeking from generation to generation to promote the welfare, the happiness and the exaltation of the human family.

"We sometimes talk about the hand of God being over us. Of course it is, and will be over us forever, if we will only serve Him, for He is always true. But His hand is over the nations of the earth also. He is interested in the welfare of this Nation, and all other nations, and all other people, as well as in our welfare.

"I believe in God, in Jesus Christ, and in the exaltation of the human family, and consequently have acted and do act in accordance with that belief. If others choose to do otherwise, that is their business. 'But,' says one, 'don't you want to send them all to hell?' No, I don't; but I would be glad to get them out of it; and if I could do them any good, I would do it with pleasure. I do not believe in this wrath and dread, but if a man acts meanly I will tell him that he is a poor, mean cur. Then if I find him hungry, I would feed him or if I found him naked, I would clothe him; for the Gospel teaches me to do good and benefit mankind as far as lies in my power."

It has become proverbial that all great movements must produce their own leaders. It is recognized that leaders in established institutions, political, social, religious, whatever, are rarely converted to innovations. Perhaps they consider it to their interest to oppose changes, or perhaps they fear that changes may cast doubt upon the correctness of the whole with which they are connected.

So it was that the leaders who arose out of the Mormon movement were unfettered by prejudices and personal ambitions. President John Taylor would be considered a giant among men of any generation.

THE COMPETITION IN SPACE

Mr. ANDERSON. Mr. President, immediately following Premier Khrushchev's recent statement that Russia had no immediate plans to put men on the moon the general interpretation was that the Soviet Union had pulled out of the so-called moon race. This interpretation is unwarranted by the facts of the case. The competition in space between the United States and the Soviet Union is still intense. It would be foolish indeed if this country were to attempt to reorient its vast space program each time the Soviet Union made some pronouncement about its goals. We should take cognizance of Russian statements but we should not let ourselves be diverted from sound objectives on the grounds that competition no longer exists. I ask unanimous consent that a portion of the interview between newspapermen and Khrushchev in which the Russian leader made his statement about the moon be inserted at this point in my remarks.

There being no objection, the portion of the interview was ordered to be printed in the RECORD, as follows:

KHRUSHCHEV'S STATEMENT

Journalist Leopold Vargas, of Colombia, asks: "Can you tell us whether a flight to the moon by Soviet cosmonauts is planned for the not too distant future?"

Mr. Khrushchev: "It would be very interesting to take a trip to the moon. But I cannot at present say when this will be done. We are not at present planning flights by cosmonauts to the moon. Soviet scientists are working on this problem. It is being studied as a scientific problem and the necessary research is being done. I have a report to the effect that the Americans want to land a man on the moon by 1970–80. Well, let's wish them success. We shall see how they will fly there, how they will land on the moon and, more important, how they will start off and return home. We shall take their experience into account. We do not want to compete with the sending of people to the moon without careful preparation. It is clear that no benefits would be derived from such a competition. On the contrary, it would be harmful as it might result in the destruction of people. We have a frequently quoted joke: He who cannot bear it any longer on earth may fly to the moon. But we are all right on earth, to speak seriously, much work will have to be done and good preparations made for a successful flight to the moon by man."

Mr. ANDERSON. Mr. President, I also ask unanimous consent that an excellent editorial from the Washington Star of November 5, 1963, also be included at this point. The editorial calls attention to the maneuverable vehicle which the Russians have launched into space. It notes that maneuverability may put the Russians "well ahead of us with the kind of rendezvous capability that is essential to efforts to place men on the moon and bring them back safely." It may be that the Russians have intentions in space other than landing men on the moon and this rendezvous capability is of critical importance for other activities in space.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TO THE MOON

Russia's newest venture in space has come at exactly the right time. Although not so intended, it pulls the rug from under those among us—such as economizing Congressmen and excessively zealous scientists like Linus Pauling—who have been clamoring for an end to our country's program to place Americans on the moon by 1970.

These people, with much naivete (to use a polite word), have attached an extravagant degree of importance to Premier Khrushchev's recent remarks vaguely suggesting that he may be withdrawing the Soviets from the lunar race. Actually, as President Kennedy observed at his Thursday news conference, the remarks were so "very guarded and careful and cautious" that he himself "would not make any bets at all on Soviet intentions." Instead, as he proposes to do, he would carry out the American moon program as fast as possible and without letup. He would do this not just for prestige purposes, but because the whole awesome undertaking has a vital bearing on national security. Further, it holds out the promise of great intellectual and material rewards to be wrested from the exploration and exploitation of what might be called the heavenly seas, the boundless oceans of the universe around us.

Certainly, if Moscow has not exaggerated, the new Soviet spatial experiment spectacularly supports Mr. Kennedy. For the vehicle involved is extraordinary in the sense that it is said to be maneuverable in all directions—horizontally, to the left and right, and perpendicularly, up and down—so that it can make vast and swift orbital changes at command from the ground. If the Russians really have achieved such maneuverability in space, then the United States has a lot of catching up to do. More specifically, their latest space shot plainly, and disturbingly, indicates that they are well ahead of us with the kind of rendezvous capability that is essential to efforts to place men on the moon and bring them back safely. This is one of the many reasons why all Americans should share in the President's strong doubt that Mr. Khrushchev has even the slightest intention of withdrawing from the lunar race.

Clearly, we must run this race as swiftly as we possibly can. D. Brainerd Holmes, former chief of our lunar project, has summed it all up rather well: "If we do not make these efforts, we will not be first on the moon, we will not be first in space and, one day soon, we will not be first on earth. With the support of the American people, and with the help of God, we will not be second."

President Kennedy obviously feels the same way. That is why he has warned against the shallow and potentially dangerous views of people like Dr. Pauling. As a nation, we must keep on going forward, to the moon and beyond.

MEDICAL ASSISTANCE FOR THE AGED

Mr. ANDERSON. Mr. President, the Special Committee on Aging's Subcommittee on Health of the Elderly has completed a carefully detailed analysis of the operation and effects of the Kerr-Mills Act since its beginning 3 years ago. The subcommittee, under the chairmanship of the able senior Senator from Michigan [Mr. MCNAMARA], has performed a valuable service in putting the Kerr-Mills law in the proper perspective.

The report states:

> After 3 years of operation, the Kerr-Mills medical assistance for the aged (MAA) program has proved to be at best an ineffective and piecemeal approach to the health problems of the Nation's 18 million older citizens.

Senators will find the report of great use as the time approaches for action on the administration's proposal to provide hospital insurance for the aged through social security.

The New York Times commented editorially yesterday on the subcommittee's report, and I ask unanimous consent that the editorial be printed at the conclusion of my remarks. I disagree with the editorial's conclusion that the problem of the elderly in financing their health needs is "one of the great forgotten issues of 1963." Millions of Americans have a very strong interest in seeing a solution to this problem, and those of us who support the administration's approach certainly have not forgotten either the aged or the need to find an answer. The House Ways and Means Committee will begin hearings on this subject on November 18, and I firmly believe that we are going to see a resolution of the problem before this Congress ends.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SHORTCHANGING THE AGED

Three years after its adoption the Kerr-Mills program of medical assistance for the aged is proving a meager answer to financing care for elderly persons too poor to pay their own hospital and medical bills.

The report of a Senate subcommittee indicates that only 2 percent of the Nation's 18 million aged received aid under the program in any part of the last fiscal year. Even this tiny proportion is an exaggeration, since many thousands were persons who had received care under public relief programs before the Federal system of matching grants for the medically indigent was enacted.

Only 28 States have yet put plans in operation; the duration and types of benefits vary widely; stringent eligibility tests and the humiliating means test discourage participation, and the great bulk of the funds go to the wealthiest States. Administrative costs eat up much of the Federal allocation, partly because of the newness of the program but even more because of the complexity of the rules governing enforcement.

The concept that a combination of Kerr-Mills and private health insurance will give America's older citizens adequate protection against the economic hazards of ill health is plainly an illusion. Until the Kennedy administration makes a real fight for its program of hospital care for the aged under the social security system, tens of thousands of the elderly will lack the safeguards they need and should have. This has become one of the great forgotten issues of 1963. It cannot stay forgotten in 1964.

OIL FOR ALASKA'S ECONOMIC WATERS

Mr. BARTLETT. Mr. President, the New York Times said last week that "Alaska and the oil industry are showing the mutual faithfulness of a devoted affianced couple." Gov. William Egan, of Alaska, said last week:

> You of the oil industry are partners with the people of Alaska in developing the rich oil treasures that lie beneath their land.

Mr. President, Alaska and oil are going places.

Over 50 wells are now in production, most of them in the Swanson River and Soldatna fields on the Kenai Peninsula. They are producing 25,000 barrels a day. The reserves on Kenai are estimated at 100 million barrels.

Last month, Shell Oil, California Standard Oil, and Richfield made a major strike at their Middle Ground Shoal No. 1 well, in the middle of Cook Inlet, south of Anchorage. Plans are underway to construct a $5½ million drilling platform in the inlet from which 20 or more wells will be drilled. The richness of the strike, the size of the potential can be seen in the great perseverence of the companies at work. Cook Inlet has over a 30-foot tide, a current over 6 knots, strong winds, freezing rains, and thick winter ice. Drilling here is the most difficult drilling job ever undertaken anywhere in the world.

Many miles to the north, deep within the Arctic Circle, on the far side of the Brooks Mountain range, many oil firms are doing exploratory work. The promise here is immense.

Said the New York Times:

> Some petroleum men dare hope that it may rival vast reserves of the Middle East.

The importance of oil to the future of Alaska and the economic well-being of her people cannot be overestimated.

This potential, this importance, was well set forth by Governor Egan last week in his speech at Anchorage, "Salute to Alaska Oil Industry." I ask unanimous consent that the speech and a most interesting article by Lawrence E. Davies, from the October 31 issue of the New York Times, may be made a part of the RECORD at this point.

There being no objection, the speech and article were ordered to be printed in the RECORD, as follows:

ADDRESS BY GOV. WILLIAM A. EGAN, SALUTE TO ALASKA OIL INDUSTRY, ANCHORAGE, OCTOBER 29, 1963

Mr. Chairman, ladies and gentlemen, it may be my imagination, but it seems that more and more lately I am asked to speak at an event commemorating some new development in the Alaska petroleum industry. If this is the case, I look forward to the time that I am asked to speak once a week in every community in Alaska.

There is never any reason for the Governor of Alaska to be at a loss for words at such occasions. So much can be said for what oil has meant to Alaska since that great day in 1957 when newspapers shouted the news of the first Alaska oil strike.

I was in Washington, D.C., at the time, where, together with many other Alaskans, I was working for congressional approval for the bill that would make Alaska the 49th State. That headline, that news, did more to help our cause than all the rest of our lobbying put together.

It is correct to say that the Alaska petroleum industry and the State of Alaska were born almost simultaneously. There is no reason why we shouldn't remain members of a close and happy family.

Someone once remarked that Alaska was discovered and rediscovered many times over.

When I was born, the great gold stampede era was drawing to a close. That intensive mass movement undertaken by foot and by river boat was just about spent. The big strikes had been made, many camps were worked out and the bulk of the stampeders were drifting away.

Alaska's fisheries then for some years took the center of the stage in keeping alive the spectacular Alaska story and in providing our basic income and economy.

With the war, defense construction intervened, and Alaska's economy has been largely geared to defense ever since—a condition which, while not unique to Alaska is of considerable concern.

And now, after many discoveries and rediscoveries of Alaska—based on her resources and geographic position—we may safely conclude that this State is entering another great, dramatic era—that of oil.

Back in 1957, when statehood appeared so close and the initial discovery applied the clincher, there were still serious doubts entertained as to whether Alaska could sustain itself, despite the discovery of oil. There was great conjecture on whether production would occur in our time, on whether the industry would cap or pump. There was anxiety that oil might simply be left in the ground in known, convenient reservoired status until world needs called for Alaska production in the distant future.

Today there are few doubters as to whether Alaska will become an important oil State or whether it can sustain its own economy.

I noticed the other day an article in a national magazine in which the author expressed the view that even though the oil industry has invested $300 million in Alaska in recent years it did not expect to reap substantial returns or discover any great new reserves.

If this is true, on behalf of all Alaskans I would like to thank the industry for its generous charitable contribution to our State.

But of course such a statement is not only untrue; it is ridiculous.

After the recent inlet discovery a spokesman for the Shell Oil Co. told the New York Times that it was like a "gift from heaven" to develop such a large field so close to the population centers of the west coast.

The president of a large oil company interested in the possibilities of the Arctic slope wrote me recently expressing the view that the slope represents, in his words, "perhaps the greatest petroleum potential of any geological province within the United States."

These certainly are strange comments if we are to believe the negative view expressed in that national magazine.

In addition to oil's contribution to Alaska in the way of hard cash, it has served to set ablaze the spirit and hopes of all Alaskans for the development of their land. The industry's very presence here has been a tremendous psychological boost to all who are working toward Alaska's prosperous future. It has been a beacon for all of us who have never lost faith that Alaska's economy is destined to be one of the richest and strongest in the Nation, an economy based on the valuable resources that lie above and below the ground within our borders.

You of the oil industry are partners with the people of Alaska in developing the rich oil treasures that lie beneath their land.

It is easy to talk about economic development. But just what do we mean by the term?

In the first place, new industry means more jobs. It means more money to more individuals and, consequently, greater opportunity to utilize their skills and training and energy here in Alaska.

More development means more revenue for both State and local government. More revenue to make those public improvements so necessary to our way of life: the construction of schools, roads, airports, boat harbors, and the implementation of programs which no civilized community can do without. Programs to protect health, welfare, property, and personal rights. Programs to aid commerce, assist labor. Programs to promote additional economic growth.

A continuing debate on the national level, a debate which becomes particularly intense when it appears that our tax structure is about to be changed, is whether the Nation benefits from the oil depletion allowance.

Many sincere people argue forcefully and with some merit that the depletion allowance is simply a gift from all the people of the United States to the oil industry. In some ways this is true.

But in Alaska we can see the dramatic results that can occur when the industry takes that gift and utilizes it for its intended purpose—to seek out, to gamble, on efforts that may pay off in new discoveries.

That gamble is paying off in Alaska and many in this room who know the oil industry and its products far, far better than I, believe that we have not seen anything yet. You prove that by your continuing presence and perseverance.

The result has been that the United States is stronger by gaining on that additional 300 billion barrel reserve it will need by the end of the century. It is stronger by having one of its States—Alaska—better able to develop into a strong partner in the Union of States. It is stronger through the creation of more jobs and more business.

In so many ways, the oil industry and Alaska have developed a partnership. The industry, by its very nature, is, and must continue to be, a pioneering industry, always seeking out new frontiers, always risking existing capital for future gains. Alaska, itself a frontier, shares similar aspirations and a similar spirit of adventure and optimism.

One expression of justified optimism I ran across recently was a statement made by Frank Phillips, founder of Phillips Petroleum, back at the turn of the century.

He said at that time, "I think people are going to buy quite a passel of these gasoline buggies and they need gasoline to make them go. It may be that this thing has a future."

Sixty years later, the future of petroleum as an integral part of our way of life is more secure than ever.

Many of you here tonight represent companies that have yet to experience the thrill of an Alaska discovery. You can be sure that I and all Alaskans hope that day is not long coming and that it is repeated many times over. As I said earlier, I don't mind speaking once a week; once a day, if required, to commemorate some new advance in the Alaska petroleum industry.

It is probably true that an oil man is welcome wherever he goes in this world. Have no doubt about it, you are welcome here.

[From the New York Times, Oct. 31, 1963]

SEARCH FOR OIL IS ACCELERATED IN ALASKA

(By Lawrence E. Davies)

ANCHORAGE, ALASKA.—Alaska and the oil industry are showing the mutual faithfulness of a devoted affianced couple.

Petroleum concerns have courted the 49th State with lavish expenditures for exploration, drilling, and production. Alaska has been liberal in its incentive royalty rates for a 10-year development period following the drilling of discovery wells.

Companies have poured in money at a rate undreamed of when the first strike was made 6 years ago by the Richfield Oil Corp. on Kenai Peninsula below Anchorage.

Discovery last month of a new field 60 miles southwest of here in Cook Inlet by the Shell Oil Co. last month has spurred excitement among Alaska officials, residents and oil explorers. And the prospect of finding oil on the Arctic slope 1,000 miles above these south-central fields, in quantities that some petroleum men dare hope may rival vast reserves of the Middle East, has added to the determination of competing companies to continue to sink millions into Alaska exploration.

To date, Alaskan official estimate, the oil companies have spent $280 million in the 49th State for leases, exploration, drilling, and production. The State government's cash return has been some $65 million, including some $54 million in bonus payments from the industry for the right to drill wildcat wells, several of which have been worthless dry holes.

Gov. William A. Egan declared here last night that oil and gas would be the State's "peak revenue producers." He added:

"What we've seen now is only a drop in the bucket."

Governor Egan and Samuel F. Bowlby, vice president of Shell Oil in charge of exploration and production in the western States, spoke here at the Anchorage Westward Hotel at a dinner sponsored by the chamber of commerce. It was Alaska's "salute to the oil industry."

Mr. Bowlby, as the industry spokesman, used restrained language but confessed he would not be here if he did not believe Alaska would really have a major oil industry—"one that can recover its capital investment and eventually earn a profit."

So far production is confined to the Swanson River and the Soldotna Fields on the Kenai Peninsula, where the Standard Oil Co. of California now has completed development as the operator for a combine including Richfield and other companies. Some 50 wells are in production, and the State Department of Natural Resources, headed by Phil R. Holdsworth, put output at some 25,000 barrels a day. The remaining reserves are estimated at 100 million barrels, making it a major field.

In the Cook Inlet venture, which Mr. Bowlby pictured as offering the most difficult drilling conditions in the world, Shell has teamed up with California Standard and Richfield.

Six-knot currents, 30-foot tides and thick winter ice are major problems, but Mr. Bowlby said a drilling platform would be built next year at a cost of $5,500,000 from which 20 or more wells could be drilled directionally to selected targets in the 550-foot-thick oil formation.

"Building a platform in ice," he told a news conference, "has never been done before. It is a new caper, but our intention is to work on a round-the-clock basis all year and we must stock the platform for the period when ice is present to a depth of 7 to 10 feet. As many platforms will be built as are required."

Mr. Bowlby said that, once production got underway, a pipeline probably would be built to carry the oil to shore "in reasonable proximity to Standard's refinery" near Kenai.

"Our best estimates," he said in his speech, "indicate it will be 1966 before we transport any oil to market from Middle Ground Shoal (site of the new discovery well)—7 years and more than $15 million after we've started activity in this one area of Cook Inlet."

He noted that the oil demands of six Western States, including California, totaled about 1 million barrels a day, with the figure rising to 1,800,000 barrels by 1975. More than 1,200,000 barrels a day of that might have to be imported.

Neither exploration nor drilling has been confined to the Kenai Peninsula and Cook Inlet. Charles F. Herbert, Deputy Commissioner of Natural Resources, said at Juneau that Richfield abandoned a hole on October 17 in the Wide Bay area of the Alaska Peninsula after failing to strike oil at 12,560 feet. This was not far from where Humble Oil hit a dry hole a few years ago after an expenditure of some $7 to $8 million. The Gulf Oil Corp., he said, was down to just less than 11,000 feet in a Sandy River site in the Aleutians, with no report of oil to date, but no trouble either.

The Pan-American, Phillips, Skelly, and Sinclair Oil Cos. have been working together in the Cook Inlet where they recently stopped a long-burning fire at an estimated cost of $1 to $8 million.

Excited interest now is riveted on the Arctic slope where the Navy's wartime exploration led to discovery of an oil field at Umiat, with estimated reserves up to 125 million barrels.

UNWARRANTED PAY RAISE

Mr. TALMADGE. Mr. President, I am opposed to the proposed legislation to increase the salaries of the Members of Congress, the Cabinet, the Supreme Court Justices, and other high-ranking Federal officials.

I do not subscribe to the theory that unless the pay is higher, we will be unable to get qualified men to fill these positions. I know of no one who has turned down a Federal appointment because the pay was not high enough. Nor do I know of anyone who would not run for Congress because of an allegedly inadequate salary.

I cannot support this bill. Instead of proposing more gigantic Federal spending, we should be taking positive steps to achieve a balanced budget and restore fiscal responsibility to the Government.

Mr. President, there appeared in the October 31 issue of the Atlanta Journal a splendid editorial in opposition to the pay bill, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Atlanta Journal, Oct. 31, 1963]

UNSCRUPULOUS PAY BILL

The House of Representatives is in the position of making a big grab on the Treasury for the benefit of its Members with the bill for raising Government salaries.

The bill, which has been reported out of committee, provides for adding $10,000 a year to the current figure of $22,500 for Members of Congress.

It also would raise the pay of 1.8 million Government workers, with husky increases going to Supreme Court Judges, Cabinet members, the Vice President, Speaker of the House and agency heads.

The bill, especially the part which would up congressional salaries, is in direct contradiction to the promise by the House to hold down spending, a promise it made when it passed the tax-cut bill.

The tax cut would bring about a $11 billion deficit.

Representative EUGENE SILER, of Kentucky, described the bill well. He said it is "unscrupulous and untimely."

POLITICALLY INSPIRED CIVIL RIGHTS BILL AND FREEDOM OF ASSOCIATION

Mr. TALMADGE. Mr. President, the so-called civil rights bill now pending in the other body is said to be a compromise measure which is supposed to have been watered down from its original version. However, compromise or not, it still treads upon the rights of the individual and of the private property owner to pick his own associates. Moreover, in many respects, the bill violates the Constitution and would be a further encroachment upon the rights of the individual.

There has appeared recently two excellent editorials discussing this so-called civil rights legislation. The Atlanta Journal declared that it is politically inspired and will infringe upon more rights than it purports to insure.

David Lawrence, the editor of U.S. News & World Report, pointed out that human relations is a matter of the mind and heart and not the subject for legislation. He correctly declares that freedom of association is essential to a well-ordered society.

Mr. President, I ask unanimous consent that these editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From U.S. News & World Report, Nov. 4, 1963]

SELECTION OR DISCRIMINATION?

(By David Lawrence)

Assuming the passage by Congress of a bill establishing the equal rights of citizens in relation to businesses of a public nature, who is to decide when customers or employees are fairly selected and when they are discriminated against?

The answer usually given is that this will be left to the courts.

Shall we see lawsuits, therefore every time a motel owner turns away a Negro applicant for a room with the comment that the place is "all filled up" or without giving any reason? Shall employers and their personnel staffs be dragged into court and cross-examined as to why they hire one person as against another?

Thirty States have laws barring discrimination in public accommodations. But enforcement is difficult, and litigation is often expensive for all concerned.

There is actually nothing in the commerce clause or the 14th amendment to the Constitution which empowers Congress to pass any law prescribing who shall or shall not be admitted to restaurants or hotels or offered employment in businesses of any kind. But so strong is the pressure from the political groups which see such legislation as a vote-getting device that Congress is being pushed today into passing the measure anyhow.

Will it really help the cause of those who have been discriminated against? Thus far, the public agitation has influenced some persons who have been indifferent to acts of discrimination to take another look at their practices. But the picketing and the "marches" also have stirred up deep resentments. The advocates of strong civil rights laws insist that the agitation process may be painful but that prohibitory laws, instead of mere court orders, will be helpful in the long run to their cause.

This, however, is a shortsighted view. It's more of a rationalization than a realistic examination of past experience with social problems.

Strictly on principle, there is theoretically no reason why a man should be denied a job by reason of his color if he is as capable as a white applicant, or why he should be denied hotel accommodations solely because of race. But this theory runs up against another basic principle—the right of a businessman to choose his customers or his employees on whatever basis he wishes.

The 30 States which have anti-discrimination laws on their statute books have not been able to wipe out discrimination, and neither will the Federal Government be able to do it. This was the experience with the constitutional amendment prohibiting the manufacture and sale of intoxicating liquors. National prohibition simply couldn't be enforced by the Federal law officers or courts as against local sentiment. The citizen couldn't be compelled to drink only what the Government told him he could drink—nonalcoholic beverages. This, too, was publicized by churchmen and lawyers as a "moral issue." After 13 years—during which law enforcement generally broke down—the Constitution was amended to permit the States to handle the problem as best they could.

The Nation is going through another such crisis, and it may mean years of strain in law enforcement as the Federal Government tries to deal with the mess that is bound to be created.

Many companies, for instance, which have always hired some Negroes complain that in certain categories they cannot get competent applicants. Still they are accused of discrimination and threatened with picketing.

Agitation in a worthy cause does draw attention to neglected fields of legislation. But, to be successful, the measures must gain the compliance of the majority of citizens—not imposed by coercion but won by persuasion.

"Freedom of association" comes when individuals win their way by their own qualities of mind and their capacity to mingle congenially with others on a basis of mutual respect. There are plenty of whites who aren't hired and who are turned away because they do not seem personally to fit into a particular job. There are plenty of whites who are not invited to other people's homes or into clubs because today, as always, human beings select their own friends and associates. Sometimes the process of selection involves an injustice or unfairness. But "freedom of association" is essential to a well-ordered society and will not be repealed by a generalized demand for equal rights to jobs or in public accommodations.

The problem of the future is to preserve the right of selection while at the same time all citizens are urged to let their conscience guide them away from acts of racial discrimination in every field.

The solution to present-day controversies on civil rights will not come through Federal laws as court orders. It can come only through the education of the citizens generally as they are assured of the right of selection, irrespective of color, and as they come to recognize the obligations and responsibilities which go with that same right of selection.

[From the Atlanta Journal]

A TRAGEDY OF ERRORS

Back before the real hot weather set in, the Kennedy administration proposed a broad civil rights bill. The country was told its passage would be a pledge of full citizenship to the Negro.

Inasmuch as minority groups already have such pledges under the law, there were some, including the Journal, who analyzed the bill as political.

It was suspected the President was more interested in reelection than the plight of any minority.

The hot summer, the long, dry fall, and debate on this bill have justified this point of view.

The bill finally, at long last, has come out of congressional committee. But its passage through the House and Senate in time for the elections is by no means assured.

More time may prove this bill a boomerang. Conservatives disapprove of it as too much and the liberals think it is too little. The leaders of the very group it is trying to please, the Negro, are divided over it.

As of now the cause of orderly progress in racial relations has been hurt rather than helped by the introduction of the bill.

As of now the set of attitudes which may result in a white bloc vote have been hardened by this action of the administration, rather than softened.

As of now, those heroes, the moderates of good will of both races, are out of fashion as a result of this bill.

As of now the political wisdom and general sophistication of the White House is suspect.

As of now the whole thing looks like a terrible mistake, harming those it was supposed to help and helping no one at all.

THE KORTH CASE

Mr. WILLIAMS of Delaware. Mr. President, in the November 3 issue of the New York Times there appeared a very timely article entitled "The Korth Case." The article was written by Arthur Krock; and in it he raises some very pertinent points concerning the question of ethics in Government. I ask unanimous consent to have the article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 3, 1963]

THE KORTH CASE—KENNEDY'S EXPLANATION OF THE NAVY SECRETARY'S RESIGNATION EXAMINED

(By Arthur Krock)

WASHINGTON.—President Kennedy expressed a desire common to occupants of his office whom a subordinate has embarrassed when asked at his news conference if he thought certain letters written by Navy Secretary Korth made the resignation of this official "advisable" and if the President had requested it. "I think," he replied, "the letters which Mr. Korth and I exchanged are the—explain the situation as I would like to see it explained."

But whether or not Mr. Kennedy's choice of words was inadvertent, no predecessor has arrayed himself with such candor on the side of the proposition that the press should not explore the background of official explanations of events in Government that, on their face and in the attendant circumstances, are plainly a coverup of the actual situation. For the letters the President referred to (which were not, of course, the letters his questioner described) are excellent examples of deliberate concealment.

Secretary Korth's October 11 letter of resignation to the President gave as his only reason the need "to return to private business to attend to my pressing private affairs." In his prompt reply (October 12) accepting the resignation, Mr. Kennedy made no comment on the reason for it given by Korth, confining his composition to generous—and deserved—praise of the Secretary's "advancement of national security interests," and said these had put "the Nation in your debt." Therefore, the explanation supplied by this exchange, the one the President said he "would like to see" deemed sufficient, stands in the official record merely as this:

Secretary Korth resigned only because the pressure of "private affairs" overcame his "dedicated desire" to continue to "support" the "leadership of our national defense" by the President and Secretary McNamara. Mr. Kennedy's estimate of Korth's service was high and without qualification.

If the press had accommodated the President's stated preference, and let it go at that, the subject would not have been revived by a question later in the news conference.

Perhaps the detailed nature of this second inquiry persuaded Mr. Kennedy he must go beyond the official record he previously had said he would "like" to have accepted as an adequate explanation. However, go beyond it he did, condoning in words a breach of the ethics to which he pledged his administration in the campaign of 1960 that he had already redeemed in action.

SPEEDY RESIGNATION

As soon as he learned of Korth's lapses from this code of official ethics, the President conveyed the word to his Navy Secretary that immediate resignation was in order. In so doing, Mr. Kennedy acted with firmness and promptness in highly favorable contrast to the performances of two previous administrations in comparable circumstances. But by his words at the press conference he strangely diluted his very creditable deed.

The amount of the subscription to TFX loan to General Dynamics by the bank from which Korth had come to public office, said the President, had, after all, "been a relatively small amount of money as bank loans go;" so there was "nothing improper" in the Navy Secretary's participation in the decision to give the contract to General Dynamics. And, as for Korth's letters on Navy stationery, including an offer to the bank to include some of its "best customers * * * in a little party" on the Secretary's official yacht Sequoia, the President dismissed them by saying: "This (TFX affair) has nothing to do with any opinion I may have about whether Mr. Korth might have written more letters and been busier than he should have been in one way or another."

WHITE HOUSE ATTITUDE

That part of Mr. Kennedy's news conference comments furnishes only another illustration that the stern ethical attitude of presidential candidates is prone to undergo a softening process when they enter the White House.

The admirable quality in President Truman that evoked greater intensity in his friendship when his friends got themselves in trouble was supplemented by his fierce protective instinct for his party when some of these friends got his administration in trouble too. And President Eisenhower long and stubbornly justified acceptance of gifts by Sherman Adams that engendered the public disapproval which finally persuaded Adams he was seriously injuring the President by retaining his most influential White House post.

On June 18, 1959, 3 months before Adams' resignation, President Eisenhower gave a news conference his views on the ethical issue involved, of which the following are the pertinent excerpts:

"A gift is not necessarily a bribe. One is evil, the other is a tangible expression of friendship. * * * Anyone who knows Sherman Adams has never had any doubt of his personal integrity and honesty. * * * But * * * in not being sufficiently alert in making certain that the gifts of which he was a recipient could be * * * misinterpreted

* * * as attempts to influence his political actions * * * to that extent he was * * * 'imprudent.' * * * Personally, I respect him because of his personal and official integrity. I need him."

ETHICAL CLEARANCE

The sponsors of the "shakedowns" for presentation portraits to judges and campaign funds via testimonial dinners, etc., that have attained a peak of frequency in Washington ask no better ethical clearance than this.

At Wittenberg College, October 17, 1960, Presidential Candidate Kennedy promised that if elected he would impose "a single, comprehensive code on conflicts of interest * * * drawing a clearer line between propriety and impropriety * * * protecting the public against the unethical behavior. * * * All America seeks a Government which no man holds to his own interest * * * The next President must set the moral tone, and I refer not only to his language."

This was the part of the pledge which Mr. Kennedy failed to serve by excusing in words the official actions he had by deed certified as inexcusable.

"WATCH THOSE INTEREST RATES," READER'S DIGEST WARNS

Mr. DOUGLAS. Mr. President, the most recent—November 1963—issue of Reader's Digest contains an excellent report to consumers entitled "Watch Those Interest Rates."

I certainly agree.

The extensive hearings held by the Production and Stabilization Subcommittee of the Senate Banking and Currency Committee on the truth-in-lending bill have revealed an astounding range of abuses in the area of consumer credit. One of the primary problems—which the truth-in-lending bill would correct—is that consumers are not aware of what credit really costs. The Reader's Digest warns:

> When you buy a suit of clothes or a movie ticket, you know exactly what the price is. Not so when you "buy" money. The cost of consumer credit is usually disguised, and the borrower will often pay, unwittingly, a staggering rate of interest.

The article presents some typical case histories taken from our truth-in-lending hearings which dramatically illustrate the difficulties that the average consumer has in trying to use credit intelligently when the costs of credit are either hidden or understated. I completely agree with the Reader's Digest that—

> These borrowers, like millions of others, were victims of a credit system that is a model of contrived confusion—and sometimes deception. Enormous sums are involved. Consumer debt last year amounted to about $63 billion; $13 out of every $100 in after-tax personal income went to pay installment loans. How much of that outlay represented overcharges is anyone's guess.

It is particularly appropriate that this warning on credit costs should be issued just before the Christmas buying season when the consumer's resistance is probably at the lowest ebb. I urge everyone who is interested in the cost of credit to read this article. It describes the various tricks and gimmicks that are used by lenders and sellers to keep the consumer in the dark about interest rates and finance charges. It exposes the kickback racket that many lenders and durable goods dealers engage in to gouge the consumer.

I commend the Reader's Digest for printing this report to consumers. I feel confident that millions of consumers will now use credit more intelligently, and I am sure that many will be saved from financial difficulties resulting from credit gouging.

Moreover, I hope that this exposé of credit abuses will galvanize public support for the truth-in-lending bill so that we will be able to overcome the powerful lending lobby that is so bitterly opposing any legislation to require the full disclosure of consumer credit costs.

Finally, I hope that the screams of anguish from the high rate lending fraternity which probably will be uttered, will not deter Reader's Digest from printing other equally informative and educational reports to consumers.

Mr. President, I ask unanimous consent that the article from the November 1963 issue of the Reader's Digest magazine entitled "Watch Those Interest Rates" be printed in its entirely at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Reader's Digest, November 1963]

WHEN YOU BORROW, WHEN YOU BUY—WATCH THOSE INTEREST RATES

(By Irwin Ross)

When you buy a suit of clothes or a movie ticket, you know exactly what the price is. Not so when you "buy" money. The cost of consumer credit is usually disguised, and the borrower will often pay, unwittingly, a staggering rate of interest, as these citizens discovered:

A Federal employee in New Mexico bought a television set for $285.55. When he asked, he was cheerfully told he could pay for it at the rate of "about $14 per month." Since not a word was said about interest, credit or finance charges, he sssumed the installment arrangement was simply a courtesy extended by the dealer. Over the course of 10 months he paid $147.30. Only then, looking at the paper he'd signed, did he discover that he still owed $206.22—so he had been charged $67.97 to finance the purchase. The annual interest rate came to more than 33 percent—a rate which, if indulged in frequently, would bankrupt him.

A mechanic in Texas bought $1,812.80 worth of household furniture, for which he made a down payment of $261.80, and contracted to pay 36 monthly installments of $56.34 each. Only after he was unable to meet all his obligations did he stop to figure out that the furniture was costing him $477.24 in finance charges—a true annual rate of 19.4 percent.

A clerk-typist in Washington, D.C., in need of money because of a family illness, borrowed $1,000 from a bank. Her other debts made it difficult to repay. So, just to meet installments on the loan, she obtained another loan—thus paying extra interest on money to pay interest. In a few months, in a series of Peter-to-Paul operations, she ended up with three bank loans totaling $2,000, a finance company loan of $800, and some $800 in other obligations. Her local credit union, to which she took her troubles, startled her by calculating that she was paying credit charges at the rate of well over 40 percent a year.

These borrowers, like millions of others, were victims of a credit system that is a model of contrived confusion—and sometimes deception. Enormous sums are involved. Consumer debt last year amounted to about $63 billion; $13 out of every $100 in after-tax personal income went to pay installment loans. How much of that outlay represented overcharges is anyone's guess.

It is plainly evident that any consumer seeking credit today needs a detective's persistence and a mathematician's skill to determine what he actually pays in interest. The traditional way of stating the cost of credit is in terms of the annual interest rate—the custom in business and in home mortgages. In consumer credit, however, lenders frequently use slick techniques to make the cost of borrowing seem cheap. There are five main methods:

The add-on: A bank may offer a loan at the cost of, say, $6 per $100—adding the interest charge right away onto the principal, which is then repaid in 12 monthly installments. This sounds like 6 percent annual interest. Actually it is about 11.58. Because the borrower is steadily paying it off, the average amount of his loan over the course of the year is only about $50; yet he pays out a full $6 interest on $100.

The discount: In this case, the interest charge of $6 per $100 is deducted when the loan is made, so the borrower receives only $94. He's being charged $6 not on a full $100 but on only $94, in addition to paying interest on parts of the loan after they have been repaid. Thus he pays even a bit more for his money than the borrower who gets a comparable add-on charge.

Monthly rate: Small-loan companies often quote interest rates of 1½ to 3½ percent—per month. Such rates make borrowing sound very cheap. Customers forget that, while the rate is quoted by the month, the loan is usually for a year or more. To figure the true annual rate, multiply by 12; it will range from 18 percent to 42 percent.

Department stores levy a service charge of, say 1½ percent per month on "revolving credit" charge accounts. "Service charge" sounds more trifling than "interest rate," and many customers have no idea that they are really paying 18-percent interest for the convenience of charging.

No interest rate quoted at all: Here the seller merely indicates the size of the downpayment and of the installments to be paid for 12, 24, or 30 months. The total credit cost, in a lump-sum figure, may or may not be mentioned in the contract.

Loading the contract: The credit charge is inflated by extras—investigation fees, processing charges, service charges, high premiums for insurance (even though the borrower may already have insurance that would cover the loan). Many of these fees are merely disguised interest charges.

By no means are all lenders out to fleece the consumer. Many avoid mention of annual interest rates because of the widespread public impression that more than 6 percent a year is usurious, a belief that traces back to medieval church doctrine. When home mortgage credit became widely available at the beginning of this century ethical lenders held to the historical fair rate of 6 percent. But as Edward Gudeman, former Under Secretary of Commerce, points out, "Under the conditions applying to a modern installment credit system, the idea of only a 6-percent credit charge is a myth, and the public should be aware of it. Consumers should know the true cost of credit."

For a $10,000 mortgage, 6-percent annual interest or less can be a reasonable limit—because a building is offered as collateral, and because the loan is large in relation to the bank's administrative costs. But in installment loans of only a few hundred dollars (often with no collateral), the expenses involved in extending credit are relatively high. For one thing, the merchant must borrow his money from a bank, often paying 5 percent or more. Then he has the costs of credit investigation, bookkeeping, billing; sometimes of dunning his customers or hiring a collection agency; also, he has an occasional uncollectible account. When all these expenses are taken into consideration, a charge of 12 percent a year—or more—is by no means unreasonable. The customer, however, has a right not to be kept in the dark; he should know what he is really paying.

Automobile, furniture, and home appliance financing seem to provide particular pitfalls for the unwary. The finance company furnishes the dealer with several rate books, with ascending charges, the justification being that some customers are poorer risks than others. However, in States where the law is lax, unscrupulous dealers merely select the highest rate the customer seems likely to pay. Later, part of the credit charge may be kicked back by the finance company to the dealer; the higher the rate, the bigger the kickback.

Testifying about this practice before a Senate committee in 1960, John L. O'Brien, of the Better Business Bureau of Greater St. Louis, produced a set of rate charts bearing the code numbers 7–96, 7–150, 7–163. These figures signified that the finance company retained $7 per $100 loaned to the customer, and, depending on which chart was used, kicked back $96, $150, or $163 per $1,000 to the dealer.

Even banks have been known to kick back to dealers. Herbert E. Cheever, vice president of the First National Bank of Brookings, S. Dak., testified to a typical kickback case in which an automobile dealer sent to a bank a customer who needed a $1,200 loan. The bank charged the buyer $220 in finance fees over a 3-year period, and mailed the dealer a $44 check for bringing in the business.

The imprudent buyer may also be lured by ads which offer "no downpayment." And he may find himself signing two loan agreements, one to provide the cash for the normal downpayment and the other for the balance of his debt. Both loans have to be paid off simultaneously, at rates that often run from 30 to 50 percent.

Once enmeshed in this kind of borrowing, the customer often finds no cheap escape. Sometimes, if he decides to pay off the loan before its term ends, he is faced with an excessive payoff rate designed to deter him from doing it. Small loan companies, particularly, try to keep the customer in debt. As one outfit candidly explained in a staff memorandum, "Keep in mind that when any customer settles his account in full and does not refinance, we are in the same position as a department store whose customer settles his bill and stops making purchases."

Many borrowers are careless; they sign blank contracts, fail to ask the most elementary questions, neglect to read the fine print. Credit costs are quoted in so many different ways, however, that even the prudent have difficulty making realistic comparisons. Who can easily tell whether it is cheaper to take an add-on rate of $5 per $100 from a bank, or a 1½ percent per month rate from a small loan company, or a $300 down, $40 a month deal from a furniture dealer?

Senator Paul H. Douglas, of Illinois, has attempted to provide a standard method of credit labeling to make price comparisons meaningful, through a truth-in-lending bill. Cosponsored by 19 other Senators, the bill requires that lenders state finance charges in two different ways—in dollars and cents, and also as a simple annual rate. The information is to be given to customers in writing before the transaction is closed. Thus, the customer can tell at a glance the exact cost of the credit he is buying.

The Douglas bill does not regulate credit or outlaw any of the various ways credit is now priced. It is simply a full-disclosure bill. Its effect will be that when a bank quotes a $6 per $100 discount rate, it will also have to inform the borrower that this is an annual rate of 11.58 percent. Similarly, a department store will have to state that its monthly service charge of 1½ percent is the equivalent of an annual interest rate of 18 percent.

The bill has won the fervent support of credit unions, savings and loan associations, consumer groups and trade unions. Opposition has come from retailers' associations, auto dealers, small-loan companies. The National Association of Mutual Savings Banks supports the bill, though the American Bankers Association opposes it. Some opponents fear it would scare away customers. More likely, full disclosure would cause interest rates to become more competitive, and to fall somewhat as customers shop around.

In the event that such full disclosure becomes law, the public will have to overcome its unrealistic notion that 6 percent is the ceiling for a "fair" annual interest rate. On small loans, repaid in installments over a long period of time, no bank, finance company or retail merchant can charge a true annual rate of 6 percent and break even—let alone make a decent profit. In this area, true interest rates of 9, 10, 12 percent and even higher are by no means extortionate.

There are steps which the prudent borrower can always take to protect himself. He should read every contract carefully before signing, and make his own calculation of credit charges. He can shop around for the best deal; comparisons will generally reveal that banks or credit unions provide the lowest credit rates. And he should always remember that, in the fantasy world of credit advertising, the cheapest sounding deal can sometimes be the most expensive.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill, H.R. 7885, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the Ellender amendment to the Mansfield-Dirksen amendments, as amended, to the committee amendment in the nature of a substitute.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 210 Leg.]

Allott
Anderson
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Oklahoma [Mr. Edmondson], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Mississippi [Mr. Stennis], and the Senator from Tennessee [Mr. Walters] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. Aiken and Mr. Prouty], the Senator from Utah [Mr. Bennett], and the Senator from New York [Mr. Javits] are absent on official business.

The Senator from Arizona [Mr. Goldwater] is necessarily absent.

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. Ellender] to the Mansfield-Dirksen amendments to the committee amendment, on page 40, line 10, to strike out "$175,000,000" and insert in lieu thereof "$100,000,000."

Mr. CHURCH. Mr. President, I believe it is obvious that the foreign aid program is in far more serious trouble than it has been in many years. The reasons for the resistance to the program in Congress can be found in a careful examination of the debate which has been occurring in the Senate during the past few days.

An excellent summation of those reasons, having to do primarily with Members of the Senate who have traditionally supported the foreign aid program, but who are now taking part in the effort to modify it—to eliminate the indefensible excesses which have become a part of it, is contained in an article written by Mr. Andrew Tully, which was published in the Twin Falls Times-News, of my own State, on July 30, 1963.

I ask unanimous consent that the article may be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Modifying Foreign Aid

(By Andrew Tully)

Washington, October 30.—President Kennedy's foriegn aid program is in trouble in Congress because of a revolt by the very men who always have championed the concept—the liberals.

Because of this revolt, the President will have to use all his influence and power of patronage to get as much as $3.5 billion for the program for fiscal 1964—a billion less than he requested. The House already has chopped a billion off the authorization bill, and the program still has to go through the grinder of final appropriation votes in both Chambers.

For a Democratic President, it is not comforting to realize that the fight against foreign aid is being led by other Democrats in the Senate—Frank Church, of Idaho, Wayne Morse, of Oregon, Albert Gore, of Tennessee, and Ernest Gruening, of Alaska. But the answer to their opposition is that after all these years they have become impatient and frustrated with a program that threatens to go on forever.

DOLES FOR 107 NATIONS

Although the world presumably is in better economic shape than it was just after World War II, our foreign aid statistics don't show it. Uncle Sam is still doling out dollars to 107 countries, and is continuing to subsidize in whole or in part the military budgets of even the relatively wealthy nations. Japan got $70.5 million in military aid in fiscal 1962, the United Kingdom got $21.2 million, Italy $70.7 million, and little Denmark $44.4 million. France, where De Gaulle has been threatening to go it alone, got $5 million.

If peace should break out, military aid presumably can be cut or eliminated, but other aid smacks of the eternal. Senator Gruening cites the case that "in the year 2003 in Greece our Embassy will still be passing on loan agreements for petroleum storage facilities, service stations, appliance manufacturing facilities, and the like."

GIFTS, NOT LOANS

These liberals also have reached the conclusion that the foreign aid program has been financially unrealistic in its tendency to concentrate on outright grants rather than loans. Europe could be paying us back the money it received under the Marshall plan if that money had been in the form of loans, and our balance-of-payments deficit would not now pose such a grave problem.

But even when Uncle Sam has doled out his substance in the form of loans, he has remained a Santa Claus. Most of the loans are made on a 40-year repayment basis, with interest rates as low as three-fourths of 1 percent, and with no firm insistance on principal repayments. In contrast, the Soviet Union never lends money at less than 2 percent.

BLOCKS ERECTED

Senator Frank Lausche, Democrat, of Ohio, has offered an amendment to the foreign aid bill setting a minimum three-fourths of 1 percent interest rate for the first 5 years and a minimum of 2 percent for the next 30 years, with a maximum 35-year repayment period. Church has won approval of the Senate Foreign Relations Committee of a ban on further grants-in-aid to self-sufficient countries. And the committee also has adopted an amendment by Gore which would place a $100 million ceiling on American contributions to any project abroad.

All these repair jobs on the program make sense, in the enlightened self-interest of the United States. And Kennedy would do well to listen to the counsel of these liberals who in the past have risked disfavor at home by their support of foreign aid. It is these men who will save the program from the meat ax if the administration will let them.

Mr. CHURCH. I wish to say a few words about one phase of foreign aid that I believe deserves strong commendation, and that is the program in tropical Africa, which I had occasion to visit 2 or 3 years ago. At that time, many African countries had already achieved independence. Some others were moving toward independence, and the preparations were then well underway. The Government of this country faced a very special challenge in determining what role the United States was to play in helping those countries along the road to stability and freedom as independent states.

I believe the record which has been written in the intervening period has been highly constructive. It demonstrates how foreign aid can be used to best advantage.

Apart from industrial Europe, those of us who have observed the foreign aid program most closely, who serve on the Foreign Relations Committee, have seen much evidence that the program has proved effective in those parts of the world where it is the most modest, where we have relied chiefly upon technical assistance, the use of surplus food, and the Peace Corps, even though these programs represent the least costly part of foreign aid in general.

We have grown to suspect that money is often wasted on large and expensive projects in countries, where the size of our investment cannot be reasonably related to our real national interest.

Therefore, I believe it well to say a few words of praise respecting the administration of the foreign aid program in Africa, where principles have been followed which commend themselves to our attention.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. GRUENING. I wish to second what the distinguished senior Senator from Idaho has said in regard to certain countries. In an inspection trip of our foreign aid program for the Government Operations Committee, when I studied the program in 10 countries in the Middle East, I found that in 2 of them the program was admirably administered and working well. My recommendation was that it should not merely be sustained at its existing level, but increased. Those two countries, for reasons which I gave in my report, were Jordan and Tunisia.

What the Senator from Idaho is saying is that we should be more selective and that we should pick out the countries where the program has a good chance of working, where there is a disposition to work with us, and where the general principles outlined by President Kennedy are being followed. I have held that view ever since I came to the Senate 5 years ago. My hope is that as a result of the current debate we shall be able to eliminate some countries where the money is being wasted and is not being well administered. If we do that, we shall have a much better, more workable program.

Mr. CHURCH. I sympathize with what the distinguished Senator from Alaska has said. I am aware of his excellent report. I believe the application of the program in Africa is a good case history of how foreign aid can be administered to advantage. For these reasons, I should like to make a few remarks concerning the program in this region of the world.

Before I do so, I wish to stress the fact that it is ironic that the revolt against foreign aid should come to a climax under a President who has done more than any other to reorganize the program. He has placed it within one agency, and has put it in the hands of Mr. David Bell, who, in my judgment, is the ablest Director yet. It is doubly ironic that it should come under a President who has been responsible for the most important innovation in foreign aid that has occurred since President Truman's famous point 4 plan inaugurated technical assistance, years ago. I refer, of course, to the Peace Corps, which has been a Kennedy triumph and has demonstrated that it is possible to reach other countries on a people-to-people basis. The Peace Corps has probably done more to improve good feeling toward the United States in the underdeveloped world than any other phase of foreign aid.

So I stress that the reasons for this revolt, if indeed it should be called a revolt, have little to do with the President, who is to be commended for the initiative he has shown both in establishing the Peace Corps and in placing the management of the AID program in such competent hands. Rather, the reasons are cumulative in character. They extend back over the years. They represent a gathering impatience and frustration in Congress, due to the inability of Congress in preceding years to effect needed reforms in this program, so as to bring it into better touch with reality, to eliminate excesses, and, indeed, to strike from the program portions that ought long ago to have been sloughed off by the administrators themselves.

The very fact that in 1962 we were giving aid, in one form or another, to 107 recipient countries, only 8 fewer than there are in the whole world, outside the Iron Curtain, indicates the degree of the failure of the administrators ever to put an end to aid programs once commenced, even in countries that have long since become self-sufficient and able fully to provide for themselves.

I am encouraged that the Committee on Foreign Relations has seen fit, this year, to adopt an amendment which I myself proposed, and have worked hard for over the past 2 or 3 years, an amendment that would prohibit further grants of aid to economically self-sufficient countries, located in Western Europe and including Japan, where we were granting some $400 million in military assistance as late as 1962. This amendment means that we can begin to turn off some of the spigots that have been opened in the American foreign aid barrel, that we can begin to focus the program on regions of the world where it is really needed, and thus put an end to the subsidization of countries that have long been able to take care of themselves—indeed, countries that are now enjoying levels of prosperity unprecedented in their history.

Mr. MORSE. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield to the Senator from Oregon.

Mr. MORSE. As the Senator knows, in many places I am high in my praise of not only the amendment the Senator from Idaho offered in the Committee on Foreign Relations, about which he spoke, but of a good many other amendments he has offered. I congratulate him again. I was proud to support him there, and I am proud to support him here.

I wish to join him in the comments he has made in regard to this bill as they affect the President of the United States. Of course, any of us who do not agree with all parts of the bill will be represented, as the Senator has put it, as being in some kind of revolt. But we are not revolting against the President. To the contrary, we consider that what we are doing is in the best interests of the President; otherwise we would not be doing it. We happen to believe that the amendments we are seeking to have adopted would strengthen the bill, and thereby strengthen the position of the President in carrying out a sound American foreign policy.

Let me cite one example of what I mean. When the time comes, we shall be offering amendments that will seek to reduce aid to Europe, because many of us feel there is no justification for a continuation of the aid we are giving to Europe. We believe that if our amendments are adopted, the diplomatic arm of the President will be greatly strengthened in his negotiations in Europe, in connection with NATO. It should be clear to everyone—if it is not, I am at a loss to understand why—that NATO needs to be revised, NATO needs to be reformed, NATO needs to be readjusted to the economic realities of Europe and of the United States. Those economic realities I have made perfectly clear. We should not be called upon to make the expenditures we are now making for Europe. There should be a cutoff.

As the Senator knows, I have said that I am perfectly willing to take the savings that would be made in Europe and spend them for economic aid in underdeveloped areas of the world where there is a great need for us to save millions of people from going over to communism. Would that weaken the President? It would strengthen his position as the leader of American foreign policy.

But I offer one comment, in case the Senator does not suggest it: There are partisans who seem to think that even though we may disagree with the policy of the President, we should nevertheless go along with a wrong policy. That I will never do. That is not the way to support my President or to support my constituents. I have no doubt—in fact, I know—that the President would not cast the same votes that I am casting on some of these amendments; but I also say that if the people believe the President would cast the opposite vote to every vote that I will cast on the bill, I do not believe it. I cannot say more. I think I know what I am talking about.

Mr. CHURCH. Indeed, the senior Senator from Oregon does know what he is talking about. I commend him for the leadership he has given to the effort, not to gut the foreign aid program, but to reform the foreign aid program. If it is not reformed while there is still an opportunity to do so, a period of reaction will set in. The pendulum will swing back. If the American people finally feel that they are paying extravagantly for a program they can no longer support, they will rise up in such a way that Congress will ultimately strike it down completely, and thus deprive the President of an essential tool that he needs for the direction of American foreign policy in our contemporary world.

Reform is our purpose. I believe that, in the highest sense, we serve the real need of the foreign aid program, if it is to be sustained through the years ahead.

Mr. MOSS. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I am glad to yield to the Senator from Utah.

Mr. MOSS. I commend the senior Senator from Idaho for his remarks on the bill before the Senate. As much as any other Member of this body, he has given long and searching study to the problem of foreign aid. I was happy to join the Senator when he presented his amendment to terminate aid to advanced countries, countries which have completely recovered from war devastation—primarily European countries and Japan. I was delighted when the Committee on Foreign Relations accepted the Senator's amendment and made it a part of the bill.

I agree with the Senator that in many places in the world we are using our resources to the maximum advantage of this country, by doing for underdeveloped countries the things that are needed to enable them to become independent and free, and not dependent upon and subject to the pressures and whims of other great powers.

As I understand our foreign policy, it is to create a world of free and independent nations, each with its own interests to defend, and provide them with enough economic viability and enough national defense to enable this to be done. I think we have made great strides toward that goal.

I concur in the views of the Senator that we must refine and improve the bill. My only hope is that in the time we have for the consideration of the bill, and considering the close, two- or three-margin votes, we do not so scramble the bill that we shall have accomplished on the floor of the Senate what the Senator was talking about, namely, ultimately destroying the aid program. I agree that there must be improvement; and I believe we have gone a long way in improving the bill before us. I hope that we can finally conclude with a bill that will permit the program to continue under the excellent leadership that is now being given by the Director of AID, in whose commendation by the Senator from Idaho I concur.

I look forward to the time when the program can be tightened and can be made applicable to present-day conditions. Nothing is static; nothing remains the same. What was programed a year ago or 5 years ago must be changed to meet the present situation. So I hope we shall move on.

I commend the Senator from Idaho, and I gladly support him in his objective. I hope Congress can enact a bill which will continue what I consider one of the great imaginative movements of our government, either in this century or at any time in our history.

Mr. CHURCH. Mr. President, I appreciate very much the support the Senator from Utah has given to me in my efforts to amend the foreign aid bill, particularly in reference to finally cutting off further grants of aid to rich and self-supporting countries. His endorsement of my amendment and his efforts in its behalf on the floor of the Senate are greatly appreciated.

Similarly, Mr. President, I have very much appreciated the support I have received from the distinguished Senator from Alaska [Mr. GRUENING].

Mr. SIMPSON. Mr. President——

Mr. CHURCH. Mr. President, I know the Senator from Wyoming is a kindred soul in connection with this matter, and I am glad to yield to him.

Mr. SIMPSON. Mr. President, I was glad to join in the amendment of the Senator from Idaho. I regard it as one of the most realistic amendments proposed to the bill; and some very good ones have been submitted. The people of the country are becoming disturbed about the great amounts of largesse we are giving many foreign countries, especially the rich and self-supporting countries; and such amounts should be eliminated.

As I recall, since the inception of the program we have given approximately $128 billion to the various countries we have aided. It is high time that, instead of continuing these contributions, we begin to eliminate our grants and other forms of aid which really are not needed.

So I compliment the Senator from Idaho on his expressions; and I am glad to join him in supporting his amendment.

Mr. CHURCH. I thank the Senator from Wyoming for his support.

Mr. President, I began by saying a few words about what I consider to be a showcase for good foreign aid administration—in tropical Africa. I have been diverted—happily—from that objective by the opportunity offered me to engage in colloquy with other Senators.

At this time, I wish to revert to my original subject, because I think it should be presented as an example of what can be accomplished by means of foreign aid with the expenditure of only moderate amounts of money, in an area of the world of great potential importance to the United States.

I believe it can correctly be said that this administration has undertaken a new African policy which has been exceptionally successful. From my own observations in Africa 2 years ago, I know how tenuous was the position of the United States at that time in many of the newly independent countries, and how great was the suspicion of the United States, and how large was the criticism of our foreign palicy as being too closely tied to that of Western Europe, and as not giving proper recognition to the legitimate aspirations of the African people. We were suspect; and I believe it is little short of the extraordinary that, in the intervening 2 years, the general attitude toward the

United States in so many of these African countries has changed so wholesomely. For this, I give credit where credit is due—to the President of the United States, who has shown a keen personal interest in Africa, and has given much personal attention to African leaders who have come to the United States. They are responding to his attention, and they honor and respect the President of the United States—men who 2 years ago were openly and bitterly critical of this country.

Second, I think special credit should be given to the Assistant Secretary of State for African Affairs, Mr. G. Mennen Williams, who has done an extraordinarily fine job in building good will toward our country throughout the African Continent.

THE IMPORTANCE OF DEMONSTRATING U.S. INTEREST IN AFRICA THROUGH LIMITED PROGRAMS OF FOREIGN ASSISTANCE

Mr. President the United States has a vital interest in the new nations of Africa. This interest can be expressed in many ways. One of the most effective expressions of our interest in the future of Africa is our willingness to invest, in cooperation with the Africans, in programs for helping the Africans to help themselves. While recognizing that large-scale investment is not yet feasible in most of the new states of Africa, it is essential for us to participate jointly with the Africans in limited programs of technical assistance, and, when circumstances permit, in prudent capital development projects.

Seventy-two percent of the foreign aid flowing into Africa comes, of course, from Europe. In at least half of Africa our programs consist almost entirely of technical assistance activities. Out of the 34 African countries which received U.S. aid during the past year, 15 countries, formerly French and Belgian colonies, received only token U.S. assistance.

Our aid programs in these 15 countries are so small that only 95 foreign aid employees are required. There are no separate and distinct aid missions. The few aid personnel running the program are supported administratively by the American Embassy.

Compared to the size of the foreign aid program generally, the amount of U.S. aid money involved in these 15 nations is very modest—amounting during the past year to only $14 million, which is less than $1 million per country, and only 5 percent of our economic assistance to the entire continent of Africa.

It should also be noted, in passing, that U.S. aid to Africa is highly selective and concentrated, with 5 of the 34 African countries getting 55 percent of our total African commitments last year.

The policy underlying our limited programs in these 15 countries is one of demonstrating, in a prudent and responsible way, U.S. political and humanitarian interests in Africa. It is a policy which backs the aspirations of the African peoples without involving us in long-term or high-cost commitments or precipitating unrealistic expectations on their part. It is a policy of restricting the kind and amount of U.S. economic assistance, so that our programs are purely supplementary to, and do not supplant, those of other free world donors. It is a policy which helps both the Africans and the Europeans to replace former colonial ties with more nearly mutual relationships. It is a policy which has already provided political dividends for the United States in the international community, both in the United Nations, where Africa commands a large percentage of the total votes, and in some ticklish situations last year in Cuba and the Congo. It is a policy which recognizes the Africans' determination to retain their independence by providing them with other friendly commercial and economic ties, so that they do not feel obliged to turn to the Communists to avoid appearing wards of Europe.

It is also a policy which, despite its essentially political character, is based on sound principles of economic development. In accordance with section 211(b) of the Foreign Assistance Act, and with various other congressional injunctions, assistance to these 15 nations is largely limited to technical assistance. There are no luxuries, no monuments, no prestige projects. Last year, for example, in Gabon $275,000 of foreign aid funds went for buying American materials for a joint AID-Peace Corps project of assisting in building rural schools. In Senegal, local currency from the sale of U.S. rice was used to construct secondary schools. In Upper Volta, $49,000 was used to demonstrate a new U.S. vaccine which promises to eradicate measles, one of the country's major child-killers. In each case, the project was fully consistent with development criteria prescribed by Congress for self-help, economic and technical soundness, and suitability with respect to the country's development plans.

The role of the United States in these 15 countries should continue to be not only limited but also secondary to that of France and Belgium. Contrary to the statement on page 5 of the Foreign Relations Committee's report on the bill, however, I think the United States should continue to maintain its presence in these 15 countries through limited programs of assistance. The word "presence" is both unfortunate and misleading. It is not U.S. "presence" as such which is important; it is the effective expression of U.S. interest in these countries, and the building of relationships for our mutual advantage. For the United States merely to be present in a country in the form of a few technical assistance projects is virtually meaningless unless those projects can produce both direct and indirect results of lasting benefit.

It is in the interest of the United States to help Africa remain free from Communist subversion or domination. It also is in the interest of the United States to help African nations to develop along Western lines, and especially along American lines. In order to influence the course of events in this direction, we not only need to help the Africans to control Communist subversion; we also need to provide an alternative to complete dependence on Europe. In many ways there is a greater affinity between the United States and Africa than between Africa and Europe. Africans look to the United States for leadership in many fields, such as education, where the American way may be more suitable than the European.

What would we gain if we terminated our small foreign aid programs in the 15 African nations receiving limited U.S. assistance? We would save about $14 million a year. Personally, I would rather see that small amount shaved off the program somewhere else than give up our limited program in almost half of Africa.

We would also achieve, if it can be called an achievement, a reduction in the total number of countries receiving U.S. assistance. I can appreciate the annoyance of many observers that we are providing aid to far too many countries of the world, including some former colonies which it is generally agreed should be primarily the responsibility of Europe. I share the Foreign Relations Committee's concern for greater selectivity and concentration in the foreign aid program.

It was for this very reason that I sponsored the amendment to cut off further grants-in-aid to the rich and self-sufficient countries located in Western Europe and including Japan.

But the question of U.S. "presence" is not primarily a question of selectivity or concentration. The aid program in Africa as well as worldwide is now highly concentrated. The transfer of $14 million to some other part of the program would hardly contribute toward greater concentration.

I also think, as David Bell, the head of our foreign aid program, has said, that we should work ourselves out of a job as soon as possible. The number of countries receiving assistance should decline as countries become self-supporting. But it would be cutting off our nose to spite our face if we eliminated our small foreign aid programs in half of Africa just to be able to reduce the number of countries receiving assistance.

Three years ago the Senate took the initiative in creating a special program for education in tropical Africa—a program which would be ended in almost half of Africa if our assistance to these 15 nations were terminated. The Senate has also indicated in other ways its appreciation of the importance of providing U.S. assistance to the new nations of Africa. Despite objections to the number of nations being aided, and the seeming lack of justification for a U.S. "presence" as such, I know that the Senate will continue to recognize the importance of such assistance, even though limited, where expressions of our interest and influence are still essential.

I believe that what I have said with respect to economic aid in Africa is wholly justified. It can be looked upon as a kind of a showcase of what can be accomplished under the foreign aid program, particularly in conjunction with the activities of the Peace Corps, and for relatively modest amounts of money.

But I do not wish what I have said respecting economic aid to be considered an endorsement of the military assistance program that is commencing in Africa. I cannot think of any part of the world where there is less need for starting an arms race, where its effects could be more poisonous, where its end results could be more fraught with mischief, or where the whole process could be more inimical to the national interests of the United States, than the Continent of Africa. I am distressed that we are commencing a military assistance program there which cannot possibly do other than waste the thin reserves of those countries, and might indeed contribute to difficulties, if not open warfare, between them. So, in that respect, I oppose foreign aid in the form of military assistance on the Continent of Africa. But I wish the RECORD to show that programs of technical economic assistance in many parts of Africa which have cost modest amounts of money are a good illustration of a phase of the foreign aid program that is being well administered, and for which the State Department and the administration deserve much credit.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield.

Mr. ELLENDER. Has the Senator named the 15 countries to which he has been referring?

Mr. CHURCH. I have not named them in the course of my remarks. I could supply the list of names.

Mr. ELLENDER. I presume that those countries are in French Equatorial Africa?

Mr. CHURCH. Many of them are.

Mr. ELLENDER. And French West Africa?

Mr. CHURCH. That is correct—tropical Africa.

Mr. ELLENDER. I hope the Senator has not included Nigeria.

Mr. CHURCH. I have referred generally to the program in tropical Africa, where the primary reliance has been on technical assistance. I shall be happy to provide the names of countries if the Senator wishes them.

Mr. ELLENDER. Does the Senator know that under the guise of technical assistance, we furnished to many of the countries to which he has referred, machinery worth thousands of dollars, such as road equipment—scrapers, and things like that? The Senator will no doubt remember that I always felt the Foreign Aid Act should be changed to allow purely technical assistance to be separated from development assistance.

As I pointed out in my report, any number of countries received aid which was represented as technical assistance, but which was really large sums of money used to buy equipment that actually represented capital investment. That is where I tried to draw the line.

Take the case of Nigeria, where the British own and control—lock, stock, and barrel—the main resources of that area. Someone from the State Department agreed, without consulting Congress, to give to the Nigerians over the next 5 years $225 million. Much of this was to be in the nature of grants and the rest easy loans. I wonder if the Senator from Idaho is in accord with such an agreement having been made with Nigeria.

Mr. CHURCH. I believe a careful reading of my remarks will make clear that they have to do with legitimate technical assistance and do not relate to the larger program in Nigeria which involves Development Loan Fund money.

Mr. ELLENDER. During the course of the debate on the pending bill, I have assumed the same attitude that the Senator is now stating as to assisting certain countries with technical aid. When we speak of technical aid, we do not mean the granting of huge sums of money, in the guise of technical aid, which are more or less for capital investments.

Mr. CHURCH. The Senator is correct.

Mr. ELLENDER. That is what I have been criticizing. My report is full of such cases, wherein under the guise of technical assistance we have been passing on to many countries huge amounts of money which are really for capital investments rather than technical assistance. That is the bone of my contention.

Mr. CHURCH. I agree wholeheartedly with the Senator that technical assistance should not be used for other purposes than those intended by Congress. It is well defined in the law and should be administered accordingly.

I invite attention to the fact that the same thing applies to the contingency fund. The pending amendment involves the contingency fund. The question has been asked, "Why support the Humphrey amendment?" It is unnecessary, it has been urged, since the President will have ample money in the contingency fund to transfer to the Alliance for Progress should he choose to do so.

But this argument has no substance. It is a debater's point, because Congress has made it perfectly clear what the purpose of the contingency fund is. It is to deal with emergencies.

Mr. ELLENDER. Unforeseen.

Mr. CHURCH. Emergencies of such importance and immediacy that there is no possibility to foreplan. The President has used the contingency fund in this way. If he were to take money out of the contingency fund merely to add it to a scheduled, predetermined Alliance for Progress program to Latin America, the Senate would be the first to call his representatives before it to account for misuse of the contingency fund.

This is not an argument against the amendment; it is a better argument for the amendment. I urge all Senators who believe that the Alliance for Progress is one of the most hopeful parts of this program to support the amendment; and I hope the Senate will adopt it.

Mr. ELLENDER. Will the Senator from Idaho yield further?

Mr. CHURCH. I am glad to yield.

Mr. ELLENDER. I should like to comment further on that part of the Senator's statement which refers to 72 percent of the aid money to the 15 countries he mentioned coming from France. Is that a correct statement?

Mr. CHURCH. Yes; that is a correct statement—from France and from the United Kingdom.

Mr. ELLENDER. Yes. In regard to that 72 percent, does the Senator have any idea how that aid comes about? For his information, I made a study of the subject while I was in that area. Much of it is not a direct aid program; that is, it is not a program in which the French Government furnishes so much money. The French Government buys peanuts or some other commodity at a subsidized price. The commodities could probably be bought much cheaper on the world market than they could from, let us say, Mali, Nigeria, or from Senegal, where peanuts grow in abundance. What the Government does is to pay a subsidy so that farmers can receive a sufficient income to make both ends meet.

Mr. CHURCH. The Senator is correct. This is one of the major forms of aid extended to this part of Africa by the French. However, as the Senator knows, additional aid is furnished in the form of salaries to administrators or to French technicians or others who are assisting the people and the governments of the new countries.

Mr. ELLENDER. There is some in that regard, but the aid of the British amounts to a pittance, compared with the cash furnished by the French or by the Belgians. As I pointed out on several occasions, for every dollar spent by the British by way of subsidies or out of the pockets of the taxpayers of Great Britain, France probably spends $5 or $6.

The British have been successful in utilizing the resources of the countries in which they operate to obtain sufficient funds to develop the economy and sustain the people. They have done that in Ghana as well as in Nigeria.

Mr. President, what irks me is that the huge amount of assistance that we propose to make available to Nigeria would not inure to the benefit of the masses of the Nigerian people. It would inure to the benefit of a vast number of Greek merchants, Indian merchants, and British nationals who are there and in absolute control of all the resources in that area. It seems to me that we should not agree to furnish the Nigerian Government with $225 million, when the British have agreed to furnish only $50 million, although they own and control those industries. I believe we should look upon that with resentment. It irks me no end when I find instances such as that.

On what authority, I add further, does the Secretary of State or any of our AID administrators go into a country and say, "You can depend on it that the United States, over the next 5 years, is going to make available to you, as it did in Nigeria, $225 million." As was pointed out in the justification which I made a part of the RECORD some time ago, half of that $225 million will be in the nature of grants and the other half will be in the nature of loans. I presume those loans will be the "soft" ones, at an interest rate of three-quarters of 1 percent, with 10 years' grace and 40 years to pay. We might as well give the money to them.

Mr. CHURCH. This matter of financing very large projects in given countries has become increasingly troublesome to the Senate Foreign Relations Committee.

There has been a growing feeling in the committee that these projects are of questionable value to the United States in relation to the cost of the projects.

This led the distinguished Senator from Tennessee [Mr. Gore], who is now in the Chamber, to propose an amendment that I believe would be a first step toward correcting this problem. It would write into the committee's version of the bill a provision to establish a $100 million ceiling on the American contribution to any project in any given country without the project first coming to the Congress for its specific consent and approval. This, I believe, is a starting point in dealing with a problem that is of increasing concern to the members of the committee. I supported that amendment in the committee, and I wish to commend the distinguished Senator from Tennessee [Mr. Gore] for its sponsorship.

I should like to say one other thing to the Senator from Louisiana, which has to do with the interest rate that he mentioned in connection with development loans.

If we derived any lesson from our experience under the Marshall plan—which was probably the most important and successful foreign policy venture of the United States—it was that the bulk of the money we gave away should have been loaned. Had it been loaned, today these amazingly prosperous and productive countries in Western Europe that we helped set back on their feet with the Marshall plan would be paying the principal and interest on such loans, and we would not be faced with the critical balance-of-payments problem that now plagues the Nation.

Drawing on that experience, several years ago in the committee the Development Loan Fund was established for the purpose of changing the emphasis in the foreign aid program away from grants toward loans, so that this Fund might be used for financing long-term economic development in the underdeveloped nations of the world. But in setting it up, we gave a certain area of discretion to the administrators because of the great differences between the countries to be dealt with. We thought the discretion would be exercised in such a way as to preserve the loan character of the program. Instead, the great bulk of the funds, as the Senator has suggested, has been loaned for 40-year periods, with a long grace period in which no principal is repaid, following which there is repayment at an interest rate of three-fourths of 1 percent on money which has cost us, or is costing us, 3 or 3½ percent to borrow.

So instead of giving money away and calling it a gift, we are now giving money away and calling it a loan—the worst of both possible words.

Again, this year, the committee has addressed itself to this problem. A good step has been taken in the committee to shorten the loan period somewhat, and to provide that when interest begins to accrue on the loan, it shall be at not less than 2 percent.

I point out that the Soviet Union, which likes to castigate "Wall Street moneychangers," never gets less than 2 percent on any long-term credit it extends abroad.

Mr. ELLENDER. Two and one-half percent.

Mr. CHURCH. I think this is a step in the right direction. The Senator from Ohio [Mr. Lausche], who proposed the amendment, is to be commended for making this a better bill.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. CHURCH. I yield to the Senator from Alaska.

Mr. GRUENING. I commend the Senator from Idaho for the clarity and lucidity of his presentation, which is characteristic of all of his presentations in the Senate.

I agree very much with what the Senator said in the first part of his address, that the purpose of Senators in offering amendments is not to injure the foreign aid program, but to strengthen and improve it.

I consider foreign aid to be an essential instrument of foreign policy. I have long considered it so. I have increasingly felt that the money should be granted to countries that were performing in accordance with principles that were clearly indicated as wise and proper. The fact that the Senator from Idaho has had to work several years to achieve his amendment to cease aid to countries that as a result of our dollars had become highly prosperous is an indication of the fundamental weakness in the successive administrations of the foreign aid program is that there has been desire to spend money regardless of whether it is useful or not. That has been shown in many cases.

The other day I pointed out that I was not in favor of a meat-ax approach, such as the House used in cutting the program a half billion dollars, but the program should be studied country by country. In Western European nations and in Japan, obviously it is not needed any longer and has not been for several years. But the initiative to suspend it had to come from Congress and not from the agency. Certain other countries, such as Brazil, are not complying with sound fiscal policies. We have tried to induce its rulers to stop inflation and adopt certain reforms. Brazil is not doing so. The consequence is that we have vainly poured $2½ billion into a country that is as rich in resources of all kinds as the mind could imagine. There is no reason why it should not be prosperous. It has as many resources as we have in the United States. It has gold, strategic minerals, unlimited water for hydroelectric development, tropical agriculture, temperate agriculture. It should be one of the most prosperous nations on earth. But it does not have prosperity because it does not adopt essential reforms. Unless and until it makes such reforms, it will not be strengthened by our foreign assistance program. Not only would we be saving money, but, far more important, we would be giving, by such action, an example to the other countries that are trying to conform to the principles of Punta del Este—the very principles to which President Kennedy has referred. If we dish out vast sums to countries that make no effort to stop waste and inflation, to provide adequate taxation, to make needed land reform, we will discourage those other governments that are doing it.

On the matter of interest on loans, it is obvious, as the Senator has pointed out, that the judgment of our administrators in granting such loans has been very poor. I was present in Cairo last February at the signing of the $30 million loan to build a powerplant in west Cairo. A powerplant is a revenue producing enterprise. It will be paying for itself the day it starts to operate. Yet the loan provides for a 10-year moratorium on the interest and principal of the loan, and then three-quarters of 1 percent, with the result that we are not only lending $30 million, but are making a grant of approximately $25 million at the same time. That is folly. We are borrowing to make that so-called loan at about a 4-percent interest rate from the American people.

Mr. CHURCH. May I interrupt the Senator to say that while we extend credit to underwrite the financing of that kind of electrical generating plant in Cairo, we require our own electrical generating plants, financed by the Federal Government, to repay on the basis of interest which is the equivalent that the United States must pay for its borrowed money. Why the double standard, when we are dealing with a project that, if it is worthy of the money in the first place, if it is a sound project, ought to fully repay the capital investment, with reasonable interest charges? What we expect of our projects at home we should expect of the projects we finance abroad.

Mr. GRUENING. I would follow this up by saying that although I believe the committee took a step in the right direction in raising the rates to be effective at not less than 2 percent, it still has failed to meet the issue. We will still, while receiving 2 percent, have to pay interest of 3½ or 4 percent. In the future we should charge exactly the rates which the American people have to pay for the money. That is only commonsense.

We have now made, at this soft rate of three-quarters of 1 percent, and 10-year moratorium, $1,300 million worth of loans. We shall have to give $870 million in concealed grants on those loans. It is difficult to justify that we should do so.

One further point. I was much shocked to learn that the United States is now planning a military aid program for African countries. I could not more completely agree with the forthright condemnation of that program by the Senator from Idaho. I hope, feeling as he does, that he will introduce an amendment that would prevent such aid. There is an escape clause in all such amendments that if the President finds it is in the national interest to do so, in a given country, he can do it. I have an amendment which is intended to eliminate our military aid to Latin America, with the same escape clause, because such aid has proved to be destructive, not constructive. It has never strengthened the defense of countries in the

Western Hemisphere. It has never fulfilled any of the objectives stated in its justification. There is an escape clause which provides that some of the $300 million in the President's contingent fund can be used by the President in case an emergency situation arises and the President needs the money to use it for that defense purpose in one or more Latin American countries.

I hope the Senator will support the amendment.

Mr. CHURCH. I assure the Senator that I intend to support his amendment. I have long advocated the reduction and termination of military assistance to Latin America. I believe that the record of military assistance in Latin America demonstrates that, on balance, it has been a net loss to the United States. I have heard no persuasive arguments to the contrary.

Again and again, we are told that the money is necessary in order to open a channel of communication or rapport between the Military Establishments in Latin America and the United States. Everyone who knows much about Latin America knows that, generally speaking, the problem there is not that the Military Establishments are too small, but that they are too big.

Mr. GRUENING. Exactly.

Mr. CHURCH. The fact is that the money we spend, and the equipment and material we give, is not necessary to give further size or strength to these Military Establishments. The statutory ceiling we have set $57.5 million last year and $50 million this year, is recognition of the fact that we wish to keep the program very limited, and this very limitation makes it of no great significance, insofar as the equipping and strengthening of these Military Establishments are concerned.

But what does it do? It identifies the United States with the military within each country in such a way that we get the blame when the military does something that is offensive to the people, such as a military junta overthrowing the Government of the Dominican Republic or the Government of Honduras. When that happens, immediately the cry goes up by those who are determined to erode away good feeling toward the United States in Latin America, that we are the ones who are responsible, because we are the ones who are furnishing the tanks or the fancy fighter planes. Thus we are identified with the strong-arm men in Latin America. It is not worth the candle.

The arguments that are made in support of this program are increasingly less persuasive. The recent military juntas demonstrate the danger of being tarred with the military brush in Latin America.

I commend the Senator for his amendment. I will support it. I have tried to do the same thing myself, from time to time, within the committee. Thus far I have been able to do no more than to retain an amendment placing a ceiling on the program. If we would eliminate it entirely we would be better off.

Mr. GRUENING. I wonder whether the Senator could tell us what possible justification was presented to the committee for starting military aid in such countries as Sierra Leone or Upper Volta or Mali, small countries which have little in the way of economic resources, and which have no occasion to defend themselves against aggression. I wonder what justification was presented to the committee for this military program.

Mr. CHURCH. It is the same kind of reasoning that has sustained the program in Latin America, to accommodate the desires of those governments. It is easy for us to do the equipping, it is said, because the equipment is obsolete so far as our use of it goes; therefore, it is argued, we should accommodate these governments; besides, it is said, it helps cement better feelings between the existing governments and the Government of the United States. This is the same argument that has been used again and again with respect to Latin America.

Then, the day of a coup arrives, and the people learn that the tank which pushed down the gates of the presidential palace, as in Lima, Peru, was a tank that had been supplied by us. This is the word that gets through to the "down and outs" in Peru, to the working people of the country, to the Indians in the highlands. This is what damages the image of the United States in these unfortunate, feudal lands.

Mr. GRUENING. I hope the Senator will submit an amendment to eliminate the military program in Africa. It he does, I shall certainly support him.

Mr. GORE. First, I wish to thank the Senator yield?

Mr. CHURCH. I am happy to yield to the Senator from Tennessee.

Mr. GORE. First, I wish to thank the distinguished Senator for his generous references earlier to an amendment which I offered in committee and which was adopted by the committee

Next I wish to commend the Senator for his eloquent and articulate address.

Now I wish to call to his attention another amendment which appears at page 41 of the committee amendment.

The distinguished senior Senator from Idaho and I have shared misgivings with respect to the provision of military assistance to countries in South and Central America, and also in Africa. Perhaps the Senator will recall that a few days ago a military coup d'etat occurred in a small country in Africa which, it was reported, had an armed force of 800 men.

I suggest that in this small country, 800 men with high powered American rifles might very well succeed with a coup d'etat. What good would be served? What would be the end result? How would it benefit either the people of that country or the United States or the forces of freedom? I know the reasons which some people advance, but I have not thus far determined them to be valid reasons, at least not conclusively so.

With respect to military assistance to Central and South American countries, it seems to me that if a laudable cause exists in which the United States has an interest, it must be one to strengthen hemispheric defense, the defense of the various countries from military threats from without, and from military threat from some neighboring Latin American country. If that were true, there might be some justification for a hemispheric defense force, and we might be able to justify and, indeed, the Organization of American States might find most useful, a military force at its command to intercept a flotilla from Cuba, for example, bent upon invasion of, say, Honduras, to imagine a possible use for such a force; as well as in a police action by the Organization of American States, if that Organization determined it to be advisable, in a small country like the Dominican Republic, if such were adjudged by the Organization of American States as being necessary for the protection of life and the preservation of liberty in that small country.

To that end, about 3 or 4 years ago, I offered an amendment to earmark a certain part of the military assistance funds for such an international or a Western Hemispheric defense force.

The Committee on Foreign Relations approved it, and the Senate accepted it without question. However, no move by the Organization of American States followed the availability of these funds. Perhaps the amendment may have been stricken in conference because of a lack of manifestation of interest.

I offered such an amendment again and once again my amendment was adopted in committee. It is found at page 41. It provides that of the $50 million that would be available, $25 million may be available during each fiscal year for assistance to an international military force under the control of the Organization of American States.

I rise to call attention to this point, first, because it may be a constructive proposal, one that might prove quite beneficial not only to the United States, which is a member of the Organization of American States, but also to the hemisphere as a whole; second, because I hope that this time in conference with the other body the Senate will insist upon acceptance of this amendment.

I thank the distinguished Senator for his courtesy in yielding. I regret that I have trespassed so far in expressing these views.

Mr. CHURCH. I thank the Senator from Tennessee for having taken the floor to explain this amendment. I am in full agreement with what he has said. I hope that other countries of Latin America will look upon this proposal as an opportunity to support, within the Organization of American States, the formation of such a police force. It could very well have much usefulness in the hemisphere. The amendment is a most constructive one. What is proposed is much different from the kind of military assistance we have been giving, which serves no useful purpose. Therefore, I join in commending the Senator for having offered the amendment and for having taken this opportunity to explain it to the Senate.

Mr. President, when I rose some time ago, I had no intention of taking this much time. I am prepared now, unless the Senator from Alaska wishes to ask me another question, to yield the floor.

Mr. GRUENING. Mr. President, I should like to continue on the point raised by the Senator from Tennessee. An international police force under the supervision and jurisdiction of the OAS would have much merit. But I hope the Senator realizes that there are practical difficulties toward its realization in the differences of opinion that exist in those countries and their governments. Countries that are not junta controlled would not agree to such a proposal. We would be confronted with the problem, as we have been on previous occasions, of inducing a majority of countries to support what seems to us to be constructive measures.

The present situation really began 30 years ago, at the first Pan American Conference after the administration of President Franklin Roosevelt took office. It was officially known as the Seventh Inter-American Conference. It met in Montevideo in November 1933. I was the adviser to that delegation. We abjured gunboat diplomacy. We declared that there would be no more armed interventions into our neighbors' terrain of the kind we had carried out in Mexico, Central America, and the Caribbean. That led to subsequent agreements that there should be no such arrangements without the consent of a majority of the American States. In effect, we multilateralized the Monroe Doctrine. We made it, in Roosevelt's words, a joint concern.

But we found as a practical matter that it was difficult to reach an agreement between the 20 republics. I could name several countries that would oppose, however much they might approve in principle, this kind of police force, because of difficulties that might arise from time to time.

We should pursue this proposal in the hope that the time will come when a majority of the Organization of American States will affirmatively prefer this kind of assistance, rather than have it presented as something which we propose and which we hope they will support. When the initiative comes from them, the proposal will have a much better prospect of becoming effective. I hope that that time will come, because the proposal is sound.

Mr. CHURCH. I agree. I feel certain the Senator from Tennessee also will agree that the difficulties heretofore experienced have prevented the establishment of such a force. The amendment is merely an invitation to the countries of Latin America to consider again the advisability of the formation of such a force. The amendment is inserted in the bill with no great expectation that the difficulties will soon be surmounted.

Mr. GRUENING. But it is a highly constructive proposal.

Mr. CHURCH. Nevertheless, it is a highly constructive proposal. I am glad the committee has taken action, has adopted it, and made it a part of the bill.

Mr. GORE. I am most grateful for and encouraged by the statements of the distinguished senior Senator from Idaho [Mr. CHURCH] and the able junior Senator from Alaska [Mr. GRUENING]. It is true that under present circumstances there is little hope for the actual creation of such a force. But I would hope that if the funds were made available, President Kennedy would direct some negotiations, some conferences, some study, and some effort toward exploring the possibility of creating such a force. I repeat: If there is justification for the provision of U.S. military aid to Central America and South America, it must be because it is thought that this would contribute to hemispheric solidarity and to the security of freedom and peace in the Western Hemisphere.

The distinguished junior Senator from Alaska points to the growing number of military juntas which are in control of governments and countries in South and Central America. This is disturbing, because it seems to me that in the long run the repetitive and growing identification of the United States with military coup d'etats and dictatorial, repressive regimes will have an eroding effect upon the influence, prestige, and respect in which the United States may be held, not only in those countries but throughout the world. I recognize that it is sometimes difficult to choose; that if one must choose between a military junta that is non-Communist and a Communist takeover of a country, the former might be preferable. But I submit that the people of most countries, in my opinion, do not want either. Therefore, we must search for means to give life and meaning to the principles for which our great Nation and our people stand. Democracy is the most revolutionary and appealing political concept that mankind has ever known. Let us not blur its image and reduce it to an unappealing system, as it may be seen and interpreted through the eyes of those who are repressed by a regime which we support and with which we are identified.

Mr. CHURCH. I commend the Senator from Tennessee for his sentiment, which I cherish fully.

Having commenced this discourse with the intention of discussing foreign aid in tropical Africa, I want to close with some remarks on the subject of the discussion at the moment, which is Latin America.

The President is to be commended for the way in which he is now utilizing the aid program to doggedly pursue American objectives in this hemisphere. When the military junta recently overthrew the first popularly elected, constitutional government in the Dominican Republic—I believe in its history——

Mr. GRUENING. In its history is correct.

Mr. CHURCH. The Senator from Alaska is a profound student of Latin American history. The President took prompt action to break off diplomatic recognition with the new junta, to withhold further American aid, and systematically to withdraw the AID personnel connected with the sizable AID program that had been established there. He did likewise in Honduras, when the Government of Honduras was overthrown by a similar junta a few weeks ago. Likewise, the President utilized the AID program in South Vietnam in his efforts to induce the collapsing Diem regime to undertake reforms that might have regained for it the popular support of the Vietnamese people.

We have cause to hope that the new regime in Vietnam will rally popular support behind the war effort, so that the Vietcong can at least be defeated and the Americans in Vietnam can be returned home.

This is an example of how the President can withhold foreign aid in order to give more effective implementation to the foreign policy objectives of the United States in the Western Hemisphere, in the Far East, and elsewhere in the world. For this, the President is to be commended most strongly.

Mr. President, I close with a plea for adoption of the pending amendment. If there is any hope for many of the countries of Latin America to which the Senator from Tennessee has referred—countries plagued with the feudalism of another era; countries where a very few families are exceedingly rich, and the mass of the people are desperately poor—it is to be found in the Alliance for Progress, inaugurated—again—by President Kennedy, for it promotes two objectives which are the prerequisites for achieving real democracy and social justice in the Western Hemisphere—the elimination of economic feudalism and political dictatorship. Only if the President insists that the aid program shall conform with these objectives, will the money Congress appropriates for it have any chance of bearing fruit.

So, Mr. President, I commend him for his recent actions in Latin America, and I plead with the Senate to restore the money for the Alliance for Progress, which alone can help in the achievement of these goals.

Mr. ELLENDER. Mr. President, the pending amendment, which I submitted yesterday, seeks to cut $75 million from the contingency fund. In the course of my remarks I hope to show to the Senate that, under the bill, the President now has ample authority to make transfers in order to assist him in dealing with any emergency which may arise during the current year. I propose to show that under the present law the President has authority to transfer as much as $1,780 million.

The original concept of the so-called contingency fund was to take care of certain emergencies and unforeseen events which might arise. I well remember that when the first emergency fund provision was included in the foreign aid bill, serious questions as to what the President could use these funds for were raised. As time passed, it was demonstrated that in many instances the so-called emergency fund was not used for the purposes intended. In the course of my remarks I shall indicate to the Senate some of the instances in which this fund was used for purposes far removed from the original intent of the fund.

As I have said, my amendment would make available for the contingency fund for the fiscal year 1964 the sum of $100 million. This means that the President will have $100 million in this fund, to use as he sees fit. The House voted to authorize $150 million for this fund. The Senate committee voted to authorize $175 million. The so-called Mansfield-Dirksen amendments would increase the fund to $200 million, by transferring to the contingency fund $125 million of the money recommended by the committee for the Alliance for Progress.

When one analyzes the many gimmicks and gadgets in this bill which make available to the President millions of dollars over and above the amounts we authorize, one can only conclude that a $100 million contingency fund is more than adequate to take care of any unforeseen emergencies which may arise.

Let us take a look at some of these gimmicks and gadgets.

Under section 510 of this bill, the President is granted special authority whereby he may withdraw from Department of Defense up to $300 million worth of military stocks, for purposes of military assistance.

Even though in the bill, we have limited the amount for military assistance to $1 billion, the President will have authority, under the law as it now stands, to withdraw from the Military Establishment $300 million worth of hardware, to be used as he sees fit.

This $300 million is over and above the amount of military assistance authorized in this bill, as I have just stated.

For the information of Senators, I ask unanimous consent to have printed at this point in the Record section 510, to which I have just referred. It is to be found on pages 59 and 60 of the report, under the heading "Special Authority."

There being no objection, the excerpt from the report (No. 588) was ordered to be printed in the Record, as follows:

Sec. 510. Special Authority.—(a) During the fiscal year [1963] *1964* the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1963] *1964* shall not exceed $300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

Mr. ELLENDER. In addition, section 610 of the bill would give the President much flexibility, in that it would permit him to transfer 10 percent of the funds made available for any provision of this act, and would be consolidated with the funds made available for other purposes in this act.

I ask unanimous consent that the provision of law to which I have referred, which appears on page 63 of the report, be printed at this point in the Record.

There being no objection, the section was ordered to be printed in the Record, as follows:

Sec. 610. Transfer Between Accounts.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriation for administrative expenses.

Mr. ELLENDER. Furthermore, section 614 gives the President special authority to use up to 250 million of hard dollars, and up to $100 million of foreign currencies for any purpose he deems appropriate. The only limitation placed on him under this section is that he cannot spend more than $50 million in any one country in any fiscal year.

Now, Mr. President, I have just enumerated a few methods that the President has at hand to give assistance based on his discretion. There are many more contained in this bill, and I am sure that if anyone takes the time to make a further analysis they can be discovered. But those I have pointed out to the Senate here today should make it clear that not more than $100 million is needed for this contingency fund. Even if the many gimmicks were not available, the contingency fund would still be adequately funded with an amount of $100 million.

I have had my staff make a careful analysis of the obligations of the contingency fund through March 31 of 1963, and this analysis revealed that out of the $120 million that was obligated, only $35 million actually covered unforeseen contingencies.

I repeat at this point in my remarks that the bill was originally intended to cover situations which could not be foreseen by the President, the administrators of the program, or Congress. That was the genesis of the continguency fund. But the fund has not by any means been used in that manner, as I shall indicate in a few moments.

Surely, the use of the contingency fund might be justified to take care of disasters that may occur throughout the world and perhaps to provide internal security equipment where Communist subversion threatens. But I ask, Mr. President, can grants from the contingency fund be justified to cover the deficit in a nation's national budget?

The contingency fund was put to this use last year in the case of a certain country.

I cannot name the country because it is labeled "secret."

Several million dollars were granted to this country to cover, and here is the justification, "to cover deficit in national budget to avoid serious political disturbances which would result from the Government's inability to meet its immediate expenses."

In other words, taxpayers' funds were used, without congressional authorization or review, to subsidize governmental mismanagement, and to act as a buffer between the Government authorities and the Government workers. This use puts a strange interpretation on what normally is thought of as disaster relief and "unforeseen emergencies."

A few days ago the distinguished minority leader, the Senator from Illinois [Mr. Dirksen], stated that the emergency fund was absolutely necessary in order to cover such conditions as happened in Lebanon and South Vietnam and other parts of the world. But I point out that the fund was never used for such purposes. To the contrary, the President has ample authority to use other funds, as I indicated a while ago, to cover such situations as developed in Lebanon and other parts of the world. When the situation which caused us concern developed in Lebanon, the 6th Fleet, which was in the Mediterranean, took charge. In order to recover the expenses, Congress appropriated to the Navy such funds as were spent out of the Navy's regular appropriations. The contingency fund was never used, from what I can understand, in any such situation.

Also last year, the goodly sum of $17 million was made available to our stanch friend and ally, Mr. Sukarno, of Indonesia, for the same purpose; namely, to mitigate serious internal financial and balance-of-payments problems. About the time the funds became available to him, I seem to remember that Mr. Sukarno bought some jet aircraft from Russia. By some strange coincidence, the planes cost approximately $17 million.

Ah, but this is not all that the contingency fund has done in our effort to buy a true friend. From the fund last year, a grant of $2.7 million was given to him to equip and train a special unit of the Indonesian National Police which supposedly had been trained to deal with civil disturbances.

I can only wonder where this special civil disturbance unit was when Indonesian crowds proceeded to wreck and burn the British Embassy a short time ago. I am sure the British wonder, too. Apparently, Mr. Sukarno has a rather narrow definition of what constitutes a civil disturbance. But, unfortunately, he seems to have gained a rather broad knowledge of how to get his hands into the pockets of the American taxpayer.

Our administrators also saw fit last year to use the contingency fund to make $25.5 million available to Brazil to aid her balance-of-payments problem. Twenty million dollars was given to Argentina for the same purpose. I respectfully suggest that our administrators could find balance-of-payments problems in need of solution somewhat closer to home, if they could be persuaded to pay some heed to our own country's financial condition. I also submit that this use of the contingency fund is not in line with the intent of Congress in making it available, and comes about solely because in the past we have made too much money available.

But let us move on to another strange contingency that the contingency fund was used to take care of. Two million dollars was made available to aid our supporting assistance program in the islands of Trinidad-Tobago. It should be pointed out that these islands have a gross national product in excess of $600 per capita. If they can be called underdeveloped, then some of our Western European Allies would also qualify as undeveloped nations. Yet they have been receiving substantial quantities of American aid ever since Great Britain saw fit to cut them loose to fend for themselves.

I visited those two areas several years ago. It seems strange that whenever the British leave their former possessions or colonies and stop giving aid or assistance to them in any manner, good old Uncle Sam walks in and takes over. We are called upon to supply the moneys necessary, in order that those countries may continue, and in order that they may balance their budgets and build up their economies.

I submit that those uses of the contingency fund, and many others like them, do not fall within congressional understanding of the purposes for which this money is made available. I do not believe that they can be justified. And I further submit, without fear of successful contradiction, that this misuse arises solely from the fact that simply too much money has been granted.

The Devil finds work for idle hands; our administrators are no less able to find some use, no matter how farfetched, for idle and unnecessary funds.

Mr. President, in the interest of our national economy, in the interest of restoring some congressional control to this runaway bill, I urge Senators to support my amendment and implore them not to make more than $100 million available for the contingency fund.

I wish to point out specifically the the amounts that will be available to the President under the pending measure, if he sees fit to use them.

First, under section 510(a) of the Foreign Assistance Act of 1961—which I cited a moment ago—there is $300 million that he can use as he sees fit. He can call upon our Military Establishment to increase by $300 million the amount that we provide for military assistance.

Second, there is transfer authority under section 610 of that act. Ten percent of the amount made available in the pending bill, and also of the amount in the pipeline, and not to exceed 20 percent of the item to which transferred, may be transferred between accounts.

If the so-called Mansfield-Dirksen amendments are adopted, the amount of the pending bill will be, in round figures, $3.8 billion.

Today, there is in the pipeline approximately $6½ billion, a part of which can be used by the President as he sees fit. These amounts are now allocated. But the allocations can be changed by the administrators of the program. If we add the amount in this bill to the amount in the pipeline of $6½ billion, it means that the administrators of the foreign aid program will have available to them approximately $10.3 billion, and that the President will have the authority under section 610 of the act to transfer 10 percent of such sums as he sees fit.

As I pointed out before, under section 614(a) of the act the President may use up to $250 million in hard dollars, and an additional $100 million in foreign currencies, for a total of $350 million which can be transferred as he sees fit in accordance with the section to which I have just referred.

Mr. President, if the amendment I have submitted is adopted and its figure is added to the amounts I have just indicated as being the amounts the President can transfer and use, the President will have at his disposal under this bill and can transfer from one account to the other, in accord with the legislation to which I have just referred, $1,780 million. That is a great amount to put in the hands of any one man.

Yet I would not mind so much if the President himself were the only one to make these allocations or transfers, but, as a rule, the transfers are made by employees of AID, the administrators in the field who make suggestions as to how the amounts should be transferred from one area to another.

I am sure that when the Senate voted $250 million for the contingency fund last year, it never dreamed that $20 million of that amount would be used in Indonesia to balance the payments of that country, or that any of the amount would be used to establish a little gestapo-like police force in Indonesia.

I repeat that the genesis of the contingency fund, if the matter is looked into by Senators, will show that this sacred fund was to be used for emergencies, for unforeseen events, and not to pay the deficits of any of the countries to which I have referred.

I am confident that the President of the United States will have ample money to take care of any contingencies that may develop within the next 7 months with the $100 million provided by my amendment. Let us remember that 5 months of the year have passed.

I hope and pray the Senate will vote for my amendment.

Mr. MILLER. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Louisiana yield to the Senator from Iowa?

Mr. ELLENDER. I yield.

Mr. MILLER. First, let me compliment the Senator from Louisiana on his very able presentation and excellent analysis of the problem.

Did I correctly understand the Senator to say that the amount in the contingency fund for the fiscal year 1963 was $120 million?

Mr. ELLENDER. That much was obligated during the first 9 months of fiscal year 1963.

Mr. MILLER. Did I correctly understand the Senator to say that he cannot get any information regarding how that money was spent?

Mr. ELLENDER. No. I was referring to the money for the current year, 1964, and for the last 3 months of fiscal 1963. Under the continuing resolution, I am sure some of the money was spent, and some of the money was allocated. However the record of obligation for the first 9 months of fiscal year 1963 clearly illustrates how contingency funds have been used.

Mr. MILLER. Does the Senator have a breakdown of how the $120 million was spent for fiscal year 1963, or does he have only a portion of that item?

Mr. ELLENDER. Yes, I have a detailed breakdown showing how the $120 million was spent. Only $35 million of the $120 million was used for bona fide contingencies. The remaining $85 million was used to correct deficits in the budgets and balance of payments of various countries.

We helped Mr. Sukarno, of Indonesia, build up his police force. Suppose last year the Senate had been told that any part of the $250 million appropriated for the contingency fund would be used to accomplish such purposes as those? What do Senators think would have been done with such a proposal? The Senate would have voted it down.

I repeat, this fund is to be used solely for emergencies that cannot be foreseen.

Mr. MILLER. Is it the Senator's position that the $30 million, if indeed it was an emergency type situation to help some country from going under, could have been obtained from one of the other sources which the President had available to him?

Mr. ELLENDER. Absolutely. There is no question about it. Consider military assistance. The President could take 10 percent of the $1 billion, which would be $100 million, to supplement many of the items in the bill. He could use $300 million under section 510(a) of the pending measure, and he could also use $350 million under section 614(a) of this same bill.

Mr. MILLER. The Senator has pointed out that $35 million of the $120 million was spent for bona fide contingencies. Can he tell us where some of the other amounts went from the remaining $85 million, or was all of the $120 million which Congress appropriated spent from the contingency fund?

Mr. ELLENDER. It was obligated primarily to balance budgets and remove deficits in the balance of payments of various countries.

Mr. MILLER. I think it would be helpful if those figures could be placed in the RECORD.

The Senator from Iowa has misgivings over this contingency fund and has had for some time.

Let me ask a further question of the Senator from Louisiana. If the contingency fund has been subject to what I consider to be abuses such as this—and I am sure the Senator from Louisiana will consider it to be an abuse—why cut this amount from $175 million only to $100 million?

Mr. ELLENDER. I am really trying to get at least a half loaf. My amendment would bring the amount available for the contingency fund $75 million below that recommended by the Senate committee and $50 million below the amount authorized by the House.

The so-called Mansfield-Dirksen amendments have raised the amount of the contingency fund to $300 million and reduced the Alliance for Progress by $125 million to an amount totaling $525 million.

Mr. MILLER. If a figure can be justified, whether it be $100 million or $50 million or a half billion dollars, the Senator from Iowa is perfectly willing to support it. However, I am not impressed by the fact that someone may pull a figure out of his hat and say, "Let us make it $250 million," and someone else says, "Let us split the difference." In that way, we get into a numbers game with respect to what has been expended and what the obligations have been heretofore. That is why I believe, if the Senator from Louisiana can provide the information for the Record, it may be helpful in evaluating his amendment, which at this stage of the debate, I am inclined to support.

Mr. ELLENDER. I may say to my good friend from Iowa that I would cheerfully supply this information, but some of it is classified. It is labeled "secret." That is why I did not go into any more detail than I did, because I could not go any further than to give a few examples.

Mr. MILLER. I can understand why some of the information might be classified, and perhaps properly so. I would like to know how much of the $120 million has been classified. It might help us, in evaluating the package, to see how much is of a classified nature. Senators can go to the committee room and consult the files there. However, let use look at the net balance.

Mr. ELLENDER. Notwithstanding the suggestion made by the Senator from Iowa, I again point out that the contingency fund should be used for emergencies and for unforeseen occurrences. When my good friend from Illinois said that such a fund should be large, and when he and the majority leader got together and increased it to $300 million to take care of such a situation as developed in Lebanon and other places, they should bear in mind that it has never been used for that purpose, as I pointed out. The President has other authority that gives him the necessary flexibility. I have already placed in the Record the section of the bill wherein this flexibility is contained.

In addition, Congress was called upon to replace the amount spent by the Navy during the Lebanon crisis.

Therefore, there is no doubt that in the bill, as it now stands, the huge amount of unexpended balances, which amount to $6½ billion, can be reallocated—it is done every day—from one place to another; and so long as it has not been actually delivered, the President has the authority to make the transfer to which I have referred.

Mr. MILLER. Does the Senator have available information on the amount of the obligated but the unexpended balance in the President's contingency fund?

Mr. ELLENDER. No; I do not have that information with me and, I cannot recall the figure at this moment.

Mr. MILLER. I thank the Senator very much for his response.

Mr. MORSE. Mr. President, I rise to support the Ellender amendment. If it should not be adopted, I shall subsequently offer an amendment to increase the contingency fund from $100 million to $150 million.

Before I discuss the Ellender amendment I wish to discuss the Humphrey amendment. I have distributed to Senators interested a copy of a brief speech I am about to make on the Humphrey amendment as it relates primarily to the contingency fund.

I support the major objectives of the amendment of the Senator from Minnesota, but I believe it needs to be broadened.

At this point I wish to tell the Senate the ways in which we are seeking to arrive at an agreement, if possible, with the Senator from Minnesota for broadening it. We have suggested to him, but I now formally suggest for the Record, that the Alliance for Progress amount be increased in the first instance, to $600 million, instead of $650 million, which his amendment proposes, and that we reach an agreement to reduce the military aid for Latin America, which is now fixed in the bill at $50 million to $40 million, but that the $10 million saving be added to the Alliance for Progress, which would leave $610 million, instead of $600 million, or $40 million less than the Humphrey amendment in its present form.

Legislative counsel has handed me an amendment which carries out the proposals which we will submit to the Senator from Minnesota for further conference this afternoon. Although it may seem that we are not making progress in the debate, we are actually making a great deal of progress, because in view of the parliamentary situation which confronts us, it is necessary for some of us to talk on the floor of the Senate, while at the same time others in our group carry on negotiations in offices and cloakrooms.

On the other hand, making the Record on the floor of the Senate is important, because here we lay the basis for support for amendments that we are seeking to negotiate in the offices and cloakrooms.

Therefore, I say I support the major objectives of the amendment offered by the Senator from Minnesota [Mr. Humphrey], but that I believe the amendment itself needs to be broadened.

I support it not only because of the foreign policy implications of the Alliance for Progress, but also because I do not believe that contingency funds should be used for the Alliance. It is the assumption of the Mansfield amendments that if any shortage develops in the funds available for the Alliance for Progress, it will be made up out of the huge contingency fund which the Mansfield amendments also envision, I respectfully point out that it is poor legislative practice to do so, and for many reasons.

It is poor practice to give to any administration large sums of money to be used at its discretion and without legislative guidelines.

I invite Senators to look at the uses already made of the contingency fund last year, and show me anything like $300 million worth of emergencies. The material I placed in the Congressional Record last night, which appears on pages 21113–21121, shows the disbursements of foreign aid to Latin American countries for fiscal 1962 and part of fiscal 1963, including contingency funds.

The material which I placed in the Record last night, beginning at page 21113 of the Congressional Record, is factual data, which Senators ought to study before they vote not only on the amendment, but also on a good many other amendments, and certainly before they vote on the Mansfield amendments and on the bill itself. We should know what the money has been used for in the Alliance for Progress program. I have set it out, so Senators can see where the money is going in connection with the Alliance for Progress program and from where it has come. I believe Senators will be very much surprised.

If we begin to analyze these figures, we shall be surprised by what is being done with the contingency fund. It is of great regret to me that contingency funds have been used in large amounts for balance-of-payment and budget-support purposes in Latin America, particularly in Brazil, Argentina, the Dominican Republic, Ecuador, and Panama. The true emergencies of public safety and natural disaster account for grants and loans measured only in thousands or hundreds of thousands of dollars. But the budget-support and balance-of-payments aid out of the contingency fund are measured in the millions.

I digress at this point. In my judgment, that is not an appropriate use of the Presidential contingency fund. We cannot justify giving the President an emergency fund, or a contingency fund, on the assumption, that almost everyone will make, that the contingency fund is provided to meet some emergency, and then find that the President in fact has been using the fund to help Brazil or Panama or Ecuador, or some other country, balance its budget or use the money for support. When we vote contingency funds, we ought to know to what use they will be put.

The average person will say that if there is an emergency of great national interest, he wants the President to protect our national interest and have some emergency funds with which to act before he seeks congressional action. But every single dollar that has been used out of the contingency fund—and this President is not the only one who has done it—for balance of payments or budget support in Latin America, be it for Brazil or Argentina or the Dominican Republic or Ecuador or Panama, ought first to have received the approval of Congress. I know of no good reason why we should give to the President, under the guise that it is needed to provide emergency money, the authority to use his own unchecked discretion for balance-of-payments expenditures or budget expenditures for the budget of some other country.

It is not necessary to take action of that kind overnight; there is no possible emergency connected with it. There is ample time for any President to tell Congress that Brazil wants money for budget-support purposes or for balance-of-payments purposes, and that ought to require congressional action at the time.

What we are really writing is a blank check for the President. We are writing a blank approval of his approval of wide, unchecked discretion. When Brazil has monetary troubles, it makes a plea to the President of the United States, and he writes a check on the contingency fund. I do not believe that is good foreign policy, and I am satisfied it is not good public policy. If that is why Brazil wants $300 million, that is all the more reason why we should not grant it. I cannot imagine any emergency arising that would require an immediate expenditure by the President of more than $100 million before he had time to obtain the approval of Congress for whatever money he might need to meet the emergency, if he could show that an emergency existed.

I do not like to talk about this subject, because however one phrases his statement, those who are enemies of the President and those who are enemies of the speaker will read into one's words meanings that were not intended at all. They will seek to leave the impression, as the Senator from Idaho [Mr. CHURCH] said at the beginning of his speech, when he stated he was opposed to certain parts of the bill, that one is not loyal to the President. No Member of this body is more loyal to the President than is the Senator from Idaho [Mr. CHURCH]; and I do not yield to anybody in my loyalty to the President. But being loyal to the President does not mean that one must act as a rubber stamp. The test of loyalty very often is whether one is loyal enough to disagree with the President when he thinks it is in his own best interest to disagree with some policy of the President's, and to use one's position as a Senator to try to change that policy. That is exactly what I am trying to do in connection with the contingency fund.

I opposed in committee the proposal of the administration for a $300 million contingency fund. I offered an amendment. My recollection is that my first amendment was to reduce the amount to $100 million, as is provided in the pending amendment of the Senator from Louisiana. That was a substantial reduction from the President's proposal. I thought a final agreement was reached on $150 million, but perhaps it was $175 million. I shall ask the Senator from Arkansas what our final agreement was in committee with respect to the contingency fund. Did the committee agree upon $150 million or $175 million?

Mr. FULBRIGHT. The committee agreed on $175 million.

Mr. MORSE. There was a proposal for $150 million, and some Senator proposed $200 million. The committee compromised by recommending $175 million.

Mr. FULBRIGHT. I believe a proposal was made also for $100 million.

Mr. MORSE. I made a proposal for $100 million.

Mr. FULBRIGHT. Yes.

Mr. MORSE. My proposal was defeated. Then I believe a Senator suggested that we take $100 million off the President's proposal of $300 million, and make the amount $200 million. Another Senator then suggested $150 million, and some Senators suggested that the amount should be $175 million.

Mr. FULBRIGHT. I think the Senator from Oregon has stated the situation correctly. That is what happened.

Mr. MORSE. That is what happened in committee. I finally went as high as $150 million. I did not like the proposal for $175 million; and my recollection is that I refused to vote for it. So this subject has been discussed at great length in committee. Therefore, I am disturbed that the Mansfield-Dirksen amendments seek a restoration of the Presidential figure, which cannot be reconciled with the amount provided in the bill or the statement in the committee report. I know of no good reason for increasing the amount to $300 million. I know of no good reason for going beyond the committee's recommendation of $175 million. For the reason I have just stated, the proposal of the Senator from Louisiana to provide $100 million is adequate. If that amendment should fail, I shall return to the final proposal in the Committee on Foreign Relations, $150 million.

I am at a loss to understand why we should chip away at one of the great safeguards to the American people in our representative system of government; namely, the principle that Government administrators should not, as a matter of principle and policy, be given unchecked power. That is why I have said it is difficult to discuss this matter, because some will say, "The Senator from Oregon severely criticized the President of the United States about the exercise of unchecked discretionary power." Mr. President, I am talking about the presidency, not any particular President. It makes no difference to me who occupies that office; I am discussing a basic principle of representative government, under our constitutional system; namely, that it has always been recognized that it is not safe, for the welfare of the American people, to provide unchecked discretionary power to any administrator, at any level of government, including the presidency. The exceptions to that principle should be rare; and when we come to one which we think is a justifiable exception, we should examine it carefully, to make certain that in that connection we are not granting more power than is needed. That is my case on this point.

There is general agreement that, in view of the situation in the world today, the President should have some emergency power, and he should have the ability to react quickly, if necessary, to meet an emergency. The Senator from Louisiana [Mr. ELLENDER] is stating that $100 million in a contingency fund would be adequate. I agree. In the Cuban crisis of a little more than a year ago, the President used very little from the emergency fund. That is the testimony of his witnesses; and I do not know of a more serious emergency that could be imagined.

We should take judicial notice of the fact that there could not be an emergency which would require the immediate availability, at the disposal of the President, of more than $100 million, in order to permit him to take quick action.

Some say, "But the President might have previously drawn on the $100 million fund, in connection with another emergency, and then a new emergency might develop." However, any President should make sure that he kept his inventory in stock; and if such a situation developed, the President would merely have to ask Congress for an addition to the fund, if that became necessary. But the arguments to which I have referred are really empty and without substance.

Next, I refer Senators to the use to which the contingency fund has been put, and last night I placed evidence of this in the RECORD. I am satisfied that most of the American people did not know about the purposes for which the fund was used, and I suspect that most Members of Congress did not know, either, for I believe that if the average Senator or Member of the House of Representatives were asked what the contingency fund is for, he would reply, "For a matter vital to the security of the United States which calls for immediate action." Would such an emergency include aid to Bolivia, Ecuador, the Argentine, or Brazil, to provide them with budgetary support or assistance in connection with their balance-of-payments problems? Nonsense. I believe the contingency fund should never be used for such purposes; and if it ever has been used for such a purpose, now is the time to make sure to stop it.

A case could be made—in theory, at least—for holding that to be a violation of the separation-of-powers doctrine. No President should be given authority to use a contingency fund to contribute to Brazil, Argentina, or any other country millions of dollars for balance-of-payments matters or for budgetary support matters. Those countries have some responsibilities in connection with their own budgets; and before I conclude my remarks I shall show that they have been doing a rather poor job of assuming those responsibilities. However, so long as the United States keeps available a contingency fund which enables them to beg from the President of the United States millions of dollars, they will continue to do so.

We should not put our President on such a spot. We should never put our President in a position where an Ambassador from Brazil or an Ambassador from Argentina or an Ambassador from any other country, or the President of any of those countries could, in connection with diplomatic negotiations, say to him, "Mr. President, you can help us; you have a contingency fund, and you have discretionary authority to help us by giving us *x* million dollars."

We have a duty to protect our President, too—and I am not referring to any particular individual; I am referring to the occupant of the Presidency of the United States, whoever he may be. In my judgment, the present operation of the contingency fund constitutes bad public policy, and I believe we should stop it now. However, if we provide the President with $300 million for use as the contingency fund, we shall not stop it. Instead, we shall give him a green light, and it would be interpreted as seeming sanction by Congress of the past practice.

To put it bluntly, contingency funds in Latin America are "bailout" money. They have been used to bail out Latin American governments that have not had the courage or the determination or the political backing at home to undertake the reforms required of them if they are to obtain funds through the Alliance for Progress program. In my opinion, that is the ugly reality. It may explain in part why among certain industrial forces and certain moneyed interests in the United States there are such powerful lobbies at work in an attempt to have the bill as it now stands enacted into law. These funds have been used to bail out certain governments, so they could pay their debts to American business, from which they have obtained loans or with which they are involved in some form of indebtedness. But we cannot justify the use of the contingency fund—which consists of money belonging to the taxpayers of the United States—to help the Government of Brazil or the government of X country or the government of Y country pay the debts it owes American business concerns X, Y, or Z. However, that has happened; when such bailout payments are made with the use of this contingency fund, in some instances that is exactly what the result has been.

When any country needs some money for that kind of purpose, it ought to be earmarked in the legislation we pass, or it ought to be earmarked by the passage of new legislation to meet the situation. It should not be in a pot called a contingency fund given to a President of the United States into which he can dip his hand and, with no authority from the Congress for the specific payment, but only by reason of the fact that because of the authorization he has the authority in connection with the contingency fund to use it in his discretion and proceed to pay to Argentina or any other country a sum of money that it in turn will use to pay some American creditors of that government.

That is what is involved in the contingency fund fight. I have not yet talked with a single Senator who did not think a contingency fund was money available to the President for some great emergency that might arise which would involve the national security of this Republic, with respect to which the President would have to be ready to move quickly. Perhaps he would have to move troops somewhere, maneuver the 7th Fleet somewhere, or move in air wings somewhere. Senators have thought of it in terms of the security of the country. They have not thought of it in terms of the economic policies about which I am speaking.

In that sense the emergencies have not been our emergencies, at all, except for the negative effects if some country is in fiscal difficulty. But that is no emergency. The emergency has not been an American emergency, but an emergency in some other country. That is a stretching of the contingency fund concept too far. The contingency fund should be used only to meet an immediate emergency in this country so critical that theoretically the President does not have time to obtain the necessary legislative approval for the course of action that he wishes to take. That is why I have sought to put the data in the CONGRESSIONAL RECORD as to how the money has in fact been spent.

I spoke on this subject on the Senate floor on June 25. At that time I pointed out that Latin American nations were finding it too easy to obtain grants and loans from the United States from non-Alliance sources. One of these has been the contingency fund.

REQUIREMENTS OF ALLIANCE IGNORED

In my opinion, by far the biggest problem the Alliance for Progress faces is the faintheartedness of the nations to the south to get started on the economic and social development that our capital is supposed to finance. Many of our friends in Latin America are complaining that the money is not coming as fast as they would like. But the real problem is that they themselves are not moving fast enough to meet the conditions and requirements of sound investment.

And why should they, if they can always obtain from the contingency fund the money that they cannot get under the requirements of the Alliance itself?

I emphasize that point. It is the position of the senior Senator from Oregon—and I make this statement in behalf of the work that I have done in Latin America as a member of the Latin American Subcommittee—that in my judgment there have been uses of the contingency fund that have been inconsistent with the objectives of the Alliance for Progress program. One of the primary objectives of that program is that the countries ought to help themselves. That does not mean that they should help themselves to a contingency fund. That means that they ought to help themselves by adopting the necessary economic reforms and enforcing the necessary economic reforms that will help to stabilize their currency—for example, that will do something about their interest rates; that will tackle their tax problem; that will come to grips with the economic problems that confront them because of policies that have led to economic stability in country after country. I do not believe that the contingency fund should ever be used to help them to avoid their responsibilities in connection with going ahead with such reforms.

I have an amendment printed that would ban all balance of payment and budget support aid to Latin America from any source whatever. I do not see much point in Congress authorizing the Alliance for Progress, setting forth the purposes of the programs and the amounts to be available under it if the whole section—the whole program—can be circumvented with the contingency fund.

CONGRESS WILL ACT IN REAL EMERGENCY

Every year during consideration of this subject we hear a great recital of the necessity for a large contingency fund for the President to use for purposes that were unforeseen when the foreign aid bill was being written. But when a true emergency develops the President can come to Congress and get whatever sum he may need almost overnight.

Consider a sum even as much as $150 million, to say nothing of a sum of $300 million. Unless we wish to go along with what I think is a misuse of the contingency-fund concept in connection with the balance of payment and budget support programs, will Senators name for me an emergency that might arise which would require more than $150 million of our money in the hands of the President immediately to meet it?

If there were an emergency so serious that it would require $150 million, it would be so serious that the President would not be in the White House at all. He would be before the joint session of the Congress telling us about the emergency and asking for whatever action was necessary in order to support his hand. An emergency of that type would be so serious, and in all probability our national security would be so involved, that in most instances we might be pretty close to a war. There is still the constitutional provision that war must be declared by the Congress.

Again, with no relationship to the present occupant of the White House, unchecked and discretionary power vested in the Presidency through giving such huge contingency funds to the President—for example, letting the President handle unchecked $300 million—might lead us into war.

One might say, "That is a theoretical objection. That is not very realistic." We have always taken the position that these principles of government are the safeguards that protect us from abuses that could lead to a loss of our rights.

It is easy for the American people to forget about these abstract principles of government, but they have no rights separate from them. The American people do not have a single right of freedom separate from the abstract principles of our Government that guarantee their freedoms.

One of those principles, bewhiskered with American history from the days of the Founding Fathers until now, is that we are not free men and women if we give unchecked discretion to mere men administering government. That is basically what is involved in the contingency fund fight. I do not believe we can justify giving to any President $300 million to be spent in accordance with his discretion.

If we wish to talk in terms of the hypothetical, periods of hysteria can sweep any country. A wave of hysteria can sweep this country. We can never know when a political typhoon may arise any more than when a weather typhoon may hit us. But some day someone in the Presidency who may not have a deep respect for these abstract principles of government might have the means to exercise unchecked discretionary power, which could very well be exercised in a dictatorial way, and we might find ourselves at war without a declaration of war.

I am well aware of the kind of answer which could be made to that kind of argument, namely, that the Senator is conjuring up a most extreme hypothesis. Let us grant for a moment that it is an absurd hypothesis. Sometimes it is only by showing an absurd example that a point or a principle can be proved. Absurd or not, if it should happen, one of those great, precious safeguards which I call abstract principles of freedom will be lost. I do not believe we can justify taking legislative action on a proposal that permits such discretion. This one does. The $300 million cannot be justified, particularly when a President can come to Congress in 20 minutes and ask for whatever amount of money he needs to meet a true emergency—which he can establish very quickly with proof—and he can get the money before the sun sets. Any President knows that. History shows the rapidity with which Congress can always be counted upon to act when the Republic is really in jeopardy.

The President did come to Congress in 1961, during the Berlin crisis. Congress very quickly appropriated some $3 billion in defense funds, in addition to the regular defense budget, when the President outlined the need for it.

That is how the U.S. Government should provide the financing for genuine international emergencies.

All the talk about the need for a huge contingency fund does not stem from an argument of need; it stems from an argument of convenience. I add the word "expediency." There is a great deal of expediency in this bill; and expediency has no place in it. I believe every proposal of expediency should be stricken; and this is one of them.

All Senators need to do is to come to the desk of the Senator from Louisiana [Mr. ELLENDER] and take a look at the material on the worldwide uses of contingency fund money that he has prepared. I have submitted it for Latin America and he has submitted it for the world. As I look down the list of countries that have received assistance out of the contingency fund, I am hard put to find a single one or a single purpose to which the money was put that anyone could possibly call a true emergency. Balance-of-payments loans and budget support grants are a prominent use of contingency funds everywhere in the world.

A large amount from the contingency fund has gone for various uses in Indonesia. A good deal of this, too, was for balance-of-payments problems.

I entirely share the view of the Senator from Louisiana that natural disasters and a few, rare political crises are truly qualified for aid from the contingency fund. But if these are of any magnitude, such as the Berlin crisis of 1961, Congress will still have to provide the funds by special action.

In short, the contingencies covered in the justification for a large contingency fund are not either unforeseen in most cases nor are they of a nature that carries a threat to the security of the United States. They are expenditures that the executive branch finds it more convenient to make out of the contingency fund than from the other categories of foreign aid. They are "small potatoes," as international contingencies go.

The $300 million blank check for this fund requested by the administration and contained in the Mansfield amendment is completely unjustified. It should be cut at least to $150 million. I believe it should be cut to $100 million to conform to the Ellender amendment.

As the Senator from Iowa [Mr. MILLER] said last night, we have a problem in Latin America to get the nations who are partners with us in the Alliance to do their share. It is, by far, the most important share, because unless they are willing to undertake the policies that maximize the effectiveness of capital, we are wasting time and money on the Alliance for Progress program.

Under the act of Bogotá, and the act of Punta del Este, each party is supposed to prepare an outline of the specific conditions it faces, the progress achieved, the need for external aid, the fields in which national efforts should be expanded, and the structural deficiencies that must be eliminated to attain an annual per capita growth rate of at least 2.5 percent. That rate of growth is the objective of the Alliance. It is an objective that is projected over a 10-year period.

Yet since the act of Punta del Este, only eight nations have submitted such country plans to the ad hoc committee chosen from the panel of nine, commonly called the "nine wise men," created by the Charter of Punta del Este. They are Colombia, Chile, Bolivia, Mexico, Panama, Honduras, Ecuador, and Venezuela.

Two of the largest recipients of aid under the Alliance, Argentina and Brazil, have not submitted any country plan.

One might ask, "Why should they? They have done pretty well under the contingency fund." They are also the two nations of the hemisphere that have been receiving the largest nonproject amounts from the contingency fund to meet their balance-of-payments problems.

One of the issues now facing the Alliance is that of increasing the authority and responsibility of the nine wise men. Former President Lleras of Colombia has expressed the view that they should make the basic decisions as to whether a given applicant has met conditions and provided the climate that will make a loan or grant under the Alliance effective in achieving the objective of the growth rate. Mr. Lleras is probably right in believing that the panel would be much tougher than the United States has been in fixing conditions and demanding that they be met before any funds are advanced.

It would be very good to turn that problem over to such a panel. It would be performing a service for the President of the United States. We ought to relieve the President from the international pressures that are bound to be placed upon him because of the availability of this money. We would help the President if that would exclude use of the contingency fund for budget support money and balance-of-payment money.

Now is the time to do it. The issue is in our lap. The Ellender amendment raises the question. In my judgment, it must be done now, or it will not be done this year.

We shall never solve the monetary problems of Brazil by the use of American contingency funds. We all know what happened to the economy of Brazil, and I do not think another dollar should go to that country out of the contingency fund.

That is not a national emergency. Let us stop kidding ourselves, and the people. That does not involve any problem of American security. It cannot be reconciled with the Alliance for Progress. I say it cannot be reconciled with the President's own statements when he announced the Alliance for Progress program. The use to which he has put the contingency fund, in my judgment, in many specific instances, has been inconsistent with the purposes of the Alliance for Progress program, because he made very clear—I supported him then, and I support him now—the objectives of the Alliance for Progress program.

He made it very clear that the program would be one of mutuality and mutual assistance. By "mutual assistance" we meant that we would help supply some funds, provided—and I underline that word and spell it in capital letters—the Latin American countries would assist themselves.

A plan is called for. We do not even have one from the Argentine or Brazil. Economic reforms are called for. There have been no reforms in any such degree as was provided for.

I say to the Senator from Minnesota [Mr. HUMPHREY], who has just arrived in the Chamber, that I have been talking about his amendment, and the contingency fund. I do not ask for agreement; I ask only for knowledge on the part of the Senator from Minnesota of what I have said. I believe it is important, because I consider him a key figure at the present moment in the Senate in connection with the bill. I do not wish to embarrass him, but I said off the floor of the Senate, and I say again on the floor of the Senate, that to the Senator from Oregon and other Senators who agree with his views, the Senator from Minnesota is a key figure.

The reason why the powers of the panel of nine to which I have alluded have not been increased has been due to the opposition of the largest members of the Alliance, who believe they can do better by dealing directly with the United States. They know very well that the panel of nine would not allow Alliance for Progress money to go for the $20 and $25 million nonproject loans that Argentina and Brazil have negotiated with the United States, the money for which has come from our contingency fund.

What I am trying to do is not to weaken the hand of the President, but to strengthen it. He ought to be relieved of the type of international pressures which the past use of the contingency fund are bound to raise.

Therefore, rather than taking a course of action of being against the President or weakening the President, I am seeking to strengthen the President.

I am hopeful that before the afternoon is over it will be possible to reach an agreement to modify the amendment to make it possible to get along with a further discussion of the foreign aid program.

No Member of Congress has been more anxious than I to see the nations of the hemisphere get moving on their domestic development programs. No Member of Congress has deplored more strongly than I the retrogression from the objectives of the Alliance that have been displayed by the military juntas. No Member of Congress has been more insistent than I that if the nations of the hemisphere fail to help themselves, and if they persist in forcing the political choice down to an alternative between communism and militaristic fascism, they are going to fall under the heel of communism regardless of what happens to Fidel Castro.

I wish to put in the Record at this point a column which appeared in the Washington Post this morning—it makes much more sense than the editorial in the Washington Post this morning to which I referred earlier today. The article is entitled "The Post-Castro Era." It is written by Evans and Novak.

I ask unanimous consent that the entire article may be printed in the Record at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

THE PRO-CASTRO ERA

(By Rowland Evans and Robert Novak)

Fidel Castro is still entrenched as Cuba's Communist dictator, but he is a dead pigeon elsewhere in Latin America.

That is the unmistakable conclusion brought back from a 23-day swing through South America's northern fringe.

As a revolutionary doctrine capable of inflaming the continent's miserable masses, Fidelismo is no more. Latin America has moved into the post-Castro era.

From Washington's standpoint, this era ought to be less hectic than the 3 or 4 years that preceded it. The danger of an epidemic of Castro-inspired nationalistic revolutions is gone. What may replace that danger, however, is a return to the bad old days for Latin America.

Certainly, Castro is the fallen idol of the hemisphere's left-wing nationalists. His 1961 profession of Marxist-Leninist faith hurt him a little, but Fidelismo really did not suffer until Castro exposed himself as Moscow's puppet during the Cuban missile crisis a year ago. His popularity outside Cuba has been going steadily downward ever since.

The typical view of the young Latin American radical today can be seen in the attitude toward Castro of Francisco de Paula Jaramillo, leader of Colombia's fledgling (and ultraleftist) Christian Democratic Party. Jaramillo is considerably more anticapitalist than he is anti-Communist and appreciably more anti-American than he is anticapitalist. It is therefore significant when he turns Castro's picture to the wall with these words:

"I thought once that Fidel was the man who was going to lead the Latin American revolution. But now I know he is in debt to the Russians. He is no nationalist now. For this, I blame you Americans. But Castro cannot lead the revolution."

If Castro no longer attracts the fiery young Jaramillos, he certainly cannot hope to lead calmer, more mature leftists. Indeed, his followers today are limited to pistol-packing young hoodlums in secret terrorist bands and guerrilla gangs. Even the radical (and often pro-Communist) student leaders at the universities have dropped Castro as their pinup boy.

That means Fidelismo outside Cuba is primarily a police problem. No longer really a matter of capturing men's minds, the struggle against Castroism boils down to the infinitely easier task of containing terrorist bands. It is a battle that is being won.

It can't even be said that Castro commands full loyalty over the pro-Communist left in Latin America (though he still manages to find enough money to finance terrorism throughout the hemisphere). Moscow-oriented Communists have been quietly belittling him ever since the missile crisis. For instance, Gustavo Machado, Venezuela's veteran Communist chief, hasn't hesitated to drop anti-Castro insults in the presence of U.S. newsmen.

Yet, Fidelismo at its worst was not an unmixed scourge for Latin America. It frightened the Latin American oligarchy into some token reforms. And it so terrified Uncle Sam that he began to pay some attention to his southern neighbors.

But now that Fidelismo is not an immediate danger, the oligarchs may forget about reform. In fact, there is ample evidence that they never intended to give up their old habits of tax evasion, investing badly needed capital in Europe and the United States, blind indifference to their Nation's welfare—except at gunpoint.

Moreover, as the immediate threat of Fidelismo subsides and the Alliance For Progress proves unable to change Latin America overnight, it's predictable that U.S. interest in hemisphere affairs will fade again. Partly because the Kennedy administration continues to present foreign aid as an anti-Communist prophylactic, Congress is more inclined to cut back on aid once it appears that Latin America is safe from communism for the moment.

Herein lies the danger. Nothing really has changed since Castro came out of the Cuban hills nearly 5 years ago to shake the entire hemisphere—for a season or two. Latin America is still ripe for another Castro any time he comes along.

Mr. MORSE. Mr. President, it will be noted that they say:

> Yet, Fidelismo at its worst was not an unmixed scourge for Latin America. It frightened the Latin American oligarchy into some token reforms. And it so terrified Uncle Sam that he began to pay some attention to his southern neighbors.
>
> But now that Fidelismo is not an immediate danger, the oligarchs may forget about reform. In fact, there is ample evidence that they never intended to give up their old habits of tax evasion, investing badly needed capital in Europe and the United States, blind indifference to their nation's welfare—except at gunpoint.
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>
> Herein lies the danger. Nothing really has changed since Castro came out of the Cuban hills nearly 5 years ago to shake the entire hemisphere—for a season or two. Latin America is still ripe for another Castro any time he comes along.

We must watch the rate of reform in Latin America. As the Senator from Minnesota in a very able speech pointed out the other day, a great deal of progress is being made. Much more must be made. I do not wish to see us contribute to retrogression. In my judgment, we shall be contributing to retrogression if we accept the Mansfield proposal to put the contingency fund back to $300 million, when the Foreign Relations Committee, after a great deal of debate, and after considering one amendment after another, finally settled on the recommendation of the majority that $175 million should be an acceptable compromise.

The Congress of the United States is going to play a large role in how they finally make up their minds in Latin America. If it is evident from the actions of the Congress that we really do not have anything more in mind than a few pious pledges of economic reform on their part, then we can be sure there will never be any meaningful economic reform. If we do expect self-help, if we do expect them to put our money to use in meaningful ways, then we must see to it that there are no loopholes through which American money can pour when they fail in their obligations to the Alliance for Progress.

It will be seen from an examination of the figures I put in the Congressional Record last night that only a few thousand dollars have been used from the contingency fund for emergency public safety and for relief from natural disaster. Much of the rest has gone into Latin America for purposes that are emergencies only in the sense that the recipients have procrastinated and postponed the day of economic reckoning for so long that their economic condition became precarious. So they were bailed out with our Presidential contingency fund.

One of the greatest of our foreign aid failures has been in Turkey, where we have poured in an average of $300 million every year for 10 years, and still have nothing to show for it economically. Let me tell Senators that if they want to start the same thing with Argentina and Brazil, the way to do it is to continue making grants and loans to them without regard for the requirements of the Alliance for Progress. They are not the only countries I have in mind as having failed in their obligations to the Alliance for Progress.

I believe, as does the Senator from Minnesota [Mr. Humphrey], in the objectives of the Alliance. I do feel that the lack of progress under it to date is largely due to the governing classes in

Latin America, who walked up to the brink of economic and social reform when Castroism looked like a threat and who have now become alarmed at the meaning of their own signatures on the Charter of Punta del Este. To quote from an article on the Alliance for Progress by President Lleras, which appears in the current issue of Foreign Affairs:

> The governments * * * that set their seal on the policy at Punta del Este were not fully aware or convinced of its ultimate implications. In Latin America, perhaps more than anywhere else in the world, political leaders have a habit of carrying revolutionary statements beyond the point to which they are really prepared to do * * *. When the governments pledged themselves to change fundamentally certain traditional structures in the political, social, and economic life of Latin America—as in the case of agrarian reform—they were not yet absolutely determined to carry all this out. The unwarrantable delays which later took place, and which did not give the Alliance for Progress a chance to make the impact on the Latin American peoples that was hoped for, clearly indicate that when Punta del Este witnessed the signing of the most broadly sponsored and socially advanced document in the common history of our hemisphere, not all the signers understood its scope or divined its depth and gravity.

Mr. President, I am anxious that the United States continue to express its belief in the Alliance, and to keep up with our pledge to make available the money to finance it. But as we keep our own feet in the fire, we must make it clear that we are keeping their feet in the fire, too, and that if the governments of Latin America do not live up to the requirements of the Alliance, there will be no money available to them from this country from any source.

Therefore, we shall be performing a great service for the Alliance for Progress, and strengthening the Alliance for Progress, if we adopt the amendment of the Senator from Louisiana [Mr. ELLENDER] to reduce the amount of the contingency fund to $100 million.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. ELLENDER. I suggest to the Senator that in 1963 Congress made available to the President $250 million. Of that sum, $100 million was returned to the Treasury. Of the remainder, for the first 9 months of 1963, as I sought to point out a while ago, in my judgment only $33,756,000 would come within the category of the contingency fund.

Mr. MORSE. That is what the Senator's figures indicated. That is why I asked Senators to go to the desk of the Senator from Louisiana and examine them.

Mr. ELLENDER. The rest of the money was used, as the Senator indicated, to assist Argentina, Brazil, and many other countries in balancing their payments, and for other purposes that were not connected with, but were foreign to, the use of the contingency fund.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. I compliment the Senator from Oregon on his statement. I know that he has another meeting to attend. The Senator from Oregon and the Senator from Minnesota have visited extensively today about the Alliance for Progress and other aspects of the bill. I am of the opinion that the differences which exist can be solved if we will but sit down and discuss them. That is what we have been doing.

First, I feel that uses have been made of the contingnecy fund beyond what were contemplated or intended by Congress. Candor is required in the debate. In certain cases, some of the budget deficits that have been covered by dipping into the contingency fund were not within the purview or intention of Congress.

We are admittedly unhappy in the measures taken by the Government of Brazil to put its fiscal house in reasonable order. Admittedly, we in the United States are not too exacting, because occasionally we have some troubles with our own housekeeping. But certainly, all available evidence suggests that some of the commitments made under the Bell-Dantas agreement, the agreement between the U.S. Government and Brazil, have not been kept. In Brazil there is a growing problem connected with the budget and inflation. No amount of the contingency fund can meet such basic problems nor should it.

The Senator from Oregon is right in pointing out the necessity for having country-by-country plans to make the Alliance for Progress work. The Alliance for Progress would become a mockery, if it were merely an effort to patch up holes in an economy that was breaking apart at the seams. That is why the Charter of Punta del Este set forth certain criteria. We are not now discussing first aid treatment; we are not talking about prophylactic treatment of a sick body politic; we are talking about basic rehabilitation. That is why the Alliance for Progress does not always make the sensational advances that some people want it to make.

The fact is that it is designed to build constructively and surely, rather than for the moment, merely to get over another particular crisis.

The Senator from Oregon stated that 9 or 10 countries have fulfilled the requirements or met the criteria set forth in the Charter of Punta del Este in reference to fully participating in the Alliance. Other countries are moving toward that objective. The statement that has been quoted from the current issue of Foreign Affairs represents the kind of thinking that ought to be guiding our efforts. In my speech on the Alliance on Tuesday, I quoted at length from the article in Foreign Affairs by Alberto Lleras Camargo.

The panel of nine, to which the Senator referred—I believe it is sometimes called the nine wise men—constitutes a type of operation that is absolutely essential. Our experience, that has given us the best results, was in connection with the Marshall plan. The moneys that were made available under the Marshall plan, while they were made available bilaterally, were made available only after the regional office of the Economic Cooperation Administration in Europe had, in a sense, filtered the applications for funds and balanced them country by country and region by region, so that when the funds were poured into an area, such as in Western Europe, the economies of France, Italy, Germany, Belgium, Holland, and Britain were all weighed and measured at the same time in reference to the economic aid that was to be given.

Such hemispheric coordination and planning is needed, in the sense that it is really a concept we are trying to achieve. There must be some deciding voices, opinions, and judgments, so that we shall not always be held in a bilateral relationship, fully responsible for any rejection or retention we might make, because we are constantly under pressure to give in, lest we be looked upon as Yankee imperialists or as cruel and tough.

In this debate I have centered my attention upon the Alliance for Progress, because I believe it offers us the most sensible program we could have, if it is properly developed.

The Senator from Oregon is rendering a good service in outlining to us the qualifications and criteria which we must follow in connection with this program. Otherwise we would be "off to the races" again, as we are in connection with southeast Asia, where we have no plan. I feel that there we are sort of "boxed in." Furthermore, we really had no plan in regard to the African area. Instead, we deal with it country by country.

But in the Latin American area we have tried to develop a hemispheric concept of economic and social rehabilitation, reform, and progress, within a framework of constitutional government. As was said several weeks ago by the Senator from Oregon, some of the first guidelines of the Alliance for Progress, insofar as the United States was concerned, came from the Foreign Relations Committee. They were begun there by the Subcommittee on Latin American Affairs, on the basis of a study handled by contract, as I recall. Thereafter, the study was carefully considered and was further studied by the full Foreign Relations Committee, and subsequently it was relayed to the administration.

Mr. MORSE. That is correct.

Mr. HUMPHREY. So this is one of the guidelines. President Kubitschek provided inspiration and a plan on the Latin American side. Therefore, the authorization for the contingency fund should be restored in order to have our program in Latin America developed in accordance with the country-by-country workbook. We have had before the Foreign Relations Committee, and we shall have before the Appropriations Committee, books which tell us, ahead of time, what the money will be used for. But no use will be made of those studies if too large a contingency fund is made available. In that event, it will be possible to say, "Do not worry; we can always dip into the fund." We would really be saying, "No plan is needed; if the situation becomes too difficult, we will dip into the fund and get some more money from it."

On the other hand, we are saying that for the Alliance for Progress program, at least at this stage, there are tentative plans, country by country and project by project, sufficient to justify a $650 million authorization.

Certain Senators will vote for an increased authorization for aid to Latin America, not because they are sentimental about that subject, but because they believe—as I think I can say in my responsibility as a member of the Foreign Relations Committee—this is one area of the world for which we have a plan and a program on which we have made a reasonably good effort.

Without reaching a final judgment about this matter—although I have spoken about it to the Senator from Oregon and to the majority leader and to the minority leader—I say that I do not feel that any magic figure is involved. For example, I do not believe that the action taken yesterday by the Senate destroyed the foreign aid program, even though there have appeared in the press some unfavorable comments about that vote. Yesterday, I voted against the Morse amendment; but after the amendment was adopted, I did not go to a wailing wall and bump my head, gnash my teeth, and cry out, "The world is coming to an end." Not at all. I think we shall be able to operate the program under that amendment; and I think it will require the administrators of the program and the President and the Secretary of State to do a complete rethinking job in regard to foreign aid for next year—which, by the way, we have recommended, in our report.

Mr. MORSE. Yes.

Mr. HUMPHREY. I believe we would do very well to take a careful look at the Alliance for Progress Fund.

In this amendment, I call for an authorization of $650 million, because the committee recommended it; and I wish to return to the committee's recommendation on it, and also to the committee's recommendation in regard to the contingency fund. I thought we had given considerable consideration to this facet of foreign aid. I believe I make a fair statement when I say that more than 50 percent of the time spent on this measure by the Foreign Relations Committee was spent on the Alliance for Progress phase. So surely this particular facet of the foreign aid bill received its fair share of committee consideration.

It may very well be that if we wish to make a little further adjustment in this authorization, because of our concern over the fiscal situation, an authorization of $625 million or of $650 million might be adequate. Last night, I talked to the AID people, and I believe they could get by with an authorization if the Senate stands firmly behind the Alliance in its negotiation with the House, in that amount. After all, it will be necessary to hold a conference about this item. The reason why I fought for the full amount was that I knew that ultimately we could not expect to achieve it in the conference, even if the Senate voted for it; and, therefore, I wished to have a chance to arrive, finally, at a reasonable amount. If I could be sure the conference would arrive at a $550 million or $600 million authorization, I would not mind having the Senate vote now for a $600 million authorization, rather than a $650 million authorization as the maximum.

So I feel that no magic figure is involved; but of all the parts of the bill about which Senators should manifest their interest in foreign aid, so that their action could not be interpreted as a repudiation of foreign aid, I believe the most important is the Alliance for Progress part of the bill, because the Alliance for Progress program is one program that is dealt with in careful detail in the voluminous hearings on foreign assistance, and it is the one part of our foreign aid for which we have a program and about which we have laid down, in law and in international agreements, criteria and qualifications for participation, and for which we have demanded fiscal and political reform in the countries to which we give such aid. And the Alliance for Progress is the basis of our policy in Latin America, the "most critical area in the world," according to President Kennedy.

That is why I have taken exception to the making of a sharp cut in the Alliance for Progress authorization. In connection with the one program in which we are now doing everything that many of us have urged for 15 years that our country do, an effort is made to reduce the authorization substantially—from $650 to $525 million, or a cut of approximately one-fourth. I do not believe that is the way we should honor a program that has been the subject of careful study, consultation, and consideration, not only by ourselves, but also by many friendly countries and many friendly statesmen. We should now proceed to back up the panel of nine—and let me say that I know why some of the Latin American countries do not want it backed up; the Senator from Oregon is correct about that. The reason is that they do not want to be cut off if they get out of line—with our programs of fiscal, monetary, and agrarian reform. If we back up the Alliance authorities those countries will obtain from the program what they should obtain according to the standards laid down. The way to make sure that the program helps Latin America is to adhere to the standards which have been established.

I thank the Senator from Oregon for the statement he has made. During the debate we have argued from time to time; but I have not felt that either the Senator from Oregon or other Senators who have been resisting what some of us want done have performed a disservice. I want the RECORD to show clearly, so that the Senator from Oregon may know of this, that I believe we need careful debate on the foreign aid program. After all, it involves some $3 or $4 billion of the money of the American taxpayers, and that deserves some time and attention.

The question really is whether we can, through our foreign aid, help build viable, free societies in other countries, and whether we shall thus contribute to better standards of public conduct, economic performance, and, we might say, political ethics. I think we can do that through our foreign aid, and that is why I support it.

Mr. MORSE. Mr. President, I thank the Senator from Minnesota very much. I completely agree with all the objectives he has set forth. Any differences I have with him are over little details which I feel sure we can iron out.

In referring to the origin of the Alliance for Progress program, I point out that we relied very heavily on reports which were made in regard to studies made in Latin America over a period of years by the Senator from Louisiana [Mr. ELLENDER]. We went over them with a fine-tooth comb; and it will be found that many of our final recommendations coincide with the earlier recommendations of the Senator from Louisiana.

I close by saying to the Senator from Minnesota that before he came to the floor, I said we were trying to work out an adjustment in regard to the Humphrey amendment. We shall vote when we can have something to vote on which we believe sound. We are in the process of negotiating what we regard as an improvement of the program. After all, as the Senator from Minnesota has pointed out, in dealing with this program, we are dealing with $3 or $4 billion of the money of the taxpayers of the United States, and certainly in dealing with it we should take whatever time is required in order to succeed in strengthening the bill.

So, as I have said, many Senators, including myself, feel that the Humphrey amendment is sound in its objective, but we thought it should be broadened somewhat; so we are talking about broadening it in such respects as the two I mentioned. We shall continue to confer with the Senator from Minnesota about the total figure for the Alliance for Progress. We are talking in terms of approximately $600 million. We wish to cut back the contingency fund. Procedurally the other action could be taken later—though we might as well deal with the entire problem. We would like to cut $10 million from the Latin American military aid program, reducing it from $50 to $40 million. We would then add that $10 million to the Alliance for Progress figure. The $10 million would be added to the $600 million, which would give us $610 million. I am having drafted an amendment which would seek to accomplish that objective. When some sort of agreement is reached among us, we shall offer it to the Senator from Minnesota and see if there is any opportunity to obtain his agreement or his suggestions for further modification, hoping ultimately that perhaps we may persuade him to accept a modification of his amendment which would make it possible for all of us to go along.

That is where we stand as of the present moment. I shall leave the Chamber for a few minutes for negotiation purposes. I am sure the Senator from Louisiana [Mr. ELLENDER] will protect my interest while I am gone. So far as I am concerned, I am ready to vote on the amendment.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. Since Senators are negotiating more or less publicly, the suggestions made by the Senator from Oregon might be referred to as diplomacy in a glass house.

Mr. MORSE. Covenants openly arrived at.

Mr. HUMPHREY. I now find myself in support of the Senator's proposal with respect to military assistance to Latin America, as I did in the committee. So I do not walk two sides of the street. I have long been of the opinion that some of the military assistance to Latin America has not contributed to political stability, but rather has contributed to sword-swaggering, medal-carrying, smalltime colonels. I am not interested in their elevation to public office or in their enjoyment of war games at our expense. So when the Senator rounds out his suggestion in an amendment which would reduce the military assistance item from $50 million to $40 million, the proposal will have my support here, as it did in committee.

The Senator's proposal to add the $10 million which would be saved in military assistance would go very well in the economic program, because it would require at least careful programing for the use of the $10 million. I believe that Senators should recognize that none of the Alliance for Progress funds can be merely used. They must be programed. It is not merely a question of saying that in such and such a country some guns are needed, or that a few more small howitzers or some antiaircraft weapons we do not quite know what to do with are needed. The proposal relates to actual programing. I find myself without firm commitment, because I think these questions should be discussed in some detail. I find myself sympathetic toward the Senator's proposal. I hope that the Senator will discuss it with some of his associates.

Mr. MORSE. I thank the Senator. I am on my way to do it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] to the Mansfield-Dirksen amendments as amended, to the committee amendment, as amended.

Mr. HUMPHREY. Mr. President, before the vote on the Ellender amendment, inasmuch as the Senator from Oregon [Mr. MORSE] had to leave the Chamber, I wish to say that the question has been raised during the debate as to why the Alliance for Progress programs move rather slowly. I have made my own comment on that subject, to the effect that these programs are carefully programed. They are not merely bilateral arrangements, but they relate to countrywide programs. In the instance of Central America, they relate to regional programs.

I am afraid that sometimes we forget that in the Central American area there is a regional Alliance for Progress Office at Guatemala City known as ROCAP. That regional Office coordinates all the programs in the Alliance for Progress in the Central American area. It is doing a good job. For example, a regional program on road development is underway—not country by country. Regional development of electrical power is underway. Some countries have deficits of power and some have great potential hydroelectric possibilities. Regional programs for good textbooks for schools are underway. A regional program is underway for telecommunications. In that instance the Alliance for Progress is helping, and also the United Nations Special Fund. So we are attempting in that area of the world to devise a working program. I make that statement because all too often in the debate all we hear is bad news. There is a great deal of good news. There are many wonderful accomplishments. I have had the privilege of witnessing those developments. I do not believe that we ought to go on tours and travels unless we learn something. I have been in those countries. I have studied the various projects. I have gone into the hills, the mountains, and the back country. I have gone back to see the common people—the campesino—the worker. I have gone out to see what is going on in housing.

For example, I happen to know that there have been regional housing consultations among our people who are specialists in housing, together with the people of the respective countries. So we have been making genuine progress. It is almost paradoxical that at the time the AID program has improved its administrative structure more than at any time that I can recall; at a time when, in a sense, we have gone through the entire personnel and cleared out those who were considered to be less competent, and hired new workers, who were recruited on the basis of much higher standards; at a time when we brought into our Government hundreds of key people from industry and from our great technical and educational institutions, from the medical profession, and from other walks of life; at a time when we had the best administration of the AID program that we have had, we have had the hardest attack upon the program. It is really ironical and paradoxical. That has occurred at a time when we have asked for much less money than we have ever before asked for. Nevertheless the attack moves against the AID program.

The Senator from Minnesota does not happen to believe that everything that the AID administration does is without mistakes. Obviously, there are mistakes of judgment. In recruiting large numbers of people we occasionally get hold of one who does not always jog. That even happens in Congress.

The people have a way of taking care of the situation. In the Senate it requires 6 years. In the other body it requires 2 years. But occasionally we hire someone who does not do his job the way we think it ought to be done. So we are not without fault.

I submit that a careful examination of the Agency for International Development, known as AID, under the administration of Mr. David Bell, would show the quality of people who are in it and the careful attention that is given to the duties they are called upon to perform. Such an examination would disclose an administrative organization as good as any we have ever had at any time under any foreign aid program.

Interestingly enough, there does not seem to be much evidence to disprove what I have said. Most of the complaint about the foreign aid program is a complaint about what happened several years ago.

If I have any one complaint about the AID administration it is that it is too cautious. It is frightened of Congress. Those in the administration are so worried about what we may say that they almost become paralyzed, until some of us remind them that their job is to take some risks. Their task is to make decisions, even if they have to take some heat from Congress for the decisions.

No living mortal can please 100 Senators. He would be fortunate to please even one. No living mortal has ever been hired in Government, in private life, in secular or in spiritual life has ever been able to please every Member of Congress. It is difficult even to please a majority on any one day. Even when a majority is obtained, most of the majority are not pleased.

As a result of the fiction that has been built up about AID, we may be required to reduce this program—as we undoubtedly will be. It is a fairly good program. One of the most encouraging developments—one of the most rewarding programs of all—is the Alliance for Progress. The men and women who operate it are giving their lives to make it work. The man who runs the U.S. side of the Alliance has one of the most difficult jobs in Washington. Those who work in Washington and the missions in Latin American countries are good people.

I am not talking from the standpoint of fiction. I have seen them, and I have talked with them. They work hard. They are not freeloaders. They have not made many foolish decisions. My complaint, as I have said before, is that they need to make more decisions. One of the reasons why they do not make some decisions as rapidly as I might think they should is that Congress provided a list of statutory criteria for the Alliance for Progress, and by the time they have gone through it, they have had seven political blood tests.

So much of the concern as to delay or administrative inefficiencies might well be attributed to what Congress has written into the law. Every Senator or Representative believes he knows how this program should be operated. There are some people in Minnesota who feel that they know how to operate my office, and every 6 years one of them tries to take over. I warn Senators that it will happen to them, too.

Delays are often caused by regulations and restrictions that Congress has imposed upon the Foreign Aid Administration. The regulations are designed to guarantee that U.S. funds will not be misused. I am not complaining about the criteria. What I am saying is that the criteria exist, and the criteria are being administered and respected. We wrote them into law. Why? Because we wanted the funds to be properly used.

I remind Senators that if we look at the Latin American area or any other place, we will find areas in which mistakes have been made; but there is not a man in public office who cannot make the same statement as to himself. If he does not, his opposition will—and will prove it.

There has never been a man who has served as a Governor, a mayor, a county commissioner, a legislator, a councilman, or a Member of Congress, or in any other position, who does not have a road full of mistakes. The question is: Can he find enough things we have done right to balance the mistakes? That is what we are really arguing for, when we come up for reelection.

I am trying to point out that while we can cite the ugly incidents of maladministration in this program, there is another side. Who gets up to tell about the sacrifices that men are making? How many speeches have there been, for example, on the floor of the Senate regarding ambassadors who have returned from foreign countries and faraway places with their families sick, with themselves broken in body, because they gave of their lives for their country at very poor salaries? There are some in the city of Washington right now who have returned from Latin American countries. How many times do we hear of a mission chief or a man in the technical assistance division, or in the health division, who has gone out and literally saved lives? Does he ever receive any ribbons or medals? No; he gets a "boot in the breeches" if anyone finds out he ever made a mistake.

I do not mean to uncritically pat these people on the back, but I have had just about enough of this business of attack, attack, attack. I do not believe we can produce a good foreign aid program by constantly abusing it. I do not believe we can have a good Foreign Service by constantly running it down. I do not believe it helps to make the Department of State a more effective instrumentality to point out that it is always wrong.

America is the only Nation in the world which has risen to the height of grandeur, world power, and world wealth by always being wrong. According to what we read in the press, every President makes mistakes all the time. Every Secretary of State obviously does not know what he is doing. We read day after day of the unjustifiable "bloopers" that they make. One would believe that every person who ever administered foreign aid bled the country white. Yet there will be a $600 billion gross national product next year. I have been reading the reports on incomes. There are quite a few people who do not look very white to me, in terms of being bled white. They are growing rich. Corporate profits are at an alltime high. Yet when we listen to debate in the Senate one would think the country was going bankrupt.

Interestingly enough, about the only countries that seem to be in trouble are the countries now receiving aid, not the one which is giving it. So, Mr. President, I ask unanimous consent to have this list of statutory criteria printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

CHECKLIST OF STATUTORY CRITERIA (ALLIANCE FOR PROGRESS)

(Insert under each criterion a brief statement as to whether it has been or will be met and a reference to the page of the paper where it is discussed, or state that the criterion is inapplicable or give other explanation.)

1. FA section 201(d): Funds shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower.

2. FA section 251(b)(1): Take into account the principles of the act of Bogota and Charter of Punta del Este, and in particular the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures.

3. FA section 251(b)(2): Take into account the economic and technical soundness of the activity to be financed.

4. FA section 251(b)(3): Take into account the relationship of the activity to other development activities and its contribution to realizable long-range objectives.

5. FA section 251(b)(4): Take into account the possible effects upon the U.S. economy with special reference to areas of substantial labor surplus.

6. FA section 251: If loan is from funds required to be used for loans payable as to principal and interest in U.S. dollars, take into account (a) whether financing is obtainable from the free world sources and (b) efforts made by recipient nations to repatriate capital invested in other countries by their own citizens.

7. FA section 251: Loans shall be made only upon a finding of reasonable prospects of repayment.

8. FA section 251(e): Funds in excess of $100,000 not to be set aside unless an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner.

9. FA section 204: Other criteria for loans established by the DLC.

10. FA section 601: Encourage free enterprise in less developed countries and participation by private enterprise in achieving the purposes of the Foreign Assistance Act.

11. FA section 602: U.S. small business shall, to the extent practicable, have an opportunity to participate equitably in the purchasing of commodities and services financed with foreign assistance funds.

12. FA section 604(a): Limitation of commodity procurement to United States except as otherwise determined by the President and subject to statutory reporting requirements.

13. FA section 604(b): Limitation on price of bulk commodity procurement to prices no higher than the market price prevailing in the United States at time of purchase.

14. FA section 604(d): U.S. funds shall be available for marine insurance on commodities where such insurance is placed on a competitive basis.

15. FA section 611(a)(1): If substantive technical or financial planning is required, no obligation to be made until engineering, financial and other plans necessary to carry out the assistance and a reasonably firm estimate of the cost of the assistance to the United States have been provided.

16. FA section 611(a)(2): If legislative action within recipient country is required, no obligation to be made unless it may reasonably be anticipated to be completed in time to permit orderly accomplishment of purpose of loan.

Mr. HUMPHREY. I should like all Senators to look over this list. Then I should like to ask this question: "How would you like to face all that before you made a decision?" We would not get the first letter answered to the first constituent. We have imposed some real obligations on them.

There are others who believe that the Alliance for Progress is doing rather well. I invite attention to an editorial published in one of the leading newspapers in Santiago, Chile. The United States has not always won a popularity contest in Chile. This is an area where, in the past, we were sometimes accused of almost every crime on the books. Because of the Alliance for Progress, because of the popularity of President Kennedy, and because of the kind of effort that we have put into Chile, we are beginning to receive a favorable response from the Chilean people—from workers, farmers, and those in public office. In most of these countries people in public office used to run against the United States, not against the opposition in their own country. Sometimes the feeling is that Members of Congress run against the foreign aid program. I should like to make it clear that I do not run against the foreign aid program—and yet I am elected. I may not be elected next time, but I have been standing up for foreign aid ever since I have been in Congress.

Mr. President, I come from a State where people are frugal, prudent, and relatively conservative; a State whose budget is in balance; a State which has one of the finest programs of education, health and welfare, economic and social development in the Nation; a State which takes a back seat to no other State—not even to the great State of Wisconsin, which is now so ably represented by the present Presiding Officer (Mr. NELSON in the chair).

The State of Wisconsin runs a tie with us, with a slight gradation just below.

I read now the editorial from El Mercurio, of Santiago, Chile, for October 18, 1963, which is edited by a distinguished Chilean, Augustin Edwards. I was privileged to have a long discussion with Mr. Edwards here in Washington in March 1963, and am happy to bring this editorial from his newspaper to the attention of the Senate:

JUDGMENTS ON THE ALLIANCE FOR PROGRESS

The fundamental change in inter-American political thinking signified by the Alliance for Progress is proved by its becoming, among other things, a subject of permanent controversy and interpretation in our hemisphere.

Two well-defined points of view are struggling to prevail in carrying out the Alliance: those who believe it should be the signing of agreements and assistance programs between governments; and those who propose that it be a real association among peoples.

The program had to start with governmental cooperation, since it was initiated by the Government of the United States and proposed to the representatives in Washington of the other nations of the hemisphere. This was a necessary procedure, that could not be avoided without the risk of making plans of a purely theoretical value. President Kennedy was undoubtedly aware that the Latin American governments were not all in the same position to interpret his appeal and translate it into benefits for their people. In the year 1960, as today, there were representative democracies in the hemisphere as well as legalized dictatorships and despotic regimes. To what extent could governments so totally different really interpret and serve their people? But it was necessary to begin by utilizing government channels to bring the reform ideas to public understanding.

The Charter of Punta del Este, signed 1 year later, established some conditions for foregoing the Alliance for Progress. It specified that representative democracies should exist with rights and liberties for all, and that foreign aid demanded that internal development efforts should be given priority. It stated that the recipients of these benefits should not be restricted to government entities, but should include private ones such as savings and loan associations, cooperatives, labor unions, and university student organizations. Thus, at this stage, the Alliance began to consider popular interests, although this did not mean that these new channels were capable of supplanting the initial ones. Governments were and always will be, the basic instruments for carrying on foreign aid.

Nevertheless, in its 3 years of existence, the Alliance for Progress has brought change to concepts of representative democracy, even though it does not prevail and setbacks have been experienced as harsh as those in some Central and South American countries. Likewise, it has brought a change in the purpose of government-to-government loans, that are now applied to development programs approved by international organizations. This means that the Alliance for Progress has curbed the long-standing abuses of ruling classes who formerly used the loans for their own advantage, and now determines the orderly and profitable use of these resources to reach all the people through progress of national development.

These requirements which the Alliance for Progress put into practice have been criticized for the sluggishness and shortcomings they caused. Countries requiring assistance, some with important needs, feel ignored and frustrated when they do not receive loans immediately. In the same way, some sectors of American opinion complain of what appears to be foreign intervention, but is only the systematization of economic development and the establishment of priorities to take care of the needs of each country. Without the preliminary reports of the Panel of Exports, failures and losses of capital invested without research would be frequent.

These implications of the Alliance for Progress do not prevent us from pointing out that its prestige and success are endangered by prejudices prevailing in U.S. Government and public opinion which tend to apply this same criteria to governments and countries with very different stages of development, look distrustfully on the actions of the ruling classes, and as a consequence of all this, reduce foreign aid through bills in Congress.

Latin America understands the meaning of the Alliance for Progress, but it is indispensable that public opinion in the United States try to understand the realities of those countries which, in good faith, are associated in a democratic and technical undertaking benefiting all levels of society.

I have read an editorial from a great conservative newspaper in Chile. A summation of the editorial is as follows:

The Alliance for Progress has revised many of the attitudes and policies in Latin American countries. It has thereby engendered some opposition from groups in those countries that profited from old habits and old abuses. But the Alliance for Progress is basic to the underpinning of democratic institutions. I feel that the Alliance deserves our unqualified support.

I fear that it would be a mistake to limit the Alliance for Progress in the third year of its life. The first year was devoted entirely to becoming equipped to do the job. New people were required under the bill that was passed. We asked the Kennedy administration, in 1961, under the foreign aid program, which was first under Mr. Labouisse, and then Mr. Fowler Hamilton, to clear out the deadwood insofar as personnel was concerned, reorganize the structure, and recruit top-grade people in the various positions.

We do not make them rich when we recruit them for these missions and send them away from the comfortable surroundings of Madison, Wis.; Minneapolis, Minn.; Little Rock, Ark.; New Orleans, La.; Chicago, Ill.; Butte or Billings, Mont., or some other place. We say to them, "We want you to go down where the altitude is 12,000 feet. We know you have asthma and heart trouble, but we want you to try it out. We will give you a few pills. We are not interested in your asthma or your heart trouble. You are a good administrator. You owe it to your country. Ask not what your country can do for you—ask what you can do for your country. You will not live long, but you will enjoy working for the Alliance for Progress. How much money? Seventeen or eighteen thousand a year. Of course, you will have to maintain your house at home, because we are not sure we can keep you on the job very long. We want you to sacrifice."

Mr. President, we have been able to get people to do that. We have been able to recruit some top-ranking businessmen, people in the ranks of labor and from the cooperative movement, top-grade doctors, university people, and administrators. We have been able to induce some of them to give up their lives in the United States and go off somewhere they probably have never heard of before, where the altitude is not very conducive to their health, or where the humidity is more than they can take, or where the food is hardly palatable, or where living conditions are far from enjoyable. We send them off for $18,000 or $20,000 a year, and all they are told is, "You are doing a lousy job."

I do not know why they take it. I have often urged the administrators to come back and tell the critics off. I have said that they should go before the Congress and say, "I do not take that from anybody—Congressmen or anyone else. You can take your job, and you know what you can do with it."

This would be a good thing to do, sometimes, because many of those who take this kicking around are those who are on foreign assignments. Every once in a while one gets a good assignment. Every once in a while someone gets a big house. Every once in a while someone is not doing a good job. But he will not last long, because Congress is checking on him, the Inspector General's Office is checking on him, the newspapers are checking on him, and if he can hide from them all he is pretty smart, and we had better not let him go.

So the Senator from Minnesota rises to defend the Alliance for Progress and the administration. Man for man, woman for woman, Congress for Congress, they cannot be beat. We do not do any better, if as well.

I would like to alert my colleagues to the opportunity before us today, as well as the mistakes in the aid program that we have heard so much about.

Mr. President, we have recently seen evidence of a massive failure on the part of the Soviet Union—the failure of the Soviet agriculture system to provide sufficient food to feed the Russian people. The Communists are clearly having basic economic difficulties. Their system simply is not working efficiently. This not only may provide opportunities for us to make better use of our great economic system; it also means that the Communists do not have the economic power necessary to implement their political objectives. Among other things, they are having trouble with their foreign aid program.

While we should not minimize the threat of Communist subversion, it is quite clear that the Communists, at least at the present time, do not have the means necessary for the foreign aid program they have been conducting in recent years. This is a development of great significance for the United States and the free world. It means that we are gaining in our contest with the Communists on the economic front, and it provides the opening for moving into the vacuum created by Communist withdrawal.

In view of the difficulties presently confronting the Soviet Union and the opportunity now available to us, it is most disturbing that we shrink from taking advantage of these opportunities in certain critical areas.

Wars are not won by retreating when the enemy retreats, and the war which is being fought with all the tools in our foreign aid program is just as serious and as important as any of the shooting wars we have ever fought.

In fact, the foreign aid program is designed to win the struggle in the world without a shooting war.

Now is not the time to retreat in Latin America. Now is the time for launching an offensive in those areas of the world that are of greatest importance to the United States. Now is the time for mobilizing all the resources at our command.

Now is the time to get on with the job, rather than worrying about what others are doing, or dwelling on minor mistakes and shortcomings. Mistakes are bound to happen. Enough mistakes were made on D-day to convince any skeptic that the war was lost—if all he could see were the mistakes and the confusion. D-day was turned into a great victory for free men because we moved ahead without stopping or looking back.

One of the major weaknesses of our aid program is that of attempting to do too much, and thereby it loses its sense of direction. What is often lacking is a clear set of priorities for the program and a strong resolution to implement these priorities.

This is sometimes evident among those in the executive branch and in the Congress who are declared friends of the foreign aid program. In their espousal of the foreign aid program, they must have a clear grasp of what is most important and what is less important, what is top priority, and what is of secondary importance.

This set of priorities must always be kept in mind. If it appears that the Congress will not approve of the administration's total program, then the established set of priorities will naturally be followed in distributing any cuts.

We have recently been advised in the Senate that the Foreign Relations Committee's recommendations must be reduced.

I have shared the view, after sensing the temperament of the Congress, that some agreement to reduce the committee's figures might be necessary in order for the bill to be approved in the Senate. But what concerns me most is the absence of any clearly established priorities in distributing the cuts that have been proposed.

Many parts of this foreign aid bill are important, but which part is most important? Which part has top priority?

I believe that the Alliance for Progress program has top priority. I accept the President's statement that Latin America is the most critical area in the world as far as U.S. foreign policy is concerned. I accept this and believe we should act upon it.

The executive branch should act upon it. The leaders of Congress should act upon it, and yet we are informed that some believe the Alliance for Progress item recommended by the Senate Foreign Relations Committee can be cut by $125 million. We hear that this is one of the categories best able to sustain a cut.

Mr. President, I claim no superior knowledge about strategy for obtaining the best possible foreign aid bill this year. I am quite willing to follow the advice of others on this question in many respects. But I am certain on one thing: I know that a cut of $125 million from the Alliance for Progress weakens it.

I know that that cut does not carry out what was the President's judgment on the importance of the Latin America area in the struggle in which we are now engaged with world communism.

I know that this conflicts with the policy stated by the President of the United States.

Mr. President, this week there opened in São Paulo, Brazil, the annual meeting of the OAS Inter-American Economic and Social Council. At this meeting, which will be attended by most of the key Alliance officials in the hemisphere, the future of the Alliance for Progress will be discussed. Proposals to modify its structure to achieve greater Latin participation will be discussed at this meeting. At the end of next week, Under Secretary Averell Harriman will go to São Paulo to head the U.S. delegation to the OAS meeting at the ministerial level.

This proposed reduction puts Secretary Harriman in a most difficult position. The U.S. Government has been exhorting Latin American governments to do better in mobilizing their own resources, to exact the taxes and enact the reforms called for in the charter of Punta del Este. We have repeatedly pleaded with Latin American government officials to live up to their commitments under the Alliance. And yet now we indicate that the United States is to go back on its commitments. Most of the major Latin American newspapers, including those most friendly to the United States did not fail to note that the House figure approved for the entire Latin American Continent was only slightly above the total Soviet aid to Cuba alone. Our commitments under the Alliance, as well as those of our Latin American neighbors, must be honored. Nothing is more harmful to our prestige, to our national image and to our foreign policy interests than the appearance of reneging on commitments made. The recent action of the House of Representatives in drastically reducing the Alliance for Progress funds requested by the administration is interpreted in every Latin American country as precisely that.

The Senate Foreign Relations Committee disagreed with the House action, and recognized the embarrassment this would cause the U.S. Government and restored the funds cut by the House.

All we are asking in this amendment is that the judgment of the Senate Foreign Relations Committee be honored. The committee examined this issue carefully. It weighed both sides before making the recommendation. We have yet to receive any explanation of why the committee's action should be overruled. We not only have not received a valid explanation; we have not received any explanation at all. This is not surprising. The chairman of the Senate Foreign Relations Committee voted in the committee to recommend the figure contained in my amendment. He not only voted for it, he strongly supported it. The distinguished majority leader also voted for the figure contained in this amendment for the Alliance for Progress. Therefore, it is not surprising why no Senator has come forth with an adequate explanation of why this cut was distributed in this way.

I remind my colleagues that this is only the authorization. The appropriation is another matter. Everyone who has served in this body over the years knows that the appropriation figure usually is substantially less than the authorization figure.

This would mean that the Senate authorization figure for the Alliance would be $525 million. As everyone knows this figure could be reduced further by the House-Senate conference and reduced drastically by the House in the appropriations round. What we would likely have in the end is a figure approximating the $400 million which the Soviet Union now gives to one small country, Cuba. If the world's leading capitalist country cannot do any better than that, we do not have much of an argument with the Communists. Yet Latin America is the most critical area in the world, as we have been told by the leader of the greatest Nation on the face of the earth, the President of the United States.

What Mr. Harriman is likely to be asked in São Paulo, and quite rightly, what prompted us to go back on our commitment. When we committed our support, to the Alliance at Punte del Este, we expressed support for a figure of $600 million per year for 4 years. The expectation, however, was that our aid would increase after the first year. Instead it is now proposed to be cut back from the $600 million level.

I would like to touch briefly on what has been accomplished during the last 2 years under the Alliance for Progress.

Certainly one indicator of the success of the Alliance for Progress during its short period of existence is a review of its actual physical accomplishments which include 8,200 classrooms, 140,000 homes, 4 million books, 160,000 agriculture credit loans, 700 community water systems and wells, 900 hospitals and health centers, and 15 million people have been fed surplus foods.

However, one cannot measure the progress of the Alliance solely by these U.S. contributions. Our assistance is primarily marginal aid intended to lever Latin American countries into action. The true yardstick is the one of self-help efforts on the part of our Latin American partners. Slowly but increasingly, these countries are modifying their brittle structures to make them more responsive to the needs of their people. Reforms never come easily. Resistance to necessary change is always great. However, in many fields these changes are being made.

Tax reform: Structural tax reform on important tax administration improvement programs are underway in 12 countries: Argentina, Bolivia, Colombia, Chile, Costa Rica, Ecuador, Guatemala, El Salvador, Mexico, Panama, Peru, and Paraguay. U.S. Internal Revenue Service technicians are already assisting in these self-help efforts in Colombia, Chile, Ecuador, Guatemala, Panama, Peru.

Land reform: Large-scale land reform programs were carried out by Bolivia and Mexico over the years. Venezuela, the Dominican Republic, Colombia, and two states in Brazil have initiated promising programs, and Peru is about to initiate such a program. Other, more limited land reform programs are underway in Chile, Panama, Uruguay, Costa Rica, Guatemala, Honduras, and Nicaragua.

Planning: Latin American countries which have submitted 10-year or sectoral development plans to the OAS Committee of Nine include: Colombia, Chile, Ecuador, Bolivia, Mexico, Panama, Venezuela, and Honduras. Brazil and Peru are expected to submit plans shortly. Several other countries are working on such plans.

Housing: 11 countries having self-help housing programs are: Argentina, Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Peru, and Venezuela. Savings and loan associations have been or are being established in nine countries: Argentina, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Peru, and Venezuela.

Private investment: Private development banks have been established or are in the process of being established in seven countries: Bolivia, Brazil, Honduras, Panama, Colombia, Dominican Republic, and Ecuador. Other intermediate credit institutions are relending to small- and medium-sized industries have been established in Peru, Mexico, and Chile.

Regional integration: Central America has been most successful in building a common market made up of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Their success in this strategic area comprising 12 million people shows the way to other Latin American countries, whose progress within the Latin American free trade area has been considerably slower.

To support the increasing self-help activity—to insure that the momentum of reform will increase—AID has requested $650 million.

It was and is impossible to state precisely the need for loan funds. The level of the Alliance lending program depends upon many factors. Most are beyond the control of the United States. The uncertainty stems from the fact that no lender, no bank can predict the amount it will lend in the future—and still remain a sound institution.

Based on the most careful analysis of the probabilities, AID has stated that it will need a minimum of $550 million for new development loans and $100 million for development grants this year. This amount is designed to meet the Latin American countries' increasing need for marginal external assistance as the Alliance progresses.

The Alliance for Progress program was also subjected to an examination in depth by the Senate Foreign Relations Committee. Their studied evaluation reported to this body, concluded that the best interest of the United States, as a partner of the Alliance for Progress, called for the requested authorization.

AID's commitment of development loan funds for the Alliance in fiscal year 1963 gives us a clear idea of how the program operates.

Development loans make up the major AID contribution to the Alliance for Progress. Over $340 million in development loans was used in fiscal year 1963. Total commitments for development loans and grants were $465 million.

This exercise of fiscal responsibility in the face of a $525 million appropriation is the best proof that assistance will be given only to the extent that it is consistent with Alliance objectives. Two years of Alliance experience back up this method of operation, which has to meet two key U.S. objectives. These involve the assurance that the self-help and reform requirements of the Alliance must be met—and, at the same time, the need to capture the confidence and imagination of the Latin American people.

AID, therefore, has acted on these principles: First, it has refused to commit or spend unless convinced that the outlay is clearly in the U.S. national interest, promoting development and freedom in Latin America; and second, it has been prepared to offer assistance whenever a Latin American nation initiates the social and economic changes the Alliance calls for. On a per capita basis, countries like Chile, El Salvador, Colombia, and Panama received much more aid than did Paraguay or Haiti, for example.

In fiscal year 1963, aid was concentrated in the countries which performed. It was reduced or held up where self-help and reform efforts were shunned or lagging. You will recall that the United States spent almost nothing in Peru. Funding for Brazil and Argentina was much lower than expected. Brazil had not met her self-help commitments, nor had it reached the stage of political, and particularly, financial stability which would make worth while all of the lending which was previously estimated. Argentina's political problems prevented any clear focus on development.

This year, Peru's new constitutionally elected Government has put that hitherto politically stagnant country on the Alliance road to reform. Argentina has a constitutionally elected Government and the prospects are good for stability after a year of turbulence. Further development opportunities are evident in Central America and Chile, among others.

AID's development lending operations, like those of a bank, depend a great deal on mutual confidence. The United States has not assumed the posture of a hard-hearted leader. Congress has placed tight restrictions on AID loan procedures, however. The loans must reflect careful feasibility studies and a clear capacity for repayment. AID, therefore, has acquired many aspects of a full-fledged banking operation. It has, moreover, insisted that the Latin Americans live up to their own commitments on reforms. If we did not do so, the money we lend would neither benefit the borrower nor further our Alliance objectives. On the other hand, to raise hopes and aspirations, to achieve worthwhile bootstrap efforts and then not be able to back them up with marginal external lending—this causes a loss of confidence among our Latin American neighbors and a sense of alienation from the Alliance.

Right now, today, finance ministers and development experts from the Alliance countries are meeting in São Paulo, Brazil. This meeting of the Inter-American Economic and Social Council is devoted to an analysis of reform efforts, to methods for improving the administration of the Alliance, and to strengthen that spirit of mutual confidence which is the true revolution in this hemisphere over the past 3 years.

The democratic leaders in Latin America today count on us. At the very moment when they have gained confidence in us and are exposing themselves to grave political hazards in the firm expectation of timely and effective support from the United States, we must come through.

Mr. President, I turn now to my third major point: Why the figure for the contingency fund recommended by the Senate Foreign Relations Committee should be supported by the Senate.

After long deliberation, the committee voted a figure of 175 million. My amendment would restore the committee's figure, reducing it 125 million from the 300 million recommended by the Mansfield-Dirksen amendment.

In this careful study of the contingency fund, the Foreign Relations Committee discovered that almost half of the contingency fund last year went unused.

Of the 260 million appropriated last year, 117 million was not spent. Therefore the committee thought it proper to give the President a figure—175 million—far above what was actually spent last year—143 million—but, below the level requested.

The contingency fund is one of the most important items in the foreign aid bill and it should not be dealt with lightly. However, it should not be distorted into something it was never intended to be.

According to the legislative history of this part of the aid program, the contingency fund is not to be used by the executive branch to make up cuts unpassed by Congress.

It is my understanding that ordinarily the contingency fund will be used for the following purposes:

First. For emergencies and unforeseen occurrences.

Second. For possibilities that may be foreseen, but the amount of which is unknown at the time of the congressional presentation—for example, we may be relatively sure that our assistance program to Vietnam will change as a result of the coup—whether it will be up or down or how much cannot now be foreseen.

Third. For changes after the congressional presentation has been made to the Congress, but before appropriations—this is for ease in preparation of the presentation.

Fourth. For increases in a program after the initial allocation as a result of changed circumstances.

Supporting the committee's action therefore supports the idea that the aid agency must use the money for the progress agreed to by Congress. If an unnecessarily large contingency fund is approved, while sharp cuts are made in certain parts of the program, the pressure will be great to convert the contingency fund into a slush fund to make up for cuts in parts of the program. The contingency fund was designed to meet real emergencies, not to circumvent the will of Congress.

I repeat my conviction that the contingency fund is important. The committee considered it to be important. But it is designed for contingencies. After a careful review of the past history of the fund, the committee concluded that $175 million is enough. The committee's action should be sustained.

Mr. President, Members of the Senate should know that if some extraordinary event did occur requiring extraordinary expenditures, the Senate would stand ready to heed the President's call. The funds would be made available promptly if needed. I would strongly support such a request. But at the present there appears to be no need for increasing the committee's figure. Nor should it be lowered. It should stand as it is.

In both instances, in restoring $125 million to the Alliance for Progress, and in reducing the contingency fund to $175 million the Senate would be wise to support the action of the Foreign Relations Committee figure.

Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, is a parliamentary inquiry in order during a quorum call?

The PRESIDING OFFICER (Mr. NELSON in the chair). The Chair is advised by the Parliamentarian that it is not.

Mr. DOUGLAS. It is not.

Mr. MORSE. Mr. President, I advise the Chair that I desire to have a live quorum.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 211 Leg.]

Allott
Anderson
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 1989) to authorize the government of the Virgin Islands to issue general obligation bonds.

The message also announced that the House had agreed to the report of the committee of the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6143) to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 7405. An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock; and

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the Ellender amendment to the Mansfield-Dirksen amendments, as amended, to the committee substitute, as amended.

Mr. MORSE. Mr. President, I believe a conference which now is underway is being attended by the majority leader, the minority leader, the chairman of the committee [Mr. FULBRIGHT], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Louisiana [Mr. ELLENDER], and several other Senators. It is a very important conference, and I hope it will result in the saving of a great deal of time. Therefore, I think we should wait until it is concluded; and I now suggest the absence of quorum.

Mr. HOLLAND. Mr. President, I rise to a point of order: No business has been transacted since the previous quorum call.

The PRESIDING OFFICER. The point of order is sustained.

Mr. MORSE. Mr. President, I appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. SALTONSTALL. Mr. President, I respectfully state that, in my opinion, such an appeal is frivolous. So I make that point of order.

The PRESIDING OFFICER. The Chair would have no authority to pass on this point of order. This appeal is debatable.

Mr. KUCHEL. Mr. President, under my right to debate the pending question, I shall use a few moments to describe briefly an issue in regard to which I intend subsequently to offer an amendment. I trust that by the time I finish this brief discussion, the leadership on both sides will have returned to the Chamber.

Mr. MORSE. Mr. President, will the Senator from California yield to me for 30 seconds?

Mr. KUCHEL. I yield.

Mr. MORSE. I wish to explain that although the Senator from Massachusetts may think my appeal frivolous, I am really being cooperative, because I made the appeal only in order to be able to suggest the absence of a quorum, and thus to accommodate the leadership.

Mr. SALTONSTALL. Mr. President, under the existing conditions, I ask unanimous consent that I may withdraw my point of order.

The PRESIDING OFFICER. Without objection, the point of order is withdrawn.

Mr. KUCHEL. Mr. President, I note that the leadership has now returned to the Chamber. So I shall postpone to a subsequent time my discussion of the problem I have in mind.

The PRESIDING OFFICER. The question now is on the appeal by the Senator from Oregon from the decision of the Chair.

Mr. MORSE. Mr. President, I withdraw the appeal.

The PRESIDING OFFICER. The question is on agreeing to the Ellender amendment to the Mansfield-Dirksen amendments, as amended, to the committee substitute, as amended.

Mr. ELLENDER. Mr. President, I understand that my amendment is now the pending question.

The PRESIDING OFFICER. That is correct.

Mr. ELLENDER. Mr. President, if my amendment were withdrawn, what amendment then would come up for consideration by the Senate?

The PRESIDING OFFICER. The Humphrey amendment, which proposes that lines 1 through 11 on page 2 of the bill be stricken out.

Mr. ELLENDER. If my amendment were adopted, what would become of the Humphrey amendment?

The PRESIDING OFFICER. If the Ellender amendment were adopted, and if the Humphrey amendment to strike out lines 1 through 11 on page 2, as amended, were then agreed to, it would carry with it the Ellender amendment. However, the Ellender amendment could be offered later, as an independent proposition, if desired.

Mr. ELLENDER. Then it would become inoperative, would it not?

The PRESIDING OFFICER. Yes.

Mr. ELLENDER. Then, Mr. President, I ask leave to withdraw my amendment.

The PRESIDING OFFICER. The Senator from Louisiana has a right to withdraw his amendment, and it is withdrawn.

Mr. HUMPHREY. Mr. President, the present parliamentary situation, as I understand, is that the question is on agreeing to the amendment I offered yesterday—the amendment relating to the Alliance for Progress funds and the military assistance funds.

The PRESIDING OFFICER. Is that the amendment to strike out lines 1 through 11, on page 2?

Mr. HUMPHREY. Yes.

The PRESIDING OFFICER. Then that is correct.

Mr. HUMPHREY. Mr. President, I wish to modify that amendment.

Mr. GORE. Mr. President, I rise to a parliamentary inquiry: What business before the Senate requires the presence in the Chamber of so many persons who are standing around the walls and engaging in conversation? Has the Chair any official notice of a need for such visitors?

The PRESIDING OFFICER. The Chair has not.

Mr. GORE. Then, Mr. President, I ask for enforcement of the Senate rule in that connection. Under the Senate rule, unless a Senator has specifically requested the presence in the Chamber of his aid, his aid is not entitled to the privilege of the floor.

The PRESIDING OFFICER. All persons now in the Senate Chamber who do not have authority to be present will leave the Chamber.

Mr. HUMPHREY. Mr. President, I should like to say a word, and then I shall yield to the majority leader. As a word of background, there has been a very good discussion this afternoon on the amendments before the Senate.

I wish to modify the amendment which I offered yesterday in the light of those discussions, so that the effect of the amendment will be as follows:

My proposal of yesterday would have restored to the committee bill, in lieu of the Mansfield-Dirksen amendments, the full sum of $650 million for the Alliance for Progress as recommended by the committee rather than the $525 million as proposed in the Mansfield-Dirksen amendments.

Second, it would maintain the committee's recommendation of the sum of $175 million for the President's contingency fund instead of the $300 million which was proposed in the Mansfield-Dirksen amendments.

However that solution would be my first preference after discussions with many Senators today I wish to modify my amendment. I shall place the appropriate technical legal language before the Senate, but I can easily explain the proposal. The Alliance for Progress funds authorized would be $600 million. The Mansfield-Dirksen original amendments called for $525 million. The amendment would increase the figure by $75 million, so that $600 million would be provided for the Alliance for Progress.

The contingency fund would be cut back to $175 million. With the Mansfield-Dirksen amendments, as modified yesterday by the amendment of the Senator from Oregon [Mr. Morse] it would mean a net saving in the bill of $460 million as the bill came from the committee. It would mean an additional reduction of $50 million in the reduction provided in the original Mansfield-Dirksen amendments, as modified by the amendment of the Senator from Oregon [Mr. Morse].

As of last night, the Mansfield-Dirksen amendments, as amended, would provide a reduction of $410 million. The Humphrey amendment now to be offered as a modification of my proposal of yesterday would add an additional $50 million reduction. So my amendment would mean that the Mansfield-Dirksen proposal, instead of providing $525 million for the Alliance for Progress, would provide $600 million; and instead of providing $300 million for the contingency fund, it would provide $175 million.

I believe that if the amendment were adopted it would do a great deal to expedite the work of the Senate on the Foreign Aid bill.

The proposal has been discussed with the appropriate officials of the administration. They are not particularly happy about it, but I am sure that they can live with it. Like myself, they would prefer the full $650 million recommended by the committee. But they have not expressed what I would call violent objection.

Mr. DOMINICK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMINICK. Do I correctly understand that the so-called Humphrey amendment, as it was stated yesterday in connection with the original amendment, is subject to division? Several of us may not wish to accept the package as a whole.

The PRESIDING OFFICER. The amendment would be divisible.

Mr. HUMPHREY. It is subject to division.

I suggest respectfully to our good friend the Senator from Colorado that the amendment as it now stands is not now exclusively my amendment. It represents a consensus. At the present moment I happen to be the spokesman. The amendment has been discussed with Senators on both sides of the aisle. I am hopeful that it will meet, if not with general approval, at least with acceptance. I wish to make clear that I do not claim any pride of authorship at all. I am appreciative of the fact that many Senators who are concerned about progress on the bill have been able to agree on the amendment. For example, I wish to thank the Senator from Louisiana [Mr. Ellender], the Senator from Oregon [Mr. Morse], the Senator from Iowa [Mr. Hickenlooper], the Senator from Illinois [Mr. Dirksen], and the chairman of the committee in particular, the Senator from Arkansas [Mr. Fulbright], the Senator from Alabama [Mr. Sparkman], the Senator from Montana [Mr. Mansfield], the Senator from California [Mr. Kuchel], and others who sat in and discussed the proposal, along with other Senators whom I have not mentioned. So let us be clear about it. It is not any one Senator's proposal.

Mr. MILLER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLER. If the Humphrey amendment, as modified, were adopted, would the $175 million authorization for the contingency fund be locked into the bill forevermore?

The PRESIDING OFFICER. If the $175-million proposal for the contingency fund contained in the amendment of the Senator from Minnesota were adopted and subsequently incorporated in the Mansfield-Dirksen amendments, it would not be subject to change thereafter.

Mr. MILLER. Do I correctly understand further that if the amendment is adopted, it will be locked into the Mansfield-Dirksen amendments?

The PRESIDING OFFICER. The Parliamentarian has advised the Chair that it would be.

Mr. MILLER. I thank the Chair.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. Mr. President, first, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, will the Senator now yield?

Mr. HUMPHREY. I yield to the Senator from Ohio.

Mr. LAUSCHE. The recommendation of the Foreign Relations Committee entailed a total authorization of $4,202,365,000.

Mr. HUMPHREY. Yes.

Mr. LAUSCHE. To what amount would the cuts which have thus far been made in that sum bring the authorization?

Mr. MANSFIELD. Mr. President, if the Senator will yield to me, I may be able to supply that information.

Mr. HUMPHREY. I yield to the majority leader.

Mr. MANSFIELD. On the basis of the adoption of the amendment of the Senator from Oregon [Mr. Morse] yesterday, there would be a $25 million reduction. If the amendment now before the Senate is adopted, the figure will be brought down to the extent of $460 million, leaving a total authorization of $3.742 billion.

Mr. LAUSCHE. If no further reductions in the authorization were made, the amount authorized would be $3.742 billion?

Mr. MANSFIELD. Yes, a cut of $460 million below the amount contained in the bill reported by the committee.

Mr. LAUSCHE. What was the original amount in the budget of the President for the fiscal year 1964, which amount he cut on his own volition?

Mr. MANSFIELD. First, it was $4.9 billion; then on his own volition he reduced the amount to $4.529 billion.

Mr. LAUSCHE. If we stopped at the present time in making cuts, the amount of the authorization would be $3.742 billion?

Mr. MANSFIELD. The Senator is correct.

Mr. LAUSCHE. I thank the Senator.

Mr. HUMPHREY. Mr. President, I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to vote quickly, but I have certain obligations that I owe to Senators who have been working with me and with whom I have not had an opportunity to confer.

I want to quickly outline what the situation is. As the Senator from Minnesota [Mr. Humphrey] and the Senator from Montana [Mr. Mansfield] have pointed out, I want to vote, but I do have an obligation to the Senators who have been working with me and with whom I have not been able to talk since these negotiations have taken place. I want them to know what the situation is. I want them to feel perfectly free to vote as they believe they should vote. I have not spoken for them, nor have I purported to speak for them.

It is true that the Senator from Minnesota has talked with me, and I consulted briefly with the majority leader. I had a conference with the Senator from Louisiana [Mr. Ellender] and he pointed out to me that if his amendment were adopted, it would be wiped out by the Humphrey amendment if the Senate adopted the Humphrey amendment. Therefore, he was inclined to withdraw his amendment. So he and I went to the Senator from Minnesota [Mr. HUMPHREY] and asked the Senator to go along with us on $150 million for the contingency fund. The Senator from Minnesota graciously considered it and said he did not feel he could go below the committee figure, which is $175 million. It happened that I voted for $150 million in the committee but could not go along with the $175 million.

This must be a give-and-take compromise situation, when we write a bill on the floor of the Senate—which we are doing.

I consulted with the Senator from Louisiana [Mr. ELLENDER] and it was with some reluctance that we said, as to that amount, that if we could get some further concession we would accept the $175 million in the contingency fund.

I hope Senators will read the debate on the contingency fund when they receive the CONGRESSIONAL RECORD tomorrow, because the Senator from Louisiana and I pointed out that the contingency fund, as it has been operating, has involved the expenditure of a great deal of money, not for American national emergencies, but for emergencies in other countries. More than half the money has been used for budget balancing, for balance-of-payments problems, and for budget support money in other countries, such as Brazil and Argentina. In some instances those countries in turn have been paying off American creditors. We believe this is not the proper use for the contingency fund. Most people believe the contingency fund should be used to meet U.S. emergencies and not some other country's emergencies. But, be that as it may, that was our argument this afternoon. That was why we said we could not go along with the proposal to raise the amount for the contingency fund to $300 million, but that if we could obtain some other concessions we would go along with $175 million.

We were speaking only for ourselves. The Senator from Minnesota wanted to go to $650 million on the Alliance for Progress. We said we could not support that proposal. He asked if we could support $600 million. We said we would favor having a vote on it.

I can speak only for myself, but that would be an additional saving, and I would be willing to take that adjustment.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. RUSSELL. As I understand the contingency fund, it has never been expended in whole.

Mr. MORSE. We brought that out, too.

Mr. RUSSELL. So it seems to me that we are asked to transfer this money to a position where we know it will be expended, taking it from the position where, the chances are, it will not be expended.

Mr. MORSE. The Senator may be correct, but I do not believe the Senator is correct. We are merely saying that there is going to be a contingency fund of $175 million; that is all. It is not linked to the Alliance for Progress program.

Mr. RUSSELL. No, but the proposal would take $175 million, as I understand it, out of the contingency fund?

Mr. MORSE. No.

Mr. ELLENDER. It would remain at $175 million.

Mr. MORSE. It would remain at $175 million, as reported by the committee.

Mr. RUSSELL. What did the so-called powerhouse amendment propose to make the contingency fund?

Mr. ELLENDER. Three hundred million dollars.

Mr. MORSE. Three hundred million dollars.

Mr. RUSSELL. That is the point I am making. I look upon that as a considerable saving. If the money is taken out of the action programs, where we know it is going to be expended, and put in the contingency fund, the chances are it will not be expended. If we put the money in one of the action programs, it will be spent to the last dime.

Mr. MORSE. I say to the Senator from Georgia that there is nothing to stop the President from spending the money, if given $300 million for spending. The effect would be the equivalent of what could be spent under the Alliance for Progress program, even if used for a balance-of-payments problem or for budget-support money. That is why I do not like to give such discretion to the President.

Mr. RUSSELL. I can understand that, but I was looking at the overall savings. I listened with interest to the remarks of the Senator from Ohio. As a practical matter, less than $150 million was spent out of the contingency fund in the past fiscal year, so if we put $300 million in the fund, the chances are that $150 million of it will not be expended. But if we put the $175 million in the Alliance for Progress, we would know beyond any peradventure that it would be spent.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I do not make the assumption that the Senator makes. I believe there is a clear intention to expend the money. If they can get $300 million, we will find that much of the $300 million will be used. I believe there has been that kind of shift. I feel much better with $175 million in the fund than with $300 million in it.

Mr. RUSSELL. I proposed to support the amendment of the Senator from Louisiana, which he has withdrawn.

Mr. MORSE. So did I.

Mr. RUSSELL. But I was hoping to get the best I could out of the situation. It seemed to me it would be better to leave the money in the contingency fund, where it would not all be spent, rather than to put it in the fund for the Alliance for Progress, where we know every dime of it will be committed.

Mr. MORSE. I believe it will be spent. That is the position I have taken.

One further point. I have the assurance of the Senator from Minnesota [Mr. HUMPHREY] that he will support me in this. I wished to incorporate in the so-called package an agreement to reduce the military aid program for Latin America from $50 million, as the committee recommended, to $40 million, and add the saving of $10 million to economic aid for the Alliance for Progress program. I intend to offer that amendment, and the Senator from Minnesota assures me he will support it.

Mr. HUMPHREY. I will give the Senator my individual vote, but I made it crystal clear that from now on we would consider the amendments one at a time, as they come.

Mr. MORSE. If the Senate adopts the Humphrey amendment, many other amendments will be offered that will involve further cuts in the amounts. If the Senate votes to adopt the Mansfield-Dirksen amendments, that will not mean that we shall be stopped from making further savings in the foreign aid program. Many other amendments will be in order and can be adopted. They involve a saving that can run into millions of dollars. We shall offer them.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, if I still have the floor, I yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I wish to make it crystal clear that, if the contingency fund were used in the manner some of us believe it should be used, I would be in full agreement with the distinguished Senator from Georgia. But, as I pointed out this afternoon, $100 million of the $250 million that Congress provided last year was returned to the Treasury, and only $35 million was used for contingencies during the first 9 months of fiscal year 1963. The balance of it was used, as I pointed out, to balance the budgets of some countries in South America and some in Asia.

Mr. RUSSELL. What would prevent the $175 million from being used for the same purpose?

Mr. ELLENDER. We could write something into the bill that would direct how it could be used.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I say to the Senator from Minnesota that I dislike to vote to cut the contingency fund, more than all the others. I am perfectly willing to see this fund cut back, if that is the will of the Senate.

I repeat that Secretary of State Rusk testified before the Committee on Foreign Relations that—

> It is of the greatest value in being able to move promptly in some of these unforeseen situations to make commitments.

That was testimony by Secretary of State Rusk before the Foreign Relations Committee.

As the Senator from Louisiana has said, the amount of $100 million on the contingency fund was returned in 1963 and not spent, because it was not needed.

Personally, I would rather see a flat commitment, with respect to funds that will probably be spent, as the Senator from Georgia said, leaving a certain flexibility in the fund. That is my own feeling. I would dislike to see a cut made in the contingency fund and see other funds of a specific character left alone.

Mr. HUMPHREY. Historically, the contingency fund indicates that there is a considerable degree of flexibility, with other items of flexibility and transferability, plus the amount in the military assistance fund for military need. The emergency fund of some $300 million, with the $175 million recommended by the committee, involves a considerable amount of flexibility.

I want to be frank. I do not find that this is the most happy situation, but I have talked with some of our colleagues as to what we might be able to do to proceed with the bill that would let us arrive at something constructive. I believe this amendment, which is a compromise amendment, which was arrived at after the give and take of Senators who have rather strong views, will help us proceed with the proper consideration of the bill.

In reference to the funds for the Alliance for Progress, there are specific standards which must be followed in the programing of those funds. To date those funds have been programed about about as well as any in the history of the foreign aid program. That is the reason why I have suggested a higher amount. That is the reason I have fought hard for this amendment. The House has authorized a figure of $450 million. The Senate committee recommended $650 million. It is quite obvious that we are not going to come out of the conference with our exact figure. I am sure the Senator from Massachusetts, who has had much experience in conference with the House, knows that we are lucky if we can hold reductions to a minimum.

After that, there must be an appearance before the Appropriations Committee, where the Senator from Massachusetts and other Senators scrutinize very carefully the countrywide programs. I believe we will come up with a good proposal after action is taken on the Mansfield-Dirksen amendments. A substantial saving will be provided.

Mr. SALTONSTALL. Mr. President, for about 10 years I have had experience in conferences between the House and the Senate. Under President Eisenhower, President Truman, and President Kennedy, where commitments had to be made and cuts had to be made, the administration always wanted to keep the contingency fund up and cut the other amounts. I always thought that was the fund that provided fluidity in the program, if the program had otherwise been cut too low. If that was done, and the contingency fund was kept at a reasonable amount, it was satisfactory.

Mr. HUMPHREY. I hope this fund will be kept at a reasonable amount.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. COTTON. Through the courtesy of the Senator from Iowa and the chairman of the committee, I have received certain information, but, for the purpose of the RECORD, I should like to make an inquiry. Is it true that after the specified period is over, the President, by law, must make a full accounting of the purposes for which the contingency funds were used?

Mr. HUMPHREY. The Senator is correct. The bill provides, under chapter 5, section 451(b):

> The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of the funds under this section.

Mr. COTTON. Does not the Senator from Minnesota believe, as the Senator from New Hampshire is inclined to believe, that the foreign aid program having assumed the dimensions it has assumed, and having gathered the momentum it has gathered, in the long run, whoever may be President, we should lean toward giving a larger contingency fund to the President, in view of the fact that it will be fully accounted for and used, in the President's discretion, for emergencies, and should reduce the amounts that go into the working programs?

Mr. HUMPHREY. First, I think $175 million is enough for the contingency fund, in view of the experience over the years. Second, the Alliance for Progress funds are well programed. I do not say they are perfect by any means, but there is a full accounting for them.

I am deeply concerned over the sharp cut made in the other body. Otherwise I would not be as adamant as I have been. I have great sympathy toward the contingency fund. I think my record indicates that I have supported it, with its flexibility. But with $450 million authorization in the other body, if this body were to authorize only $525 million, I am afraid we would cripple the program. What I am looking for is a better figure, a more rational figure, for the Alliance for Progress, and I am confident that we can arrive at a better figure.

Mr. COTTON. Does the Senator feel that every cent allocated will be spent?

Mr. HUMPHREY. No, because the funds will have to be programed under certain criteria. They did not spend all that was appropriated last year. I believe there was a carryover of something like $50 million from the $525 million appropriated.

Mr. COTTON. But essentially this amendment, in its present form, holds down the contingency fund and restores some cuts in the working programs?

Mr. HUMPHREY. It holds it down to the recommendation of the Committee on Foreign Relations and reduces by $50 million the recommendation of the Committee on Foreign Relations with respect to the Alliance for Progress.

Mr. COTTON. But it is far in excess of the House figure?

Mr. HUMPHREY. It is in excess of the House figure.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. Does the Senator feel it would be helpful to Senators to know how the chairman of the committee and the ranking Republican member of the committee feel about it? It seems that the Foreign Relations Committee is acting in the capacity of an investigatory committee, and that the final decision is being reached by the leadership. I do not object to that procedure, but I have great faith in the Senator from Arkansas, and I would like to know how he feels about it. It is pretty difficult to know how to vote. I should like to be able to vote with some semblance of intelligence. I thought the suggestions of the Senator from Minnesota were eminently sound. Other Senators may not think so. The chairman of the committee and the ranking Republican member should let us know how they feel.

Mr. HUMPHREY. I have been discussing the question with the chairman of the committee. It has been the desire of the Senator from Minnesota to support the committee all the way.

Mr. ANDERSON. I do not question that, but I think the Senator from Arkansas should speak for himself.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. Let me yield first to the Senator from Ohio.

Mr. LAUSCHE. There has been some question as to which funds should be provided by appropriating them to the contingency fund or appropriating them to the Alliance for Progress. I call the attention of Senators to page 47 of the testimony, at which point Mr. Rusk was testifying. He said that the Clay report recommended a minimum of $4.3 billion. Mr. Rusk said that while he recommended $4.3 billion, it may not all be spent, because General Clay was doubtful in his own mind "that $300 million of the prospective loans to Latin America would in fact be used because of the unlikelihood they would be qualified for by action taken by the Latin American countries."

The Latin American funds or the Alliance for Progress funds can only be used when certain conditions are met by the members of the Alliance for Progress.

My own belief is that there has been a weakness in the meeting of those conditions and that it does not follow that all the money appropriated to the Alliance for Progress will be more certainly used than if the money were put into the President's contingency fund.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. In view of the inquiry of the distinguished Senator from New Mexico, the chairman of the Space Committee, former chairman of the Joint Committee on Atomic Energy, and former chairman of the Committee on Interior and Insular Affairs, I am sure the Senator knows, and the Senate should know, that the leadership never makes a move on any bill brought before the Senate until and unless it has the full concurrence of the chairman of the committee and usually also the ranking minority member of the committee. The

Senator will recall from his own personal experience that he has operated in that manner and has been so treated, as has every other chairman of a committee.

Mr. ANDERSON. I agree. I could not agree more completely with the Senator. However, I shall be asked to cast a vote on the amendment. I was about to vote on the Humphrey motion. Therefore I would like to be able to say to my people back home, who will question me about this matter, why I voted the way I did. I have the greatest sympathy for the chairman of the Foreign Relations Committee, and the greatest confidence in him.

Mr. FULBRIGHT. I appreciate the statement of the Senator from New Mexico. We are dealing with an authorization bill, as the Senator knows. I generally favored the recommendation of the Clay Committee. After the testimony by General Clay, I thought we should report a bill calling for approximately $4 billion. However, we were confronted with a situation, not a theory, as the saying goes. It was a question of trying to save the authorization in the neighborhood of $4 billion. As a result, and viewing the difficulty of holding the authorization to that level, I entered into an agreement which has been called the "powerhouse" agreement. It is evident how powerful it has been.

After we were defeated yesterday, in spite of the "powerhouse" amendment, it became quite evident that the Senate was in no mood to resist further cuts.

Therefore, the pending amendment was arrived at between the Senator from Minnesota and the Senator from Oregon. It is the best we could do. I do not approve of it. I do not really approve of what the Senate has already done. We still must go to conference; and at the conference the best we can hope to do is achieve a 50–50 compromise.

Thereafter we must go to the Appropriations Committee. There the figure will be substantially lower, if the committee follows the pattern it has usually followed.

I am not in love with this program any more than other Senators are. However, we are scaling the program down substantially; and I believe that to be unfortunate, because we are creating a very bad impression both abroad and with our own people by suddenly and drastically appearing to be retreating from the program.

I recommended, and the committee recommended, that this program should be revised before the next session. We feel that the administration must adopt a new approach to this problem. We made several suggestions along that line. I made the suggestions on my own personal authority, as I said in my opening speech, and the committee made recommendations, less specifically, but in general. We feel that this program is approaching an end in its present pattern of foreign aid, and that a new approach must be made.

I do not wish to burden the Senate by repeating the recommendations, unless the Senator wishes me to do so. However, looking down the line as to what is likely to be appropriated, I feel that a drastic cut might cause great consternation among our allies. As I have said, I believe that they have not carried their fair share, but I believe they are beginning to move in that direction. It is the matter of degree and timing that I object to with respect to slashing deeply at the bill before us.

For example, I believe the military ought to be taken out of the program, and the lending program ought to be taken out of the program and given to a different kind of organization. I am not pleased with the bill, if the Senator wants to know my opinion. I accept the amendment as the best we can do. We are threatened with a great deal of debate. Of the 63 amendments that have been printed, 2 were adopted yesterday. Today four new amendments were added. In other words, we are going backward and not making any progress. Rather than continue indefinitely and have no idea where we are going, I am willing to go along with the amendment. I am not in the least enthusiastic about it. It involves a net decrease in the authorization of $50 million. The Senator from Georgia made a good point, I believe, except that we have not yet gone to conference, and I thought this was one place where we might do a little trading in conference. I am not very happy about it; however, being faced with this situation, it is the best we could do.

Mr. ANDERSON. I participated in the discussions at the White House when the Greek-Turkish plan was announced. I was in Paris, attending the meeting of the International Cereals Conference, when the Marshall plan was announced. At that time we understood that the length of the program might be 18 months or 2 years. It is the longest 18 months that I can remember. The program is still continuing. I say to the chairman, in whom I have confidence, that on the basis of his statement I am willing to vote for the Humphrey amendment.

Mr. ALLOTT. Mr. President, I believe Senators are faced with what could be a most important vote. I would have gladly supported the amendment of the Senator from Louisiana [Mr. ELLENDER]. The administration asked for $4,429 million. The committee reported a bill calling for $4,202 million. If the pending amendment were adopted, it would reduce the authorization of the bill to $3,742 million, of which $600 million would be applied to the Alliance for Progress.

I intend to vote for the amendment. However, I take this opportunity to express one or two opinions concerning the foreign aid program. I can remember how chagrined I was to find that at Punta del Este, the Secretary of the Treasury had committed our country to a $20 billion aid program in Latin America. Later in the Appropriations Committee—I have not checked into this later testimony—it was said that we were committed to only $14 billion. At the time the commitment was made, no member of the Appropriations Committee had been consulted. I do not know whether members of the Foreign Relations Committee had been consulted.

I disagree with the Senator from Minnesota about the effectiveness of the Alliance for Progress funds. I have been told by members of the State Department recently that in connection with these aid funds they are proposing criteria which would be meaningless. Speaking from my experience in the United Nations last fall, we received very little help from some of the nations that we had helped in South America and Central America, even on such matters that I would regard as fundamental, basic principles of giving freedom to all people, and in trying to help their people to become self-supporting, in giving them an education, in giving them better medicine and a better way of life.

I will vote for the amendment, but I wish to make it perfectly clear that in voting for it I do so with the full knowledge that in the Appropriations Committee I shall have an opportunity to listen to the testimony of representatives of the State Department and other witnesses, with respect to what they have done and what they are actually doing and requiring.

The reports I have been receiving from South America, both from governments and from individual friends, indicate that we are getting anything but the results that we think we are getting from these expenditures. I believe, implicitly, that the great majority of Latin Americans feel that we are foolish to throw our money around the way we are doing without putting into effect more severe criteria on the use of our funds. I know, from talking to members of the governments of our allies in Europe and elsewhere, that many of them feel that our whole foreign aid program is foolish, and that we are foolish for pursuing it in the way we are.

This information comes even from members of parliaments and other members of governments which are now receiving aid from this country and which have in the past received substantial amounts of aid.

So while I shall vote for the amendment, I wish to make it perfectly clear that by doing so I do not in any way commit myself to the ultimate figure of $3,742 million, because I think there are places where the bill can still be cut, and in my work on the Committee on Appropriations I hope to help to bring about that result, by providing a few more definite guidelines which will make the entire program more workable.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. MORSE. I hope the Senator from Colorado is not proceeding on the assumption that this will be the final figure.

Mr. ALLOTT. I understand that. I understand that this amount is still subject to revision in other amendments. I am completely aware of that. But it might also well be that this could be the final figure in the bill. If that should be so, I wanted to have my position clearly understood and to indicate what my position in the future will be.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. SIMPSON. I aline myself with the statement made by the distinguished

Senator from Colorado. If I vote for the amendment—and I am not sure that I shall do so—I shall do so with tongue in cheek, because from my reading of the material I have been able to obtain, it seems to me there are other areas in which cuts can be made. I am glad to have the assurance of the Senator from Oregon in this connection.

The "powerhouse" amendment, and now the subpowerhouse amendment, which is now suddenly offered in the form of a compromise, do not, in my judgment, adequately reflect the feeling of some Senators, who I hope are in the majority.

Mr. ALLOTT. In that respect, we often reach places in the legislative process where we find that none of us can have our own way. When we analyze the legislative process, we find that it is always one of compromise.

Mr. MANSFIELD. Mr. President, we have had a helpful discussion of the latest proposal. Whether it be called the powerhouse or the subpowerhouse proposal, it is the best that the collective leadership and the ranking members of the committee could reach. I hope it will be adopted shortly.

Mr. HOLLAND. Mr. President, I expect to support the amendment. I am aware that it represents an additional reduction of $50 million from the amount in the authorization bill.

I call attention to the fact that this marks a total reduction of $460 million from the bill as reported by the committee. The committee bill marked a reduction of $300 million below the second or reduced budget request of the President. So the Senate is clearly showing its intention to reduce this program, and rightly so. I think that is what is expected of us by the people.

The purpose of my speaking is to express the hope that Senators will not proceed to cut further the contingency fund. We had occasion in Florida when the Cuban refugee program arose, without there being any specific appropriation or legislation to deal with it, to learn in 2 successive years of the great value of a contingency fund to take care of such unexpected developments.

I do not have to remind Senators that if there is one thing we have learned in this modern time, it is that the world is changing so rapidly that nobody in drafting a budget or in passing legislation, can know what further changes will take place. We are aware of the trouble in the Congo, the trouble in Laos, the recent trouble in Vietnam, and the recent junta rebellions—and that is what they are—in the Dominican Republic and Honduras, and the others earlier in South America.

Any prudent handling of this problem will necessarily involve the placing of adequate discretion to meet such emergencies, and substantial funds to meet such emergencies, in the hands of the Executive, who serves the whole people. I hope that no further reductions in the contingency funds will be proposed.

I shall support this carefully drafted amendment.

Mr. WILLIAMS of New Jersey. Mr. President, I want to express my full support for Senator HUMPHREY's amendment which I am proud to cosponsor. I believe that it is absolutely vital to our national security that the Alliance for Progress receive the full $650 million asked by the President.

The Alliance for Progress was inaugurated in 1961 as a long-range program designed to accelerate the economic and social development of the Latin American half of our own hemisphere. At the heart of this program was the consensus that peace in this hemisphere is possible only to the extent that the people of this hemisphere are satisfied with the economic and social progress they are making. This is the final touchstone against which the validity of this program is to be measured.

The progress toward this goal is evident both in what the United States has been doing and in the "bootstrap" measures which the Latin Americans themselves are taking. Throughout Latin America the tide of reform is mounting an effective barrage against centuries-old customs and traditions of privilege and inequity. In country after country the old social order is on the defensive.

In Argentina, PRO-AGRO, a Government and producers organization, has been established to devise new policies for agricultural development and reduce burdensome taxes on agricultural production. In Peru, a hopeful beginning has been made in agrarian reform and action is now underway to carry out the program. Colombia has organized and staffed the Agrarian Reform Institute during the past year and two projects have been undertaken, at least one of which promises important results in enlarged agricultural production and rural welfare. Chile hopes to resettle 5,000 families by the end of 1963, continues the development of agricultural extension service, and has underway a 10-year livestock development plan. Various States throughout Brazil have prepared programs for land reform.

Enormous forward strides have been made in imparting a sense of urgency to the Latin American nations' efforts to educate their populations. It has become much more generally recognized throughout these countries that future economic development and political stability depend in large measure on the attainment of at least minimal standards of literacy.

And we can point to country after country where this realization has been transformed into concrete measures.

EDUCATION

In Argentina, a modernization program in agricultural education is underway.

In Chile, school construction is progressing at an accelerated rate with estimated 1963 public investment set to reach approximately $25 million. Eight new rural schools are being completed in a pilot plan to combine self-help school construction, teacher training, and community development elements in a single program.

In Brazil, classroom construction projects, specifically in the States of Guanabara, São Paulo, Espirito Santo, Rio Grande do Norte, Pernambuco, and Minas Gerais have made substantial headway, assisted greatly through local self-help efforts under which communities contribute land sites, construction materials and labor.

In Colombia, the Ministry of Education has initiated a 4-year plan designed to raise the level of primary education.

The impressive increase in the numbers of children attending school in Peru is also illustrative of the way that separate but coordinated programs can have a multidimensional impact.

Our school lunch program in Peru under the food-for-peace law has made it possible for thousands of mountain children to obtain basic nutritional requirements for the first time in their lives.

This in turn has not only raised their level of alertness in class but has actually become a major incentive for them to make the often tortuous trip from their homes to the school.

An endless number of other examples could be cited to show that the pledges for internal reform made at Punta Del Este in 1961 are being redeemed.

That the continuation of this process is in the direct interest of the United States is hardly open to question. The point that we must decide this afternoon is whether we can cut the Alliance's funds by 20 percent and realistically expect that the program will move on to even higher levels of effectiveness.

I believe that that question must be answered in the negative.

We all recognize the great difficulties being encountered in carrying out the principles and plans embodied in the Alliance. I recited a portion of the record of gains under the Alliance not to show that it is an unqualified success but rather to emphasize that there is great hope for future success.

To pull back from our previous commitments to the Alliance at this particular point would be to undercut the many courageous efforts that are in fact being made in an increasing number of Latin American countries to implement the Alliance. To reduce tangible U.S. support from these reform efforts would be tantamount to withdrawing from the Alliance.

A cut of $125 million would mean that fewer funds would be available this year than last, even though there are more countries in a position to move forward with our help than there were a year ago.

At this moment, representatives of all the American Republics are congregated in São Paulo, Brazil, for the annual review meeting of the Inter-American Economic and Social Council. They are discussing the means required to carry forward the Alliance as a multilateral effort, including the self-help measures which are imperative for the Latin Americans.

Our delegation traveled to Brazil in part to reaffirm U.S. interests in the success of the Alliance and to reconfirm our commitment to participate significantly in providing the external resources called for in national development plans.

The announcement at this time of a substantial cut in our participation in the Alliance would, to say the least, undermine our previous efforts.

We can hardly induce the Latin Americans to undertake further reforms if we destroy their confidence by reducing our commitment to the Alliance to a level which would not only forestall future substantial progress but reduce the effectiveness of going programs.

Allow me, Mr. President, to dwell momentarily on this latter point. I must confess that I was appalled when I had some of the specific implications of this proposed cut drawn to my attention.

A $1.5 million cut can be translated into the end of our distributing surplus food to some 6 million Latin American children now in school for the first time.

A $2 million cut might well force the withdrawal of U.S. support of 60 mobile medical units providing treatment to the inhabitants of over 600 Central American villages.

Ten million dollars represents agricultural credit loans—to 10,000 small farmers—which are vital to escape the bonds of small-scale subsistence farming.

If $75 million earmarked for housing construction is denied, 175,000 people will go without the new low cost homes they are expecting.

In sum, this cut of $125 million will dim the hopes for a happier life and greater opportunity in a free society for nearly 11 million of our Latin American neighbors.

It must be clear that such a frustration of the rising expectations throughout the region will ultimately redound on our own peace and security.

This is the time when Latin America needs us most. The struggle for economic progress and against political instability is entering a critical phase.

It would be tragic if we were to choose this time to say to Latin America that because you have not done as well as we have hoped, we are not going to give you the assistance you need.

I can think of no other single act which would do more to weaken the democratic forces in Latin America and to help the totalitarian forces of both the left and right. Failure of the Alliance can benefit only our enemies.

This point was most succinctly made in a recent Life magazine editorial on the Alliance entitled "The Latin Sky Is Brighter." The revolution occurring in Latin America, says the Life editorial, will take one of two forms: either "violent form, on the Castro pattern, or peaceful, as blueprinted in the Alliance for Progress."

We have only to look 90 miles off the Florida coast to see the fruits of our traditional ignorance of and apathy toward Latin America. Surely after having made such a hopeful start on a new road over the last 2 years, we are not about to regress.

The program whose fate I believe we will decide here this afternoon offers us the best possible chance to retrieve ground lost through decades of neglect and error.

It is not perfect, it faces innumerable difficulties. But let us not be responsible for shattering the real hope it does present.

Mr. HUMPHREY. Mr. President, I request that the following summary of my amendment be inserted into the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

1. Would provide authorization of $600 million for Alliance for Progress and $175 million for contingency fund.

2. The Alliance for Progress program has repeatedly been given top priority by President Kennedy, who has time after time described Latin America as the most critical area in the world for U.S. foreign policy. The restoration of the committee's recommendation would mean that the final figure for the Alliance this year, after going through the House and the appropriations round, would be about the same as the final figure for last year, $525 million.

3. The committee carefully studied the contingency fund and reduced it because $117 million out of $260 million for last year went unspent. The committee's figure of $175 million is still substantially higher than the total amount ($143 million) actually spent last year.

4. Supporting the Humphrey amendment supports the idea that the aid agency must use the money for the programs agreed to by Congress. If an unnecessarily large contingency fund is approved, while sharp cuts are made in certain parts of the program, the pressure will be great to convert the contingency fund into a slush fund to make up for cuts in parts of the program. The contingency fund was designed to meet real emergencies, not to circumvent the will of Congress. It is an important fund, should not be cut below the committee figure. It should be sustained at the level recommended by the Foreign Relations Committee after long study and deliberation.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 1, it is proposed to place a period after the numeral "12" and strike the language through line 11 as follows:

(1) Strike out "for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year" and insert "for use beginning in the fiscal year 1963 not to exceed $600,000,000, for use beginning in the fiscal year 1964 not to exceed $525,000,000, and for use, beginning in each of the fiscal years 1965 and 1966 not to exceed $600,000,000."

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'$300,000,000' and" and "and '$175,000,000', respectively".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY], as modified, to the Mansfield-Dirksen amendment, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan, [Mr. MCNAMARA], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] would each vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Rhode Island [Mr. PASTORE].

If present and voting, the Senator from North Carolina would vote "nay" and the Senator from Rhode Island would vote "yea."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], and the Senator from Arizona [Mr. GOLDWATER] would each vote "yea."

The result was announced—yeas 86, nays 3, as follows:

[No. 212 Leg.]

YEAS—86

Allott
Anderson
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Proxmire
Randolph
Ribicoff
Robertson
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—3

Jackson
Pell
Russell

NOT VOTING—11

Aiken
Bennett
Engle
Ervin
Goldwater
McGee
McNamara
Pastore
Prouty
Stennis
Walters

So Mr. HUMPHREY's modified amendment to the Mansfield-Dirksen amendment, as amended, was agreed to.

Mr. HUMPHREY. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. SPARKMAN. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Dirksen-Mansfield amendments, as amended, are open to further amendment.

If there be no further amendment to be proposed to the Dirksen-Mansfield amendments, as amended, the question now is on agreeing to the Dirksen-Mansfield amendments, as amended. On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. Ervin], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Mississippi [Mr. Stennis], and the Senator from Tennessee [Mr. Walters] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. Engle], the Senator from North Carolina [Mr. Ervin], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Mississippi [Mr. Stennis], and the Senator from Tennessee [Mr. Walters] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. Aiken and Mr. Prouty] and the Senator from Utah [Mr. Bennett] are absent on official business.

The Senator from Arizona [Mr. Goldwater] is necessarily absent.

If present and voting, the Senator from Vermont [Mr. Aiken], the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater] would each vote "yea."

The result was announced—yeas 89, nays 0, as follows:

[No. 213 Leg.]

YEAS—89

Allott
Anderson
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—0

NOT VOTING—11

Aiken
Bennett
Engle
Ervin
Goldwater
McGee
McNamara
Pastore
Prouty
Stennis
Walters

So the Mansfield-Dirksen amendments, as amended, were agreed to.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KUCHEL. Mr. President, I call up my amendment No. 248, and ask that it be stated.

The Legislative Clerk. On page 48, between lines 3 and 4, it is proposed to insert the following:

> Sec. 302A. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, is amended by adding the following new subsection:
>
> "(1) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

Mr. KUCHEL. Mr. President, I ask for the yeas and nays on my amendment. The vote on this amendment, I understand, will come tomorrow.

The yeas and nays were ordered.

Mr. DODD. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. DODD. Did I correctly understand the Senator to say that there will be a vote tomorrow on his amendment?

Mr. KUCHEL. I stated that I understand the vote will come tomorrow.

Mr. DODD. Why not tonight?

Mr. KUCHEL. I am prepared to vote, but I understand that the majority leadership has already indicated that it does not have in mind any further Record votes tonight.

Mr. DODD. I do not know why not. I think we should get on with our business. The Senate has been recessing night after night at 4, 5, and 6 o'clock. The bill is important. Why should the Senate not work until 10, 11, and 12 o'clock and dispose of its business?

I see no sense in recessing every night at a convenient hour for the benefit of Senators who wish to have dinner, go to embassies, or be entertained.

Some of us have family appointments. I happen to be one.

I should like to get on with the bill.

Let us vote tonight on the amendment of the Senator from California.

Let us get on with the business and get through with it.

The American people expect us to do so.

Our job is not a 12 noon to 5 p.m. job.

We are supposed to be working in the interest of the United States and the free world.

We ought to get to work.

We ought to get here early and stay here late and do our jobs. The majority leader's suggestion is that Senators go home early. Our job is to stay here and do our work. I object to any unanimous-consent agreement for a vote tomorrow.

Mr. KUCHEL. Mr. President, I have not asked for a unanimous-consent agreement that there be a vote tomorrow on my amendment. I am prepared to debate my amendment and to vote on it at any time. There is no agreement other than to have a yea-and-nay vote on my amendment.

Mr. DODD. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. DODD. I shall object to any adjournment tonight until the Senate proceeds with its business.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DODD. I yield to the majority whip.

Mr. HUMPHREY. Mr. President, I can well understand the views of the Senator from Connecticut. I should like to say, with a note of sadness, that for the past year I have planned to spend this weekend with my 15-year-old son——

Mr. DODD. That is enough. The Senator need say no more. My dear friend, whom I admire so much—and he knows I do—needs to tell me no more.

Mr. HUMPHREY. The only reason that there will not be a vote on the amendment now is that—foolishly or wrongly—there was some understanding and a statement made to the minority leader, who in turn told Senators on his side of the aisle that there would be no further votes tonight.

I hope that as soon as the Senate meets tomorrow, it will vote on the Kuchel amendment. If Senators will cooperate, we can do so. The Senate will recess tonight. It does not have to do so now. There will be more speeches, and any Senator who wishes to express his point of view on any amendment will have a full opportunity to do so.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

Mr. KUCHEL. Mr. President, I yield first, briefly, to the Senator from Massachusetts [Mr. Saltonstall].

The **PRESIDING OFFICER.** The Senator from Alaska [Mr. Gruening] wishes to propound a parliamentary inquiry.

Mr. GRUENING. After the explanation by the distinguished Senator from Connecticut, I wonder whether it would be in order for me to present an amendment at this time?

The **PRESIDING OFFICER.** The Senator from California has an amendment pending, and it is not in order for the Senator to do so at this time.

Does the Senator from California now yield to the Senator from Massachusetts?

Mr. SALTONSTALL. Mr. President——

Mr. DODD. Mr. President, I had requested the Senator from California to yield to me.

Mr. KUCHEL. I thought the Senator had concluded the comments he desired to make. I yielded first to the Senator from Minnesota. I promised I would yield briefly to the Senator from Massachusetts, which I now propose to do. Then I will yield to the Senator from Connecticut and then I will yield to the Senator from Alaska who, I am glad to say, is associated with me in this venture for our fellow citizens.

I now yield, with all the usual amenities, to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, so far as the amounts in the bill are concerned, there is open to amendment at the present time some $12 million of difference between the House and the Senate. I hope debate on the bill will be concluded as promptly as possible.

I reached that conclusion as to amounts in this way: The development loan figure has already been agreed upon, and cannot be changed. The Alliance for Progress amounts cannot be further changed. The contingency fund also cannot be further changed. There is no difference between the House and the Senate on military assistance and that cannot be changed.

So the only amounts now open to amendment are the development grants, approximately $8 million above the House figure; the school assistance, some $11.6 million above the House figure; and supporting assistance, $20 million above the House figure. The total additional sum is $39.6 million.

The Senate committee figure is lower than that of the House for administrative expenses, by $2 million; and development for Latin America, $25 million.

So there is a net difference between the House and Senate, now open to further amendment, of $12.6 million. I hope that after this prolonged debate in which these amendments have been agreed upon, we may pass this bill as speedily as possible.

I thank the Senator from California.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, the Senator from Massachusetts, as a good mathematician, fails to take note of all the amendments now pending at the desk, because they will reduce the amounts below the House figures. We ought to cut below the House figures, and I believe we should have the opportunity to cut below the House.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. KUCHEL. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I have been advocating cuts in the foreign aid bill.

In my opinion, the cuts made thus far are the limit to which we can go. To cut below the amount allocated by the House would be, in my opinion, to endanger the security of our country.

This program probably should be terminated. If it is to be terminated, that cannot be done in one fell swoop. To go below the $3.7 billion to which authorization is to be brought, in my judgment, will be wrong.

I say that most respectfully, considering the great fight which the Senator from Oregon has made. He has achieved his objective substantially. I believe a mistake will be made if we go beyond what has been done.

Mr. GRUENING. Mr. President, will the Senator yield to me?

Mr. KUCHEL. I am glad to yield to the Senator from Alaska.

Mr. GRUENING. The "meat ax" approach which the House took, I believe, was not a wise one. I believe in debate on this bill that we should consider it country by country, and if we do so we will find that the amounts can be reduced substantially and the bill made a better bill.

There are certain countries which should not have aid. One of the amendments offered in the committee provided that a prosperous country such as the countries of Western Europe and Japan, should no longer have aid. I believe it can be demonstrated that Taiwan has had sufficient aid. Other countries are not fulfilling their obligations.

If we go through the bill country by country, which we should do, and not merely say, "This is the figure," we can arrive at a much more intelligent approach to what is really needed.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield once more to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. I should like to say to any Senator who is interested, but especially to the Senator from Ohio, that I agree with him 100 percent that the Senate should not cut the authorization below what has now been done. We should go to conference with the House.

When the appropriation bill comes before the Senate, the entire question will be open, and we can consider it country by country, as we always do, and as the Senator from Alaska has said. I hope the bill will pass as it is now written, so far as the amounts are concerned.

Mr. DODD, Mr. SYMINGTON, and several other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield; and, if so, to whom?

Mr. DODD. Mr. President, I believe the Senator from California promised me he would yield to me after the Senator from Massachusetts had spoken.

Mr. SYMINGTON. Mr. President, will the distinguished Senator from California yield?

Mr. DODD. Mr. President, I ask the Senator from California if he did not promise that he would yield to me after the Senator from Massachusetts had spoken.

Mr. KUCHEL. Mr. President, I did promise my able friend the Senator from Connecticut that I would be honored to yield to him again. I do so now.

Mr. DODD. I am willing to yield to the Senator from Missouri.

Mr. KUCHEL. No, Mr. President, he cannot do that. I am not going to follow that procedure.

Mr. DODD. I am very fond of the Senator from Missouri. He knows that I am. I think he is entitled to have preference.

Mr. SYMINGTON. Not at all.

Mr. KUCHEL. Mr. President, I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I thank the able Senator from California and my friend the able Senator from Connecticut.

What worries me, as the Senate continues discussion of this bill, is the invariable emphasis on what will happen in the Appropriations Committee, even though I have the greatest respect for the Appropriations Committee.

The senior Senator from Vermont and I had a colloquy about this several days ago.

Following the thought of the distinguished Senator from Alaska, we should look into these matters as we look into all those other matters when we are talking about how to spend the people's money, or authorize that expenditure.

We ought to decide what we think is right and proper with respect to each particular major category.

Why should we bother with this bill at all until the subject is considered by the Appropriations Committee, if the agreed upon authorizations are not what we honestly believe to be right.

Mr. HUMPHREY. Mr. President——

Mr. DODD. Mr. President, I ask the Senator from California to yield to me now.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. KUCHEL. Mr. President, does the Senator from Connecticut wish to have me yield to him again for a brief comment?

Mr. DODD. I would appreciate it.

Mr. KUCHEL. I yield to my able friend the Senator from Connecticut.

Mr. DODD. Mr. President, I have an entirely different concept, upon which I wish to speak.

I have sat in this Chamber, as my colleagues have—I know patiently—day in and day out, hour after hour. We are becoming not a 12 to 5 concern, but a 2 to 4 concern. Why are we not working later?

Mr. HUMPHREY. Mr. President, will the Senator yield at that point?

Mr. DODD. I yield.

Mr. KUCHEL. Mr. President, I object to having any other Senator yield. I have waited all day.

The PRESIDING OFFICER. Unanimous consent is required for the Senator to yield. The Senator's objection is sustained.

Mr. DODD. I wish to complete my statement, because I make it earnestly. I appreciate the fact that the Senator from California has yielded to me. I shall be brief. I am not being frivolous. I have sat here with other Senators. I think we have all been patient and tolerant. There have been important discussions.

In my judgment, the Senator from Oregon has rendered the Senate a great service. I consider him to be one of the intellectual bright lights of this body. I want him to understand that I am in no way critical of what he is doing. I believe he would be the first one to say that I am right, and that the Senate should be sitting longer hours. Many times in my service in this body the Senate met at 10 in the morning and sat through until 12 midnight. Why are we not doing so tonight?

I am conscious of the fact that my statement will be construed as criticizing the leadership; and indeed, I am. I wish the Senator from Montana [Mr. MANSFIELD] were present. He should be leading the Senate. The Senate should be in session longer hours, and be working harder.

MIKE MANSFIELD is a gentleman, Senators, we are of one mind about that.

There is not a kinder, more gentle, or more understanding Member of this body than the Senator from Montana.

But I worry about his leadership. He must assume it. If we are to accomplish the business of the Senate, he must behave like a leader. Because a leader is one who leads. He must say "No" at times.

He must say "Yes" at times.

But he must be a leader.

I remember when the present Vice President, LYNDON JOHNSON, stood there.

I used to tell my friends in Connecticut, when they asked me, "What kind of a leader is he?" that he reminded me of an orchestra leader. He stood up and blended into a wonderful production all the discordant notes of the Senate.

I am not critical of my friend from Montana in a harsh sense.

I am critical in a gentle and, I hope, helpful sense.

One cannot be a leader and be every man's leader.

One must say "No" sometimes. He must say "Yes" even when it hurts to say "Yes."

I wish our leader would be more of a leader and lead the Senate as it should be led.

I am willing to have the Senate sit longer hours. I am confident my colleagues are.

Let us sit Saturdays. Let us sit nights. Let us get the people's business done. Let us stop the Wall Street attitude of 9 or 12 to 4 or 5 or 6.

We are not doing the people's business.

We are being frivolous with the people's business.

No wonder the Senate has been denigrated.

The whole Congress has been denigrated. The hounds who do not believe in free government or in the importance of the legislative branch are at our heels. We are worried about scandals that beset us. We are worried about criticisms that confront us. Our business is to revive in the people's minds the idea that the Senate is the best body in all the world to protect a free people.

That is my complaint.

I say to the Senator from California, who has generously yielded to me, I am not troubled at all about the amendments and the debate. I am "warm" to them.

I see the Senator from Wisconsin [Mr. PROXMIRE] at my left hand. I consider him to be one of the ablest men in the Senate.

I say this with full knowledge of what I am saying. I want the Senators to propose amendments. I want them to be debated.

I consider the Senator from Oregon one of the great geniuses of politics.

I use the word "politics" in the sense of human beings trying to regulate their lives.

I consider the Senator from Oregon to be one of the giants in this body.

Certainly, he tries my soul.

What genius does not try the soul of others?

What great man does not perplex his friends?

I am encouraged by what he does.

I am not troubled about the length of the debate, but let us sit long enough to hear it, and let us get on with our affairs.

Where I come from, men work late hours. The little people whom I represent work late hours; and if we ask their favors and we have an ambition to represent them, we should be willing to work late, too.

I repeat again, I wish the majority leader were present, because I know this will be construed as a criticism of him.

It is meant to be.

It is a criticism of him.

I do not think he is leading the Senate as he should; and I believe we should have leadership.

Until we have, we shall go on dribbling our way through the legislative session, instead of doing what we should.

The people are unhappy, and my mail reveals it.

I hope the assistant Republican minority leader, the Senator from California [Mr. KUCHEL], who is my dear friend—although I hesitate to say anything that will give encouragement to our opposition—in my judgment is one of the bright lights of the Senate——

Mr. KUCHEL. I thank the Senator.

Mr. DODD. I wish he would talk with our leader.

I worry about the opposition. The opposition has become so complacent, so soft, that it does not make any sense.

Most of the opposition I have made, to my own administration, should have been made on the other side of the aisle.

But it is not made anymore.

The Republican opposition is so soft, so cozy, that it does not count for much.

And this is not my idea of a free government.

Why do Senators not get on their high horses?

Why do they not ask questions about what we are doing?

No; it is usually the Senator from Ohio [Mr. LAUSCHE] who stands up day after day questioning the administration for mistakes it has made.

Or it is the Senator from Oregon.

I could name 5 or 10 more on this side of the aisle.

There is no opposition on the other side.

It is weak. The opposition does not even express the will of the millions it represents.

That is not opposition.

This is the way free governments have disintegrated throughout history.

We, Democrats, are the only opposition to ourselves, and we are not happy about it.

I do not like to foul my own nest. I wish I could always be on my feet saying, "My administration is right. It is doing the right thing."

But the opposition is so weak, so decadent, so fallen, so anxious to curry public opinion, that it does not say what it should be saying.

Of course, I do not mean the Senator from California personally. I speak of the opposition collectively.

I wish all this would come to an end. I wish the Senate would revert to what it was when I was a boy in high school, watching its affairs, and wishing I could sit among them. Great men in those days, towers of strength in this Nation, sat here as Members.

I remember so well how I studied every word they said.

If I were now a schoolboy in the small town from whence I came, I wonder what I would think.

I would seek to be like WAYNE MORSE.

I know I would think admiringly of HUBERT HUMPHREY.

I could name others.

But it seems to me that there are few voices in the real opposition now.

This is not a government built on going along all the time, when one's conscience tells him to oppose. Where is our opposition?

Our country was built on the principle, as I understand, of conflicting ideas and philosophies of government.

I hear the minority go along all the time, in dulcet tones, voiced by the minority leader—whatever the administration wants.

I would like to hear fiery opposition.

I would like to hear the other side.

I wish there were more eloquent spokesmen on the other side to rise with fire in their eyes to tell us why and when we are wrong.

But I rarely hear it.

What is happening to this country? Are we all so afraid—so influenced that we are afraid to speak our minds?

What has happened to the Senate, in which great giants once sat and spoke? Something awful has happened to it.

If a man dares stand up and say what he thinks, particularly on the subject of communism, he is called a crackpot, a nut, a man who is sick, a man who does not know what he is talking about.

I have experienced my share of such abuse.

However, I say to my fellow Senators that they are all afraid.

They are afraid of that sinister influence.

But they should not be afraid of it. Every Senator knows in his heart what is right, but he is not willing to stand up and say so. Sad, sad fate for our Nation.

The Senator from California murmurs, "I must make my speech." I merely wish to say that what I said about him is true.

There is no more sincere anti-Communist in this body than the Senator from California.

He knows that I have said this to him privately, and I have said it publicly.

I am not saying to any Senator that he is not anti-Communist. I know that all Senators are.

I am not saying that any Senator is soft on communism.

No Senator is.

I am asking, "Why not get up and talk about it? Why do Senators not speak up when these issues confront them?"

Finally, I believe that we should be about our business.

I believe the Senate should sit longer hours, and should start earlier.

We should be fulfilling our promise to the American people.

Mr. KUCHEL. Mr. President——

Mr. HUMPHREY. Mr. President, will the Senator yield to me to make an announcement?

Mr. KUCHEL. Mr. President, I do not have a better friend in the Senate than the Senator from Connecticut. I consider him an able Senator. I do not sit on his side of the aisle; I sit here with the Republicans. There are differences of opinion among my Democratic colleagues. There are differences of opinion among those who sit on my side of the aisle.

I arose earlier because I wished to speak in behalf of an amendment, neither partisan nor political in character. It is an amendment which, in my judgment, were it to be approved by the Senate and then by Congress, would represent a vindication for our American system, under which we live, and which presumably sees it flower in this Chamber in two parties, composed of Americans devoted to the perpetuation of our beloved Republic.

Because of a statement or two which my colleague from Connecticut made, let me on this occasion very briefly say that no defense is necessary for the Republican minority. The minority, through its leadership is trying publicly to tell the Nation, each week, by our comments in the Senate, our position on public questions. We deal, with respect to mutual security, not upon a partisan basis in this Chamber. We deal with it as Americans. I am glad to aline myself in the Senate with my leader, who sits next to me, EVERETT DIRKSEN, with BOURKE HICKENLOOPER, head of our policy committee, and with other Republican Senators who have tried to improve this bill, who have sought to eliminate needless expenditures here and elsewhere and who heed the words of Dwight Eisenhower and Lucius Clay on questions of foreign policy.

There is no need for any defense to be given by Republicans for the occasional differences which we share to a degree as problems arise before us; nor is there any need for our defense of the role played by the Republican Party in the life of this Nation. I pray to God that next year Republicans will offer the American people a constructive alternative to the incumbent Democratic administration and then point as best we can to those things to which we as Republicans, are eternally dedicated and ask the American people for trust in us.

I am of the vigorous opinion that the Republican minority in the Senate has done its level best not simply as partisan politicians but as Americans to strengthen the hand of the President of the United States in standing before the world as a country eternally dedicated to freedom and against the Communist system wherever it may rear its head. We have vigorously differed with the Kennedy administration where we have believed it wrong, and we shall continue to so do.

Under these circumstances I simply say that on this issue which now pends, my amendment, and on the issue upon which we voted only a few moments ago, we on this side of the aisle and Senators on the other side of the aisle, also voted, I take it, to do that which we thought was in the best interest of the people of the United States. I am thankful that there are no straitjackets in use in the Senate.

Mr. DODD. Mr. President, will the Senator yield a minute to me?

Mr. KUCHEL. I have a speech to make. I have tried to be as generous as I can, but I wish to discuss my amendment at some length so that my discussion of it will be available to my colleagues in the Senate tomorrow. So far as I am concerned, when I have concluded my speech, I will remain to participate in further debate, as I usually do each night when the Senate is in session. Usually, I am the last one to go home.

Mr. DODD. I ask the Senator to yield for 1 minute. I am conscious of the fact that I have delayed the Senator from California. He knows my feeling for him.

Mr. KUCHEL. I yield 1 minute to my friend from Connecticut.

Mr. DODD. Mr. President, I am very much concerned about the fact that I may have been misunderstood, first of all by the Senator from California.

As I said, and he knows, I have great affection for him and cherish his friendship.

The second thing I wish to say is that I believe that perhaps what I have heretofore said on this subject might be misunderstood.

I am really devoted to the majority leader.

He has been my friend.

I do not want the record to show that I have been hard on him.

I wish I had an opportunity to say these things to him myself.

He deserves that.

He is a gentleman, he is a kind man, he is a just man, he is an honest man, he is just about everything a man should be.

With respect to what I said about him, I assure my colleagues—that all that was said was said in friendship and devotion.

I hope he takes it as such.

I know that these are rumblings in the Senate, and what I have said has been said in the cloakroom by other Senators with whom I have talked, many times.

It is being said by me now, every day.

We are unhappy with our present leadership.

That is all I sought to say publicly.

I thought it was about time someone said it publicly.

Everyone knows that the Senate has been dragging and lagging.

That is why I expressed myself tonight.

I wish the record to show that I am devoted to MIKE MANSFIELD.

I am devoted to the assistant majority leader, too.

The Senator from California has been generous to me.

I did not want to hold up his speech.

I am not backing away from the idea that the Republicans are weak.

They are.

Mr. KUCHEL. I said to our able majority leader the other day, when I observed my Democratic colleagues, not at each other's throats, but certainly rather vigorously contending conflicting points of view, that I observed an ideological disarray, which was being exacerbated during this debate. But let this record be crystal clear as to my position on the majority leader. MIKE MANSFIELD is a splendid American, and an able exponent of the point of view of his party. And I salute him as the leader of his party in the Senate. He is not responsible for the cross-purposes at which our colleagues on the majority side labor on occasion.

Tonight I observe additional evidence of this ideological disarray. In any event, I am grateful for the generous comments which the distinguished Senator from Connecticut has made.

Because my counterpart on the majority side, my dear friend from Minnesota, the Democratic whip [Mr. HUMPHREY], desires to comment briefly—I underscore "desires to comment briefly"—I yield to the able Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I thank the Senator from California.

First, the comments by the Senator from California about ideological disarray come from one who has been able to observe that phenomenon in his own party for many years. Therefore, I consider his observation to be that of the expert when he views this side of the aisle, and it has caused me some concern.

I speak for one purpose, as I have indicated to the Senator from California. I wish only to say that Senators are really very fortunate in having as their leader a man of complete integrity, a man who has an outstanding personality of leadership, not with the stick, but with the mind, with the spirit, and with the educated, trained experienced hand of a legislator.

I wish to be quite clear. There are many ways in which people can lead. Sometimes one leads through sheer dominance of personality. Others lead through the respect in which they are held by their colleagues; through the sense of affection and loyalty that comes from a warmth of personality and from understanding.

I know that others of my colleagues, on both sides of the aisle, would agree with me when I say that Senator MANSFIELD graces the Senate by his brilliant mind, his keen intellect, his unusual understanding of the legislative process, his sense of forbearance, which the position of majority leader requires more than any other position I can think of, and with a deep appreciation of the many problems which each Senator has and which each Senator brings to his attention. I am his deputy, and I get a little of the backwash, so to speak, so I can say that even I, at times, have had difficult, trying experiences.

So I speak for my colleagues tonight—for everyone of them, without exception—when I say that we are extremely fortunate to have Senator MANSFIELD as our leader.

If there has been dereliction in the Senate, if there has been any failure, I will take my share of the responsibility. I think each Senator ought to take some of the responsibility. But we have had a heavy program this year. There have been many controversial issues. I shall not discuss them now, because the Senator from California has been most generous with his time.

NOTICE OF LATE SESSIONS

Mr. President, I wish to put Senators on notice that the majority leader asked the majority whip, before the majority leader left the Chamber, to announce that the Senate will be in session late tomorrow. That means it will be in session until at least 9 or 10 o'clock, possibly later.

I should also like to have Senators know that on October 24, the first day that the bill was before the Senate the Senate met until 5:44 p.m.; on October 28, until 4:51 p.m.; on October 29, until 5:26 p.m.; on October 30, until 5:12 p.m.; on October 31, until 6:40 p.m.; on November 1, until 6:07 p.m.; on November 4, until 6:17 p.m.; and last evening, November 5, until 5:19 p.m. If the Senate recesses by 8 o'clock tonight, we will be doing well.

I mention this because while it is true that the Senate has not had night sessions, there has been a reason for it. We have had to make some accommodations, and I think that today they have worked out very well. The Senate has made real progress.

Mr. SPARKMAN. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield for a brief comment.

Mr. SPARKMAN. I desire to make a comment in connection with the remarks of the Senator from Minnesota. I join him in what he has said. In the consideration of the bill now under consideration, the majority leader has given the Senate a demonstration of the very finest qualities of leadership. This has been a difficult bill to handle. Speaking of diversity of opinion, there has been a diversity of opinion throughout the Senate. There has been excellent leadership on both sides of the aisle. I speak particularly with reference to Senators who sat in the conferences.

The Senator from Minnesota [Mr. Humphrey] and the Senator from California [Mr. Kuchel] attended the conferences. There have been many more conferences than many Senators may realize, in which the Senator from California has done his best, working with the full cooperation of the leadership on the minority side, to pull together some of the divergent views of various Members of the Senate, in order to prepare a good bill, one that could be agreed upon by the membership of the Senate, one that would be in the interest of the welfare and security of the country.

I pay high tribute to the qualities of leadership demonstrated by the majority leader and the minority leader in relation to the bill, and, in fact, with respect to all matters that come before the Senate at all times.

Mr. KUCHEL. I thank the able Senator from Alabama.

Mr. DODD. Mr. President, will the Senator from California yield 30 seconds to me?

Mr. KUCHEL. Not now.

On the amendment on which the Senate voted this afternoon, the distinguished minority leader [Mr. Dirksen] and the distinguished senior Senator from Iowa, the Chairman of the Republican policy committee [Mr. Hickenlooper], based on a long acquaintanceship with the problems of this kind, participated, with their counterparts, the distinguished majority leader [Mr. Mansfield] and the distinguished majority whip [Mr. Humphrey], and with the distinguished Senator from Alabama [Mr. Sparkman], in the drafting of an appropriate amendment.

Mr. SPARKMAN. Also, with the Chairman of the Committee on Foreign Relations [Mr. Fulbright] and the distinguished senior Senator from Vermont [Mr. Aiken].

Mr. KUCHEL. The Chairman of the Committee on Foreign Relations and the senior Senator from Vermont also participated. In my judgment, the comments of the able Senator from Alabama are correct.

I now yield 30 seconds to the distinguished Senator from Connecticut.

Mr. DODD. I am greatly encouraged by the remarks of the distinguished assistant minority leader. I think he can look for more opposition. I am more encouraged by the remarks of the assistant majority leader, who assures us that we will have longer sessions. So something has been accomplished for the people.

FREEDOM OF THE SEAS: AN HONORABLE TRADITION THAT MUST BE PRESERVED

Mr. KUCHEL. Mr. President, my colleague from California [Mr. Engle] and I have joined in coauthoring the amendment which is now pending before the Senate. Our amendment would amend section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, by adding the following new subsection:

> (l) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

When my colleague from California and I originally submitted this proposal, I noted, on the floor of the Senate, the shabby and illegal treatment which had been given the American tuna fleet by those who should be our friends in Latin America.

A number of Latin American countries have extended their territorial jurisdiction to an untenable, unbelievable distance of 200 miles seaward. In the Declaration on Maritime Zones, issued in Santiago in 1952, Chile, Ecuador, and Peru proclaimed their exclusive "sovereignty" and jurisdiction over the ocean adjacent to their respective countries to a distance of 200 miles. Think of that, Mr. President. Following their ipse dixit and contention that they have, seaward, complete jurisdiction and complete sovereignty for 200 miles, what is to stop them, tomorrow, from claiming, "We have sovereign jurisdiction for 400 miles"—simply by suddenly making that announcement.

El Salvador, in its Constitution of September 7, 1950, had also made a claim out to 200 miles, but added that it only made this claim provided it did "not affect freedom of navigation in accordance with principles accepted by international law." Korea is the only non-Latin American country to make such a claim. Korea, under a presidential proclamation of January 18, 1952, claimed "international sovereignty" over a zone from 20 to 200 miles in breadth for the protection, conservation, and utilization of the resources of the sea. Once again, however, it was specifically stated that the right of free navigation on the high seas would not be interfered with.

Mr. SYMINGTON. Mr. President, will the Senator from California yield?

The ACTING PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Missouri?

Mr. KUCHEL. I yield.

Mr. SYMINGTON. I wish to say to the able Senator from California that I am much impressed with the position he is taking in behalf of American citizens thus discriminated against and injured; and I have also heard his colleague, our beloved friend the Senator from California [Mr. Engle], speak on the same subject. I know he will be interested in analyzing carefully the record the Senator from California is making here tonight, in the interest of his people.

Mr. KUCHEL. Mr. President, I appreciate that comment very much, because my friend and colleague [Mr. Engle] and I have gone into the background of this problem; and tonight I would be able to document literally almost a hundred cases in which South American countries have reached seaward much beyond the 3-mile limit to harass American vessels. They have taken American citizens off of their fishing boats. They have fined them. They have jailed them. All this in an attempt to prevent our citizens from using the high seas for completely legitimate purposes under every recognized principle of international law. I shall try to develop this argument, so that Senators will have an opportunity to view these facts before the Senate votes on this amendment.

Mr. SYMINGTON. As I understand the position of the able Senator from California, it is that some of the countries which have been conducting operations of this type and character against American citizens are relatively large recipients of the AID program. Is that correct?

Mr. KUCHEL. The Senator from Missouri is entirely correct. It makes no sense for us to say, on one occasion, to a South American country, "We are going to help you," only on another occasion to have the government of that country abrogate the historic doctrine of freedom of the seas and keep our fellow Americans from using the high seas and the open seas as places in which to fish.

Mr. SYMINGTON. I understand that the Senator from California is documenting the assertions he is making.

Mr. KUCHEL. I am, one by one.

Mr. SYMINGTON. I thank the Senator from California.

Mr. KUCHEL. I am very grateful to the Senator from Missouri.

Mr. President, right now the high seas are being interfered with, and they have been interfered with in this hemisphere for over a decade. The high seas are res communes, the common property of all nations. This is an historic doctrine for which American and the Anglo-Saxon communities have fought for centuries. A resort to unilateral action by any nation to change this rule which limits the breadth of the territorial sea is a threat to the fundamental doctrine of the freedom of the seas, and certainly has no place in a world which is growing increasingly smaller and in a world where more and more nations are dependent for their livelihood on the resources which come from the sea. It is granted that this doctrine has not always been the accepted rule of international law. In the 14th century, the combined Kingdom of Denmark and Norway endeavored to maintain the whole Norwegian Sea as a mare clausum, by claiming sovereignty over the North Atlantic between Norway and Iceland.

Similar claims were later asserted by Portugal and Spain over much of the Atlantic and Pacific Oceans. By the second half of the 16th century, however, Poland and England initiated the new trend, which has continued to the present day. They informed the Danes that the use of the seas was common to all. In 1580, Queen Elizabeth I, of England, flatly repudiated the complaint of Spain against the expeditions which had been undertaken by Sir Francis Drake—expeditions which, in part, resulted in his voyage to the Pacific coast of the United States and, more particularly, to California. Queen Elizabeth declared:

> The use of the sea and air is common to all; neither can any title to the ocean belong to any people or private man, forasmuch as neither nature nor regard of the public use permitteth any possession thereof.

In 1588, when the English defeated the Spanish armada, the pretentious Spanish claims were swept aside, and the potential of realizing freedom of the seas was well on its way.

By the beginning of the 19th century, the concept of the modern territorial sea, or 1-league limit, came into use by nation states. This was recognized by Mr. Chief Justice Marshall in the case of The Schooner "Exchange" against McFaddon, decided in 1812.

In 1793, the United States, based on a note the Secretary of State, Jefferson, sent to the British Minister, adopted for purposes of neutrality a zone 3 miles wide all along the east coast. This zone of uniform breadth was recognized by the act of June 5, 1794.

Not all nations accepted this standard at that time. Some never have; but, with the exception of the five nations previously noted, by and large the territorial claims of most nations have never amounted to more than 12 miles.

By the 20th century, the 1-league, or 3-mile, limit had become established as the maximum breadth of the territorial sea under international law. The English, in particular, as a great seafaring nation, have advocated the 3-mile limit. The only exception England has made was in 1951, when she recognized the validity of the Norwegian claim to 4 miles. The Norwegians themselves noted that their 4-mile limit had preceded the 3-mile limit, and, thus, had validity in its own right within the concept of the 1-league rule.

As I have stated, not all nations in the 19th century recognized the 3-mile limit, just as some do not now. Belgium, between 1848 and 1852, opposed British enforcement of the 3-mile limit against its fishing vessels. In 1879, France refused to recognize the right of Great Britain to impose penalties on its fishing boats for violating the English 3-mile fishing limit. Nevertheless, by 1900, the 3-mile, or 1-league, limit was the accepted standard by 20 of the 21 states which claimed a territorial sea. These 20 states included: Argentina, Austria-Hungary, Belgium, Brazil, Chile, Denmark, Ecuador, El Salvador, France, Germany, Great Britain, Greece, Honduras, Italy, Netherlands, Norway, Russia, Sweden, Turkey, United States.

Spain, the 21st state, claimed 6 miles of general jurisdiction.

In 1930, the Hague Conference for the Progressive Codification of International Law took place. Bernard G. Heinzen, writing on the history of the 3-mile limit in the Stanford Law Review for July 1959, noted that at this conference—"The merchant tonnage of the countries supporting the 3-mile limit without a contiguous zone was over 70 percent of the world's total in 1929."

In 1954, Congress enacted legislation encouraging American fishermen to fish up to 3 miles from any coast, when it directed the reimbursement by the U.S. Government for various fines which a coastal state might impose following the seizure of an American vessel "on the basis of right or claims in territorial water or the high seas which are not recognized by the United States" (68 Stat. 883 (1954), 22 U.S.C. 1972(a)). Thousands of dollars have been repaid those American fishermen for the actual fines imposed. Under that act, the Secretary of State is authorized to take such action as he may deem appropriate in order to collect from the foreign country the amounts expended by the United States in reimbursing its fishermen. The Department of State informs me that it has not been successful in its attempts to make any collection from a foreign nation to date, despite the thousands of dollars—$131,646.80 to be exact—which we have paid out.

In 1958, the Geneva Conference on the Law of the Sea took place. At that time, no more than 27 of the 73 coast states claimed a territorial sea in excess of 3 miles, or 1 league. Besides the five states I have previously mentioned which claimed zones up to 200 miles, the following countries made claims varying between 6 and 12 miles:

Six miles: Ceylon, Greece, Haiti, India, Iran, Israel, Italy, Libya, Spain, Yugoslavia.

Nine miles: Mexico.

Ten miles: Albania.

Twelve miles: Bulgaria, Colombia, Ethiopia, Guatemala, Indonesia, Rumania, Saudi Arabia, Union of Soviet Socialist Republics, United Arab Republic, Venezuela.

Forty coastal states, in 1958, claimed no more than 1 league as the breadth of their territorial seas. These states included: Argentina, Australia, Belgium, Brazil, Burma, Cambodia, Canada, China, Costa Rica, Cuba, Denmark, Dominican Republic, Finland, France, Germany, Ghana, Iceland, Iraq, Ireland, Japan, Jordan, Liberia, Malaya, Morocco, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Philippines, Poland, Sudan, Sweden, Tunisia, Turkey, Union of South Africa, United Kingdom, United States, and Vietnam.

It is interesting to note that almost all of the major maritime countries still advocate the 3-mile limit and, thus, the freedom of the seas. Prior to the 1958 Geneva Conference, almost 87 percent of the world's merchant tonnage was registered in countries claiming no more than the 3-mile or 4-mile limit. The Geneva Conference failed to recommend an article dealing with the breadth of the territorial sea. It did reaffirm, however, the concept of the freedom of the seas, the concept of res communis. The Conference did reach agreement that new encroachment upon this concept would be tolerated only when the need was clearly evident, and then only by a grant of strictly limited jurisdiction, not by an extension of territorial jurisdiction. The Conference, by at least a two-thirds majority, agreed that, beyond the territorial sea of, say, 3 miles or 4 miles, there could be an area, not more than 12 miles from shore, in which a coastal state could exercise a limited customs, fiscal, immigration, and sanitary jurisdiction. The Conference also agreed to the right of coastal states to exploit the resources of the Continental Shelf and to compulsory measures for the conservation of the living resources of the high seas. As Mr. Heinzen, who was a member of the U.S. delegation to the 1958 Conference, and who wrote the excellent article I have previously cited, has stated:

> The net effect of the Conference was to undercut the arguments of those who maintain that they had the right to proceed unilaterally beyond the distance of 3 miles or 1 league.

It is also interesting to note the motivations that seemed to guide many of the participants at the 1958 Geneva Conference. The Soviet Union and its satellites supported the 12-mile limit. Why? Presumably because this would greatly increase the effectiveness of the vast Soviet submarine fleet, which in time of war would thus be able to seek sanctuary off neutral coasts up to 12 miles. The Arab bloc, which in 1958 included 10 countries, also supported the 12-mile limit. Why? Because a 12-mile limit would permit them to close the Gulf of Aqaba, which is less than 24 miles in breadth at its widest point. The next group favoring an increase in the existing territorial sea was composed of our friends in Latin America who wanted either an extension of the 3-mile limit or a contiguous zone for exclusive fishing control. In addition, there were some of the newly independent countries, members of the Afro-Asian bloc, who opposed the 3-mile limit merely on the basis that it had been established by the major maritime powers before their smaller and newer states had come into existence. This was shortsighted, to say the least, from their point of view, since they have the most to lose by attempts to harm the free flow of world commerce and economic development, and the most to gain by the capacity to fish freely the high seas.

At the 1958 Conference, the United States, in an effort to bring together conflicting interests, proposed a territorial sea of up to 6 miles, plus exclusive fishery rights in a zone extending up to 12 miles. Coastal states, however, could not exclude from the outer 6 miles of this 12-mile zone the fishing vessels of countries which had fished within those waters during the past 5 years, as long as these vessels observed reasonable conservation measures which might be imposed by the coastal state.

This American proposal did not secure the two-thirds majority which was necessary. Forty-five countries supported it; thirty-three were opposed; there were seven abstentions. The Soviet Union proposed a territorial sea of at least 12 miles in breadth. This proposal was defeated, with 47 voting against, only 21 for, and 17 abstentions. The Canadian proposal for a 12-mile exclusive fishing zone received 35 favorable votes; 30 were against; and there were 20 abstentions. Thus, the 1958 Geneva Conference was unable to agree on any change in the customary 3-mile, or 1-league limit, and, in effect, by overwhelming majorities confirmed the existing rule of freedom of the seas. The United States made very clear, at the conclusion of the Conference, that its offer of a 6-mile territorial sea with a 6-mile exclusive fishing zone was merely an offer, and nothing more, and that its defeat left the preexisting situation, or the 3-mile limit, intact. The Department of State noted, in a statement of April 28, 1958, that the 3-mile rule—"is the principle giving the greatest opportunity to all nations, large and small, new and old, coastal and landlocked, because it is the doctrine most consistent with freedom of the seas * * *. Unilateral acts of the states claiming greater territorial seas are not only not sanctioned by any principle of international law, but are, indeed, in conflict with the universally accepted principle of freedom of the seas."

There can be no question but that the 3-mile limit should be preserved, since it is the safest for navigation, especially by smaller vessels. Many of the landmarks used by small craft are not visible at a distance of 12 miles. In fact, only 20 percent of the world's lighthouses can be seen beyond 12 miles. Certainly, landlocked states would lose the most by an extension of the territorial sea since the coastal nations would be taking from them part of the sea that was common to all and getting nothing in return. This is, of course, particularly true, as I have mentioned before, of the newly independent states, whose economic and food resources for the future might depend on their capacity to gain access to good fishing grounds. With an extension of the territorial sea, the coastal state would assume an obligation and a duty to warn foreign ships of the dangers to navigation which exist within its territorial waters. Arthur H. Dean estimated that, in the case of our own country, an extension of our territorial sea to 12 miles would mean an initial capital outlay of $8 million and an increase in the annual operating cost of $1,500,000 for each 100 miles of coastline. This would mean an annual increase of $180 million for the continental United States alone.

The fact of the matter is that an extension of the territorial sea is unnecessary in order to preserve the interests of a coastal nation in fishing. The furtherance of conservation measures for a coastal state or any other state is something which can be recognized and accommodated within the existing laws of the high seas. The Geneva Conference made a great step forward in this regard. And, of course, it is obvious that there is a fundamental difference between a nation's right of self-defense in the age of intercontinental ballistic missiles and what it attempts to do under its police power in the limited territorial jurisdiction which it seeks beyond its coastline—12 miles or even 200 miles is little protection against the ICBM.

Mr. President, the 3-mile limit is a proud heritage and legacy to be preserved in international law in the conduct of this government and the conduct of other governments in this increasingly shrinking globe. The freedom of the seas is even more important now than it was in the 16th and 17th centuries, when the smaller states fought some powers who sought to monopolize the seas, so that they could obtain equal rights and opportunities to engage in passage and in commerce.

Mr. President, I have before me a table, prepared by the Department of the Interior, detailing the number and type of seizures, detentions, and other harassments of our tuna vessels which have occurred between September 15, 1951, and June 28, 1963. A total of 77 American tuna clippers have been seized, boarded, or otherwise harassed. Many have been fined and held for weeks in custody.

Our men have been shot at. Some have been wounded. For example, back in 1955, on March 27, the *Arctic Maid* was stopped and shot at when 35 miles off the coast of Ecuador. The chief engineer, William Peck, was severely wounded. The vessel was impounded, and a fine of $43,481.20 was imposed on it. This fine was paid; and the owners have been reimbursed under Public Law 680, enacted on August 27, 1954. A claim has now been filed by our Government against Ecuador for this and two other seizures which totaled in fines $61,000. Of course, not a penny has been returned to the Treasury by Ecuador. The shocking thing, however, is that our Government has not filed claims against several other nations which have also imposed fines on our fishing vessels and whose owners have been reimbursed under the 1954 act. Section 5 of that act states:

> The Secretary of State shall take such action as he may deem appropriate to make and collect on claims against a foreign country for amounts expended by the United States under the provisions of this Act because of the seizure of a United States vessel by such country.

That is a rather interesting act; it is now on the statute books. At the request of the administration, Congress passed a law authorizing the Department of State to reimburse an American fisherman if a foreign counry violated the freedom of the seas, seized his fishing boat, and then required him to pay a fine. The statute empowers the Secretary of State, at his discretion, to request the offending nation—the country which violated international law—to reimburse the United States for the amount the Treasury under this act has paid to the fisherman.

On occasion, when American boats have been summarily taken by a South American country, and when, thereafter, the Department of State has made such payment to the owner of the boat, and thereafter a request has been made by the State Department to the South American country to reimburse the United States, what do you think happened, Mr. President? Obviously, we did not receive 1 penny back.

But, Mr. President, even when the Congress of the United States has generously provided that out of the public treasury shall be paid compensation to one who has thus been deprived of his property, that does not begin to compensate him for all the other indignities and, on occasion, jail sentences which have been meted out to him.

But, Mr. President, beyond all that, tonight we speak of the problems of our fellow Americans; and here is an opportunity to demonstrate to any nation, friend or foe, that the Government of the United States will not tolerate this treatment of any American citizen when he is utilizing in a legal fashion the high seas and the open seas; and we can particularly demonstrate that we will not provide any Alliance for Progress aid to any nation in this hemisphere which thus acts illegally against our citizens. That is the purpose of the amendment which my colleague, Mr. ENGLE, and I are offering.

I ask unanimous consent to have printed at this point in the RECORD a table of the seizures, detentions and other harassments and similar actions, commencing in 1951, and continuing through the intervening years until only a few months ago. This tabulation was prepared by the Department of the Interior, based on the official business records of the American Tunaboat Association.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Seizures, detentions, and other harassments of tuna vessels

THE FOLLOWING INFORMATION IS BASED UPON OFFICIAL BUSINESS RECORDS OF THE AMERICAN TUNABOAT ASSOCIATION, UPON AFFIDAVITS OF MASTERS OF TUNA CLIPPERS, AND UPON VERBAL REPORTS RECEIVED BY THE ASSOCIATION FROM OTHER MASTERS AND MANAGING OWNERS OF TUNA CLIPPERS

Name of motor vessel	Date	Location	Remarks
Marico	Sept. 15, 1951	Puerto Bolivar, Ecuador	Seized by Ecuadoran frigate *Guayas*. Vessel was entering port because of repairs. Vessel was fined $5,500.
Tesoro del Mar	November 1951		Seized by Ecuadorans, vessel was of Panamanian registry, no information available.
Notre Dame	Nov. 4, 1951	5.1 miles west-northwest of Isla de la Plata, Ecuador.	Vessel seized while en route to fishing banks in high seas off Peru. Vessel fined $8,000, released after fine paid under protest.
Sun Pacific	July 30, 1952	1°52″ south latitude 81°4″ west longitude (18 miles off coast of Ecaudor).	Vessel released Aug. 18, 1952, upon deposit of cash bond of $11,600.
Equator	July 31, 1952	0°52″ south latitude 81°3″ west longitude (12 to 13 miles off coast of Ecuador).	Vessel in possession of Ecuadoran fishing license issued in Panama. Vessel paid $1,000. Released after being in custody 3 weeks.
Venus	April 1952	Off coast of Colombia	Vessels seized and taken into port of Buenaventura. Reference: El Tiempo, newspaper in Bogotá, Colombia, dated July 25, 1952.
Cesare Augustus	do	do	
Jackie Sue	do	do	
Lina B	do	Off coast of Colombia beyond 3 miles	
American Beauty	Aug. 9, 1952	El Salvadore	Seizure of vessel, no other facts available.
Martin B	Oct. 21, 1952	Ecuador, 00° north latitude, 80°42″ west longitude.	Ecuadoran merchant vessel *Rio Guayas* attempted to stop and board vessel, but *Martin B.* did not stop or permit boarding.
Starcrest	May 20, 1953	Panama	Fine imposed and paid $3,000 for vessel and bail for crew in the amount of $2,000.
Conte Bianco	Mar. 1, 1954	Galapagos Islands, Ecuador	Vessel boarded by naval officers. Vessel had purchased Ecuadoran fishing license. Vessel charged with failure to clear vessel and vessel assessed penalty $8,848.50.
Santa Rosa	do	do	Assessed penalty $9,040.50. Same as above.
Helen Ann	do	do	$9,040.50. Same as above.
Bernadette	do	do	Vessel boarded and documents inspected by naval officers of Ecuadoran patrol vessel *Bae Manabi*. Fined $10,240.50.
Conte di Savoia	do	do	Abandonment of Ecuadoran waters without presenting for inspection of the captain of the port, the fishing license as well as other pertinent documents. $9,088.50.
Sun Beam	Apr. 14, 1954	In waters between port of Salinas and Santa Clara Island, Ecuador.	Seized by Ecuadoran patrol vessel *El Oro;* fine imposed (amount unknown). Vessel in distress at time of seizure.
Janus	June 1954	Ecuador	No further information.
Sun Streak	Sept. 4, 1954	3°15′ south latitude, 80°54′ west longitude (12 miles west of Santa Clara Island, Ecuador).	Seized by patrol vessel *Bae Manabi*. Fine imposed, $12,000.
Belle of Portugal	Sept. 25, 1954	San Cristobal, Galapagos Islands, Ecuador	Charged that in July this vessel was sighted 12 miles off Manta, Ecuador, during July. Vessel released after boarding by naval officers.
Portuguesa	Nov. 19, 1954	31 miles, 304° true from Foca Island, Peru	Peruvian cutter D-3 *Rodriguez* advised master to "come aboard immediately or we will sink you." Master refused, vessel continued to operate 3 miles off the coast.
Invader	Nov. 14, 1954	23 miles southwest of Foca Islands, Peru	Boarded by Peruvian naval vessel, and request for fishing license. Released and told to get license from Peruvian consul in Los Angeles.
Renoun	do	4° 47″ south latitude, 81° 28″ west longitude, about 15 miles off coast of Peru.	Boarded by Peruvian naval vessel D2 *Aguirre*. Advised to proceed 200 miles off coast.
Seafarer	do	4° 58′ south latitude, 81° 37′ west longitude	Same as above.
Stanford	Feb. 18, 1955	Off the coast of Peru beyond 3 miles	Seized and fined $2,000. Taken into port of Talara.
E. S. Lucido	do	do	Do.
Miss Universe	do	do	Do.
Marsha Ann	do	do	Do.
Alaska Reefer	do	do	Do.
Sea King	do	do	Do.
Tony B	Jan. 18, 1955	Entered Port of Callao, Peru	*Tony B.* had engine trouble.
Western Clipper	do	do	Sick crewmember aboard the *Western Clipper*.
Arctic Maid	Mar. 27, 1955	35 miles off coast of Ecuador	Vessel stopped, shot at, Chief Engineer William Peck severely wounded. Vessel impounded. $43,481.20 fine imposed.
Santa Anna	do	do	Vessel seized. $5,881.10 fine imposed.
Magellan	Mar. 26, 1955	25 miles off the coast of Ecuador	Vessel boarded and inspected then released.
Western Pride	do	do	Do.
Katie Lou	Nov. 25, 1955	3°4′ south latitude, 80°43′ west longitude (18 miles from Santa Clara Island, Gulf of Guayaquil, Ecuador).	Seized and taken into port of Guayaquil. Released Nov. 28, 1955. Other vessels were boarded, but their names are unknown. Ambassador of Peru notified by letter from ATA dated Nov. 23, 1954.
Historic	Jan. 20, 1956	2°48′ south latitude, 80°40′ west longitude (about 18 miles from the coast of Ecuador).	Vessel stopped by Ecuadoran naval vessel *Atahualpa* ordered to proceed to nearest port. Ship's documents taken and then vessel released.
Santa Anita	do	2°48′ south latitude, 80°40′ west longitude (about 18 miles from the coast of Ecuador).	Vessel stopped by Ecuadoran naval vessel *Atahualpa*, ship's documents taken and then vessel released.
Commodore	Jan. 29, 1956	32 miles, 280° true from Cape Pasado, Ecuador	Vessel stopped by Ecuador patrol vessel, *President Valasco*, detained 1 hour, boarded by armed personnel. Released after search indicated no bait. ATA sent letter dated Feb. 8, 1956, to the Secretary of State, outlining the above events.
Normandie	Dec. 13, 1957	19°45′ south latitude, 70°37′ west longitude (20 to 25 miles off the coast of Chile).	Chilean airplane shot across the bow of vessel, ordered vessel to go into port of Iqueque. Other vessels in vicinity, *Chicken of the Sea*, *Starcrest*, *Southern Pacific*, and *Excalibur*. Total fine imposed, $6,000.
Shamrock	Feb. 7, 1961	Off coast of Ecuador beyond 3 miles	Ecuadoran gunboat stops vessel, master of *Shamrock* leaves his vessel and shows documents to patrol boat.
Do	Mar. 21, 1961	11.9 miles off island in Gulf of Panama	Vessel seized, crew and master imprisoned by Panama. Paid $2,500 fine plus costs. At time of seizure vessel having mechanical problems and under repair.
Normandie	May 1961	11 miles off Manta, Ecuador	Vessel stopped, fishing activities interrupted, and master left and boarded Ecuadoran patrol vessel. License and other ship's documents inspected. Vessel permitted to continue fishing. 4 other vessels in vicinity.
Do	Nov. 29, 1961	15 miles west of Cape Pasado	Vessel stopped by Ecuadoran patrol boat while it was working on school of fish. Papers inspected and then vessel released.
Nautilus	Dec. 15, 1961	Salinas, Ecuador	Master required to pay port captain in Salinas, Ecuador, $300 to avoid trouble with authorities and fish off the coast. This vessel has paid $200 for annual registration fee and $4,884 for fishing license for trip commencing on Nov. 22, 1961.
Equator	Jan. 27, 1962	Sank approximately 40 miles off Gorgona Island, Colombia.	Crew used vessel's powerboat to escape to Gorgona Island. Crew denied opportunity to purchase fuel, and required to leave the small vessel at the island. After clearance from U.S. Embassy in Bogotá and Colombian authorities, MV *Cabrillo* went to Gorgona Island to pick up powerboat. At island, master of *Cabrillo* was told that powerboat would not be released. Commandant on island told him that unless the *Cabrillo* leaves, the vessel would be seized and fined. Powerboat was eventually removed from island after U.S. Embassy took further action.
San Joaquin	Feb. 12, 1962	Seized about 8 or 9 miles off the coast of Colombia.	Colombian patrol vessel *Arc Gorgona* seized the vessel, placed armed guards aboard. Vessel fined $2,318.20; vessel released.

Seizures, detentions, and other harassments of tuna vessels—Continued

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Name of motor vessel	Date	Location	Remarks
Jo Linda	Feb. 23, 1962	4°10' north latitude, 78°10' west longitude (25 miles off the Colombian coast).	Colombian gunboat *No. 71* came on the vessel during early morning hours, fired 12 rounds. *Jo Linda* escaped into the darkness after a 30-minute chase.
Saratoga	do	4°10' north latitude, 78°10' west longitude	Same Colombian gunboat that shot at *Jo Linda* chased *Saratoga*, darkness prevented capture.
Western Ace	Mar. 28, 1962	Off coast of Ecuador beyond 3 miles	Vessel seized, held in port of Salinas for 3 days. No fine imposed.
Normandie	Apr. 3, 1962	00° 08′ south latitude, 80° 59′ west longitude (28 miles west of Cape Pasado, Ecuador,.	Stopped by Ecuadoran patrol vessel. Master of *Normandie* left vessel, and showed logbook and other documents.
Constitution	Apr. 16, 1962	1°05′ north latitude, 80°21′ west longitude (20 miles northwest of Punta Galera, Ecuador).	Ecuadoran patrol vessel *President Velasco* stopped vessel and requested master to leave vessel. Vessel boarded by armed personnel, who checked papers and then released the vessel for fishing.
Normandie	Apr. 17, 1962	2°10′ south latitude, 81°08′ west longitude (8 miles west of Cape San Elena, Ecuador).	Vessel was setting net; armed men from Ecuadoran patrol vessel boarded and inspected the ship's log. Master of the vessel ordered in to port of Salinas. Master paid captain of port $60 and left to continue fishing.
Lou Jean	Apr. 28, 1962	About 15 miles off coast of El Salvador	Vessel shot at, boarded, and seized while it was en route to San Diego with load of fish caught 80 miles off Costa Rica. No fine.
Mauritania Seapreme	June 1962	Peruvian coast	Vessels chased off fishing banks 25 miles off Peruvian coast by Peruvian patrol vessels.
White Star	Aug. 3, 1962	Beyond 3 miles off coast of Ecuador between Manta and Isla La Plata.	Vessel seized and taken into port and held for about 5 weeks. No fine imposed.
Cabrillo	Aug. 6, 1962	5 miles off Isla La Plata, Ecuador	Vessel boarded by armed soldiers and commandant of the island. Threatened to seize the vessel. Master gave whisky and tuna, then vessel permitted to continue fishing.
Larry Roe	Aug. 24, 1962	Galapagos Island, Ecuador	Vessel taken under custody on ground ship's papers irregular. Vessel released for fishing after a few days delay. No fine imposed.
Evelyn R	Sept. 10, 1962	do	Vessel held under custody on ground that it abandoned islands without proper clearance, and that it unloaded fish in Panama. Released Sept. 13, 1962. No fine on vessel but master fined.
Chicken of the Sea	Oct. 28, 1962	12 miles off Peru	Fined $5,000 for fishing without license.
Western Ace	do	do	Fined $10,000 for fishing without license.
Mayflower	Nov. 5, 1962	Peru	Seized and fined $4,000 for alleged fishing without license in Peruvian waters some 6 months earlier.
Nautilus	Nov. 14, 1962	do	Forced into port but released within 24 hours without any fines.
Royal Pacific	do	do	Do.
Elsinore	Nov. 18, 1962	Galapagos, Ecuador	Taken into custody but released without fines.
Larry Roe	do	do	Taken into custody and fined $150.
Cabrillo	November 1962	15 miles off Ecuador	Harassment by patrol boat but evaded seizure under cover of darkness.
Ecuador	do	do	Do.
Jeanne Lynn	do	do	Do.
White Star	May 25, 1963	5.5 miles off Ecuador	Fined $11,184 and charged license fee of $3,002.
Ranger	do	5.5 miles off Ecuador	Fined $9,504 and charged license fee of $2,582. The *White Star* and *Ranger* were joined by 19 other vessels as a protest. The 19 vessels were not charged or held.
Espiritu Santo	June 12, 1963	Ecuador	Held temporarily pending issuance of a matricula.
United States	June 19, 1963	do	Boarded but released.
Ranger	June 28, 1962	Isla de la Plata, Ecuador	Do.

Mr. KUCHEL. Mr. President, I now read some excerpts from the certified reports of the masters of some of the many vessels which have been harassed, seized, or detained. Their accounts in the 20th century are simply unbelievable. This Nation underwent similar treatment by the Barbary pirates, but one would not think that the supposedly free, friendly countries of this hemisphere would undertake similar acts.

Listen to Joe Lewis, master of the American fishing vessel DV *American Boy*, who described the harassment of 20 or so American vessels by Peruvian patrol boat No. 69, which, ironically enough, is a former vessel of the U.S. Navy. Lewis describes how, during a fishing trip that started on October 15, 1962, and ended on January 16, 1963, he went into the Peruvian port of Talara to purchase a Peruvian fishing license. He knew that he would be fishing 10 to 30 miles off Peru, but he "knew of the chasings, boardings, and seizures of tuna vessels, and that forced me to buy a license because of the thought of my vessel being seized and taken into a Peruvian port and being delayed." Lewis states:

> Every day for a week a Peruvian patrol boat, cruiser type, No. 69 (ex-U.S. Navy vessel) would chase us, blinking his lights for us to stop. I would have to slow the vessel down, turn my boat around so the patrol boat could get a look at the name of the boat, and then the patrol boat would proceed on its way, and we would then continue our fishing. Sometimes this patrol boat would chase some boats two or three times a day, some days he would bother the vessels in the vicinity just once a day. I have been fishing for 23 years, and this is the first time a patrol boat chased me. I was never closer than 7 miles from the beach.

Listen to the sworn statement of George Zeluff, master of the American fishing vessel DV *Elsinore* describing events off the Galapagos Islands on November 18, 1962. Zeluff had purchased an Ecuadorian fishing license for approximately $2,400 in Panama on his way to the area. This permitted him to fish in Ecuadorian waters within the 3-mile limit. Off the Galapagos Islands, an Ecuadorian patrol boat stopped his vessel and asked him to bring his papers over for inspection. Zeluff did this. The Ecuadoran captain looked at his papers and then stated that he wanted the *Elsinore* to proceed immediately to Wreck Bay, San Cristobal Island. The captain kept the papers. However, before leaving the cabin, Zeluff noticed that his name was on a folder which the captain had before him. Zeluff presumed this was a list of the names of vessels and names of skippers that purchased licenses from the Ecuadoran Government. "He knew we had a license but wanted to go through the formality of clearance," writes Zeluff.

At Wreck Bay, the commandant awaited them. Unfortunately, he said, they would have to wait until the patrol boat got into port since the captain had their papers. Again, the Ecuadoran vessel was a former U.S. vessel. The next morning the commandant told Zeluff that he would have to fine him $50 since he did not go directly into port for clearance. All this, despite the fact that the patrol boat had not yet arrived. Zeluff then charted graphically the direct course for the captain. The result was that no fine was paid and the papers were restored to him. Another example of delay in the ability of American citizens to earn their legitimate livelihood on the high seas. Concludes Zeluff:

> When I buy a license to fish off the Ecuadoran coast, I buy it because I am afraid of seizures outside of 3 miles. Fishing conditions off the Ecuadoran coast don't require us to fish within 3 miles.

Some would call this blackmail, Mr. President.

Listen to Tom Santos, the managing owner of the American fishing vessel DV *Ronnie S*. He states in his report describing harassment off of Ecuador:

> I also know that on the basis of what has happened to me in the past, nothing would be done by our Government to prevent the actual seizure; and I did not know what would be our Government's reaction after the seizure. And how long it would take our Government to get us released. I have to be constantly concerned about the high cost of operating my vessel, and you don't catch tuna in port, especially if you are under custody of a foreign government.

What a sad day for an American citizen when he feels that his Government will not back him up.

I mentioned earlier that the only claims which have been filed under Public Law 680 were against Ecuador for incidents which occurred almost 8 years ago. Yet the incidents continue. So do the payments from the U.S. Treasury to reimburse the American fishermen. Through fiscal year 1963, our Government had paid out a total of $131,646.80 to American fishermen who had filed the appropriate claims. There are many other claims yet to be filed.

William T. Kuuse, master of the American fishing vessel *Cabrillo* reports that on August 6, 1962, he was boarded by Ecuadorians. The captain of the port of La Plata was in charge of the boarding party. The Ecuadorians were in a regular fishing vessel, yet uniformed men were on board. Kuuse produced a radiogram indicating the existence of a valid Ecuadorian fishing license. The captain of the port claimed it was a restricted area and that he wanted to take the *Cabrillo* into Manta.

Now listen to this:

> He then acted and talked as though he was interested in a handout. He asked me about the payment of money to him. We told him that the vessel had no money, but we did offer him cigarettes and whisky. He accepted this offer * * *. We gave him nine cartons of cigarettes, and seven bottles of whisky. We also gave them 4 or 5 tons of tuna we had in the nets. There was no real inspection of the vessel by the captain of the port or the other Ecuadorans.

The harassment was over as a result of tuna, cigarettes, and whisky.

I have on file similar statements by the dozens.

The question now is what should be done about this and similar petty and major outrages?

On October 24, 1963, Under Secretary of the Interior James K. Carr replied on behalf of the Department of the Interior to a letter I had earlier written on this matter. He noted that his Department "is deeply concerned with the problem and the need for effective remedial action." The Under Secretary writes that Interior has worked closely with the State Department "over the years seeking solutions through customary diplomatic channels." He points out, however:

> These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful. The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

Mr. Carr states that the amendment which I have introduced on behalf of myself and my colleague from California [Mr. Engle] "is one such course of action." The Under Secretary adds, on behalf of the Department:

> It seems to us also that there is a question of the propriety of giving aid to governments which engage in such harassment.

He is absolutely correct. Now is the time for the elected and executive representatives of the American people to stand up and be counted on this question of the protection of American citizens' rights on the high seas. The freedom of the seas must be preserved. The Senate of the United States now has a historic opportunity to keep faith with a proud tradition and to reassert this doctrine so that all the world will know that freemen everywhere shall be able to continue to earn their livelihood by fishing beyond the recognized international territorial limits of any nation.

Mr. President, I ask unanimous consent that the letter to me from Under Secretary Carr, dated October 24, 1963, be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

> U.S. Department of the Interior,
> Office of the Secretary,
> *Washington, D.C., October 24, 1963.*
>
> Hon. Thomas H. Kuchel,
> *U.S. Senate,*
> *Washington, D.C.*
>
> Dear Senator Kuchel: Reference is made to your letter of October 17, 1963, regarding the harassment of U.S. fishing vessels off the coasts of various South American countries. The Department of the Interior is deeply concerned with the problem and the need for effective remedial action.
>
> We have worked closely with the Department of State over the years seeking solutions through customary diplomatic channels. In this connection, you will doubtless recall that representatives of the Department have been active in the negotiations with Ecuador which have been underway almost continuously since June of this year.
>
> These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful. The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.
>
> The amendment to the Foreign Assistance Act of 1961 which you and Senator Engle have proposed is one such course of action. The bill introduced in the Senate by Senator Engle (S. 1651) is another, as are those introduced in the House by Congressmen Van Deerlin and Pelly (H.R. 6656 and 7815). Our reports on these bills are in course of preparation. They illustrate approaches that merit serious consideration unless efforts through customary channels show striking progress. A most effective sanction, if other considerations warrant it, would be to deny to a country which harasses U.S. fishing vessels the privilege of marketing its fishery products in the United States. It seems to us also that there is a question of the propriety of giving aid to governments which engage in such harassment.
>
> We appreciate the interest of Members of the Congress in this matter and their initiative in taking action which points the way to effective remedies. We are compiling a list of the violations of the rights of U.S. fishing vessels on the high seas off South America in recent years and will forward this to you in the next few days.
>
> Sincerely yours,
> James K. Carr,
> *Under Secretary of the Interior.*

Mr. KUCHEL. The letter in part reads as follows:

> We—

Meaning the Department of the Interior—

> have worked closely with the Department of State over the years seeking solutions through customary diplomatic channels. In this connection, you will doubtless recall that representatives of the Department have been active in the negotiations with Ecuador which have been underway almost continuously since June of this year.
>
> These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful.

I repeat that statement. The Department of the Interior and the Government of the United States affirmatively state that our effort to work out the problems of illegal seizure of American tuna boats on the high seas has not worked out very well through the use of diplomatic channels.

The letter continues as follows:

> The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

I agree. I salute the Department.

I repeat:

> It becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

Hallelujah, Mr. President. That is the basis on which two Californians offer the Senate an opportunity to deny any Alliance for Progress assistance if, in the language of our amendment:

> Such country as (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area.

That means that the amendment is prospective in character. It is not retroactive.

We then go on to say in our amendment:

> The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

That language is in our amendment, so that there is a flexibility written into this provision of our amendment clothing the executive branch of our Government with the right to negotiate relative to international agreements with any country or group of countries with respect to the question of extending the territorial jurisdiction seaward of the traditional or historical 3-mile limit.

I ask unanimous consent to have printed at this point in the Record the resolution by the American Tunaboat Association, a letter from the Seafarers' International Union of North America, a letter from the Cannery Workers and Fishermen's Union, and sundry telegrams from interested citizens all favoring the pending amendment.

There being no objection, the resolution, letters, and telegrams were ordered to be printed in the Record, as follows:

Resolution of the American Tunaboat Association re Protecting the Rights of Vessels of the United States on the High Seas and in Territorial Waters of Foreign Countries

Whereas the traditional policy of the United States is to support the principle of the freedom of the seas, and to this end this country does not recognize claims to jurisdiction over alleged territorial waters greater in breadth than 3 marine miles from the coast, since it is the view of the United States, acting through the State Department, that under international law it is not required to recognize such claims;

Whereas seizures of American-flag vessels and in particular tuna clippers have taken place as the result of extravagant territorial claims by foreign claims by foreign countries; claims which aré strictly contrary to the traditional position of the United States with regard to the seaward limits of national jurisdiction;

Whereas the most effective means of asserting the doctrine of freedom of the seas is active participation by American-flag vessels in the taking of the resources of the high seas; and

Whereas it is clear that seizures and the threats of seizures, shootings, and imprisonment may cause American fishing vessels to be driven from the high seas with resulting damage to the U.S. fishing industry, and thereby destroy the traditional policy of the United States to support the principle of the freedom of the seas;

Whereas the efforts of the Department of State to end acts of harassment and illegal seizures and detentions of American-flag vessels have been ineffective, and since the U.S. Coast Guard has no authority to exercise protective activities over American-owned vessels on the high seas and in particular the Eastern Tropical Pacific Ocean: Now, therefore, be it

Resolved, That the American Tunaboat Association urge the Congress of the United States to enact legislation that will establish an across-the-board economic embargo or discontinuance of U.S. economic and military assistance to those foreign countries that have a policy of harassment, seizures, and detention of American-flag fishing vessels; and be it further

Resolved, That the American Tunaboat Association support the joint action of Senator Thomas H. Kuchel and Senator Clair Engle to amend the Foreign Assistance Act of 1961, as amended.

Joseph Soares,
President.
Edward P. Silva,
Vice President.
August Felando,
General Manager.

Seine and Line Fishermen's
Union of San Pedro,
San Pedro, Calif., October 24, 1963.
Senator Thomas H. Kuchel,
U.S. Senate,
Washington, D.C.

Dear Senator Kuchel: Enclosed please find resolution of the American Tunaboat Association reprotecting the rights of vessels of the United States on the high seas and in territorial waters of foreign countries.

At a recent meeting of the executive board of the Seine and Line Fishermen's Union, AFL-CIO, this same resolution was also passed unanimously.

The amendment which was proposed by Mr. Kuchel (for himself and Mr. Engle) to the bill S. 1276, would if, adopted, in my opinion correct the abuses and harassments to our fishermen.

I want to thank you Mr. Kuchel and Mr. Engle for the fine work you always do on behalf of our members.

With best personal wishes, I remain,
Very truly yours,
John Calise, *Secretary.*

Cannery Workers and Fishermen's Union,
San Diego, Calif., October 25, 1963.
Senator Thomas H. Kuchel,
Senate Office Building,
Washington, D.C.

Dear Senator Kuchel: We have reviewed with interest your amendment to the Foreign Assistance Act of 1961, and as we understand it would prohibit foreign aid to those countries that take it upon themselves to harass, seize or detain American fishing vessels that are engaged in operations outside the 3-mile limit. We are strongly in favor of this legislation, as it is becoming increasingly apparent that seizures and threats of seizures, shootings and imprisonments, which in reality are acts of piracy by these foreign countries, may cause American fishing vessels to be driven from the high seas. This in effect would destroy the traditional policy of the United States to support the principle of freedom of the seas.

Recently apparently satisfactory agreements have been worked out with some South American countries, but straws in the wind tell us that other Central and South American countries are contemplating starting these harassments and seizures again. Of course, we are of the opinion that stronger measures than your amendment should be taken, but we think your amendment will go a long way, and maybe even solve the whole problem.

Sincerely,
Lester Balinger, *Secretary-Treasurer.*

Terminal Island, Calif.,
October 24, 1963.
Senator Thomas H. Kuchel,
U.S. Senate, Washington, D.C.:

The following action has been taken by the members of the California Fish Canners Association, Inc. "The California Fish Canners Association, Inc., does hereby commend the efforts of Senator Kuchel and other Members of the Congress in their efforts to protect American-flag fishing vessels on the high seas by limiting U.S. foreign aid assistance to any country who seeks to harass or seize American-flag fishing vessels on the high seas."

California Fish Canners Association.

San Pedro, Calif.,
October 25, 1963.
Senator Thomas Kuchel,
Washington, D.C.:

The executive board of the San Pedro Independent Fishermens Union enthusiastically support the Kuchel-Engle bill, S. 1276, to further amend the Foreign Assistance Act of 1961.

We further commend you, Senator Engle, and all Congressmen and Senators for this tremendous support in favor of our working fishermen.

Respectively submitted.
Joseph Monti,
Executive Secretary, San Pedro Independent Fishermens Union.

San Pedro, Calif.,
October 25, 1963.
Senator Thomas H. Kuchel,
Senate Office Building,
Washington, D.C.:

Board of directors of Fishermen's Cooperative Association and its entire membership urge your protection of American tuna vessels operating on high seas by amending the Foreign Assistance Act of 1961 through the passage of Senate bill S. 1276. Our Senate should consider the need for this legislation and the impact it will have on a great fishing industry. Our association wishes to extend to you and Senator Engle our deepest appreciation for your concern through this legislation.

Anthony Nizetich,
Fishermens Co-op Association.

San Pedro, Calif.,
October 25, 1963.
Hon. Thomas H. Kuchel,
Senate Office Building,
Washington, D.C.:

The executive board of the Fishermen and Allied Workers Union Local 33 ILWU unanimously support the Kuchel-Engle bill S. 1276 to further amend the Foreign Assistance Act of 1961. We further commend you, Senator Engle, and all Congressmen and Senators who are striving in practical and meaningful way to protect fishermen's rights to the international waters of the high seas.

Respectfully submitted.
Frank Burcina,
Acting Secretary Treasurer.

ORDER FOR RECESS UNTIL NOON TOMORROW

Mr. HUMPHREY. Mr. President, I ask unanimous consent that when the business for today has been completed, the Senate take a recess until 12 o'clock noon tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMERICAN FLAG SHIPPING FOR SOVIET WHEAT DEAL

Mr. KEATING. Mr. President, the National Maritime Union is deeply concerned—and naturally so—over the possibility that an agreement will be made in Washington to permit the transportation of American wheat to the Soviet Union either on foreign ships or at a particularly favorable price.

Mr. President, many jobs are at stake here as well as the stated conditions clearly established by the President when he granted permission for the wheat deal to take place.

Now, Mr. President, we are told that one, perhaps the most important, of the conditions laid down by the President does not happen to suit the Soviet Union and therefore the Soviets expect us to change our position.

Mr. President, when the Soviets wanted to alter the rules and procedures regarding access to Berlin, the United States and other NATO states said, "No," and we meant it. As a result the Soviets were forced to back down.

The difficulties that have come up in connection with this grain question make it very clear that the United States has little to gain from a one shot, so called, commercial operation in which the ground rules are neither clear nor coordinated between U.S. business, U.S. labor, U.S. Government, and foreign nations. What is necessary is a very careful and thorough review of the whole question of trade with the Soviet Union, the role that American shipping should play in such operations and the need for far closer coordination with other free world nations. This is a question of great importance to manufacturing as well as shipping interests.

It is not fair to American business or American labor to work out a deal with the Soviets on a piecemeal basis in which the united pressure of the Soviet Government is going to be exerted against individual American trading or shipping interests. The grain deal should be treated as a part of this entire question.

Maritime and other unions should be included in a thorough review of every aspect both economic, political, short-term and long-term of any proposed trade deal with the Soviet Union. Then firm and reasonable ground rules can be established for the whole industry to abide by. The present confusion and discord is exactly what could be expected from any attempt to arrange a one-shot transaction on special grounds with particular conditions—conditions that were not laid down after full study and consultation, conditions that have not to my knowledge been discussed with the maritime unions, and conditions that may now have to be scuttled in an unfortunate manner.

Mr. President, I ask unanimous consent to include following my remarks in the RECORD the text of the protest which the maritime unions have made on this issue.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

We must advise you of our concern over indications that profiteering interests may succeed in excluding American-flag ships from carrying wheat sold to Soviet Union. Claims are being made and apparently listened to by administration officials first that American flag ships are not available and second that they are not available at what these profiteering interests call a fair price. Both claims are false.

There are many American flag vessels suitable for carrying grain now in temporary inactive status. This does not include vessels in government boneyards. Success of this attack on American flag participation in wheat deal will mean more ships in our boneyards and more unemployment and hardship among American seamen.

On the matter of costs no one yet has approached any sea union to discuss special problems for which special arrangements might be worked out. American runaway flag operators and other foreign flag shipowners want to take over transport of this wheat for their own profit. Communists would like to see them take over. They do not want American-flag vessels and American crews bringing this cargo into their ports because that would make Soviet people realize that our great democracy working under a free system is the only one that can supply them with this food.

If the principles on use of American flag ships which you set in approving this sale to the Soviets are scuttled the National Maritime Union will be forced to picket in protest and will call on our brothers in other unions to support our protest against those who would exploit this wheat deal for their own profit sacrificing American ships and seamen and aiding the Communist cause.

OBSERVANCE OF AMERICAN ART WEEK

Mr. PELL. Mr. President, I wish to call our attention to the fact that American Art Week is being celebrated during these days between November 1 and November 7.

Observance of American Art Week is of particular significance to me as chairman of the Senate Special Subcommittee on the Arts, which has just concluded 5 days of hearings on the two bills we have before the Senate to develop and enhance our Nation's cultural resources, S. 1316 sponsored by Senator HUMPHREY and S. 165 sponsored by Senator JAVITS. I am privileged to be a cosponsor of these two bills. I believe them to be the most comprehensive and constructive legislation in the arts area, which we have ever had an opportunity to consider in the Senate.

Testimony presented at the subcommittee hearings clearly demonstrates that the arts in the United States are in a ferment of growth, potentially healthy and capable of producing a true renaissance of artistic achievement, but that they are also in a state of crisis because of inadequate support.

I will have much more to say on this subject at a later date; but today I would like to leave the thought with you that throughout the hearings witnesses emphasized the urgent need for cooperation and partnership as we strive toward our goals—a coordinated, dynamic approach to artistic encouragement from individual, civic, foundation, corporate, and government sources. The Federal Government, it was stressed repeatedly, has a vital role to play in this area.

At the hearings—through the testimony of nearly 40 distinguished witnesses—I was impressed once again by the immense variety of our artistic and cultural life. It is the very essence of our democracy and its supreme expression. I think we would do well to bear this in mind during American Art Week, which began by fortuitous coincidence on the final day of the subcommittee hearings.

A CALL TO ACTION

Mr. THURMOND. Mr. President, I have been impressed with the lead article in the November 1963 issue of Guideposts, an inspirational monthly magazine for men and women of all faiths which is edited by Dr. and Mrs. Norman Vincent Peale. The article is entitled "Is There a Conspiracy Against God: A Call to Action." It was written by Dr. Bella V. Dodd, formerly a professor at Hunter College and now a practicing attorney in New York City. Mrs. Dodd is known all over America as a former Communist, who having seen the error of her ways in an earlier time has dedicated her life to exposing Communist fallacies and Communist tactics for all the world to see and better understand. She has just written a book entitled "School of Darkness: A Personal Record of Communism, U.S.A." which has been published by the Devin-Adair Co.

I ask unanimous consent, Mr. President, that this eloquent and effective article be printed in the RECORD at the conclusion of these remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A CALL TO ACTION

(By Bella V. Dodd)

The day the U.S. Supreme Court decided that the use of the regents' prayer in New York schools was unconstitutional, I was in a New York court on other matters. News of the decision passed through the room in excited whispers. Sitting next to me was a young lawyer, obviously fresh out of law school.

"Good," he muttered. Then he pointed to the words on a plaque over the judge's bench—In God We Trust—and he added: "That's the next thing that has to go."

I was stunned. "Young man," I said, "I'm old enough to be your grandmother, and you can take my word for it: when that sign comes down your career will be over because there will be no real law for you to practice."

This, I believe, is the heart of the matter. This is the great danger which faces America if we pursue our present course of removing the acknowledgment of God from our daily lives. Without God, I am convinced, we will have no law and order, no morality, no conscience.

Since that day the momentum of our drive in this direction has rapidly increased. Here are examples:

A Maryland atheist who says "My child shall not pray" has brought about a Supreme Court decision that your child and mine shall not pray in school either. This same person has since started a school for atheism in Kansas which is to include a university, radio station, and printing plant.

A Pennsylvanian who opposes Bible reading in classrooms has been able to have this Bible exercise eliminated from every classroom in the country.

A court case is pending in California to remove the words "under God" from the Pledge of Allegiance.

Under attack are the motto "In God We Trust" on our coins, the use of chaplains in the armed services, and prayers before Government and public gatherings. The objective: to make America officially a godless nation.

It is disheartening to see the submissiveness of school authorities, teachers, and public officials who are going even beyond the Supreme Court edict in removing all reference to the Deity. The New York State Education Commissioner, for example, declared that the recitation of the fourth stanza of "America"—which refers to God—cannot be used as a part of the opening school exercise.

In Sacramento County, Calif., it was ruled unconstitutional for schoolchildren to say this grace with their milk and cookies: "God is great. God is good. Let us thank Him for our food."

Behind the scenes are forces at work whose purpose is to remove God as an important influence in the life of our Nation. Billy Graham was right when in his recent Los Angeles crusade he said, "the effort to remove God and moral teachings from our schools is a diabolical scheme."

For several years, I was a member of this anti-God crusade myself. Like many misguided idealists, I went through a period when I put the brotherhood of man above the fatherhood of God, and, as so often happens, this led me into the Communist Party. As early as 1936, I was a disciplined Communist; between 1944 and 1949, I was in the top echelon of the Communist Party of the United States.

I thought I was fighting for social justice, but eventually I discovered that the party did not even have a file on various social reforms. The Communist Party exists not to improve conditions in America but to control them, and not to control them for the benefit of the people but the benefit of the party. It was this realization that finally drove me from communism and, after years of seeking, back to God.

Even in those days there was a well-organized campaign to eliminate God from our education. I was active in this area: I had been a college professor and an organizer of teachers' unions. I knew from experience that students look to their teachers for personal guidance more often than to their parents, and for this reason I labored to recruit as many teachers to communism as I could.

These days, as then, it is not the Communist Party alone which seeks to remove from schools all incidents of a religious nature, whether prayer, Bible reading, or the reference to God in the pledge of allegiance. But whatever they call themselves these groups have the same goal: the displacement of the law of God by the law of man.

It is not surprising that those against God should aim their biggest weapons at our schools. Our school years are our most impressionable. Eliminating the concept of God from education leaves the student with no basis for determining right from wrong.

Therefore, I feel that the argument presented by some political and religious leaders that the Court's decisions put religion back where it belongs—in the church and the home—is unrealistic. American youngsters between 7 and 21 spend more waking hours at school and school activities than they do at home and church combined. They need more—not less—emphasis on spiritual values in school.

The instigators of the school controversy, moreover, have not fought their cause on the basis of religion but rather on the basis of constitutional rights. They have won in the precise area where they should have lost.

In 6,000 years of recorded history, the American Constitution is the only document of government to be based on the law of God as defined in natural law, the decalog, and divine revelation. Its authors were believers: their faith is evident in the guarantees for individual freedom which they wrote into the Constitution. Furthermore, by their checks and balances on the three government branches (executive, legislative, judicial), they assured that no branch should overpower the others and that, while protecting the rights of minorities, government should remain in the hands of the majority of the people. This is the freedom of religion which the authors of the Constitution had in mind.

Constitutionally, no American can be forced to act against his conscience. In war, we respect the rights of conscientious objectors who refuse to bear arms. This same principle applies to activities in schools.

If parents, acting in conscience, decide they don't want their child to participate in religious observances, the Pledge to the Flag or, say, competitive athletics, they have the right to ask for him to be excused. The question is—do these minorities have the right to impose their judgment on all the other children?

The answer is an obvious no. Yet this has happened. Every parent, indeed every citizen, should ask: "What can we do about it?"

As a start, parents must reclaim control of their school boards, making their wants known and heeded, assuring that government in our country remains from the grass roots up instead of being imposed from the top down. By failing to speak out, parents are allowing a small vocal minority to establish the educational philosophy under which their children shall be trained.

Furthermore, Americans who wish to retain our God-centered civilization must themselves become more vocal in all areas of this controversy.

Members of Congress are now working on a constitutional amendment which would restate the first amendment to the Constitution to allow prayer and Bible reading in schools on a voluntary, nonsectarian basis. The amendment would also head off suits now pending to eliminate God from the Pledge of Allegiance and our coins.

I believe the great majority of American people are behind this action and should say so to their Congressmen in no uncertain words.

Meanwhile, the situation which was created by court action can be corrected by court action. Those who have made the long, difficult, complicated, expensive journey to the U.S. Supreme Court to eliminate God from our schools traveled with the aid of organizations and individuals who shared their goal. Others who share opposite goals must be willing to travel a similar arduous road if they wish to regain what they treasure.

Actually the Court decision can become a challenge for a new spiritual creativity in schools and public life. From school board to the principals to the teachers there could be a rethinking of ways to teach children our basic concepts of morality and God. We are not concerned here merely with a legal debate on whether religion in the schools violates the words of the first amendment. We are concerned with a way of life, a philosophy and the spiritual character of our culture. We must decide what that character is, then take a stand on it before we have nothing left to stand on.

The human need to seek God, to know God, to love God, and to obey God is older than Abraham, and the effort since Abraham for men to live together under God for their spiritual salvation and the common good is both natural and necessary. This suddenly cannot be outdated and superfluous, men cannot suddenly become purer moralists than God, although even before Abraham there were men who thought they could.

Time and again throughout history, men driven by a lust for power or money have sought to destroy in others the natural response to Divine law—the individual conscience, and the result has been complete chaos. Americans who believe in God are now the prey of such forces, and we shall be their victims unless we do something now to prevent it.

Often I think of the young lawyer who wanted to have our national motto—In God We Trust—removed from our courtrooms. When we stop trusting in God, when we reject the principle that we are His creatures, subject to His laws, when we switch from morality under God to morality by government committees on ethics, we will witness more than the end of law and order in our country. We will witness the end of our country itself. This is a challenge to every one of us who loves freedom—and God.

A REPORT ON VIETNAM

Mr. THURMOND. Mr. President, I was pleased to attend sessions on the annual meeting of the Association of the U.S. Army, held here in Washington during the week of October 21. In one of these sessions a very informative and interesting presentation was made on the use of American personnel and equipment in fighting Communist guerrillas in South Vietnam. The address, entitled "Report on Vietnam," was delivered on October 23, 1963, by Brig. Gen. Frank A. Osmanski, of the Military Assistance Command, Vietnam. He is a native of Nanticoke, Pa., and has been in Vietnam since March of 1963. I ask unanimous consent, Mr. President, that this report be printed in the RECORD at the conclusion of these remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT ON VIETNAM

(Presentation by Brig. Gen. Frank A. Osmanski, J-4 MACV to annual meeting of the Association of the U.S. Army at Sheraton-Park Hotel, Washington, D.C., October 23, 1963)

This report on Vietnam will be neither profound nor prophetic but the optimism it will reflect sincerely is genuinely that of General Harkins, whose greetings I am charged to bring to this conference.

General Collins has explained this strategic importance of the Republic of Vietnam.

I shall report on the military situation there, under four headings: "Terrain, Weather, and Enemy"; "Friendly Forces"; "Counter-Insurgency Strategy and Tactics"; and "Results to Date."

TERRAIN, WEATHER, AND ENEMY

The Republic of Vietnam comprises three terrain regions: the central highlands, the central lowlands, and the Mekong Delta. The highlands are virgin country with tropical rain and bamboo forests and a broad grassy plateau at their center; inhabited by mountain migratory tribesmen; with a climate conducive to tea, coffee, and a little rice. The lowlands are a generally dry coastal plain with sand dune growths; a sedentary agrarian people; and insufficient rice for lack of water. The delta has bountiful rice paddies, a coastline of mangrove swamps, a central plain of reeds, and a maze of canals; is peopled by scattered rice-farmers and fishermen; and its heavy seasonal rainfall causes annual flooding. The nature of the counter-insurgency is vastly different in each of these regions.

The weather in the Republic of Vietnam is hot and humid, with two distinct seasons, wet and dry, which vary by region in response principally to two monsoons annually. Rainfall and sunshine are alternately intense, temperatures average 80° Fahrenheit, and there are about 10 typhoons a year and frequent high winds.

The enemy is the Vietcong, the VC, meaning Vietnamese Communist, for which cadres and arms caches were left behind when Ho Chi Minh ostensibly led his followers north in 1954. VC forces are of three strata: hard-core, guerrillas, and porters. Hard-core companies are outfitted in khaki twill with steel or bamboo helmets and carry modern United States or bloc-country arms. Guerrillas wear the standard dress of the Vietnamese peasant, black cotton or satin pajamas, and carry obsolescent French or self-manufactured weapons. Porters wear as little as a loincloth and are unarmed. VC nonexplosive weapons include caltrops, spike-traps, poisoned darts, and even enraged water buffalos. In a sense their physical endurance, patience, and ingenuity are also VC weapons, for they have been known to live in dark tunnels for weeks, to remain underwater for long periods by breathing through hollow reeds, and to lie in ambush for as long as 48 hours. The VC wage their war from their ancestral strongholds in the U Minh Ha Forest, Plaine des Jones, war zones C and D, and the Do Xa area; and from trackless provinces which they dominate, myriad small hidden bases, deep caves and long tunnels, and other safe havens. VC-initiated incidents are of four types: propaganda, terrorism, sabotage, and armed attacks. Their logistic support is from five sources: levy on the peasantry, import from other countries, capture from Government of Vietnam (GVN) forces, local purchase, and self-production.

FRIENDLY FORCES

The Republic of Vietnam Armed Forces (RVNAF) consist of a regular army, air force, and navy (including a marine corps) and three paramilitary forces: the civil guard, self-defense corps, and special forces. In addition there are the civilian irregular defense groups (CIDG), including hamlet militia, mountain scouts, border surveillance units, and trail watchers; and then such semiautonomous but gun-bearing patriotic organizations as the Republican Youth, Catholic Youth, and Women's Solidarity Movement. Assisting and advising these are the U.S. Military Assistance Command of about 14,000 and a small Australian Army Training Team. Collaterally the civilian field agencies of the GVN ministries, the U.S. Operations Mission and the U.S. Information Service contribute to the civil aspects of the counterinsurgency. In gross numbers the military, paramilitary, and police forces of the counter-insurgency outnumber the VC about 5 to 1.

STRATEGY AND TACTICS

The strategy of the counter-insurgency is three-pronged: the strategic hamlet program, field operations, and psychological operations and civic action.

These three methods intermingle. In essence, the strategy is to win battles and to win people.

The strategic hamlet program is the Republic of Vietnam's national program to physically and ideologically separate the people from the VC and to win their support and confidence by providing them security, democratic government, and social and economic development. The program consists of (1) clear and hold operations, (2) province rehabilitation, and (3) portions of the CIDG program.

Clear and hold operations clear the VC from, and deny them, a specified area intended as the site of a strategic hamlet.

Province rehabilitation executes Province-prepared and nationally approved civil-military plans providing financial and supply support for the establishment of strategic hamlets.

Those portions of the CIDG program associated with the strategic hamlet program are designed to develop home-defense units for strategic hamlets.

Strategic hamlets, originally conceived as a defense against VC attack, now have become a means for effecting political, economic, and social progress. The Government of Vietnam has recognized this development and considers that the strategic hamlet is primarily the point of impact of a political and social revolution which will serve as a foundation for economic progress.

Field operations are directed variously at securing sites for strategic hamlets, destroying the VC logistic structure, killing or capturing VC's, or gaining or regaining control of Government of Vietnam territory. They are of three basic types:

(1) Clear and hold operations, executed in direct support of the strategic hamlet program, with the mission to clear an area of, and deny it to, the VC during the construction phase of a strategic hamlet.

(2) Fix and destroy operations, based on specific intelligence, with the mission to contact and destroy VC forces or installations; and

(3) Search and clear operations, with the mission to destroy or clear VC from an area of suspected activity. In addition, reconnaissance, security, and search and rescue operations and ambushes are conducted.

Psychological operations and civic action each consist of two related programs. Psychological operations are aimed, first, at supporting the strategic hamlet program by rationalizing the need for rural citizens to move to, or at least to organize into, a more secure locality and by providing them the incentive toward self-development for political, social, and economic improvement. The other aspect of psychological operations is directed at the softer strata of the VC, to whom radio and loudspeaker broadcasts and airdropped or artillery-fired leaflets are aimed, primarily to induce them to avail themselves of chieu hoi, the "open arms" or "welcome home" amnesty program.

Civic action is aimed at improving the socio-economic welfare, political integration, and personal security of the citizenry through Federal support, education, and self-help. Its two basic programs are civic action proper and medical civic action. Civic action proper advises, trains, and assists hamlet inhabitants in setting up local government and trains both the hamlet administrators and citizenry in building and establishing physical facilities such as marketplaces, schools, dispensaries, information centers, chapels, pagodas, and water supply points and in formulating and administrating programs of self-help and scientific improvement in education, agriculture, stockraising, and disease control. Medical civic action trains local nurses and directly treats local people. To date almost 600,000 treatments have been given by medical civic action teams at an average cost of $1 each. Coordinated with the supporting U.S. military medical civic action program are the USOM medical projects as well as Medico-CARE and Hope.

The tactical principles and techniques which are proving successful in the counter-insurgency are essentially those, especially of small-unit tactics, which have been taught in U.S. service schools for years. The tactical problem remains to find, fix, and destroy the enemy. Of prime importance in the tactical operations of the counterinsurgency is the heliborne strike. To explain this here is a short film.

(SB-6: "U.S. Army Helicopter Operations in Vietnam," edited to 13½ minutes.)

RESULTS

The military events of this past year in the Republic of Vietnam have contributed substantially both to the development of improved counterinsurgency techniques and toward ultimate victory for the Republic of Vietnam.

In order that its training advice to the Republic of Vietnam AF may be effective and timely, MAAG–Vietnam publishes a series of "Lessons Learned," which are the after-action distillate from both the extollable and deplorable experiences of actual combat. In the main they reiterate and reemphasize the timetested fundamentals taught in current U.S. military doctrine at our service schools. With content particularly derived from counterinsurgency experience in Republic of Vietnam are lessons learned about U.S. Army helicopter operations, M–113 operations, Vietcong ambushes, organization and employment of artillery, province rehabilitation operations, psy war and civic action, the limitations of paramilitary forces such as the CG, SDC, and hamlet militia, and guidelines to U.S. advisers with Allied forces.

MAAG–Vietnam also has published and keeps current a manual on the "Tactics and Techniques of Counter-Insurgency Operations," which is excellent.

Under the Commander, U.S. Military Assistance Command Vietnam (Comusmacv) there is a Joint Operations Evaluation Group, Vietnam (JOEG–V), whose director has two functions: first, to represent the U.S. Advanced Research Projects Agency (ARPA) in the combined U.S.–RVN Combat Development and Test Center–Vietnam (CDTC–V); and, second, to evaluate from the U.S. joint viewpoint the results of tests conducted by CDTC–V and the two U.S. service test agencies in RVN: the U.S. Army Concept Team in Vietnam (ACTIV) and the U.S. Air Force Test Unit (AFTU). The more significant of their tests of equipment and tactics are the following:

In May of this year test was completed of a version of the C–123 aircraft, modified to shorten landings. This aircraft demonstrated improved capabilities to carry heavy loads into short fields.

Another test project completed by the Air Force, in which the Army was interested, was that of the U–10B helio-courier plane. Its report recommended that further test and evaluation be conducted to select an aircraft better suited to perform the counter-insurgency mission.

The AR–15 Armalite rifle is still being tested in the Republic of Vietnam. Prospects for its wider use are favorable.

Motor convoys in RVN are frequently subjected to costly ambushes, in some of which U.S. advisors have been killed. These ambushes are extremely short in duration and characterized by murderous fire from VC automatic weapons. Countermeasures are being developed to enable troops to survive the withering fire of these ambushes and to launch a superior barrage of area fire in return. New techniques for moving and escorting convoys are being explored and new weapons systems are being developed.

Communications are often a problem in RVN because the terrain or atmospheric conditions tend to limit the range and performance of standard radio sets. A new family of radio antennas, which can be fabricated locally and used with the standard radio sets already issued, is being developed to overcome this problem.

The U.S. Air Force Test Unit is also in the process of testing a tactical air positioning system (TAPS) and a tactical air control system (TACS), the results from which are still pending.

The ACTIV test program so far has been concerned with four general areas of operation: Army aircraft, armored personnel carriers, Army engineering know-how, and Army communications and electronics equipment.

In the field of Army aviation, there have been significant evaluations of the operation of armed helicopters, Mohawks, and the Caribous. It has been found that these aircraft substantially enhance the operational capabilities of the ground forces and that they can survive in a counter-insurgency environment, that indeed the losses have been remarkably low when measured against sorties and hours flown or missions successfully accomplished.

Perhaps the most interesting test conducted to date has been that of the armed helicopter, along the lines of the film just shown. ComUSmac has on numerous occasions paid tribute to the outstanding accomplishments of Army and Marine helicopter units, both armed and transport, in support of the counterinsurgency.

The testing of the Mohawk in target acquisition continues in the southern part of Vietnam, following the completion of initial tests in a surveillance role in the north. The tests have demonstrated that a limited number of Mohawk aircraft, decentralized and placed under the control of the division, are compatible with ground operations and that this aircraft is well suited for the accomplishment of the full range of counterinsurgency reconnaissance missions, excepting those requiring large area coverage.

Caribou's, as used in RVN for tactical transport of troops and materiel, have proved to be exceptionally versatile because of their capability to take off and land on short, unimproved runways without damaging them. At present the Caribous in the Republic of Vietnam are assigned to the southeast Asia airlift system but so far some of them have invariably been further allocated to the direct support of the U.S. senior corps advisers. These Caribous are proving to be effective in both the forward area transport and centralized airlift roles.

In the field of armored personnel carrier utilization, both M–113's and M–114's were tested. M–113's are used in Republic of Vietnam both for their intended purposes and in the role of tanks, which is feasible because the Vietcong lack armor and antitank weapons. However, numerous modifications have had to be made to transform the M–113 into a more suitable counterinsurgency fighting vehicle. To protect machine guns mounted on it, the M–113 has been modified with a gun shield and cupola. The M–113 has performed well, particularly in the flat rice paddies of the Mekong Delta, where its cross-country mobility was hampered only by the many canals. To overcome this obstacle, several techniques have been developed, among them brush fill, block and tackle, capstan and anchor, aluminum balk bridging, and push bars. On the other hand, the M–114, although present in Republic of Vietnam, has not been employed nearly so extensively as the M–113. As a first generation vehicle, several changes will be required before it will achieve full operational compatibility with the M–113, a third generation vehicle.

Among the most productive of ACTIV's evaluations has been the test of U.S. Army engineer teams, called engineer control and advisory detachments (ECAD's), which have been introduced to provide engineering assistance and direction for small construction projects of benefit to the rural population. Materials for the ECAD's projects were supplied by ACTIV, USOM, and the local government at minimal cost and labor was provided by local civilians. During the 120-day period of the test, 2 ECAD's supervised the construction of 96 projects ranging from simple pigsties to a 200-foot bridge. It has been concluded from their activities, as well as from the activities of the parallel U.S. Navy Seabee training advisory teams (STATS), that small, well-trained engineering teams can successfully implement civic action aspects of counter-insurgency operations.

In the area of communications and electronics, ACTIV has been engaged in confirming the suitability of current communications doctrine and developing new concepts, techniques, and hardware for use in counter-insurgency operations, such as a new heliborne command post utilizing the UH–1B helicopter equipped with additional radio equipment, a heliborne public address set for psychological operations, a new navigation system for Army helicopters, and the introduction of high frequency single-sideband radios into Army aircraft.

Now, a note about U.S. Army helicopter maintenance, which plagued all Army personnel for the first 6 months after the introduction of the CH–21's into the Republic of Vietnam. The maintenance problems which have arisen have been concerned essentially with defective rotor blades, engines, and control cables in the CH–21's and, more recently, with drag-struts and magneto assembly arms in the CV–2B's and main mast bearings in the UH–1B's. These problems have all been solved so that, whereas a year ago the CH–21's were operating at about 50 percent average availability for about 25 hours average flying each per month, the present averages for all U.S. Army aircraft in the Republic of Vietnam are 70 percent and 50 hours, with twice the original numbers of aircraft now on hand.

About a year ago it was discerned that all programs necessary to the winning of the counter-insurgency would by spring 1963 be either completed or in process definitely toward satisfactory completion. The MAAG advisory detachments had in the preceeding year expanded manifold, had extended down to battalion level, and were being effective in advising, persuading, and assisting the RVNAF toward victory. The combat intelligence network was complete and tied together with adequate communications. Additional U.S. aviation units and MAP-provided armored personnel carriers had enhanced the mobility of the RVNAF. Adequate sealift and airlift systems would soon be established and operating on a combined basis for the movements support of operations. The formal training of the RVNAF was well underway, oriented on such subjects as security, shooting, small unit tactics, and lessons learned from recent operations. The program to resettle the Montagnards and train them into hamlet militia, strike forces, trail watchers, and scout detachments were in full swing. U.S. Special Forces detachments had been introduced in significant numbers and Vietnamese Special Forces were being developed. The CIDG forces were being trained. Modern battle equipment was in country. The strategic hamlet program had been formalized and was beginning to be put on a planned basis with programed support. It all asked to be used in a concerted effort to beat the VC.

The national campaign plan was conceived to concert that effort. All ministries of the Government of Vietnam, branches of the Republic of Vietnam NAF, and allied supporting agencies were cooperatively and coordinately to intensify their actions to help defeat the Vietcong. Significant progress can now be reported.

The intensity of operations measured in terms of the percentage of available forces on the average engaged in daily combat, has been rising steadily, to the point where it is now about 2½ times what it was a year ago.

In the last months Republic of Vietnam AF operations of battalion or larger size have at times doubled in number over what they had been when the NCP was initiated and small-unit actions have increased by 50 percent. On the other hand, Vietcong-initiated actions have remained essentially unchanged in numbers. Republic of Vietnam-initiated operations outnumber Vietcong-initiated incidents about 10 to 1.

Secret bases of the Vietcong which had not been entered by other than the Vietcong in 14 years have since been reconnoitered, invaded, and fought through with signal success.

Vietcong casualties have been considerably higher than those of the Republic of Vietnam NAF, with an overall favorable ratio of about 4 to 1 for killed in action and 3 to 2 overall.

Losses of weapons have averaged close to even on both sides. While, admittedly, the weapons being lost to the Vietcong are better quality than the crude home-made ones being captured from them, the loss of any weapon by the Vietcong is more nearly disastrous to them than is the loss of even a fine weapon to the Republic of Vietnam NAF because of the great disparity in supporting logistic systems.

Whereas the volume of Vietcong antiaircraft fire seems to be increasing and the quality of VC antiaircraft weapons may be improving, it is still limited principally to .30 caliber rifles and only a few machineguns.

The Vietcong are limited logistically for food and medicines in the highlands and for weapons everywhere; and they are gradually losing the support of the people as sources of funds, intelligence, and recruits.

Defectors from the Vietcong are surrendering themselves at a rate twice what it was a year ago. On the other hand, the rate of Republic of Vietnam AF desertions has steadily decreased. Moreover, villagers are now more readily disclosing information of the Vietcong to the Republic of Vietnam AF and the provincial administrators.

The Chieu Hoi program is swelling with returnees who wish to foreswear and repent their misadventures into communism.

While infiltration of Vietcong personnel and material is known to take place, the exact volume and trend are still imponderables. Nevertheless, large groups and quantities are not involved, the infiltration of cadres is dropping significantly, and smuggling is the biggest problem.

The strategic hamlet program has progressed from 40 percent of hamlets completed and 45 percent of population included as of January 1, 1963, to a present position of about 75 percent completion both as to construction and population included, with another about 15 percent currently under construction. Although the program will soon be completed, much still remains to be done to bring some of the earlier hamlet construction and organization up to more recently established standards.

Most significantly of all, the Government of Vietnam gained in the year between July 1962 and July 1963 some 6 percent in effective control of the rural population whereas the Vietcong during the same period lost 10 percent. (The apparent discrepancy of 4 percent is a gain in the neutral or undecided category, wherein the population have switched at least from being Vietcong-oriented to being neutral, in effect a further gain for the Government of Vietnam.)

The Government of Vietnam gain in area control is less spectacular, only 1 percent in the past year; in fact, in a sense, it is overshadowed by a Vietcong statistical gain of 5 percent in the neutral or previously uncontrolled areas. In simple terms, this signifies that the Government of Vietnam has gained in the populated areas—that is, has won people—whereas the Vietcong have extended their control over relatively uninhabited areas—that is, has gained control of empty territory.

The security of road movement is a cogent index to gains by the Government of Vietnam. Many roads which a year ago were death traps by ambush are now traveled regularly by unescorted or lightly escorted Republic of Vietnam AF military convoys.

The railroad, too, is now more fully used. Whereas until September 1962 all night traffic had been suspended for fear of attack from ambush, trains now run 24 hours every day.

There are economic indicators also of Government of Vietnam gain in the past year; rice is again available for export and its price is stable.

Finally, despite some recent distractions caused by the Buddhist and student demonstrations and the rumors of coups, the attitude of the Government of Vietnam and of its public servants is definitely in the vein to solve, in this order of priority, its dominant problems of communism, disunity, and underdevelopment.

There have, of course, been costs for this progress, some of them serious. Whereas strategic hamlets are being built at an average cost of only about $5 per person accommodated, there are more than 1,000 Vietnamese casualties monthly; and U.S. casualties in personnel and aircraft have not been insignificant:

For the 21 months between January 1, 1962, and October 15, 1963, there were 63 U.S. killed, 348 U.S. wounded, and 5 U.S. missing; and for the 9 months between January 1963 and October 1963, while many U.S. aircraft were shot down or crashed, not all were lost.

Finally, what of the prospect for ultimate victory? In January 1963, Admiral Felt, CINCPAC, predicted here in Washington that the counterinsurgency in RVN would be won "within 3 years." General Harkins is on record as saying he considers that a "realistic target date" but "believes we can do even better." More recently, Secretary McNamara and General Taylor reported to President Kennedy "their judgment that the major part of the U.S. military task (in the republic of Vietnam) can be completed by the end of 1965." General Don, Acting Chief of the Joint General Staff of the Vietnamese Armed Forces, declared just 2 weeks ago that victory will be achieved in the war against the Vietcong in 1964. These stand as the authoritative predictions.

The remaining battles will be fought most savagely in the delta, the traditional stronghold of the Vietcong, where they are most numerous and deeply entrenched, where strategic hamlets are the most difficult to build and the program for building them got off to a late and sporadic start, and where counterinsurgency operations are the most strenuous and the death throes of the Vietcong will be most violent. It is there that the toughest fighting and the fiercest Vietcong reactions are still in prospect before final victory will be won.

RECESS

Mr. KUCHEL. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 15 minutes p.m.) the Senate took a recess, under the order previously entered, until tomorrow, Thursday, November 7, 1963, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate November 6 (legislative day of October 22), 1963:

Department of State

Douglas Henderson, of Massachusetts, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bolivia.

EXTENSIONS OF REMARKS

Baltimore & Ohio Railroad Continues Record of Progress and Service in West Virginia—Morgantown (W. Va.)—Dominion-News Commends Recent Improvements in Main Line Between Clarksburg and Parkersburg—President Jervis Langdon, and Many West Virginians Have Made Notable Contributions to Transportation

EXTENSION OF REMARKS
OF
HON. JENNINGS RANDOLPH
OF WEST VIRGINIA
IN THE SENATE OF THE UNITED STATES
Wednesday, November 6, 1963

Mr. RANDOLPH. Mr. President, in 1838 the Baltimore & Ohio Railroad began construction of the first railroad tracks in West Virginia, building westward from Harpers Ferry. In the century and a quarter which has elapsed since then, the development of the railroad has provided significant contributions to the economy of West Virginia, and to the well-being of its citizens.

Among the responsible individuals who have been instrumental in the B. & O.'s success in the Mountain State were Charles W. Van Horn, of Lost Creek, W. Va., who was vice president in charge of operations for many years. Another leader was the former Governor of our State, the Honorable John J. Cornwell, of Romney, who for some time acted as general counsel of the line.

It is noteworthy that Charles R. Van Horn, the son of Mr. Van Horn, is now Washington representative for Government affairs of the Baltimore & Ohio Railroad.

And, the concern for progress and service which was so evident in frontier days has not diminished with the years, but continues to expand and to bring forth achievement and benefit. A notable example of growth is the recent completion of important main line improvements in the B. & O. system between Clarksburg and Parkersburg, W. Va.

This improved line will provide a direct route for major freight shipments to the Southwest, through the St. Louis gateway, and correspondingly improved service to the businessmen and citizens of the Mountain State.

It has recently been my privilege to correspond with the president of the Baltimore & Ohio Railroad, Mr. Jervis Langdon, Jr., congratulating his efficient organization on recent additions and improvements. I likewise pointed out the immeasurable benefit which has come to West Virginia as a direct result of the enterprise and dependability of the B. & O.

I request that this correspondence be printed in the Record.

Mr. President, the experienced and respected editor and publisher of the Morgantown (W. Va.) Dominion-News, Walter L. Hart, commented meaningfully on the contributions of the Baltimore & Ohio Railroad to the development in our State. In his October 31 editorial, "B. & O. Deserves Our Applause," Editor Hart stresses the importance of the new main line improvements. Further, he states that—

> We in West Virginia salute the railroad and hope, under its new management, it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves, including our own State of West Virginia.

I request that Mr. Hart's editorial be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

October 29, 1963.

Mr. Jervis Langdon, Jr.,
President, Baltimore & Ohio Railroad Co., Parkersburg, W. Va.:

Sincerely regret Senate business here prevents my participation in your program-diner today. Your company has contributed much to the economic development of West Virginia and to the well-being of the citizens of our State. It is especially appropriate that in this centennial year the old B. & O. is the new B. & O. as it meets its responsibilities for improved transportation vital to the movement of coal and other traffic across our State and throughout an important part of the country. Congratulations and please convey my greetings to all in attendance.

Jennings Randolph,
U.S. Senator.

The Baltimore & Ohio Railroad Co.,
Baltimore, Md., October 30, 1963.

Hon. Jennings Randolph,
Senate Office Building,
Washington, D.C.

Dear Senator: Thank you very much for your thoughtfulness in sending the telegram to me at Parkersburg yesterday. It arrived at the end of a luncheon we held on the special train which had come over from Clarksburg during the morning.

The project, I am sure, will be a great success and I look forward to a substantial increase in B. & O. traffic not only through northern West Virginia but to and from our stations in that great State.

Sincerely,

Jervis Langdon, Jr.,
President.

B. & O. Deserves Our Applause

We join with all progressive West Virginians in congratulating the Baltimore & Ohio Railroad for its great main line improvement between Clarksburg and Parkersburg.

The prosperity—or lack of it—of this important railroad is of vital concern to every West Virginian because the B. & O. is a major taxpayer and in its continued progress all of us have a real stake.

This main line improvement makes it possible to haul all major freight items on the most direct route to the great Southwest through the St. Louis gateway. This is expected to greatly increase the revenues of the railroad.

Adding this to the forward look the railroad has adopted in pioneering on unit coal freight trains and other projects designed to make the railroad a better facility for its customers and therefore a more profitable enterprise certainly is most desirable from all standpoints.

We in West Virginia salute the railroad and hope under its new management it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves including our own State of West Virginia.

The Vast Amount of Money Gambled Every Year in the 24 States That Have Parimutuel Betting

EXTENSION OF REMARKS
OF
HON. PAUL A. FINO
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, November 6, 1963

Mr. FINO. Mr. Speaker, for the past several months, I have brought to the attention of the Members of this Congress the vast amounts of money gambled, legally and illegally, every year in each of the 24 States that have parimutuel betting.

I have discussed in a series of 24 statements inserted in the Congressional Record, the panorama of gambling and crime in these States and how we have, because of our stubborn refusal to open our eyes to the bold print of commonsense, turned this Nation into a gamblers' paradise.

We have, Mr. Speaker, thanks to the hypocrites and the bluenose moralists, helped the underworld crime syndicates to fatten themselves from untapped gambling revenues and allowed them to expand their illicit activities into a nationwide web of dirt. We have permitted gambling in the United States to grow into a gigantic tax-free $100 billion a year monopoly which has supported and will continue to support, unchained and uncontrolled, every filthy ramification of underworld activity.

We have, by permitting this tax-free business to fall into the hands of the crime syndicates, heavily subsidized the forces of organized crime which, in turn, has corrupted the processes of law enforcement and government.

We have paid and will continue to pay a steep price for the foolishness and blindness of those who refuse to recognize and control the natural human urge to gamble. We have made America the playground of crime syndicate operations.

Mr. Speaker, it is very difficult for our hard-pressed taxpayers to understand our Government's sanctimonious attitude about gambling when we know that gambling is a $100 billion a year industry which is the chief source of revenue to the underworld. Our entire ostrichlike attitude is beyond human comprehension.

Only a Government-run lottery can legally satisfy the American thirst to gamble—only a Government-operated lottery can shut off this tremendous flow of billions of dollars to the underworld mob—only Government regulation and control of gambling through a national lottery can cut into these billions of dollars now siphoned off by the crime syndicates.

The time has come, Mr. Speaker, to exchange our rose-colored glasses of wishful thinking for the more accurate lenses of financial and social reality. Just as repeal of prohibition brought an end to the bootleg era and tremendous new revenues to our Treasury, so would the end of hypocrisy in our treatment of gambling strike a lethal blow at organized gambling and pump a substantial part of these moneys into our Government coffers.

In 1962 24 States, listed below, enjoyed a total parimutuel turnover of $3.7 billion which brought into State treasuries legally, over $288 million. According to the testimony before the McClellan committee, 16½ times as much money is wagered off the racetracks on horses as is bet on the tracks. The total national offtrack betting turnover allocated to these 24 States is estimated at over $28½ billion. This, according to the McClellan hearings, represents only 42 percent of the total illegal gambling in these States. It can be estimated therefore, that the total illegal gambling in all 24 States approaches about $60 billion. Out of these funds, almost $6 billion—10 percent of the total turnover—goes right into the filthy pockets of the gambling crime syndicates.

How much longer are we going to continue to subsidize the forces of organized crime? How much longer are we going to keep the crime syndicates fat and happy? How much longer are we going to continue to make America the gamblers' paradise? What are we waiting for?

Tabulation on gambling in 24 States

State	Parimutuel turnover, 1962	Estimate off-track betting in 1962	Illegal gambling estimate	10 percent profit to crime syndicate
		Millions	*Millions*	*Millions*
1. Arizona	$21,454,342	$360	$750	$75
2. Arkansas	24,112,950	495	1,000	100
3. California	522,046,261	4,360	9,000	900
4. Colorado	16,013,019	490	1,000	100
5. Delaware	97,666,216	125	250	25
6. Florida	157,796,388	1,375	3,000	300
7. Illinois	342,620,765	2,795	5,600	560
8. Kentucky	57,920,587	845	2,000	200
9. Louisiana	45,572,223	905	2,000	200
10. Maine	15,332,728	295	600	60
11. Maryland	160,674,147	860	2,000	200
12. Massachusetts	109,499,421	1,425	3,000	300
13. Michigan	120,721,673	2,190	5,000	500
14. Nebraska	$41,626,636	$390	$800	$80
15. New Hampshire	81,659,975	170	350	35
16. New Jersey	324,105,214	1,680	3,500	350
17. New Mexico	36,693,249	290	600	60
18. New York	1,127,023,764	4,650	10,000	1,000
19. Ohio	138,349,642	2,695	5,000	500
20. Oregon	11,360,370	495	1,000	100
21. Rhode Island	95,026,350	235	500	50
22. South Dakota	4,409,922	175	350	35
23. Washington	27,088,502	790	1,500	150
24. West Virginia	90,689,481	520	1,100	110
Total	3,669,463,825	28,625	59,900	5,990

Hawaii Sugar Workers Still Best Paid

EXTENSION OF REMARKS

OF

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 6, 1963

Mr. MATSUNAGA. Mr. Speaker, during the debate on the floor last Thursday, in speaking against the extension of Public Law 78, the Mexican Bracero Importation Act, I mentioned the high wages which sugar workers in Hawaii receive. According to comparative figures for 1962 recently released by the U.S. Department of Agriculture, Hawaii's sugar workers are still the highest paid sugar workers in the world. Workers in Florida, the next highest paid, receive only half as much.

Hawaii's field hands last year received an average of $21.89 a day, including $16.02 in cash wages and $5.87 fringe benefits.

Cash wages in other domestic sugar areas ranged from $4.80 per day in Puerto Rico to $9.48 per day in Florida, where workers also receive a maximum of $1.52 per day in fringe benefits.

Hawaii also led in sugar yield per acre, getting more than three times as much sugar per acre of cane as Florida, the next most productive.

Hawaii's sugar crop is a 2-year crop while others are 1-year crops but, even if cut in half, Hawaii's yields outstrip all others, the statistics showed.

The average daily earnings including both cash wages and fringe benefits, based on an 8-hour day were as follows:

Hawaii, $21.89; Florida, $11; the sugar-beet areas, $10.80; Louisiana, $8.19, and Puerto Rico, $6.32.

We in Hawaii are proud of the fact that while our sugar workers are the highest paid in the world, we are still capable of maintaining a competitive position in the sugar market.

Hungarian Revolt in 1956 (Seventh Anniversary)

EXTENSION OF REMARKS

OF

HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 6, 1963

Mr. CAREY. Mr. Speaker, in late October of 1956, the Hungarian people tried to shake off the inflexible Soviet tyranny imposed upon them by the Kremlin. They rebelled against their oppressors, rose in mass revolt throughout the country, and, judged by their initial success, they seemed on their way of regaining their freedom. The Soviet garrisons in the country, even where they were of considerable size, surrendered to the rising forces of revolt, and new democratic leaders at once overthrew the Communist government in Budapest. For more than a week freedom reigned in many parts of the country.

In this hasty turn of events favoring freedom and independence, Hungarians expected quick and effective aid from the West. If this were not forthcoming, they feared that their own efforts would be doomed to failure against any serious Soviet effort to take over Hungary once more. This is exactly what happened. Most unfortunately, Hungary did not get the expected Western aid; Soviet forces were regrouped, and within a week most of the country was in the firm grip of the Red Army. By November 3, Communists were back in power in Budapest, and then they began their horrors of oppression, persecution, and terror. Thousands upon thousands of innocent and helpless people were victims of the biggest postwar terror perpetrated by the Kremlin. Once again the Hungarians were subdued and cruelly held down, and all freedom seemed vanished from Hungary. They paid heavily for their courageous and righteous deed of late October

1956, and to this day they are being punished for their effort to free themselves from Communist totalitarianism.

Today, in observing the sad anniversary of Communist terror in Hungary, we honor the memory of those brave Hungarians who, in defiance of ruthless communism, fought and died for Hungary's cause—freedom and independence.

Tributes to Senator Yarborough

EXTENSION OF REMARKS

OF

HON. HUBERT H. HUMPHREY

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 6, 1963

Mr. HUMPHREY. Mr. President, recently in the great State of Texas one of our esteemed and distinguished colleagues, the senior Senator from Texas, Ralph Yarborough, received an outstanding testimonial, not only in the form of an outpouring of Texas support and friendship, but in the form of strong endorsements for his reelection from a number of distinguished Americans.

The President of the United States sent a message on film to the October 19 testimonial dinner for Senator Yarborough, which I commend to my colleagues.

The Postmaster General, John A. Gronouski, delivered the principal address at the dinner and his message to those congregated in Senator Yarborough's honor was a heartening and encouraging one.

Among other vivid statements in support of the senior Senator from Texas was a salute to Senator Yarborough by Texas most distinguished man of letters, J. Frank Dobie.

Mr. President, I know that every friend and admirer of Senator Yarborough—and his friends are legion—will rejoice in the sentiments expressed by the President, by the Postmaster General, and by Mr. Dobie. They are typical of the feeling that is widely shared here in the Senate for this warm, good man, whom we confidently expect will be returned to the Senate next year with an overwhelming vote of confidence from his fellow Texans.

Mr. President, I ask unanimous consent that there be printed in the Congressional Record the text of the message from the President of the United States to the friends of Ralph Yarborough at Austin, Tex., October 19, 1963; the remarks of Postmaster General John A. Gronouski on that same date; and the text, "Salute to Senator Ralph Yarborough" by J. Frank Dobie of Texas.

There being no objection, the tributes were ordered to be printed in the Record, as follows:

TEXT OF PRESIDENT JOHN F. KENNEDY'S MESSAGE ON FILM TO THE FRIENDS OF RALPH YARBOROUGH'S STATEWIDE TEXAS SALUTE, AUSTIN, TEX., OCTOBER 19, 1963

I am delighted to have this opportunity to join all of you in paying tribute to our mutual friend Ralph Yarborough, the senior Senator from the State of Texas. Ralph Yarborough speaks for Texas in the U.S. Senate, and he also speaks for our Nation, and he speaks for progress for our people.

I could talk about some of the things that Ralph Yarborough has done, about his work in education, education for all Americans, for veterans, for hospital care under social security, for an income tax cut to stimulate our economy and provide jobs for our people, for the nuclear test ban treaty, a step toward peace for human liberties, for the goals that bind Democrats together in this State and all over the Union.

But I shall mention two items which you might remember.

The first is my recollection of September 1961 when Hurricane Carla struck Texas. Before the tidal waves receded Ralph Yarborough was at the door of the White House; before the winds died down, he was walking in the debris of the battered cities and towns on the gulf coast of Texas, asking, "What can I do to help?"

Second, I remember his fight for the bill to establish a national seashore recreational area on Padre Island. It's a shocking fact that this Nation, this great country of ours with over 60,000 miles of seashore, has only a few hundred miles of shoreline actually available for the enjoyment and the use of most of our people—for the general public. That's why I took such pleasure on September 28 of last year in signing into law the bill establishing the Padre Island National Seashore Park, and I took pleasure, also, in handing one of the pens to Ralph Yarborough.

My fellow Democrats, this is a time when all of us who believe in government for the people, who believe in progress for our country, who believe in a fair chance for all of our citizens, who believe in the growth of Texas, who believe in the development of the United States, who believe in a strong United States as a great bulwark for freedom, who believe in a United States which is second to none in space, on the sea, on the land, a United States which stands for progress—all of those—I think Ralph Yarborough stands with them.

And it's a pleasure to salute all of you who are working with Ralph Yarborough to make a better State and a better country.

Thank you.

ADDRESS BY JOHN A. GRONOUSKI, POSTMASTER GENERAL, AT THE APPRECIATION DINNER FOR SENATOR RALPH W. YARBOROUGH, AUSTIN, TEX., OCTOBER 19, 1963

It is a pleasure to greet so many fellow Democrats at this great salute to my friend, Ralph Yarborough.

Even though I am still new in my job as Postmaster General, and have a lot to learn and do in Washington, I wanted to be a part of this testimonial to Ralph. I have known and admired Senator Yarborough's work for a long time. Ralph Yarborough is a big man in a typically Texas way—dynamic, generous, a tireless worker, and tenacious fighter for his constituents.

Our country is fortunate in having great Texans in Washington contributing to the welfare of our Nation. Vice President Johnson has been a magnificent ambassador of good will to the many nations in which he has traveled all over the world. At home, he has provided dynamic leadership in the Nation's space effort. And under his guidance as Chairman of the President's Committee on Equal Employment Opportunities, enormous strides have been made in the field of human rights.

The British philosopher, Edmund Burke, in a classic statement on the functioning of a representative of the people in a democracy, said: "It ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents."

That describes Ralph Yarborough. I doubt there is any man in Congress who maintains a closer communication with his constituents and who gives their business more undivided attention. Even after the busiest weeks of Senate work, he is back down here in Texas on weekends talking to people, listening to their views, and finding out their problems.

Ralph has lost none of the interest in the underdog, or in the needs of the economically or socially disadvantaged, which he demonstrated in his years as a teacher, lawyer, and judge. He is never too busy to give his time and attention to an individual's problems.

Ralph makes up his own mind. He has never been swerved by pressures or special interests, once he has concluded what is best for Texas. He has, however, never been narrow or parochial in his interests. He has judged each issue in the context of the whole Nation's welfare.

Ralph has been one of the Senate's most vigorous fighters for progressive legislation and a steadfast supporter of President Kennedy's programs.

I know of Ralph's excellent work on matters relating to the postal service through his position on the Post Office and Civil Service Committee. He has worked hard for legislation to attract the most highly qualified workers to the Federal Government. He has also worked for Federal pay scales more in line with those paid in private industry and to improve the Federal employees retirement program.

It would take all evening to mention the many significant contributions Ralph has made during his service in the Senate. I shall mention only a few of the most important. He was author and chief proponent of the law which created Padre Island National Seashore Area. He was coauthor of the National Defense Education Act of 1958, which has expanded the educational opportunities of thousands of young Americans.

Ralph was also one of the leading sponsors of the recently enacted Medical Education Act, which provides funds for medical and dental school construction and loans to medical and dental students.

He has been a leader in the Senate on veterans' affairs. Some 15 laws bearing his name have been enacted in behalf of veterans. He has been a legislative leader in programs for soil and water conservation, rural electrification loans, and agricultural research.

Obviously, Senator Yarborough is a man who is doing things, and who is accomplishing things. He has not let the complex and often baffling problems that face us in the latter part of the 20th century dismay him. He is giving Texas hard work and solutions, not slogans and ballyhoo.

This is in the great tradition of the Democratic Party. We Democrats belong to the oldest political party in the world. I think that our party has lasted so long, and is filled with strength and vitality today, precisely because its political philosophy has always been to look forward. Thomas Jefferson wrote: "I like the dreams of the future better than the history of the past."

Ralph Waldo Emerson once said that throughout our history the two political parties have always been divided into a party of hope and into a party of memory.

The Democratic Party has always been the party of hope. Today it is still the party of men like Ralph Yarborough, who have confidence in the future. People who appreciate the rapid pace of events in the modern world, who realize the need for strong, affirmative, imaginative action, still look to the Democratic Party for leadership. And they have good reasons. They have not been disappointed.

President Kennedy promised to get this country moving again. He is making it move again. When this administration came into office, the Nation's spirit and economy were both sagging. Today they are revitalized.

We are in the 32d month of economic expansion, one of the longest sustained peacetime booms in our history. Employment now exceeds 70 million people. The Nation's income and output are both at an all-time high. For the first time in our history, the average wage of factory workers now exceeds $100 a week. Inflation has been held in check, so that larger pay envelopes represent a real increase in purchasing power.

These achievements have not come about easily. As you know, there are powerful men and interests in this country who always reject social progress, who reject every proposal directed at the general welfare, who stand ready to fight any new gains for the average working American and his family.

Let me read you a few familiar arguments:

"1. It should be left to private enterprise, since public coverage would remove the enterprise and competition of individuals;

"2. If public funds are utilized, political bureaucracy will be rampant;

"3. A scheme of universal tax-supported coverage at the expense of the state is socialism;

"4. Universal tax-supported coverage will destroy initiative and ambition, and there will thus be a premium for comparative idleness, to be taken out of the pockets of the laborious and conscientious."

Are these arguments that were used against social security in 1936? Are these arguments that were used against medicare or against Federal aid to education in 1963? They might have been. They sound familiar. But in actuality, all of these statements were made 132 years ago by opponents of tax-supported public schools. They appeared in the Philadelphia National Gazette in 1830.

Unemployment relief, wage and hour laws, the abolition of child labor, the Social Security Act, and the Federal Employment Service were originally met by the same hostility, the same false slogans, the same specious arguments that are being employed against President Kennedy's progressive programs today.

Let me point out some of President Kennedy's dramatic accomplishments here in the past 2½ years:

The minimum wage was raised to $1.25 an hour and the minimum wage law extended to cover 3½ million additional workers. It was the first time since 1938 that new workers came under the protection of the minimum wage law.

The social security system was improved with increased minimum benefits, broadened coverage, and the optional retirement age for men set at 62.

Unemployment benefits were extended for 2.8 million workers who had exhausted their regular benefits.

The Housing Act of 1961, the most comprehensive and far reaching housing program in congressional history, was passed. It provides major expansion of urban renewal, public housing, aid to local mass transit, and larger low-interest loans to stimulate home improvements.

The 1961 omnibus farm bill expanded the use of marketing orders, extended the school milk program, increased food for peace, and provided the first wheat and feed grain programs since World War II.

The Area Redevelopment Administration was created to help bring new industries and new jobs to depressed areas. The ARA is now working in 1,000 urban and rural areas and has already made 85,000 jobs possible.

The Manpower Development and Training Act was passed to retrain men and women whose skills have become obsolete through automation. Since last August, more than 1,800 training projects for 66,000 unemployed or underemployed workers have been approved.

The $900 million accelerated Public Works Act, which will provide jobs to half a million Americans.

As a result of these and other measures to provide jobs and stimulate the economy, the gross national product has grown at an average rate of 5.5 percent under President Kennedy as opposed to a rate of 2.1 percent under the former administration. In the last 2½ years gross national product has gone up nearly $80 billion. Industrial production is up 18 percent. Total personal income is up $50 billion. Labor income is up $38 billion.

Despite these remarkable achievements, much remains to be done. Our economy's performance still does not measure up to its full potential.

Right now, some $30 billion of annual production potential is going unused. Ten percent of our industrial plant capacity lies idle. Although most of us are prosperous, almost 4 million of our fellow citizens were unable to find work in August—5.5 percent of the entire work force.

A disturbingly high portion of these unemployed are teenagers. The postwar war-baby boom is now coming of age. During the midsixties, the labor force will have to absorb nearly 3 million young people each year, a million more each year than in the midfifties.

The direct costs of unemployment last year—including such things as unemployment insurance, railroad insurance, employment services, and the like—have been put at $4.7 billion. Its indirect costs were equally high. I have no need to tell you that the terrible human cost in tragedy and travail, in drained morale and broken spirits is the highest cost of all; a cost that cannot be calculated.

President Kennedy's tax bill, which calls for both an $11 billion cut in taxes and tax reform, is designed to help end this terrible human idleness and material waste. Its purpose is to bolster the economy and stimulate employment. It will benefit every family and aid every community in every section of the Nation. I urge you to give it your fullest support.

The brilliant advances made in the past 2½ years have not been restricted to economic gains. We have recaptured the initiative in international events. Concrete forward steps have been taken in the difficult road to an honorable, just, and sound peace.

In recent weeks two important agreements have been reached with the Soviet Union. One is the so-called "hot line," a direct line between the Kremlin and the White House to be used in emergency situations. This is an important device to prevent miscalculation or fateful misunderstanding in a fast moving or dangerous situation, such as last year's Cuba crisis.

The second is, of course, the test ban treaty, which bars nuclear tests in the air, in space and on the water. It has been hailed all over the world as a historic step in lessening tensions and in preserving humanity from the unknown dangers of nuclear fallout. It has provided an opportunity and pause during which, in President Kennedy's words, "both sides can now gain new confidence and experience in concrete collaborations for peace."

The President has made clear that while we will continue to take every step to break down the walls of hostility, we will at all times maintain our guard. In Cuba last year, the President demonstrated that he can stand up to any Soviet threat or bluff and that we shall tolerate no interference with the rights and interests of this Nation.

In all these matters the President has had RALPH YARBOROUGH'S unswerving support. RALPH was an influential supporter of the nuclear test ban, of the Alliance for Progress, and the food-for-peace program. He was also a cosponsor of the Peace Corps, one of the most sensational successes of this administration. The Peace Corps will have 10,000 volunteers working in 37 countries by the end of this fiscal year. It has captured the imagination of the world, and brought the image of American idealism to the newly emerging nations.

Among the superb achievements of the last 2½ years, none has been more impelling than the American feats of space exploration. During this time the National Aeronautics and Space Administration has launched more than 80 space vehicles. They have included not only the dramatic manned-orbital space flights, but weather and communications satellites and deep space probes, that have brought with them invaluable scientific discoveries and data. As a result of better quality control measures and experience, the success factor in launching has increased sixfold since 1960. The Manned Spacecraft Center in Houston, initiated by this administration to achieve an early manned-lunar landing, is an example of the brilliant scientific teamwork that has gone into the space effort.

All these steps have been taken over the violent and emotional opposition of the reactionaries. The radical right in this country is noisy, powerful, and well financed, and in many places it seems to be in the ascendancy. Theirs is essentially a negative and hysterical reaction to everything about them. It is a nostalgia for a simpler time, in a society that never was. It is not an attempt to solve problems, it is a desire to wish them away.

The members of the lunatic fringe are masterful at oversimplification. They talk much and loudly about patriotism, but willfully ignore the great complexities and terrible dangers of the modern world. They think that foreign policy is best conducted by rattling sabers and threatening nuclear disaster.

If they ever should gain power in this country, they would bring on vast chaos and disorder, and threaten us all with annihilation. "Foreign policy in the modern world," President Kennedy said last month, "does not lend itself to simple black and white choices of good or evil. * * * The purpose of foreign policy is not to provide an outlet for our sentiments of hope or indignation; it is to shape real events in a real world."

The American people will not be fooled by the radical right's brand of fraudulent patriotism. RALPH YARBOROUGH'S views are the direct antithesis of theirs—liberal, democratic, for people. He deals with "real events in a real world," not in demagogic cold war emotionalism. That is why they would so much like to drive him out of the Senate. Let us pray that they do not succeed.

I wish RALPH many more years of success. With your help he will be able to continue his magnificent work for the people of Texas and for his country.

SALUTE TO SENATOR RALPH YARBOROUGH

(By J. Frank Dobie)

I salute RALPH YARBOROUGH not as a liberal nor as a conservative. It is not enough that the elected representative of liberal-voting citizens be liberal; it is not enough that the representative of conservative-voting citizens be conservative.

While the great Edmund Burke was in a race to be elected from Bristol to the House of Commons, he said, in effect, to the voters: "My opponent promises that if elected he will vote according to your will, as you choose. I can only promise to inform myself on issues and to vote as an informed conscience directs." A thoroughly informed conscience is a rarity.

I have known RALPH YARBOROUGH as friend and man for many years. He is perhaps the best read man that Texas has ever sent to Washington. His cultivated and disciplined mind is always seeking information on subjects that Government must act upon. Like other individuals, he travels in a certain direction, but his mind is not closed to facts and conditions warranting a change of mind. The power of intellect to weigh knowledge and to judge justly is his.

We are all for gain. I myself should not always promise and vote as Senator Ralph Yarborough has promised and voted, but mark this: The only gain he has ever sought, consistently or inconsistently, has been public gain. He does not try to milk the public for private profit. He seeks the good of people. Nor is his consideration of humanity provincial minded.

Every man and every woman is judged by his or her sense of values. Whenever the majority of others in any democracy have a high sense of values that country will have become a Utopia. When values of life—values beyond money, values that express civilization, enlightenment, and justice for the human race come up, we can count on Senator Ralph Yarborough to stand for those values.

I salute him for his sense of civilized values, for his sense of justice, for his enlightened intellect, for his decency as a human being, and for his integrity.

Resolution Adopted by the Board of Trustees of the Unitarian Universalist Association on October 14, 1963

EXTENSION OF REMARKS

OF

HON. NEIL STAEBLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 6, 1963

Mr. STAEBLER. Mr. Speaker, the board of trustees of the Unitarian Universalist Association on October 14 adopted a resolution urging that Congress approve a strong civil rights program.

I take this opportunity to insert the resolution in the Congressional Record.

The board of trustees of the Unitarian Universalist Association, recognizing the seriousness of the deep racial crisis which has gripped the United States in recent months and weeks, and reaffirming the traditional concern of Unitarians and Universalists for the supreme worth of every human personality, the dignity of man, and the use of the democratic method in human relationships, respectfully urges that the Congress of the United States enact meaningful, comprehensive civil rights legislation to redress the legitimate grievances of the Negroes and members of other minority groups.

To this end, we endorse the substance and intent of H.R. 7152 and S. 1751 to strengthen voting rights, make discrimination in public accommodations unlawful, speed public school desegregation, establish a Community Relations Service to mediate racial disputes, extend the life of the U.S. Commission on Civil Rights for 4 years and give it added responsibilities, authorize withholding of Federal funds from programs that are administered in discriminatory fashion; and establish as a permanent Commission the President's Committee on Equal Employment Opportunity.

We urge especially that the Congress erase the humiliation which accompanies the members of minority groups when they are refused accommodations or service in hotels, motels, restaurants, business establishments or places of amusement, and that a public accommodations law cover all establishments, of whatever size.

In addition, we urge that amendments be made to the bill to add a permanent Fair Employment Practices Commission to cover hiring, firing, and promotion in all types of employment and membership in labor organizations engaged in interstate commerce. And, further, that the bill be amended to give the U.S. Attorney General power to bring civil suits in all cases where Americans are denied their constitutional rights because of race or religion.

The civil rights program before the Congress represents minimal objectives at this critical point in our Nation's history. One hundred years after the Emancipation Proclamation, the American Negro finds that in education, in employment, in housing, in the exercise of his rights of citizenship, he is still a second-class citizen. The Congress should therefore act this year to bring to fulfillment the promise of the Emancipation Proclamation.

Selection of Bernard M. Baruch and Representative Carl Vinson as Great Americans for 1963 and 1964

EXTENSION OF REMARKS

OF

HON. HERMAN E. TALMADGE

OF GEORGIA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 6, 1963

Mr. TALMADGE. Mr. President, the Editor of Dixie Business, a magazine published in Decatur, Ga., has added to its list of Great Americans, Bernard M. Baruch and Congressman Carl Vinson. Also, Vice Adm. William F. Raborn, who was largely responsible for the development of the Polaris missile, was named by the magazine to its Hall of Fame for the Living.

The magazine and its editor and publisher, Hubert F. Lee, are to be commended for these selections, and I ask unanimous consent that Mr. Lee's news release and accompanying endorsements be printed in the Congressional Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Decatur, Ga.—Bernard M. Baruch and Representative Carl Vinson today were named a Great American for 1963 and 1964, respectively, by the editors of Dixie Business magazine.

Hubert F. Lee, of Decatur, Ga., for 34 years editor of Dixie Business, said that Mr. Vinson was announced a year in advance as he will have served a half-century of "distinguished public service" in the Congress in 1964—the Lord willing—an alltime record.

Vice Adm. William F. Raborn, U.S. Navy (retired), who was responsible largely for success of the Polaris missile, was named to the South's Hall of Fame for the Living, the honor group of 200 living leaders from which the "Man of the South" is elected each year. Texas-born, Oklahoma-reared, Admiral Raborn is now vice president-program management for Aerojet-General Corp., El Monte, Calif. Mr. Baruch has been on this honor group since 1953.

Lt. Col. John H. Glenn, Jr., U.S. Marine Corps, was the Great American for 1962. Others have included Dr. Charles F. Kettering (1955), Cecille B. DeMille, Helen Keller, Tom D. Spies, M.D., Senator Lister Hill, Oveta Culp Hobby, and R. Manton Wilson, M.D.

Pfc. Hubert F. Lee, Jr., U.S. Marine Corps, stationed at Camp Lejeune, N.C., is honorary chairman of the "A Great American" awards committee.

Mr. Baruch, in a letter, wrote Lee:

"Thank you so much for the honor you bestow upon me by naming me the 'A Great American' for 1963. As I look over the list I feel very pleased indeed, particularly to be between two such fine men as Colonel Glenn and Carl Vinson. Vinson has been a wonderful American, especially in the last trying years."

Senator Lister Hill, Democrat, of Alabama, the "A Great American" for 1959:

"My Dear Hubert: I commend you on your selections of Mr. Bernard M. Baruch and Hon. Carl Vinson as the 'A Great American' for 1963 and 1964 and would be glad to help in any way I could."

Pfc. Hubert F. Lee, Jr., U.S. Marine Corps honorary chairman of the A Great American Awards Committee and publisher-designate of Dixie Business: "One nice thing about naming Mr. Baruch for 1963 and Representative Carl Vinson for 1964, nobody will have to ask 'Who is he? or What has he done to deserve it?' "

Senator Herman Talmadge, Democrat, of Georgia: "Congressman Vinson, who has served so long and so statesmanlike in the House of Representatives, is most deserving of this recognition, and I commend you on your choice. In my opinion, it would be most appropriate for a national committee to honor Congressman Vinson next year as he marks a half century of dedicated and outstanding public service.

"With reference to Mr. Bernard Baruch as the "A Great American" for 1963, I am in complete accord and endorse your selection of him for this honor."

Dan Haughton, president, Lockheed Aircraft Corp., Burbank, Calif. (Born in Alabama and on the South's Hall of Fame honor group):

"I was glad to see Admiral Raborn added to the 'Hall of Fame for the Living' and added to the list of nominees for 'Man of the South.' He is a wonderful person and his Navy career was certainly one of dedication and service to our country.

Representative Carl Vinson is an outstanding choice as 'A Great American' for 1964. His lifetime of service to his State and country makes us all proud we are Americans. Mr. Baruch is a great American in any year also."

John J. McDonough, president, Georgia Power Co., "Representative Vinson is a great American and a great statesman. You do well to name him the 'A Great American' for 1964. Mr. Baruch is a grand selection for the 1963 'A Great American' Award."

Gov. Carl Sanders, of Georgia: "I certainly agree that Mr. Vinson has provided his State and his Nation with half a century of distinguished public service. I consider the honor very appropriate, and know he will be delighted to receive it. (It was my pleasure to name you and Hubert, Jr., to my staff as lieutenant colonels.)."

Congressman PHIL M. LANDRUM, Democrat, Georgia. "I think the Honorable CARL VINSON is an excellent selection for your 'A Great American' award for 1964 or any other year."

Congressman CHARLES LONGSTREET WELTNER, Democrat, Georgia. "I think your idea of naming Mr. VINSON as your 'A Great American' for 1964 is an excellent one. His service to our country and to our State certainly is worthy of note."

Adm. David L. McDonald, U.S. Navy, Chief of Naval Operations, in reply to letter re Admiral Raborn:

"There is no doubt that Admiral Raborn is a great American—one whose contributions to his country and to the preservation of its security will long be remembered.

"I am sure Admiral Raborn would be honored by his addition to the South's Hall of Fame for the Living honor group.

"I certainly would be proud to recommend him for any honor which citizens of our great country might desire to pay him."

Senator STUART SYMINGTON, Democrat, of Missouri (first Secretary of the Air Force and himself one of the leaders considered for the A Great American Award):

"There never was a better American or a more able one than Vice Admiral Raborn."

Rear Adm. E. M. Eller, U.S. Navy, retired, in letter dated August 30, 1961:

"I notice with interest your Hall of Fame for the Living. If the ballot can be extended I recommend you add Admiral Raborn, father of the Polaris ballistic missile submarine: one of the greatest steps forward in the security in history."

Congressman J. L. PILCHER, Democrat, of Georgia: "I am sure that Congressman VINSON will be delighted with this show of appreciation on your part for his fine service to America and the U.S. Congress."

Don Carter, managing editor, the National Observer, former city editor of the Atlanta Journal: "I applaud your selection of Mr. VINSON. He has certainly made an outstanding record for Georgia."

Brig. Gen. William R. (Bill) Wendt, U.S. Marine Corps, retired, National Chairman Marine Corps Affairs Committee of the Navy League of the United States:

"I am also of the belief that Gen. David M. Shoup, U.S. Marine Corps, CMC, and his designated successor, Gen. W. M. Greene, Jr., U.S. Marine Corps, deserve serious consideration for the honor in the immediate years ahead.

"Accordingly, I hereby nominate them seriatim for A Great American in 1965 and 1966." (General Shoup was among the top seven for this year's "A Great American" for 1963 selection—editor's note.)

Emeline Nollen, assistant to editor in chief and founder 40 years ago of Time magazine, Henry R. Luce, another of the top seven for "A Great American" for 1963 award:

"Mr. Luce has asked me to thank you for your letter and for the honor that you almost bestowed upon him.

"Of course, the honor of being thought of in the company of Mr. Baruch and the other names you mentioned is a signal one in any case."

John A. Gronouski

EXTENSION OF REMARKS

OF

HON. BIRCH E. BAYH

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Wednesday, November 6, 1963

Mr. BAYH. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a speech by Postmaster General John A. Gronouski at a dinner October 26 commemorating the centennial of free city delivery.

Mr. Gronouski presented significant ideas and statistics in support of President Kennedy's omnibus educational bill, and I would like to identify myself with his remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS BY JOHN A. GRONOUSKI, POSTMASTER GENERAL, AT A DINNER COMMEMORATING THE CENTENNIAL OF FREE CITY DELIVERY, SHERATON-PARK HOTEL, WASHINGTON, D.C., OCTOBER 26, 1963

One of the first things I heard about the postal service was that letter carriers always know what is happening long before anyone else does. The scheduling of this dinner is a case in point. The date was set months before I even knew I was going to be the Postmaster General. But the letter carriers must have known. Why else would they have set this great celebration on my birthday?

It is a pleasure to be here to help honor Bill Doherty and to commemorate the 100th anniversary of free city delivery. Free city delivery is even older than I am. And it is a lot older than Bill Doherty, even though his name has been synonymous with letter carrier in Washington for about as long as anyone can remember. But Bill is still young and exuberant.

Bill Doherty is one of the great labor leaders of this era. In his 30 years as a national officer of the National Association of Letter Carriers, he played a central role in building unions of Government employees into the influential and responsible organizations they are today.

Bill Doherty was one of the best ambassadors the postal service and Federal employee organizations ever had. The country was fortunate in getting him to put his ambassadorial talents to work for the Nation. He is the first labor leader to become an Ambassador in the Nation's history. From all the reports I get he is doing a brilliant job.

Back in 1961, when he was still president of the NALC, Bill Doherty said the following about the personnel policies of the new postal administration: "The labor-management climate is practically ideal. For the first time in our recorded history, our opinions are sought and seriously considered before important policy decisions affecting us are made."

I am delighted that organizations of Federal employees have flourished under the Kennedy administration and that the Post Office Department has taken the lead in the area of enlightened labor relations. I want to reiterate what I have already said several times since becoming Postmaster General. I intend to carry forward the program of consultative management. My door will always be open to union leaders who have problems which they wish to discuss with me.

Bill Doherty managed to achieve great things without the advantage of a college education. The William C. Doherty Scholarship Fund, which will enable talented sons and daughters of letter carriers to go to college, is a wonderful way to honor him. The fund is another indication of the marvelous job organized labor is doing to open educational opportunities for its members' children. AFL-CIO unions award more than 1,000 scholarships annually, at a cost of more than $1 million each year.

I feel very deeply that every child who has the talent and ability to make use of a college education should get one. We talk a great deal about equality of educational opportunity in this country, but we do shockingly little about it. Huge differences continue to exist in the kind and quality of education available to our children.

Eight percent of our young people still fail to complete the eighth grade. One-third never finish high school. Almost half of those who do graduate from high school don't go on to college. Among them are many bright and ambitious youngsters. These young people want to continue their education, but they simply cannot afford it.

Half of the students in private colleges and universities come from families who rank in the top 10 percent of the Nation in terms of income. In public institutions 25 percent come from families ranking in the top 10 percent in terms of income.

This should not really surprise us. It costs about $1,750 to send a boy or girl to college for a year. Median family income last year was less than $6,000. In other words, it takes almost one-third of an average family's entire income to finance a year's college education for a single child. What is a family with nine children—like Bill Doherty's—supposed to do? To me, this is a terrible and depressing situation.

The postwar baby crop is now advancing to college age. College enrollment is expected to double in the present decade, reaching 7 million by 1970. To meet the minimum needs of this enrollment, we should be spending $2.3 billion a year for the expansion of college facilities. So far we are spending only $1.3 billion.

Progressive mechanization and the increasing complexity of American society demand that we sharply upgrade the educational level of our entire population. There are great gaps in the country's need for trained personnel—teachers and engineers, doctors and nurses—but there is less and less demand for people with no significant training.

When are we going to take action to meet this need? When are we finally going to see to it that gifted youngsters are not prevented by weight of economic circumstance from getting the education they require to fill openings in technical and professional fields?

President Kennedy's omnibus education bill calls for substantial Federal aid to increase educational opportunities at every level. Included are provisions for both loans and grants for construction to colleges and universities, and for assistance to students pursuing graduate study. I urge you to get behind this program and give it all the support you can.

I want now to present our city delivery commemorative stamp. The whimsical drawing of a nineteenth century letter carrier walking in the rain accompanied by a small boy and a dog was done by Norman Rockwell. We all take free mail delivery to our homes so much for granted now that it seems a little hard to believe that it began only a hundred years ago. Up until 1863, when free delivery was inaugurated in 49 cities, mail in large communities was delivered by private carriers who charged the recipient 2 cents per letter. Where the penny post, as it was called, was not in use, mail had to be picked up at the local post office. Picking up one's mail could be an onerous chore. Lines of people often stretched out for long distances from delivery windows.

Montgomery Blair, Abraham Lincoln's Postmaster General, who instituted free delivery, believed that good service and the convenience of the public should in all instances be the primary consideration of the Post Office Department, a belief we still subscribe to. In 1887, Congress required the Department to extend free delivery to every city with a population of over 50,000, and permitted its extension to smaller communities having a population of 10,000, or gross post office revenues of $10,000. The Department now employs about 170,000 city letter carriers.

The City Delivery stamp is the first commemorative to employ a phosphorescent tagging technique. The stamps are coated with a luminescent material that glows green under the special lamps of a new electronic mail-sorting machine. Airmail stamps coated with luminescent material will glow red. The new equipment detects stamps, automatically cancels them, and sorts all the envelopes so that they face the same way. It can handle up to 30,000 envelopes per hour. The new gear is an improvement over our older facer-canceler machines which operate on a photoelectric principle. It is a part of our overall program of developing and installing the most modern available techniques in the handling of mail.

I hope that this stamp, which went on sale in Washington today, will remind Americans everywhere of the fine spirit and dedication of the men who deliver the mail.

Use of Taxpayers' Money and Facilities of Agencies of the Executive Branch To Advance Political Fortunes of the Present Administration

EXTENSION OF REMARKS

OF

HON. ROBERT DOLE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 6, 1963

Mr. DOLE. Mr. Speaker, as a veteran I was deeply disturbed upon reading a news story in the November 2, 1963, Knoxville Journal of Knoxville, Tenn., headed "Vote Hunting Ad in Franked Mail Draws Ire of Residents." The story is critical of a recent innovation in the veterans' benefit program.

Through a cooperative arrangement between the White House and the Veterans' Administration, upon the death of a veteran, a certificate bearing the signature of President Kennedy is mailed to his next of kin. According to the language of the certificate, it is awarded in recognition of devoted and selfless consecration to the service of mankind in the Armed Forces of the United States.

Not content, Mr. Speaker, with forcing this certificate upon the bereaved next of kin of those who now die, the administration is also soliciting the next of kin of those who died many years ago. Next of kin of deceased Civil War veterans and the Indian wars of the 1800's are even being solicited. The facilities of the Veterans' Administration, of course, are utilized in this great public relations campaign.

In a communication addressed "To the Next of Kin of Honorably Discharged Deceased Veterans," the Administrator of Veterans' Affairs, J. S. Gleason, Jr., says:

> President Kennedy holds in such high esteem those who have served our country in the Armed Forces of the United States that he has inaugurated his Presidential memorial certificate program. Under his program a certificate bearing his signature is furnished to the next of kin.
>
> We in the Veterans' Administration help in the President's program by identifying next of kin eligible to receive the certificate.
>
> If you have not received a certificate and would like one (illustrated below), you should complete the enclosed card and mail it to the President.

This letter is accompanied by a return address card to be sent to the President at the White House by those desiring the certificate. Approximately 1.2 million of these solicitation letters will be mailed to next of kin this year.

I must confess, Mr. Speaker, that even after several readings of this communication, I was left with the distinct impression that this is the President's personal program financed by personal funds. In truth, however, it is a Federal Government program financed by the Nation's taxpayers.

In a letter of instruction to managers of Veterans' Administration regional offices, the Veterans' Administration's Chief Benefits Director says:

> I know I can count on your full support and that, recognizing the significance of the President's program, you will exert every effort to insure the utmost accuracy in this program, not only in furnishing the full and correct name of the deceased veteran, but the correct name and address of the next of kin entitled to the certificate.

Just what is the significance of the President's program? Could he possibly mean the political significance of this program? I rather think so.

Now, this project seems to be a nice gesture to a bereaved mother or widow. It may give one a warm friendly feeling toward our President which may even carry over to the next election. But seriously, Mr. Speaker, this project, playing as it does upon the emotions of a veteran's loved ones, is in extremely poor taste and quite objectionable and unnecessary.

Certainly the finest memorial that a grateful Nation can provide in recognizing devoted and selfless service is a sound structure of veterans benefits—adequate compensation or pension payments to disabled veterans and the survivors of deceased veterans; education for the children of the service-connected dead; and a hospital system providing care and treatment for those who were fortunate enough to survive our Nation's war's.

Approximately $60,000 of the Veterans' Administration budget for the last fiscal year was devoted to the distribution of the President's certificate. Undoubtedly this will be increased substantially during the current fiscal year. Now, $60,000 these days doesn't seem like a lot of money, but take a look at what it will buy in essential service to veterans.

For $60,000, the Veterans' Administration can pay 1 year's compensation payments to 20 totally disabled service-connected veterans. Educational benefits for 1 year can be given to 45 children of veterans who were killed in action. Thirty-eight widows of men who died in service could be paid death benefits for 1 year.

In the average Veterans' Administration general hospital, 73 veterans could be hospitalized for a period of 30 days. Nursing type care, a service urgently needed in the Veterans' Administration program, could be provided for 6 months for at least 18 aged veterans now occupying beds designed for acutely ill patients.

These are but a few of the things, $60,000, well spent, can accomplish. Mr. Speaker, if this project is indicative of the administration's effort to include in their fiscal program only those expenditures which meet strict criteria of fulfilling important national needs or if this project represents the efficient and frugal conduct of the public business, both promised in the budget message, then I suggest we are being deceived.

Equally alarming, Mr. Speaker, is the fact this project seems to be a part of a pattern—a pattern in which the taxpayers' money and the facilities of agencies of the executive branch of the Federal Government are being used to advance the political fortunes of the present administration. Let me illustrate.

Soon after this administration assumed office, the Veterans' Administration announced that the 1961 dividend due on Government life insurance policies would be paid early. This in itself is commendable. Included with the dividend check mailed to all policyholders, however, was an insert labeled "Important Notice." The first sentence reads:

> The VA is paying ahead of schedule the 1961 dividend on Government life insurance as part of the President's program for advancing the economy.

The propriety of advertising the President's program in this manner at taxpayers' expense is certainly questionable.

During the 87th Congress, a bill increasing the rates of compensation for service-connected disability was enacted into law. Now, normally you would expect the insert accompanying the monthly check to contain an impersonal message advising the veteran that an increase had been authorized by public law. Well, here is how the first line of this commercial reads:

> President Kennedy has signed a law increasing service-connected compensation rates for disabled veterans.

Certainly, a paid political announcement could expect no better results than this type of advertising.

Under an administration where managed news has become a household word, it is certainly no surprise to see this policy extended as outlined above. However, it is tragic that the energy devoted to creating the most favorable image for the President and his brothers, Bobby and Teddy, could not be used for something other than the political perpetuity of the Kennedy family. One of our major service organizations has the motto "To Honor the Dead by Helping the Living," and with this thought in mind perhaps someone in the Veterans' Administration or in the executive branch of this administration might delay their public relations efforts long enough to assist ex-Marine Noble Frank Smith, a Bataan death march survivor now married and the father of five children in his difficulty with the State Department. According to recent news reports, the State Department has asserted that Mr. Smith's wife and son owe the U.S. Government $1,421 for emergency war relief given to them while Smith was in a Japanese prison camp and they were interned in Shanghai for 2 years.

I include herein a breakdown of costs of the mass memorial certificate mailing monstrosity along with a copy of the memorial certificate and copy of the self-serving notices veterans received with their 1961 insurance dividend and a copy of the notice disabled veterans received with their first increased compensation check following enactment of a bill by the 87th Congress, not by the President. I would also like to include the news story from the Knoxville Journal of November 2, 1963:

Presidential memorial certificate program

Unit cost of processing:	
Stamp	$0.04
Certificate	.085
Clipboard insert	.004
Envelope	.0136
Unit cost total	.1426
Salary costs of 8.4 employees annually:	
Minimum for 1 GS-5	4,565
Minimum for 1 GS-4	4,110
Minimum for 6.4 GS-3 at $3,820 each	24,448
Total annual salary costs	33,123
Total costs fiscal year 1963 (187,318 certificates were processed and mailed):	
187,318 multiplied by $.1426 per unit equals total processing cost	$26,711.55
Processing cost	26,711.55
Salary cost	33,123.00
Total cost of program during fiscal year 1963	59,834.55

Let me point out, Mr. Speaker, that this cost estimate is based upon the actual cost of the certificate and its processing. It does not include the cost of the 1.2-million solicitations being mailed during the current fiscal year.

The United States of America honors the memory of-----------------------------

This certificate is awarded by a grateful nation in recognition of devoted and selfless consecration to the service of mankind in the Armed Forces of the United States.

JOHN F. KENNEDY,
President of the United States.

THE 1961 SPECIAL DIVIDEND

The enclosed check or statement is a special dividend on your Government life insurance policy. This dividend is an extra one being paid in 1961, and represents your share of gains and savings in the insurance fund.

VETERANS' ADMINISTRATION.

Always keep your choice of beneficiary up to date.

IMPORTANT NOTICE

The VA is paying ahead of schedule the 1961 dividend on Government life insurance as part of the President's program for advancing the economy. These advance payments are made on the assumption that your premiums will continue to be paid for the remainder of your policy year. If premiums are not so paid, this dividend will constitute a partial overpayment which will become an indebtness against your insurance.

VETERANS' ADMINISTRATION.

NOTICE

President Kennedy has signed a law increasing service-connected compensation rates for disabled veterans. The increase is included in the enclosed check. This check also includes a retroactive payment equal to a 3-month increase as provided by the new law unless special action is necessary. In that case you will get your adjustment check in the near future.

The table on the back of this notice shows some of the new wartime rates. Compensation based on peacetime service is paid on approximately 80 percent of the amounts shown.

Degree of disability	Old rate of payment	New rate of payment [1]
10 percent	$19	$20
20 percent	36	38
30 percent	55	58
40 percent	73	77
50 percent [2]	100	107
60 percent [2]	120	128
70 percent [2]	140	149
80 percent [2]	160	170
90 percent [2]	179	191
100 percent [2]	225	250

[1] The amount payable for all checks received after the 1st one.

[2] Veterans disabled 50 percent or more may receive an additional allowance for dependents. The law does not change the amounts paid for dependents.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I would appreciate having a memorial certificate honoring the memory of:

Please print-----------------------------
(First name) (Initial) (Last name)

Please mail the certificate to me at the following address:

Please print-----------------------------
(Your name)

(Number) (Street)

(City) (Zone) (State)

[From the Knoxville Journal, Nov. 2, 1963]

VOTE-HUNTING AD IN FRANKED MAIL DRAWS IRE OF RESIDENTS

Several Knoxvillians complained yesterday of President Kennedy seeking votes by enclosing advertisements in checks mailed to survivors of war veterans by the Veterans' Administration in franked envelopes.

The vote solicitation comes in the form of a letter offering the next of kin a "Presidential Memorial Certificate" over the signiture of J. S. Gleason, Jr., Administrator of Veterans' Affairs.

The letter states: "We in the Veterans' Administration help in the President's program by identifying next of kin eligible to receive the certificate." It came in checks for widows and children of war veterans which arrived in Knoxville Thursday and Friday.

The vote soliciting apparently went out in checks mailed throughout the United States.

A Chattanooga lawyer, Joe M. Parker, said one of his clients, a veteran's widow received one yesterday.

He accused Kennedy of trying "to exhume the memory of deceased veterans in an attempt to solicit votes of surviving widows and orphans."

The letter offered the memorial certificate if the next of kin should complete the enclosed form and mail it to the President.

This is undoubtedly an absolute low in an attempt to influence votes," Parker said. It used to be $2, a pint of whisky, or a cigar. Now it's an autograph."

SENATE

THURSDAY, NOVEMBER 7, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou God of grace and mercy, who revealest Thyself in all that is true and pure and lovely, we beseech Thee so to cleanse our hearts of all that defiles that they may be fitting audience chambers for Thy presence, for Thou hast told us that it is only the pure in heart who shall see God.

We come with anxious burdens on our minds and hearts for our Nation and the world, with haunting fears spoiling the music of what could be a fair earth, but which is being cursed by an uneasy peace which is, itself, war. We come with deep concern for the future our children's children will inherit from our blundering hands.

So, with contrite hearts, amid relentless duties, we pause in the midst of toiling hours to acknowledge our human frailties and to lean our weakness against the pillars of Thy almightiness.

We ask it in the name of the Holy One who came to bring life abundant to all the earth. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, November 6, 1963, was dispensed with.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

MEDAL IN COMMEMORATION OF 150TH ANNIVERSARY OF INDIANA STATEHOOD

Mr. MANSFIELD. Mr. President, after conferring with the distinguished minority leader, and I hope with the concurrence of the Senate, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 607, House bill 3488; and Calendar No. 608, House bill 7193.

The PRESIDENT pro tempore. Calendar No. 607 will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 3488) to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana.

The PRESIDENT pro tempore. Is there objection to the request for the present consideration of this bill?

There being no objection, the bill (H.R. 3488) to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 630), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

> The Committee on Banking and Currency, to whom was referred the bill (H.R. 3488) to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.
>
> The bill authorizes and directs the Treasury Department to manufacture for, and to sell to, an official agency of the State of Indiana, the Indiana Sesquicentennial Commission, not more than 100,000 national medals, at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses. Security satisfactory to the Director of the Mint must be furnished to indemnify the United States for the full payment of such cost. The medals shall be made and delivered in quantities of not less than 2,000, and no medals shall be made after December 31, 1966. Upon authorization from the Indiana Sesquicentennial Commission, the Secretary of the Treasury shall coin and sell to the public duplicates of the medals at cost (including labor).
>
> The medals would carry suitable emblems, devices, and inscriptions to be determined by the Indiana Sesquicentennial Commission, subject to the approval of the Secretary of the Treasury. The medals shall be of such size and of such metals as shall be determined by the Secretary of the Treasury in consultation with the Indiana Sesquicentennial Commission.
>
> H.R. 3488 and a number of companion bills were the subject of hearings before a subcommittee of the House Banking and Currency Committee at which Representative William G. Bray, Representative Donald C. Bruce, Representative Winfield K. Denton, and Representative Richard L. Roudebush testified in support of this legislation. H.R. 3488 was reported on September 25, 1963 (H. Rept. 766, 88th Cong.), and it passed the House of Representatives on October 7, 1963. H.R. 3488 was considered by the Subcommittee on Financial Institutions on October 30, 1963, and by the full committee on October 31, 1963, and it was ordered reported without objection.

MEDAL IN COMMEMORATION OF 50TH ANNIVERSARY OF FIRST UNION HEALTH CENTER OF INTERNATIONAL LADIES' GARMENT WORKERS' UNION

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana for the present consideration of Calendar No. 608, House bill 7193?

There being no objection, the bill (H.R. 7193) to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 631), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

> The Committee on Banking and Currency, to whom was referred the bill (H.R. 7193) to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.
>
> H.R. 7193 would authorize and direct the Secretary of the Treasury to strike and furnish to the International Ladies' Garment Workers' Union an appropriate silver medal, and not more than 2,000 copies in bronze, at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses. Security satisfactory to the Director of the Mint would have to be provided to indemnify the United States for the full payment of all costs in connection with the issuance of the medals.
>
> The medals would bear suitable emblems, devices, and inscriptions to be determined by the International Ladies' Garment Workers' Union, subject to the approval of the Secretary of the Treasury. The medals would be delivered in quantities of not less than 1,000, and no medals could be made after December 31, 1965.
>
> Amendments to the original proposal (H.R. 6014, S. 1449) were recommended by the Treasury and have been incorporated in the clean bill reported to and passed by the House of Representatives. Subject to these amendments, the Treasury expressed no opposition to the bill.
>
> The significance of the event which these medals would commemorate are set forth in letters from the sponsor of the Senate companion bill, S. 1449, Senator Hubert H. Humphrey, and from the Secretary of Labor, which are printed below as part of this report.

PETITION

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a petition, signed by Howard Hillier, of Dafter, Mich., transmitting articles from the U.S. News & World Report, and Newsweek, which relate to a prior petition from him on October 28, 1963, praying for a redress of grievances, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTSON, from the Committee on Banking and Currency, with amendments:

S. 2079. A bill to provide for the striking of three different medals in commemoration of the Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument American Museum of Immigration in New York City, N.Y. (Rept. No. 633).

By Mr. WILLIAMS of New Jersey, from the Committee on Banking and Currency, without amendment:

S. 2032. A bill to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters (Rept. No. 634).

By Mr. RANDOLPH, from the Committee on Public Works, without amendment:

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes (Rept. No. 636); and

H.R. 6001. An act to authorize the conveyance to the Waukegan Port District, Illinois, of certain real property of the United States (Rept. No. 637).

By Mr. RANDOLPH, from the Committee on Public Works, with amendments:

S. Res. 217. Resolution to authorize a study of a national system of scenic highways (Rept. No. 635).

By Mr. MUSKIE, from the Committee on Public Works, without amendment:

S. 432. A bill to accelerate, extend, and strengthen the Federal air pollution control program (Rept. No. 638); and

By Mr. MUSKIE, from the Committee on Public Works without amendment:

H.R. 6518. An act to improve, strengthen, and accelerate programs for the prevention and abatement of air pollution.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. ROBERTSON, from the Committee on Banking and Currency:

J. Dewey Daane, of Virginia, to be a member of the Board of Governors of the Federal Reserve System.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THURMOND:

S. 2294. A bill to amend the provisions of the United States Code with respect to the jurisdiction of courts of appeals of the United States to review orders of administrative officers and agencies, and for other purposes; to the Committee on the Judiciary.

By Mr. EDMONDSON:

S. 2295. A bill to provide for the sale by the Secretary of the Army of certain lands in the Fort Gibson Reservoir, in Oklahoma, subject to flowage easements and other reservations; to the Committee on Public Works.

By Mr. YARBOROUGH:

S. 2296. A bill to provide for the establishment of the Guadalupe Mountains National Park, in the State of Texas; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. Yarborough when he introduced the above bill, which appear under a separate heading.)

BILL TO CREATE GUADALUPE MOUNTAINS NATIONAL PARK IN WEST TEXAS

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill to provide for the establishment of the Guadalupe Mountains National Park in Texas.

Information has reached me that the National Parks Advisory Board, in a meeting at the Big Bend National Park in Texas this week has recommended the creation of the Guadalupe Mountains National Park in Texas.

While I have often advocated this national park in public statements on the floor of the Senate and in Texas, I have not previously introduced a bill for its creation, because no national park should be created unless approved by the Advisory Board. The approval by the Advisory Board on Wednesday, November 6, clears the way for this bill.

This Guadalupe Mountains National Park area is in the Trans-Pecos portion of West Texas, in Hudspeth and Culberson Counties, adjacent to the New Mexico boundary on the 32d parallel. It is 100 miles east of El Paso and 55 miles southwest of Carlsbad, N. Mex., and about 30 miles from the Carlsbad Caverns. It includes the greater part of the Guadalupe Mountain Range that lies in Texas.

The park would contain about 70,000 acres of land and ranges in elevation from 3,700 to 8,750 feet above sea level.

The park includes areas of grassland, shrubs, and also heavy timber including pine, maple, fir, oak, and pecan, and is watered by springs and wells.

The park has an abundant wildlife including blacktail deer, mountain elk, bear, and maybe a few Texas mountain sheep.

The scenery is magnificent; the climate is wonderful. This will make a gem of a national park.

Texas has two national parks, the Big Bend and the Padre Island Seashore area. The Guadalupe Mountains National Park will complete the trilogy, and give Texas and the Nation three great parks within Texas, truly national in area, scope, interest, availability, and uniqueness.

Robert E. Lee, stationed in Texas just before the Civil War, in answer to a statement by a subordinate officer that no one would settle west Texas, looked out across the plains of Texas and said, "I hear the footsteps of the coming millions."

Mr. President, the vision of Robert E. Lee has come to pass. And now, in addition to millions of settlers, many more millions than that will come in the future to view the beauties of this new great national park, the Guadalupe Mountains National Park.

Congressman-at-Large JOE POOL, of Texas, has been very much interested in this park, and has worked diligently on this matter.

I first visited this beautiful area in 1929. For 34 years I have admired its great beauty. Having lived in El Paso for 3½ years as a young lawyer, I became interested in seeing this great natural treasure preserved for future generations.

I ask unanimous consent to have printed at this point in the RECORD various editorials, resolutions, and letters supporting the bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the editorials and resolutions will be printed at this point in the RECORD.

The bill (S. 2296) to provide for the establishment of the Guadalupe Mountains National Park, in the State of Texas, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The editorials, resolutions, and letters are as follows:

[From the Dallas Morning News, May 19, 1963]

GUADALUPE MOUNTAINS—ROAD LEADS TO BEAUTY

(By Frank X. Tolbert)

GUADALUPE MOUNTAINS, CULBERSON COUNTY.—A new road being paved through the wilds of central Culberson County will put the Guadalupe Mountains, Texas highest ground, on an almost direct series of paved highways between Midland-Odessa and El Paso, or between Dallas and El Paso. Previously, if you wanted to include the spectacular Guadalupes on your journey westward to El Paso, you had to make a wide swing up in New Mexico, by way of Carlsbad National Caverns Park. Or you had to detour off Highway 80, driving due north for about 65 miles from Van Horn, Culberson County, over State Highway 54.

On the new roadway, which will save at least 50 miles on your trip to the Guadalupes, about 18 miles have been paved recently west of the town of Orla, which is near the Pecos River and the New Mexico border in Reeves County. This extension out of Orla is styled Ranch Road 652. A few months and about 25 miles more paving will be required to connect Ranch Road 652 with Ranch Road 1108, about 5 miles from where U.S. Highways 62 and 180 (between El Paso and Carlsbad, N. Mex.) cross the Texas-New Mexico border. And at this point you will be just a few miles east of the 8,751-foot-high Guadalupes.

This writer went out from Orla one day last week in a 4-wheel-drive Jeep to inspect the new road into the Guadalupes. At the end of the 18 miles of pavement there were some very discouraging "road closed legends" on barricades. Managed to talk myself beyond these obstacles. And I found that the only reason the road is closed in fair weather is that the workmen don't want to be pestered with a lot of dust-raising traffic. The broad, hard-packed caliche lanes being readied for the paving were no challenge for the mighty Jeep. In fact, I could have driven through there on a bicycle, although there would have been some hard pulls on a bike during the passage through the Rustler Hills, a series of limestone-capped, dome-shaped and very barren elevations on the way.

From 50 miles or more to the eastward you can see the great, barren walls of the Guadalupes. You have to be very close to see that the mountains are topped off with fairly heavy stands of timber, these including ponderosa pine and Douglas fir. You would never guess, though, by looking at the forbidding sides of the mountains that there are beautiful, wooded, and watered canyons within the inner folds of the Guadalupes.

My first stop in the mountains was at Old Frijole, once a town and post office, but now the limestone headquarters of J. C. Hunter Jr.'s Guadalupe Mountain Ranch. There, Hunter's ranch manager, Noel Kincaid, was getting ready for the visit of about 60 outdoor editors and writers from newspapers and magazines and for other guests who were coming here for a weekend inspection of the Guadalupes.

Hunter has his ranch, which includes much of the Guadalupe range, up for sale. And there have been proposals that the Hunter Ranch be made into a national or State park.

The outdoor writers came here last weekend for horseback and muleback inspections of the spectacular property which may become a public playground.

"Them writers will be pestering me for stories about 'The Treasure of the Guadalupes,' " said Noel Kincaid, an athletic fellow of 38 who has lived in these mountains all his life and loves them well.

Noel said that the mischiefmakers who've done most to build up those "Treasure of the Guadalupes" stories have been Gen. Lew Wallace, the author of "Ben Hur," and J. Frank Dobie, the author of "Coronado's Children."

When he was the Governor of New Mexico Territory in Billy the Kid times (1878–81), General Wallace said he was poking around the Spanish archives in Santa Fe and he found records that there were rich gold deposits in the Guadalupes, only the way to the mines had been lost through some 17th century acts of carelessness.

Frank Dobie, who hit a best-seller lode with his book, "Coronado's Children," quoted the Apache chief, Geronimo, as saying that the richest gold mines in the Western World lay hidden in the Guadalupes.

One of Dobie's best chapters recited the story of Old Ben Sublett, an Odessa, Tex., character in the late 1880's and early 1890's, who would often slip off in the direction of the Guadalupes and then return with gold nuggets. Sublett claimed he'd found a fabulous mine, but the secret of its location, assuming there really was a mine, died with him in 1892. Until recent years, Old Ben's son, Ross Sublett, often appeared in the Guadalupes, searching for papa's treasure trove.

In recent years, the most persistent searcher for the lost Guadalupe Mine has been a fellow with a Santa Claus beard, Ben Watson, who claims to be more than 100 years old. Also, the 1963 prospector talks like Old Ben Sublett. Last year, Ben Watson told me: "I know where the Sublett Mine is but I'm not a-telling. The world ain't ready for that mine". Sublett also frequently expressed doubt of the world's readiness for his discovery.

Last week when I called at Ben Watson's little cement house near the base of the peak, he wasn't at home. And I was told at Pine Springs, at the head of Guadalupe Pass, that Watson had retired from prospecting and is living in Big Spring.

Old Ben Sublett and Old Ben Watson appreciated the real treasures of the Guadalupes, I think, more than any gold they may have carried out. These treasures include McKittrick Canyon, certainly one of the loveliest canyons in the Southwest, and the main place where the outdoor writers had their convention over the weekend.

Wallace Pratt, a prominent geologist, has already donated 6,000 acres of Lower McKittrick Canyon to the National Park Service, and this acreage is now an extension of Carlsbad Caverns National Park.

Upper McKittrick Canyon is much more beautiful. As Pratt phrased it, J. C. Hunter has "by personal sacrifice and self-denial managed to keep this lovely canyon in its original state. Hunter has not grazed his livestock in McKittrick Canyon although it is the best watered portion of his ranch. The present owner of Upper McKittrick Canyon (Hunter) is not a wealthy man. I believe he would—as I have done—make a gift of his part of the canyon to the public, if his financial resources permitted him to do so. And yet here is a worthy cause for public-spirited Texans. The Guadalupe Mountains have repeatedly and authoritatively been pronounced unique on the North American Continent. Shall we not resolve to make these precious land forms and wildlife habitats into a public sanctuary?"

McKittrick is a narrow gorge which Pratt, once chief geologist for Humble, believes may have been originally one of the Carlsbad Caverns, only the roof fell in. It has sheer walls of from 1,000 to 1,700 feet. And, for 4 miles of the canyon, there is a nameless but delightful mountain stream, stocked with rainbow trout. The canyon is heavily planted in pine, fir, oak, cedar, willow, juniper, manzanita trees, and other interesting botany.

The canyon and the approaches to it are populated by hundreds of big, black-tail deer, very bold fellows since the national park was put on Pratt's old ranch. (J. C. Hunter never allows any hunting in the upper canyon.) And on the tops of the Guadalupes is a herd of about 250 elk, the only elk in the wild state in Texas. And these are hunted only after surveys made by the State game commission show that the elk are increasing too fast for their range to support them.

"I've lived here all my life, and I've never found any gold mine," said Noel Kincaid. "But I've sure found some things to be treasured."

[From the Abilene Reporter-News, July 4, 1963]

STEP BACK INTO TIME IN EL CAPITAN'S SHADOW

(By Robert H. Johnson, Jr.)

PINE SPRINGS, TEX.—The Guadalupe Mountains turn a forbidding face on travelers hurrying past in the desert glare. But it is only a front—shielding a green highland wilderness of canyon and forest. Elk, deer and turkey wander there, and trout dart in a cold, clear stream.

The National Park Service now owns a small part of this area. It is looking into the possibilities of acquiring another 60,000 acres so that the interior beauty of the Guadalupes can be seen by anybody.

The new park would take in Texas most famous natural landmark, El Capitan, and the State's highest point, Guadalupe Peak.

The Guadalupes are a wedge-shaped range stretching from southern New Mexico to a point in west Texas about 100 miles east of El Paso and 40 miles southwest of Carlsbad, N. Mex.

El Capitan is the southernmost point of the range. Its sheer limestone walls rise awesomely from the foothills to a height of 8,078 feet. Behind it several peaks tower higher, and Guadalupe Peak reaches 8,751 feet.

This high country now is part of Guadalupe Mountain Ranch, 71,790 acres of desert and mountain owned by J. C. Hunter, Jr. of Abilene, an independent oilman whose father bought the ranch in 1924.

Over the years, the Hunter family has protected the wilderness as a game and vegetation preserve.

Wallace Pratt, a geologist often called the father of Humble Oil's geology department, has a ranch near the Hunters. In March 1961, he gave about 6,000 acres of it to the National Park Service.

The Park Service has a ranger stationed to protect this relatively small area from harm. The public is not admitted now.

The additional 60,000 acres would come from the Hunter ranch. Pratt's former land adjoins Hunter's in McKittrick Canyon.

From the Hunter family lodge, the canyon cuts into the east side of the Guadalupes.

A rough foot trail disappears among limestone boulders. Maple, oak, wild cherry, ash, walnut, ponderosa pine and alligator juniper trees—so called because of their rough bark—grow on either side of McKittrick Creek and along the canyon walls. Madrones spread smooth, salmon-colored limbs ending in clusters of deep green leaves. Sotol and mescal grow among the trees.

Cliffs rise straight up, as much as 2,000 feet above the canyon floor.

It is a rough hike up the canyon.

The limestone walls and boulders, the towering trees and the sentinellike mescal—or century plant—all create an impression of rugged, enduring grandeur.

Yet there is fragile beauty, too. Swifts dart above you. Canyon wrens whistle their descending scale, and mockingbirds echo them.

Where cloudbursts and winds have hollowed wide overhangs in the walls over centuries, constant seepage deposits delicate buds of white limestone on moss, and maidenhair fern fringes the crevices. Yellow columbine and blue lupine grow in the sunny places along the stream.

Emerald-green June bugs buzz in the trees. And Chinese-red dragonflies flirt with death over the pools where rainbow trout—the only ones in Texas—glide between sunlight and shadow.

To get to the big timber country high in the mountains, it's best to go horseback. Noel Kincaid, foreman of the Hunter ranch, leads the way up Bear Canyon from his headquarters just off U.S. 180.

Bear Canyon is on the southern face of the range. It rises in a rocky surface dotted with scrub spruce, mescal, sotol and madrones.

The trail switches nearly 3,000 feet up a 70° slope, where your horse needs a goat's feet in the shale.

At the crest, a rolling green forest spreads over the ridges and an area called the bowl. Ponderosa pine, Douglas-fir, and oak tower together. This is the land of the elk—like the trout the only ones in Texas—and wild turkey.

A little farther up is the rocky summit of Pine Top Mountain, 8,362 feet high. From there you can see the hazy blue line of the Davis Mountains, nearly 100 miles to the southeast. You can look down on the majesty of El Capitan. Guadalupe Peak's summit seems at eye level. And you can pick up rocks that show clearly in fossil remains how eons ago tiny sea animals died and gradually built up this limestone mass that once was part of the Capitan Reef of the Permian Sea.

Mescalero Apaches lived in the Guadalupes when the Spaniards came to this country. Both Apache and Spaniard handed down legends of gold in the Guadalupes.

Passengers on the Butterfield stage speculated about treasure as they watched El Capitan sit before them mile after dusty mile.

And in the 1800's, an old prospector called Ben Sublett may have found it. He used to go into the mountains and take big nuggets back to Odessa. The secret died with Sublett in 1892. And the only sign of him left in the mountains is his initials, WCS, carved into an alligator juniper, now scoured nearly smooth by wind and sand.

Nobody since Sublett has found the lost gold. But there may be another treasure of the Guadalupes for Americans today—camping, riding, and hiking in these hidden wilds.

[From the Fort Worth Star-Telegram, July 7, 1963]

A NEW PARK FOR FAR WEST TEXAS

An increase of nearly a fourth in visits to the Big Bend National Park suggests the growing attraction of the rugged beauty of Far West Texas for vacationing Americans.

In the first half of this year the huge park counted 53,390 visitors, compared with 42,995 in the first half of 1962. Most significant of the park's spell perhaps is a 91-percent increase in campers. The park's climate permits it to remain open and operating throughout the year.

The interest shown in the Big Bend by vacationers is a strong argument in favor of Federal acquisition of additional available acreage in the Guadalupe Mountains of Texas northward from the Big Bend and just under the New Mexico State line for creation of a new national park.

Six thousand acres in this region already belong to the National Park Service. Extensive adjoining ranch lands belonging to J. C. Hunter, Jr., of Abilene—72,000 acres containing some of the most spectacular scenery in Texas—have been visited by members of a Park Service field survey party whose findings will be analyzed by specialists in the Service.

There is a strong hope for a favorable decision. The high, forested region the park would include contains Guadalupe Park, which rises to 8,751 feet to form the highest point in the State, and the jagged eminence called El Capitan.

The situation of the area permits easy accessibility for visitors at the closely neighboring Carlsbad Caverns National Park in New Mexico, and good highway facilities connect both to the more distant Big Bend area.

Establishment of a national park in the Guadalupe Mountains thus would complete a group of three great national parks in the same areas, all linked and each distinct in its characteristics.

It would be a loss to future generations if the present opportunity, which may be unique, to acquire such an addition to the Nation's recreation lands were allowed to pass. The population is increasing rapidly, and already the existing recreational areas are being crowded. It is important, in any case, that such scenic regions as the Guadalupes be preserved against the ruination of haphazard development, and preservation can best be accomplished by the National Park Service.

[From the Dell Valley Review, Dell City, Tex., July 18, 1963]

GUADALUPE AREA DESERVES PARK STATUS

In the western part of Texas are the Guadalupe Mountains and McKittrick Canyon, one of the few remaining wilderness areas of the United States.

This area is spectacular in beauty, ranging from exposed barren rock of the Capitan Reef to the lush greenery tucked away in McKittrick Canyon, which supports Texas only trout stream that sparkles 4 to 5 miles before seeping into the ground. The Guadalupe range also has the only wild Rocky Mountain elk in the State of Texas along with wild turkey flocks and many other game animals.

A movement is underway for the area, which adjoins Carlsbad Caverns National Park on the south at the State line of New Mexico, to be incorporated into the national park system. A proposal by U.S. Representative JOE POOL, of Dallas, Congressman at Large from Texas, would establish some 50,000 acres as Guadalupe Mountain National Park.

This area would include McKittrick Canyon as well as Guadalupe Peak, highest point in Texas at 8,751 feet elevation, and El Capitan, a landmark visible for more than 50 miles across the salt flats below. The land is owned by J. C. Hunter, Jr., of Abilene, Tex., and is part of his 71,790-acre ranch.

The proposed park already has a start since Wallace Pratt, celebrated father of Humble Oil & Refining Geological Department, donated almost 6,000 acres to the National Park Service. This land is under supervision of Carlsbad National Park and adjoining Hunter Ranch. It includes part of McKittrick Canyon, but the most spectacular stretch of the canyon is on the Hunter property.

Visitors exclaimed that the beauty is unsurpassed by Yosemite and other national parks which they have visited. The fabulous scenery is expected to be found only in the northern New Mexico, Colorado, and other Rocky Mountain areas.

The true beauty of McKittrick and the Guadalupes is hidden from travelers along Highway 180. In driving from Carlsbad to El Paso, only El Capitan and the background of mountains are noticeable.

Only guests of Hunter are allowed on the property, primarily because the owner doesn't want the wilderness destroyed. He wants to conserve the area for the American public and is willing to sell the natural wonder to the Government. McKittrick Canyon has never been grazed and remains just as it was during the time of the Apaches.

The drive to make the Guadalupe Mountain area a part of the national park system is gaining more and more interest and stands an excellent chance to become a part of the system.

[From the Winkler County News, Aug. 15, 1963]

SECLUDED SECTION MAKING ITS DEBUT

(By Leland Boyd)

A 108-section area of west Texas that has existed in virtual seclusion for thousands of years is making its debut among the virgin beauties of the United States.

The area is the vast Guadalupe Mountain region. Except for a few wandering prospectors, explorers, and aviators the region has escaped the eyes and destructive elements that accompanied the exploitation of most of this country's land area.

Located in sparsely populated Culberson County, the area contains Texas' highest peak, 8,751-foot Guadalupe Peak, and other features that place the area well into the caliber of national park material.

Indeed, a move is now underway to secure national park designation for a large portion of the area.

Present owner of the area is J. C. Hunter, of Abilene. The property has been in the Hunter family since the early 1920's and in the care of the west Texas family it has been preserved in its natural state.

Hunter has placed the property up for sale—but with reservations.

He wishes to see the area he has known since boyhood preserved for the enjoyment of future generations. He has turned from selling the property to individuals for the present time, regardless of several offers in the amount he seeks—$1.5 million.

Support for the area as a park is developing from chamber of commerce representatives in Texas and New Mexico, and elected officials and civic groups in both States.

The national park system in January was authorized to make a survey of the area by a bill introduced by Representative JOE POOL, Congressman at Large from Texas. The study has not yet been made public.

Advantages of having the area designated as a national park include its proximity to the famed Carlsbad Caverns, and the fact that the National Park Service has under protection a 6,000-acre tract immediately east of the area.

The 6,000 acres were donated to the Park Service by Wallace Pratt.

Part of McKittrick Canyon is in the grant Pratt gave the Park Service. The Park Service has not developed the area, explaining it is relatively small and doing more than giving protection at this time is unfeasible.

Pratt has commented, "If the public is to enjoy anything like a full measure of the grandeur and scenic beauty of McKittrick Canyon and the surrounding Guadalupe Mountains, the limits of the new national park must be extended to include these privately owned lands (Hunter's property). On them is situated not only the most spectacular stretch of McKittrick itself, but also historic Guadalupe Peak."

Among the first persons to gaze upon the area were Mescalero Apaches. Remains in caves and on canyon walls indicate their presence in early times before the white man. Smoked walls, some pottery and picture writing that has not been deciphered testify to their activity there.

Later the Spaniards approached the Guadalupe Mountain area in the 1500's and a U.S. military expedition did a little exploring in 1849.

A stage route was established through the area in 1858 and McKittrick Canyon is said to have been a holding area for stageline horses.

However, in recent years only a small portion of the Guadalupe Mountains has been exploited. Hunter and Noel Kincaid have operated a goat-raising enterprise in the western part of the area. They also have a herd of cattle. But they have refrained from grazing McKittrick Canyon, where rainbow trout lurk in spring-fed streams, deer and wild turkey abound, and a bear can occasionally be seen.

Elk and deer are thick on the lofty mountains, where the ponderosa and limber pine flourish. Douglas-fir are also scattered throughout the McKittrick Canyon area, as well as the bark-shedding manzanita (madrone) tree. Cactuses scrub juniper, and other trees usually found in the highlands of New Mexico and Colorado form the bulk of the vegetation.

Elk, introduced to the area in 1929, have multiplied and the first hunting season on the animal is scheduled this fall. Thirty permits will be issued by the Texas Game and Fish Commission for the area.

Some of the more unique formations are the natural land bridge found up McKittrick Canyon, Lover's Leap Ledge, Turtle Rock, and other unnamed indentures and outcroppings of the area's limestone cliffs and mountains.

The few visitors who have cast an eye on the numerous creations of nature come away impressed with its spectacular view, certain that the area has merit enough to be preserved for the public to examine.

Thoughts of selling off small parcels of land for lodges, cabins and the like have not interested Hunter, although it is generally agreed that such a scheme would bring in more money. Hunter openly declares his first desire is to keep the property intact and open for all America to view and enjoy.

WEST TEXAS CHAMBER OF COMMERCE,
Abilene, Tex., October 1, 1963.
Hon. RALPH W. YARBOROUGH,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR YARBOROUGH: I believe you would be interested in a resolution that was adopted by the Board of Directors of the West Texas Chamber of Commerce meeting in regular session on September 26, 1963.

This resolution was adopted only after a thorough study and recommendation by the Tourist Development Committee of the West Texas Chamber of Commerce.

Copy of the resolution is enclosed.

Yours very truly,
GEORGE R. JORDAN,
Manager, Tourist Department.

RESOLUTION OF THE WEST TEXAS CHAMBER OF COMMERCE

Whereas the Guadalupe Mountain area in Culberson and Hudspeth Counties, Tex. is now under study as a suitable and desirable park site; and

Whereas a subcommittee of the Tourist Development Committee of the West Texas Chamber of Commerce personally visited and inspected the area on July 12–14, 1963; and

Whereas this subcommittee made its report and presented a resolution, covering all the virtues and attributes of the area now under study, which was adopted unanimously in a called meeting of the Tourist Development Committee held in Big Spring, Tex., on August 13, 1963: Now, therefore, be it

Resolved, That the directors of the West Texas Chamber of Commerce, in regular meeting, September 26, 1963, do support the studies looking toward the designation of the said Guadalupe area as a park site; and order copies of this resolution forwarded to the Texas Congressional Delegation, the Secretary of the Interior, members of the National Park Advisory Committee, the Director of the National Parks Service, the Governor of the State of Texas and the Texas Parks and Wildlife Commission.

E. H. DANNER,
President.
FRED H. HUSBANDS,
Executive Vice President.

THE TEXAS FEDERATION
OF WOMEN'S CLUBS,
Abilene, Tex., October 2, 1963.
Hon. RALPH YARBOROUGH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR YARBOROUGH: We are enclosing a copy of a resolution concerning establishment of a park in the Guadalupe Mountains, adopted by the board of the Texas Federation of Women's Clubs on September 30.

Sincerely,
EUDORA HAWKINS,
Resolutions Chairman.

RESOLUTION, GUADALUPE MOUNTAINS PARK

Whereas the Guadalupe Mountains, with El Capitan and Guadalupe Peaks, highest points east of the Rockies, and McKittrick, Bear and other canyons, offer natural scenery of great variety, and of beauty, majesty and grandeur indescribable and unparalleled in Texas and probably in the Nation; and

Whereas an entire wilderness area, abounding in such wildlife as black bear, elk, deer, mountain sheep, turkey and rainbow trout; with lofty mountains, towering cliffs and trails leading to awe-inspiring vistas; with spring-fed streams and vegetation not found elsewhere in Texas * * * has heretofore been protected by its owners as a game and vegetation preserve; and

Whereas more than 70,000 acres lying in immediate proximity to Carlsbad Caverns National Park and Lincoln National Forest in New Mexico and to 6,000 acres in Texas given to the National Park Service by Wallace Pratt, and in lesser proximity to the Fort Davis National Monument and the Big Bend National Park, is now available to be added to the Nation's park system: Now, therefore, be it

Resolved, That the board of directors of the Texas Federation of Women's Clubs, meeting in Austin on September 30, 1963, expresses its concern that this area shall be preserved for the enjoyment of present and future generations, and urges its development as a national park.

RESOLUTION ADOPTED SUPPORTING GUADALUPE MOUNTAIN AREA AS NATIONAL PARK

On this day, July 29, 1963, on motion of Commissioner Telles, seconded by Commissioner Mays, it is ordered by the court that the following resolution be adopted in support of the Guadalupe Mountain area as a national park.

Whereas the Guadalupe Mountain Ranch is located in the west Texas sun country; and

Whereas said area is most fitting and suitable for a park site because of its outstanding natural beauty; and

Whereas the creation of such a park site would constitute a boon for all west Texas and especially for El Paso County; and

Whereas the Commissioners' Court of El Paso County, Tex., wholeheartedly endorses and supports the program announced by Governor Connally to encourage tourism in Texas; and

Whereas the Commissioners' Court of El Paso County, Tex., desires to officially endorse said area as a park site: Now, therefore, be it

Resolved, On the 29th day of July A.D. 1963, by the El Paso County Commissioners' Court that it go on record as actively and vigorously endorsing and supporting the said Guadalupe area for a national park.

Sierra Blanca, Tex.,
July 10, 1963.

Senator Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Senator Yarborough: The following is a copy of the resolution adopted by the Commissioner's Court of Hudspeth County at their regular session July 8, 1963.

Upon a motion duly made by Commissioner J. D. Lee, seconded by Commissioner W. F. Hargrove, Jr. and carried unanimously, it is ordered by the court that the following resolution be adopted.

Whereas it is the opinion of the Commissioner's Court of Hudspeth County, Tex. that places of natural beauty should be maintained for the enjoyment of present and future generations; and

Whereas the national parks now in existence are few and many are only seasonably accessible for the enjoyment of the traveling public; and

Whereas the establishment and maintenance of a national park in the Guadalupe Mountains, in and around McKittrick Canyon, would be of great value to the entire country as well as surrounding areas and would afford year-round recreation in a setting of high rugged mountain peaks, running mountain water, and beautiful trees, and shrubs: Now, therefore, be it

Resolved, The Commissioner's Court of Hudspeth County, Tex. assembled in regular session this 8th day July A.D. 1963 unanimously endorse the creation of a national park by the National Park Service of the U.S. Government in North Culberson County in the Guadalupe Mountains in the McKittrick Canyon area.

Yours very truly,

Tom H. Neely.

Whereas the Guadalupe Mountain area in Culberson and Hudspeth Counties, Tex., is now under study by the National Parks Service for a possible designation as a suitable and desirable national park site; and

Whereas said area is most fitting and suitable for a park site because of its outstanding natural beauty and historical significance; and the Southwest being abundant in maple, wild cherry, ash, walnut, madrone, etc.; in the upper elevations are El Capitan, landmark of the early settlers in their movement to the West, and Guadalupe Peak, the highest point in Texas, 8,751 feet, and where are found heavy stands of ponderosa, limber and pinon pine together with Douglas-fir and aspen; this being the only location in Texas that has rainbow trout and Rocky Mountain elk; plus a dense population of mule deer, wild merriam turkey, mountain sheep, black bear, mountain lions and a normal population of small game; and

Whereas this is one of the few areas remaining in its natural, virgin state in Texas, much of the area never having been utilized for livestock and/or commercial purposes and which has the characteristics that meet the criteria for park use as set forth by the National Parks Service; and

Whereas the National Park Service now owns approximately 6,000 acres in the Guadalupe Mountains, adjacent to and including the entrance to the beautiful and spectacular McKittrick Canyon, a result of the generous gift of Mr. Wallace Pratt, celebrated Texas geologist, now being preserved by the Parks Service but being of insufficient size to develop into a park; and

Whereas this location is only 35 miles from Carlsbad Caverns National Park and could be operated in conjunction therewith thus effecting a considerable saving; and

Whereas this would add to the existing attractions in the Pecos Valley and the Trans-Pecos areas and would compliment our Balmorhea State Park and swimming pool, Fort Davis with its old military installations, Scenic Drive, and McDonald Observatory; and

Whereas the projected population of Pecos and Reeves County will demand more recreational areas to serve our own needs and with the completion of the new highway from Orla in Reeves County to the New Mexico line, we have a direct road to the Guadalupes that will serve not only Pecos and Reeves County but will enable Pecos to get its share of the tourists to and from the park; and

Whereas this development would help in the campaign to sell the tourist "on spending an extra day in the Pecos area" as well as the State tourist program of offering more to see and do in Texas: Now, therefore, be it

Resolved, That the directors of the Pecos Chamber of Commerce, in regular meeting, September 10, 1963, do support the designation of the said Guadalupe area as a national park site; and order that copies of this resolution be sent to the Texas congressional delegation, the Secretary of Interior, members of the National Park Advisory Committee, the Director of the National Park Service, the Governor and our State senator and representative.

Archie Scott,
President, Pecos Chamber of Commerce.

Texas Permian Historical Society,
Odessa, Tex., September 17, 1963.

We, members of the Texas Permian Historical Society, are very interested in the Guadalupe Mountains area becoming a national park. Since we cover 16 counties in the west Texas (Permian Basin) area we feel the establishment of such a park in this area would be of benefit to Texas, and we feel that the history of Texas should be preserved as quickly as possible.

We would appreciate your consideration of the enclosed resolution. Thank you.

Yours very truly,

Gerald Fugit,
President.

"Whereas the National Park Service is making a study of the Texas Guadalupe Mountains area to ascertain whether it is adaptable as a national park; and

"Whereas this area is not only important to the Permian Basin of Texas from the standpoint of its natural beauty but for its historical significance as well; and

"Whereas historic El Capitan and Guadalupe Peak, long landmarks for the travelers through this area; old Pinery Station used by the Butterfield Stage; Pine Springs used by the cavalry and the Indians; Indian caves, campsites and trails, and trails used since prehistoric times; all contained in the proposed park area: Now, therefore, be it

"*Resolved,* That the Texas Permian Historical Society in regular meeting in Crane, Tex., on Sunday, September 15, does urge that this area be made a national park and that it be preserved because of its historic, scenic, and recreational value."

Ector County Historical Survey
Committee,
Odessa, Tex., September 17, 1963.

The Ector County Historical Survey Committee respectfully submit the enclosed resolution for your consideration.

We feel that Texas should preserve all historic structures and all historic sites and trails should be marked. We are of the opinion that one of the best ways to insure the care of the Texas Guadalupe Mountains is to convert the area into a National Park.

Mrs. Grace King,
Chairman.

"Whereas it is the purpose of County Historical Survey Committees in Texas to work for the preservation and marking of historic sites, trails, and structures; and

"Whereas the Guadalupe Mountains area in Culberson and Hudspeth Counties contains sites, trails, and landmarks important to the history of this area; and

"Whereas Pinery Station located in the Texas Guadalupes is the only Butterfield Stage station located on a major U.S. highway, its foundations are intact and the original plans are available, thereby, affording excellent opportunities for authentic renovation; and

"Whereas Pine Springs is located in the area of Pinery Station and is noted as a camping place for Indians and cavalry; and

"Whereas this area is now being surveyed and studied by the National Park Service with the idea in mind of acquiring a portion that would include the above and other historic sites and trails: Now, therefore, be it

"*Resolved,* That the Ector County Historical Survey Committee recommends that this area be designated as suitable for a national park and that it be restored and preserved, thereby complementing the historical trails and attractions we have in Ector and neighboring counties."

RESOLUTION

Whereas the Guadalupe Mountain area in Culberson and Hudspeth Counties, Texas, is now under study by the National Parks Service for a possible designation as a suitable and desirable national park site; and

Whereas said area is most fitting and suitable for a park site because of its outstanding natural beauty and historical significance; and

Whereas in the area is McKittrick Canyon with plant life unique in the Southwest being abundant in maple, wild cherry, ash, walnut, madrone, etc.; in the upper elevations are El Capitan, landmark of the early settlers in their movement to the West, and Guadalupe Peak, the highest point in Texas, 8,751 feet, and where are found heavy stands of ponderosa, limber and pinon pine together with douglas fir and aspen; this being the only location in Texas that has rainbow trout and Rocky Mountain elk; plus a dense population of mule deer, wild merriam turkey, mountain sheep, black bear, mountain lions and a normal population of small game; and

Whereas this is one of the few areas remaining in its natural virgin State in Texas, much of the area never having been utilized for livestock and/or commercial purposes and which has the characteristics that meet the criteria for park use as set forth by the National Parks Service; and

Whereas the National Parks Service now owns approximately 6,000 acres in the Guadalupe Mountains, adjacent to and including the entrance to the beautiful and spectacular McKittrick Canyon, a result of the generous gift of Mr. Wallace Pratt, celebrated Texas geologist, now being preserved by the Parks Service but being of insufficient size to develop into a park; and

Whereas this location is only 35 miles from Carlsbad Caverns National Park and could be operated in conjunction therewith, thus effecting a considerable saving; and

Whereas the projected population of west Texas demands more recreational areas to serve our own needs and those of tourists along U.S. Highway 385, and with the completion of the new highway from Orla, Tex., in Loving County, to the New Mexico line, we have a direct road from U.S. Highway 385 to the Guadalupes that will serve the people in this west Texas area of the State of Texas, and also the tourists who may want to visit the Guadalupe Park area while traveling along U.S. Highway 385: Now, therefore, be it

Resolved, That the Texas Division, International Parks Highway Association, in its regular quarterly meeting, meeting at Dimmit, Tex., on October 19, 1963, do support the designation of the said Guadalupe area as a national park site; and order that copies of this resolution be sent to the Texas congressional delegation, the Secretary of the Interior, members of the National Park Advisory Committee, the Director of the National Parks Service, the Governor, and our State senators and representatives.

H. R. Tarpley,
President, Texas Division, International Parks Highway Association.

Weatherford Chamber of Commerce,
Weatherford, Tex., October 21, 1963.
Hon. Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Sir: The Weatherford Chamber of Commerce would like to add its support to the other communities of our State and the great Southwest in securing national park status for the Guadalupe Mountain area.

Be it hereby resolved, the Weatherford, Tex., Chamber of Commerce Board of Directors fully realize the potential economic value and tourist pleasures that can be derived from a national park in the west Texas Guadalupe Mountain area.

Be it also resolved that the people of Weatherford and Parker County will do what is necessary and expected to make this national park a success, through a cooperative effort.

We solicit your consideration and support of this project.

Sincerely,

Darwin Cox,
President, Chamber of Commerce of Weatherford, Tex.

Whereas the Highway and Transportation and the Tourist Committees of the Weatherford Chamber of Commerce have recommended to the chamber of commerce board of directors the adoption of a resolution in favor of supporting the designation of the Guadalupe Mountain areas as a national park site; and

Whereas said area is most suitable and desirable because of its natural beauty and historical significance; and

Whereas the people of Weatherford and Parker County, Tex. (fully realizing the potential economic value and tourist pleasures that can be derived from a national park in the west Texas Guadalupe Mountain area) will do what is necessary and expected to make this project a success; and

Whereas the Weatherford Chamber of Commerce desires to officially endorse said area as a national park site: Now, therefore, be it

Resolved, That on this 14th day of October 1963, the Weatherford Chamber of Commerce does hereby go on record as actively and vigorously endorsing and supporting the said Guadalupe area for designation as a national park.

We solicit your consideration and support of this project.

Mineral Wells
Chamber of Commerce,
Mineral Wells, Tex., October 10, 1963.
The Honorable Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Senator Yarborough: Enclosed is a resolution asking that the Guadalupe Mountain area be made a national park. For many years our highway committee and the people of Mineral Wells have worked for the interest of Highway 180. This resolution is presented to you in sincerity and with forethought. Many resolutions are written, but I did want to impress upon you a project that is of great interest to us, and we sincerely hope that you will give it every consideration. The tourist industry means a great deal to us and to the State of Texas.

Very truly yours,

Grady L. Elder, Jr.

"Whereas the Guadalupe Mountain area in Culberson and Hudspeth Counties, Tex., is now under study by the National Park Service for a possible designation as a suitable and desirable national park site; and

"Whereas said area is most fitting and suitable for a national park site because of its outstanding natural beauty and historical significance; and

"Whereas the creation of such a national park site would constitute a tourist development boom for all Texas, New Mexico, and Arizona; and

"Whereas the Mineral Wells Chamber of Commerce, Inc., desires to officially endorse said area as a national park site: Now, therefore, be it

"*Resolved,* That on this the 7th day of October 1963, the Mineral Wells Chamber of Commerce, Inc., does hereby go on record as actively and vigorously endorsing and supporting the said Guadalupe area for designation as a national park."

Resolution of City of Mineral Wells, Tex.

Whereas the Guadalupe Mountain area in Culberson and Hudspeth Counties, Tex., is now under study by the National Park Service for a possible designation as a suitable and desirable national park site; and

Whereas said area is most fitting and suitable for a national park site because of its outstanding natural beauty and historical significance; and

Whereas the creation of such a national park site would constitute a tourist development boom for all Texas, New Mexico, and Arizona; and

Whereas the city of Mineral Wells, Tex., desires to officially endorse said area as a national park site: Now, therefore, be it

Resolved, That on this the 8th day of October 1963, the city of Mineral Wells, Tex., does hereby go on record as actively and vigorously endorsing and supporting the said Guadalupe area for designation as a national park.

N. S. Carlock,
Mayor.

Resolution of Anson, Tex., Chamber of Commerce

Whereas the Guadalupe Mountain area in Culberson and Hudspeth Counties, Tex., is now under study by the National Park Service for a possible designation as a suitable and desirable national park site; and

Whereas said area is most fitting and suitable for a national park site because of its outstanding natural beauty and historical significance; and

Whereas the creation of such a national park site would constitute a tourist development boom for all Texas, New Mexico, and Arizona; and

Whereas the Anson Chamber of Commerce desires to officially endorse said area as a national park site: Now, therefore, be it

Resolved, That on this the 2d day of October 1963, the Anson Chamber of Commerce does hereby go on record as actively and vigorously endorsing and supporting the said Guadalupe area for designation as a national park.

Wendell O. Barber,
President.
A. V. Womack,
Manager.

El Paso, Tex.,
October 2, 1963.
Hon. Ralph Yarborough,
U.S. Senate,
Washington, D.C.

Dear Senator Yarborough: At a regularly scheduled meeting of the Park and Recreation Board of the City of El Paso, on October 1, 1963, of which a quorum was present, a resolution was adopted supporting the Guadalupe area as a National Park.

Members of the board are: Mr. Bill Squires, chairman, 1913 Mesita; Mr. Sal Berroteran, 1018 St. John; Mrs. L. A. Velarde, 209 Lawton; Mrs. L. M. Davis, 621 Bolton; Mr. Wallace Lowenfield, 905 Thunderbird Drive; Mr. Barney Koogle, 4965 Love Road; Mr. Dale Waters, 608 Caminoreal, and Mr. Gene Jordan, 8724 Coloma.

Sincerely,

Byron D. Tate,
Secretary, Park and Recreation Board.

Whereas the Guadalupe Mountain area in Culberson and Hudspeath Counties, Tex., is now under study by the National Parks Service for a possible designation as a suitable and desirable national park site: and

Whereas said area is most fitting and suitable for a park site because of its outstanding natural beauty and historical significance; and

Whereas in the area is McKittrick Canyon with plant life unique in the Southwest being abundant in maple, wild cherry, ash, walnut, madrone, etc.; in the upper elevations are El Capitan, landmark of the early settlers in their movement to the West, and Guadalupe Peak the highest point in Texas 8,751 feet, and where are found heavy stands of ponderosa, limber and pinon pine together with Douglas-fir and aspen; this being the only location in Texas that has rainbow trout and Rocky Mountain elk; plus a dense population of mule deer, wild merriam turkey, mountain sheep, black bear, mountain lions and a normal population of small game; and

Whereas this is one of the few areas remaining in its natural, virgin state in Texas, much of the area never having been utilized for livestock and/or commercial purposes and which has the characteristics that meet the criteria for park use as set forth by the National Parks Service; and

Whereas the National Parks Service now owns approximately 6,000 acres in the Guadalupe Mountains, adjacent to and including the entrance to the beautiful and spectacular McKittrick Canyon, a result of the generous gift of Mr. Wallace Pratt, celebrated Texas geologist, now being preserved by the Parks Service but being of insufficient size to develop into a park; and

Whereas this location is only 35 miles from Carlsbad Caverns National Park and could be operated in conjunction therewith thus effecting a considerable saving; and

Whereas the projected population of west Texas demands more recreational areas to serve our own needs and with the completion of the new highway from Orla in Loving County to the New Mexico line, we have a direct road to the Guadalupes that will serve the cities of West Texas and the State of Texas: Now, therefore, be it

Resolved, That the commissioners court of Andrews County in regular session, September 30, 1963, do support the designation of the said Guadalupe area as a National Park site; and order that copies of this Resolution be sent to the Texas Congressional Delegation, the Secretary of Interior, members of the National Park Advisory Committee, the Director of the National Parks Service, the Governor, and our State senator and representative.

Roy D. Bennett,
County Judge, Andrews County, Tex.

Attest:

Charlie W. Burkett,
County Clerk.

Resolution of Wink, Tex., Chamber of Commerce

Whereas a committee of the Wink Chamber of Commerce has personally visited and inspected the Guadalupe Mountain area now under consideration by the National Park Service to become a part of the national park system and

Whereas we find in McKittrick Canyon plant life that is unique in the Southwest being abundant in maple, wild cherry, ash, oak, walnut, madrone—sometimes called manzanita—with the usual desert life of grasses, wild flowers, cactuses, yucca, sotol, and ocotillo; and

Whereas in the upper elevations are El Capitan, landmark of the early settlers in their movement to the West and Guadalupe Peak, the highest point in Texas, 8,751 feet, and where there are found heavy stands of ponderosa pine, Douglas fir, limber pine, pinon pine, and some aspen; and

Whereas this is the only location in Texas that has rainbow trout and Rocky Mountain elk plus a dense population of mule deer and wild merriam turkey, a few mountain sheep, black bear, and mountain lions plus a normal population of small game such as bobcat, raccoons, skunks, porcupine, and the ever-present road runner; and

Whereas this is one of the few areas remaining in its natural virgin state in Texas, much of the area never having been utilized for livestock and/or commercial purposes and which has the characteristics that meet the criteria for park use as set forth by the National Park Service; and

Whereas the National Parks Service now owns approximately 6,000 acres in the Guadalupe Mountains, adjacent to and including the entrance to the beautiful and spectacular McKittrick Canyon, a result of the generous gift of Mr. Wallace Pratt, celebrated Texas geologist, now being preserved by the Park Service but being of insufficient size to develop into a park; and

Whereas this location is only 35 miles from Carlsbad Caverns National Park where approximately 550,000 visitors per year are all potential tourists for west Texas, each tourist being worth $8.56 per day; and

Whereas this would add to the chain of existing attractions already in this area and thus prolong the stay of tourists in west Texas; and

Whereas the population explosion of Texas alone will demand more and more recreational areas to serve our own needs; and

Whereas we should lend every effort to the preservation of this virgin land for generations yet unborn so they might know the nature of the world in its creation: Now, therefore, be it

Resolved, That the directors of the Wink Chamber of Commerce recommend this resolution be adopted.

Respectfully submitted.

F. M. BALLARD,
President, Wink Chamber of Commerce.

RESOLUTION 228

Resolution requesting the establishment of a national park in the Guadalupe Mountains, to be known as Guadalupe Peak National Park, and requesting the favorable consideration of the Congress of the United States in establishing such area as a national park

Whereas the City Council of Carlsbad, Eddy County, N. Mex., has been petitioned by its citizens to recognize the Guadalupe Peak National Park as a place well situated and established for a national park; and

Whereas said area is located in close proximity to the Carlsbad Cavern National Park and is an area of great natural beauty readily accessible by the public. That the same should be preserved for the enjoyment and pleasure of the public as a whole; and

Whereas the mayor and City Council of the City of Carlsbad, Eddy County, N. Mex., desire to see the establishment of such area as a national park, and urge the public officials to take such action as is necessary to create and consummate the same: Now, therefore, be it

Resolved by the City Council of the City of Carlsbad, N. Mex., That the Congress of the United States be, and it is hereby, petitioned and requested to establish in the Guadalupe Mountains of west Texas an area to be known as Guadalupe Peak National Park, and thereby recognize the great natural beauty of the area and preserve its uses and enjoyment to the public.

Introduced, passed, adopted, and approved this 13th day of June 1963.

——— ———,
Mayor.

——— ———,
City Clerk.

REDUCTION OF INDIVIDUAL AND CORPORATE INCOME TAXES—AMENDMENTS (AMENDMENT NO. 311)

Mr. MILLER. Mr. President, I submit an amendment, intended to be proposed by me, to the bill (H.R. 8363) to amend the Internal Revenue Code of 1954 to reduce individual and corporate income taxes, to make certain structural changes with respect to the income tax, and for other purposes. I ask that tne amendment be printed, appropriately referred, and printed in the RECORD.

The PRESIDENT pro tempore. The amendment will be received, printed, and appropriately referred; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 311) was referred to the Committee on Finance, as follows:

On page 1, beginning with line 3, strike out all through line 4 on page 2 (section 1 of the bill).

On page 2, line 5, strike out "SEC. 2" and insert "SECTION 1".

On page 2, beginning with line 14, strike out all through line 23 on page 27 (title I of the bill), and insert the following:

"TITLE I—REDUCTION OF INCOME TAX RATES ON GROWTH INCOME

"SEC. 111. INCENTIVE TAXATION OF GROWTH INCOME.

"(a) INDIVIDUALS.—Section 1 (relating to tax on individuals) is amended by striking out subsection (d) and inserting in lieu thereof the following new subsections:

"'(d) TAX ON GROWTH INCOME.—Notwithstanding the rates of tax prescribed above, the tax on growth income shall be reduced by an amount equal to one-half the tax otherwise computed on the basis of such rates: *Provided,* That such reduction shall not exceed the tax for the first immediately full taxable year: *And provided further,* That reductions of less than $5 shall not be recognized.

"'(e) CROSS REFERENCES.—

"'(1) For definition of taxable income, see section 63.

"'(2) For definition of growth income, see section 64."

"(b) OPTIONAL TAX ON INDIVIDUALS.—Section 3 (relating to optional tax if adjusted gross income is less than $5,000) is amended by adding at the end thereof the following:

"'*Provided,* That the tax on growth income shall be reduced by an amount equal to one-half the tax otherwise computed under the table; but such reduction shall not exceed the tax for the first immediately preceding full taxable year, and reductions of less than $5 shall not be recognized.'

"(c) CORPORATIONS.—Section 11 (relating to tax on corporations) is amended by redesignating subsection (d) as (e), and by inserting after subsection (c) the following new subsection:

"'(d) TAX ON GROWTH INCOME.—Notwithstanding the rates of tax prescribed above, the tax on growth income shall be reduced by an amount equal to one-half the tax otherwise computed on the basis of such rates: *Provided,* That such reduction shall not exceed the tax for the first immediately preceding full taxable year: *Provided further,* That reductions of less than $15 shall not be recognized.'

"(d) TECHNICAL AMENDMENT.—Section 12 is amended by renumbering paragraphs (1) through (8) as (2) through (9), respectively, and by inserting before paragraph (2) (as renumbered) the following new paragraph:

"'(1) For definition of growth income, see section 64.'

"SEC. 112. TAX REDUCTION PAYBACK.

"(a) INDIVIDUALS.—Part I of subchapter A of chapter 1 (relating to tax on individuals) is amended by renumbering section 5 as section 6, and by inserting after section 4 the following new section:

"'SEC. 5. TAX REDUCTION PAYBACK.

"'(a) The amount of tax redutcion attributable to growth income provided for in sections 1 and 3 shall be voided and the reduction shall become a part of the tax due and payable for the following taxable year to the extent prescribed in subparagraph (b)

"'(b) If a taxpayer's combined income from wages and salaries, rents, ordinary dividends, royalties (other than royalties receiving special tax treatment), interest, and business and farming (with adjustments provided in section 64 applicable to the current taxable year) is less than such combined income (with adjustments provided in section 64 applicable to the first immediately preceding taxable year) for the year of tax reduction due to growth income, the tax reduction shall be voided according to the proportion that the decrease bears to the amount of growth income on the basis of which said tax reduction was computed: *Provided,* That said tax reduction shall not be voided to the extent said decrease is attributable to the retirement or death of a taxpayer (or his spouse) or to losses due to fire, flood, drought, windstorm, theft, or other casualty, not covered by insurance or otherwise: *Provided further,* That if said following taxable year is a short year due to termination of an estate or trust, such combined income (with adjustments provided in section 64 applicable to the current taxable year) shall be annualized for the purpose of computing said decrease, if any.'

"(b) CORPORATIONS.—Part II of subchapter A of chapter 1 (relating to tax on corporations) is amended by renumbering section 12 as section 13, and by inserting after section 11 the following new section:

"'SEC. 12. TAX REDUCTION PAYBACK.

"'(a) The amount of tax reduction attributable to growth income provided for in section 11 shall be voided and the reduction shall become a part of the tax due and payable for the following taxable year to the extent prescribed in subparagraph (b).

"'(b) If a corporation's combined income from rents, ordinary dividends, royalties (other than royalties receiving special tax treatment), interest, and business and farming (with adjustments provided in section 64 applicable to the current taxable year) is less than such combined income (with adjustments provided in section 64 applicable to the first immediately preceding taxable year) for the year of tax reduction due to growth income, the tax reduction shall be voided according to the proportion that the decrease bears to the amount of growth income on the basis of which said reduction was computed: *Provided,* That said tax reduction shall not be voided to the extent said decrease is attributable to losses due to fire, flood, drought, windstorm, theft, or other casualty, not covered by insurance or otherwise: *Provided further,* That if said following taxable year is a short year due to liquidation, dissolution, or reorganization, such income (with adjustments provided in section 64 applicable to the current taxable year) shall be annualized for the purpose of computing said decrease, if any.'

"SEC. 113. DEFINITION OF GROWTH INCOME.

"Part I of subchapter B of chapter 1 (relating to definition of gross income, adjusted gross income, and taxable income) is amended by adding at the end thereof the following new section:

"'SEC. 64. GROWTH INCOME DEFINED.

"'(a) For purposes of this subtitle, the term "growth income" means the excess of the combined income from the current taxable year from wages and salaries, rents, ordinary dividends, royalties (other than royalties receiving special tax treatment), interest, and business and farming (with adjustments provided below) over such combined income (not less than zero) for the first immediately preceding full taxable year (with adjustments provided below), hereinafter referred to as the "base year".

"'(b) With respect to the current taxable year, strike out the following:

"'"(1) Gains and losses from the sale or exchange of capital assets or property treated as capital assets, the capital loss carryover deduction, and net operating loss deduction.

"'"(2) Recognized income due to recovery of bad debts, prior taxes, and delinquency amounts, and due to improvements by a lessee.

"'"(3) Net income from illegal activities.

"'"(4) Lump sum income which the taxpayer may ratably allocate for tax purposes except to the extent of the portion ratably allocable to the current taxable year.

"'"(5) Losses from fire, flood, windstorm, theft, or other casualty not covered by insurance or otherwise.

"'"(6) Income resulting from a change in method of valuing inventory, method of accounting, or method of depreciation.

"'"(7) Dividend income from a corporation in excess of 125 percent of such income received from the corporation in the previous taxable year, or in excess of current earnings of said corporation, whichever excess amount is the greater, where 50 percent or more of the total combined voting power of all classes of stock of said corporation is owned by the taxpayer.

"'"(8) In the case of a taxpayer other than a corporation, income from a business or a partnership which represents the continuation of the business of a corporation, 50 percent or more of the total combined voting of all classes of stock of which is owned by the taxpayer. (This provision shall not apply after the first full taxable year following cessation of such business by the corporation.)

"'"(9) In the case of a corporation, income which represents the continuation of the business of another corporation merged or consolidated with the taxpayer or which represents the continuation of the business of another corporation of which 50 percent or more of the total combined voting power of all classes of stock is owned by the corporation. (This provision shall not apply after the first full taxable year following such merger or consolidation or cessation of such business by the other corporation.)

"'"(10) In the case of a corporation, the decrease in deductions for charitable contributions (under section 170) below such deductions for the first immediately preceding full taxable year.

"'"(11) In the case of estates and trusts, the decrease in deductions for income paid over to beneficiaries below such deductions for the first immediately preceding full taxable year where such payment is discretionary."

"'(c) With respect to the base year, delete the following:

"'"(1) Gains and losses from the sale or exchange of capital assets or property treated as capital assets, the capital loss carryover deduction, net operating loss deductions, and the additional first-year depreciation deduction authorized by section 179.

"'"(2) Recognized income due to recovery of bad debts, prior taxes, and delinquency amounts, and due to improvements by a lessee.

"'"(3) Losses from fire, flood, windstorm, theft, or other casualty not covered by insurance or otherwise.

"'"(4) Income resulting from a change in method of valuing inventory, method of accounting, or method of depreciation when such change results from action of the Commissioner."

"'(d) In the case of corporations, the combined income for the base year shall not be less than such income (with the same adjustments) for the taxpayer's calendar or fiscal year 1963 or (if the taxpayer was not in existence or was inactive during such year) the first full taxable year thereafter: *Provided*, That the taxpayer may elect in lieu of such limitation to use the average of such combined income (with the same adjustments) for calendar or fiscal year 1963 and the two immediately preceding full taxable years (or, if the taxpayer was not in existence for such period, the first immediately preceding full taxable year) if active during such period.

"'In the case of a reorganization, the limitation on the base year of the continuing corporation shall be computed by using the combined income for calendar or fiscal year 1963 of the corporations which are parties to the reorganization; and if the combined income of fiscal or calendar year 1963 and the two immediately preceding taxable years (or first immediately preceding taxable year, as the case may be) is used in lieu of such limitation, the combined income for such period of the corporations which are parties to the reorganization shall be used.

"'(e) Where income or deductions have been arbitrarily shifted from one year to another by a taxpayer for no business purpose other than reduction of taxes arising from the reduced tax rates on growth income, the Commissioner is authorized to make such adjustments as are necessary to protect the revenue.

"'(f) In determining ownership of stock for purposes of this section, actual or constructive ownership (under section 318) shall be taken into account.

"'(g) Where a joint return is filed for the current taxable year and separate returns were filed (either as married or single individuals) for the base year, the base year's income shall include the income (with adjustments specified above) of both returns unless the income on the joint return represents the actual income of only one spouse.'

"SEC. 114. EFFECTIVE DATE.

"The amendments made by this title shall be effective January 1, 1964. In the case of taxable years ending prior to December 31, 1964, the tax reduction provided for in this title shall be reduced according to the proportion that the number of months not falling within the calendar year 1964 bears to twelve."

On page 278, beginning with line 1, strike out all through line 20 on page 304 (title III of the bill).

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to encourage economic growth by providing for reduced income tax rates on growth income, to make certain structural changes with respect to the income tax, and for other purposes."

Mr. MILLER. Mr. President, this amendment incorporates what I call my incentive taxation-growth income plan. It would substitute this language for the proposed reduction in tax rate schedules—title I of the bill—and also would strike out the new optional tax provisions and optional tax tables contained in title III.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENT NO. 312)

Mr. GRUENING. Mr. President, I send to the desk an amendment to H.R. 7885, the Foreign Assistance Act of 1961, cosponsored by my colleague [Mr. BARTLETT], which aims at securing compensation for the fishermen whose vessels, traps, and other equipment are damaged by foreign invading vessels.

The PRESIDENT pro tempore. The amendment (No. 312) will be received, printed, and lie on the table.

Mr. GRUENING. Mr. President, we have a very serious situation in Alaska, where, in the last 2 years, Japanese and Russian vessels have invaded our shores. They have ridden roughshod over local fishermen. They have pulled up crab traps. At present there is no way of reimbursing them by law. Nothing is done by the administration to stop this action but a nice protest to stop it, which is completely inadequate. The Russians' answer to the stopping of convoys is an indication of how they act.

The least we can do is to make provision to compensate our own fishermen for the losses they have suffered. That is a perfectly justifiable goal. I hope the amendment will be favorably looked upon. I intend to discuss it more fully when I call it up.

Mr. DOMINICK submitted amendments (No. 314), intended to be proposed by him, to House bill 7885, supra, which were ordered to lie on the table and to be printed.

IMPROVEMENT OF THE NATIONAL TRANSPORTATION SYSTEM—AMENDMENT (AMENDMENT NO. 313)

Mr. MAGNUSON. Mr. President, by request, I submit, for appropriate reference, an amendment, intended to be proposed by me, to the bill (S. 1062) to provide for strengthening and improving the national transportation system, and for other purposes. I ask unanimous consent to have printed in the RECORD a letter from the Chairman of the Civil Aeronautics Board, the Chairman of the Federal Maritime Commission, and the Chairman of the Interstate Commerce Commission, requesting the submission of the proposed amendment.

The PRESIDENT pro tempore. The amendment will be received, printed, and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The amendment was referred to the Committee on Commerce.

The letter presented by Mr. MAGNUSON is as follows:

CIVIL AERONAUTICS BOARD,
Washington, D.C., October 16, 1963.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In its report to your committee dated September 30, 1963, on S.

1061 and S. 1062, the President's transportation bills, the Board stated with respect to section 4 of S. 1062, amending section 1003 of the Federal Aviation Act of 1958 so as to permit common carriers subject to the jurisdiction of the Board, the Federal Maritime Commission, and the Interstate Commerce Commission to enter into joint rates and provide for their regulation by a joint board composed of representatives of such agencies, that although it had favored the enactment of similar provisions in bills in the prior Congress, the Chairmen of the three agencies had concluded that further analysis and evaluation of the technical problems of joint rates and joint boards was desirable. The Board further stated that legislation representing the joint efforts of the Board, the Federal Maritime Commission, and the Interstate Commerce Commission was under consideration in the executive branch, and that it deferred its comments with respect to section 4.

The three agencies have cooperated in the preparation of provisions intended as a substitute for section 4 of S. 1062, which are submitted herewith. These provisions differ principally from the present provisions of section 4 in that they provide greater detail with respect to the internal organization of the joint board, standards for its actions, and its powers and duties.

In this connection, attention is called to the fact that the joint board in being authorized to prescribe joint rates is given powers similar to those presently exercised by the three agencies with respect to individual rates, i.e., power to prescribe the lawful rate, as well as the maximum or minimum, or maximum and minimum rate to be observed. The three agencies recognize, however, that in the event that legislation similar to S. 1061, withdrawing from the three agencies authority to determine that a rate or charge is lower than a reasonable minimum rate or charge in the transportation of bulk commodities and certain agricultural and fishery products and withdrawing from two of them similar authority with respect to passengers, is enacted, it will be necessary to similarly limit the powers of the joint board in this respect.

The Board, the Federal Maritime Commission, and the Interstate Commerce Commission recommend that the provisions enclosed herewith be substituted for those of section 4 of S. 1062, and that they be enacted as being in implementation of the recommendation in the President's transportation message that the Congress should "declare as a matter of policy that through routes and joint rates should be vigorously encouraged, and authorize all transportation agencies to participate in joint boards."

. Advice has been received from the Bureau of the Budget that there is no objection to the submission of these amendments from the standpoint of the administration's program and their enactment would be in accord with the program of the President.

Sincerely yours,
ALAN S. BOYD,
Chairman, Civil Aeronautics Board.
JOHN HARLLEE,
Chairman, Federal Maritime Commission.
LAURENCE K. WALRATH,
Chairman, Interstate Commerce Commission.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, November 7, 1963, he presented to the President of the United States the following enrolled bills:

S. 876. An act to authorize the Administrator of General Services to convey certain lands in Prince Georges County, Md., to the American National Red Cross; and

S. 1201. An act for the relief of Dr. James T. Maddux.

VOCATIONAL EDUCATION

Mr. PEARSON. Mr. President, vocational education has been the subject of considerable congressional attention during this session of Congress. It has been viewed as a vital instrument for dealing with problems of unemployment, juvenile delinquency, and the elevation of the status of minorities. It was linked to the reduction of tariffs, through the Trade Expansion Act of 1962, and to area redevelopment, through legislation passed by the 87th Congress.

In effect, Mr. President, Congress had given added emphasis to the concept that education is not solely a vital process to which our younger citizens are to be subjected, but that it is a matter to which all citizens must continually be exposed. The pace of technological change and the rapid advance of knowledge make this particular form of continuous retraining essential to individual and national welfare.

During the debate on the most recently considered program, H.R. 4955, I supported an amendment to reduce the fiscal authorization for the vocational education program to the level approved by the House. It will be recalled that the House had voted to authorize $630 million for the first 5 years for grants to the States. The Senate committee proposed $1.01 billion, or almost a 60 percent increase. It will further be recalled that the authorization voted by the House was six times that originally requested by the President.

Mr. President, my vote to support the House version of the vocational education proposal was not one in opposition to vocational education. It represented support of an adequate program, and at the same time demonstrated my concern for the proliferation of vocational education programs.

I ask unanimous consent that there be printed in the RECORD at this point a brief table I have had compiled. It shows a number of the major vocational education programs currently in effect, and several proposals still pending. It lists the specific program, their current status, the type of training they provide, the administering agencies, and the appropriation for each.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Status of vocational education programs

Legislation	Status	To provide—	Administered by—	Cost
Smith-Hughes Act, 1917	In effect	Teachers of vocational education subjects for youths in and out of school.	Health, Education, and Welfare.	$7,383,700 annually.
Title I of George-Barden Act, 1946.	do	Assistance for vocational educational programs for youths in and out of school.	do	$29,225,000 annually.
Title II of George-Barden Act, 1956.	do	Training of practical nurses	do	$5,000,000 annually through fiscal year 1965.
Title III of George-Barden Act, 1958.	do	Vocational training for youths in and out of school in technical fields.	do	$15,000,000 annually through fiscal year 1964.
Area Redevelopment Act	do	Retraining for the unemployed in depressed areas.	Health, Education, and Welfare and Labor.	$14,500,000 annually through fiscal year 1965.
Manpower Development and Training Act.	do	Retraining for unemployed, on-the-job training, and vocational training.	do	$655,000,000 over a 4-year period (fiscal year 1962–65).
Trade Expansion Act	do	Compensation for workers unemployed or undergoing retraining as a result of economic dislocations of the act.	Labor	Maximum per worker of $65 per week for 78 weeks.
Vocational Education Act of 1963.	In conference	Expanded State programs, research, school dropouts, etc.	Health, Education, and Welfare.	$1,010,000,000 over 4 years.
MDTA amendment (1965)	Passed in Senate	Literacy training and vocational training for youths and school dropouts.	Health, Education, and Welfare and Labor.	Additional $200,000,000 over a 2-year period (fiscal year 1964–65).
ARA amendment (1963)	Rejected in House; passed the Senate.	Retraining for the unemployed in depressed areas.	Health, Education, and Welfare.	Additional $5,500,000 over 2-year period (fiscal year 1964–65).
Youth employment bill	Passed Senate, reported in House.	Work experience and training for youth from 16 to 22.	Labor	$100,000,000 in fiscal year 1964; remainder to be determined later.

Mr. PEARSON. Mr. President, I am cognizant of the report of the advisory board convened by the Secretary of Health, Education, and Welfare to review vocational education programs. It is gratifying that the Senate committee respected some of the recommendations of that panel. It is also important to note that H.R. 4955 made a particular point of emphasizing consideration of vocational education programs at the State level.

Nevertheless, I point to the remarks contained in the minority views of the Joint Economic Committee in the 1963 Joint Economic Report (S. Rept. No. 78, 88th Cong., p. 91):

> The redundancy and inconsistency which exist among the adjustment provisions of the Trade Expansion Act of 1962, the retraining features of the Area Redevelopment Act, the Manpower Development and Training Act, and the unemployment insurance program are impairing the effectiveness of our training and retraining efforts. We believe it is urgent for the administration to examine the relationship of these programs to one another and to provide for their more effective coordination in order to better promote the objectives of the programs.

One must recognize that there are certain distinguishing features between those several programs, but likewise there is also considerable overlapping. A well-coordinated vocational education program had developed, beginning with the Smith-Hughes Act, in 1917, and through the George-Barden Acts of 1946 and 1956. More recently, there has been a tendency to consider problems to be too critical to wait for adaptation of existing programs. Special vocational education programs have been initiated. The table I have put in the Record, although possibly not all-inclusive, does point to programs designed for 11 different purposes, provided under 6 major legislative acts, administered variously by the Department of Labor, the Department of Health, Education, and Welfare, or the two in combination, and involving authorizations in excess of $650 million annually.

Our concern now, Mr. President, should be that these programs are coordinated in their programing and administration, so as to assure not only the most economic use of available funds, but also the effective counseling and proper training of the personnel whom they are designed to aid.

We need to consider, for example, whether these programs are designed to meet the needs of the unemployed generally, and are not limited to specific cases and causes of unemployment. There are jobs begging for people with special skills; and the source of the trainee is not as important as the emphasis and quality of the program which attempts to prepare him to fill a position.

We need to be concerned with meaningful coordination between these several programs, at both the Federal level and State levels, and between these programs and the U.S. Unemployment Service. Some, but not all, vocational education programs are keyed to area and regional manpower needs, as determined by USES. Is not this a factor which all programs should take into consideration? Furthermore, is the best use made of USES, so that a responsible effort is made to locate and utilize personnel with newly acquired knowledge and skills?

It might be well to survey the administration of the several programs, to determine whether top-level policy planning and administrative organization reflect the increasing national concern for the direction of vocational education and rising governmental costs. I am not convinced that a single administration is the answer to all organizational problems; but attention to a reoriented, universally available vocational education program may be justified at this time.

The many programs should certainly be reviewed in the light of these and other questions which can legitimately be raised, before further expansions are approved or before any new programs are authorized.

CONGRESSIONAL ACCOMPLISHMENTS

Mr. MANSFIELD. Mr. President, the work of this Congress would be no further advanced if, beginning in January, we had gone in at 8 a.m. every day, including Saturdays. It would more likely be less advanced because under the rules of this body the committees might well have been estopped from meeting while the Senate was in session.

The Senate Calendar, which represents the bills reaching the Senate floor and not disposed of, has not during this entire session contained more than a bill or two of great significance at all times. As the bills have reached the calendar, it has been the policy of this leadership to stay with them until they are cleared; and in this respect we have received the wholehearted cooperation of the Senate as a whole.

The work completed on the Senate floor has been substantial during this session.

Those who complain of the total legislative output would do well to look elsewhere than the Senate floor. On the Senate floor, the leadership—majority and minority—has a primary responsibility which it must discharge without any greater authority under the rules than that authority enjoyed by any other single Member of this body.

Allegations have been made that the leadership is "dull and dreary." I must admit to the accuracy of that charge insofar as it involves the majority leader alone. Glamour is not the hallmark of the Senator from Montana. But I must say that the Senator from Montana in 20 years or more of experience in the Congress has operated on the principle that it is not the headlines, but the results, which count. And the results of two sessions of the 87th Congress and the Senate's output to date in the 1st session of the 88th Congress require no apologies whatsoever.

I believe I speak with some experience when I say that the hours on the floor have been perhaps long and tedious, but not unproductive. No Member who has been here consistently to attend to his primary legislative responsibility needs to apologize for the time he has put in this session—and without time-and-a-half for overtime. A Roman circus may make good newspaper copy, but it does not necessarily make for greater or better legislative output. So long as the Senator from Montana has anything to say about it, the operations on the Senate floor will be those of a body of mature men and women charged with a serious national purpose.

We will work on the floor when there is work to be done—when the calendar tells us there is work to be done. But we will not arrange sideshow sessions of the Senate for the edification of the press or in order that this body may give the appearance of being busy, for the purpose of impressing the boss, the American people.

Mr. President, may I say that if I had had my way—and I do not speak defensively—the Senate would have remained in session longer last week and this week than it did; and as long as there are amendments to be offered and amendments to be voted on, the Senate can and should be prepared to remain in session until late hours in the evening.

Mr. DIRKSEN. Mr. President, conforming to the suggestion of the majority leader, I shall say very little about the incoherencies that I have found, this morning, set forth in the Congressional Record.

The brave crusader from the Nutmeg State on his white charger has great zeal for being here and getting on with the business, and he is not here. If he does not know that the Senate is in session, he ought to know it. So I will be prepared to suggest the absence of a quorum and see if he can find his way to the Senate Chamber where the business is done. I shall withhold my suggestion of the absence of a quorum long enough——

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. The Senator to whom the minority leader has referred has been most assiduous in his attendance. He has been present as much as any other Senator, to the best of my knowledge. The Record ought to make that very clear.

Mr. DIRKSEN. Mr. President, what I said still goes.

Mr. MORSE and **Mr. JAVITS** addressed the Chair.

Mr. DIRKSEN. Mr. President, I believe I have the floor.

Mr. MORSE. I am sorry. I beg the Senator's pardon.

Mr. DIRKSEN. I shall relinquish the floor, since the Senate is in the morning hour, but I will reserve the right to make a point of no quorum. I yield the floor.

Mr. MORSE and **Mr. JAVITS** addressed the Chair.

The **PRESIDENT** pro tempore. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, I rise to speak in defense of the majority leader's record in the Senate.

I believe that the Record is clear that on substantive issues from time to time the majority leader and I may be in opposition as to our position on the merits of controversial proposed legislation. But there is nothing to which anyone can point that shows that the majority leader and the Senator from Oregon are in any conflict whatsoever with regard to the operation of the Senate under the able leadership of the Senator from Montana. I wish the Record to show that the Senator has extended to the senior Senator from Oregon unfailing courtesy, unfailing cooperation, and unfailing good will at all times.

Mr. President, I wish to speak for a moment about some of the accomplishments of the present session of the Senate about which the Senator from Montana is too modest to talk. We have made a good legislative record as far as Senate business is concerned in connection with proposed legislation that has reached the calendar. For unanswerable proof of the comment I have made, all one would have to do would be to take a look in the Senate Calendar as of this morning. Yesterday, I had printed in the Congressional Record the calendar of the Senate. As of yesterday the calendar contained a listing of 14 bills. Not a single one of those bills could be considered a major bill which would call for long, major discussion in the Senate other than the foreign aid bill, which we were then dealing with and still are dealing with.

In fact, aside from the foreign aid bill, I do not believe that there is a bill on the Senate Calendar that would call for consideration in the Senate for more than 2 or 3 hours at the most. We could clear up the entire Senate Calendar in a couple of days of sessions if we went down the calendar. That speaks more than I believe anything that can be said about the leadership of the Senator from Montana in handling the business of the Senate.

What that means—and he did not specify it, but I think it was clearly implied in the remarks of the majority leader—is that we should not look to the floor of the Senate to find out what is wrong—if anything is wrong in regard to the legislative record of the present session of Congress. I suggest that we look to the committees, where there are some major pieces of proposed legislation that have not yet been reported from committee.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may have 2 additional minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. Those major pieces of proposed legislation have not yet reached the floor of the Senate. I do not criticize the committees. I merely say that that is where much of the major proposed legislation still is. That is not the fault of the majority leader. It is not the fault of the committees, so far as I am concerned. I do not know what the facts are about the proposed legislation, but I know something about what we have done, because I have worked long and hard hours on some of the things that we have done. I know what the Senate has done in connection with the proposed legislation related to education.

We have taken through the Senate, with the able assistance of the majority leader, a higher education bill and a bill on vocational education that represent weeks of work of the Senate Committee on Labor and Public Welfare and long debate in the Senate. So today I rise in complete and total defense of what I believe has been a remarkable job of fine leadership that the Senator from Montana has given to his body at the present session of the Congress, as he has given in the past.

Mr. GRUENING. Mr. President, I believe neither the majority leader nor the minority leader needs any defense. Although I am a comparatively recent comer to the Senate, I heartily approve of the character of leadership given the Senate by our majority leader and the quality of cooperation, and occasionally effectively presented dissent, given by the minority leader. I think it is unfortunate that any doubt as to the ability of the leadership of those two men should have been raised. I dissent from it completely. On the contrary, we have had a fine example of leadership. It is the kind of leadership that the Senate should welcome. It is a leadership that involves respect for the wishes of individual Senators, and recognizes that their function in the Senate should be left to their consciences. That has been the policy of our distinguished majority leader. I am heartily in favor of the type of leadership that he has shown.

I wish to say an equally kind word for the minority leader, the Senator from Illinois [Mr. DIRKSEN], who I think has at all times shown his cooperation while maintaining his position of opposition to measures he does not approve. His dissent, when his party policies cause him to dissent, is always performed effectively, goodnaturedly, and constructively, and often with refreshing humor.

Mr. JAVITS. Mr. President, I should like to address a question to the majority leader based upon his statement that the calendar is clear. About 3 weeks ago we all understood that the Committee on Commerce had reported the so-called public accommodations section. All of that intervening time has gone by. It seems to me that an opportunity should be afforded to test out the time when the Senate should go into the civil rights debate, which opportunity could be afforded if that report were filed.

I should like to join my colleagues in saying to the majority leader and the minority leader that I do not believe there is any question about their good faith or their dedication to the tasks at hand in their endeavor to accomplish the business of the Senate, but I have a very strong difference with the majority leader as to when debate on the civil rights issue shall begin.

The question I am addressing to the Senator from Montana is not invidious. I am puzzled by the long delay which has taken place. After all, the Senator does not bear that responsibility unless he knows the facts. If he does not, I shall address myself to the chairman of the committee. But, as was said, the calendar is clear. I raised the question because there is a major domestic issue before us. Three weeks ago we understood that the Committee on Commerce had ordered reported a bill. In all the intervening time the report has not been made. I wonder what is holding it up, if the majority leader happens to know.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished Senator from New York, may I say that even if the public accommodations bill is reported from the Committee on Commerce, it is not my intention to call it up. I repeat again what I have previously said. When the Senate faces the civil rights bill, it will face as whole a civil rights bill as is possible. If a fragment of the civil rights bill is reported, we shall be here until doomsday.

Again I wish to say that I will not engage in any kind of Roman holiday or sideshow. When the Senate faces the issue, it will face it as a whole.

Mr. JAVITS. I should like to say to the Senator that if other Senators differ with him, they should have the right to endeavor to call up the committee bill. If the bill is reported, as propriety would require, it seems to me, it would therefore appear on the calendar. Without its being on the calendar we are deprived of an opportunity to call it up. The calendar may appear clear, but the fact is that there is a critically important bill in the wings which the Senate should have the right to decide whether it wishes to take up or not. The Senate may not agree with the majority leader. Knowing him as I do, he would be the first to say that the democratic processes which the Senate rules afford should at least be followed through.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MANSFIELD. Mr. President, if the Senator from New York wishes to take over the leadership of this body, he is welcome to do so, but as long as I happen to be the leader on this side, I have announced what the procedure will be, and it will be that as long as I am leader.

Mr. JAVITS. With all respect to the Senator, I say to him that the Senator from New York does not wish to, and could not if he wished to——

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The time of the Senator has expired.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may have an additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. The Senator from New York has no desire to take over the leadership. I believe that is a completely different question from the question of an opportunity to test out this very serious question. I hope that we shall see the bill to which I have referred placed on the calendar. I understand that it is fully ready for the calendar. I am very much puzzled by the fact that the report has not yet been filed.

Mr. MANSFIELD. I am not interested in a headline or an issue. I am interested in results. And if we want results—if it is at all possible to get results—the Senate will wait for the whole bill, and not merely a part of it. If we want a sideshow or a Roman holiday, we will take up one segment of the civil rights bill and then let everything take its course.

Mr. PROXMIRE. Mr. President, I have not in past years been reluctant to criticize the previous leadership of the Senate. I have done so, and I have done so vigorously. But I believe that the present distinguished majority leader is absolutely right when he points to the calendar and says that if we dispose of the foreign aid bill we shall not have other pending legislation before us on which we could act for very long. I do not believe we can blame only the majority leader for holding up action in the Congress. I believe that the Senator from Oregon was correct when he said he did not have the facts. I do not have the facts, either. None of us has the facts. We do have this single fact, however: this is November 7 and there are still a number of appropriation bills to handle in addition to the civil rights bill and the tax bill. Although Congress may adjourn on December 20, much of the work of the Senate will not be done this year. If we seek to do a complete job next year we are likely to restrict our opportunity to go to the American people in the campaign and I suspect not do a nearly adequate job in the Senate.

Mr. President, I suggest that, if there is no one to blame here, we certainly should get the facts and find out why proposed legislation is taking so long to reach the Senate. I believe that, under these circumstances, we always indulge in a round of back slapping, and we say no one is to blame, that everyone is doing a fine job.

I believe we have two wonderful gentlemen as leaders, both Democratic and Republican. The majority leader has been very courteous, friendly, and helpful to me on many occasions. But I believe all Senators should get the facts and find out what the situation is, and then move—not remain in session interminably and be unable to finish our program competently.

Mr. KUCHEL. Mr. President, sometime, after most Senators have gone home in the evening, a few of us remain here and strange things occur. I must say, very frankly, that I regret some of the comments which were made in the Chamber last night.

Let me try to be constructive for a moment. Mr. President, do Senators know what is wrong with the Senate today? It is the archaic rules under which we operate. First, we on this side of the aisle, as Republicans, clothe a very able American statesman, the Senator from Illinois [Mr. DIRKSEN], with the responsibility of being our minority leader.

You, on that side of the aisle, as Democrats, clothe a very able American statesman, the senior Senator from Montana [Mr. MANSFIELD], with the responsibility of being majority leader.

What is the situation? There still remains a miserable, despicable rule of filibustering, under which one or two or three or four or more Senators can frustrate the business of the U.S. Senate. It is because of the power that one or two or three or four Senators can exercise that even if we could put Paul the Apostle in the majority leader's seat he could not conduct the business of the Nation in the Senate in the absence of general, perhaps unanimous, consent to go forward. We also lack, for a limited time each day, a rule of germaneness which would put each Senator on notice that the full attention of the Senate would be devoted to the pending business, whatever that might be.

I recognize that in the situation such as we have been in last week, yesterday, and now today in this Chamber, there are honest divergencies of view. We have on occasion similar divergencies on this side of the aisle.

Under those circumstances, it is almost impossible to maintain an orderly procedure in the Senate unless every Senator in attendance agrees to some reasonable limitation of debate so that we can take up each issue, one at a time, debate it thoroughly, and then dispose of it.

My judgment is that the average U.S. Senator, whether he serves on the appropriate committees or not, is reasonably well acquainted with the merits and demerits of a major issue such as the mutual security program so that he can make an intelligent judgment on particular aspects of it as they arise.

Under those circumstances, I was one of those who fondly hoped, in the opening moments of this debate, that we could proceed to agree to a unanimous-consent agreement.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KUCHEL. I am sorry—not at the moment. But we have not been able to do so. Thus, we have experienced a situation which has become exacerbated by the bitterness of feelings on the issue. The issue has been raised in debate to the point that we could not have the kind of orderly procedure which, as a young man, I thought was completely inherent in the conduct of the U.S. Senate.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KUCHEL. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. Last night some of the divergencies of view came forward. I am a Republican, and I want my Republican Party to do what I believe it is doing; that is, to act constructively. I want my party to object vigorously to those issues to which—in terms of its historic principles, its platform, and the commitments which it has made to the American people to keep their faith—it should object. Such an objection should be made, and has been made, regardless of the occupant of the White House. Objections have been made by the leadership and membership on this side of the aisle to various proposals, both foreign and domestic which have emanated from the White House and this administration. But, Mr. President, I do not want—nor do Republicans generally want—our party to be a blindly disruptive, opposing political organization which opposes merely for opposition's sake. That might be opposition but it is not responsible opposition. I want my party, the Republican Party, to follow the leadership of this or any other administration when our party believes that leadership on a particular question represents the best interest—the national interest, the public interest—of all of the American people. That is what we have done in this debate. That is why I salute today, as I did last night, these two Americans—one a Republican and one a Democrat—one on our side and one on the other side—who are uniquely equipped by experience to know what they are doing, who arrived at a proposal that was so overwhelmingly—indeed, unanimously—approved yesterday in the Senate so that for the first time in many days some progress was made in this Chamber.

DEPARTMENT OF STATE PUBLICATION, "FREEDOM FROM WAR"

Mr. TOWER. Mr. President, it has come to my attention that a publication of the Department of State, entitled "Freedom From War," has caused a good deal of concern around the Nation.

This publication sets out what is referred to as "The U.S. program for general and complete disarmament in a peaceful world." It is felt by many Americans that the disarmament program set forth in this publication would lead to: First, elimination of U.S. Armed Forces, bases, and weapons; second, transfer of weapons, including nuclear weapons to a United Nations force; and third, world government under the United Nations.

I might note that two steps under this disarmament proposal already have taken place. The first was ratification of the Moscow treaty proposing a partial nuclear test ban—although the treaty does not provide inspection as the plan intimated it would. The second step is the United Nations' action calling for a ban on placing weapons in space—although here the action concurred in by the United States was taken without the American Congress or people voting on it, and again no inspection was provided.

Since it would appear that disarmament under this State Department proposal has indeed started, and since it appears that disarmament can continue through United Nations action not voted upon by the American voters, or their elected Congressmen, I ask unanimous consent to have printed in the RECORD the complete text of the publication to which I refer. I take this step because I am informed that the Department of State no longer distributes this booklet to the public, and because I believe the American public has a vital stake in the booklet's disarmament blueprint.

There being no objection, the booklet was ordered to be printed in the RECORD, as follows:

FREEDOM FROM WAR—THE U.S. PROGRAM FOR GENERAL AND COMPLETE DISARMAMENT IN A PEACEFUL WORLD

INTRODUCTION

The revolutionary development of modern weapons within a world divided by serious ideological differences has produced a crisis in human history. In order to overcome the danger of nuclear war now confronting mankind, the United States has introduced at the 16th General Assembly of the United Nations a program for general and complete disarmament in a peaceful world.

This new program provides for the progressive reduction of the warmaking capabilities of nations and the simultaneous strengthening of international institutions to settle disputes and maintain the peace. It sets forth a series of comprehensive measures which can and should be taken in order to bring about a world in which there will be freedom from war and security for all states. It is based on three principles deemed essential to the achievement of practical progress in the disarmament field:

First, there must be immediate disarmament action

A strenuous and uninterrupted effort must be made toward the goal of general and complete disarmament; at the same time, it is important that specific measures be put into effect as soon as possible.

Second, all disarmament obligations must be subject to effective international controls

The control organization must have the manpower, facilities, and effectiveness to assure that limitations or reductions take place as agreed. It must also be able to certify to all states that retained forces and armaments do not exceed those permitted at any stage of the disarmament process.

Third, adequate peacekeeping machinery must be established

There is an inseparable relationship between the scaling down of national armaments on the one hand and the building up of international peacekeeping machinery and institutions on the other. Nations are unlikely to shed their means of self-protection in the absence of alternative ways to safeguard their legitimate interests. This can only be achieved through the progressive strengthening of international institutions under the United Nations and by creating a United Nations peace force to enforce the peace as the disarmament process proceeds.

There follows a summary of the principal provisions of the U.S. program for general and complete disarmament in a peaceful world.

SUMMARY—DISARMAMENT GOAL AND OBJECTIVES

The overall goal of the United States is a free, secure, and peaceful world of independent states adhering to common standards of justice and international conduct and subjecting the use of force to the rule of law; a world which has achieved general and complete disarmament under effective international control; and a world in which adjustment to change takes place in accordance with the principles of the United Nations.

In order to make possible the achievement of that goal, the program sets forth the following specific objectives toward which nations should direct their efforts:

The disbanding of all national armed forces and the prohibition of their reestablishment in any form whatsoever other than those required to preserve internal order and for contributions to a United Nations peace force;

The elimination from national arsenals of all armaments, including all weapons of mass destruction and the means for their delivery, other than those required for a United Nations peace force and for maintaining internal order;

The institution of effective means for the enforcement of international agreements, for the settlement of disputes, and for the maintenance of peace in accordance with the principles of the United Nations;

The establishment and effective operation of an international disarmament organization within the framework of the United Nations to insure compliance at all times with all disarmament obligations.

TASK OF NEGOTIATING STATES

The negotiating states are called upon to develop the program into a detailed plan for general and complete disarmament and to continue their efforts without interruption until the whole program has been achieved. To this end, they are to seek the widest possible area of agreement at the earliest possible date. At the same time, and without prejudice to progress on the disarmament program, they are to seek agreement on those immediate measures that would contribute to the common security of nations and that could facilitate and form part of the total program.

GOVERNING PRINCIPLES

The program sets forth a series of general principles to guide the negotiating states in their work. These make clear that:

As states relinquish their arms, the United Nations must be progressively strengthened in order to improve its capacity to assure international security and the peaceful settlement of disputes;

Disarmament must proceed as rapidly as possible, until it is completed, in stages containing balanced, phased, and safeguarded measures;

Each measure and stage should be carried out in an agreed period of time, with transition from one stage to the next to take place as soon as all measures in the preceding stage have been carried out and verified and as soon as necessary arrangements for verification of the next stage have been made;

Inspection and verification must establish both that nations carry out scheduled limitations or reductions and that they do not retain armed forces and armaments in excess of those permitted at any stage of the disarmament process; and

Disarmament must take place in a manner that will not affect adversely the security of any state.

DISARMAMENT STAGES

The program provides for progressive disarmament steps to take place in three stages and for the simultaneous strengthening of international institutions.

First stage

The first stage contains measures which would significantly reduce the capabilities of nations to wage aggressive war. Implementation of this stage would mean that:

The Nuclear Threat Would Be Reduced

All States would have adhered to a treaty effectively prohibiting the testing of nuclear weapons.

The production of fissionable materials for use in weapons would be stopped and quantities of such materials from past production would be converted to nonweapons uses.

States owning nuclear weapons would not relinquish control of such weapons to any nation not owning them and would not transmit to any such nation information or material necessary for their manufacture.

States not owning nuclear weapons would not manufacture them or attempt to obtain control of such weapons belonging to other States.

A commission of experts would be established to report on the feasibility and means for the verified reduction and eventual elimination of nuclear weapons stockpiles.

Strategic Delivery Vehicles Would Be Reduced

Strategic nuclear weapons delivery vehicles of specified categories and weapons designed to counter such vehicles would be reduced to agreed levels by equitable and balanced steps; their production would be discontinued or limited; their testing would be limited or halted.

Arms and Armed Forces Would Be Reduced

The Armed Forces of the United States and the Soviet Union would be limited to 2.1 million men each (with appropriate levels not exceeding that amount for other militarily significant States); levels of armaments would be correspondingly reduced and their production would be limited.

An experts commission would be established to examine and report on the feasibility and means of accomplishing verifiable reduction and eventual elimination of all chemical, biological, and radiological weapons.

Peaceful Use of Outer Space Would Be Promoted

The placing in orbit or stationing in outer space of weapons capable of producing mass distruction would be prohibited.

States would give advance notification of space vehicle and missile launchings.

U.N. Peacekeeping Powers Would Be Strengthened

Measures would be taken to develop and strengthen United Nations arrangements for arbitration, for the development of international law, and for the establishment in stage II of a permanent U.N. peace force.

An International Disarmament Organization Would Be Established for Effective Verification of the Disarmament Program

Its functions would be expanded progressively as disarmament proceeds.

It would certify to all States that agreed reductions have taken place and that retained forces and armaments do not exceed permitted levels.

It would determine the transition from one stage to the next.

States Would Be Committed to Other Measures To Reduce International Tension and To Protect Against the Chance of War by Accident, Miscalculation, or Surprise Attack

States would be committed to refrain from the threat or use of any type of armed force contrary to the principles of the U.N. Charter and to refrain from indirect aggression and subversion against any country.

A U.N. peace observation group would be available to investigate any situation which might constitute a threat to or breach of the peace.

States would be committed to give advance notice of major military movements which might cause alarm; observation posts would be established to report on concentrations and movements of military forces.

Second stage

The second stage contains a series of measures which would bring within sight a world in which there would be freedom from war. Implementation of all measures in the second stage would mean:

Further substantial reductions in the armed forces, armaments, and military establishments of States, including strategic nuclear weapons delivery vehicles and countering weapons;

Further development of methods for the peaceful settlement of disputes under the United Nations;

Establishment of a permanent international peace force within the United Nations;

Depending on the findings of an experts commission, a halt in the production of chemical, bacteriological, and radiological weapons and a reduction of existing stocks or their conversion to peaceful uses;

On the basis of the findings of an experts commission, a reduction of stocks of nuclear weapons;

The dismantling or the conversion to peaceful uses of certain military bases and facilities wherever located; and

The strengthening and enlargement of the International Disarmament Organization to enable it to verify the steps taken in stage II and to determine the transition to stage III.

Third stage

During the stage of the program, the States of the world, building on the experience and confidence gained in successfully implementing the measures of the first two stages, would take final steps toward the goal of a world in which:

States would retain only those forces, nonnuclear armaments, and establishments required for the purpose of maintaining internal order; they would also support and provide agreed manpower for a U.N. peace force.

The U.N. peace force, equipped with agreed types and quantities of armaments, would be fully functioning.

The manufacture of armaments would be prohibited except for those of agreed types and quantities to be used by the U.N. peace force and those required to maintain internal order. All other armaments would be destroyed or converted to peaceful purposes.

The peacekeeping capabilities of the United Nations would be sufficiently strong and the obligations of all states under such arrangements sufficiently far reaching as to assure peace and the just settlement of differences in a disarmed world.

APPENDIX—DECLARATION ON DISARMAMENT

The nations of the world,

Conscious of the crisis in human history produced by the revolutionary development of modern weapons within a world divided by serious ideological differences;

Determined to save present and succeeding generations from the scourge of war and the dangers and burdens of the arms race and to create conditions in which all peoples can strive freely and peacefully to fulfill their basic aspirations;

Declare their goal to be: A free, secure, and peaceful world of independent states adhering to common standards of justice and international conduct and subjecting the use of force to the rule of law; a world where adjustment to change takes place in accordance with the principles of the United Nations; a world where there shall be a permanent state of general and complete disarmament under effective international control and where the resources of nations shall be devoted to man's material, cultural, and spiritual advance;

Set forth as the objectives of a program of general and complete disarmament in a peaceful world:

(a) The disbanding of all national armed forces and the prohibition of their reestablishment in any form whatsoever other than those required to preserve internal order and for contributions to a United Nations peace force;

(b) The elimination from national arsenals of all armaments, including all weapons of mass destruction and the means for their delivery, other than those required for a United Nations peace force and for maintaining internal order;

(c) The establishment and effective operation of an International Disarmament Organization within the framework of the United Nations to ensure compliance at all times with all disarmament obligations;

(d) The institution of effective means for the enforcement of international agreements, for the settlement of disputes, and for the maintenance of peace in accordance with the principles of the United Nations.

Call on the negotiating states:

(a) To develop the outline program set forth below into an agreed plan for general and complete disarmament and to continue their efforts without interruption until the whole program has been achieved;

(b) To this end to seek to attain the widest possible area of agreement at the earliest possible date;

(c) Also to seek—without prejudice to progress on the disarmament program—agreement on those immediate measures that would contribute to the common security of nations and that could facilitate and form a part of that program.

Affirm that disarmament negotiations should be guided by the following principles:

(a) Disarmament shall take place as rapidly as possible until it is completed in stages containing balanced, phased, and safeguarded measures, with each measure and stage to be carried out in an agreed period of time.

(b) Compliance with all disarmament obligations shall be effectively verified from their entry into force. Verification arrangements shall be instituted progressively and in such a manner as to verify not only that agreed limitations or reductions take place but also that retained armed forces and armaments do not exceed agreed levels at any stage.

(c) Disarmament shall take place in a manner that will not affect adversely the security of any state, whether or not a party to an international agreement or treaty.

(d) As states relinquish their arms, the United Nations shall be progressively strengthened in order to improve its capacity to assure international security and the peaceful settlement of differences as well as to facilitate the development of international cooperation in common tasks for the benefit of mankind.

(e) Transition from one stage of disarmament to the next shall take place as soon as all the measures in the preceding stage have been carried out and effective verification is continuing as soon as the arrangements that have been agreed to be necessary for the next stage have been instituted.

Agree upon the following outline program for achieving general and complete disarmament:

Stage I

A. To Establish an International Disarmament Organization

(a) An International Disarmament Organization (IDO) shall be established within the framework of the United Nations upon entry into force of the agreement. Its functions shall be expanded progressively as required for the effective verification of the disarmament program.

(b) The IDO shall have: (1) a general conference of all the parties; (2) a commission consisting of representatives of all the major powers as permanent members and certain other states on a rotating basis; and (3) an Administrator who will administer the Organization subject to the direction of the commission and who will have the authority, staff, and finances adequate to assure effective impartial implementation of the functions of the Organization.

(c) The IDO shall: (1) Insure compliance with the obligations undertaken by verifying the execution of measures agreed upon; (2) assist the states in developing the details of agreed further verification and disarmament measures; (3) provide for the establishment of such bodies as may be necessary for working out the details of further measures provided for in the program and for such other expert study groups as may be required to give continuous study to the problems of disarmament; (4) receive reports on the progress of disarmament and verification arrangements and determine the transition from one stage to the next.

B. To Reduce Armed Forces and Armaments

(a) Force levels shall be limited to 2.1 million each for the United States and U.S.S.R. and to appropriate levels not exceeding 2.1 million each for all other militarily significant states. Reductions to the agreed levels will proceed by equitable, proportionate, and verified steps.

(b) Levels of armaments of prescribed types shall be reduced by equitable and balanced steps. The reductions shall be accomplished by transfers of armaments to depots supervised by the IDO. When, at specified periods during the stage I reduction process, the states party to the agreement have agreed that the armaments and armed forces are at prescribed levels, the armaments in depots shall be destroyed or converted to peaceful uses.

(c) The production of agreed types of armaments shall be limited.

(d) A chemical, biological, radiological (CBR) experts commission shall be established within the IDO for the purpose of examining and reporting on the feasibility and means for accomplishing the verifiable reduction and eventual elimination of CBR weapons stockpiles and the halting of their production.

C. To Contain and Reduce the Nuclear Threat

(a) States that have not acceded to a treaty effectively prohibiting the testing of nuclear weapons shall do so.

(b) The production of fissionable materials for use in weapons shall be stopped.

(c) Upon the cessation of production of fissionable materials for use in weapons, agreed initial quantities of fissionable materials from past production shall be transferred to nonweapons purposes.

(d) Any fissionable materials transferred between countries for peaceful uses of nuclear energy shall be subject to appropriate safeguards to be developed in agreement with the IAEA.

(e) States owning nuclear weapons shall not relinquish control of such weapons to any nation not owning them and shall not transmit to any such nation information or material necessary for their manufacture. States not owning nuclear weapons shall not manufacture such weapons, attempt to obtain control of such weapons belonging to other states, or seek or receive information or materials necessary for their manufacture.

(f) A nuclear experts commission consisting of representatives of the nuclear states shall be established within the IDO for the purpose of examining and reporting on the feasibility and means for accomplishing the verified reduction and eventual elimination of nuclear weapons stockpiles.

D. To Reduce Strategic Nuclear Weapons Delivery Vehicles

(a) Strategic nuclear weapons delivery vehicles in specified categories and agreed types of weapons designed to counter such vehicles shall be reduced to agreed levels by equitable and balanced steps. The reduction shall be accomplished in each step by transfers to depots supervised by the IDO of vehicles that are in excess of levels agreed upon for each step. At specified periods during the stage I reduction process, the vehicles that have been placed under supervision of the IDO shall be destroyed or converted to peaceful uses.

(b) Production of agreed categories of strategic nuclear weapons delivery vehicles and agreed types of weapons designed to counter such vehicles shall be discontinued or limited.

(c) Testing of agreed categories of strategic nuclear weapons delivery vehicles and agreed types of weapons designed to counter such vehicles shall be limited or halted.

E. To Promote the Peaceful Use of Outer Space

(a) The placing into orbit or stationing in outer space of weapons capable of producing mass destruction shall be prohibited.

(b) States shall give advance notification to participating states and to the IDO of launchings of space vehicles and missiles, together with the track of the vehicle.

F. To Reduce the Risks of War by Accident, Miscalculation, and Surprise Attack

(a) States shall give advance notification to the participating states and to the IDO of major military movements and maneuvers, on a scale as may be agreed, which might give rise to misinterpretation or cause alarm and induce countermeasures. The notification shall include the geographic areas to be used and the nature, scale, and timespan of the event.

(b) There shall be established observation posts at such locations as major ports, railway centers, motor highways, and airbases to report on concentrations and movements of military forces.

(c) There shall also be established such additional inspection arrangements to reduce the danger of surprise attack as may be agreed.

(d) An international commission shall be established immediately within the IDO to examine and make recommendations on the possibility of further measures to reduce the risks of nuclear war by accident, miscalculation, or failure of communication.

G. To Keep the Peace

(a) States shall reaffirm their obligations under the U.N. Charter to refrain from the threat or use of any type of armed force—including nuclear, conventional, or CBR—contrary to the principles of the U.N. Charter.

(b) States shall agree to refrain from indirect aggression and subversion against any country.

(c) States shall use all appropriate processes for the peaceful settlement of disputes and shall seek within the United Nations further arrangements for the peaceful settlement of international disputes and for the codification and progressive development of international law.

(d) States shall develop arrangements in stage I for the establishment in stage II of a U.N. peace force.

(e) A U.N. peace observation group shall be staffed with a standing cadre of observers who could be dispatched to investigate any situation which might constitute a threat to or breach of the peace.

Stage II

A. International Disarmament Organization

The powers and responsibilities of the IDO shall be progressively enlarged in order to give it the capabilities to verify the measures undertaken in stage II.

B. To Further Reduce Armed Forces and Armaments

(a) Levels of forces for the United States, U.S.S.R., and other militarily significant states shall be further reduced by substantial amounts to agreed levels in equitable and balanced steps.

(b) Levels of armaments of prescribed types shall be further reduced by equitable and balanced steps. The reduction shall be accomplished by transfers of armaments to depots supervised by the IDO. When, at specified periods during the stage II reduction process, the parties have agreed that the armaments and armed forces are at prescribed levels, the armaments in depots shall be destroyed or converted to peaceful uses.

(c) There shall be further agreed restrictions on the production of armaments.

(d) Agreed military bases and facilities wherever they are located shall be dismantled or converted to peaceful uses.

(e) Depending upon the findings of the experts commission on CBR weapons, the production of CBR weapons shall be halted, existing stocks progressively reduced, and the resulting excess quantities destroyed or converted to peaceful uses.

C. To Further Reduce the Nuclear Threat

Stocks of nuclear weapons shall be progressively reduced to the minimum levels which can be agreed upon as a result of the findings of the nuclear experts commission; the resulting excess of fissionable material shall be transferred to peaceful purposes.

D. To Further Reduce Strategic Nuclear Weapons Delivery Vehicles

Further reductions in the stocks of strategic nuclear weapons delivery vehicles and agreed types of weapons designed to counter such vehicles shall be carried out in accordance with the procedure outlined in stage I.

E. To Keep the Peace

During stage II, states shall develop further the peace-keeping processes of the United Nations, to the end that the United Nations can effectively in stage III deter or suppress any threat or use of force in violation of the purposes and principles of the United Nations:

(a) States shall agree upon strengthening the structure, authority, and operation of the United Nations so as to assure that the United Nations will be able effectively to protect states against threats to or breaches of the peace.

(b) The U.N. Peace Force shall be established and progressively strengthened.

(c) States shall also agree upon further improvements and developments in rules of international conduct and in processes for peaceful settlement of disputes and differences.

Stage III

By the time stage II has been completed, the confidence produced through a verified disarmament program, the acceptance of rules of peaceful international behavior, and the development of strengthened international peacekeeping processes within the framework of the U.N. should have reached a point where the states of the world can move forward to stage III. In stage III progressive controlled disarmament and continuously developing principles and procedures of international law would proceed to a point where no state would have the military power to challenge the progressively strengthened U.N. peace force and all international disputes would be settled according to the agreed principles of international conduct.

The progressive steps to be taken during the final phase of the disarmament program would be directed toward the attainment of a world in which:

(a) States would retain only those forces, nonnuclear armaments, and establishments required for the purpose of maintaining internal order; they would also support and provide agreed manpower for a U.N. peace force.

(b) The U.N. peace force, equipped with agreed types and quantities of armaments, would be fully functioning.

(c) The manufacture of armaments would be prohibited except for those of agreed types and quantities to be used by the U.N. peace force and those required to maintain internal order. All other armaments would be destroyed or converted to peaceful purposes.

(d) The peace-keeping capabilities of the United Nations would be sufficiently strong and the obligations of all states under such arrangements sufficiently far-reaching as to assure peace and the just settlement of differences in a disarmed world.

REPUBLICAN OPPOSITION

Mr. TOWER. Mr. President, on another matter, I understand that the Republicans have been referred to by the distinguished Senator from Connecticut [Mr. DODD] as being weak, complacent, cozy, and ineffective in their opposition.

I believe I need only refer to the very close votes which have been taken in this body on many of the New Frontier measures with which we have disagreed, to show that our opposition is indeed vigorous and most effective.

I salute my minority leader, the distinguished Senator from Illinois [Mr. DIRKSEN], at this time.

SENATE LEADERSHIP

Mr. DODD. Mr. President, I should like to call to the attention of the distinguished minority leader the fact that I am present.

Unfortunately, I was at a meeting and was unable to be present at 12 o'clock. I say this merely to show that I have been reasonably faithful in my attendance, commensurate with other duties.

I am not one who enjoys the role of critic, particularly when the object is the majority leader, or the minority leader, both of whom I respect and admire, and for whom I have deep affection. I join with all my colleagues who have made reference to their great characters, strong personalities, and generosity. I am well aware of it. I said it last night in this body. I could not say it too often.

That has nothing to do with the subject I discussed last night, which I should like to discuss at this time for 5 minutes. I ask unanimous consent to do so.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. I have put aside personal feelings and, speaking as a Senator with some responsibility to the people of my State and this country for what goes on here—and I hear from the people in my own State about it—I have stated my opinion, and I believe I have spoken the truth.

I believe that any objective appraisal of the Senate record will bear out my criticism.

I know that different people look at the operations of the Congress with differing points of view. Some people do not want us to do anything, and, in their view, a successful Congress is one which adjourns without passing any major legislation.

But on this side of the aisle, we Democrats must be judged in relation to the goals we have set for ourselves and the degree to which we have reached those goals.

We have a 2 to 1 majority in the Senate. We have an administration of our own party. We can hardly expect the American people to give us more favorable circumstances for carrying out our program. But what has happened?

Look, first of all, at the routine business of the Senate which is transacted every year, the appropriation bills. Thirteen appropriation bills were supposed to have been passed by July 1, but here we are on November 7, and only five appropriations have been enacted into law. Virtually the whole Government is operating on borrowed time.

Of our four major objectives of this session, a tax cut, a civil rights bill, a general aid to education bill, and a medicare bill, in my judgment, none has a real chance of enactment this year.

A few months ago, when Senators proclaimed that they were willing to remain in session until Christmas in order to pass a civil rights bill, or a tax cut bill, I thought it was exaggerated rhetoric. Then it appeared to be an extraordinary measure to achieve vital objectives. Now it appears that we shall indeed be in session until Christmas, not for the purpose of passing a tax bill or a civil rights bill, or any other major innovation, but merely to mop up our regular housekeeping chores that should have been completed by July 1.

I do not believe a similar situation can be found in the entire history of the Senate. The whole Senate seems to be pervaded by a spirit of lethargy. Even comparatively minor legislation of a completely noncontroversial nature is unable to get through the committee process and onto the floor of the Senate, mainly due, in my judgment, to inertia.

Speaking from my own experience, I have been trying for 2 years to obtain action on a bill which would put some limited controls on the dangerous drug pills that are flooding this country by the millions and turning tens of thousands of our young people into drug addicts. This bill is noncontroversial. It is supported by every group that has anything to do with the problem. I do not know of anyone who opposes it. Yet I cannot even obtain a Senate hearing on the bill after 2 years of effort. I have spoken to the majority leader about it. I have written letters. I have talked myself dumb about the matter.

Or look at our responsibilities to the people in the District of Columbia.

We are now in our fifth month since the expiration of last year's budget for the District of Columbia, and there is no appropriation to enable this great city to carry on its functions. No city electorate in the country would stand for this kind of mismanagement from its government. Any city government which operated in this manner would be thrown out, and rightfully so. But the unfortunate people of the District of Columbia have the Congress of the United States as its governing body. And so they must endure a government which, far from handling the problems of the District of Columbia with vision and imagination, cannot even find time to consider the minimum housekeeping chores without which the city cannot long function.

The **PRESIDING OFFICER**. The time of the Senator has expired.

Mr. **DODD**. I ask unanimous consent for 3 additional minutes.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **DODD**. So Senators may make whatever defenses they wish of our performance and when they are through praising it, when they are through making emotional defenses of the leadership, I ask them to look again at the record, at the box score.

They will see a record not only of unfulfilled promises, but a record of failure even in meeting the routine statutory obligations placed upon the Congress.

If there were some sign of unusual exertion here then we might be able to say that forces beyond our control were at the root of this. But there are no such signs of exertion. We are just dribbling along, putting in our time on a limited basis and following the path of least resistance. We seem to be waiting complacently for some miracle to break the logjam.

I believe that things have disintegrated to the point where every Senator is becoming a partner in this fiasco.

This is soon to become a great political issue in this country, and every Senator will be asked by his constituents to state whether he is a willing or unwilling partner in the shambles we are creating.

I have, therefore, spoken out to try to kindle some sense of urgency in carrying on the public's business. I think we should come into session early in the morning, stay late at night, work weekends, holidays, day in and day out, until we get the people's business done, and I want the RECORD to show this.

Mr. **JAVITS**. Mr. President, will the Senator yield?

Mr. **DODD**. I yield.

Mr. **JAVITS**. Mr. President, I spoke exactly as the Senator has done some weeks ago, calling this a standstill Congress, and real umbrage was taken. Every sentence which the Senator has uttered deals with the fact that we have not done our job and that the power of governance has not been exercised.

With respect to the statement relating to the majority leader or the minority leader, that they are dragging their feet, perhaps an answer could be made. Secondly, an answer might also be made to the mere suggestion of coming in early and remaining late. If those arguments are laid aside, because perhaps good answers could be made to them, we still face the basic question that we are not getting our work done, and that the only way to do it is to let the people know and have them get after us. The Commerce Committee sits on a report for 3 weeks or more. So far as we know, it will continue to sit on it.

It is said that the calendar is clear. Yes; the calendar is clear. No action is taken, so the calendar is clear. So it is said that the Senate cannot convene early and remain in session until late because the calendar is clear.

I hope the Senator will concentrate on the point that the power of governance is not being exercised. It is being paralyzed because we are not exercising it, or its exercise is being prevented. The people should have their say—the only way that anything can be done about it. Therefore, rather than criticize the majority leader or the minority leader for not convening early and staying late, I hope the Senator will concentrate on the argument that the power of governance has fallen on its face and that it is up to us to do something about it.

Mr. **DODD**. Mr. President, I ask unanimous consent to have 2 additional minutes to respond to the Senator from New York.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **DODD**. Let us look at this situation realistically. The Senator says we are all to blame. I do not think the Senator has been less anxious than I to get on with the business of the Senate and sit longer hours. I know that my view is shared by many Senators. They have told me so. We all know it very well. The situation is discussed in the cloakrooms. Senators sing a different song there than they do here. How else can we complain, except to the leadership? I cannot merely abjure our own failure. As a matter of necessity, I have now addressed myself to the leaders.

I repeat, it is not a personal thing. Senators know it is not. I have no personal feelings against the Senator from Montana or the Senator from Illinois. I like them both. They are both fine men. But they have not gotten us to work, and they should do it. I receive messages from people in my own State asking why we do not get to work and get our work done. That is all I have tried to do. I hope we can get something done.

Mr. **DIRKSEN**. Mr. President, I would be the last Senator ever to use the Senate Chamber for a glorified wailing wall. I would be the last Senator ever to express publicly his own ineptitude to discharge his responsibilities. If I am against something, I try to defeat it, and I will raise unshirted hell in order to get it done. When I am for something, I will go the second mile to get it done.

I believe we demonstrated that when we sat, not in the Senator's cloakroom, but in our cloakroom, in the Republican cloakroom, to finally compose our differences and approve, by unanimous vote, the Mansfield-Dirksen amendment, which had taken us so long, toward the ultimate completion of the bill that is now before us.

It is astonishing that a Senator, who ought to know the rules of the Senate if he does not know them, who ought to know the working hours of the Senate if he does not know them, should come here at night and emotionalize about staying in session until midnight, and castigate the majority leader because the Senate adjourned at 4 o'clock, 5 o'clock, or 6 o'clock. I have not seen a 4 o'clock adjournment, except when there were extraordinary circumstances which justified it. I believe the Senate has been very diligent.

It may be that the distinguished Senator from the Nutmeg State does not have anything to do in his office. I do not know whether he has or has not. I am 3 days behind with my mail now. That is only a fraction of the mail I see. I spoke to the press this morning. I reminded them of the briefcase that goes home every night. Every morning, on the ride to the Capitol, I read mail and keep up with my chores; every weekend I sit at my desk; and that happens even on Sunday, when one ought to be enjoying God's sunshine.

Perhaps the Senator from Connecticut does not do that. I believe we owe to every Senator ample time to discharge the manifold responsibilities of his office—the departmental work, the claims, the protests, the mail, the detail, the people. I do not know how many people come to the offices of other Senators. My office is always full. I have to put them off and put them off, to make deferred arrangements to see my constituents, people who are taxpayers, who are entitled to see me.

When I read the Senator's comments in the RECORD this morning, I thought it was a bundle of incoherence that should never have appeared in the RECORD. I will let my comment stand at that point. If there is ever to be an answer, I will answer the distinguished Senator from Connecticut, and he will know well that he will have been answered when I am through.

Mr. **DODD**. I would be happy to have the Senator make his answer.

Mr. **DIRKSEN**. I will answer in my own good time.

Mr. DODD. I hope the Senator will have the courtesy to let me know.

Mr. DIRKSEN. It will not be at midnight, when the Senate session is over.

Mr. DODD. The Senator may choose his own hour.

Mr. DIRKSEN. It will not be when the Senate session is over. We had excused all Senators last evening, and told them to go home, with the announcement that there would be no more votes.

Mr. DODD. I did not hear that.

Mr. DIRKSEN. The Senator is not around enough. I can prove it with the Senator's committee record and with his record of attendance on the floor. If the Senator wishes to stay here until midnight, we can keep him here.

Mr. DODD. That is all right. If the Senate has business to do, I will be here. A number of Senators were on the floor last evening. It was about 6:30, and the Senator from California [Mr. KUCHEL] had made reference to his amendment. I expected the Senate to vote on it.

Mr. DIRKSEN. Then the Senator did not know what was going on.

Mr. DODD. I think I did, as much as any other Senator does; and I think I know as much as the Senator from Illinois does about what is going on.

Mr. DIRKSEN. It could be.

Mr. DODD. Of course, I am not privy to some of the secrets. I do not share them with him. However, he does not frighten me, if that is his purpose with his menacing words addressed to me, and the implications. I shall be glad to hear his answer at any time he likes. I said what I think is so. I do not intend to be frightened out of it by anyone. I assure the Senator from Illinois that I particularly mean him. So I say to the Senator from Illinois, "Come on with your answer. I will be here too."

Mr. DIRKSEN. The answer will come, but I will not come to the floor with a 20-page effusion, first having delivered it to the press, to make it appear what a great crusader the Senator from Connecticut purports to be, emotionalizing on a 24-hour Senate day.

Mr. DODD. I do not know whether I understood that comment. I want to be sure that I did. I did not come here with any prepared speech. As a matter of fact, I was not prepared to speak. My remarks were entirely impromptu, if that is the word. I had no intention of speaking at all. The speech had not been delivered to the press, either.

Mr. KEATING. Mr. President, all Senators, regardless of party, have consistently enjoyed the courtesy and consideration of our distinguished majority leader and our distinguished minority leader. They have always been thoughtful of the interests of all Senators. Any criticism of what has been accomplished in this Congress—and there can be criticism—and with respect to lack of action, as mentioned by the distinguished Senator from Connecticut, I entirely agree with. This has not been a Congress of which we can be proud so far as output is concerned. However, there are many who share that responsibility. In my judgment it cannot be laid entirely at the door of the leader of either party, specifically, of course, of the majority party. I agree with the distinguished Senator from California [Mr. KUCHEL], that we shall continue to have this problem in this Congress and in the next, and in the next, until we come to grips with the archaic rules of the Senate.

That is at the base of our lack of accomplishment. Not only do a minority of Senators have the power to strangle action by the majority, but, above and beyond that, oftentimes bills are not pressed or brought before the Senate because of the fear or threat of a filibuster.

We had an opportunity in January to reform the filibuster rule, but we muffed it. Many of us said then that unless we came to grips with this problem we would never pass civil rights legislation in this session, and that we would be stymied in many other areas.

We must meet the problem of legislative reform sooner or later. I am sorry that the distinguished Senator from Connecticut has departed from the Chamber, because I wish to say a few words about what he had to say with respect to the weak and vacillating and ineffective minority. When John F. Kennedy was elected President of the United States, my comment was that so long as President Kennedy favored and advocated, as he often had, measures which I felt were in the interest of my country, he would have my full support; that when he departed from that policy, according to my lights, he would have my opposition. That has been my consistent position, and I believe it has been the position of most other members of the minority. There is a great deal of difference between obstruction and constructive opposition. The President and the administration, in my judgment, have advocated many measures that are good for our country.

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. KEATING. I ask that I be granted 3 additional minutes.

The **PRESIDING OFFICER.** Without objection, the Senator is recognized for 3 additional minutes.

Mr. KEATING. Very often I have voted in favor of such measures, and I shall continue to do so, just as I shall vote against proposals which I do not believe are in the national interest.

I believe it is a mark of constructive opposition not to be constantly obstructive. It is a dilution of the effectiveness of opposition if one merely stands and says "No" to every proposal that is made. Each proposal must be weighed on its merits and the criticism of the distinguished Senator from Connecticut [Mr. DODD] is unjustified if he is attacking Senators on this side of the aisle for supporting administration programs which some of us might favor.

We are elected by our constituents to serve here and use our judgment, not to be rubber stamps either for an administration or, indeed, for a minority leadership. We are elected by our constituents to use our own judgment. I believe that is what the Members of the minority have done. They should not be criticized because they are not saying "No" to everything that is proposed by the majority. If they did, they would be subject to criticism; and that would be much more justifiable criticism than that directed toward us by the Senator from Connecticut last evening.

Mr. FULBRIGHT. Mr. President, will the Senator from New York yield?

Mr. KEATING. I yield.

Mr. FULBRIGHT. I agree with the Senator from New York, particularly in this instance. I wish to pay the Republicans a compliment, particularly those Republicans who are members of the Committee on Foreign Relations. They have shown a high degree of statesmanship in the way they have cooperated in the handling of the bill, which should not be a partisan matter. It is a measure dealing with our foreign relations. I have been extremely pleased and gratified by what the Republicans have done. It would have been very ill advised if they had tried to be partisan and had opposed the bill vigorously, and were fiery in their opposition.

I agree that in this instance, the criticism that has been made of the Republicans is highly unjustified. I had expected in due time to say a word about how responsible and cooperative they have been on this measure, which I know is a highly unpopular one.

Mr. KEATING. I thank the distinguished Senator from Arkansas. Of course, this measure is the very last one into which partisanship of an obstructionist character should enter. Naturally, we have our differences of opinion; that is proper. But they are not and should not be partisan differences of opinion.

SENATOR KEATING PLEDGES FIGHT FOR ADDITIONAL WORK AT BROOKLYN NAVY YARD

Mr. KEATING. Mr. President, I wish to say a word or two about a matter of great concern of the people of New York, and which should be of great concern also to the people of all the other States who are working to create and maintain a strong U.S. Navy.

Yesterday at a meeting in the Navy Department, which was attended by representatives of the Metal Trades Council, Representative CAREY, of Brooklyn, and I received disturbing news. We learned that as a result of decisions made in the highest levels of Government, there will be no new aircraft carrier construction at the Brooklyn Navy Yard in the near future and there will be very little if any new construction of any kind. That is very bad news.

It is bad for the New York Naval Shipyard, which has well deserved its traditional title of the "Can-Do Yard." It is bad for the whole New York area, for which the Brooklyn yard has been an important mainstay. And, in my judgment, it is also bad for the Navy to deny outright to public yards the opportunity to participate in or even compete for the kind of work that they depend on.

Over the last few years the New York Naval Shipyard has pulled in its belt. It has increased its efficiency and cut down costs to a commendable extent. It is now one of the most efficient yards on the east coast.

Yet, despite the continuing contention that the Navy is using private yards to save money, the fact is that the Brooklyn yard is very close to being competitive. There is no doubt that New York has a better record than some other public yards which have been assigned more work for fiscal year 1964. In my judgment, it is in the interests of the Navy and of the taxpayers to encourage improvement, instead of, as is the case right now, penalizing the Brooklyn yard for its good work.

As a result of the bipartisan meeting with Admiral Brockett, Chief of the Bureau of Ships, those present agreed that additional information was needed, which we have asked for. I am determined to do everything in my power, and I am convinced that the New York State congressional delegation will do everything in its power, to preserve competition in the shipbuilding picture and that means competition for public yards as well as private ones. That means encouragement and work for the yards that do a good job.

Not only in repair and conversion work, at which the Brooklyn Yard is unexcelled, but also in new construction work, the Brooklyn Navy Yard is able and determined to do as fine and efficient a job as anyone anywhere else in the country, and the representatives of the State of New York, in bipartisan cooperation, are determined to see that they have that opportunity. This is not the end of the fight for fair treatment in New York. As far as we are concerned, it is just the start. In fact, as the great U.S. naval hero John Paul Jones said when his ship the *Bonhomme Richard* was sinking under him:

> I have just begun to fight.

Mr. JAVITS. The Navy has apparently made a decision to assign the construction of a new aircraft carrier to a private shipyard. This is a sad blow to 11,000 skilled Brooklyn Navy Yard workers, many of whom may lose their jobs.

This reported decision raised the gravest concern for the Brooklyn Navy Yard, which is seemingly not being treated by the Navy as the indispensable arm of the Nation's security, which it is. The cost comparisons, which the Navy has given as a reason for the decision, represent a narrow view, for there is no comparability for security.

As a result of this discouraging experience, we have a right to demand that the Navy spell out a far more concrete, long-term policy for the Brooklyn Navy Yard which will guarantee a reasonable continuity of its workers.

ONE HUNDRED AND EIGHTY-EIGHTH ANNIVERSARY OF THE U.S. MARINE CORPS

Mr. KEATING. Mr. President, on November 10 as we celebrate the 188th anniversary of the founding of the U.S. Marine Corps, Americans can reflect with pride on the long and proud tradition of this distinguished branch of our armed services. Since the time of their first landing operation—the successful raid on New Providence in the British Bahamas in March, 1776—U.S. Marines have fought selflessly and determinedly to defend and preserve freedom for America.

This history of the Marine Corps in America is a long and colorful one. As the Nation's amphibious force-in-readiness, the Marines have distinguished themselves in both land and sea operations all over the globe. In America, Marine Corps operations have not been strictly confined to wartime maneuvers. Marines have responded on numerous occasions when their country has called upon them. Throughout the world, the marines have always stood ready to restore order and to preserve the dignity of the American flag. Order sometimes was peacefully restored as it was in Egypt in 1882; sometimes extensive fighting was involved as in Korea in 1871 before America's flag could wave over the embassy in peace.

Mr. President, in this world of mingled tension and relief, Americans are indebted to the Marine Corps for their constant alert. Their force-in-readiness role was clearly and dramatically demonstrated when President Eisenhower committed 6,000 marines to the Lebanon operation. The "Leathernecks" responded to their call with their usual timeliness and skill. Their presence in and around the city of Beirut not only preserved law and order in that tense city but protected American lives and property which otherwise might have been lost or damaged. A more recent example of Marine preparedness was graphically illustrated in October of 1962 when the United States was engaged in one of the hottest scenes of the cold war—the Cuban crisis.

America is proud of the Marine Corps. Their selfless loyalty to duty, their determined efforts to defend freedom have written a permanent chapter in U.S. history. Always ready to quell a spark before it becomes a forest fire, the U.S. Marine Corps can boast of a long tradition of heroic deeds.

Mr. President, I congratulate the U.S. marines on the celebration of their 188th anniversary. May their fine traditions of the past be reflected in the years to come, as America moves on to meet the challenges of the future.

Mr. President, the commandant of the Marine Corps, Gen. David M. Shoup, has issued a birthday message on this significant occasion. I ask unanimous consent that following my remarks, the text of his statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HEADQUARTERS, U.S. MARINE CORPS,
OFFICE OF THE COMMANDANT,
Washington, D.C.

COMMANDANT'S BIRTHDAY MESSAGE, NOVEMBER 10, 1963

Today, November 10, 1963, the 188th anniversary of the founding of our corps, finds marines around the world poised and ready as always to perform our traditional role as the Nation's amphibious force-in-readiness.

Our traditions as professional fighting men are founded on a heritage of service, selfless loyalty, and past achievements. While we are justifiably proud of past accomplishments, we realize that the gallant men of yesterday cannot assure our freedom of tomorrow. Therefore, we can be equally proud of our corps as it stands today, prepared to strike hard and fast when the need arises.

I am confident that marines will meet the challenges of the future with the same high sense of valor, loyalty, and steadfast determination which has characterized our corps since its earliest beginnings nearly 200 years ago. A Marine Corps strong in heart, strong in spirit, and strong in arms is the best assurance of preserving the heritage passed on to us by generations of marines since 1775.

To all marines throughout the world, and to all marine families, on the 188th anniversary of our beloved corps, I extend my heartiest congratulations and my very best wishes.

DAVID M. SHOUP,
General, U.S. Marine Corps,
Commandant of the Marine Corps.

THE HIGH COST OF U.S. SHIPPING

Mr. BARTLETT. Mr. President, a thought-provoking article entitled "The High Cost of U.S. Shipping," written by Charles Bartlett, was published recently by the Washington Evening Star. I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE HIGH COST OF U.S. SHIPPING—FATE OF SUBSIDIZED SHIPPERS HELD LIKELY TO BE OMEN FOR OTHER PINCHED INDUSTRIES

(By Charles Bartlett)

Having drawn attention to the noncompetitive nature of this country's shipping, the negotiations on the wheat sale may serve the national purpose of stimulating a serious effort to revive a merchant marine that is falling prey to the vulnerability of high costs.

The shipping industry is being maintained in a condition of modest health through Federal subsidies and protection and the fate of the shippers will be an important omen for other American industries that are being increasingly obliged to coexist with high costs and foreign competition.

The Norwegian Journal of Shipping, angry at the move to restrict the wheat shipments to American vessels, bluntly asserted last week that the United States is violating its business traditions by maintaining a slow and expensive "horse-and-buggy" merchant marine that has been drugged with economic narcotics.

The impact of labor and construction costs upon the American fleet may be measured by the extremely limited construction of new ships, by the markedly higher cargo rates, and finally by the fact that American ships, which transported almost one-third of the Nation's foreign commerce in the 1930's, are now carrying less than 10 percent of it.

It is necessary, in examining the plight of the industry, to note the difference between liners, which operate passenger and freight service on regularly scheduled routes, and tramp ships, which are not common carriers and are free to travel anywhere on any terms.

The construction and operation of the American flag liners, owned by 16 companies, are heavily subsidized by the Government. The unsubsidized tramp fleet comprised of 130 ships in 79 companies, is protected by the Jones Act, which restricts coastal shipping to American vessels, and by the requirement that 50 percent of all Government cargoes be shipped in U.S. bottoms.

The tramp fleet is being badly squeezed by two factors. Their operators are obliged to pay the wage scales negotiated by the subsidized companies, which are able to pass the increased costs on to the Government. They must build their ships in American yards, where the prices are considerably higher than abroad.

Some tramp operators maintain that subsidies are the only answer to the squeeze, but others are bold enough to believe that if they can be allowed to purchase highly automated vessels at foreign prices they can meet the competition. The domestic shipyards would not, they say, lose business through these foreign purchases because they have not been asked to build a new dry cargo ship for years.

The labor unions have a practical enthusiasm for the objective of expanding the maritime fleet, and their leaders appear sympathetic to the necessity of reducing labor costs through automation. They have had small success at persuading the foreign maritime unions, particularly the British, Dutch, and German, to press for higher pay, and they realize they must join the operators in seeking competitive costs through speed and mechanization.

But they are unwilling, at least publicly, to endorse a breach of the traditional prohibitions against foreign-built vessels. They prefer, instead, to induce the Government to offer tramp vessels the same subsidy arrangements that have proven so comfortable to both the companies and the unions in maintaining the liners.

The new Under Secretary of Commerce, Franklin D. Roosevelt, Jr., has spurred the administration's desire to revive the merchant marine and he is preparing a proposal to bring forward next winter. The alternatives of proposing a subsidy, which will increase the budget, or the foreign purchases, which will agitate the balance of payments, are difficult at this time.

But the war-built vessels are moving toward obsolescence and automated ships, which have proven their worth on the subsidized routes, are being launched by competing maritime nations. A new shipping boom is discerned to be at hand and the time is clearly ripe for basic decisions on the American tramp fleet.

PARLIAMENTARY PROCEDURE

Mr. MORSE. Mr. President, I respectfully ask that the distinguished Senator from California [Mr. Kuchel] be present while I make an observation or two relating to some remarks he made earlier today concerning the pending measure.

If I correctly understood the Senator from California, he favored a unanimous-consent agreement for a limitation of debate on the bill, and he was of the view that most Senators were pretty much of a mind as to the position they would take on the amendments and the issues that are involved. It is also true that there is a point of view that is being expressed in conversations in the Senate and also in articles in the press that in some way, somehow, the conclusion is inevitable that there has been unnecessary delay in the consideration of the bill.

I say to the Senator from California that Senators have told me that they were not aware of a good many things that are in the bill, the implications of them, and the information relative thereto. They have said that the debate has been exceedingly helpful to them and has caused them to change their position on issues connected with the bill.

Be that as it may, that is the purpose of debate in the Senate. At least, debate affords Senators an opportunity to change their minds if it brings out information and facts that are contrary to the points of view that Senators formerly held.

I do not believe we can justify unanimous-consent agreements that would so limit the time as I think a unanimous-consent agreement in this case would have done, thus preventing a full discussion of the merits of this highly complicated bill. In addition to commenting on the implication that there has been an unwarranted delay in the handling of the bill, I do not believe anyone can say, with any justification, that any dilatory tactics have been or will be used in connection with the progress of the bill. The majority leader knows that I have said to him time and time again that we intend to proceed to consider the bill amendment by amendment without a unanimous-consent agreement, but that we have no intention to engage in "prolonged debate," which is interpreted by many persons to mean a filibuster.

Now I wish to come to grips with the basic issue. I have said before, and repeat today, that I believe the Senate has permitted the practice of unanimous-consent agreements to grow up, particularly in the past 10 years. My experience during the first 9 years of my service in the Senate was that unanimous-consent agreements to limit debate were rare and were for extraordinary situations; they were not common. Now the point has been reached where unanimous-consent agreements are common procedure in the Senate for the handling of proposed legislation. In my opinion, the practice ought to stop. I intend to use my rights under the existing rules to stop it, not only in connection with this piece of major proposed legislation, but with other measures as they come along. I serve that notice today.

Unanimous-consent agreements in the Senate should be used for extraordinary circumstances, not as a general practice. They are coming to serve in the Senate the same purpose as the Rules Committee serves in the other body of prescribing the limitations on debate on a given subject. If there is no purpose in having unlimited debate in the Senate, we may change the rule. If we do not want unlimited debate to be the policy, let us change the rule. But if that rule is changed, the Senate will change one of the most historic strengths it has—namely, that this is a great parliamentary body. If there is muzzling, straitjacketing, or steamrollering, a Senator will not be able to exercise his rights as the representative of a sovereign State in this body. Our forefathers were very wise when they established these basic guarantees, which stem from Jefferson's Manual. I am not referring here to cloture, which is also part of the rules, but to unlimited debate short of cloture. I am referring to the limiting of debate by the unanimous-consent procedure.

Until the Senate rule is changed—but I do not expect to live long enough to see the Senate change its rule of unlimited debate—that will be my position. I do not mean to say that I will not support the existing rule on cloture. There is procedural protection in the Senate which can be used if a Senator thinks good-faith tactics are not being used or that good-faith debate is not occurring. The cloture rule can be applied whenever an abuse of practice exists in the Senate. However, I do not believe the Senate or the American people will ever vote to take away from this parliamentary body the precious weapon which the people have, through their Senators—namely, that this floor is always free for a representative of the people of any State to stand up and discuss, to the extent he believes necessary, the merits of any issue.

The PRESIDING OFFICER. Under the morning-hour limitation, the time available to the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 2 minutes more, and then I shall be through.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MORSE. Mr. President, I wish to go on record once again in support of the Senate's unlimited debate rule as one of the most precious safeguards the American people have in their entire system of representative government.

I will cooperate in connection with cloture whenever I find that debate is being abused. But I do not want to sit here in silence and thus make possible any implication that I have been guilty of using dilatory tactics in connection with the foreign aid bill.

I close by saying that many other Senators have said to me—that if at the beginning of this debate there had been a unanimous-consent agreement, the bill would not have been cut to the point to which it has already been cut. Nor shall I give unanimous consent to any requested agreement to limit debate in connection with the bill at any time. I also want the leadership to know that I will not give my consent for limitation of debate in regard to any major issue which will come before the Senate between now and the time of adjournment.

THE ALASKA MARINE HIGHWAY

Mr. GRUENING. Mr. President, the State of Alaska is shortly to conclude the first year of operation of a great pioneering venture in transportation.

When Alaska was a territory, and prior thereto, when it was a district, it suffered great discrimination as a stepchild in the national family. One of those discriminations was the total exclusion, from the time of enactment in 1916 until 1956, of Alaska from the benefits of Federal aid highway legislation.

As a consequence of that exclusion, and despite the efforts made, for more than 40 years by Alaska's voteless Delegates in the House of Representatives, to have Alaska included, when it entered the Union it was in the unique situation of having not merely a few but the majority of its cities unconnected by highways, a situation which in the other States would be unthinkable.

However, Mr. President, beginning immediately after statehood, and in full realization of the discrimination and handicap under which Alaska had suffered as a result of her exclusion from the benefits of Federal highway legislation, Governor Eagan proposed, and the Alaska Legislature passed, a proposal for a $23 million bond issue to create what is called, in Alaska, the Marine Highway. The Marine Highway consists of large ferries, which carry approximately 110 automobiles and go from Prince Rupert, in British Columbia, at a point just south of the southernmost part of Alaska, up the inside passage, which is famed for its magnificent scenery, stopping at Ketchikan, Wrangell, Petersburg, Sitka, Juneau, and on to Haines and Skagway—a distance of approximately 300 miles.

The bond issue proposal was submitted to the people of Alaska and was approved by them, and the necessary legislation was then enacted. As a result, beginning last January, service on the new Marine Highway began. It has been a tremendous success. Thousands of passengers and automobiles and trucks have been carried on it, although there was little advertising outside of Alaska to make this new means of transportation widely known, and the prospect for next year is even better, now that every voyager has become an enthusiastic supporter of this new route.

This development was made without any Federal assistance. Alaska, after having been denied for 40 years any Federal highway assistance, and although still not included in the Federal Interstate System, made this most important development entirely on its own.

Mr. President, recently a very good account of this development was written by Lawrence E. Davies, west coast correspondent of the New York Times, and was published in the New York Times western edition on November 2, 1963. The article is entitled "Marine Highway to Alaska Booms—Ferry System Spurs Tourism and Aids the Economy." I ask unanimous consent that the article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Marine Highway to Alaska Booms—Ferry System Spurs Tourism and Aids the Economy

(By Lawrence E. Davies)

Juneau, Alaska, November 1.—Elated officials are reporting outstanding success for Alaska's new marine highway on which the State is banking heavily for its economic future.

Traffic carried by three ferryships operating between Prince Rupert, British Columbia, and southeast Alaska cities and towns is now equaling the total projected for the ferry system's fourth year of operation—that is, for 1966.

The system made its debut late in January with one ship, the *Malaspina*, named for Alaska's largest glacier. Since then two sister vessels, the *Taku* and the *Matanuska*, each 353 feet long and cruising at 21 miles an hour, have been added to the fleet. They, too, are named for scenic glaciers of the State.

From January through September 30 the ships carried 74,603 passengers and 14,042 vehicles. More than 4,000 reservations are already booked for next season. Many of the passengers have been motoring tourists who embarked at Prince Rupert, left their ships at Ketchikan, Wrangell, Petersburg, Sitka, and Juneau for overnight stops, then drove into the interior of Alaska from Haines, about 80 miles north of this capital city.

BUSINESS IS BENEFITED

All along the route, according to Gov. William A. Egan and his commissioner of public works, Richard Downing, hotels, motels, restaurants, and retail businesses felt the effect.

The ferryship route follows the scenic Inside Passage 450 miles from Prince Rupert to Skagway. Motorists usually have taken a loop trip this first season. They have driven from Haines to Anchorage, Fairbanks, or other cities, then returned home by way of the Alaska Highway. Or they went north by that road and returned by ferryship to Prince Rupert and connecting highways.

Now the system is facing its winter test. Business, as expected, has fallen drastically. Instead of carrying up to 350 passengers and 155 vehicles, as was frequently the case in the May-through-August period, the *Malaspina* last weekend fought through high wintry waves and fog with only 22 passengers, 3 automobiles, a trailer, and a tractor.

A 40-mile wind kept the vessel waiting off Ketchikan until daybreak before it could put into the dock on its southbound trip. Then, on the way north, rough seas in a 21-mile-long unprotected Pacific Ocean section of the route in Dixon Entrance gave passengers a bonus experience.

SOFAS TOSSED ABOUT

Two hundred-pound sofas skidded on lounge floors. Suitcases and tables played musical chairs in staterooms and dinner was delayed until table settings could be placed with some assurance of stability. The following morning, because of dense fog, the *Malaspina* lay anchored 4½ hours in Wrangell narrows, a 250-foot-wide stretch with sharp channel turns. Capt. Herbert E. Storey, Jr., the ship's 38-year-old, Colorado-born master, pronounced this the roughest trip of the year and he said that others might be expected during the winter. Once the fog lifted, however, passengers exclaimed over the majestic scenery between the fishing town of Petersburg and Juneau.

"We're making money in summer and operating in the red in winter," Captain Storey remarked, "but as time goes on and trucking picks up this will be a paying operation in winter as well."

Only last week the Ottawa government announced that Canada would keep open on a trial basis this winter its stretch of the Haines Cutoff, a road connecting Haines with the Alaska Highway. This will enable trucks to use the marine highway all winter and to proceed then from Haines to interior Alaska cities. About 46 miles of road is involved in the Canadian plan.

RATES ARE REDUCED

Some sawmill owners are beginning to use the ferry ships to ferry lumber to Haines and the interior. C. Girard Davidson, former Democratic national committeeman of Oregon, who has moved to Wrangell as president of a new lumber company, the Alaska-Pacific, said at Petersburg:

"We think we can get kiln-dry lumber into Anchorage and Fairbanks much more cheaply this way than by sending it to Whittier by water and loading it aboard railroad cars."

In a further move to build winter business, the ferry system is reducing rates through March from $152.50 an automobile and driver between Prince Rupert and Skagway to $99.

Each of the ferry ships is to have its stateroom bunks increased this winter by the Lake Union Drydock Co. of Seattle from the present 28 to 88 in response to the first year's demand. This is costing $290,000, to be added to the system's $15 million outlay, of which $4.5 million each was paid for construction of the ships.

A $2.6 million vessel, 270 feet long, to accommodate 240 passengers and 40 vehicles is being built by the Christy Corp. of Sturgeon Bay, Wis., for a loop run between Homer, Kodiak, Seward and probably Anchorage, in south central Alaska. This is scheduled for service late next July.

SALE OF WHEAT TO RUSSIA, AND SAVINGS IN STORAGE, TRANSPORTATION, AND HANDLING COSTS

Mr. MILLER. Mr. President, on October 15, the Wall Street Journal and the Washington Post, among other newspapers, quoted Secretary of Agriculture Orville Freeman as saying the sale of 150 to 200 million bushels of wheat to the Soviet Union would save U.S. taxpayers about $200 million in storage and other costs. The Journal, in addition, noted:

> He [Freeman] didn't break down this estimate, but the Agricultural Department has estimated the savings in storage, transportation, and handling costs would total $225 million during the current fiscal year and $30 million in fiscal 1965.

Since Mr. Freeman appeared to be very positive in quoting the $200 million savings, I wrote him, on October 15, a letter in which I asked for a breakdown of this amount, to show exactly where the savings would be effected. I also asked him to reconcile, in that breakdown, this $200 million figure with the Commodity Credit Corporation's "Report of Financial Condition and Operations," as of June 30, 1963. This report notes that for all—and I emphasize the word "all"—commodities in the price-support program, storage and handling expenses totaled $377 million, and transportation expenses totaled $170 million. These costs covered the more than 2 billion bushels of all types of grains, including wheat, plus other price-support commodities. In addition, I pointed out that the report showed that storage, handling, and transportation costs of the 1,082,464,091 bushels of wheat in price support totaled $201,498,448.61 during the last fiscal year. In light of these figures, I sought information as to how it was possible that a reduction of a mere 150 million bushels—out of more than 1 billion—would lower costs by $200 million, when the total expense for all wheat was $201,498,448.61.

The PRESIDING OFFICER. Under the morning-hour limitation, the time available to the Senator from Iowa has expired.

Mr. MILLER. Mr. President, I ask unanimous consent that I may have an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. I assumed that there would be backup figures to support this $200 million savings estimate—in case anyone asked for proof. Apparently I was in error in making that assumption, or perhaps I should not have asked.

On October 24, a letter was written to me by a J. J. Somers, identified as Director of the Fiscal Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

Mr. Somers wrote:

> This refers to your letter of October 15, 1963, wherein you requested information on the savings in reduced storage expense and other costs that would accrue from a sale of 150 million bushels of wheat to the Soviet Union. We shall assemble the information requested and forward it at an early date.

In other words, the figures on which Mr. Freeman stood apparently were somewhat shaky since his Department had not even collected the material to back up his statement.

Mr. President, we have heard much of the tendency to manage news in Washington and the inclination of officials to fit the facts to the picture the administration is painting in support of a policy of the moment. This appears to be another indication of that policy. If there will be an actual savings of $200 million, based on substance and not mere speculation, then the public should be entitled to know where this savings would show up. And the public should hold the administration to these figures, expecting a savings to show up in reduction of the Federal budget expenditures. But if the facts are not correct and were pulled out of the air to win support for a policy, then the public should be told why the picture was painted in brilliant colors, when it should have been a black-and-white sketch.

I ask unanimous consent that the letter to Mr. Freeman, dated October 15, the letter from Mr. Somers, dated October 24, the Wall Street Journal, article entitled "Freeman Says Russian Wheat Output Was Off About 27 Percent This Year," and the Washington Post article entitled "Wheat Deal Is Defended by Freeman," be printed at this point in the RECORD.

There being no objection, the letters and articles were ordered to be printed in the RECORD, as follows:

OCTOBER 15, 1963.

Hon. ORVILLE FREEMAN,
Secretary of Agriculture,
Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: Recent news reports have quoted you as declaring that a $200 million savings would result from the reduced storage expenses and other costs that would accrue from a sale of 150 million bushels of wheat to the Soviet Union and the satellite bloc.

Could you please advise how this savings can be reconciled with the cost as outlined in the Commodity Credit Corporation's "Report of Financial Condition and Operations," as of June 30, 1963. I would like to direct your attention to exhibit B under the section entitled "financial statements." This exhibit indicates that, for all the commodities in the price support program, storage and handling expenses totaled $377,280,950.10 and transportation expenses totaled $170,114,250.36. Applying this to wheat in price support as of that period, schedule 17 under "inventory operations" shows that inventory carrying charges, including storage and handling expense and transportation expense, amounted to $201,498,448.61. Schedule 6 under "program results" provides additional data to indicate that wheat storage and handling expense amounted to $144,905,193.50 and transportation expense totaled $56,593,255.11, the sum total of which adds up to the $201,498,448.61 for inventory carrying charges. In light of the fact that items in the price support inventory of the CCC as of June 30 included not only 1,082,464,091 bushels of wheat but an equal amount of other grains plus other commodities—resulting in total storage and handling expenses of $377,280,950.10 and transportation expenses of $170,114,250.36—how is it possible that a reduction of only 150 million bushels would lower costs by $200 million as you indicated in your public statements?

It would be appreciated if I could be furnished with a breakdown of where this savings would occur and how this fits in with the overall picture as set out above.

Sincerely,

JACK MILLER.

U.S. DEPARTMENT OF AGRICULTURE,
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, FISCAL DIVISION,
Washington, D.C., October 24, 1963.

Hon. JACK MILLER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MILLER: This refers to your letter of October 15, 1963, wherein you requested information on the savings in reduced storage expenses and other costs that would accrue from a sale of 150 million bushels of wheat to the Soviet Union.

We shall assemble the information requested and forward it at an early date.

Very truly yours,

J. J. SOMERS,
Director.

[From the Wall Street Journal, Oct. 14, 1963]

FREEMAN SAYS RUSSIAN WHEAT OUTPUT WAS OFF ABOUT 27 PERCENT THIS YEAR—HE ESTIMATES PRODUCTION DROPPED TO 40 MILLION TONS; DEFENDS U.S. SALE AGAINST NIXON CHARGE

WASHINGTON.—Secretary of Agriculture Freeman estimated that Soviet wheat production dropped to 40 million tons this year, down 15 million tons, or 27 percent from recent years.

Mr. Freeman, interviewed on ABC's "Issues and Answers" radio and television program, also predicted sales to the drought-stricken Communist nations may boost U.S. wheat exports to 1 billion bushels this year.

"We will sell in a normal year about 650 to 750 million bushels of wheat," he said. "This will be another 150 to 200 million bushels * * * but it may be 20 percent more," he added.

The Secretary said that "in all likelihood" a Soviet delegation will come to Washington in the next week or 10 days to discuss terms.

DEFENDS PROPOSED SALES

Mr. Freeman strongly defended the proposed wheat sales. In reference to former Vice President Richard Nixon's charge that the decision to sell may be the administration's "major foreign policy mistake * * * to date" he said: "A little bit ridiculous * * * it is almost like a candidate desperately trying to think up something to say to get on the front page."

The Secretary said that on his recent swing through U.S. wheat States he found about 90-to-1 approval of the sales to Communist nations.

The decision to sell wasn't a political one, he said, and while it will strengthen wheat prices and farmer income this year it isn't likely to do so next year when the Presidential election is held.

SAVINGS TO U.S. TAXPAYER

A sale of 150 to 200 million bushels of wheat to the Soviet Union would save U.S. taxpayers about $200 million in storage and other costs, he said. He didn't break down this estimate but the Agriculture Department has estimated the savings in storage, transportation and handling costs would total $225 million during the current fiscal year and $30 million in fiscal 1965.

The charge that we would in effect be paying the usual 60-cent-a-bushel wheat export subsidy to Russia is totally fallacious, Mr. Freeman said. The wheat to be shipped to the Soviets will come from surplus stocks, he said. "The difference between world price and domestic price has long since been paid to the American farmer," he added.

The Secretary also made these points: The Soviet Union may spend up to $1 billion for wheat this year, and the United States has been selling about $5 to $6 million annually of mostly tallow, hides, and skins to the Soviet Union for the past 30 years.

[From the Washington (D.C.) Post, Oct. 15, 1963]

WHEAT DEAL IS DEFENDED BY FREEMAN—AGRICULTURE CHIEF EXPECTS TAXPAYERS TO SAVE $200 MILLION

(By Arch Parsons)

Secretary of Agriculture Orville Freeman defended the administration yesterday against Republican attacks upon President Kennedy's approval of wheat sales to the Soviet Union, asserting that the deal with the Russians will save American taxpayers some $200 million.

Freeman said that his personal tour of the farm States found people there "about 90 to 1" in favor of the President's decision.

He also commented on former Vice President Richard M. Nixon's charge that the President's approval of the wheat sale was "the major foreign policy mistake of this administration to date, even more serious than fouling up the Bay of Pigs."

Freeman replied that Nixon's comment was "a little bit ridiculous," adding: "It is almost like a candidate for public office in the middle of the campaign desperately trying to think up something to say to get on the front page."

Nixon denied on Saturday that he would be a candidate for the Presidency next year.

Next, Freeman took on charges by Senator BARRY GOLDWATER, Republican of Arizona, that the administration's intelligence services were lax in obtaining sufficient prior knowledge of the Soviet wheat shortage and that President Kennedy should have sought Soviet concessions on such matters as Berlin in exchange for the wheat.

DOWN 27 PERCENT

Interviewed on the television program "Issues and Answers" (WMAL-ABC), Freeman said that when he talked with Soviet Premier Nikita Khrushchev in July, he got the impression that the Communist leader himself "did not realize the extent of the grain shortage." The Secretary estimated that because of bad weather this year throughout Europe, the Soviet wheat crop would be down 15 million tons, or 27 percent from recent years.

"To have sought political concessions from Khrushchev," he said, would have been "a deterrent toward the strengthening and the improving of relationships that were believed to be desirable."

Trade in "nonstrategic items," Freeman declared, is one of the ways in which the United States can "maximize our relationship," "bring about a relaxation of tension" and "maintain a peaceful world."

BEST ILLUSTRATION

The Secretary called the pending wheat sale "the best, most vivid and dramatic illustration of the success of the family farm, free enterprise agriculture as compared with the collective agriculture of the Soviet Union."

Freeman said the $200 million savings would result from the reduced storage expenses and other costs that would accrue from a sale of 150 million bushels of wheat.

Some of the wheat probably will go via the Soviet Union to the Communist satellite nations in Europe, he said, but he doubted whether the deal would enable the Soviet Union to send some of its own wheat to Cuba or Communist China.

As for the United States selling wheat directly to these two countries, Freeman said wryly that it would be the last thing they would want from "this big, bad, capitalistic Nation of ours."

DOMINICAN REPUBLIC POLIO PROJECT CONTINUES

Mr. JAVITS. Mr. President, on August 27 I reported to the Senate on an extraordinary humanitarian effort to meet the threat of a grave polio epidemic in the Dominican Republic.

After hearing about the polio threat from Mrs. Juan Bosch, wife of the then President of the Dominican Republic, I had the honor of arranging this emergency effort, which involved donations by U.S. firms and assistance by private and government agencies. The American Cyanamid Co., acting through its chairman, Dr. Wilbur Malcolm, donated 1,500,000 doses of oral polio vaccine. Juan Trippe, president for Pan American Airways, arranged to airlift the vaccine to Santo Domingo. The Lily-Tulip Cup Corp., acting through its president, Walter Bergman, donated paper cups needed in administering the vaccine. Also cooperating in the effort were the Agency for International Development—AID—the U.S. Public Health Service, the Ministry of Health of Dominican Republic, the Pan American Health Organization, and the International Rescue Committee. The project was a remarkable demonstration of cooperation between private enterprise and government.

Following the arrival of the vaccine in Santo Domingo and the beginning of the immunization program, I received a letter from our Ambassador to the Dominican Republic, the Honorable John Bartlow Martin, in which he described the impact this effort made on the people of the Dominican Republic.

> I can think of no other project—

He wrote—

> in my experience here which has better demonstrated the generosity, humanitarianism and initiative of private American citizens.

On September 25, as everyone knows, an Army junta ousted President Juan Bosch and took over in the Dominican Republic. But despite the grave political developments which followed in that country, I am gratified to report to the Senate today that the polio immunization campaign is proceeding as planned. Indeed, in a letter which I have received from Teodoro Moscoso, U.S. Coordinator for the Alliance for Progress, he informs me that not only is the polio immunization campaign proceeding, but that it has apparently "broken the back" of the epidemic.

I ask unanimous consent that excerpts from Mr. Moscoso's heartening report to me be printed at this point in the Record.

> The arrival of the polio vaccine donated by the Lederle Laboratories of American Cyanamid accompanied by 1 million cups from the Lily-Tulip Co.—all freely transported by Pan American Airways—received wide publicity in the country. The rising incidence of paralytic polio had begun to cause great fears, especially in the capital city, and there is no doubt that the people reached by the news of the vaccine's arrival were deeply moved by this unusual contribution.
>
> We are assured that in spite of recent political events, the immunization campaign is proceeding. We will continue to be in contact with the Pan American Health Organization, which has been overseeing the program since the departure of the Public Health Service experts.
>
> A recent article in El Caribe * * * announces the beginning of the second round of immunizations and explains the importance of returning for a second dose. Another article shows that administration of the type II vaccine is underway. The first dosage administered was the type I vaccine, which is considered to have effectively broken the back of the epidemic.
>
> We do not expect any change in or neglect of this important program in the Dominican Republic. Should anything of that kind occur, we will be informed, and in view of your considerable and special interest, we would transmit such information to you.

Mr. JAVITS. Mr. Moscoso's statement that no change or neglect of this program is expected is most reassuring. I know the various U.S. companies and Government agencies involved will feel most encouraged by the fact that this people-to-people humanitarian effort will go on, unaffected by even the gravest political developments.

CBS—EAST SIDE-WEST SIDE SERIES

Mr. JAVITS. Mr. President, the "East Side-West Side" series of the Columbia Broadcasting System last Monday night featured a powerful drama, entitled "Who Do You Kill?" I was privileged to see a preview of this production before I left for the NATO Parliamentarians' Conference, and I was impressed by the courage and the sense of public responsibility of the network and its executives in assuring that this production, the first to employ a predominantly Negro cast since the revival of "Green Pastures," was shown to the public.

But I was distressed to read in the newspapers that this drama was not telecast to audiences in two southern cities. I say this because many people in the South, and with some reason, have charged that northerners have a "holier than thou" attitude toward them on racial matters, although racial discrimination is actually both a national as well as a sectional problem. This drama, essentially a love story, dealt honestly and sensitively with the vital problems of job discrimination, housing conditions and the terrible cancerous cleavage that can exist between the Negro and the white communities—even in a part of my own city of New York.

"Who Do You Kill?" was certainly a drama of protest, shocking in its revelations of what life can be like without hope. It showed that the bitterness of a feeling of racial injustice knows no sectional boundaries; that there are no color bars to disaster, suffering, or love.

I think this trail-blazing effort on the part of CBS to portray vital issues facing the country in valid dramatic terms should receive the highest commendation. Special praise should go to William Paley, chairman of the CBS board; Dr. Frank Stanton, president of CBS Industries; James Aubrey, president of the CBS Television Network, as well as the author, Arnold Perl; the director, Tom Gries; the producer, Larry Arrick; and David Susskind and Daniel Melnick who presented this drama.

I ask unanimous consent that an article entitled "A CBS Show Stars Two Negroes: Atlanta Blacks It Out," published in the New York Herald Tribune on November 5, and an article entitled "TV: A Drama of Protest," published in the New York Times of the same date, be printed at this point in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Herald Tribune, Nov. 5, 1963]

A CBS Show Stars Two Negroes: Atlanta Blacks It Out

(By Richard K. Doan)

Atlanta TV viewers were denied seeing last night's episode of the CBS series, "East Side, West Side." It starred Diana Sands and James Earl Jones, both Negroes, in a story in which they portrayed a couple living in a Harlem tenement.

Kenneth Bagwell, general manager of WAGA–TV, the CBS outlet in Atlanta, explained yesterday that the management of the station felt the telecast would be detrimental to good race relations in Atlanta.

He said CBS prescreened the episode for affiliated stations late last week via closed circuit.

"We feel this city has made progress in race relations," Bagwell asserted, "and it was our conclusion that this program might well impair that progress."

He contended it would be necessary to see the drama and understand the situation here to appreciate the station's reasons for blacking out the show.

The program also was not shown in Shreveport; but a CBS official said the Louisiana station, KSLA, preempted the "East Side, West Side" time for a local political telecast, not because of the nature of the episode.

The Atlanta blackout was the first known instance so far this season of an entertainment show being barred by a station because of a racial theme.

[From the New York Times, Nov. 5, 1963]

TV: A Drama of Protest—Predominantly Negro Cast Enacts Story of Frustration Set in Harlem

(By Jack Gould)

Drama of protest, a theme rarely found on television, made an impressive and moving appearance last night on "East Side, West Side," a series built loosely around the life of a social worker played by George C. Scott.

The play, "Who Do You Kill?" from the pen of Arnold Perl, was the story of frustration experienced by a young couple living in the slums of Harlem. The motivating incident was the tragedy of wretched housing—the couple's child was fatally bitten by a rat.

But the larger narrative, told by Mr. Perl with lean and perceptive understanding, dealt with the erosion of the human spirit that accompanies exploitation of a minority. The damage to dignity that attends unequal employment and unequal education finds release in bitterness. But in the sequel to the accident that befell the couple's daughter Mr. Perl made his telling point: Disaster, suffering, and finally the healing balm of love knows no color line.

"Who Do You Kill?" for all practical purposes was the first television drama to employ a predominantly Negro cast since the revival of "Green Pastures." As the young mother, Diana Sands was extremely touching and heartrending. James Earl Jones, playing the father, was first rebellious and then filled with humility; it was a portrayal of dimension. Tom Gries did the superb direction, and the camerawork of Jack Jriestley was an editorial in itself on Harlem living conditions.

THE CONTRIBUTION OF THE U.S. OIL INDUSTRY TO THE U.S. BALANCE OF PAYMENTS

Mr. JAVITS. Mr. President, I recently received a copy of a study on "The Contribution of the U.S. Oil Industry to the U.S. Balance of Payments," which I feel is most enlightening and would be of interest to my colleagues.

The study is of particular significance in light of the administration's proposal to place a tax on U.S. capital outflows. It is apparent from the data contained in this study that while U.S. foreign investment represents an outflow of U.S. funds in the first instance, subsequent income from such investments overseas results in major revenues for the United States.

The study points out that the foreign activities of some 200 U.S. companies engaged in international oil operations produced a net inflow of more than $638 million in 1962—a figure sufficient enough to substantially affect our balance of payments. This inflow is the result of several elements: First, profits returned to the United States; second, exports of petroleum and refined products, equipment, and supplies for the operation and expansion of U.S. oil companies; third, purchases made by foreign governments and business firms made possible as the result of the income received from the U.S. companies; and fourth, proceeds from exports of oil-based chemicals.

This substantial contribution to our balance of payments by the foreign activities of U.S. oil companies serves to indicate that great caution must be exercised in considering proposals which would in any way slow up this inflow. In weighing the balance-of-payments effects of such proposals as the interest equalization tax—a tax designed to restrict the outflow of U.S. capital—we should look at the effect on our balance of payments of the substantial contribution of the oil industry to the plus side of our payments ledger.

I ask unanimous consent that the report to which I have referred be printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE CONTRIBUTION OF THE U.S. OIL INDUSTRY TO THE U.S. BALANCE OF PAYMENTS

In view of continuing national concern about the deficit in the U.S. balance of payments, the Standard Oil Co. (New Jersey) has made a study of the payments impact of international oil trade by U.S. companies. It is hoped that the new data will provide a useful factual basis for public policy.

The survey shows that the foreign activities of some 200 U.S. companies engaged in international oil operations produced a net inflow to the United States of more than $638 million in 1962.

There was a net payments surplus in each of the last 5 years; and the trend has been upward. The favorable balance by years was as follows:

	Millions
1958	$185
1959	261
1960	376
1961	173
1962	638

Without these favorable balances from the oil industry, the total U.S. payments deficit during these years would have been substantially greater.

The favorable balances seem likely to continue and increase. This can best be appreciated by reference to the fact that free world petroleum demand (outside of the United States) increased from 7.7 million barrels daily in 1958 to 11.6 million barrels daily in 1962, an increase of nearly 50 percent. By 1970 an additional increase of close to 70 percent above the 1962 level is anticipated. The U.S. oil industry, which holds an equity interest in 60 cercent of proved free world reserves outside the United States plans to continue to participate in this growth.

The impact of U.S. oil company operations on the balance of payments is made up of a number of elements. On the outflow side are U.S. purchases of petroleum from abroad and the flow of capital for investments abroad. On the inflow side are profits returned to the United States, exports of petroleum and refined products, and exports of equipment and supplies for the foreign operations of U.S. oil companies. The breakdown of these items for 1962 in millions of dollars was as follows:

Outflow:	
Net oil imports	$1,325
Capital outflow	538
Total outflow	1,863
Inflow:	
Exports of equipment, supplies, services	923
Remitted profits	1,578
Total inflow	2,501
Net inflow	638

The attached table reports the data for all 5 years.

The favorable balances shown have undoubtedly been understated by the conservative estimating procedures employed. Moreover, data were not available for exports of oil-based chemicals and the proceeds from these exports have not been taken into account.

The figures do not include purchases of goods by U.S. oil companies abroad from foreign suppliers who had originally obtained such items from the United States. Nor do the figures include purchases from the United States by foreign governments and business firms which were made possible by income they received as a result of U.S. oil companies' operations abroad.

Several aspects of the figures are worthy of emphasis:

1. The earnings remitted from the foreign operations of U.S. oil companies in 1962 amounted to $1,578 million, an increase of nearly 50 percent over 1958. For the 1958–62 period, profits sent back to the United States amounted to $6,293 million. This represents a very substantial contribution to the U.S. economy.

2. The inflow of income from abroad far exceeds the annual outflow of funds for additional investments. For 1962, the excess of returned earnings over new investment was $1,040 million. The excess of earnings inflow over investment outflow for the 5-year period amounted to $3,930 million. It may be anticipated that in the future the companies operating abroad will continue to undertake substantial plant and equipment expansions, but increasingly expenditures for these purposes will be financed from retained earnings and depreciation funds.

3. While net oil imports have risen about 22 percent over the past 5 years, the net payments surplus from oil industry activities has increased about 240 percent.

The substantial contribution to our balance of payments by the foreign activities of U.S. oil companies clearly indicates that great caution should be exercised in considering proposals which would impair these operations. In recent months, however, with the stated purpose of helping to reduce the payments deficit, a number of steps have been advocated which would in reality make little or no contribution to this desirable objective, while impeding foreign operations of U.S. oil companies and in other ways adversely affecting important national interests. For example, suggestions have been made to restrict the outflow of petroleum investment by discriminatory taxes. If adopted, such restrictions would have the effect of depriving our future balance of payments of the large net inflow of earnings which such investments generate. Similarly, balance-of-payments arguments have been used to urge further restrictions on petroleum imports, which already are strictly limited. These measures overlook the interrelationship between imports and exports and other credits in payments computations. They also overlook the contribution of imports to developing nations and to lower prices for American consumers.

It has also been suggested that U.S. military forces around the world should be denied ready access to nearby sources of petroleum products and should be required to purchase and ship these products from the United States. This measure would have little significant impact on the balance of payments because many of these purchases are paid for in dollars which never leave the United States; and a substantial portion of these purchases involves military needs which could not be satisfied by supplies from the United States. Moreover, the proposed restriction would increase costs to the military forces and reduce their mobility and effectiveness. It would also impair economic advancement and weaken support for the United States in those developing nations in which offshore procurement is concentrated.

In weighing the balance-of-payments effects of these or similar suggestions, it is essential to consider all elements in our payments balances and the long-term interrelationships among them. When all these elements are taken into account, it is clear that the net effect of foreign operations by U.S. oil companies is a very significant and growing contribution to the plus side of our payments ledger. These activities benefit free world nations and materially strengthen our own economy and our own national security.

Historical U.S. payments balance—Oil industry

[In millions of dollars]

	1958	1959	1960	1961	1962
Net oil imports	1,078	1,055	1,064	1,198	1,325
Capital outflow	649	511	455	747	538
Total debits	1,727	1,566	1,519	1,945	1,863
Remitted profits	1,169	1,100	1,143	1,303	1,578
Capital equipment and other exports	743	727	752	815	923
Total credits	1,912	1,827	1,895	2,118	2,501
Net surplus	185	261	376	173	638

Sources: The Census Bureau publishes detailed figures on volumes and values of oil imports and exports. Capital outflows and remitted profits are reported regularly in publications of the Department of Commerce. For the other 2 categories—services and exports of nonoil goods to U.S. oil companies operating abroad—only incomplete or occasional survey data are available from official sources. Consequently, it has been necessary to extrapolate these figures from specific data points, using industry trends to estimate the missing figures. The reasonableness of the industry estimates has been checked against the experience of the Standard Oil Co. (New Jersey), which has compiled the data for its own activities.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may have an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

NEGOTIATIONS ON NONTARIFF BARRIERS NEEDED

Mr. JAVITS. Mr. President, I wish to call to the attention of the Senate the Seventh Annual Report of the President on the Trade Agreements Program which was recently transmitted to the Congress.

This report summarizes the progress that has been made in the field of liberalizing world trade in 1962 under the Trade Agreements Extension Act of 1958 and the Trade Expansion Act of 1962.

These nontariff barriers inhibit trade as much as high tariffs. We acted on the question in the NATO Parliamentarians Conference in Paris, on which I shall report to the Senate next week. In the meantime, I call attention to the need for undertaking negotiations in the countries of a general agreement on tariffs and trade.

I wish to call attention particularly to the chapter entitled "Nontariff Restrictions Upon Trade," a subject which was discussed during the 20th session of the contracting parties to the GATT and which I will again be the subject for negotiations at the forthcoming session of the GATT in Geneva.

I believe the elimination of nontariff barriers should be a primary task of the forthcoming talks, since the need for many of the nontariff restrictions imposed during the postwar year for balance-of-payments reasons have now disappeared. Yet such restrictions still constitute a significant impediment to the expansion of world trade.

The Department of Commerce has held extensive hearings with representatives of over 40 U.S. industries during the early part of 1963 in order to be in a position to know specifically which nontariff barriers cause the biggest problems for our exports. There is increasing sentiment among leading industrialists that reducing nontariff barriers could be as rewarding as persuading countries to give further tariff concessions. Three types of European restrictions; internal taxes on top of high tariffs; high cost-base methods of calculating ad valorem duties and taxes; and, discriminatory regulations against marketing, packing and advertising form the basis for most of the U.S. complaints.

I believe that the United States could make a major contribution to liberalizing world trade during the forthcoming GATT negotiations by serious negotiation on nontariff barriers.

I ask unanimous consent that the chapter entitled "Nontariff Restrictions Upon Trade" be printed in the Record at the conclusion of my remarks.

There being no objection, the chapter was ordered to be printed in the Record, as follows:

[From the Seventh Annual Report on the Trade Agreements Program, message from the President of the United States to the Congress, Oct. 21, 1963]

IV. Nontariff Restrictions Upon Trade

A. BALANCE-OF-PAYMENTS RESTRICTIONS

1. General

The GATT contains a broad prohibition against the use of quotas, licensing requirements, and other quantitative (nontariff) restrictions on imports. It recognizes, however, that a contracting party may be justified in the use of such restrictions when its monetary reserves are very low or when it is faced with an imminent threat of a serious decline in its reserves.

All contracting parties maintaining restrictions to safeguard their external financial positions are required to consult with the contracting parties periodically (annually for developed countries; biennially for less developed countries). Furthermore, a contracting party that institutes new restrictions or substantially intensifies existing restrictions is required to consult with the contracting parties soon thereafter, or, if possible, beforehand.

The consultations deal with the balance-of-payments position and prospects of the consulting country, alternative measures to restore equilibrium, the system of restrictions in force and the methods used in administering them, and the effects of the restrictions. Full consideration is also given to the nature, effects, and reasons for any discrimination in the administration of the import restrictions.

2. Reports on consultations

The contracting parties adopted reports on consultations held during 1962 with 13 countries (Brazil, Ceylon, Denmark, Finland, Ghana, Greece, India, Israel, Japan, New Zealand, Pakistan, South Africa, and Uruguay) which impose import restrictions under either article XII or article XVIII:B to protect their balance of payments.

During the consultations, which were conducted by the Committee on Balance of Payments Restrictions, the U.S. representatives continued their efforts to encourage the consulting countries to relax and eliminate their restrictions as rapidly as possible and to insure that, where restrictions were still considered necessary, they did not discriminate against American goods. The U.S. representatives also urged, in appropriate cases, that the consulting countries, when relaxing restrictions, avoid the adoption of measures such as increased customs duties and new internal taxes bearing heavily on imports which, whether or not consistent with GATT, have the effect of offsetting the benefits to be expected from liberalization.

In the consultation with Japan, the United States representatives welcomed the substantial progress which Japan had made in the past year in relaxing import restrictions, but noted that a wide range of goods of interest to American exporters remained subject to control and urged Japan, in view of its steadily improving balance of payments and reserve position, to make further rapid progress in eliminating the remaining restrictions. South Africa, which traditionally has a surplus on current transactions and which has experienced a remarkable increase in its gold and foreign exchange reserves since curbing capital outflows in June 1961, was pressed hard for prompt and substantial liberalization. New Zealand, which intensified its restrictions substantially in 1961 following a sharp deterioration in its reserve position, has again begun to relax its restrictions and was encouraged to continue to do so. Denmark and Finland were urged to continue the steady progress they have been making in recent years in removing their relatively few remaining restrictions.

The U.S. representatives commended Israel for the steps it had taken to simplify its exchange system and relax restrictions on imports and pressed for further liberalization.

In the consultations with Brazil, Ceylon, Ghana, Greece, India, Pakistan, and Uruguay, the U.S. representatives took note of the special problems which those countries faced in pursuing their programs of economic development. They stressed, however, the disadvantages which a heavy burden of restrictions entailed for both importing and exporting countries and urged the consulting countries to reduce their reliance on restrictions to the greatest extent possible. The U.S. representatives raised with Brazil and Uruguay the question of the discrimination against American exports which results when those countries exempt imports from other members of the Latin American free trade area from the application of temporary measures adopted to safeguard the balance of payments. They stressed the economic disadvantages of such discrimination and urged that it be eliminated.

A scheduled consultation with Chile was postponed until the spring of next year to give the contracting parties an opportunity to appraise complex new financial developments which occurred in that country just prior to the 20th session.

3. The 1963 consultation arrangements

The Committee on Balance of Payments Restrictions also proposed and the contracting parties approved consultations to be conducted in the spring and fall of 1963 with Burma, Chile, Denmark, Finland, Indonesia, Israel, Japan, New Zealand, South Africa, Turkey, United Arab Republic, and Yugoslavia.

4. Expiration of the "hard-core" waiver

The contracting parties agreed that the validity of the "hard-core" decision of March 5, 1955, should not be further extended. Only two contracting parties (Belgium and Germany) had even made limited use of the procedures established in the decision of March 5, 1955, whereby contracting parties emerging from balance-of-payments difficulties could retain restrictions for a temporary period, not to exceed 5 years. The U.S. delegation, in suggesting that the "hard-core" decision be permitted to expire upon its termination date (December 31, 1962), noted that the decision contained criteria which would be useful if the contracting parties were requested in the future to grant a waiver of a similar nature under article XXV.

B. RESIDUAL IMPORT RESTRICTIONS

At the 20th session, the contracting parties agreed to continue notification and examination procedures designed to maintain maximum pressure for the removal of quantitative import restrictions still applied by some countries in contravention of GATT rules.

The adequacy of notifications of restrictions received from individual contracting parties under these procedures was examined by a group of experts in February and May 1962. On October 22, the council of representatives reviewed the operation of the entire arrangement, including consultations which have been held with a number of restricting countries at the request of the United States and Uruguay.

The contracting parties of the 20th session agreed to continue the procedures in their present form and urged governments to respond more fully to the invitation to notify restrictions. Lists of restrictions will be reviewed from time to time by the council.

The U.S. delegation, noting the value of the notification procedures, stated that its Government expected to make energetic use of the consultation and complaint procedures of GATT in dealing with residual restrictions adversely affecting U.S. exports.

C. AUSTRIAN IMPORT RESTRICTIONS

Austria took the occasion of this session to announce a program effective from January 1, 1963, to reduce the disparity between liberalization actions applicable to countries of the Organization for Economic Cooperation and Development (OECD) and those applying to GATT contracting parties, not members of the OECD. Under the new program, Austria's liberalization rate for GATT countries will amount to some 93 percent of its imports. In making this announcement, Austria noted that this extension of liberalization was done not only in the interest of a liberal trade policy but as a means of contributing to the export earnings of less developed countries.

Several countries commended Austria and expressed the hope that the move would serve as an example to other European countries.

With respect to restrictions still remaining, Austria announced that their gradual removal will continue, that global quotas have been instituted for OECD countries with respect to all industrial and some agricultural products, and that it is intended to extend these quotas to all GATT countries in the near future.

Since Austria emerged from balance-of-payments difficulties and disinvoked the provisions of article XII (see section IV(a)) in November of 1961, it is under obligation to remove all import restrictions inconsistent with GATT provisions. In this connection, Austria has stated its readiness to enter into consultations with any interested contracting party on these remaining restrictions.

D. GERMAN IMPORT RESTRICTIONS

The contracting parties approved the report of the working party on German import restrictions, noting that the waiver granted to the Federal Republic of Germany on May 30, 1959, of certain obligations under article XI of the general agreement, would expire at the close of the 20th session. The U.S. delegation and the delegations of several other contracting parties expressed disappointment that the Federal Republic intended to retain restrictions on a number of products beyond the expiry of the waiver, despite the fact that such restrictions would then be applied in a fashion inconsistent with the provisions of the general agreement. Referring to these restrictions in working party discussions, the U.S. member stressed that certain of these restrictions fell on products, i.e., apples and pears and some canned fruit, on which the EEC has given tariff concessions to the United States; and that unless these restrictions were to be removed, the United States appeared to have no alternative to taking action on this problem under article XXIII of GATT.

The delegate of the Federal Republic pointed out that, leaving aside products for which specific dates of liberalization were set, the remaining quantitative import restrictions applied by the Federal Republic related to certain agricultural products, a number of textile products, and a few ceramics. He stated that the Federal Republic was ready at all times to consult with contracting parties about trade problems caused by these restrictions. He stated also that the Federal Republic would always be willing to take part in any common action by the contracting parties toward seeking multilateral solutions for certain of the products still under restriction.

While taking favorable note of the willingness of the Federal Republic to consult on outstanding problems, a number of the contracting parties emphasized that Germany should take steps on its own initiative to bring its import regime into conformity with GATT.

E. BELGIAN IMPORT RESTRICTIONS

At the 10th session, Belgium was granted a waiver permitting the application of import restrictions until December 31, 1963, on some 50 agricultural products, to permit Belgian producers additional time to adjust to import competition. Most of the restrictions concerned have been removed, but a few remain, particularly on fresh fruits and vegetables.

At the 19th session, the Belgian delegation assured the contracting parties that the Belgian Government intended to take appropriate action so as to remove all quantitative import restrictions by December 31, 1962, when the waiver expires. However, at the 20th session, the representative of the Belgian Government informed the contracting parties that, while conditions in his country were such as to require the continued application of restrictions on certain products by the expiry of the waiver, Belgium would not seek an extension of the waiver. He stated that Belgium would notify these restrictions to the GATT Secretariat in accordance with established procedures. Several contracting parties expressed concern over the prospect of the continued application of Belgian restrictions and asked that a working party meet during the session to examine the situation in greater detail.

In the plenary and working party discussions, the United States and other agricultural exporting nations expressed disappointment that after such a long period, certain import restrictions would remain. The U.S. representatives pointed out that tariff concessions granted to the United States by the EEC on apples, pears, and hops would be considered to be impaired if import restrictions on these products were applied beyond the expiry of the waiver, and that the United States would have no alternative but to invoke the procedures of article XXIII in order to redress the balance of benefits and obligations under the general agreement.

F. U.S. IMPORT RESTRICTIONS

The eighth annual report to the contracting parties was submitted by the United States under the decision of March 5, 1955, which granted a waiver to the United States to exempt from the provisions of the GATT import restrictions maintained under section 22 of the Agricultural Adjustment Act, as amended. The waiver laid down certain reporting requirements on activities under section 22 which the annual report is designed to meet.

Continued progress toward removal and liberalization of import regulations under section 22 were indicated in the report. In introducing the report, the U.S. representative summarized actions taken during the year as further evidence of judicious use of the authority granted to regulate certain imports by both domestic legislation and by GATT. The commitment was also given to make continuing efforts to relax restrictions still in force as quickly as the situation permitted.

The report noted that import restrictions were removed during the year on tung nuts and tung oil. The quota for blue mold cheese was increased. The report was supplemented orally with announcement of the rejection, on the basis of an investigation and report of the U.S. Tariff Commission, of a proposal for an import fee on the cotton content of textile imports. This action had been announced subsequent to the preparation of the section 22 report. Currently in force at the end of the period covered, were import regulations on wheat and wheat products; cotton, cotton waste, and cotton picker lap; peanuts; and certain processed dairy products.

The usual working party was organized to examine the report. Its examination followed the general lines of earlier meetings with appreciation expressed where quotas were relaxed, and disappointment where progress was not possible (as in the case of cheddar cheese). Concern was centered, as usual, on dairy products. Also highlighted, however, were the new U.S. farm bill and the proposed dairy stabilization scheme—both of which were presented as giving promise of improved supply management through tighter production control. The United States was urged, both in the working party examination and in plenary session where the report was also considered, to consider the possibilities of renouncing the waiver at an early date. Emphasized throughout was the importance of the United States providing a good example in progress toward trade liberalization.

In closing, the U.S. representative recognized mutual responsibility in the "good example" idea, assured the contracting parties that the United States would do its share, said that careful note had been taken of the views expressed (including consideration of the possibility of renouncing the waiver), and undertook to convey these to appropriate officers of the Government.

ALLIANCE FOR PROGRESS

Mr. JAVITS. Mr. President, the current issue of International Commerce, a weekly publication of the U.S. Department of Commerce, contains a series of excellent articles on the Alliance for Progress by Teodore Moscoso and Seymour Peyser of the Agency for International Development, and experts of the Department of Commerce and other Government agencies.

There has been much criticism of the Alliance both in the United States and in Latin America. Many feel that progress has been limited, that there is much duplication and lack of coordination among U.S. Government agencies concerned, that the effort thus far has not evolved into a cooperative effort of all the members of the Organization of American States, and so on. As the articles in International Commerce indicate, there has been much, though often undramatic, progress since the signing of the charter of Punta del Este in 1961. Tax and land reform, greater emphasis on education, increasing interest among U.S. investors, have characterized the beginnings of this great and vital effort.

One of the major shortcomings of the U.S. contributions to the Alliance has been the limited role of private enterprise in carrying out the basic objectives of the Alliance. Through the U.S. foreign aid program we have done much to provide essential financial support toward the building of roads, schools, hospitals, power stations, the provision of agricultural credit, and so forth. The specific investment guarantee program has done its part to maintain investor confidence in the potential of Latin American industry and agriculture. While our investments in Latin America today remains substantial, $8.5 billion, net capital outflow from the United States to Latin America has been limited, averaging under $200 million between 1957 and 1961. Since mid-1961, there have been, on balance, net inflows to the United States from the region. Yet U.S. investments in manufacturing out of retained earnings—a major source of all such investments in less developed countries—have risen in the area. Expenditures for fixed investments in plant and equipment also show a relatively well-sustained activity.

Without the aid of private enterprise—United States, Latin American, and European—the Alliance for Progress cannot succeed. The senior Senator from Minnesota [Mr. HUMPHREY] and I are cosponsoring an effort initiated by and under the direction of a working party of the NATO Parliamentarians Conference to bring together United States, Latin American, and European capital in joint ventures in Latin America through the Atlantic Community Group for Latin America—ADELA.

The potential of the enormous creative powers of private enterprise remains yet to be harnessed. We must encourage the flow of private investment to Latin America through every possible means including investment guarantees, tax incentives to private investors, technical assistance, as well as loans to build roads, ports, power facilities, and so forth. Our Government must be willing to work closely with enlightened American business enterprise in further expanding the role of our private sector—business, labor, universities, individuals—in implementing the objectives of the foreign aid program in Latin America and elsewhere.

I ask unanimous consent to have printed at this point in the RECORD a series of articles on the Alliance for Progress from the November 4 issue of International Commerce, including one by Teodore Moscoso and Seymour Peyser.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

TWO YEARS OF THE ALLIANCE

(By Teodoro Moscoso, U.S. Coordinator of the Alliance for Progress)

It is no longer necessary to give a reason for discussing the problems of Latin America. Events there in the past 3 or 4 years have had a powerful impact on the American public. The area has moved from virtual oblivion to the front pages of our newspapers. The image of the sleepy Latino, of the tourist paradise, of the fiesta that yields good pictures for home movies, has radically and rudely changed.

Now we think of Latin America as a hotbed of Castro communism, of feudal rule and unreasonable reluctance to go along with us in policies that we believe are good for the region. The trouble is that these current notions are just as oversimplified as the superficial romanticism that colored our thinking about Latin America in the past.

The one thing that is unquestionably true is the simple but immensely meaningful statement President Kennedy made a few months ago: "I regard Latin America as the most critical area in the world today."

VARIETY

The Latin America with which we deal today is 19 different countries, with 19 different sets of problems and opportunities. Most of the people speak Spanish. The single largest nation—with a third of Latin America's population—Brazil, uses Portuguese. But millions of people in these countries don't speak either of these languages. Guarani is the Indian language of Paraguay. Quechua and Aymara are the major languages of the Andean countries, and many other dialects are spoken by smaller groups of indigenous people, most of whom do not figure in the money economy and hardly are aware that they are citizens of the countries in which they live.

Some Republics have long traditions of constitutional democracy, while others are only now emerging from a succession of strongman dictatorships. Some have firmly rooted private and public institutions, which need reshaping under the impact of social ferment and economic pressures. Others have as yet no firm institutional base.

Some are industrially developed, thanks in large measure to immigrants from Europe—from the same countries who sent the millions of people that helped build our Nation—Italy, Germany, England, Spain, and Portugal. Most are essentially agricultural—with too many people working too hard to produce too little.

A few Latin American countries boast highly developed educational systems, with literacy rates comparing favorably to our own. Most are struggling to reduce the waste resulting from mass illiteracy and to give their people the skills so vitally needed for modern development work.

Some have gone through deep political and social revolutions. Most are now at a prerevolutionary stage, bent on massive change, and challenging their own leaders and us to help them do the job in freedom and with a minimum of violence. But changes they want and they will get—either with us, or without (and possibly against) us. The man with the hoe will make his voice heard.

DEEP U.S. COMMITMENT

Since the early years of our Republic, the United States has had a deep and unique commitment to the struggle of our fellow Americans for political independence, economic growth and social justice. This commitment has been embodied in the Monroe Doctrine, the Pan American Regional Organization and the good neighbor policy. It symbolizes the brotherhood of the Western Hemisphere—the common interest of the American peoples for building societies capable of providing solutions to popular demands.

But since World War II, none of these policies have been adequate to deal with the rapidly growing problems of Latin America. An industrial ferment which began in the postwar years—induced in part by the near stagnation of rural economies—brought new millions of unskilled workers to the burgeoning cities.

Since the end of the war São Paulo's population has doubled. Mexico City's population increased by 58 percent between 1950 and 1960. City after city has grown, and the revolution of rising expectations has accelerated in the cities. The back windows of some plush apartment houses in Rio de Janeiro open out on a hillside of huts—the favelas, homes without water, light or sewers.

NO LONGER VALID

The favela dwellers as well as more fortunate citizens with a social conscience, began to ask "Why?" The answer—because this has always been so—no longer is good enough.

Political and economic thinkers in Latin America have understood the seriousness of the problem for a good many years. The United Nations Economic Commission for Latin America proposed comprehensive approaches to the problems of social and economic development in the hemisphere early in the fifties.

In 1954, the Latin American countries proposed to the United States the establishment of an inter-American Development Bank—a regional equivalent of the World Bank—to concentrate on planning and financing the modernization of Latin America. We said "no." It took the disastrous events of the Nixon trip 4 years later to change our attitude. The Bank became a reality in 1960 and has done a fine job ever since.

The Bank was only a partial answer. In 1958, President Kubitschek of Brazil proposed a comprehensive program of social and economic development under the title "Operation Panamerica." Again, we failed to pick up a plan of action that a Latin American leader who knew the urgency of the situation offered us. Another 2 years later, reacting to the incidents involving the then Vice President Nixon, we moved ahead another step, with the act of Bogotá, in which we committed ourselves to a major attack on Latin America's social ills.

But it was not until 1961 that we faced up to the problem in all its complex and deep-rooted aspects.

TOTALLY NEW

The Alliance represents a totally new approach to U.S. cooperation with our Latin American neighbors. It is not a projection of the bilateral technical assistance programs which were initiated during World War II under the Coordinator of Inter-American Affairs and continued under point 4. These former activities were programs designed to transmit technical know-how through demonstration projects and training of Latin American technicians.

The Alliance calls for major development efforts by all the Latin American countries in which national and international financial, technical, and moral resources are committed to attack the causes of economic underdevelopment, social injustice, and political instability. It is an attempt to change the status quo, and to make change itself the hallmark of a new way of life.

Under the charter of Punta del Este, the primary responsibility for such basic development is placed on the Latin American countries themselves. Each country has agreed to improve and strengthen democratic institutions through the principles of self-determination of its people, to carry out social and economic reform programs and to accelerate the integration of Latin America, and to provide the bulk—an estimated four-fifths—of the total resources required.

UNEVEN GAINS

The progress achieved during the 2 years since the charter was signed shows more action by the Latin Americans in the enactment of basic reforms than in the preceding half-century. The picture of tax, agrarian, administrative, and other reforms is encouraging. But it is also uneven.

Some countries have made giant strides while others have only made superficial efforts. In many cases reform laws have been adopted in good faith, but the countries do not have the trained administrators and specialists to implement them and make them effective.

To help the Latin American Governments do this job, we assist them in such areas as national planning, improved revenue collection and public administration. To this technical assistance we add development loans under terms they can afford. But we cannot do the job for them. Only the governments of Latin America can bring about the basic reforms which, soundly conceived and implemented, will ultimately help to make democratic government secure.

Unfortunately, the history of Latin America is full of unhappy experiences with corrupt and irresponsible government, which have bred disillusionment and cynicism among the people, especially the youth. Lack of confidence in their government has made it doubly difficult for Latin Americans to modernize. In less than 2 years the Alliance could not possibly reverse a trend which has such deep historical roots, but a beginning has been made.

TWO-YEAR RECORD

In the 2 years since Punta del Este planning for development has got underway in every member country of the Alliance. Seven countries have submitted blueprints for marshaling their internal resources and effectively utilizing external assistance.

Tax reforms are underway in 11 Latin American countries. In many cases income and property taxes are being applied for the first time in a country's history. We have made it a policy to work with Latin American Governments in generating internal sources of financing for government programs rather than seek unproductive budget support from us.

An agreement between our Agency for International Development and the Internal Revenue Service warrants special mention. The IRS is undertaking not only to train Latin American officials in the United States, but also to provide technical assistance on the spot in improving tax administration. Cooperation between AID and IRS has already achieved some notable results. Tax administrators from Chile who were trained by the IRS were instrumental in increasing that country's revenues under existing laws and in bringing two tax evaders to justice, the first such cases in Chile's history.

Landholding problems have also received more attention than at any time since the Latin American wars of independence. Prior to the signing of the Alliance Charter, only Mexico, Bolivia, and Venezuela had basic agrarian reform legislation. Since its signing, five more countries have adopted laws and started land redistribution schemes. Five other countries are now studying the most effective and appropriate method to raise both productivity and living standards on the land.

We do not look on land reform as simply the splitting up of large estates and the distribution of the land to peasants. We see it as a complex problem. Aside from changes in landholding patterns—and these need not necessarily be changed in every case—adequate and supervised credit, marketing facilities, technical assistance, and many other elements go into the development of a healthy agricultural economy which can produce abundant food for fast-growing populations.

Perhaps the most fundamental series of reforms carried out in Latin America during the past 2 years has been in education. The Latin American countries have substantially increased their budget allocations to education and have taken other significant steps to develop their most valuable resource—people.

All of the hemisphere's resources could be poured into primary education without coming to grips with its need for qualified engineers, economists, professionals, and technicians needed to staff government and industry, to draft and execute national plans, and develop a productive agriculture. Latin America has an estimated 50,000 engineers and technicians in a population larger than our own, while we have over a million and feel we suffer from a shortage.

In husbanding national and inter-American resources for education under the Alliance, we are seeking a balance between primary and higher education. In the first 2 years of the Alliance, more than 8,000 new classrooms have been built and teachers trained to use them. Nearly 4 million textbooks have been distributed, often the first books of their kind ever received by the children.

We are supporting technical training programs for workers in a score of countries, ranging from apprenticeship in El Salvador and industrial training in Chile to vocational education in Brazil and Ecuador. Some 40 major U.S. universities are working with 60 institutions in Latin America to help prepare the future professional, technical, administrative, academic, and political leadership of Latin America.

Basic reforms and sound public administration of those reforms are essential building blocks of the Alliance.

PERSONAL INVOLVEMENT

The success of the Alliance will depend not only on governmental action but also on involving the people of Latin America directly and intimately in the development process.

Special efforts are being made to this end. Individual projects in community development are underway in many countries to make the people themselves protagonists in social, economic, and political development. In Central America and Panama, the rural mobile health project combines minimum medical care for 600 villages with community development efforts. The health teams, made up of local personnel, traveling by jeep, boat, and muleback, collect a nominal and voluntary fee of 25 to 50 cents for treatment and cost of medicine; the fees collected are turned over to committees in each community which invest these fees in community projects of the villagers' choice.

The possibilities for involving the people in their own development under such a project is unlimited, and the response of the people so far has been most encouraging.

PRIVATE U.S. RESOURCES

On a hemispherewide basis, AID has also set in motion programs which harness the resources of U.S. private enterprise, the leading U.S. unions, cooperatives, and voluntary agencies to work on a people-to-people basis.

The Alliance cannot succeed without a healthy and vigorous private sector in Latin America. This is so, not for reasons of verbal convention, but because our economies prove the point pragmatically. An effective market economy must be created and preserved, and the forces of individual initiative allowed to play their creative role in Latin America as they have in Europe, North America, and Japan. Thus, Latin American business must feel that it has a stake in the Alliance.

U.S. investment has not been moving into Latin America at the needed rate, but things are not as bad as some have recently suggested. U.S. firms and investments are already playing a role in the development programs of the Alliance, especially in the key area of manufacturing.

But we are not satisfied. AID has developed a number of programs to assist the private sector play its due role in the development effort. These include direct loans; loans to intermediate credit institutions; investment guaranties and proposed tax credits on investments in developing countries. Particularly promising are joint ventures of U.S. companies with local businessmen.

Such joint ventures can be mutually advantageous to the business partners themselves, as well as helpful in knitting closer ties among the individuals working together in such firms.

LABOR PITCHES IN

On the labor side, the AFL–CIO has lent its support through the Labor Advisory Committee for the Alliance for Progress. Under its guidance, AID has contracted with the American Institute for Free Labor Development to carry out a hemispherewide effort to combine United States and Latin American union resources in training democratic union leaders and developing social projects needed by workers to raise their living standards.

In little more than a year of operations, the institute has helped establish labor leader training centers in four countries as well as a regional training center in Washington; it is now setting up centers in seven other countries. In the social projects area, the institute is working with unions in a score of countries on housing, cooperative, and other activities.

Another area of people-to-people action is in the field of cooperatives. In collaboration with the Credit Union National Association, a center for training credit union technicians is being set up in Peru and will be working with groups in 16 countries to develop credit unions which will provide the common people of Latin America with the means to save and borrow at reasonable rates.

In cooperation with the National Farmers Union, a people-to-people exchange of 75 farm leaders from 6 Latin American countries has been started to provide agricultural and cooperative leadership training.

One program that has given us particular satisfaction and that has opened up a whole new field for people-to-people participation in the Alliance is the association formed between the State of California and Chile. State government and leaders in key sectors of California's economic life—especially in agriculture—are doing pioneering work today. They are exploring the possibility of making the accumulated experience and the research and development resources of California available to Chile, which is confronted with problems and opportunities of geography, soil, and climate similar to those that California faced long ago.

Success in these California-Chile ventures would undoubtedly lead to other such associations between States or regions of the United States and our Latin American sister republics under the Alliance. It would be another large field for people-to-people action—for the involvement of individuals in this country and in the Latin American countries in a program that must be rooted in understanding and cooperation among our peoples, and not just in agreements of governments.

ALLIANCE TAKING HOLD

Today, more than 2 years after the signing of the Alliance Charter, it is safe to say that the Alliance has grown roots. Throughout Latin America, the housing projects, hospitals, water systems and schools that have been built under its banner are tangible evidence that it has got underway. More importantly, the Alliance has made its impact on political, economic and social discussion and conduct in the hemisphere.

Elections have been held where, without the influence of Alliance objectives and charter principles, they might not have been held. Even where unconstitutional changes have occurred, the new rulers are likely to pledge new elections and support for economic and social reform when in the not distant past they could not have cared less.

This represents the real progress that the Alliance has made. Men and women in Latin America today are arguing about policies and programs when in the past they dismissed such subjects as political responsibility, economic growth, and social reform as ivory tower debates.

Our free system of life and government precludes the imposition of social and economic change from above. We have to act within the framework of consent, of change through acceptance rather than fiat. This is a long-term process. But not so long as to be endless. I believe that by 1970 much of Latin America will be sustaining its own growth, equipped with the institutions and human resources to transform itself into a modern society.

But the job will by no means be finished by 1970. The political, economic and social transformation of a continent is not accomplished overnight. What we must seek to provide rapidly is evidence of progress which can sustain the hopes of the people and thus provide the opportunity to complete the long-term task.

The impatience with which some of us view the realization of this program is sometimes inspired by an excessive sense of panic, or by unrealistic expectations of what is possible even in the best circumstances. On the other hand, impatience designed to keep up the pressure is healthy and welcome. Working with the dedication that people connected with this program have displayed in the first 2 years, I am confident that we shall accomplish what we set out to do.

ROLE OF PRIVATE ENTERPRISE

(By Seymour M. Peyser, Assistant Administrator for Development Finance and Private Enterprise, AID)

In the minds of the public, the Alliance for Progress is often conceived of in terms of dramatic government projects, dams, roads, harbors, and schools. With attention focused on large distributions of funds by governments, the individual North American or Latin American may be unaware of the vital role private initiative must play in the Alliance. This challenging endeavor can be successful only if a true synthesis is achieved between government assistance, private investment, and the contributions of voluntary, noncommercial organizations.

One of the functions of my office is to bring the vast resources of private industry into effective participation in the Alliance for Progress. There are four basic reasons why we are stressing the need for additional private investment in Latin America.

KNOW-HOW IN PRIVATE INDUSTRY

First, the attainment of industrial and agricultural growth in these nations requires full mobilization of our essential technological and management skills. In general, this know-how—the ability to build and run a large petrochemical complex or to produce canned and frozen food, for example—is found in private industry.

Second, economic development cannot be accomplished through government assistance alone. There is not enough money in all the public treasures to supply the needed capital. The real wealth of the United States is not in Government, but in the myriad of private individuals and companies throughout the Nation. It has been estimated that to meet the goals of the Alliance for Progress, each year $300 million in new private investment must flow from the United States and other industrialized nations to Latin America.

Public moneys are, of course, still necessary to do those things which only a government can do—for example, building the large infrastructure projects, such as transportation networks and irrigation systems. These facilities, while essential to support a private sector, are not themselves attractive to private investors. Moreover, government funds are required to provide the social progress projects—the schools and the hospitals. But significant industrialization of Latin America can be achieved only through additional infusion of private capital.

ECONOMIC DEMOCRACY

Third, survival or revival of democratic institutions in Latin American nations calls for not only political democracy, but also economic democracy. This kind of democracy is secured only when the economic power of a nation is diversified and divided between thousands of individuals, private groups, labor unions, and numerous, competing firms. Likewise, a meaningful democracy cannot exist when all economic power is concentrated and under the control of either a few individuals or a monolithic state. Additional investments by many companies and private citizens is essential to create this diversification of wealth and a more equitable distribution of material resources. The input of new private capital can also help build an economic system where businessmen, faced with aggressive competition, will constantly strive to offer the consumer an increasing variety of low-cost, high-quality products.

Finally, the time will come when the Alliance shall have achieved its goal of economic development and foreign aid will be terminated. During the period in which external assistance is being phased out, private investment and private initiative will be crucial to the continuation of that development.

The U.S. Government, in cooperation with the Latin American nations, has implemented a number of practical programs to attain these goals.

COMMUNICATION WITH BUSINESS

Officials in the Agency for International Development have spoken to thousands of businessmen, in the United States and overseas, to underscore the need and opportunity for increased investment in Latin America.

We have prepared and distributed almost 30,000 copies of a booklet, "Aid to Business (Overseas Investment)," which describes in nontechnical language all the incentive programs we have to encourage new investment abroad. The continuing demand for additional copies indicates a lively interest and meaningful potential for new private investment in Latin America.

PILOT COUNTRY PROJECT

AID has also selected Colombia as a pilot country to demonstrate the contribution that private participation can make to economic development. The Embassy and the AID Mission, together with the Colombian Government, selected a small number of industries of a priority nature that would be especially appropriate for private investment. Industries chosen were meatpacking, food processing, metal fabricating, lumber and wood products, and building materials. These industries were identified in the Colombian 10-year development plan as meriting special attention since they show the greatest possibilities for import substitution and export expansion.

After identification of these opportunities, the U.S. Government has endeavored to match them with potential American investors. To this end, full use is made of industrial and publications resources of the Department of Commerce, consultations with trade associations, banks and management consulting firms, and ultimately direct contact with individual companies. This special emphasis on Colombia, however, must not be misinterpreted as lack of interest in other nations; we are eagerly promoting private investment in all friendly Latin American nations.

AID further acts as a catalyst in putting together joint ventures between North American and Latin American businessmen. This business community, as well as the Government, has found it is not only good politics, but also good business to invest in ventures in which a substantial equity is held by local partners.

Once a businessman decides he may be interested in a certain venture, the U.S. Government has a series of tools to encourage such investment.

1. Investment survey program: Under this program the Government can underwrite 50 percent of the cost of making an investment survey—for example, the market research, engineering studies, etc. If the entrepreneur goes forward with the investment, he bears the full expense of the survey. Otherwise, the Government reimburses him for one half the cost.

This new program was effectively launched last year with 19 different investment opportunities in Latin America being investigated by American businessmen. These include; for example, a poultry processing industry in Brazil, a cement plant in Colombia, and a truck and bus factory in Chile. Furthermore, AID has under consideration applications for nine more investment surveys in Latin America.

2. Cooley loan program: A certain percentage of the foreign currencies paid to the

United States for sales of surplus agricultural commodities have been reserved for lending to U.S. businesses or their affiliates in the purchasing country. Foreign firms are also eligible if their use of the money will expand markets for U.S. agricultural products. These loans are made and repayable in local currencies and their maturities usually run from 5 to 10 years.

In fiscal year 1963 alone, the equivalent of more than $4 million in local currencies was lent to 10 private firms for investments in Latin America in industries such as glass manufacturing, tires, and electrical products. Over $4 million in local currencies is still available for loans to private firms in Bolivia, Colombia, Ecuador, Paraguay, Peru, and Uruguay.

3. Dollar loans: AID may also make loans in dollars to either U.S. or foreign private borrowers or joint ventures, if other financing is not available. The interest rates are generally lower than commercial rates and the maturities longer. Five and one-half million dollars has been lent to firms in Brazil for construction of a carbon black plant and a synthetic rubber industry.

4. Development banks: These are intermediate credit institutions, both government-owned and private, which have been financed by AID, the World Bank, and other international operations. Both dollars and local currencies are available at these development banks for loans to private businessmen. AID and its predecessor agencies have made the equivalent of more than $67 million available to development banks in Latin America.

5. Specific risk guarantees: This is the oldest and the best known incentive program. It permits the Government of the United States to insure American investors against the political risks of expropriation, inconvertibility of currency, and war damages. One hundred and thirty-seven guaranties, covering more than $270 million, have been issued for new investments in Latin America and the program is growing rapidly. Presently pending before the Agency are 771 applications for guaranties worth almost $3 billion for new investments in that region. In the last 10 months alone, the Agency has received applications for about $1 billion in guaranties for additional investments in Latin America.

Before these specific risks guarantees can be issued for investments in any nation, the host country must have made suitable arrangements with the U.S. Government to implement the program. In the last year, the geographic scope of this program has been considerably expanded. Three important Latin American nations—Colombia, Venezuela, and Argentina—recently agreed to implement the full guarantee program. The guarantees against inconvertibility of currency are now available in 17 Latin American nations, those covering expropriation in 15 of these nations, and the war risk guarantees in 7.

6. Extended risk guarantees. These guarantees are available for high priority private investments and cover not only political risks, but also all commercial risks except fraud or misconduct on the part of the investor. An extended risk guarantee may be given to cover up to 75 percent of a loan or 50 percent of an equity investment.

7. Latin American housing guarantees. This is a special guarantee program to encourage private investment in self-liquidating pilot housing projects in Latin America comparable to those insured by the Federal Housing Authority within the United States. These guarantees protect the investor against all risks except fraud or misconduct by the investor.

Seven of the guarantees, totaling over $33 million, have already been issued and four other applications, amounting to $25 million, are under intensive review.

These then are some of the techniques which we are using to encourage greater participation by the private community in the Alliance for Progress. Through a pooling of all our resources—both public and private—we may hope to realize the goals envisioned by the Alliance. By mobilizing their capital and technological know-how and by taking advantage of what their Government can do to help, the American businessman of vision and ingenuity can make a major contribution to this peaceful revolution in Latin America.

São Paulo Conference—Alliance Meet Is Crucial

(By Claude Courand, Director, American Republics Division, OIRE)

The second annual review of the Alliance for Progress at São Paulo, Brazil, October 29–November 15, 1963, may well mark a crucial turning point in this significant program. The importance attached by the United States to the meeting is indicated by President Kennedy's designation of Under Secretary of State W. Averell Harriman as Chairman and Ambassador Teodoro Moscoso, U.S. Coordinator of the Alliance for Progress, as Vice Chairman. Assistant Secretary of Commerce, Jack Behrman; Assistant Secretary of State Edwin M. Martin; Assistant Secretary of the Treasury John Bullitt; and Assistant Secretary of Labor Daniel P. Moynihan are alternate U.S. representatives to the Conference. Legislators representing both political parties and both Houses of Congress will be advisers to the U.S. delegation.

The São Paulo Conference brings together high-level officials from the 20 Alliance for Progress member nations. The Conference will analyze the performance of each member country during the past year and make recommendations for action in the year ahead. Problems of Latin America in the trade and commodity field are high on the agenda. The weeklong Conference at the ministerial level will be preceded by 10 days of meetings of experts in such fields as health, housing, community development, land reform, tax reform, and incentives to the private sector.

Meetings at the expert level began on October 29. The U.S. delegation to these meetings is headed by William D. Rogers, Deputy U.S. Coordinator for the Alliance for Progress. Assistant Secretary of Commerce Behrman and Assistant Secretary of Labor Moynihan will be part of that delegation and remain in São Paulo to join the delegation to the ministerial sessions.

STUDY PROGRESS PACE

The agenda for the meeting was largely determined by the action taken at the first annual review in Mexico City in October 1962. The dominant theme again will be that the rate of progress in the social and economic fields has been much too slow. One of the important determinations made at Punta del Este was that each member of the Alliance should submit a report at the annual meetings showing the extent to which it has met its commitments.

The United States for the first time has submitted a report that sets forth total U.S. efforts in support of the Alliance. It places major emphasis on the role of AID, but also points out the significant contributions of the Departments of Agriculture, Commerce, Treasury, Health, Education, and Welfare, Labor, Defense, and the Bureau of the Budget, Bureau of Public Roads, Federal Housing Administration, Export-Import Bank, and the Peace Corps. Through the coordinated efforts of these agencies the United States can point to, among others, the following contributions:

In 1962 foreign economic assistance commitments to Latin America amounted to $1,038 million and in the period January–June 1963, the total was $545.3 million. It vastly increased the number of technicians and technical services available to support Latin American development efforts. It cooperated in major programs in the commodity field and gave increasing recognition in its trade and commercial policies to the problems and needs of Latin America.

TO DISCUSS OAS ROLE

A major development of the Mexico City meeting was the designation of Presidents Alberto Lleras Camargo and Juscelino Kubitschek to draft recommendations for restructuring the Organization of American States to enable it to play a more effective role in promoting the Alliance. Each submitted a report and probably the most interesting debates of the meeting will revolve around their recommendations. Both reports call for the organization of a Committee for Inter-American Development (CID). Lleras proposes it as a subcommittee of the IA–ECOSOC, to function continuously with a full-time chairman, an expert full-time staff, and with the Committee of Nine as senior technical advisers. It would review development plans and actual performance of individual countries, and the general progress of the Alliance as a whole and make recommendations for improvement to the Alliance countries separately or collectively. Kubitschek is more critical than Lleras, particularly regarding external aid and suggests that the committee control the allocation of funds. The authority to be vested in such a committee, if favorable action is taken, may well be one of the thorniest problems of the meeting.

Another major topic will be the significant developments in foreign trade related particularly to the basic export products. There has been an improvement in prices during the past year, with coffee the major exception. However, the International Coffee Agreement has had a sufficient psychological impact to slow the downward trend and there is a feeling that constructive action has been taken. There is great concern over the restrictive policies of EEC, particularly in agriculture and in the relations of the European countries with trading partners in Africa. A great deal of interest will be manifested in the United Nations Conference on Trade and Development to be held early next year. The Latin American countries regard this as an ideal forum in which to urge the developed countries to provide more favorable treatment to less developed countries by reducing tariff and nontariff barriers.

REGIONAL INTEGRATION

The third significant topic will be the importance of regional integration in expanding the market for Latin American products. While the Central American Common Market has made substantial progress and trade within the area has expanded substantially, the record to date of the Latin American Free Trade Association is more modest. In the latter area particularly there is growing recognition that diversification in exports is essential to achieve substantial economic growth. Industrial growth can be accelerated appreciably only by emancipation from the restrictive limitations of internal markets.

Exports of semimanufactures and manufactures to LAFTA members is regarded by the more progressive planners as a prelude to increased efficiency and competitiveness, leading to entrance into world markets. This type of program can only advance, however, if there is general acceptance of the need to lower the protective walls that now safeguard uneconomic high-cost industries.

PROGRESS HAS BEEN MADE

The country reports, and particularly the reports of the six special committees established in Mexico, should reveal that in the second year of the Alliance substantial progress has been made in the fields of planning and project formulation, agricultural development and agrarian reform, fiscal and financial policies and administration, education and training, industrial development and financing of the private sector and health programs. These reports will reflect the magnitude and complexity of this ambitious program. This second meeting should mark a turning point in revealing the need for emphasis during the coming year on the economic rather than the social aspect of the program. If this is accompanied by adequate recognition of the necessity of involving the private sector in every phase of the program, economic development should accelerate remarkably despite the slow beginning.

INVESTMENT RECORD CITED

Since the earliest phases of the expansion of U.S. enterprises into foreign countries, special attention has focused on the countries south of us. Of the total invested abroad up to 1929, nearly half was in Latin America. Though other areas attracted a larger share of new investments after World War II, and depreciating currencies hit especially hard at the value of the Latin American investments, nearly $5 billion was added to investments in that area between 1947 and 1957, and they still accounted for nearly 30 percent of all direct investments abroad.

Since 1957 the rate of growth in Latin America has slowed, while it has risen for other areas. By the beginning of 1963, direct investments in Latin America totaled $8.5 billion, but this was less than one-quarter of the world total.

It is important, however, to look closely at the record of the past few years, and especially at the record since the middle of 1961, to gage accurately the nature and severity of the apparent decline in U.S. investment activity in the area.

There are several different kinds of statistics on this subject, each of which can contribute to the whole picture. The most frequently used data are the figures for net capital flows between U.S. parent companies and their foreign subsidiaries and branches—this is the series entering the balance-of-payments accounts. A newer statistical series, current and projected expenditures for plant and equipment, comes closer to measuring the full impact of these investments on economic development.

NET CAPITAL OUTFLOW

First, it is necessary to have some perspective on net capital outflows from U.S. companies to the Latin American Republics. These spurted immediately after World War II and then leveled out until the great peak of petroleum investments in 1956–57. In the first 10 years after the war the annual flow averaged about $215 million; in 1956–57, the average was nearly $900 million; for the entire period from 1946 through 1957 the flow averaged somewhat over $300 million.

Since 1957 the rate of flow has declined sharply, averaging under $200 million through 1961. Beginning in the middle of 1961, there have been, on balance, net inflows to the United States. For 1962 the net inflow was $32 million, and in the first half of 1963 about $7 million.

Looking more closely at the experience of each industry and of individual countries, however, a considerably different picture emerges.

In the manufacturing sector, the aggregate capital outflow in the whole 1950–61 period was $800 million, or less than $80 million per year on the average. The peak flow in this period was $125 million in 1960. In 1961 and 1962, as shown in table 1, the flow into manufacturing was very well maintained in the aggregate, and is probably still relatively substantial in 1963.

TABLE 1.—*Direct investments in manufacturing in less developed countries*

[Millions of dollars; inflows (−)]

	Value		Average annual addition, 1950–60 [1]		1961		1962		December 1962 value
	December 1950	December 1960	Capital outflow	Reinvested earnings	Capital outflow	Reinvested earnings	Capital outflow	Reinvested earnings	
Total, less developed countries	793	1,725	70	83	84	105	152	110	2,184
Latin American Republics, total [2]	726	1,499	63	72	77	95	114	100	1,893
Argentina	161	213	4	12	43	45	73	19	404
Brazil	285	515	29	31	−2	28	10	52	611
Mexico	133	391	14	16	18	7	23	13	448
Other	147	380	16	13	18	15	8	16	430
Other Western Hemisphere	1	21	2	(3)	1	1	18	6	47
Africa [4]	11	10	1	1	(3)	(3)	4	1	15
Asia [5]	55	195	5	10	6	9	16	3	229
Philippine Republic	23	91	1	4	−2	−1	1	2	89
India	16	51	1	3	4	8	12	−3	73
Other	16	53	3	3	4	2	3	4	67

[1] The change in value between 1950 and 1960 reflects not only the annual capital flow and reinvested earnings, but also adjustments, usually downward, to take account of depreciating exchange rates, writeoffs, etc.

[2] Excluding Cuba.

[3] Less than $500,000.

[4] Excluding Republic of South Africa.

[5] Excluding Japan.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Office of Business Economics.

There has been a sharp drop since 1960 in flows to Brazil, which received 43 percent of the total capital flow in the previous 10 years, and flows to Cuba, which had also been sizable in some years, have been nonexistent since 1958. On the other hand, capital flows to Argentina and Mexico have risen enough to maintain the overall average.

This means that if it were not for the dropping out of Brazil and Cuba, the record for capital flows to manufacturing since 1960 would look comparatively good. Moreover, investments out of retained earnings have also risen, notably in Brazil, so that in 1962 U.S. companies added about $200 million to the value of their manufacturing investments in the area. As shown in table 1, this is a very large share of all manufacturing investments in less-developed countries.

Turning to capital flows for petroleum investments, and to a lesser extent for mining, a dramatic shift shows up from a peak of nearly $1 billion in 1957 to an actual net inflow in 1960 and again in 1962. Venezuela is the country principally affected by the changes in the petroleum flow; for the rest of the region capital flows by this industry have been rising slightly. The change in mining flows has affected mainly Chile and Venezuela.

CAPITAL EXPENDITURES STEADY

In contrast to the variability of capital flows, expenditures for fixed investments in plant and equipment show a relatively well-sustained level of activity. Information on these capital expenditures began with data for 1957, as part of integrated statements of sources and uses of funds of each foreign affiliate of U.S. companies. The results of the most recent study appear in the Survey of Current Business for October, and are summarized in table 2.

According to the data supplied by most of the large companies operating in the area, plant and equipment expenditures were at a record peak in 1957 because of the extraordinary outlays of the petroleum and mining companies. Unlike capital flows, however, the total for these expenditures leveled out in the 1959–62 period at a very substantial annual average of over $800 million, and projections by the companies made early this year indicated that this average would be at least matched in 1963 and 1964.

For manufacturing, the projections made early this year indicated capital outlays at a record rate of about $300 million a year in 1963 and 1964, well over the 1957–62 average. Large continuing outlays are projected by the companies for Argentina, Brazil, Mexico, and Venezuela.

Plant and equipment expenditures by the petroleum and mining companies have weakened considerably over the years since 1957, but are currently at a rate of $400 million. Sizable outlays are being made in Argentina, Chile, Colombia, and Peru, as well as $175 to $185 million by the petroleum companies in Venezuela. The maintenance of large capital outlays for plant and equipment while capital flows are sometimes negative requires explanation, and this is provided in part by an analysis of the sources and uses of funds of the enterprises.

MANUFACTURING DATA

Data for the manufacturing enterprises in Latin America controlled in the United States show that total funds available, after distributing dividends, is about one-half billion dollars annually. Capital flows from the United States, undistributed profits, and depreciation charges each contribute about one-fifth of this amount—the remainder is supplied by external sources abroad, probably largely through increased tax and other liabilities. About half of the one-half billion dollars available is spent for property, plant, and equipment, and the rest is needed for working capital. Income distributions are $75–85 million annually.

Total sources of funds of the petroleum and mining enterprises (after income distributions) are about of the same magnitude currently, but have been falling since 1957, while they are now larger in manufacturing than at that time. For the mining and petroleum companies, however, there is a relatively small amount made available by capital flows from the United States, undistributed profits, or funds obtained abroad. Depreciation charges are the dominating source of cash flow in these industries. Using funds from this source, the firms involved are able to finance current levels of capital outlays and working capital requirements.

These figures for actual capital expenditures for plants and working capital show that the total investment activity of U.S. companies in Latin America is very much greater than the data on net capital flows alone suggest. Over 70 percent of the capital formation in this region is carried out by the private sector, and U.S. firms undoubtedly contribute substantially to the total.

TABLE 2.—*Plant and equipment expenditures of direct foreign investments in Latin America, major industries, 1957-64*

[Millions of dollars]

Area and industry	1957	1958	1959	1960	1961 [1]	1962 [1]	1963 [2]	1964 [2]
Latin America, total [3]	1,687	1,269	1,003	750	795	840	900	834
Mining and smelting	216	221	147	78	87	95	100	90
Petroleum	1,039	577	449	340	306	319	315	310
Manufacturing	174	202	193	207	250	281	330	288
Trade	20	31	31	35	45	46	48	58
Other industries	238	238	183	90	107	99	107	88

[1] Revised. [2] Estimated on the basis of company projections.
[3] Includes other Western Hemisphere.

NOTE.—Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Office of Business Economics.

PRODUCTION GAINING

The benefits of this investment effort are manifold, in terms of employment, government revenues, productivity, etc. One direct measure currently available is the value of manufacturing production in Latin America coming from the U.S. affiliated plants, as shown in table 3. Growth has clearly been substantial and quite steady, although there have been some temporary setbacks, as in Argentina in 1962, when local conditions are depressed or disturbed.

Some comparisons are made in the October issue of the Survey of Current Business between exports from the United States and local manufacture by U.S. companies of some important commodities. These figures show a decline of about $500 million in exports from the United States since 1957 while local production in the area of these items has risen by nearly $1½ billion. In chemicals, for instance, export sales have fallen off somewhat, but local production has risen from sales of $500 million in 1957 to about $1 billion in 1962.

From the point of view of Latin America, therefore, a much greater volume and variety of manufacturers is being made available than would be if they had to be imported.

The general impression that can be derived from the figures is that investment activity by U.S. companies in Latin America is being very well sustained by comparison with any earlier period except the huge temporary bulge in 1956–57. On the other hand, the flow is not widely distributed among the countries of the area, and can shift quickly as projects are completed or local conditions become unsettled.

Given the needs of the area for economic development, a considerably larger flow than has been experienced over any extended period in the past could make a highly significant contribution. To restore the share of Latin America in the total foreign investment program of U.S. industry, however, the relative attractiveness of the area in terms of growth with stability, security of investment, and expectation of returns, must be greatly enhanced.

TABLE 3.—*Sales of U.S. direct investment manufacturing affiliates in Latin America, 1957, 1959–62*

[Millions of dollars]

	1957	1959	1960	1961	1962
Latin America,[1] total	2,435	2,830	3,180	3,770	4,190
Argentina	385	426	696	895	865
Brazil	659	764	879	940	1,125
Mexico	643	751	770	850	1,020
Venezuela	268	364	360	390	400
Other	480	525	475	695	780

[1] Includes dependencies.

Source: U.S. Department of Commerce, Office of Business Economics.

ECONOMIC INTEGRATION HOPEFUL GOAL OF ALLIANCE IN LATIN AMERICA; COMMON MARKET HELPS

"We must support all economic integration which is a genuine step toward larger markets and greater competitive opportunity. The fragmentation of Latin American economies is a serious barrier to industrial growth. Projects such as the Central American common market and free trade areas in South America can help to remove these obstacles." (Address by President Kennedy at a reception for Latin American diplomats and Members of Congress, March 13, 1961.)

The President's encouragement of regional economic integration in Latin America as an integral part of the Alliance for Progress was emphasized in the charter of Punta del Este signed in August 1961. The Alliance calls for the mutual participation by the United States and the Latin American countries in the economic and social development of the area. This mutual participation not only applies in the areas of housing, social reforms, and agrarian reforms but also applies in the area of economic integration.

The charter of Punta del Este points specifically to the Central American Common Market (CACM) and the Latin American Free Trade Association (LAFTA) as the vehicles for broadening of present national markets in Latin America, which is essential to accelerate the process of economic development in the Hemisphere.

One of the major economic forces congealing CACM and LAFTA and a primary objective of the Alliance is the need of industries to produce for a wider and more diversified market so that increased efficiency and better allocation of resources will result.

The Central American Common Market (described in International Commerce, Mar. 18, 1963), comprised of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, is an achievement which has been sought by the Central Americans for over 100 years. It represents an initial achievement of Alliance for Progress goals of increasing trade and stimulating investment. Trade among the Central American countries, while still small in absolute terms, has more than doubled between 1958 and 1962.

U.S. INVESTORS INTERESTED

Potential U.S. investors have shown much interest in Central America, particularly in manufacturing, and a number are already well established within the areas as a result of the common market.

In the public sector, the Central American Bank was established for the purpose of financing industrial integration and development in Central America. The U.S. Agency for International Development (AID) initially committed $10 million to the Bank's capitalization. Each of the participating countries contributed $4 million each. Further Alliance for Progress assistance has been received by the Central American Bank in the form of grants and loans. For example, AID made grants of $2 million for industrial credit and another grant of $1 million to be used for financing general studies. AID has also made a loan of $5 million for industrial credit. The Inter-American Development Bank (IDB) has also participated in the Central American Bank. For example, a $6 million loan for financing an industrial and infrastructure development program was made in April 1963. In addition, the Central American Bank with assistance from AID, is undertaking to prepare a regional transportation plan and industrial surveys.

For their own part, the Central American countries are currently drafting a regional telecommunications agreement to develop a Central American communications system. The World Bank is assisting in this project and is expected to provide a credit of approximately $100 million for its implementation.

ROCAP CREATED

AID has created the Regional Office for Central America and Panama (ROCAP) to assist in the coordination of common market activities at the regional level.

The Organization of American States (OAS) in conjunction with the IDB and the Economic Commission for Latin America (ECLA) has been providing technical assistance through the creation of the Joint Planning Mission, the task of which is to provide coordination of national development plans at the regional level.

ECLA has, since 1951, been a prime mover in fostering the development of the economic integration treaties and in the establishment of regional organizations in Central America.

The CACM is not yet an unqualified success and more progress is required for mellowing the institution. For example, the Regional System of Integration Industries, which may have the effect of establishing monopolies in the isthmus and therefore stifling competition, runs counter to Alliance aims in this regard.

In addition, despite the combination of the five countries' economies into one market, the Central American market remains small. The population of the area is approximately 12 million with a combined gross national product of $2.4 billion in 1962. Yet the association of Panama with the CACM, which would broaden the market and which was called for in the Declaration of Central America in March 1963, was recently postponed. This action was reportedly due in part to the low Panamanian tariff rates and the fear on the part of some Central American businessmen that the Colon Free Trade Zone would provide escape from the common external tariff for non-Central American merchandise.

Nevertheless, while Central America has been advancing with ever-increasing strides, a less ambitious plan for economic unification in South America, LAFTA, appears to be progressing, albeit in halting and at times in indecisive steps. The members of LAFTA are Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Paraguay, and Uruguay. (A description of LAFTA appears in the October 21 issue of International Commerce.)

It must be remembered that the members of LAFTA are as heterogeneous as the Central American countries are homogeneous and the former have no historical background of unification as do the latter. The LAFTA treaty provides for eventual free trade among the member States over a 12-year period. But, unlike the Central American Common Market, there is no provision for a common external tariff. Nevertheless, the very creation of LAFTA per se represents progress in broadening the Latin market.

In the area of trade liberalization many trade barriers have been reduced and certain shifts in the former trading patterns are discernible, although small. Nevertheless, the overall trade, both imports and exports, among members of the area in relation to their total trade has remained at approximately 7 percent over the last 3 years. However, it is perhaps too early to make a judgment as to the ultimate effect of LAFTA on intra-area trade.

A future stimulant to intra-Latin American trade was the recent announcement of the Inter-American Development Bank that it was instituting a system of export financing for Latin American capital goods. This should lead to increased area trade in these goods and the Bank has initially allocated $30 million for this purpose.

In the investment area, a considerable number of U.S. businessmen have expressed interest in manufacturing within the LAFTA framework. The lack of a common external tariff surrounding LAFTA continues to be a deterring factor for increased investment.

On the other hand, potential investors are becoming increasingly aware of the possibilities of investment within the framework of complementation agreements. These special agreements permit the negotiation of preferential treatment through bilateral or multilateral agreements for the purpose of achieving what are referred to as "vertically integrated industries." These agreements up to a point may help to reallocate more efficiently scarce Latin resources but at the same time there is a danger of monopoly creation and a limitation on competition.

There is a sense of urgency among many of the LAFTA members and among those closely associated with the LAFTA movement. In a number of documents the need for a common external tariff has been stressed. Also the tendency for LAFTA members to be particularly reluctant to reduce trade barriers to a meaningful extent has been emphasized.

Both ECLA and the Organization of American States have been active in promoting and encouraging the development of LAFTA. Both organizations have provided experts in many fields and many studies on economic integration have been made.

A further indication that the LAFTA countries are desirous of strengthening their organization was the announcement of a Foreign Ministers meeting, originally scheduled for October 1963. This conference, however, was postponed until 1964. The tentative agenda of the conference deals with many fundamental questions of LAFTA's structure and direction.

Other measures have been taken to implement the objectives of the Alliance. Of great potential significance in meeting fluctuations in the short-term balance of payments not only of LAFTA and CACM members but also other Latin countries is the recently instituted system of compensatory financing. This project of the International Monetary Fund will permit the use of IMF funds in cases of payments difficulties produced by short-term export shortfalls of member countries. The system will enable the countries to eliminate the more adverse effects of short-term difficulties and will result in more orderly development of their economies.

PERU PLANNING MEETING

In the area of planning, a Conference on Planning and Industrial Development was held in Lima, Peru, in April. This was the first meeting of planning authorities of the LAFTA countries and as such was limited largely to the establishment of contacts and an exposition of the planning institutions of the nine countries—their organizaton, methods, objectives.

In a reference document of the Inter-American Economic and Social Council entitled "Regional Economic Integration in the Development of Latin America," by Harvey S. Perloff and Romulo Almeida, stress was placed on the fact the present approaches to economic integration in Latin America are too timid and inadequate. Emphasis was placed on regional planning and regional development programs as a means of implementing Alliance objectives.

TAX REFORM IS MAJOR OBJECTIVE OF ALLIANCE IN LATIN AMERICA

The institution of tax reform in most of the Latin American countries has been a major objective of the Alliance for Progress. It is one that is generally accepted to be a key prerequisite, under the Charter of Punta del Este, in accelerating the development process of the Latin American area.

A special conference on fiscal policy for the economic development of Latin America was held in Santiago, Chile, in December 1962 under the auspices of the joint tax program of the Organization of American States (OAS), the Inter-American Development Bank (IDB) and the Economic Commission for Latin America (ECLA). There was a full exchange of views between academic experts and those having administrative duties. Although general consensus was eventually achieved, (as reported in UP/G 15/1 Rev., Apr. 18, 1963, OAS–IDB–ECLA joint tax program) the problems were great and the points of view were not always unanimous. However, its members did agree that there was need to reform tax laws, demanding more from those who have most, to punish tax evasion severely, and to redistribute the national income to benefit those who are most in need.

The achievement of these results necessitated, among other things, a reorganization of the fiscal systems of the Latin American countries as these relate to:

1. The reform, simplification, and updating of the system of indirect taxation;

2. The creation of a comprehensive unitary system of progressive personal income tax, which includes the taxation of capital gains both on real and personal property, complemented by a net wealth tax where feasible;

3. The collection of more revenue from taxes on urban and rural property, additional to personal income taxes on the income derived from such property, and coordinated with other reforms of special taxation of income from property;

4. The strengthening of the system of inheritance and gift taxation;

5. The placing of public enterprises on a self-sustaining basis through the adoption of adequate rates for services rendered;

6. The harmonization of the tax treatment of the income of international enterprises, and the imposition of taxes on the income which residents receive from abroad;

7. The creation of a fiscal climate which, with the cautious use of incentives, will be attractive to the formation of private capital and its investment in productive enterprise;

8. The reform of budgetary practices and the inclusion in budgets of the operating results of autonomous agencies; and

9. The establishment of an objective and coordinated system of tax administration, using each tax to give more solidity to the others, so as to guarantee that the benefits of substantial reform will not be lost in administration.

NEW LEGAL PROCEDURES

Special attention was given to a number of legal and administrative procedures that need to be established to enable the beneficial ownership of real property and of financial assets to be identified. Thus, compulsory registration of all real property in the name of the beneficial owner and the adoption of means whereby the ownership and the transfer of securities are comprehensively registered with the tax authorities. Under existing conditions in most of Latin America, it is undisputed that a significant strengthening is needed of both the technical and administrative capacity of the tax enforcement authorities.

Since much of Latin America produces agricultural income, attention was given to the administrative problem of calculating such income for purposes of income taxation. While there was almost universal agreement that some form of presumed income rather than actual income had to be used, there was a difference of opinion with respect to the best way to determine such income. One group suggested that presumed income should be calculated on the basis of average yield of lands with similar characteristics. Others questioned this method because it presumed the availability of such information and the necessary technicians. It was suggested, therefore, that some self-assessed valuation of property might be used as a measure of presumed farm income.

All were in agreement that the traditional taxes in the area include the corporation income tax, the tax on urban real estate and the tax on agricultural property. Consequently, an effort must be made to rationalize the taxation of income from the different classes of property.

CHANGES TAKING PLACE

The Pan American Union reports that noteworthy changes in tax legislation are taking place throughout Latin America. The reforms being introduced, in general, call for (a) raising existing tax rates (b) lowering the level of exemptions and (c) taxing capital gains. They tend to provide exemptions to certain types of investments, or stimulate them in other ways such as adopting a more liberal system of depreciation.

A few examples in countries where tax reform is practiced:

Ecuador has enacted a new income tax law in 1963. Undistributed corporation profits are taxed at 20 percent when their activities are considered essential for economic growth; otherwise at 30 percent. Personal income tax is levied at rates ranging from 10 to 43 percent.

Dominican Republic now classifies income into five categories, each subject to a proportional tax rate. There is also a complementary tax on total income at rates from 3 to 40 percent.

El Salvador in 1961 modified the structure of its income tax rates substantially.

Guatemala this year enacted the first income tax legislation in its history.

Panama has substantially increased tax rates. Additional reforms are being considered.

Peru has increased the complementary tax on nondistributed corporation profits.

Colombia has introduced complete tax reform modifying the concept of income, the tax rate structure and additional measures for promoting social progress and economic development.

Mexico, Venezuela, Haiti, Paraguay, Argentina, and Brazil have enacted legislation introducing changes in the tax rate structure and in the level of exemptions in order to promote better distribution of revenues, or to promote investment.

Bolivia and Honduras are studying significant income tax reforms.

There is a clear tendency to increase taxes on luxury goods and to lower those on raw materials.

OVERALL LATIN AMERICAN TREND IS UPWARD FOR IMPORTS AND EXPORTS

Latin America increased the dollar volume of its foreign trade in 1962. Both imports and exports rose—favorable indicators in terms of the goals of the Alliance for Progress. However, the United States occupied a less favorable position in the Latin American market in 1962 than in previous years, and available 1963 data show a further drop in our participation in the area's trade.

Imports of the Latin American Republics from the United States were valued at about $3.5 billion in each of the years 1960, 1961, and 1962. The United States continued as the principal supplier in these years, but its percentage-share of the market fell. The area's total imports from all supply sources showed an upward trend in the 1960–62 period, rising from $7.6 billion in 1960 to $7.9 billion in 1962.

Shipments into Argentina, Brazil, and Mexico—the three principal importing countries in Latin America—registered only minor variations in dollar value during the period. Venezuela, fourth largest importer in the area, recovered somewhat after reaching a low point in import volume for recent years in 1961. Most of the other Republics imported larger volumes of goods in 1962. Increases ranged from small to substantial. In the case of Peru the rise was $163 million or about 43 percent when 1960 and 1962 figures are compared.

The limited overall increase in imports reflects the generally worsened 1962–63 foreign-exchange position of many of the countries. Import and exchange control measures aimed at conserving supplies of foreign exchange, trade controls to foster local industry, and currency stabilization efforts all had their effect in holding down imports.

Exports of the Latin American Republics totaled $8.5 billion in 1962 a substantial rise (about 10 percent) over the $7.7 billion in exports in 1961. Among the countries having important increases in the dollar volume of exports in 1962 were Argentina, Mexico and Peru. More moderate rises were made by many of the other countries, while, of the larger countries in the area, Brazil showed a drop.

The United States is the principal market for Latin American exports, but in the years 1960, 1961, and 1962 shipments to the United States dropped in relative position as compared with other markets. In 1962, Western European countries received $3.6 billion in Latin American goods, a 12 percent rise over 1960.

Trade among the countries of the Latin American area was larger in 1962, but the volume was relatively small and was not of major significance in the total trade of the Republics.

The upward trend in the value of the area's exports is attributable to a number of factors, including expanding world markets for certain commodities, favorable prices for a number of products and export-product diversification carried forward under country development-planning. In the case of Argentina, the increase in export trade was due largely to greater grain and linseed shipments. In Mexico, efforts to develop production for export had a favorable effect. Peru's greatly expanded fishmeal output, new (1960) large copper development, and a favorable sugar market all contributed to larger export earnings. Expanding world markets for petroleum aided Venezuela in raising the level of exports.

Since late 1962, the world price trend for the major mineral exports of Latin America (copper, lead, zinc, tin and silver) has been steady or upward. In agricultural products, the trend has been mixed. On balance, it would appear that the favorable price position of the export products of the area is the major contributing factor to the area's 1962 export advance, expected to continue through 1963.

Europe-Latin America trade, 1960 and 1962

[Millions of dollars]

Country	Imports from Latin American Republics		Exports to Latin American Republics	
	1960	1962	1960	1962
Total Europe excluding Soviet bloc	3,240.4	3,633.4	2,601.5	2,646.2
Belgium-Luxembourg	171.4	197.2	144.0	130.7
France	255.8	304.5	262.1	283.0
Germany, Federal Republic of	866.3	1,022.1	750.7	788.0
Italy	291.8	340.0	268.3	303.4
Netherlands	227.8	260.5	144.9	139.3
Spain	61.4	138.7	56.5	67.1
Sweden	156.4	146.9	136.5	125.6
Switzerland	84.1	93.6	140.9	153.9
United Kingdom	872.9	835.1	483.5	456.8
Other countries	252.5	294.8	214.1	198.4

Source: United Nations, International Monetary Fund and International Bank for Reconstruction and Development, Direction of International Trade, Statistical Papers, Series T.

U.S.-Latin America trade, annual 1961, 1962, and January–July 1963

[Thousands of dollars]

Country	Exports, including reexports			General imports		
	1961	1962	January-July 1963	1961	1962	January-July 1963
Argentina	424,194	374,513	113,124	101,916	106,195	82,078
Bolivia	26,459	31,740	18,771	9,948	11,796	6,700
Brazil	494,124	424,803	245,955	562,224	541,148	279,408
Chile	229,028	170,820	92,486	183,637	191,065	112,923
Colombia	245,067	226,566	129,736	275,615	275,144	121,417
Costa Rica	42,342	49,599	31,605	40,122	39,950	26,913
Cuba	13,716	13,398	36,939	35,125	6,806	34
Dominican Republic	29,326	70,980	51,394	89,648	153,424	86,919
Ecuador	49,872	44,978	30,925	53,926	71,317	34,351
El Salvador	35,281	40,596	27,422	36,531	44,108	27,573
Guatemala	60,395	61,126	40,066	63,086	62,597	43,495
Haiti	25,895	24,266	11,822	18,977	23,718	16,714
Honduras	36,578	43,630	25,680	32,807	32,533	21,657
Mexico	812,976	790,166	468,792	538,122	578,307	369,242
Nicaragua	32,277	46,226	23,739	25,345	27,444	26,746
Panama, Republic of	107,185	104,689	62,074	22,648	22,897	18,724
Paraguay	13,048	7,884	6,922	8,581	7,231	5,472
Peru	173,088	183,800	104,331	194,306	190,602	105,961
Uruguay	48,021	44,417	17,955	22,677	24,126	19,497
Venezuela	515,662	468,267	277,357	898,009	975,614	565,826
Latin American Republics total:						
Excluding special category	3,414,554	3,221,864	1,817,115			
Including special category	3,528,792	3,310,604	1,879,028	3,213,254	3,386,024	1,971,650
20 republics percent of U.S. total[1]	17.5	15.8	15.4	21.8	20.7	20.2

[1] Percentage based on total nonmilitary exports.

Source: Basic data of the U.S. Bureau of the Census.

Total exports and exports to United States, 1960–62

[Millions of dollars]

Country	1960		1961		1962	
	Total world	To United States	Total world	To United States	Total world	To United States
Argentina	1,079.2	90.5	964.1	83.8	1,216.0	88.3
Bolivia	67.8	15.8	76.1	20.8	76.1	23.0
Brazil	1,268.8	563.7	1,403.0	562.8	1,214.2	484.8
Chile	490.0	182.1	508.2	185.8	532.1	194.0
Colombia	464.6	297.9	434.8	260.0	463.5	266.7
Costa Rica	89.0	48.6	79.8	45.4	85.5	47.7
Dominican Republic	180.4	111.6	143.1	88.8	172.5	153.4
Ecuador	102.6	65.4	96.6	58.9	117.1	75.7
El Salvador	116.8	40.9	119.1	40.2	136.3	46.1
Guatemala	112.6	62.7	110.2	58.8	109.3	56.0
Haiti	33.1	[1] 18.2	32.0	[1] 19.0	42.2	[1] 23.7
Honduras	63.6	36.1	73.0	48.3	78.9	47.2
Mexico [2]	631.7	455.3	684.9	502.0	773.4	553.4
Nicaragua	62.9	27.3	68.4	32.2	90.2	37.3
Panama, Republic of	21.2	19.0	23.5	20.4	41.9	27.4
Paraguay	27.0	7.2	30.7	7.4	33.5	[1] 7.0
Peru	433.0	156.7	496.3	178.3	540.0	188.1
Uruguay	129.4	19.8	174.7	24.6	153.4	23.6
Venezuela	2,537.4	1,114.0	2,185.0	851.6	2,593.6	893.0
Total 19 republics	7,911.1	3,332.8	7,703.5	3,089.1	8,469.7	3,236.4
Percent of total		42.1		40.1		38.2

[1] U.S. import statistics used.

[2] Unadjusted totals; figures adjusted for underestimated values of some of the principal export commodities are: 1960—$739,788,000; 1961—$803,545,000; and 1962—$900,961,000. However, country distribution on the adjusted basis is not available.

Source: Official trade statistics of the various countries.

U.S. Exports to 19 Latin American Republics, by leading commodities, 1960–62

[Millions of dollars]

	1960	1961	1962
19 republics total, including "special category" [1]	3,350.9	3,515.1	3,297.2
19 republics total, excluding "special category" [2]	3,254.4	3,400.9	3,208.5
Fats, meats, milk and other animal products, edible	66.4	57.7	53.3
Grains and preparations	141.7	218.6	174.2
Vegetables, fruits, vegetable oils and other foodstuffs	69.0	68.9	64.1
Rubber and manufactures	69.8	63.2	62.3
Textile semifinished and finished manufactures	121.2	129.7	117.8
Cotton finished manufactures	44.4	42.4	42.1
Manmade fibers and manufactures	60.0	69.6	59.1
Paper, paperboard, and related products	60.2	63.9	69.5
Petroleum and products	92.0	74.6	76.0
Iron and steel-mill products	133.4	103.8	78.8
Metal manufactures	104.1	100.0	95.9
19 republics total, etc.—Continued			
Machinery [3]	993.8	1,066.3	992.2
Electrical apparatus [3]	225.9	253.8	205.9
Industrial machinery [3]	618.0	655.5	641.9
Construction, excavating, mining and related machinery	210.1	217.2	191.5
Metalworking machinery and tools [3]	72.8	81.5	87.6
Other	335.1	356.8	362.8
Agricultural machinery and tractors	114.1	112.2	104.9
Automobiles, parts and accessories [3]	429.8	404.4	369.8
Motor trucks, buses and chassis, new	213.4	168.8	117.1
Passenger cars, new	64.5	74.7	81.2
Parts for replacement	110.2	115.2	111.4
Aircraft [3]	49.8	53.6	45.5
Railway transportation equipment	60.6	86.4	82.1
Chemicals and related products [3]	365.3	376.5	386.9
Medicinal and pharmaceutical products	101.9	99.9	99.4
Other exports, including reexports [3]	496.9	533.7	540.1

[1] Includes military equipment and certain other commodities for which security restrictions prohibit publication of detailed statistics.

[2] Total includes reexports, commodity totals are exports of U.S. merchandise only.

[3] "Special category" items are excluded.

Source: Basic data of the U.S. Bureau of the Census.

Total imports and imports from the United States, 1960–62

[Millions of dollars]

Country	1960		1961		1962	
	Total world	From United States	Total world	From United States	Total world	From United States
Argentina	1,249.3	327.4	1,460.4	383.2	1,356.5	396.4
Bolivia	71.5	30.8	77.5	32.8	93.2	39.2
Brazil	1,462.1	443.1	1,460.1	514.7	1,475.0	457.1
Chile	499.7	239.0	590.5	237.7	517.9	199.9
Colombia	518.6	296.1	539.3	278.9	540.3	283.2
Costa Rica	110.4	49.9	107.2	50.0	113.5	52.6
Dominican Republic	87.0	46.1	69.5	30.0	127.1	71.0
Ecuador	100.3	49.4	100.8	48.3	96.2	42.5
El Salvador	122.4	52.5	108.7	42.6	124.9	45.5
Guatemala	137.8	67.5	133.6	63.5	133.0	65.3
Haiti	36.1	[1] 25.1	35.0	[1] 25.9	44.6	[1] 24.3
Honduras	71.8	40.1	72.0	37.5	79.8	41.3
Mexico	1,186.4	856.5	1,138.6	798.2	1,143.0	782.6
Nicaragua	71.7	37.8	74.4	36.4	98.2	49.5
Panama, Republic of	109.2	56.2	124.4	64.0	147.5	66.7
Paraguay	32.5	7.6	34.7	5.3	34.3	10.8
Peru	374.8	164.5	469.4	207.0	537.6	212.9
Uruguay	242.8	65.2	205.9	46.8	230.5	43.9
Venezuela	1,066.1	551.2	968.1	522.9	986.2	518.4
Total 19 Republics	7,550.5	3,406.0	7,770.1	3,425.6	7,879.3	3,403.1
Percent of total		45.1		44.1		43.2

[1] U.S. export statistics used.

Source: Official trade statistics of the various countries.

THE $250,000 PRESS JUNKET

Mr. FULBRIGHT. Mr. President, I would like to call attention to an article appearing on page 38 in today's New York Times under the headline "Kramer Defends Junket for 'Mad'." The story describes how a motion picture producer defended his spending $250,000 on a press junket to the opening of his motion picture. According to the story, about 250 newsmen from 53 American cities and 26 foreign countries were treated to an expense-paid, 4-day trip to Hollywood. Apparently only five newspapers paid the expenses for their reporters. Transportation for all the others as well as their hotel rooms, food, and liquor bills were all paid for by the movie maker. The financial "hospitality" went so far that the movie maker even paid for the newsmen's cable and telephone charges run up sending stories—most of which the producer characterized as "favorable"—back to their newspapers.

The newspaper junket on behalf of a movie may be defended by some because of its relatively harmless objective. I would remind my colleagues and the members of the press that our recent hearings on foreign lobbying showed such activities were carried on by foreign interests—with similar "favorable" acceptance by the press—where the objectives were more serious and sometimes even conflicted with policies of our Government.

At a time when the press is so quick to attach grave conflict-of-interest implications to the activities of others, I suggest the journalism profession take an honest look at its own practices. Its responsibilities to the public in terms of honesty and integrity are no less than the responsibilities resting on those who serve that same public as elective and appointed officials.

I ask unanimous consent that the full article be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

KRAMER DEFENDS JUNKET FOR "MAD"—$250,000 MOVIE PRESS TRIP SAID TO AID PUBLICITY

(By Murray Schumach)

HOLLYWOOD, November 6.—Stanley Kramer defended today the economics and ethics of his $250,000 press junket, the most lavish in Hollywood history.

The price of the event was twice the total cost of the film "Never on Sunday," which has already grossed more than $6 million.

Mr. Kramer, by his position, revived arguments in the movie world about the value of such publicity devices. There are film executives and publishers here who think press junkets do not pay off at the box office.

The producer-director of "It's a Mad, Mad, Mad, Mad World" brought about 250 reporters here from 26 countries and 53 cities in the United States. The finale of their 4-day visit was the viewing of the comedy on Sunday night. Five newspapers paid the expenses for their representatives.

MANY STORIES IN PAPERS

"During this junket," Mr. Kramer said, "we received an enormous amount of space in newspapers and there is much more to come in the papers and on television. These stories and interviews will build up audience anticipation so that it hits a peak as our movie opens in major cities."

He said that during their Hollywood visit, the vast majority of the reporters turned in at least one story a day.

"If the stories were all like those that many reporters showed to me, then they were very favorable."

He conceded that it might never be possible to know if the international press safari was justified in terms of money. But the stories, he said, created "an aura that the movie is all-out entertainment."

A favorable climate for the writers was created in a variety of ways. They were brought here on chartered planes. They were put up, without charge, at one of the best hotels in Hollywood. Their food and liquor bills at the hotel were picked up by Mr. Kramer. A press room was set up at the hotel, with a switchboard and 24-hour service.

One night the visiting reporters were the guests of Mr. Kramer at a lawn party at his home. Another night he took them to a nightclub. He also arranged for them to go to Disneyland and on a tour of the Universal Studio. All cable tolls on stories were paid for by Mr. Kramer and so were all telephone calls to their newspapers.

None of this, Mr. Kramer said, could be construed as a form of payola. He asserted that he guarded against this possibility by his own attitude.

"My own frankness," he declared, "would negate any payola of any kind. I placed no limits on questions. Nobody held back. The stars of the picture were available for unhampered questioning."

ESTIMATES THE COST

Mr. Kramer then tried to estimate, in terms of movie customers, what the junket cost him. To recoup the $250,000 spent on the press would require an additional return of $650,000 at the box office, because of distribution costs. Thir would mean an additional 200,000 customers.

He said he could not tell now—perhaps never—if the junket justified itself. But the jump in the advance sales of tickets since the reporters came to Hollywood favored his opinion, he said. In New York City alone, he declared, the advance sale has quadrupled since the junket began. The movie is scheduled to open in New York on November 17.

"By and large," Mr. Kramer said, "I look at this in an emotional way. I feel we have stirred up a great deal of attention for the movie. That is the most you can expect at this time."

SENATE LEADERSHIP

Mr. FULBRIGHT. Mr. President, I do not wish to prolong the preliminary statements, but I wish to say a word about the remarks which were made on the floor of the Senate last night about the leadership. Those remarks were completely out of place. Of course, we all know that we are struggling under very great difficulties at the present session. I do not think it is altogether the fault of the leadership. In last night's issue of the Washington Star there appeared an article by one of its most capable, observing, and perceptive reporters, which pointed out that perhaps some of the difficulty was not a result of the rules or the leadership, but the Senate itself. I submit that it was a very appropriate observation. I do not think that a change of rules, however they might be changed, would at all cure our troubles. But I believe that if we are to make progress, all Senators must have a little more serious approach to some of the issues, particularly those such as foreign aid, which, granted, has always been controversial. The bill must be treated somewhat differently from domestic affairs because it involves our foreign policy. It is an area in which, in the past at least, we have professed to approach the subject in a nonpartisan spirit. I believe generally that has been true.

As I said a moment ago, the Republican opposition party has been extremely responsible in its treatment of the bill. I do not mean that there have not been other bills with respect to which they have not been responsible, but we are referring to this bill. I reiterate that the Republicans on the committee, as well as the Republicans in the Senate, have approached this matter in a very objective manner and have not in any way, to my knowledge, sought to take partisan advantage of the program. So I do not believe that the criticisms directed at the opposition party were in order, and I do not agree with them.

Mr. MORSE. Mr. President, as one of the leaders in opposition to the bill, I commend the nonpartisanship of the Republicans who have opposed the bill. They have extended the same kind of nonpartisan cooperation that Republicans in favor of the bill have extended to supporters of the bill.

OMNIBUS CRIME BILL FOR DISTRICT OF COLUMBIA

Mr. MORSE. Mr. President, my work on the foreign aid bill has made it impossible for me to attend any of the hearings on H.R. 7525, known as the omnibus crime bill, before the District of Columbia Committee.

I announced before the hearings started and informed the committee chairman that it would be impossible for me to attend them because of work on the foreign aid bill, but that I would read the transcript carefully and present my point of view in the executive sessions of the committee when the time came to mark up the bill. I shall do that.

Parts of the testimony that I have read thus far confirm my belief that the bill must be opposed at least so far as its major provisions are concerned.

For example, I have read the prepared statement of Robert Murray, the Chief of Police of the District of Columbia. I am unalterably opposed to most of what he has said. He seeks to do what many police chiefs seek to do: To get broad, discretionary powers that are not in the interests of the people of the District, and can best be characterized as "police state" procedural authority.

I am unalterably opposed to the attempt by Chief Murray, through a great deal of misrepresentation, to change the Mallory rule in the District of Columbia.

I believe that the Mallory rule is vital to the protection of the people of the District of Columbia—and particularly to the colored people of the District—from Chief Murray's well-known "police state" procedural methods.

This police chief also pleads to have the power to arrest for investigation. He has been maintaining a procedure in his department whereby a colored person walking the streets of the District of Columbia at a late hour, or at an early hour of the day, can be stopped by a police squad car and forced to identify himself.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, a young colored boy from Portland, Oreg., who was on my patronage list for several years—Mr. Ben Walker, a brilliant student now doing graduate work in mathematics at the University of California—had a position in the Senate post office that made it necessary for him to come to work during the early morning hours, sometimes 4 a.m. He reported on several occasions that he was stopped by a police squad car and forced to identify himself, when all he was doing was walking the streets of the District of Columbia to the Senate Office Building where he worked.

This police chief testified in support of power to arrest for investigation. Colored person after colored person has told me that if such power were given to the District of Columbia police department they would tremble as to what would happen to them after they got to the police precinct houses in the District of Columbia.

Mr. President, before we get through with this omnibus crime bill, I shall document further the evidence of what I consider to be police state methods in the District of Columbia.

The police chief has been making misrepresentations in regard to the crime situation in the District of Columbia.

On October 14, 1963, in the District of Columbia, I was invited to make a speech before the Corrections Conference, Health and Welfare Council. I made that speech on the subject of "Crime and Law Enforcement in the District of Columbia." It contains answer after answer to some of the propaganda of the police chief in the District of Columbia.

Mr. President, I ask unanimous consent to have the speech printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

CRIME AND LAW ENFORCEMENT IN THE DISTRICT OF COLUMBIA

(Statement of Senator Wayne Morse, Democrat, of Oregon, before the Corrections Conference, Health and Welfare Council, October 14, 1963)

The crime rates have been steadily increasing in the District of Columbia, and throughout the country, and with that increase, the cries have grown louder and louder of those who, with simple-minded logic, contend there is a simple solution to complex problems. The simple panacea for the rising crime rate they say is for the courts to stop handcuffing the police. They argue it is not the function of the courts to police the police. In general what they are complaining about is the exclusionary rule—under which confessions obtained during an illegal detention are barred from evidence—the so-called McNabb-Mallory rule—or the exclusion of other evidence obtained in violation of the fourth amendment rights of a defendant. The effect of the exclusionary rule is exactly what is intended—to make law enforcement agencies obey the Constitution.

The objectors, of course, are careful not to use such so-called dirty words as "false imprisonment" or "arrests on suspicion" but instead urge the necessity of such nice substitutes as "arrests for investigation" or better yet "detention for investigation" or still better and safer, simply "questioning" or "interviewing."

What is really desired (and there should be no mistake about it) is the right of the police to pick up people on less than probable cause, the standard set in the fourth amendment and interrogate them secretly within the confines of the police station with no contact with friends or counsel nor any knowledge of their legal rights. I am not suggesting that the police advocate the right to third-degree suspects. But, nevertheless, we all know the so-called "third degree" still exists in this country, although it has undoubtedly diminished since the Wickersham Report in 1930. However, the police say they merely want the opportunity to obtain voluntary confessions from suspects and on that basis they contend that they are being handcuffed by the McNabb-Mallory rule which excludes confessions obtained from persons arrested who are not brought before a magistrate without unnecessary delay.

The difficulty with the police argument is that once a person is in the confines of the police department no one ever can tell what happens. The cases are legion in which individuals confess and then claim their confessions were beaten or coerced out of them. Then the police solemnly deny any such thing happened. The courts are in a dilemma because they can never really find out what happened. The virtue of the McNabb-Mallory rule is that it removes the opportunity for coercive interrogation.

Recently, the House of Representatives passed a so-called omnibus crime bill for the District of Columbia in response to the plea of the chief of police. One of its provisions will overrule the unanimous decision of the Supreme Court in the Mallory case, permitting the introduction of a confession even though there is a deliberate delay before an arrested person is brought before a magistrate. The chief of police contends that the crime rate has risen since 1957 when the decision came down, and that it is often difficult to show "probable cause" unless and until a confession has been obtained.

It should be remembered that in 1957 when the Supreme Court rendered its decision, Chief Robert Murray predicted that it would result in a complete breakdown in law enforcement in the District of Columbia, and further stated that "most of the murders, rapes, and robberies would have gone unsolved and unpunished under the Mallory decision."

Yet, three years after the Mallory decision, Oliver Gasch, the U.S. attorney for the District of Columbia, reported "Mallory questions, that is to say, confessions or admissions, are of controlling importance in probably less than 5 percent of our criminal prosecutions." The Washington Police Department has testified that since Mallory—

(a) The District's solution rate has remained "nearly double" the national average; and

(b) Indeed, the District's overall percentage of major crime solutions has increased.

I suppose it is only natural that some professional police officers oppose the Mallory decision, which restates a field of limitation within which they must work. However, I respectfully point out to them that they should always remember that the primary responsibility of police and law enforcement agencies is not solely to obtain evidence for conviction, but to see that justice is done.

Repealing the Mallory rule won't solve the crime problem. Nor will another provision of the omnibus crime bill—to permit arrests for investigation. In 1961, the Commissioners of the District of Columbia appointed a committee of three distinguished lawyers headed by Charles Horsky, now the President's special adviser on District of Columbia affairs, to make a study of the police practice of arresting people and booking them, not on specific crimes, but merely for investigation or on suspicion. Within recent years the number has been from 5,000 to 8,000 a year. Yet, the committee showed that in 17 out of 18 cases, no charges were ultimately brought against the individuals arrested although most were held more than 4 hours and some as long as 24 hours.

The report showed that, almost without exception, the investigation proceeds without benefit of counsel and indeed, in the great majority of cases without knowledge on the part of anyone that the person arrested is in custody. He is held incommunicado. The police then and now insist that arrests for investigation are absolutely essential to law enforcement, yet in only 5 percent of the cases is a person arrested finally charged with a crime. Interestingly enough, while the study was being conducted, the police cut the number of arrests for investigation in half themselves.

I think that this demonstrates that the admissibility of illegal confessions are not necessary to convict suspects if careful police work is done. Mr. Hoover, Director of the Federal Bureau of Investigation, has written as follows:

"Civil rights violations are all the more regrettable because they are so unnecessary. Professional standards in law enforcement provide for fighting crime with intelligence rather than force. In matters of scientific crime detection, the services of our FBI Laboratory are available to every duly constituted law enforcement officer in the Nation. Full use of these and other facilities should make it entirely unnecessary for any officer to feel the need to use dishonorable methods."

The committee, on the basis of the survey, unanimously recommended the practice be ended because it was clearly unconstitutional and whatever benefits there were to law enforcement were vastly overweighted by the fact that 17 innocent people were deprived of their liberty for every potentially guilty person caught. The Commissioners ended the practice, but the House of Representatives in its omnibus crime bill would specifically authorize this wholly unconstitutional practice.

The chief of police requested this legislation and his voice was heard in the House of Representatives while the voices of the District Commissioners, the U.S. attorney, the Department of Justice, and the corporation counsel's office all who opposed these provisions of the bill were apparently ignored.

Both the police desire to overturn the Mallory rule and to reinstitute arrests for investigation stem in part from their desire to question people who may not know their legal rights. Taking a person without unnecessary delay before a magistrate is in part to inform a person of his rights.

I have proposed in the past that every person accused or suspected of a crime, whether or not in custody, should not be questioned without being informed of the nature of the offense, his right to have counsel present, his right not to make any statement and that any statement could be used against him in a criminal prosecution. Yet, Chief Murray opposed this suggestion on the grounds that after such a caution he didn't think a suspect will tell very much.

I would ask are we so desperate in this city that it is necessary to authorize the police to pick up anyone and hold him for 6 hours for so-called investigation? Under the proposed law, this is exactly what the police would be authorized to do.

The bill's claim that this 6-hour detention would not be an arrest is a fallacy. According to *Morton* v. *U.S.* "the term 'arrest' may be applied when a person is taken into custody or restrained of his full liberty; or where detention of person in custody is continued for even a short period of time." This proposal is a blatant attempt to circumvent rule 5(a) of the Federal Rules of Criminal Procedure, requiring that a person under arrest be taken to a committing magistrate without unnecessary delay.

Questioning people secretly, while holding them incommunicado and without their knowing their legal rights is not only inherently coercive, it also lends itself to coercive and sometime violent measures. The Mallory rule and the barring of arrests for investigation removes this opportunity.

There is little time for me to discuss the Durham rule here today, except to say that it seems certain that whatever formulation of words are used, the decision as to responsibility will be that of the jury. This is clearly what a most recent court of appeals decision held in the *McDonald* v. *United States*. The decision stated:

"Our purpose now is to make it very clear that neither the court nor the jury is bound by ad hoc definitions of conclusions as to what experts state is a disease or defect. We emphasize that, since the question of whether the defendant has a disease or defect is ultimately for the triers of fact, obviously its resolution cannot be controlled by expert opinion. The jury must determine for itself, from all the testimony, lay and expert, whether the nature and degree of the disability are sufficient to establish a mental disease or defect as we have not defined those terms."

It is my conviction that to attempt to change the rule by statute is perhaps unnecessary and would tend to confuse and obscure the present situation.

These two matters have not crippled law enforcement—in spite of the cries by some of doom. The cure for crime in the District of Columbia is surely not to be found in giving congressional sanction to official lawlessness. Crime begets crime. Criminal actions of the police—the violation of constitutional rights of citizens—are still crimes no matter how well motivated the perpetrators.

Justice Brandeis in his famous dissent in the Olmstead case in 1927 eloquently argued against such a concept:

"Our Government is the potent, the omnipresent teacher. For good or ill, it teaches the whole people by its example. Crime is contagious. If a government becomes a lawbreaker, it breeds contempt for law; it invites every man to become a law unto himself; it invites anarchy. To declare that in the administration of criminal law the end justifies the means—to declare that the Government may commit crimes in order to secure the conviction of a private criminal—would bring terrible retribution. Against that pernicious doctrine, this court should resolutely set its face."

On Tuesday of last week at the first of a series of hearings to be conducted by the Senate Committee on the District of Columbia on the omnibus crime bill, it was alleged that criminals have the impression that the judiciary in the District of Columbia is soft or lenient with regard to the sentencing of criminals. I believe that if criminals have such an impression, they are badly mistaken. I also think that it is unfortunate that such an impression is being given to the public, including the criminal element, because such is not the case and believe it fair to say that the sources of this information know it is not the case.

The fact of the matter is that for fiscal year 1962, the District of Columbia's District Court's average sentence of 50.6 months for all types of crimes is exceeded only by the Districts of Utah (51.5 months), Kansas (51.3 months), and Alaska (147 months—total of four commitments, three for murder). From calendar year 1960 statistics, District of Columbia offenders actually serve, on the average, the following terms for the following offenses:

Rape: 62.8 months compared to national average of 44.8 months.

Drugs: 46.7 months compared to national average of 31.3 months.

Burglary: 41.1 months compared to national average of 24.6 months.

Theft: 25.5 months compared to national average of 19.8 months.

Auto theft: 26.7 months compared to national average of 21.3 months.

Embezzlement and fraud: 17.1 months compared to national average of 16.7 months.

Forgery: 26.4 months compared to national average of 20.3 months.

Aggravated assault: 34.8 months compared to national average of 25.0 months.

Robbery: 50.8 months compared to national average of 42.4 months.

Manslaughter: 63.7 months compared to national average of 37.4 months.

Murder: 167.7 months compared to national average of 121.4 months.

All offenses: 40.4 months compared to national average of 28.4 months.

As one who has worked for years in surveying of law-enforcement practices in the United States, I warn the citizens of this community that the police department here and in other cities must always be subjected to constant vigilance. We have learned the hard way over and over again in the history of this country and the world that unchecked practices exercised by a police department result in the loss of personal, individual freedom.

As a Member of the Senate and a member of the Senate Committee on the District of Columbia, I shall continue to support legislation strengthening the Metropolitan Police Department and other such agencies consistent with what I consider sound public policy.

I believe that everyone here this afternoon knows that the security of the people of the District of Columbia, their protection, their right to walk the streets of the District of Columbia in safety, that an adequate police department can guarantee to them is must legislation as far as I am concerned. I shall continue to support an increase in police personnel to whatever number can be justified.

According to reports that I have seen, first time offenses known to police in this country passed the 2 million mark. I am further informed that the crime rate nationally is 9 percent higher this year than in 1962. According to newspaper accounts, crime is also on the increase in Great Britain and some other European countries.

In my judgment, we must maintain a very strong and adequate police department in this city and at the same time do more to alleviate many of the causes of crime.

What is the common denominator of those unfortunate citizens who appear before our courts and populate our jail and prisons? I believe that common denominator would be deprivation—financial, recreation, motivation, education, mentality, decent housing, job opportunities, and decent family life. Unless this community is willing and able to reduce and curtail this deprivation, I predict that crime will continue to increase here.

Hearings which I held on amendments to the District of Columbia minimum wage law reveal that an estimated 39,000 families in the District of Columbia, or 22½ percent, of the families living in the District are receiving wages less than $3,600 per year. The testimony also revealed that nearly one-fifth, or 17.3 percent, of the families in the District of Columbia earn incomes that are less than $3,000 annually. This is a shocking revelation. The hearings which I recently held on minimum wage and hours conditions in the District of Columbia pointed up the urgent need for action on the part of Congress to insure that a wage of health and decency is paid employees.

Though more attention has been given to the unemployment situation in the District of Columbia in the past year, we have only scratched the surface. We must teach our young men and women skills in our schools so that they can find work. This cannot be done unless Congress provides the District of Columbia school system the money it needs to construct adequate facilities and hire the necessary personnel to staff the schools. It doesn't do much good if we appeal to school dropouts and potential school dropouts to continue or return to school if we do not have the facilities available for them.

In my judgment, recreational facilities and parks are becoming increasingly inadequate to meet the needs of our citizens. Yet we still have officials in the District government advocating using recreational areas and park areas for the construction of highways and freeways. I have always taken the position that we should be constantly enlarging our park and recreational facilities rather than decrease their size. This city must provide its citizens with more playgrounds, swimming pools, baseball fields, tennis courts, and other facilities.

This city must provide juveniles who need psychiatric help that service.

The public school system must be able to detect potential troublemakers early and have the staff to counsel these troubled students before serious behavioral problems develop. Much, much more needs to be done in this area.

Those are just a few of the many problems that we in the District of Columbia must come to grips with promptly if we are to avert a continued increase in the crime rate. What we must do is dedicate ourselves to the proposition that we will do all that we can to see that as many people as possible will be kept from entering a life of crime. I know that if we will accept that challenge, the price we pay will be much less than the price we will pay if we continue the course of action we are now following. The price is high, I submit, but our community and Nation will be rewarded in the end.

Mr. MORSE. Mr. President, if the so-called omnibus crime bill comes to the Senate, I intend to discuss it at length and in depth. I devoted well over 20 years of my life to work in the field of research in connection with criminal law enforcement in this country, and I taught the subject for some 15 years. I was also editor in chief, for the Attorney General of the United States, of five volumes dealing with law enforcement in this country.

I do not intend to let the precious civil rights of the colored people—as well as those of the white people—of the District of Columbia be jeopardized under a police chief who is seeking, through this omnibus bill, to garner for himself the kind of power that no police department should ever be given.

There are two articles published in the New York Times today, which is a good example of what I am discussing. They are included under the headline, "Britons Act on Police Brutality; New York Curbs 'Third Degree'."

I ask unanimous consent to have these articles printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

BRITONS ACT ON POLICE BRUTALITY; NEW YORK CURBS THIRD DEGREE—SHEFFIELD SUSPENDS TWO

(By James Feron)

LONDON, November 6.—Sheffield's two top police officers were suspended today as a result of a Government inquiry into brutality in the force they headed.

The report indicated that they had condoned the beating of prisoners by detectives armed with truncheons and a rhino tail whip. Two detectives were dismissed for the beatings earlier.

Issued as a Government white paper, the report is expected to have wide repercussions. It follows other reports of police brutality.

It is likely to prompt a critical look at crime prevention and detection methods in Britain and, according to one report, is expected to lead Parliament to increase the Home Secretary's control over the nation's diversified police forces.

Disciplinary control over local police forces now rests in watch committees made up of elected public officials. The Sheffield Watch Committee suspended the police officials a few hours after the Home Secretary, Henry Brooke, asked it to report on "what action it proposed to take" on the report.

The report was issued by a tribunal of inquiry composed of Graham Swanwick a lawyer and Comdr. William Willis, a police inspector.

Their task was to hear appeals against the dismissal of two former Sheffield detectives, Derek Streets and Derek Millicheap, who were found guilty last May of having inflicted "grievous bodily harm on prisoners." The men were also fined.

The tribunal agreed that the detectives had beaten the prisoners and added that they would not have done so "without either the prior authority or the presence and consent of their superior officers."

The investigators criticized the chief constable, Eric Staines, one of the men suspended today, for having lied in an "ivory tower, barely able to accept that men under his command could be guilty of truly infamous conduct."

The other man suspended was Detective Chief Superintendent George Carnill, head of Sheffield's criminal investigation department.

Members of the force were accused by the tribunal of giving prisoners regular beatings. The rhino whip, which was later burned when the detectives' actions became public knowledge, was described as 8 inches long and made of gutlike material the thickness of a finger, with a loop at one end.

City Using Psychology

(By Jack Roth)

The chief attorney for the criminal division of the legal aid society reported yesterday that it had been 3 years since he had complained to the district attorney about police brutality in New York County.

The lawyer, Anthony F. Marra, attributed this to the "administration of the police department, its higher morality and tone of leadership," and also to the fact that "the patrolmen and detectives of today are more intelligent and of a higher caliber than those of years ago."

"They use more psychology in questioning today and get as many admissions of guilt from criminals as through brutality," Mr. Marra said. "The days of the so-called third degree, where a man was beaten severely, appear to be gone—and it is a wonderful thing."

Police Commissioner Michael J. Murphy said that the beating of a confession out of a prisoner was as "passe as the nickel subway ride."

"For the last decade candidates for a detective's post undergo an intensive 6-week course that stresses the interrogation of prisoners," he said. "Most detectives, and especially the detective commanders, have a built-in psychology based on instinct and experience in which a man's weak points are exploited. They can get prisoners to talk as a result of this.

"There have been tremendous improvements in the method of interrogation in the modern police department, and the police are certainly much better educated than they were years ago."

A lawyer interviewed yesterday, who resigned from the police force 14 years ago but who still retains friends on the force and has criminals for clients, agreed with Commissioner Murphy and Mr. Marra.

BRUTALITY RECALLED

"When I was on the job," he said, "brass knuckles covered with leather strips were used more than once as well as blackjacks in newspapers.

"As a matter of fact, I even knocked two women cold in my day and then told my commanding officer they had fainted. Both women scratched me, and I never hesitated to hit a woman as well as a man if I was annoyed.

"I recall one prisoner we arrested holding up a bar. We didn't bother questioning him much. There were seven of us in the squad room, and we took turns cracking him. They don't do that today."

FEAR-FACTOR EMPLOYED

Other detectives interviewed explained that one carryover of the past was still used today, but to a much greater extent. It is called "good guy—bad guy."

Under this system a tough detective begins questioning an uncooperative prisoner. Should the prisoner continue to be uncooperative after a number of threats, he is either tied to a pipe with a light shining in his face or strapped to a chair.

The threats may include immediate electrocution (one detective put small light bulbs in a prisoner's ears) and the tossing of his body out a window.

As the tough, or bad guy, appears about to strike the prisoner, the good guy comes into the picture. He demonstrates with the bad guy and says he will take over the case.

He offers the prisoner a shot of whisky, cigarettes, food, and proceeds to curse out the bad guy. Quite often he wins the confidence of the prisoner and gets the whole store of the crime on a friendly basis.

VARIATION ON A THEME

The variation on this is that the good guy starts the questioning first while the bad guy sits quietly staring at the prisoner from the other side of the room. If the prisoner refuses to cooperate with the good guy, he points to the man on the other side of the room and warns:

"If I turn you over to that guy, he'll kill you. He's just waiting to prove to me that the only way to get a man to talk is to half beat him to death."

By this time so much fear has been instilled in the prisoner that he is on many occasions extremely anxious to tell the police detective everything he knows.

In other cases, prisoners are tricked by being told that the victim he shot is still alive and he is lucky. The prisoner is delighted that he faces a felonious assault charge rather than a murder count, and he cooperates.

Other approaches include detectives telling prisoners that "it's only because I'm a cop or I might be in your shoes," and "your partner has already confessed (a lie) and why should you hold out."

Actually, when a felony suspect is brought into a precinct for questioning, it is his right under the law to stand mute, to tell the police nothing.

A deputy police commissioner who asked not to be identified had this to say yesterday:

"There is no requirement in law that we tell a prisoner what his rights are, and we don't.

"If we did, we would be throwing an impediment into law enforcement that might well become insurmountable. If we did this, no one would tell us anything."

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point an article which appeared in today's Washington Post entitled "Policeman Suspended To Face Probe of Slapping Handcuffed Youth in Car."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Policeman Suspended To Face Probe of Slapping Handcuffed Youth in Car

(By Helen Dewar)

A Fairfax County Police sergeant accused of repeatedly slapping a 17-year-old youth sitting handcuffed in a police cruiser was suspended yesterday pending outcome of a police investigation.

County Police Chief William L. Durrer identified the officer as Sgt. Julius G. Hollowell, 50, a veteran of 19 years in the patrol division.

Meanwhile, the youth, who was arrested by Hollowell Monday afternoon in Centreville on three traffic charges, was sentenced to 10 days in jail and was fined $210, of which all but $25 was suspended.

Durrer declined to comment on witnesses' allegations of police brutality but said:

"When we have grounds to suspect an officer has done something wrong, then we suspend him from duty until an investigation is completed. And we have grounds here from the statements of the witnesses."

Durrer said he thought his investigation would be concluded today. At least three other witnesses, including two policemen, remain to be questioned, he said.

The incident allegedly occurred in the presence of about a dozen policemen and citizens on a vacant lot behind a gas station on Route 29–211.

One witness, Thomas E. Hatcher of Centreville, told reporters Hollowell came up to the cruiser, opened the back door and started slapping the youth whose hands were manacled behind him. His account in general detail was supported by John M. Ramey, local justice of the peace, and another person.

Hatcher also quoted another officer as saying, "Sometimes this does more good than anything else."

Mr. MORSE. Mr. President, if we have not learned by now, we had better learn that unless we keep police departments from unbridled use of police authority, our freedoms will be endangered.

I wish to continue to provide our police department whatever assistance it needs to enforce the law within the spirit and intent of the Constitution of the United States; but I do not intend to vote for procedures that will give to the police department authority that will permit it to practice third degree methods upon the underprivileged—or the privileged—of the District of Columbia.

THE CHALLENGE OF THE BERLIN AUTOBAHN

Mr. HARTKE. Mr. President, American troop convoys in Germany have in the last month been delayed twice by the Russians while en route on the autobahn to West Germany. On October 12, our men were detained for 15 hours at one point, followed by a second holdup of 33 hours. Just yesterday, the second of our convoys was only permitted to move on after having been stopped for 41 hours.

These indignities, Mr. President, are a gross violation of the four-power agreement which allows us free access to Berlin, and the violations must not be permitted to continue. However, there is no doubt that they will continue and will become progressively worse unless we take positive steps now to end this Russian harassment. There can be no misunderstanding our adversaries. It is obvious that they are still trying to whittle away at the salami, a slice at a time. If we submit here, they will only ask for more.

Exactly what started the Russians off on this new course of action is not easily determined. Some say Mr. Khrushchev wants a prestige-building prelude to the Red revolution anniversary celebration, and others say it is to cure psychological malaise in East Germany. Other reasons Khrushchev might have include testing our determination, attempting to force us into negotiations on Berlin, proving to the Chinese Communists that he is not soft on capitalism, or to take some of the wind out of our sails which was generated through Operation Big Lift.

It should not be necessary for us to search our souls to find the answer, however. Whatever the reason for the moment might have been, the grand design of the Communist world conquest remains the same and we must never forget it. His statements to American businessmen in Moscow yesterday make this absolutely clear.

Rather than fret over why they did it, I think we should be more concerned at this point with maintaining our rights of access and, in the process, dispelling any notion on Russia's part that we will acquiesce to undignified and illegal procedures they may order on the autobahn.

The thought of a handful of smirking Russian officers requiring our men to dismount from their vehicles, line up and be counted like so many ducks is disgusting and appalling. This has not yet happened, but the delay alone is enough to incense even the most timorous of our friends.

It seems to me that our challenge is clear. There is no indication that there will be no more unnecessary delays on the autobahn and, in fact, Mr. Khrushchev has indicated that more Berlin holdups are likely. On the other hand, our rights of free access to Berlin are unmistakable and we have the might of our country and of other NATO countries to guarantee those rights.

To meet this challenge, I would suggest:

First. That the President inform Mr. Khrushchev by direct communication that we intend to maintain our rights to free access to Berlin and will not submit to further delays.

Second. That NATO military authorities, from now on, provide each allied convoy to and from Berlin with air and ground cover of sufficient magnitude to discourage any Russian attempt to interfere with our access rights.

I am as eager as anyone to reduce tensions and I join with people everywhere who cherish the dream of a peaceful world free of strife and friction. Likewise, I will heartily endorse any honest effort the Russians make in this direction.

But until those happy days arrive, we must be resigned to meet the challenge whenever our rights are threatened, not only in Berlin, but throughout the world.

DENNIS BINNING, OF UNIVERSITY OF IOWA, EXPLAINS GREAT NEED FOR GI BILL

Mr. YARBOROUGH. Mr. President, many newspapers and magazine articles have been written concerning the cold war GI bill. One of the best of these studies recently appeared in the Daily Iowan—October 23 through October 29, 1963—of the State University of Iowa in a series of five illuminating articles written by Dennis Binning, a staff writer for the Daily Iowan, and also managing editor of the Iowa Alumni Review.

Anyone who is interested in a concise and clear explanation of S. 5, the cold war GI bill, and the arguments of those in favor as well as those who are opposed to S. 5, should read these articles. They are an analysis on both sides of the question.

Mr. Binning has done a fine and detailed research job in preparing the series of articles. This is the finest writing on the GI bill that I have seen in any paper or magazine. Small wonder that Mr. Binning is the managing editor of the Iowa Alumni Review.

He has given a great deal of time and effort in research and ascertaining the facts.

I should like to read the conclusion of the fifth and final article in the series:

> The provisions of Senate bill 5 are far more restrictive than previous GI bill provisions, yet they are ample enough to provide a valuable impetus to some 5 million cold war veterans to either continue their education or to purchase homes or farms.
>
> Certainly the cold war veteran needs an assistance program as much as this Nation sorely needed him in the Armed Forces. Unemployment figures for the cold war veterans group is just about the highest in the Nation. As this Nation's global military commitments grow, the protracted and uncertain nature of the cold war makes it a certainty that "hot" conflagrations will also increase.
>
> Is there not a reciprocal responsibility needed between Government and serviceman? Is it a one-way street for the servicemen only? This Nation never thought of it as a one-way street before.

Mr. President, I have never seen Mr. Binning. I do not know him. I take my hat off to him for doing one of the finest pieces of writing I have seen since coming to the Senate.

I ask unanimous consent that Mr. Dennis Binning's articles on the cold war GI bill be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Iowa City (Iowa) Daily Iowan, Oct. 23, 1963]

MONEY, MUSKETS, EDUCATION

(By Dennis Binning)

"I hope we will not need new muskets, but we should, as a national defense, keep abreast of possible change, and those who have borne arms should, when they return to homelife, be encouraged to study, to prepare for life in the new world * * * to which they have been returned."—Thomas Jefferson.

America's $48 billion defense budget is buying a great many new muskets—atomic submarines, ICBM missiles with multimegaton payloads, a mach 2 Air Force and an Army capable of deploying in pentomic or guerrilla patterns—but this country, since January 31, 1955, has not actively encouraged the soldier "to prepare for life in the New World" upon his return to civilian role.

By Presidential proclamation, January 31, 1955, was set as the termination date of the Korean bill. This bill provided wide GI-scale readjustment benefits to servicemen on active duty during the Korean emergency and was patterned after the rather revolutionary World War II GI bill.

Since the termination date of the Korean GI bill, however, over 2.5 million men have been discharged from active military duty who qualify for no readjustment benefits. These men are the cold war veterans; their ranks increase by about 600,000 men each year. According to Veterans' Administration estimates, we can expect about 5 million cold war veterans by 1973.

These men for all practical purposes are a forgotten generation. And it is unfortunate, but true, that their service to their country approaches the point of being a penalty instead of a proud privilege.

They have lost competitive standing with their peer groups because of their 2 to 4 years of active military service. The inequity here is that only 45 percent of the draft-eligible men (ages 18 to 26) currently see active duty. The remaining 55 percent are allowed to continue their education or receive uninterrupted experience on the job.

For the most part those who see active duty are unable to rise to the positions of leadership that their physical and mental abilities would otherwise allow them. A top heavy and archaic seniority rank system prevalent in our Armed Forces keeps most noncommissioned officers' ranks from first term enlistees or draftees.

Only 40 to 50 percent of the career fields (jobs) in the military give training applicable to a counterpart civilian job. Upon discharge the majority of veterans are ill equipped to compete in the civilian labor market. In an age when automation is causing the unemployment of hundreds of thousands, this is indeed a serious handicap. Labor Department statistics show that an expected weekly average of 49,000 peacetime (cold war) veterans will file unemployment claims. The Kennedy administration earlier this year requested $81.2 million for unemployment payments to cold war veterans for fiscal year 1963. In 1962 a total of $94.2 million was expended for this purpose.

Upon discharge, the cold war veteran still has a 2- to 4-year Reserve obligation and is subject to recall to active duty by order of the President. The crises in Berlin and Vietnam made it necessary to recall almost 250,000 reservists within the past 2 years.

Galling to a cold war veteran is that too often he is not considered a "veteran." Many States do not list them as veterans on their employment office lists and the American Legion organization does not consider them veterans for purposes of membership.

The plight of the cold war veteran is not a widely told story. It is a story widely shared, however, by the cold war veterans and their families.

The cold war veteran has an able champion in Congress, Senator RALPH YARBOROUGH, Democrat, of Texas, has since the 86th Congress, been waging a persistent battle to provide readjustment assistance along the lines of the Korean GI bill to cold war veterans.

As chairman of the Subcommittee on Veterans' Affairs of the Senate Labor and Public Welfare Committee, Senator YARBOROUGH has become an authority on the problems of the cold war veteran group.

This year Senator YARBOROUGH introduced S. 5, a Senate bill which would provide education and loan readjustment assistance to veterans who will serve in the Armed Forces between January 31, 1955 (termination of the Korean GI bill), and July 1, 1967 (termination date of the Universal Military Training and Service Act). S. 5 has the short title of "The Cold War GI Bill."

(In 1959, Senator YARBOROUGH introduced a similar bill which passed the Senate 57 to 31. The House, however, was unable to act on that bill before adjournment. Another cold war GI bill was successfully reported out of committee during the 87th Congress (1960) but was not called for floor action.)

Senator YARBOROUGH introduced the cold war GI bill to the Senate early this year—

on January 14, 1963—to take full advantage of time in the drawn-out process of making a bill into law.

Hearings were held on S. 5 during April and May before the Subcommittee on Veterans' Affairs. It was reported out of the Senate Labor and Public Welfare Committee on July 2 and has been on the Senate Calendar since that time.

S. 5 has not yet been called up for floor action, but in a recent letter to the Daily Iowan, Senator YARBOROUGH said, "I shall continue to press the Policy Committee to schedule S. 5 for consideration at the earliest possible time." Currently 39 Senators are cosponsoring the cold war GI bill.

In introducing the cold war GI bill to the Senate, Senator YARBOROUGH succinctly stated the case for the bill's enactment: "I for one, do not believe that the day has yet arrived when citizens who make up our Armed Forces must suffer for their loyalty and willingness to serve. We must begin a program that tells America that the draft law does not cause certain of our sons to lose 2 or more years from their competitive civilian lives, but instead, provides a challenging opportunity for honorable and patriotic service—service that will be suitably recognized and not be a lifetime burden."

[From the Iowa City (Iowa) Daily Iowan, Oct. 24, 1963]

CURRENT LEGISLATIVE INTEREST IN GI BILL

(By Dennis Binning)

Congressional Representatives, since the 84th Congress, have sought to extend the history of veterans' readjustment assistance legislation. Currently there is a bill in the Senate (S. 5, the cold war GI bill) and there are two similar bills in the House that show that efforts to reestablish such legislation is being intensified.

Since the earliest days of America's sovereignty, this country has provided readjustment assistance to its military veterans when they return to civilian life.

In George Washington's day, the Revolutionary War veterans were given land grants in the area west of the Allegheny Mountains. After the Civil War, Union veterans were given certificates to 160 acres of their choice on federally owned land.

The "Rough Riders" and their Spanish-American War contemporaries were provided with mustering-out pay for their military services. World War I veterans were provided expanded hospital care, scholarships for dependent children, insurance, and other considerations.

The most revolutionary veterans' readjustment assistance legislation, however, was passed during the waning days of World War II. Under the Roosevelt administration, the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Cong.) was passed. This act, commonly referred to as the World War II GI bill, did more to upgrade the average level of education in this country and to stabilize our postwar economy than any other single legislation.

The history of veterans' readjustment assistance ends with the Korean "police action" veterans. The Veterans' Readjustment Assistance Act of 1952 (Public Law 55, 82d Cong.) built upon the World War II GI bill experiment and provided an even wider assortment of benefits to the returning servicemen. Military men who had seen active duty since the termination date of the Korean GI bill on January 31, 1955, receive no benefits or assistance for their service.

One need only look at the benefits accrued by this Nation through such legislation in the past to see that its continuation into the present cold war era is not only advisable, but imperative.

The land-grant benefits of the early days made possible a fast expansion of this Nation into the western territories. Without the land-grant catalyst, settlement of these lands might have been delayed a decade, perhaps more.

But the real benefits to this Nation, the benefits that are vitally important to us today in the cold war era, were accrued through the World War II and Korean GI bills.

Senator HIRAM L. FONG, Republican, of Hawaii, testifying before the Senate Subcommittee on Veterans' Affairs, pointed out that "under the GI bills of World War II and the Korean war, nearly 10 million veterans received educational training, adding greatly to our Nation's welfare and productivity by giving us 180,000 doctors, nurses, and medical personnel; 113,000 physicists and research scientists; 450,000 engineers; and 230,000 schoolteachers."

In addition, a parade of witnesses told much more to the subcommittee about the widespread effects of the GI bills. For instance, over 1 million men received on-farm training, about 6 million veterans purchased homes under the loan provisions of the bills (it has been said that one out of every five homes built since World War II was GI-bill financed), a total of $54.6 billion was loaned by the Veterans' Administration under the bills' provisions.

Under the World War II bill alone more than 700,000 valuable technicians were trained. In an age when about 11 technicians are needed to support 1 scientist or engineer, we can see the applicability of such legislation in meeting the needs of our technological warfare age. It might be noted that we are currently producing only about 20 percent of the technicians needed in this country.

Benefits are still being received by this Nation, as many Korean war veterans are still using their readjustment assistance.

Veterans' readjustment assistance has never been thought of as being a reward for combat duty, but rather as a means of restoring lost opportunities to the returning servicemen and, more importantly, as a direct agent for strengthening this Nation's education, economic, and defense posture.

A cold war GI bill, if passed, can continue this history of strengthening the United States into the tense and volatile period of the 1960's. If S. 5—the cold war GI bill—is passed, it is expected that as many as 3 million veterans would be trained under its provisions through 1973. Many of those 3 million veterans will come from homes where it is economically impossible to send the children to college.

[From the Iowa City (Iowa) Daily Iowan, Oct. 25, 1963]

THE COLD WAR GI BILL—EDUCATIONAL ASSISTANCE FOR PEACETIME GI'S?

(By Dennis Binning)

The cold war GI bill (Senate bill 5) is now marking time in the Senate, waiting to be placed on the calendar for floor debate and action. This bill is designed to provide two major types of readjustment assistance to cold war veterans—education and vocational training assistance; and guarantee and direct loan assistance for the purchase of homes and farms.

Approximately 5 million cold war veterans would be eligible for assistance under this legislation. Eligibility criteria are that the serviceman must have seen active military duty for a period of more than 180 days between the dates of January 31, 1955, and July 1, 1963, and have in his possession a discharge other than dishonorable.

Under the two previous GI bills, eligibility for benefits was based upon a 60-day active-duty requirement.

The cold war GI bill would allow 1½ days of education assistance to veterans for each day of active military service with a maximum of 36 months of benefits allowable.

This education assistance would take the form of an outright monthly payment to the serviceman. For a veteran undertaking full-time study, this payment would amount to $110 a month if he had no dependents, $135 a month if he had one dependent and $160 a month if he had more than one dependent. These figures are the same as those provided under the Korean GI bill, although there has been a rise in the cost of living of over 25 percent since 1952.

The student veteran would be required to use these funds to pay for all expenses of his education—subsistence, books, and tuition—although he would be permitted to work if his grade point average remained above the minimum set by the institution at which he is studying.

A wide range of educational pursuits would be allowed under the bill's provisions: college level study, below college level study, full-time cooperative courses which alternate school and on-the-job training, correspondence courses, flight training, on-the-job training on a full-time basis, and institutional on-farm training on a full-time basis.

Eligible veterans would have to start their education or training within 3 years after discharge and would have to complete that training within 8 years after discharge.

Career personnel on active duty whose terms of service go beyond the termination date for training benefits—June 30, 1977—are protected by being able to begin eligibility upon retirement.

Currently many thousands of career veterans are in danger of not qualifying for readjustment assistance although many have served in both World War II and the Korean conflict. Their retirement dates come after the termination date of the provisions of all previous GI bills.

Eligibility for loans would be the same as for educational assistance. The loan provisions of S. 5 are for the purpose of assisting eligible veterans to purchase homes and farms. Banks or other lending institutions would make the loans with the Government guaranteeing 60 percent of a loan for residential real estate, or 50 percent for other real estate loans.

The Government's guarantee could not exceed $7,500 for real estate home loans or the ceiling of $4,000 set on other real estate loans.

The interest rate on loans could not exceed the 5.5 percent per annum limit set under previous GI bill loan programs. The loans would have final payoff dates of not more than 30 years, with 40 years available in certain instances for farms.

No direct loan could be made after June 30, 1977.

One unique provision of this bill is that veterans obtaining loans would have to pay one-half of 1 percent of the total loan amount as a guaranty fee. This money would then be used in the accumulation of a reserve fund sufficient to cover losses that might arise under the program.

Based on the experience of previous GI bills, however, veterans have proven themselves to be the safest loan risks in the Nation. The Veterans' Administration reports that of $54.6 billion loaned or guaranteed, only $11.2 million has been lost (this is two-hundredths of 1 percent loss). The Government in fact has made a profit on the loan program from interest—about $118 million to date.

The average annual cost for the education program through 1973 is expected to run about $289 million. In the long run it is felt that the cost of the program will be entirely self-liquidating. Again we can look for the success of the World War II bill as an indication that this is true.

The Census Bureau reports that World War II veterans who took advantage of the World War II GI bill are currently paying over $1 billion a year more in taxes by reason of their increased earning power. The total $15 billion cost of the World War II bill is expected to be paid off within the next 5 to 6 years.

Senator Ralph Yarborough, Democrat, of Texas, who introduced Senate bill 5, said "the bill is not an expense to the taxpaying public; it is an investment of the taxpayer's money on which we can guarantee them a profitable dividend, because education is the one certain method of strengthening the taxpaying public."

The loan program would, of course, be completely self-liquidating, perhaps even paying a profit in guaranty fees and interest.

What these two types of assistance could do for the education of a wide selection of American youth and for the economic development of this Nation is staggering in scope.

Based upon the performance of previous GI bill legislation, we have a graphic image of what Senate bill 5 is capable of doing for this Nation.

[From the Iowa City (Iowa) Daily Iowan, Oct. 26, 1963]

(By Dennis Binning)

On GI Bill—Opposing Sides Studied

On the first day of hearings on Senate bill 5—the cold war GI bill—before the Senate Subcommittee on Veterans' Affairs, officers from six organizations with a total membership of 17,580,000 went on record favoring this legislation.

Those organizations were: National Student Association; AFL–CIO labor union; Veterans of Foreign Wars; National Education Association; National Farmers Union, and the American Vocational Association.

U.S. Senators, prominent educators and a parade of others representing the widest possible cross-section of public opinion went on record favoring Senate bill 5.

Opposition to the bill, however, is centered in three Government agencies: Bureau of the Budget, Department of Defense and the Veterans' Administration. The American Legion is the largest non-Government organization on record opposing this legislation.

NOT IN PROGRAM

The Budget Bureau opposes Senate bill 5 because it does not fall within the President's current or projected program.

President Kennedy is hoping to aid education through a 24-part aid to education bill. Only the first of that bill—a bill for $1.9 billion in grants and loans for college construction—has successfully passed the House and Senate. A controversial Senate amendment which would allow a taxpayer's suit to be filed to test the constitutionality of any grant or loan made to a religious college will make a drawn-out compromise measure likely.

It is interesting to note, however, that while still a Senator, President Kennedy voted in favor of a cold war GI bill. In 1960, cold war GI bill legislation was made a strong plank in the Democratic platform during that presidential election year.

MAY LOSE CAREER MEN

The Defense Department bases its opposition on one point—possible loss of career personnel. In a letter of policy sent to Senator Lister Hill, Democrat, of Alabama, chairman of the Senate Committee on Labor and Public Welfare, the Defense Department stated it was opposed because "this type of benefit tends to encourage members to leave military service immediately after accruing the maximum entitlement to educational benefits * * * This results in a serious handicap to the Armed Forces in their efforts to retain qualified personnel on a career basis."

Despite two major pay increase bills in the past 5 years, the Armed Forces still have a major problem of retaining men in the career fields which require the greatest degree of training.

Army Col. Winston G. Whall, speaking for the Defense Department, admitted that the biggest factors determining reenlistment on an individual basis were the comparative wage scales between military and industry, and the very basic factor of whether the man liked military service.

The extent to which retention of career men will be affected by such legislation as Senate bill 5 has never been adequately determined.

NOT SAME CONDITIONS

Far different grounds are cited in the Veterans' Administration's adamant opposition to the cold war GI bill.

A policy letter sent to Senator Hill by John S. Gleason, Jr., Administrator, Veterans' Administration, said in part: "We [feel] that service under current conditions does not present, on a widespread basis, the same rigors and hazards as does wartime service; that the specific period of service is known in advance and generally is of shorter duration than service during wartime; and that it has a much less disruptive effect upon the veteran's educational plans and his career than did extended wartime service."

NATURE OF COLD WAR

The thing to consider then is the nature of the cold war.

Our war—the war of the generation now sitting in the Nation's college classrooms—is the cold war. It is a sophisticated war of psychology, of guess and outguess. It is a war of protracted guerilla techniques operating with brush-fire ferocity under an ominous thermonuclear shield. It is fraught with tension and fear. It is a war of well-defined ideological conflict; in scope it is a World War.

Our war has its casualty list—the number of deaths to servicemen during the cold war period have exceeded the total number of American losses produced by World War I. The Defense Department reports 80,787 servicemen have died as a result of accidents, violence, instruments of war and disease from 1946 to February of 1963 (not including Korean conflict losses).

A little research will show that this Nation has had a "hot" confronation every year since the end of World War II. So long as the Communist nations pursue a protracted war strategy, these confrontations will continue.

Senator Ralph Yarborough, Democrat, of Texas, who introduced the cold war GI bill, put it this way: "Areas where this limbo between outright war and outright peace exists will increase as the cold war struggle proceeds from crisis to crisis.

"Berlin, Vietnam, and the Sino-Indian conflict are tinderboxes which contain high potential for the involvement of American manpower in a shooting war. When today's youth enter the service, they have no assurance that they will spend their time in garrison duty * * * they have considerable assurance that a new crisis, a new guerrilla war, another country threatened by Communist aggression, will bring them into the middle of a hot war."

The minority report on Senate bill 5 advanced an amendment that would limit benefits only to those veterans who served in an area of hostility as designated by the President.

This amendment was rejected on grounds that it contradicted the underlying philosophy of the two previous GI bills. Never had veterans' benefits been "an award" for combat. In fact, eligibity for benefits continued for almost 2 years after the Korean armistice of July 27, 1953. The bulk of servicemen have always served in areas other than actual combat zones.

[From the Iowa City (Iowa) Daily Iowan, Oct. 29, 1963]

GI Cold War Bill—Never One Way Before

(By Dennis Binning)

Iowa could expect $36 million in education assistance payments to some 20,000 of its cold war veterans during the first 5 years of operation of the cold war GI bill—Senate bill 5—if passed by Congress this session, according to projected figures made available by the Veterans' Administration (VA).

A total of 73,000 cold war veterans from Iowa are expected by the VA through fiscal year 1973, proposed termination date of eligibility under Senate bill 5). We could easily expect another 10,000 Iowa cold war veterans to use the bill's education provisions in the second 5-year period, although that figure was not projected by the VA.

Over 26,000 Iowans received educational training assistance under the World War II and Korean war GI bills.

Expected participation by Iowa cold war veterans under the loan provisions of the cold war GI bill was not projected by the VA, but it did report that 78,741 Iowans received loans under provisions of previous GI bills. The total loaned amount went over the half billion dollar mark—$565,890,855.

About $534 million was loaned to 69,501 Iowa veterans for building, buying or remodeling homes. Almost $20 million in farm loans went to 5,572 Iowans and another 3,668 Iowans received over $12 million in business loans.

Any way you look at it participation by Iowa cold war veterans under provisions of Senate bill 5 is going to benefit Iowa and Iowans in greatly expanded educational development and economic growth.

Iowa Senators Bourke Hickenlooper and Jack Miller were queried by letter about their feelings toward the pending cold war GI bill legislation and their voting position on it.

Senator Hickenlooper replied in a letter to the Daily Iowan that he would not vote for the bill as it now stands. He said he favored the minority amendment which would limit eligibility for readjustment assistance only to those cold war veterans "who, in significant numbers, encounter * * * foreign armed opposition, or are otherwise placed, or have been placed, in such position that, in the opinion of the Joint Chiefs of Staff, hostile action by foreign armed force was imminent even though it did not materialize."

This amendment was rejected by the Senate Labor and Public Welfare Committee because it was not in keeping with the philosophy of previous GI bills and because it was tantamount to an announcement of war, albeit undeclared.

Senator Hickenlooper also wrote that, "The original bill, as reported out of committee, would seem to go much too far. The liberal draft policies in peacetime usually permit eligible draftees to complete their schooling before being inducted and thus there does not exist the disruptive and precipitous induction which occurs in time of emergency."

The senior Iowa Senator also stated he did not believe cold war military service, except in isolated incidents, could be considered hazardous enough to warrant such widespread provisions as those of Senate bill 5.

"As the bill now stands," wrote Senator Hickenlooper, "I doubt that I could support it, but I could support the amendment providing for the benefits for those actually sent to theaters of armed conflict and extrahazardous conditions."

Senator Jack Miller did not reply to the query letter.

In past articles of this series, we have seen that there is a history of diverse veterans assistance legislation from the founding of our Nation until 1955.

We have seen that over 10 million American servicemen have received over $20 billion in education assistance and more than $54 billion in home, business, and other loans under provisions of previous GI bills.

The inequities in our draft laws make only 45 percent of our draft eligible young men serve in the Armed Forces with resulting lost opportunities and years for those who do serve.

Since the 84th Congress there has been an ever-growing interest in the private and government spheres to provide a cold war GI bill. Several such bills have been introduced in the past and with persistence. Today public sentiment largely favors such legislation in the face of opposition from the Department of Defense, Bureau of the Budget, and the Veterans' Administration.

The provisions of Senate bill 5 are far more restrictive than previous GI bill provisions, yet they are ample enough to provide a valuable impetus to some 5 million cold war veterans to either continue their education or to purchase homes or farms.

Certainly the cold war veteran needs an assistance program as much as this Nation sorely needed him in the Armed Forces. Unemployment figures for the cold war veterans group is just about the highest in the Nation. As this Nation's global military commitments grow, the protracted and uncertain nature of the cold war makes it a certainty that "hot" conflagrations will also increase.

Is there not a reciprocal responsibility needed between Government and serviceman? Is it a one-way street for the serviceman only? This nation never thought of it as a one-way street before.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. GRUENING. Mr. President, I ask unanimous consent to have 1 minute to comment on the remarks of the Senator from Texas.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. I think the senior Senator from Texas is to be unqualifiably commended for his dedicated, determined, and unremitting efforts to obtain action on one of the most important pieces of legislation to come before the Congress, the cold war GI bill of rights. At a time when our other educational proposals are having hard sledding, when some of the requests for education legislation by the administration may not be enacted into law, here is one which, although not yet endorsed by the administration, although I hope it will be, enters into a field where we have a great obligation.

These young men called into military service are taken out of their civilian life and deprived of opportunities to pursue their careers. We refer to their service as being in the cold war, but, like the men who were sent to Vietnam, they suffer loss of life and hardships, just as the veterans of World War II and the Korean war did.

Experience with similar legislation for the World War II and Korean war veterans has shown that they make greater use of opportunities for further education than those who went to school in the normal way.

It is readily demonstrable that the bill will not in the long run really cost anything, because those who receive the additional training will have a greater earning capacity and will return the cost of the training to the Treasury in the form of income taxes. This legislation is indeed an investment.

I hope the persistent efforts of the Senator from Texas will bear fruit. I know of no other legislation I consider to be more desirable. The Senator from Texas is to be heartily commended for pursuing the bill. I hope the Senator continues his efforts until the bill is enacted.

Mr. YARBOROUGH. I thank the distinguished Senator from Alaska. His dedication to the cause of justice for these 5 million servicemen is not exceeded by that of any other Senator. There is an obligation on our Government to help educate the 5 million men who were called on to leave their homes in the interest of our national survival, instead of denying them the opportunity that the 55 percent who do not serve received. The denial of this opportunity to this 45 percent, the 5 million men, when the opportunity was available to those who did not serve, is one of the grossest injustices that has ever been perpetrated by the Government of the United States.

Mr. GRUENING. In addition to being an education measure, it is also an antiunemployment measure, because many of these men, when they leave the service, have inadequate training and will not find jobs. But if those men were trained for a year or two, they will be employable, which they are not now except on unskilled jobs. That group of young men has one of the highest unemployment rates in our Nation. In fact while the draft awaits them they cannot find employment easily. With a steady unemployment rate of 5½ percent, it is not going to be decreased with further automation.

Mr. YARBOROUGH. As shown by the articles, there is a higher unemployed percentage in that group than in any other group.

WHY INCREASE SUBSIDIES TO BUSINESS?

Mr. PROXMIRE. Mr. President, the Senate Committee on Banking and Currency will shortly report two bills to the Senate. One is S. 1309, increasing the authorizations of the Small Business Administration by $34.3 million.

With our budget still unbalanced, our defense costs continuing at a high rate, and a large tax cut likely to be passed early next year, Congress should not increase the size of these authorizations. The SBIC program can and should be operated within its present authorization limits.

The other bill to be reported by the Committee on Banking and Currency is S. 298, which provides for $18 million of the $34.3 million increase in the authorization in the first bill.

The Small Business Investment Act, as enacted in 1958, provided that the Small Business Administration could purchase up to $150,000 of the subordinated debentures of a small business investment company. The Small Business Investment Act amendments of 1961 increased this amount to $400,000, an increase of over two and a half times the original amount.

S. 298 proposes to raise this amount to $700,000, or almost five times the original $150,000. This fivefold increase in the available amount of Federal funds which may be obtained by SBIC's under this bill is completely unwarranted.

There is another provision in the bill to which I object. It completely knocks out the so-called Proxmire amendment, which was adopted 2 years ago, limiting to $500,000 the size of loans any small business investment company could make. The SBA had interpreted this amendment over my protests to permit SBIC's to invest half their portfolios in excess of $500,000.

The committee even refused to provide a $1½ million limit or the Treasury's recommended $2 million limit unless I would agree to permit the present regulation to remain in effect, which would permit one-half of an SBIC's portfolio to be in loans in excess of $1½ million or $2 million. The bill provides no limit whatsoever, and is a violation of the recommendations of the Treasury Department.

The bigger companies can obtain financing from banks, insurance companies, and other regular lending institutions. This country is well banked, and the Government should not support a program with subsidies and rich tax privileges to supply funds to companies that can obtain financing in regular commercial banking channels.

It was almost a unanimous Committee on Banking and Currency that decided against my wishes, as chairman of the Small Business Subcommittee, to report the bill. It was done by a coalition of Republicans and conservative and liberal Democrats, who in this case favor an increase in spending of more than $34 million. Under the circumstances this is wholly unjustified.

When the bill comes to the floor, after the foreign aid bill debate is concluded, I hope to discuss this bill. It is one thing to spend for welfare and foreign aid, but it is another to increase these business subsidies expenditures. These are the most rapidly increasing expenditures we have.

I ask unanimous consent that an excellent editorial on this subject, published in the Journal of Commerce, entitled "The Greener Pastures" be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Journal of Commerce, Nov. 5, 1963]

THE GREENER PASTURES

When C. Northcote Parkinson promulgated his law of public administration in 1955, many were stirred by the outrageous truth of his assertion that, save for war periods, officials tend (1) to multiply subordinates, not rivals, and (2) to make work for each other.

He did not say specifically that the less a bureau has to do the more personnel it accumulates to do it, though this implication was present. Even public organizations that have completed the tasks for which they were created tend to hold themselves intact, if necessary by moving into new and perhaps greener pastures. The Rural Electrification Administration provides one example. Having largely achieved its mission of bringing electricity to the American farm, it is now seeking a more permanent footing for itself as a supplier of energy to country towns and perhaps even small cities.

Is the Small Business Administration likewise inclined? We don't know for sure, but of late it has been acting that way.

We grant there was always something arbitrary about the time-honored assumption that whether a business was small or big depended on whether its resources added up to more or less than $5 million. Meaningful definitions cannot be that sharp. Some companies with more than that rate are very small in their field. Some with less carry a good deal of weight.

But SBA Administrator Eugene P. Foley now appears bent on carrying his organization's activities into the area of larger business while simultaneously expanding on the scope, and consequently on the cost, of SBA's general program. He is citing with approval certain amendments proposed by the Small Business Subcommittee of the Senate Banking and Currency Committee—amendments at which the full committee should take a hard look before giving them its approval.

One would increase from $400,000 to $700,000 the amount of small business investment company debentures which SBA could buy on a dollar-matching basis; it would also increase from 3 to 5 years the time in which such a company could take down this Government money. (A small business investment company (SBIC) is an entity through which the Government puts up funds, together with private capital, to finance small business ventures of all kinds.)

Also recommended is an increase from $4 to $5 million in what an SBIC can borrow from SBA as operating loans. Still another recommendation is that the $500,000 limit on which an SBIC may invest in a small business enterprise be eliminated, leaving as the outside limit an amount equal to 20 percent of its capital and surplus.

We would have no objection to the last-mentioned amendment were it not for the consideration that the removal of this dollars-and-cents limit could very well carry SBA into the financing of larger business enterprises and could even mark a first step in a very considerable movement in that direction. We don't see it yet as a move to create another Reconstruction Finance Corporation. But in view of the assumption under which SBA was created—namely that the larger companies would finance themselves—we wonder just how far the line between small and big can be bent without breaking.

As for the SBIC's there are already hundreds federally chartered, and it seems their numbers may be quite near to the saturation point. Desirable as they may be in principle, most of them have had a rather dismal record in earning something on their stockholders' investments. And most still have large amounts of uncommitted funds on tap.

Why should the Government's funds be drawn down further to replenish the coffers of an SBIC network that can't seem to find employment for the money it now has available? Is there any real reason other than the perpetuation and expansion of SBA for its own sake? Does not the whole project underline once again the validity of Parkinson's law?

We would suggest, at the very least, that Congress ought to wait until the SBIC's have carved out a respectable niche for themselves and employed more of their abundant uncommitted capital before pumping any more money into an enterprise that either doesn't need it or can't yet find enough opportunities to invest it prudently and purposefully.

If and when the need becomes demonstrably real, it will be time enough to consider whether more funds should be supplied and whether the SBIC program should function not only as a stimulus to small business but to larger forms of enterprise as well.

EXPANDED BUREAUCRACY OF THE U.S. EMPLOYMENT SERVICE

Mr. LAUSCHE. Mr. President, last August 7 I offered an amendment which would have reduced the appropriation to the USES from $425 to $400 million. I offered the amendment on the basis that the U.S. Employment Service was entering into fields never intended by the original law to be its domain. It was going into the universities of the Nation, attempting to act as a placement agency of graduating students, thus doing work that was being done already by the universities. It adopted a program of extensive advertising in the newspapers, not for the purpose of finding employment for the unemployed but serving those who were employed.

To my great amazement, those advertisements pointed out that jobs paying $20,000 a year were available. The law never intended service to that type of person.

I now come to the point that causes me to discuss this subject today. It has been disclosed in Cleveland that the employment service agency, financed by the U.S. Government, in order to build up a record which would entitle it to more money for the operation of its office, falsified records to show placements that never were made. The record, however, as revealed in Cleveland, shows that there is one supervisor for six caseworkers. There will soon be more officers than men working in the ranks. The Cleveland situation may be reflective of what is happening in the country. To get more money the agency must show that it has placed more people in jobs, and to prove that it placed more people in jobs, it has begun to falsify the record.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. I ask for 1 additional minute.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mr. LAUSCHE. This is a serious situation. It requires attention. I have written a letter to the chairman of the Committee on Government Operations, asking him to give consideration to a general check into this problem. We have here a clearly delineated operation of Parkinson's law: A bureau, once established, within itself has a force that demands expansion. That force is aggravated by the weakness of bureaucrats.

It merely means increased cost of government and greater burdens on the taxpayers, and makes more remote the probability of ever getting an honest cut in taxes.

DEDICATION OF THE BIG THICKET SCENIC AREA IN SAM HOUSTON NATIONAL FOREST, SAN JACINTO COUNTY, TEX.

Mr. YARBOROUGH. Mr. President, on Friday, November 1, 1963, I participated in a stirring dedication of the 1,130-acre Big Thicket Scenic Area, which is a part of Sam Houston National Forest in San Jacinto County, Tex. The Big Thicket area of southeast Texas, originally covering 12 counties, has been cut back to about 4 counties and about 400,000 acres in extent. Its flora and fauna are unusual—it is a tangled jungle land of ferns, vines, trees, shrubs, mosses, herbs, and plants, furnishing a wonderful habitat for many species of birds and animals. Giant magnolias grow wild, along with tall bay trees and large wild peach trees, with palmetto plants underneath.

The Big Thicket Scenic Area, dedicated last Friday, is to be preserved in its wilderness state for present and future generations to enjoy.

The Sam Houston National Forest was initiated by act of the Texas Legislature in 1933. It covers 158,000 acres and is one of four national forests in Texas.

The Big Thicket Scenic Area is a further example of what the National Government, in cooperation with State and local persons dedicated to conservation of our natural resources, can do in setting aside areas for public enjoyment. The work in this case was under the leadership of John W. Cooper, former forest supervisor of the Texas National Forests, San Jacinto County officials, and many interested citizens, and I am very pleased to have had a part in initiating this project in 1961. This is a feather in the cap of the U.S. Forest Service. I ask unanimous consent that the program of the citizens of San Jacinto County and the national forests in Texas for this dedication and an excerpt from my remarks at the dedication be placed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROGRAM, BIG THICKET SCENIC AREA DEDICATION, SAM HOUSTON NATIONAL FOREST, NOVEMBER 1, 1963

9:30—Music, Prison Band.

10:00—Opening remarks and introduction of special guests, R. L. "Bob" Hunt, master of ceremonies; Extension Service, College Station.

10:20—Welcome to San Jacinto County, J. R. Page, county judge, San Jacinto County.

10:30—Welcome to Big Thicket, Jack W. McElroy, Forest Supervisor National Forests in Texas.

10:35—History and purpose of Big Thicket scenic area, John W. Cooper, Assistant Chief, Division of Information and Education, U.S. Forest Service, Atlanta, Ga.

10:45—Dedication of area, unveil sign, Senator RALPH YARBOROUGH.

11:15—Hike scenic trail (short loop).

11:45—Depart for Double Lake recreation area.

12:00—Lunch and tour, Double Lake recreation area.

1:30—Optional tours.

3:30—Free guided service.

A. Historical sites, conducted by San Jacinto Historical Society.

B. Sam Houston National Forest, conducted by Forest Service.

PRESERVING THE BIG THICKET

Judge Page, Chairman Sims, distinguished guests, fellow Texans, it is a singular privilege for me to be invited to take part in this dedication of the Big Thicket scenic area in Sam Houston National Forest in San Jacinto County and to meet all of you in what proves to be one of my most pleasant visits to Texas.

As a native of Henderson County, east Texas, in that part of east Texas where my people have lived for long more than a century, I am proud to come back home to the land of pine and hickory, of swamp and slough, of hardwood and shrub and underbrush, of birds and animals, fish and reptiles in this woodland area to help in its preservation for all generations. This timbered thicket area of the southeast Texas Gulf Coastal Plains, between the San Jacinto and the Trinity Rivers, is blessed by nature with a rich and varied flora and fauna. Within this 1,130-acre scenic area we are dedicating today, with markers and trails for access, are found 66 species of trees, 21 species of small shrubs, 22 vines, 10 ferns and mosses, and 45 herbs and other plants. Among them live many species of bright colored birds; colonies of waterfowl nest on the margins of the small lakes.

The Big Thicket Texans love is described by a native, Solomon Alexander Wright, in "My Rambles as East Texas Cowboy, Hunter, Fisherman, Tie-cutter" and by another native, Mary Lasswell, in "I'll Take Texas." And some Big Thicket people who live in it still and love it more, like Lance Rosier, describe its beauties with oral words not yet written down.

Let Sol Wright, Big Thicket born and raised, describe its wild life a minute:

"I never have, in all my rambles, been to a place where there was as many small animals: coons, possums, rabbits and squirrels and birds—owls, hawks, crows, quail, meadowlarks, woodpeckers, blue jays, redbirds, whip-poor-wills and mockingbirds. Sometimes hoot owls will talk and laugh like people."

And the Big Thicket is a land of deer, wild turkeys, alligators and wildcats.

This 1,130 wilderness acres we dedicate is a beginning, but only a beginning, not enough yet to preserve the flora and fauna of this exceptional area. But at last and at least, we have begun.

In 1961, I inquired about the possibility of saving some of this area in its natural state, and the U.S. Forestry Service under the leadership of Mr. John W. Cooper, former forest supervisor of the Texas National Forests, and the entire San Jacinto County Commissioner Court, under the leadership of Judge J. R. Page have worked to bring about this result we proudly celebrate today.

So the opportunity to preserve and make available for viewing one of the world's great remaining unspoiled scenic areas in my native east Texas means a great deal to me. The Big Thicket that once extended over 12 southeast Texas counties has shrunk to about 4 in the face of advancing civilization. I hope that not another inch of this magnificent forest of sandy soil and rolling terrain with its wildlife, varieties of trees, flowers and other native plants will be given up to man's relentless tendency to destroy that which is beautiful, in order to pile up more unmarketable surpluses.

For many years America has been counting its blessings in bounteous natural resources. They have been the firm foundation for the Nation's marvelous industrial structure which is the wonder of the entire world, and a standard of living the envy of all.

However, we are learning now that there is a limit to all good things. Some of our natural resources are seen not to be limitless, but in some cases to be reaching the stringent limitations of scarcity. The population explosion has 190 million Americans crowding the parks, lakes, rivers and scenic areas gasping for fresh air and a view of the primitive America that was.

It is up to us to exercise due caution to see that our natural resources are sufficient not only for our generation, but for those yet to come in this glorious land of ours.

The great forests that once covered almost the entire Nation are dwindling. True conservation measures such as reforestation, protection from damaging fires and pest control will not only preserve timber resources but maintain and protect the vital watersheds of our great water rivers and ground waters.

Water in some places is becoming a scarce commodity. Much is being done to cope with the ever-increasing water and land demands of agriculture, industry, transportation and municipalities. A great deal must still be done to conserve water, to utilize it for the most beneficial use, preserve the quality, and prevent it from creating disastrous floods. This necessity has given rise to the great civil works, reclamation and watershed protection and flood prevention programs of the Federal Government. From this has evolved the multiple-purpose project which develops and conserves many related resources. Navigation, hydroelectric power, flood control, irrigation, wildlife and fish enhancement, pollution abatement and control, water supply and recreational opportunities are resulting benefits of these activities.

The present administration and the 87th and 88th Congresses have contributed greatly to the conservation of the Nation's natural resources.

The first substantial additions to the national park system in 16 years were approved during the 87th Congress. These were the Padre Island, Cape Cod, and Point Reyes national seashores. I am proud to have played a part in bringing this about. These three areas increase the total American seashore freely available to the public by 285 miles or by over one-third. I was moved to author the Padre Island bill and to support all the others, realizing how little of the thousands of miles of America's seashores were open to the public, free of commercial changes for their use and enjoyment. Even more should be acquired by the Government. Padre Island national seashore recreation area, 81 miles long, is the longest public seashore area in the Nation.

The Wetlands Acquisition Act makes it possible to establish, over a 7-year period new waterfowl refuges to the extent of 100,000 acres. This is badly needed as many of the places naturally frequented by migrating waterfowl have disappeared in recent years due to the advances of civilization; that is, drainage, real estate development, airport runways, super highways, and other encroachment. The millions of duck and geese that formerly came over the Big Thicket in clouds have dwindled to small flocks. The wetlands program will help bring them back.

The Water Pollution Control Act has been extended and strengthened. More funds have been made available for research grants in aid, administrative and technological assistance to State and local agencies and real enforcement provisions have been provided for abatement of sources of pollution.

An omnibus river and harbor-flood control act was approved which will go far to step up the development of the national water resources protection from floods and providing industrial and municipal water supplies and provide many additional recreational facilities at Federal reservoir projects.

The watershed development and flood prevention program of the Department of Agriculture has been continued as a program of major caliber.

Eight other additions were made to the national park system in these 2½ years in widely spaced portions of the country—from Hawaii to New York and the Virgin Islands, including the Old Fort Davis historic site at Fort Davis in the Davis Mountains of Texas, which I sponsored in the Senate.

Now before the Senate after House passage is the clean air bill. This would accelerate and strengthen the Federal program for the prevention and abatement of air pollution.

A number of additions to the national parks systems are under consideration in the Congress.

I have proposed the Lorenzo De Zavala Park in Harris County. My bill would involve transfer of surplus Federal land on Buffalo Bayou in Harris County opposite the San Jacinto Battlefield to either the State of Texas or Harris County to preserve the home and burial place of the first vice president of the Republic of Texas and great patriot, Lorenzo De Zavala. This bill has passed the Senate and is pending in the House.

Also in the Senate I have introduced a bill for creation of a national monument at the Alibates Flint Quarries and pueblo ruins in Potter County, near the Canadian River in the panhandle. This would preserve the source of flint for weapons and tools for pre-Columbian Indians, and the easternmost pueblo settlement.

In the Senate I have introduced a resolution calling for the United States to take the lead in convening an international conference for conserving the world's wildlife. Mankind has in recent years rendered extinct by its cupidity and carelessness over 200 species of wildlife—over 250 others are nearly extinct or in danger of becoming so. Something must be done to prevent this, to preserve a source of food and leather, particularly in the undeveloped nations of the world. Wildlife is a true natural resource and important to all nations.

Creation of a Guadalupe Mountains National Park in the Trans-Pecos and recreational developments at the Amistad Reservoir on the Rio Grande are also projects worth prosecuting, and on which I am working.

Here this big thicket area is unique in character, but is in danger of losing its identity.

This area, now about 340,000 acres, of sandy soil and rolling terrain includes some virgin forest, many varieties of trees, innumerable flowers and other native plant life which are found nowhere else. Its soil and weather conditions favor rapid and dense growth, particularly of pine. Many interesting and historical events have taken place within the region and its beauty and uniqueness make more than these 1,130 acres worthy of preservation as a national park or monument.

America is becoming increasingly conscious of the need for conservation of its natural resources. It is indeed fortunate that the present Congress and administration are acutely aware of it and are proceeding vigorously with a broad program of such activity and will continue to. Growing up 1 mile from the Neches River, I grew up with a love of nature and will continue to support conservation in all its aspects.

Congratulations to all of you on what you have done here. Let us resolve with this dedication, to advance this good work much further.

DENIAL BY KHRUSHCHEV OF THE SOVIET UNION WITHDRAWAL FROM THE RACE TO THE MOON

Mr. YARBOROUGH. Mr. President, in the Washington Post of today, November 7, 1963, there appears an article entitled "Khrushchev Denies Quitting Race To Put First Man on Moon."

It is important that the American people have this information brought before them, because they have been told of late that the Russians are quitting the race and that therefore we could cut back our expenditure for this purpose; that the Russians do not think it is advisable to send a man to the moon, and therefore we should not, either.

About the time the Russians announced that they had quit this endeavor, they demonstrated their ability to orbit a space ship which was maneuverable in two directions. Therefore, they are far ahead of us in the maneuverability of space vehicles. I believe that the warning which Premier Nikita Khrushchev gave to U.S. businessmen yesterday, namely, his statement to them that the Soviet Union had not given up plans to put a man on the moon, should be enough to alert the American people to the danger of cutting back the space program.

I am voting for cuts. It is necessary for us to cut somewhere. I am voting for cuts in items which I regard as boondoggling in the foreign aid program. But we hope that such cutting will not become so infectious that Senators will automatically cut everything.

The exploration that is proposed is exploration in space. It is more an exploration in space science than in space itself. Most space exploration is an exploration in space science. What is learned in space will be useful in every day life.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the Washington Post article, published today, November 7, 1963, entitled "Khrushchev Denies Quitting Race To Put First Man on Moon."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 7, 1963]

KHRUSHCHEV DENIES QUITTING RACE TO PUT FIRST MAN ON MOON

MOSCOW, November 6.—Premier Nikita Khrushchev denied today the impression of a U.S. businessman that the Soviet Union had given up plans to put a man on the moon.

Kendrick R. Wilson, Jr., chairman of the board of the Avco Corp., who was one of 20 Americans visiting the Kremlin, asked the Russian leader:

"Why have you given up the idea of going to the moon? Was it for economic reasons?"

Khrushchev disclaimed any such thought.

"We have never said we are giving up our lunar project," he said. "You're the ones who said that.

"And when we talk about the technical possibilities of doing this, and when we have complete confidence that whoever is sent to the moon can safely be sent back, then it is quite feasible, quite possible. When, I don't know.

"As for the economic difficulties, you keep on expecting us to give up our (moon) program. Well, gentlemen, I say give up such hopes once and for all and just throw them away.

"The economic situation within our country is excellent today. * * * And in the future it will be still better."

The exchange was a sequel to publication by the Government newspaper Izvestia, October 26, of a statement by Khrushchev that the Soviet Union was not racing to be first to land on the moon.

This was subject to various interpretations in the West, though Khrushchev made it clear Russian scientists were pursuing research for a lunar landing. As quoted by Izvestia, he said:

"At the present time we are not planning flights of cosmonauts to the moon. Soviet scientists are working on this problem. * * * I have read reports that the Americans want to land on the moon by 1970. Well, we wish them success. * * * We will study their experience."

The American visitors asked Khrushchev how long it will take the Soviet Union to achieve a rendezvous in space.

"We have no calendar program, no definite date for a rendezvous in space," Khrushchev said.

YOUNG RIVERS

Mr. BYRD of West Virginia. Mr. President, a book of poems entitled "Young Rivers," has been dedicated to the State of West Virginia in honor of her 100th year of statehood. Its talented young author, Rena B. Marshall, was born in Jefferson County, W. Va., was educated in the public schools of her native county, and was graduated from Charles Town High School. A full-time employee of the West Virginia Department of Welfare, she works out of the Jefferson County office, located at Charles Town. She is married and the mother of two sons. She is a member of the Presbyterian Church at Kearneysville and the Women's Club of Charles Town. The family home is near Shepherdstown. Her poem "First Morning Sky," was a State winner in the 1960 poetry contest sponsored by the General Federation of Women's Clubs and won honorable mention in a national poetry competition.

"Young Rivers" is Mrs. Marshall's first collection of verse. A number of her poems are rooted in West Virginia soil and evoke the beauty of the mountains, hills, and valleys of the Panhandle State. Typical of the poems, which are dedicated by her in this volume of verses to "the fairest of the 50—West Virginia" is the title poem:

YOUNG RIVERS

Some day in this magic land where young rivers are born
And new winds practice to perfect their art
Of making leaf-song in the sycamore,
I shall look for answers to so many things.
Why do young lions stretch and take such pride
In long, clean pull of muscle tight on bone?
Eagles soar and ride the winds of heaven along,
Live and breed and die?
Kings and kingdoms, men and mountains rise
To fall and go unmarked, unsung, unmourned,
And why am I?
If the mountain and the young rivers know
They surely do not speak,
And I may never find the answers that I seek
But glad am I to have found, at least,
The wonder and the question.
The mountain has no voice to give but wind
And young rivers never run so very deep.

Rena Marshall sings of the natural beauties of her native countryside, revealing her deep love of her origins and geographical background, as in:

OPEQUON BRIDGE

Water grumbling over the rocky bed
  Spills in tumbling ripples past the bridge.
Fading sunlight touches purple mountains.
  A cooling breeze drifts down Opequon Ridge.
A swallow goes wing-walking on the water;
  A lonely hawk lights in the old dead tree.
Onward flows the water in its sameness,
  Ever onward, outward, to the sea.
A reel clicks on the bank beneath the willows;
  A shining trout puts up his final fight.
The dragonfly, a slender blue-black needle,
  Stitches the silken day to velvet night.

She writes with swift delicacy and whimsicality many shorter pieces. One of her brief quatrains she calls:

THE COURTHOUSE CLOCK

The old town clock, like a pompous judge,
  Sits alone in the courthouse tower,
Pronouncing sentence in solemn tone
  On the swiftly speeding hour.

"Young Rivers" is a winning and heart-warming book—its author a loving portrayer of the people, the beauties, and the spiritual values of her State.

NEED FOR NEW COTTON LEGISLATION

Mr. TALMADGE. Mr. President, we all know that one of the principal obstacles standing in the way of new cotton legislation is that cotton interests cannot agree on the best way to solve their problems, and therefore are unable to put up a united and determined front.

The net result is that the cotton situation grows worse, both for the grower and the textile manufacturer, and the unnecessary burden upon the taxpayer increases every year. It will continue to worsen until there is remedial legislation.

In the November issue of the Progressive Farmer, Alexander Nunn has a column calling attention to the many shortcomings of existing cotton laws. He strongly urges that the various factions of the cotton trade put aside their differences and seek a meeting ground for the support and enactment of new cotton legislation.

Mr. President, I ask unanimous consent that Mr. Nunn's column be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

[From the Progressive Farmer, November 1963]

WHY NEW COTTON LEGISLATION?

With so good a cotton year as Alabama and Georgia and north Florida growers have had this year, it is easy to think that all is rosy—that any such thing as new legislation is unneeded. In contrast, we'd like for every cotton farmer to consider these facts:

1. Our cotton carryover passed 11 million bales last August 1. It will be more than 12 million on August 1, 1964. This continuing buildup simply cannot be allowed to go on

indefinitely. A reasonable carryover is 6½ to 7½ million; the legal minimum is well below that. We've got to start selling more cotton or produce less.

Uncle Sam could cut support prices under present law to less than 27 cents. Presumably that would enable us to step up consumption markedly, in this country and abroad, and at much lower costs to Uncle Sam. But do you know anybody who wants 26- to 28-cent cotton?

2. Present law specifies a minimum 16-million-acre allotment. While every year will not be as good as 1963, we are certain to continue to pile up carryovers with this allotment unless we do something to increase sales. We make this point to doubly emphasize our belief that we must not let matters reach the stage when this minimum allotment is in danger of being cut. With such a cut would probably go our release and reapportionment program. Do we need to remind any grower what a calamity that would be?

3. Some growers in other areas continue to clamor for a chance to grow "export acres"—world-price acres—over and above their regular allotments. With manageable national carryovers, we think they ought to be allowed the chance, within clearly specified limits. Base allotments in our area, properly used, are about all the cotton we'll want to grow for some time. "Export acres" would require new legislation.

4. Our mills are up against very real problems with foreign textile imports now running up to 700,000 bales raw cotton equivalent per year. This is so, even though mills get some protection through tariffs. The problem is very real for growers, too, for rayons and acetates—which are lower priced than cotton—are being used by a number of mills instead of cotton to meet these lower prices of foreign goods. This situation can be met only with new legislation.

It's high time, we think, that growers, textile folks, and the cotton trade, begin to look for some middle ground on which everybody can stand. This is no time for "We won't give an inch" and "It's our plan or nothing" philosophy.

TOP ECONOMIST'S SECOND THOUGHTS ON TAX CUT

Mr. PROXMIRE. Mr. President, increasing evidence is piling up that the economics profession is far from unanimous in its support of the present tax reduction legislation. I have made no attempt to compile a full bibliography of all the critical comments by individual economists against the tax bill. However, I would like to draw the attention of the Senate to a number of individual statements indicating different reasons for opposition to the bill.

In an article entitled "Cracks in the Tax Wall," which appeared in the New York Times on Monday, November 4, Mr. M. J. Rossant indicated a number of reasons why top economists oppose the present tax bill. I ask unanimous consent that this article be inserted in the Record at the conclusion of my remarks.

One of the articles to which Mr. Rossant referred was by the Sterling professor of economics at Yale University, William Fellner. Professor Fellner is one of the outstanding economists in the country at the present time. In his article, which appeared in Challenge magazine in November of 1963, he made a number of points which need more consideration and emphasis in the current tax debate.

First, he has held from the very beginning "that the program was oversized." It "places too much emphasis on a single policy objective at the expense of others" and will "involve a considerable risk of aggravating our balance-of-payments problems and of stimulating inflationary pressure." As he points out in his article, the tax program was based on the assumption that—

> Measures of this magnitude are not required in the near future to overcome the present sluggishness of the economy.
>
> This seems a questionable diagnosis, but even if one accepts it, such a program would prove excessively expansionary in subsequent years when it would be very difficult to reverse policy.

Professor Fellner also points out that—

> Policymakers should become more concerned with some of the rigidities in the economy.

In particular he refers to the structural unemployment problems and the fact that bottlenecks will undoubtedly arise as aggregate expansion occurs. These bottlenecks in turn could lead to serious inflationary consequences. He documents this position with a substantial review of recent economic developments.

> As the economy expands, policymakers must face the problem of overcoming certain rigidities in the economy which either do not respond to or are aggravated by rising aggregate demand. * * * This brings us to the problem of structural unemployment which expresses itself not only in the existence of depressed geographic regions but also in the uneven incidence of unemployment on different types of workers.
>
> The uneven impact of unemployment points to the need for policies such as relocation and retraining that will match jobseekers with vacancies. * * * But if the fiscal policies were shaped by single-minded policymakers, with a definite overall unemployment figure as the objective, then appreciable inflationary tendencies would develop in a good many sectors as specific kinds of workers became scarce. In order to check the inflation, the policymakers would be tempted to experiment with direct controls.

Another type of criticism comes from Prof. Rendigs Fels, of Vanderbilt University. Professor Fels has been a longtime student of cyclical fluctuations in the United States. His criticisms of the tax bill which appeared in the Review of Economic Statistics for August 1963, emphasize the difficulty in forecasting economic developments and the need for holding fire on such measures as tax reduction until "we see the whites of the recession's eyes" as the distinguished senior Senator from Illinois has put it.

In referring to the 1954 period and one of President Eisenhower's economic advisers, Professor Fels states that—

> Hauge's premature calling of the turn illustrates a besetting sin of economists, failure to make a sharp distinction between what they know for sure and what is simply their best judgment under circumstances of inadequate knowledge.

It seems clear to me that the tax bill was introduced with the anticipation that an economic recession would occur, which has not yet developed. In fact, the tax bill now becomes inappropriate policy in a time of rising economic activity.

Thus Professor Fels concludes that—

> For Congress and the President to decide in 1963 that further cuts of an amount specified in advance shall go into effect on specific dates in 1964 and 1965, regardless of intervening changes in economic conditions, is to miss the chance to time them when they will do the most good and to run the risk that one or the other will aggravate a boom instead of countering a contraction. Instead of advocating that part of the future cut be reserved to take place at the time the next downturn has been recognized, President Kennedy has urged adoption of his proposal on grounds that it may head off recession. As the failure of the tax reduction of 1948 to prevent the recession of 1949 illustrates, heading off recession requires a delicacy of timing and an accuracy in forecasting turning points that are quite impossible. To repeat the obvious but neglected principle, only at the time a turning point has just taken place is it possible to predict business conditions well enough to base policy decisions on the prediction.

Still another and very effective type of criticism of the tax bill has come from a distinguished economist at Michigan State University, Prof. Charles C. Killingsworth. Professor Killingsworth, who is one of the country's leading authorities on labor economics, has recently argued that automation and the growing outlays for services have changed the demand for labor. These changes have increased job opportunities for the skilled worker but have reduced opportunities for the uneducated and unskilled. He then points out that a tax cut may increase demand generally but have no effect on the quality of workers. At the same time, any increased expenditures from tax reduction will generally be felt in the areas that employ the skilled workers. Thus, a tax cut may well have very little effect upon unemployment and at the same time generate inflationary forces.

Killingsworth also provides a substantial amount of information concerning what he refers to as the "invisible unemployed." These are the workers who do not appear in the official statistics because in fact they have given up looking for work. He estimates that there are nearly a million male workers in this group. Taking into account these persons, he obtains substantially greater unemployment figures. Yet these additional unemployed are also the ones that would probably be least affected by tax reduction. The policy measures required in order to meet this Nation's problem of unemployment are substantially different than the aggregative measures such as tax reduction.

Mr. President, I ask unanimous consent to insert in the Record the articles by Professors Fellner and Fels and an article by Bernard D. Nossiter which appeared in the Washington Post for Sunday, October 27, 1963.

There being no objection, the material was ordered to be printed in the Record, as follows:

CRACKS IN THE TAX WALL—TOP U.S. ECONOMISTS JOIN DISSENTERS IN EXPRESSING DOUBTS ON KENNEDY BID

(By M. J. Rossant)

Cracks are appearing in the allegedly solid front erected by economists in support of the

Kennedy administration's tax reduction program. Most academic economists are in favor of tax cuts as the best means of stimulating, and sustaining, the expansion of business activity. They agree with the administration's view that a reduction in the tax burden would help reduce unemployment and give the monetary authorities greater freedom in their battle to stem the outflow of dollars.

But there are dissenters. A number of liberal economists ,who were all for public spending a few years ago, would prefer to combine tax cuts with increases in Government outlays. Forced to choose between the two, some would undoubtedly still favor stepping up spending in the public sector.

Liberals, however, are not the only ones who may have doubts about the administration's tax program. Dr. Raymond J. Saulnier, Chairman of the President's Council of Economic Advisers in the latter days of the Eisenhower administration, was an early and outspoken opponent of both a rise in spending and a big cut in taxes. Prof. George Stigler, of the University of Chicago, has also adopted an iconoclastic attitude toward tax reduction.

They are no longer the only academic voices in the wilderness. Prof. William Fellner, of Yale University, for example, criticizes the administration's tax proposals as "oversized" in the latest issue of Challenge magazine.

Another attack, much more veiled in nature, by Prof. Rendigs Fels, of Vanderbilt University, appeared in a recent issue of the Review of Emonomics and Statistics.

The only common feature in the comments of these academicians is their skepticism about the Kennedy administration's program. Dr. Fellner ponts out that the administration's plans reveal "an inclination to play safe in a single direction—against deflation." He feels the size of the proposed tax cuts, coupled with some spending increases, may "have inflationary consequences."

Dr. Fels is more concerned about the administration's argument that its tax cuts provide recession insurance. He thinks that part of the future cut should "be reserved to take place at the time that the next downturn has been recognized," because "heading off a recession requires a delicacy of timing and accuracy in forecasting turning points that are quite impossible."

Their arguments may lead to fresh desertions in the ranks of the academicians. As yet, they have not been answered by either the administration's economists or those in the universities who have spoken out for tax reduction.

In making his case, Dr. Fellner favors some reduction in tax rates in order "to make it easier for the economy to rise to higher levels of resource utilization." But he insists that reductions must be moderate if the Nation is to avoid "aggravating our balance-of-payments problems and * * * stimulating inflationary pressures."

The administration, according to Dr. Fellner, has "overestimated the sluggishness of the economy considerably." Business activity is now rising rapidly, so the stimulus of tax cuts and continued deficit spending could lead to excesses and distortions.

Dr. Fellner suggests that the administration either reduce expenditures or reduce the size of the first stage of tax reductions for individuals. He adds that "we should not try to decide now whether in January 1965, further cuts in individual rates may be necessary."

In airing this suggestion, Dr. Fellner arrives at the same conclusion as Dr. Fels. But their reasons differ.

Dr. Fel's major point is that the Kennedy administration has failed to recognize some of the most important economic facts of life in the formulation of its tax program.

He is convinced that the timing of tax reduction can have an important influence on the course of business activity. Bad timing can nullify its impact, or even exacerbate existing conditions. Good timing, as he sees it, can stimulate business or moderate declining tendencies.

Dr. Fels cites the experience of past recessions and recoveries to back up his contention that "at one stage of the business cycle, namely shortly after a turning point, it is possible to predict business conditions well enough to base policy decisions on the prediction."

He goes on to claim that "turns can be identified with certainty 3 to 6 months after they occur," adding that "the economy has a built-in mechanism that keeps it going in the same direction once it has fairly started."

INTERVENING CHANGES

If these assumptions are correct, then it is difficult to dispute Dr. Fels' observation that the administration's decision to cut taxes "on specific dates in 1964 and 1965 regardless of intervening changes in economic conditions is to miss the chance to time them when they will do the most good and to run the risk that one or the other will aggravate a boom instead of countering a decline."

In Dr. Fels' estimation, it would be far wiser to wait until a turning point has arrived before deciding on what measures are needed. He questions whether tax reduction can actually head off or postpone a recession, pointing out that there was a decline in economic activity in 1949 even though taxes had been reduced the previous year.

There is always a risk that waiting until a recession strikes may result in policies that are both too little and too late. Dr. Fels, though, disagrees.

Since it takes considerable time before the economy returns to full employment, he observes, "there is opportunity to take action to combat a contraction without running too great a risk of contributing to instability."

Thus, Dr. Fellner fears that the administration's king-sized tax package may provoke inflation. Dr. Fels, on the other hand, doubts that it can prevent a recession and wonders what ammunition it will be able to employ if it squanders its tax cuts.

These dissents are not meant to rule out tax reductions. But they make clear that academicians are having second thoughts about the size and shape of the administration's program.

[From Challenge, November 1963]

Kennedy's Fiscal Program: Too Much, Too Soon

(By William Fellner)

(While some tax relief is definitely warranted, given the present condition of the U.S. economy, the administration's fiscal program is an overdose of the required medicine. In placing too much emphasis on a single policy objective—generating demand to promote higher employment—it runs the risk of aggravating our balance-of-payments problem and stimulating inflationary pressures. William Fellner is Sterling professor of economics at Yale University.)

About 8 months have elapsed since the Kennedy administration presented its fiscal program to the Congress. It seems clear at this juncture that important changes will be made in the original proposal before it finally emerges from Congress. While the precise nature of the final bill is still uncertain, some plausible guesses can be made on the basis of the Treasury's reactions to the views of influential legislators.

The writer belongs among those who have felt all along that the program was oversized. I feel convinced that, despite our present deficits, we do need additional fiscal stimuli. But I believe that the combination of tax reductions and expenditure increases, as planned by the administration, places too much emphasis on a single policy objective at the expense of others. An attempt to achieve through budget deficits a speedy reduction of unemployment to a level of 4 percent would involve a considerable risk of aggravating our balance-of-payments problems and of stimulating inflationary pressures.

Methods of forecasting which are inevitably crude led the authors of the administration's program to the conclusion that measures of this magnitude were required in the near future to overcome the present sluggishness of the economy. This seems a questionable diagnosis, but even if one accepts it, such a program would prove excessively expansionary in subsequent years when it would be very difficult to reverse policy.

If, on the other hand, tax reductions and expenditure increases of the planned size are not needed to overcome sluggishness in the near future—a more likely assumption—then the program is oversized for this very reason. It is true that in this event the deficits would be smaller, but the size of the deficit per se is not what really matters. The essence of the problem is to keep one eye on the effectiveness of expansionary monetary and fiscal measures as means of full employment policy and the other on the dangers of generating a monetary demand which is excessive as gaged by policy criteria of a different sort.

We shall presently take a closer look at these other criteria. However, I would like to make it clear from the outset that, in my opinion, these other considerations do not justify maintaining our present tax rates. We do need measures that would make it easier for the economy to rise to higher levels of resource utilization. Yet these measures should be planned in installments which, while they need to be big enough to have a step-by-step effect in the desired direction, must leave time for the required structural adjustments.

Moreover, it is equally important that policymakers should become more concerned with some of the rigidities in the economy which call for all this caution. Otherwise the country could conceivably find itself in a position where all of a sudden it has no choice but to rely on a rather comprehensive system of direct controls to manage the difficulties caused by these rigidities.

In what sense does the record of the recent past demonstrate a need to stimulate the economy through fiscal policy?

In the period preceding the 1957 recession our policies were more concerned with stopping inflation than with averting a minor recession. During the recession which actually followed, the inflationary tendency was weakened significantly. In the 12-month period preceding the recession, the Consumer Price Index and the GNP deflator had risen by 4 percent. Since 1958 the typical annual rate of price increase has become very moderate; this more recent rate may be estimated at a figure slightly in excess of 1 percent. During the recession of 1957–58 the average rate of increase of money wage rates went down, and it remained smaller in the subsequent periods of expansion. This no doubt contributed appreciably to the achievement of what may be called reasonable stability of the general price level.

In contrast to many of my professional colleagues, I feel that the 1957 policies had merit. This I cannot say for the policy line which was adopted in 1960, at a time when the cyclical expansion which started in April 1958 was about 2 years old. At that time, we had moved with great rapidity from the $12 billion deficit in the administrative budget for fiscal 1959 to the $1 billion surplus of fiscal 1960, and we were trying to get up to a surplus of $4 billion by fiscal 1961. Failure to support the 1958-60 upswing by easing up on taxation certainly contributed to the downtown of May 1960 which, incidentally, led to a $4 billion deficit in fiscal 1961 instead of the planned $4 billion surplus.

The recession was very mild and short—an upturn followed in February 1961—but it would be unconvincing to argue that even a short interruption of the expansion which began in 1958 was necessary to eliminate inflationary pressures. Inflationary tendencies, which had been slight since 1958, did not accelerate in the spring of 1960 when, at the peak of the cycle, the unemployment rate was about 5 percent. This trend continued right through the recession of 1960, and it has continued to the present at approximately the same rate And while our balance of payments was temporarily in better shape near the recession's low point, the 1960 downturn brought no lasting improvement in that respect either. We should thus guard against repetition of this particular experience, which was one of a wholly wasteful interruption of the expansion process.

In 1962 it looked as if the present cyclical expansion would also be prematurely interrupted. This is the expansion which started in February 1961. During a large part of the calendar year 1962, the economy was moving more or less along a plateau. Then it picked up again, and it performed better than had been expected. The fiscal program of January 1963 implied a GNP of $578 billion for the calendar year 1963, but subsequently an estimate of "roughly $585 billion" seemed more realistic. At the present writing, some of the time series perhaps do not behave quite as well as a thoroughgoing optimist might have guesed. Yet the main lesson from all this is that forecasts of this sort are apt to prove inaccurate and that one should try to follow a policy the usefulness of which does not depend too much on how business conditions develop within some reasonable range of expectations.

Considering that recessionary tendencies have now been with us for some time and that our tax rates are high, we should learn from the mistakes of the 1958-60 upswing and not run the risk of letting the growing tax intake also stop the present expansion. Our overall unemployment ratio is still in excess of 5.5 percent. Unemployment of such size should not be allowed to become a characteristic of advanced stages of cyclical expansion. This is true in spite of the fact that the American methods of computing the number of unemployed lead to figures which are not comparable with the European data, and it is true despite the circumstances which will be discussed presently. The idea that we should provide a stimulus by reducing our tax rates rests on a convincing diagnosis. But in shaping such a program we must watch several factors besides overall unemployment and the level of aggregate demand.

As the economy expands, policymakers must face the problem of overcoming certain rigidities in the economy which either do not respond to or are aggravated by rising aggregate demand. We need monetary and fiscal policies which, while providing sufficient ease, do not greatly exceed a reasonable rate of adjustment and thus do not create too much excess demand.

This brings us to the problem of structural unemployment which expresses itself not only in the existence of depressed geographic regions, but also in the uneven incidence of unemployment on different types of workers. Ideally, we should be able to compare the number of unemployed with the number of unfilled vacancies. For this comparison we do not have even the kind of imperfect statistical data which exists in some European countries. But we do know that for nearly one-half of the people counted as unemployed, the duration of continuous unemployment does not exceed 4 weeks. Also, we have reason to assume that in some sections of the labor market there are enough unfilled jobs to make the unemployment figures insignificant, while in others there is a serious unemployment problem. We also know that unemployment is particularly high among unskilled workers, teenagers and nonwhites.

The uneven impact of unemployment points to the need for policies such as relocation and retraining that will match jobseekers with vacancies. Such measures need to be coupled with the creation of sufficient monetary and fiscal ease. But if the fiscal policies were shaped by singleminded policymakers, with a definite overall unemployment figure as the objective, then appreciable inflationary tendencies would develop in a good many sectors as specific kinds of workers became scarce. In order to check the inflation, the policymakers would be tempted to experiment with direct controls which in all probability would not be effective and would be highly unwelcome to the country at large. Reallocations take time; they should be furthered not merely by means of fiscal policy, but also by providing direct incentives for the relocation and retraining of workers. The role of policies bearing on total effective demand—such as fiscal policy—should be to keep no more than one step ahead and to watch the pace at which the necessary adjustments are following the lead.

The problem of our balance of payments is one which could be aggravated by rising aggregate demand and calls for precisely the same kind of watchfulness.

I am one of those who believe that it was a mistake to establish the postwar international monetary system in such a way that the exchange rates of Western currencies are kept rigid, except when the value of some currency must be changed at a moment's notice. It seems to me that it would have been far better to allow exchange rates to respond within limits to market demand and supply, say, to allow them to move freely between "gold points" which might have been set at some distance from one another. Yet while there hasn't been much constructive policy thinking on the fundamentals of this problem, it must be admitted that it is not easy to change an established system which affects many countries simultaneously.

Given the present arrangements, a sudden domestic monetary expansion could place the dollar under considerable stress. This could well lead to harmful and ineffective measures of exchange control.

I am not suggesting that, under a system of greater exchange rate flexibility, inflationary domestic policies would have been more justifiable. On the contrary, under such a system the need to move gradually and to observe the effect of domestic trends on the behavior of currency markets would have been even more obvious. But there would have been a lesser risk of the kind of speculative capital outflow which is induced by the fear of foreign-exchange restrictions.

In short, when implementing a policy of domestic economic expansion through fiscal measures it is necessary to keep a watchful eye on the international position of the dollar. As things now stand, it is particularly important to do so.

The fiscal program of the administration, as it was presented to the public in January 1963, was based on the assumption that the sluggishness of the economy would cause a fiscal 1963 deficit of nearly $9 billion and would justify planning a deficit of nearly $12 billion for fiscal 1964. This latter deficit was to be the result of the first stage of a three-stage tax reduction program and a $4.5 billion increase in Federal expenditures.

The three-stage tax reduction program was to be completed by 1965 and was to reduce the tax intake by the equivalent of $13.6 billion at 1963 income levels. Highly controversial measures of tax reform—mostly to take effect in the latter part of fiscal 1964—were to reduce the net revenue loss to the equivalent of $10.3 billion, as calculated on the same basis.

Some of these tax reform proposals were correctly presented as natural corollaries of a tax reduction program. Others, however, reflected the highly subjective political judgments of some policy planners, which Congress was most unlikely to share. The quantitatively most significant reform proposal—the 5-percent floor on itemized deductions—belongs in the latter category. It would have severely limited the taxpayer's privilege to deduct such items as his State and local taxes, interest charges, and charitable contributions.

The bulk of the cut was to be reflected in the individual income tax. An appreciable part of this reduction was to come at the first stage of the cuts, in the beginning of fiscal 1964. By 1965 the corporate income tax also was to be reduced, from 52 to 47 percent. But at the start, the tax intake from this latter source would have risen because of a proposed speedup in the method of collecting the corporate tax—this in spite of the fact that the sluggishness shows mainly in the area of private investment rather than in that of consumption.

Some of us who have been critical of the size of the deficit program feel that the basic argument is unconvincing for two reasons. In the first place, the program took it for granted that the sluggishness, which the administration rightly desires to overcome, is of such size as to require "educating" public opinion to unusually large deficits for the entire period of cyclical expansion which began in 1961. During the first full fiscal year of this expansion we had a deficit of $6 billion, and it was estimated that in the second year (fiscal 1963), during which no part of the new program would be in effect, the deficit would be almost $9 billion. Then a $12 billion deficit in the first fiscal year of the program was to follow, with further substantial deficits envisaged for subsequent years. A budgetary balance, according to the administration, was to be reached only about 1967.

To base longrun plans on such a forecast seemed unduly pessimistic and it disclosed an inclination to play safe in a single direction—against deflation. Indeed, recent data suggest that at the time when the plan was prepared its authors overestimated the sluggishness of the economy considerably. For example, the deficit of the last preprogram fiscal year (fiscal 1963), as it actually turned out, was only slightly more than $6 billion, considerably less than the estimate of $9 billion. Thus without tax cuts the economy expanded faster than expected by the authors of the program.

Secondly, even if one accepts the proposition that tax reductions and expenditure increases of the planned size are necessary to achieve desirable objectives in the next 2 years, it is still extremely doubtful that we could reverse this policy in subsequent years as further large deficits become clearly inflationary.

The administration expressed the intention of getting the budget balanced by about 1967 and the conviction that this objective was not impractical. The argument maintained that while fiscal 1964 would indeed bring a deficit of almost $12 billion, and while further tax cuts were planned for the following year, the tax intake would increase substantially as the economy expanded. So far so good. But the program's authors also implied that expenditure increases would become substantially smaller and stay much smaller after fiscal 1964. The validity of this latter assumption is very doubtful. It seems much more realistic to assume that the administration will find it exceedingly difficult to prevent expenditures from rising in the long run at approximately the same rate as the gross national product. This leads to the conclusion that the $12 billion deficit of fiscal 1964 would have been followed by large deficits for many years to come.

At this writing, it seems that the administration is assuming that the few tax reforms Congress will accept will produce less than $1 billion in revenue, as opposed to the initially contemplated $3.3 billion.

Therefore, the extent of the proposed tax cut will be reduced so that the net revenue loss should not exceed the $10 to $11 billion as originally planned. The first stage of the program will be put into effect later than had initially been contemplated (perhaps in January 1964), and the modified plan might include only one additional stage (perhaps January 1965).

If business conditions should continue to develop more favorably than had been contemplated in the original program, the deficit will, of course, be appreciably lower. But it would be fallacious to argue that in such circumstances we can better afford a combination of large tax reductions and large expenditure increases. While a higher level of business activity means smaller deficits, it also means that tax cuts and additional expenditures are more likely to have inflationary consequences.

In summation, I would like to suggest the following three conclusions:

If the expenditures planned for fiscal 1964 should not be reduced, it would be wise to make the first stage of the cut in individual income taxes somewhat smaller.

We should not try to decide now whether in January 1965 further cuts in individual rates will be necessary. It is quite conceivable that a balanced policy which keeps at least one eye on the objective of minimizing direct administrative controls will at that time want to limit itself to one type of additional measure: reductions in the corporate tax to increase investment incentives.

We should keep a careful eye on the extent to which the economy's structural rigidities respond to monetary and fiscal stimuli and we should consider how some of these structural and institutional rigidities might be reduced.

[From the Review of Economics and Statistics, August 1963]

The Recognition Lag and Semiautomatic Stabilizers

(By Rendigs Fels[1])

The main point of this paper is obvious to specialists but not appreciated by others. The Commission on Money and Credit, despite its imposing staff of professional economists, overlooked it completely, as did the the authors of the Kennedy-sponsored bill to extend unemployment benefits during recessions. Similarly, President Kennedy made no use of it in his 1963 proposal for a three-step tax cut.

At one stage of the business cycle; namely, shortly after a turning point, it is possible to predict business conditions well enough to base policy decisions on the prediction. According to a common saying, cyclical predictions are so unreliable that policy decisions must be based on what has already happened, not on expectations of what will happen. The substantial measure of truth in this loosely worded formulation evidently cannot be emphasized too strongly, for in the late spring of 1961 a policy controversy broke out between the present Council of Economic Advisers and one of its former chairmen over whether the cyclical expansion then beginning required fiscal stimulation.[2] The argument hinged on contrasting predictions of how fast the recovery would otherwise be, precisely the kind of question about which predictions are highly unreliable. Nevertheless, saying that policy must be based on the current state of affairs rather than on forecasts can be criticized on two counts. First, some kind of forecast necessarily underlies all policy decisions. To deal with a problem, such as heavy unemployment, only after it has arisen implies a forecast that in the absence of special measures tomorrow will be like today. Because such forecasts actually work pretty well in economics (better than in weather forecasting), it is often wiser to base policy decisions on them than on more sophisticated forecasts. But second and more important, the foreacst that the economy will continue to move in the same direction can be made with virtually complete certainty at the time that the evidence of a recent turning point first becomes conclusive. In particular, once a downturn is known to have occurred, one can be certain that the economy will be depressed for the next 12 months even if an upturn occurs in the meantime. For the downswing will continue for some little while—at least it will take a minimum of 6 months for output to return to its previous high, and it will take even longer, on account of the growth of the work force, to achieve full employment.

Much discussion tacitly assumes this principle, and many practical decisions by business men and by the Federal Reserve System are obviously based on it; yet, because it is not explicit, it too often gets left out of account. In section II, I shall criticize three specific policy proposals from this point of view. To appraise with any accuracy what policy decisions can appropriately be made requires knowledge of the lags involved. Section I will investigate the lag between turning points and their recognition.

I. THE RECOGNITION LAG

How long after the peak or trough of the business cycle can it be known with certainty that a turning point has occurred? Table I summarizes an investigation of 1946–61.[3] The table shows (1) the peaks and troughs of cycles as determined by the National Bureau of Economic Research, (2) the dates at which a consensus of informed observers recognized the turns, and (3) the length of time between each turn and its recognition. The recognition dates shown are conservative. They represent not the time at which a few acute or lucky observers first announced the turn but the time at which the evidence had become so overwhelming that informed observers were in virtually complete agreement. In short, the recognition dates represent the times at which a prudent President could have taken action without any trace of gambling.

To illustrate, there was a cyclical trough in February 1961. As early as March 28, subscribers to Fortune were reading, "the upturn has now become a hard fact and not just a forecast."[4] In the first half of April, Business Week, U.S. News & World Report, Time, Life, and Newsweek all concurred, followed in the last half of the month by Commerce Secretary Hodges, Treasury Secretary Dillon, and Columnist Sylvia Porter.[5] George Shea of the Wall Street Journal, the Morgan Guaranty Survey, and the Christian Science Monitor were more cautious but by mid-May had come to agree with the others.[6] By early May, published statistical evidence of rises in nonagricultural employment, the average workweek, orders for durables, personal income, and the index of industrial production amply confirmed that expansion was underway. The recognition-date can be conservatively established as mid-May, making the recognition-lag 3 months.

The example just reviewed may seem to put undue emphasis on journalistic and political sources with too little attention to professional economists. In the cases of some other turns, a poll of economists happening to hold a meeting at the right time has proven useful in determining the recognition-date,[7] but, journalistic and political sources are adequate for our purposes. They reflect not only, at one remove, what economists think but also what has survived a crucial test, the ability of economists to make their views convincing to others.

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[1] I am indebted to the Institute of Research in the Social Sciences of Vanderbilt University for financial assistance and to Dennis R. Starleaf for research assistance, particularly in connection with determining the recognition lag. All responsibility, of course, is mine alone.

[2] Arthur F. Burns, "Examining the New 'Stagnation' Theory," the Morgan Guaranty Survey, May 1961, 1–7; the Council of Economic Advisers, "The Council's View," ibid., August 1961, 1–6; and Burns, "A Second Look at the Council's Economic Theory," ibid., 6–15.

[3] The peak and the trough listed by the National Bureau of Economic Research as occurring in 1945 were omitted on grounds that this cyclical "contraction," during a period of suppressed inflation, was an essentially different phenomenon from the usual contractions (such as 1948–49, 1953–54, 1957–58, 1960–61) and irrelevant to the present discussion. Turning points prior to World War II were disregarded on grounds that statistical data and knowledge of business cycles has improved enough since then so that finding of a longer recognition-lag would be of historical interest only. Actually, an investigation of Federal Reserve policies for 1921–52 suggested a longer recognition-lag before than since World War II (Thomas Mayer, "The Inflexibility of Monetary Policy," this review, XL (Nov. 1958), 359)

[4] Fortune, Apr. 1961, 47.

[5] Business Week, Apr. 8, 1961, 15; U.S. News & World Report, Apr. 10, 1961, 48; Time, Apr. 14, 1961, 90; Life, Apr. 14, 1961, 34; Newsweek, Apr. 17, 1961, 91; the comments of Commerce Secretary Hodges and Treasury Secretary Dillon were reported in the Wall Street Journal (Apr. 19, 1961, 3 for Secretary Hodges and Apr. 20, 1961, 3 for Secretary Dillon); Sylvia Porter recognized the turn in her column which appeared in the Apr. 24, 1961, edition of the Nashville Tennessean.

[6] George Shea, "The Outlook," the Wall Street Journal, May 15, 1961, 1; the Morgan Guaranty Survey, Apr. 1961, 1; Christian Science Monitor, May 15, 1961, 10.

[7] The Nov. 6, 1957, edition of the Wall Street Journal, 1, reported that the consensus of opinion of business and university economists who had met for the University of Michigan's fifth annual conference on the economic outlook was that "a mild recession * * * [was] definitely underway." Similarly, Time, Oct. 31, 1961, 74, reported that the consensus of opinion among 200 business economists attending the convention of the National Association of Business Economists in Manhattan was that the United States was then in a mild recession.

TABLE I.—*The recognition lag, 1946–61*

Date of cyclical turn[1]	Recognition date	Recognition lag (months)
November 1948 (P)	End March 1949	4½
October 1949 (T)	End March 1950	5½
July 1953 (P)	Mid-November 1953.	4
August 1954 (T)	End November 1954.	3½
July 1957 (P)	Mid-November 1957.	4
April 1958 (T)	End July 1958	3½
May 1960 (P)	End October 1960.	5½
February 1961 (T)	Mid-May 1961	3

[1] Dates of peaks (P) and troughs (T) from the National Bureau of Economic Research.

Table 1 suggests, not very surprisingly, a minimum lag of 3 months, a maximum of 6 months, with the average a shade over 4 months. Cyclical contractions in the past have never lasted less than 8 months; they averaged 21 months between 1854 and 1946;[8] since 1946, they have averaged 10 months. Since it takes some considerable time after a trough before the economy returns to full employment, there is opportunity to take action to combat a contraction without running too great a risk of contributing to instability. The risk of destabilizing policies might be unduly great, however, if there are false alarms. In fact, there was none in the period 1946–61. The nearest approaches to false alarms occurred in 1949 and 1954 when some observers were premature in recognizing upturns that actually occurred a little later.

Fortune, ever optimistic, in its issue of September 1949, inquired whether the recession was over and concluded, "the answer, as indicated by the business events of July and August, was apparently yes."[9] U.S. News & World Report, Moody's Stock Survey, and the Guaranty Survey made similar, hedged statements in September, as did Prof. Lewis H. Haney in early October.[10] Even though the trough did not occur until October, those who called the turn prematurely should not be blamed. Strikes in the coal and steel industry interrupted the improvement in business that had taken place in the summer. Although the strikes had the effect of postponing the month of the trough as determined by the National Bureau of Economic Research (which has a policy of favoring the later date in case of doubt), the expansion in one sense had actually begun earlier.

In the second quarter of 1954 some statistics showed rises, leading Gabriel Hauge, a close adviser of President Eisenhower, to say, "The recession * * * is over."[11] He was wrong; there was a relapse in July and August. Although Hauge was not the only one to make this mistake, his view did not represent a consensus. Moreover, one must distinguish between the public pronouncements of those working for the incumbent administration, which often err on the optimistic side, and the conclusions on which the administration bases decisions, which are generally better founded.

Hauge's premature calling of the turn illustrates a besetting sin of economists, failure to make a sharp distinction between what they know for sure and what is simply their best judgment under circumstances of inadequate knowledge. This failure is the reason why the rather simple and obvious point I am trying to emphasize is so little appreciated. Here is one of the dependable regularities of economic science—or, better, here are two regularities: The finding, thoroughly documented by the National Bureau and buttressed by a long-known theoretical explanation, that the economy has a built-in mechanism that keeps it going in the same direction once it has fairly started; and the finding here, which is hardly new or startling, that turns can be identified with certainty 3 to 6 months after they occur. To be sure, these are dependable regularities, not scientific laws. One cannot feel the same degree of confidence about them that one feels for the speed of light. Nevertheless, the degree of confidence is exceedingly high.

II. SEMIAUTOMATIC STABILIZERS

The great problem of anticyclical policy is to take action in time. The well-known lags, of which the recognition lag is only one, together with the difficulties of forecasting and the danger that a contraction will gather momentum, create a cruel dilemma. If the Government rushes in with vigorous measures to forestall an anticipated contraction, the measures may be destabilizing, aggravating inflation; but if it waits until the contraction gets bad, anything done will be too late. The proper time for action comes at the time that the Government's economic experts become agreed that a downturn has occurred. Thus, President Kennedy, who showed a greater disposition toward antirecession action than President Eisenhower, came into office too late. The time for action, if at all, was in the week before the election. By January 20 there was not much else to do but what Kennedy actually did: Namely, very little.[12] As a Senator, Kennedy had been less sensible. Although he justifiably voted against an antirecession tax cut in March 1958, the month before the trough and several months after recognition of the preceding downturn, he reversed himself and voted for the cut in June 1958.

Since any conclusions on policy depend on the judgments of the commentator, I had better make my assumptions explicit: I believe that the American economy is depression-resistant but not necessarily depression-proof; that a major contraction of the length and amplitude of 1907–8 and 1920–21 (let alone 1929–33) would be a catastrophe for the United States in the present world situation; that major contractions are most readily checked before they gather momentum; that it is not safe to follow a wait-and-see policy when contractions begin; and that, aside from the admittedly small danger of a major depression, it is desirable to reduce the amount of unemployment associated with cyclical troughs even at the risk of somewhat more inflation. My purpose in what follows is not to argue for these judgments but to illustrate the uses of the conclusions of the last section. Anyone with different judgments can readily alter the conclusions accordingly.

To the usual three categories of automatic stabilizers, discretionary policies, and formula flexibility, we should add a fourth, semiautomatic stabilizers. Automatic stabilizers are good but, it follows from my assumptions, not enough. Discretionary fiscal policies are too slow when dependent on action by Congress, too little when limited to present legal possibilities, too risky if new and adequate powers were to be conferred on the President without a sound criterion for determining when to exercise them. Formula flexibility is objectionable because nobody has been able to devise a satisfactory formula. Semiautomatic stabilizers are needed. They would come into play, not in accordance with a formula, since no formula for the business cyle has yet been devised, not at the whim or discretion of any person, but on the occurrence of an objectively identified circumstance.

Discretionary fiscal policy: The Commission on Money and Credit has recommended giving the President discretionary authority to vary the first (20-percent) bracket of the income tax upward or downward by a maximum of 5 percentage points for countercyclical purposes. To exercise this power, the President would be required to issue a statement that "economic conditions are running significantly counter to the objectives set forth in the Employment Act," and Congress would have 60 days in which to veto the action.[13] The change in tax rates would continue in effect for only 6 months unless renewed by the same procedure.

The Commission would leave it to the President to decide what is meant by "economic conditions * * * running significantly counter to the objectives set forth in the Employment Act." This plainly would require a criterion. Insofar as a temporary cut in the tax rate is concerned, the criterion should be the determination that a downturn has occurred. Similarly, the criterion for rescinding a cut (or for not renewing it) should be determination that an upturn has occurred. In view of the lag involved between action by the President and its maximum impact, any later action—or later rescinding of action—would run undue risk of being destabilizing, as would any earlier action in view of the hazards of prediction at other times.[14]

Formula flexibility: In a sentence which, though lukewarm, was subject to dissents by six members, the Commission on Money and Credit said, "A promising approach that merits detailed investigation is formula flexibility wherein changes in the first bracket rate of the personal income tax would be made automatically in response to changes in appropriate economic indicators."[15] In his dissent, J. Irwin Miller justly said, "it would be well nigh impossible to select a single indicator or set of indicators to whose movements we could for any period of time safely entrust the determination of tax rates. The danger of destabilizing tax changes would be so great that any formula could not be permitted to operate automatically without Executive review."[16] But he went on to say, "The increasing rapidity of changes in the ebb and flow of our economy seems to call for the application of imaginative judgment within prescribed limits,"[17] thus missing two points, that "imaginative judgment" will lead to destabilizing actions unless there is available a sound basis for exercising it and that the recognition-of-a-turning-point criterion opens up a possibility that is subject to the limitations of neither formula flexibility nor wholly discretionary authority; namely, semiautomatic stabilizers.

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[8] Bert G. Hickman, "Growth and Stability of the Postwar Economy" (Washington, 1960), 25. The so-called contraction of 1918–19 was only 7 months, but I do not regard this as a genuine exception to the statement in the text.

[9] Fortune, September 1949, 37.

[10] U.S. News & World Report, Sept. 9, 1940, 13; Moody's Stock Survey, Sept. 19, 1949, 246; Guaranty Survey, Sept. 30, 1949, 5; Lewis H. Haney, "Contrasts of Near-Term and Long-Term Business Outlook," Commercial and Financial Chronicle, Oct. 6, 1949, 1.

[11] Time, July 26, 1954, 68.

[12] Kennedy made a considerable show of antirecession activity, but in many cases such as the minimum wage bill, he was in reality giving an antirecession guise to measures he would have wanted irrespective of the phase of the business cycle. To use Samuelson's phrase, "he fought the recession by placebo."

[13] "Money and Credit, Their Influence on Jobs, Prices, and Growth" (Englewood Cliffs, N.J., 1961), 137. (See also pp. 272–273.) Three members of the Commission dissented from this recommendation.

[14] Within the limit of 5 percentage points, it seems to me appropriate to leave it to the discretion of the President how deep the cut should be, since the right amount will vary with the percentage of unemployment at the cyclical peak, the amount of unemployment that is purely structural, etc.

[15] Ibid., 130. In view of the staff at the disposal of the Commission one may wonder why the Commission did not make the "detailed investigation" that this "promising approach * * * merits." No doubt the recommendation is one of those silly compromises so essential to report-writing by a group with widely divergent views.

[16] Ibid., 131n.

The basic objection to formula flexibility can be illustrated with President Kennedy's proposal for extending the period of unemployment benefits during recessions and depressions.[18] (I shall not be concerned with that part of the proposal that would extend the period which a worker employed for at least 78 weeks in the last 3 years can draw benefits for 13 weeks beyond the normal 26-week benefit period, even in times of high employment, although I believe that it implies a wrong principle.) As reported in the press, Kennedy's proposal provides for an additional 13 weeks of unemployment benefits when the President and the Secretary of Labor have determined "that a recession exists."[19] Actually the proposal is for formula flexibility; for an "extended duration period" to begin, the formula requires that 1 percent of covered workers must have exhausted their benefits during the preceding 3-month period and that insured unemployment, seasonally adjusted, must have been at least 5 percent of covered employment during each of the 3 preceding months. The extra 13 weeks of benefits (for workers employed less than half the time during the preceding 3 years) ceases to be available—that is, the "extended duration period" ends—when a 3-month period occurs in which less than 1 percent of covered workers exhaust their regular benefits.

Even on first examination, the formula appears to be inferior. In 1960 it would have gone into effect later than the recognition date.[20] It provides two criteria for beginning an extended duration period, abnormal unemployment (that is, the onset of recession) and abnormal exhaustions of benefits (that is, proof that the extension is needed). It provides only one criterion for ending an extended duration period, which amounts to a showing that the extra benefits are no longer needed because the proportion of covered workers exhausting benefits has returned to normal. But the formula is open to MILLER's objection. There is never any difficulty in devising a formula that would have worked pretty well in the past. Such a formula presumably would continue to work for some time into the future. But the history of economics is strewn with formulas that gave a beautiful fit to past data, yet sooner or later broke down. This is particularly true where the formula depends critically on quantitative values, such as 5 percent unemployed and 1 percent exhaustions. To be so certain that the formula will keep on working that one is willing to base an act of Congress on it, it must be founded on dependable scientific regularities. No such formula has yet been devised.

The Kennedy proposal not only runs an undue risk of performing erratically but also promises to be effective for neither economic stabilization nor social justice. The proposal makes the extra 13 weeks of benefits available to all workers who have been employed half the time in the preceding 3 years, irrespective of the phase of the business cycle, and cuts off benefits after 13 weeks for all workers irrespective of how bad business conditions may be. A proper policy would establish a maximum benefit period for times of full employment; 6 months seems to me just right. During times of abnormal unemployment, the benefit period should be extended, preferably without limit, for all eligible workers, both as a countercyclical measure and as a matter of social justice. The extension should go into effect as soon after experts recognize a downturn has taken place as is administratively feasible. When an upturn is recognized, action should be taken to rescind the extension.[21]

The three-stage tax cut proposed by President Kennedy in January 1963 represents a lost opportunity. Since it aims primarily at stimulating a chronically sluggish economy, the initial cut may go into effect at once, irrespective of the stage of the business cycle; but for Congress and the President to decide in 1963 that further cuts of an amount specified in advance shall go into effect on specific dates in 1964 and 1965 regardless of intervening changes in economic conditions is to miss the chance to time them when they will do the most good and to run the risk that one or the other will aggravate a boom instead of countering a contraction. Instead of advocating that part of the future cut be reserved to take place at the time the next downturn has been recognized, President Kennedy has urged adoption of his proposal on grounds that it may head off recession. As the failure of the tax reduction of 1948 to prevent the recession of 1949 illustrates, heading off recession requires a delicacy of timing and an accuracy in forecasting turning points that are quite impossible. To repeat the obvious but neglected principle, only at the time a turning point has just taken place is it possible to predict business conditions well enough to base policy decisions on the prediction.

[From the Washington Post, Oct. 27, 1963]

CUT IN TAXES HELD NO HELP TO BULK OF U.S. UNEMPLOYED

(By Bernard D. Nossiter)

Is the Nation's army of unemployed doomed to continued joblessness until their schooling and skills are increased?

Will a tax cut merely open up jobs for the well-educated who are now in short supply?

These questions have been raised with special force by Charles C. Killingsworth, a labor market specialist at Michigan State University. His thesis has drawn so much attention in the administration that Chairman Walter Heller of President Kennedy's Council of Economic Advisers has himself replied to it.

In brief, Killingsworth argues that automation and the growing outlays for services like insurance or education have transformed the demand for labor. These irreversible trends, he says, increase job openings for the skilled and the schooled; job opportunities for the uneducated and unskilled are shrinking.

QUALITY A FACTOR

A tax cut, Killingsworth contends, increases demand generally but doesn't affect the quality of workers. The extra demand generated by a tax cut will be spent primarily on the products and services that employ the skilled. So, the professor concludes, the administration program will make only a small dent in unemployment.

Even worse, some of the tax cut's force will be dissipated, he says. This is because some of the demand it creates won't be satisfied due to a shortage of skilled workers.

For the administration, Heller readily agrees that the unskilled and unschooled make up an outsized portion of the jobless. But the key question, Heller says, is what has caused the increase in unemployment in recent years. And here the statistical evidence indicates that unemployment is not rising more rapidly at the bottom of the skill ladder.

Between 1957 and 1962, Heller observes, the jobless rate for male college graduates doubled; the rate for those with 8 or less years of school rose only by one-half or about the same as the rise in unemployment generally.

RATE WAS SAME

Moreover, take a look at 1954 and 1962, 2 years in which unemployment was the same 5.6 percent, Heller says. If the unskilled have been losing out, the unemployment rate for the most skilled should have declined. But it didn't. In both years, the jobless rate for the highly trained professional and technical workers was the same, 1.7 percent.

On a homelier level, Heller might have pointed to Detorit. Unemployment in the motor city's labor market was a whopping 11.1 percent in 1961; so far this year, it has average only 5.4 percent. The difference appears to be 2 strong auto years in a row. In other words, increased demand—not a change in the skills of Detroit's labor force—shrank the jobless rolls rapidly.

Yesterday, however, Killingsworth returned to the attack in a speech at Michigan State. Heller's figures, he suggested, conceal more than they reveal. Between 1957 and 1962, the number of workers counted in the labor force with 8 or less years of schooling fell sharply and their average age increased; those with college degrees rose rapidly and their average age decreased. It is logical, Killingsworth argued, to expect that unemployment for a younger, growing sector of the labor force would rise faster than the rate for an aging, shrinking group.

As for Heller's professional and technical groups, nearly a quarter have had no college training at all. So, the average jobless rate for this sector may have held constant because the less educated found it harder to get jobs while the better educated found it easier.

INVISIBLE JOBLESS

Having disposed of Heller's statistics to his own satisfaction, Killingsworth came up with some of his own. He makes elaborate calculations for the invisible unemployed. These are the workers who don't show up in the official statistics because they are neither at work or looking for work. However, if jobs were open, they would be seeking employment.

Killingsworth estimates that there are nearly 1 million male workers in this shadow class. He lumps them in with the officially counted unemployed to calculate the changes in real unemployment. And he compares the situation in 1950 with 1962. Here is what he finds:

PERCENTAGE CHANGE IN REAL UNEMPLOYMENT RATES, 1950–62, FOR MALES

Years of school completed:	*Percent*
0 to 4	100
5 to 7	47
8	53
9 to 11	26
12	43
13 to 15	—2
16 or more	—36

As Killingsworth sees it during the 1950–62 period, unemployment generally rose fastest among the least educated and actually declined among the best educated.

This puts the ball back in Heller's court. With the tax bill at stake, he can be expected to smash it back promptly.

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[17] Ibid.

[18] H.R. 7640, 87th Cong., 1st sess., introduced by Mr. KING of California in the House of Representatives on June 14, 1961. An identical bill was introduced in the Senate, S. 2084.

[19] The Wall Street Journal, June 14, 1961, 2.

[20] According to our calculations, it would have gone into effect in January 1961 (as soon as the data for December became available), about 2 months after the recognition date and 1 month before the cyclical trough.

[21] I would favor giving the President discretionary authority to continue benefits for up to 6 months longer and to ensure that all workers who had exhausted regular benefits would not be cut off at the same time.

TRIBUTE TO FORMER PRESIDENT HOOVER

Mr. CHURCH. Mr. President, the Saturday Review, under the enlightened editorship of Norman Cousins, is one of the foremost magazines of political, social and cultural opinion in the United States today. Mr. Cousin's usually writes the editorials for this magazine and they are always worth reading. I found his editorial "A Toast to President Hoover" which appeared in the November 9 issue especially worthwhile. In this editorial, Mr. Cousins remarks about the reservoir of good will of the people of the Soviet Union toward the United States, despite the barrage of hostile propaganda to which they have been exposed by their Government. Mr. Cousins attributes part of this good will to the work of Herbert Hoover in his capacity of distributing food to starving Russians under the auspices of the American Relief Administration.

In the proposed current wheat sale, the situation is quite different than it was in the time of the Hoover food mission from 1921 to 1923. The Soviets are not starving; they will not starve. They are asking not for gifts of wheat but for sales, offering us hard dollars which will help us redress our adverse balance of payments. We should be willing to sell wheat to the Soviets not only as good businessmen but also to give a graphic demonstration to the world that Communist agricultural theories are not working out in practice. In addition, there is a moral dimension to this problem which Norman Cousins cogently argues. I wish to call special attention to the conclusion of this editorial:

Herbert Hoover was correct in recognizing that we should make food available, not because it is the strategic thing to do, but because it is the right thing to do. The attitude that sees food in strategic terms leads to a vital shrinkage in our own conception of what this Nation is all about and most certainly to a shrinkage in the idea of America held by the rest of the world. It transforms us into moral midgets, clinging to useless merchandise and losing those things out of which a sensible future can be built.

I ask unanimous consent to have this excellent editorial inserted at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

A Toast to President Hoover

Three years ago, in a village deep in the interior of Soviet Georgia, I lifted my wine glass in response to a toast to the health of Herbert Hoover. The man who proposed the toast was not a Republican; in fact, he was not even a Democrat. He was a Georgian farmer and, so far as I knew, an authentic Communist.

Since the dinner conversation was being routed through a double set of interpreters—Georgian into Russian into English and back again—I wanted to be sure there had been no error in transmission.

"Would you please ask our host whether he means Herbert Hoover, former President of the United States and the outstanding Republican of his generation?" I asked.

My question went through the double filtration process and produced an instant reply.

"But of course," the farmer said. "Who else? Mr. Herbert Hoover, the man who was blessed by my mother and father and my grandparents. They prayed for him. Why are you confused? How many Herbert Hoovers do you have in America?"

I said it was now clear we were talking about the same man but I was eager to know why my host should offer a toast to Mr. Hoover and why his parents and grandparents blessed him and prayed for him.

The farmer looked at me severely.

"You don't know why we like Mr. Hoover? Very well, I will tell you why we like Mr. Herbert Hoover. Years ago, just after our revolution, we were without food. It was a terrible time. We wondered what would happen to us. Herbert Hoover came to us with food and saved our lives. We will never forget it. My parents blessed him and prayed for him even when he became a big capitalist and a Republican President. He liked us and helped us as human beings even if he didn't like our Government. A very great man. We will drink a bottoms-up toast."

The farmer rose to his feet and held his glass high.

"To Mr. Herbert Hoover," he said, "a very great human being."

"To Mr. Herbert Hoover," we responded, "a very great human being."

For the next 15 minutes, the farmer spoke of his family's ordeal during those early years. He spoke, too, of the vision he had of America as the result of the Hoover mercy expedition. He spoke of letters he had received from distant relatives who had migrated to the United States. As a result, he had a high opinion of the American people. Then he launched into a series of new toasts, at least 15 in number, in which he made known his gratitude and good feelings.

This experience was unusual and memorable but it was not unique. Few facts about the Soviet people today are more significant than their warm feelings toward the American people. Indeed, what seems most to impress visiting Americans about the Soviet Union is the friendliness of the Russian people, notwithstanding years of hostile propaganda. The extent to which the Hoover food supply mission is responsible for these feelings is difficult to say. But it is significant that so many Russians refer to it when they discuss their attitudes about America.

The existence of a human community beyond national boundary lines is a prime fact of life today. Some governments, especially those of monolithic political character, like to resist identifications higher than or beyond national sovereignty. But the sense of membership in the human family is natural to man and needs only the slightest exercise to become manifest. American foreign policy has been most effective not when it has operated on the hard level of formal diplomacy but when it has acted on the broad level where needs and hopes interact.

A case in point exists today. The United States has a surplus of food. The American people are paying more than $1 million a day just to store crops, even as they rot. The Russians have a food shortage. Some claim this is the result of natural causes. Others claim it is the result of fallacious Marxist theories applied to agricultural production. It is possible that both factors are responsible in varying proportions. No matter. The relevant fact is that the American people have a surplus and the Russian people have a shortage. The Russians are not asking us to give them wheat. Nor has the American Government proposed to give them wheat. They are asking to buy and we are offering to sell.

But all sorts of objections are being raised. It is said we should not be giving aid to a Communist government. It is said that we ought to use the food as leverage to gain political ends. It is said we ought to exploit the opportunity to attach conditions.

The trouble with these questions is that they flow out of the assumption that food should be used as a political weapon. This is a dangerously volatile assumption, prone to backfire. A food surplus is a moral fact even before it is an economic fact or a political fact. Herbert Hoover was correct in recognizing that we should make food available, not because it is the strategic thing to do, but because it is the right thing to do. The attitude that sees food in strategic terms leads to a vital shrinkage in our own conception of what this Nation is all about and most certainly to a shrinkage in the idea of America held by the rest of the world. It transforms us into moral midgets, clinging to useless merchandise and losing those things out of which a sensible future can be built.—N.C.

ADDRESS BY FORMER SENATOR WILLIAM BENTON BEFORE UNESCO EXECUTIVE BOARD

Mr. CHURCH. Mr. President, former Senator William Benton has sent me a copy of his address to the UNESCO Executive Board, which had its 66th session in Paris last September.

Those of my colleagues who recall the controversies early this year over certain UNESCO publications, and also over a proposed UNESCO agricultural project in Cuba, will find Bill Benton's speech especially interesting. I ask that portions of it may be printed at this point in the Record, as a part of my remarks.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

Statement by Former Senator William Benton at 66th Session of the UNESCO Executive Board, Paris, September 30, 1963

* * * * *

At the 12th Conference and in our comments in June to the Director General on the 1965–66 program and budget, the United States made a number of recommendations concerning (a) the presentation of the budget, (b) conferences and meetings, (c) the nature of UNESCO's support of nongovernmental organizations, (d) training and research centers and institutes, and (e) UNESCO publications.

Now, the many devoted men and women who work on UNESCO in the State Department and in the U.S. National Commission (and I report to this Board that there are hundreds of people in the United States interested in UNESCO who, without pay or compensation, give large parts of their time to it, wholly apart from the professionals in our Government) many will be gratified that some of the U.S. recommendations have been followed or partially followed. Perhaps I should say "mildly gratified," looking at the program as a whole. For example, they will be pleased by these five points:

1. The integrated presentation of the proposed program and budget which shows UNESCO's program as a unit, regardless of the source of the funds; this does indeed contribute to understanding.

2. The subventions have been held generally at existing levels. Let us hope, I may say in passing, that alternative financing can be found as soon as possible. UNESCO should seek to put an end to much of this financing, it seems to us, as soon as possible.

3. The Director General has established terminal dates for financial support to some centers and institutes, and further has begun reducing the support to certain other centers. Very good. UNESCO should indeed aim at what we call a "phasing out" or a "putting them on their own," of most such centers and institutes.

4. The Director General has indicated the revised budget will reflect a reduction in

meetings and conferences. We welcome this trend; indeed, we applaud it.

5. In general we favor the goal of stabilization evident in the proposed budget in areas other than science and education. We must hope that the goal becomes even more clearly defined in practice.

Mr. Chairman, the United States has hoped and expected to see a substantial reduction in the number of publications. Unfortunately the funds for publications under the proposed budget are being increased considerably. May we not hope that the Secretariat will profit by the excellent suggestions made by Mr. Avidor on Friday? He must have been seeking the same goal. He suggested cutting back on the number of the Director General's personal reports to the Board—a suggestion that, it would not surprise me, fell on welcome ears. But don't we want also a cutback on our overall publication program. The last General Conference passed a resolution asking the Director General to reduce as much as possible the length of our documents and the number of copies.

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Let me now shift for a moment to the Special Fund projects for which UNESCO is the executing agent. Our Executive Board does not, it seems to me, spend enough time discussing these and achieving understanding of them. Perhaps, if our agenda permits, before we adjourn there may be time for a more complete discussion. The United States as most of you know, puts 40 percent of the money into the total budget of the Special Fund. Further, this money is not assessed against the United States by any vote at a General Conference under which the United States may find it is called upon to make a contribution beyond the one which it thinks warranted. The money given to the Special Fund by the United States is a voluntary contribution, wholly within the hands of the United States. Voluntarily given, it could be voluntarily withdrawn if the United States felt the projects were unsatisfactorily handled. This is an important point, and I want this Board to understand it.

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The Director General has proposed new emphasis on two problems of human rights: (1) race relations, and (2) disarmament. He has asked the Board whether there is anything useful UNESCO can do in these areas within its field of competence. He asked whether he was wrong in bringing them up. He solicited our guidance. And I do indeed congratulate him on this approach to the Board, and I shall address myself to these two points.

First, the United States recognizes that UNESCO has a legitimate interest in both areas. Mr. Pompel conceded merely the legitimate interest in race relations; I am willing to admit, over the years which lie ahead, the legitimate interest in both. But only if we stick to our basic charter, as quite properly emphasized by the Director General himself when he presented these two points to us.

Let me first seek to qualify a bit more UNESCO's suitable role on race relations.

I wonder whether this Board—and notably, the scholars on this Board, those who come out of a background of scholarship—can't agree that UNESCO will not contribute either to peace or to collaboration among nations—by sponsoring studies that contain propaganda, or by promoting the one-sided views of any member state, or by publishing studies which fall short of high standards of scientific and scholarly objectivity. UNESCO has been guilty of such failings, and this has gravely damaged the prestige of UNESCO. If UNESCO can avoid such failings, studies of race relations would be greatly welcomed by the United States. Nothing on the record indicates that UNESCO can do this.

The first consideration, of course, must be whether conditions can be created that will enable UNESCO to employ scholarly and scientific standards in publications which deal with race relations, not merely in Africa and the United States, but in the U.S.S.R., and in all areas of the world. The problem of race relations is not confined merely to the United States and Africa. Our scholars in the United States are striving to establish such standards in their studies of this problem. And as all of us know, it's not easy. But until such standards can prevail, any major or full-scale attack on this subject by UNESCO should be postponed. And here again, the subject is so loaded with political and propaganda overtones that a diversion of any significant part of UNESCO's program into it seems to me at this time to be a mistake. However—and I must end up with this emphatic statement—the chance to take leadership in the scientific and scholarly study of race relations is surely one of UNESCO's important goals over the years ahead, and must be kept in mind and we must attempt to work toward it. The Director General and I come together on this point. Further, the work of UNESCO in the field of racial relations should tie in closely with the great effort to destroy racial discrimination, which is a major goal of the United Nations itself.

* * * * *

The Director General seemed somewhat incredulous when I was chatting with him privately the other day, at my suggestion that the fact that certain countries do not pay their moneys into the U.N., the funds which the U.N. and the United States feel are legally expected, that such failures by certain countries could affect the attitude of the United States toward UNESCO. But why shouldn't such failures affect the attitude of the United States toward all the U.N. agencies? UNESCO is a part of the U.N. If the U.N. fails, UNESCO will fail. Make no mistake about it. Let us not kid ourselves. Thus when the United States is forced to underwrite a bond issue to keep the U.N. alive, this does indeed bring under review U.S. policy not merely toward the U.N. but toward all affiliated agencies and the overall pattern of activity by these agencies—including, in the case of UNESCO, the Special Fund.

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In conclusion, Mr. Chairman and Mr. Director General, we of the United States find reason for some satisfaction in the progress evident in UNESCO's program, progress more manifest than many of my associates in the United States anticipated a year and 2 years ago. There's much in it on which the Director General warrants commendation. But the United States does not wish at this time, with so much to do and so much unfinished, to risk stretching ourselves beyond the limits of our capacity.

ADDRESS BY LYNN A. TOWNSEND, PRESIDENT OF CHRYSLER CORP.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Lynn A. Townsend, president of the Chrysler Corp. at the annual banquet session of the 45th annual meeting of the Illinois State Chamber of Commerce in Chicago on November 1.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS BY LYNN A. TOWNSEND, PRESIDENT, CHRYSLER CORP., AT THE ANNUAL BANQUET SESSION OF THE 45TH ANNUAL MEETING OF THE ILLINOIS STATE CHAMBER OF COMMERCE, CHICAGO, ILL., PALMER HOUSE, NOVEMBER 1

I am very pleased and highly honored to be here with you tonight to participate in your annual meeting in this great city. We Detroiters like Chicago very much indeed. We think of it as a wonderful place to do business and a wonderful place to come to enjoy life in general. Yet I can't remember any time in all the years I've lived in the Detroit area when we thought as well of Chicago or said as many nice things about it and its people as we did on a certain Sunday afternoon back in mid-September—because on that particular day the Chicago Bears outplayed and outclassed a football team that is our common problem—the Green Bay Packers. On that particular afternoon the Bears' win made the future look pretty bright for our Lions.

Two weeks later, however, when we sat down to our Sunday dinner, we found ourselves in a somewhat different mood. As I remember it, after that impressive—and, to us, depressing—performance by Billy Wade and his teammates, we just didn't have very much to say at all. And things haven't been quite the same since then with our Lions. But after all, another important Sunday afternoon is coming along soon here at Wrigley Field—and who knows what may happen then? As George Halas says, the National Football League wouldn't be much of a league unless any team could be beaten by any other team any Sunday afternoon—or words to that effect.

Athletic competition between the professional teams of Chicago and Detroit, and between the great universities of Illinois and Michigan, has been putting an extra kick into life for all of us in this part of the country for a good many years.

It is characteristic of the Midwesterner to like hard, all-out competition, whether he finds it on the playing field or in his day-to-day work. And if there are any cities in this country—or for that matter in any other part of the world—where business competition is more intense than it is in Chicago and Detroit, I don't know where they could be. I can speak for all of us in Detroit when I say we believe there is only one way to compete—and that is the way they compete down at Indianapolis on Memorial Day—flat-out, with no quarter asked and none given.

And if you want to get the real lowdown on the way it feels to be involved in the kind of competition we are accustomed to in Detroit, you just can't do much better than to ask a Chrysler man about it. We at Chrysler have been right in the center of the battle of Detroit for a number of years now, and we've had our share of wins and losses. But business has been looking very good for us for some time and promises to continue good, not only for us but for the automobile industry as a whole—so I warn you that my remarks this evening are going to have a distinctly optimistic flavor.

As I'm sure you know, the automobile business is finishing out an excellent year, one in which we expect to sell a total of well over 7 million cars at retail. For those of you who don't spend your lives in the automobile business, let me explain that 7 million is something of a magic number to an automobile man. Up until 1962 there was only 1 year—1955—when we enjoyed retail sales at that level. And it had come to be established as something resembling a superstition in our business that if you had a big year you were bound to pay for it in lower sales in the year following. It just wasn't in the cards to have 2 good years back to back, to say nothing of two 7-million-car years. But now the automobile industry is completing its second successive 7-million-car year—and there seems to be a real possibility that we may have three 7-million-car years in a row. Although I am not going to make a flat prediction that the year ahead will be that good, I will say it would not surprise me or anyone else in our business to see another 7-million-car year in 1964.

Our industry has moved up onto a new level. Where we averaged approximately 6 million retail sales a year over the past 10 years—1953 through 1962—we are now confidently expecting to sell at least 7.5 million cars, on the average, over the next 10 years. The industry has moved up onto this new level for the most natural reason in the world—because the country itself has moved up onto a new level. When you compare 1963 with 1953 you find that in 10 years the dimensions of the market for automobiles have been increased substantially in every way that we can measure. For example:

In 1953 the population of the United States was 160 million—and there were 46 million households. In 1963 the population of the country is 190 million—and there are 55 million households.

In 1953 there were 46 million cars in use in the United States. In 1963 there are approximately 68 million cars in use. And where cars and trucks together amounted to 56 million in 1953, the combined total today is 82 million.

In 1953 there were 70 million licensed drivers of motor vehicles. In 1963 the estimated number of licensed drivers is 94 million.

In 1953 approximately 4 million households owned 2 or more cars. In 1963, we estimate that close to 12 million households own 2 or more cars.

And finally, in 1953 the national program of highway building initiated in 1956 had not even been started. Since 1956, over 15,000 miles of freeways in the Interstate System—including nearly 700 miles in this State as a whole and the spectacular Dan Ryan Expressway here in Chicago—have been opened to traffic and have provided a basic reason for making car ownership and use more attractive.

Now I am not talking about the promising outlook for the automobile business just to make myself feel confident and happy about the future. Every man and woman in this room—and, for that matter, every man and woman in America—has a stake in the prosperity of the automobile business.

As you know, the U.S. automotive industry, together with all of its related activities, is probably the largest single economic complex in the entire world. It generates more economic activity than the national defense and space establishments combined. It involves one in every seven jobs and one in every six businesses. And when the automobile industry can sell cars at a 7-million-per-year clip, it helps the whole country to prosper.

Just as an illustration of what this means to you people here in Illinois, it might be of some interest that during the past year Chrysler Corp. bought approximately $29 million worth of automotive components in Cook County alone.

I have spoken of the size of the present automobile market and given some reasons why that market will continue to be big and will continue to grow bigger. But there are many other interesting developments in our business—such, for example, as the way we have extended the range and diversity of the products we build far beyond the simple three-decker classification of low-price, medium-price, and luxury cars as we knew it 10 years ago—the way we have improved quality and reliability to the point where we can offer the public greatly extended warranties—and the way we have been able, with all the improvements and increased diversity of products, to hold the price line against a variety of cost pressures for 6 years in a row.

It might be nice for someone to suggest that all these accomplishments are due to the fact that we in the automobile business are such bright and hardworking people—but you and I know that isn't the reason at all. They are due to the fact that every company in our business is being pushed relentlessly by the demands of a very choosy and value-conscious buying public. We—like businessmen in every other field—are caught up in a general upgrading of taste and a universal insistence on a maximum variety of choice and the highest possible quality—at reasonable prices. The pressure is on the manufacturer and on the merchandiser to furnish what the increasingly fastidious consumer wants in the way of both product and service of the product—and it is only those companies that are tuned to this new kind of consumer pressure that are going to be consistently profitable.

Now I would like to say a few words about an entirely different variety of competition—but competition of a kind that may be just as important in the long run as the kind I have been discussing. A year from next Tuesday the people of the United States—after listening to a solid 12 months of political speeches and debates—are going to decide on the kind of political leadership they want for our country during the ensuing 4 years.

Those next 12 months are going to be far from easy on any of us. The air will be full of verbal flak and the newspapers will be loaded with charges and countercharges. In view of all the political talk we have ahead of us, I am not going to burden you with a political speech tonight. But I would like—before the battle begins in earnest—to express a few thoughts as a businessman about one of the key issues of the coming political year. And I can only hope that these thoughts will seem worthy of consideration by you as businessmen and as American citizens, regardless of the nature of your own personal political convictions.

There is one aspect of the present political climate—as it affects the businessman—that is completely and refreshingly different from anything you and I have known in our entire lifetime. Think back for a moment to all the years that the American businessman has been on the defensive in supporting the cause of free enterprise. Think of the uphill pull he has had in arguing for more reliance upon the investment of private funds in private undertakings and less reliance upon the spending of public funds for public works. Think of all the speeches businessmen have given on the need to encourage saving and capital formation by revising the excessive and inequitable Federal income tax schedules. Think of the patient and seemingly hopeless arguments we have made year after year for encouraging capital investment through more flexible governmental policies regarding depreciation allowances.

And now—against that background—in the perspective of years of struggle in which the Nation seemed like a house divided against itself—with great numbers of the American people feeling that financial incentives were closely related to sin—consider the fact that the House of Representatives has passed an income tax reduction bill by a vote of 271 to 155. And also consider the fact that the President has been urging Senate action on this same bill so he can sign it into law. What is more important still, Republicans and Democrats seem to be joining in the belief that the best way to keep the country moving ahead is to give the private sector of the economy a good sound incentive for working, saving, and investing.

No one of us can afford to underestimate the importance for American business—and the importance for the strength and prosperity of our country—of this startling development. What it means to me is that a profound change has taken place in the minds of the American people with regard to the importance of financial incentives in the national scheme of things. If this were not so, the tax bill would never have gone as far as it has.

It seems to have become clear to increasing numbers of people that the profit system as we know it is this country's secret weapon. And men in positions of political leadership—on both sides of the political fence—knowing that this new trend has set in—are talking far less, if at all, about Government pump priming through public works and far more about stimulating expenditures by consumers and businessmen.

Now that both political parties are in basic agreement in wanting to give the economy some good tangible incentives that will make it grow, we can expect to hear a brandnew kind of political debate. And this debate is going to be a distinct pleasure for the business community to listen to. Over the course of the next year it is entirely likely that Republicans and Democrats will be competing vigorously with ideas, proposed legislation, and party-platform planks, all aimed at convincing both the general public and the business community that they have the key to stimulating the private economy and giving it adequate encouragement. And what could be sweeter music to the businessmen of this country than just that kind of debate?

What I am suggesting here tonight is that, in the year of political decision that lies ahead, the businessmen of America would do well to understand that there is now less need to pound on the old familiar themes and fight the same old fights. At least part of the battle has been won—maybe more as the result of the performance of free enterprise than as the result of its words—but won nevertheless.

A new tide has begun to move in the affairs and in the opinions of men—and it is the businessman's great opportunity to move with this tide and speak positively and constructively about the unlimited potential of the country once the disincentives of excessive taxation have been removed. I say let others, if they wish, talk fearfully and negatively—and let the businessman start building himself a reputation for being the proponent and apostle of economic growth and the moves that will unleash the dynamics of growth.

To illustrate what I mean, let me suggest three positive approaches that a businessman might take in the current discussion of the tax bill that is now under discussion in the Senate.

First, I suggest that there be far less talk about the desirability of the tax bill as a means of avoiding a recession, and far more emphasis on the real, basic purpose of the bill—that is, to encourage more vigorous growth of the national economy over the long pull.

It would seem highly inadvisable to argue for a step as big and as important as enacting the current tax bill into law on the basis that it is needed to avert a hypothetical recession that may not happen in the near term at all. We in Detroit see no signs of lagging demand for our products, no backing up of inventories, no decline in consumer confidence—in other words, no clear indications of an oncoming recession. As a matter of fact, we have a very strong suspicion—and I suppose nothing reveals our optimistic bias more clearly than this—that the country can look for considerably more economic stability in the future than in the past, and considerably fewer sharp ups and downs.

In the foreseeable future we think there is a good chance that the economy can roll right on through the period when, on the basis of past experience, we might expect a recession. There is no law of nature that says we must have recessions at regular and predictable intervals. Western Europe has demonstrated this quite convincingly by going 5 years now without one, and there is no reason why it isn't possible—with the right combination of sound public policy and vigorous private enterprise—for us to do the same in this country.

It is certainly true that too much talk about the use of tax reduction as an antidote to a hypothetical recession could actually help to bring about an undue public preoccupation with the possibility of recession and result in helping to bring one into being. If we are going to indulge in self-fulfilling prophecies, I say let's prophesy in an optimistic vein. Let us continue to talk about the dynamics of growth in the private sector and keep our eye on the main element in that growth—the unshackling of incentives, on the part of consumers as well as businessmen.

Now here is my second suggestion. When we talk about the virtues of tax reduction, let us never forget for a minute the necessity for insisting on the highest degree of fiscal responsibility on the part of government. And at the same time, let us keep reminding ourselves and others of the tremendous growth possibilities for the future that can emerge from a combination of frugal, efficient government and the unthrottling of private enterprise.

I hope you are as encouraged as I have been to note the many clear signs of growing insistence on the part of the public—and on the part of Congressmen on both sides of the aisle—that the Federal Government hold new spending down to a minimum and make its present operations more efficient. This is all to the good. And this new emphasis has not come about by accident. It is the result of continuous work by organizations like yours that know the need for putting restraint upon the natural tendency of people in politics to want to please their constituents through increased spending.

These constant reminders of the need for frugality in government operations should be continued. But in my opinion they will get the desired result more effectively if they are presented in a positive rather than a negative spirit.

Suppose, for example, that businessmen and business organizations should begin to talk in public about the economic growth away out ahead that might result from lower income taxes when combined with a stable or even declining rate of government expenditures. This combination would constitute a vitally important improvement in the climate for business. And as a result we could logically expect an accelerating rate of economic growth and a substantial broadening of the base of national income from which all tax revenues are derived.

Now—if this process works out in that logical way, what is to prevent our looking ahead to the time when the greatly increased tax revenues from that substantially broadened base of national income might put our Government in a position to use the tax-reduction stimulus again to give the private economy another solid incentive for still further growth?

This possibility can become a reality if the business community of this country—encouraged by a climate of increased incentives—uses enough ingenuity in filling the needs of the American people and in creating new goods and services that are not even dreamed of at the present time—and if our Federal Government exercises genuine and substantial restraint in spending.

Now for a third suggestion. When we talk about the great stimulus to business activity in the United States that will result from a more sensible structure of income taxes, we should emphasize the way in which this stimulus will make us stronger as competitors in the rapidly expanding world economy.

With all the discussions of the balance-of-payments deficits this country has been running and of the ways in which we can correct those deficits and stop the drain on our gold reserves, there is entirely too little discussion of the basic importance of doing everything possible to improve the competitive strength of American business on the world scene. This is not to suggest that American business has been putting up a weak performance against the businessmen of other countries. If our balance-of-payments problem were merely a matter of balancing our international trade account, we would be adding substantially to our gold reserves year after year. The present problem is caused principally, as we all know, by the heavy commitments of funds for economic and military aid which we have taken on as a matter of national policy. But I am certainly not going to get involved in a discussion of the pros and cons of foreign aid here tonight.

It is my optimistic belief that if American business does an increasingly good competitive job in world trade and investment, before the end of the present decade, and possibly even sooner, the seriousness of this situation can be substantially reduced. But that happy outcome will not be automatic. It will be realized only if, through the proper public policy regarding business incentives at home and abroad, American business is given the right conditions for operating successfully against its increasingly tough competition in other countries.

That will require, for one thing, the kind of encouragement to investment in more efficient plants and equipment that can result from the current Federal income tax bill. With all of the billions that have been invested in plant and equipment since the end of World War II, we are still in need of much more capital investment in this country to keep ourselves competitive and to make further gains in our exports.

We also need a somewhat more farsighted policy in Washington with regard to direct or portfolio investments by American businessmen in foreign countries. It is true, of course, that investments of this kind put a certain amount of pressure on the country's balance-of-payments position over the short pull, but eventually these American investments are going to generate a return flow of income that will be one of the major balancing factors in our international accounts. It is shortsighted indeed to improvise the kind of hastily drafted and confusing legislation that was passed in 1962 for the purpose of taxing foreign source income of American companies—and to make proposals for penalizing the purchase of foreign securities, proposals that create an almost inescapable impression of frantic alarm.

From the businessman's point of view, what we need most in the way of action by the Federal Government is a sound, long-range program aimed at giving American business a powerful assist in its competition with the investors of other countries. The key elements in such a program would be steps to remove the risk of double taxation of the earnings on foreign investments—to clarify the outlook for tax liabilities on future foreign investments—and to provide increased incentives, such as credits on investments in underdeveloped areas.

As we move into the year of political struggle that lies ahead, it might be well for all of us to remind ourselves of the need to retain our perspective and our equanimity—and above all, to remember, through all the noise and confusion, that our country is stronger and greater than ever—and that those of us who work as businessmen have contributed to that strength and will continue to contribute to that strength by doing the best possible job as competitors.

We should also remember that with all the real differences of opinion that exist on matters of public policy affecting business, a healthy consensus has been developing with regard to the need to put our main reliance for economic growth upon encouraging our profit energized, profit disciplined, free enterprise business system.

I am confident that our country is going to see to it that a constant stream of new discoveries and new ideas is kept flowing into useful applications through the instrumentality of private, profitmaking enterprise. This free enterprise, free choice, free market system of ours has served America and the world well for 200 years. And what it has accomplished in the past two centuries is as nothing compared with what lies ahead.

It is your privilege and mine to be living and working at a time when many strong and creative currents are merging into the potential for an entirely new and better and more exciting kind of world. That kind of potential lies out ahead—asking you and me as businessmen to turn it into reality.

I say let's accept the challenge and get the job done.

EXCLUSIVE INTERVIEW GRANTED BY SENATOR GOLDWATER TO MR. ELIAS P. DEMETRACOPOULOS, POLITICAL EDITOR OF ATHENS DAILY POST, AUGUST 14, 1963

Mr. DIRKSEN. Mr. President, yesterday there was printed in the RECORD a statement under the caption, "GOLDWATER and the Greek Elections." In conformity with that statement, I ask unanimous consent to have printed in the RECORD as a part of my remarks a statement by Senator GOLDWATER in the nature of a release on October 24, 1963, bearing on the same subject together with the interview with Mr. Demetracopoulos.

There being no objection, the statement and the interview were ordered to be printed in the RECORD, as follows:

STATEMENT BY U.S. SENATOR BARRY GOLDWATER

Elias P. Demetracopoulos, political editor of the Athens Daily Post, interviewed me in my Washington office on August 14, 1963. The interview, granted because of my lifelong esteem and regard for the Greek people, was not published until October 13, 1963, less than 3 weeks before the scheduled national elections in that country. As a result of the timing on release of the interview, it was construed in some quarters that I and other American public figures, whose interviews had been similarly withheld from publication, had attempted to influence the political affairs of Greece. Such interference would have been inimical to the democratic interests of Greece and contrary to my principles. In addition, certain Greek newspapers misinterpreted and distorted my statements to imply things which patently are false. Because of the misinterpretations, distortions, and untimely release of the interview, I wish to make the following points of clarification, all based upon the original transcript of my conversation with Mr. Demetracopoulos, as taken down by a member of my staff:

1. I at no time stated that there had been any attempt by members of E.R.E. (the Karamanlis Party), for which I have the deepest respect, to persuade the United States to assist in the establishment of a dictatorship in Greece. The transcript of the interview shows, to the contrary, that I specifically stated it would be inconceivable that such a proposal would come from a nation "where democracy itself was founded." I also stated in the interview that I had "strongly attacked" reports that such a proposal had been made.

2. At no time did I state that the U.S. Embassy had intervened in the election of 1961 or any other year, although I was asked by Mr. Demetracopoulos to comment on such reports. The charges that there had been intervention were originated by certain political groups in Greece for the purpose of casting suspicion on the legitimacy of the election of the Karamanlis government. At the time of the interview, I stated categorically that I did not wish to comment on the charges that the U.S. Embassy had been involved in the election until they had been investigated. Shortly thereafter, the reports were proved to be groundless. The withholding of the interview for 2 months gave the impression that an investigation then was currently underway, and therefore implied that, because of the time elapsed, the charges did indeed have some foundation in fact. Nothing, of course, could have been further from the truth.

3. I did not say, nor did I imply, that the United States was attempting to exert pressure on Greece to obtain an agreement whereby Bulgaria would be given a portion of Greek Macedonia for an access route to the sea. I did express my own concern, however, over historic Yugoslavian and Bulgarian designs for territorial expansion into Greece.

4. I did not say or imply that the ERE party of Mr. Karamanlis was elected by fraud or other than democratic means. Everything I have ever said about the Greek Government, its people, the ERE party and the Karamanlis government has been highly laudatory. The present Government's record of accomplishment in economic and domestic matters as well as its relentless battle against international communism stands unchallenged.

In conclusion, I wish to state that I consider it unfortunate for the cause of Greek freedom that the combination of the untimely release of my interview and deliberate distortions of my quoted statements by certain elements of the Greek press may have lessened the chances of any political group or groups committed to the struggle against world communism.

EXCLUSIVE INTERVIEW GRANTED BY THE HONORABLE BARRY GOLDWATER, U.S. SENATOR FROM ARIZONA, TO MR. ELIAS P. DEMETRACOPOULOS, POLITICAL EDITOR OF ATHENS, GREECE, ON AUGUST 14, 1963

1. How do you feel about the test ban treaty and President de Gaulle's views on this vital matter and in which way this treaty may affect countries along the Soviet bloc perimeter like Germany and Greece?

Well, I am very apprehensive about the test ban treaty. I'm keeping an open mind on it, but frankly, I can't find any advantage to the United States as of yet, and I can find lots of advantages to the Soviet Union. Now, relative to President de Gaulle's position, I have always been sympathetic toward his position. I don't know how he could take any other position. In fact, I think it would strengthen all of NATO if the United States would be clearer in what it would do if nuclear weapons were needed in any engagement that NATO might become engaged in. One of the reasons I am apprehensive about this treaty is that it's not clear in my mind whether or not East Germany's signing of this treaty wouldn't mean recognition. Now, the lawyers in the State Department say that this isn't so, but I'm still a little fuzzy about it myself and I want some more legal advice.

My fear is that—well, for example, let's see what can be done. All that Cuba would have to do after this treaty is deposited with the three countries, would be to inform Russia that she wants to become a signator. Then under the terms of the treaty Russia could give Cuba fissionable materials. True, she couldn't give her weapons, but she could give her the know-how, and by agreement we would be allowing Cuba to develop nuclear weapons 90 miles from our shores. So we'll have to see. Greece also has to be very careful about the long-range repercussions of this treaty in the Balkans. Of course, Greece is not a nuclear power yet. It probably some day will be, if she wants to be. But if France doesn't sign this treaty, I don't think the treaty will be any good. Red China is not going to sign it, so what good does it do to have two nuclear powers outside of the treaty?

2. What are your views on the question of civil rights to the Negro population of America and do you think this racial strife can weaken dangerously the U.S. position and prestige abroad?

There is no question that the Negro in the United States has been abused, not just in the South but in the North as well. But I have very serious doubts that you can solve the problem of discrimination, whether it is between Greek and Greek or white and white or white and black or Greek and American or the other way, by law. I think law can help in some areas, but I don't think we are going to really solve this problem by law—and it is not an American problem. Discrimination is a problem all over this world; from the lowest tribes to the highest civilized people we have discrimination. So I don't think we are going to solve it by law, but we are going to help it.

Now, the Negro's problem in America is not one that can be solved as rapidly as he would like. And, again, this isn't his fault; this is the white man's fault. To get job equality, which is what he wants, and this is an economic problem basically, he has to be able to compete better. Now, this is difficult for most Negroes, because they lack the education. This is being taken care of. Integration is taking place in the schools, and I think in another 10 years when you have the chance to get this generation through high school and college, you will see many, many more Negroes employed. Now, as to what it would do to our image across the world, if the Communists play this up as being peculiar only to America, it could affect our image. But if we point up that their discrimination problems in Russia are just as bad as ours and that they have them all over the world, then I think we could lessen whatever this impact might be.

3. Are you satisfied with the present status of affairs between the United States and the NATO allies on defense and economic matters?

I think that we ought to clarify to our NATO allies precisely what we will do when and if tactical nuclear weapons are needed. I think it is very clear in this country—it is clear to me—that the President intends to use these weapons if they are needed, but I don't believe that our allies are as confident as that. Now, the economic side of it—I happen to be a believer in the Common Market concept. But here President Kennedy failed to tell the whole truth to the American people when he said that he needed the Trade Expansion Act, it was a valuable economic weapon. It is, but he didn't tell our people that this act would create dislocations in this country. Now, we see this big hassle about chickens between Germany and the United States and we're going to find it in the fields of the fabric mills where we'll run into competition. In other words, many Americans are going to be displaced because of the activities of the Common Market, but that doesn't disturb me if our country gets off the backs of businessmen to the point that they can invest their money in new machines and new ideas and then they can easily employ these displaced people.

4. Are you optimistic about the creation of a NATO multilateral nuclear force?

No, because I think it fails before it starts. I have been in the military, in and out of it, most of my life and I've often wondered what it would be like, say, as an American, the captain of one of these ships, and let's say that I had a Greek first mate and a French second mate and an Italian engineer and the crew was made up of people from all of the NATO countries—look at the problems I'd have just with keeping house. The matter of foods that different countries eat in different ways; they eat at different times; the British have to have their tea every afternoon. And then there comes the question of obeying command. How do they understand my command, especially when I am in a hurry and when battle stations have to get going? I just don't think it will work.

Now look at the difficulties, the basic difficulties, that we have in the field when we have combined forces. We haven't been able to integrate. In the Korean war, the Greeks were very fine fighters, but they fought by themselves. They're examples of how people will fight together shoulder to shoulder. That's all right. But I can't imagine a multilateral force working.

5. Does America have sufficient military and missile strength on earth and space to defend successfully her own mainland plus the one of her allies and could a possible aggressor, in some way, carry out a deadly "Pearl Harbor" against you which would provide him with the necessary time element to win a global war?

Well, to answer the first part of your question—yes. As of now, we have a great abundance of weaponry, all kinds of weapons, to handle any combination of aggression against ourselves or our allies including Greece and ourselves. To answer the second part, the only way this could be done is by the Soviets launching a nuclear attack on the United States unannounced. In other words, it is hard to believe that they would do it without having gone through some stages of war, and an attack like this would come, in my opinion, only when either of the great powers, of the West or the East, decided they were going to be defeated so they might as well let the weapons go; even then, they might not do it. I know what can happen in nuclear war, but I don't think either side will resort to strategic nuclear weapons.

6. The termination of the U.S. grant aid to Greece last year and the existing indications that also the U.S. military assistance to Greece follows a downward trend are matters of serious concern. Are you in favor of revising the U.S. grant aid decision for Greece and increasing for the next few years the U.S. military assistance given to Greece?

As long as we are going to maintain military forces in Europe, I don't see how we can exclude Greece from our military and economic aid programs because Greece to me is part of what could become the soft underbelly of NATO if the Communists are ever successful in taking North Africa. Then, you see, they have built a complete ring around NATO and then Greece would take on even more importance.

Now on the matter of aid, again, I don't believe that any country wins friendship by cash. I believe in the wise use of it where a country can justify a program, then I think it is better done on a loan basis or a partial-loan or partial-grant basis. Foreign aid is going to receive this year a very close scrutiny. Frankly, it won't be because of countries like Greece, but by action of countries that have really misused the money to the point that we've won no friends at all. But I think Greece must receive special favorable consideration in our economic and military assistance programs of the next few years in order to reach a satisfactory level of economic development and cope effectively with her heavy defense expenses.

7. Do you share fears expressed in Athens that your recent active interest and increased contacts with the Eastern European Communist countries, especially Yugoslavia and Bulgaria, can damage basic Greek interests?

I certainly do share these fears. The U.S. Congress is very upset with these recent moves of the administration in these Eastern European Communist countries. What the Communist regimes of Yugoslavia and Bulgaria are now trying to do to Greek Macedonia speaks clearly of their long-range intentions at the expense of one of our best and loyal allies like Greece. These unspeakable activities of Bulgaria and Yugoslavia against the territorial integrity of your country justify completely my above-expressed fears and concern, which are also shared by the Congress.

8. The recent signing of the United States-Bulgaria war claims agreement was strongly criticized in Greece as an unfriendly action, from your part, hurting basic Greek interests and making extremely difficult for Greece to reach, afterward, a satisfactory settlement with Bulgaria on the same issue of war reparations. Reports were also published to the effect that you did not care to have prior consultations with Greece on this vital matter, regardless of existing understanding since 1959 between the United States and Greek Governments through which you recognized a special Greek interest in all developments in the Balkans. Would you care to comment on these matters?

Well, this is similar to the question before. There is much concern in the United States about this. You see, the State Department in our Government acts in a different way than in other governments. I don't know if your people understand the tripartite nature of our Government where we have the legislative branch, the executive branch, and the judicial branch. And each one of us is supposed to keep pretty much in our own yard. Now, the State Department comes under the executive branch, and the President is charged with the responsibilities of foreign policy. The only place that the Congress touches on foreign policy is in treatymaking where we advise and consent or in appropriations where we appropriate money for the operation of the State Department and its projects. So the State Department is able to get away with these things. They happen before we know it. So I hope the Greek people understand that this is not the action of the people of the United States. It is the action of a handful of people in the State Department.

9. Reports were published recently in the Greek press that you strongly attacked a suggestion made to you to the effect that the establishment of dictatorship in Greece would be an effective solution for Greece's problems. Can you comment on these reports?

I am against the establishment of a dictator anyplace. That is why I strongly attacked the suggestion made that the establishment of dictatorship in Greece would be an effective solution to Greece's problems. Oh, Lord, no. Greece is the most sophisticated, civilized country in the world. Our democratic way of government came from Greece. Most of our ideas of our own civilization came from Greece. It would be tragic if Greece, where democracy itself was first founded, were to go back to a dictatorship. I can't even imagine the Greeks thinking about it.

10. Do you share fears expressed about the tense political situation in Greece, the London demonstrations during the Greek royal state visit last July, what have been the results of your last year's investigation on the accusations by the Greek Nationalistic Parties against the role of the American Embassy in Athens during the last Greek elections and generally how do you feel on the question of free elections in a democratic society?

I am concerned about the tense political situation existing in Greece and disturbed about what happened in London last July during the Greek royal state visit. I haven't seen yet the final results of the investigation about the role of the American Embassy in the last Greek elections. But we must take all necessary steps that this will not happen again. I would want to see first what the final results of this investigation are. Then I can say whether any disciplinary action would be necessary. The Greeks, of all people, certainly are entitled to democratic free elections. I certainly hope that the next Greek elections will be absolutely free and that our Embassy over there this time will stay completely neutral and out of them. I noticed that the former U.S. Ambassador, Ellis Briggs, complained recently in a Senate Government Operations Subcommittee about his 70 attaché military personnel he had in Athens. Speaking from personal experience while I was in Greece, I wouldn't agree at all with the Ambassador's statement that they are wasted. I think on the contrary that our military personnel in Greece is doing an excellent job.

11. What are the prospects of future United States-Greek economic cooperation?

These prospects are excellent especially in the private sector. I like to see countries like Greece develop economically and offer their people a better way of life. We must help you in this effort all the way. The recently signed agreement between Tom Pappas, of Boston, and the Greek Government for the investment of U.S. private capital of $160 million in Greece is an important beginning toward this direction. I know Tom Pappas very well. He is one of my closest friends. Tom Pappas is just one of literally hundreds of Greeks in this country who have made fortunes, and not only made money but they have made contributions to their communities. I think in my own hometown of Phoenix, Ariz., there is a large number of Greeks out there, and I was surprised at the number of them—all of them successful businessmen.

The implementation of this agreement will create jobs. Now, foreign economic aid doesn't always create jobs. And what Greece is concerned with is not the profits of the corporation, but how many jobs. Let's say that Standard Oil—Pappas, for argument sake, can go into Greece and create a thousand new jobs, probably many more than that. What this will do to the economy of Greece is significant. Over there, I know your problems. You don't have greatly developed industry. You have your tourist industry, but that's not enough. So, I would say that any foreign investment, like the Pappas-Standard Oil of New Jersey, that could come into Greece would be welcome, and then let the Greeks work in it. This is the kind of foreign economic aid that I like.

There are many Tom Pappases in the United States. Their loyalty is to the United States, but their love is still Greece. I know these people well. I spoke at the annual Order of Aheppa in Chicago last year along with Harry Truman. That was a great meeting.

12. Do you agree with the evaluation of the Danish Foreign Minister, Mr. Per Hockkerup, and the vice president of the Export Association of Sweden, Ambassador Kurt-Allan Belfrage, that Greece could become an excellent base of operations for foreign businessmen interested in the Middle East and Africa?

I am in complete agreement with this evaluation of the Danish Foreign Minister, Mr. Per Hockkerup, and the vice president of the Export Association of Sweden, Ambassador Kurt-Allan Belfrage, that Greece can become an excellent base of operations for foreign businessmen interested in the Middle East and Africa.

THEODORE ROOSEVELT NATIONAL MEMORIAL PARK

Mr. BURDICK. Mr. President, the Minot Daily News, Minot, N. Dak., in the October 26 edition, carried two excellent articles tracing the genesis of the now famous Theodore Roosevelt National Memorial Park in North Dakota. The park which is situated in the rugged Badlands of North Dakota, perpetuates the name of that North Dakota cowboy, pioneer, conservationist, "big stick" trust buster and President of the United States, Theodore Roosevelt.

To the best of my knowledge, I have never seen a more complete historical chronicle of the events that led to the establishment of the park in 1947. The next event, I hope, will be the passage of my bill, S. 1618, which would connect the three units of the park with a scenic parkway.

I commend these articles to your attention, because they clearly illustrate the untiring efforts of North Dakota to establish this memorial to that great American, Theodore Roosevelt.

I ask unanimous consent that the articles be included at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THEODORE ROOSEVELT PARK GOES BACK TO 1919—LARGER AREA INCLUDED

The movement to establish a Theodore Roosevelt National Park in North Dakota actually had its beginnings in 1919, according to records in the Omaha, Nebr., regional office of the National Park Service.

At the request of the News, Fred J. Novak, acting regional director, chronicles the events that led to the establishment of the park in 1947. While the files in the Omaha office prior to 1947 are incomplete, Novak said the information in the earlier years was compiled from references in the files and from the recollection of a member of the staff who was stationed in the area from 1934 to 1946.

Novak's report follows:

"In 1919: On July 14 and 21, respectively, North Dakota Congressman J. H. Sinclair and Senator Porter J. McCumber introduced H.R. 7286 and S. 2558. We do not have details but we understand that these bills were for the establishment of a park in the North Dakota Badlands. It is also understood that the area suffered severe drought that year and some of the ranchers thought a park would enhance prospects for dude ranch operations to improve their economy.

"In 1921: Resolutions of the North Dakota Legislature prayed for establishment of Roosevelt Park and petitioned the Congress to purchase and establish a national park and game preserve. On August 4, Senator McCumber introduced S. 2355 to establish a Roosevelt National Park in Billings County, on a tract of land containing the petrified forest and lying on both sides of the Little Missouri River, not exceeding 22,000 acres. On August 12, Congressman Sinclair introduced H.R. 8210, a similar bill.

"In 1923: On December 5, Congressman Sinclair introduced H.R. 161, a bill similar to those introduced in 1921.

"In 1924: Roosevelt Memorial National Park Association was organized in August. W. F. Cushing, of Beach, was named president.

"In 1925: Promotional efforts of the above association resulted in an inspection trip of several days beginning Sunday, June 14. The trip was primarily to acquaint Raymond H. Torrey with the park potentials of the Badlands in the Medora and Elkhorn Ranch vicinity. Torrey, a member of the recently created National Conference on Outdoor Recreation, had been requested by Stephen T. Mather, Director of the National Park Service, to report on possible uses of the Badlands for recreation and conservation. A large group of prominent persons participated, including Gov. A. G. Sorlie and Congressman Sinclair.

"Prominent local proponents at the time were Carl B. Olsen, proprietor of the Peaceful Valley Ranch which later became park headquarters, and Walter J. Ray, who still lives in Medora and whose former Buddy Ranch is now partly within the park. On December 7 and December 16, respectively, Congressman Sinclair nad Senator Lynn J. Frazier introduced H.R. 3942 and S. 1766 to establish the Roosevelt National Park in Billings County within a limitation of 671,120 acres. A concurrent resolution in the State legislature memorialized Congress to establish a Roosevelt National Park embracing the Wonderland Petrified Forest.

"In 1927: On December 5, Congressman Sinclair introduced H.R. 208, a bill that appears identical to those introduced in 1925 except that the title did not limit it to Billings County. A concurrent resolution in the State legislature memorialized Congress to establish the Roosevelt National Park and to provide for substitution of public lands of the United States for State school lands located in the proposed area.

"In 1928: On April 21, Senator Gerald P. Nye introduced S. 4171, a bill which appears identical to Congressman Sinclair's. Another inspection trip was conducted July 13–15 under the auspices of the Greater North Dakota Association. The group included a subcommittee of the Senate Land Committee, Director Mather of the National Park Service and Roger W. Toll, superintendent of Rocky Mountain National Park.

"In 1929–33: On April 14, 1929, December 8, 1931, and March 9, 1933, respectively, Congressman Sinclair introduced H.R. 235, 482, and 90, all similar to his 1927 bill. Several acts of the State legislature in March 1929 authorized (1) Golden Valley, Billings, and McKenzie Counties to convey certain county lands to the United States for national park purposes, (2) the board of university and school lands to acquire certain lands within those counties, with an appropriation made therefore, and (3) to reconvey those lands to the United States for national park purposes.

"In 1934: Among Federal relief programs, the Rural Resettlement Administration started acquiring submarginal lands in the Badlands area throughout Billings and McKenzie Counties to help adjust the pattern of land uses in a manner that would improve the agricultural economy. The bulk of lands optioned and gradually acquired over a period of 3 or 4 years became a part of a land utilization project of the Department of Agriculture and are now administered by the U.S. Forest Service as national grasslands. In cooperation with the National Park Service and State of North Dakota, smaller areas of resettlement-acquired lands were designated for inclusion in the North Roosevelt Regional Park and South Roosevelt Regional Park.

"The total area within administratively established land purchase boundaries of the two park units was approximately 92,740 acres (28,080 in the north unit and 64,660 in the south unit). The area of the south unit, however, was subsequently reduced to about 54,550 acres making a total of 82,630 acres within the combined park units. This includes the 8,580 acres of U.S.-owned public domain tracts which were intermingled among other lands within the units. It also includes 1,795 acres of unpatented land on which the Federal Government purchased whatever homestead rights had been established.

"In 1934–41: In cooperation with the Army and the National Park Service, the North Dakota Historical Society (as the agency in charge of State parks) established Civilian Conservation Corps camps in the north and south units in August 1934 to commence the development of park roads and other facilities. As a sponsoring agency, the society purchased 1,174 acres (two sections) of State school lands and 173 acres of private land in the north unit and a 640-acre State school section in the south unit, to provide locations for the CCC camps and to facilitate commencement of work. Later, for park purposes, the society purchased an additional 40 acres of private land located just outside the boundary of the Federal purchasing area to provide a feasible location for the main park road in the south unit.

"As title to other lands transferred to the United States during the Rural Resettlement Administration's land acquisition program, they became available for park development in addition to the intermingled public domain. When the purchase program ended, the United States owned all but approximately 3,735 acres of private land, 680 of State historical society land and 3,390 of State school land in the south unit. In the north unit, it owned all but approximately 1,707 acres of private land and 1,346 of State historical society land.

"These Federal and State historical society lands were administered by the National Park Service as a recreation demonstration area project, the largest of 46 such areas in the United States which were established under a Federal land classification permitting assistance to the States in demonstrating how lands of submarginal agricultural value could be put to valuable use for recreation.

"At the end of June 1937, the CCC camp in the south unit was vacated. The camp in the north unit was continued until October 1939, when it was transferred to the south unit at a new location on Federal land east of the river, replacing the former location on State Historical Society land west of the river. In addition to its work within the Roosevelt Regional Park, this camp restored the chateau and constructed other improvements on land west of Medora and outside the park known as the De Mores Historic Site and operated by the State historical society. The camp remained in operation through October 1941 when, because of approaching World War II, it closed along with the gradual termination of the CCC program throughout the Nation.

"During this CCC period, other Federal work relief agencies also were engaged in park development projects, using labor mostly from local communities. One project operated in both park units in 1935–36 under the Emergency Relief Administration. Other projects operated in the south unit into 1942 under the Works Progress Administration.

"In 1941: On January 3, Congressman Usher L. Burdick introduced H.R. 536 to provide for the acquisition and preservation as a memorial to Theodore Roosevelt of the Maltese Cross Ranch, Billings County. This ranch, containing 2,405 acres, lies south of Medora and involved no property within the Roosevelt Regional Park or the present memorial park.

"In 1942–45: After closing of the WPA project in June 1942, no further development work was undertaken and only a custodian and handyman-mechanic were stationed in the south unit to administer and maintain the park. During this period the park become more generally known by its official title as the Roosevelt Recreation Demonstration Area. On January 25, 1943, Congressman Burdick introduced H.R. 1478, identical to his 1941 bill but again not enacted.

"In July 1944, Congressman William Lemke, of North Dakota and Congressman J. Hardin Peterson, of Florida, chairman of the Public Lands Committee, visited the park and held hearings at which local persons expressed ideas regarding the future of the park. Resolutions were sent to North Dakota Congressmen and the Department of the Interior favoring establishment of a Theodore Roosevelt National Monument, subject to revision of boundaries, on lands in the south unit of the Roosevelt RDA. The resolutions were from the Commercial Club of Medora, Civic and Commerce Association of Valley City and Lions Club of Steele and Mandan.

"On October 18, 1945, Congressman Lemke introduced H.R. 4435 to establish the Theodore Roosevelt National Park and to erect a monument in the village of Medora. This bill included only a portion of the lands in the south unit of the RDA and none of the north unit. It did, however, include petrified forestlands which had been in the original submarginal land purchase unit but excluded from the later reduced boundaries of the unit. The President's approval was withheld.

"In 1946: On February 26, Acting Secretary of Interior Oscar L. Chapman signed an order transferring administration of Roosevelt RDA lands from the National Park Service to the Fish and Wildlife Service. Representatives of the latter service assumed administrative duties in April and the area became known as the Theodore Roosevelt National Wildlife Refuge.

"In 1947: On January 9, Congressman Lemke introduced H.R. 731, similar to his 1945 bill but adding the Elkhorn Ranch site. This bill was enacted on April 25, after minor amendment, to become Public Law 38. A provision of the bill authorized the exchange of former Roosevelt RDA lands lying outside the new park boundary to be exchanged for private lands remaining within the boundary. Through such exchanges, a big majority of the private lands have since been acquired. The National Park Service officially assumed jurisdiction of the new National Memorial Park on August 1.

"In 1948: On February 2, Congressman Charles R. Robertson introduced H.R. 5250 to provide for acquisition and preservation as a memorial to Theodore Roosevelt of the Maltese Cross Ranch, south of the park. This was similar to the bill introduced by Congressman Burdick in 1943 but the size was reduced to 582.76 acres. The bill was not enacted.

"On February 26, Congressman Lemke introduced H.R. 5586 to amend Public Law 38. However, this was revised by the substitution of H.R. 5816. This latter bill was introduced by Congressman Lemke on March 11 and, with certain amendments, enacted on June 10 as Public Law 620. This act adjusted boundaries of the south unit to conform more closely with topographic conditions, and added certain lands needed to form a more nearly complete park unit. Most of these lands were federally owned, having been a part of the former Roosevelt RDA. The act also eliminated the provision of Public Law 38 for erecting a Theodore Roosevelt monument in Medora.

"Also on February 26, Congressman Lemke introduced H.R. 5587, a bill which was enacted on June 12 as Public Law 631 adding the north unit of Theodore Roosevelt National Memorial Park. The north unit comprised all of the land formerly contained in the Roosevelt RDA, except the northernmost tier of six sections.

"In 1956: Public Law 438 was enacted on March 24 as a result of identical bills introduced in 1955: H.R. 5660 by Congressman Otto Krueger on April 19 and S. 1529 by Senator Milton R. Young on May 9. This added approximately 60 acres to the south unit, adjacent to the town of Medora, on which the new park headquarters development is now located, including the visitor center. It eliminated 880 acres from the north unit, of which 720 were still privately owned. It authorized the Secretary of Interior to further adjust the boundaries along U.S. Highways 10 and 85 when the alinement of these highways is changed, within a limitation that not to exceed 500 acres may be added to the park and not to exceed 2,000 acres may be excluded by such adjustments.

"No boundary adjustments have occurred since 1956. In summary, then, the present size of the park as compared to its size when administered by the National Park Service as a recreational demonstration area follows:

"Total acreage of the National Memorial Park as of September 1963 (including Elkhorn Ranch unit which was not part of former RDA)	70, 365
Total acreage within former RDA boundaries (same as area within reduced boundaries of Resettlement Administration land purchase unit plus 320 acres within original boundary which had been acquired for RDA before reduction)	82, 950
Net reduction from RDA to Memorial Park	12, 585

"Aside from the additional land that would be placed under National Park Service administration through enactment of parkway legislation such as that contained in bills recently introduced by Senator Burdick, we have no plans for boundary adjustment that would increase the area of the park more than a very small percent of its present size.

"Under authority of the above 1956 act, the issuance of an order by the secretary has been proposed to adjust boundaries of the south unit to conform with the alinement of Interstate Highway 94 which will replace U.S. Highway 10 and differ from some of its alinement. This adjustment would, of course, be within the acreage limitations stated in the 1956 act.

"Since 1928, when the idea of a national park was being advanced by North Dakota Congressmen and other State representatives with a much larger area apparently in mind, we recall only one instance when a substantially larger area than the present park came under official consideration. This was in 1939 when, as a result of Senator Nye's interest in the possible introduction of a bill creating a Theodore Roosevelt National Monument, lands in the Roosevelt RDA and broad vicinity were considered from the standpoint their possibilities for inclusion in a Grasslands National Monument or area of similar designation. No legislation to establish such an area in the North Dakota Badlands was introduced, and interest in areas of that type has since focused elsewhere."

Theodore Roosevelt Park Greater North Dakota Association Pushed in 1928 Nearly 10 Times Present Size

A Theodore Roosevelt National Park embracing 640,000 acres was envisioned by the Greater North Dakota Association in 1928, 9 years after the first steps were taken to establish such a park in North Dakota.

When by act of Congress the National Park Service finally established the park nearly two decades later (in 1947) it contained just a little over a tenth of the land that had been proposed by Greater North Dakota Association in 1928 and illustrated on the map.

Greater North Dakota Association really had a huge park in mind, defining it as "a strip of country 12 to 14 miles wide and extending about 90 miles from Marmarth in Slope County to the site of the new bridge across the Little Missouri in McKenzie County about 16 miles south of Watford City."

And an August 1, 1928, Greater North Dakota Association publication saw real progress in establishing the park.

The project, it reported, was given "real impetus" by the inspection trip made on July 13, 14, and 15 by a subcommittee of the U.S. Senate Land Committee and Stephen T. Mather, then director of the National Park Service.

A hearing of the subcommittee was held in Medora on July 14 with Senator Gerald P. Nye, of North Dakota, the chairman. Joining him in conducting the hearing were Senators Porter H. Dale, of Vermont, and Henry F. Ashurst, of Arizona. Others from the North Dakota congressional delegation present were Senator Lynn J. Frazier and Congressmen O. B. Burtness and J. H. Sinclair, the latter having introduced the park bill in the House.

Others in attendance included Carl E. Danielson, Minot, president of Greater North Dakota Association; Walter F. Cushing, of Beach; Dr. A. H. Yoder, Fargo, and E. E. Fredeen, Ryder, all members of the association's park committee; Gov. A. G. Sorlie; Attorney General George Shafer; Joseph M. Devine, State immigration commissioner; M. J. Connolly, director for Greater North Dakota Association representing Slope, Hettinger, and Bowman Counties; R. W. Clark, general traffic manager, and J. M. Hughes, land commissioner for the Northern Pacific Railway; Walter R. Ray and Carl B. Mather, both of Medora.

Out of the hearing came a plan to have Roger W. Toll, of Estes Park, Colo., superintendent of Rocky Mountain National Park who came along on the inspection trip, prepare a complete report on the project.

There appeared, however, one major stumbling block to the establishment of a park of the size proposed by Greater North Dakota Association.

Stephen Mather told the group that it has not been the policy of Congress to appropriate money to buy lands for parks. The land, he indicated, would have to be secured by the State and turned over to the Federal Government.

Nevertheless, the Greater North Dakota Association pushed ahead on its plan to incorporate all of the North Dakota Badlands in the park area and made capital of the fact that recent road and bridge construction made the area accessible to visitors from these four entrances:

1. Via Yellowstone Trail (U.S. 12) which follows the main line of the Milwaukee Railway.

2. Via the National Parks Highway (U.S. 10) following the main line of the Northern Pacific.

3. Via the Parks Highway (N.D. 23) which follows the Soo Line and the Watford City Branch of the Great Northern.

4. Via the Theodore Roosevelt Highway (U.S. 2) which follows the main line of the Great Northern.

Some of the construction work of that day which better opened up the park area was listed as including a new Little Missouri bridge on U.S. 85, 16 miles south of Watford City "permitting motorists to travel north and south through the proposed park area without the use of ferries"; the year-old Lewis and Clark bridge over the Missouri on U.S. 85 near Williston; the Verendrye bridge over the Missouri on N.D. 23 near Sanish; and the new scenic highway, a part of U.S. 10, which crosses the Badlands at Medora.

"These bridges and the rapidly extending system of State highways make the proposed park area easily accessible to motor tourists and many now traveling between the lakes of Minnesota and Glacier and Yellowstone Parks," the Greater North Dakota Association publication observed.

WEST COAST CRANBERRY GROWERS

Mr. MORSE. Mr. President, Mr. Clarence J. Hall, editor of Cranberries, the national cranberry magazine, in the August 1963 issue of that publication has a most interesting and informative article which is the first of a series concerning cranberry growing and cranberry growers on the west coast. The article resulted from a visit to our area by Mr. Hall.

Many of us, I am sure, will enjoy with our Thanksgiving turkeys this year the traditional cranberry. It occurred to me that Senators might find Mr. Hall's article on our west coast cranberry growers, from whose fields a significant percentage of the Thanksgiving delicacy comes, of interest.

Mr. President, I ask unanimous consent, therefore, that the article to which I have alluded be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Our West Coast Cranberry Growers

(By Clarence J. Hall)

MANY CHANGES

There have been many changes since the earlier visits, as is only to be expected. However, one thing remained unchanged. That is, the friendliness and hospitality of these far western growers. In fact, their hospitality all but overwhelmed. They invited us into their homes—to see their cranberry holdings.

ALLTIME HIGH, SO FAR

We were whirled from area to area, from Lulu Island, Vancouver, British Columbia, to Bandon, Oreg. These growers are proud of their bogs, as well they may be. The west coast did become consistently higher in production per acre than the average U.S. bog; even as far back as 1924. The coast was usually the leader in this respect, until Wisconsin jumped into the lead a few years back. Generally speaking, in recent times, production per acre is led by Wisconsin, with Washington second and Oregon third. The Washington high of 1961 with 125.5 barrels per acre, so far is the alltime high for any State. Oregon's peak was in 1940 with 87.9, and 86.1 in 1956; 81.1 in 1961.

The statistics should be accurate, impressions may not. Cranberry growing on the west coast is a thin, red line, stretching along the edge of the Pacific from Lulu Island, which is in the municipality of Richmond, a suburb of Greater Vancouver, to a few miles south of Bandon in southwestern Oregon, perhaps 900 miles as the crow or airplane would fly, much more by road. This is a lot of territory to cover in the short time we alloted for the visit.

INFORMATION SOURCES

Sources of information for this series include, two surveys made by Dr. F. B. Chandler, of the Massachusetts Cranberry Experiment Station. One is his "Cranberries in Washington," published in 1956, following a visit and the other "A Survey of Oregon's Cranberry Industry," published in 1957, after a second visit; USDA statistics, experiment station publications, back files of Cranberry magazine and more freshly, interviews on the trip, and assistance from a number of growers and others with knowledge of west coast cranberry growing.

There has never been a survey of Lulu Island cranberry growing that I am aware of, and I am not attempting a real survey of this unique area, which was our first point of call.

COAST VERY DIFFERENT

The whole coast is different than other cranberry-growing areas. For instance, you cannot stand on a cranberry bog in Massachusetts or New Jersey or Wisconsin and look up at snow-clad mountains, as you can at Lulu on a clear day, seeing the peaks of the high Canadian mountains. You see these when you look to the north and also the mountains of vast Vancouver Island 30 miles out in the Pacific. In no other bog can you see the high towers of a huge city, Vancouver. I know of no other place where you walk upon bog dikes topped with sawdust and sawmill leavings, as here lumber is still king.

The "Alpine" peaks of the Olympics are not far from the bogs of Grayland, Wash. At Grayland, nearly the entire cranberry production is from a single vast peat bog, in a swale between the coastal sand dunes, and there each grower has his own piece of bog, divided from his neighbor by a ditch only.

Long Beach area, Washington, is the most homelike to eastern eyes. In fact, the Long Beach Peninsula, 28 miles of continuous beach, is called the "longest beach in the world," and the sand is so hard packed that automobiles run up and down it; there are dunes of sand, and it has been called "the Cape Cod of the West."

Lulu Island is approximately at the 50th parallel of north latitude and is north of the bogs of Nova Scotia. At Bandon, Oreg., which is at about the same latitude as Cape May in New Jersey, you see palm and bamboo (imported) growing, thousands of wild rhododendrons, very beautiful. Snow is an extreme rarity. All of the Pacific Northwest is warmed by the Japanese current, which cuts in sharply. Much of the vegetation is extremely lush, and may be described as all but subtropical. Winters in the Pacific Northwest are extremely rainy, the greatest rainfall in the United States being in the Olympic Mountains, not very far from Grayland. Summers are dry and often almost cool at times.

FLOWERS BLOOM AT CHRISTMAS

The flowers are still in bloom at Christmas, spring flowers (and weeds) appear much earlier than in other cranberry areas; the blooming period for cranberries is much longer; the crop is picked later, extending generally into November.

In the Pacific Northwest the trees tower mightily into the sky, Douglas fir and spruce, even though much land has been timbered off. Logging, however, continues at a great clip; log booms are to be seen in nearly every estuary, great tree butts, more than a yard in diameter roll along the highways in huge lumber conveyors, sawmills belch smoke. This is still, in some respects, primitive, pioneering country.

Yet, while cranberry growers of the coast as a general run, are not much richer than cranberry growers elsewhere, it is amazing how many have thoroughly modern homes, many of these at bogsites. Usually single-storied, flat or shed-roofed, these homes contain many beautiful woods in exterior and interior finish. Private dwellings, I was told, are cheaper to build out there. They are nearer the source of supply of these woods.

Also electric power rates are much lower, so that about every house is completely electrified, from electric coffee pot, to electric heating. They also do not have cellars. Much glass is used and unusual woods from the Orient—also a nearer supply source, than on the east coast. Again, many of the cranberry men build their homes with their own ingenuity and labor. I was told by one such cranberryman, "We get an idea of what we want, the kind of house and the kind of arrangement of everything in it. We do not hire an architect, we just go along working out of our heads."

Likely, the most impressive of these is the magnificant, modern home of Mr. and Mrs. Frank O. Glenn, of amazing Cranguyma Farms, at Long Beach. Cranguyma will be taken up in a later article.

BOGS ON HILLS

To get back more specifically to cranberry growing, some bogs in the Bandon area are built on hills and on hillsides, not on flats. One bog, about 3 miles from the Pacific is on a hilltop about 300 feet high. A number of the Bandon area growers terrace their bogs, that is each section is lower than the next one. Water is scarce in the summer. This terracing enables the grower to drop water down from level to level for reuse, in the water-reel harvesting, which is the principal harvest method. Incidentally, some Oregon growers think it is ridiculous for east coast growers to harvest dry, and to lose 20 percent or more of the crop.

Of course, as has been published in previous issues of Cranberries magazine, New Jersey has gone in largely for water-reel harvest the past year or two. In Massachusetts last year (notably by David Mann, Head-of-Bay Road, Buzzards Bay) extensively tried out water raking, but in the Wisconsin method (by "mechanical scoops," Dana-Getsinger picking machines). Dr. Chester E. Cross, director of Massachusetts Cranberry Experiment Station has harvested, experimentally at the State bog, by both the Wisconsin picker and the water-reel method, and has urged such wet harvest methods be attempted by more Massachusetts growers. The program and much of the pioneering work in these wet methods has been done through the mechanical ability of Prof. John "Stan" Norton, station researcher in engineering.

The foregoing should not give the false impression that all west coast crops are harvested entirely by wet methods. The Grayland area which has the larger Washington acreage and more production, picks entirely by dry raking, with either the Western Picker, Darlington or the Furford Picker, a Grayland-developed machine. There is only one small exception to this in the Grayland area. Lulu Island also harvests dry.

DIKES OF ALUMINUM

Bandon, also seems to be pioneering in a new type of enclosures for the harvest sections. These are dikes made of aluminum, and not of earth or wood. After use in each section, water is released to another through small gates, as, of course, is done to different beds of sections in other cranberry areas. These dikes can be in straight lines or curved.

Many bogs on the coast do not have margin ditches, again different from in the East. Ditches often have boarded sides and sometimes also boarded tops, in both margin and cross ditches. In marginal ditches these boards retain earth material and also help prevent bog side weeds from spreading onto the bogs. Also, in the other areas not many bog railways are used. Grayland is a notable example of the use of railways.

More details on all these west coast practices, including the use of aluminum dikes will appear in following articles.

All along the cranberry areas there flares the brilliant yellow of the Scotch Broom and the Irish Fruz, the latter a distinct fire menace. This gorse contributed to the almost total destruction by a great forest fire in 1938 of the city of Bandon, with some loss of life. (Only last month a wind-whipped gorse fire badly damaged a Bandon home, a fire in which the owner was injured.) However, this gorse in its prolificness and its striking color along the highways and in the fields, is a feature of the Pacific Northwest. Also if there are not mountains, such as the low coastal range through Oregon, there are hills to be seen from the bogs, or near the bogs.

SCENERY POWERFUL

This is not the familiar landscape of the east, nor of Wisconsin. To me the scenery is so powerful, that it is a bit distracting, making it difficult to keep the mind on the details of cranberry growing. Everything is different and interesting.

There is no bog, that I know of, where a hundred or more peacocks strut and scream about the shore except at Cranguyma. These birds serve no practical purpose. At the Big Red Cranberry Co., Ltd. at Lulu there are employed gangs of Chinese women hand weeders. When cranberry bogs were first built at Long Beach, Wash., Chinese labor was employed. The Chinese women weeders at Big Red are said to be most industrious and do clean up the weedy areas.

To "get down to cases," in 1961, Washington produced 139,000 barrels, the high production of the Evergreen State. Oregon in 1961 produced 45,400 barrels, last year 34,000; Washington 55,000 but 1962 was an "off year," as far as the coast was concerned. Growing conditions simply were not right. And, then on Columbus Day came "Freda," which was possibly a typhoon with winds exceeding 150 miles on hour, similar in destruction to the hurricanes which have swept the cranberry areas of Massachusetts and New Jersey.

Berries, boomed by the water reel method, were blown right out of the bogs and the vines were piled with the debris of fallen shrubs and trees. Millions of board feet of timber were blown down, and today traces of "Freda" are still in evidence.

Of the 1961 production, Washington sold 115,800 barrels as processed fruit and fresh, 23,200; Oregon 20,200 processed and fresh 6,100 (USDA figures). All berries sold of the Washington crop were produced in the Grayland area. I do not yet have figures as to processed and fresh Oregon sales for the 1962 crop, but expect to have in subsequent articles.

MORE SOLD FRESH

Right here, it should be said that west coast growers are striving to increase quality and want to have a larger proportion of production go fresh. It might seem this could be accomplished this fall with the new cooler storage room at the Ocean Spray plant at Markham, Wash., where all west coast berries eventually wind up.

To get back to the growth of the cranberry growing on the Pacific coast; in 1924 west coast acreage (USDA figure) both Washington and Oregon was 570 and production was 14,000 barrels; even then barrels per acre were 24.6, with the U.S. average 22.2. By 1940 acreage had increased to 840 with production to 27,000 barrels per acre that year were 44.6, below the U.S. average of 48.4.

By 1950 the acreage was 1,090, production 47,700; average production on the coast per acre, 42.2. In the decade of the 1950's, Washington production average was 62,400 and that of Oregon 32,490.

Latest figures (1962) for harvested acreage shows Washington has 1,100 acres and Oregon 560. Of this Washington acreage the Long Beach area has about 400 acres; Grayland about 600, while the so-called and relatively newer North Beach has something less than 100. (These figures were provided by the Coastal Washington Experiment Station at Long Beach.) Of production the Long Beach area produced 35 to 40 percent, while the balance is grown in Grayland and the North Beach district.

As to acreage, or production there seem to be no official figures for Lulu Island. However, the Big Red, operated by the "Three Yanks" from Carver, Mass., "Norm" Holmes, "Fritz" Shaw and "Jimmy" Thomas, who migrated to Canada in 1954 (and about whom and their holding more will appear later) has 106 acres in vines. North American Peat Co., Ltd. has about 18 acres of new bog; Bell Farms, Ltd. has 67 in vines; Shaw has 3 of his own, Thomas Yardley, a veteran grower of Lulu has about 4. Several others have what they call home or back yard bogs of a few rods. Total at Lulu is therefore figured at about 175 acres. Production has not yet exceeded 5,000 barrels.

Most of the Lulu growers, and all the larger ones sell through Ocean Spray Cranberries, Ltd. of Canada, a subsidiary of Ocean Spray, and they are therefore not direct stockholders of the big U.S. co-op.

Some additional acreage is going in, and there is very abundant cranberry land potential. Consequently, production could be substantial. So far, there have been frosts or other adverse weather conditions, but, I was told "this could be the year," which, of course, is the hope of all who grow a crop of any kind.

MOST COAST GROWERS SMALL

These west coast growers with a few exceptions are growers with small holdings; the exceptions being the two big bogs at Lulu, Cranguyma, at Long Beach, and the Dellinger bog in Clatsop County, Oreg.

Figures compiled by Mrs. Irene Hollingsworth, secretary at the Markham plant, assisted by Superintendent Wilho Ross and Mrs. Maude O'Brien, show that present production per bog is approximately 350 barrels at Grayland and 714 at Long Beach. This discrepancy is explained by the fact that Chandler in his Washington survey found that "the relative size of holdings, (in Washington) may be expressed in the statement that Long Beach has 17 percent of the growers and 39 percent of the planted cranberry land, Grayland has 83 percent of the growers and 61 percent of the land," which means that Long Beach holdings are generally larger. Situation has not changed too much since then.

While this may be disputed, it seems probable that Grayland growers on the average, produce more to the acre than do those of Long Beach district.

In regard to Oregon, Chandler found that 59 percent of the growers had 3 acres or less and 77 percent had 4 or less and only 17 percent had more than 5 acres.

GROWERS HAVE OTHER INCOMES

A large majority of the growers of both Washington and Oregon need other sources of income than cranberry growing. Some work at logging, some work in sawmills, a number go salmon fishing in season, many cater to the thriving summer tourist trade at Grayland, Long Beach, and Bandon. Others work as garagemen, electricians, and various occupations.

AMBITION

It is my impression and strong belief that it is the ambition of many to become full-time cranberrymen. I was told this many times.

With the high acreage production it is felt that 15 or maybe even 12 acres would make bog holdings, wholly self-sustaining for a grower. With the few exceptions already noted, only a handful own as much as 18 acres today.

In all areas there is now a definite movement among the more progressive to consolidate holdings, especially at Grayland, to acquire more pieces of bog, even though they do not adjourn on the single, vast peat swale. This is going on also at Long Beach and at Bandon, where some new bog is being put in. Actually, a little new acreage is being put in, in at all areas—more than is being abandoned.

FEWER GROWERS

In most cranberry areas, as is true in all farming, the number of growers is tending to be fewer, but each grower with larger holdings. On the first visit in 1944 the best estimate obtainable as to the number of growers was about 250 on the entire coast. Chandler in his 1956–57 surveys receives replies to questionnaires from 227 growers in Washington and in Oregon contacted 142, for a total of 379. The Cranberry Institute in 1962 for the referendum on the marketing order had a total of 340, in Washington 205 and 135 in Oregon.

Thus it would seem growers increased in numbers from the forties to midfifties, but have slightly decreased since. More exact figures may be expected as their series goes along.

LITTLE AIR CONTROL

There is very little application of chemicals from the air on the coast, but some, which is unlike the east coast. Wisconsin uses ground applications. Unlike the East and Wisconsin, with mild winters, there is no appreciable ice forming on bogs, and not much winter flooding although there is some.

The west coast is relatively new to cranberry culture, and this beginning requires only mention here, as most of it has been published in this magazine before and will be reviewed later in the regional articles. The first planting west of the Rockies was in Oregon in 1885 by Charles Dexter McFarlin, of Carver, Mass. The second was a little later on the Long Beach Peninsula by a French gardener, Anthony Chabot. These first plantings were established, as is apparent, long after cranberry growing had become an industry of some import in Massachusetts and New Jersey, and the first known cultivated cranberry planting in Wisconsin was in the 1850's.

NOTABLE COAST CONTRIBUTIONS

Yet, the west coast had made several notable contributions to cranberry growing. One was the development of the first mechanical picker, near Bandon, principally by the late Joe Stankovich. This mechanical harvester was developed into the Western Picker and Rudy Hillstrom came East to introduce it; it came into wide use, and changed the harvesting of cranberries from the manual scoop to mechanical harvest, as revolutionary as had been the earlier scoop over the snap machine and hand harvest.

It was in the Bandon area, by Summer Fish and others, that the water reel was devised, and its use is spreading today.

First use of sprinkler systems for cranberries, appears to have been a Long Beach, Wash., development. Their use was pioneered in the 1920's by D. J. Crowley, then director of the Washington Cranberry and Blueberry Station. Since then use of sprinklers in cranberry growing has been steadily increasing.

It might be surmised that the use of the aluminum dikes, developed in the Bandon area, as a means of dividing bogs for water-harvest, may spread, if the wet harvesting method continues to increase as is now the trend.

M'FARLINS PREDOMINATE

Nearly all of the entire west coast plantings are McFarlins, although there are a few eastern Howes, Early Blacks, and some Searls from Wisconsin. It was interesting to be informed several times that California people when buying fresh cranberries prefer what they call "the big, red cranberries."

Each cranberry area has its own growers' association, even to Lulu Island, a Grayland Cranberry Association, Long Beach Cranberry Club and Southwestern Oregon Cranberry Club.

WEST COAST ADVISORY BOARD

This might be a good place to insert mention of the West Coast Advisory Board. Each area on the coast (but not in Canada) has its own elected group with membership on the board. This unit was formed back in the 1940's when Ocean Spray "went west."

The board in actuality acts as a "go-between" of west coast Ocean Spray directors and the cranberry growers. Growers may suggest their own ideas to the two directors, David Pryde of Grayland and Jimmy Olson of Bandon. These present the ideas, presumably if they are deemed worthy, at the several yearly meetings of Ocean Spray directors at Hanson. There they may be discussed.

Upon returning the directors disseminate what information they have ascertained at the meetings, not only in regard to west coast suggestions, but what has taken place in general at the meeting of the directors. In other words, west coast growers have a direct pipeline to the entire board of directors and as to what the plans of the board are. Cecil Richards, vice president of the Grayland board firmly believes and suggests that this would be a good idea for Ocean Spray members in other cranberry areas to adopt.

Last month Howard "Pete" Hull of the Bandon area was elected president of the west coast board, at the seimannual meeting, held this time at Bandon. Mr. Richards was named vice president of the board.

GROWERS NOT DISCOURAGED

One factor of the visit seemed impressive. This was that none, or few of the growers, talked with really seemed discouraged with the future of cranberry growing. Were they satisfied with the returns they are receiving: Of course not. Yet the talk was mostly of how they planned to improve their bogs, increase production per acre, and of getting a little more acreage, either through building, or by acquiring acreage already built, as property became available to buy.

NO WEST COAST "BOOM" IN SIGHT

Need the other cranberry areas "worry" because of a sudden big spurt in west coast production? It would seem not, immediately. There may come a year when all conditions are favorable and production will zoom as in 1961.

Otherwise, it would seem there may be a little increase in production per acre, a little increase each year in total production. No big amounts of acreage are likely to be put in, as in all cranberry areas, until cranberry returns to growers become better, this seems true with the exception of Wisconsin where there is an almost steady increase of a hundred or so acres every year.

A word of appreciation to those who especially helped us most on the coast: Wilho Ross, and Mrs. Irene Hollingsworth of Markham plant; "Norm" Holmes at Vancouver;

David Pryde at Grayland, also Cecil Richards and John R. O'Hagan; to D. J. Crowley at Long Beach and Dr. Charles C. Doughty and Mrs. Aloha Gustafson of the experiment station, to Mr. Glenn, and in the Bandon area to Ray Bates, Jimmy Olson, and Jack Dean.

TRIED TO BE CRANBERRY MISSIONARIES

Finally, on this trip we tried to be good cranberry missionaries. In casual talk with people at railroad, bus, and air terminals, on trains, etc., we would fall into casual conversation as people do. When we mentioned cranberries there seemed to be only a little remembering of the "cranberry scare" of 1959, but still something vaguely "connected with cancer." We asked for a cranberry product at eating places, we got cranberries only once, on a Santa Fe railway diner, and this was sauce, served with—you guessed it, poultry, in this case roast turkey.

Also, at the mention of cranberries to many, it rang a bell—"Ocean Spray, oh, I've heard of that," when we had only mentioned cranberries.

If this article sounds "too much Ocean Spray," it is not so intended, but the fact remains about 83 percent of the industry is Ocean Spray and among west coast growers the percentage is not more than a hair below 100 percent. And, as regards the name Ocean Spray being well-known Ocean Spray does do a lot of national advertising.

Future articles, as stated, will take up area by area and individual growers and properties and others with west coast cranberry interests. There may be a little repetition of fact but only enough to maintain the continuity of each article.

HOW IS THE NEW PEACE THROUGH GREED PROGRAM ACTUALLY WORKING?

Mr. MUNDT. Mr. President, ever since President Kennedy, by executive action and over the protests of many Senators and Congressmen, switched our cold war policy from one of curtailing trade with Communist countries to one of trading with the enemy and giving aid and comfort to those who would bury us, the repercussions of the so-called wheat for Communists deal have been increasingly sour and disturbing. As predicted at the time, this was not—repeat not—a one-shot deal. It was, instead, the forerunner of more and even more distasteful and disillusioning concessions to the Communists. It appears appeasement is again to dominate our attitudes toward Khrushchev and his fellow Communist overlords and dictators.

Using sarcasm and cynicism, Arthur Hoppe in the Washington Evening Star pins the label of "Peace Through Greed" on this new twist in our ever-changing but never-consistent foreign policy. First, we were to sell the wheat only for cash and it was to be shipped in American bottoms with American seamen with no subsidy from the Government and no concessions to the low wage rates of Communist ships. Now, we hear our Government is to guarantee credit sales to the Communists. Ways are being sought to beat down the wages of American seamen or to have American taxpayers subsidize the low-cost delivery of wheat to Communist countries. Corn, tobacco, rice, and cotton are now being considered as additional products with which to appease the Communists and strengthen their economy so they can the more effectively weaken our security. Thus this one-shot deal has become a mighty fusillade of new concessions to the Communists.

I ask that the Hoppe article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SUREFIRE PEACE FORMULA: GREED—RESEARCHER FINDS MOTIVATION MAKES WHEAT GO ROUND, WITH PROFIT TO ALL

(By Arthur Hoppe)

In our constant search for world peace, as you know, we've kind of given up relying on the old standbys of love and brotherhood. While nice in theory, they didn't pan out too well. So now all we do-gooders are pinning our hopes on a far more basic, universal human emotion. Greed.

And I'm delighted to report the peace through greed program is going great guns already.

But let us add a note of caution: There are dark clouds on the horizon.

The program was officially launched by Mr. Kennedy's announcement that we would swap the Russians 4 million tons of wheat, which they are greedy for, in return for $250 million in gold, which we are greedy for. And it seemed like the rosy dawn of a new era of peace through mutual greed, in which all men would lay down their swords at last. In order to pick each other's pockets.

True, there were some complaints from midwestern Congressmen, whose militantly anti-Communist constituents also grow wheat, we are only selling the Russians 4 million tons? When our allies are selling them 15 million? What's happened to American salesmanship?

But generally the reaction here to the peace through greed program has been favorable. After all, it's an approach our Congressmen can understand. And the only real opposition has come from our stanch friend, West Germany.

You know how virulently anti-Communist the West Germans are. And you can't blame them, living as they do in the shadow of the Berlin Wall. Who knows better the horrors of communism? Who better understands the need to put the economic screws to the Soviet bloc in hopes their evil regime will fall?

And oh, what an impassioned warning sage old Mr. Adenauer, of West Germany, delivered to us before Mr. Kennedy approved the wheat deal. How, Mr. Adenauer asked with tears in his eyes, could we even think of such a thing? Would we, he demanded, all choked up, really sell wheat to the Communists, and thereby betray our loyal West German allies, who have stood by our side for 15 long years? Would we, he asked, his voice rising, "sell the Communists the noose with which to hang ourselves?" Would we, he summed up, rising to oratorical heights, "fatten up our own butcher?"

Oh, how moving it was to hear this old statesman put principles ahead of profit. Of course, it might have been more moving if Mr. Adenauer hadn't approved the sale of 35,000 tons of West German wheat flour to the Communists the day before, which was part of 350,000 tons the West Germans are selling the Soviet bloc, which is part of the $1.4 billion in annual trade between West Germany and the Iron Curtain countries. But, as I say, it was good to hear him put principles above profit. His principles above our profit.

But a speech like that kind of builds your faith in the peace through greed program. It makes you realize how overwhelming this stimulus to peace and understanding is. But I'm a little worried about the Western Alliance. Can it survive this new program? Look at me. Already I'm sore at the West Germans.

I guess it's that I can't stand their greedier than thou attitude.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 248) proposed by Mr. KUCHEL, for himself and the junior Senator from California [Mr. ENGLE], to insert on page 48, after line 3, of the committee substitute, as amended, the following language:

SEC. 302A. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, is amended by adding the following new subsection:

"(l) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

On this question, the yeas and nays have been ordered.

Mr. KUCHEL. Mr. President, first, I ask unanimous consent that I may modify the amendment in two particulars. The first is a purely technical amendment. On line 5, I ask unanimous consent that the letter in parentheses "(l)" be changed to "(k)".

The second request would not change in any respect the intent of the amendment offered by my colleague from California [Mr. ENGLE] and me; I think it would improve it. I have been asked by the Senators from Alaska [Mr. BARTLETT and Mr. GRUENING] to make this change. I believe it is in the interest of clarity that I make this request.

Mr. President, I ask unanimous consent that on line 8, after the word "beyond," the remainder of the language ending with the word "country" on line 9 be stricken, and that in lieu thereof there be inserted: "that recognized by the United States,".

Let me explain what the amendment is designed to do. As now offered by the California Senators, this amendment provides, in part, that—

No assistance shall be furnished under this act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States—

And so forth. The Senators from Alaska are hopeful that the Government of the United States may ultimately find it to be in the national interest to change the historical 3-mile limit to a 12-mile limit. I do not quarrel with that suggestion at all. The language suggested, therefore, "that recognized by the United States," would, in my judgment, make abundantly clear what we intend to do.

Mr. President, I ask unanimous consent that the amendment may be modified in those two respects.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment, as modified, is as follows:

On page 48, between lines 3 and 4, it is proposed to insert the following:

"SEC. 302A. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, is amended by adding the following new subsection:

"'(k) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.'"

Mr. KUCHEL. Mr. President, last night I spoke at some length concerning the proposed amendment. I pointed out that, historically, the most widely accepted standard under international law is a 3-mile territorial jurisdiction out from those countries which abut the seas and the oceans. I then stated that three of our Latin American neighbors in particular—Chile, Peru, and Ecuador—have attempted to arrogate to themselves sovereign jurisdiction over the open seas to a distance 200 miles from the shoreline. If they are permitted to do that, they might as well attempt tomorrow to arrogate complete jurisdiction a 1,000 miles seaward.

But with respect to their unilateral 200-mile attempted jurisdiction, they have prevented our fellow Americans from fishing in the open seas, seaward of the 3-mile limit, 10 miles, 20 miles, 30 miles, 40 miles, and more. Indeed, they have confiscated American fishing boats. They have put American citizens in jail. They have fined them. They have made our fellow Americans, exercising a clear international right to journey and to fish upon the high seas, subject to all kinds of personal indignities.

There is a rather peculiar statute in this country. A number of years ago, in 1954, Congress authorized the Secretary of State to pay compensation to American fishermen if their boats were taken away from them on the open sea and they were fined for their activities in international waters. Under that act, provision is made for the Secretary of State, having once approved reimbursement by the Treasury of the fishermen who have paid fines, illegally, to ask the country which committed the illegal act to reimburse the Government of the United States for that amount of money. Not 1 cent has ever come back to the Federal Treasury from an offending country. Indeed, with only one country and with but three claims out of many, has the Department of State even filed a claim.

The amendment now before you is simple and direct.

It provides:

No assistance under the Alliance for Progress shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area.

Then the amendment provides:

The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the able Senator from Alaska.

Mr. GRUENING. I wholeheartedly support the desirable amendment sponsored by the two distinguished Senators from California. What has happened off the coast of South America is positively shocking. It is time for the United States to crack down hard on flagrant abuses and protect our citizens. This amendment should do that. It is outrageous that American fishermen, fishing on the high seas, have been seized, taken to court, imprisoned for weeks, and then fined heavily.

Although statistics may vary somewhat, I find that a total of 77 such seizures has been reported by the American Tuna Boat Association alone. This does not include another category, not tuna fishermen, as to which we are now collecting statistics, in which our shrimp fishermen have been seized similarly off the coast of countries to the south of us. Up to June 28, 1963, fines have been levied on our tuna fishermen in the amount of $162,042.70. The Department of the Interior has no record beyond that date, which is now several months past. So we can assume that the amount of fines has risen. I am hopeful that when the amendment is adopted—as it should be—the State Department will take further steps to recover illegally levied fines and to reimburse the fishermen who have suffered.

Mr. KUCHEL. I agree with the Senator from Alaska.

Mr. GRUENING. The mere reimbursement of the amount of the fines will not compensate the fishermen for their loss of time in fishing. I am not so sure that a larger claim should not be made. But I hope that if the amendment is adopted, the State Department can be counted upon to protect with vigor the fishermen who have suffered for so long.

I am speaking forcefully because a similar situation exists in Alaskan waters, where Japanese and Russian fishermen have invaded Alaska's waters, and in the case of the Russians torn up our crab fishermen's gear, and in addition to inflicting these losses upon them have impaired their livelihood.

A week or so ago the Senate passed a bill sponsored by my colleague from Alaska [Mr. BARTLETT] and other Senators, which provided that any future violations by foreign fishermen of our 3-mile limit—which is the limit at present—shall be punished by fine and imprisonment. But first it is necessary to catch the violators. At present, the U.S. Coast Guard vessels patrolling those waters are not as fast as the modern, up to date Russian fishing vessels, which merely slide away when they are detected, and whose crews laugh at us.

I hope the amendment will be adopted. It should be adopted unanimously.

Mr. KUCHEL. I thank the distinguished Senator from Alaska for his eloquent contribution to the discussion.

Mr. President, I yield to the distinguished senior Senator from Alaska.

Mr. BARTLETT. Mr. President, I do not attempt to render judgment as to how this problem should be approached, either in connection with this bill or otherwise; but I most assuredly and emphatically congratulate the Senator from California [Mr. KUCHEL] and his colleague [Mr. ENGLE] for having sought to solve this very grave problem, which is especially grave for the American tuna-fishing industry.

I believe the amendment of the Senator from California is all the better because of the modification he has accepted by striking out the language which dealt with a specific 3-mile limit, and by having the amendment read, at that point, "that recognized by the United States."

Am I correct in assuming that the amendment, as modified in the way I have just noted, means the territorial limits or the fishing zone limits of any other nation which are recognized by the United States?

Mr. KUCHEL. I interpret the amendment, as it now reads, to apply the words "recognized by the United States" to all waters seaward of the traditional or historic jurisdictional boundary, subject, however, to the last sentence of the amendment, which would permit negotiated agreements to which our country would be a party.

Mr. BARTLETT. In other words, in dealing with one nation, the United States might recognize a distance of 3 miles; in another case the United States might recognize a greater or lesser distance?

Mr. KUCHEL. That is true.

Mr. BARTLETT. I cannot conceive of a situation in which the distance would be lesser; but in that way we would have entire flexibility.

Mr. KUCHEL. That is correct.

Mr. BARTLETT. Mr. President, after reading the amendment—I read it for the first time only this morning, and I blame only myself for not having been in the Chamber yesterday afternoon when the Senator from California submitted so ably, factually, and eloquently his argument in favor of the amendment—I notice that at one point the Senator from California quoted a member of the U.S. delegation to the 1958 conference as saying that the net effect of the conference was to undercut the arguments made by those who maintain that their nations had a right to proceed unilaterally beyond the distance of 3 miles, or 1 league.

Events since that time have disproved that statement. For example, we know that only a few months ago Canada unilaterally served notice of her intention to establish a 12-mile fishing zone. We of the United States are highly hopeful, and believe, that because of negotiations which are in process, the historic fishing rights of Americans, as established in Canadian waters, will be honored. But here we have an example of the United States negotiating in recognition of Canada's unilateral action as it relates to a 12-mile fishing zone.

The Senator from California, in pursuing the same line of thought, said, "that in 1958, 40 coastal states claimed no more than 1 league as the breadth of their territorial seas"; and just before relating that fact, he said, "that 27 of the 73 coastal states claimed a territorial sea in excess of 1 league in breadth." Everything he said in that connection is correct; but there have been some dramatic changes since 1958, and I believe they should be made a part of this RECORD.

Even since the 1960 conference on the law of the sea, 10 more nations, so I am informed, have extended their territorial limits or adopted fishing zones beyond the 3-mile limit. In addition, some eight other nations have indicated they intend to do the same thing. Among them is the United Kingdom. I am told that the United Kingdom has called a conference for this fall, that it will be participated in by several European nations, and that it is very likely that from that conference, several nations—and, almost assuredly, the United Kingdom will be among them—will abandon the 3-mile limit for fisheries.

Since 1960, Albania has restricted innocent passage in a 10-mile territorial sea, and claims fishing jurisdiction up to 12 miles.

Cameroon, in June of last year, extended her territorial sea to a 6-mile limit.

Denmark extended the fisheries limits for Greenland to 12 miles, in June of this year. A similar limit for the Faroes Islands will become effective next March.

Morocco likewise extended her fishing jurisdiction to 12 miles.

On September 1, 1961, Norway extended her fishing jurisdiction to 12 miles.

Other nations have acted likewise.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of the nations which have acted in this field since 1960.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

SUMMARY OF UNILATERAL CLAIMS TO EXTENDED TERRITORIAL SEAS OR EXCLUSIVE FISHING ZONES, SINCE THE 1960 UNITED NATIONS CONFERENCE ON LAW OF THE SEA

Albania: March 1, 1960, restricted innocent passage in a 10-mile territorial sea. Fishing jurisdiction claimed to 12 miles.

Cameroon: June 23, 1962, claimed a 6-mile territorial sea.

(China: While the Republic of China recognizes the 3-nautical-mile territorial sea, Communist China claims a 12-mile territorial sea.)

Denmark: June 1, 1963 extended the fisheries limits for Greenland to 12 miles. A similar limit for the Faroes Islands will take effect March 12, 1964. Certain countries are exempted from the Greenland limits until May 31, 1973.

Malagasy Republic: February 27, 1963, claimed a 12-mile territorial sea.

Morocco: Extended fishing jurisdiction to 12 miles, except for the Strait of Gibraltar, for which such jurisdiction was extended to 6 miles.

Norway: Extended fisheries jurisdiction to 6 miles on April 1, 1961, and to 12 miles on September 1, 1961.

Senegal: June 21, 1961, claimed a 6-mile territorial sea, plus a 6-mile contiguous zone.

Sudan: August 2, 1960, extended the territorial sea to 12 miles.

Tunisia: July 26, 1962, extended the territorial sea to 6 miles with an additional 6 miles of fisheries jurisdiction for a portion of its coast from the Algerian border to Ras Kapoudia, and extended the territorial sea from there to the Lybian border to the 50 meter isobath line.

Uruguay: February 21, 1963, claimed a 6-mile territorial sea plus a 6-mile contiguous zone for fishing and other purposes.

Mr. BARTLETT. Mr. President, with the permission of the Senator from California, I should like to read from a letter which I received from the State Department on June 17 of this year:

> Since that time—

So Assistant Secretary Frederick G. Dutton informs me—"that time," being the time of the holding of the Law of the Sea Conferences at Geneva in 1958 and 1960—

> several countries have made claims to an extended territorial sea or an exclusive fishing zone. A summary of such claims since the 1960 Law of the Sea Conference, based on information reaching the Department, is also enclosed.

That is the table I have already submitted for printing in the RECORD.

According to the latter, it appears likely that at least eight other nations will take similar action. It is clear that as of today, a full majority of coastal nations either have or are planning in the near future to expand their jurisdiction over fish beyond the 3-mile limit. It follows that these extensions up to 12 miles for fishing jurisdiction are accepted under international law and must be by the United States.

Mr. President, I know the situation which confronts California tuna fishermen and all other American tuna fishermen. A few months ago I had the high honor—at the designation of the chairman of the Commerce Committee, the Senator from Washington [Mr. MAGNUSON], to conduct hearings at San Diego and San Pedro. I was told then—and was told in vigorous language, and at length—of the woes and hardships suffered by hard-working, competent American fishermen because their boats were seized while at various distances off the coasts of certain South American countries clearly outside any rational concept of the territorial limits.

I applaud the Senator from California [Mr. KUCHEL] and his colleague [Mr. ENGLE] for making this affirmative move to end this situation. I am particularly glad that he has modified his amendment, so as to make its provisions flexible, in order that the executive branch of the Government will have room in which to operate.

Not long ago, and rather unexpectedly, the Atlantic States Marine Fisheries Commission adopted a resolution requesting that the U.S. Government extend our jurisdiction over fishing beyond the 3-mile limit. While that demand from fishing groups is not yet universal, it is growing almost every month. They feel that we must have that added protection. I am sure that the legal opinions, when called for, will assert our right to act unilaterally to adopt a 12-mile fishing zone when and if we choose to do so. We know that even a 12-mile fishing zone would not afford adequate protection to New England fishermen, whose historic fishing banks have recently been covered—and I suppose that is about the correct word in that case—by foreign fishing vessels, particularly huge Russian fleets with big ships that remain for months at a time on the Atlantic coast, on the gulf coast, and on our own Pacific coast.

With my colleague from Alaska, I point out that we—particularly those of us in Alaska—must move rapidly and positively if the United States is to maintain any place at all in the fishing world. In only 5 years we have slipped from second place to fifth place. The amendment, if adopted, would be a move to protect our fishermen, at least in their legitimate search for tuna.

The Senator from California deserves support in his effort to do that which he seeks to do.

Mr. KUCHEL. Mr. President, I am very grateful to my able friend from Alaska. I thank him very much for his excellent contribution.

Mr. President, I ask unanimous consent to insert two editorials at this point.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Los Angeles (Calif.) Times, Oct. 6, 1963]

NEW VERSION OF THE BARBARY PIRATES

The notion prevalent in parts of Latin America that the United States is a fat patsy with a masochistic urge to turn the other cheek should be discouraged.

Senator KUCHEL is on the right track—or has the right emotion—in suggesting that any nation which interferes with U.S. fishing craft on the high seas shall automatically forfeit all foreign aid grants from the United States.

Nations on the northwest coast of South America have made a profitable game of claiming sovereignty over waters 200 miles offshore, to harass the southern California tuna fleet.

Tuna skippers have been forced to pay tribute in the form of "licenses" on each trip, much as the Barbary pirates once levied toll on passing vessels.

In those forthright days, a little gunboat diplomacy had a salutary effect on the blackmailers. Since we have become so civilized, we now make ineffectual clucking noises when our rights are ignored by the spiritual heirs of the 18th century brigands.

Since we apparently regard it as a violation of our Boy Scout oath simply to tell these nations we will blow their ships out of the water if they don't stay on their side of the fence, the least we can do is to quit paying handsomely for the privilege of getting kicked in the teeth.

Senator Kuchel's idea of cutting off foreign aid to these nations should be promptly considered.

[From the Los Angeles Herald Examiner, Oct. 14, 1963]

A Wise Move

Senator Thomas H. Kuchel, Republican, of California, has proposed to the U.S. Senate that the United States cut off foreign aid to any Latin American country that interferes with U.S. fishing boats on the high seas.

Senator Kuchel asked that the foreign aid bill, now before the Foreign Relations Committee, be amended to terminate aid to any country which claims jurisdiction for fishing beyond the three-mile limit which is internationally recognized.

We heartily second the motion, for as we said editorially last June when Ecuadorean authorities were seizing our Southern California tuna fishing boats far beyond the 3-mile limit and assessing the owners heavy fines:

If Ecuador is unmoved by our plea for justice and insists on arresting and fining U.S. tuna boat operators, this country should cut off U.S. aid. Fair play works two ways."

In declaring to the Senate that since 1954 more than 50 American tuna boats have been seized or intimidated in international waters, Senator Kuchel said:

"I propose that we serve notice that such assistance will be cut off if they persist in trying to blackmail our boatowners and skippers. We must let these people we like to regard as good neighbors know that the United States no longer will take such unneighborly treatment lying down.

"The United States has been long suffering. In fact, we seem often to have turned the other cheek. I feel that after a decade of such conduct the time has arrived when we must take stern measures."

The U.S. Senate should consider that such incidents as the Ecuadoran fishing controversy may well become only a part of a much larger picture. Long distance fishing in international waters has become a worldwide industry in which the United States, Soviet Russia, Japan, and other nations are heavily interested. And large scale fishing from southern California can be matched from other Pacific, Atlantic, and gulf coast fishing ports.

Mr. KUCHEL. Mr. President, all my colleagues share a real joy and a heartfelt gratitude that our colleague, the distinguished junior Senator from California [Mr. Engle] is recovering from his tragic illness. We wish him Godspeed. Once again, we send him and his dear wife our greetings. He has 99 friends in the U.S. Senate.

The junior Senator from California has been an assiduous and constant worker in the cause of fairplay to American fishermen. He and I have joined in the amendment which is now pending.

I ask unanimous consent that several comments which my colleague has made on the general subject of fairplay to American fishermen be printed in the Record at this point.

There being no objection, the statements were ordered to be printed in the Record, as follows:

June 4, 1963.

Washington, D.C.—Senator Clair Engle, Democrat, of California, announced that the following wire was sent to the President today by himself, Senator Warren G. Magnuson, Democrat, of Washington, Senator Henry M. Jackson, Democrat, of Washington, Senator Thomas H. Kuchel, Republican, of California, Congressman Lionel Van Deerlin, Democrat, of California, and Congressman Bob Wilson, Republican, of California:

"The President,
"*The White House, Washington, D.C.*:

"You are already advised of our concern about the seizure of U.S. tuna fishing vessels by the Ecuadoran Navy. We have today conferred at length with Assistant Secretary of State Edwin Martin and other State Department authorities with the objective of exploring all possible action by our Government to protect U.S. fishermen and their ships. We are also anxious to determine how these vessels might be removed to safety without forfeiture of the rights of our fishermen or prejudice of the principles for which they seek recognition. We believe that it is imperative that a special representative from the White House or the Department of State be dispatched immediately to Ecuador to personally advise our fishermen of the Government's concern, inasmuch as they are cut off from normal communication."

"Clair Engle,
"Warren G. Magnuson,
"Henry M. Jackson,
"Thomas H. Kuchel,
"U.S. Senators.
"Lionel Van Deerlin,
"Bob Wilson,
"Members of Congress."

June 10, 1963.

Washington, D.C.—Senator Clair Engle, Democrat, of California, is author of a new Senate bill designed to strengthen the hand of the State Department in negotiations with Ecuador over fishing rights of the San Diego-based tuna fleet.

Cosponsors of the Engle bill to date are Senators Warren G. Magnuson, Democrat, of Washington, chairman of the Senate Commerce Committee; Henry M. Jackson, Democrat, of Washington, and Vance Hartke, Democrat, of Indiana.

"I have introduced this bill because I think repeated harassment of our tuna fleet by Ecuador—they have seized our ships before—calls for a firm response from us," Senator Engle said.

June 5 the State Department announced that negotiators are being sent to Ecuador to seek both an agreement on the release of two tuna boats seized in late May and a long-term resolution of the dispute over fishing rights.

The announcement followed Senator Engle's June 3 request to President John F. Kennedy that he expedite U.S. intervention on behalf of the tuna fleet—a request in which he was joined by Senators Magnuson and Jackson and Thomas H. Kuchel, Republican, of California.

"In the long run," Senator Engle said, "I believe that negotiations will resolve the problem. I don't want to see a return to 'gunboat diplomacy' where we send the Navy down there to escort our fishing fleet out of the Ecuadorian harbor."

The new Engle bill would authorize an embargo of Ecuador's fish exports in the event of future interference by that country with U.S. fishermen.

Senator Engle continued, "My bill would indicate that the United States will not tolerate the seizures of our tuna boats. It would set the tone for negotiations."

Senator Engle's proposals were prompted by the recent action of the Ecuadoran Government in seizing two U.S. tuna boats in waters off Ecuador which, according to international law, are open to all fishermen.

Ecuador claims control of the sea up to 200 miles off its coast. The United States recognizes a 3-mile limit only.

The two tuna boats were part of a fleet from San Diego numbering more than 20 ships. The other ships refused to leave and protested by staging what Senator Engle called a "maritime sitdown strike."

Telecasts U.S. Tuna Fishermen Versus Ecuador

Question. Well, Senator Engle, we have been reading in the press where some of our tuna boats have got into difficulties off the coast of Ecuador. As a matter of fact, I believe that some gunboats took two of these boats under custody. I would like to have your comment on that.

Senator Engle. That is correct. They took two of our boats and then all the rest of our fishing fleet down there moved into the port with them in protest as sort of a maritime sitdown strike. In other words, they took the two in—all the rest went in. Now they involve about $15 million in investment; they are not small boats; they are big ones. And the loss to that fleet today is at least $1,000 a day per boat. So it is not a small incident and it has stirred up some trouble between us and the Ecuadoran Government.

Question. When you say loss, you mean because they are not fishing?

Senator Engle. Yes; that is right. That is exactly right. In other words, it is $1,000 a day for every day they are not out there. Now that is $20,000 a day on 20 boats. That is what it amounts to.

Question. Senator, some people have described this as an international incident, at least an incident of international proportions. Would you agree with that?

Senator Engle. Yes; because it basically involves the question of whether or not a country can claim an area of the sea not recognized in international law. To illustrate: Ecuador says that it has a right to control the sea 200 miles from its border. We recognize 3 miles. In some areas they recognize 12—Denmark, Norway and some others—under recent international agreements. But Ecuador says 200 miles.

Question. Well now, what's the basis of this disagreement by Ecuador?

Senator Engle. The basis of this disagreement is that Ecuador says that these ships were fishing within the limits which they lay down. Now they don't say 200 miles. They say, in fact, 3—or at least 12—and there is an argument about that. But, nevertheless, what has happened is this—the right of a fishing fleet to go on the high seas has been challenged. And it seems to me that it presents a basic issue in international law and it must be settled one way or the other.

Question. Senator, it seems to me that there have been other incidents like this—seizure of some of our fishing boats—why is this one suddenly more important?

Senator Engle. Well now, 2 years ago they seized some of our ships and we arbitrated that. But the reason this is important is because our tuna fishermen finally got tired of it and they said if they take two of our boats, the whole gang will go in. And so, we have 20 down there off the shores of Ecuador, as I am saying. So when the gunboats took over two, the other 18 just said, we'll go to court, too. And there they sit. As I say, it is sort of a maritime sitdown strike right there in Salinas—the port of Salinas in Ecuador.

Question. Well, what have you done to help solve this problem, Senator Engle?

Senator Engle. I have done two things. No. 1, I asked the President of the United States to send a personal emissary from the White House or from the State Department to talk to the fishermen themselves so they would know what is going on. After all, they are sitting there with their boats losing money. And No. 2, I have introduced a bill which says that we will embargo shipments from Ecuador unless we get an equitable settlement of this matter. And I would go one step further. I would support a provision and an amendment to the foreign aid bill that no country that confiscates our ships in violation of international law should receive one dollar of American aid.

Question. Senator, do you think that negotiations are going to succeed, at least in the long run?

Senator ENGLE. I think we have enough leverage so we can. I would hope so. At least we don't want to return to "gunboat diplomacy" where we send the Navy down there to shoot our way out of their harbor.

The PRESIDING OFFICER (Mr. NELSON in the chair). The question is on agreeing to the amendment of the Senator from California to the committee amendment.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 214 Leg.]

Allott
Anderson
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Pell
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Simpson
Smathers
Smith
Sparkman
Talmadge
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from South Carolina [Mr. THURMOND] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. AIKEN and Mr. PROUTY] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I be allowed to speak not more than 5 minutes. [Laughter.]

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I assure Senators that I shall not speak very long.

This amendment was inspired by the difficulties which occurred off the coast of South America earlier this year. The matter is now under active negotiation by our Department of State with the respective countries concerned, particularly Ecuador, Peru, and Chile. Those three countries had made an agreement among themselves to extend their jurisdiction 200 miles. Of coures, we cannot accept that, but I submit that the procedure of amendment is not the way to solve that kind of problem. It is a problem. I am sympathetic, but I believe that if we put this kind of amendment in the bill it will only make more difficult the solution of the problem by those responsible for conducting the negotiations. The problem has no relation whatever to a foreign aid bill. It is only one of many problems which arise in the course of our economic activities—in this case, it affects the fisherman.

So I think it would not only be inappropriate, but would be actually prejudicial to the solution of this problem if it were accepted.

The way in which it has been modified in effect arrogates to the United States unilaterally the fixing of the boundaries, in the sea, where territorial jurisdiction extends. This in itself would be offensive to other countries. It is one of the aspects of the amendment which would prejudice negotiations between our Government and other countries to adjust the difficulty.

It is not an easy matter to adjust. Only about a year or a year and a half ago we and a number of nations which are interested in this problem held a conference in Geneva. One of our principal representatives there was Mr. Arthur Dean, a highly respected and well-known lawyer. The members of the conference tried to determine what territorial limits were to be agreed upon, and they failed. I say this to illustrate that it is not an easy problem.

Many countries have different territorial limits. Our own States have various territorial limits. For Texas I believe it is ten miles. For Florida it is 3 leagues, which is 8 or 10 miles. For Louisiana, I believe it is 3 leagues. These differences occur among our own States.

To say that the United States, by itself, has the authority to determine territorial limits would be extremely unwise, and this is no time for it.

This is a matter which can be determined in the regular channels of diplomacy with the governments of the respective countries affected.

The committee considered the amendment, and was sympathetic toward the problem but the amendment was rejected by the committee.

Mr. HOLLAND and Mr. YARBOROUGH addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and, if so, to whom?

Mr. FULBRIGHT. I yield first to the Senator from Florida.

Mr. HOLLAND. Mr. President, I appreciate the fact that the Senator has mentioned the difficulties of the situation in the Gulf of Mexico, under which the great State of Texas and our own State of Florida each have three-marine-league limitations into the gulf. That limitation has been upheld by our own Supreme Court. So there can be no doubt that there are various limitations in coastal waters among the States of this Nation.

I have very great sympathy for the position taken by the Senator from California and his associates. I think it is ridiculous that some of our friends in Latin America claim that their territorial limits extend 200 miles. I think it is a disturbing thing that nations all over the world are claiming various mileages as parts of their coastal waters—3 miles, 6 miles, 3 leagues, 12 miles, 200 miles, and some even farther.

I followed, with a great deal of interest, the convention of several years ago. I had hoped the difficulty could be adjusted, but we wound up with the right of nations to produce minerals from the bottom of the ocean within their own continental limits.

This question has not been decided. It is a matter of controversy among the nations. We ourselves, as stated by the able Senator from California in his address of yesterday—which was in most scholarly form, and I commend him on it—suggested a 6-mile limitation at the Geneva Convention. There may be other ways to try to do it, but I do not think this is a tolerable way to reach the problem.

I would gladly join with, support, and fight for any effort to cut off importations to our country of products from such nations as insist upon this ridiculous attitude with respect to the coastal areas off their shores. That is in the field of commerce, and that is what is involved in the problem. But when it comes to the question of severing foreign aid which may be as much to our interest as it is to the interest of any other country in any particular case——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. The Senator can use the floor in his own time, and I will request time. I will answer any questions he wishes to ask me.

Mr. HOLLAND. By cutting foreign aid in this manner we would not only give an affront to other countries, but would do violence to our best interests. I think the remedy should be reached in some other way——

The PRESIDING OFFICER. Does the Senator from Florida seek recognition?

Mr. HOLLAND. I thought the Chair had recognized me. I apologize to the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. HOLLAND. I feel keenly about the matter, because I would not want to see us put ourselves in a position, in the eyes of other nations, of shooting at something which we do not expect to hit. We have no uniformity as to our own States, and we have taken a position in the councils of states of the world in support of a 6-mile limitation.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I yield.

Mr. FULBRIGHT. Does not the Senator agree that to provide that the United States itself shall determine a question with respect to which we have been negotiating would be in itself an affront to the countries with which we would like to find some solution?

Mr. HOLLAND. For the most part it would be offensive; but whether offensive or not our friends to the south of us are proud people, as we are. It flies in the face of the fact that we recognize that this is a justiciable question, which requires consideration by a convention of nations. We have participated in such a convention. For us to say, because another nation does not recognize a 3-mile limitation which we recognize as to some States, but which we do not recognize as to other States, and because we could not get our way in the convention, we are going to lay down the limitation ourselves, is not a tenable or proper way to handle the problem.

I am equally sympathetic toward the dilemma of the Senators from Alaska. I would do everything in my power to help them, in accord with proper action, but it would be going far afield if we were to say, arbitrarily, "This is the limit which we recognize"—whether we said it would be 3 miles or 3 leagues, or 6 miles as at the convention, and that unless other nations recognize it, we are going to penalize them. That is the suggestion that is offered.

I hope the amendment will not be adopted.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas [Mr. TOWER].

Mr. TOWER. Mr. President, it seems to me those of us who come from the State of Florida or Texas, which came into the Union under rather peculiar circumstances, and therefore recognize 3 leagues, or approximately 10 miles, as our territorial waters, are protected in our claim by the amendment by the provision, under subsection (k)(1), which reads, "has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States," because the United States has recognized plainly that our outer limit is 3 leagues. Therefore, it seems to me that since the United States recognizes our territorial limit as 3 leagues, the amendment does not alter that.

I might add that we are not amending international law here; we are not unilaterally declaring a limit to territorial waters. We are not dictating custom and usage to the whole world. We are simply making a condition for the receipt of our aid. In Texas our shrimp fishermen have had some highhanded treatment at the hands of the Mexicans. This provision is eminently fair. If they are going to get our money, why should they not recognize our rights?

Mr. HOLLAND. First, I point out that the Senator recognizes that the limit with regard to some of our States is 3 miles, and it is 3 leagues for his State and the State which I represent in part. One or the other of these would be the limit which should be applied to other nations. I do not know which one they might respect. I point out that in the treaty of Guadalupe Hidalgo between this country and Mexico a map was attached to the treaty, which I have frequently observed and checked upon.

It shows the international boundary, the limit, between Texas and Mexico, as going out 3 leagues into the Gulf of Mexico. Yet, notwithstanding the fact that there is a difference of opinion in this country in official circles as to whether or not Mexico has jurisdiction out 3 leagues or 3 miles, the Department has said to our fishermen, "3 miles is the real limit out from Mexico, but do not take your ships beyond 3 leagues, because we are sure that they are going to insist that 3 leagues is the limit, and you will be in trouble."

I am not repeating this second-hand. This has come to me from the State Department. It leaves us in a position where there is no absolutism at all, even if we were relying upon the facts in the law and not upon any question of amity as between independent countries.

I do not believe that we can afford to adopt this amendment in this particular bill.

I thank the Senator for yielding.

Mr. GRUENING. Mr. President, I understand the argument that this matter should be handled through diplomatic channels, and that it should be done by future negotiation. However, we have already had repeated acts of crude aggression, seizure of boats, imprisonment of our fishermen, and the levying upon them of heavy fines.

In the case of Alaska, where the Russians are invading our area, we in effect appear to say, "They are so big and powerful, we cannot do anything about it." In the case of Ecuador and Peru, we appear to be saying, "They are little fellows and we are so noble, so we cannot do anything either."

To Ecuador we have given over $150 million in foreign aid. To Peru we have given twice that amount under the Alliance for Progress.

I remind the Senate that it will be some time before the money under this foreign aid bill will be appropriated. In the meantime the negotiations can proceed, and the negotiation will proceed with greater chances of success if the amendment is adopted.

We will be nothing but a doormat of the world when we supinely submit to outrage if we keep on saying all these violent actions can be later negotiated, when there is a sound and just leverage that we can use. It is entirely legitimate and proper that we should use the leverage of foreign aid. We are pouring money into these offending countries. There is some doubt about the value of what we receive from it. These countries blackjack our people, arrest them, and in some cases imprison them and fine them, as well as deprive them of their livelihood.

I hope the amendment will be adopted. I believe it is high time that we stand up and be counted on this subject, as well as in other fields where the rights of American citizens are crudely violated, where they are made to suffer needless abuse and hardship.

Mr. KUCHEL. Mr. President, the arguments pro and con have all been made. We are dealing with the Alliance for Progress and the question of how we can help our neighboring American countries. We do not deal here with the problem of 3 leagues or 3 miles. We deal with the fact that Peru, Chile, and Ecuador now contend that they have complete sovereign jurisdiction 200 miles seaward. When an American fisherman comes, not 3 miles or 3 leagues, but 10 or 20 or 30 or 40 or 50 miles or more from their shores, the Ecuadoran Government or the Chilean Government or the Peruvian Government, as the case may be, comes out—frequently in vessels formerly owned by the U.S. Navy—and harasses American citizens in American ships trying to earn their livelihood on the internationally recognized free and open high seas. The crew is frequently arrested, sometimes jailed, oftentimes fined; the vessel is frequently seized and detained.

It seems to me that, after 10 years of having fellow Americans suffer that kind of indignity, the time has come for a specification or a qualification with respect to these people, that we will not assist them under the Alliance for Progress if they deny American citizens the right to use the high seas.

I ask Senators to listen to what the Department of the Interior has said to me:

> It becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

On behalf of my colleague from California [Mr. ENGLE] and myself, I say this in closing: The last sentence of our amendment provides:

> The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

If I were the AID administrator, I would want that written into the law, so that I would be able to tell the people whom I was trying to help, "You cannot mistreat my people in this way."

I hope the amendment will be adopted.

Mr. LONG of Louisiana. Mr. President, I have great sympathy with what the authors of the amendment seek to accomplish. We have had to face the same problem in the Gulf of Mexico for a number of years. Mexico claims a 10-mile limit; and upon a number of occasions has seized—in our opinion, illegally—fishing boats of the United States from Louisiana, Florida, Texas, Mississippi, and other States.

I have resented that just as much as other Senators have resented the seizure of fishing boats which have home ports in their States.

However, this is an area of international law which is not at all settled. I was one of the advisers of the Senate at the Law of the Sea Conference in Geneva. The one thing we could not get agreement on was as to the limits of territorial waters. We were willing to compromise for exclusive rights for 6 miles, with the right exclusively to control fishing 12 miles out. That was the compromise we proposed. We could not obtain agreement to that proposal. Therefore, we still adhere to the 3-mile limit, even though we proposed to recognize a 12-mile limit for fishing purposes.

This is an element of sovereignty that other nations possess. There are only two ways in which we can take it from them, either by warfare or by international agreement. So far, other nations have not agreed with us in an international conference. So long as we cannot establish this as being international law, it seems to me rather unfair to say that we will insist upon an attribute of sovereignty which is still unsettled at international law, and therefore we will not do business with a particular nation.

It seems to me that this is saying to a nation, "You must relinquish an element of sovereignty in order to benefit from our foreign aid program."

Many people do not agree with us. I regret to say that the majority of the nations of the world do not agree with us on the 3-mile limit, and that it will never be agreed to. We must go farther out if we are to obtain any agreement.

We offered a 12-mile limit for fishing rights, but we could not persuade a majority of the nations to agree with us.

Under these circumstances, it seems to me we would be making a serious mistake to tell a foreign nation, "Unless you agree that international law is what we think it is with regard to an essential element of your sovereignty, we will not trade with you under our foreign aid program."

I would be willing to say, "We will not let you ship any of your fish to us if you insist on exclusive rights in an area where we think we have a right to fish."

However, to go beyond that, and say, "Because you will not accept what our interpretation of international law is, which is not at all settled in international law and before the world, we will deny you assistance furnished under our foreign aid program," would be making a bad mistake, and would put us in a bad light before the world.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is it not correct to say that Norway and Great Britain had a dispute on this same question, as to whether the 3-mile limit applied off Norway, or whether the limit was farther out, and found it so impossible of solution between themselves that they submitted the question to the World Court, and that the World Court ultimately issued one of its few binding decrees, holding that the limit off Norway was 4 miles?

Mr. LONG of Louisiana. The Senator is correct. The State of Louisiana is now trying to get the Federal Government to recognize the concept that was agreed upon by the World Court, with our State holding, under the settled tidelands dispute between the Federal Government and Louisiana, that if the Federal Government is willing to agree that this is international law, it should accept the same principle as affecting Federal-State relationships?

It would be entirely proper to say, "If you do not accept the World Court decision as to what your boundaries are, we will deny you the benefit of our foreign aid program."

However, it is quite different to say, "This is the law, because we think it is; and if you will not agree to that, we will refuse to do any business with you. We do not want you as an ally or friend or anything else." To me, that is a good example of how to lose friends and alienate people. Irving D. Tressler once wrote a book on that subject. This could be a new chapter: "Either you will have to accept our version of the law, or we will not have anything to do with you."

I quite agree with the Senator. Much as this problem has perplexed us, we would not want to insist that other nations have to accept, unilaterally, our declaration of what is international law, as a condition of our doing business with them.

I shall feel constrained to vote against the amendment, although I should like to see something done about this problem.

Mr. KUCHEL. Mr. President, in the preceding Congress, the Senator from Iowa offered an amendment to deny foreign aid to any country which expropriated American property without just compensation. The Senate, over the violent objection of the Department of State, approved the amendment. It was written into law. I voted for it, as did a majority of Senators. It was a good thing. No Senator at that time said, "We are trying, now, to impinge upon the sovereign rights of another nation."

When we wrote the mutual security legislation and agreed to the great Alliance for Progress program which I have long supported, we specified criteria, whether it be land reform or tax reform, before we would help a country. In fact, in this Chamber in the last week these criteria have been pointed to with great pride as an example of the only foreign aid program which is hemispheric wide in scope and aim.

All this amendment seeks to do, Mr. President, is to provide that the U.S. Government shall not help any nation which violates the freedom of the seas. I am not speaking about 3 leagues or 3 miles; I am talking about a country asserting jurisdiction 200 miles offshore.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from California [Mr. Kuchel] for himself and the junior Senator from California [Mr. Engle] to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. McGee]. If he were present and voting, I understand he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. Ervin], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Mississippi [Mr. Stennis], the Senator from Missouri [Mr. Symington], and the Senator from South Carolina [Mr. Thurmond] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from South Carolina [Mr. Thurmond] would vote "yea."

On this vote, the Senator from California [Mr. Engle] is paired with the Senator from Michigan [Mr. McNamara]. If present and voting, the Senator from California would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Mississippi [Mr. Stennis] is paired with the Senator from Rhode Island [Mr. Pastore]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. Aiken and Mr. Prouty] and the Senator from Utah [Mr. Bennett] are absent on official business.

The Senator from Arizona [Mr. Goldwater] and the Senator from Pennsylvania [Mr. Scott] are necessarily absent.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from Arizona [Mr. Goldwater], and the Senator from Pennsylvania [Mr. Scott] would each vote "yea."

The result was announced—yeas 57, nays 29, as follows:

[No. 215 Leg.]

YEAS—57

Allott
Anderson
Bartlett
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Cannon
Carlson
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Fong
Gruening
Hayden
Hill
Hruska
Inouye
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kuchel
Magnuson
McClellan
McIntyre
Mechem
Metcalf
Miller
Morse
Moss
Mundt
Muskie
Nelson
Neuberger
Pearson
Ribicoff
Robertson
Russell
Saltonstall
Simpson
Smith
Talmadge
Tower
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—29

Bayh
Byrd, W. Va.
Case
Church
Clark
Cooper
Fulbright
Gore
Hart
Hartke
Holland
Humphrey
Javits
Kennedy
Lausche
Long, Mo.
Long, La.
Mansfield
McCarthy
McGovern
Monroney
Morton
Pell
Proxmire
Randolph
Smathers
Sparkman
Walters
Williams, N.J.

NOT VOTING—14

Aiken
Bennett
Engle
Ervin
Goldwater
Hickenlooper
McGee
McNamara
Pastore
Prouty
Scott
Stennis
Symington
Thurmond

So the amendment offered by Mr. Kuchel for himself and Mr. Engle to the committee amendment was agreed to.

Mr. LONG of Louisiana. Mr. President——

The PRESIDING OFFICER (Mr. McGovern in the chair). The Senator from Louisiana.

Mr. KUCHEL. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. LONG of Louisiana. Mr. President, I have the floor——

Mr. KUCHEL. First, Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. LONG of Louisiana. Mr. President, I have the floor; I have been recognized, and I do not yield for the purpose the Senator from California has in mind. I know he would like to move that the vote by which the amendment was agreed to be reconsidered; but most Senators have not heard the merits involved in the argument over this amendment, and I wish to address myself to that subject because, in my opinion, this is the most ridiculous amendment adopted at this session of Congress or, for that matter, at any time during my service in the Senate.

The amendment would begin termination of the entire loan program to Latin America. For example, the United States recognized, under international law, a limit of only 3 miles as the boundary of a State's territorial sovereignty. But this amendment would involve us in all sorts of trouble with nations along the Gulf of Mexico and the Pacific, because every Latin American country claims sovereignty for a distance of more than 3 miles beyond her coastline. In addition, Louisiana has been in controversy with the Federal Government because Louisiana claims that her jurisdiction extends for more than 3 miles from the coast; so does Texas; and so does Florida. This controversy is the most difficult State-Federal Government relations problem, plus the most difficult international problem, that I know of.

So far as I have been able to determine, every State that borders on the Gulf of Mexico and every State that borders on the Caribbean and every friendly nation in this hemisphere that borders on the Pacific Ocean claims sovereignty for a distance of more than 3 miles from her coastline.

The United States participated in the conference at Geneva, and sent me there as one of its delegates. At the conference, the United States offered to recognize a 6-mile territorial limit for complete sovereignty, and a 12-mile territorial limit for fishing rights. Yet the amendment provides that the United States shall not give 5 cents of aid to any of those countries if they claim sovereignty or jurisdiction for more than 3 miles, even though the United States herself had already offered to recognize a 12-mile limit.

Mr. DOUGLAS. At the conference, were the representatives of the United States successful in persuading other countries to agree to a 12-mile limit?

Mr. LONG of Louisiana. More than 50 percent of them would agree to a 12-mile limit, but a two-thirds majority was required, and it was impossible to obtain a two-thirds majority.

However, this amendment would tell every Latin American country that it could not receive any of our foreign aid unless it reduced its territorial sovereignty to not to exceed 3 miles, even though the United States proposes a 12-mile limit.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. I note that the amendment as modified and adopted provides:

> No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States—

And then another condition is set forth.

Is it not true that, by decision of the Supreme Court of the United States, two different limits as to our own territorial jurisdiction have already been recognized—one of 3 miles as to all of the littoral States except two; the other as to 3 leagues, or three times the other distance, for the other two States? Is not that correct?

Mr. LONG of Louisiana. That is correct.

The two Senators from Texas voted for this amendment. Mr. President, picture for a moment the situation if Texas were now a sovereign nation, as she once was. Texas won her case before the Supreme Court of the United States when she claimed that she is entitled to jurisdiction over a 10-mile or 3-league limit. What do Senators think the proud State of Texas would have said if, at the time when Texas was an independent nation, the United States had said to her, "We will give you aid or lend you some money, provided you strip yourself of sovereignty over 7 of those 10 miles"? In that case, Texas would certainly have told the United States to go you know where, Mr. President.

Mr. President, if we would not expect the proud State of Texas or any other proud State to knuckle under to such an extent, and thus strip herself of that considerable amount of sovereignty, what do Senators believe would be the reply which would be given by the considerable number of free and independent nations to which the amendment would apply?

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is it not true that before the Supreme Court of the United States could render the final decision which it rendered establishing a 3-mile limit for all the maritime States except two, and 3 leagues for those two, years were consumed in argument on the floors of the House and the Senate; and finally, after the passage of the legislation, several different cases were taken before the Supreme Court and after many days and weeks of argument, if the time were added together, the learned Court came forth with a rule that the 3-mile limit applied to certain States in our Nation and the 3-league limit applied to others?

Mr. LONG of Louisiana. The Senator is entirely correct. We could not even get from our own Supreme Court a decision which would support the State Department in doing what the bill would require the Department to do.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is it not true, as I previously stated, that in a somewhat similar argument between the nation of Norway and the United Kingdom about where the border of Norway was, that those nations came to such irreconcilable positions that they submitted the question to the World Court, and the World Court, after months of study and scholarly digging into the subject, rendered a verdict that 4 miles, and not 3 miles, was the legal limit off the outer islands of Norway?

Mr. LONG of Louisiana. I cannot recall that particular point as well as I recall the case in general. The decision in the Norwegian fisheries case held that Norway went far beyond anything our State Department was ever willing to recognize. We went to the Geneva Conference insisting that the Norwegian fisheries decisions rendered by the World Court would indicate the kind of predicament we would be in. The World Court decided for those people. We would have to accept our own interpretation of the law even if the World Court should say that that is not the law.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. The Senator from Louisiana is very learned in that field. He devoted months to the question when the Senate considered the tidelands bill. I should like to ask the Senator if he knows what the amendment provides when it refers to a limit "recognized by the United States"? Is it the 3-mile limit or the 3-league limit?

Mr. LONG of Louisiana. It must be the 3-mile limit, because at the Geneva Conference we offered to agree on a 12-mile limit and we could not obtain any agreement on such a limit.

When we could not reach an agreement on a 12-mile limit we said, "Very well; so far as we are concerned, it is still 3 miles. That is where we stand."

We are still holding out for a 3-mile limit. As a practical matter, our Louisiana fishing vessels have been seized, as others have been. I know what the State Department is doing. It says, "We recognize a 3-mile limit. Tell your shrimp boat operators not to go within three leagues of the Mexican coast if they do not want to be arrested." Frankly, we do not recognize that limit, but we respect it, for we know that we can either respect it or go to jail or go to war. Those are the alternatives.

Now it is proposed that we cut off all foreign aid if the limits stated are not recognized. Those proud countries will tell us that they will have nothing to do with the aid.

The Senate may insist on its amendment if it desires to do so, but, as far as I am concerned, it can be written over the chair of the presiding officer or over the inscription "In God We Trust" that "Wrong Is Wrong," and we shall know that to be true when the bill comes back from conference.

This action of the Senate is the most ridiculous thing I have seen occur this year. If the amendment is agreed to by the conference in the form in which it was adopted by the Senate, there is no doubt in my mind that it will ultimately be defeated in the Congress. Otherwise the proposal would kill the entire Alliance for Progress. It is that simple. We cannot persuade Latin American countries to surrender their essential elements of sovereignty by offering to provide foreign aid.

The Hickenlooper amendment was referred to. I thought the amendment referred to was the Long amendment. I offered an amendment in the Foreign Relations Committee which provided that we should not give any foreign nation aid if that nation were confiscating our property. I thought that amendment was entirely proper. The amendment was agreed to in the committee. The Senator from Iowa [Mr. HICKENLOOPER] offered some amendments which improved it. It was reported in a much better form than it was when I offered it. I was willing to agree to those amendments.

But, Mr. President, we have before us a different problem. So far as those people are concerned, we would be invading their territory. We would be confiscating their fish. The Senator from Alaska [Mr. GRUENING] told us a few days ago that he wants the United States to send not merely a Coast Guard cutter but a destroyer after Russian boats that are fishing for crabs off the coast of Alaska.

Mr. GRUENING. The Senator is correct.

Mr. LONG of Louisiana. Other nations have as much right to claim their property as we have to claim ours. We have no right to ask them to surrender their rights.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. Is that not substantially what happened in the Gulf of Campeche? I know that boats from the State which the Senator represents have had trouble in that area, just as shrimp boats from the State of Florida have also had trouble. Is it not true that the situation became so troublesome that we asked the Coast Guard to send additional Coast Guard cutters to that area? The cutters patroled there for a number of months or years. Finally they told our shrimpers, "We have been told by the State Department that 3 miles is the legal limit." But they also told them, "Please stay beyond the 3-league limit, because the Mexicans, who have their naval ships down there, too, say that that is the legal limit."

Is that not the impasse in which we found ourselves when we went to the Department of Defense and the State Department? There was a complete unwillingness to say finally, "This is the limit upon which we will insist." Would we not be in as ridiculous a situation in the present case, since our own courts have held that we have 2 limits—a 3-mile limit and a 3-league limit—around our Nation?

Mr. LONG of Louisiana. The Senator is correct.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I point out that the amendment provides a definition of "high seas" as being "beyond that recognized by the United States." It assumes that the outward limits recognized by the United States are 3 marine leagues. I believe we would be prepared to extend the same courtesy to our Latin American brethren. Most of the offenses have occurred much, much farther out. That is the problem we are trying to deal with.

I should like to disabuse the mind of my neighbor from Louisiana about Texans surrendering any sovereignty. The only time that Texas ever voluntarily surrendered any sovereignty was when it joined the Union in 1845, and we have had some second thoughts about that.

Mr. LONG of Louisiana. Mr. President, I have the highest regard for my good friend the Senator from Texas. He knows that Louisiana lost as many men at the Alamo as Texas lost, and some Louisiana men tried to get in there after they were surrounded. We have the highest regard for Texans.

When the Senator says "recognized by the United States," I believe he is talking about that which the United States is willing to recognize.

All we recognize is the 3-mile limit. This is a question of international law which has not been decided. We recognize a 3-mile limit only. That is clearly the law. That is all we recognize. We are still contending for a 3-mile limit, and until some other limit is agreed upon, I cannot agree with the language of the amendment which would require us to withhold aid from any of the countries, on a loan basis or otherwise, until they might be willing to agree to our interpretation of their sovereignty. Even the World Court does not agree to it.

I yield to my friend the Senator from Washington.

Mr. MAGNUSON. Mr. President, the legal term "3-mile limit" has been used somewhat loosely. No law has ever been passed establishing a limit of territorial waters. The present limit has grown up by custom.

Mr. LONG of Louisiana. How about the tidelands bill?

Mr. MAGNUSON. I was coming to that subject. Through custom and court decisions dating far back the limits were established as a 3-mile limit and a 12-mile limit. Included in the cases were the so-called prohibition cases. We have not actually established a line.

The Senator was at Geneva. The military of the United States objected to going beyond 3 miles because some strategic straits in the world might be closed, including the Strait of Gibraltar, the Strait of Dover, and others, totaling approximately 17.

So we are faced with a problem. There have been international conferences, and we have not been able to reach any agreements. At Geneva and elsewhere we have tried to establish international law on the question of recognition of certain limits. Those efforts failed. The countries of the world claim various limits for their territorial waters. But, as I recall, in Geneva when we were talking about military defense and navigation rights, it was pretty well agreed that when it came to fishing, that might be another story, and this could be the subject of an international conference in which we could establish certain fishing regulations, because fishing beds do not necessarily follow the coastline. In some areas they may be a half a mile out, and in other areas 15 miles or 20 miles. What the Senator from Louisiana has said is that it is high time that the countries of the world get together on fishing problems and establish territorial limits on fishing. Otherwise, there will be nothing but trouble over them.

There is a reason for the amendment. It might reduce aid to some South American countries, but what will we do about countries that establish a fishing line 200 miles out and tell our fishermen they will be put in the "poky" if they fish within 200 miles?

The justification for their position is that Franklin Delano Roosevelt, during the Second World War, met with representatives of South American and Central American countries and established a 200-mile perimeter around those countries for defense purposes. So they ask, "How can you talk about 200 miles when your own President established a 200-mile zone?" Of course, it was not established for fishing or for navigation, but for war purposes, so that if any enemy came into that area he could be dealt with accordingly—even in waters of a neutral country.

What are we going to do about the countries that seek controls 50 miles, 70 miles, 170 miles or even 200 miles off their coasts? About once a month my office, or the office of the Senator from California, or the office of the Senator from Oregon, receives an urgent call from the west coast, "Please go down and get Joe Doaks out of jail."

Then a conversation such as the following occurs:

"What has he been doing?"

"Well, he was fishing for tuna."

"Where?"

"One hundred and seventy miles off the west coast of South America."

Of course, our fishermen can go there and fish if they take a partner with them.

I do not know that the amendment represents the answer to the problem, but there must be an answer sooner or later, or this problem will be with us forever, and we will never establish the territorial limits.

It is more important with respect to fishing than with respect to some other things. It is important in the Gulf of Mexico. I know what happened to the shrimp fishermen there. We did work out an agreement with Mexico.

The problem exists all over. Perhaps this amendment is not the way to solve it. I do not know. But I believe that certain countries should be put on notice that it is high time we sat down, as reasonable people in this highly competitive high seas fishing industry—which is becoming more competitive everyday, with the Russians and Japanese moving in—to establish reasonable and sensible territorial limits for historical fishing waters, for the purpose of fishing on the high seas. If we do not do so, in 25 years there will be no fish available for anyone in the world.

That is the reason why I voted for the amendment. I shall vote for it again. I may be accused of not being diplomatic or statesmanlike, but something must be done, sooner or later, for the protection of our own fishermen.

Mr. LONG of Louisiana. Mr. President, there is not a friendly country in this hemisphere that recognizes the 3-mile limit, for which we contend. The amendment puts us in the position of saying that everyone is out of step but the United States. Mexico, the Dominican Republic, and all the countries of Central and South America say they would be perfectly content if we were to "rope off" 12 miles around the United States, and take that 12 miles for ourselves, and let them claim 12 miles off their own coastlines for themselves They would have no complaint about that. They are ready to agree to it. They, too, have the problem of the Russians and the Japanese, who are taking their fish. The Senator from Alaska has the same problem.

But for us to say that they must accept what we contend—when we are the only Nation so contending—is ridiculous.

If we wished to specify Ecuador, we would have something to stand on, but this is something that should be agreed to in an international conference. If we cannot get our friends in Latin America to agree to what the territorial limits should be, even by a two-thirds majority agreement, it is poor grace for us to try to write a unilateral agreement without any World Court decision.

I would be willing to tell Ecuador that we would be willing to arrive at territorial limits beneficial to both countries in the World Court, and that if she will not do that we will not buy any fish from her, or perhaps stop all foreign aid, or resort to some other measure. I would be willing to talk with other countries that way. But when we have not made an honest effort to get the limits agreed upon but try to impose a law upon them unilaterally, I believe that is the height of poor taste in international affairs.

One further point should be considered. The reason this Nation has contended for the 3-mile limit that our Navy wanted to keep more of the high seas available to it for war purposes. So far as the fishermen are concerned, they would be "tickled pink" to get 12 miles for us and 12 miles for other countries, because we have a great deal of seashore; but our Navy was determined that this should be held to the 3-mile limit.

The Senator from Washington points out that our ships could go into all sorts of waters that would otherwise be denied to them and that Russian submarines would have a smaller area in which to hide and lurk and attack our shipping lanes.

Our Navy held out for this policy. They say we could not get any sort of agreement. But countries that would be denied any foreign aid under the amendment are the countries which supported the United States, in trying to help us get our way in the Law of the Sea Conference. They tried to help us write the law our way. They voted against the Russians. They have upheld us, with very few exceptions—Canada and Mexico, I believe, being the only two countries which turned us down at that Sea Conference. Now, after they upheld us, are we to tell them that because we did not get our way at that Sea Conference, we will cut off foreign aid to them? That is an extreme position.

The amendment was not carefully considered, and should not be made a part of the bill.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I am glad to yield.

Mr. FULBRIGHT. I congratulate the Senator from Louisiana. He has made a case much better and stronger than did the chairman. But I did say, before he came in, that the committee had considered the amendment and had rejected it. I believe the reasons given are unanswerable, and I agree entirely with the Senator's view. This is not the way to approach the problem, which we agree is a problem.

Mr. LONG of Louisiana. The Senator is entirely correct.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I am glad to yield.

Mr. GRUENING. The Senator from Louisiana said we should continue to work for international agreements. We had unsuccessful efforts at such agreements in 1930, 1956, and 1960. I am convinced that the adoption of this amendment would speed the day of agreement. It will be only a few weeks or months before there will be an international conference that will settle the matter. It is time we reached an agreement. It is time we showed that we mean business. We have attended many conferences, and nobody agrees. This will bring about an agreement. The very thing the Senator from Louisiana and others want will come to pass as a result of the adoption of the amendment. It will not hurt the Alliance for Progress; it will strengthen it.

Mr. LONG of Louisiana. Mr. President, in my judgment this amendment may well bring about an agreement, but on Russia's terms. The people we will infuriate if we adopt this amendment will be the very people who voted for us at the international conference. If these people vote with the people who vote against us, it is my guess that the Soviets may be able to achieve the two-thirds vote that they would like to have, to have the law written the way they would like to have it written.

Mr. GRUENING. It seems to me that the point made by the Senator from Louisiana is that the amendment provides, in effect, that we are to have a 3-mile limit. I suggest it does not do that. It is in two parts. The conditions are, first, that we are not going to extend our assistance to countries which have extended their jurisdiction beyond the limits which we have recognized. The second point is that refusal takes place if they then penalize any of our fishing vessels or fishermen for going into that zone.

What the amendment states, in effect, is, "Go ahead and have your 200-mile limit, if you wish, but if you want aid from us, do not penalize our fishermen if they go in there." It is a quid pro quo proposition.

I cannot see much difference between this and the violation of sovereignty by the requirements fixed in the Alliance for Progress that those nations—although they may not like it—must conform to some kind of land reform program. This is a quid pro quo proposition.

What we say to them is, "If you do this, do not expect foreign aid from us." This does not involve their sovereignty as much as does the Alliance for Progress. It says, "Go as far as you like, but if you penalize our fishermen, do not expect aid from us." It would apply to Japan as well as to other nations. The Senator has said the United States is the only nation making this requirement. Perhaps it is the only nation furnishing foreign aid to Japan.

The Senator has made a very persuasive argument, but he misses the point. I think he lends undue emphasis to the question of sovereignty, but does not address himself to the question of quid pro quo. We have had too few strings on our foreign aid.

Mr. LONG of Louisiana. Mr. President, I refuse to yield further until I can respond.

Taking the Senator's argument just made, and assuming the countries have a legal basis on which to stand—and they certainly do, beyond any question—this is a question of saying, "Either you let us invade with our fishing boats and use the property which you consider to be yours, and which we even have offered to recognize, or we deny any foreign aid going to you."

That is a limitation on sovereignty that those people will not surrender. If that is to be made a condition, it is a very extreme condition. We must start, not by backing them down, but backing down, ourselves, because we would have to recognize the 12-mile limit in order to persuade them to go along with us. It would narrow the provision down to Ecuador, which is the country most people have been talking about. Even if it should not be considered a broadside attack on every single country, but against a country which claims a 200-mile limit, this amendment should not have been agreed to.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. I note that in the printed version of the amendment, the Senator from California and other Senators sponsoring the amendment listed the words which were to be fixed as the limit of the other countries as "3 miles from the coastline of such country." I note that they struck those words and inserted the words "(that limit) recognized by the United States," meaning that it is not 3 miles, because they have stricken that language.

I am wondering if the distinguished Senator can tell, from looking at the amendment, what the amendment referred to.

Mr. LONG of Louisiana. All I can say is that it is a move toward good sense by permitting our country to back down instead of the other country, because we are not going to get all the people of all the countries in this hemisphere to agree that they were wrong and we were right when they have a majority on their side and have not offered to recognize the 12-mile limit.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. I think the Senator from Louisiana has made a valuable statement on the fishing agreement of which I was ignorant. I wonder if it would be satisfactory to him, if the motion to reconsider were adopted, if the words "World Court" were to be substituted instead of "United States."

It would then read:

> No assistance shall be furnished under this Act to any country which has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the World Court.

Mr. LONG of Louisiana. I would have no objection to that wording. It would be satisfactory.

Mr. DOUGLAS. That would provide an international finding.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the Senate agreed to the Kuchel amendment to the committee substitute.

Mr. KUCHEL. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider the vote by which the Senate agreed to the Kuchel amendment to the committee substitute. [Putting the question.] The ayes have it——

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The Chair already announced the vote.

Mr. LONG of Louisiana. Mr. President, I was on my feet asking for the yeas and nays. I have never seen, in my 15 years in the Senate, a Senator refused a request for the yeas and nays. I was on my feet. I know the Republican minority would not want this precedent established, recognizing that we have a two-thirds majority on this side.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum——

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second now.

The yeas and nays were ordered.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. The motion Senators will be voting on is a motion to table. A "yea" vote will be a motion to table the motion to reconsider. A "nay" vote will be against a motion to table. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. McGee]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. Ervin], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Missouri [Mr. Symington], and the Senator from South Carolina [Mr. Thurmond] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from South Carolina [Mr. Thurmond] would vote "yea."

On this vote, the Senator from California [Mr. Engle] is paired with the Senator from Florida [Mr. Smathers]. If present and voting, the Senator from California would vote "yea," and the Senator from Florida would vote "nay."

On this vote, the Senator from North Carolina [Mr. Ervin] is paired with the Senator from Michigan [Mr. McNamara]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Mississippi [Mr. Stennis] is paired with the Senator from Rhode Island [Mr. Pastore]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senators from Vermont [Mr. Aiken and Mr. Prouty] and the Senator from Utah [Mr. Bennett] are absent on official business.

The Senator from Illinois [Mr. Dirksen], the Senator from Arizona [Mr. Goldwater], and the Senator from Pennsylvania [Mr. Scott] are necessarily absent.

The Senator from Kansas [Mr. Pearson] is detained on official business.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from Illinois [Mr. Dirksen], the Senator from Kansas [Mr. Pearson], the Senator from Vermont [Mr. Prouty], the Senator from Pennsylvania [Mr. Scott], and the Senator from Arizona [Mr. Goldwater] would each vote "yea."

The result was announced—50 yeas, 33 nays, as follows:

[No. 216 Leg.]

YEAS—50

Allott
Anderson
Bartlett
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Cannon
Carlson
Cotton
Curtis
Dodd
Dominick
Eastland
Edmondson
Fong
Gruening
Hayden
Hill
Hruska
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kuchel
Magnuson
McClellan
McIntyre
Mechem
Metcalf
Miller
Morse
Moss
Mundt
Neuberger
Ribicoff
Robertson
Russell
Saltonstall
Simpson
Smith
Talmadge
Tower
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—33

Bayh
Byrd, W. Va.
Case
Church
Clark
Cooper
Douglas
Ellender
Fulbright
Gore
Hart
Hartke
Holland
Humphrey
Inouye
Javits
Kennedy
Lausche
Long, Mo.
Long, La.
Mansfield
McCarthy
McGovern
Monroney
Morton
Muskie
Nelson
Pell
Proxmire
Randolph
Sparkman
Walters
Williams, N.J.

NOT VOTING—17

Aiken
Bennett
Dirksen
Engle
Ervin
Goldwater
Hickenlooper
McGee
McNamara
Pastore
Pearson
Prouty
Scott
Smathers
Stennis
Symington
Thurmond

So the motion to lay on the table the motion to reconsider was agreed to.

Mr. PROXMIRE. Mr. President, I call up my amendment No. 279 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 48 it is proposed to strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

> (k) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

Mr. PROXMIRE. Mr. President, I call the attention of the distinguished senior Senator from Oregon to what I am about to do. I ask unanimous consent that debate on this amendment be limited to a half hour, 15 minutes to a side.

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. PROXMIRE. Mr. President, the amendment would eliminate aid to Indonesia. However, it provides that if the President finds it to be in the national interest that aid be given to Indonesia, he may do so.

Since 1946, the United States has supplied some $685 million of economic aid, alone, to Indonesia. We have provided substantially more than that in military assistance.

Mr. MILLER. Mr. President, will the Senator from Wisconsin repeat those figures?

Mr. PROXMIRE. Since 1946, the United States has provided $685 million of economic aid to Indonesia and an additional amount—a sum I could not calculate, but it was substantial—of military aid. I presume the total amount of aid to Indonesia has been in the neighborhood of $800 or $900 million.

The amendment would do exactly what the House of Representatives did and what the House Committee on Foreign Affairs recommended be done. The words of the House committee report on this subject are convincing, because they are brief:

> The committee believes that the results of past U.S. assistance to Indonesia are not commensurate with the magnitude of our expenditures. The economic progress of the country has been unsatisfactory and there is little to indicate that the Government of Indonesia is less receptive to the blandishments of the Communist bloc or more ready to cooperate with the United States as a result of the substantial aid which we have provided. Furthermore, the committee has been unable to find evidence that democracy is taking root or that the leaders in Indonesia have the determination to solve the problems with which the country is confronted.

In other words, after the United States had provided $685 million in economic aid to Indonesia, the House Committee on Foreign Affairs concluded, as I think any reasonable person would conclude, that Indonesia had not succeeded in building its economy and that we had not won the adherence of Indonesia to our side as against communism.

Why did the House committee take this action? I think the evidence is overwhelming. First, the present Indonesian Government under the leadership of President Sukarno has signficantly weakened the inherently strong economy of the Indonesian nation. It is a rich nation populated by intelligent and cultured people. It has vast natural resources and it is potentially one of the richest nations in southeast Asia. However, under the Sukarno regime the economy has gone rapidly downhill.

Indonesia was once a major rice producing area and rice was exported to other countries. Now Indonesia imports more than a million tons of rice a year. Indonesia was once the world's major producer of rubber. It now falls behind Malaya and its total rubber production has gone down substantially. Indonesia was once a major producer of tin, yet its output of tin has dropped by roughly two-thirds during the last 15 years. Indonesia used to dominate the cane sugar markets in Asia. Cane sugar production has now fallen off substantially. The same thing could be said about many other products.

Retail prices have increased almost eight times in the past 8 years.

Why have these adverse economic conditions occurred? I think one of the principal reasons is that Indonesia has the largest Communist party of any nation outside the Iron or Bamboo Curtains and the Communists are obviously playing a key role in the operation of the Government.

Another reason is that the debt of the Indonesian Government to the Soviet Union represents a heavy and oppressive burden on the economy. The Indonesian Government now owes over a billion dollars to the Soviet Union and the carrying charges alone on this debt are over $82 million a year.

But there is another reason why the Indonesian economy is weighted down. This reason is that Sukarno has decided that the civilian population must be sacrificed in order to build up a tremendous military machine. Indonesia has an army of 330,000 regulars. This army is equipped with all the appartus of modern warfare. They have amphibious tanks and artillery, over a hundred jet fighters and bombers, and ground-to-air missiles. It has 4 Russian destroyers, 4 submarines, 2 fleet tankers, and many other ships in its navy. Indonesia has the largest submarine fleet of any Far Eastern country outside of the Soviet Union.

As is evident from what I have indicated already, the Indonesian Government has been building up a tremendous military establishment and approximately 80 percent of this hardware has been obtained from the Soviet Union.

Why is this substantial military establishment being put together? It is obvious from the statements that Sukarno himself makes that the reason is to take over his neighbors. He has already threatened west New Guinea. Now Sukarno has made clear that he is flaunting his strength against the new nation of Malaysia. He has challenged the U.N. administered plebiscite which established the adherence of natives of certain areas to the new Malaysian state. These are obviously not the actions of a friend of the United States. They are rather the actions of a new oriental Hitler.

Millions of dollars of our previous aid to Sukarno has been wasted or used for Sukarno's own playboy antics rather than for improvement in his national economy.

HOW ABOUT OUR AID TO SUKARNO?—A CLASSIC WASTE

We provided grants for the construction of a highway bypass outside Jakarta. This bypass was constructed very rapidly, with attendant waste, in order to permit transportation to the Soviet games. Yet the games were held in a Soviet-built stadium and we received no appreciation or thanks for the funds so used.

In another example Sukarno pleaded with this Nation to give him funds which he contended were necessary for spare parts on machinery. We loaned him $17 million for this purpose. Almost immediately after the grant of this money Sukarno spent $19 million in the United States for the purchase of three luxury jets with all the trimmings. How did these jets build up the Indonesian economy?

The U.S. Government in Indonesia has purchased enough jeep spare parts to fill a large warehouse in Djakarta. The Indonesians now refuse to allow U.S. personnel into this warehouse, presumably because they are selling the spare parts. Similarly a number of jeep station wagons were imported for use by U.S. AID field technicians, yet only four technicians have received their station wagons and the Indonesians refuse to turn over the remaining vehicles to AID. The same thing occurred with some Chevy 2's which were purchased for the chief of the AID malaria team. An Indonesian military colonel took two of the vehicles and released only one to AID.

The nation is bankrupt yet Sukarno purchased some 7,000 midget sports cars from Japan for luxury purposes.

Sukarno has indicated his intention to make a fancy extension of the airport runway on Bali out over water at four or five times the conventional cost. Why? The reason we have from Sukarno himself. He believes that the Hong Kong airport is beautiful and wants one like it.

I ask unanimous consent that articles from the Saturday Evening Post and the Cincinnati Inquirer documenting the corruption of the Sukarno regime be printed in the Record at this point.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Saturday Evening Post]

Sukarno knows little about this miraculous economy and seems to care less. He has economic experts, but he will not listen to them. He likes his Hotel Indonesia with its turquoise facade—"14 stories of national prestige," someone called it. The Japanese built the hotel for $13 million in war reparations, and almost everything in it, from the elevators to the plastic straws in the coffee shop, is imported (sometimes Sukarno helicopters over the hotel like a proud papa). Outside the hotel the badly constructed and flood-damaged streets of Jakarta are broken like eggshells under the weight of 365,000 vehicles (Mercedes 220 cars, Honda motorcycles, Bulgarian buses—corrupt officials make money).

The President also likes his Asian games complex of four stadiums called Glora Bung Karno—the "Glory of Bung Karno"—an empty glory which cost $17 million in foreign currency (and 4 billion rupiah). Then there is the national monument, its 341-foot-high steel skeleton towering above the city. Still unfinished, it has cost $221,840 so far. And a monument to the liberation of West Irian has just been started.

Place these status symbols in an economy where the price of rice in 1962 rose 17 percent, eggs 139 percent, sugar 239 percent.

The United States is well aware of Indonesia's economic problems, but a number of high officials are deeply suspicious of Sukarno's policies, and they question the value of aiding his regime. Gen. Lucius D. Clay and his 10-man foreign-aid committee were even more critical of Indonesia. "We do not see how external assistance can be granted to this nation by free-world countries, unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures." Now the United States has "frozen" its aid. Sukarno obviously continues on his "international adventures."

[From the Philadelphia (Pa.) Enquirer, Oct. 5, 1963]

PLENTY OF LEVERAGE

In happier days gone by, a needy country in the process of getting $250 million to stabilize its economy would have taken some pains to be good-mannered in dealing with its benefactors, and to be considerate of their interests. Even now in the climate of large-scale international assistance programs, most governments on the receiving end make an effort to put their best foot forward while help is on the way. But not

President Sukarno of the Indonesian Republic. Spoiled by unduly kind treatment in the past, he seems to think he can get the most out of the well-heeled nations by a posture of arrogance and contempt.

Indonesia is one of the sickest countries of the world, in economic terms, with a grossly excessive defense budget and a runaway inflation. To help, the United States, the International Monetary Fund, and some other governments and agencies worked out plans last summer for a king-size stabilization program. Provided Indonesia itself carried out the reforms needed, the massive credit ought to be enough to put Indonesia back on the road of stability and progress.

But this is the time Sukarno has chosen to forment disorders in North Borneo, to set up a boycott of the newly formed Malaysia and to let his police stand by idly while a mob sacked and burned the British Embassy at Jakarta. His government is displaying exactly the kind of irresponsibility that is not expected of an impoverished country in the process of being bailed out—saved by an economic blood transfusion from the results of its own stupid policies. Sukarno wants to be the enfant terrible of the Far East, and at the same time the spoiled darling of the major Western powers.

This time, such tactics are not going to work, however well they seem to have worked in the West New Guinea affair. The U.S. Government has suspended all new economic aid to Indonesia, including its share of the $250 million stabilization program. The International Monetary Fund, which is not a government and does not have to be so diplomatic, has suspended the $50 million credit it earmarked for Indonesia, and has bluntly said it is waiting until the Jakarta Government has learned to behave properly toward Britain and Malaysia.

The first Indonesian reaction, that of Foreign Minister Subandrio, was defiance. Indonesia is going to confront Malaysia—i.e., subvert, undermine, and harass Malaysia—even if it must forego all foreign aid, said Subandrio. It will be interesting to see how long that arrogance holds out, after the full cost of Indonesia's international misconduct is felt at Jakarta.

Sukarno may be figuring that he can always turn to the Soviet Union, as he did successfully 2 years ago when the United States refused to rearm Indonesia for its projected conquest of West New Guinea.

All that is necessary is that the American and British Governments stand firmly on the policy they have adopted. It may take some months, or even a year or more. But in view of Indonesia's appalling economic crisis, they have plenty of leverage, provided, of course, they retain the will to use it.

Mr. PROXMIRE. Mr. President, on the basis of this evidence I see no justification for our funneling aid that will only be wasted or used to build up a military threat against our other friends in southeastern Asia.

Mr. CURTIS. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Nebraska.

Mr. CURTIS. I find no quarrel with the amendment; perhaps I shall support it. As I look at the language, some questions come to my mind. The amendment reads, in part:

> No assistance under this act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States.

My question is: Are we now giving aid to any countries where it is not in the interest of the United States to do so?

Mr. PROXMIRE. The amendment requires a positive finding on the part of the President. He must find that providing aid to countries will be in the national interest to do so.

Mr. CURTIS. I agree.

Mr. PROXMIRE. I shall offer an amendment, following the disposition of this amendment, to eliminate aid to Yugoslavia, which is a prime example. But Indonesia also is an example at the present time.

Over the years, we have discussed aid to Yugoslavia, and in the past we have imposed this kind of restriction on Yugoslavia. But we have not heretofore done so with respect to Indonesia. This is a new proposal. Therefore, I believe the approach which the House adopted is a more moderate one, and frankly I think it has a much better prospect of being adopted.

Mr. CURTIS. Information has come to me from reliable sources concerning our aid to Indonesia in recent times, at a time of great disaster. The U.S. aid was not disclosed to the people or the public of Indonesia generally. The Soviet aid was heralded from the housetops. That certainly is to the detriment of the United States.

Mr. LAUSCHE. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Ohio.

Mr. LAUSCHE. In my opinion, the aid which the United States is granting to the Communist government of Yugoslavia and the Communist government of Poland is not in the interest of the United States.

Mr. CURTIS. I certainly agree.

Mr. PROXMIRE. I wholeheartedly agree with the Senator from Ohio and the Senator from Nebraska.

Mr. LAUSCHE. When Khrushchev visited Belgrade, Tito took him through a large factory that had been made possible by financing from the United States. Newspapermen from Moscow were there, and newspapermen from the United States were there. The flag of Moscow flew on high; so did the flag of Yugoslavia.

Khrushchev was taken into the plant. Not one word was said to anyone to indicate that the plant was financed by dollars of the United States. To make things worse, the Moscow newspapermen were allowed to enter the plant; the newspapermen of the United States were compelled to stay outside.

Mr. PROXMIRE. I thank the Senator from Ohio for his comment.

Mr. FULBRIGHT. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. The committee had this proposal under consideration. I do not think the amendment would do any serious damage to the bill. I am perfectly willing to accept it.

Mr. PROXMIRE. Mr. President, I will yield to Senators, if they wish me to do so, and then I hope the Senate will vote.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. DOMINICK. I took the opportunity the other day to cosponsor an amendment of this kind which was even more stringent than the one which the Senator from Wisconsin is now offering. I did so for the very good reasons reported in the hearings themselves concerning Indonesia.

For example, on page 284 of the hearings, under the heading "Clay Committee's Views on Indonesia," we read:

> We cannot leave this area of the world without special reference also to Indonesia. * * * We do not see how external assistance can be granted to this nation by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.

On July 11, General Clay himself, in an answer to the committee, said:

> Under the conditions which were then prevailing, Indonesia, with its great debt to the Soviet Union—debt which was falling due and which had been paid off by our aid—with the apparent unwillingness of Sukarno to undertake reasonable economic reforms, with his attitude toward Malaysia, we certainly felt that further economic loans to Indonesia were not to be recommended.

General Clay then went on to say that conditions have changed and that perhaps we should do something now for Indonesia. Conditions have not changed for the better; they have become worse since July.

At the present time, not only is Sukarno not acting in the interest of the United States; according to this morning's newspapers, he has recently expropriated all of the properties of Malaysia within Indonesia and now apparently intends to take further steps to foment aggressive action in that area of the world.

It seems to me that it is not in the interest of the United States to provide further aid to Indonesia. I intend to make certain, as best I can, that the people are made aware of what the AID administration intends to do. If the amendment is accepted, we should make certain that the President does not assume automatically that such aid would be in the interest of the United States, but will provide Congress with a definite report as to whether it is or is not, before any aid is provided.

Mr. PROXMIRE. I thank the distinguished Senator from Colorado, who is a cosponsor of this amendment.

Mr. MILLER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Iowa.

Mr. MILLER. The Senator from Wisconsin is trying to do something constructive and helpful, but I am not certain that the amendment is strong enough. The amendment provides, in part:

> No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States.

Merely being in the national interest does not sound to me like a strong test. One might find reasonable arguments for contending that the $20 million which was reported to have been distributed to Indonesia recently, for the purpose of enabling that country to stabilize its currency, while at the same time Indonesia was spending about $17 million for some commercial jet aircraft, was in the national interest. It seems to me that the language should be made a little stronger.

Why should not the word "in" be stricken and the words "essential to" be inserted, so as to require, if we are to provide any aid to Indonesia, particularly in light of circumstances that now exist and some of the facts that have occurred, and which have already been brought out in the Senate, a finding that "it is essential to the national interest of the United States," rather than merely "in the national interest"?

Mr. PROXMIRE. Mr. President, I agree 100 percent with the remarks of the Senator from Iowa in regard to the corruption of the Sukarno government and its great waste and extravagance and—and this is more important than anything else in that connection—on the fact that the economy of Indonesia—a very rich economy, with cultured and skilled people—has been greatly hurt by the maintenance of the huge Indonesian Army and Navy, which have constituted a very heavy burden on that nation's economy.

However, my answer to the proposal of the Senator from Iowa is that the House has voted for this language and the chairman of the Senate committee has agreed to accept it.

Furthermore, regardless of whether the amendment includes the word "essential" or the words "necessary to the national interest," or the words "in the national interest," it will require a positive finding by the President; and if that is done in conformity with the provision which has been voted by the House of Representatives, we shall achieve something which we do not now have.

Furthermore, the State Department has frozen our aid to Indonesia, and is not giving aid to Indonesia now; and the Clay Committee recommended against the giving of any further aid to Indonesia; and, on the basis of that recommendation, the State Department is not now extending aid to Indonesia. So I believe this amendment will bring the policy of Congress into conformity with the present procedure of the administration. In addition, the amendment will require the administration to make a positive finding before giving further aid to Sukarno. In view of the very great waste of our aid funds—which are provided by the taxpayers of the United States—now occurring in Indonesia, at least what this amendment provides should be required.

Furthermore, I point out that the chairman of the Foreign Relations Committee has agreed to accept the amendment, and I think that is quite an achievement.

Mr. MILLER. However, the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT] did not indicate that he believed the amendment would be a particularly tough requirement. He said it would be acceptable to him. I am sorry he is not now in the Chamber, so that I could request his opinion in regard to changing the word "in," at this point in the amendment, to the words "essential to," so that this part of the amendment would provide "unless the President determines that the furnishing of such assistance is essential to the national interest of the United States," for it seems to me that after Congress provides that no further aid is to be given to Indonesia, the President should have a very definite test to apply before he decides that it is proper to give further U.S. aid to Indonesia.

Mr. PROXMIRE. The amendment now reads in part as follows:

> No assistance under this act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States.

In that connection, it is clear that such assistance would not be in the national interest of the United States if the country to be assisted were engaging in international adventures. So I believe the amendment as it now stands, without any change, would enable the President to follow, generally, that wise prescription.

I repeat that I cannot argue against the proposal of the Senator from Iowa, because I agree with him; and when the distinguished chairman of the committee returns to the Chamber, if he agrees that the proposal of the Senator from Iowa would strengthen the amendment, I shall be glad to modify the amendment accordingly.

In fairness to the distinguished chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT] he has been in the Chamber all day, and left only a moment ago, and only briefly then, in order to get some lunch. He will soon return.

Mr. MILLER. I understand.

The amendment also provides:

> The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this act.

However, that would be done after the fact. Would the Senator from Wisconsin object to including, after the word "assistance", the words "proposed to be"?

Mr. PROXMIRE. I think such a change might be helpful; but I repeat that the amendment as it now stands represents considerable progress.

On the other hand, if the Senator from Arkansas [Mr. FULBRIGHT], who is very accomplished and expert in this field, would agree to such a modification, I would agree to it, too; but if he would not agree to it, and inasmuch as he has already accepted the amendment, which now conforms to the language voted by the House, I believe that is adequate, so far as I am concerned.

Mr. MILLER. However, while the Senator from Wisconsin may wish to have his amendment adopted, as I fully appreciate, I hope the amendment will be modified somewhat before it is adopted, so it will be more meaningful than it is at this time.

Mr. PROXMIRE. Very well; as soon as the Senator from Arkansas returns to the Chamber, I shall ask him about the proposal of the Senator from Iowa.

Mr. COOPER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. COOPER. I should like to express my support of the amendment. As the Senator from Wisconsin knows, in past years, during the administration of President Eisenhower and the administration of President Kennedy, I opposed amendments which I thought would unduly restrict the President in what he would consider the proper conduct of foreign policy, and I have also opposed such amendments in connection with the foreign aid bill. I am sure the Senator from Wisconsin remembers the position I took in that connection on several occasions.

However, I wholeheartedly support this amendment. As the Senator from Wisconsin and other Senators have pointed out, Indonesia, which is very rich in resources, has been greatly mismanaged by the Sukarno government and, as the Senator from Wisconsin has also said, has also built up a very large and very expensive military machine which recently has been used aggressively and in a threatening way toward Malaysia. I believe our adoption of the amendment is entirely justified. I know there are good elements in the Government of Indonesia, and I am sure the people of Indonesia are good and great. But it is my judgment that Sukarno is perhaps the most irresponsible leader of any government in the world today. So I hope the administration will not give Indonesia one penny of either loans or grants or any other form of aid.

Mr. GRUENING. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am glad to yield to the Senator from Alaska.

Mr. GRUENING. I am happy to support the amendment. I think it is a very desirable amendment, and I hope it will receive hearty support.

Mr. PROXMIRE. I thank the Senator from Alaska. I understand that he has an amendment—although it is more general and more comprehensive—which would accomplish much the same thing, by preventing the giving of our aid to any country which is engaged in military adventures or the use of military force.

Mr. GRUENING. That is correct. My amendment would keep our aid from nations which are engaged in aggressive conduct toward other nations; the amendment would withhold our aid from countries which are making war or are threatening to make war on their neighbors or on other countries. The amendment would thus apply to Egypt and to Indonesia, because, so far as Indonesia is concerned, Sukarno is threatening war against his neighbors and is constantly making trouble in the Far East, as Egypt is doing in the Near East.

Mr. PROXMIRE. I thank the Senator from Alaska.

Mr. JAVITS. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am glad to yield.

Mr. JAVITS. In line with the statement made by the Senator from Kentucky [Mr. Cooper], I believe it must be clear that in each of the efforts to shape our foreign policy, based upon our foreign aid program, there is nothing doctrinaire or theoretical. We have a right to handle our aid—because, in the first instance, it is unilateral aid from us to other nations—in such a way as to be most conducive to the policy we wish to pursue.

Distinctions arise when we try to find out whether a particular policy is productive or is counterproductive.

When we consider the amendment of the Senator from California [Mr. Kuchel], which the Senate adopted a short time ago, the question is whether it will facilitate or inhibit that which should be the policy of the United States, for that amendment makes clear that we will not tolerate any nonsense about arbitrarily extended territorial waters concepts, such as the ridiculous concept of an extension for 200 miles.

I believe it should be stated, in favor of the amendment of the Senator from Wisconsin—because I believe it a very important ground rule for all of us—that in this case we are not dealing with a delicate international negotiation, such as those in connection with Ecuador, Peru, and other countries, but that in this case we must see through all the protestations and must determine what really should be our policy, and that even though we are kindhearted, we will not agree to help all nations, but that when our aid will be productive we shall be glad to have it extended, provided it is made clear that the attitude of Congress is that it disapproves thoroughly any contrary national policy. On the other hand, when it is clear that the extension of our aid will become a desirable and affirmative factor in our foreign policy, I am entirely in support of the position the Senator from Wisconsin takes. I believe it desirable to make that clear to Senators who might adopt, in regard to this amendment, a position different from the one adopted in regard to the amendment of the Senator from California.

Even on that amendment I respect the view of any Senators who voted the other way. I am only trying to lay down a ground rule. There is no reason why we should not adopt restrictions. Foreign aid is something which we are giving, lending, or holding forth. We should adopt restrictions which we feel are proper and necessary in order to make good the intent, purpose, and objective of our loans or our aid. But I believe that when a Senator is convinced that it is counterproductive and that it will work in reverse, he has the duty not to support it. But when he feels that it will be an effective declaration of Congress, and he feels that that in itself is a major factor in foreign policy, he has a duty to support it.

Mr. PROXMIRE. I thank the Senator from New York very much.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PROXMIRE. Yes.

Mr. MORSE. I have called for certain data for which I am now waiting before I take the floor in my own right to discuss the amendment. I have a question or two to ask the Senator.

Can the Senator tell me why the language on line 6 provides: "and the Speaker of the House of Representatives fully and currently informed of any assistance furnished," and so on. Why the Speaker of the House of Representatives? There may be some reason of which I am not aware. Why not the Foreign Affairs Committee of the House?

Mr. PROXMIRE. I should like to call the Senator's attention to lines 4 through 8:

> The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

Frankly, that is the language of the House. It seemed to the Senator from Wisconsin satisfactory if the Foreign Relations Committee of the Senate and the Appropriations Committee of the Senate were informed.

So far as the House is concerned, the language used is the language proposed by the House. If it wants the Speaker informed rather than the Foreign Affairs Committee or the House Appropriations Committee, that is perfectly all right with me as a matter of comity.

Mr. MORSE. Since I asked the question, I have been advised by staff counsel that the traditional way of handling that type of problem in any relationship between the Senate and the House is to use the language which the Senator has used, "the Speaker of the House of Representatives," rather than to name committees, as is done in the Senate. With that explanation, it is satisfactory to me. I wished to be perfectly sure that by the amendment we were not in any way committing a protocol offense in our relationship with the House. To the contrary, I understand that that is the protocol which should be followed, of which I was not aware. I shall make some remarks on the amendment on my own time after the Senator has concluded.

Mr. PROXMIRE. I thank the Senator.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Colorado.

Mr. DOMINICK. I thank the Senator from Wisconsin. I thought it might be helpful to bring up a couple of points. On February 11 of this year the U.S. News & World Report published an article on the military strength of Sukarno. It is really quite interesting because it is all Soviet arms. There are 100 Mig-15, Mig-17, and Mig-19 jet fighters; 12 Mig-21 jets—those are the long-range jets. There are 20 IL-28 jet bombers—those are the intermediate and long-range bombers. There are 10 TU-16 bombers with a range of 5,000 miles, which can carry air-to-surface missiles. There are at least six destroyers, and so on. These are all Soviet armaments which Sukarno has purchased, largely with the aid and assistance of the economic aid that we have given to him.

That report was printed on February 11 of this year. Yet here we are with the executive branch of the Government, through AID, now freezing the aid to Indonesia but originally planning for the 1964 fiscal year to increase the authorization and obligations to this bandit, who is the head of Indonesia, by $58 million—up to $140 million—including $17 million of military aid.

I cannot see how the Senate, which, after all, is responsible for determining how the taxpayers' funds are to be paid in connection with this program, or the other body, could possibly be willing to accept this type of approval by AID for a program to this kind of country. I am not talking about the people of the country as a whole; I am talking about Sukarno and his ruling clique. It seems to me that we must maintain a perpetual watch so that we do not find ourselves constantly at cross purposes, as has been the case in so many other countries.

Mr. PROXMIRE. I thoroughly agree with the Senator from Colorado. Not only do they have Russian destroyers, which the Senator has referred to, but subchasers and submarines, fleet tankers, and many other ships which, as the Senator has said, the Soviet supplied. As I understand, while our military assistance has been relatively modest, 80 or 90 percent of the military assistance that Indonesia receives, it secures from the Soviet Union. This is a Communist Russia equipped army and navy in Indonesia.

In addition, we should recognize that Indonesia has the largest Communist Party outside the Bamboo Curtain or the Iron Curtain. The Communist Party plays a big role in the Government of Indonesia, which, among other things, explains why the economic policies have been so disastrous. I understand that in the past 8 years inflation in Indonesia has been eightfold. The economy has suffered greatly because of maladministration. For us to give that country assistance—the hard-earned American taxpayers' dollars—would be impossible to justify.

Mr. DOMINICK. Mr. President, will the Senator yield further?

Mr. PROXMIRE. I yield.

Mr. DOMINICK. A few days ago I asked to have printed in the Record portions of a letter which I had received from an American citizen who was active in the AID program in Indonesia. I have written to obtain permission from him to print the entire letter. He has torn the whole program apart and has said that there is no reason for the United States to be doing this at all.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MORTON. Why does the Senate not vote upon the amendment?

Mr. PROXMIRE. For two reasons: First, I wish to ask the chairman of the committee if he will accept the modification proposed by the Senator from Iowa [Mr. Miller].

Second, I should like to yield the floor and let the Senator from Oregon [Mr. Morse] speak on the amendment, which he wishes to do.

The Senator from Arkansas is now present in the Chamber. The Senator from Iowa [Mr. MILLER] has proposed that my amendment be modified as follows: On line 3, after the words "such assistance is," add the words "essential to," so that the amendment would read:

> No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest.

Then on line 7, after the sentence which reads:

> The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate informed—

Add on line 7—

> and currently informed of any assistance proposed to be furnished to Indonesia under this Act.

I told the Senator from Iowa that I was for the strongest possible amendment. I would put it up to the Senator from Arkansas. If he would accept that language, very well; but if he would reject it, we would have to stand on the amendment which the Senator from Arkansas would accept.

Mr. FULBRIGHT. The only difference I can see is that the amendment would make it more difficult to administer the act, but it seems to me that the sense of the proposal would be the same.

How the words "in the national interest" would bring about a difference in substance is a matter of degree. It would be perhaps difficult for the President to determine. But that language does not seem too objectionable.

The second proposal stated is extremely difficult, and I think it would be impossible of administration, because there would have to be negotiation. Before we should even approach him to talk about it, representatives of Indonesia would have to come here. That would open up many difficulties.

In the first place, we cannot determine in advance what we can agree on—assuming that the President would want to give some assistance.

In that connection I might say that the administration has already, on its own initiative, without the amendment, suspended aid to Indonesia. I do not believe there is any illusion about the difficulty of dealing with Indonesia. The administration has already acted, without anything having been said. But the second proposal would really be impossible to administer as a practical matter, in connection with this or any other program. We would have to be infomed as to what the other country was thinking about before we could ever arrive at an understanding.

Mr. PROXMIRE. Mr. President, will the Senator accept the first proposal?

Mr. FULBRIGHT. I will accept the first one, but not the second.

Mr. PROXMIRE. Mr. President, I modify my amendment to add, on line 3, after the words "of such assistance is" the words "essential to" and strike the word "in".

The **PRESIDING OFFICER.** The Senator has a right to modify his amendment.

Mr. PROXMIRE. Mr. President, I yield the floor.

Mr. GRUENING. Mr. President——

The **PRESIDING OFFICER.** The Senator from Alaska is recognized.

Mr. GRUENING. Mr. President, I wish to call up my amendment No. 231——

The **PRESIDING OFFICER.** The Senator is out of order. The question is on agreeing to the amendment of the Senator from Wisconsin as modified to the committee amendment, as amended.

Mr. GRUENING. I did not know that.

Mr. MORSE. Mr. President——

The **PRESIDING OFFICER.** The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, I suggest the absence of a quorum

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. GRUENING. What is the pending question?

The **PRESIDING OFFICER.** The pending question is on agreeing to the amendment of the Senator from Wisconsin, as modified, to the committee amendment, as amended.

Mr. MORSE. Mr. President, I wish to discuss the amendment for a few minutes because it is the first amendment of a general type that undoubtedly will be offered, because other countries, in my opinion, are similarly disqualified for foreign aid. Although I may vote for it, I wish it understood that if I do vote for it I am not committing myself to the adoption of this language form in respect to other countries.

We have been pointing out in this debate that many countries are receiving foreign aid which should not be receiving any. The Senator from Idaho [Mr. CHURCH] made a series of brilliant and eloquent speeches in the past several weeks, including some during the course of this debate, in which he pointed out that we are supporting foreign aid in entirely too many countries. We cannot justify it. The number should be cut.

Some time soon I shall offer an amendment to provide for the ending of the foreign aid program as it now operates at the end of fiscal year 1965, and the starting of a new aid program on the basis of new terms and conditions under which countries will have to apply for aid and their applications will have to contain a qualifying phrase "under the terms and conditions" that we offer.

The amendment proposes to limit the aid program to not more than 50 countries. It will be exceedingly generous if the United States offers aid to 50 countries. I believe it is difficult to justify offering aid to 50 countries.

On the basis of the record to date, we cannot justify giving a dollar to Indonesia, now or in the foreseeable future. So the Senator from Wisconsin puts me in a difficult position on the amendment, for he and I know that aid will be offered to them. That is the record of the State Department. There may be a little jousting for a time, and jockeying for position, but aid will go to Indonesia. Take a look at the record of the State Department in connection with other countries when there have been slaps on the wrist, and a temporary slowing down in the flow of aid. Not only do they eventually get the aid, but also there is a great rush to pour it in at a rapid rate, in order to make up for the slowdown during the period of wrist-slapping.

With Sukarno, we are dealing with a corruptionist. He is one of the most corrupt men on the face of the earth. We should stop all aid to his government as long as he heads it. I do not "buy" the State Department argument that it is in the national interest to deal with such a person. If he did not believe he could get aid from the United States by way of a "payoff," he would be "in bed with" the Communists now. This man is no good. He should not be getting American taxpayers' money. When are we going to stop this business? When are we going to say that this kind of government cannot get money from the United States? I believe we should adopt an amendment eliminating aid to Indonesia.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MORSE. I am delighted to yield.

Mr. LAUSCHE. Would the Senator from Oregon put the Communist countries in the same category that he puts Indonesia because of Sukarno's leadership?

Mr. MORSE. The Senator knows that I would.

Mr. LAUSCHE. I thank the Senator.

Mr. MORSE. There are those who would like to have me follow a procedure which would make it difficult to get the facts in some of these cases. They should pause for a moment and start weighing the evidence which I now propose to put into the RECORD on Indonesia. I want the American taxpayers to know what is being asked for. I want the American taxpayers to know that, in spite of this record, they are being asked to authorize, upon the discretion of the President of the United States, more aid to this corrupt government.

What has he been getting? I want the RECORD to show what he got out of the President's contingency fund in 1963.

Do Senators remember the debate of yesterday on the contingency fund? The administration wanted $300 million to be turned over to the President of the United States, with no checks on it whatsoever. It wanted a contingency fund, when the general understanding was that contingency funds were to be used in connection with emergencies and critical situations involving the United States, not some foreign country.

Many Senators were surprised to learn that the contingency fund had not been used for this purpose. It was limited in the Kennedy administration. This was true also in the Eisenhower administration.

We have not had a fact situation in which there was a U.S. crisis in which use of the fund was necessary for the security of the United States, but a situation where it was helpful to some foreign country to meet an economic or fiscal crisis of its own.

Yesterday I placed in the RECORD example after example of cases in which the President of the United States, without knowledge of the Congress at the time, sent millions of dollars to the Argentine, Brazil, and other Latin American countries, for the purpose of payment, financing, support money for their budget, and meeting monetary problems in those countries.

What do Senators suppose the American people would say if they knew the contingency fund was used for that purpose? They would resent it. They ought to resent it.

I am perfectly willing to vote a contingency fund for the President of the United States to meet a U.S. emergency for the period of time in which he will need such a fund immediately for the national interest of our country, until he can come before Congress and ask for more money, if more money is required. But we must stop eroding one of the most basic principles of our form of government, namely, that under our representative system a mere man—or woman—no matter who he or she may be—occupying a position or administering a segment of the Government shall not be given unchecked discretionary power. Power breeds abuse. Unless we maintain a check on the exercise of discretion on the part of officials of the American people, we shall find ourselves in a situation in which abuse after abuse develops. It is the old historic story—unchecked power leads to an abusive exercise of discretion.

In Indonesia, in fiscal 1963—I want to be sure I check this figure—Sukarno received $2,700,000 from the contingency fund for arms and ammunition for a mobile police brigade for maintenance of internal order and for the prevention of Communist insurrection, so-called. That was his allegation.

I cannot read further because everything else is classified. I have been, and shall continue to be, very careful, may I say to the chairman of the committee, in connection with any of the figures I use throughout this debate. I shall do my level best to see to it that I recite only unclassified figures. I have been assured that that is an unclassified figure.

A total of $2,700,000 of the American taxpayers' money has been taken out of the contingency fund, which we voted to the President to use at his discretion, without our knowledge, for this purpose. He has a perfect right to do it, the way the law is now written. I want to make it impossible for him to do it. I want the law changed so that he must obtain authority before he uses money on that basis.

The amendment of the Senator from Wisconsin would not do that. The amendment of the Senator from Wisconsin provides that no assistance under this act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the essential national interest of the United States. But he can do it and subsequently report to the Foreign Relations Committee and the Appropriations Committee and the Speaker of the House.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. The dictator Sukarno, has recently declared that he was going to make war on the new country of Malaysia, a country with which we have much sympathy and to which we are undoubtedly giving aid. Is it likely that he is going to use the $2.7 million to pursue this aggressive course?

Mr. MORSE. I do not know. I think he has arms left. If he is to pursue the war, I suppose he will use those arms. I have not seen the press reports, but a Senator stated on the floor that press reports today indicate that Sukarno is making some move toward Malaysia.

Mr. GRUENING. Then the conclusion is inescapable that we are helping foment an aggressive war with the weapons we have given so generously?

Mr. MORSE. The effect has been that which the Senator from Alaska describes.

This power should not be given a President. I think it should be taken away from him. I said yesterday that with a contingency fund in the amount of $300 million given any President—I am not referring to the present President, but to any President—if there were in office a person who had become drunk with power, he could manipulate this country into war, and we would be in it before we could accept war. It is a dangerous thing in principle. As I said yesterday, if it is dangerous in principle, if the principle can be abused, the way to protect the people is to change the procedure. That is the best way to prevent the exercise of abuse, and would be the best protection.

Next let me point out that in fiscal 1963 $17 million was loaned to Sukarno, at 3½ percent interest, repayable in 10 years, to meet urgent needs for economic stabilization by providing for economic exchange and purchase of U.S. raw materials—$5 million for raw cotton, and $12 million for spare machinery parts and locomotives, which came out of the contingency fund. What has that to do with a U.S. emergency? Nothing.

What we are doing, in effect, by that kind of contingency fund, is delegating legislative responsibility to the President of the United States. That cannot be reconciled with the separation of powers doctrine.

Many people do not like to come to grips with the principles involved in the issue, because that puts them in a position of being critical of the man who happens to be President of the United States at a given time.

Some people have difficulty keeping these compartments separate, but they are separate compartments. No President of the United States ought to be given that kind of discretionary authority; I do not care who he is.

Let us see what else Sukarno got last year from the Presidential contingency fund, about which we did not know anything as Senators or as Members of Congress, nor did the American people.

What has happened to our precious theory and principle in this country that, after all, in a democracy there ought to be full disclosure of the public's business? We do not need this kind of secrecy to operate the Government.

Sukarno got $80,000 for disaster flood relief through the American Red Cross, in fiscal 1963.

We do not have to provide that out of the President's contingency fund. We certainly have not reached the point where, in order to provide disaster relief, it is necessary to go to the Presidential contingency fund. That is not the place from which that money should be drawn.

The total contingency fund aid to Indonesia in fiscal 1963 was $19,780,000.

I do not believe that, on principle, we can justify a dollar of it. This is the kind of aid that ought to have the approval of Congress. It should not be given by way of a blank check to a President of the United States. Congress ought to decide whether such aid should be given to Sukarno. I wonder whether the Senator from Wisconsin would agree with me that if Sukarno had to get specific approval of Congress for several of these items, in view of his corruptionist behavior, Sukarno would not have received such aid.

Mr. PROXMIRE. I agree with virtually everything the Senator has said. I would like to have a stronger amendment. I drafted an amendment, which is at the desk, which provides for no Presidential discretion. However, after I talked with a number of Senators and had made an estimate of how such an amendment would fare—the estimate may be wrong, and the judgment of others may be better than my judgment—I became convinced that I could not get a stronger amendment. Furthermore, these are the facts: The State Department has frozen aid; also, we have not had the kind of experience with Indonesia that we have had with Yugoslavia and Poland, where we provide, in connection with those two countries, that aid can be given only provided the President makes a finding; and the President has already made a finding in those countries that they can receive aid and has recommended it. This is not true in Indonesia.

In Yugoslavia we have given the President that chance and he has recommended aid. In Indonesia aid has been cut off by the administration from this corruptionist regime, which is infiltrated with communism. There is some argument on that ground, therefore, to press the amendment that gives the President discretion in Indonesia. At least it requires the President to make a finding. He could give aid only provided it was essential to the national interest of the United States to give such aid.

Therefore, I have no argument with the Senator from Oregon; I agree with him. It is a matter of judgment. His judgment may be better, because he has had much more experience than I have had in the Senate.

Mr. MORSE. The Senator has pointed out that we are in the same parliamentary box. It may be that after a little discussion, and if Senators knew about the discussion—they obviously do not, because they are not present—they might change their position and support a stronger amendment. At least they will not be able to say, when they go back home, that the facts were not in the CONGRESSIONAL RECORD before they voted, because I will put them in the RECORD.

I now wish to show the Senate the total aid that Sukarno received in fiscal 1963. I merely stated before the sums that he received from the contingency fund. I say, "That ain't nothing, compared with what the total story shows, although $19,780,000 is not chicken feed, and every dollar of it happens to be taxpayer money."

What would the President think the result might be if the American people had an opportunity to vote on whether or not the money Sukarno received should be given to him. I am perfectly willing to take judicial notice of the fact that the overwhelming vote of the majority of the American people would be a resounding "no."

Have we reached the point where, when we are satisfied, under our system of republican government, that there is a substantial public will, we flout it? We cannot justify flouting it. I believe, whether it is in the Eisenhower administration or the Kennedy administration or the administration of X, Y, or Z, that the people are entitled to have the administration responsive to the will of the people.

My friend from Wisconsin will be surprised, if he does not already know the figure, that in fiscal 1963, we not only gave Sukarno $19,780,000 out of the contingency fund, but that the total amount of U.S. aid was $140.9 million. This is what we sank into that rathole last year alone. There is plenty more scheduled to go to Indonesia in fiscal 1964.

The total military aid last year was $17.6 million. The total economic aid was $123.3 million, of which development grants and social progress programs were $14.8 million. Adding total economic aid of $123.3 million and total military aid of $17.6 million, we get the grand total of $140.9 million. In my judgment, this is a country which ought to be dropped from the list completely. I say we should wipe it off the aid program. So long as the present regime is in power in Indonesia, we shall never be able to help the Indonesian people with American aid. We shall only be strengthening the tyrant who dominates them.

Is it any wonder that we are charged with shocking hypocrisy around the world? We prate about freedom and support totalitarianism.

Since when have we sunk so low in relation to our ideals that we are not willing to make clear to the world that we will not walk out on our ideals?

I have been talking about the money we have sunk in the rathole of Indonesia for fiscal 1963. Let the RECORD show these facts before Senators vote finally on the foreign aid bill and before they vote on the amendment that I shall offer before we finish the bill. The parliamentary situation being as it is, the adoption of this amendment would not, in my judgment, estop the Senator from Oregon from offering next week an amendment that would include Indonesia among the list of countries which I shall propose be cut off at the pockets, with no more aid provided them.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Would the adoption of the Proxmire amendment, estop the Senator from Oregon from offering an amendment to prohibit, deny, or bring to an end all foreign aid to a list of countries that includes Indonesia?

The PRESIDING OFFICER (Mr. McGOVERN in the chair). The Chair does not think the adoption of the Proxmire amendment would preclude the Senator from Oregon from offering an amendment and having his amendment considered.

Mr. MORSE. I appreciate that statement, because my master teacher is the adviser of the Chair—the Parliamentarian. On the basis of his past teachings, I had reached that conclusion and dared to announce it before I asked the question. But I wanted to be doubly sure, so I put the question.

Mr. President, the United States has been supplying Indonesia with foreign aid since 1946. Indonesia is an old customer, perhaps I should say she is an old visitor to the backdoor with her hand out, and for a handout. Our grand total of aid to Indonesia since 1946 has been $881 million of the taxpayers' money. How successful do Senators think that aid has been?

If it were not so tragic, it would be amusing to listen to the spokesmen for the AID administration, who try to leave the impression that AID has been accomplishing a great deal of good. They are medicine men. The stuff they are selling is no better for curing the ills of the world than were the products of the medicine men of my boyhood days, who used to come to the county fairs and circuses, trying to sell us a bottle of stuff that would cure everything from human ills to horse colic. By and large, the AID witnesses are medicine men who are trying to sell us bottled goods of foreign aid on the representation that they will cure the ills of the world. I fear our aid is making the world sicker. Certainly the health of Indonesia has not improved under this kind of medicine-man therapy.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. GRUENING. Has the distinguished Senator ever known of a case in which, when a certain medicine did not work, but made the patient sicker, a larger dose of the same medicine was recommended?

Mr. MORSE. Only by medicine men.

Mr. GRUENING. Correct.

Mr. MORSE. They always recommended more. But they were not particularly concerned with whether they cured the patient or not; there would be more suckers at the next fair.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. TALMADGE. Has the Senator ever heard the quotation:

> If it costs a friend to make a dollar, keep the friend. If it costs a dollar to make a friend, keep the dollar.

Mr. MORSE. I certainly have. It is apropos of the whole foreign aid program. That is why I hope the Senate will adopt, next week, my amendment which would limit foreign aid to not more than 50 countries, instead of the 90 to 107, depending on what one's definition is, countries now receiving aid. As the Senator from Idaho [Mr. CHURCH] has said many times, there are only eight countries outside the Iron Curtain into whose gullets we have not crammed foreign aid thus far. Leave it to the AID boys and the Pentagon, and they will put aid into the gullets of those countries, too, if we do not adopt the kind of amendment that I am talking about, which would limit aid to areas where it really can do some good in strengthening freedom.

Mr. President, how is the $881 million of aid to Indonesia broken down? A total of $76 million has been spent for military aid; a total of $805 million has been spent for economic aid; $96 million has been spent for technical cooperation development; $12 million has been spent for development loans; $172 million has been spent for other aid programs. That is a total of $525 million for these programs. We must stop it.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOMINICK. Has the Senator any figures which would indicate how much additional money has been spent by the United States in support of international programs which have also gone into Indonesia?

Mr. MORSE. I have no such figure. It is difficult to obtain. I shall try to obtain some estimates. I am glad the Senator from Colorado has raised that point, because it gives me an opportunity to point up the situation. When we deal with foreign aid figures, we are not dealing with the entire cost to the United States.

Mr. DOMINICK. That was the point I sought to make.

Mr. MORSE. In many instances, we have found that the other cost is far greater than the cost of the foreign aid program. For example, it will be said that the AID program in Europe has been declining somewhat. But do not forget that the AID program does not include the cost of maintaining America's Military Establishment in Europe. There are many costs in this part of the world that are not covered by the foreign aid program, so it is rather difficult for me to say how much, in addition, Sukarno has in fact cost us.

Mr. President, the RECORD ought also to include a statement from which I shall read. I have received instructions that the passages indicated by brackets are classified, so I shall not read the bracketed provisions. But I am so desirous of having the American people get all the facts they can get, that this Government of ours, which has traveled so far down the road toward government by secrecy, is willing to let them have, that I do not want the official record to deny the information to them.

The document is dated November 6, 1963, and is entitled "Current Status of U.S. Aid Program in Indonesia. It reads:

GENERAL STATUS

> No new commitments have been made since September, when the Indonesian Government rejected formation of Malaysia, embargoed trade with Malaysia and indicated it would continue aiding insurgents in Sarawak and Subah.
>
> AID at that time suspended consideration of a loan to support the Indonesian—IMF stabilization program and canceled plans to organize through SAC a free world package of assistance to that program.
>
> AID at that time also suspended consideration of a development project loan.

Let us not be fooled. That is the "slap on the wrist" stage, the calling of "naughty, naughty," to Sukarno. But Sukarno is a trickster; he is invidious and clever, and it will not be long before he will make more false promises and unreliable statements; and the State Department will say, "But we have no alternative; things will be worse if we do not help him." But, Mr. President, what "will be worse if we do not help" will be a lot of scarecrow fears that will be dragged up, and therefore he will receive more of our aid, and away we will go again with false starts and stops and stops and starts in connection with our foreign aid, instead of cutting off our aid at the pockets, and no longer dealing with Indonesia.

I read further from the memorandum:

> Ongoing programs, under previous agreements, in technical assistance and training of civil and military leaders and professional people, in malaria eradication and in military civic action have been continued.
>
> Public Law 480 food-for-peace deliveries have continued, but no new commitments have been made.
>
> Composition of the continuing program (showing current annual costs for fiscal year 1964 program as revised):
>
> Technical assistance and training, approximately $10 million from development grants. These programs are our means of improving the prospects for better and more responsible management of Indonesian affairs—

Mr. President, what wishful thinking. We have a remarkable State Department, composed in considerable part of the most hopeful daydreamers imaginable. So we are informed by the memorandum that:

> These programs are our means of improving the prospects for better and more responsible management of Indonesian affairs—

By whom? Who in the Sukarno government justifies any such pious hopes? Sukarno is no good, and he should not be receiving any American aid.

The memorandum continues:

> They are in direct competition with the Communist campaign to gain control of elite groups and the government.

So we still have the old scarecrow argument, "If we do not do something for them, the 'Commies' will come in."

That argument, which I call the "Commie" blackmail argument, has cost the U.S. taxpayers hundreds of millions of dollars; and it is about time the American people say, in answer to it, "Why should we care? We have offered to support stability in Indonesia; we have offered to support a government which would recognize and respect human dignity and human rights, instead of tyranny and police-state methods."

Mr. President, I yield to no one in my hatred of communism; but I do not know that those people would be any worse off under one kind of police state than under another. However, the argument now presented to us is the same sort of argument of expediency that the State Department uses over and over again. I have sat in the Foreign Relations Committee for years and have heard that argument used under both Republican administrations and Democratic administrations; and I do not "buy" it any more.

Then the memorandum states:

> Present and future Indonesian leaders in key fields are trained in the United States and by U.S. university contract teams and other specialists in Indonesia.

At this point I omit some classified material that is in the memorandum; and now I read unclassified material from it:

> AID supporting assistance is providing training, technical advisers, communications and transportation equipment to the mobile (police) brigade, a national constabulary, which, with the army, is the principal deterrent to a potential Communist insurrection.

They always have to include that argument—the same old pattern; we are constantly told they are doing something to stop a supposed defeat or a Communist insurrection, because they have found that when that argument is used, some will take the position, "If that is so, we had better do something." But, Mr. President, that is the fear argument, not a fact argument.

I read further from the memorandum:

> MAP is providing civic action equipment supporting the Army's program of constructive works in areas where it is competing with the PKI (Communist Party) for popular support—

That is supposedly the Communist Party.

Then the memorandum states:

> It also provides training of military officers and maintenance.
>
> Malaria eradication assistance, approximately $3 to $4 million, in cooperation with the World Health Organization, provides DDT, sprayers, drugs, other equipment and technical advice in a scientifically scheduled program designed to eradicate malaria by 1970 in the central islands where 65 million Indonesians live.

So there is one humanitarian, Christian item for which a case can be made; but in such situations, that work should be done through the Red Cross or through the agencies of the United Nations.

I read further from the memorandum:

> Public Law 480 sales for rupiahs of U.S. rice, cotton, tobacco and other agricultural surpluses under previous commitments, approximately $35 million in the pipe line.

Mr. President, that is the current status. I repeat that we should stop it.

I always try to be fair and to place in the RECORD anything I have which represents the position of the executive branch. I used to teach my students, "Remember that you have no right, in behalf of your client, to deny to a court of justice the facts the court is entitled to know in order to be able to render a just decision."

So I have before me a statement of an executive branch position on the subject of prohibition of assistance to Indonesia.

The State Department would have us know that—

PROHIBITION OF ASSISTANCE TO INDONESIA

> The following points may be made in opposition to an amendment to prohibit all assistance to the Republic of Indonesia.
>
> 1. Geography and population place Indonesia in so important a strategic position that its continued independence of Communist bloc domination must be a primary objective of U.S. policy toward Indonesia, whether or not the Indonesian Government always acts as we consider proper. Indonesia lies between southeast Asia and our SEATO Allies, Australia and New Zealand, and controls the entrance to the Indian Ocean.

It would be very interesting to learn what our great allies, Australia and New Zealand, are doing in this regard. I should like to know how many of their taxpayers dollars are being sunk in this rathole. But, of course, we know what their position generally is. What are they doing in South Vietnam? They are not there.

Continuing to read from the memorandum:

> Were Indonesia to fall into Communist hands, it would be a catastrophe to the free world and would place the entire U.S. military effort in Southeast Asia in grave jeopardy.

That is the old domino theory. It always has been false. It never has had any sense connected with it. Does any Senator think that Indonesia protects us in southeast Asia?

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. MORSE. I yield.

Mr. TALMADGE. Is that not the Sukarno and the same Indonesia that we witnessed in a naked act of aggression in going into New Guinea and taking territory that, by no stretch of the imagination, had ever belonged to Indonesia? In the final analysis, our State Department supported that naked act of aggression against our ally, the Dutch.

Mr. MORSE. The Senator is correct. It is the same Sukarno.

Mr. TALMADGE. Is that not the Sukarno and the same Indonesia who are threatening a war now against a new state which has just been created out of a former British possession?

Mr. MORSE. The same tyrant.

Mr. GRUENING. And the same State Department.

Mr. MORSE. I really never find any significant change in the policies of the State Department from one party administration to another.

What defends America in that part of the world? Not any of the countries into which we are asked to pour money on the basis of the domino theory. America is defended in that part of the world by the 7th Fleet, American airpower, and American troops in the Pacific. That is what defends America's security.

I say that we ought to keep American boys out of areas such as that. They are not worth the life of a single American boy.

I took a great deal of criticism because I once said on the floor of the Senate—and I repeat today—that all of South Vietnam is not worth a single American boy. Neither is Indonesia.

We do not need those parts of the world to defend American security in the Pacific. It is about time that we stopped pouring the American taxpayers' money into one rat hole after another in that area of the world. If they want to go Communist, let them boil in Communist juices. Perhaps one of the greatest disservices that we could perform for Khrushchev would be to let him take over some of those countries.

I say to the State Department that I am doing the Department a favor by putting the memorandum into the RECORD. In my judgment, it is not worth the paper it is written on.

I continue reading from the memorandum:

> 2. Faced with the inescapable fact of Indonesia's strategic importance, the Executive proposes this year a very modest military assistance program, carefully designed to strengthen the Indonesian Army, one of the strongest anti-Communist elements within the Indonesian military.

The Senator from Alaska is correct. That surely is news.

> That program emphasizes training in the United States, civic action and internal communications. The record of the Indonesian military commends it for U.S. support. It was the army which suppressed the last Communist uprising in 1948. The army has continued to maintain a strongly anti-Communist posture. Even while Indonesia was receiving upward of $1 billion of military aid from the Soviet Union, the army steadfastly held to its anti-Communist posture. It would be utter folly for us to now abandon Indonesian military. The fact is that Indonesia is not now a Communist nation. To treat it as such would be to drive it in that direction and would undermine the anti-Communist elements in that country.

Who is Sukarno sending or proposing to send into Malaysia, which was referred to by the Senator from Georgia? A bunch of Indonesian Boy Scouts? It is the Indonesian Army, which is highly touted by the U.S. State Department in this so-called position paper. It is a position paper, all right, but it is not a position paper that is in the interest of the American people.

To continue reading from the memorandum:

> 3. Again, in view of the primary strategic importance of Indonesia, the President must be free to provide economic aid to Indonesia if and to the extent such assistance will further our objectives. Our objective is clear—

And I am glad the State Department knows how clear it is. I am waiting for them to let us in on the big dark secret. If there was ever a fuzzy, befuddled, muddled, confused policy, it is the U.S. policy toward Indonesia and toward a good many other places in the world where we ought to get out and stop wasting the American taxpayers' dollars.

To continue reading from the memorandum:

> Our objective is clear: to focus Indonesia's energy and great potential on the development of an independent, responsible nation whose policies do not clash dangerously with those of the United States. The timing and content of our economic assistance to Indonesia will relate directly to this objective. The AID program will consist primarily of training of present and potential Indonesian leaders, in the United States and through U.S. university contractors and others in Indonesia. If Indonesian policies and performances are to be changed for the better, such training assistance is surely an essential investment.

Of course, it is a false assumption.

To continue reading from the memorandum:

> AID also is equipping and training the mobile (police) brigade, a constabulary whose chief is outspokenly anti-Communist and whose senior staff now is largely U.S. trained.

We have had a great deal of experience with U.S. trained constabulary and military. We have had experience with U.S.-trained military in the Dominican Republic. They are so well trained that they seized and overthrew a constitutionally elected government. We have had experience with American military trained personnel in Honduras. They were so well trained that they overthrew a constitutionally elected government only a few days before an election in which the major issue in the election propounded by the leading candidate for the Presidency—and he was generally admitted to be the one who was going to win the election—was that he was running on a platform that there ought to be a change in the Constitution so that the Honduras military would be subject to the control of the President as commander in chief. We think that is pretty good American doctrine, do we not? We think that is pretty good constitutionalism, do we not?

We think that one of the great protections of the freedom of the American people; namely, that the American military shall be subject to the control of a civilian commander in chief in the person of the President of the United States. We have been training under the American military program military officers in various countries around the world who have been so well trained by us that, following the course of training, they organize themselves into military juntas to overturn constitutional governments.

I wish to say to the State Department, "You do not make any impression on me by pleading for aid to Indonesia on the ground that they are training Indonesian military officers."

I am not so sure that that is not one of the greatest disservices we could perform for the Indonesian people.

This remarkable document continues:

> The malaria-eradication campaign in the central Indonesian islands, part of a worldwide program in cooperation with the World Health Organization, is the other major AID project in Indonesia.
>
> Moreover, it should be noted that when Indonesia resumed its policy of "confrontation" and embargoed trade with Malaysia in September, we immediately suspended plans to help organize free world support for the Indonesian economic stabilization program; work on a pending AID stabilization loan and consideration of a development loan were halted. However, an absolute bar on any economic aid to Indonesia, primarily training, which is designed to strengthen non-Communist forces and institutions in that country would be clearly contrary to U.S. interests and a boon to the Communists.

My reaction is that it is nonsense. I believe the whole foregoing part of the position paper as an argument shows why it is hopeless to expect Indonesia to be a proper place for us to continue spending millions of American taxpayers' dollars. That is the record of what we have been doing.

Let me say to the Senator from Wisconsin that I am perplexed. I know the parliamentary position he is in and the parliamentary position he puts me in. He apparently has an agreement that the amendment will be adopted. I do not believe it will amount to much. I believe, for the most part, it is an expression of a pious hope. I do not believe it has any teeth in it, or any handcuffs in it, that will have any deterrent effect upon any President. He will go ahead and use the unchecked discretion which is his. He will send a report to the Foreign Relations Committee, and to the Appropriations Committee of the Senate, and to the Speaker of the House of Representatives, which will not call for any action. Those committees and the Speaker will be the receptacles for the communications, which will be nicely filed. If there is anything we need in Government it is more filing cabinets to hold papers that do not require affirmative action.

The amendment will have the advantage, at least, for those who wish the knowledge to be placed on notice of what the President is doing. That is an argument in favor of the amendment.

It will have some educational value, but it does not amount to much.

That is no reflection on the Senator from Wisconsin. I congratulate him, because he has focused attention on the problem. I believe I will vote for the amendment. I hope that next week, when I offer an amendment to cut off Indonesia completely, the Senator from Wisconsin will give the same careful consideration—as I am sure he will—to my amendment as I am giving to his. I hope that when the roll is called he will be with me, as he has been on several rollcalls, which I deeply appreciate.

I thank the Senator for giving me the opportunity to make this record on Indonesia.

The President of the United States needs to take note of the rising tide of opposition and criticism from across the country, in all walks of life, to exactly this kind of waste of the American taxpayers' money in Indonesia. I hope that the President, on some of his trips that he will be making across the country, will be able to get away from his partisan admirers, away from the parades and the grandstands, and, in some way, somehow, take a sounding of the feelings of the American people and listen to the heartbeat of American public opinion. I am satisfied that public opinion is not with him on this issue.

But I am sure that public opinion overwhelmingly shares my opinion that we need his continued services; that even though we criticize certain parts of his record, we love him, and we believe, over all, he is a great President, and that he must be continued in office.

I want to keep him as strong as possible for reelection. I know that when we seek to modify the foreign aid bill, we will strengthen his hand to the extent that we modify it.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Wisconsin [Mr. PROXMIRE], for himself and other Senators, to the committee amendment, as amended.

The amendment, as modified, to the committee amendment, as amended, was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. PROXMIRE. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing on the motion to lay on the table.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 933) to amend the District of Columbia Practical Nurses' Licensing Act, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 2073) to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 1989) to authorize the Government of the Virgin Islands to issue general obligation bonds, and it was signed by the President pro tempore.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. PROXMIRE. Mr. President, I call up my amendment No. 271, and I ask unanimous consent that the amendment may be printed in the RECORD without being read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

> On page 47, between lines 12 and 13 insert the following:
>
> "(3) Subsection (f), which provides restrictions on assistance to Communist countries, is amended by inserting before the period at the end of the second sentence thereof a comma and the following: 'but in no event shall such restriction be waived in the case of the Federal Peoples Republic of Yugoslavia'."
>
> On page 47, line 13, strike out "(3)" and insert in lieu thereof "(4)".
>
> On page 54, after line 4 insert the following:
>
> "(d) Section 107 is amended by inserting before the period at the end thereof a comma and the following: 'or (3) the Federal Peoples Republic of Yugoslavia'."

Mr. PROXMIRE. Mr. President, I discussed this amendment with the chairman of the committee, and he has agreed that if I will modify the amendment he will accept it. I hope, therefore, that the amendment can be disposed of rather quickly.

I modify my amendment by deleting all the language after line 10 on page 1, including lines 1 and 2 on page 2.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. PROXMIRE. Mr. President, this amendment would eliminate aid to Yugoslavia, with no "ifs," "ands," or "buts." No aid is to be permitted. No aid for Yugoslavia would be possible to be granted by the President of the United States from the contingency fund, or from any other fund. Aid to Yugoslavia, under the AID program, would be ended by this amendment.

I believe that the argument which the Senator from Oregon has just made is persuasive and eloquent. I believe that the Indonesian amendment could have been strengthened if it had had this provision in it. Certainly it should apply to Yugoslavia.

I shall try to be as concise as I can, and I believe I can complete the discussion of the amendment rather quickly.

We have been trying to follow a policy of having certain conditions complied with for countries to receive aid from the United States. Under the Alliance for Progress, for instance, we insist, before we give any aid to a South American country, that the country match our aid. I engaged in a colloquy with the Senator from Minnesota to establish whether we are living up to these conditions, and he documented the facts to prove that we are.

Before we give aid under the Alliance for Progress, we require matching funds. Before we give aid under the Alliance for Progress, we require tax reforms. Before we give aid under the Alliance for Progress, we require land reforms. These requirements are not merely stated as language in the bill. These are insisted on in administering the program the Senator from Minnesota has documented.

In view of the fact that we do not give aid to a democratic government in South America unless it meets those conditions, why in the world should be give aid to Yugoslavia, when it is not a democratic government? It is a dictatorship, and a Communist dictatorship. It is true that we give aid to dictatorships. But when we give aid to dictatorships, we do it on the basis of a military quid pro quo—for a base in Spain, or military defense against Communist Russia in Turkey, which has one of the bravest armies in the world, and is standing up to communism on its border. We get some kind of advantage in South Korea and other areas. But what advantage is there to be received from Yugoslavia? Yugoslavia is not on our side. It is against us. The suppression of freedom in Yugoslavia has been increased substantially in recent years. I quote from an article written last year by Paul Underwood, in the New York Times. He was recently the New York Times' correspondent in Belgrade:

> President Tito's regime is cutting down still further the tiny area in which private business is permitted to function in Communist Yugoslavia's economy.
>
> Under new regulations, private taxis will be eliminated within a year. Private trucking and hauling will also be banned within 12 months.
>
> Craftsmen will not be permitted to engage in general production, but will be limited to performing services. Private craftsmen, will, moreover, be barred from working on building projects financed with public funds.

A later Underwood article points out:

> In the midst of its third straight unsatisfactory harvest, the Tito regime has decided to take direct action to enlarge the "socialist sector" of the Yugoslav agriculture.
>
> The specific target will be the thousands of peasants who work at other jobs in addition to taking care of small landholdings.
>
> On the basis of what spokesmen have said, it is evident that the regime plans to use taxation to force the peasants to choose between being workers or farmers. There appears to be an assumption by the Government that those choosing farming would have to join agricultural cooperatives to maintain their living standards.
>
> The regime's long-range goal is the complete socialization of the countryside. But it also has a short-term aim of quickly increasing the size of the Socialist sector.

Not only is there a situation in Yugoslavia in which the Communist dictator Tito is suppressing economic freedom, but he is trying to rivet the economy of his country closer to that of the Communist bloc.

I quote from Hans Benedict, of the Associated Press:

> A gorge of torrential Danube waters between Yugoslavia and Rumania will be turned into a giant lake to help shipping and give the two countries the second biggest powerplant in Europe.
>
> Under an agreement expected to be concluded next month, Yugoslavian and Rumanian experts will start a joint $300 million project in the Iron Gate Strait within 7 years. It calls for a dam and power station with an annual output of 10.7 billion kilowatt-hours, nearly as much as Russia's Volga River plant.

In other words, it is very nearly the biggest powerplant in all Europe.

I continue:

> Details of the financing have not been disclosed. The Soviet Union may be a silent partner in the project. Russian ships transport 37 percent of tonnage in the Rumanian-Yugloslav section of the Danube.

Regardless of the argument that Yugoslavia is independent of the Soviet

Union—one which I shall dispute in a moment—we all agree that Rumania is behind the Iron Curtain. Rumania's economy is tied tightly to the Soviet Union's economy. Rumania's economy is limited by the Soviet Union's economy. Rumania's economy serves the Soviet Union's economy and military. There is no question that this huge power dam built by Yugoslavia and Rumania is going to serve our biggest Communist adversary.

Let me quote once more from Paul Underwood, from the New York Times, because some argument is made that there is growing freedom of expression under Tito. I read from an article of July 23, 1963:

> President Tito said today that the new retreat from liberalism in Yugoslavia would affect cultural life as well as politics.
>
> Speaking at the close of a 2-day meeting of the Yugoslav Communist Party's Central Committee, Marshal Tito declared that his regime had gone too far in allowing writers freedom of expression.
>
> Although observers generally agree that Yugoslav writers actually have had less freedom of expression than for instance Polish authors, the Yugoslav President asserted:
>
> "We have a very liberal attitude. We shrugged our shoulders thinking nobody would be harmed if we allowed people to say and write what they wanted.
>
> "In this we have gone too far. We certainly do not want to teach writers and tell them what they must write, but we will not allow anyone to write nonsense and caricature and distort our social life."

This means that Tito is increasing not reducing, increasing suppression of freedom of speech in Yugoslavia. Djilas has been jailed because he wrote "Conversations With Stalin," a book which embarrassed Khrushchev and Tito. Why did it? Because Djilas showed masterfully that Stalin was not an accident; that he was not simply a brutal psychopath, but that he was a product of communism; that any Communist dictator, whether Stalin or Tito or Khrushchev, who has absolute power and is guided by Communist dogma, will use such power brutally, cruelly, ruthlessly.

The truth of what Djilas wrote was illustrated in the Hungarian revolution of 1956, where the cruelty and repression took place not under Stalin, but under Khrushchev.

Who was the apologist for Khrushchev in that instance? Tito. Tito agreed that he supported what Khrushchev did in Hungary.

Up until 1955 apologists defended Tito on the ground that he was following a national communism for Yugoslavia alone and was committed to it. But in 1955 Tito completely retracted that position and stressed a program of "proletarian internationalism." He said he was opposed to any idea of national communism. He repeated that statement in 1958, and persuaded the Yugoslav Communist Party to formally reject national communism.

He called NATO an instrument of world domination. He said that Yugoslavia stands ready to lend a militant hand to encourage the world communizing process.

Nobody denies that in June 1956 Tito said at Leningrad:

> Yugoslavia in time of war as well as peace marches shoulder to shoulder with the Soviet people toward the same goal—victory of socialism.

Where will Tito and Yugoslavia, which have been aided with American help, be in time of war? Tito said, as I have just avowed him, they will be on the side of the Soviet Union. This is not merely academic. It is a matter of positive fact.

The fact is that he has his own foreign aid program for Asia and Africa. He has loaned millions of dollars to countries so that they may be induced to follow communism.

He supported Ulbrecht against West Germany.

In 1961 he praised the "unanimous resistance of the Cuban people against the aggressive intervention of the U.S. supported freedom fighters."

Tito has made his stand on the side of Castro's Communist government in Cuba, and against us.

In 1963—this year—a few months ago, after Khrushchev's visit with Tito, Tito said, "We agree on every major issue."

It has been said by some able Senators that Tito is a "bone" in Khrushchev's throat. That is the kind of bone we would all like to have. He agrees with Khrushchev and defends him.

He has done something Khrushchev could not do. Tito is the advance guard for communism in Latin America, as well as in Asia and Africa, because he can pose as an independent. But he follows a policy of international proletarianism, international communism, and defends the international position of the Soviet Union, and does it over and over again, and attacks us.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PROXMIRE. Before I yield to the Senator from Oregon—which I shall do in a moment—I wish to make two more remarks about my amendment. The amendment would not end the most-favored-nation treatment of Yugoslavia in trade. It takes no position thereon. That will be decided later, by the offering of a later amendment.

I point out that this amendment would not affect the favored-nation position of Yugoslavia. It is a very modest amendment. It merely provides that we shall not take the American taxpayers' dollars and give aid to this country which has a Communist dictatorship and which has alined itself on the side of the Soviet Union.

Also we have given over $2 billion worth of aid to Tito—more than we have given to any other neutral country except India. It seems to me it is time something were done to end it, and abruptly.

I promised to yield, and I do yield, to the Senator from Oregon.

Mr. MORSE. I have a few questions to ask the Senator.

Earlier in his speech he said that Tito had taken the side of Castro.

Mr. PROXMIRE. Yes.

Mr. MORSE. Can the Senator document that statement? I know it is true, but I believe it is important to get that statement in the record, so that when people read the RECORD they will know whereof the Senator speaks.

Mr. PROXMIRE. It was made in 1961. I have the quotation, but I do not at the moment recall precisely the place or the time at which Tito made that statement. However, I shall be delighted to secure it from my staff and will see to it that it gets into the CONGRESSIONAL RECORD. I am happy that the Senator from Oregon called attention to it. It certainly should be documented.

Mr. MORSE. Some detail needs to be put into the record in that connection. Will the Senator tell us what the amendment denies Tito by way of aid? Does it have anything to do with the most-favored-nation clause? Does it affect military aid?

Mr. PROXMIRE. May I say to the Senator that I now recall the Tito statement on Castro was September 3 or 4, 1961, at the Belgrade Conference. This amendment would deny the following: It would delay all military aid. It would deny all economic aid. It would deny all economic loan funds. It would deny any prospect of getting anything from the contingency fund. That would not be discretionary with the President; Tito would not get it.

Tito would be able to get Public Law 480 assistance. He would get agricultural products from this country if there were a famine in Yugoslavia; in that way we could give assistance for the Yugoslav people. Of course, Tito could not get economic aid or military aid.

Mr. MORSE. It provides Public Law 480 funds to meet such contingencies as the Senator has mentioned—famine or food shortage. Of course, that would be in keeping with our humanitarianism. Would it deny him needed medicines?

Mr. PROXMIRE. I cannot answer that question categorically. I would have to check it. Certainly it is not the intention that the amendment should be construed in that way. However, I would have to rely on what the chairman of the committee can state on this point.

Mr. FULBRIGHT. It would, because I know of no source of funds that would pay for it.

Mr. PROXMIRE. I am sure the Senator from Arkansas, the chairman of the committee, is correct. I point out, however, that there is nothing to prevent medicines being provided by the Red Cross or by any other private organization.

Mr. MORSE. That is what I was about to say. The amendment denies him such supplies. However, it is not necessary to have a foreign aid bill in order for the United States to act as a great humanitarian to meet humanitarian crises that may develop anywhere in the world.

Also, under such circumstances, we would be in a position to decide, independent of any foreign aid, whatever humanitarian assistance the facts might call for.

Mr. PROXMIRE. Exactly. This is exactly the kind of humanitarian assistance that could be given under such circumstances to a country which is dominated by a dictator; in other words, a people-to-people program, through religious groups, or other voluntary groups like the American Red Cross.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MONRONEY. I am sure the Senator is aware of the great work our Government did in putting field hospitals into the earthquake-wrecked city of Skopje. Would the Senator's amendment allow the President to direct the military to fly in a field hospital, as he did in the Skopje disaster, which was a miracle in the eyes of the people over there? It showed the people in this whole area what Uncle Sam was able to do with equipment flown in by the military. Great as the Red Cross is, it would not have the facilities or the ability to transport them to take care of catastrophes of this kind.

I was in Yugoslavia at the Interparliamentary Union Conference, and everywhere I heard about the miracle of the United States getting there, in less than 2 days, the field hospitals that were set up and treating badly crippled and injured people.

I do not believe such an activity should be prohibited. It is important that such activity be permitted. There are other things we should be doing. While we have given several billion dollars of aid under our Public Law 480 agricultural assistance programs, we have received local currencies for it. The currency is worth practically nothing to us, because we cannot spend it on diplomatic uses, and therefore it piles up, and in time we lend it back to the Yugoslav Government.

Am I correct in saying that the amendment of the distinguished Senator from Wisconsin would prohibit business deals which this country would enter into in Export-Import Bank operations and in selling diesel engines to the Yugoslav transport system, particularly their railway system?

I have seen some of the railway engines. The sale of such engines was made by American companies, private industry, in order to help rehabilitate the Yugoslav railway system. The money is due to be paid back to us in dollars, not in local currency. I gathered from what the Senator has said, in his exchange with the Senator from Oregon, that we could give the food away but we could not sell American products and get payment for those goods in dollars.

Mr. PROXMIRE. In the first place, the amendment does not affect the most-favored-nation section.

Mr. MONRONEY. This is trade.

Mr. PROXMIRE. It is trade. Trade is not affected by the amendment. The amendment is clear on that point. It permits famine aid. Public Law 480, or Food for Peace, is still permitted.

It is true that there may be a price that we will have to pay. The Senator from Oklahoma probably has put his finger on the least defensible part of the amendment. It may be that in giving assistance we would not be able to use further military efforts, as efficiently as we have.

We could, however, use Red Cross facilities, or the facilities of other organizations.

The amendment might cause some difficulties, but I believe the benefits outweigh any disadvantage, and makes it clear to the people of Yugoslavia that we draw the line on Tito.

I honestly believe that the vast majority of people in Yugoslavia do not approve of this dictator. Certainly the people who have come to Wisconsin from Yugoslavia have nothing good to say about him. The people in my State who were born in Yugoslavia are not behind Tito. The people I have talked with, who have lived under him, know that when we give aid to Yugoslavia, it benefits Tito.

Mr. MONRONEY. I remember that in Eisenhower days we gave them some obsolete American aircraft equipment. Our manufacturers are selling equipment to Tito, and the transaction is being financed through the Export-Import Bank and through the World Bank. As the Senator knows, Tito's government is a member of the World Bank, and we too are members of it. I am sure the amendment would have no affect on the World Bank.

Mr. PROXMIRE. That is correct.

Mr. MONRONEY. It would eliminate the sale of American equipment, which has been moving very rapidly, and probably will continue to move, if we do not prohibit a business deal with repayment in dollars.

The Senator would permit donations under Public Law 480, for which we could not get anything but local currency, but he would not allow commercial financing which presumably was used in the sale of American railroad equipment to help Yugoslavia rehabilitate its railway system.

I do not understand the Senator's amendment to prohibit the sale of goods to Yugoslavia.

I understood it would prohibit anything that was not paid for in cash, or under the Public Law 480 program. The railroad manufacturers have provided American equipment. The Yugoslavs could have bought English, German, or other equipment, but they have chosen to use American diesel engines on their railroads.

Mr. PROXMIRE. Is the Senator saying that this amendment would prohibit that kind of business transaction?

Mr. MONRONEY. I am merely asking if it would. I understood the Senator from Wisconsin to say that it would prohibit that kind of business deal.

Mr. LAUSCHE. It would not prohibit it.

Mr. FULBRIGHT. It would not prohibit a business deal; it would prohibit aid.

Mr. MONRONEY. Would it prohibit sales through the use of Export-Import Bank funds?

Mr. FULBRIGHT. This amendment would not affect them.

Mr. MONRONEY. I understood the distinguished Senator to say in the colloquy that the amendment would prohibit them.

Mr. FULBRIGHT. The Senator was referring to a different amendment.

Mr. PROXMIRE. That is correct. I said the amendment does not strike out the most-favored-nation provision. It would affect trade with Yugoslavia, to all intents and purposes, because of what it would do to the tariffs. Higher tariffs would have to be paid on the trade with Yugoslavia and would probably end that trade. But that is a separate amendment, to be considered later. It would eliminate the assistance proposed in 1962, which the amendment of the Senator from Ohio and my amendment would have eliminated, and which eventually was amended. In 1962, a development loan program was proposed for Yugoslavia. It was a modest program, but it was a development loan program. It is not included in the bill this time, but contingency aid could be given, unless my amendment were adopted.

Mr. MONRONEY. When the interparliamentary delegation was in Yugoslavia, it was invited to attend a Cabinet meeting. We were told that Yugoslavia did not want any Public Law 480 assistance, because Yugoslavia was self-sufficient in agriculture. We were told their crops were good, and they were able to export agricultural products. But they were interested in manufactured products.

Mr. PROXMIRE. That will come up later. I understand that the Senator from South Carolina intends to offer an amendment to deal with that section. That will come up later.

Mr. MONRONEY. As I understand, this amendment would not prohibit trade financing.

Mr. PROXMIRE. The Senator from Oklahoma is completely correct. Mr. President, I yield the floor.

Mr. LAUSCHE. Mr. President, it is my understanding that the amendment of the Senator from Wisconsin contemplates dealing with subparagraph (f) of section 620. The language of subparagraph (f) at present reads:

> No assistance shall be furnished under this Act, as amended, (except under section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international Communism.

The section continues:

> For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Under the act, specifically, the following countries are declared to be Communist and not entitled to any aid under the act, unless the President makes a finding of the existence of the three conditions I have just enumerated. It is interesting to note the countries which, by act, have been declared to be Communist and not entitled to aid, except when the President makes special findings. They are: Peoples Republic of Albania, Peoples Republic of Bulgaria, Peoples Republic of China, Czechoslovak Socialist Republic, German Democratic

Republic (East Germany), Estonia, Hungarian Peoples Republic, Latvia, Lithuania, North Korean Peoples Republic, North Vietnam, Outer Mongolia, Mongolian Peoples Republic, Polish Peoples Republic, Rumanian Peoples Republic, Tibet, Federal Peoples Republic of Yugoslavia, Cuba, and Union of Soviet Socialist Republics.

In the administration of this section, the President has declared that the Republic of Yugoslavia and the Polish People's Republic fall within the category of exceptions under which aid may be allowed. Under this section, the President could declare tomorrow that the Hungarian People's Republic is entitled to be excepted from the prohibition granting aid. If he saw fit to do so, he could say that Albania, Lithuania, and the other nations which I enumerated are entitled to be excepted from the provisions of the act.

I point out to the Senator from Oklahoma that under this section not one of the specifically designated Communist countries is entitled to any type of aid under the act, including medicines and hospitals. Famine food would be excluded, because it is covered under a different act.

A very interesting question arises. Can we conclude that assistance to Yugoslavia is vital to the security of the United States, and that Yugoslavia is not controlled by the international Communist conspiracy; and that aid to Yugoslavia will further promote the independence of the Yugoslav country from international communism?

The President has put Yugoslavia into the category of an exception. Frankly—and I repeat what I said a year ago—in my judgment, no Communist government anywhere in the world can be reconciled as being helpful to the future life of the United States. The Communist philosophy contemplates the destruction of our country. Giving aid to a Communist government means giving aid to the enemy. Aid to a Communist government means helping that government to stay in power and lulling its people into the belief that the people of the United States have sympathy with the Communist government of Yugoslavia. I do not believe that the people of the United States are of the opinion that at a crucial time, if it should ever happen, Tito and his government would come to the aid of the United States. He would be on the side where the Communists were standing and making the fight, and on the side opposite to the one where American boys might be making the fight.

This subject has deep importance with me. My progenitors came from Yugoslavia. I know those people. I know them intimately. I know their poetry, and I sing their songs. I know what they think of basically. They believe in freedom. They believe in God. They do not believe in the philosophy of communism advocated either by Tito or by Khrushchev.

But over and above everything else, I want my country to live. I do not want it to give aid to an enemy, and I am afraid that that is exactly what we are doing and what we did when we continued to provide military equipment and other types of aid to the Tito government.

It has been argued that the people of Yugoslavia are contented, but that is not a fact. Within the past month there was a handicraft exhibit in Vienna, and Yugoslavs were allowed to go to Vienna to visit that exhibit of craftsmanship; 83 of them refused to return to Yugoslavia. Refugees from Yugoslavia are scattered throughout the world—fugitives from the tyranny of the man who now is in charge of Yugoslavia. Also 10,000 Slovenes who at the time of the end of the war were in Austria, as military men, were taken back to Yugoslavia; but before they reached their destination, they were seized, and finally were decimated.

Tragically, also, daily from Yugoslavia, Croatians, Serbians, and Slovenians are in flight. They have gone into Italy, Austria, and Germany. But, in my opinion, because of the action of our Government, those nations have labeled them, not fugitives from Communist tyranny, but volunteers seeking improved economic conditions in other nations. The result has been that daily they are being forced back into the involuntary servitude that is being promoted and enforced in Yugoslavia.

It has been argued on the floor of the Senate that in Yugoslavia there is freedom of agriculture. Truly there was a rebellion of the Yugoslav farmers, and, on the surface, collectivized farming has been eliminated there. But, in fact, the supposed free farmer of Yugoslavia is being taxed and excised from his products, to the point where, in effect, there is a collectivized farming system. There is no freedom in Yugoslavia. The opportunity for freedom came to an end on the infamous day when—partly subscribed to by Great Britain and the United States—Tito subjected Mihailovich to trial. At that trial, Tito produced his own witnesses, used his own judge, and, finally, used his own executioner. I am not sure, but I think that in 1 day the trial was begun, the witnesses were heard, and the judgment was rendered; and on the following day the hero Mihailovich was put to death.

But, Mr. President, Mihailovich is not dead; he still lives; and from the mountains of Montenegro and Serbia his voice speaks to the Yugoslav people, "Await the day of liberation. It will come." Mr. President, it will come, inevitably. For more than a thousand years these people have been exploited; but the exploiters died, and the people lived on. In my opinion, the same situation will be the end of the present regime in Yugoslavia.

I cannot reconcile myself to the belief—as I have already said—that aid to any Communist country is aid to the United States. The giving of help to governments who are avowed in their purpose to destroy free governments throughout the world is the giving of help to the enemy, and I do not contemplate supporting that program.

Mr. DOMINICK. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Ohio yield to the Senator from Colorado?

Mr. LAUSCHE. I yield.

Mr. DOMINICK. I was moved and heartened by the Senator's speech, and I agree completely with him in regard to the shortcomings of Tito and the Communist government of Yugoslavia.

I have some questions which I believe can be cleared up by the chairman of the committee, if the Senator from Ohio will permit me to proceed to ask them of the chairman.

Mr. LAUSCHE. Certainly.

Mr. DOMINICK. I am a cosponsor of the amendment of the Senator from Wisconsin. It seems to me that if, on further review of the act, we adopt that amendment, we really will be saying that under no circumstances can our aid be provided to Yugoslavia, even though under some circumstances our aid could be provided to East Germany or any of the other countries listed in subsection (f).

Mr. LAUSCHE. I believe that is correct.

Mr. DOMINICK. Can the chairman of the committee clarify this point for me? Has any of our aid—under the contingency fund or otherwise—been given to any of these countries since the 1961 act and since the inclusion of subsection (f)?

Mr. FULBRIGHT. No, and no aid is now scheduled for Yugoslavia. I am distinguishing that from Public Law 480 aid, because Poland has received some Public Law 480 aid—but under a different act.

There is in this bill an authorization for a small amount of aid for a specific purpose—a children's hospital—in Poland.

Mr. DOMINICK. That is excepted under section 214(b), I believe.

Mr. FULBRIGHT. That is correct. It is a special project in which we have been interested.

Mr. DOMINICK. I was told by a reliable source that early this year the President used the contingency fund or some other fund to provide $2 million worth of aircraft parts to Yugoslavia, and that Congress was notified about that, but it was then marked secret and not to be disclosed, but subsequently that classification was withdrawn, although no publicity was then given.

Mr. FULBRIGHT. Those aircraft parts were sold; and there is nothing secret about that transaction, and no law or policy prohibits such a sale for cash.

Mr. DOMINICK. I thank the Senator from Arkansas for the explanation.

Mr. FULBRIGHT. I may explain that they were spare parts, which were bought.

Mr. LAUSCHE. Mr. President, I do not think the Senator from Arkansas has answered the original question of the Senator from Colorado. If the Proxmire amendment were adopted and if the law otherwise remained as it is, it would be within the power of the President—if he found certain conditions to exist—to give aid to any one of the countries I have previously identified, except Yugoslavia.

Mr. DOMINICK. Except Yugoslavia.

Mr. LAUSCHE. Except Yugoslavia. Does the chairman agree with me?

Mr. FULBRIGHT. I believe the Senator's interpretation is correct.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Colorado.

Mr. DOMINICK. The other day I offered an amendment which would take care of the very difficult situation in the Development Loan Fund. At the present time all receipts from the Development Loan Fund come back into the fund and then can be spent in any way that is desired by the AID personnel, without any review by Congress, either in the way of authorization or appropriation. I have offered an amendment designed to try to take care of that situation and provide that it shall be subject to annual appropriations.

Upon further review of the act I find that the same situation is true in respect to the Alliance for Progress fund. There are certain provisions in the act which provide that receipts coming back from loans under the Alliance for Progress can also be spent by the administrators of the Alliance for Progress without any congressional review and without annual appropriation or authorization.

I send to the desk for printing an amendment which would take care of that situation in respect to the Alliance for Progress fund in the same way that I have tried to take care of it in respect to the Development Loan Fund.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the desk.

Mr. LAUSCHE. Mr. President, at this point I should like to make inquiry about a parliamentary situation that might develop. The Senator from Wisconsin has an amendment which would deal solely with Yugoslavia under the provisions of subparagraph (f) of section 620. My inquiry is regarding the validity of a subsequent amendment in the event the Proxmire amendment is adopted. The subsequent amendment would strike from subparagraph (f) the language dealing with conditions which, if found by the President to exist, would warrant the granting of aid. The language that I would ask to strike would leave the section reading to the following effect:

> No aid shall be granted to any Communist country except under section 214(b).

The three conditions which, if found to exist, would allow the President to provide aid, would be stricken. Would such an amendment be in order?

The PRESIDING OFFICER. The Chair is of the opinion that such an amendment would be in order.

Mr. LAUSCHE. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. Proxmire] to the committee amendment.

The amendment was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. PROXMIRE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I call up my amendment No. 231 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The Legislative Clerk. On page 51, between lines 13 and 14 it is proposed to insert the following new subsection:

> "(f) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—
>
> "(1) the United States,
>
> "(2) any country receiving assistance under this or any other Act, or
>
> "(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,
>
> until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act."

Mr. GRUENING. Mr. President, I am about to suggest the absence of a quorum. After the presence of a quorum has been ascertained, I shall speak briefly and then ask for a yea and nay vote on my amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, I shall be very brief. This amendment might be called, for short, the "antiagression amendment." It is cosponsored by the distinguished Senators from New York [Mr. Javits and Mr. Keating], the Senator from Oregon [Mr. Morse], the Senators from New Jersey [Mr. Case and Mr. Williams], the Senator from Connecticut [Mr. Ribicoff], the Senator from Ohio [Mr. Young], the Senator from Maine [Mr. Muskie], the Senator from Illinois [Mr. Douglas], and the Senator from Connecticut [Mr. Dodd]. I shall take 2 minutes to explain the purpose of the amendment.

This amendment would deny aid to those who wage aggressive war. The President would have the right to determine that fact. In other words, there is to be an escape clause, that no assistance would be provided to any nation until the President determined that military efforts or preparations had ceased and he reported to the Congress that he had received assurances satisfactory to him that such military efforts or preparations would not be renewed.

A year ago last September, Russian Ilyushin planes were waiting to carry a large contingent of Gamal Abdel Nasser's troops into Yemen. This troop movement coincided with the announcement of a revolt in Yemen. Since that time, Nasser has kept 28,000 troops there, making war on the people of Yemen, at a cost of $500,000 a day. This figure was vouched for by our military attaché in Cairo. To date, the cost has been $180 million, which which is approximately the amount of money that the United States, under its foreign aid program, has poured into Egypt.

In other words, while our money is designed to help the poor people of Egypt—those who are undernourished, underhoused, and underclothed—the money intended for their benefit is being spent on aggressive warfare elsewhere.

This is only one of the many moves that Nasser is making to dominate the Middle East. When we visited there, we were informed by the military attachés that their movements—those of the air attaché, the army attaché, and the Navy attaché—were severely restricted. They could move only a few blocks from the Embassy or from their location. But the Russian technicians, the Russian military, were allowed to go everywhere. Indeed, they were supplying Nasser with all his arms. So, at the same time while Nasser has Russian equipment, Russian technicians, and ex-Nazi technicians, we—the United States—pour money into Egypt. Nasser is making war with our dollars just as though we were paying for his military adventures.

Within the past week, Egyptian troops have moved into Algeria, to help Algeria in its war on Morocco, in consequence of which the King of Morocco has severed relations with Algeria.

Last week there were riots in Lebanon; each day, some Middle East country is agitated and stirred up by Nasser. Nasser has never ceased to declare his intention to invade Israel and drive the Israelis into the sea. His broadcasts nightly, beamed over the Cairo radio, to the operation of which we unfortunately contributed, beam hatred, and preach assassination of rulers of countries Nasser wishes to destroy. He has preached assassination of the King of Jordan. He has preached assassination of the leaders of Lebanon. He has preached assassination of others.

I believe it is time that our aid, under those circumstances, should stop. That is the purpose of the amendment.

The amendment is not nearly so strong as I should like it to be. I believe it is unfortunate there is a discretionary clause in it, but it seems to be necessary in order to secure the passage of the amendment, which is identical with one which has been accepted by the House.

So if this amendment is accepted, it will not be eliminated in conference. I hope it will be adopted. It is depressing to think our policies are promoting aggressive war in the Middle East. It not only permits countries to use our aid for aggressive warfare, but it causes nations such as Jordan and Israel to fear for their lives and increase their arms. So we are in effect stimulating competition in war in the Middle East. We are indeed promoting an arms race. How inconsistent is the practical effect of our blind policy of financing Nasser with our professions of wanting a world of peace.

Mr. CASE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from New Jersey.

Mr. CASE. Mr. President, I am one of those who have joined the distinguished junior Senator from Alaska in sponsoring the antiaggression amendment to the foreign aid bill. I would like to summarize my own reasons for urging that this country deny assistance to any nation which the President determines is engaging in or preparing for aggressive military efforts against this country or any nation receiving aid from us.

One of the fundamental aims of our foreign aid program, Mr. President, is to strengthen the capacity of other countries to maintain their independence from foreign domination, particularly against the threats posed by Communist expansionism. The capacity for maintaining independence depends upon sound and healthy economic development, as well as upon military forces adequate to contribute to the common defense. But this objective of our foreign assistance program is frustrated when nations receiving our aid engage in aggression or prepare to do so. Whatever form our assistance may take, it releases resources which can then be used to further the military effort.

When countries are preparing for aggression, the primary effect of our assistance is to promote the tensions of an armaments race. This may, of course, lead to the tragedy of armed conflict, with all its unpredictable and far-reaching consequences. But, at best, the resources and energies drawn into an armaments race are diverted from healthy economic development, weakening rather than strengthening the foundations of the countries we are trying to assist, contrary to the interest of their own people.

Mr. President, I do not want our country to bear even a share of the responsibility for encouraging a dangerous arms race in the Middle East. Rather, I believe we must actively use our influence to prevent such arms races and to discourage aggression.

The present amendment properly leaves the determination of whether a country is engaging in or preparing for aggressive military efforts to the President, who is, of course, under our Constitution, charged with the primary responsibility for the conduct of foreign affairs. But the amendment does safeguard one of the fundamental purposes of our foreign assistance program, and I strongly urge its passage.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield to the distinguished Senator from New York.

Mr. KEATING. Mr. President, I am glad to join the Senator from Alaska in sponsoring this amendment to suspend aid to nations preparing for or conducting military aggression against other nations that also receive U.S. aid.

I am deeply concerned over the action taken by the Senate committee in eliminating language approved by the House of Representatives to suspend assistance to nations preparing aggressive military activities. Nothing could be further from the purpose of our foreign aid program than for U.S. funds to be used even indirectly in aggressive activities against other aid-receiving nations. Take, for instance, the actions of the United Arab Republic—although I want to make it very clear that this amendment does not, in my view, apply exclusively to that nation. Nasser's troops are heavily engaged in military activities in Yemen. On-the-spot reporters maintain that Egypt is making a massive effort in Yemen to prop up a regime that could not survive without foreign arms and troops behind it. Without U.S. assistance in the form of surplus food, it would be considerably harder for Nasser to maintain this kind of expeditionary force.

Reports also indicate that Egyptian pilots have been fighting on the Algerian side in the recent border dispute with Morocco.

The hate propaganda which emanates from the Arab Republic, I may say, incidentally, is also directed against the United States and Members of this body.

Mr. President, I believe that an amendment along the lines of the one passed by the House would be very useful in bringing U.S. pressure to bear to put an end to aid programs where the nations being assisted are not making a comparable effort themselves.

Mr. President, my only criticism of this amendment is that it does not go far enough. It calls upon the President to make an affirmative declaration that aggressive military efforts are being conducted. Personally, I am dubious that such a declaration would ever be made. Whenever the Yemen situation, for instance, is called to the attention of the State Department, a concerted effort is made to deny any aggressive activities on anyone's part, and to attribute the whole situation in that country to confusion and misunderstanding on the part of those concerned.

Mr. President, I feel it would be far more effective, in the Yemen situation at least, to point the finger of blame specifically upon the culprit. The United States agreed, in a deal with Nasser, to recognize the new government in Yemen in return for Nasser's withdrawal of his troops. As might have been expected, Nasser has not withdrawn his troops, but merely rotated them. I would strongly favor an amendment which would simply cut off aid to Egypt, including surplus food, until such time as Egyptian troops are withdrawn from Yemen. Such action would clearly pinpoint Nasser's failure to abide by his prior commitment. It would be virtually impossible for the Soviets to supply Nasser with the surplus food he needs, since they require additional supplies themselves.

To date, Mr. President, the United States has given Nasser the impression that we value his supposed good will more than we value our own interests in the Middle East, more than we value our legitimate right to insist that Nasser fulfill his commitments, and apparently more than we value the millions of dollars which have so far been spent in an effort to win Nasser's favor.

Mr. President, I am not impressed by the argument that Nasser or anyone else will immediately turn to the Soviets for aid if we retract our own. The Soviets are not in a position at this point to extend themselves financially overseas. And Nasser, at least, has learned only too well that Soviet aid is not always what it seems to be. That argument will not stand. It does not have merit, and should not be used, in an effort to defeat this amendment.

Mr. President, if this present development is not enforced, it may be necessary specifically to cut aid to the United Arab Republic until such time as Nasser's troops are withdrawn from Yemen and until such time as Nasser gives specific evidence that he is more concerned with the economic development of his own people than he is concerned with the military conquest of his neighbors.

Mr. President, I believe the Foreign Relations Committee has acted wisely in tightening up a number of areas in this foreign aid bill, and I think it altogether appropriate and long overdue to cut out assistance to nations which divert their own resources into military and propaganda efforts directed against other nations.

Mr. President, I am proud to be the author of language in the bill which expresses this principle as the sense of Congress. However, my queries to the AID agency as to how this language has been implemented have elicited not one single example from the agency as to how this principle was applied. For that reason, although I favor the language approved by the House, I would be far more optimistic of action in the long run if the Senate explicitly recommended that aid to President Nasser be entirely suspended until Egyptian troops have ceased fighting against neighboring nations and until Nasser's hate propaganda against Israel ceases to flood the Middle East.

But, as the Senator from Alaska has indicated, half a loaf is better than none. And I think this amendment is a step in the right direction.

Mr. GRUENING. I agree with the junior Senator from New York that this amendment could be strengthened, but it is identical with the House language, and I fear that if we tinker with it, if we try to strengthen it, it may be lost in conference, as so often amendments adopted by a majority of the Senate have been lost in the past, not merely in the field of foreign relations, but in others. During the debate there could be another amendment which could be called the propaganda amendment, in line with Senator KEATING's thinking which I would highly approve of and support; but in this case I think it would be well not to change the amendment, because it is identical with the House language, and we want to be sure to copper-rivet it into the bill.

Mr. KEATING. I see the merit of the proposal. That is the reason I have not offered a clarifying or perfecting amendment to cover the hate propaganda problem. I do not want to interfere with the Senator's plans. I agree with him completely that if we change the language, it might provide some reason for dropping the amendment in conference. If we adopt this language, it cannot be dropped in conference and will stay in the bill, which, of course, is what we desire.

Later in this debate we may be able to do something about the propaganda.

Mr. GRUENING. I would find it very difficult for even the pro-Nasser men in the State Department, of which there are plenty—not to find that Nasser has been an aggressor. He has been an aggressor in Yemen, in Syria, in Lebanon, and now in the Morocco-Algerian conflict. I think it would be difficult even for his warmest apologists to find that he has not been an aggressor. We should not give him aid if it were found that he was the aggressor in Yemen or was building submarines or rockets and procuring military jet planes and all sorts of aggressive weapons.

Mr. KEATING. I shall join the Senator in his efforts to convince the State Department that Nasser has been the aggressor. Under the sense-of-Congress resolution, aid should have been stopped before this.

If this amendment does not work, I shall join the Senator in proposing even stronger language to stop this ridiculous proposition of giving lavish financial aid to a country which at this moment is engaging in aggression. It makes no sense.

Mr. JAVITS rose.

Mr. GRUENING. I yield to the distinguished senior Senator from New York.

Mr. JAVITS. I should like to have the floor in my own right.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Texas.

Mr. YARBOROUGH. I congratulate the Senator from Alaska and the cosponsors of the amendment, the Senator from New York and the Senator from Oregon. In addition to the aggressions that have been mentioned, it is also true that Nasser has committed aggression against Jordan. There have also been aggressions, or threats of aggression, against Saudi Arabia. Much American aid has been given to both those countries. He has also committed acts of aggression against Israel. He has also interfered in the dispute between Algeria and Morocco, which has been friendly toward us. This action has extended below the Mediterranean, in Ghana, where threats have been made to take over that country. There have been threats to the Republic of Dahomey. There have been threats in the area of the Volta River.

We see what is happening around the world. A country receives aid, and when it seems to feel strong enough, it attacks a neighboring country. Then the weaker country also asks for aid in order to protect itself. We should not be giving aid to countries that build up their strength to the point where they can obliterate or seize or annex a friendly neighboring country which is not as strong as the first country.

What I have said extends to many countries on at least three different continents. I commend the distinguished Senator from Alaska for his leadership in this field, to protect the nations around the world, particularly smaller or weaker nations, which, if they are to retain their independence, must receive military aid to offset the aid that is given to aggressor countries.

We must prevent such aid; otherwise, we shall be opening a Pandora's box in the two Africas. There are two Africas, the Africa south of the Sahara and the Africa north of the Sahara, in the Near East.

It will happen in South America also as soon as another Castro rises in a country down there. Of course, Castro is not receiving aid, but the next country that is taken over by a Castro-type government will not admit that it has a Castro-type government, but will try to obtain foreign aid nevertheless. Our country must correct that situation.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I find a very worthy purpose in the Senator's amendment. I should like to ask him to discuss with me two or three words in the amendment which I believe might cause trouble. I am not now arguing about the strict application of the amendment. I note that the Senator has nailed down the intention in the last words of the amendment, which read:

> This restriction may not be waived pursuant to any authority contained in this act.

Therefore, no discretion is allowed, as is the case in respect to many other amendments.

I should like to ask the Senator from Alaska whether he would consent to a modification in his amendment at line 7, page 1, by striking out the words "or preparing for".

The present wording would impose a very difficult decision on the President, in trying to ascertain motive, or even ascertaining the motive. Potential aggression is very hard to discover.

That would make the language read:

> No assistance shall be provided under this or any other act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954 to any country which the President determines is engaging in aggressive military efforts—

And so forth.

Mr. JAVITS. Mr. President, will the Senator from Alaska yield before he replies?

Mr. GRUENING. I yield.

Mr. JAVITS. Anything the Senator changes would eliminate the idea of copper riveting the amendment into the bill. I hope the Senator will remember that. If the President is to make a judgment that there is aggression, that is a quality and quantity judgment, as such as a judgment relating to preparation for aggression.

For the life of me I cannot see what would be gained in terms of the President's discretion by making the change except to submit the entire section to conference.

Mr. HUMPHREY. Not long ago I read the speech of the President of Pakistan. He said that India was preparing for aggression against Pakistan; that the Indian armies were on the borders of Pakistan for the purpose of aggression. Does that mean that under the amendment the President would have to determine that when there was a collection of troops on the borders of two countries, both sides were preparing for aggression?

The President of Pakistan says so. I do not think so. I do not believe President Kennedy thinks so, and I do not think the previous President thought so either. There are instances in north Africa in which two countries have substantial forces on their borders. There is now an actual struggle between Morocco and Algeria, but prior to that time there was evidence of potential aggression.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GRUENING. I should like to reply to the Senator from Minnesota.

Mr. HUMPHREY. This raises some concern in my mind about the amendment. I feel very keenly about giving American aid to countries which are actually engaged in aggressive activities, or in aiding aggression. We have discussed this amendment before. It has happened in the instance of Yemen, for example.

Mr. GRUENING. It is still happening there.

Mr. HUMPHREY. Yes; and in Morocco and Algeria. As to who the aggressor is there, I have not determined, but I do know that some shooting has been going on there.

Mr. GRUENING. When Mr. Nasser sends his Egyptian troops into Algeria to help Morocco, I do not know that there can be any question about whether he is or is not an aggressor. Of course he is.

Mr. HUMPHREY. Which is the aggressor as between Algeria and Morocco?

Mr. GRUENING. That is not pertinent to this amendment. In this case we have a dictator—Nasser—sending troops to another country to help fight a third country.

Mr. HUMPHREY. The amendment reads:

> No assistance shall be provided—

I skip to—

> to any country that the President determines is engaging in aggressive military effort.

Mr. GRUENING. The President must make that determination.

Mr. HUMPHREY. It also provides:

> No assistance shall be provided under this or any other act.

Does the Senator mean, for example, that the Peace Corps would be eliminated in some of those countries, on the suspicion that the country might be preparing for aggression?

Mr. GRUENING. The Peace Corps has not been admitted into most Arab nations because of their anti-Semitic prejudice, and of course our Peace Corps recruits being Americans belong to all races.

Mr. HUMPHREY. Then it would be necessary to put the amendment on the basis of Arab nations. The Senator has not done that. I do not wish to labor this point. I have taken my stand on the Arab-Israel struggle. However, what about the struggle over Kashmir? What about the struggle between India and Pakistan? What about the struggle between Chile and Bolivia? There has been some shooting there, too.

Mr. GRUENING. There is no comparison between those border incidents and the cold, calculated methods of aggression which the dictator of Egypt has been engaging in.

Mr. HUMPHREY. I do not say that there is any comparison, but the Senator's amendment would not establish qualitative standards.

Mr. GRUENING. The President is obliged to decide that question. I agree with the Senator from New York that if we change a word or two, we shall lose the amendment. This is too important an amendment to risk having it thrown out in conference, as so many have been in the past. When the bill is in conference, people from the State Department will be running to the conference, saying, "This will ruin the whole program." We have seen that happen more than once in conference, although an amendment thrown out in conference may have represented the will of the majority of both Houses.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. DOUGLAS. I commend the Senators from Alaska and New York on their amendment. It is directly aimed at the aggressive preparations and actions of the United Arab Republic. It is important to make that declaration in clear language.

I do not believe in indulging in provocative talk. The Arabs seem to exercise great fascination over at least two types of persons: maiden Englishwomen and diplomats. The number of Englishwomen, from the time of Lady Hester Stanhope down to Gertrude Bell who have fallen for the Arab line, is almost unlimited. The Arabs also have a tremendous fascination for diplomats, both British and American. I certainly do not think these diplomats are in any sense anti-Jewish. Let me make that clear. But they are pro-Arab.

If it had not been for Harry Truman, the State Department would have prevented the United States from recognizing the Republic of Israel. President Truman had to act over the opposition of prominent officials. Virtually every step we have taken to try to help Israel since then has been over the opposition of prominent officials in the State Department. The State Department has moreover sabotaged the Douglas-Keating resolution which would have sought to prevent Egypt from closing the Suez Canal to goods destined for Israel.

Mr. GRUENING. That is true.

Mr. DOUGLAS. The State Department has consistently favored Egypt and the United Arab Republic. The State Department has many real virtues, but the ability to withstand the seduction of the Arabs is not one of them.

I shall say no more, except that I heartily endorse the Gruening amendment.

I hope the Senator from Alaska and his fellow sponsors, of whom I am one, will resist the attempt, coming, I am sure, from the State Department, to emasculate and eviscerate his amendment.

Mr. GRUENING. I thank the Senator from Illinois.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from Oregon.

Mr. MORSE. The language in the amendment on line 6, "or preparing for aggressive military efforts," is one of the most important phrases in the entire amendment.

Mr. GRUENING. Mr. President, I invite the attention of the Senator from Minnesota to what the Senator from Oregon is saying.

Mr. MORSE. That language deals with the matter of prevention. We should not have to wait until some country engages in aggression before we cut off aid. When we become satisfied that their acts show that they are preparing for aggressive military efforts, we ought to stop them then, before people start dying.

Supposedly, we have a highly efficient intelligence service, in at least three branches of the Government; namely, the State Department, the CIA, and the Pentagon. It should not be difficult for our intelligence service to advise the President that country X is preparing for aggression and satisfy him, on the basis of their intelligence reports and evidence, that such is the case. Until they did, the amendment would not become applicable. But when the President has been made aware of the fact that some country is preparing for aggression, he ought to stop the aid to that country immediately. The amendment is that simple.

We would not be placing any burden on the President. If he has a good intelligence service, he ought to be kept informed anyway, if the intelligence service is worth the appropriation we are giving it, whether or not a country is preparing for aggression.

Next, I join with the Senators from New York [Mr. JAVITS and Mr. KEATING] and the Senator from Illinois [Mr. DOUGLAS], and other Senators, who have pointed out that if the amendment is adopted, that is it. It is identical with the House language, and an important policy question would be established. This is a vital amendment.

Mr. GRUENING. I thank the Senator. He is absolutely correct.

Mr. MORSE. I have a few facts to present on my own time, in a moment, but I desire to take this time to buttress the position of the Senator from Alaska in my colloquy with him.

Am I correct in understanding that the Senator from Alaska has already placed in the RECORD the number of troops that Nasser has in Yemen at the present time?

Mr. GRUENING. That is correct. There are 28,000. He has had them there for about 14 months.

Mr. MORSE. I was told by a certain Senator this afternoon that the AID people had advised him that aggression is a matter of definition; that it is difficult to determine whether Nasser is an aggressor.

Let us see if we can give the AID a little elementary, kindergarten, A B C lesson in what aggression obviously is.

How many troops did the Senator from Alaska say Nasser has in Yemen?

Mr. GRUENING. He has 28,000 troops in Yemen and has had them there for 14 months. He dispatched them there simultaneously with the announcement of the revolt in Yemen, knowing, of course, that it was going to happen, he being in fact, if not the instigator, then the collaborator in that revolt.

Russian planes were ready to take Nasser's first convoys of troops, and have transported them ever since. In fact, as he pulls his battle-weary troops back and sends in fresh troops, keeping the total number the same, they have been transported back and forth by Russian planes, with Russia supplying all his military equipment.

Mr. MORSE. Do the AID officials contend that that does not constitute some kind of aggression? Does the Senator have a suspicion as to what the motivation of the AID people may be in trying to defeat this amendment—namely, that they are pro-Nasser?

Mr. GRUENING. That is the inevitable conclusion, from the generous way in which Nasser has been treated by our foreign aid program. It should not have been necessary for Congress to offer an amendment of this kind. Action should have been taken by our executive department long ago.

Mr. MORSE. In support of what the Senator from Illinois [Mr. DOUGLAS] has said, it is my opinion, based upon my experience with the State Department, that for a long time many people in that Department have been pro-Nasser and anti-Israel. It is about time for us to adopt this amendment and make it perfectly clear to the State Department that the Senate is not anti-Israel and does not favor aggression by Nasser or anyone else. It is rather sad that we even have to debate the soundness of the principle of this particular amendment. It ought to be adopted by the Senate with a unanimous vote. But let the RECORD show that some of us know that the State Department lobby is fighting the amendment. Their representatives are in the gallery at the very moment I speak. I tell them that I have no respect for their activity in opposition to this amendment.

Mr. GRUENING. While Nasser is getting a battle-trained army and has never ceased to declare his purpose to drive the Israelis to the sea, he is also building up a fantastic arsenal of other weapons, including missiles, jet planes, and submarines.

Mr. MORSE. Mr. President, will the Senator from Alaska yield once more?

Mr. GRUENING. I yield.

Mr. MORSE. Does the Senator know of any contradiction of the statement of Nasser that he intends to drive Israel into the sea as soon as he is strong enough to do so?

Mr. GRUENING. On the contrary; he has never denied it.

Mr. KEATING. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from New York.

Mr. KEATING. Supplementing what the Senator from Oregon has said, I asked this question of the Director of the AID Agency:

> Well, now, why do we continue aid to Egypt, for instance, which has shown its aggressive tendencies in Yemen and in threats against Israel?

This was the answer of Mr. David Bell, the AID Administrator:

> Well, the Egyptian case, as you know better than most, Senator, is a very—indeed the whole Middle East situation—is a very tense and uncertain one. The philosophy of U.S. assistance to those Middle Eastern countries for the last several years has been that if we work with them to achieve some reasonable economic and social progress in those countries, we would be contributing to the possibilities of peaceful progress in the Middle East and we would be working against the possibility of additional military flareups. We've had, I think, some considerable success. We certainly haven't had uniform success in that. The action of the Egyptians in Yemen is a complicated one. As you know, there was an internal revolt in Yemen and the Egyptians have been supporting one side in that revolt and the Saudi Arabian Government has been supporting the other side. It's a tangled situation but it is certainly different from and distinguished from an outright aggression.

That is exactly the type of reasoning that has allowed the aid to continue, and it is the type of reasoning which I am sure the Senator and I are likely to face, even if the amendment is adopted.

Mr. GRUENING. That is precisely the type of sophistry the Senators from New York, the Senator from Oregon, and I fear. There is a sharp distinction between such military activity and the aid which Saudi Arabia gave to Yemen for a time. Saudi Arabia gave financial aid, not military aid as did Nasser. But when that financial aid was withdrawn by Saudi Arabia, Nasser did not withdraw his troops. He violated his pledges and his promises to withdraw his troops if Saudi Arabia ceased its financial aid.

Mr. KEATING. He increased the number of his troops.

Mr. GRUENING. The regime which he is supporting would collapse the day his troops were withdrawn. In addition, he has continued to make preparations for war against others; and as I said in reply to the Senator from Oregon, Nasser has never ceased to proclaim his determination to conquer Israel, to wipe it out, to eradicate it. He is proud of that. He continues to prepare for it.

If the State Department, following the Senator's fear that they will, as they have, take the position that the war in Yemen is a highly complicated situation, and that there are two sides to it, that nobody is really an aggressor, the next session of Congress will write the law in such a way that there will be no discretion and no argument.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I am not opposed to the Senator's amendment. Why not name the countries? Why become involved to the point where we impose upon the President the requirement of a constant decision, so that he must declare at a particular time that such a country appears to be preparing for aggression? That could complicate our foreign policy no end.

Egypt is the object of this amendment. Let us name Egypt in the bill. Let us do as we did in the case of Indonesia a while ago. Then we will not complicate the matter with Pakistan, India, and Taiwan, or with Bolivia, Chile, Algeria, and Morocco. I am perfectly willing and prepared to vote for this amendment on the basis of our knowledge of the country that we know to be guilty.

I am entirely prepared to vote for this amendment on the basis of the actions of the nations that are guilty of such conduct; but I do not want us to say to the President, "You are to name the ones who are responsible for such international crises, and then, after naming them, you are to cut off our aid to them."

There appears to be little doubt that Nasser was responsible for the attack on Yemen, and I favor cutting off our aid to Egypt. From the available evidence it would appear that Nasser is guilty, and let us say that he is. Let us not force the President to make decisions which might very well precipitate a crisis which we would not want. We know what Nasser has been doing; there is little doubt about that.

Mr. GRUENING. Mr. President, I am delighted to join in the view the Senator from Minnesota has expressed; and after my amendment is adopted, I shall be glad to have him submit an amendment carrying out his ideas; and if that amendment then is adopted, we can withdraw mine, leaving his which will unqualifiedly declare: "No aid for Nasser's United Arab Republic."

Mr. HUMPHREY. However, we are dealing with delicate foreign relations matters which involve the security of the United States and our Nation's national policy. So we should not force the President to make such decisions prematurely. We do not have all the facts; but we have ample information in regard to the conduct of Egypt, and there is no doubt about what Egypt has been doing.

By the way, Mr. President, let me state that I offered the Senator's amendment in the committee.

Mr. GRUENING. And what happened there?

Mr. HUMPHREY. We did not have enough votes to adopt it there. I offered the amendment there at the Senator's request, and I spoke for the amendment on the basis of the same argument the Senator from Alaska is making about Egypt and Nasser's operations. We know perfectly well what he has been doing in Yemen and in Algeria, and we know perfectly well about his constant meddling in the Middle East governments in many, many instances, which include Iraq and Syria; and we could name many more of them.

Mr. GRUENING. That is correct.

Mr. HUMPHREY. But I want them named in the bill, not interpreted in some way at a Foreign Relations Committee meeting.

There have been numerous comments about India. I have heard those questions argued in executive session in the committee. It was said there that we should reduce our aid to India because Pakistan is afraid that India will, after we have aided her, be strong enough to attack Pakistan. However, I do not think India will attack Pakistan; but I do not want President Kennedy or any other President of the United States to be required by Congress to state that it looks as if India is a potential aggressor and that U.S. aid had better be cut off.

A few minutes ago the Senate adopted the Proxmire amendment in regard to aid to Indonesia. I thought it was a good amendment, although I believed it could well have been tougher, for I want to crack down on the open aggression and the poison propaganda that come out of Cairo. So I favor including such an amendment in the bill, but not a statement instructing the President to find that someone—unnamed by us—is preparing for aggression.

Mr. GRUENING. I agree, and I hope the Senator from Minnesota will submit an amendment in which Nasser in particular will be named; and if that amendment is adopted, if the Senate has previously adopted my amendment, its weaker provision can be withdrawn.

Mr. HUMPHREY. But the Proxmire amendment approach in regard to India might well cover this situation.

His amendment provided:

> No assistance under this Act shall be furnished to Indonesia—

At that point we could well substitute the name "the United Arab Republic"—

> unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia—

Again I would substitute the words "the United Arab Republic"—

> under this Act.

Mr. GRUENING. That would be an ideal amendment; but we do not want to act in accordance with the fable about the dog that was carrying a bone in his mouth. When he reached a bridge over a stream, he looked into the water and saw his reflection, and the bone's reflection and then opened his mouth to seize the reflection, and dropped the real bone into the water, and could not get it again. Let us adopt my amendment; and if thereafter the other amendment is adopted, mine can then be withdrawn.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

The PRESIDING OFFICER (Mr. WALTERS in the chair). Does the Senator from Alaska yield to the Senator from Oregon?

Mr. GRUENING. I yield.

Mr. MORSE. Mr. President, I wish to submit certain figures in regard to the United Arab Republic. I do not share the interpretation of this amendment by the Senator from Minnesota, for the amendment does not require the President, before extending aid, to make an investigation of all countries aided under the foreign aid program, to determine whether they are engaged in aggression or are preparing to engage in aggression. The amendment simply requires that when it is charged that a country is an aggressor nation or when the President finds that a country is an aggressor or when it is charged that a country is preparing for aggression, the amendment will go into effect.

Let us consider the situation in regard to India: If there were submitted to the President evidence satisfying him that India was in fact preparing for aggression, of course, our aid to India should stop. Similarly in the case of our aid to Pakistan, or Taiwan, or any other country, we should terminate any assistance when it engages in aggression or prepares to engage in aggression. But I think it would be a mistake to assume that the amendment would place on the President the burden of proceeding to conduct an investigation of any country otherwise eligible for aid under our aid program, in order to determine whether that country was engaged in aggression or was preparing to do so.

In my judgment, if we change one word of this amendment, we run great risk of losing it; but if we keep the amendment just as it is—inasmuch as the House has already voted in favor of this language—it will be nailed into the foreign aid bill, as it should be, for the benefit of the U.S. State Department.

Mr. GRUENING. I thank the Senator from Oregon.

Mr. KEATING. Mr. President, will the Senator from Alaska yield to me?

Mr. GRUENING. I yield.

Mr. KEATING. I hope the Senator will not yield to the blandishments of those who are seeking to change this amendment. As he knows, I have felt very strongly about the propaganda elements involved here; and I had an amendment to add, after the word "military," the words "or propaganda." But I am convinced that we should adopt this amendment in the words in which it is now phrased. If, as the Senator says, the Senator from Minnesota or other Senators wish to submit an even stronger amendment—one cutting off all of our aid to the United Arab Republic—that is something else. But for the time being let us continue with this amendment. The words "preparing for" represent the very essence of the amendment; and without them the amendment would mean very little, because in the absence of those words, such a country would actually have to be engaged in an invasion. The damage would have been done and the invading forces would be sweeping through the country which was under attack, before there could be a finding, under such a provision, that the aid would have to be cut off. How ridiculous it would be to remove the very heart of the amendment; and the words "or preparing for" are the heart of the amendment.

Mr. GRUENING. I could not agree more fully with the Senator from New York. With his newly obtained rockets, Nasser could destroy the little country that is Israel in 1 hour or 2, and at the end of the afternoon the destruction would be complete—long before we in the United States or the free world could do anything about it. However, the fact that Nasser is obtaining ground-to-ground missiles and does have submarines, tanks, and other weapons which are needed only for aggressive warfare is a demonstration that he is preparing for a war similar to the aggression he has conducted in Yemen and the aggression he has conducted elsewhere, and wants clearly to conduct against Jordan, Israel, Morocco, or any country that impedes his plans for being the supreme ruler of the Arab world.

Mr. MORSE. Mr. President, the United Arab Republic has received from the United States from 1946 through 1963 aid which has totaled $807 million. For fiscal year 1963, alone, it totals $198.9 million.

Mr. President, I wish to make clear that all of this is economic aid. The United Arab Republic has received no military aid from the United States. She receives most of her military aid from the Soviet bloc.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Who has the floor?

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I wish to ask the Senator one question, if I may.

Does the Senator have the figures as to the amount of aid which the United States has given to the State of Israel, not only by way of direct aid, but also by way of tax free donations and bonds that have gone into Israel during the same period of time?

Mr. MORSE. I shall be very glad to have the figures I have available placed in the RECORD. I wish quickly to point out, however, that we are not talking about Israel as an aggressor. She has no arms on foreign soil.

As to the other part of the question, I have not the slightest idea what amounts of money have been sent to Israel by way of fund raising. What that would have to do with the issue before the Senate I would be at a loss to understand.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, cumulative, fiscal year 1946 through fiscal year 1963

[In millions of 1946 dollars]

Region and country	Grand total	Total military	Economic assistance															
				AID programs				Other economic assistance									
										Food for peace—Public Law 480							
											Title I						
			Total economic	AID total	Technical cooperation/development grants	Development loans	Other AID	Total	Social progress trust fund	Total	Total sales agreements	Planned for country use	Title II	Title III	Title IV	Export-Import Bank long-term loans	Other economic programs
Total, all countries	103,916	32,284	71,632	35,967	1,990	4,356	29,621	35,665	349	10,127	(8,337)	6,329	1,245	2,439	115	8,078	17,111
Near East and south Asia	20,224	5,613	14,611	8,022	566	2,738	4,718	6,500	--------	4,822	(4,471)	3,786	440	596	--------	865	902
Afghanistan	237	3	235	152	53	3	96	83	--------	43	(------)	--------	42	1	--------	39	(1)
Ceylon	88	--------	88	26	10	6	9	62	--------	62	(30)	22	9	30	--------	--------	(1)
Cyprus	21	--------	21	4	1	2	--------	17	--------	17	(1)	1	16	(1)	--------	--------	(1)
Greece	3,516	1,682	1,834	1,082	14	85	983	752	--------	194	(108)	74	4	116	--------	21	537
India	4,718	60	4,658	1,890	159	1,388	342	2,768	--------	2,225	(2,334)	2,036	9	180	--------	311	232
Iran	1,422	633	789	592	72	138	381	198	--------	95	(51)	37	45	13	--------	74	28
Iraq	69	46	22	19	17	--------	2	4	--------	3	(------)	--------	--------	3	--------	--------	1
Israel	962	5	957	464	11	146	307	493	--------	273	(244)	216	2	56	--------	220	(1)
Jordan	414	30	385	317	36	3	278	68	--------	65	(------)	--------	49	16	--------	2	1
Lebanon	88	9	80	58	18	5	35	22	--------	17	(------)	--------	17	--------	--------	3	2
Nepal	53	--------	53	31	18	(1)	3	22	--------	21	(------)	17	4	--------	--------	--------	1
Pakistan	2,227	(2)	2,227	1,344	67	615	662	882	--------	760	(715)	636	84	40	--------	51	71
Saudi Arabia	46	(2)	46	27	2	--------	25	19	--------	--------	(------)	--------	--------	--------	--------	15	4
Syria Arab Republic	96	(1)	96	32	(1)	23	9	64	--------	59	(37)	29	28	2	--------	5	--------
Turkey	4,164	2,403	1,761	1,336	43	252	1,040	425	--------	336	(430)	296	28	12	--------	75	13
United Arab Republic (Egypt)	807	--------	807	175	14	72	90	632	--------	573	(520)	421	29	123	--------	48	11
Yemen	27	(1)	27	17	--------	--------	17	9	--------	9	(------)	--------	9	--------	--------	--------	--------
Cento	28	--------	28	28	2	--------	27	--------	--------	--------	(------)	--------	--------	--------	--------	--------	--------
Regional	1,240	743	497	427	26	--------	401	70	--------	70	(------)	--------	66	4	--------	--------	--------

See footnotes at end of table.

***U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, cumulative, fiscal year 1946 through fiscal year 1963*—Continued**

[In millions of 1946 dollars]

Region and country	Grand total	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Technical cooperation/development grants	Development loans	Other AID	Total	Social progress trust fund	Food for peace—Public Law 480						Export-Import Bank long-term loans	Other economic programs
										Total	Title I		Title II	Title III	Title IV		
											Total sales agreements	Planned for country use					
Latin America	7,928	716	7,212	1,862	479	759	623	5,350	349	957	(712)	561	77	264	55	3,452	592
Argentina	773	48	726	155	8	127	20	571	35	18	(30)	18	-----	-----	-----	517	(1)
Bolivia	334	8	326	225	35	34	56	102	10	52	(25)	20	18	11	3	26	12
Brazil	2,123	231	1,892	225	84	112	29	1,667	53	390	(385)	318	28	44	-----	1,177	48
British Guiana	5	-----	5	4	4	-----	-----	1	-----	1	(-----)	-----	-----	1	-----	-----	-----
British Honduras	3	-----	3	1	1	-----	(1)	2	-----	2	(-----)	-----	(1)	1	-----	-----	(1)
Chile	840	76	764	260	30	94	36	504	24	132	(71)	56	-----	55	21	342	7
Colombia	547	60	487	172	29	112	31	315	31	104	(69)	51	-----	47	7	172	7
Costa Rica	105	1	104	36	14	20	2	68	4	3	(-----)	-----	2	1	-----	26	36
Cuba	52	11	42	3	3	-----	-----	39	-----	1	(-----)	-----	-----	1	-----	38	1
Dominican Republic	100	11	89	58	6	2	49	31	6	13	(-----)	-----	1	7	5	10	2
Ecuador	184	34	149	77	29	28	20	72	24	20	(12)	8	(1)	7	4	24	5
El Salvador	65	3	62	33	14	18	(1)	30	12	6	(-----)	-----	-----	4	2	10	2
Guatemala	178	7	171	99	24	14	60	73	11	7	(-----)	-----	3	4	-----	17	38
Haiti	106	6	100	62	13	5	44	39	-----	11	(-----)	-----	4	7	-----	25	3
Honduras	61	5	56	38	18	9	10	18	6	3	(-----)	-----	(1)	3	-----	3	6
Jamica	22	-----	22	9	3	5	1	13	-----	8	(-----)	-----	-----	8	-----	5	(1)
Mexico	817	6	810	29	8	20	1	782	19	46	(25)	18	1	27	-----	617	100
Nicaragua	79	5	73	25	13	12	(1)	48	8	2	(-----)	-----	-----	2	-----	13	25
Panama	110	1	109	49	17	14	18	60	10	7	(-----)	-----	-----	7	-----	19	23
Paraguay	70	2	67	36	20	14	2	31	3	15	(13)	10	-----	5	-----	10	3
Peru	509	97	412	87	36	42	8	325	26	62	(33)	23	20	17	2	223	14
Surinam	4	-----	4	3	3	-----	-----	1	-----	1	(-----)	-----	-----	1	-----	-----	-----
Trinidad and Tobago	24	-----	24	14	3	-----	11	19	-----	(1)	(-----)	-----	-----	(1)	-----	9	(1)
Uruguay	111	30	81	19	4	15	(1)	62	10	38	(48)	36	(1)	2	-----	10	4
Venezuela	329	64	265	60	5	55	(1)	204	53	13	(-----)	-----	-----	2	11	135	3
Other West Indies	2	-----	2	-----	-----	-----	-----	2	-----	2	(-----)	-----	(1)	2	-----	-----	-----
ROCAP	11	-----	11	8	6	2	-----	3	3	-----	(-----)	-----	-----	-----	-----	-----	-----
Regional	363	8	354	76	47	5	24	278	1	-----	(-----)	-----	-----	-----	-----	25	252
Far East	23,474	8,807	14,667	7,844	366	397	7,081	6,823	-----	1,482	(1,181)	950	118	406	8	840	4,501
Burma	108	-----	108	55	2	-----	53	53	-----	48	(51)	46	-----	3	-----	-----	5
Cambodia	367	97	270	267	32	-----	235	2	-----	2	(-----)	-----	2	(1)	-----	-----	-----
China, Republic of	4,524	2,399	2,125	1,391	25	176	1,191	734	-----	198	(137)	107	12	70	8	33	562
Hong Kong	36	-----	36	-----	-----	-----	-----	36	-----	36	(-----)	-----	4	32	-----	-----	-----
Indochina, undistributed	1,535	710	826	826	2	-----	824	-----	-----	-----	(-----)	-----	-----	-----	-----	-----	-----
Indonesia	881	76	805	280	96	12	172	525	-----	293	(325)	280	1	12	-----	164	68
Japan	3,824	1,040	2,784	22	11	-----	11	2,762	-----	170	(146)	106	37	27	-----	393	2,199
Korea	5,674	2,044	3,630	2,298	47	81	2,170	1,331	-----	472	(361)	313	24	136	-----	-----	859
Laos	328	(2)	328	326	8	-----	318	2	-----	2	(-----)	-----	1	1	-----	-----	-----
Malaya	25	-----	25	20	-----	20	-----	5	-----	4	(-----)	-----	-----	4	-----	-----	1
Philippines	1,851	423	1,428	278	45	35	198	1,150	-----	76	(36)	26	-----	50	-----	218	857
Thailand	869	508	361	316	53	34	229	45	-----	4	(4)	4	-----	1	-----	32	8
Vietnam	1,896	(2)	1,896	1,720	38	40	1,642	176	-----	176	(80)	69	37	70	-----	-----	-----
Western Samoa	(1)	-----	(1)	(1)	-----	-----	(1)	-----	-----	-----	(-----)	-----	-----	-----	-----	-----	-----
Regional	1,556	1,510	46	45	6	-----	39	1	-----	-----	(-----)	-----	-----	-----	-----	-----	1
Africa	2,405	146	2,256	1,367	295	324	746	889	-----	608	(119)	99	408	97	4	198	82
Algeria	95	-----	95	2	1	-----	-----	92	-----	92	(-----)	-----	70	22	-----	-----	-----
Burundi	6	-----	6	(1)	(1)	-----	-----	6	-----	6	(-----)	-----	4	2	-----	-----	-----
Cameroon	17	(1)	17	16	1	9	5	1	-----	(1)	(-----)	-----	-----	(1)	-----	-----	1
Central African Republic	1	-----	1	1	1	-----	(1)	(1)	-----	(1)	(-----)	-----	-----	(1)	-----	-----	-----
Chad	2	-----	2	1	1	-----	(1)	(1)	-----	(1)	(-----)	-----	-----	(1)	-----	-----	-----
Congo:																	
Brazzaville	2	-----	2	2	2	-----	(1)	(1)	-----	-----	(-----)	-----	-----	-----	-----	(1)	-----
Léopoldville	242	3	239	177	7	-----	170	62	-----	62	(43)	38	18	6	-----	-----	-----
Dahomey	7	(1)	6	3	1	-----	2	3	-----	3	(-----)	-----	2	2	-----	-----	-----
Ethiopia	212	80	133	93	45	34	15	40	-----	14	(1)	1	10	2	1	22	4
Gabon	2	-----	2	1	1	-----	(1)	1	-----	(1)	(-----)	-----	-----	(1)	-----	-----	1
Ghana	159	(1)	159	90	7	82	1	70	-----	4	(-----)	-----	1	3	-----	65	1
Guinea	29	-----	29	20	6	2	12	9	-----	9	(9)	7	2	-----	-----	-----	(1)
Ivory Coast	13	(1)	12	7	3	2	2	6	-----	(1)	(-----)	-----	-----	(1)	-----	5	1
Kenya	24	-----	24	13	7	2	4	11	-----	11	(-----)	-----	10	1	-----	-----	-----
Liberia	179	6	173	80	39	34	6	93	-----	4	(-----)	-----	-----	1	3	79	10
Libya	206	7	198	132	25	5	103	66	-----	35	(-----)	-----	28	7	-----	-----	31
Malagasy Republic	2	-----	2	2	1	-----	1	1	-----	1	(-----)	-----	(1)	1	-----	-----	-----
Mali, Republic of	11	2	9	9	1	2	6	-----	-----	-----	(-----)	-----	-----	-----	-----	-----	-----
Mauritania	2	-----	2	2	(1)	-----	-----	(1)	-----	(1)	(-----)	-----	(1)	(1)	-----	-----	-----
Morocco	427	(2)	427	261	5	23	234	66	-----	165	(22)	16	111	37	-----	-----	1
Niger	5	(1)	5	4	2	1	2	(1)	-----	-----	(-----)	-----	-----	-----	-----	-----	(1)
Nigeria	81	(1)	81	64	40	16	8	17	-----	1	(-----)	-----	-----	1	-----	12	5
Rhodesia and Nyasaland	38	-----	38	16	5	-----	10	23	-----	(1)	(-----)	-----	-----	(1)	-----	-----	23
Rwanda	1	-----	1	-----	-----	-----	-----	1	-----	1	(-----)	-----	1	(1)	-----	-----	-----
Senegal	14	3	11	9	5	-----	(1)	2	-----	1	(-----)	-----	-----	1	-----	(1)	1
Sierra Leone	7	-----	7	5	4	-----	(1)	3	-----	1	(-----)	-----	-----	1	-----	-----	2
Somali Republic	38	-----	38	32	19	6	7	6	-----	5	(-----)	-----	5	(1)	-----	-----	1
Sudan	76	-----	76	68	17	16	35	8	-----	8	(11)	8	(1)	(1)	-----	-----	-----
Tanganyika	30	-----	30	14	4	9	-----	16	-----	16	(-----)	-----	15	1	-----	-----	1
Togo	7	-----	7	3	2	-----	-----	4	-----	4	(-----)	-----	2	1	-----	-----	(1)
Tunisia	364	(2)	364	198	16	78	105	167	-----	163	(34)	28	130	5	-----	2	1
Uganda	12	-----	12	11	7	4	(1)	1	-----	1	(-----)	-----	(1)	1	-----	-----	-----
Upper Volta	4	(1)	4	3	1	-----	2	1	-----	1	(-----)	-----	-----	1	-----	-----	-----
Zanzibar	(1)	-----	(1)	(1)	(1)	-----	-----	(1)	-----	(1)	(-----)	-----	-----	(1)	-----	-----	-----

See footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, cumulative, fiscal year 1946 through fiscal year 1963—Continued

[In millions of 1946 dollars]

Region and country	Grand total	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Technical cooperation/development grants	Development loans	Other AID	Total	Social progress trust fund	Food for peace—Public Law 480						Export-Import Bank long-term loans	Other economic programs
										Total	Title I		Title II	Title III	Title IV		
											Total sales agreements	Planned for country use					
Africa—Continued																	
Other French communities and possessions	6	-------	6	6	1	-------	5	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Other British territories	1	-------	1	(1)	(1)	-------	(1)	-------	-------	1	(-----)	-------	-------	1	-------	-------	-------
Portuguese possessions	13	-------	13	(1)	(1)	-------	-------	12	-------	-------	(-----)	-------	-------	-------	-------	12	-------
Regional	68	46	22	22	17	-------	6	(1)	-------	-------	(-----)	-------	-------	-------	-------	-------	(1)
Europe	45,361	16,073	29,288	15,238	90	137	15,012	14,050	-------	2,008	(1,895)	933	174	853	47	2,722	9,320
Austria	1,208	-------	1,208	726	3	-------	724	482	-------	82	(41)	26	28	27	-------	72	328
Belgium-Luxembourg	1,988	1,247	741	560	1	-------	559	181	-------	(1)	(-----)	-------	-------	(1)	-------	148	32
Denmark	928	626	302	281	2	-------	279	21	-------	-------	(-----)	-------	-------	-------	-------	20	1
France	9,445	4,263	5,182	3,190	6	-------	3,184	1,992	-------	20	(36)	8	-------	12	-------	1,263	709
Germany (Federal Republic)	5,001	951	4,050	1,472	2	-------	1,470	2,578	-------	140	(1)	-------	3	137	-------	9	2,428
Berlin	132	-------	132	119	1	-------	118	13	-------	-------	(-----)	-------	-------	-------	-------	-------	13
Iceland	72	-------	72	60	1	-------	59	12	-------	12	(15)	12	-------	-------	-------	(1)	(1)
Ireland	146	-------	146	146	(1)	-------	146	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Italy (including Trieste)	6,006	2,316	3,691	1,650	5	-------	1,645	2,040	-------	445	(144)	98	92	255	-------	425	1,171
Netherlands	2,472	1,242	1,230	992	1	3	987	238	-------	(1)	(1)	-------	-------	(1)	-------	202	36
Norway	1,174	822	352	277	2	-------	275	75	-------	(1)	(-----)	-------	-------	(1)	-------	50	25
Poland	533	-------	533	65	4	-------	61	468	-------	26	(474)	-------	-------	26	-------	40	402
Portugal	498	337	161	51	1	-------	50	110	-------	55	(7)	3	-------	38	13	55	-------
Spain	1,742	540	1,202	579	6	17	556	623	-------	427	(506)	263	4	160	-------	197	-------
Sweden	109	-------	109	107	(1)	-------	107	2	-------	-------	(-----)	-------	-------	-------	-------	-------	2
United Kingdom	8,711	1,037	7,674	3,835	6	-------	3,892	3,839	-------	(1)	(48)	-------	-------	(1)	-------	2	3,832
Yugoslavia	2,510	693	1,816	576	12	117	448	1,240	-------	799	(622)	522	47	197	34	105	336
Regional	2,684	1,998	686	551	36	-------	515	136	-------	1	(-----)	1	-------	-------	-------	135	-------
Nonregional	4,525	927	3,598	1,634	194	-------	1,440	1,964	-------	250	(-----)	-------	26	223	-------	-------	1,714

[1] Less than $500,000.

[2] Military data classified and included in regional totals.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963, preliminary

[In millions of dollars]

Region and country	Grand total 100 countries and territories	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Development grants/program social progress	Development loans	Supporting assistance and other	Total	Social progress trust fund	Food for peace—Public Law 480						Export-Import Bank long-term loans	Other economic programs
										Total	Title I		Title II	Title III	Title IV		
											Total sales agreements	Planned for country use					
Total, all countries	7,026.7	1,849.9	5,176.8	2,395.8	343.6	1,287.8	764.2	2,781.0	124.8	1,771.3	(1,268.2)	1,074.2	314.6	314.1	68.4	571.7	313.2
Near East and south Asia	2,288.0	380.3	1,907.7	983.9	54.0	779.6	150.3	923.8	-------	854.4	(766.6)	682.0	111.5	60.9	-------	64.5	[1] 4.9
Afghanistan	19.2	1.2	18.0	17.7	15.1	2.6	-------	.3	-------	.1	(-----)	-------	-------	.1	-------	-------	.2
Ceylon	8.4	-------	8.4	.4	.4	-------	-------	8.0	-------	7.8	(4.7)	3.5	-------	4.3	-------	-------	.2
Cyprus	4.1	-------	4.1	2.9	.6	2.3	-------	1.2	-------	1.1	[2](1.1)	.9	-------	.2	-------	-------	.1
Greece	128.8	79.6	49.2	31.6	-------	31.6	-------	17.6	-------	14.6	(11.2)	6.5	-------	8.1	-------	3.0	-------
India	821.0	30.0	791.0	402.3	6.3	396.0	-------	388.7	-------	347.5	[2](373.3)	333.9	-------	13.6	-------	40.3	.9
Iran	115.9	58.1	57.8	23.4	3.8	17.4	2.2	34.4	-------	34.2	(7.7)	5.8	25.0	3.4	-------	-------	.2
Iraq	1.0	.1	.9	.8	.8	-------	-------	.1	-------	.1	(-----)	-------	-------	.1	-------	-------	-------
Israel	78.9	.6	78.3	45.0	-------	45.0	-------	33.3	-------	22.1	[2](23.2)	19.8	1.5	.8	-------	11.2	-------
Jordan	63.6	4.3	59.3	43.0	7.0	-------	36.0	16.3	-------	16.3	(-----)	-------	14.4	1.9	-------	-------	-------
Lebanon	.3	.2	.1	.1	.1	-------	-------	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Nepal	4.6	-------	4.6	3.9	3.9	-------	-------	.7	-------	.2	(-----)	-------	.2	-------	-------	-------	.5
Pakistan	372.5	(3)	372.5	185.0	7.9	176.8	.3	187.5	-------	185.4	[2](155.4)	146.1	35.5	3.8	-------	-------	2.1
Saudi Arabia	-------	(3)	-------	-------	-------	-------	-------	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Syrian Arab Republic	.4	(4)	.4	.2	.2	-------	(4)	.2	-------	.2	(-----)	-------	-------	.2	-------	-------	-------
Turkey	317.2	135.7	181.5	131.1	4.7	71.4	55.0	50.4	-------	49.8	[2](55.9)	45.0	-------	4.8	-------	-------	.6
United Arab Republic (Egypt)	198.7	-------	198.7	48.6	2.3	36.3	10.0	150.1	-------	140.1	[2](134.1)	120.5	-------	19.6	-------	10.0	-------
Yemen	4.0	(4)	4.0	3.4	-------	-------	3.4	.6	-------	.6	(-----)	-------	.6	-------	-------	-------	-------
CENTO	.8	-------	.8	.8	.5	-------	.3	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Regional	148.5	70.5	78.0	43.5	.4	-------	43.1	34.5	-------	34.5	(-----)	-------	34.4	.1	-------	-------	-------

See footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963, preliminary—Con.

[In millions of dollars]

Region and country	Grand total 100 countries and territories	Total military	Economic assistance: Total economic	AID programs: AID total	AID programs: Development grants/program social progress	AID programs: Development loans	AID programs: Supporting assistance and other	Other economic assistance: Total	Other economic assistance: Social progress trust fund	Food for peace—Public Law 480: Total	Title I: Total sales agreements	Title I: Planned for country use	Title II	Title III	Title IV	Export-Import Bank long-term loans	Other economic programs
Latin America	1,102.7	⁶74.8	1,027.9	548.9	109.0	342.8	97.1	479.0	124.8	185.4	(63.6)	51.5	18.8	75.6	39.6	91.2	⁵77.6
Argentina	156.5	2.7	153.8	99.7	3.3	76.4	20.0	54.1	30.0	-----	(-----)	-----	-----	-----	-----	³24.1	-----
Bolivia	69.9	1.6	68.3	35.7	7.5	18.3	9.9	32.6	10.5	21.4	(16.9)	14.3	.4	3.7	3.0	-----	.7
Brazil	172.3	16.9	155.4	86.9	24.0	37.4	25.5	68.5	5.8	61.6	(43.4)	34.7	11.3	15.6	-----	-----	1.1
British Guiana	1.4	-----	1.4	1.4	1.3	-----	-----	.1	-----	.1	-----	-----	-----	.1	-----	-----	-----
British Honduras	.6	-----	.6	.1	.1	-----	-----	.5	-----	.3	(-----)	-----	-----	.3	-----	-----	.2
Chile	99.2	10.2	89.0	41.3	6.3	35.0	(⁴)	47.7	4.9	26.5	(-----)	-----	-----	5.5	21.0	15.5	.8
Colombia	134.9	8.4	126.5	93.5	6.1	87.2	.2	33.0	8.5	18.3	(-----)	-----	-----	11.5	6.8	3.4	2.8
Costa Rica	15.5	.7	14.8	13.0	2.4	10.6	-----	1.8	-----	1.6	(-----)	-----	1.5	.1	-----	-----	.2
Dominican Republic	51.7	2.1	49.6	29.4	3.4	2.1	23.9	20.2	6.5	12.5	(-----)	-----	1.2	6.3	5.0	-----	1.2
Ecuador	39.2	2.8	36.4	18.2	4.9	6.3	7.0	18.2	9.9	6.1	(-----)	-----	-----	2.3	3.8	1.3	.9
El Salvador	23.1	.6	22.5	19.6	3.0	16.6	-----	2.9	-----	2.6	(-----)	-----	-----	2.6	-----	-----	.3
Guatemala	15.4	2.0	13.4	3.4	2.7	.7	-----	10.0	7.8	1.0	(-----)	-----	-----	1.0	-----	-----	1.2
Haiti	6.2	.4	5.8	4.9	-----	-----	4.9	.9	-----	.9	(-----)	-----	-----	.9	-----	-----	-----
Honduras	14.4	1.1	13.3	7.3	3.2	1.6	2.4	6.0	5.6	.3	(-----)	-----	-----	.3	-----	-----	.1
Jamaica	13.0	-----	13.0	5.8	.8	5.0	-----	7.2	-----	2.0	(-----)	-----	-----	2.0	-----	5.0	.2
Mexico	50.9	1.2	49.7	.4	.4	-----	-----	49.3	8.0	15.5	(-----)	-----	1.1	14.4	-----	25.8	-----
Nicaragua	9.0	1.5	7.5	3.5	2.5	1.0	-----	4.0	.2	1.4	(-----)	-----	-----	1.4	-----	-----	2.4
Panama	10.0	.8	9.2	8.2	2.2	6.0	-----	1.0	-----	.7	(-----)	-----	-----	.7	-----	-----	.3
Paraguay	10.2	.9	9.3	3.0	3.0	-----	-----	6.3	2.9	3.4	(3.3)	2.5	-----	.9	-----	-----	-----
Peru	31.0	6.7	24.3	3.0	3.0	-----	-----	21.3	1.5	6.9	(-----)	-----	3.1	3.8	-----	10.7	2.2
Surinam	.4	-----	.4	.3	.3	-----	-----	.1	-----	.1	(-----)	-----	-----	.1	-----	-----	-----
Trinidad and Tobago	4.1	-----	4.1	3.9	.8	-----	3.1	.2	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	.2
Uruguay	24.6	2.5	22.1	7.9	1.9	6.0	-----	14.2	8.0	.6	(-----)	-----	-----	.6	-----	5.0	.6
Venezuela	56.8	10.4	46.4	33.1	3.0	30.0	.1	13.3	11.0	1.2	(-----)	-----	-----	1.2	-----	.4	.7
Other West Indies	.4	-----	.4	-----	-----	-----	-----	.4	-----	.4	(-----)	-----	(⁴)	.4	-----	-----	-----
ROCAP	11.1	-----	11.1	8.2	5.7	2.5	-----	2.9	2.9	-----	(-----)	-----	-----	-----	-----	-----	-----
Regional	80.4	1.2	79.2	17.2	17.0	-----	-----	62.1	.7	-----	(-----)	-----	-----	-----	-----	-----	61.4
Far East	1,723.3	785.0	938.3	428.7	53.3	67.1	308.2	509.6	-----	297.7	(229.9)	203.0	43.5	42.8	8.4	131.8	⁷80.1
Burma	15.2	-----	15.2	6.7	1.0	-----	5.7	8.5	-----	8.5	(10.7)	8.1	-----	.4	-----	-----	-----
Cambodia	29.2	10.4	18.8	18.8	7.8	-----	11.0	(⁴)	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	-----
China, Republic of	212.6	132.3	80.3	38.6	2.1	36.5	-----	41.7	-----	41.7	²(27.0)	21.9	3.5	7.9	8.4	-----	-----
Hong Kong	5.6	-----	5.6	-----	-----	-----	-----	5.6	-----	5.6	(-----)	-----	2.9	2.7	-----	-----	-----
Indonesia	140.9	17.6	123.3	36.7	14.8	-----	21.9	86.6	-----	86.4	³(91.2)	82.1	.8	3.5	-----	-----	.2
Japan	172.9	49.1	123.8	-----	-----	-----	-----	123.8	-----	.9	(-----)	-----	-----	.9	-----	122.9	-----
Korea	403.7	199.4	204.3	126.2	5.6	30.6	90.0	78.1	-----	78.1	(74.0)	66.6	1.4	10.1	-----	-----	-----
Laos	36.8	(³)	36.8	36.3	-----	-----	36.3	.5	-----	.5	(-----)	-----	-----	.5	-----	-----	-----
Malaya	2.2	-----	2.2	-----	-----	-----	-----	2.2	-----	1.4	(-----)	-----	-----	1.4	-----	-----	.8
Philippines	117.7	23.9	93.8	2.9	2.9	-----	-----	90.9	-----	9.8	(-----)	-----	-----	9.8	-----	3.9	77.2
Thailand	94.2	71.6	22.6	16.2	6.4	-----	9.9	6.4	-----	.1	(-----)	-----	-----	.1	-----	5.0	1.3
Vietnam	208.1	(³)	208.1	143.7	10.5	-----	133.2	64.4	-----	64.4	(27.0)	24.3	34.8	5.3	-----	-----	-----
Regional	284.0	⁸280.8	3.2	2.5	2.2	-----	.2	.7	-----	-----	(-----)	-----	-----	-----	-----	-----	.7
Africa	553.9	27.4	526.5	261.6	79.8	98.38	3.4	264.9	-----	231.7	(62.5)	53.4	136.8	37.3	4.2	19.2	⁹14.0
Algeria	79.6	-----	79.6	1.8	1.1	-----	.7	77.8	-----	77.8	(-----)	-----	63.8	14.0	-----	-----	-----
Burundi	1.5	-----	1.5	(⁴)	(⁴)	-----	-----	1.5	-----	1.5	(-----)	-----	.6	.9	-----	-----	-----
Cameroon	1.5	(⁴)	1.5	1.0	1.0	-----	-----	.5	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	.5
Central African Republic	.7	-----	.7	.7	.7	-----	-----	(⁴)	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	-----
Chad	1.1	-----	1.1	1.0	1.0	-----	-----	.1	-----	.1	(-----)	-----	-----	.1	-----	-----	-----
Congo:																	
Brazzaville	.7	-----	.7	.5	.5	-----	-----	.2	-----	-----	(-----)	-----	-----	-----	-----	.2	-----
Léopoldville	79.8	.2	79.6	42.4	3.0	-----	39.4	37.2	-----	37.2	(30.6)	27.5	6.3	3.4	-----	-----	-----
Dahomey	1.0	(⁴)	1.0	.7	.7	-----	-----	.3	-----	.3	(-----)	-----	-----	.3	-----	-----	-----
Ethiopia	24.2	9.0	15.2	10.0	.0	4.0	-----	5.2	-----	3.	(.9)	.7	-----	.9	1.4	-----	2.2
Gabon	1.2	-----	1.2	.7	.7	-----	-----	.5	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	.5
Ghana	3.0	.1	2.9	1.7	1.7	-----	-----	1.2	-----	.6	(-----)	-----	-----	.6	-----	-----	.6
Guinea	16.0	-----	16.0	12.1	3.7	2.4	6.0	3.9	-----	3.6	² (47)	3.6	-----	-----	-----	-----	.3
Ivory Coast	7.9	.1	7.8	2.5	.8	1.7	-----	5.3	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	4.7	.3
Kenya	5.7	-----	5.7	4.9	2.7	2.2	-----	.8	-----	.8	(-----)	-----	.6	.2	-----	-----	-----
Liberia	50.8	2.1	48.7	39.9	8.6	31.3	-----	8.8	-----	3.0	(-----)	-----	-----	.2	2.8	4.5	1.6
Libya	12.5	1.1	11.4	10.4	1.4	-----	9.0	1.0	-----	-----	(-----)	-----	-----	-----	-----	-----	1.0
Malagasy Republic	1.0	-----	1.0	.5	.5	-----	-----	.5	-----	.5	(-----)	-----	-----	.5	-----	-----	-----
Mali, Republic of	4.6	.7	3.9	3.9	1.2	2.1	.7	-----	-----	-----	(-----)	-----	-----	-----	-----	-----	-----
Mauritania	.2	-----	.2	.1	.1	-----	(⁴)	.1	-----	.1	(-----)	-----	.1	(⁴)	-----	-----	-----
Morocco	75.0	(³)	75.0	21.6	1.1	-----	20.5	53.4	-----	52.6	(7.7)	5.8	35.3	11.5	-----	-----	.8
Niger	1.4	(⁴)	1.4	1.2	.7	.5	-----	.2	-----	-----	(-----)	-----	-----	-----	-----	-----	.2
Nigeria	36.6	.2	36.4	24.1	12.0	12.1	-----	12.3	-----	.3	(-----)	-----	-----	.3	-----	9.5	2.5
Rhodesia and Nyasaland	2.2	-----	2.2	1.8	1.8	-----	-----	.4	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	.4
Rwanda	(⁴)	-----	(⁴)	-----	-----	-----	-----	(⁴)	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	-----
Senegal	5.2	1.5	3.7	2.2	2.2	-----	-----	1.5	-----	.6	(-----)	-----	-----	.6	-----	.3	.6
Sierra Leone	3.9	-----	3.9	2.5	2.5	-----	-----	1.4	-----	.5	(-----)	-----	-----	.5	-----	-----	.9
Somali Republic	9.2	-----	9.2	7.8	4.2	3.6	-----	1.4	-----	1.2	(-----)	-----	1.2	(⁴)	-----	-----	
Sudan	11.0	-----	11.0	6.5	2.7	3.8	-----	4.5	-----	4.5	(6.0)	4.5	-----	-----	-----	-----	-----
Tanganyika	12.5	-----	12.5	8.9	2.0	6.9	-----	3.6	-----	3.3	(-----)	-----	3.0	.3	-----	-----	.3
Togo	1.3	-----	1.3	.8	.8	-----	-----	.5	-----	.2	(-----)	-----	-----	.2	-----	-----	.3
Tunisia	71.9	(³)	71.9	32.3	2.2	23.3	6.8	39.6	-----	39.0	(12.6)	11.3	25.7	2.0	-----	-----	.6
Uganda	7.0	-----	7.0	6.9	2.5	4.4	-----	.1	-----	.1	(-----)	-----	-----	.1	-----	-----	-----
Upper Volta	1.0	(⁴)	1.0	.5	.5	-----	-----	.5	-----	.5	(-----)	-----	-----	.5	-----	-----	-----
Zanzibar	(⁴)	-----	(⁴)	-----	-----	-----	-----	(⁴)	-----	(⁴)	(-----)	-----	-----	(⁴)	-----	-----	-----
Other British territories	.1	-----	.1	-----	-----	-----	-----	.1	-----	.1	(-----)	-----	-----	.1	-----	-----	-----
Regional	22.0	12.3	9.7	9.7	9.4	-----	.3	(⁴)	-----	-----	(-----)	-----	-----	-----	-----	-----	(⁴)

See footnotes at end of table.

U.S. aid to Foreign Assistance Act countries, by region and country—Obligations and loan authorizations, fiscal year 1963, preliminary—Con.

[In millions of dollars]

Region and country	Grand total 100 countries and territories	Total military	Economic assistance														
			Total economic	AID programs				Other economic assistance									
				AID total	Development grants/program social progress	Development loans	Supporting assistance and other	Total	Social progress trust fund	Food for peace—Public Law 480						Export-Import Bank long-term loans	Other economic programs
										Total	Title I		Title II	Title III	Title IV		
											Total sales agreements	Planned for country use					
Europe	899.1	476.4	422.7	2.9	2.9	-------	-------	419.8	-------	154.8	(145.8)	84.3	4.0	50.3	16.2	265.0	-------
Austria	31.4	-------	31.4	-------	-------	-------	-------	31.4	-------	-------	(-----)	-------	-------	-------	-------	31.4	-------
Belgium-Luxembourg	28.1	28.1	-------	-------	-------	-------	-------	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Denmark	24.0	24.0	-------	-------	-------	-------	-------	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
France	30.6	30.5	.1	-------	-------	-------	-------	.1	-------	.1	(-----)	-------	-------	0	-------	-------	-------
Germany (Federal Republic)	.5	.3	.2	-------	-------	-------	-------	.2	-------	.2	(-----)	-------	-------	.2	-------	-------	-------
Iceland	1.4	-------	1.4	-------	-------	-------	-------	1.4	-------	1.4	(1.9)	1.4	-------	-------	-------	-------	-------
Italy (including Trieste)	300.7	72.4	228.3	-------	-------	-------	-------	228.9	-------	14.4	-----)	-------	4.0	10.4	-------	213.9	-------
Netherlands	16.4	16.3	.1	-------	-------	-------	-------	.1	-------	.1	(-----)	-------	-------	.1	-------	-------	-------
Norway	38.7	38.7	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
Poland	10.8	-------	10.8	2.8	[10] 2.8	-------	-------	8.0	-------	8.0	(51.6)	-------	-------	8.0	-------	-------	-------
Portugal	18.9	11.2	7.7	-------	-------	-------	-------	7.7	-------	7.7	-----)	-------	-------	7.7	-------	-------	-------
Spain	61.0	31.8	29.2	-------	-------	-------	-------	29.2	-------	9.5	(-----)	-------	-------	9.5	-------	19.7	-------
United Kingdom	11.2	11.2	-------	-------	-------	-------	-------	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Yugoslavia	113.5	-------	113.5	.1	.1	-------	-------	113.4	-------	113.4	(92.1)	82.9	-------	14.3	16.2	-------	-------
Regional	211.9	211.9	-------	-------	-------	-------	-------	-------	-------	-------	(-----)	-------	-------	-------	-------	-------	-------
Nonregional	459.9	106.1	363.8	160.8	44.6	-------	125.2	124.0	-------	47.4	(-----)	-------	-------	47.4	-------	-------	[11] 136.6

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[1] Represents Peace Corps.

[2] Includes proration of multiyear agreements.

[3] Military data classified and included in regional totals.

[4] Less than $50,000.

[5] Represents $60,000,000 subscription to inter-American Development Bank; $15,200,000 for Peace Corps; and $2,400,000 for Rama Road.

[6] Excludes refinancings of $72,000,000.

[7] Represents $73,000,000 war damage claims in the Philippines and $7,100,000 for the Peace Corps.

[8] Includes aid to Australia and New Zealand.

[9] Represents $13,000,000 for the Peace Corps; and $1,000,000 in Libya for special purpose funds.

[10] For Krakow Research Hospital.

[11] Includes $61,700,000 subscription to the international Development Association and $72,100,000 for U.N. bonds.

Mr. JAVITS. Mr. President, I am a cosponsor with the Senator from Alaska [Mr. GRUENING] of the amendment. I know that Senators are ready to vote on the amendment. I am anxious to have the Senate vote.

We have two problems. I should like to talk for 5 minutes on those two problems.

First, we must copper rivet that provision in the bill, which we are now doing. I compliment my colleague for the wit to see that we cannot change any part of the amendment if we are to do that first job.

Second, when we have the opportunity to do so, which is now, to impress the State Department with the invalidity of the arguments and the rationale which it has used to continue a policy which is contrary to the interests of the United States, we should do so. We are considering a policy of continuing to give aid to Nasser notwithstanding aggression—not merely preparation to aggress—but aggression in the Yemen, against Saudi Arabia, by infiltration and fomenting revolution in other Near East countries, including threats to assassinate rulers, and now direct interference in the Algerian-Moroccan conflict. Incidentally, though it has not been mentioned, it is entirely documented and boasted about by the leading newspaper in Egypt, Al-Ahram, that Nasser has proudly announced that Egyptian warships and aircraft have gone to Algeria.

This is the time and place to explain why we take a very different attitude from that of the State Department, because apparently the State Department seems to rationalize its way out of anything we have done and, I predict, will rationalize its way out of the amendment even if we adopt it, if we permit it.

The whole point or idea—and we have had a couple of clues to it on the floor of the Senate—is that we are going to do some business with Nasser so that he will not completely depend on the Communists, and so that we may have some effect with him.

The great fallacy in that argument is that it is exacly what Nasser wants. That is exactly what we would place into his hands. He cannot, and he dare not, depend exclusively upon the Communists and still retain his power in his own country. The very thing that is keeping him in power in Egypt is that he passes as the consummately clever Near Eastern ruler to his people to play off the Communists against the United States and receive aid from both. The consummate cleverness which he demonstrates in the eyes of his own people is one of the main elements which keeps him in power. President Nasser in Egypt could not get away with sole dependence on the Soviet Union even if he wanted to, and even if the Soviet Union would help him to the extent that would be required.

So the whole idea out of which the State Department is rationalizing its Nasser policy is wrong. It has been demonstrated to be wrong, because Nasser continues to do everything he possibly can contrary to the interests of the United States. He proceeds against us with the greatest arrogance and the greatest impunity. He receives our aid and then interferes directly with his Egyptian troops in the Yemen war. He receives our aid and keeps the whole Near East in turmoil and ferment, including conspiracies against established governments there. He receives our aid and threatens every day—and he means it—to drive the Israelis into the sea and to eliminate Israel.

We have heard some intimations about the aid that Israel receives by way of voluntary contributions. Who is compelling the arms race in the Near East which is so terribly costly to the tiny country of Israel to which we give no military aid?

So far we have only let them have the privilege of paying in cash for some Hawk missiles purchased from the United States.

The man fomenting that Near East arms race is none other than Nasser. As my colleague from Alaska has properly pointed out, there is nothing the Israelis can do except to escalate their arms preparations to keep pace with him. Otherwise, they are sitting ducks.

He is getting jetplanes of the latest design, and he is getting his pilots trained in Czechoslovakia and other parts of the Communist bloc to operate the planes. He now has battle-tried troops who have been through a Yemenite war. He has submarines and rockets made very largely by ex-German Nazi technicians with material supplied from the Communist bloc. He has the latest tanks and the latest arms which the Communists are capable of giving him. They boast about it. Yet we absolutely shut our eyes to what is creating the most dangerous situation of conflagration in the Near East, which is the escalating arms race.

What is critically important is one fundamental point: There can be no rationalization out of a ruler—and that is what Nasser is—who proceeds with the greatest arrogance to defy the American policy at the same time that he receives its aid and makes that one of the principle props of his regime. The fact is that his people consider him to be consummately clever because he is receiving aid both from the Communist bloc and the United States as well. He cannot persist in any such ridiculous attitude. Yet that is precisely what the State Department is doing. We must demonstrate beyond peradventure that we will have none of it.

Mr. President, I value the opinion of the Senator from Minnesota. I feel that he has much heart in the idea of preventing this charade by President Nasser as any of us. I believe he is mistaken on one point, and that is in his effort to have the particular language to which we have referred eliminated from the amendment, which would only imperil the whole amendment. At the same time he omits the fact that we entrust the President of the United States with far more weighty decisions than this.

If the President of the United States believed that Khrushchev was preparing for aggression, if he made a value judgment that Khrushchev was preparing for aggression against the United States with the atom bomb, I would expect him to put his finger on the red button. That is a great deal more important than whether to give aid to Nasser or not. Yet under the way our Government is organized we are giving the President that power. He is the only one in our country—and we all know it—who can direct when the country shall react against an aggressor preparing for aggression in such a way that we cannot allow such aggression to occur against us before we react. We are laying bare one of the most trying and difficult responsibilities and duties which the President has. It is almost beyond human comprehension, endurance or will.

And I lay it bare only to answer the argument. This is far less in magnitude, in terms of decision on the part of the President, than the decision with which we entrust him now in the greatest theater of life and death ever known to all mankind.

The President of the United States can very well make this qualitative judgment as to whether, under the amendment, Nasser or any other ruler in the world is actually preparing for aggressive warfare or has engaged in aggression.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. HUMPHREY. I realize the concern of the Senator from Alaska and the concern of the Senators from New York and other Senators about losing the substance of the amendment in conference. I wish I could say that it would not be lost in conference. If I were a conferee, I could give my word of honor that we would not lose it, but I would be only one of the conferees. I know we cannot make any advance pledges as to the result of the conference.

My concern with the amendment is the broadness of its scope, and the fact that it might very well necessitate internationally embarrassing decisions for our Government. Possibly, it would not.

I have been reading the language on page 1. I read, starting with line 3:

> No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954—

Would the Senator agree that language would not deny the right of the Government to engage in famine relief?

Mr. JAVITS. I agree.

Mr. HUMPHREY. I wished to clarify that part of the amendment.

Mr. JAVITS. The Senator knows I agree with him that when it comes to direct relief of starving people, aid could be given even to the Red Chinese, or to anybody.

Mr. HUMPHREY. Exactly. I continue to read:

> to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—
> (1) the United States,

I wish to get the interpretation of the Senator from Alaska. As I understand, under that language the initiative with respect to ascertaining the facts would rest with the President.

Mr. GRUENING. That is correct.

Mr. HUMPHREY. He might or might not, under his own discretion, view the situation as involving preparation for aggression.

Mr. GRUENING. That is correct. He could.

Mr. HUMPHREY. The only obvious point is if there were actual military aggression, the President would not have much discretion. We would not want him to have it.

Mr. GRUENING rose.

Mr. JAVITS. I shall be glad to yield to the Senator who is the author of the amendment whenever he wishes.

The President will have discretion, even as to whether aggression is underway. This is often a qualitative judgment, too. Troops might be marshaled at the border—perhaps a shot has not yet been fired, but the border has been crossed. That would be aggression.

There might be a situation in which planes were in the air but had not actually broken the barrier of the other country. That might be aggression.

This is a value judgment that the President must make. He makes much more serious decisions than this.

I should say, as a part of the legislative history, that one of the reasons why the Senator from Alaska says the amendment is not as strong as it should be—and as a lawyer I agree with him—is precisely this reason. I feel we are right about the fact that if we build the record strongly, as we are trying to do, with facts and figures to copper-rivet the amendment as it stands in the bill, so that it cannot be played around with in conference, on balance we will accomplish more than if we try to toughen it at this point.

Mr. HUMPHREY. Mr. President, my concern with the amendment is not its target or its primary objective. I accept its primary objective of refusing to aid a government, namely, the United Arab Republic, which has consistently threatened one of our best friends, the State of Israel. My concern is about saying, "No assistance shall be provided under this or any other act." For example, it would knock out the Peace Corps, which I believe should not be involved in some of these tough diplomatic decisions. It would surely knock out the Export-Import Bank transactions, which relate to our own economic well-being.

I regret that there is such a fear over the conference. I repeat, in the committee I offered this particular amendment, and I voted for it in the committee. After we discussed the amendment, I found that there were serious limitations, which have deeply disturbed me. I wish to goodness we could, with one or two modifications, remove the doubts. But I gather the Senators feel that if we do, in conference the State Department will work on us to the point that we will recede to their request or to their advice.

The House of Representatives passed this language, and wants it in the bill. I hope that we can pass this language with one or two things modified, such as removing "any other act" from the amendment, which would not basically change the substance or the thrust of the amendment. We know what the thrust of the amendment is.

It is to prevent the Government of the United States from giving aid to countries committing either direct or indirect acts of aggression, contrary to the interests of the United States and to the objectives of our foreign policy. This is a very good purpose, which I wish to support.

Mr. JAVITS. It is of significance that in this whole debate no word is heard from the State Department. After all, there has been a general declaration in the law that we shall not aid one who is an aggressor, and so forth. This is covered in the "sense" resolution to which the Senator from Alaska [Mr. GRUENING] properly referred. Every effort to obtain an interpretation of that language by the Senator from Alaska [Mr. GRUENING], by me, and by my colleague from New York [Mr. KEATING] has always been frustrated by the rationalization by the State Department away from the position we thought we were adopting.

I say to the Senator, with all respect, that his situation would be much stronger with all of us if we had a declaration from the State Department as to what would be its policy, even under this amendment. We cannot even know that. How can anyone be blamed for wanting to be sure, at least, that we shall have this point to emphasize. About all we have is a license to "holler."

Mr. HUMPHREY. I do not blame the Senator at all. I could bring down from my office some correspondence between the State Department and me on certain matters—Yemen and others—which I believe would reflect as much anger, concern, and dismay over that situation as that of any other Senator.

I am concerned, I repeat, over the scope of the amendment. I know what its purpose is. I like its purpose; and, therefore, I should like to see its purpose preserved. I can understand how the Senators who sponsor the amendment might feel that the purpose and substance might not be preserved in conference, even though I would surely give my word, if I were on the conference committee—and I might be, as one of the ranking members of the committee—to see to it that the substance was preserved.

Mr. JAVITS. Mr. President, I believe the Senator from Iowa [Mr. HICKENLOOPER] desires to speak; if so, I shall yield to him. I ask unanimous consent that he may speak as long as he pleases and that then I may resume.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, I have a personally arrived at position on this whole situation.

I hold no brief for Nasser or Egypt under the circumstances which have occurred. I have been in serious correspondence with the State Department and the Secretary of State, practically to the point that I believe I will file, for whatever action the Senate may wish to take, a resolution expressing the sense of the Senate that we should withdraw recognition of the State of Yemen.

I believe that the Egyptians have particularly failed to keep their word in connection with the recognition that was given the Government of Yemen. I am not in sympathy with them. We are furnishing probably 50 percent of the food that feeds the people of Egypt. We could have tremendous control over the peccadillos of Mr. Nasser. So I am not waving any flag for Nasser or Egypt.

By the same token, I am not raising any flag for a biased specialized act with respect to any other country. But when we enact legislation, it should be equitable and provide a sensible means of application; and I do not believe this amendment would do that.

I know the House passed the language contained in this amendment. That is the House's decision. I feel that a great many Senators have a position that is sympathetic toward what this amendment seeks to do, but I do not think the amendment will do it.

I did not hear any voices raised when India committed an act of naked aggression against Goa, when it went into that country suddenly, overnight, and by force took away property which had belonged to Portugal for centuries. I did not hear any voices raised against India. That seemed to be all right.

I have not heard any voices raised against the raiding parties from the Congo who go into Angola, raid and destroy and steal, and go back to the haven of the Congo. Yet it has been the policy of this country to give aid to the Congo. Under any kind of interpretation, the amendment would require a decision to dissociate ourselves from aiding the Congo. That is what we would have to do.

I do not approve of what the Egyptian troops are doing in the Yemen. I am quite convinced that Nasser agreed to take his troops out of there. I happened to be not only in Egypt, but in Saudi Arabia, when the negotiations were underway. I know what the proposals were. I know what the agreement was. It has not been carried out.

But, from a technical standpoint—and I am not defending or supporting him—Mr. Nasser is in the Yemen today at the invitation of a legally constituted government that we recognize.

Under what other circumstances is this country in Vietnam? Under what circumstances did this country land 10,000 troops in Jordan? At the invitation of a legally constituted, recognized, de jure government.

I am only saying that what is sauce for the goose is sauce for the gander. I am not supporting biased legislation. But I will support generalized legislation, and I will support legislation that strengthens the act and tries to accomplish something in Egypt that should be done.

With the House passing the resolution, with the Senate using suitable language which I think can be drafted, if we go into conference I think we can come out with reasonable language that will tend substantially toward the accomplishment of the desired purpose.

Basically, I do not think this language is needed. However, I am willing to go along with some language.

The President has authority to withdraw aid whenever he feels it is in the interest of the United States. He did not hesitate to withdraw it from Peru when there was a coup down there.

Mr. GRUENING. For 2 weeks.

Mr. HICKENLOOPER. I do not care whether it was for 2 weeks or 2 minutes. He had the authority to withdraw it. He has the authority to withdraw aid from the Dominican Republic. He has withdrawn aid from Sukarno and Indonesia. It did not require an affirmative act of Congress to do it. He has the authority to do it if he thinks it is in the interest of the United States.

So I contend that, from a technical standpoint, this language is not necessary. I believe it creates conditions which, if the President meticulously enforced the provisions of the act, would cause a great amount of confusion in various parts of the world, which would not be to the best interest of the United States.

All I am suggesting is that we go into conference, and we will come out with language that will be specifically directed to the purpose which is sought.

Mr. GRUENING. Mr. President, I highly applaud the Senator's suggestion of adopting a sense-of-Congress resolution withdrawing aid from Yemen. While we recognize this so-called legally constituted government, it was done only in connection with Nasser's promise to withdraw his troops if we did so and largely, I regret to say, to propitiate Nasser. It was another one of our tragic mistakes in foreign policy in the Middle East.

Now I am fearful about losing a half a loaf if I consent to modification of my amendment because there is apparently no desire on the part of the executive agencies to curtail Nasser. It should have been done before.

Unless Congress acts, and acts in this way, it is not going to happen, because the State Department, I regret to say, has many pro-Nasser people in it, and its Middle East policy seems to be to build him up.

Instead of supporting the one oasis of free democratic government in the Middle East, namely Israel, it has done little to encourage its existence and to discourage the efforts to boycott and destroy it.

Now if we modify the amendment in the slightest respect, I fear the State Department will be telling the conferees how disruptive this amendment is going to be, and we will lose it. That is why I prefer to stand by the exact language of my amendment which is identical with the House-passed amendment.

Mr. HICKENLOOPER. It is still the responsibility of the Members who will constitute the conference committee.

Regardless of whether Nasser should have been in the Yemen prior to recognition, our very act of recognizing the government amounts to a de jure recognition of a duly constituted government. I was in both Saudi Arabia and Cairo when this matter was under intense discussion, and when preparations were being made for recognition of the Yemen.

The point is, we were given certain understandings. We were given certain commitments. Those commitments have not been carried out. Mr. Nasser has not carried out the conditions and promises he said he would.

On the contrary, Saudi Arabia has, in great measure, and to all intents and purposes, carried out its share of responsibility for withdrawing.

Mr. GRUENING. That is correct.

Mr. HICKENLOOPER. It could be said that there was a waiver of any commitment of our recognition because we relied on promises which were not carried out. Therefore, I think we should consider withdrawing recognition from the government of Yemen, which cannot sustain itself except with Nasser's troops, and it has gone back on its word that it would rid itself of foreign troops, in exchange for the promise that this country would recognize the newly established government.

That is the way I feel about it. I think this amendment is not a good amendment. I think it will in many ways embarrass us, because there are other ways and means of arriving at a solution. We could draft an amendment which would really be of effect in putting the finger on where the trouble is.

Mr. JAVITS. Mr. President, I wish to yield to the Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, I conceive the American policy of mutual security to be, or at any rate it ought to be, designed to promote the cause of man's freedom, rather than to exacerbate the potential intrigues of war. That is the reason why I have supported mutual security in the past. That is why I propose again to vote in favor of it this year, with due regard to the amendments I shall support.

I was prepared to vote, earlier in this debate, had there been a yea and nay vote on the amendment which was adopted without a rollcall, to approve the restrictive amendment with respect to Sukarno and Indonesia.

My judgment is that Senators, taking the position which was taken with respect to that question on aid to Indonesia, indicated that a nation, having received $670 million, over the years, from the American Treasury, and having thereafter prepared for aggression and having committed it, ought not to be permitted to continue to participate in a program designed for peace and freedom, and not by way of a coverup for aggression or for potential aggression.

The same thing is true of the Middle East. We have given $863 million to Nasser and the United Arab Republic. Yet the record is clear not simply with respect to Yemen and Israel, but to Jordan as well. Egypt has been guilty of continuing acts of naked aggression.

I repeat what I have said before. If the lights of freedom dim in the Middle East, if the cause of freedom in the one Middle East free government, the democracy of Israel, fails, then this whole, troubled, historic area could lead all the globe toward an obliterating nuclear conflict. Mankind cries out that our great America never, never, never feed the appetite of hate and conflict with American aid which would, thereafter, be channeled into a fanning of the flames of potential conflict.

I raise the question: What is wrong with a congressional statement of policy, which will invest the President with the specific responsibility of determining whether or not nations desiring the assistance of this country to be free and to remain free are deserving; or, to the contrary, may be preparing for acts of aggression? To give aid to Egypt, only to observe Egypt use her own funds to buy instruments of war from the Communist bloc, makes a mockery of America's national security program.

It has been said in the debate that it is difficult for the President of the United States to determine when a country is on the verge of committing an aggressive act. I deny that. The Government of the United States, under this administration or under any other administration, knows full well what countries may be covertly preparing for the commission of an aggressive act and we must not lend ourselves, directly or otherwise, to any aid, of any kind, to any would-be aggressor.

For all these reasons, I have risen for these few moments to say that the Senator from Alaska, the Senators from New York, and the Senator from Oregon have offered an amendment which should be adopted. It is an amendment which the House of Representatives adopted and which, speaking for myself, I shall vote for with enthusiasm when the roll is called.

Mr. JAVITS. I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I should like to ask the distinguished Senator one or two questions. Did I correctly understand the Senator to say in his colloquy with the Senator from Minnesota that there is nothing in the amendment which would prevent the obtaining of famine assistance?

Mr. JAVITS. I was asked about famine relief, which we have often given to other nations and distributed through American agencies. I said that I did not see how it would prevent such assistance. Such assistance would not be encompassed in the act.

Mr. MILLER. Through private sources, that is.

Mr. JAVITS. Yes. That is direct aid which we have given even to the Soviet Union.

Mr. MILLER. That answers one question. The next one is this: Suppose there is a situation in which a country is engaging in an aggressive military effort, and the United Nations sends observers, and then makes a finding, on the basis of the reports of the observers, that one of the parties is an aggressor. Is it the intention of the proponents of the amendment that the President shall be bound by that finding?

Mr. JAVITS. The President would not be bound by it. I again speak as a lawyer when I say that this amendment leaves the determination to the President. The President would not be bound by the findings of another agency. These are the very clear words in the amendment, and they are not capable of any other interpretation. The amendment reads: "which the President determines is engaging or preparing for aggressive military efforts."

That means that if the U.N. or any other agency finds that there is aggression, the President may find that there is not.

Mr. MILLER. I thank the Senator.

Mr. JAVITS. I should like to conclude my argument, because I want to vote. I see that the distinguished chairman of the Foreign Relations Committee is preparing to speak.

What is really at stake is the fact that we shall unmistakably incorporate in the bill the proposition, not that we can compel Nasser not to supply troops to Yemen, but that there shall be some penalty, in the eyes of his people, for throwing his weight around. That is why the amendment carries the language as to what will happen when the President determines that a particular country—namely, Egypt in this instance—is engaging in or preparing for aggressive military efforts.

Other countries should know when another country is threatening to push it into the sea, or to invade it, and that this will result in a heavy penalty—in this case for Nasser—and the United States will not be with him, but against him. It is a question of discouraging him from throwing his weight around.

I appreciate very deeply the statement of the Senator from Iowa [Mr. HICKENLOOPER]. It may turn out, in my judgment, that his statement may have more effect than even the adoption of the amendment. What I believe we are suffering from is not any real inability to communicate our intention to the State Department. I believe we are suffering from the fact that the State Department is acting on its own, without regard to our intentions. The very least we can do—and the debate is as important as the amendment—is to make unmistakably clear what we have in mind. That the amendment will do.

Finally, I hope even if an effort is made to amend the amendment, the Senate will turn it down. The great thing that we can gain here is agreement with the House.

Even though the amendment does not satisfy Senators, on either side of the aisle, at least it is a certain expression of our desire to the President. This is supremely important. Therefore, I hope that the Senate will vote down any proposal to change the amendment and will vote the amendment into the bill, in that way making it a part of the bill and unchangeable in conference.

Mr. FULBRIGHT. Mr. President, I offer a substitute for the pending amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. After line 2 in amendment No. 231 it is proposed to strike out language and to substitute the following:

> (f) No assistance shall be provided under this Act to any country which the President determines is either engaging in aggressive military efforts or is primarily engaged in an aggressive military buildup preparatory to aggressive military efforts directed against—
>
> (1) the United States, or
>
> (2) any other free country,
>
> until the President determines and reports to the Congress that such military efforts or preparations have ceased. The President may waive this section only:
>
> (a) if he is unable to determine from all of the facts coming to his knowledge whcther or not an aggression has occurred or may occur, or
>
> (b) if an aggressive act is reviewed and the facts determined by an appropriate international body, or
>
> (c) if he determines that the national security of the United States would be affected adversely by a determination under this section.

Mr. FULBRIGHT. Mr. President, this is a very difficult matter to deal with. The question of aggression has been struggled with in the United Nations for years, and it has never been defined accurately. It would be difficult for the President to do so.

The substitute amendment would give the President some discretion in administering foreign policy. It amounts to a statement of policy. We are all agreed with the idea that we should not be giving aid to a country which is engaged in an aggressive action. I do not believe anyone disagrees with that statement. The difficulty is in applying it.

I wish to reiterate the points made by the distinguished Senator from Minnesota when he described the difficulty between India and Pakistan.

The amendment further has the virtue of giving the two bodies in Congress an opportunity to reconcile their language into a workable amendment as between the two Houses. The point that if we adopt the pending amendment, there can be no leeway and no discretion, is one of the principal arguments against it. I do not believe we should pick out any specific country. There must be some respect for the difference in functions between the executive branch and the legislative branch.

I do not believe that all of us can act as Secretary of State. We do not have the ultimate responsibility for the success of this policy, or in the application of the policy. We can determine the broad policy. I believe the broad policy is expressed in the substitute, namely, that we do not wish to support aggression with our aid.

We talk about specific acts of aggression, between Israel and its neighbors, and at the moment we disagree with the disposition of Nasser's troops in Yemen. However, there was a time when we also disapproved of the overt attack by Israel on Egypt.

As a matter of fact, that has been the most serious overt act, as among those countries. We disapprove of that. We went to the United Nations and asked Yemen to stop that particular act of aggression. There are recurrent instances of aggression—that is, of a minor nature—against Israel by her neighbors. On one occasion, at least—perhaps others—the United Nations team in that area found that it was the fault of Israel. On the other hand, they found that the fault was with Egypt. So there have been recurrent conditions.

I do not think that we in Congress should, as a legislative matter, undertake to tie the hands of the President in administering our foreign policy. I think, in spirit at least, this is contrary to the constitutional principles we are supposed to follow in this body. Perhaps the principal difference between my substitute amendment and the amendment itself is that it gives the President some reasonable flexibility in the application of the principle which both of them carry—that we should not aid aggression against any other free country.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. Is there not also—before I deal with the Sinai situation in 1956—a difference between the Senator's amendment and the pending amendment, in that the Senator confines his amendment to this act alone? Therefore other types of assistance would come under other acts—for example, the one mentioned by the Senator from Minnesota, the Peace Corps. This amendment would apply exclusively to the Foreign Aid Act, and no other.

Mr. FULBRIGHT. That is as far as it ought to go. I do not think it ought to apply to the Peace Corps and to other acts. However, I do not believe the President would, by any means, continue even that kind of aid; but I do not think we should try to tie his hands.

What I object to principally with respect to a number of the amendments offered, and others, is that we are attempting to usurp the discretion of the Executive in the administration of foreign policy. We are not merely writing foreign policy; we are going further and seeking to tie the President's hands in the actual administration of it. That is unwarrantable and could force the President into many embarrassing situations that would be of great harm to our foreign relations in many areas. I think some of the other actions may do that, particularly the criticisms of friendly countries which occurred in the debate on the fishing amendment. I dare say that many of those statements will be repeated in the press of the respective countries referred to and be highly offensive to those countries. When we undertake in public to discuss each of those countries in turn and recount all of their misdeeds, it is a very bad thing. But that is another matter.

On this particular issue, I hope we will not go so far as to tie the hands of the President without giving him an opportunity to exercise a fair discretion in the administration of the act.

Mr. JAVITS. Mr. President, will the Senator further yield?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. Is it not true that the Senator's judgment is dictated by the fact that the Senator feels that so far, knowing what we have said in the bill, as affecting the President's general power to cut off aid whenever he feels, the State Department and the President have behaved quite properly in respect to President Nasser? Is not the basis for the Senator's argument that we should not tie the President's hands, because he is doing the right thing now, and therefore we should not tie his hands? If he wishes, he can continue to do the same thing?

Mr. FULBRIGHT. I think the President has good reasons for the policy he is following. I think the statement that was made by the Senator from Alaska that our State Department is under the predominant influence of pro-Arabs is wholly unfounded. If the Senator will consider what has been done for the State of Israel during the past years, there is no comparison at all, because we have done infinitely more for Israel than we have for the Arab countries. But that is another subject. I do not wish to labor that point.

We know of the sympathy that exists in this country for Israel, particularly in the Senator's State of New York. I have great sympathy for his position. He is representing his constituents, as all of us represent our constituents. I do not criticize him for that. He is quite within his rights.

On the other hand, the foreign policy of this country should not be completely subjected to any particular interest, no matter how worthy it may be. The making of decisions of this kind should be left to the President as representative of all the United States. We must, and should, trust whatever President is in the White House. We certainly did not try to tie the hands of President Eisenhower in this fashion.

For 8 years the Senator from New York did not seek to tie down the President of his party in this fashion. A foreign aid bill has been before Congress every year, and never before have I seen such an inclination to try to administer the act on so many sides, some of them related, and many of them unrelated. It strikes me that Senators should not expect this bill to solve all the outstanding difficulties that exist in the world—and there are many of them. This is a very poor vehicle with which to seek to do that.

This subject was discussed once before with the distinguished Senator from Illinois [Mr. DOUGLAS]. I did not disapprove then of the feeling that we should urge Nasser in every possible way to open the Suez Canal; but I did not think the foreign aid bill was a proper vehicle to use in that connection. It was not because I had no sympathy with the views of the Senator from Illinois about the advisability of opening the canal. I still think the canal ought to be open and free to all. But I make the point now, as I made it then, that the foreign aid bill should not be used to solve all the other problems that exist. That is why we have the State Department and the Diplomatic Service. That is why the President has been given the responsibility under the Constitution to administer foreign policy.

Mr. JAVITS. Mr. President, will the Senator yield briefly, to enable me to complete my point?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I am not speaking merely for the record; these are deep convictions of mine.

Mr. FULBRIGHT. I am sure they are.

Mr. JAVITS. For decades, I have demonstrated, both by vote and by advocacy on the floor, that when it is necessary to lead, I am quite prepared to lead. One of the most unpopular positions I ever took was in 1956, when I felt the forces should be withdrawn from Sinai, although there was a tremendous wave of sympathy throughout the world, and quite properly so, for Israel, which had been at the point of destruction, if it had not done what it did. Notwithstanding the fact that the promise made at that time by none other than President Eisenhower that these provocations would stop, they never did, until United Nations forces moved into the Gaza Strip.

But laying that aside, let me ask a precise question: Will the Senator tell us how, if we adopt the substitute, the policy of the President and the State Department will change the relationship to Nasser?

Mr. FULBRIGHT. I cannot speak for the President. It is his responsibility to administer this policy in what he believes to be the best interests of the United States.

I do not think a legislative body, least of all this one, is in a position to administer these laws and apply them. We state the broad policy. We say that this is a policy which we approve. Some Senators think they have information that aggression is about to be committed against the State of Israel. I do not know that. We do know about the Yemen problem. I agree with the viewpoint expressed very clearly by the Senator from Iowa [Mr. HICKENLOOPER] as to the Yemen. This is a different problem. I do not think it is a problem that this amendment is designed to meet. It is a different problem. I do not know what the President will do. But I think we must trust him, as we trusted President Eisenhower to carry out a policy within his own responsibility, and with the knowledge that he had to deal with a specific case.

We cannot sit here and anticipate all the contingencies that may arise. Under any circumstances, I think even my substitute amendment would be difficult to administer in a really effective way. It would be very difficult to judge who is an aggressor. Every country always contends that the other country is the aggressor; and the other country always says it is only defending itself. I do not know of any case in which a country has admitted it was an aggressor, except possibly Germany in World War I. There are few cases in which a country has made any pretense about being an aggressor. Generally speaking, 99 percent of the time a country says it is only defending itself. They may be taking preventive action. Even if they take overt action, they say it is the other nation that is committing the offense and that they are really anticipating another attack. That is what the Senator was saying about the war in 1956.

Mr. JAVITS. The Senator from Oregon [Mr. MORSE] and I tried during the Eisenhower administration to do exactly what we are trying to do now. We sought to amend or modify the act in order to have anything done at all. Now we have a record of noncompliance by the State Department and the President, and I cannot see them changing their policy unless we change our instructions.

Mr. FULBRIGHT. I do not recall what the Senators did, but since the war in 1956 there has not been any overt aggression in this area, unless it be in the Yemen affair; and I am not sure that that is overt aggression, because they were invited in, as the Senator from Iowa said.

They were invited there, just as we were invited to South Vietnam. So I do not think that could be classed as aggression.

However, for some reason there has been peace there, not overt warfare, except in a few instances, although it was predicted, year after year, that an explosion would occur there.

Mr. DOUGLAS. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT I yield.

Mr. DOUGLAS. Was the language of the Gruening-Javits-Morse amendment contained in the bill as passed by the House of Representatives?

Mr. FULBRIGHT. It is my understanding that it is in precisely the same language, and that therefore there would be no opportunity for consultation about this matter in the conference.

Mr. DOUGLAS. In other words, it would be adopted.

The language of the amendment of the Senator from Arkansas differs markedly. If it were adopted, would it not be in conference; but, in addition, would it not be possible for the conferees to drop both provisions and leave the conference report completely silent on this matter, just as the bill as reported by the Senate committee is silent in regard to it?

Mr. FULBRIGHT. In my opinion, that could not be done. The conference committee would have to arrive at a reconciliation of the differences between the two versions. The principal difference lies in the giving of discretion to the President, which in my opinion is a very difficult provision to apply.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. Is it not true that this provision could not be dropped, because each House would have adopted an amendment or a provision of the bill to this general effect, and the conference committee would have to deal with them, and therefore some provision of the sort would have to be drafted?

Mr. FULBRIGHT. Exactly. Furthermore, the principle of the two is practically the same. So there could be no justification for dropping the principle in regard to an aggressor. The question is, what would be the circumstances for its application? For example, let us consider the fishing amendment, which the Senate adopted earlier today. In my opinion, all of us agree on its objective, but the difficulty is that the amendment will not accomplish it.

In this case, I think the amendment is much too stringent. It leaves no discretion to the President, and it applies to any other country—which is much too broad a provision. That is my objection to it.

I believe that the Senator's fear that no such provision would eventually be included, as a result of the work of the conference committee, is a mistaken one.

However, I think the President should be given authority to use his discretion.

Mr. DOUGLAS. I know the situation has changed since the days of George Norris, who charged that Congress was composed of three houses—the Senate, the House of Representatives, and the conference committees. Nevertheless, I think the conference committees do have great power.

I am not as experienced in these matters as is the Senator from Arkansas; but I have known conference committees to drop clauses which were included in both the House version and the Senate version, although in different form. Certainly this provision could be emasculated still further, and yet finally be included in such form that it would merely be a statement of pious intent, with no means whatsoever for implementation.

Mr. FULBRIGHT. I assure the Senator that there will be included in the conference report a provision which will adopt the principle of these two different versions, and I can pledge that I will work to have that done. However, if anyone wishes to assume that I would not carry out my pledged word, I point out that the Senate could—if the conference report did not include such a provision—reject the conference report, request a further conference, and provide instructions to the Senate conferees.

I think the Senator from Alabama [Mr. SPARKMAN], the ranking Democrat on the committee, will agree that the conference report would not omit any such amendment or provision of this sort. I am sure he will speak for himself as to that.

Mr. SPARKMAN. Yes, Mr. President; I strongly believe that under the rules and precedents and procedures in regard to conference committees, the conference report would have to include the essence of this amendment, because it is included not only in this amendment but also in the substitute; and on the assumption that I will be one of the conferees, I can certainly give assurance, for my part, that it will be included in the conference report.

Mr. DOUGLAS. Mr. President, I appreciate the statements made by these two eminent and highly honorable Senators. I am sure they make their statements in good faith—although I know they will be importuned by representatives of the State Department, perhaps with the result that, if the essence of the amendment comes back to us in the conference report, I am afraid it will be, as Lincoln once said, like soup made from the shadow of a crow which had starved to death.

Mr. FULBRIGHT. But I point out that not only will the Senate conferees be responsible to the Senate; the House conferees will be responsible to the House, also.

Mr. DOUGLAS. Mr. President, the Senator from Arkansas is very charitable; and of course the Senate conferees will have their responsibilities, too. The Senator from Arkansas is most persuasive, too.

Mr. FULBRIGHT. Mr. President, the Senator from Illinois is very complimentary, but I do not know where he obtains any justification for his statement that I am most persuasive. In view of the recent developments in this Chamber, certainly I am not persuasive in the Senate.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. Mr. President, I believe presidential discretion should be provided. The Gruening amendment provides:

> No assistance shall be provided under this or any other Act, * * * to any country which the President determines is engaging in or preparing for aggressive military efforts.

So that discretion would rest with the President. But I point out that the discretion would be very limited, under this language; for example, the opening words of the substitute are as follows:

> No assistance shall be provided under this Act to any country which the President determines is either engaging in aggressive military efforts or is primarily engaged in an aggressive military buildup preparatory to aggressive military efforts directed against—
>
> (1) the United States, or
>
> (2) any other free country,
>
> until the President determines and reports to the Congress that such military efforts or preparations have ceased.

The difference between the Gruening amendment and the chairman's amendment is the elimination of the words "under this Act."

In regard to the giving of discretionary power to the President, I ask Senators to consider how much discretion the President would have under the chairman's amendment, as follows:

> The President may waive this section only:
> (a) if he is unable to determine from all of the facts coming to his knowledge whether or not an aggression has occurred or may occur—

Well, Mr. President, we would expect the President then to make a decision that he did not know what all of the facts were or that he was unable to make a judgment on the basis of those facts; we would expect that under either the amendment or under the chairman's substitute.

The chairman's substitute then provides:

> or (b) if an aggressive act is reviewed and the facts determined by an appropriate international body—

In other words, if the United Nations determined that there was no aggression in a specific instance, the President would be permitted, under this proposal, to waive the application of the act. The chairman's substitute does not say he would have to; it says he would be permitted to.

Then it says, as to the President's authority to waive this section:

> or (c) if he determines that the national security of the United States would be affected adversely by a determination under this section.

Would any Senator expect the President to apply any act of Congress if he thought the national security of the United States would be adversely affected?

Mr. FULBRIGHT. In relation to the last point, suppose a conflict should break out between India and Pakistan. There would be an instance of the problem. The President would have to take into consideration the geographical situation.

Mr. HUMPHREY. Exactly. I do not feel that the language of the substitute amendment would violate any principle of our determination to resist aggression, to inhibit aggression, or to deny aid to aggressors or would-be aggressors. What the chairman has really done through his substitute is merely to provide language which would state that if the President does not have the facts and if he cannot ascertain what the facts are, he ought not to make a judgment. I support this amendment, but if it fails I will vote for the Gruening amendment because I believe that some amendment dealing with the situation presented by the Government of the United Arab Republic is necessary.

Second, if an international organization to which we belong, such as the United Nations, should determine that there is no aggression in an instance in which the President thinks there may be aggression, the President would not be obligated under the act to apply the substance of the act. He still could.

Finally, the President's discretion would be as follows: If the security of the United States should be adversely affected, he would not have to apply the purposes of the act.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HUMPHREY. I conclude by saying that I join in the statements of the Senator from Alabama [Mr. SPARKMAN] and the Senator from Arkansas [Mr. FULBRIGHT]. I do not see why Senators think that the conferees will be unmindful of the determination of those of us in this body to effect the substance of the amendments agreed to.

I have been a conferee on foreign aid bills for several years. I do not like to be told that I am going to sell out, or that I am going to be unmindful of my obligations, or that the State Department is going to tell me what to do.

I have stood on the floor of the Senate and fought against other Senators on the principle of aid to Poland and aid to Yugoslavia—Communist countries. In one instance, Poland, which is a member of the Warsaw Pact, was involved. The Warsaw Pact causes our country to spend billions of dollars every year.

My principle has been as follows: I am not going to tell the President of the United States that he has absolutely no discretion in relation to how to deal with these situations. The Senator from Minnesota with others who are right now standing alongside of me, has stood up under two administrations in these debates and said, "I am not going to tie the hands of President Eisenhower or President Kennedy and say that because I hate communism worse than I hate Nasserism, he can never deal with Poland or Yugoslavia."

I said, "Not on your life." If the President, as Commander in Chief of the Armed Forces of our country, as our Chief Executive, as the chief spokesman of this country in our foreign policy, and as the only nationally elected officer of this Government, save the Vice President, feels he should have some little discretion, I shall give it to him.

I have voted time after time for that kind of policy. I have been accused of being soft on communism because I have done it. I have not been soft on communism. I have been loyal to the Constitution. The Constitution of our country places the foreign policy of the United States, its effectuation and administration in the hands of the President. I merely wish to make clear to my best friends in this body that I am not about ready to run out on a commitment that we make. I am not about ready to let the State Department tell me that we ought to be nice to would-be aggressors or aggressors. But also I am not ready to tell the President of the United States how to answer every single problem in every corner of the world on every issue. I do not think we have the information.

Mr. FULBRIGHT. I wish to endorse what the Senator has said. He is entirely correct in principle.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I wish to ask the Senator about some specific language in his amendment. The proposal of the Senator would permit the continuation of the benefits of Public Law 480 aid to any country that is engaging in aggression. Am I correct?

Mr. FULBRIGHT. That would be up to the President.

Mr. KEATING. The proposal of the Senator would strike out of the Gruening amendment the prohibition against sales under the Agricultural Trade Development and Assistance Act of 1954 and would be limited to that act?

Mr. FULBRIGHT. The Senator is correct.

Mr. KEATING. I call the Senator's attention to the fact that my information is that 80 to 90 percent of the aid that we are giving to the United Arab Republic is under Public Law 480. So the adoption of the Senator's amendment as a substitute for the meaningful Gruening amendment would mean that this aid would continue to flow to an aggressor under Public Law 480.

Second, I wish to ask the Senator the following question: The language proposed by the Senator states that when the President determines that a country is either engaging in aggressive military efforts or is primarily engaged in an aggressive military buildup preparatory to an aggressive military effort, he must suspend aid. How do you distinguish between a country primarily engaged in an aggressive military buildup as against one that is secondarily engaged in such a buildup? I do not understand the significance of the word "primarily," unless it is intended to give the State Department an "out" so that it can say, "The country is engaged in an aggressive military buildup, but it is not a primary engagement." What is the meaning of the word "primarily"?

Mr. FULBRIGHT. I believe it clearly means "engaged." It is a question of degree. In the beginning I said the principal objection to the amendment of the Senator from Alaska—and to the present proposal, for that matter—is the question of determining the motives and purposes of a country. All countries of any consequence have armed forces. It is almost impossible to determine whether they will use those forces aggressively or defensively. All countries profess that their armed forces are for purposes of defense. The word "primarily" is intended to refer to an aggressive military buildup.

The question is difficult. I did not initiate the amendment. I would not have proposed either amendment. I merely seek to amend the amendment of the Senator from Alaska to make it halfway workable to the point where we would leave with the President his constitutional privileges and responsibilities and not try to change them.

The whole concept of determining and basing a policy upon who is an aggressor is a very difficult one to apply.

All I would say the word means is that it refers to a country that is clearly engaged in a military buildup. I do not think it will be easy to make the determination, even with the proposed language.

Mr. KEATING. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I find the proposed language objectionable. I find the elimination of the proposal to cut off Public Law 480 funds highly objectionable because the amendment would be made virtually meaningless except to the extent of 10 to 20 percent of the aid.

What we have heard sounds like the letters some of us have received from the Department of State under both the present administration and the previous administration. The so-called Douglas-Keating sense-of-Congress resolution was applied to the foreign aid bill under the previous administration. The proposed amendments are administered as badly under one administration as under another.

If the President is unable to determine from all the facts coming to his attention whether or not an aggression has occurred or may occur, he can waive the provision.

I have read to the Senate the language of the Director of AID stating that the operation in Yemen is not aggression at all. It is something of another nature. So can we not hear the answer to an inquiry as to how the law would be administered? We would hear, "We have not cut it off because the President is unable to determine from all the facts coming to his knowledge whether or not an aggression has occurred or may occur." That language would merely give them an "out." It is the "out" that they have sought time and again. It is an "out" that they have used under the existing language. It is in the bill now, and it is an "out" that is not in the Gruening amendment. And I believe it should not be in the act.

I do not propose, as a Member of the Senate, to allow the question of whether our aid should be continued to a country to be determined by the United Nations. That is what would happen under the second provision, "if an aggressive act is reviewed and the facts determined by an appropriate international body." If they reach some other conclusion, we must later give our aid. That, in my judgment, is not sound legislation; and I hope very much that this 11th hour effort to emasculate the Gruening amendment by this substitute will be voted down.

Mr. GRUENING. I regret to say that I feel that the substitute would not merely emasculate my amendment, but would scuttle it. The principal aid Nasser is getting is under Public Law 480. He has everything else. He has a powerplant, silos, housing, irrigation canals, and nearly everything else the imagination can conceive—much of which we have supplied. This substitute amendment subtly—not too subtly—would remove the Public Law 480 provision. So, what would be left?

In addition, if we turn this decision over to the United Nations, Congress might as well quit. The Senate has abdicated enough of its powers without attempting this renunciation of our responsibilities.

I hope this last minute substitute will be defeated, because I can see no prospect of the substitute, if it is agreed to, stopping aggression either by Nasser or any other aggressor.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on the substitute amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I have listened to this debate with great interest. I find no merit in the Fulbright substitute, except that, in my judgment, it is a diversionary tactic which would result in bringing back to the Senate—if anything is brought back to the Senate—an emasculated amendment that would not accomplish the purpose we have in mind.

All we need to know is that the Foreign Relations Committee did not report a bill with this principle in it. The Foreign Relations Committee has demonstrated that the majority of the committee is not friendly to the purpose of the amendment. We start with that. Therefore, I believe it is important to keep it away from them in conference. After all, we have our interests that must be protected, so far as the Senate is concerned.

Next, I point out that we are not interfering with a prerogative of the President of the United States, but we are protecting a prerogative of the Senate, which is to tell the President of the United States how he can spend the taxpayers' money. That happens to be our duty.

All we, as the protector of the country's purse strings are saying to the President of the United States, is that he shall not spend the money under certain fact situations. What are the fact situations? If it is determined that a country is engaging in or preparing to engage in aggressive military efforts, he cannot spend the taxpayers' money. We are not interfering with the President's determinative power. As I said earlier in the debate, the President has several groups of intelligence agencies to advise him. He has the CIA, the "intelligence" in the State Department, and the "intelligence" in the Pentagon.

All I am saying is, "Mr. President, I want you to know that I proceed on the assumption that any President of the United States will always act in good faith in regard to his legislative responsibilities, which the Congress in the exercise of its constitutional rights has imposed upon him."

Mr. President, we are merely saying that if the President finds as a matter of fact that any country is engaging in or preparing to engage in aggressive action, he shall not spend the taxpayers' money by way of aid to that country. That is all there is to it.

Do we want to do it, or not? Do we want to continue giving unchecked power in regard to the taxpayers' money? In my judgment, the time has come when—in a dignified amendment such as we have offered—we should say to the President that if a country is engaging in aggressive action or preparing to engage in aggressive action, we do not want the President to spend any aid money.

Finally, I do not trust the State Department in this field, as I do not trust them in so many other fields. We know the opposition of the State Department in regard to this matter. We know of the bad-faith actions of the State Department in the past in regard to the Keating-Douglas matter and in regard to the Javits-Morse procedure. We have had nothing in this field from the pro-Arab State Department but bad-faith conduct. They are evasive. They are tricky. They seek to see what they can do to conjure up ways of getting around Congress. It is about time that Congress held the nose of the State Department to the grindstone and made it clear that we intend to exercise our rights under the separation-of-powers doctrine, and that we are determined to see to it that this very important matter is written into law.

Mr. JAVITS. Mr. President, I wish to associate myself with the argument of the Senator from Oregon. We should vote down the substitute and vote in favor of the Gruening amendment. That is the only way to do anything constructive tonight on this matter.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I am glad to yield.

Mr. LAUSCHE. Mr. President, may I ask the chairman of the Foreign Relations Committee whether his amendment meets with the approval of the administration?

Mr. FULBRIGHT. I am not certain of that. I do not believe either amendment meets with their approval. I do not know what their attitude would be. However, I am sure, from what I know about it, that my substitute is more acceptable because it would give them more discretion in administering the act.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. Fulbright], in the nature of a substitute for the amendment offered by the Senator from Alaska [Mr. Gruening], for himself and other Senators, to the committee amendment, as amended, in the nature of a substitute. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. Byrd], the Senator from Mississippi [Mr. Eastland], the Senator from North Carolina [Mr. Ervin], the Senator from Missouri [Mr. Long], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Virginia [Mr. Robertson], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from South Carolina [Mr. Thurmond], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], would each vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Michigan [Mr. McNAMARA].

If present and voting, the Senator from Mississippi would vote "nay" and the Senator from Michigan would vote "yea."

On this vote, the Senator from Missouri [Mr. LONG] is paired with the Senator from Washington [Mr. MAGNUSON].

If present and voting, the Senator from Missouri would vote "nay" and the Senator from Washington would vote "yea."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Wyoming [Mr. McGEE].

If present and voting, the Senator from Louisiana would vote "nay" and the Senator from Wyoming would vote "yea."

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Rhode Island [Mr. PASTORE].

If present and voting, the Senator from Virginia would vote "nay" and the Senator from Rhode Island would vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from California [Mr. ENGLE].

If present and voting, the Senator from North Carolina would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from South Carolina [Mr. THURMOND] is paired with the Senator from New Jersey [Mr. WILLIAMS].

If present and voting, the Senator from South Carolina would vote "nay" and the Senator from New Jersey would vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Illinois [Mr. DIRKSEN], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

If present and voting, the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] would each vote "nay."

The results was announced—yeas, 32, nays 46, as follows:

[No. 217 Leg.]

YEAS—32

Anderson
Bayh
Burdick
Byrd, W. Va.
Carlson
Church
Clark
Fulbright
Gore
Hayden
Hickenlooper
Humphrey
Inouye
Jackson
Kennedy
Lausche
Mansfield
McCarthy
McClellan
McGovern
McIntyre
Metcalf
Monroney
Moss
Muskie
Nelson
Neuberger
Pell
Saltonstall
Sparkman
Walters
Young, N. Dak.

NAYS—46

Allott
Bartlett
Beall
Bible
Boggs
Brewster
Cannon
Case
Cotton
Curtis
Dodd
Dominick
Douglas
Edmondson
Ellender
Fong
Gruening
Hart
Hartke
Hill
Holland
Hruska
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kuchel
Mechem
Miller
Morse
Morton
Mundt
Prouty
Proxmire
Randolph
Ribicoff
Scott
Simpson
Smith
Symington
Talmadge
Tower
Williams, Del.
Yarborough
Young, Ohio

NOT VOTING—22

Aiken
Bennett
Byrd, Va.
Cooper
Dirksen
Eastland
Engle
Ervin
Goldwater
Long, Mo.
Long, La.
Magnuson
McGee
McNamara
Pastore
Pearson
Robertson
Russell
Smathers
Stennis
Thurmond
Williams, N.J.

So Mr. FULBRIGHT's amendment, as a substitute for the amendment offered by Mr. GRUENING, for himself and other Senators, to the committee amendment in the nature of a substitute, as amended, was rejected.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I call for a vote on my amendment No. 231.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] for himself and other Senators to the committee amendment in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from South Carolina [Mr. THURMOND], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS] would each vote "yea."

On this vote, the Senator from South Carolina [Mr. THURMOND] is paired with the Senator from New Jersey [Mr. WILLIAMS]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from New Jersey would vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Utah [Mr. BENNETT] are absent on official business.

The Senator from Illinois [Mr. DIRKSEN], the Senator from Kentucky [Mr. COOPER] the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Illinois [Mr. DIRKSEN], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 65, nays 13, as follows:

[No. 218 Leg.]

YEAS—65

Allott
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cotton
Curtis
Dodd
Dominick
Douglas
Edmondson
Ellender
Fong
Gruening
Hart
Hartke
Hill
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
McCarthy
McClellan
McGovern
McIntyre
Mechem
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Prouty
Proxmire
Randolph
Ribicoff
Saltonstall
Scott
Simpson
Smith
Sparkman
Symington
Talmadge
Tower
Walters
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—13

Anderson
Clark
Fulbright
Gore
Hayden
Hickenlooper
Holland
Inouye
Lausche
Mansfield
Metcalf
Neuberger
Pell

NOT VOTING—22

Aiken
Bennett
Byrd, Va.
Cooper
Dirksen
Eastland
Engle
Ervin
Goldwater
Long, Mo.
Long, La.
Magnuson
McGee
McNamara
Pastore
Pearson
Robertson
Russell
Smathers
Stennis
Thurmond
Williams, N.J.

So Mr. GRUENING's amendment to the committee amendment was agreed to.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CZECHOSLOVAKIA CLAIMS

Mr. KEATING. Mr. President, I have introduced and am prepared to press for Senate approval an amendment expressing the sense of the Congress that any claims agreement with Czechoslovakia be submitted to the Senate before coming into effect.

I am concerned over the fact that over $100 million in legitimate U.S. claims for property nationalized by the Czechoslovak Government may well be junked in an essentially political agreement with a Communist regime. This is not, as the State Department may wish to suggest, a one-way agreement. It is a final settlement of a complex issue. Very probably also a sizeable trade deal with the United States will be involved in the final settlement, whether formally stated or not, because that is the way the Communists like to operate.

I am also very much concerned over the manner in which State Department officials seem to give one answer to the press and another to the Congress. It lends added weight to the need for a full Senate review of a Czechoslovak claims settlement.

Mr. President, I ask unanimous consent to include all of my remarks in the RECORD and the text of this correspondence with the State Department to date.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, October 29, 1963.

DEAR SENATOR KEATING: Thank you for your letter addressed to Secretary Rusk concerning the settlement of property claims of Aemrican nationals against the Czechoslovak Government.

Since 1945 Czechoslovakia has by a series of laws and decrees nationalized or otherwise taken virtually all private property in that country, including property owned by American nationals. The Department of State and the American Embassy at Prague have made repeated efforts, beginning in 1945, to obtain compensation for Americans whose interests have been affected by the nationalization and expropriation measures. After direct negotiations between American claimants and the Czechoslovak Government failed to result in payment of compensation, that Government agreed to settle outstanding claims by means of an intergovernmental lump-sum settlement. Early in 1949, a Czechoslovak delegation came to Washington to enter into negotiations for such a settlement. Little progress was achieved, and after several weeks, the negotiations were suspended with the understanding that they would be resumed later in the year. It was not until November 1955, however, that the Czechoslovak Government agreed to reopen negotiations. Representatives of the two Governments have been meeting since that date. While there has been considerable progress to date narrowing the positions of the two Governments, the negotiations have so far failed to produce an agreement. The Department hopes to conclude the negotiations; however, we are unable to predict when an agreement will be made with Czechoslovakia.

As you know, Public Law 85–604, approved August 8, 1958, authorized the Foreign Claims Settlement Commission to determine claims of American nationals for the nationalization or other taking of property after January 1, 1945, by Czechoslovak authorities. The Commission concluded its determination of claims on September 15, 1962, and made 2,630 awards aggregating $72,614,634 in principal and $41,030,571 in interest. The awards are paid by the Secretary of the Treasury from a fund of approximately $8.9 million derived from the sale by the United States of a Czechoslovak steel mill and related equipment.

The negotiations now in progress with the Czechoslovak Government are for the purposes of obtaining an additional sum for payment on the awards which have already been determined by the Foreign Claims Settlement Commission and for any claims which have arisen subsequent to August 8, 1958. During the negotiations representatives of the Department have been doing their utmost to protect the interests of all American nationals who have valid claims against Czechoslovakia. You will appreciate that we are faced with the choice of accepting the largest amount we can get in settlement of such claims or of making no agreement.

If I can be of further assistance to you in this matter, please do not hesitate to let me know.

Sincerely yours,
FREDERICK G. DUTTON,
Assistant Secretary.

OCTOBER 31, 1963.

Hon. DEAN RUSK,
Washington, D.C.

MY DEAR MR. SECRETARY: In further reference to the letter of October 29, signed by Frederick G. Dutton, concerning the settlement of property claims of American nationals against the Czechoslovakian Government, I am still very deeply concerned over the possible financial terms of the agreement which are not discussed at all. The apparent difference between Mr. Dutton's statement that no agreement has been reached and the New York Times account of October 30 quoting unnamed State Department officials to the effect that essentially agreement was reached in 1956, 1957, and 1960, has not allayed my fears.

I believe these fears are shared by a number of other Senators since a settlement along the lines I mentioned would undoubtedly influence future claims negotiations. Therefore, I strongly urge that any agreement reached on these claims be submitted to the Senate for ratification before coming into effect. The Claims Convention with Panama was submitted to the Senate and ratified on August 9, 1950, and offers a valid precedent for such action.

I would appreciate having your comments on the desirability of Senate ratification of the Czech claims agreement.

Very sincerely yours,
KENNETH B. KEATING.

LEGISLATIVE PROGRAM FOR THE REMAINDER OF THE DAY

Mr. KUCHEL. Mr. President, I should like to inquire, for the information of all Senators, what the distinguished majority leader has in mind for the remainder of the evening and perhaps for tomorrow.

Mr. MANSFIELD. Mr. President, in response to the query of the distinguished acting minority leader, I must say that it is not a case of what I have in mind. If my personal inclinations were to be followed, I would say that I would expect the Senate to remain in session until 11 or 12 o'clock tonight. If there are amendments to be voted on, we are prepared to remain until that time.

The Senate will recall that some references have been made in the press by members of the fourth estate to the effect that we have been conducting bankers' hours. I point out that one reason why we have is that we wanted some of our committees to meet in the morning, because had they tried to meet during the session of the Senate in the afternoon, objection would have been made. There must be some system of running the Senate.

The best I can say at this time is that I hope an amendment will be offered and that a vote will be taken tonight on it, and on other amendments. This is not up to the leadership; it is up to the Senate to decide as to what should be done.

I am happy to note that on this side of the aisle only six Members of the Senate were absent yesterday, and only seven Members were absent today. This is an extraordinarily good record, and I hope to keep it up.

Mr. KUCHEL. Mr. President, I appreciate the comments which the distinguished majority leader has made. I must say that the record of rollcalls on this side of the aisle is great—not merely good, but great. I wish to ask my able friend the Senator from Montana one more question.

Under the suggestion he has made, would he feel inclined to admonish our fellow Senators to remain here, in the probability that other rollcalls may ensue during the coming hours?

Mr. MANSFIELD. Only if the Senate collectively can give assurance that any amendment which is taken up will be voted on this evening.

Mr. HUMPHREY. Mr. President, there is before the Senate a large stack of amendments. It is now almost 10 minutes to 9. Senators who have any plans for the evening have undoubtedly had to cancel them. It seems to me that in another hour or two, if we wish to legislate—and that is our purpose—we can take up some of these amendments. Some of them are not as controversial as others. We can act on them. We can either act on them or not do anything. But I would hope that we might proceed to take up some of these amendments. Senators know what Senators have amendments; and they can be called up. Many of them are good amendments. They ought to be debated. The Senate ought to remain in session. I said last night, when I was privileged to speak for the leader, that the Senate would remain in session until late at night. I see no reason why it should not do so. It is comfortable here. Not only that, but we are coming to know each other a little better. It is very pleasant to meet our friends under these circumstances.

Mr. KUCHEL. Mr. President, first of all, let the RECORD clearly show the statistical information that will be of interest not only to my colleagues on this side of the aisle, but also to every other Senator, and to the country as well.

Yesterday four Republican Senators were absent. All other Republicans on this side of the aisle answered to the rollcalls. That is pretty good; far better, indeed, percentagewise, than the Democrat's record, my Democratic brethren. Today, six Republicans, I regret to say, were absent. The rest of us answered to the rollcalls. To that extent I point with consummate pride to the votes, pro and con, on the amendments as they have been offered, which my colleagues on the minority side have been privileged to cast.

Mr. MANSFIELD. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I will yield in a moment, but not now.

Mr. MANSFIELD. It is relevant to what the Senator is saying, because the last rollcall shows that only 78 Senators were on hand.

Mr. KUCHEL. We cannot be certain of the amount of expatiation in which our colleagues will indulge; heaven knows it will be substantial. On the assumption that we will all be pointed and relevant in our comments, I infer that the suggestion of the majority leader is to the effect that there may still be other rollcalls. To that extent, I hope that all of us, on both sides of the aisle, may remain here until additional amendments have been disposed of.

Mr. DODD obtained the floor.

Mr. LAUSCHE. Mr. President, will the Senator from Connecticut yield?

Mr. DODD. I will yield in a moment to the Senator from Ohio. I first wish to make a brief statement.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DODD. Mr. President, I ask unanimous consent that, without losing the floor, I may yield first to the Senator from Ohio [Mr. Lausche] and then to the Senator from Oregon [Mr. Morse].

Mr. LAUSCHE. Mr. President, I call up——

Mr. HICKENLOOPER. Mr. President, reserving the right to object, for what purpose does the Senator from Connecticut yield? He has the right to yield for a question; but for what purpose does he propose to yield?

Mr. DODD. I assume it is for a question.

Mr. LAUSCHE. I desire to direct a question to the majority leader. I am prepared to call up my amendment to bar aid absolutely to Communist countries. I am prepared to abide by a 30-minute limitation of time and to have a vote tonight, if we can get unanimous consent on that subject.

Mr. MANSFIELD. Does the Senator see the shadow behind him?

Mr. MORSE. It is no shadow.

Mr. DODD. Mr. President, I have not had a chance to answer the question. What was it?

Mr. LAUSCHE. It was said that if a Senator were prepared to call up an amendment, the Senate would remain in session to vote upon it, if that were the will of the Senate. I am prepared to accept a 30-minute limitation on the amendment which, if adopted, would bar aid absolutely to Communist countries under the Foreign Aid Act.

Mr. DODD. Is the Senator from Ohio telling me or asking me?

Mr. LAUSCHE. I have to ask whether there will be objection.

Mr. MORSE. There will be objection.

Mr. LAUSCHE. I knew that out of the pit would jump the phantom.

Mr. KUCHEL. Mr. President, will the Senator from Connecticut yield?

Mr. DODD. Under the same conditions. The Senator from California deserted me this morning.

Mr. KUCHEL. No; I did not. The Senator from Connecticut is a fine Senator. I want to come around and talk with him. I want to help him to correct a wrong impression which he has left.

Mr. President, let the Record show that on the last rollcall, of the total number of our beloved friends on the Democratic side of the aisle, 16 regrettably, were absent. On this side of the aisle six of our Republican colleagues, regrettably, by reason of illness or otherwise, were absent.

So, as I conclude and take my seat, the record of absences on the last rollcall was 16 of my Democratic brothers, and 6 of the admirable minority. And that, my brethren, represents a gold star for the Republican minority.

Mr. MANSFIELD. Mr. President, I am very glad that I did not have to make that statement.

Mr. KUCHEL. I am glad I was able to make that statement.

Mr. MANSFIELD. So am I, even though it reflects on the Democratic side. But it may be remembered that last Friday approximately 25 Senators were absent; and this is not a laughing matter. At noon today, six Democratic Senators were absent. On the last vote, 16 Democratic Senators were absent. All of us, on both sides of the aisle, had better "get right" after that. Our job is to be here, representing the people of the States from which we come. This absentee record is ridiculous, it is tragic, it is a sad commentary on the legislative branch of the Government.

Mr. KUCHEL. Mr. President, the Senator from Montana is completely correct. The business of the Senate is paramount for those who have been elected to serve here. I am glad, if the Senator will permit me to make a partisan comment, that my Republican colleagues have a pretty good attendance record.

Mr. DODD. Mr. President, I shall be brief. I felt this morning somewhat like a skunk at a lawn party.

I do not want to appear to be a spiteful or hateful man, I do not like the role of critic. I am not of that nature.

I wish to relate to the Senate what, I suppose, is the best experience I ever had.

About 6 o'clock this evening, my telephone rang, and a voice on the other end said, "Tom, this is Mike Mansfield. I want to come down and talk with you."

I said, "Oh, Mike, you can't come down and talk with me; I will go up and talk with you."

We had a couple of exchanges about that, and I went up and talked with him.

I am not going to relate the conversation, because I do not want to "spill over" about it. But I want to say again what a gentle, decent, honest, great man Mike Mansfield is. He showed toward me a kindness and a generosity that I shall never forget.

I said, "You make me feel about the size of a pin. I wish I were as big as you are."

Because he is big. He is a very great man. He is a very great Senator.

I fear I was harsher than I meant to be last night toward him—and, I might add, toward by friend, Everett Dirksen, whom I really like and for whom I have affection. Both of these men are great men. I hope they will understand that what I said was not said out of malice. I spoke out because I was upset about the delays, about our lack of progress.

But I want to tell the Senate that we do have wonderful men leading us.

Mike would never tell this.

It is not in his nature to do so.

But I tell it.

I publicly tell it, because I want it on the record that this great soul, this noble character, this fine human being, this great Senator, should have thought to humble himself.

But it was not he who humbled himself.

He humbled me, and I am grateful to him.

I want him to know that he has not only my affection and devotion and admiration, but, as well, my loyalty. [Applause.]

The PRESIDING OFFICER. The committee amendment in the nature of a substitute is open to further amendment.

Mr. TOWER. Mr. President, while I do not concur in everything that my friend the distinguished Senator from Connecticut [Mr. Dodd] said last night, I admire his courage for having said it. I think the ability to criticize ourselves and our institution is something that should not be taken lightly. I know it was not an easy thing for him to say. It might even have been said in a moment of anger. Nevertheless, it took courage to say it. While I do not concur with my friend, I admire his courage.

Mr. DODD. I am grateful to my friend the distinguished Senator from Texas for the generous compliment he has paid me.

STEELWORKERS EXPRESS NEED FOR PLANNING FOR SHIFTS IN DEFENSE SPENDING

Mr. McGOVERN. Mr. President, Mr. John J. Sheehan, legislative representative of the United Steelworkers of America, has sent to me under date of November 1, 1963, a letter relative to the conversion of our economy to peacetime production.

Mr. Sheehan included with his letter a copy of an important letter that was mailed October 28, 1963, to officers and representatives of the United Steelworkers of American by Mr. Frank Hoffman, legislative director of the union.

I ask unanimous consent that the letters by Mr. Sheehan and Mr. Hoffman and the article by Mr. Harvey Segal referred to be printed at this point in the RECORD.

There being no objection, the letters and article were ordered to be printed in the RECORD, as follows:

UNITED STEELWORKERS OF AMERICA,
Washington, D.C., November 1, 1963.
The Honorable GEORGE S. McGOVERN,
U.S. Senate, Washington, D.C.

DEAR CONGRESSMAN McGOVERN: Please find enclosed a copy of a letter which we sent to all our legislative representatives on the subject of conversion to peacetime economy which issue was raised by you in your speech entitled "New Perspectives on American Security."

Your speech was certainly provocative and raises challenges that must be met now in order to arrive at a rational approach to the necessity of planning federal expenditure in the public sector on the economy. The recent article written by Harvey Segal certainly indicates that your speech has attracted attention.

Sincerely,
JOHN J. SHEEHAN,
Legislative Representative.

UNITED STEELWORKERS OF AMERICA,
Washington, D.C., October 28, 1963.
To All District Directors, Legislative Representatives, and Staff Representatives.

DEAR SIR AND BROTHER: Federal expenditure in the public sector of the economy has long been one of the objectives of the labor movement. Such spending is desirable not only for fiscal and economic goals but also for social goals. Not all Government spending, however, involves investment in the public sector. Over 55 percent of the annual budget is consumed by military expenditure. It is roughly 9.2 percent of the gross national product—the value of all goods and services produced in the United States. The enclosed items direct your attention to two aspects of this fact.

I. Impact of military spending in unemployment areas: Although, for the most part, military spending is nonproductive, it can have a tremendous impact upon the vitality and economic viability of many of our industrial communities. Last year, the Senate Select Committee on Small Business conducted a hearing to determine whether this impact was beneficial or deleterious. The enclosed report includes the findings and recommendations of that committee. The report indicates that more than 12 percent of the Nation's population lives in areas of persistent and substantial unemployment but only 4 percent of all defense contracts is now awarded to firms in those areas. Furthermore, the shift in demand for different kinds of military hardware has meant the loss of thousands of jobs and unbalanced economies in different areas in the country.

Senator HUMPHREY, who was chairman of the subcommittee's investigation, feels that the social costs of unemployment to the individual and the community should also be taken into consideration when a military contract is being awarded. Because of an amendment attached to the Defense Appropriations Act of 1957, no funds appropriated for military purposes shall be used for the payment of a price differential on contracts made for the purpose of relieving economic dislocations. The defense manpower policy of 1960 has, therefore, been blocked in its attempt to implement the national policy to encourage the placement of contracts and facilities in areas of persistent and substantial labor surplus and to assist such areas in making the best use of their available resources by other contradictory policies of the Department of Defense. The report outlines a number of changes which could redirect the economic impact of this type of government spending. Some of these changes recommend (1) a total set-aside of a particular defense contract for distressed areas; (2) establishment of an Office of Economic Utilization in all agencies to coordinate procurement policies; (3) adoption of a program to equalize the distribution of research and development contracts. California alone accounted for 41.3 percent of such contracts let by the Department of Defense; (4) expansion of the Office of Emergency Planning to include preparation of studies and suggestions to improve the long-range health of the economy.

It is true that our economy should not become dependent upon military expenditure, but, if, de facto, Government funds are being expended in this way, then, there should be a more conscious utilization of these huge funds with a view to their social and economic impact. Last year only $138 million worth of defense contracts were allocated to labor surplus market areas as a result of Defense Department activity. This year, the Director of the Office of Economic Utilization, Albert Lazure, intends to increase the amount to $500 million.

II. Planning the conversion to a peace economy: The other aspect, certainly the more important in the long run, concerns our national approach to the hopeful and anticipated decrease in military expenditure. Quite obviously much of the decrease in the first stages of reduction should be diverted into the public sector of the economy. Senator GEORGE McGOVERN, Democrat, of South Dakota, in a Senate speech on August 2, emphasized the need for a planned approach to the eventual reduction. The immediate problems facing such a conversion are entwined with America's traditional apprehension about public-sector investment. Also involved is the military-industrial complex about which there is so little awareness.

The Senator seeks a solution to the conversion by diverting part of the arms budget to our unmet public needs. In order to accomplish this objective, he recommends (1) establishment of an operating conversion committee within every company engaged in military procurement; (2) establishment, by executive order, of an economic conversion commission with the responsibility for blueprinting appropriate action by Government to facilitate change from a military to a civilian economy; (3) convening of a national conference on economic conversion and growth to focus national attention on the problems.

The Senator declares: "Competence for converting from a military to a civilian economy is a basic requirement for the economic and political security of the United States."

Sincerely and fraternally,
FRANK N. HOFFMAN,
Legislative Director.

[From the Washington (D.C.) Post, Oct. 28 1963]

ECONOMIC FRONT: THE PROBLEM OF TAPERING DEFENSE OUTLAYS

(By Harvey H. Segal)

Roswell L. Gilpatric, the Deputy Secretary of Defense, recently raised some disquieting questions about the neglected relationship between defense spending and the health of the economy.

Since 1957 national defense expenditures have increased by more than 25 percent, from $44 billion to the current level of over $55 billion. As a result of this rapid expansion, which was sparked by the advent of the intercontinental ballistics missile, the ratio of defense expenditures to the GNP was maintained at 10 percent over the 5-year period ending in 1962.

And while there were negative impacts in the shape of balance-of-payments pressures and rapid shifts in the location of manufacturing activities, this latest bulge in defense outlays made an important net contribution to economic stability and growth.

But the success of Operation Big Lift, the progress of the Polaris missile programs and recent suggestions that stocks of fissionable materials are more than ample all point to leveling off in defense outlays. In surveying the prospects for the future, Gilpatric concluded that: "It is unlikely that sharp increases of the sort programed in the early years of this administration will be needed in the years immediately ahead. In terms of the GNP percentage, there should be some decline in the application of U.S. resources devoted to purely military preparedness."

Whether one assumes that defense expenditures will remain constant at their present high level or decline absolutely, there is little doubt that the boost which they gave to overall economic activity will be dissipated in the near future. More resources in either case will become available for use in the private and local government sectors of the economy.

But the question of how these resources are to be realized is one which has yet to be squarely faced by any agency of the vast Federal establishment.

Some work on the impact problems of reconverting industries which are closely tied to the defense effort has been carried on by the inadequately financed Arms Control and Disarmament Agency, and there are projects which the Department of Defense has farmed out to private research agencies. None of these studies, however, can fill the needs of a well-planned program for the effective transfer of a portion of the vast defense-industry potential to the civilian sectors of the economy.

Last June, Representative WILLIAM FITTS RYAN, of New York, asked Charles J. Hitch, the Assistant Secretary of Defense, what steps had been taken "toward blueprinting the conversion" of firms from military to civilian production. Hitch replied that "the major responsibility in a free economy such as ours must fall on the individual companies affected. What Government can do is study the problem * * * develop the data necessary for private planning, and make these data available to private industry." Gilpatric's remarks echoed similar sentiments.

Thus far such information has not been made available, and a spokesman for one important defense industry organization complains further that Defense Department officials, anxious to maintain their sources of supply intact, are discouraging firms from seeking orders for civilian products. Charges of this sort are difficult to evaluate, but the fact that they are being made suggests that the problem of shifting resources from the military to the civilian sector is one that can best be handled outside of the DOD.

The problem of effectively transferring resources from the military to the civilian sectors of the economy is not one that can be solved by making information available or hoping that reductions in defense outlays will be matched by tax cuts. What is involved here is the transfers of new and powerful technological developments which are not very well suited to small-scale projects.

For example, the electronics industry with very little effort could design superior automobile traffic control systems in which the information on density and flows at various points would be fed into a computer that would automatically adjust the timing of semaphore lights. But that involves large outlays by municipalities. Much the same can be said for the systems analysis approach to problem solving which can be fruitfully applied in the area of mass transportation.

The difficulty is not that intelligent persons in Government agencies have failed to consider these problems; rather the failure to draft serious plans for their solution. Senator George McGovern, of South Dakota, is about to introduce a bill which would establish a National Economic Conversion Commission. This agency, lodged in the Department of Commerce, would seek to encourage planning by business firms whose Government contracts absorb more than 25 percent of their labor force.

The virtue of a Conversion Commission is that it would assign to a single agency the responsibility for forward planning. Until that—and much more—is accomplished, the problem of tapering off defense expenditures is one which will continue to menace economic stability.

INDUSTRY AND LABOR LEADERS POINT UP NEED OF PLANNING FOR CONVERSION TO PEACETIME PRODUCTION

Mr. McGOVERN. Mr. President, there is growing evidence that industry leaders are aware of the need to plan for shifts or cutbacks in military spending.

In a letter dated October 23, 1963, sent to all members of the engineering staff, the Sperry Gyroscope Co. explained that the changing requirements of our military establishment have necessitated a reduction in the company's engineering personnel.

The vice president of this distinguished firm, after commenting on "the impact of major changes in Government procurement policies," explained that the reduction of engineers is unprecedented.

> Sperry has prided itself in never having had such a layoff in its entire history—

Said Vice President Lisle L. Wheeler.

Mr. President, this letter demonstrates the need for the kind of conversion planning by industry and Government which is called for in the bill I introduced a week ago—the National Economic Conversion Act.

I ask unanimous consent that the Sperry letter be printed at this point in the Record:

There being no objection, the letter was ordered to be printed in the Record, as follows:

Sperry Gyroscope Co.,
Great Neck, N.Y., October 23, 1963.

To All Members of the Engineering Staff:

I am sure there is no one in this or any other company that is heavily committed in defense work who is not fully aware of major changes in direction that have been developing in the entire industry. One such trend is a steadily declining requirement for production quantities of system hardware. Comparatively few large volume longrun production contracts are being awarded. Projects such as Minuteman, Polaris, and TFX are fast becoming the exception rather than the rule. Many other large production type contracts such as Skybolt have been terminated. Programs such as Hustler have been sharply reduced from original procurement plans and are being phased out.

The layoffs in production areas which have been necessary at Sperry over the past several months have been the inevitable, though regrettable, result of the shrinking volume of defense production work.

While the total volume of R. & D. work has not had the sharp decline that has been experienced in production work, this area, too, has felt the impact of major changes in Government procurement policies. Here, also, fewer large systems are being authorized and funded and only after heavier emphasis on small preliminary study contracts, greater effort toward system definition prior to contracting and increased pressure on industry to assume a greater share of the risks. At the same time the Department of Defense and the military services have been driving for a substantial reduction in the cost of R. & D. work. The effect of these pressures has been a sharp increase in the competition for every R. & D. job that is proposed.

Under these circumstances no company can maintain and enhance its competitive position unless it trims all unnecessary costs. A company whose overheads are inflated by surplus manpower cannot be competitive.

While many competitor companies have had several engineering layoffs, up until now Sperry has been successful in avoiding a reduction of its engineering staff. However, a surplus has now developed that requires that we have the first layoff of engineers in the history of the company. One hundred engineers will be laid off effective October 31. Each person being separated has been notified by his supervision.

In compiling the layoff list consideration was given to seniority, performance and potential of each individual and changing technological requirements. In no case is anyone with more than 29 months' service affected. Those scheduled for layoff will receive full severance pay as provided in SPI.

Our employment department is contacting other companies to arrange job interviews and it will do all it can to help those looking for new positions to find them. As information becomes available, it will be passed on by supervision.

Again, let me say we regret that this engineering layoff must occur. Sperry has prided itself in never having had such a layoff in its entire history. Now that it must take place we have tried to provide every consideration for those affected.

Everyone not affected must realize the importance of sharpening our efforts to improve our competitive job-getting ability. We are investing substantial sums of money in improving our facilities, in our independent research and development efforts and in an unusually large number of bids for new business. We have been spending long hours meeting with various Washington officials in support of our proposal efforts. We are confident that a hardhitting team effort can and will result in a growing backlog of new orders and a rising level of employment.

Sincerely,

Lisle L. Wheeler,
Vice President for Engineering.

PLANNING NOW FOR PEACE

Mr. McGOVERN. Mr. President, my hometown newspaper, the Mitchell Daily Republic, of Monday, November 4, 1963, carried an editorial entitled "Planning Now for Peace." The editorial asserts:

> If we accept the conclusion that the Nation will not indefinitely go on pouring over half of the Government's income to military uses then we also must accept the challenge to plan now for the return of a more normal civilian economy.

The Daily Republic editor comments on two proposals that I have made to the Senate in recent months. First, a $5 billion cut in excess U.S. military spending. Secondly, the establishment of an economic conversion commission to ease the transition of high defense expenditures to civilian pursuits.

The editorial also includes excerpts from the St. Louis Post-Dispatch editorial on the same subject.

Mr. President, I ask unanimous consent that the editorial be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Planning Now for Peace

With top administration aids currently concentrating on budgets for next year, a recent statement by Deputy Secretary of Defense Gilpatric that the time has come to start reducing American Armed Forces overseas and that the upward spiral of defense spending is at an end comes as a welcome relief to American taxpayers.

Mr. Gilpatric was far from specific on the exact date or the amount these expenses will be reduced but it is an indication of administration thinking for he could not have given the talk in Chicago without prior approval. With this trend also indicated in other quarters, two proposals by South Dakota's Senator George McGovern are moving rapidly into national attention. The first, proposed last summer, was that $5 billion be knocked off U.S. defense spending to prevent an even greater surplus of overkill power and the second, made within the last week, was that the Government establish an Economic Conversion Commission to ease the transition of high defense expenditures to more civilian pursuits.

The St. Louis Post-Dispatch recently wrote:

"Last summer Senator George McGovern, of South Dakota, mustered only a handful of votes in support of his argument that the military budget should be cut back to eliminate a surplus overkill capacity which, he said, does not actually enhance our security.

"The Kennedy administration has increased the military budget by 20 percent. We hope its projected outlays next year will be subjected to the kind of critical analysis Senator McGovern called for. People who say we cannot afford $5 billion for space exploration should ask themselves how much of a $53 billion arms budget represents surplus capacity rather than military essentials.

"And this would be a good time to adopt Senator McGovern's proposal for an Economic Conversion Commission to begin the task of planning the transition to an economy less dependent than ours is on a swollen arms industry."

If we accept the conclusion that the Nation will not indefinitely go on pouring over half of the Government's income to military uses then we also must accept the challenge to plan now for the return of a more normal civilian economy.

This return can be speeded considerably in industry. States and communities will not suffer from a reduction in the military program, that economies now based on the shaky pegs of military production and military bases will not collapse.

RECESS

Mr. MANSFIELD. Mr. President, if there is no further business to be transacted, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 59 minutes p.m.) the Senate took a recess until tomorrow, Friday, November 8, 1963, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, NOVEMBER 7, 1963

The House met at 12 o'clock noon.

Father John F. Mallon, assistant pastor, St. Agnes' Church, Arlington, Va., offered the following prayer:

O God, Supreme Lord and ruler of the universe, whose laws and commandments emanate from Thy divine wisdom for the establishment of order and harmony among the nations, grant, we humbly beseech Thee, to our Representatives in the Congress a profound wisdom to realize that all human authority derives from divine authority; a holy prudence to guide them in their deliberations in the Halls of this Congress; an understanding that the problems of our Nation are to be solved only with prayerful recourse to Thee, O God, who art ever ready to bless those statesmen, who, like the Founding Fathers, place their trust in Thee.

As of old Thou didst come down upon the mountain to instruct the people of God through their representative, Moses, so now come, we beseech Thee, to this Chamber and diffuse the benefits of Thy governance through our chosen Representatives, that they may sanctify themselves with Thy grace, serve the people of God with humility, and acknowledge Thee to be the Father of governments and of nations. Through Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

WATERSHED PROTECTION AND FLOOD PREVENTION

The SPEAKER laid before the House the following communication, which was read and referred to the Committee on Appropriations:

COMMITTEE ON PUBLIC WORKS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 5, 1963.

Hon. JOHN W. MCCORMACK,
The Speaker, House of Representatives,
Washington, D.C.

MY DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Public Works has approved the work plans transmitted to you which were referred to this committee. The work plans involved are:

State and watershed	Executive committee No.	Committee approval
Alabama: Big Nance Creek	900	Oct. 8, 1963
Arizona:		
Apache Junction-Gilbert	900	Do.
Williams-Chandler	900	Do.
Georgia: Little Tallapoosa River (supplemental)	900	Do.
Mississippi: Chuquatonchee Creek	900	Do.
Oklahoma: Stillwater Creek	900	Oct. 8, 1963
Puerto Rico: Guayanes River	900	Do.
Alabama: Cheaha Creek	939	Do.
Tennessee: Middle-Fork Obion River	939	Do.
Alabama: Mill Creek	1109	Do.
Texas: Pine Creek	1109	Do.
Georgia: Middle Oconee-Walnut Creek	1235	Do.
New Hampshire: Baker River	1235	Do.
Oklahoma:		
Lower Clear Boggy Creek	1235	Do.
Salt-Camp Creek	1235	Do.
Texas: Upper Bosque River	1235	Do.

Sincerely yours,
CHARLES A. BUCKLEY,
Member of Congress,
Chairman, Committee on Public Works.

HON. BEN FRANKLIN JENSEN

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks on the subject matter of my address following my remarks at this point.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOEVEN. Mr. Speaker, 25 years ago this month, the people of the Seventh Congressional District of Iowa voted to send a new Representative to Congress. Because of his diligence to duty and his outstanding legislative ability, he has been reelected for 13 consecutive terms and is now the ranking Republican on the Committee on Appropriations. I refer of course to the dean of the Iowa delegation, the Honorable BEN FRANKLIN JENSEN, known affectionately to his colleagues as Uncle BEN. Only eight Members of Congress who commenced their service with BEN JENSEN on January 3, 1939, are still Members of the House today.

As a colleague from Iowa and one who has been privileged to work closely with BEN, it is a pleasure indeed to extend my heartiest congratulations on his distinguished record of dedicated service to his State and Nation over the past 25 years and to also express my best wishes on his 71st birthday which he will celebrate on December 16. BEN is a native Iowan, having been born on a farm near Marion in Linn County. His parents were of Danish ancestry. After serving as a second lieutenant in World War I, he became very active in the American Legion and throughout his service in the Congress has been a champion of the veteran. Before being elected to Congress, BEN was a retail lumberman in his hometown of Exira, Iowa. His wife is also an Iowan, the former Charlotte Hadden, of Clearfield, Iowa, and they have one daughter, Betty, who is now Mrs. Donald G. Fitzpatrick, of Marblehead, Mass.

We in Iowa are immensely proud of BEN JENSEN'S legislative record and the philosophy for which he stands. Although sometimes referred to as a pennypincher by the big spenders in Washington, we are genuinely pleased with his stand on economy in Government, and the people of the country can be glad that he is one of those who holds the Federal pursestrings on the Committee on Appropriations.

Tomorrow, on November 8, scores of friends and admirers are honoring our beloved colleague at an appreciation banquet to be held in Council Bluffs, Iowa. This is recognition well deserved in view of his long and faithful service to his congressional district, the State of Iowa, and the entire Nation. I am sure that all Members of the House will want to join with me in extending best wishes to BEN on the anniversary of his 25th year of service in the Congress and his forthcoming birthday. May he continue to enjoy health and happiness in the years ahead.

Mr. SMITH of Iowa. Mr. Speaker, I am pleased to have this opportunity to congratulate my colleague, Congressman BEN JENSEN, upon the completion of 25 years of service in the House.

I have served with BEN during the past 5 of his 25 years and as representatives of districts which have mutual boundaries, we have had occasion to work together on several problems.

Since we are now both on the Appropriations Committee, we find additional opportunities to work jointly on problems which directly affect and concern the people of the State of Iowa.

Through these associations, I have had an opportunity to know BEN well and I am glad to list him as one of my personal friends.

Mr. Speaker, it gives me great pleasure to extend my sincere congratulations to BEN on this special occasion and to wish him well in the years to come.

Mr. REIFEL. Mr. Speaker, few Members of this body are more deserving of the accolades being bestowed today than is the Honorable BEN JENSEN of the Seventh Congressional District of Iowa.

Truly, he is one of the outstanding statesmen in the Congress today, a man of unquestionable integrity and purpose and one who is held in the highest regard by all his colleagues.

I had heard of the outstanding work of BEN JENSEN long before I came to Congress. As a longtime member of the Appropriations Committee, he has been one of the real architects of America. His imprint and guidance can be found in numerous activities of the Federal Government to develop our great natural resources, undertake worthwhile research programs, better the lot of the American Indian and assure wisest possible expenditure of the taxpayer's dollars.

It is my understanding that his many friends in the Seventh Congressional District of Iowa will be holding a testimonial dinner on November 8 in Council Bluffs to recognize his 25 years of distinguished service to them and to the people of America. BEN JENSEN is eminently deserving of this bipartisan tribute for dedicated service in public life.

Few of us have failed to benefit by his counsel and wisdom. I have been especially privileged to be a direct and special beneficiary of his characteristic kindnesses and counsel. Few Members take a more devoted interest not only in the science of government and its legislative processes but also in the personal problems of constituents and associates.

It is interesting that although he has compiled one of the most outstanding legislative records in this body his biography as it appears in the Congressional Directory is one of the most brief, which serves to demonstrate his characteristic humility.

I am proud to join in this bipartisan tribute to one of the great men in America, BEN JENSEN, on the 25th anniversary of his election to Congress. His countless friends and admirers wish for him many more years of effective congressional service.

Mr. KYL. Mr. Speaker, no one can appreciate the assistance and guidance of an experienced Member of Congress more than a new Member in his first days in this great body. BEN JENSEN had been a Member of the Congress for 20 years when I came to Washington. When I sought his advice and his counsel, he was always ready, willing, and able to assist me. Furthermore, his aid was given in the finest possible spirit of helpfulness.

I have appreciated the wide knowledge which BEN JENSEN carries—knowledge which could have been obtained only after a period of conscientious service. His dedication not only to his district and to his State, but to the Nation as well, has served as an inspiration for me. He has been, and is, a most valuable and influential Member of this House. The Nation will benefit from his continued service.

Mr. BROWN of Ohio. Mr. Speaker, I wish to join in the tributes that are being paid today to my colleague and beloved friend, Representative BEN JENSEN, of Iowa.

Twenty-five years ago this week BEN and I were among the 81 new Republican Members elected to serve in the 76th Congress. Today we are the only 2 of that 81 now serving in Congress.

Throughout the years my respect and affection for BEN JENSEN have grown. BEN JENSEN is recognized as one of the real leaders of Congress. He has made an impressive record in this House. He has served with exceptional ability and wisdom. He has contributed much to the welfare of the people he represents and to the benefit of this Republic which he loves so much and he has served so well for a quarter of a century.

We all salute BEN JENSEN, may he enjoy health and happiness—and continue to serve in this House for another 25 years is our wish.

Mr. BROMWELL. Mr. Speaker, BEN JENSEN was born in my home county and it was there in Linn County that he spent his early boyhood. I have always enjoyed contemplating this fact, not only because of the shared familiarity with places and people, not only because of my pride in my home county for having produced such a distinguished son as BEN, but also because of my personal respect and affection for him.

As has been the case with other distinguished sons of the Middle West, one can read much of the strong, simple virtues of the prairie community in the story of his life. Life in the Prairie States has changed greatly in the years that BEN JENSEN has shared it. It has changed perhaps as greatly, although less obtrusively, as has the life in our urban centers.

In his warmth and understanding of the people of Iowa; in his sturdy honesty and decency; in his fierce loyalty—which is reciprocated—to those he deems worthy of loyalty; in his simple and effective love of family; in his unashamed and uncomplicated patriotism; in his diligent and regular performance of his public responsibility, we can see mirrored the virtues which have wed him to Iowa—the land between the two great rivers—and Iowa to him.

I rejoice that we have been blessed with 25 years of the service to this Republic which BEN JENSEN has provided. I congratulate him and wish him well.

Mr. SCHWENGEL. Mr. Speaker, I rise to join with my Iowa colleagues in paying tribute to the dean of the Iowa delegation to both the Congress and the House. Tomorrow, BEN JENSEN will celebrate the 25th anniversary of his election to the U.S. House of Representatives. In honor of this momentous occasion BEN JENSEN's friends back in Iowa will hold a banquet to celebrate this anniversary. It will be a privilege for me to join with them tomorrow evening in Council Bluffs.

BEN JENSEN has served his country and State superbly. Born and raised in Iowa, married to an Iowa girl, and according to him "the prettiest girl in Taylor County," BEN has a record of distinction in this House second to none.

Through the years he has received many awards and commendations. The Social Conservation Society of America made him an honorary member of that group on November 16, 1954. BEN JENSEN was one of the first Members of Congress to be so honored. The Veterans of Foreign Wars has honored him in a similar manner. One of BEN JENSEN's prized possessions is a letter from former President Herbert Hoover commending him for his efforts to keep free enterprise alive in the electrical power field.

BEN JENSEN has always held a warm spot in his heart for schoolchildren. Thrilled by an address to the joint session of Congress given by Chief Justice Charles Evans Hughes, March 4, 1939, on the 150th anniversary of the meeting of the 1st Congress, BEN JENSEN asked the permission of the Chief Justice to send it to all the school-age youngsters in his district. Chief Justice Hughes, honored by the request, asked this then freshman Congressman to come to his office. According to the secretary of the Chief Justice, BEN was the first Congressman to be accorded the honor of an appointment with the Chief Justice.

As ranking member of the House Appropriation Committee, BEN JENSEN has long been an advocate of sound fiscal government. He has saved this country countless millions of dollars by his tireless work and research as a member of that committee. BEN JENSEN is not one who votes blindly or without thought. He acknowledges the responsibility and obligation of the Federal Government in the fields of veterans retirement, help to widows, and orphans. BEN JENSEN was instrumental in the passage of the legislation that gave countless GI's after World War II the opportunity of an education. He has also recognized the need for medical and scientific research.

Perhaps some of his best work has come as a member of the Public Works Subcommittee of the Appropriations Committee. As a member of the House Public Works Committee I have taken pride in the manner in which he deals with authorizations made by my committee. He has had a sympathetic ear when it comes to funds needed for necessary public works projects in my constituency. The people I represent could have no finer friend.

BEN JENSEN, as indicated earlier, is a leading soil conservationist and is a strong advocate of meritous watershed projects. Flood control projects have been a major interest of his. His service in this field has been outstanding. His knowledge of these areas and his willingness to work for the enactment of sound programs which implement his ideas.

OCTOBER 29, 1963.

The Honorable BEN JENSEN,
Old House Office Building,
Washington, D.C.

DEAR BEN: I read in yesterday's CONGRESSIONAL RECORD that your 25th anniversary of service will soon be honored. It hasn't seemed that long.

Here's how I feel about it:

"God made a man.
His name was BEN.
How tall he stood
'Midst other men!

"Through those he served
His fame spread wide
As 'the Great Dane'
And 'Iowa's pride.'

"His greatest goal—
His firmest stand—
To save the wealth
Of this, our land.

"In war, his words
Ranged past the sea
To tell the Norse
They would be free.

"We hail his work
Which long years span.
When God made BEN
He made a man!"

I've enjoyed working with you, for you, and by your side. Skoal.

Sincerely your friend,
SAM DAVENPORT.

This has been a great privilege to rise to honor my fellow Iowan BEN JENSEN. An asset to Iowa, to our country, we need more like him. BEN JENSEN has been a friend of mine for more years than perhaps either of us care to admit. My sincere hope is that he and I will be able to serve together here in the Congress for many years to come.

There is a letter that I would like to read. It is addressed to BEN, but I saw a copy of it and thought it should be in the RECORD. It expresses the feelings of all of us.

Congratulations BEN, God bless you.

Mr. JENSEN. Mr. Speaker, I sincerely appreciate the compliments paid me today by my colleagues on my 25 years in the House as a servant of the people.

You have all been most kind to me, as have the people of the Seventh Iowa District, whom I have had the honor to serve in Congress for a quarter of a century, and in return I can only pledge to do my very best, by acting and voting the way I conscientiously believe is best for all the law-abiding American people, living today and for generations yet unborn.

Mr. Speaker, I must call to your attention the fact that another Republican Member of this House was elected to the House the same day as was I, that gentleman is your friend and mine, the Honorable CLARENCE BROWN of Ohio. During those 25 years CLARENCE and I have enjoyed a wonderful friendship, and may I say that all the kind words expressed here today in my behalf, could be multiplied twofold in behalf of the Honorable CLARENCE BROWN, an able legislator, a true friend, a great and good man.

Mr. GROSS. Mr. Speaker, I join with my colleague the gentleman from Iowa [Mr. HOEVEN] in paying tribute to the dean of the Iowa delegation in the House of Representatives, the Honorable BEN F. JENSEN, on the occasion of his 25th year of service in this body.

It has been my pleasure to serve with him for 15 years of that quarter of a century, and through those years he has been a champion of constitutional government, of freedom, and economy.

It is fitting that his friends throughout the Seventh Congressional District of Iowa should assemble tomorrow evening in Council Bluffs, Iowa, to do him honor and express their appreciation for his good work.

But there can be no recognition of BEN's long and faithful service in Congress that does not include a tribute to his good wife, Lottie, who has been his mainstay of strength and comfort through many congressional storms and political campaigns.

With my colleagues, I join in wishing both BEN and Lottie many years of good health and continued service to Iowa and the Nation.

Mr. BEERMANN. Mr. Speaker, I would like to associate myself with the remarks made by the gentleman from Iowa [Mr. HOEVEN] and in addition, point up some of the sterling qualities that are personified in Congressman BEN FRANKLIN JENSEN, one of the most outstanding men of this generation to serve this Nation in its House of Representatives.

First, I would like to pay tribute to the gentleman from Iowa's [Mr. JENSEN] resolution since I note that he was born on a farm, yet, despite that plain background, by sheer determination, worked himself up to a position of trust and responsibility in a small town business firm. Later, he repeated the process when he entered the U.S. Army as a private in 1917, to be discharged at the conclusion of hostilities as a lieutenant.

The same circumstances are in evidence again when we find the gentleman from Iowa, Congressman JENSEN, being elected to Congress November 8, 1938. Today, after 25 years of dedication and resolution, he is the senior Republican member of one of the most powerful committees in the House of Representatives—the Committee on Appropriations.

Second, I would like to pay tribute to the gentleman from Iowa, Congressman JENSEN's awareness of a serious problem in the United States, the depletion of our soil resources. I do not think any Member of Congress has a better knowledge or appreciation of the seriousness of our soil loss nor is any more familiar with the approaches and solutions to this problem. In witness of this fact is the present status of his Seventh Iowa District which I understand contains more watershed districts than any other similar district in the United States. The gentleman from Iowa [Mr. JENSEN] and I agree that the place to control rainfall the greatest cause of our soil erosion, is where it falls. And I emphatically back up as being extremely wise his position of emphasis on the watershed type of conservancy.

The gentleman from the Seventh District of Iowa has another outstanding characteristic that endears him to his home constituency and that has resulted in his 12th reelection to Congress. That characteristic is his dedication to see that the American taxpayer gets 100 cents in value for every dollar spent. This dedication has won him the affectionate title, "The Watchdog of the Treasury."

In short, Mr. Speaker, I think the gentleman from Iowa [Mr. JENSEN] constitutes embodiment of all the qualities a Congressman should have. He is sagacious, wise, prudent, responsible, and probably represents, as nearly as it can be humanly achieved, the personification of a Jeffersonian principle that goes something like this:

> I am for a government that is rigorously frugal and simple, and not for one that multiplies offices to make partisans, that is, to get votes, and by every device increases the public debt under the guise of being a public benefit.

I conclude my remarks by saying a groundswell of change is noted throughout the United States. This change well represents the gentleman from Exira, Iowa's philosophy. May that groundswell grow to the extent that, when taken at full tide, it provides an opportunity for him to be of further great service to his country. I know he will meet this challenge forthrightly and discharge every responsibility of it with distinction and integrity.

SUBCOMMITEE NO. 2, SELECT COMMITTEE ON SMALL BUSINESS

Mr. EVINS. Mr. Speaker, I ask unanimous consent that Subcommittee No. 2 of House Select Committee on Small Business may be permitted to sit during general debate on November 12, 13, and 14.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SUBCOMMITTEE ON COMMUNICATIONS AND POWER, COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. ROGERS of Texas. Mr. Speaker, I ask unanimous consent that the Subcommittee on Communications and Power of the Committee on Interstate and Foreign Commerce may be permitted to sit during general debate today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MISSION TO MOSCOW

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, I wonder what the foolish fascination is which prompts American businessmen to make pilgrimages to the Kremlin for the privilege of hearing the United States, capitalism, and themselves insulted by the bully Khrushchev.

The latest "Mission to Moscow" consisting of 20 businessmen on a Time magazine-sponsored tour, subjected its members to this humiliating experience yesterday.

I wonder if they will ever learn that their attempts to debate Khrushchev serve only to provide a sounding board for the Communists' disgraceful insults to the United States.

One wonders whether American business leaders have learned anything since the days of the original "Mission to Moscow" of President Roosevelt's Ambassador Davies.

Incidentally, Mr. Khrushchev's threat of possible nuclear war over access to Berlin—delivered during his interview with the American businessmen—unless the United States knuckles under to Soviet-imposed rules, is one more evidence that he does not share the concern of some timid American leaders that we must avoid "tensions" at any cost.

Nuclear blackmail is no different than any other variety of blackmail.

If we continue to bow to it, we either make inevitable ultimate capitulation or a nuclear holocaust.

Some years ago the eminent columnist, Roscoe Drummond, stated the case with unerring accuracy:

> Fear of war has almost constantly paralyzed Western policy (since the end of World War II) but fear of war has not paralyzed Communist policy * * * if we continue to be afraid of nuclear war while the Soviets are not afraid of nuclear war, we are going to end up losing diplomatically what we fear to lose in a nuclear war.

We are not going to defeat the bully Khrushchev merely by crossing the street to avoid facing up to him.

CALL OF THE HOUSE

Mr. VAN PELT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Wisconsin makes the point of order that a quorum is not present, and evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 193]

Abele
Anderson
Arends
Ashley
Avery
Baring
Bass
Bates
Berry
Blatnik
Burkhalter
Burton
Celler
Chamberlain
Colmer
Dague
Davis, Tenn.
Dawson
Denton
Everett
Findley
Foreman
Fulton, Tenn.
Gray
Griffin
Gubser
Harding
Hays
Hébert
Holifield
Hosmer
Huddleston
Kilgore
Kyl
Laird
Lesinski
Lindsay
McCulloch
Mailliard
Martin, Mass.
Michel
Miller, N.Y.
Milliken
Moss
O'Brien, Ill.
Passman
Pilcher
Pillion
Pucinski
Purcell
Rains
Rhodes, Ariz.
Rivers, S.C.
Roberts, Tex.
Rodino
Roush
St. Onge
Scott
Shelley
Siler
Smith, Iowa
Smith, Va.
Stephens
Stubblefield
Talcott
Thomas
Thompson, La.
Westland
Wharton
White
Whitten
Widnall
Williams
Winstead
Wright
Wyman

The SPEAKER. On this rollcall 355 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

LANDS WITHIN JURISDICTION OF GUAM, VIRGIN ISLANDS, AND AMERICAN SAMOA

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2073), to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: "That (a) upon the request of the Governor of Guam, the Governor of the Virgin Islands, or the Governor of American Samoa, the Secretary of the Interior is authorized to convey to the government of the territory concerned whatever right, title, or interest the United States has in particular tracts of tidelands, submerged lands, or filled lands in or adjacent to the territory, subject to the limitations contained in this section. The term 'tidelands, submerged lands, or filled lands' means for the purposes of this Act all lands permanently or periodically covered by tidal waters up to but not above the line of mean high tide and seaward to a line three geographical miles distance from the coastlines of the territory, as heretofore or hereafter modified by accretion, erosion, and reliction, including artificially made, filled-in, or reclaimed lands which were formerly permanently or periodically covered by tidal waters.

"(b) No conveyance shall be made pursuant to this section unless the land proposed to be conveyed is clearly required for specific economic development purposes or to satisfy a compelling public need.

"(c) No conveyance shall be made pursuant to this section until the expiration of sixty calendar days (exclusive of days on which the House of Representatives or the Senate is not in session because of an adjournment of more than three days to a day certain) from the date on which the Secretary of the Interior submits to the Committees on Interior and Insular Affairs of the House of Representatives and the Senate an explanatory statement indicating the tract proposed to be conveyed and the need therefor, unless prior to the expiration of such sixty calendar days both committees inform the Secretary that they wish to take no action with respect to the proposed conveyance.

"(d) Conveyances pursuant to this section shall be subject to such terms and conditions as the Secretary of the Interior may deem appropriate, and shall be made without reimbursement or with such reimbursement as he may deem appropriate.

"(e) The governments of Guam, the Virgin Islands, and American Samoa shall have proprietary rights of ownership and the rights of management, administration, leasing, use, and the development of the lands conveyed pursuant to this section, but the Secretary of the Interior and such territorial governments shall not have the power or right to convey title to such lands unless the Secretary of the Interior (1) determines that such right to convey is necessary and (2) advises the committee of such determination in the manner described in subsection (c) of this section, and (3) unless the Secretary of the Interior, in proposing to convey such lands to such territorial governments, and such territorial governments in proposing to convey such lands to a third party or third parties pursuant to this section, shall publish notice of such proposed conveyance at least once a week for three weeks in a daily newspaper or newspapers of general circulation in the territory affected by the proposed conveyance. Such published notice shall include the names of all parties to the proposed contract of conveyance, the purchase price, and a general summary of the boundaries of the tract or tracts proposed to be included in the conveyance.

"(f) There shall be excepted from conveyances made pursuant to this section all deposits of oil, gas, and other minerals, but the term 'minerals' shall not include sand, gravel, or coral.

"SEC. 2. (a) The Secretary of the Interior shall have administrative responsibility for all tidelands, submerged lands, or filled lands in or adjacent to Guam, the Virgin Islands, and American Samoa, except (1) lands conveyed pursuant to section 1 of this Act, (2) lands that are not owned by the United States on the date of enactment of this Act, and (3) lands that are within the administrative responsibility of any other department or agency of the United States on the date of enactment of this Act, for so long as such condition continues. In exercising such authority, the Secretary may grant revocable permits, subject to such terms and conditions as he may deem appropriate, for the use, occupancy, and filling of such lands, and for the removal of sand, gravel, and coral therefrom.

"(b) Nothing contained in this section shall affect the authority heretofore conferred upon any department, agency, or officer of the United States with respect to the lands referred to in this section.

"SEC. 3. (a) Nothing in this Act shall affect the right of the President to establish naval defensive sea areas and naval airspace reservations around and over the islands of Guam, American Samoa, and the Virgin Islands which he deems necessary for national defense.

"(b) Nothing in this Act shall affect the use, development, improvement, or control by or under the constitutional authority of the United States of the lands conveyed pursuant to section 1 of this Act and the navigable waters overlying such lands, for the purposes of navigation or flood control or the production of power, or shall be construed as the release or relinquishment of any rights of the United States arising under the constitutional authority of Congress to regulate or improve navigation, or to provide for flood control, or the production of power.

"(c) The United States retains all of its navigational servitude and rights in and powers of regulation and control of the lands conveyed pursuant to section 1 of this Act and the navigable waters overlying such lands, for the constitutional purposes of commerce, navigation, national defense, and international affairs, all of which shall be paramount to, but shall not be deemed to include, proprietary rights of ownership, or the rights of management, administration, leasing, use, and development of the lands and natural resources not in derogation of United States navigational servitude and rights which are specifically conveyed to the governments of Guam, the Virgin Islands, or American Samoa, as the case may be, pursuant to section 1 of this Act.

"SEC. 4. (a) Except as otherwise provided in this section, the governments of Guam, the Virgin Islands, and American Samoa, as the case may be, shall have concurrent jurisdiction with the United States over parties found, acts performed, and offenses committed on property owned, reserved, or controlled by the United States in Guam, the Virgin Islands, and American Samoa. A judgment of conviction or acquittal on the merits under the laws of Guam, the Virgin Islands, or American Samoa shall be a bar to any prosecution under the criminal laws of the United States for the same act or acts, and a judgment of conviction or acquittal on the merits under the laws of the United States shall be a bar to any prosecution under the laws of Guam, the Virgin Islands, or American Samoa for the same act or acts.

"(b) Notwithstanding the provisions of subsection (a) of this section, the President may from time to time exclude from the concurrent jurisdiction of the government of Guam persons found, acts performed, and offenses committed on the property of the United States which is under the control of the Secretary of Defense to such extent and in such circumstances as he finds required in the interest of the national defense."

Amend the title so as to read: "An Act to authorize the Secretary of the Interior to convey certain submerged lands to the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. SAYLOR. Mr. Speaker, reserving the right to object, I take this opportunity to direct a question to the chairman of the full committee and ask whether or not the amendment which has been proposed in the Senate has been cleared by the Department of the Navy and the Department of the Interior.

Mr. ASPINALL. Will my colleague, the gentleman from Pennsylvania, yield?

Mr. SAYLOR. I am happy to yield to the gentleman from Colorado.

Mr. ASPINALL. May I say in the first instance the amendment of the Senate is germane to the bill. May I state also that the Senate has placed some restrictions on the procedures that the House did not consider during its hearings and consideration.

The legislation as it passed the House would have turned over the submerged areas to the three territories which would have had the responsibility of seeing that they were properly used. Rather than transferring the areas intact, the Senate amendment provides that the territorial governments should select areas in a piecemeal fashion. Under the Senate version when the Governors, through the Secretary of the Interior, show a clear use for the land, the surveyors will stipulate the metes and bounds, the tracts will be advertised in the newspapers, and the House and Senate Committees on Interior and Insular Affairs will be notified of the request. Upon the expiration of a 60-day calendar period, the conveyance can be finalized under procedures set forth in the bill.

The responsibility for justifying the need for the submerged tracts will rest with the Governors, who will seek authorization from the Secretary for the transfer. Notices of acceptance of the Senate language from Governors Lee, Guerrero, and Paiwonsky have been received.

Originally, Navy questioned the acceptance and so stated in a letter to the committee. However, upon receipt of a letter from Secretary Udall to Secretary Nitze, Navy has agreed to voice no objection to the amended version.

Mr. SAYLOR. Will the gentleman place in the RECORD the letters from the Department of the Navy and the Secretary of the Interior?

Mr. ASPINALL. As soon as the action is taken on the bill, I will ask the Speaker for unanimous consent to do that very thing.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., November 6, 1963.
Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: Your request for comment on H.R. 2073, 88th Congress, a bill "To place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes," as passed by the Senate is acknowledged.

H.R. 2073 as passed by the House authorized the President to convey the Government's interest in submerged lands "adjacent to property owned by the United States above the line of mean high tide." The Senate amendments authorize conveyance by the Secretary of Interior of any property interest other than "deposits of oil, gas, and other minerals." There is the further provision that the Secretary of Interior may only convey to the territorial government upon certain conditions precedent, and the land may be conveyed further to third parties only after certain other statutory prerequisites are satisfied. There is no requirement, however, that the Secretary of Interior obtain approval by the Department of Defense for the transfer of submerged lands.

Since there are defense facilities (e.g., wharves and piers) which lie in part below mean high tide, and because there are installations above mean high tide which depend for their full utilization on continued Government control of contiguous areas below that point, military considerations warrant participation by the Department of Defense in the determination of whether to effect a transfer in those areas where the Department of Defense has a vital interest.

Accordingly, the Department of the Navy, on behalf of the Department of Defense, objects to the Senate version of H.R. 2073 for the reasons set forth above.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

For the Secretary of the Navy:
Sincerely yours,
C. R. KEAR, Jr.,
Captain, U.S. Navy,
Deputy Chief.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., November 6, 1963.
Hon. PAUL H. NITZE,
Acting Secretary of the Navy,
Washington, D.C.

DEAR MR. NITZE: H.R. 2073, a bill "To place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes," has been passed by the Senate with amendments and returned to the House for consideration of the Senate amendments.

Although we prefer the House version of the bill, we would like to see the bill enacted quickly without the need for a conference. We have advised the chairman of the House Interior and Insular Affairs Committee to that effect, and suggested that the House accept the Senate amendments.

I am writing to assure you that if the bill is enacted in its present form this Department will not, without the concurrence of the Navy Department, transfer to a territorial government any tidelands, submerged lands, or filled lands that are within the administrative responsibility of the Navy Department, or that are adjacent to lands administered by the Navy Department above the line of mean high tide.

A copy of this letter is being sent to the chairmen of the House and Senate Committees on Interior and Insular Affairs with the suggestion that it be made a part of the legislative record of the bill.

Sincerely yours,
STEWART L. UDALL,
Secretary of the Interior.

Mr. SAYLOR. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks during the discussion of the Senate amendments to H.R. 2073 and include copies of the letters from the Secretary of the Navy and the Secretary of the Interior.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

VISIT OF THE FRENCH NAVAL SHIP "DUPETIT-THOUARS"

The SPEAKER laid before the House the following communication, which was read:

AMBASSADE DE FRANCE,
AUX ETATS UNIS,
Washington, D.C., October 25, 1963.
The SPEAKER OF THE HOUSE OF REPRESENTATIVES,
The Capitol,
Washington, D.C.

DEAR MR. SPEAKER: As you probably know, a vessel of the French Navy, the *Dupetit-Thouars*, is scheduled to pay a formal visit to the city of Washington from the 8th to the 12th of November 1963.

The *Dupetit-Thouars* is equipped with Tartar missiles provided by the U.S. Navy, and she has just completed her first training campaign with a success the American naval authorities have been pleased to acknowledge.

I am writing to advise you that the captain and officers of the *Dupetit-Thouars* would feel very honored if Members of the House were interested to visit their vessel, which will be accommodated at the Navy Yard.

The most convenient time would be Friday, the 8th of November, between 2 p.m. and 5:30 p.m.

With my best regards, I am,
Yours sincerely,
HERVÉ ALPHAND,
French Ambassador to the United States.

PUBLIC DEBT LIMIT

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 564 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, this is the usual rule, as far as I know, the rule that has always been adopted for the consideration of such a matter under all administrations and in every Congress. It is a closed rule, with 4 hours of general debate. The only amendments that will be permitted are amendments offered by the Committee on Ways and Means. Also it waives points of order.

I am well aware that there is controversy on the bill. My own impression is that the members of the Committee on Ways and Means in the overwhelming majority supported this particular rule. Therefore, Mr. Speaker, I reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my colleague on the Rules Committee, my very good personal friend, the gentleman from Missouri [Mr. BOLLING], very briefly explained this rule and very honestly stated that this is the usual rule which comes out of the Committee on Rules in connection with legislation from the Committee on Ways and Means.

Of course, Mr. Speaker, it is the usual rule, one that we call usual, on legislation of this type to raise again, for the third time this calendar year, the national debt limit, and to lift the ceiling so the Government of the United States can go out and borrow more money to meet budget deficits, and to provide more funds for big and unnecessary spending programs to be paid off, of course, by our children's children yet unborn.

Mr. Speaker, this is another gag rule. How often I have taken the floor of this House to oppose these gag rules, I do not recall, because I have not taken the time to count the occasions. However, I do not want to be repetitious and repeat the arguments and the statements which I have made against closed rules so often before. But I do, Mr. Speaker, want to say to the membership of this House that perhaps I have more confidence in my colleagues than some of my colleagues have in themselves. I am firmly and fully convinced in my own mind that the average Member of the House of Representatives is just as able and just as capable of legislating on this matter, or on any tax legislation, as are the Members of any other legislative body in this Capitol or elsewhere in the world.

Mr. Speaker, I do not like to see my colleagues and fellow Members of this House downgrade themselves, humiliate themselves, if you please, by saying, "Oh, yes, we do not trust ourselves to legislate properly. So we will vote for a gag rule to permit ourselves to be gagged and controlled so that we cannot offer any amendments to certain legislation which comes to the floor of the House, regardless of how important such amendments may be, or how desirable they may be, so no amendments except those offered by the Committee on Ways and Means itself.

Mr. Speaker, the Committee on Ways and Means is made up of fine gentlemen and fine Members of this House, able Members. No one can question that. They are good Americans; yes. But in my judgment, as a whole, they are not too much above the level of other Members of this body, as far as brilliance, intellect, ability, and wisdom might be considered.

Mr. Speaker, I have always resented the idea that only a chosen few are capable of deciding what sort of tax legislation, what sort of debt management legislation, may be considered by the House of Representatives.

Mr. Speaker, this is another closed or another gag rule to have us do what we are told; vote for the legislative package that is brought to us. Do not try to make any changes in the bill because that is not according to Hoyle. That is not the way the game is played here on Capitol Hill.

Mr. Speaker, I hope we will have a vote, and I expect to ask for it. I hope we will have a rollcall vote on this rule, to see whether or not the Members of the House of Representatives want to gag themselves and to surrender their right to exercise their own judgment and their own wisdom in connection with the consideration of this legislation, or instead to go along with the majority of those who happen to serve on the great Committee on Ways and Means. I understand the bill now before us, which this rule makes in order, provides for 4 hours' general debate under a closed or gag rule, if the rule is adopted, because a majority of the membership votes for it.

This measure was reported out of the great Committee on Ways and Means by a vote of 15 to 10. In my legislative experience which goes back 45 years I have seen a great many pieces of legislation drawn and brought before legislative bodies. In my opinion—and this is not a criticism of any individual because I am not sure who really wrote this bill—H.R. 8969 is a perfect example of what we might call legislative legerdemain because it is not what it appears to be. Oh, it is true testimony was given before the Rules Committee that the average well-informed Member of Congress, who is more or less used to dealing with various legislative matters and interpreting bills, laws, provisos, and provisions, can figure out what this bill really means. But I am not so sure the average taxpayer, or the average American citizen, understands, or will understand, this bill. If you will read it the bill provides that the temporary ceiling shall be increased to $309 billion between December 1, 1963, and June 29, 1964, or to the end of the present fiscal year.

Then the bill has a little stinger on the end of it, another sentence, which says it does not really mean $309 billion at all. In fact, it says that is not to be the debt ceiling. That is to be a temporary ceiling. In addition to that, and I want to read the sentence, it states "because of variations in the time of revenue receipts the public debt limit as increased by the preceding sentence is further increased through June 29 by $6 billion."

If you follow the simple rules of arithmetic and add $6 billion to $309 billion you come up with $315 billion. But try to find that figure in this bill. It is not there. It is hidden in this peculiar verbiage that has been written, verbiage that is not quite as frank to the average mind as it might be, and I am not charging bad faith on the part of anyone. I just do not like this kind of legislation. Why not be completely honest? Why not be frank and say you are going to increase the national debt limit, if you pass this bill, to $315 billion up until June 29, 1964, the end of the present fiscal year, by which time you will have to come in here for a further increase, and you will be here, do not worry about that. I predicted before, you would be back this fall. I also predicted that last spring when we had this legislation up for consideration. This is the third time this year, in this calendar year, bills have been here increasing the national debt limit. They will be back increasing it again, before long. Why? Because the administration is continuing, of course, deficit financing, despite all the pious pledges and promises which were made when the House passed the great piece of legislation called the tax reduction bill which was going to make everybody prosperous, and that if it was not enacted promptly the Nation would go into a deep depression. Of course, that has not happened and will not happen.

What will happen to that piece of tax reduction legislation which was finally brought out and rushed through this body rather rapidly, but seems to be having somewhat of a slower pace in the other body and probably will not be brought up for a vote in that body before some time this coming winter, by which time perhaps it may even be known to a few people, at least, as to what our budget for fiscal 1965 will be, and what the Federal spending program will be.

Let me make a prediction. We have heard all of these statements that have been made by supporters of this legislation about all the terrible tragedies that will happen in case legislation of this type is defeated, in case the House of Representatives spoke out and said, "Now, we are tired of increasing this debt limit all the time so you can go out and borrow more and more money to spend. We think perhaps such action will help, although it may not accomplish everything we desire, but it will help at least to hold down Federal spending."

If you put a stop to this thing, what would happen? I will tell you what would happen. It would not be all these dire, tragic things that have been painted so vividly to scare you and worry you. There would be a lot of people downtown who would start living within their income.

We have seen a rather peculiar situation arise in this Congress. Most of the appropriation bills for fiscal 1964 have not yet been enacted. We have voted a continuing resolution to permit the various departments and agencies for which the appropriation bills for fiscal 1964 have not been enacted to continue their spending at the same rate as provided in the 1963 appropriation acts under that year's budget. Of course, the budget for 1964 was much higher, billions of dollars higher, and the appropriations would be higher. So as a result, while a lot of people complain about the slowness of Congress in passing appropriation bills, as an actual result of the delay in the passage of these appropriation bills, the departments or agencies of the Government have been forced to conduct their activities on the 1963 level and are spending something like $3 billion less than they would if the 1964 appropriation bills had been enacted, according to the President's budget.

What would happen? What would happen if this legislation were defeated? Within 72 hours, or perhaps even 48 or only 24 hours, you would see somebody from downtown, from the Treasury Department, yes, and I notice that the White House takes quite a lot of interest anymore in any legislative activity that goes on on Capitol Hill, whether it be on the floor of this body, the floor of the other body, or in some committee or subcommittee of Congress, coming up here and saying, "Let us bring out a bill with a lower debt ceiling. Let us see what we can do to appease the Congress," to appease those, if you please, who believe in a bit of economy in the conduct of our public business, who want to eliminate waste and extravagance. "Let us sit down and see what can be eliminated in the spending program, how we can live, not under a $285 billion debt ceiling, which would otherwise be the permanent debt ceiling, but under a reasonable debt ceiling, certainly one no higher than it is at the present time, and perhaps even much lower."

I think a great many good answers could be given here on Capitol Hill to those questions by the action of this House, by the refusal of this House to go along with this piece of legislation, by not adopting the rule, and by opening this bill so amendments can be offered to cut down the total amount that could be spent. That is the money that could otherwise be first borrowed and added to the national debt, and then later spent.

If this rule were defeated and the bill were opened up for amendment, that might be the first step. That would be helpful. The second step would be for the House to adopt an amendment to this bill to hold down the ceiling on the national debt, the amount that can be borrowed by the Federal Government, to a reasonable level, in some direction toward reducing the national debt in the future, in some direction toward cutting present Federal spending. We will permit and encourage that if we defeat this bill.

How much has Federal spending been cut and where? How much has it been reduced and where? This is a situation that calls for action and for courage. It calls, if you please, for some political independence from those who want to spend, from those who believe in big spending, and in the old story of tax and tax and tax, spend and spend and spend, and elect and elect and elect. We have several billion dollars' worth of new legislation pending before the House now that will mean an increase in National and Federal expenditures far above the increases ever predicted by the President and by his advisers—and they all predict we will have further deficits next year, and, of course, we will, and we will have them the year after, and continue to have them, until the people's representatives in Congress assembled somehow or other gain the courage and the fortitude to stand up and face this issue because if we do not do it ourselves, sooner or later, the natural laws of economics will compel us to face these issues, perhaps, in a way that may bring dangerous and drastic changes in the future of this Republic.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I commend the gentleman from Ohio for another fine statement on this issue. I yield to the gentleman.

Mr. GROSS. When the tax reduction bill was before the House, we heard extended discourse on the subject of—What road are you going to travel? The gentleman remembers that, I trust. I wonder if we will hear the same discourse today with respect to increasing the debt ceiling and if we will see those who vote for it continue to take the road to more profligate spending?

Mr. BROWN of Ohio. It is the same old story—mañana—tomorrow—we are going to do it tomorrow, or we are going to do it the next day. But we never get around to doing it now. They say, "We are going to do it at some time in the future—we are going to meet our responsibilities, of course, but not this year and not the next year, but just a little later on."

I believe the American people are getting fed up with the big spending programs and the waste and extravagance and with the ever-increasing national debt limit, and the continuous lifting of that ceiling. Three times in the year 1963 alone. How long—how long can this go on? It is up to you. I hope the previous question will be voted down and that we will have an opportunity to amend this rule to make it an open rule, so that amendments can be offered to this bill which will be more practical, more sensible, and more reasonable, and so that we will keep our fiscal condition sound. So that we will put a brake on Federal spending and serve notice that we no longer will put up with what has been happening. I hope that can be done and, if not, I hope the House will vote, and have a rollcall vote, on whether or not the Members want to gag themselves instead by adopting a closed rule.

Finally, of course, as the only recourse we have, if these other efforts fail, will be a motion to recommit the bill back to the committee so it may rework the bill, and rewrite its language in line with the temper and thought and judgment of this House.

But if not, and if the motion to recommit should fail, I for one, and I hope every other Member of the House who believes in fiscal responsibility, will vote against this measure so that we will have an opportunity to later pass on a new less costly measure. I can assure you, and I predict with confidence, that it will be brought to the House within a few short hours after we reject this particular bill.

Mr. Speaker, I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I have voted for every debt limit increase that was necessary. In the past I have even voted for some gag rules, when I felt that the bill presented was so complicated that the committee was in a better position to pass on it and writing legislation on the floor would likely result in advertent error. But I am not proud of any vote for a gag rule.

MEMBERS CANNOT DO THEIR DUTIES UNDER GAG RULE

I do not consider a gag rule very democratic. That is an instance of a few denying the many an opportunity to participate in the legislation. Each one of us represents his constituents. Each owes the same obligation to his constituents as any other Member of this House. So why should we be denied the right of offering amendments for consideration and debate? In other words, why should we be stopped from offering any amendment? Judge Sabath, who came from Chicago, was one of the greatest men I ever knew. He was chairman of the Committee on Rules of the House for a number of years. Judge Sabath was not really in favor of gag rules, but he was chairman of that committee and he was a good soldier. I remember some of the occasions when he was compelled to bring in a rule like this one here today. He would present the rule and say, "This is a very fair rule. Plenty of debate and no amendments."

That is the kind of a rule we have here today—plenty of debate, no amendments. It makes no difference how much you talk, it will be ineffective.

I went before the Committee on Rules yesterday and asked the committee to grant an open rule so that Members could offer amendments. This is not a complicated bill. It is very simple. Why should anyone want to gag their colleagues on a bill like this? I do not see why anyone should want to gag another Member of this House. But the rule, of course, is a gag rule.

INCREASING THE DEBT CEILING IS UNNECESSARY

Now, I have an amendment which, if adopted, would make this bill unnecessary. You know, the way the national debt is now counted, it contains more than $33 billions of debt obligations which are owned by the Government itself and is not actually outstanding debt. That amount should not be in the national debt at all. Therefore, if my amendment is adopted, we will not need this bill. We will not need to increase the ceiling on the national debt. If you do not count Government obligations that have already been paid once, the present debt ceiling is all that is needed. How many times do you want the people to pay their debts? Do you want them to pay them twice, 3 times, 10 times? How many Members of Congress will feel proud of the fact that when they go back to their constituents they will tell them, "Yes, I voted for the national debt increase bill of $315 billion. It would not have been necessary to pass that bill, if amendment has been allowed, but the 'gag rule' was invoked, and we could not amend the bill so we just had to vote for the whole amount"

We have plenty of time here in Congress to consider these things. We are not rushed. There is no reason why we should have a closed rule.

I want to tell you about the amendment I have.

AT LEAST $33 BILLION OF GOVERNMENT OBLIGATIONS OWNED BY THE GOVERNMENT ITSELF ARE BEING COUNTED AS OUTSTANDING

Several Government agencies, including the Treasury, are holding Government debt obligations which they have bought with Government money. By far the biggest amount are in possession of the Federal open market, of the Federal Reserve System. This is the most powerful Committee on earth. They pass on monetary policy; they determine the volume of money and the cost of money. This Federal Open Market Committee has the power under a law that was passed in 1935 to buy Government bonds and pay for them with Government money. In the last analysis they pay for these bonds with Federal Reserve notes that are printed at the Bureau of Engraving and Printing here in Washington. Every one of those Federal Reserve notes says on it—take one and look at it—the Government of the United States promises to pay the bearer on demand so many dollars. That is a Government obligation. The Federal Reserve takes those Government obligations that are noninterest bearing and trade them for U.S. Government obligations that are interest bearing.

If you will you take the RECORD that came out this morning and turn to page 21193. You will find there a speech I made yesterday outlining this procedure.

BONDS HELD BY THE FEDERAL RESERVE HAVE BEEN PAID FOR WITH PUBLIC MONEY

The Federal Reserve takes our money, our Government obligations and buys our bonds. They have bought and are holding $32.4 billion worth of those bonds. The debt represented by those bonds has been paid off. It has been paid off by the Government of the United States, yet these Treasury bonds, bills, certificates and other interest-paying obligations are still carried as part of our national debt subject to the debt ceiling. That is wrong and, intellectually, dishonest. It is deceit.

I do not accuse the Federal Reserve people of any wrongdoing in this matter, because they feel they are carrying out a duty under the law. It is the way the law is stated—the Second Liberty Bond Act that sets the debt ceiling—that is in error. The Federal Reserve is a Government institution, it is not privately owned. It holds these bonds that have been paid for and collects the interest on them—to the tune of about $1 billion a year. What do they do with that $1 billion? They spend it for any purpose they please and then return whatever is left over to the Treasury. It does not go through Congress; it is not appropriated; it is not in the budget; and it is not audited by the General Accounting Office.

As I said in my speech, I hope to excite the interest of those Members who are so intensely interested in "back-door spending." The Federal Reserve lives on the biggest and most free wheeling spending that was ever invented. It is just the same as the Secretary of the Treasury taking Uncle Sam's purse with $1 billion in it and throwing it over to the Federal Reserve on the first of the year and saying to the Chairman of the Federal Reserve Board, "You fellows spend all you want of this $1 billion, and what you have left over, just throw it back into the Treasury and let the taxpayers have the benefit of it." That is how loosely this thing is handled.

What I am saying nobody can contradict, because I know the story. Over a period of 25 years I have interrogated these people, the high ones and the low ones, and I know what they would say in answer to almost any question you could put to them.

This debt has been paid—this $32.4 billion. Why carry it as outstanding national debt? That is the question. How can you answer that? If you think I may be wrong, you could answer it, if I were permitted to offer an amendment we could then discuss the amendment. Then you could have your mind clear as to whether or not you should vote for the amendment.

CONGRESS HAS TIME TO CONSIDER AND DEBATE AMENDMENTS

So, all I ask you to do is to vote against the previous question, so as to make it possible for me to offer an amendment to the rule that will make amendments germane. That is what I ask you to do. And, then, if that is voted down, I ask you to vote against this gag rule.

Mr. Speaker, we have plenty of time in which to consider this national debt limit bill. There is no reason to be rushing here when most of us have been working only 2 or 3 days a week, practically all this year. Furthermore, we have from now until January 3, because we will not actually get out of here until the Constitution moves in at noon on January 3 and causes the 2d session of the 88th Congress to commence.

So I ask you, my friends, to take that speech of mine in yesterday's CONGRESSIONAL RECORD at page 21193 and you will find in there good reasons for voting against this gag rule.

BUSINESS FIRMS AND INDIVIDUALS DO NOT COUNT DEBT THAT HAS BEEN PAID OFF AS DEBT STILL OUTSTANDING

Let us suppose that Mr. Martin, Chairman of the Federal Reserve Board, the honest, sincere gentleman that he is, were a good friend of yours, and you went to him and you said, "Bill, I owe $10,000 on my home."

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. BOLLING. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. PATMAN. Suppose you said to Bill Martin, "I owe $10,000 on my home. Here is $10,000 of my money, will you please go buy that mortgage for me. Bill Martin would take your money and he would go buy that mortgage. Furthermore—and this is the point—he would have that mortgage canceled. He would not go put it in his lock box, as though it were his, and every year call on you to pay him interest on that canceled debt. That is the same thing that is involved here. Uncle Sam's money has been used to buy Government bonds. The bonds that have been purchased have been redeemed; they are not outstanding debt.

HOW THE BILL COULD BE AMENDED TO REQUIRE ACCURATE BOOKKEEPING

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes, I yield to the gentleman from North Carolina.

Mr. JONAS. Will the gentleman from Texas read the amendment which the gentleman would offer if permitted to do so?

Mr. PATMAN. Yes, I would be glad to. It reads as follows:

> Strike out all after the enacting clause and insert: "That the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. sec. 757b), is amended by inserting '(except such obligations as may be owned by Federal Reserve Banks)' after 'The face amount of obligations issued under this Act.'"

It is very simple. It simply says that the $32.4 billion in bonds that have already been paid for by the Government will not be counted as debt still outstanding. This amendment would not change the Federal Reserve Act, and it would not change any practices of the Federal Reserve; it only says that for the purposes of maintaining a ceiling on the public debt that can be outstanding at any one time, we will count accurately the amount of debt that is actually outstanding.

If you vote for this bill as it stands, you are voting to impose a tax upon your people to pay the obligations twice, not once, and maybe more times than that.

Why is this debt-increase bill necessary? Simply because under present law the Federal Government is using an irrational and misleading method of counting the amount of Federal debt that is outstanding.

If we followed the commonsense method used by every business firm and every individual, we would not count as outstanding those debt obligations which have been purchased by the Federal Government itself and are being held by the Federal Government on behalf of the general public.

AMOUNT OF FEDERAL SECURITIES THAT ARE PUBLICLY OWNED WILL CONTINUE TO INCREASE

There are several very good reasons why the Federal Government ought to follow normal, commonsense bookkeeping in accounting for the Federal debt. One reason is that the Government is acquiring more and more of its debt obligations, and it will continue to acquire increased amounts in the future. Therefore, if we continue the present irrational method of counting outstanding debt, we will cause needless difficulties and complications in managing the Government's fiscal affairs, and we are also going to mislead the public more and more about the amount of the debt.

As I pointed out to the Rules Committee yesterday, the amount of Government obligations owned by the Government itself has grown in the past and must necessarily grow in the future. At the end of June 1929 the amount of Government securities held by the Federal Reserve was $½ billion.

At the end of 1939 it was $2.5 billion.

At the end of 1950 it was $20.7 billion.

At the end of 1960 it was $27 billion.

At the end of 1962 it was $30.5 billion, and it is now $32.4 billion.

Why must the Federal Reserve's holdings of Government securities continue to grow? Because this is part of the system of providing for an increase in the Nation's money supply. Most of our money today is in the form of what is called "checkbook money," or deposits in the commercial banks. The commercial banking system can expand this money only in rough proportion to expansions in their reserves. The method by which the Federal Reserve expands bank reserves is by purchasing Government securities. When the Federal Reserve decides it is appropriate to increase bank reserves by, say, $1 billion, it does so by buying $1 billion worth of Government securities from the open market.

The private commercial banks can then expand their deposits on a ratio of about 10 to 1. That is to say, they can expand bank deposits by $10 billion as a result of a $1 million increase in their bank reserves, brought about by the Fed's purchase of $1 billion of Government securities.

The money supply must be increased from year to year, to keep up with the growth in economic transactions which are effectuated by transactions in money. It is not likely that the Federal Reserve will ever have to sell any substantial amount of its holdings. But if it does, under the amendment I propose we would exclude from the debt ceiling on any particular day only the amount of Federal debt obligation the Federal Reserve owned on that particular day.

GOVERNMENT SECURITIES HELD IN TRUST FOR PARTICULAR SEGMENTS OF THE POPULATION ARE PROPERLY COUNTED AS OUTSTANDING DEBT

Let me make clear that the bookkeeping method I propose would still count as subject to the debt ceiling those debt obligations which are held by the Government in trust funds, such as the civil service retirement fund, the old age and unemployment compensation funds, the Federal Deposit Insurance Fund, the Postal Savings Fund, and so on. The general public does not own these securities, and they should continue to be counted as outstanding debt. Federal agencies held on August 30, some $58 billion of Federal obligations in such trust funds. In these cases, the Government is merely acting as trustee on behalf of particular claimants or particular segments of the population.

FEDERAL GOVERNMENT IS NOT ABOUT TO GO BROKE

Now let me also make clear that the reason I will vote against this bill is not that I think it will reduce Government spending. When we set a debt ceiling, we are only second guessing what we have already done when we voted for the appropriation measures. It is a ritualistic exercise which has little practical effect except to make life difficult for the Secretary of the Treasury, by making it difficult for him to finance what we have already ordered him to finance.

Furthermore, I do not think that the Federal Government is approaching insolvency. True, we now have a debt of $307 billion, or a real debt of approximately $274 billion, if we exclude the debt obligations which the Government has paid for and are no longer outstanding. But the Federal Government owns assets in excess of $300 billion.

The last annual Federal Real and Personal Property Inventory Report of the House Committee on Government Operations, which was as of June 30, 1962, more than a year and 5 months ago, then showed that the real and personal property holdings of the Federal Government amounted to $300 billion, and this was an understatement. That report showed that the Government owned approximately 772 million acres of real estate, most of which was appraised, for the purpose of the inventory report, at its acquisition cost, rather than its present-day value. In other words, the $300 billion asset figure contains real estate valued as of the time the Indians were roaming most of our national parks and even many of our post office sites. To illustrate, the approximately 12 acres of the White House grounds are valued at a total of $1,000.

If the Federal Government is approaching insolvency with a reported debt of $307 billion, and a real debt of $274 billion, then so is every private bank in the country.

THE FEDERAL DEBT IS BEING REDUCED RELATIVE TO OUR ABILITY TO PAY

Finally, to make remarks which indicate that the debt burden on the public is continually increasing, is simply to mislead the public. In terms of our ability to pay, the Federal debt today is the smallest it has been in 30 years. The public debt today, including the $33 billion which should not be counted but is counted, is equal to 52 percent of our current national income. Ten years ago our debt was equal to 89 percent of our national income of that year. If we go back to the years immediately following World War II, we find that the public debt was then well over 100 percent of our national income.

CONGRESS OWES THE PUBLIC ACCURATE ACCOUNTING OF THE PUBLIC DEBT

Now, if the House does not see fit to adopt my suggestion to amend the law so as to allow commonsense bookkeeping, rather than continuing to require misleading bookkeeping, then it will be necessary to pass this bill to increase the debt ceiling. But as I see it, we owe the public a proper accounting of the public debt. And if we give the public a proper accounting of the public debt, it will not now be necessary to increase the debt ceiling and thus disturb the minds of a great many people who are deeply concerned about this matter.

Mr. BOLLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have great affection and deep respect for our colleague, the gentleman from Texas [Mr. Patman], the distinguished chairman of the Committee on Banking and Currency. However, I do not think that this debt limit increase bill is the vehicle for changing the Federal Reserve Act.

Therefore, Mr. Speaker, I feel very strongly that the previous question should be ordered and the closed rule passed.

Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. Brown of Ohio) the previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and on a division (demanded by Mr. Brown of Ohio) there were—ayes 71, noes 34.

Mr. BROWN of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 212, nays 149, not voting 72, as follows:

[Roll No. 194]

YEAS—212

Abbitt
Addabbo
Albert
Alger
Ashley
Aspinall
Ayres
Baker
Barrett
Bennett, Fla.
Bennett, Mich.
Betts
Blatnik
Boggs
Bolling
Bonner
Brademas
Brooks
Buckley
Burke
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Carey
Chelf
Clark
Cohelan
Conte
Cooley
Corbett
Corman
Curtis
Daddario
Daniels
Davis, Ga.
Dawson
Delaney
Dent
Dingell
Donohue
Downing
Dulski
Duncan
Dwyer
Edmondson
Edwards
Elliott
Fallon
Farbstein
Fascell
Feighan
Finnegan
Flood
Flynt
Fogarty
Forrester
Fountain
Fraser
Friedel
Fulton, Tenn.
Gallagher
Garmatz
Gary
Gathings
Giaimo
Gibbons
Gilbert
Gill
Gonzalez
Grabowski
Grant
Green, Oreg.
Green, Pa.
Griffiths
Hagen, Calif.
Hanna
Harding
Hardy
Harris
Hawkins
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Holland
Huddleston
Hull
Ichord
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kastenmeier
Kee
Kelly
Keogh
Kilburn
King, Calif.
Kirwan
Kluczynski
Kornegay
Kunkel
Landrum
Lankford
Leggett
Lennon
Lesinski
Libonati
Long, Md.
McDowell
McFall
McMillan
Macdonald
Madden
Mahon
Marsh
Mathias
Matsunaga
Matthews
Miller, Calif.
Mills
Minish
Monagan
Montoya
Moorhead
Morgan
Morris
Morrison
Multer
Murphy, Ill.
Murphy, N.Y.
Murray
Natcher
Nedzi
Nix
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
O'Neill
Patten
Pepper
Perkins
Philbin
Pillion
Poage
Powell
Price
Pucinski
Randall
Reuss
Rhodes, Pa.
Riehlman
Rivers, Alaska
Rogers, Colo.
Rogers, Tex.
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roybal
Ryan, Mich.
Ryan, N.Y.
St Germain
Schneebeli
Selden
Senner
Sheppard
Shipley
Sickles
Sikes
Sisk
Slack
Smith, Va.
Staebler
Staggers

Steed
Stratton
Sullivan
Taylor
Teague, Tex.
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Toll
Trimble
Tuten
Udall
Ullman
Van Deerlin
Vinson
Waggonner
Wallhauser
Watts
Weltner
Whitener
Wickersham
Willis
Wilson, Bob
Wilson, Charles H.
Young
Zablocki

NAYS—149

Abele
Abernethy
Adair
Andrews, Ala.
Andrews, N. Dak.
Ashbrook
Ashmore
Auchincloss
Baldwin
Barry
Battin
Becker
Beckworth
Beermann
Belcher
Bell
Bolton, Frances P.
Bolton, Oliver P.
Bow
Bray
Brock
Bromwell
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Bruce
Cannon
Casey
Cederberg
Chenoweth
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Collier
Cramer
Cunningham
Curtin
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy
Ellsworth
Evins
Findley
Fino
Fisher
Ford
Frelinghuysen
Fulton, Pa.
Fuqua
Glenn
Goodell
Goodling
Gross
Grover
Gurney
Hagan, Ga.
Haley
Hall
Halleck
Halpern
Harrison
Harsha
Harvey, Ind.
Harvey, Mich.
Hoeven
Hoffman
Horan
Horton
Hutchinson
Jensen
Johansen
Jonas
Keith
King, N.Y.
Knox
Langen
Latta
Lipscomb
Lloyd
McClory
McDade
McLoskey
MacGregor
Martin, Calif.
Martin, Nebr.
May
Meader
Miller, N.Y.
Minshall
Moore
Morse
Morton
Mosher
Nelsen
Norblad
O'Konski
Osmers
Ostertag
Patman
Pelly
Pike
Poff
Pool
Quie
Quillen
Reid, Ill.
Reid, N.Y.
Reifel
Rich
Robison
Rogers, Fla.
Roudebush
Rumsfeld
St. George
Saylor
Schadeberg
Schenck
Schweiker
Schwengel
Secrest
Short
Shriver
Sibal
Skubitz
Smith, Calif.
Snyder
Springer
Stafford
Stinson
Taft
Teague, Calif.
Thomson, Wis.
Tollefson
Tuck
Tupper
Utt
Vanik
Van Pelt
Weaver
Whalley
Wilson, Ind.
Wydler
Younger

NOT VOTING—72

Anderson
Arends
Avery
Baring
Bass
Bates
Berry
Boland
Brown, Calif.
Burkhalter
Burton
Cameron
Celler
Chamberlain
Colmer
Dague
Davis, Tenn.
Denton
Diggs
Everett
Foreman
Gray
Griffin
Gubser
Hansen
Hays
Holifield
Hosmer
Kilgore
Kyl
Laird
Lindsay
Long, La.
McCulloch
McIntire
Mailliard
Martin, Mass.
Michel
Milliken
Moss
O'Brien, Ill.
Passman
Pilcher
Pirnie
Purcell
Rains
Rhodes, Ariz.
Rivers, S.C.
Roberts, Ala.
Roberts, Tex.
Rodino
Roush
St. Onge
Scott
Shelley
Siler
Smith, Iowa
Stephens
Stubblefield
Talcott
Thomas
Thornberry
Watson
Westland
Wharton
White
Whitten
Widnall
Williams
Winstead
Wright
Wyman

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Rivers of South Carolina for, with Mr. Watson against.

Mr. Roush for, with Mr. Williams against.

Mr. Moss for, with Mr. Kilgore against.

Mr. White for, with Mr. Baring of Nevada against.

Mr. Shelley for, with Mr. Mailliard against.

Mr. Rodino for, with Mr. Scott against.

Mr. St. Onge for, with Mr. Passman against.

Mr. Holifield for, with Mr. Colmer against.

Mr. Purcell for, with Mr. Winstead against.

Mr. Denton for, with Mr. Berry of South Dakota against.

Mr. Hays for, with Mr. Arends against.

Mr. Rains for, with Mr. Widnall against.

Mr. Martin of Massachusetts for, with Mr. Whitten against.

Mr. Thomas for, with Mr. Wyman against.

Mr. Brown of California for, with Mr. Rhodes of Arizona against.

Mr. Celler for, with Mr. Milliken against.

Mr. Stubblefield for, with Mr. Hosmer against.

Mr. Roberts of Texas for, with Mr. Foreman against.

Mr. Boland for, with Mr. Burton against.

Mr. Bass of Tennessee for, with Mr. Talcott against.

Mr. Cameron for, with Mr. Siler against.

Mr. Everett for, with Mr. McIntire against.

Mr. Gray for, with Mr. Gubser against.

Mr. Diggs for, with Mr. Laird against.

Mr. O'Brien of Illinois for, with Mr. Westland against.

Mr. Wright for, with Mr. Michel against.

Mr. Davis of Tennessee for, with Mr. Bates against.

Mrs. Hansen for, with Mr. Avery against.

Mr. Roberts of Alabama for, with Mr. Anderson against.

Until further notice:

Mr. Smith of Iowa with Mr. Pirnie.

Mr. Burkhalter with Mr. Lindsay.

Mr. Long of Louisiana with Mr. Wharton.

Mr. Pilcher with Mr. Griffin.

Mr. Thornberry with Mr. Kyl.

Mr. Stephens with Mr. Chamberlain.

Mr. McCulloch with Mr. Dague.

Mr. HAGAN of Georgia changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8969) to provide for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8969, with Mr. ROOSEVELT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MILLS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the proper way to begin discussion of this matter I think is for me as chairman of the Committee on Ways and Means to apologize to the membership of the House for having to consider in this fiscal year the debt ceiling on three separate occasions. No one regrets this, Mr. Chairman, any more than do the members of the Committee on Ways and Means. However, it will be recalled that on the two previous occasions, in May and August when this matter was considered, we extended the debt ceiling to $309 billion for July and August and then the same for September, October and November of this fiscal year because of uncertainties as to receipts and expenditures.

Even in August the Committee on Ways and Means had not completed action on the tax bill that the House subsequently passed.

In August we had only completed action on two appropriation bills, representing only about 7 percent of the budget for 1964.

While some of the uncertainties which existed this last May and August still are unresolved, yet in other respects, we have more information now as to the probable receipt and expenditure totals for this fiscal year than has generally been true in the past when a limitation previously has been established. As you know, the House has now completed its action on the Revenue Act of 1963. In addition, 6 of the 12 major appropriation bills have been passed by both Houses of Congress. Three of the remaining six appropriation bills have also been passed by the House. Moreover, since 4 months of the fiscal year 1964 have already elapsed, it is now possible to make better revenue estimates for the current year than is usually the case. This is because the receipts received in this fiscal year are based on corporate profits for the calendar year 1963 which already is 5/6 over and on personal income for the fiscal year 1964 where we have already had 4 months of actual experience.

In the case of expenditure totals for the fiscal year 1964 the major area of uncertainty is the action still to be taken by Congress on the appropriation bills. However, here too, the fact that 4 months of the fiscal year has already elapsed gives us more knowledge about expenditures for this year than is usually the case when debt ceilings are established.

In any event, we must now act on the debt ceiling because as of the end of November, it reverts to a ceiling of $285 billion while the debt subject to the ceiling which it is expected will be outstanding as of that time is $308.8 billion. Not to act in such a situation would, of course, be unthinkable.

I would hope that in the coming fiscal year it will be necessary only to consider this matter on one occasion, and I pledge you as chairman of the committee that that will be our goal. We shall aspire to bring it in only one time rather than have to go through the procedure of several separate appearances before the House as we have this time on this same subject.

Mr. Chairman, having said that, let us look to the situation that we have. We are asking in this legislation for a continuation for the full fiscal year of a ceiling of $309 billion. For that part of the fiscal year between December 1, 1963, and until June 29, 1964, we are granting the Secretary of the Treasury additional authority to issue securities in an amount not to exceed $6 billion, for the reason which is stated in the bill itself, because of variations in the timing of revenue receipts.

It is important to tell you exactly what the bill before us does because there has been some misunderstanding on this point in referring to this bill as increasing the debt ceiling to $315 billion. Actually, what the bill provides is quite different from that and also substantially more restrictive.

The temporary debt ceiling which applies from July through this November is $309 billion. This bill continues this same temporary ceiling throughout the remainder of the entire fiscal year 1964. It also, however, provides an additional $6 billion which in the words of the statute is made available "because of variations in the timing of revenue receipts." This additional amount, however, expires on June 29, 1964, with the result that by the last day of the fiscal year the statutory ceiling will again be $309 billion. This means that the $6 billion is to be available only to provide for variations in the timing of receipts and expenditures throughout the year and not for the total debt for the entire fiscal year.

I do not believe that the significance of this variation in the timing of receipts and expenditures is generally recognized. Expenditures tend to be relatively uniformly spread throughout the year. Receipts, however, are concentrated in March, April, and especially June, which are the last months of the fiscal year. Sixty percent of the receipts as a general rule are received in the last 6 months and of this amount a very large proportion is received in the last 3 months. A table in the committee report demonstrates this point by showing that although the administration expects a deficit for the fiscal year 1964 of $9 billion from January through May, the excess of expenditures at the end of each of these months can be expected to be substantially in excess of this $9 billion deficit. The excess of expenditures is still greater in these months if this excess is stated for the 15th of each month rather than for the end of the month. On June 15, for example, the excess of expenditures over receipts cumulated to that point in time from the beginning of the fiscal year is expected to be in excess of $15 billion by the Treasury. This is true despite the fact that the deficit for the entire year—due to receipts which come in the last half of June—is expected to be $9 billion.

I believe that this demonstrates a need for a $6 billion leeway factor to take into account this seasonal variation. I do not, however, believe that this demonstrates the need for as high a ceiling as this at the end of the fiscal year. For that reason, under your committee's bill, this $6 billion leeway expires on the 29th of June, and at that time the debt must again be governed by the $309 billion ceiling.

This $309 billion ceiling, which on next June 29 will again determine the amount of debt which can be issued, represents a continuation of the existing ceiling which applies to the first 5 months of the fiscal year—through November 30. Since we began the fiscal year with a debt of $306 billion, this accounts for $3 billion of additional debt during the year. In addition, the cash balance as of the beginning of the year was $11 billion and the Secretary of the Treasury has indicated that we will need a cash balance at the end of the year of $7 billion. As a result, the $309 billion debt limitation with the reduced cash balance really represents an increase in the actual or net debt of $4 billion more than the $3 billion I have already mentioned or $7 billion in all. This, however, is still $2 billion less than the $9 billion debt which the Secretary of the Treasury has informed us we will have by the end of the fiscal year. Therefore, this bill in effect forecasts a deficit of $2 billion less than is now estimated by the Treasury Department.

I cannot prove that the actual debt will be this $2 billion less, but nevertheless I believe that this will actually occur. I say this not because I anticipate that the debt limitation itself will cause a reduction in expenditures but rather because I believe that this Congress has expressed its determination to go down the road of the free enterprise system rather than the road of high Government spending. As a result, I believe this Congress will decrease appropriations to such an extent that, when combined with what may well be larger revenues than anticipated by the Treasury, the deficit for the fiscal year 1964 will be down to $7 billion. As I have indicated to you, this position is implicit in the debt limitation provided by this bill.

Mr. Chairman, those who feel that the debt ceiling itself can exercise some influence in this respect ought to take some degree of encouragement at least from the action of the committee in limiting the ceiling to accommodate a deficit of $7 billion rather than the $9 billion suggested by the Secretary of the Treasury. I do not know whether we can limit the deficit to $7 billion. I cannot prove it will be no higher than $7 billion any more than the Treasury can prove at the moment that it is likely to be $9 billion. But I do know on the basis of past experience that when the economy has been climbing, there have been some underestimations of revenue and there have been some overestimations of expenditures. To recall this I do not have to go back further than the year 1963. We thought in terms of the need at that time of a debt ceiling of $307 billion. However, it turned out that the deficit was not in the area of $8 billion, but rather in the area of $6 billion.

I want us to use the debt ceiling psychologically—and that probably is the principal purpose it serves. It should help us strive for a lesser deficit in the actions we take in other areas, such as in our consideration of appropriations. If we can accomplish that, I would think the American people would look upon our actions with a great deal of favor.

As I have already indicated to you, the $309 billion limitation presupposes a reduction of the deficit for the fiscal year by $2 billion below the level currently forecast by the Treasury Department. The additional $6 billion is not of significance in this respect because this is designed, and made available, only during the year for seasonal fluctuations in the receipt of revenues and the paying of the Government's bills. As I have already indicated to you, this leeway disappears before the end of the fiscal year as soon as the seasonal fluctuation in receipts and expenditures ends.

While I believe as strongly as any of you in the need for controlling government expenditures, nevertheless, I am convinced that the way to do this is through action on appropriation bills and not through a ceiling on the amount you can borrow to pay bills coming due. To place an unrealistic ceiling on the debt which does not take into account the appropriations already made is like an individual who continues to buy all he wants but says that he will no longer pay any bills after he has spent so much money. The responsible way to control spending is through the control of appropriations.

Controlling the appropriations we are acting upon this year, however, will have only a very limited effect on the expenditure level in the fiscal year 1964. About one-half of the expenditures in 1964 will arise from appropriations made in 1963 and prior years. The factor which is probably most significant in determining the level of government spending is the total appropriations made in the fiscal year 1963. In that year, although we spent $92.6 billion our total appropriations amounted to $101.5 billion. This means that the level of spending in 1964 will go up because the bills we incur in 1963 went up. The administration now says the total will be $97.8 billion. I believe it will be less than this.

Our action on appropriations this year will have its primary impact in 1965. If we can hold appropriations at, or below, $101.5 billion then this year we will have gained control over spending for 1965. This, in my view, is the responsible way to go at this problem of keeping a tight rein on Government spending.

Mr. Chairman, I think, too, there might be some misunderstanding on the part of many as to just how this matter of spending occurs and how we control it. Some reference has been made in the supplemental views of the committee that those of us who supported the tax bill, describing the road we wanted to be taken in the future by the Congress in these matters, have departed from our own statements by supporting a debt ceiling of $309 billion with $315 billion for a period of time during this fiscal year. I think that results from a failure to fully appreciate just how appropriations work and just how the spending of Federal funds occurs within the executive departments of Government.

Let me point out what happened in 1963, for example. The Congress appropriated a total of $101½ billion. That is what we authorized the executive departments to spend. We gave them $101½ billion to spend. Well, we know what the record was on June 30. We had finished the fiscal year, not spending that amount, but spending $92.6 billion. Now the chairman of the Committee on Appropriations has said on the floor of the House that he thought appropriations in 1964 would not exceed $101½ billion.

Well, no one is suggesting that the spending level in 1964 will be $101.5 billion. What it is, according to the administration estimate—which I believe is too high—is $97.8 billion for fiscal year 1964.

What I am saying is this, Mr. Chairman: Once we authorize a project or a program, and once we make available funds for that particular operation, those funds frequently are not spent within the year in which we make the appropriation. Because we appropriated $101.5 billion in 1963, and we actually spent $92.6 billion means that there was a carryover in the fiscal year 1964 of most of those unspent amounts in the payment of obligations coming due in 1964 that were actually created in fiscal year 1963.

In fact, about half of the money that will be spent in fiscal 1964 results from appropriations that the Congress has made either in fiscal year 1963 or in some previous fiscal year.

When we talk in terms of establishing a tighter rein with respect to Federal spending, we are talking in terms of a restriction within this appropriation process. If the Congress does not appropriate more in 1964 than it appropriated in 1963, then in 1965 less money will be spent than if the Congress appropriates more money in fiscal year 1964 than it did in fiscal year 1963. We attain the goal we want if we do not appropriate more money this time than we did in 1963, and we would materially improve the situation if the appropriations are less than they were in 1963.

It should be clear from what I have already said that the debt limit is not an efficient or effective method of controlling Federal spending. The only businesslike way to control expenditures is to control the appropriations from which they flow—or to change the terms of the existing laws which give rise to those appropriations. This becomes evident when we see how much of the expenditures in a fiscal year comes out of prior year appropriations and how much is otherwise relatively uncontrollable each year.

For example, the current estimate of administrative budget expenditures in fiscal 1964 is $97.8 billion. Almost half of this amount consists of interest on the public debt and outlays from balances of obligational authority granted in prior years. Included in these balances is $13 billion for military procurement, $3.6 billion for military research, development, test, and evaluation, $1.7 billion for military operation and maintenance, and $1 billion for military construction. To reduce substantially these and other expenditures out of obligated balances—apart from national security considerations—would require breaking contracts or otherwise reneging on legal obligations.

There are in addition, as the Congress is well aware, many expenditures that are not susceptible to administrative reductions in the short term since they are required under conditions set forth in the basic statutes or are otherwise relatively uncontrollable in any fiscal year. Included among these are veterans pensions, public assistance grants to States, and payments due under the agricultural conservation and the conservation reserve programs. Also in this category are the expenditures of the legislature and the judiciary, which the executive branch cannot alter. Expenditures for programs which are relatively uncontrollable in a short timespan are estimated to total $7.9 billion in fiscal 1964—excluding outlays from permanent appropriations, such as interest on the public debt, which are in the previous category.

In addition, the 1964 expenditure estimate includes $1.2 billion from 1964 appropriations for public works projects started in prior years by the Bureau of Reclamation and the Corps of Engineers. It would be wasteful and costly to stop work on these projects, and leave a number of them standing unfinished and idle. Also included in the total of expenditures is $1 billion from 1964 appropriations for continuing aid to State and local governments as authorized and appropriated by the Congress over an extended period of time—for example, the school lunch program. The Government clearly has a moral, if not a binding legal, obligation to meet the payments required.

An additional $30.2 billion of expenditures are estimated for pay, allowances, and other military personnel costs and for the remaining military functions of the Department of Defense. The Congress will agree that these expenditures should be based on national security needs and should not be subjected to arbitrary and disruptive changes for debt limit reasons. Expenditures out of current obligational authority for other programs of the highest priority and necessity—such as atomic energy, medical care for veterans, the postal service, Coast Guard activities, space, operation of the Federal airways—are estimated to total $7.3 billion.

All other activities of Government in 1964 are estimated to involve expenditures out of current appropriations of $4.8 billion. They include Public Health Service hospital and medical care, weather services, the conduct of foreign affairs, the manufacture of currency and coins, antitrust activities, the Patent Office, assistance for Cuban refugees, the suppression or prevention of fraud in the sale and trading of securities, the marketing of power generated by our hydroelectric projects, the maintenance of our national parks and forests, retraining of the unemployed, water supplies for water short areas, meat inspection, and protection against harmful cosmetics and drugs. Sharp reductions in expenditures for these activities, especially in a short time, would inevitably result in interrupting public services which are needed and expected by many segments of our population.

The problems come more clearly into focus when we take note of the fact that almost 5 months of the fiscal year have already passed and cannot be affected by efforts to cut back spending. Of the $4.8 billion estimated to be spent in the fiscal year 1964 for the regular governmental activities just described, over $2 billion has already been spent. If a $3 billion expenditure reduction, forced by an overly restrictive debt ceiling, were to be sought by cutting back on these presumably lower priority programs, they would all have to be abolished immediately for the remainder of the fiscal year.

The Government could, of course, attempt to reduce nominal expenditures in 1964 by deferring the payment of bills due for delivered goods and services until early in fiscal 1965. However, such a technique would tend to impair the Government's credit, would be costly to contractors, would raise the prices at which the Government purchases goods, and should not be given serious consideration under any standards of sound or orderly financial management. More significantly, such tinkering would not result in reducing Government expenditures. It would only change the timing of the expenditures and increase Government costs. It could not save any of the taxpayers' dollars.

We saw the results of this type of action in 1957, when the administration then in office was faced with an extremely tight debt limit. Payments to defense contractors were delayed, there were disruptions in defense programs and planning, and many experts believe there were resulting adverse economic effects which contributed to the recession of 1957–58. We would not want to repeat this experience. Nor do we believe it wise to be forced by a debt limit to use gimmicks to avoid borrowing under the debt ceiling, as was the case in 1957. Actions taken at that time included borrowing in the market by the Federal National Mortgage Association at a higher interest rate than direct Treasury borrowing, the use of $100 million of free gold in the general fund to help replenish the Treasury balance, and delaying the payment date for a new bond issue so as to avoid breaching the debt ceiling. These actions not only limited the Treasury's flexibility to finance Government programs, but also resulted in higher costs and less stable credit conditions.

At this point I am inserting a series of tables demonstrating in tabular form, the limited extent to which, from a practical standpoint, it is possible for us at this time to affect the 1964 expenditure total:

TABLE 1.—*Summary of estimated budget expenditures in fiscal year 1964*

	Billions
From obligational authority enacted in prior years and permanent appropriations (mainly interest on the public debt) (see table 2)	$45.4
From obligational authority for the fiscal year 1964 (excluding permanent appropriations):	
For major programs relatively uncontrollable in the current year under present laws (see table 3)	7.9
For major public works projects started in prior years (see table 4)	1.2
For continuing aid to State and local governments as authorized and appropriated by the Congress over an extended period (see table 5)	1.0
For programs of the highest priority and necessity:	
Military personnel costs (pay, allowances, etc.)	13.4
Other military outlays of the Department of Defense	16.8
All other (see table 6)	7.3

TABLE 1.—*Summary of estimated budget expenditures in fiscal year 1964*—Continued

	Billions
From obligational authority for the fiscal year 1964 (excluding permanent appropriations)—Continued	
For other regular Government activities, including diplomatic representation; manufacture of currency and coins; provision of weather services; Public Health Service hospital and medical care; regulation of trade, commerce, securities, etc.; Indian education and welfare; and additional aids to agriculture, commerce, transportation, etc	$4.8
Total expenditures	97.8

TABLE 2.—*Expenditures in 1964 from prior year obligational authority and permanent appropriations*

	Billions
Defense, military:	
Procurement	$13.0
Research, development, test and evaluation	3.6
Operation and maintenance	1.7
Military construction	1.0
Military personnel	.9
Permanent appropriations for interest	10.6
Commodity Credit Corporation	4.1
National Aeronautics and Space Administration	1.9
Foreign assistance:	
Military	1.1
Economic	1.5
Atomic Energy Commission	1.4
All other	4.6
Total	45.4

TABLE 3.—*Major programs for which expenditures are relatively uncontrollable under existing law in 1964* (*net of expenditures from prior year balances and permanent appropriations*)

	Billions
Veterans:	
Compensation and pensions	$3.9
Readjustment benefits	0.1
Agriculture:	
Agricultural conservation program	0.2
Conservation reserve program	0.3
Sugar Act	0.1
Public assistance grants to States	2.5
Legislative branch and the judiciary	0.2
International financial institutions	0.1
Unemployment compensation for Federal employees	0.1
Federal employees' accident compensation	0.1
Contributions to international organizations	0.1
Annual contributions to local authorities for low-rent housing	0.2
Total	7.9

TABLE 4.—*Expenditures in 1964 on major public works projects funded in 1964 but started in prior years* (*net of expenditures from prior year balances*)

	Billions
Corps of Engineers	$0.9
Bureau of Reclamation	.3
Total	1.2

TABLE 5.—*Aid to State and local governments* (*not elsewhere classified*) *as authorized and appropriated by the Congress over an extended period* (*net of expenditures from prior year balances*)

	Billions
School lunch and special milk	$0.3
Payments to States for experiment stations and extension service	.1
Payments to District of Columbia	.1
Federally impacted school areas	.1
National defense education	.2
Vocational rehabilitation	.1
Maternal and child health grants	.1
Total	1.0

TABLE 6.—*Programs of the highest priority and necessity, excluding military functions of the Department of Defense* (*net of expenditures from prior year balances*)

	Billions
NASA	$2.3
AEC	1.4
Veterans medical care and insurance	1.1
Internal Revenue Service, Secret Service and Customs	.6
Federal Aviation Agency—operations	.5
National Institutes of Health	.4
Postal service	.4
FBI, prison system and Immigration and Naturalization	.3
Coast Guard	.3
Total	7.3

If we impose a debt ceiling which is unrealistically low in view of the appropriations which had been made in the past, what is the result? We force the Secretary of the Treasury into the use of a number of questionable debt management devices which not only may be bad policy for the country but also may actually in the long run have the effect of increasing Government expenditures. What are the actions that we could take? Let me list them.

First. We could decrease the volume of Treasury bills outstanding by rolling over fewer of these bills as they come up for refunding. This will have the effect of decreasing the short-term interest rate. This, in turn, means that funds looking for short-term investments will flow abroad to obtain the higher interest rates available. As I have spelled out to you on previous occasions, this certainly would have an adverse effect upon our balance of payments.

Second. We could invest trust fund receipts and issues already available in the market rather than in new special nonmarketable obligations which is the usual procedure. This would seriously disrupt the bond market since these purchases would be concentrated in long-term securities in order to obtain the interest rates necessary for the trust funds.

Third. We could delay the investment of trust fund receipts. This would be a highly questionable practice since it forces the Secretary of the Treasury in effect to choose between his trusteeship for the funds and his more general stewardship for the financial affairs of the entire Government. In any event, this would deprive the trust funds of the interest income which they now receive and it would be necessary subsequently from the general funds to make up this loss of the trust funds.

Fourth. Another expedient would be to draw down the cash balance in the Treasury to a very low level concentrating this balance in deposits in a few large banks rather than spreading it among 11,578 commercial banks throughout the country. This could be expected to have a serious impact on the supply of credit in the areas in the country from which the accounts are withdrawn.

Fifth. We could have some of the Government corporations, such as FNMA, borrow directly from the public rather than through the Treasury, and thus with respect to a portion of the debt escape the statutory limitation. Borrowing in this manner is more expensive than borrowing in the usual manner and therefore in the long run would cost taxpayers more and is in the nature of back-door financing.

Sixth. If we were right up against the debt limitation, it would also be necessary to terminate payroll deductions for savings bonds. This certainly would be used only as a last resort since once these deductions are terminated, it would be difficult if not impossible to get them going again in the same volume later on.

Seventh. We could delay the payment of contracts, Government salaries, benefits, grants to States, and so forth. In other words, as I suggested previously, we could just not pay our bills. This, of course, would represent a hardship to all of those involved and also seriously injure the confidence in the U.S. Government.

Eighth. If the debt ceiling reverts to the $285 billion level which it will this next December if this bill is not enacted, it would be necessary actually to retire trust fund obligations probably to the extent of $20 billion or more. This would mean the loss of interest on these trust funds and place the present trusteeship arrangement under a cloud. Moreover, the interest lost to the trust funds as a result of such an action surely would have to be made up for out of general funds at a subsequent date.

What will be the consequences of not passing this bill? What would be the consequences if we get to the situation of having a debt limit of $285 billion? I can remember some years ago this very dark Friday in 1929 when the stock market crashed. I can also remember when the stock market broke a little over a year ago.

What would be the situation if the people of the United States suddenly awoke to the fact that the Federal Government was not in the business of paying its obligations; that payments due on every defense contract and every other Government contract would not be made because the Secretary of the Treasury did not have money coming in through taxes and had no authority to issue additional bonds? Let us think in terms of our responsibility, not only to ourselves and our own constituency at home, but also in terms of our responsibility as American citizens. Let us discharge that responsibility in a way that merits the confidence of those who have elected us.

Do you think they want us to bring chaos here in the United States? Do you feel that if you allow the ceiling to drop to $285 billion and nothing is done about it there will not be chaos? Do you think you are going to help solve the balance-of-payments problem if the Secretary of the Treasury suddenly has to discontinue the issuance of $2 billion of short-term bills each week? Where is that money going if it cannot be put in American securities? It is going abroad, is it not? All right: Do we want to make the imbalance of payments worse? Do we want to do that?

Do we want to create such economic uncertainty in this country that American business would not have any confidence in their investment of dollars that they now have? I do not know what the result would be, but I want those of you who are willing to vote against an increase in the debt ceiling at this time, knowing as you do that it means that on November 30 it will drop to $285 billion, to figure out in your own mind how by that action do you serve the best interests of the American people?

Oh, you say, I am not responsible for this debt. No, many of you are not. It would have been a whole lot less if everybody in the Congress had voted, as some have voted, against this or that program. But the majority has spoken. The appropriations are a matter of fact and we are called upon to vote on this debt ceiling on the basis of the existing appropriations—not what we would have preferred.

Now, let me ask you, my friends, who have opposed usurpation of legislative authority in the past by executive departments and the judiciary itself, do you want to put yourself in the position of encouraging the President of the United States to freeze funds and not spend what we have directed him to? Now, if we are going to do it, is it not fair that we give him the item veto which this Congress has never allowed any President of the United States? Maybe it would be well to have it but that is not the law today. So, what would you have him do when you give him a debt ceiling which is lower than the amount we have directed him to spend?

Mr. Chairman, if we want to set a debt ceiling on the basis of something less than what we have appropriated, let us not say to him, "We cannot do it, you do it."

Mr. Chairman, if we are not satisfied, let us go back to the authorizing committees and let us go back into the appropriation committee and take another look at those actions. But, for goodness sakes, let us not pass on to the executive department this right to determine what is to be spent and the sources from which we get our revenue.

Mr. Chairman, I do not want to go that road. I want us to permit these bills that are being created to be paid in an orderly manner. If you put too tight a pinch on the Secretary of the Treasury you are going to have a duplication of exactly what you had in 1957–58. I had the Secretary of the Treasury who occupied that seat then, within the last week, tell me that because he was in such a straitjacket with the ceiling, it cost the Federal Government many additional millions of dollars in the way of interest, in order to live within that ceiling. I am, of course, referring to the former very capable Secretary of the Treasury, Bob Anderson. We have recounted the details of this before.

Mr. Chairman, I do not believe that is the kind of economy we want to practice. I do not believe we want to pass on to some other branch of Government our authority to control the purse strings of our Nation.

Mr. Chairman, let us act in a responsible manner in the discharge of this constitutional authority which is reposed within us as Members of what I consider the greatest legislative body in the world.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. Mr. Chairman, the gentleman from Arkansas [Mr. MILLS] mentioned the psychological effects of this debt ceiling. Psychological effect on whom?

Mr. MILLS. On us; all of us. Would the gentleman from Missouri be in favor of taking it off? I would not.

Mr. JONES of Missouri. That was going to be my next question.

Mr. MILLS. I would not be in favor of taking it off. No; I think it does have a good psychological effect. It causes us to pause and look over our shoulder and perhaps become dissatisfied with what we have done in the past, and as a result of being dissatisfied with what we have done in the past, I think it will make us want to do better in the future.

Mr. JONES of Missouri. If the gentleman will yield further, the gentleman feels that by having a debt ceiling we are not going to spend or spend as much if we did not have a debt ceiling?

Mr. MILLS. I want to make my position perfectly clear.

Mr. JONES of Missouri. It is just a psychological effect, not a real effect?

Mr. MILLS. The debt ceiling itself—unless you fix it at a specific level and everyone agrees it will not be changed again—does not stop spending. That would be the situation we would be in on November 30 unless this bill passes. It is quite evident, whether you have one specific ceiling or another that this does not necessarily mean you are going to spend up to one ceiling or another. We demonstrated that in 1963. Actually we were told in 1963 that we needed a ceiling of $307 billion and we provided that because that was our best judgment. But the deficit was not $8 billion, it was $6 billion. As a result we could have gotten by with a lesser ceiling. But the ceiling itself did not bring about the reduction in the deficit.

Mr. JONES of Missouri. Can the gentleman fix or envision any particular amount that he feels we should adopt as a permanent debt ceiling?

Mr. MILLS. No, because I do not know what the Congress is going to appropriate in years in the future.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Washington.

Mr. PELLY. Will the gentleman agree with me that there is something more than psychology about a debt ceiling? In other words, we have $20 billion of authority in various agencies of Government to borrow. The ceiling that existed has prevented agencies of Government from exercising that authority to borrow from the Treasury, which the Congress has granted in past years.

Mr. MILLS. I do not know that the ceiling has had any effect in this area. If the ceiling is too tight then you are going to have more and more of spending and borrowing by the back-door approach. I think we can all agree on that. The ceiling must be high enough to accommodate these agencies having access to Treasury borrowing if we want to save money, because they are not going to borrow that money directly from the public as cheaply as they can get it from the Treasury.

Mr. PELLY. Would the gentleman also agree that we have agencies that can borrow from the Treasury, and without the specific approval of the Congress lend money out, such as the REA, for snow machines and for ski lifts, and that Congress has no authority over that spending at all?

Mr. MILLS. We make what we call permanent appropriations. Those appropriations are for a time. They do not lapse at the end of the year. We make those kind of appropriations and the money is kept within the agency. If they are lending it out and it is paid back, the agencies may relend it. There are many agencies that enjoy these appropriations. This is one of the reasons why the figure of so-called uncontrolled expenditures is as high as it is. This is not just the REA, but a combination of various agencies.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Illinois.

Mr. COLLIER. I do not necessarily subscribe to the thought that we could establish a permanent debt ceiling. The gentleman in a reply to a query of the gentleman from Missouri said that we could not establish a permanent debt ceiling because we did not know what the Congress would appropriate.

Mr. MILLS. As I remember, he asked me what I thought a permanent ceiling should be and my answer was I could not tell him what I thought a permanent ceiling ought to be because I did not know what the appropriations of the Congress are going to be in the future, and I did not know what the revenues are going to be. At this particular time we could have a permanent debt ceiling of $315 billion and we would know that we could live this year within that ceiling. In fact we would not need it for all of the year. What would happen next year I do not know.

Mr. COLLIER. That is true, but if we did establish a limit on the debt ceiling for any given number of future years we might not know what Congress would intend to appropriate but we would certainly know what Congress could not spend.

Mr. MILLS. It would have that effect if we were sure we all stuck to it, and future Congresses would abide by it, but I am not sure that is the responsible thing to do.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from South Carolina.

Mr. DORN. I should like to know if the distinguished chairman of the Committee on Ways and Means, who we all love and respect, would care to comment on the statement of the gentleman from Texas during debate on the rule that we have already paid $32 billion of this debt.

Mr. MILLS. I do not want to get into an argument with my friend from Texas, who is chairman of the Committee on Banking and Currency. However, I have always considered the matter in a slightly different way from that which he has. It is true that on certain occasions the Federal Reserve may hold as much as $30 billion or more of Federal securities and it may be that they buy those securities through money that is printed. As I see the question we get back to the issue then of taking from the Federal Reserve the authority to regulate the supply of money. We would be doing it directly through the Treasury. People do classify such action in terms I will not use, but I would think if that is to be done it should be done within the gentleman's own committee through amendment of the Federal Reserve Act rather than to try to do it through amendment of the Liberty Loan Act, which is the legislation that the committee has before it at this time. I do not know whether the Federal Reserve ought to come to Congress for appropriations or not. If it should is a matter for the gentleman's committee to decide. I do not want to get into that.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Illinois.

Mr. PUCINSKI. When the tax cut bill was here in the House the gentleman made a very impressive speech talking about reductions in expenditures. I think the Congress has done reasonably well in carrying out the chairman's ideas, since that speech. Do I understand the increase we are now discussing is to take care of previous needs?

Mr. MILLS. Absolutely, the gentleman is right; much of the spending in 1964 is attributable to prove appropriations.

Mr. Chairman, I urge passage of H.R. 8969 in the form in which it was reported.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, I would first like to get back to reality and away from the dire consequences the chairman has suggested if this House in its wisdom were to vote down this request to increase the debt ceiling. Of course these dire consequences forecast by the chairman would not result unless the administration desired them. The administration would be back here immediately, as indeed they should be, with the figures necessary for us to figure out just what the expenditures level for fiscal 1964 should be in light of our revenues.

The administration presently bases this request for $315 billion on an expenditure level of $97.8 billion, which incidentally is $1 billion less than the figure they gave us this January of $98.8 billion. But note the freedom with which the executive branch, can change this figure without any reference to the Congress, from $98.8 to $97.8 billion.

The chairman of our committee has moved this debate forward by pointing out, which is very true, that the request for $108 billion that the administration made in its budget for fiscal year 1964 for new obligational authority is not planned to be spent in fiscal year 1964. About 40 to 50 percent will be spent in fiscal year 1964 and the balance of this new obligational authority is scheduled for expenditure in fiscal year 1965, fiscal year 1966, fiscal year 1967, and so on.

Now the question immediately comes to mind, under this legislative appropriation process, when this fiscal year began on July 1, what was the carryover authorization unspent from previous appropriation bills? It was carried at $87.2 billion in the budget of January of this year. That was the carryover. The expenditure rate for fiscal year 1963 declined from $94.3 billion to $92.6 billion, I am happy to report—because we did use a debt ceiling, I might say as a device to control expenditure levels. So there is a carryover of another $1.7 billion. This adds up to an $89 billion carryover.

If the Congress gave the President the $108 billion that he is requesting, and I hope that the gentleman from Missouri, Chairman CANNON, is correct and that it will only be $101½ billion—but if it were $108 billion, there would be $108 billion plus $89 billion—$197 billion—of available spending authority from which the President can spend in the fiscal year 1964. It is only the President who sets the rate of that expenditure. Although these expenditure authorizations are related to legislation to some degree, the rate of expenditure is largely in the hands of the executive. And rightly so in my judgment. After we have appropriated, some programs, because of a change in circumstances, require either speeding up or slowing down the rate of spending. Maybe a new technique in military science has been developed so that we can actually spend intelligently and contract intelligently in a period of 2 years instead of 4 years. Then there is a speed up. On the other hand, perhaps, something has become obsolete or there is no longer reason to spend. Every President of the United States—Eisenhower, Truman as well as President Kennedy—has frozen funds, and because of these factors they have accelerated programs or decelerated programs. In the budget and accounting act, we require the President each January not only to give us his budget for the coming fiscal year beginning on July 1 of that calendar year, but a reestimate of what his expenditure rate is going to be for the fiscal year we are just concluding—the final 6 months until July 1. The spending rates may vary. As the result of our action on the previous debt ceiling bills, where we did not give the President what he asked for, the effect was a saving in the debt, as for example, when the President authorized an increase in the $305 billion debt ceiling back in March and in the wisdom of the Committee on Ways and Means, we did not grant to him that authority.

Mr. Chairman, for the first time since I have been following these figures, we saw an April estimate of expenditures for that year below what it had been in January—yes. Before that, all the other estimates had been increases. The debt ceiling bill that comes up here periodically is not just an exercise any more nor is it just psychological. This debt ceiling legislation actually has become a legislative device where the Congress has an opportunity to exercise its judgment on expenditure rates for a particular fiscal year.

I must disagree with the chairman of the Committee on Ways and Means when he talks about this giving away authority to the President that the Congress has over expenditures. Quite to the contrary, it is permitting the Congress for the first time to interject its viewpoint and its judgment on expenditure levels in a given fiscal year, what the expenditure level should be from this pool of $197 billion in relation to our anticipated revenues. The Committee on Ways and Means is in the business of trying to figure out what our revenue from taxes will be and we have to adjust those figures periodically every 3 months or every 6 months. Likewise, I think in this budget process, it is important to relate expenditure levels—the utilization of this authority to spend which the Congress has granted—to these revenue estimates. Of course, the ultimate and basic control—how full you fill this pool of expenditure authority is the appropriation process. The rate of flow out of this pool which must be related to revenues is the budgetary process. Should the pool be filled to $197 billion or should it be cut back to $180 billion? Indeed, I suggest that it probably should be cut back to $180 billion, through the appropriation process. But the rate of flow out of the pool for a given year should relate to our revenues. Up until the past 2 years, when we developed this debt ceiling technique, Congress has never developed any mechanism nor any technique for exercising its judgment on the expenditure levels for specific fiscal years.

Now, the point is this, as I see it: The President said in January that this expenditure level for fiscal year 1964 was going to be $98.8 billion. In his testimony before the Committee on Ways and Means just a week ago the Secretary of the Treasury said the administration has revised those expenditure figures to a $97.8 billion figure.

I asked the Secretary of the Treasury this question and I ask this question on the floor: What has happened to the expenditure level of fiscal year 1964, which began on July 1 of this year, as a result of these continuing resolutions on appropriations? Those resolutions are cast in the words that the expenditure level must remain at the level of 1963. Right? We heard the chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON] make that remark. I interrogated him a bit on the floor and asked what does that mean. Does it mean the executive departments and agencies cannot put on additional employees? Well, that is what he thought it meant. According to the testimony before the Ways and Means Committee that is not what the executive department thinks these continuing resolutions mean. We should get into this in the Congress and clarify this matter.

It is certainly true that for 6 months now—July, August, September, October, and now November and probably December—for 6 months now the bulk of

Federal expenditures under these continuing resolutions should be at the level of fiscal year 1963, which is $92.6 billion and not $97.8 billion.

On page 39 of the hearings is the question I directed to the Director of the Budget. I asked him, Well, what about these continuing resolutions? How has that affected your estimated expenditure level of $97.8 billion? Read what he said. He did not have the figures. He said, "I will supply them for the Record." I then asked him to supply for the Record what this effect would be. Read what has been supplied in the Record. They still do not have the figures or, at least, they say they have not. I guess we should take their word, although I can say this: If the Bureau of the Budget wanted to get those figures and send them in, it could so do. However, the final sentence of this prepared statement inserted in the hearings afterward says:

> However, in response to the request the Bureau of the Budget is undertaking a special study of the matter to see what information can be obtained and will submit a report to the committee as soon as the results are available.

This report should show that the expenditure levels for the 4 months of fiscal 1964 which have already passed, and the fifth month that we are now going into, were closer to the $92.6 billion level of 1963, which they are supposed to relate to, than they are to the $97.8 billion which is the basis for this request of $315 billion. This is the reason why the Republicans do not have available an alternative figure for the consideration of the House. It is the basic reason why we do not have available for the consideration of the House a motion to recommit, saying "No. We should not have $315 billion, but we think what they can justify is $313 billion or $312 billion or $310 billion," because the data has not been given to us by the executive department. That data should be available.

If we vote down this bill now—and I hope we do—you can bet your bottom dollar that the dire consequences forecast by the chairman of the Ways and Means Committee would not occur. The administration will be back in saying, "Gentlemen, here are our figures. Yes. You are right. We only need to spend $94 or $95 billion"—and I suspect $94 billion is about right—"We do not need $97.8 billion." So we could cut $4 billion at least off of this $315 billion.

What is the reason for talking about differences like $3 or $4 billion? Because it is exactly that which will require the executive department to cut the expenditure rate for fiscal 1964 down to these levels. Instead of financing $9 billion additional bonds, with the economic consequences of going to the marketplace, to market these bonds or selling these bonds through the Federal Reserve System and creating more money based upon them, we would have to market only $5 billion. The difference in marketing $5 billion, rather than $9 billion that the Secretary of the Treasury has told us we are going to have to market, would be the consequence of voting down this bill. I think it is important. I might say this: If we were able to hold the expenditure level to $95 billion—I would say $94 billion—for this fiscal year and $95 billion for the fiscal year 1965 instead of about $105 billion, which I think the President has in mind, then indeed I could stand before you and say, Yes, we can have the tax cut; because I can then see the economic benefits which would result from the tax cut in increased revenues. The result of freeing up the private economy might give us a balanced budget at the end of fiscal 1965. That is why this is significant and why it does relate to the tax bill.

I was just looking to see if our chairman was here; I do not see him. But I must make some remarks on one of the statements that he made. He talked about the fact that the Treasury Department had said that there would be a $9 billion deficit and that he, as chairman of the Committee on Ways and Means, felt that that deficit would be more like $7 billion. Here is the point specifically. I hope the chairman is right, that it is $7 billion. But the request for $315 billion by the Secretary is based on an assumption of a $9 billion deficit.

If the chairman of the Committee on Ways and Means is correct and it is $7 billion—and I would like to think that it will be $7 billion—then we can exercise this kind of control through a debt ceiling lower than $315 billion. The point is, of course, that the Secretary of the Treasury has said that he can get by with a $315 billion debt ceiling in the face of a $9 billion deficit. If the chairman of the Committee on Ways and Means is correct and the deficit is $7 billion we could get by with a $313 billion debt ceiling.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman.

Mr. BYRNES of Wisconsin. That covers the point I wanted the gentleman to mention. The chairman, and their majority, even in their report, talk about this as though the deficit for the fiscal year 1964 will be about $7 billion. If that is the case, the figure of $315 billion in this bill is automatically $2 billion in excess of what they need.

Mr. CURTIS. Yes. Let me point this up further. The recommendations on this side of the aisle—and this is not to prove anything except that our judgment was not in error—when we recommended cutting it back $2 billion in one motion to recommit—actually as we look at it in retrospect we find that we could have lived within these lower figures.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield.

Mr. JONES of Missouri. Mr. Chairman, as I understand, the gentleman says that he feels it would be a mistake to go back and leave this at $285 billion, but he thinks by recommitting it and reanalyzing it, we would come to some figure between $285 billion and $306 billion, is that correct?

Mr. CURTIS. Three hundred and fifteen billion dollars that they have got.

Mr. JONES of Missouri. The $309 billion, plus $6 billion?

Mr. CURTIS. This is a temporary on a temporary.

Mr. JONES of Missouri. Let us put it this way: In other words, you are for increasing the debt limit from $285 billion?

Mr. CURTIS. I would say this to the gentleman, that this is necessary. The debt is actually around $308 billion. This is already there.

Mr. JONES of Missouri. That is what I am trying to get at.

Mr. CURTIS. Yes; that is right.

Mr. JONES of Missouri. If the gentleman will yield further, in other words, it is necessary that we do increase it?

Mr. CURTIS. Oh, there is no question about that. As a matter of fact we already have the bonds out.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. We tried in our motion to recommit, that was made last June when we were considering the debt limit at that time to bring the permanent debt ceiling up to a more responsible figure and at that time we said that the $285 billion was meaningless, and we acknowledged it. We suggested at that time that the permanent ceiling come up to $305 billion.

Mr. CURTIS. Yes.

Mr. JONES of Missouri. Mr. Chairman, if the gentleman will yield further the thing that confuses me, and I think it confuses a lot of people, is this: Your committee has been discussing this for a long time, and you have all the figures, as I understand it, but you are making a straight motion to recommit rather than with instructions to bring it back with a certain amount. That is the thing which I cannot understand.

Mr. CURTIS. That is the thing I was trying to explain to the gentleman, because the Treasury Department did not give us these figures which we need about which we are talking. I asked them to supply for the record a detailed statement of what is the impact of the continuing resolutions which we are still operating under on the estimated level of expenditures in the budget for this year, for fiscal year 1964, at the level of fiscal year 1963, which is $92.6 billion. What is that effect on the $97.8 billion projected expenditure level of the administration? Our point is that we know very well that it must have been cut some, but we need to know those figures. The Treasury Department can give them to us, and if they give us these figures we can advise the House as to whether it should be $310 billion, $311 billion, or $312 billion.

Mr. JONES of Missouri. If the gentleman will yield further, I have the greatest respect for the gentleman speaking and for the other Members on the minority side. Does the gentleman mean to tell me you have asked for these figures and the Treasury Department will not give them to you?

Mr. CURTIS. See page 39 of the hearings. Do not take my word for it. Read it. I was shocked to see, even after I left the record open and said to the Director of the Budget that if you do not have your figures yet supply them for the record. However, in response to the request they state that the Bureau of the Budget is undertaking a special study of the matter to see what information can be obtained and will submit a report to the committee as soon as the results are available. That was what was told us in the information which was furnished later for the record.

In other words, they came to us, before us, without having done their homework.

Mr. JONES of Missouri. Did he indicate when the results would be available?

Mr. CURTIS. No, sir. But let me say this. The figures are available, and if they do come back with them, which I suggested would occur, of course the expenditure levels for 1964 would show up to be lower.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CURTIS. What I am saying is that the dire consequences, of course, will not occur. We do not want it. No one wants that. What would happen is that the executive department would come back with these figures that they should have had in the first place. Incidentally, the Committee on Ways and Means learned of the figure of $315 billion just the very day that the Treasury Department came before us to testify. This was just a week ago. They have had these figures, some of them at least, the figures which they did not give to the committee.

So, a part of our problem is lack of information and the kind of information which is important in order to figure out just where the debt ceiling should be.

I might say to the chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS], I hope the gentleman is right about the $7 billion deficit rather than $9 billion. The point I was talking about earlier when the chairman of the full committee had stepped off the floor is that the $315 billion is predicated upon the $9 billion.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Arkansas.

Mr. MILLS. No, it is not.

Mr. CURTIS. Yes, it is. The Treasury Department said they could live with it.

Mr. MILLS. If the gentleman will yield further, the $309 billion is the figure that is not predicated on a $9 billion deficit. That is predicated on a $7 billion deficit.

Mr. CURTIS. I do not happen to share the chairman's enthusiasm for his split of the $309 billion and the $6 billion on top of it. I regard this as the $315 billion debt ceiling. It is the $315 billion that the Treasury says they can live with. Yet, if there is a $7 billion deficit, as the gentleman suggests it might be, and I hope the gentleman is right, then it should be $313 billion. Based upon the same figures, and the Treasury Department agrees, because they have agreed to the $315 billion——

Mr. MILLS. If the gentleman will yield further, as we point out in the report, on page 6, the gentleman from Missouri will recall that the Secretary of the Treasury wanted $311 billion and we provided $309 billion.

Mr. CURTIS. I do not know what he might have had in mind. Of course, he is going to bargain, and I believe the Congress should get into this bargaining too. Sure, he cut from $11 to $9 billion, and we have come in with a $315 billion ceiling. I may say to the Chairman if we could use a $7 billion deficit instead of $9 billion the Treasury is using, it could be $313 billion.

Mr. MILLS. Whether the deficit is $9 or $7 billion at the end of the year, that is when the requirement for $315 billion would exist, as the gentleman knows. It is in the table in the RECORD.

Mr. CURTIS. The gentleman must realize this is predicated on an expenditure level of $97.8 billion. I am thinking with the expenditure level less it, should be and can be less, and the Congress should exercise its judgment over rate of expenditures. If it is less than the $313 billion is right, but the Treasury agreed on the $315 billion.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Let us get the $309 billion straight. The only way you can tell what your deficit picture is in a year's time is to take your debt on June 30 of one year, subtract the cash on hand and you get your net situation. Then do the same thing the next June 30. I think the chairman will agree the difference between those figures will give you the deficit that has been incurred; is that correct?

Mr. MILLS. That is correct.

Mr. BYRNES of Wisconsin. On June 30, 1963, we had a debt of $306 billion. We had $11 billion in cash. So that the net situation was $295 billion as the net debt. Now, you add onto that $9 billion of additional deficits, what will your situation be then on June 30, 1964? It will be a net debt of $304 billion. The chairman will also admit that what the Treasury has estimated in here is an $8 billion cash balance. That is what their figures are predicated on. You add that $5 billion to the $304 and you have $309 billion.

Mr. MILLS. The gentleman will recall a statement of the Secretary of the Treasury, at the end of the fiscal year on the basis of his projection with $7 billion of cash on hand, if that $7 billion is added to the $304 billion—the Secretary said that before the committee—if you add that to the $304 billion you come to $311 billion. He said he will have $7 billion on hand because we cannot retire more than a certain number of outstanding obligations. That will leave him with that much cash. So that $7 billion is going to be there. So if you take off that $309 billion you come out with a net debt of $302 billion which provides for a $7 billion deficit this year.

Mr. BYRNES of Wisconsin. I think we had better reexamine exactly what the Secretary did, and what the tables show as far as the cash balance that they used, what flexibility is needed and what the ultimate debt is.

Mr. CURTIS. The House is now listening to some of the matters and problems that go on in the consideration in the Ways and Means Committee. I happen to agree with the gentleman from Wisconsin [Mr. BYRNES] in his interpretation, but regardless of whether this is right or wrong, the fact remains that the debt ceiling requested is based upon the $97.8 billion expenditure level that the Treasury anticipates, and it comes back to what I have been trying to point out, that this level is what the Congress should exercise its judgment on, in light of our anticipated revenue and in light of the problems connected with marketing additional bonds. The fewer bonds we have to market the better the economic climate. I would also point out the fewer bonds we have to market the more a tax cut will be meaningful in helping the economy move forward.

I would like to develop one point, if I may, because there still in a way is a big loophole in this debt ceiling technique, and I think the attention of the House needs to be directed to it. It lies in one of the inadequacies of Federal budgeting and accounting procedures. Expenditures in the Federal accounting system is a single entry for what frequently should be a double entry. The entry should be, first, increased revenues, unrelated to expenditures, and second, increased true expenditures. For example, when the administration sells off Government assets, this does not go into the revenue side of the budget, it goes in to cut down the expenditure side of the budget. For example, in this year's budget there was, I forget the exact figures, but let us say a $6 billion request for new obligational authority to spend in agriculture, which was a decrease of $1 billion from the previous year. It looked like it was a decrease in expenditures. But that is single-entry bookkeeping. Actually there was an increase of about $1.5 billion in current expenditures in agriculture, but they have sold off $2.5 billion of Commodity Credit Corporation assets. So the single-entry process confuses the true picture.

When I was mentioning earlier in my remarks the fact that expenditures were cut as a result of the imposition of a lower debt ceiling than the administration desired earlier this year, to my regret it was not really a cut in current expenditures. The Government sold off about $1 billion more of assets than it had originally contemplated, and that is what the $1 billion in expenditure reduction really was.

Frequently we have this kind of sale of marketable assets. On page 36 of the committee hearing you will see the total of the assets we have available. It is a total of about $28 billion. These are not all marketable. There are only some of these that can be marketed.

But in a certain sense I happen to be perfectly at ease about this process of putting pressure on the Federal Government to sell off some of these assets. Others may disagree with me on my theory but you should know about it. I am glad because I want to get the Federal Government out of some of these kinds of businesses and securities. On the other hand, I wish there were not this sort of loophole that does exist under the use of the debt ceiling to direct expenditure rate reform. But it will produce expenditure reform as we run out of marketable assets to sell, and I urge my colleagues to vote this bill down.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Chairman, you are witnessing today the disavowal of the old adage that only experts should rush in at this juncture of a debate of this kind. It is obvious to all of us who have listened to our distinguished colleague from Missouri that he has today, as always, given painstaking thought and consideration to the very important basic problem with which we are faced.

Those who have been privileged on previous occasions to listen to our distinguished chairman know that he always knows what he is saying and always says it very well. But, Mr. Chairman, I have implicit confidence that the objective of this great body of ours is always to reach its deliberation and its final conclusions with an utter and complete sense of fairness. We can utter all the hopes, we can utter all the aspirations, we can indulge in all the theories that we want to, but we are today faced with a very realistic situation, as has been pointed out by our chairman. I am delighted that in his colloquy with the gentleman from Missouri he called pointed attention to the table appearing on page 6 of the report and the language immediately following that table. For, Mr. Chairman, the Committee on Ways and Means has come in with a recommendation that is, in fact, $2 billion less than the Secretary of the Treasury had asked for. I think the final form of this bill is a tribute to the care and deliberation that is always given by the majority of that great committee. It seems odd to me, indeed, that the separate views of the minority members of the committee, ranging as they do from Representatives from the east to the west coast and from Wisconsin to Texas, come with a unanimity that is somewhat surprising and I daresay somewhat unique.

But those separate views, Mr. Chairman, in my opinion seem to be based upon the supposition that cutting the debt limit is the way to control expenditures. You and I know that the public debt is the result and not the cause of spending. By and large the commitments under appropriations are made far in advance of the actual spending, and the Chief Executive, whoever he may be, cannot assume that when the Congress provides for these commitments, it means not to make good on them. Hence, in my reasoned opinion, the Chief Executive must proceed on the assumption that when the bills payable come due months or even years later that the Congress will authorize that Executive to borrow the money required to discharge those obligations.

That Executive must make such an assumption, and if the Congress later prevents him from borrowing the money to pay the bills, it is then too late to undo the commitments made and the only alternative is to defer paying those bills.

Mr. Chairman, this is not a new kind of concept. It has always worked in exactly that way. It worked exactly that way in 1957 when the previous administration was forced to defer paying bills. No expenditures were cut back. Expenditures were only postponed, and in the fiscal years following, from 1955 to 1959, expenditures increased by $16 billion under that administration during the very period when it was forced to use admittedly and obviously expensive methods to avoid piercing the debt limit. A tight debt limit forced that course of action, but it did not control expenditures.

Mr. Chairman, it will, in my opinion, always work that way.

Budget growth has consistently accompanied national growth. President Eisenhower was able to make substantial cuts in the budget, but only as a result of the ending of the Korean war. Thereafter in the years of his administration, expenditures trended upward as the country grew and as our responsibilities increased. In the 5-year period from 1955 to 1959 expenditures went from $64.4 billion to $76.5 billion, an average annual rise of $2½ billion.

Mr. Chairman, this is not a partisan matter. Each President in modern times has been forced to spend more than his predecessor. Thus, the late President Roosevelt outspent President Hoover and with allowance for the special case of the Second World War, President Truman outspent President Roosevelt. President Eisenhower continued this trend by outspending his predecessor.

Despite his present protestations, while he was in office, President Eisenhower recognized the inevitability of a growing budget with a growing nation, for in his budget message of 1960, he said:

> Inescapable demands resulting from new technology and the growth of our Nation, and new requirements resulting from the changing nature of our society, will generate Federal expenditures in future years. * * * We must not forget—

President Eisenhower said in that message—

> that a rapidly growing population creates virtually automatic increases in many Federal responsibilities.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to my colleague from Illinois.

Mr. COLLIER. Mr. Chairman, I am always interested, as my distinguished colleague from New York pointed out, in the fact that expenditures have increased from the Hoover administration over the previous administration and so on. The fact of the matter is, as we all know, that the spending policies are pretty much established by the Congress and not by Presidents. Presidents do not spend more than the previous President. I think the problem before us is not what the spending necessarily was under any previous administration but what the Congress itself, with its sense of responsibility, feels must be done to curb this constant and consistent increase in the rubber debt ceiling.

Mr. KEOGH. Precisely. And I agree with the gentleman, but I will say this to him: forcing the Treasury Department to operate under an arbitrarily low debt limit will not accomplish the objectives he seeks and that most of the Members of the House seek.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. Yes. I yield to the chairman of the committee.

Mr. MILLS. Certainly I think all of us will agree with the statement of our colleague from Illinois in his analysis of the situation. I would think his position in that regard would lead to the conclusion that since Congress is the cause of the situation and since Congress sets this in motion, that the Congress would expect the Secretary of the Treasury to be in a position to pay these bills when they come due.

Mr. KEOGH. And it makes more difficult, I might say, Mr. Chairman, the gentleman's joining with his able colleagues on the minority side in the separate views on the pending bill.

Mr. COLLIER. Mr. Chairman, will the gentleman yield again?

Mr. KEOGH. Yes. I yield to the gentleman from Illinois.

Mr. COLLIER. I will say that when we speak in terms of the Congress, while we have a collective responsibility, certainly Members of this body have an individual responsibility, and those who have contributed to the need for this debt limit increase in their voting over the years for the spending programs are primarily charged with the moral responsibility of supporting the debt limit increase.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MILLS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KEOGH. Mr. Chairman, I just would like to point out some of the things that have happened and will continue to happen in this country. Between fiscal years 1962 and 1964—and the trend is expected to continue long beyond 1964—the volume of mail will grow 6.5 percent. The number of visitors to our national parks will increase by 5.5 percent. The number of visitors to our national forests will grow by 23 percent. Beneficiaries under the old-age and survivors insurance program will increase by 15 percent. The number of veterans or survivors receiving pensions will rise by 11 percent.

The average number of recipients of military retired pay will increase by 31 percent. Aircraft landings and takeoffs at airports with Federal towers will go up by 12 percent. The number of patents granted will rise by 17 percent. Passports issued will increase by 27 percent. The number of meals served to schoolchildren under the school lunch program will grow by 11 percent. Poultry inspected before sale to consumers will rise by 17½ percent.

The number of disabled persons receiving vocational rehabilitation services will increase by 32½ percent. Recipients of public assistance financed through Federal grants will increase by 9 percent. Nonagricultural job placements by the U.S. Employment Service will increase by 9 percent. The number of coins minted will rise by 18½ percent. The number of citizens checked for reentry after trips abroad by the Immigration and Naturalization Service will increase by 19 percent. The number of applications to the Federal Communications Commission for licenses for new TV stations will rise by 76 percent. Safety investigations of motor carrier vehicles by the Interstate Commerce Commission will go up by 12 percent. The FBI's investigation workload in criminal, security, and civil matters will increase by 4 percent.

These I point out, Mr. Chairman, to defend the proposition that this still is and will continue to be a great and growing country and we who are privileged to represent our people in this great body will face up strongly and courageously to the growing responsibilities and we will, in accordance with that, pass the pending bill.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman.

Mr. PELLY. Is it not true that as the Nation grows and our expenditures grow in the same fashion there is the pattern of the increase in income of our Treasury?

Mr. KEOGH. That is true. And we, in the bill that we recently passed and sent to the other body, are trying to make the contributions of the individuals and the corporations of this country more nearly reflective of what they should be.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman.

Mr. MILLS. The gentleman from New York was present when the gentleman from Missouri, in answer to his colleague the gentleman from Missouri's [Mr. Jones] questions, pointed out that the debt ceiling could not be permitted to revert to $285 billion at the close of business on November 30. And I think the gentleman from Wisconsin today on the floor said virtually the same thing.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman.

Mr. BYRNES of Wisconsin. There is not any question that in fact we have at this time a debt that exceeds the $285 billion ceiling.

Mr. MILLS. Mr. Chairman, will the gentleman yield further?

Mr. KEOGH. I yield.

Mr. MILLS. It is my understanding in the matter of where the ceiling should be, whether it should be $315 billion for this intervening period or some lesser figure, that this figure of $309 billion at the end of the fiscal year could not, in my opinion, be reduced by any amount if the bill were reconsidered by the Committee on Ways and Means. Whether or not the $315 billion under any instructions from the House could be reconsidered or reduced I do not know, but I want to make it clear that I do not see any possibility of this $309 billion figure being reduced.

Anyway, if we all admit that this $285 billion ceiling is undesirable, unattainable, unworkable, unfeasible, that it has to be something higher than that, then are we going to argue in the light of the experience that we had in the fiscal year 1963 about a $1 billion difference in the ceiling for this interim period? We had a ceiling in excess of the needs for 1963. The gentleman from Wisconsin suggested that $305 billion was more in line with the actual need at the end of the year than the $307 billion, but because we had a higher ceiling than the $307 billion, that did not mean that we spent everything that could be spent within that ceiling. Actually, there was a reduction.

Mr. KEOGH. Exactly.

Mr. MILLS. All I am trying to point out is that this ceiling itself may not have any effect whatsoever on the deficit, whether it be $7 or $9 billion, as we have experienced the situation in the fiscal year 1963.

Mr. KEOGH. Exactly. I would like to say, Mr. Chairman, as I listened carefully, as I always do, to our very able and astute colleague from Missouri, he talked about single entry and double entry and talked about the difference between 9 and 7 as being 2 and the difference between 311 and 309 as being 2. I only want to advise him that I rather got the impression from him that he wanted to discuss the same two twice. I do not know how that comes into single-entry or double-entry bookkeeping.

Mr. CURTIS. No; it is the same $2 billion. But I was pointing out, I might say, that the real figure is $97.8 billion which I suspect is more probably correct.

Mr. KEOGH. We heard the gentleman mention that figure. But I think it is far more realistic and far more sensible to assume that the spending will be at that rate rather than some lower rate that has not yet come into being.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman from Illinois.

Mr. PUCINSKI. The distinguished gentleman from New York has helped me clear up some points in my mind, but I would like for him to help me clear up this point: The gentleman from Wisconsin [Mr. Byrnes]—I wonder if I could have his attention—said in the colloquy with the gentleman from Missouri [Mr. Curtis] that the net debt in June of 1964 will be $304 billion. Now, if this figure is correct—and this is the answer which I am seeking to the question I have raised—if this figure is correct, then it would appear that this Congress and the previous Congresses have increased the national debt, or will have increased the national debt, by June 1964, by $14 billion as against $23 billion in the last previous 6 years.

We hear a great deal about budget busting and everything else around here. Just how do we relate that to the $304 billion figure that the gentleman from Wisconsin used?

Mr. KEOGH. I would be delighted to yield to the gentleman from Wisconsin to reply to the gentleman's question, but I will simply say this to my friend, the gentleman from Illinois, and that is this: I think the use of that figure of $304 billion is indulging in that "net debt" term which means that you take the outstanding securities and you subtract from that figure the amount of cash you have on hand. I have never fancied that and never approved of it.

The gentleman from Wisconsin, being the great advocate of the net debt theory, I shall be glad to yield to him for an answer.

Mr. BYRNES of Wisconsin. I am not advocating anything. I am suggesting though, and I think the chairman will agree with me, that the only accurate way to determine how much you have gone in debt as between June 30 of one year and June 30 of next year, is to look at the combined aspects of the cash on hand and the debt less cash as of the two times, and you cannot get around it.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the distinguished chairman.

Mr. MILLS. I think it is appropriate myself—if my friend will pardon me disagreeing with him—I think it is appropriate myself to think in terms of what it is that we owe that we cannot pay with the cash which we have on hand, since that term has arisen, net debt.

I think the American people would be interested in knowing that we did not actually have $306 billion on June 30, at the end of the last fiscal year, that we could repay. We only had $295 billion which we could not repay with all cash on hand.

But the point which I keep impressing is this: This is not allowing for a $304 billion net debt on June 30, 1964. On the basis of what the Secretary told us, and what is contained in the report, this is based upon $7 billion of cash and a net debt of $302 billion, which means a $7 billion deficit rather than a $9 billion deficit.

Mr. KEOGH. Mr. Chairman, I have concluded my remarks. I urge passage of H.R. 8969 as reported by the Committee on Ways and Means.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. McLoskey.]

Mr. McLOSKEY. Mr. Chairman, for the third time this year we are being asked to raise the national debt limit. It seems to me this request comes in poor taste, particularly in light of the failure of this administration to carry out its promise to curtail excessive Federal spending.

I remember quite well the President stating, "We shall limit outlays to only those expenditures which meet strict criteria of national need." High sounding words, and words which all of us should subscribe to.

As Al Smith once said though, "Let's look at the record." I submit to you that the President's actions on public works, area redevelopment, and social programs too numerous to mention have established a record that defies anyone to demonstrate his commitment to these words of promised economies.

Neither do I mean to imply the President is entirely to blame. The Congress itself has certain duties and responsibilities. I say "a plague on both your Houses."

The record of this Congress is not one to be proud of, and we have been just as derelict and have demonstrated almost as much hypocrisy as the President.

A minority group in this House, Members of both sides of the aisle, has attempted to curtail this excessive spending by casting votes against many of these give-away programs.

The rising debt clearly demonstrates our failure in this attempt. Now it seems to me the only course left is to refuse to raise the debt ceiling—then we shall be forced to reduce spending.

It is not my desire to embarrass any Member of this body, but I cannot see how some of these Members, who today are pleading and voting for this increase in the debt ceiling, can reconcile their position.

These are the same Members who not too many weeks ago were making great appeals for the passage of a tax cut. Have they now forgotten the statements they made on that occasion?

Let me refresh your memories by quoting from the Congressional Record.

> I am for economy.
>
> I believe the Federal budget can and should be balanced and that we should have an end to the series of recurring deficits of recent years.
>
> We have in our hands the power to limit Government expenditures and I do not believe we will abdicate our responsibilities.
>
> If we achieve our prosperity by the route of big government spending, we will surely be sounding the death knell.
>
> For my part I pledge continued vigilance to cut Federal expenditures.
>
> What we want to be concerned about is that the present rate of spending is not permitted to get out of hand.

Mr. Chairman, these are only a very few quotes taken from the Record. I recommend to the membership that each of you go back and read some of the debates which have occurred this year.

We cannot be both "fish and fowl"—either we mean what we say or else we just make these speeches for home consumption.

I, for one, believe the time has come when we must either fish or cut bait. We cannot do both, and I recommend we get back on the sound track of fiscal responsibility before it is too late.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. Knox].

Mr. KNOX. Mr. Chairman, we are today debating the vital subject of public debt ceiling legislation. We are doing so for the third time in this session of Congress. Because this exercise is now being carried out several times each year, rather than on an annual basis, as in years past, it seems to me we should take advantage of the opportunities presented to us to make the temporary debt ceiling a truly effective instrument of expenditure control. While my colleagues and I continue to plead for this approach, I am realistic enough to be pessimistic about its being adopted. Nonetheless, I think it would be useful for us to examine this opportunity that has been given us and consider the possibilities and alternatives open to us, along with their probable results.

In years past, whenever proposals were set forth to raise the temporary debt ceiling, proponents of whatever level was being asked, relied chiefly on two arguments. They were, first, that Congress had already appropriated the money and must now honor its commitments, and second, that any national debt ceiling lower than that proposed would serve only to severely restrict the Treasury Department in its management of the debt, and grave warnings were set forth on what disastrous results would follow such restrictions. While these arguments were tenuous at best to begin with, they clearly do not hold water today. There are two reasons for this: First, the glacial slowness with which this Congress is carrying out the appropriation process; and second, the certainty that we will be in virtually continuous session from now until the end of the fiscal year and beyond. The first factor makes it possible to use the debt ceiling as a truly effective instrument for expenditure reform and control, and the second insures that no undue restrictions will be placed on the Treasury in its management of the national debt through its various bond transactions. Through judicious use of debt ceiling legislation, we could be in the enviable position of encouraging further needed reductions in new obligational authority and at the same time exercise a real measure of control over current expenditures. We can do this today, but not with the bill which is now before you.

Six weeks ago, we heard some brave talk about getting on a new road and away from the road of profligate Federal spending. Unfortunately, the administration, if it ever got on that road, which I doubt it did, detoured almost immediately and resumed its trek down the well-worn rut of runaway spending. Literally within hours of the time the gentleman from Arkansas, Chairman Mills pointed this Congress down the "new road" President Kennedy repudiated this direction with calls for starting vast new projects to cost millions of dollars as part of the administration's "conservation of votes" program. And it took only a couple of weeks more for the majority of the Committee on Ways and Means to get back in the old rut through reporting the bill that is before you now. Adoption of this bill today will make the "statement of intent" embodied in the tax bill worth less than the paper it is printed on. Even a cursory examination of the present status of the budget and appropriation bills and the current pattern of expenditures quickly reveals that the proposed temporary ceiling of $315 billion does nothing more than give the executive branch carte blanche to continue spending at a rate far in excess of the levels which fiscal responsibility and prudence dictate. This bill would bury the "new road" in an avalanche of Federal spending in direct contradiction to the intent and concern we expressed just 6 weeks ago.

As recently as 10 days ago, during our debate on continuing appropriations on October 28 the gentleman from Missouri, Chairman Cannon, of the Appropriations Committee set forth a cogent, but vivid explanation of where we stand fiscally in this Congress. These materials, examined in connection with the hearings and report on H.R. 8969 before you, make a number of things abundantly clear.

First, it is apparent that the administration has not taken this House seriously in its expressions of concern on Federal spending, nor does it expect that reductions in appropriations from budget requests will have any substantial effect on expenditure patterns for the balance of this fiscal year.

Secondly, the administration and the majority of the Ways and Means Committee have reported to you a debt limitation based not upon appropriation cuts already made and expected to be made. It is not even based on further restrictions on expenditures.

One of the things that concerns me about this proposed increase in the public debt ceiling is the absence of knowledge on the part of the Congress and the public as to what the specific Treasury request would be prior to the appearance by the Secretary of the Treasury during the hearings by the Committee on Ways and Means. It seems to me that proper consideration and study can be given to this important subject only if there is opportunity to study a specific administration request prior to the time it is formally presented to the Congress in a public hearing.

The members of the Committee on Ways and Means had to wait until the presentation of the Secretary's prepared testimony before the committee before we were aware of the nature of his request. Public witnesses were denied an opportunity to testify before the committee because the details of the Treasury proposal were denied to such interested public persons, even though they took affirmative action to inquire of the Treasury in regard to this matter. Surely the proper management of our fiscal affairs does not entail hasty last-minute decisions as to what our fiscal requirements will be for the balance of this current fiscal year. Regrettably it is possible, and perhaps even likely, that last-minute political decisions were made as to what the Treasury would request. If this is true, then there certainly is no magic in the $315 billion ceiling now proposed by the administration. If political consideration provided the criteria on which such a judgment is made, I think it is particularly appropriate for the House to decline to approve the authority requested in H.R. 8969 and return it to the Committee on Ways and Means, so that we can ask the Treasury Department for a more mature and earnest evaluation of our debt ceiling needs, based on fiscal facts rather than political fancy.

In conclusion, Mr. Chairman, I respectfully join my colleagues on the minority side in the statements which they have uttered. I might say that I wish I could join my fine, distinguished chairman of the Committee on Ways and Means, an outstanding Member of this House, in the views which the gentleman has expressed. However, I am unable to do so because of the fact that they are contrary to the views which I have.

Mr. Chairman, back in 1936 I was elected to the Michigan State Legislature from my district. I was elected for eight consecutive terms. I went to the legislature a conscientious young man with the thought that I was going to help the people who elected me to the best of my ability. I believe I must have succeeded in some degree because of the fact they continually reelected me until I decided I was no longer to be a candidate for the Michigan Legislature and came to the Congress of the United States.

I came to the Congress with the same views and the same determination that I had at the time I went to the Michigan Legislature. However, I must say since I came to Congress my views have not changed personally but they are diminishing to a degree because of the medium in which this Congress and other Congresses I have served in have overridden the views I had and have expressed.

It reminds me of a doctor, and I want to call him Dr. Debt, because I think that is what this is. Dr. Debt is now about to give the people of this great Nation another injection with a hypodermic needle. That injection will undoubtedly leave its scar on the unborn. Many of the injections that the people have received up to this time have not completely healed. This will be an injection that the people will long remember—another increase in the national debt, the third in this session of the Congress.

Is this the manner in which the Congress is supposed to operate? Or are we going to stand up and be counted as people who believe we should live up to our fiscal responsibilities and provide the necessary funds in order to carry on the things that we deem are advisable and needed as far as this Nation is concerned?

I am also alarmed and I am concerned. I want to say that I believe in the best judgment of this House. If the majority of the membership would join in supporting the motion to recommit, maybe it would get more knowledgeable information relative to what should be done in order to keep our financial house in order. I am going to vote for the motion to recommit that will be offered by the minority side because I am convinced beyond all reasonable doubt that this is the sensible and the proper thing to do in reference to an increase in the national debt. It is my hope my colleagues of the House will join me in this effort.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Chairman, I would like to associate myself with my colleagues on the minority today in the views they have expressed. I would like to refer once again to the report so that my colleagues may see what the separate views are that we have presented. I shall revise and extend my remarks and include this in more detail.

The gentleman from Missouri and the gentleman from Wisconsin and others have expressed themselves well. Some of the things the chairman has said I agree with. With others I must disagree.

Mr. Chairman, all of us on the Ways and Means Committee realize there must be a debt ceiling increase, but we must act with fiscal responsibility. Of course, we know that Government incurred bills must be paid. Of course, we know that we cannot at this time fall back to the $285 billion level. However, we do not believe that a level so high as $315 billion is now needed, even temporarily.

Debt ceiling limitation has a real place in the fiscal management of our Government. Debt ceiling can be used to control the rate of expenditure, and we do not intend on our side to endeavor to repeal expenditures voted by the Appropriation Committee. This would not be realistic nor correct procedure.

However debt ceiling has been used as a gimmick. Increases are seldom temporary. Some have vainly tried to use it as a check rein on Government which has no limitation on spending, borrowing or taxing. The sky is the limit.

Perhaps we should repeal the debt ceiling mechanism. Or we could make it a practical tool—to aid in controlling the rate of expenditures, which now is entirely in the hands of the Chief Executive. The course of fiscal responsibility championed by the minority members of the committee would demand that debt ceiling be used as it should be to level out the rate of expenditure, and we can do this by limiting the income of debt ceiling to the lowest ceiling practicable. We Republicans know that $315 billion is several billions too high.

Surely, as the minority we should exercise such fiscal prudence as is possible. Certainly we must support our case by pointing out that President Kennedy and the Democratic leaders have increased yearly spending to a level by fiscal 1965 $23 billion above the level in fiscal 1962, and have increased the debt $25 billion in the same period. It seems to me we should exercise every possible effort to control Federal expenditures.

The debt ceiling of $315 billion shows clearly that the administration has abandoned any effort to reduce expenditure, as promised so many times, and $315 billion implies a fiscal 1964 spending level of $99 billion which is absolutely too high. Reduce that level several billion, as clearly indicated in the tax bill debate would be the Democrat effort, and the debt ceiling level could be substantially below $315 billion. Compounding this basic flaw is the lack of accurate data to specify correctly the necessary debt level. The Budget Bureau did not supply the requested information as seen on page 39 of the hearings.

So we should vote for the recommit of the bill and return to the House with a ceiling based on accurate information. Such a recommit would result in a ceiling level of several billions less.

There are some Members, I am one, that are tired of "picking up the tab" for the big spenders who vote for the appropriations and against the debt ceiling. We consistent opponents of such spending by refusing to support high level debt ceilings may encourage a more statesmanlike approach to Federal spending and use of the debt ceiling.

When the gentleman from New York [Mr. KEOGH] points out the nonpartisan character of debt ceiling by pointing to the Eisenhower administration he obscures the fact, intentionally or not that the big spending and debt ceiling hikes resulted from Democratic Congresses, not the Republican President. The deficits and big spending were Democrat sponsored and passed. It is the Congress that appropriates, not the President.

The truth is, and we of the minority recognize it and are concerned, that Federal spending is out of control, and now we are being told that we must not try to control such spending by use of the tools at hand. Debt ceiling has a place in spending. Indeed it is the only statutory limit on Federal spending.

As for me, I believe that what is needed overall is a constitutional limit on the Government's powers to spend and borrow. Personally, I believe we must have an annual balanced budget and that Congress should not adjourn yearly until such a balance is reached, and that budgets must be balanced yearly. What is really needed is an agonizing reappraisal of spending priorities. Of course, this involves the appropriation procedures. Until we can do this and have a forced balanced budget, we can use the debt ceiling to control rate of expenditure.

If we vote to recommit, we will force this fiscal control on the administration. Limiting the debt ceiling to a lower figure will be a step in the right direction, toward fiscal responsibility. If the recommit passes, a new and lower debt ceiling figure will be presented to the House. So we should vote for recommit and, failing this, vote against the bill. It is never too late to try to restore fiscal commonsense in our national affairs.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, notwithstanding the fact that this is the sixth time in 3 years we have been called upon to raise the statutory debt ceiling, I think all of us here know that we will be back once again before the end of this 88th Congress to again increase the debt ceiling.

I think the frightening overtone is the fact that Government expenditures for fiscal 1964—and think of this—are running at an annual rate of over $197 billion.

When we look at the situation with which we are faced today, it is reminiscent to the chap who went to see the psychiatrist because he was plagued, had worries and frustrations. When the psychiatrist began to delve into his problems he could not put his finger on what he thought might be the cause of these frustrations, so he asked the patient to describe his normal daily routine. Whereupon the psychiatrist was told by the patient that he generally arose about 7 in the morning, had the maid fix him a nice breakfast, following which he got into his Cadillac and drove to his office. At noon he generally sought the companionship of one of the attractive young ladies in his office, whom he took to lunch, where they indulged in a couple of martinis and a light repast and sometimes an after-dinner drink. At 5 o'clock he went home, and later in the evening visited a swank restaurant and had a steak dinner before attending a musical comedy or stage show.

The psychiatrist asked the patient if he disliked this type of life. The answer was, "No, he did not." Said the psychiatrist, "What then is your problem?" To which the patient replied, "Doc, perhaps it is because my salary is $75 per week." I think this can be applied to some degree to the frustrations that many of us have here today—particularly those who have been constantly aware of the fact that we cannot spend year after year more than the revenues produced. There are many of us who recognize that, perhaps, it would be politically expedient to support certain appropriations for the programs that come before this House, but do not do so realizing that we have a responsibility to keep spending in line with revenues. Thus we forgo the political harvest of not supporting some of the programs which have political appeal. Always as the debt limit bills come before this House, we are told as today that we are faced with an immediate problem and that we have a responsibility to support an increase in the debt limit. When we consistently see the expansion of the Federal Government—when we witness as frequently as we do an indifference on the part of the majority of the Members of this House to make any effort to cut Federal spending—when we find ourselves today with a bureaucracy that now embraces some 2,000 commissions, boards and bureaus—when we merely look at the fact that in the Department of Agriculture 25 years ago we had 36,000 employees while today we have more than 100,000 employees notwithstanding the fact that there are half as many farms in the country today as there were then, we become resentful of the fact that we are placed in the position we find ourselves today.

The present astronomical debt ceiling is purely and simply the result of a refusal on the part of the majority of the Members of this House to face the fiscal facts of life. When it is said that if we do not support a bill to increase the debt ceiling, we are not squarely facing our responsibilities, I would merely suggest to the House membership that responsibility is a two-way street; and that we are going to have plenty of time in the months ahead to indicate whether we are concerned with the sick fiscal condition of this country. Then is the time to face up to responsibility by occasionally forgoing that which is politically expedient and recognizing that we cannot continue to spend more and more each year than the revenues produce. If we act responsibly we will not be back time and time again to increase the public debt which now draws annually some $11 billion in interest out of the pockets of the taxpayers of this country.

I think we ought to vote to recommit this bill and let it go back to the committee where we can come out with a piece of legislation that is more realistic than the one that is before us today.

Mr. Chairman, I yield back the balance of my time.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. Herlong].

Mr. HERLONG. Mr. Chairman, one of the Members asked a few minutes ago what the difference was between fiscal responsibility and fiscal irresponsibility, and I suppose I could tell him that fiscal responsibility is what our side believes in. The same someone also said that Government waste is spending in the other man's district, but that it is economy to spend in our own district. But, seriously, this is the third time in this 1st session of the 88th Congress that it has been necessary to come back here to the House and ask for some action on the national debt.

Mr. Chairman, can a Member of Congres who believes in holding down spending afford to vote for the third time in one year to increase the national debt ceiling? To get a satisfactory answer to that question, we have to first understand just what the debt ceiling is.

Too long, a lot of people have tried to create the image that a vote against increasing the national debt is an economy vote. Is it? If I could be shown that it was, I would vote against the bill myself.

The national debt is the amount of Government obligations that are outstanding. We do not owe this money to ourselves, as some people would have you believe. It is owed to specific entities—individuals, corporations, trustees, and the like. We had to borrow this money for the simple reason that Congress has appropriated more money through the years than we have taken in in revenue. It is just as simple as that.

Every time we come to a vote on increasing the debt ceiling to take care of what we have appropriated and authorized to be spent, it seems that remorse sets in and we are sorry that we have charged so much at the store. There are some who think that the way to cure the situation is simply not to pay what we owe. Is that sound financial management, or even good personal financial management?

I am not going back through the years to detail year by year how much more we have spent than has come in but I will say that in fiscal 1962 we appropriated $92.9 billion, but in that same fiscal year we spent only $87.8 billion. In 1963 we appropriated $101.5 billion and we spent only $92.6 billion. This year the distinguished chairman of the Appropriations Committee says that he believes that the appropriations will be held at the level of last year's appropriations or $101.5 billion. I hope and believe we can do even better than that.

I think it is significant that the Congress has backed up the Appropriations Committee this year in every one of its requests for reductions and not 1 penny has been added to the various bills of the Appropriations Committee on the floor of the House.

Even though our appropriations will be held to the present level or less, it is not anticipated that there will be spent this year more than $97.8 billion. It is true that this figure of $97.8 billion reflects an almost exactly $10 billion increase in spending in 2 years. I suppose this is the spending to which the minority objects.

Let us just look for a minute to see what has brought about this increase. Let us break down this $10 billion. In 1962 our national defense expenditures were $51.1 billion. It is estimated that this year they will be $55 billion. This is an increase of $3.9 billion of the $10 billion. The space program spent $1.3 billion in 1962 and it is estimated will spend $3.8 billion in fiscal 1964—an increase of $2.5 billion. Commodity Credit Corporation will cost $200 million more in this year than it cost in 1962. The salaries of Government employees have been raised since 1962 and this adds about $2 billion. The welfare program matching funds for State welfare programs and for the medical care program have increased since 1962 $1.1 billion. In addition to this, the interest on the national debt has increased in this same period of time by $1.4 billion. If you add all these increases together, you get a total of $11.1 billion.

I do not know how many of you would cut down on any of these programs that have been increased, but I do know that there was no substantial opposition to any of them when they came up in the House. So, while we have increased spending by $10 billion in the past 2 years, we have accounted for over $11 billion of it in the programs I have outlined which means that in totaling all the other programs such as mutual security, veterans programs, housing and community development and all the other programs, there has actually been a reduction over these 2 years in the actual amount of money spent.

In the minority views, the burden of their whole argument is that we are in fact increasing spending in spite of all that Congress has said in the tax bill recently passed about holding down spending. I wonder which of these programs that I have mentioned they would want to eliminate in order to keep our spending at the 1962 level, for instance. Would they want to cut back on defense spending, the space program, the matching funds for the States on the public assistance programs? Maybe they want to cut down on the interest on the national debt? It would be nice if we could, but here you have a problem in which there is a little more involved than just actually paying the interest on the outstanding bonds.

There is a little problem of the balance of payments, which some of you may have heard something about. One of the reasons that so many of our dollars are overseas today rather than here is because interest rates on oversea investments have been higher and have brought greater returns to the investors than domestic interest rates. Every dollar that goes overseas further complicates our balance-of-payments problem. In order to encourage the dollars to be invested here instead of overseas, then, Treasury has had to attract this money by offering short-term obligations with a higher interest rate somewhat more nearly equaling the interest rate the investor could get if he sent his money overseas. Of course, a part of this increase in the interest on the debt has been because of the fact that the debt has been higher, but another part of the cost has been attributable to higher short-term rates in an effort to curb this dollar flow away from the United States.

Again, the debt is higher for the simple reason that even though our spending has been held consistently at a rate considerably below our appropriations, spending still has not been held as low as our income and that is the real reason we have a debt. This matter of balancing a budget in a business as big as the U.S. Government cannot possibly be accomplished overnight, as some people would like the American people to believe that it can be done.

This is a long range program and as long as we continue to appropriate more money than we take in, we are going to continue to have an unbalanced budget. This is so elementary that I am sure anyone can understand it. How else then, can we get a balanced budget except by reducing appropriations? Does anyone expect us to achieve a balanced budget by reneging on the obligations we have heretofore made? This appears to be the approach suggested by the minority in their separate views. Even if we were to hold down current appropriations to the level of our current income, which all of us recognize is not going to happen, we would still have to spend more money in this fiscal year and the next fiscal year than we take in for the simple reason that we have already charged at the store $87 billion worth of goods and services which we have not even taken delivery on yet, but when the the time comes for these packages to be delivered, they are going to be delivered c.o.d. and Uncle Sam is going to have to pay for them. Or as an alternative, say we do not have the money and renege.

We had some experience a few years ago in trying to operate within an unrealistic debt ceiling. Now, the minority seems to feel that if we clamp this ceiling down real tight, this will be the only way that Congress can effectively hold down spending. Well, will it?

In 1957 and 1958 we had an inadequate debt ceiling during the Eisenhower administration. The minority feels that while a tight ceiling might keep the Kennedy administration from spending money, they have to admit that it did not keep the Eisenhower administration from spending money. They engaged in a number of manipulations, such as borrowing money at higher interest rates on nonguaranteed obligations of FNMA outside of the debt limit, postponing payments to contractors and the like with the results that it cost the taxpayers at least $17 million more in interest than they would have had to pay if we had had an adequate ceiling at that time. Was this sound debt management—and would it be today?

This $17 million extra burden on the taxpayers is bad enough, especially when it did not have to be spent, but the worst part of this type of operation is what it does to business, what it costs the Government by reason of the fact that you are simply going to have to pay more for goods and services if the contractor has reason to believe he is going to have to wait for a longer period of time for his money. This series of manipulations in 1957–58 has in some quarters at least been given as one of the principal reasons of the 1958 recession and if we cut the debt limit back to $285 billion, as the minority would have us do today, I shudder to think of the consequences. I certainly do not want to be a party to it.

The recession of 1958 and the consequent congressional action that was taken to try to ride over it resulted in a deficit of $12.4 billion in fiscal 1959. Of course, I do not say that all of this can be attributed to the fact that we did not have an adequate debt ceiling in 1957–58, but I do say that it did help set off a chain reaction and which is responsible for at least $12.4 billion of the debt we have today.

Does anyone seriously believe that the way to cut spending is to cut the debt limit back to $285 billion effective December 1? What would happen if this bill were recommitted? It would mean that we would have on December 1 a debt ceiling of only $285 billion. We would have outstanding on that date, if nothing was done in the meantime $308.8 billions of obligations—and to reduce this amount to $285 billion we would have to retire $23.8 billion worth of these obligations prior to December 1.

To retire $23.8 billion worth of these obligations we would have to substitute for them, nonguaranteed, outside the debt limit, securities which would cost us more money. Or we would have to call in some of the interest-bearing certificates that are now being held by the various trust funds for which the Government is the trustee, such as the social security funds, the railroad retirement fund or the civil service retirement fund and the like.

There are at this time some $57 billion in the various trust funds which are invested in these Government obligations. We could call $23.8 billion worth of them in and instead of paying interest as we are today in order to help the actuarial soundness of these funds, we would simply say to the various beneficiaries of the fund that you no longer have an interest-bearing certificate to show for this money—you now have a credit on the Treasury. Then when you come to the Treasury for your money, the Treasury would not have the cash with which to pay it, with the result that we would either have to at that time increase the debt ceiling to permit the Government to borrow the money to give them after having already done violence to the actuarial soundness of the various trust funds, or we would just have to say to the people who get the social security checks each month that we cannot pay you this month.

Does anyone here believe that this kind of manipulation is sound debt management? I urge upon you to look at this whole debt ceiling problem as it really is, and not as to the image that some people would like to create. How can a man who wants to hold down spending vote at this time to increase the debt limit? I say simply, how can he do otherwise if he believes in sound and economical debt management.

Mr. CURTIS. Mr. Chairman, would the gentleman yield?

Mr. HERLONG. I would be happy to yield to the gentleman from Missouri.

Mr. CURTIS. I think the analogy which the gentleman is using is the flaw in his argument. These actually have not been contracted for. Congress has simply given the Executive the authority to do the contracting, but the Executive has not spent it. That is the point. The Executive has control over whether he commits these funds with private concerns, and others. This is the key to the debate, as I see it.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I would be glad to yield to the gentleman from Arkansas.

Mr. MILLS. As I understand the gentleman from Florida, the gentleman is pointing to those orders which have been placed but on which delivery has not yet occurred, but for which there is a firm contract to make payment when delivery does occur; is that right?

Mr. HERLONG. Yes; including also the other moneys which have not all been obligated as far as contracts are concerned. I used the total $87 billion figure, which is the whole backlog of appropriated moneys that have not been spent.

Mr. CURTIS. If the gentleman will yield further, I agree with the gentleman from Arkansas. Of course, only $87 billion is under contract. But the total figure which the gentleman from Florida was using was the carryover balance.

Mr. HERLONG. I used the total carryover, a great portion of which has been obligated, as I am sure the gentleman will agree.

Mr. CURTIS. That, I can go along with.

Mr. HERLONG. Mr. Chairman, it is being suggested that this bill should be recommitted to the committee. Then what happens? Then we have to come back again. Are they going to oppose again what would be suggested, or are they going to offer something else as an alternative at that time? I do not understand the thinking of those who suggest a recommittal, without suggesting an alternative.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Illinois.

Mr. COLLIER. I understood the gentleman to say earlier that we could not balance the budget overnight. Does the gentleman believe we can balance the fiscal 1965 budget and, if not, why not?

Mr. HERLONG. We cannot balance the budget overnight because we have a backlog of already appropriated money that is in excess of the revenues that are coming in. That is why we cannot do it. That is an accomplished fact, and we cannot go back and turn history back again.

Mr. COLLIER. When the gentleman says "overnight" does the gentleman from Florida mean the next budget, since the current budget is already six months in operation?

Would he balance the fiscal 1965 budget?

Mr. HERLONG. If the next budget that is presented to the Congress shows requests for new appropriations no greater than the amount of revenue that is anticipated to come in, we would still have an unbalanced budget next year because the expenditures that have already been obligated over the past few years are going to be more than the amount we are going to appropriate for the next year.

Mr. COLLIER. I am sure the gentleman knows that in setting up the budget for the next fiscal year—I am not talking about the current fiscal year—you merely have to take into consideration those obligations which are committed and submit a budget which could be balanced based on the anticipated revenue. The fact of the matter is if you get this tax reduction, which is a tax reduction on borrowed money, then you cannot possibly have a balanced budget.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from Florida knows that the tax bill pasesd by the House is not the cause of any $7 or $9 billion deficit. The gentleman also knows that the tax bill which passed the House would reduce revenues in fiscal 1965 by approximately $3.5 billion; and in fiscal 1964 would reduce revenues by $1.8 billion; is that correct?

Mr. HERLONG. That is correct.

Mr. MILLS. What makes the deficit is not the passage of the tax bill, but the passage by the Congress of $101.5 billion of appropriations in the year 1963 and 1964, and if we do it in the year 1965 we will make a deficit again. That is what makes the budget deficit, and that is exactly why this bill is necessary.

Mr. COLLIER. That is not directly the reason, perhaps, but certainly no one can deny that a loss of revenue, as a result of enactment of the tax reduction bill if it becomes law, would contribute to a deficit. That is the thing we are talking about.

Mr. MILLS. If the deficit in 1964 is $9 billion, or $7 billion, as some of us think it may be, that is taking into consideration the effect upon revenues of the tax bill that passed the House, and it is far below what was initially suggested the deficit might be last January.

Mr. HERLONG. May I say to the gentleman we have many problems here in connection with the management of this debt. We have had experience in the past with an inadequate debt ceiling causing the manipulations that were engaged in, in 1958. There are those people who believe the recession of 1958 and the consequent congressional action that was taken to try to override that recession which resulted in a $12.4 billion deficit in 1959 was at least partly attributable to the fact we had too tight a rein on the Secretary of the Treasury at that particular time.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Washington.

Mr. PELLY. Earlier in the gentleman's statement he referred to the fact that we have a permanent debt ceiling that is unrealistic. What I would like to know is, Why has the great Committee on Ways and Means continued to have a permanent debt ceiling that is not realistic and from time to time have to bring out these temporary debt ceiling recommendations?

Mr. HERLONG. I would like to see a more realistic ceiling myself, but this is a fact with which we are faced at this time.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Arkansas.

Mr. MILLS. As I recall, when we passed the debt ceiling bill last May, and then again 2 months later, on a temporary basis, we passed it by nine votes. I do not believe we would materially enhance the situation if we came forward today with a suggestion for a permanent debt ceiling of $315 or $320 billion.

Mr. HERLONG. I would like very much to see a more realistic debt ceiling but at the same time it is a fact with which we are faced at this time.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. HERLONG. I yield to the gentleman from Michigan.

Mr. JOHANSEN. If I understand the gentleman's line of argument with regard to the process we are going through here today and have twice before, attempting to correct the matter of deficits and of excessive spending now is like trying to bring the patient back to life by an autopsy or a post mortem operation. If a patient dies from acute alcoholism the fact is disclosed by the post mortem. Is not that correct?

Mr. HERLONG. That is correct.

Mr. JOHANSEN. Is not the basic purpose of the post mortem to learn some lessons about what caused the death and then profit by those lessons in the future? I wonder if there has been any disposition to learn from the three or four or half dozen post mortems we have had over the last couple of years.

Mr. HERLONG. I think there has been something learned and that we will learn some more. Certainly the spending this year is going to be less than they said it was at the beginning of the year. This is at least something. Some people say it is a token cut. Others say it is significant. It depends on which side of the aisle you sit. But I think it is significant myself.

Mr. BAKER. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I would like first to ask the gentleman from Arkansas a question which I have asked him previously, but I cannot remember when because there have been so many of these bills to increase the debt ceiling. But there is a law which provides the Treasury with a cushion of $5 billion. What use is being made of that law?

Mr. MILLS. What law is the gentleman referring to—is he referring to cash balance?

Mr. GROSS. There is a law on the statute books which provides that the Government in time of financial stress and strain can issue $5 billion worth of Treasury certificates. It is the bill which the late and distinguished Senator Taft, of Ohio, called a "printing press money bill" when it passed the Congress.

Mr. MILLS. That is still an appropriate name for it in the opinion of many. That was enacted, as I recall, as the result of a Senate amendment to an agricultural bill in 1933 or 1934.

Mr. GROSS. It came a little later than that, I think.

Mr. MILLS. It was before the gentleman and I came to the Congress. But, I believe it was around that time anyway. That law has never been used. Would the gentleman from Iowa prefer that that process be used?

Mr. GROSS. I merely ask what use has been made of it.

Mr. MILLS. If we did not have authority to issue obligations under the Second Liberty Bond Act, it might have to be used sometime—I would hope it would not have to be.

Mr. GROSS. I would too because the Government could have at the expiration of this law—and it used to be extended every 2 years and now it has been extended for 4 years, if memory serves me correctly—the Government could have outstanding at the end of the life of this law $5 billion of printing press money, and the only way we could ever get that huge sum back would be to tax the people; tax those dollars out of circulation. The gentleman will agree with that; will he not?

Mr. MILLS. Yes, I would. It would be money in circulation through the printing press process.

Mr. GROSS. Now, I would like to say to the Members of the House that apparently you will have a bill before you in the not distant future to provide a pay increase for all employees of the Government including the Members of Congress—a $10,000-a-year pay increase bill. The argument will be made if and when the bill comes to the floor of the House that the Members of Congress are the directors of a corporation known as the Government. That bill is going to mean a minimum annual increase in salaries of $600 million. It will also mean total increases over the last 15 months, that is from last October to the first of next year if the bill is enacted, of $1,600 billion-plus in the payroll of the Federal Government, and it will bring the total yearly payroll up to approximately $16 billion. It will be argued, as I said, that Members of the Congress, as the directors of this corporation should each have a $10,000 salary increase to $32,500. So we will have, if that bill is voted, the unholy spectacle of the directors of this Government corporation, some of whom today, and perhaps too many having previously voted for an increase in the debt ceiling to accommodate their own pocketbooks. In other words, the directors will be paying themselves a bonus for making it possible to plunge the corporation deeper and deeper into debt.

They will be paying themselves a bonus for helping to mismanage the affairs of this country.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Certainly I will yield.

Mr. JOHANSEN. Does not the gentleman feel what we are working so laboriously on here today in jacking up the debt ceiling for the third time in a year would merit and earn for the Members of this Congress a $10,000 a year pay increase?

Mr. GROSS. No, I do not really think that. I am afraid I cannot agree with the gentleman.

Mr. JOHANSEN. Of course, the gentleman knows that the gentleman from Michigan making the inquiry does not believe that, either.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. BAKER. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GROSS. I understand that the gentleman made that statement with tongue in cheek.

Mr. JOHANSEN. Will the gentleman yield further?

Mr. GROSS. Yes, I will yield to the gentleman.

Mr. JOHANSEN. This is a bonus for bankruptcy which curiously was voted out of the Committee on Post Office and Civil Service the very day that this legislation before us today was voted out of the Committee on Ways and Means. The gentleman in the well heard my colloquy with the gentleman from Florida. Does the gentleman think there is any evidence that has been given by the administration or the majority in this Congress that it is taking the cure from the kind of fiscal alcoholism that created this very situation?

Mr. GROSS. There is not one scintilla of evidence that all of these arguments or discussions or debates on the debt ceiling increase have had any effect at all. A perfect example is the pay increase bill that has already been voted out of the Committee on Post Office and Civil Service.

Mr. JOHANSEN. If the gentleman will yield for one further question, I notice in the tax bill the declaration that Congress "by this action recognizes the importance of taking all reasonable means to restrain Government spending and urges the President to declare his support of this objective."

Does the gentleman believe a $1,650-million increase in Federal payrolls in 15 months represents all reasonable means to restrain Government spending?

Mr. GROSS. Certainly not.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I will yield to the gentleman.

Mr. DERWINSKI. First I want to say, if the gentleman from Iowa will permit me to comment on it, that it would be fair to speak for the entire House to say that none of us will quarrel with the gentleman from Iowa for receiving this pay increase. However, that is not the reason why I take the floor. I would ask the gentleman if perhaps we should point out that even if the pay bill is defeated by the Congress, there are other pending spending programs that will add substantially to the growing debt, so it is not just one issue but a series of spending proposals which are in direct contradiction to the intent of the House in passing tax cut legislation earlier this year.

Mr. GROSS. The one great difference is that Members of Congress will be voting themselves a bonus to take the Nation down the road to bankruptcy.

Mr. BURKE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BURKE. I would like to ask the gentleman at the microphone and also the other gentlemen involved in the colloquy on the pay increase this question: If the pay increase is voted, will both of them refuse to take the increase?

Mr. JOHANSEN. Will the gentleman yield to allow a response?

Mr. GROSS. Certainly.

Mr. JOHANSEN. I will be very happy to respond to that. You can be sure I will take it, because I am not going to downgrade any Member of this Congress, including myself, in relation to others. Another reason why I will take it is because that line of argument—and I am sure the gentleman had no intention to do this—that line of argument, whether it goes to pay increases or benefits under legislation enacted against my vote—that line of argument is the most subtle form of blackmail there is.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BAKER. I yield the gentleman 2 additional minutes.

Mr. BURKE. Will the gentleman yield further?

Mr. GROSS. Just a minute. You can get time from your side. I just want to tell you I intend to take whatever the salary of a Member of Congress, and I am unalterably opposed to the proposed increase.

Mr. BURKE. Will the gentleman yield?

Mr. GROSS. Just a minute. I have the floor. You can get all the time you want. We might as well settle this now as later when the pay bill comes to the House floor. I suppose if you voted to build a road or a bridge in this area, and I opposed it, I should drive 15 or 20 miles out of my way in order to avoid the use of that road or bridge. As the gentleman from Michigan well says, line of argument by the gentleman from Massachusetts is in the nature of subtle blackmail.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. Yes.

Mr. JOHANSEN. I will suggest to the gentleman that if he wants to see a pay increase earned by all of the Members of Congress, I will suggest one condition under which I would seriously consider our voting for doubling the salary of Members of Congress. That will be when there is a $10 billion reduction in the national debt; and the arithmetic is very simple. Doubling the salary of the Members of Congress would cost $12 million a year. The interest charges saved alone on a reduction of $10 billion in the debt would be something in the neighborhood of $400 million a year. We would have earned that pay increase.

Mr. BURKE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BURKE. I understood the gentleman from Michigan to say he would refuse to take the increase. I just wish to compliment the gentleman for saying that he is going to refuse to take the pay increase if it is voted.

Mr. GROSS. I did not say that; neither of the gentlemen said that.

Mr. BURKE. I understood the gentleman to say that he would not take the pay increase if it was voted.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. JOHANSEN. The record is very clear that I said of course I would accept it because I am not going to be put in the position where anytime I vote against something I am going to have to deny my district the benefit of it; that is, as the gentleman from Iowa said, I will not refuse to travel over a road that is built under a program that I voted against.

Mr. GROSS. Mr. Chairman, I will say to the gentleman from Massachusetts that there is one element that does not seem to be recognized in all of this. That is the stockholders of this Government corporation, the taxpayers. In the matter of opposition to a salary increase and my vote against an increase in the debt ceiling I am perfectly willing to rest my case with the stockholders in the Third District of Iowa or anywhere else for that matter.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. GROSS] has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Chairman, no power on earth could persuade me to vote to raise the national debt ceiling even $1, let alone these billions of dollars requested in this bill. We are already enmeshed in a most dangerous fiscal cycle, from which I fear we can never free ourselves, to the detriment of every American living today and to generations yet unborn.

We are rapidly losing our gold supply, and will lose billions more unless we bring this reckless, wasteful spending spree to a stop and soon. Why? Because many foreign nations have for a number of past years lost confidence in the stability of the American dollar, and have been and are yet demanding our gold in payment of their imports to us, and all because of our continued, wasteful Federal spending spree.

All who have read the history of every nation on earth that followed such a loose, wasteful fiscal policy as we have followed with rare exceptions for the past 30 years, must know that the day finally came there when these governments were unable to sell their bonds. Then there was but one recourse, which was to start the printing presses rolling out paper money of which it required a handful just to buy a loaf of bread or a bottle of milk for the children.

A majority of the members of the House Appropriations Committee have struggled diligently for the past 21 years to my knowledge, in reducing budget requests. I know, for I have been a member of that committee for these 21 years.

Let me state facts and figures. For 20 of those years, and up to this session of Congress, had the House appropriations figures prevailed, the national debt would be over $60 billion less than it is today; and indications are that the House will reduce the President's 1964 fiscal year budget request by over $7 billion, and without hurting the administration of any Federal agency one iota.

But Mr. Chairman, my colleagues, and all Americans, I ask you just how much does that profit us, when our President sends to Congress a planned deficit of $12 billion for fiscal year 1964 which ends on June 30 next, and to make matters doubly worse, we are now asked to raise the national debt up to the staggering sum of $315 billion, which places a lien against every American family of about $7,000, all of which must be paid, somehow, someway, someday, or else.

Yes, Mr. and Mrs. American, all of you are feeling the effect of this reckless spending spree right today, not only in increased Federal income taxes, but also in the cost of living and on every commodity you buy for your own use and that of your family. And you have seen nothing yet, if the reckless spenders of your dollars have their way, or are not stopped in their tracks and soon, by the simple, American, lawful method of throwing them out of office at the first opportunity.

Let us not forget that great harm can be done to our economy, between now and January 1965, and will be done without a doubt, if Congress permits the national debt to be raised, as now requested, to $315 billion, for then, just as sure as the sun will set tonight, every Federal spending agency will feel that Congress wants them to continue spending as usual. Then, soon again Congress will be asked to raise the national debt ceiling to possibly $325 billion or more especially, if the tax cut the House passed is made law, then, I ask, what will the harvest be? Every American over 10 should know by now. Hence, I plead with you, my colleagues, to stop it now by voting "no" on this bill today.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the distinguished chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, Thomas Jefferson said on one occasion:

> Let us, fellow citizens, unite. Every difference of opinion is not a difference of principle.

Mr. Chairman, in that spirit I am sorry to find myself in difference of opinion, but not in principle, with the great Committee on Ways and Means. I have the warmest regard and the highest admiration for each of the members of that committee personally, and I would much prefer to agree with them than to disagree. There is nothing personal or partisan whatever in my failure to go along with the recommendation of the committee in the adoption of the resolution.

Mr. Chairman, disagreement is not to be deprecated. It is a wholesome and necessary means of achieving acceptable composite legislation. It is the means used by any deliberative body in resolving its problems. It is essential in the enactment of permanent law.

I am old fashioned enough, Mr. Chairman, to believe that a man ought to pay his debts; that a nation ought to pay its debts, and that neither should contract obligations if they do not expect to pay them.

Congress is thoroughly familiar with the conditions which have brought about this situation. We have with open eyes voted deficit obligations session after session. We have year after year voted expenditures beyond our income. Now, a vote against this resolution will be inconsequential in its immediate effect, but it will register the opinion of many people throughout the country that we should keep within our income, and we should not continue to increase the public debt without making provision to pay it.

For more than a third of a century, with one or two exceptions, we have continuously rated every year deficit appropriations. We have continuously increased the national debt, without giving the slightest attention as to how it was to be paid or who was to pay it or when it was to be paid. What is our ultimate destination?

At this rate eventually the entire revenues of the Government will not pay the annual interest on the national debt. No one who has advocated this bill here today has given us the slightest idea about its repayment—and the cost of living of every family in America increases every day because we are not paying as we go.

So, Mr. Chairman, I shall vote against this bill for three reasons: First, because of opposition to the policy of the government in spending money we do not have for things we can get along without. It has not been the national defense expenditures that have created this deficit. It has been the nonessential expenditures voted by Congress which have carried us over the brink every year. I shall vote against it as a protest against continually increasing the burden of the national debt.

Second, I shall also vote against it because I am convinced we could weather this situation without raising the debt limit at this time. A study of the report indicates that if we really desire to get along without raising the debt limit we can do it.

And, third, Mr. Chairman, I shall vote against it because it would encourage larger expenditures for the remainder of the year. With the increased latitude of a debt capacity running up to $315 billion it will be hard to restrain appropriations to take up the slack.

Certainly, if we can get along without this resolution—and we can—we ought to do it.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. HUTCHINSON] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HUTCHINSON. Mr. Chairman, when we increase the national debt, we borrow from the future. We cast upon our children the burden of paying for our needs and desires as well as their own. In this we are unfair to them. Government debt is the measure of our failure in our generation to provide for ourselves, because practically all of the present debt was incurred by our generation.

The gentleman who now addresses you is well aware of the argument made by some economists that the national debt need never be paid. So long as we can refund it and pay the interest upon it, those economists argue, we are in good shape. Sometime, however, the debt will either have to be paid or repudiated.

I join with those who believe our better national course would be to balance our budgets and provide for an orderly reduction of the national debt.

Historically, our national debt has increased in wartime and has been reduced in time of peace. Following World War II, the historic pattern commenced to repeat but then came the Korean conflict, and the debt has been increasing ever since.

In 1951, 1956, and 1957, the debt was minutely reduced from the immediately preceding year—but its trend since 1948 has been ever upward. The high point of the debt created by World War II was $269 billion in 1946. By 1948, it had been reduced to $252 billion. We now propose to base a ceiling upon it of $315 billion.

Some may say that we are not living in peace—and so the wartime, rather than the peacetime pattern, should be our comparison. The truth of the matter is, however, that our economy is acting like a peacetime economy, with all of the supply of the country made available for consumer demand. These are the times when we should be reducing our national debt.

If the rule under which this bill is now before us permitted amendment, I would offer an amendment for such orderly reduction.

It is my belief, and I am confident the belief shared by millions of my countrymen, that a balanced budget and an orderly program of debt reduction can do more to spur the expansion of our economy than all of the palliatives of the pump-primers.

Mr. LANGEN. Mr. Chairman, I recall my statement before this assembly on August 8 of this year, the last time we gathered to consider raising the national debt limit to accommodate our spendthrift Government. I must have been indulging in wishful thinking because I said then that by the time we would be called upon to increase the debt limit again in November we would know the fates of the tax reduction bills and the amounts approved in various appropriation bills so that we would know just how far in the hole this Government plans to go during this fiscal year.

Three months have now passed since that balmy August day and we now find ourselves in the chilled days of November. The only thing that has changed is the weather outside, since the balmy breezes seem to remain with us inside this Chamber. We know nothing more now than we did then, except that we are asked to raise the debt limit from $309 billion to $315 billion. We still do not know what the appropriations will be for this fiscal year, even though it is now in its fifth month. And the fate of the tax bill remains uncertain.

In reflecting over the past 10 months I cannot help but be somewhat amused over the ridiculous chain of events that have led us to this moment. It would be more humorous if this was just a game of nerves or some such thing that we have been playing. But it ceases to be funny when you consider we are playing with the future of this Republic and the lives of its people.

What has been our accomplishment? What can we point to with pride? What has been the big business of the session thus far? This is the third time this year we have met to raise the so-called "temporary" national debt limit, which is, I will admit, quite an accomplishment in itself. And we passed three continuing resolutions to keep the wheels of Government going while various committees continue to consider authorizing legislation for the appropriation bills. This is really our only accomplishment to date.

The departments and agencies are now working on their budget requests for the next fiscal year, but we have not seen fit to let them know how much they can spend this year, even though over 4 months have passed since the fiscal year began. It is a ludicrous situation that will not be tolerated forever by the American public.

To put it simply, we have not even appropriated the money that will be spent to create the deficit that forces us to raise the debt limit again today. It is a strange way to run a government, or anything else for that matter.

But, Mr. Speaker, perhaps all is not lost. Perhaps we are really going to settle down to some serious thinking about these problems and come up with some positive action in the interest of fiscal responsibility. So, what is the big talk around these Halls at the moment? Civil rights? appropriations bills? agricultural legislation? Hardly. All else apparently will have to wait until we have given proper consideration to a bill that would raise our own salaries. It will be a nice Christmas present if we get away with it. The only trouble is that our constituents may expect us to earn it. It is inconceivable that this Congress can even consider raising salaries without proving to the American people in advance that we are going to give them full measure on their tax dollars.

Of course, I understand why we are here today and the importance of providing the moneys that have been appropriated. But the situation today is a bit different. We are raising the debt limit to accommodate spending for which there has not even been an appropriation.

I am aware that the debt limit will probably be raised today, regardless of what I say. But we should rally to serve notice that this cannot go on forever. We must go on record by telling every segment of this Government, including ourselves who control the pursestrings, that this is as far as we are going to go, that we will not go a cent above the debt limit.

One of these days we are going to turn down one of these debt limit bills. It will create a moment of panic within this Government when it happens. But it could herald the beginning of a new era of fiscal responsibility.

Mr. ULLMAN. Mr. Chairman, President Eisenhower's last Budget Director, Maurice Stans, frequently described how the President's discretion in his budget recommendations is hemmed in by laws already on the books and spending commitments made in prior years. For example, on December 1, 1959, he said:

> Even if the next session of the Congress doesn't add any new programs, the level of Federal spending is going to go up. The reason is that there are built-in increases in existing programs which are now producing a continuing upcurve in expenditures. The catalog of built-in increases covers such programs as outer space, civil aviation, merchant shipping, urban renewal, science education, medical research, public assistance, loans to underdeveloped countries, and veterans' pensions. Interest on the public debt will run higher, and the farm program will cost more and more until we get realistic legislation. Defense technology is putting increasing pressure on expenditures. Now, for 1961 alone, these built-in increases amount to between $2 and $2½ billion.

Built-in increases, similar to those Mr. Stans mentioned, will also occur in fiscal year 1965.

Some of these increased expenditures will result from a rising level of obligations and commitments under appropriations granted by the Congress prior to 1965. Examples include space exploration, waste treatment grants, and loan programs for housing and community development, economic development abroad, and rural electrification.

A number of clearly uncontrollable increases in obligations and expenditures will also be required in 1965 under present law. These include interest on a higher public debt, the full year effect of military and civilian pay increases which will be effective for only part of 1964, and public assistance grants to States and pensions and medical care for veterans to provide for a growing number of recipients.

In addition, increased spending for 1965 is committed for various other projects underway this year, including public works of the Corps of Engineers, public buildings, civil aviation facilities, science education, and health research.

Our population and economy are growing. By the end of the fiscal year 1964, there will be 10 million more Americans than there were the day President Kennedy took office. This means that we will add to the United States in this short period a number of people which is half the population of Canada. To keep Federal expenditures stable would mean a lower quality of service to each of our citizens.

While our economic performance in recent years has lagged behind its potential, the economy of our country is expanding and there is no doubt that we can afford the increased and improved public services our citizens need and have been demanding. Moreover—and this is the important point—we can provide these services without increasing the share of the Nation's total output going directly to the Federal Government.

From fiscal year 1953 to fiscal 1963, the gross national product rose from $360 to $568 billion, an increase of almost 60 percent. During this period, Federal administrative budget expenditures measured in the same current dollars as the gross national product rose from $74.1 to $92. 6 billion, an increase of 25 percent—much less of an increase than in the rate of growth of the gross national product. This trend is also illustrated by the fact that administrative budget expenditures as a percentage of gross national product declined from 20.6 percent in fiscal year 1953 to 16.3 percent in fiscal 1963. While Federal outlays have been rising fairly steadily over the post-Korean period, they have remained a relatively stable percentage of total output in the last 8 years—hovering around 16 percent.

Mr. Chairman, the legislation before this committee is very responsible and very necessary. I strongly urge its passage.

Mr. BURKE. Mr. Chairman, the ceiling was adopted as a substitute to approval by the Congress of each new issue of Government security. It has served this purpose admirably. To contend that it serves any other purpose is pure nonsense.

One often hears the ceiling likened to a line of credit like you or I have at a department store. When we hold this contention up to the light, we find that it is not the ceiling that has this likeness, rather it is the appropriations enacted by the Congress. It is by such action that approval is given to obligate the Government to pay for goods and services to be received in the future. In many cases these goods and services are completely consumed before the vendor requests payment. How then can one contend that an unrealistic "ceiling" by the Government would save the Government money? In such cases it would only result in repudiating the faith and credit we have in our Government.

Specifically, what is the relationship between an inadequate debt ceiling and the Treasury's goal of maintaining a balanced debt structure?

Long-term issues, in particular, require a favorable market environment if they are to be successful. A too tight debt ceiling may prevent the Treasury from taking full advantage of favorable opportunities as they arise. It may cause the Treasury to enter the long market, if at all, at times when the liquidity or other needs of the economy would dictate borrowing at short term. Or it may limit long bond offerings to smaller amounts than would otherwise be desirable.

Another consideration which makes it necessary to have flexibility in the debt ceiling is our balance-of-payments position. The Treasury has been able to contribute to our international strength through helping to maintain short-term rates in this country at levels which are competitive in world markets. Under a too tight ceiling, the Treasury might find its hands tied; ceiling restrictions might keep it from issuing short-term securities in sufficient volume or at the proper times to accomplish this important objective.

What has the Government done in the past when the debt got too close to the ceiling?

One expedient which has been used in the past is the utilization of the borrowing power of Government agencies in order to keep within the debt ceiling. In 1953–54 $2.3 billion of Commodity Credit Corporation, certificates of interest in a pool of loans were issued. A few years later FNMA management and liquidation program notes were sold—$570 million in 1955 and $1,599 million in 1957–58, including the refunding of the 1955 issue.

In each of these instances the operations were related in part to low cash balances and the debt ceiling. They were costly expedients because higher interest rates had to be paid than would have been necessary on direct obligations of the Federal Government. And, of course, such expedients are temporary—there is only a short respite before agency issues of this type have to be refinanced or redeemed.

At other times a tight ceiling and a low cash balance have had effects on direct issues of Government obligations. In September 1957 the issue date on $657 million of 4-percent bonds offered for cash had to be delayed to October 1, so that cash redemptions on the October 1 maturities could leave some room under the debt ceiling. In October–November 1957 the Treasury had to limit two long bond offerings to small amounts—$657 and $654 million, respectively—because of ceiling limitations.

There have been occasions when the debt ceiling has made it necessary for the Treasury to use some of its free gold. For example, in November 1953, the Treasury used $500 million of its free gold in order to retire notes—held by the Federal Reserve System—slightly ahead of maturity, and thus keep a new Treasury offering within the debt limit. As Secretary Humphrey stated at the time:

> Normally, the Treasury would have taken larger advantage of present very favorable market conditions to borrow enough money to maintain a more adequate balance. Since this is impossible under the present public debt ceiling, it is necessary to put to use a substantial part of the gold in the Treasury general fund.

Again, in February 1958, the Treasury used $100 million of its free gold to replenish the cash balance when leeway under the ceiling had become too narrow for new borrowing. At that time, available funds in the Federal Reserve banks and in tax and loan accounts in commercial banks were down around $1½ billion. Of this amount, however, only about $250 million represented funds not already "called" for use by the Treasury in paying the Government's bills.

In connection with these operations, it may be noted the Treasury's free gold now amounts to only $117 million as of October 31, 1963.

Mr. WATSON. Mr. Chairman, as I stated earlier this year during debate on one of the other so-called temporary increases of our national debt, the only temporary thing about these measures is the brief interval between such requests. Surely no one will contend otherwise.

Unless we face reality and make a determined effort to live within our income we will be besieged indefinitely with proposals such as the one before us today. Our people are no longer accepting the word "temporary", and they are rightfully demanding an end to the ever-upward spiral of spending and debt increase.

Today we have an opportunity to make a beginning toward fiscal responsibility by defeating this bill. While we are warned of catastrophe without end if this should occur, the defeat of this measure would mean simply that our level of expenditures will have to be reduced. This is the only means which offers an ultimate hope for reduction of the debt, and the longer we delay confrontation with reality the more difficult and less likely it becomes. We are swept along as if under the influence of some magic potion, hoping that fate will save us from our folly but never stopping long enough for critical self-examination which is not only urgent but imperative.

Mr. Chairman, our Government has to pay bills as well as print bills. Surely we would not advise private business to operate as we have operated. If such had been done, we would have succumbed long ago for obviously there would have been no revenues to support the irresponsible course which the Government has followed. How long can we expect fiscal sanity from our citizenry when we show such flagrant disregard for it ourselves?

The responsibility for our plight rests to a large extent on the shoulders of the Congress. Unless we face boldly the responsibility which now confronts us, we will lose an opportunity which may not return as frequently as in the past for frankly I fear that we are already well down the slope toward financial ruin. Let us act while we may to avoid such a catastrophe and join in defeating this proposal.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill should be recommitted to the Committee on Ways and Means. I shall offer such a motion at the proper time. I shall ask for a rollcall on that motion.

It should be recommitted to the committee to accomplish two purposes: First, so that the committee can report to this House a straightforward bill on the subject rather than the misleading gimmickry that in my judgment constitutes H.R. 8969, to bring back a bill that is straightforward as to what we are doing.

Second, so that the Committee on Ways and Means can bring back to us a more realistic bill as far as the ceiling on the Government's authority to borrow than is contained in the bill at the present time.

The bill as it comes to us reminds me of the old shell game, now you see it and now you don't.

You read the bill—and I think it might be advisable to read it here—it says:

> During the period beginning on December 1, 1963, and ending on June 30, 1964, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended.

Let me add parenthetically that sets a figure of $285 billion. We do not repeal that. We say, and I go on and quote:

> shall be temporarily increased to $309 billion.

We then add another gimmick because one temporary on top of that permanent is not enough apparently to confuse people. Then we say:

> Because of variations in the timing of revenue receipts, the public debt limit as increased by the preceding sentence is further increased through June 29, 1964, by $6 billion.

So we have $309 billion until June 30, 1964. But then for the period from December 1 to June 29, 1 day before we have another $6 billion. Well, what is it? This bill is a bill to increase the borrowing authority of the Government for the next year to $315 billion. Why could not the committee be honest about it? Why not say that is what we intend to do instead of trying to give the misleading impression that we are enacting a debt ceiling of $309 billion?

Now let me say something about this $309 billion which the bill represents as being the debt ceiling. That is only the ceiling for 1 day, June 30 next year. Then what happens? On the following day, July 1, 1963, the ceiling reverts to $285 billion. Now everybody admits and grants, the chairman has granted it, I have granted it, everybody who has talked today has granted it—that we cannot live and so adjust our affairs as to come within the confines of a $285 billion ceiling. If that is acknowledged, then so is it also acknowledged that before June 29, before June 30—we have to come up here with another bill. So setting a 1-day ceiling of $309 billion is just a meaningless gesture. The whole record in this particular piece of legislation before us referring to $309 billion is meaningless. But why not be honest with ourselves? Why not be honest with the American people and say what we mean? If we mean to vote for a $315-billion ceiling, let us at least be frank enough, straightforward enough and honest enough to tell the people that is what we are doing rather than trying to cloud it up with this shell game and this gimmickry. I suggest that we ought to send this bill back to the committee so that the committee can come back with an honest bill telling the country and telling the House what it is doing.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman for a question.

Mr. JONES of Missouri. In the consideration of the bill and while your committee was considering it, did the minority offer any language other than this language; or did you offer a different ceiling or making it the same ceiling during the whole period?

Mr. BYRNES of Wisconsin. No, we did not make any offer of that kind.

Mr. JONES of Missouri. Can the gentleman tell us why you did not offer such a suggestion in the committee and try to resolve it there rather than bringing it to the floor and now asking to have it sent back and adjusted. I would be glad to get that story straight.

Mr. BYRNES of Wisconsin. I will be very glad to give it to the gentleman. Part of the story was explained by my colleague, the gentleman from Missouri [Mr. CURTIS].

There were factual situations which were not resolved, such as having the complete figures and so on, but there is a more inherent reason. I do not know that we on this side are required to go through useless gestures. Twice this year on previous occasions when the debt ceiling was up for extension we proposed a reasonable alternative ceiling, and, as conditions developed, it proved they were reasonable and responsible. Events have proved that the Treasury Department could have lived within the bounds that we had set. However, they were turned down flatly with a basic opposition, because they came from this side. We went to the Committee on Rules and asked for a rule, if I recall it, making in order this one substitute as an amendment that could be presented on the floor so we would not get into the problems of partisanship with the thought of it coming from this side and having it considered as a Republican motion. As a motion to recommit, there would be resistance on the gentleman's side to voting for it. Twice we did it, and twice we came forth with a responsible ceiling, but we did not get more than a handful of votes from the majority side. It was perfectly apparent to me that the majority wants their members on the committee to write the bill.

We are saying here now, "All right. They have written a bill, but it is not the kind of a bill we should have presented to us, so send it back to the majority members on the Committee on Ways and Means for them to come back, first, with something that is straightforward; and, second, with a more realistic ceiling."

I say to the gentleman that I will cooperate with them in every way, but I do not think from the experience that we have had this year in the two other debt ceiling increases that it is incumbent on us to go through useless gestures, and that is what it occurs to me has happened. So this time we pursued a different policy as far as I am concerned; that is, simply to send the bill back to the committee and say, "Here. You come back with something that is more responsible and more reasonable."

Now, as to the second phase of this; namely, is the $315 billion ceiling needed. This $315 billion ceiling—and that is really what we are talking about, because we are not talking about $309 billion since, as I pointed out, that is a 1-day deal and Congress has to act before June 30 next year in order to take care of the July 1 proposition as to the $285 billion—the gentleman inquired about this $285 billion permanent ceiling. I can tell you why it is kept there. It is kept on the books as a club over the head of every Member of Congress with the idea that if you do not vote for this new increase, you are saying that the Government has to go back to a $285 billion ceiling and you know it cannot make it. It is a club they are constantly holding over your head to get you to vote for the big increases.

You heard the speech made by the chairman of the committee as to the dire consequences that would result. What were many of these dire consequences that he referred to? They were the dire consequences of trying to have to go back to a $285 billion permanent debt ceiling. Not what happened if you held it to the $309 billion debt ceiling and not even what would happen if you went to $307 billion as a permanent ceiling, but what would happen if you went back to $285 billion. It is kept on the books as a permanent ceiling only as a threat over every Member of this Congress so that you will vote for every debt increase bill that comes from the committee, and I am through being threatened with that.

We can send this bill back to the committee today. The chairman will not allow these dire consequences to result on December 1 from having to go back to a $285 billion ceiling, and none of the members of the committee will. We will report out a reasonable and responsible authority for borrowing by the Government.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I will.

Mr. JONES of Missouri. You said you will not yield to these dire consequences.

Mr. BYRNES of Wisconsin. No, I will not.

Mr. JONES of Missouri. Then why have you not in your former motions to recommit fixed a permanent ceiling?

Mr. BYRNES of Wisconsin. We did, and if the gentleman will remember—and I checked the RECORD and unfortunately he did not vote even for that—we offered a $305 billion figure when we came up in May with our motion to recommit. We repealed the $285 billion and we said we will make the permanent ceiling $305 billion. That is what we said at that time in order to get rid of this gimmickry of the $285 billion permanent ceiling. Everybody knows we cannot live with it and the figure means nothing except as a threat.

Mr. JONES of Missouri. But you are not offering that type of thing today.

Mr. BYRNES of Wisconsin. I am not offering any alternative today, because that was turned hands down. The main opposition to it was that it came from this side. We tried to be responsible, and now we suggest if what the majority wants is to have the bill written by their members on the committee, the only way we can accomplish it is to send it back to the committee and tell them, by your voting against this bill, that they have to come in with a more responsible bill by getting rid of the gimmickry and setting a more realistic ceiling.

Now let me mention the ceiling, the $315 billion ceiling. That $315 billion ceiling is predicated on a deficit for this fiscal year of $9 billion. There may be some differences on the $309 figure. All you have to do is to look at the majority report and the hearings, and you will see the tables on which that is predicated. Look on the last page of the hearings at the colloquy between the chairman of the committee and Secretary Dillon. There the chairman suggests that he would be hopeful that we would be able to live within a $7 billion deficit. However, the Secretary of the Treasury said he was not so sure and that he needed a $315 billion ceiling in order to accommodate a $9 billion deficit.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. Certainly.

Mr. MILLS. The gentleman is suggesting that the bill should be sent back to the committee in order to let the majority members of the Committee on Ways and Means bring forth a more respectable bill. I thought the majority had done so. I would not know on the basis of a straight motion to recommit this bill what the membership had in mind. Could the gentleman as the author of such an amendment to send it back without instructions give me some idea?

Mr. BYRNES of Wisconsin. I think the gentleman would get the point very quickly if this went back to the committee, namely, that the $315 billion level of borrowing authority given in this bill was higher than the Members of this Congress wanted to vote for.

Mr. MILLS. What does the gentleman think would be a respectable figure?

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. CURTIS. I would say to the gentleman, let the Treasury Department answer the question that I asked in committee. What has been the effect of the continuing resolutions which set spending at the $92.6 billion level of fiscal 1963 for the first 6 months of the fiscal year 1964?

What has that got to do with the $97.8 billion figure that they now anticipate as the expenditure level for 1964? Obviously these continuing resolutions have had a greater effect than the $97.8 billion figure allows for. They said they did not have the figures. Let them get the figures. Then we can give you a figure.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. MILLS. Is that the thinking of the gentleman from Wisconsin?

Mr. BYRNES of Wisconsin. Not completely, no. I certainly subscribe to it as one of the aspects of our position. But I will tell the gentleman right now.

Mr. MILLS. All right; I woud like to know.

Mr. BYRNES of Wisconsin. I will tell the gentleman why this is at least $2 billion higher than is needed. All the gentleman has to do is to go to his own statements in the hearings, where the suggestion is made that it looks as though we would be able to live within a deficit of $7 billion this year; and also that the $315 billion is predicated on a deficit of $9 billion. Also the chairman of the committee in his remarks today said that you cannot control spending by a debt ceiling. He said that what we should do is to go back and take another look at appropriations, take another look at authorizations.

Mr. Chairman, if you grant the Government the authority to borrow up to $315 billion in the next year there is no necessity for going back and taking a look, because the $315 billion ceiling will accommodate all the spending that the administration now contemplates. It would accommodate the reduction in revenues from the tax bill which the House has passed. If we give them the $315 billion in this bill it will not cause them to change in their spending plans one bit as they exist right now; and the gentleman knows it. It contemplates a $97.8 billion expenditure level. I say to my friend, the gentleman from Missouri [Mr. CANNON], the chairman of the Committee on Appropriations, it does not take into consideration the $5.4 billion that the House will cut in appropriation bills. It does not contain that facet of our operations here. It says you can forget about those savings if you want to, as we will have more than enough authority to borrow as long as you give us this $315 billion.

Mr. Chairman, I say we should cut that figure down, cut it down so they have to go along more than they are going along with the cuts that the Committee on Appropriations is making in this House, so that they will have to stand up before the Senate and accept some of these reductions that are made in the House rather than taking a whole army over there to the Senate to try to restore every cut that we have made.

Mr. Chairman, if his bill fails, you will have to cut this figure back from $315 billion. Then you can put some pressure on them in an effort to change their attitude with respect to the savings and the cuts in appropriations that the House has made.

Mr. Chairman, I am not contending and never have contended that the full responsibility for expenditures was on the executive branch. We have a big responsibility right here. But let us put some heat on ourselves as we vote on this bill, and we can do it. But we do not put any heat or pressure on ourselves if we just vote the $315 billion ceiling. It is not just the Executive that has a responsibility.

Mr. Chairman, it is a two-way street which involves both the Congress and the Executive. If this ceiling is to be meaningful at all, we had better act now to exert some restraint on the Executive and some restraint on ourselves as far as what we do in the area of expenditures and appropriations is concerned.

Mr. Chairman, I repeat again, this bill should be recommitted to the committee, recommitted in order to get rid of the shell game that is inherent in the gimmickry in the bill as reported to us in order that we may come back with a realistic figure.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield for one more question? I hate to ask all these questions, but there seems to be a reluctance on the part of others to ask questions which I think should be answered.

Would it be the intention of the gentleman from Wisconsin or the gentleman's thought if you go back to the committee you would ask for a figure somewhere between $285 billion and $315 billion?

Mr. BYRNES of Wisconsin. I can make it closer than that. I would say something probably in the area of $307, $309, $310, or $313 billion; somewhere in that range. I do not have to go back to a $300 billion figure. We have gone far beyond a $300 billion figure. It is going to take a long time to recover and get back to that point.

Mr. JONES of Missouri. If the gentleman will yield further, would the gentleman anticipate that this would be a permanent debt ceiling, or until it was changed, or would it have an expiration date?

Mr. BYRNES of Wisconsin. I would stop that expiration date business and make it permanent.

Mr. JONES of Missouri. Have a permanent ceiling?

Mr. BYRNES of Wisconsin. Absolutely.

Mr. JONES of Missouri. If we had a permanent ceiling of, say, $310 billion, if that was sufficient to carry us through, and if we had a balanced budget each year, would there be an opportunity or necessity to reduce it?

Mr. BYRNES of Wisconsin. If we had a balanced budget and the ceiling was sufficient to take care of our situation, we could. There is no question that there is during the period of the year certain fluctuations between expenditures and receipts, but once you hit a point where you could operate in a given year under that given ceiling and then you did not increase your basic debt in the following years by unbalancing the budget, you would not have to change that ceiling unless to reduce it. There is no question about that.

Mr. Chairman, I yield back the balance of my time.

Mr. Chairman, I have no further requests for time.

Mr. MILLS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, we have now the suggestion that the House recommit this bill without instructions to the Committee on Ways and Means, even though this is the third time within this calendar year that we have had a debt ceiling bill before us and in spite of the fact I thought it was time to apologize to the membership, as I did in my opening statement, for requiring Members to consider this matter three times.

We have the suggestion that we send it back to the committee so the House may consider it a fourth time.

What is the purpose? The purpose of sending it back is in the hope the committee will report a bill providing a debt ceiling on a permanent basis of perhaps $313 billion when this bill—call it gimmickry or whatever you want to call it—does permit a ceiling of $315 billion for a part of the year and brings the total of that ceiling down to $309 billion before the end of the fiscal year.

Mr. Chairman, I would much prefer to continue the practice that was started in the previous administration of providing for temporary ceilings on the basis of what seems to be required for a fiscal year. This makes it possible to provide for proper debt management and to provide for payment of bills that come due in the Treasury.

If we had adopted the gentleman's motion of last May we would have finished the fiscal year 1963 with $305 billion permanent ceiling and we would have been back to you immediately in July because the Secretary of the Treasury would have been in a position of not having money in July and August with which to pay bills and no authority to borrow to pay those bills. If we had taken the gentleman's suggestion in August of $307 billion through October we would have been back to you even before now—with a request for an increase in that ceiling because the amount of debt would have been greater than the gentleman's ceiling would have provided.

What I think the gentleman is leading us into, as I visualize the situation, is that some time early in the spring of next year we will have to come back with another debt ceiling request to go above his $313 billion if that is what he has in mind. That is because revenues will not be coming in at that time of the year in sufficient amount to enable the Secretary of the Treasury to pay the bills that are presented even though this would be more than adequate at the end of the year.

I would wonder whether or not the House wants to recommit the bill to attain this $313 billion ceiling in lieu of the bill before us when actually the most that could be obtained from it would be reduction in the ceiling during part of the year of $2 billion. Moreover, this actually would be a higher ceiling, by $4 billion, than is provided by this bill. It seems to me that in reality this is less restrictive than the present bill. As a result I believe the proper course of action for us to take is to defeat the motion to recommit and pass the bill that is before us. Moreover, Mr. Chairman, we must recognize in the light of what happened in the fiscal year 1963 that it does not necessarily follow that more money will be spent than is anticipated because the ceiling is fixed at a certain level. We fixed a ceiling for the end of the fiscal year 1963 at $307 billion because we thought we would have a deficit of over $8 billion. It turned out that we did not need all of the $307 billion because we had a deficit of $6 billion, and could have gone along under the $305 billion in the latter part of fiscal year 1963. It does not follow that if we have a ceiling $2 billion higher that spending will necessarily rise by this $2 billion.

It is important also, Mr. Chairman, to bear in mind that the sense of the present bill now before the House is to provide for a deficit of not over $7 billion at the end of the year when we provide for a $309 billion ceiling. If the gentleman's motion prevails and we go back and bring in a bill to the House with a ceiling through June 30, 1964, at $313 billion, I would like for anybody to tell me how we have used a debt ceiling to provide the lowest possible debt at the end of the year.

Under a $313 billion ceiling we would have given them $4 billion more than we provide in this bill at the end of the year, and it is the last day of the year when the deficit for the year is determined.

Therefore Mr. Chairman, I urge my colleagues to reject the motion to recommit. Let us get this thing behind us today for the remainder of this fiscal year by defeating the motion to recommit and vote "aye" on the passage of the legislation.

The **CHAIRMAN**. Under the rule, the bill is considered as having been read for amendment.

The bill is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, during the period beginning on December 1, 1963, and ending on June 30, 1964, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), shall be temporarily increased to $309,000,000,000. Because of variations in the time of revenue receipts, the public debt limit as increased by the preceding sentence is further increased through June 29, 1964, by $6,000,000,000.

The **CHAIRMAN**. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means. Are there any committee amendments?

Mr. **MILLS**. We have no committee amendments, Mr. Chairman.

The **CHAIRMAN**. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. ROOSEVELT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, pursuant to House Resolution 564, he reported the bill back to the House.

The **SPEAKER**. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. **BYRNES** of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The **SPEAKER**. Is the gentleman opposed to the bill?

Mr. **BYRNES** of Wisconsin. I am, Mr. Speaker.

The **SPEAKER**. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BYRNES of Wisconsin moves to recommit the bill H.R. 8969 to the Committee on Ways and Means.

Mr. **MILLS**. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The **SPEAKER**. The question is on the motion to recommit.

Mr. **BYRNES** of Wisconsin. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 197, answered "present" 2, not voting 62, as follows:

[Roll No. 195]

YEAS—172

Abbitt
Abele
Abernethy
Adair
Alger
Andrews, Ala.
Andrews, N. Dak.
Ashbrook
Ashmore
Auchincloss
Ayres
Baker
Baldwin
Barry
Battin
Becker
Beermann
Belcher
Bell
Bennett, Mich.
Betts
Bolton, Frances P.
Bolton, Oliver P.
Bow
Bray
Brock
Bromwell
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Bruce
Byrnes, Wis.
Cahill
Cannon
Cederberg
Chenoweth
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Collier
Conte
Corbett
Cramer
Cunningham
Curtin
Curtis
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy

Dwyer
Ellsworth
Findley
Fino
Fisher
Ford
Forrester
Frelinghuysen
Fulton, Pa.
Gathings
Glenn
Goodell
Goodling
Grant
Griffin
Gross
Grover
Gurney
Haley
Hall
Halleck
Halpern
Harrison
Harsha
Harvey, Ind.
Harvey, Mich.
Hoeven
Hoffman
Horan
Horton
Huddleston
Hutchinson
Jensen
Johansen
Jonas
Jones, Mo.
Keith
Kilburn
King, N.Y.
Knox
Kunkel
Langen
Latta
Lennon
Lipscomb
Lloyd
McClory
McCulloch
McDade
McIntire
McLoskey
MacGregor
Marsh
Martin, Calif.
Martin, Nebr.
Mathias
May
Meader
Minshall

Moore
Morse
Morton
Mosher
Nelsen
Norblad
Osmers
Ostertag
Pelly
Pike
Pillion
Poff
Pool
Quie
Quillen
Reid, Ill.
Reid, N.Y.
Reifel
Rich
Riehlman
Robison
Rogers, Fla.
Roudebush
Rumsfeld
St. George
Saylor
Schadeberg
Schenck
Schneebeli
Schweiker
Schwengel
Short
Shriver
Sibal
Skubitz
Smith, Calif.
Smith, Va.
Snyder
Springer
Stafford
Stinson
Taft
Teague, Calif.
Thomson, Wis.
Tollefson
Tuck
Tupper
Utt
Van Pelt
Waggonner
Wallhauser
Weaver
Weltner
Whalley
Wilson, Bob
Wilson, Ind.
Wydler
Younger

NAYS—197

Addabbo
Albert
Ashley
Aspinall
Barrett
Beckworth
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Brooks
Buckley
Burke
Burleson
Byrne, Pa.
Cameron
Carey
Casey
Chelf
Clark
Cohelan
Cooley
Corman
Daddario
Daniels
Davis, Ga.
Dawson
Delaney
Dent
Diggs
Dingell
Donohue
Downing
Dulski
Duncan
Edmondson
Edwards
Elliott
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Flood
Flynt
Fogarty
Fountain
Fraser
Friedel
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gary
Giaimo
Gibbons
Gilbert
Gill
Gonzalez
Grabowski
Gray

Green, Oreg.
Green, Pa.
Griffiths
Hagan, Ga.
Hagen, Calif.
Hanna
Hansen
Harding
Hardy
Harris
Hawkins
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Holland
Hull
Ichord
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Kelly
Keogh
King, Calif.
Kirwan
Kluczynski
Kornegay
Landrum
Lankford
Leggett
Lesinski
Libonati
Long, La.
Long, Md.
McDowell
McFall
McMillan
Macdonald
Madden
Mahon
Matsunaga
Matthews
Miller, Calif.
Mills
Minish
Monagan
Montoya
Moorhead
Morgan
Morris
Morrison
Multer
Murphy, Ill.
Murphy, N.Y.
Murray
Natcher
Nedzi

Nix
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
O'Neill
Patman
Patten
Pepper
Perkins
Philbin
Poage
Powell
Price
Pucinski
Randall
Reuss
Rhodes, Pa.
Rivers, Alaska
Roberts, Ala.
Rogers, Colo.
Rogers, Tex.
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roybal
Ryan, Mich.
Ryan, N.Y.
St Germain
Selden
Senner
Sheppard
Shipley
Sickles
Sikes
Sisk
Slack
Staebler
Staggers
Steed
Stratton
Stubblefield
Sullivan
Taylor
Teague, Tex.
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Toll
Trimble
Tuten
Udall
Ullman
Van Deerlin
Vanik
Vinson
Watts
Whitener
Wickersham
Willis
Wilson, Charles H.
Young
Zablocki

ANSWERED "PRESENT"—2

O'Konski
Secrest

NOT VOTING—62

Anderson
Arends
Avery
Baring
Bass
Bates
Berry
Brown, Calif.
Burkhalter
Burton
Celler
Chamberlain
Colmer
Dague
Davis, Tenn.
Denton
Foreman
Gubser
Hays
Holifield
Hosmer

Kilgore
Kyl
Laird
Lindsay
Mailliard
Martin, Mass.
Michel
Miller, N.Y.
Milliken
Moss
O'Brien, Ill.
Olson, Minn.
Passman
Pilcher
Pirnie
Purcell
Rains
Rhodes, Ariz.
Rivers, S.C.
Roberts, Tex.
Rodino

Roush
St. Onge
Scott
Shelley
Siler
Smith, Iowa
Stephens
Talcott
Thomas
Thornberry
Watson
Westland
Wharton
White
Whitten
Widnall
Williams
Winstead
Wright
Wyman

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Milliken for, with Mr. Roush against.

Mr. Watson for, with Mr. Rivers of South Carolina against.

Mr. Kilgore for, with Mr. Moss against.
Mr. Mailliard for, with Mr. Shelley against.
Mr. Williams for, with Mr. Celler against.
Mr. Baring for, with Mr. White against.
Mr. Scott for, with Mr. Rodino against.
Mr. Passman for, with Mr. St. Onge against.
Mr. Colmer for, with Mr. Holifield against.
Mr. Winstead for, with Mr. Purcell against.
Mr. Berry of South Dakota for, with Mr. Denton against.
Mr. Arends for, with Mr. Hays against.
Mr. Widnall for, with Mr. Rains against.
Mr. Whitten for, with Mr. Martin of Massachusetts against.
Mr. Rhodes of Arizona for, with Mr. Thomas against.
Mr. Wyman for, with Mr. Brown of California against.
Mr. Secrest for, with Mr. Burkhalter against.
Mr. O'Konski for, with Mr. Olson of Minnesota against.
Mr. Stephens for, with Mr. O'Brien of Illinois against.
Mr. Siler for, with Mr. Bass against.
Mr. Lindsay for, with Mr. Thornberry against.
Mr. Laird for, with Mr. Davis of Tennessee against.
Mr. Bates for, with Mr. Roberts of Texas against.

Until further notice:

Mr. Pilcher with Mr. Dague.
Mr. Smith of Iowa with Mr. Gubser.
Mr. Wright with Mr. Hosmer.
Mr. Foreman with Mr. Westland.
Mr. Pirnie with Mr. Burton.
Mr. Chamberlain with Mr. Talcott.
Mr. Wharton with Mr. Michel.
Mr. Miller of New York with Mr. Anderson.

Mr. SECREST. Mr. Speaker, I have a live pair with the gentleman from California [Mr. Burkhalter]. If he were present he would have voted "no." I voted "aye." I withdraw my vote and vote "present."

Mr. PATMAN and Mr. ROGERS of Texas changed their vote from "yea" to "nay."

Mr. ROUDEBUSH changed his vote from "nay" to "yea."

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Minnesota [Mr. Olson]. If he were present he would have voted "no." I voted "aye." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. BYRNES of Wisconsin. Mr. Speaker, on the passage of the bill, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 187, nays 179, answered "present" 3, not voting 64, as follows:

[Roll No. 196]

YEAS—187

Addabbo
Albert
Ashley
Aspinall
Barrett
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Brooks
Buckley
Burke
Byrne, Pa.
Cameron
Carey
Chelf
Clark
Cohelan
Cooley
Corman
Daddario
Daniels
Davis, Ga.
Dawson
Delaney
Dent
Diggs
Dingell
Donohue
Downing
Dulski
Duncan
Edmondson
Edwards
Elliott
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Flood
Flynt
Fogarty
Fraser
Friedel
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gary
Giaimo
Gibbons
Gilbert
Gill
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hagen, Calif.
Hanna
Hansen
Harding
Hardy
Harris
Hawkins
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Holland
Hull
Ichord
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kee
Kelly
Keogh
King, Calif.
Kirwan
Kluczynski
Landrum
Lankford
Leggett
Lesinski
Libonati
Long, La.
Long, Md.
McDowell
McFall
McMillan
Macdonald
Madden
Mahon
Matsunaga
Matthews
Miller, Calif.
Mills
Minish
Monagan
Montoya
Moorhead
Morgan
Morris
Morrison
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nix
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
O'Neill
Patman
Patten
Pepper
Perkins
Philbin
Poage
Powell
Price
Pucinski
Randall
Reuss
Rhodes, Pa.
Rivers, Alaska
Roberts, Ala.
Rogers, Colo.
Rogers, Tex.
Rooney, N.Y.
Rooney, Pa.
Roosevelt
Rosenthal
Rostenkowski
Roybal
Ryan, Mich.
Ryan, N.Y.
St Germain
Selden
Senner
Sheppard
Shipley
Sickles
Sikes
Sisk
Slack
Staebler
Staggers
Steed
Stratton
Stubblefield
Sullivan
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Toll
Trimble
Udall
Ullman
Van Deerlin
Vanik
Vinson
Watts
Weltner
Wickersham
Willis
Wilson, Charles H.
Young
Zablocki

NAYS—179

Abbitt
Abele
Abernethy
Adair
Alger
Andrews, Ala.
Andrews, N. Dak.
Ashbrook
Ashmore
Auchincloss
Ayres
Baker
Baldwin
Barry
Battin
Becker
Beckworth
Beermann
Belcher
Bell
Bennett, Mich.
Betts
Bolton, Frances P.
Bolton, Oliver P.
Bow
Bray
Brock
Bromwell
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Bruce
Burleson
Byrnes, Wis.
Cahill
Cannon
Casey
Cederberg
Chenoweth
Clancy
Clausen, Don H.
Cleveland
Collier
Conte
Corbett
Cramer
Cunningham
Curtin
Curtis
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy
Dwyer
Ellsworth
Findley
Fino
Fisher
Ford
Forrester
Fountain
Frelinghuysen
Fulton, Pa.
Gathings
Glenn
Goodell
Goodling
Grant
Griffin
Gross
Grover
Gurney
Hagan, Ga.
Haley
Hall
Halleck
Halpern
Harrison
Harsha
Harvey, Ind.
Harvey, Mich.
Hoeven
Hoffman
Horan
Horton
Huddleston
Hutchinson
Jensen
Johansen
Jonas
Jones, Mo.
Keith
Kilburn
King, N.Y.
Knox
Kornegay
Kunkel
Langen
Latta
Lennon
Lipscomb
Lloyd
McClory
McCulloch
McDade
McIntire
McLoskey
MacGregor
Marsh
Martin, Calif.
Martin, Nebr.
Mathias
May
Meader
Minshall
Moore
Morse
Mosher
Murray
Nelsen
Norblad
Osmers
Ostertag
Pelly
Pike
Pillion
Poff
Pool
Quie
Quillen
Reid, Ill.
Reid, N.Y.
Reifel
Rich
Riehlman
Robison
Rogers, Fla.
Roudebush
Rumsfeld
St. George
Saylor
Schadeberg
Schenck
Schneebeli
Schweiker
Schwengel
Short
Shriver
Sibal
Skubitz
Smith, Calif.
Smith, Va.
Snyder
Springer
Stafford
Stinson
Taft
Taylor
Teague, Calif.
Thomson, Wis.
Tollefson
Tuck
Tupper
Tuten
Utt
Van Pelt
Waggonner
Wallhauser
Weaver
Whalley
Whitener
Wilson, Bob
Wilson, Ind.
Wydler
Younger

ANSWERED "PRESENT"—3

O'Konski
Secrest
Teague, Tex.

NOT VOTING—64

Anderson
Arends
Avery
Baring
Bass
Bates
Berry
Brown, Calif.
Burkhalter
Burton
Celler
Chamberlain
Clawson, Del
Colmer
Dague
Davis, Tenn.
Denton
Foreman
Gubser
Hays
Holifield
Hosmer
Kilgore
Kyl
Laird
Lindsay
Mailliard
Martin, Mass.
Michel
Miller, N.Y.
Milliken
Morton
Moss
O'Brien, Ill.
Olson, Minn.
Passman
Pilcher
Pirnie
Purcell
Rains
Rhodes, Ariz.
Rivers, S.C.
Roberts, Tex.
Rodino
Roush
St. Onge
Scott
Shelley
Siler
Smith, Iowa
Stephens
Talcott
Thomas
Thornberry
Watson
Westland
Wharton
White
Whitten
Widnall
Williams
Winstead
Wright
Wyman

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Roush for, with Mr. Teague of Texas against.
Mr. Rivers of South Carolina for, with Mr. Watson against.
Mr. Moss for, with Mr. Kilgore against.
Mr. Shelley for, with Mr. Mailliard against.
Mr. Celler for, with Mr. Williams against.
Mr. White for, with Mr. Baring against.
Mr. Rodino for, with Mr. Scott against.
Mr. St. Onge for, with Mr. Passman against.
Mr. Holifield for, with Mr. Colmer against.
Mr. Purcell for, with Mr. Winstead against.
Mr. Denton for, with Mr. Berry against.
Mr. Hays for, with Mr. Arends against.
Mr. Rains for, with Mr. Widnall against.
Mr. Martin of Massachusetts for, with Mr. Whitten against.
Mr. Thomas for, with Mr. Rhodes of Arizona against.
Mr. Brown of California for, with Mr. Wyman against.
Mr. Olson of Minnesota for, with Mr. O'Konski against.
Mr. Burkhalter for, with Mr. Secrest against.
Mr. O'Brien of Illinois for, with Mr. Stephens against.
Mr. Bass for, with Mr. Morton against.
Mr. Thornberry for, with Mr. Laird against.
Mr. Davis of Tennessee for, with Mr. Siler against.
Mr. Roberts of Texas for, with Mr. Hosmer against.

Until further notice:

Mr. Pilcher with Mr. Dague.
Mr. Smith of Iowa with Mr. Milliken.
Mr. Wright with Mr. Talcott.
Mr. Lindsay with Mr. Avery.
Mr. Bates with Mr. Burton.
Mr. Del Clawson with Mr. Chamberlain.
Mr. Gubser with Mr. Miller of New York.
Mr. Westland with Mr. Foreman.
Mr. Kyl with Mr. Anderson.
Mr. Wharton with Mr. Michel.

Mr. SECREST. Mr. Speaker, I have a live pair with the gentleman from California [Mr. Burkhalter]. If he were here he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. TEAGUE of Texas. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. Roush]. If he were here he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Minnesota [Mr. OLSON]. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members participating in general debate on the bill just passed be permitted to revise and extend their remarks and include certain extraneous material, including tables, and so forth.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

LEGISLATIVE PROGRAM FOR WEEK OF NOVEMBER 11, 1963

Mr. REIFEL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. REIFEL. Mr. Speaker, I take this time to inquire of the majority leader if he can tell us the program for next week.

Mr. ALBERT. Mr. Speaker, will the acting minority leader yield?

Mr. REIFEL. I yield.

Mr. ALBERT. In response to the inquiry of the gentleman, the House will meet tomorrow, but only such business as may be transacted by unanimous consent will be in order.

There will be no session on Monday, and there will be no legislative business on Tuesday.

On Wednesday the bill H.R. 9009, to amend further the Peace Corps Act, as amended, will be considered.

For Thursday and the balance of the week, H.R. 8864, the International Coffee Agreement Act of 1963.

This announcement, of course, is made subject to the usual reservation that any further program may be announced later, and that conference reports may be brought up at any time.

CALENDAR WEDNESDAY BUSINESS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule may be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Reserving the right to object, Mr. Speaker, may I ask the gentleman if there is a rule on the Peace Corps bill?

Mr. ALBERT. It is my understanding that a rule has been applied for. Of course, any announcement I have made is subject to a rule's being granted.

Mr. GROSS. I am glad to have that explanation, because it is my understanding that there has been no rule granted for the Peace Corps bill, which would practically double the appropriation over last year.

May I ask the gentleman this question: What has happened to another bill where the authorization for appropriation sought is almost double that of last year, the disarmament bill, so-called?

Mr. ALBERT. I would advise the gentleman that as soon as the distinguished chairman of the Committee on Foreign Affairs requests that we program that matter, the leadership will endeavor to do so. I would say it would be programed within the week following next week.

Mr. GROSS. What is holding up consideration of this bill? It was scheduled for this week.

Mr. ALBERT. It was put off only because the House was in extended session yesterday and we decided to put it over until a later date.

Mr. GROSS. What would be wrong with taking that bill up tomorrow and getting some of this business out of the way?

Mr. ALBERT. The leadership always endeavors to cooperate with the chairmen of committees on these matters. I will advise the gentleman that there will be no difficulty in programing and, I hope, disposing of that matter in due course.

Mr. GROSS. I would hope in the light of the way this session has moved that we are not going to come up to about December 20 with the House sessions running into the bowels of the night, and otherwise going through the procedure that usually occurs during the closing days of a session. I hope that is not going to happen this year in view of the foot dragging that is taking place.

Mr. ALBERT. I share the gentleman's hope.

Mr. GROSS. Well, can the gentleman give us any assurance that we are not going to wind up from about the 10th to the 20th of December with legislation being rammed down our throats?

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Yes, of course I yield.

Mr. ALBERT. The gentleman has been asking me this question about Christmas or New Years for about 4 months.

When the gentleman first made those inquiries I thought he was being facetious, but I think he was being prophetic. I think the gentleman sees things that I cannot see. The gentleman reminds me of Roland Young's little ditty on the flea:

"And there's the happy bounding flea.
You cannot tell the she from he.
The sexes look alike you see.
But he can tell, and so can she."

The gentleman can tell, and I cannot.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. WEAVER. Mr. Speaker, on Wednesday, November 6, I was unavoidably absent from the House. If I had been present and voting I would have voted "yes" on rollcall No. 191, the conference report on H.R. 6143, the Higher Education Facilities Act of 1963 .

MIDTOWN PLAZA—NO FEDERAL FUNDS

Mr. HORTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HORTON. Mr. Speaker, in the heart of downtown Rochester, N.Y., in the 36th Congressional District, which it is my honor to represent in Congress, there is a unique attraction. It is Midtown Plaza, a multimillion-dollar shopping center which has brought my home community nationwide attention.

In the 18 months since Midtown Plaza opened its doors on the only urban shopping complex in the United States developed with private funds, delegations from every major American city have visited Rochester to inspect Midtown Plaza. These representatives of mercantile and civil interests never fail to express their amazement that such a monumental undertaking could be completed without financial assistance from the Federal Government.

Mr. Speaker, I was a member of the Rochester City Council at the time this downtown shopping plaza was first publicly proposed. In this capacity, I lived through an exciting era wherein a municipal government was caught up in the enthusiasm and promise of dramatic private development.

Our city council resolved to participate in providing the municipal services which would buttress the efforts being put forth by Midtown Plaza's developers. We undertook the building of a three-level underground parking garage on land the developers made available to the city. We improved street patterns so that vehicular and pedestrian traffic could move swiftly and smoothly into this shopping complex.

It was a case of a municipality tremendously impressed with the desire of private enterprise to renew a large area of the central business district. The city government became a partner in the project, to the ultimate benefit of all city residents through a broadened tax base, an energized economy, and a more attractive community.

Now, I find myself again occupied with the question of urban redevelopment as a member of the House District of Columbia Committee. Developers are intent on modernizing the central business district of the Capital City and are looking for Federal help both in acquiring and clearing the land areas for these projects.

We must recognize that these fundamental steps are frought with difficulties. Often, the only means available for securing land is the right of eminent domain. While private developers in Rochester did not have to use government's power of condemnation to gain the needed land for Midtown Plaza, Washington does not appear to be in a similar position.

What is more important than the selection of a method to obtain land on which to build the structures that are the framework of downtown renewal is the necessity of accomplishment. In recent years, we have witnessed the erosion of many urban centers and the consequent devaluation of the real worth of large cities. This tragic trend must be reversed and the core of our cities preserved.

Accomplishment of this goal lies in private enterprise recognizing the inherent value of community centers and moving to implement this recognition. If governments are to protect their allied interests, they have a duty to seek the kind of partnership which the last year and a half has seen bear fruit in Rochester.

Whether through urban renewal assistance or other programs, we in government can help to preserve Washington and the other cities of America. I am hopeful that we will act forthrightly in providing this help.

Certainly, every such project should be decided on its own merits. Because one community takes a particular approach should not necessarily dictate that every other follow suit. Yet, the examples of success which exist in situations like Rochester's can be illuminating. For this reason, I take pleasure in calling the attention of my colleagues to a most comprehensive piece of journalism from Sunday, the weekly news magazine of the Washington Star. In the November 3 issue, there is a cover story on Midtown Plaza that I believe will be of great interest to all who are concerned with maintaining dynamic urban centers:

A New Downtown: Rochester's Lively, Popular Midtown Plaza, "A Town Under Glass," Could Be a Spectacular Example for Renewal in Downtown Washington

(By Robert J. Lewis)

The message of Rochester's prestigious new midtown transformation is of special interest to downtown Washington, where vast improvements are proposed for both public and private sponsorship. Proposals for Pennsylvania Avenue redevelopment, and for urban-renewal treatment of the downtown business district, presage far-reaching changes incorporating a variety of enlivening steps akin to those taken so far in Rochester without Federal aid. A measure pending in Congress would authorize use of Federal renewal funds in Washington's central core, a step deemed essential by merchants here to upgrade the business district.

Rolling into Rochester from the airport, the cab driver tells you: "It brought the city back to life. Yeah, it saved the downtown. They got that underground parking and you drive right into it. You'll see it in a minute. See there, up ahead. See it stick up in the air * * *." Jutting in the distance is a shining office tower, symbol of Midtown Plaza, the Nation's most spectacular center-city revival project.

On the spot a half hour later, jostled by a swarm of frenzied shoppers, you begin to share the cabbie's enthusiasm. This city of 320,000 in upstate New York has created something no other downtown possesses anywhere in the world —a "town square" under glass, a focal point leading to more than 40 air-conditioned acres of floor area. In the square are two big department stores, 30 retail shops, 13 floors of office space, the city's busiest post office branch, a 78-room hotel (perched on four floors atop the office building), an auditorium, a sidewalk cafe, a floating restaurant-bar with a 10-mile view, a central bus terminal, and underground parking for 1,843 cars.

In the year and a half since this $35 million magnet of commercial excitement was unveiled, Rochester has made a discovery of interest to Washington and every other city aiming at downtown renewal: Give the people convenient in-town transportation; a place to hide their cars; exciting new things to look at; an open place to assemble, meet, sit and stroll about; ways to combine shopping and pleasure—plus all the acknowledged advantages of downtown diversity—and they'll come in droves, stay for hours, buy like mad, and go back to their suburban homes reluctantly.

The most amazing fact about this humming new center is that it went ahead without a penny of Federal aid.

Key to the beginning of the 8-acre transformation smack in Rochester's counterpart of Washington's 14th and F Streets was a decision by the city in 1958 to spend $12 million mostly on public improvements it intended to carry out even before Midtown was proposed. This money went to finance the three-level public parking garage beneath the plaza, partially close two narrow streets, and extend another street to channel in more traffic. The improvements were designed to attract private investment.

With this expenditure agreed to, the owners of two big Rochester enterprises—McCurdy's, a department store, and Forman's, a ladies specialty shop—formed a development corporation, assembled 17 parcels of land at a cost of about $5 million, and told architect Victor Gruen to do his ingenious best.

Fresh from designing changes for downtown Fort Worth that never got beyond the blueprint stage, the Viennese-born architect proposed a modern version of the traditional European town square to enliven downtown Rochester. The square, naturally lighted and air conditioned, would be the center piece, with ground- and balcony-level stores fronting on it. Three similarly air-conditioned arcades radiating from the plaza also would have stores. Ground rights for the parking garage were to be leased to the city for $1 a year.

The site picked for the town square was behind the two big stores. Mr. Gruen proposed to remodel and enlarge the existing two stores, open their rear to the glassed-in plaza and fill in the spaces on all four sides with buildings for competing specialty shops, among them an airline ticket office, a barber shop, a realty firm, a travel agency and a beauty shop. A bank was also planned.

Placing an 18-story hotel-and-office building at one end of the enclosed plaza and a smaller office building at another end—and linking the whole complex with elevators, stairways, pedestrian arcades and escalators to the below-ground parking—was all part of the scheme to attract big crowds and keep them there, inside, out of the weather, and shopping to their heart's content.

That's exactly what happened. Now, as you stroll inside Midtown Plaza, the place is crowded, day and night. Some stores, including McCurdy's, stay open from 9:30 a.m. to 9 p.m., but even after closing time, people cluster in the plaza, sitting on benches, talking, reading, as people have done in town squares for centuries. Lights stay bright, doors remain open, and escalators keep running to below-ground parking all night long.

"Public acceptance has been simply amazing," Gilbert J. C. McCurdy says. He is 68, a Phi Beta Kappa graduate of Williams College, and heads the department store founded by his father in 1901. It was his initiative that led to forming the Midtown Plaza development firm, which he serves as president.

Mr. McCurdy's move to improve downtown Rochester came only after his department store had taken the defensive step of opening a suburban branch a decade ago.

"We had a number of friends in the branch business and we thought we would build one and see what happened," he says. "Our suburban branch was very profitable. But we soon discovered it's impractical to build branches of sufficient size to represent a store like ours. So we determined our next move would be to do our utmost to make downtown more attractive than any suburban shopping center could be."

Mr. McCurdy carefully emphasizes the Midtown Plaza project was designed with all downtown Rochester in mind. (His firm and the Forman company are 50-50 partners in the venture.)

Other storekeepers largely agree that whatever helps Rochester's central core should help them, too. But there is no qustion that some downtown merchants have been put at a competitive disadvantage by the shiny new Midtown development, with its own captive audience arriving effortlessly by escalator, hour after hour, from the subterranean three-level parking garage.

Yet Sibley's and Edwards'—Rochester's other big department stores—also benefit from large, above-ground municipal parking garages, completed before Midtown Plaza was started. And, unquestionably, some shoppers park at Midtown primarily to visit other nearby shops and stores in Rochester's compact downtown. But Vicki Newton, 22, a junior at the University of Rochester, is not one of these.

"I used to go down one side of Main Street and up the other," she tells you. "Now I shop in Midtown all the time, constantly. And in the wintertime it's marvelous. I never go outside except to Sibley's." (Sibley's, across Main Street from Midtown, is upstate New York's largest department store.)

Older shoppers, too, are entranced. "My grandmother loves it," one youngster said. "She likes to sit and watch the people, and says to me: 'You run and do something and I'll sit here and look at the flowers.'" Alfred (Alfie) Valentine, 76, a retired music teacher, likes to visit Midtown once a week to meet up with friends. "This place was a Godsend to old people," he says. "Now they come here and see everything."

Far from worrying over the center's nonshopping attractions for older persons, Angelo Chiarella, a youthful architect who is Midtown's general manager, likes it that way. "Some do sit on the benches a long time," he says. "But we figure if they like what's going on here we must have struck just the human note that cities need."

One of the town square's attractions is its clean-lined architecture. Another is the sunlight flooding in from 12-foot-high clerestory windows surrounding the 60-foot-high ceiling. A third is the ever-changing throng of dressed-to-kill Rochesterians so obviously enjoying themselves. ("Ogling pretty girls is also a pastime," suggests an official of the Rochester Planning Commission.) But by far the most fascinating of the plaza's allurements is the Clock of the Nations—an artful $35,000 creation in the center of the square. It stops all traffic every hour and half-hour as it put on a puppet show to the tempo of

> folk-dancing tunes of a dozen foreign nations.
>
> "That clock gave the best value per dollar spent on anything," says General Manager Chiarella. The Gruen architects had it specifically made in Beverly Hills after unsuccessfully searching through Europe for someone to do the job.
>
> Midtown Plaza's big lesson for cities seems to be that downtown business districts need enlivenment, however it is done. It demonstrates the importance of separating automobile traffic from pedestrian traffic (special underground ramps and surface loading docks are provided for delivery trucks serving stores). It points out quick, easy means of transportation to shopping areas are needed (a subway station, for example, could complement on-site parking).
>
> In Rochester, an argument ensued as to how best to meet the changing downtown needs of cities. Mr. McCurly, who operated this notable project during the tenure of Republican Mayor Peter Barry, says it would have been impossible under Federal renewal procedures. The city's new mayor, Henry E. Gillette, a Democrat, fought the project in its planning stages, now concedes: "It does make Rochester more attractive." But he quickly adds:
>
> "It's very unlikely any other city will attack the problem in this same manner because of the insufficiency of city funds. Cities will have to resort to the Federal urban renewal concept, using Federal, State and municipal money."
>
> However that argument is settled, the people of Rochester are sure of one thing. They like Midtown Plaza. It makes the city more lively. As Mrs. Rae Ojalvo, a Rochester housewife, says: "It's something wonderful. It's beautiful. It's a meeting place for everyone."

Mr. Speaker, I feel that a special tribute to the memory of one of the four men who had the vision of Midtown Plaza and accomplished its fulfillment is in order at this point. I refer to the late Frederick S. Forman.

With his brother, Maurice, and two fellow merchants, Gilbert J. C. and Gordon W. McCurdy, Mr. Forman was instrumental in the creation and completion of this downtown shopping center that has become a national showcase. His knowledge of economics, his acumen in real estate, and his belief in Rochester were all significant factors in giving Rochester its downtown revitalization.

Mr. Forman suffered a fatal heart attack on September 29 at the age of 57. His sudden passing left—what one Rochester newspaper editorial aptly called—"an immense civic void."

This man of many talents was an attorney and senior vice president of the B. Forman Co., Inc. Mr. Forman was known as a humanitarian throughout the world for his efforts in behalf of the United Jewish Appeal and his work in creating and supporting the State of Israel.

Through Midtown Plaza and other purposeful activities in commercial life, Mr. Forman has left Rochester a legacy of abiding trust in individual initiative. He knew the inherent worth of free enterprise and devoted his energies to making it produce tangible benefits for hundreds of thousands of his fellow citizens.

Mr. Speaker, our country has been enriched by men like Fred Forman. They have preserved the self-starting character which gives our way of life its highest distinction. In their lives, we find convincing proof that freemen left to pursue their own goals will accomplish far more than all the combined efforts of a regimented bureaucracy.

GREAT NEW ERA IN SCIENCE AND TECHNOLOGY IN OUR NATION

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MILLER of California. Mr. Speaker, for the past 2 days the Subcommittee on Science, Research and Development of the Committee on Science and Astronautics has been conducting a series of meetings with leading scientists of our country. These meetings, conducted without fanfare and ostentation, could very well be the beginnings of a great new era in science and technology in our Nation.

Of late, we in the House have become deeply concerned with the state of scientific research and development presently going on, the Federal funds we are expending for this activity, and especially with the significant effect these activities are having and will have upon our society.

We have seen the formation, for example, of the Elliott select committee. This is a manifestation of that concern. The fact that the Subcommittee on Science, Research and Development, chaired by the gentleman from Connecticut [Mr. DADDARIO] is functioning in my committee is perhaps an even greater manifestation of that concern and acceptance of responsibility to find solutions to the problems I have just outlined.

Hence we have sought, in the early stages of our subcommittee activity, the counsel and ideas and wisdom of the finest scientific minds available. Let me list for you the men who have been with us these 2 days:

Mr. Martin Goland, Southwest Research Institute.

Dr. Leland J. Haworth, Director, National Science Foundation.

Dr. James R. Killian, chairman of the corporation, Massachusetts Institute of Technology.

Dr. George B. Kistiakowsky, Harvard University, and chairman, Committee on Science and Public Policy.

Dr. Thomas F. Malone, Travelers Insurance Cos.

Dr. W. Albert Noyes, Jr., University of Texas.

Dr. Roger Revelle, University of California.

Dr. Richard J. Russell, Louisiana Coastal Studies Institute.

Dr. Frederick Seitz, University of Illinois and President, National Academy of Sciences.

Dr. S. Fred Singer, University of Maryland and Director, National Weather Satellite Center.

Dr. H. Guy Stever, Massachusetts Institute of Technology.

Dr. Alan M. Thorndike, Brookhaven National Laboratory.

Dr. Wernher von Braun, Director, George C. Marshall Space Flight Center, National Aeronautics and Space Administration.

Dr. Fred L. Whipple, Smithsonian Observatory.

Dr. Jerome B. Wiesner, Director, Office of Science and Technology.

I cannot overemphasize the work of the Daddario Subcommittee in the effect it will have on the future progress of the United States, progress not only in science but also in the proper relationship of science and technology to our entire society. The members of the subcommittee are assuming a very weighty responsibility because, I believe, results of the subcommittee work will set the framework for science and technology in relation to the overall resources that we have to guide ourselves in the difficult years that lie ahead of us.

Yesterday the subcommittee concluded its meeting with the scientists in a closed session where the members and scientists got down to plain talking. It was a session in which the scientific facts of life as they pertain to us were laid out for examination with the utmost candor. Unfortunately, while they were meeting, the vote on the bill for higher education facilities was held but the call of the House was not transmitted to certain members and they were unable, therefore, to register their vote. These members were the gentleman from Connecticut [Mr. DADDARIO], the gentleman from Georgia [Mr. DAVIS], the gentleman from New Jersey [Mr. PATTEN], the gentleman from Pennsylvania [Mr. FULTON], the gentleman from New York [Mr. RIEHLMAN], and the gentleman from Ohio [Mr. MOSHER].

The importance of progress in scientific research and technology to world peace and our security cannot be overstated. That progress is entirely dependent upon how we organize our scientific resources and talents to attack the pressing problems that are meaningful to us today and the future generations. The things that scientists must be organized to do in relationship to our whole society must be determined by circumstances and facts that are soundly grounded in reality and not in superficial expediency. These things we must do for our own reasons and not at the dictation of offhand remarks of Khrushchev and his henchmen. It would be folly to allow, for instance, Khrushchev's implication that the Soviet Union is not going to put a man on the moon to modify to any degree the great scientific effort that we are putting into our manned lunar program.

As a matter of fact, Khrushchev did not say they were not going to the moon. He admitted yesterday that his remarks were completely misinterpreted. Yet I have only to remind you of the effect of his statement only a few days ago and the confusion that resulted. It is a bit frustrating to me that we are so responsive to what other people say and think of us and what we do.

We must depend upon wise leadership and realistic thinking, both in the scientific community and in the political arena so that whatever we decide to do in science and technology and the resources that we must marshal to do those things will not be done in vain. We cannot afford to waste our substance; we cannot afford to make serious mistakes. Time is against us, and the times for decision are with us now. It rests with us in Congress to seek the best advice and counsel that we can find to make sure that science and technology is our servant and not our master.

MAXIMUM WORKWEEK

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD following the legislative business of the day.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, today I am introducing a bill to reduce the maximum workweek under the Fair Labor Standards Act of 1938, as amended, to 35 hours, and for other purposes.

Many of my colleagues may recall that I sponsored such a measure in the 87th Congress, but when reviewing the matter at the commencement of the 88th, I decided to withhold introduction of such a proposal. In this interim period I have watched closely and with much concern the stability of the unemployment figures as reported by the Department of Labor periodically. It was my hope that an accelerated economy would require an ever-increasing work force, and thus gradually reduce the unemployment rate to an acceptable, even though not desirable, figure.

Unfortunately, my hopes in this regard have now been diminished to the point where I believe more affirmative action is necessary. I recognize that passage of H.R. 8363, the tax reduction bill, is expected to create an immediate and sustained stimulus in this area. However, progress toward enactment seems to be slow, and, in any event, I am not completely convinced that even this major action will accomplish entirely the desired end result.

Although I do not necessarily anticipate immediate legislative action, the bill itself provides a basis for a thorough investigation by the general Subcommittee on Labor when it considers amendments in general to the Fair Labor Standards Act of 1938.

GOVERNMENT-RENTED TRANSPORTATION FOR MARTIN LUTHER KING

Mr. ANDREWS of Alabama. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include certain letters.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ANDREWS of Alabama. Mr. Speaker, a couple of weeks ago Governor Wallace of Alabama and Sheriff Clark of Dallas County notified the Department of Justice that an FBI agent had rented a car from the Hertz Co. in Birmingham and had used that car to transport the Reverend Martin Luther King all over the State of Alabama. Several Members of our delegation called that fact to the attention of the Justice Department and we received this letter signed by Burke Marshall on October 29 which contains the following sentence:

> Of course, any effort at all by Sheriff Clark or Governor Wallace to ascertain the true facts would have made these false reports unnecessary in the first place.

The letter then refers to a statement issued by them on the 18th of October as follows:

> The reports that automobiles rented by the Department of Justice were used to furnish transportation for Rev. Martin Luther King in Alabama are either a gross mistake or a deliberate attempt to mislead the people of Alabama. . . .

In conclusion, he says:

> It is obvious from these facts that neither the Chevrolet nor the Ford, nor any other car rented by the Department of Justice, was used to transport Reverend King. The reports to the contrary are false. Any efforts to ascertain the truth would have revealed these facts.

Now we find that their own attorney lied to them. I say that such things as this causes people not only to lose faith in the ability of the Attorney General's office, but in the integrity of that office.

Mr. Speaker, the letters below speak for themselves. I am extremely disappointed that the Department of Justice does not have better control over its employees and their activities. The Justice Department by its very nature should reflect the highest practices and ideals of justice. But the actions that prompted the following correspondence is neither right, fair, nor just.

OCTOBER 19, 1963.

Hon. ROBERT F. KENNEDY,
Attorney General,
Department of Justice,
Washington, D.C.

DEAR MR. KENNEDY: My office has been deluged with letters, telegrams, telephone calls and personal visits, all deploring action taken by the Justice Department to rent automobiles for use in transporting Martin Luther King to various parts in Alabama.

As taxpayers, they object to the Government using money to transport an out-of-State agitator and a racial troublemaker into and within the State of Alabama.

The people of Alabama feel very strongly about this, and I, as a Representative of the State-at-large, cannot imagine anything more distasteful than for our Government to use the taxpayers' money in this way. I join with my constituents in deploring this action as vehemently as possible.

Please furnish me with an explanation as soon as possible.

Very truly yours,
GEORGE ANDREWS.

DEPARTMENT OF JUSTICE,
Washington, October 29, 1963.

Hon. GEORGE ANDREWS,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: The Attorney General has asked me to reply to your letter of October 19, concerning reports that vehicles rented by the Department of Justice were used to transport Rev. Martin Luther King, Jr., around Alabama. On the 18th of October we issued the following statement. I think that it will completely answer your inquiry. Of course, any effort at all by Sheriff Clark or Governor Wallace to ascertain the true facts would have made these false reports unnecessary in the first place.

The reports that automobiles rented by the Department of Justice were used to furnish transportation for Rev. Martin Luther King, in Alabama, are either a gross mistake or a deliberate attempt to mislead the people of Alabama.

We are setting forth all the facts so that there can be no misunderstanding although we issued a complete denial on Wednesday.

Attorneys for the Department of Justice on duty in Alabama and elsewhere in the United States frequently rent automobiles. In recent weeks, Department attorneys have rented two automobiles in Alabama—one a 1963 blue Chevrolet Impala and the other a 1964 white Ford Galaxie.

It has been reported that the 1963 Chevrolet was used to take Reverend King from Birmingham to Selma on October 15. This car had been rented by Kenneth McIntyre, a Department attorney, but was being used by Thelton Henderson, another Justice Department attorney.

At about 5:15 p.m. on October 15, Mr. Henderson went to the Gaston Motel to interview Reverend King at the specific direction of the Department of Justice. At that time Dr. King was at a meeting at the Gaston Motel. When Dr. King came out of the meeting, Mr. Henderson asked to speak to him. Dr. King replied that he was late and had to go immediately to the New Pilgrim Church in Birmingham. Henderson offered to drive him there if he could interview him on the way and Dr. King agreed. Henderson left the Gaston Motel at 5:30 p.m. and let Dr. King off at the New Pilgrim Church at 5:40 p.m. Henderson then returned to the Gaston Motel. The Chevrolet never left Birmingham that night.

We have learned that Reverend King was driven to Selma in a Chevrolet similar to the one rented by the Department of Justice. However, it was a privately owned vehicle and was not the one used by Mr. Henderson.

It has been reported that later on October 15, Reverend King was driven from Selma to Montgomery in the 1964 Ford which also was rented by Mr. McIntyre. Mr. McIntyre rented the Ford in Montgomery, at 8:41 p.m., on October 15 and drove to Craig Air Force Base near Selma, checking into the base at 9:35 p.m. Thereafter, neither Mr. McIntyre nor the Ford left Craig Air Force Base that night. Mr. McIntyre does not know Reverend King and has never met him. The Ford remained overnight in Selma and the following morning, John Doar, First Assistant Attorney General in charge of the Civil Rights Division, drove the Ford to Tuskegee and then back to Montgomery. We have been informed that Reverend King drove from Selma to Montgomery in a privately owned Cadillac.

It is obvious from these facts that neither the Chevrolet nor the Ford, nor any other car rented by the Department of Justice, was used to transport Reverend King. The reports to the contrary are false. Any efforts to ascertain the truth would have revealed these facts.

Very truly yours,
BURKE MARSHALL,
Assistant Attorney General,
Civil Rights Division.

DEPARTMENT OF JUSTICE,
Washington, November 6, 1963.

Hon. GEORGE W. ANDREWS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ANDREWS: I regret to inform you that the information I furnished to you concerning reports that vehicles rented by the Department of Justice were used to transport Rev. Martin Luther King around Alabama was in part inaccurate.

The enclosed statement corrects the inaccurate information which I earlier furnished you.

The Department is issuing a statement to this effect today. If you have any further inquiries about this matter, I would be happy to answer them for you.

Very truly yours,

BURKE MARSHALL,
Assistant Attorney General, Civil Rights Division.

Reports were published in Alabama last month that automobiles rented by the Department of Justice were used to transport Rev. Martin Luther King from Birmingham to Selma on the evening of October 15.

The Department of Justice issued a statement on October 18 asserting that no automobiles rented by the Department of Justice had been used to drive Reverend King either from Birmingham to Selma or from Selma to Montgomery.

No car rented by the Department was used to drive Reverend King from Selma to Montgomery. However, a car rented by the Department and being used by a Department lawyer was loaned to a private citizen who subsequently drove Reverend King from Birmingham to Selma on October 15.

During that time, the attorney, Thelton Henderson, remained in Birmingham. Nevertheless, the use of the car for unofficial business was contrary to Department of Justice regulations. It was also contrary to a statement which Mr. Henderson originally gave to the Department of Justice. Mr. Henderson came forward last night and voluntarily gave a correct account of what occurred. He has submitted his resignation to the Department and it has been accepted.

The Department regrets very much that its earlier statement as to the use of a car rented by the Department in connection with Reverend King's transportation from Birmingham to Selma was based on misinformation and, therefore, erroneous.

[From the Washington Post, Nov. 7, 1963]

WALLACE CHARGE WAS PARTLY RIGHT—FLIP-FLOP ON RENTED CAR FOR DR. KING MAKES JUSTICE DEPARTMENT BLUSH

(By James E. Clayton)

The Justice Department was covered with embarrassment and chagrin yesterday for being misled by a young attorney in its Civil Rights Division.

In a formal statement, the Department admitted that a car it had rented was used to transport Civil Rights Leader Dr. Martin Luther King, Jr., from Birmingham to Selma, Ala., on October 15.

In doing so, the Justice Department had to back down from an earlier statement denouncing Alabama Gov. George C. Wallace for claiming Dr. King had ridden in a car rented by the Government.

Wallace had made a major issue out of two trips, one from Birmingham to Selma and one from Selma to Montgomery. Wallace, who classifies Dr. King as a "racial agitator and troublemaker," called it outrageous for the Federal Government to transport him around the South.

The Justice Department had quickly denied Wallace's charges. It had said his statement was "a gross mistake or a deliberate attempt to mislead the people of Alabama."

Yesterday, a spokesman for Attorney General Robert F. Kennedy admitted Wallace was partially right. Dr. King had traveled from Birmingham to Selma in a car rented by the Justice Department.

Thelton Henderson, a Negro attorney, had lent the car to a Birmingham Negro minister, Rev. Nelson H. Smith, for the trip after other plans for transporting Dr. King fell through.

The spokesman said Henderson first told his superiors the car had not been used for the trip but voluntarily retracted that statement Tuesday night. Henderson promptly resigned from the Department, it was said, and will refund the costs of the trip.

Henderson, 29, of 800 Fourth Street SW., joined the Civil Rights Division a year ago after graduating from the University of California Law School. He was considered one of that Division's most effective investigators in the South.

MILITARY AID TO YUGOSLAVIA

Mr. LIPSCOMB. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include a letter from the Assistant Secretary of State and an editorial.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LIPSCOMB. Mr. Speaker, we are witnessing furious and determined attempts by the administration to upgrade Tito's communism whether or not it requires a complete flouting of the will of Congress to help bring this about.

The use of foreign aid funds earlier this year to provide for the sale of military equipment to Yugoslavia, and the manner in which this activity was carried out in concealment by the administration is a good example of this policy in action. It should be a matter of utmost concern to all Americans interested in counteracting the Soviet Communist menace and in being informed with regard to the activities of government.

This transaction involves extending credit assistance to Yugoslavia for primarily military aircraft parts and parts for military vehicles. It was approved by the administration in spite of a provision adopted by Congress last year specifically designed to prohibit aid to Communist nations.

The provision is section 109(a) of the Foreign Assistance Appropriation Act of 1963, which reads:

> No assistance shall be furnished to any nation, whose government is based upon that theory of government known as communism under the Foreign Assistance Act of 1961, as amended, for any arms, ammunition, implements of war, atomic energy materials, or any articles, materials, or supplies, such as petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war, contained on the list maintained by the Administrator pursuant to title I of the Mutual Defense Assistance Control Act of 1951, as amended.

The administration is fully aware that in adopting that provision the Congress expressed its determination that foreign aid funds should not be used to help arm or otherwise aid Tito's Communist Yugoslavia.

However, it went right ahead and decided to sell the equipment to Yugoslavia under certain waiver authority contained in the Foreign Assistance Act of 1961, as amended, which it is claimed is available to the President to overcome the prohibitions against selling to Yugoslavia in last year's foreign aid appropriation bill. In so doing, the President had to find that such assistance is vital to the security of the United States and that the recipient country is not controlled by the international Communist conspiracy. The administration so found on May 14, 1963.

As could be expected, the transaction was approved under a cloak of secrecy which has been rightly condemned in many quarters. The notification to Congress concerning the matter was marked "secret." A memorandum prepared for the President on the sale by the Administrator of the Agency for International Development was and still is marked "secret." No press releases were issued.

After this transaction was brought to light, I wrote to the Department of State requesting full details. A reply has been received and I believe the State Department discussion on this matter will be of interest to Members of the Congress:

DEPARTMENT OF STATE,
Washington, November 4, 1963.

DEAR CONGRESSMAN LIPSCOMB: I regret the delay in replying to your letter of October 11, 1963, addressed to Secretary Rusk which requested information concerning United States military aid to Yugoslavia.

The Department would like to make clear at the outset that the United States has not resumed grant military aid to Yugoslavia. The United States grant military aid program for Yugoslavia was terminated in the fiscal year 1958 and has not been resumed.

The news reports to which you refer relate to a Presidential Determination (No. 63–20) of May 14, 1963, which authorized the sale to Yugoslavia on cash dollar terms in an amount not to exceed $2 million of defense articles and services from Department of Defense stocks for maintenance of military equipment previously obtained from the United States. These sales were made in accordance with the provisions of the Foreign Assistance Act of 1961, as amended.

The answers to your specific questions are as follows:

1. Presidential Determination No. 63–20, which authorized the aforementioned sales, was issued on May 14, 1963.

2. The chairmen of the Committees on Appropriations and Foreign Relations of the Senate and the Speaker of the House of Representatives were supplied by the Agency for International Development with a copy of the Presidential determination by letters dated May 15, 1963. At this time the Presidential determination was classified "Secret." Subsequent thereto, the Yugoslav Government was informed of the determination, and by letters dated June 5, 1963, from the Agency for International Development the aforementioned Members of Congress were notified that the determination had been declassified. As a matter of diplomatic courtesy, this declassification was deferred until the Yugoslav Government had been formally notified of the determination. No press release regarding the determination was issued.

3. From May 14, 1963, the date of the Presidential determination, to the present date, sales in the amount of $789,721 for spare parts and training services have been made under the determination. The spare parts supplied were for vehicles, aircraft and artillery. The training and training aids supplied related to F–86D aircraft purchased in 1961.

4. The reasons for the sales made under the Presidential determination are set forth at some length in a memorandum for the President from the Administrator of the Agency for International Development dated April 18, 1963. This memorandum is classified "Secret," but copies of this memorandum were transmitted to the chairmen of the Senate committees mentioned above and to the Speaker of the House of Representatives on May 15, 1963, along with the copies of the Presidential determination.

It can be stated, however, that following the termination of the grant aid military program in 1957, President Eisenhower decided that it was in the interest of the United States to sell military equipment, including jet aircraft, to Yugoslavia. Having provided military equipment to Yugoslavia, it is important to permit this equipment to be maintained.

Yugoslavia is governed by a Communist regime. But we have seen repeatedly that neither the people of Yugoslavia nor its Government is prepared to accept the discipline or domination of the international Communist conspiracy. Yugoslavia's independence has served well the interests of the United States in the past decade. It continues to do so today.

The fact that the leadership of the Soviet Union, for its own tactical reasons, is making various overtures to Yugoslavia should not obscure the basis for our own interest in Yugoslavia. The test of our policy and actions should be whether Yugoslavia is in fact independent. The President after careful examination concluded that Yugoslavia is not controlled by the international Communist conspiracy, that the sales in question would further promote Yugoslavia's independence from international communism, and that the sale of the spare parts necessary to maintain the military equipment we had sold was vital to the security of the United States. Under the Foreign Assistance Act, these conclusions had to be reached before the sales could be authorized. The action of the President involves nothing more or less than permitting Yugoslavia to maintain military equipment of U.S. origin through the purchase, for dollars, on cash terms of spare parts and training which can only be acquired in the United States. This matter affects directly the good faith and credit of the United States.

It would be ironic if, after we had invested over $2 billion to support the determination of the Yugoslav people to defend their independence, we jeopardized our investment and the gains for our policy by refusing to sell, not give, Yugoslavia spare parts for military equipment previously supplied from the United States.

I hope that the above information will be helpful. If I can be of further assistance to you, please do not hesitate to call on me.

Sincerely yours,

Frederick G. Dutton,
Assistant Secretary.

I also include at this point an editorial entitled, "The Public Hears Five Months Later," which appeared in the October 9, 1963, issue of the Los Angeles Times. These days news management is becoming an increasingly more serious problem which is of concern to many. The Los Angeles Times editorial questions the long delay in making this decision available to the public.

The editorial follows:

The Public Hears 5 Months Later

Nearly 5 months after the decision was made, the resumption of U.S. military aid to Communist Yugoslavia has finally been disclosed.

President Kennedy issued an order May 14 giving the Tito government $2 million to pay for spare parts for U.S. military equipment already owned by Yugoslavia. Although it is a Communist country, Yugoslavia "is not controlled by the international Communist conspiracy," the White House ruled.

The distinction is probably valid, even though there are many who would disagree. But why the long delay in making public the controversial decision that the difference justifies military grants?

We have given economic aid to Yugoslavia and encouraged trade—although not without considerable congressional argument. The issue of military assistance is something quite different, as was shown in the bitter quarrel over selling surplus U.S. fighters to Tito in 1961.

The difference between the decision in 1961 and in 1963 is that 2 years ago there was at least a chance to debate the issue.

CONGRESSMAN SELDEN HONORED

Mr. MORSE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MORSE. Mr. Speaker, the Mexican Academy of International Law is an old and honored institution whose members number among the most distinguished international lawyers and jurists.

The academy was founded in 1810, born in the Mexican independent movement. When Miguel Hidalgo established the first Mexican independent government at Guadalajara, he requested Lawyer Ignacio Aldama to formulate a foreign policy for Mexico. Aldama held meetings with Mexico's distinguished lawyers, and from this alliance the academy was created.

In ceremonies last month, two distinguished Americans were admitted to the academy—the U.S. Ambassador to Mexico, the Honorable Thomas Mann, and Alabama Congressman Armistead Selden, chairman of the House Subcommittee on Inter-American Affairs and fifth-ranking member of the House Foreign Affairs Committee.

The academy also awarded to Congressman Selden the Mexican Order of Law and Culture, a decoration given to those who through international affairs and diplomatic service contribute to the advancement of world peace and the fraternity of all peoples.

One of the directors of the Mexican Academy of International Law—Dr. Ezequiel Padilla, long known as the Chancellor of the Americas—delivered the address at the October 11 ceremony welcoming Congressman Selden to membership in the academy. The importance of Dr. Padilla's remarks and the response of our colleague, the Honorable Armistead Selden, merit their inclusion in the Record.

Licenciado Padilla's Speech in the Academy of International Law

It is a great honor for me to deliver this reception speech. We are admitting to our membership by this solemn act an eminent internationalist, His Excellency, Mr. Armistead Selden, Member of the Congress of United States of America, and at the present time chairman of the Inter-American Subcommittee of the House of Representatives. His distinguished personal characteristics are a bulwark of American unity, which is being so seriously threatened.

Mr. Selden presented a report to his committee in March regarding the Cuban problem, which indicated his deep concern and called for joint action from all of the Americas to ward off the danger.

Truly, never more than at the present time has the Monroe Doctrine needed stronger support. Many of our Latin American countries are passing through a tumultuous period of subversive aggression and coup d'etats.

In the short space of 1 year, in addition to the experience of Cuba, transgressions against democratic institutions have taken place in five countries, and we are quite anxious about future events in other threatened nations.

The most disconcerting thing is anarchy and America's indifference toward the tremendous onslaught against continental doctrine. By abandoning troubled countries to their fate, it could be said that without recognizing that this situation could reverberate in each of our countries, we have annulled about 100 years' efforts toward consolidating hemispheric brotherhood.

This is ironical in contemporary history because it is happening when the rest of the world is experiencing a period of optimism. The separation of China from the Soviet Empire, the bankruptcy of its agriculture and its economy in general, the obvious contrast between the economic and moral disaster which, without exception, countries in all parts of the world utilizing totalitarian systems of terror and violence have suffered, and the fabulous economic and moral success of free nations, have caused a schism in the aggressive strength of the Soviet bloc. Moscow's agreement on limiting nuclear tests is another factor favoring world confidence.

This does not mean that the West is lowering its guard, since the international atmosphere is charged with explosives, and we have already heard the warning that subversive propaganda will continue relentlessly.

At any rate, there is reason to believe that, for now at least, we are far from a shooting war. On the other hand, we have embarked upon economic wars which could have catastrophic results.

History teaches us over and over again that fierce economic wars unfortunately lead to armed warfare. In the face of this new danger, countries are reacting in the only way that man can to achieve peace in the world permanently: strengthening ties between nations, common markets, federations of States [i.e., independent countries].

On the Fourth of July this year, President Kennedy, in the city of Boston before a shrine of American Independence, and while looking toward Europe said: "I offer union with the United States to the free countries of Europe for the purpose of creating the most powerful State in history, the Atlantic State."

Our President, Lopez Mateos (of Mexico), has shown his faith in the interdependence of nations by his statements and during his international trips. A few days ago, he proposed a plan to the world for unity under the aegis of nonintervention. Union between nations is the undeviating march of history.

America is a pioneer on this trail. From the early dawn of our independence, their heroes and statesmen planned and worked out the system of continental unity. Enemy powers, technological and economic distress, and mankind's lack of understanding created insurmountable barriers.

It is not until the present time that America is arising, amidst struggles and turmoil, armed with the Alliance for Progress, which is a multilateral alliance, implemented by powerful economic and technical forces, to engage in battle against Latin America's sinister enemy, which has been throughout its history, and still is, the abject wretchedness of its peoples.

Twenty-one years ago in Rio de Janeiro I said these words in the name of Mexico:

"The peoples of America are hearing the voice of democracy and hear us calling it to defend the American spirit. But it has to be accepted. The peoples of America are asking for justice.

"If we do not create by our agreements, by our clear insight into the future, and by our resolve to make great American countries—a doctrine, a faith, a hope for which American youths will be proud to be living—then they will not be inclined to die for them, by defending them."

These words seem to have been translated now into the phrase "Alliance for Progress." In order for this doctrine to flourish, it must be thoroughly understood.

It is going forward amidst doubts, lack of confidence, and conspiracies, but it is advancing. It is going forward in some nations by constructing the foundation upon which a fair economy will be built; it is arousing international confidence which is being translated into effective action; it is strengthening the souls of our peoples and giving to their citizens the pride and joy of establishing, through their own efforts and from their own resources, welfare and liberty for their children.

But in particular, this doctrine is founded on the spiritual values of the Alliance for Progress. It is advancing like a battering ram, knocking down injustice and feudalism (which would otherwise remain unchanged), by threatening the privileged few who are fortifying themselves in some of our countries when faced with the dilemma of peaceful revolution or armed revolution.

The Alliance for Progress, then, is not only an economic and material undertaking, but it is also an undertaking in the spiritual and moral order of things.

In this speech, I intend to emphasize the moral contribution of Mexico to the Alliance for Progress. Mexico is living proof that a fair economy cannot be constructed on top of an unfair economy. It cannot be built on the wrongful exploitation of the people, because then all cooperation strengthens and aids the exploiters.

The political and economic stability, and the progress of Mexico which is recognized by all, are proof of the success of the Mexican revolution. These things emanate from the labor and agrarian reforms, from social justice which is being spread in the community, from the rise in the people's standard of living, and from free and intensive education.

We are still very far from the final goal, but what has been accomplished is Mexico's contribution to convince America and satisfy the ideals of the Alliance for Progress that only by abolishing privileges and inequalities can an America be created which may embody freedom and permanent peace.

All of us feel disturbed by the somber aspect of our Latin American countries, and all of us want to place our confidence in the Alliance for Progress. But if this undertaking is to be a timely success, it must act quickly and sweepingly. There is no more ominous sign of frustration than lack of speed, because we are courting chaos and Communist propaganda.

It seems to me that it is such a negative thing that the Congress in Washington should cut or veto appropriations for the Alliance for Progress. It shows a lack of confidence which bad propaganda is spreading in Latin America in order to discredit the generous assistance of the United States in the Alliance for Progress.

This Alliance, I repeat, is not only an economic undertaking which merely distributes $20 billion within a period of 10 years. Above all, it is a friendly alliance between people, an alliance of souls.

On a trip which I made recently at the invitation of the Government of Germany, when I was having an interview with Dr. Einhart, Under Secretary of Economics and Director of Germany's Economic Relations with Latin America, these words were said: "Germany's prosperity is due to the fact that for the first time in history, the conqueror did not make mincemeat of his vanquished enemy, but helped him to rise and rebuild through the generosity of the Marshall plan."

Dr. Schroader, the German Secretary of Relations [sic], made similar statements a few weeks ago. Mr. Holstein, the Chairman of the Executive Committee of the European Common Market, reiterated the same sentiments. And so have numerous European statesmen.

In a recent speech in the English Parliament, Macmillan said: "All of us know that the Marshall plan saved Europe." These cordial notes united people shoulder to shoulder in their struggle for success in a huge mutual undertaking.

In this conclusive struggle for the welfare of Latin America, we must become accustomed to speaking not only of the things which separate us from one another, but of everything which brings us closer together. We should do this by turning our backs on the obscurity out of which history emerges.

In this matter, Mexico has given us an extraordinary example. This was a few months ago when the people and the government of Mexico joined together and extended the most tumultuous and spontaneous manifestation of friendship in an unprecedented reception for President Kennedy.

"In the same way President Kennedy gave us an example of true friendship which is so necessary in these times when—ignoring the historical opposition of his country—he showed justice toward Mexico by returning El Chamizal. We are hoping for another cordial gesture when the serious problem of the salinity of the Colorado River is resolved in a fair way.

If the Alliance for Progress builds only material things and thus sustains the discord and lack of confidence which a perverted type of propaganda is spreading in Latin America, it will have built upon sand because the only lasting thing is spiritual victory. In our period in history, Mexico has become known for its spiritual values.

In Western civilization, we are not a newly emerged nation. We do not draw inspiration from a raging and intransigent nationalism which seems to be the unhappy heritage of some new nations in Asia and Africa. We are a people whose pre-Colombian aborigines knew how to produce the wonders of art, architecture, painting, engineering, and handicrafts. The ruins of Mitla, Uxmal, Monte Alban, Chichen Itza, and Bonampak are shining examples.

We are descended from a race which—in the eloquent words of President Lopez Mateos—knew how to place in an enduring setting the greatest progress which has been achieved in centuries.

The Mexican revolution is the precursor of this century's revolutions which, through bloody sacrifices, by fire and sword, won vindication [justification of the revolution] for the people.

Therefore, those of us who are proud to be Mexicans defend the enduring merits of Mexico's history and tradition, and we are endeavoring to make our native land greater, more noble and vigorous, so as to be able to contribute more effectively to the great American causes as well as to humanity.

Mr. SELDEN—and I also wish to mention our distinguished Ambassador, Mr. Mann—this Academy of International Law welcomes you with open arms as proof of our recognition of your outstanding merits as Americanists. Welcome.

RESPONSE OF REPRESENTATIVE ARMISTEAD SELDEN, MEXICAN ACADEMY OF INTERNATIONAL LAW, OCTOBER 11, 1963

Licenciado Aleman, Dr. Padilla, distinguished members of the academy, Ambassadors, ladies and gentlemen, I am deeply moved that my first visit to your magnificent city is occasioned by so singular an honor as has been bestowed upon me by the Mexican Academy of International Law.

Also, it is with a sense of deep humility and inadequacy that I respond briefly here tonight to the eloquent remarks of Dr. Padilla. Few have worked harder for inter-American solidarity than this great Mexican, whose knowledge, courage, and patience have won him profound respect not only in the United States and throughout Latin America, but in all nations which operate under the rule of law.

As chairman of the Subcommittee on Inter-American Affairs of the U.S. House of Representatives, I had planned to take a number of my colleagues on a study mission throughout your country last December to enhance our understanding of Mexican developments. Fate, unhappily, intervened—an automobile accident in Guatemala several days before our scheduled arrival in Mexico made it imperative that we return directly to the United States.

Nevertheless, I have had many occasions to deal with matters of mutual concern to the United States and Mexico. In this respect, I am particularly proud of the role it was my honor to play in the enactment of legislation authorizing the United States to participate in the building of the Amistad Dam. The joint construction, operation, and maintenance of this second international storage dam on the Rio Grande attests to the continuing productive and amicable relations which have characterized Mexican-United States relations for a quarter of a century.

For two countries, together, to build and run an installation designed to save many citizens on both sides of the border from untold suffering may seem only logical and rational. Yet we have but to recall the animosities engendered by river questions in other parts of the world to appreciate the achievement represented by the manner in which our two countries have undertaken to cooperate.

As a legislator, I also feel privileged to have participated in the establishment of the Mexico-United States Interparliamentary Group. Informal, unofficial meetings of our elected representatives provide an excellent opportunity to discuss each others problems and preoccupations, and thus to create the understanding which is so vital a base to international cooperation.

As scholars of international law, I think you will agree that even the most clearly defined laws to govern the conduct of nations will be ineffective unless there exists the will to abide by the rules.

In the United States we are well aware of Mexico's long record of urging that law alone should be used to solve international disagreements. We know, too, that Mexico has set an enviable example of a nation which practices what it preaches. The peaceful settlement of the dispute with Guatemala by the administration of President Lopez Mateos, through the good offices of Brazil and Chile, attests to the vitality of Mexico's peaceful policy. More recently, the agreement on the Chamizal question is a chapter in the peaceful settlement of disputes of which both Mexico and the United States can be proud. It is indeed a pleasure to share this occasion with the U.S. Ambassador, Thomas Mann, one of the architects of the Chamizal settlement.

The effort to establish the rule of law has been the mark of civilization ever since it began. The nations of the Western Hemisphere, with Mexico in the forefront, have been particularly active and successful in devising a body of laws by which the inter-American family can live in peace with one another.

However, some of the basic assumptions underlying the inter-American system are shifting. Enormous technological strides in the past decade or two are shrinking the globe. Meanwhile, the emergence of an aggressive international movement, whose

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declared purpose it is to bury the Western democracies, has created a wholly new dilemma.

The precepts which have served the inter-American community well in their relations with each other are now being twisted to serve as a shield behind which a foreign empire intervenes in the Western Hemisphere.

We have only to recall the tense days last October, when the Soviet Union introduced offensive missiles into the Caribbean—then negotiated for their withdrawal over the head of Fidel Castro—to realize that an American nation is being used as a Trojan horse for the nefarious designs of a foreign power. It also must be remembered that Soviet troops remain today on the soil of the Americas.

Inter-American law cannot exist as if sealed in a vacuum by the Atlantic and Pacific Oceans. If it is to be a vibrant instrument for international peace, it must respond to the exigencies of the times.

The Mexican Academy of International Law has played a significant role in shaping Mexico's commendable policy with respect to the rule of law governing the relations of nations. It is my hope that the members of the academy will continue to direct their considerable knowledge and intellect to the task of originating new norms by which the American Republics can cope with the changing circumstances which now threaten hemispheric peace and security.

Thank you for the great honor which you have bestowed upon me this evening. I shall always treasure it as an indication of the spirit of friendship and cooperation which exists between our two countries.

PENDING LEGISLATION ON NON-SERVICE-CONNECTED PENSION

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. AYRES] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. AYRES. Mr. Speaker, there has been considerable confusion regarding the position of the Veterans of Foreign Wars on pending non-service-connected pension legislation. There was recently circulated a communication from the Veterans of World War I of the U.S.A. Inc., indicating that the VFW supported the Discharge Petition on H.R. 2332. I am happy to note that National Commander in Chief Joseph J. Lombardo of the Veterans of Foreign Wars has issued a statement clarifying the position of his organization on pension legislation for veterans of World War I. The statement points out that the VFW National Council of Administration rejected H.R. 2332 as a part of the VFW national legislative program. The statement later calls attention to H.R. 2916 and H.R. 3164, identical bills introduced by Chairman TEAGUE and myself respectively. Commander Lombardo states that these bills represent a bipartisan approach in furtherance of national mandates to have the existing pension program liberalized, especially income limits and pension payments. The Commander goes on to say:

> Since the great majority of veterans already receiving a pension are World War I veterans, any liberalization of the present pension program will help World War I veterans more than any other single group.

Commander Lombardo's press release dated November 4, 1963, and the resolution adopted by the National Council of Administration on this subject follow:

PENDING NON-SERVICE-CONNECTED PENSION LEGISLATION

Joseph J. Lombardo, Brooklyn, N.Y., commander in chief of the Veterans of Foreign Wars of the United States issued a statement today clarifying the position of his organization regarding pension legislation for veterans of World War I. The clarification became necessary when it was discovered that delegates to the organization's 1963 national convention had passed conflicting resolutions on the subject.

Lombardo's statement read as follows:

"Upon learning that delegates to the 1963 national convention of the Veterans of Foreign Wars of the United States had passed conflicting resolutions regarding a proposed pension for veterans of World War I, I immediately consulted with James E. Van Zandt, Altoona, Pa., and asked that he take the matter under advisement so that the conflict could be intelligently placed before our National Council of Administration for a determination of the VFW's official position.

"The National Council of Administration is the governing body of the Veterans of Foreign Wars between national conventions and by precedent it has been established that when delegates to the national conventions pass conflicting resolutions it becomes the responsibility of the National Council of Administration to adjudicate the conflict and establish an official position for the organization.

"The National Council of Administration of the Veterans of Foreign Wars has resolved a conflict resulting from the 64th national convention delegates adopting two positions concerning a separate pension program for the veterans of World War I.

"One resolution reaffirmed a VFW-sponsored bill, H.R. 33 introduced in the 88th Congress by RICHARD L. ROUDEBUSH of Indiana, a former national commander-in-chief of the VFW. The conflicting resolution endorsed a bill sponsored and promoted by another veterans' organization, namely, H.R. 2332.

"What is the conflict? Actually, the two bills, H.R. 33 and H.R. 2332, are aiming for the same objective, namely, a separate and more liberal pension program for the remaining 2.3 million veterans of World War I. H.R. 33 is a VFW bill, which H.R. 2332 has been promoted, sponsored, and identified with another veterans' organization. Coupled with H.R. 2332 is the controversial discharge petition which is a no-confidence vote in the House Veterans' Affairs Committee.

"The national council of administration took notice of the fact that the VFW must choose sides and support one of these bills. After viewing all of the pension resolutions adopted at our last national convention held in Seattle, Wash., the council rejected H.R. 2332 as a part of the VFW national Legislative program and called upon the VFW to continue its unqualified, all-out support of H.R. 33. This VFW-sponsored bill for a separate and more generous pension program for the veterans of World War I authorizes an additional 10 percent in the pension payment where the veteran served overseas.

"The national council also pointed its finger at two other VFW-sponsored bills which will liberalize the existing pension program, referred to as Public Law 86–211. These two bills, H.R. 2916 introduced by House Veterans' Committee Chairman OLIN E. TEAGUE of Texas and H.R. 3164 by Committee Minority Leader AYRES of Ohio are identical bills and represent a bipartisan approach in furtherance of VFW national mandates to have the existing pension program liberalized, especially income limitations and pension payments. Again, these proposals for an additional 10 percent in any payment where the veteran served overseas identify them as VFW bills. Since the great majority of veterans already receiving a pension are World War I veterans, any liberalizations of the present pension program will help World War I veterans more than any other single group."

A copy of the complete resolution adopted by the national council of administration is attached.

UNIFORM PENSION PROGRAM

Whereas for many years the Veterans of Foreign Wars, long before the founding of other veterans organizations, has been the leader and the principal advocate of increased pension payments for veterans of World War I; and

Whereas until 1943, the Veterans of Foreign Wars supported a pension program by national mandate to include World War I veterans on the same basis with Spanish-American War veterans; and

Whereas in 1943, the Veterans of Foreign Wars by national mandate endorsed the principle that World War II veterans should be included in the same pension program with the World War I veterans with the same requirements for entitlement; and

Whereas in 1943, legislation was enacted which included World War II veterans under the same veterans' programs, including pension entitlement, on the same basis and with the same requirements as World War I veterans; and

Whereas until 1955, the Veterans of Foreign Wars resolutions endorsed the principle that veterans of all wars i.e. Spanish American War, World War I, World War II, and Korean conflict veterans should be placed on an equal basis for non-service-connected disability pension benefits; and

Whereas since 1955, the Veterans of Foreign Wars national conventions have reaffirmed their position for a separate pension program for World War I veterans with reasonable age, income, and disability criteria; and

Whereas in 1959, the 86th Congress after a massive, comprehensive review of the whole veterans pension programs and hundreds of pension bills including a large number proposing a separate and more liberal program for the veterans of World War I, did nevertheless after the most vehement objections and protestations of the Veterans of Foreign Wars reject a separate program for the World War I veterans and approved the Veterans Pension Act of 1959, now called Public Law 86–211, which the Veterans of Foreign Wars reluctantly accepted after unsuccessful attempts to persuade the Congress to approve a more generous program for the veterans of World War I; and

Whereas in 1962, at our 63d national convention held in Minneapolis, Minn., the delegates adopted after lengthy consideration and debate a resolution embodied in H.R. 33, a Veterans of Foreign Wars bill in this Congress, introduced by RICHARD L. ROUDEBUSH, a past national commander in chief, now a Congressman from Indiana; and

Whereas in 1962, the delegates also adopted a national mandate embodied in two identical bills, introduced in this Congress, the one, H.R. 2916 by OLIN E. TEAGUE, of Texas, chairman, House Veterans' Affairs Committee and the other, H.R. 3164 by the ranking minority member of the House Veterns' Affairs Committee WILLIAM H. AYRES, of Ohio, both of which will amend and liberalize the present pension program Public Law 86–211 and contain proposals which have the greatest chance of being accepted by the Congress; and

Whereas there is much favorable sentiment and agreement in the Congress that Public Law 86–211 is here to stay and represents the basic structure for determining entitlement of pension benefits so that it is within this framework that this basic law must be strengthened and liberalized as contained in our national mandates; and

Whereas in 1963, at our 64th national convention, Resolution 234 was adopted reaffirming our support of the two bills, H.R. 2916 and H.R. 3164, to liberalize the present pension program, Public Law 86–211; and

Whereas in 1963, at our 64th national convention held in Seattle, Wash., a Resolution 56 was adopted reffirming our support of a separate pension program for World War I veterans as contained in H.R. 33, and also at the 64th national convention held in Seattle, Resolution 103 was adopted which in effect endorses the bill H.R. 2332, sponsored and promoted by another veterans organization for a separate World War I pension program and furthermore, this Resolution 103 calls for the Veterans of Foreign Wars to support the strategy and tactics advanced by another organization in support of their bill for World War I pension, and these resolutions are in conflict since H.R. 33, mandated by Resolution 56 is the Veterans of Foreign Wars pension resolution, drawn up as a result of our position and was formed after lengthy study and conference at our 63d national convention while the bill favored by Resolution 103, does not follow the ideas embodied in the 1963 convention resolution the VFW cannot support two World War I pension bills: Now, therefore, be it

Resolved, That since there is a conflict in Resolution 56, supporting H.R. 33, and Resolution 103, supporting H.R. 2332, and that since our organization was responsible for the introduction of H.R. 33, following the dictates of our convention mandate that this conflict shall be resolved by the Veterans of Foreign Wars in rejecting Resolution 103 insofar as it supports H.R. 2332 and that this resolution also be rejected as part of our legislative program and that we strongly support the enactment of H.R. 33 as a separate and liberal program for World War I veterans; and be it further

Resolved, That the Veterans of Foreign Wars in attempting to further benefit a large segment of our aged, needy, and disabled veterans, support the enactment of H.R. 2916 and H.R. 3164, which will provide further benefits for those veterans who are under the present pension program.

Adopted by National Council of Administration of the Veterans of Foreign Wars of the United States at a meeting held at the Veterans of Foreign Wars Headquarters at Kansas City, Mo., October 15, 1963.

LIPSCOMB OBJECTS TO ISSUANCE OF EXPORT LICENSE TO SELL TO THE U.S.S.R. PNEUMATIC CONVEYING EQUIPMENT TO UNLOAD GRAIN SHIPS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Lipscomb] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. LIPSCOMB. Mr. Speaker, much of the talk and discussion about current sales to the U.S.S.R. in the agricultural field has centered on the proposed wheat deal.

What has not been similarly brought to the public attention however is the quiet approval that is being given authorizing sales to the Soviets of a number of important items which would help boost the agricultural economy and potential of the U.S.S.R.

As I have discussed with the House previously, on August 9, 1963, export licenses were granted to authorize exportation to the U.S.S.R. of over $9.5 million worth of highly automated mining machinery, said to be intended for use in mining potash to make fertilizers.

On October 9, 1963, an export license was issued to authorize sale to the U.S.S.R. of technical data relating to a plant capable of producing 400,000 tons per year of nitrogen phosphate or phosphate, potash fertilizer. If this deal goes through an unnamed U.S. firm would supply all the design and other technical data necessary to construct the plant, with a United Kingdom firm serving as a prime contractor in building the plant in the U.S.S.R.

From time to time authority has been granted to sell organic chemicals to the U.S.S.R. for evaluation purposes.

Now, amid reports that the White House is ready to soften its previously stated qualifications on the wheat deal to insure that a certain amount would be shipped in U.S. vessels, the list of export licenses approved for November 4, 1963, which reached my office this morning indicates that a license has been granted to authorize selling to the U.S.S.R. pneumatic conveying equipment valued at $123,398 to be used for unloading grain from vessels.

A question that must be asked is, Just how far does the administration intend to go in helping the Soviets? What is going on? According to reports, there are widespread agricultural shortages in the U.S.S.R. Arbitrary diversion of resources into such areas as Soviet military and space efforts and inherent weaknesses of the Communist totalitarian system no doubt have contributed heavily toward this result. Yet, it appears that we are doing our level best to help the Soviets solve their agricultural shortages.

It should be known by the public that the proposed wheat deal is only one aspect of this whole picture. Of equal or perhaps even greater significance is what we are doing to help the Soviets build up their means of production. When such a buildup occurs there would not be any need for wheat purchases by the U.S.S.R. And we can be assured that wheat markets around the world would be subjected to Soviet dumping of wheat whenever it is found politically expedient. Soviet moves to dump goods can be accomplished by a snap of the fingers, so to speak, as easily as they have created incidents over U.S. rights to enter Berlin.

It is high time for a complete airing of administration policy. Can there be any doubt that assisting the Soviets build up their agricultural potential has a far-reaching impact on our national security and welfare?

CAPTIVE NATIONS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Bob Wilson] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BOB WILSON. Mr. Speaker, I am today introducing a resolution which would direct our representatives in the United Nations to bring before that world body the question of holding free elections in the so-called "captive nations."

We have been granting a considerable number of concessions to the Communists around the world. It is time we stood up firmly for our principles and asked for these peoples the right to choose by ballot the form of Government they want.

My resolution reads as follows:

> Whereas since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat to the security of the United States and of all the free peoples of the world; and
>
> Whereas the Communist regime did not come to power in Lithuania, Latvia, Estonia, Poland, Hungary, Ukraine, Czechoslovakia, White Ruthenia, Rumania, East Germany, Bulgaria, Armenia, Albania, Cuba, and others by legal or democratic processes; and
>
> Whereas the Soviet Union took over the aforesaid countries by force of arms; and
>
> Whereas these submerged nations look to the United States as the citadel of human freedom, for leadership in bringing about their liberation and independence and in restoring to them the enjoyment of their Christian, Jewish, or other religious freedoms, and of their individual liberties; and
>
> Whereas it is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive; and
>
> Whereas there exists a strong and undivided world opinion to eliminate all remnants of imperialism and colonialism: Now, therefore, be it
>
> *Resolved,* That the Senate and House of Representatives of the United States of America request the President of the United States to bring up the liberation question of Lithuania, Latvia, Estonia, Poland, Hungary, Ukraine, Czechoslovakia, White Ruthenia, Rumania, East Germany, Bulgaria, Armenia, Albania, Cuba, and others before the United Nations and ask the United Nations request the Soviets: (1) to withdraw all Soviet troops, agents, colonists, and controls from the aforesaid countries; (2) to return all exiles and prisoners from Siberia, prisons and slave-labor camps in the Soviet Union; and be it further
>
> *Resolved,* That the United Nations conduct free elections in these countries under its supervision and punish all Soviet Communists who are guilty of crimes against these nations.

Mr. Speaker, this resolution is consistent with our long-held policy toward the Soviet Union and its imperialistic policies. We must not forget that these countries did not choose communism. It was forced on them by the brutal strength of Communist arms. Communism is not being maintained voluntarily by these countries. It is being maintained by force. Brutality is the rule. Fear is the force. Suffering is the lot of those who do not submit dumbly to the deadening mediocrity of communism.

The brave men and women who crash the barriers that the Soviet Union has erected around its wretched slave empire, symbolize the fierce desire for freedom which these people maintain.

Our responsibility is to keep the spark of freedom alive. Although their homelands have been desecrated with the stamp of communism, and their populations decimated and in many cases dispersed, the people of these captive countries should know that we in the United States intend that some day they shall be free again. They shall regain their national entity. They shall regain personal liberties. They shall revive their cherished traditions and customs.

Self-determination is our policy. We have contributed far more than our just share toward United Nations peacekeeping operations which were ostensibly designed to assure self-determination in the Congo. Imperialism and suppression should be fought by the U.N., regardless of whether or not a member country is guilty of these crimes against the world society. Self-determination for the captive nations should be pursued with as much vigor as was the situation in the Congo.

As one of the world's major powers, the United States should be in the forefront of this fight, should be the instigator of debate and suggested remedial action on the part of the U.N.

If communism carries with it all the benefits that Khrushchev and Mao Tse-tung claim, then they should not be concerned over free elections in those nations taken by force. Fidel Castro should not be concerned about free elections if the blessings of communism which he has brought to Cuba are as glowing as he describes them in his rambling diatribes.

We are concerned here with a cancerous situation. There are nations living in bondage without a choice of government. We have a world organization which the United States practically supports financially. This organization is dedicated to peaceful settlement of the differences which arise among the nations of the world. Now is a prime time to test the sincerity of the Communist bloc; to test whether or not they can wean the minds of men away from liberty through Marxist doctrine, or whether they must, in the final analysis, resort to force and police state methods to harness freemen with the yoke of communism.

I am hopeful that my colleagues in the Congress believe that now is the time to act, and that my resolution will be given approval.

CONGRESSMAN MAILLIARD INDICATES METHODS TO REDUCE THE UNITED NATIONS BUDGET DEFICIT

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Teague] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. TEAGUE of California. Mr. Speaker, in keeping with this Nation's longstanding bipartisan tradition where questions of foreign policy are concerned, the President recently appointed my Republican colleague, William S. Mailliard, of California's Sixth Congressional District, one of the five U.S. delegates to the United Nations General Assembly.

Mr. Mailliard recently delivered a highly significant speech to the world organization's Committee on Administrative and Budgetary Questions to which I should like to direct the attention of the House. It follows:

Statement of Congressman William S. Mailliard

. Mr. Chairman, before setting forth the general comments of my delegation on the budget estimates for 1964, I should like to express—and to emphasize—our gratitude for several things.

First, to the Secretary General for his personal appearance before this Committee, for his most illuminating statement to us, and for his thoughtful and helpful foreword to the budget estimate for the coming year.

Second, we are once again grateful to the Advisory Committee on Administrative and Budgetary Questions for a series of important recommendations which in general will be supported by the U.S. delegation; and we are especially appreciative of the contributions of the distinguished Chairman of that Committee, Ambassador Aghnides, whose service in that capacity since this Organization was established has always reflected the independence and integrity of approach that is in the highest tradition of international public service.

Third, to the Comptroller and his Budget Director for the very careful and detailed manner in which the text and tables have been drawn up, particularly with respect to section 3. The net result is better supporting information than we have had in the past and a generally improved presentation of the budget.

Fourth, we are appreciative of the largely anonymous work of all those members of the Secretariat who have served the Organization in the letter and spirit of article 100 of the charter—that touchstone of loyalty to the Organization without which there could be no effective and disinterested international civil service.

Fifth, we are gratified to find a number of improvements in administrative practices and financial procedures including the fact that no overall supplementary appropriation is being requested for the current year, and that no expansion in permanent staff is contemplated.

All this is evidence of sound policies, careful work, and devoted service for which we wish to express our gratitude and appreciation to the responsible officials of the United Nations.

II

As we turn to the budget estimates for 1964, we are struck at once with that stark and inescapable fact which the Secretary General expressed in these words: "For the immediate future the financial position of the Organization will remain one of extreme difficulty." The cold figures—an estimated deficit of $112 million at the end of the current year—make the point that the Secretary General did not exactly overstate the problem.

The reason for our current financial plight is known to all of us. The United Nations is not guilty of irresponsible spending: some of its members are guilty of irresponsible nonpayment of assessments legally assessed and legally due.

It is a simple statement of fact to say that if delinquent members would pay up their arrearages, our house automatically would be put in order financially speaking. But we all know, of course, that the question of arrearages is much more than a question of money. If matters drift indefinitely, certain members will lose their voting privilege in the General Assembly under the mandatory and automatic application of article 19. We hope that all nations, large and small, will pay their arrears; none of us wishes to see any member bar itself from full participation in the work of the Assembly.

In the meantime, however, the existence of large arrearages and the consequent budget deficit imposes a heavy drag on the entire organization and inhibits the adoption of any new programs and projects regardless of their merit.

We therefore are faced with the sheer necessity of finding economies wherever we can, of eliminating all frills, of cutting any corners we can cut in a commonsense effort to eliminate all unnecessary costs. An excellent example of how to trim costs without damage to operations is the suggestion of the advisory committee that nearly a quarter of a million dollars could be saved by limiting reimbursements for travel costs to economy class rather than first-class fares. I might say in passing that my own government instituted this very practice some time ago. Substantial economies have resulted, and while not everybody was entirely happy about it, everybody got where he was needed at less cost per head.

III

Mr. Chairman, the Secretary General has called for a policy of consolidation and containment. It is obvious that this is justified—indeed required—on purely financial grounds. But I would suggest that even if the cost of peacekeeping had not been so high in recent years—even if certain members had not created a financial crisis by refusal to pay assessments—we would be faced with something of the same problem at about this point in our history, for the need for consolidation is, in our view, caused by several things other than a shortage of ready cash.

Indeed, Mr. Chairman, I do not find it at all surprising that this organization as a whole has arrived at a period of pause—not in current operations but in rate of growth. I suspect that my delegation would find good reason for supporting the idea of a period of consolidation and containment at about this time even if the budget were balanced and the cash outlook very much brighter than it is. We believe that, quite apart from the purely financial point, at least four factors contribute to our present difficulties—to the need for a bit of consolidation and containment.

First, the very complexity and novelty of this organization, plus the complexity and novelty of the problems with which it deals, would dictate periodic reappraisals of administration and procedures. I think it is important to remind ourselves, every now and again, that the United Nations is an organization without historical precedent and that it is engaged in an extremely diverse range of activities which have never been undertaken before on an international scale. Many of these activities are extraordinarily complex and sophisticated tasks at the frontiers of human experience—tasks for which the social sciences have yet to provide us with very clear guidelines. We are, in short, engaged in a vast range of experimentation and pioneering. Under the circumstances, it would be a plain miracle if our organizational structure, our planning, our programing, our priorities, and our procedures did not need a periodic overhauling.

Second, for almost two decades this organization has been in a process of rapid growth. Our membership has doubled, our institutional structure and substructure has proliferated, our programs have expanded, and our costs have gone up from each year to the next. The United Nations today is a complex of 23 constituent and affiliated agencies employing approximately 35,000 people, and spending the equivalent of some $550 million—an institutional complex with regional commissions in four geographic areas, resident representatives in 65 countries, and operational activities in 125 countries and territories. In short, the United Nations today is big business.

Most of us have welcomed this growth. My own Government has been a consistent promoter of expanding the most urgent programs of the United Nations. The United States remains an advocate of strengthening the U.N. system as a whole; we are unlikely to break our habit of support for a more effective United Nations.

But the way to a more effective United Nations is through sound growth and periodic pruning. Organizations, like fruit trees, are stronger when branches are cut back.

Periods of rapid growth in any organization—even those which deal with familiar and routine tasks—must be followed by moments of pause for consolidation if efficiency is to be retained and carried forward.

Third, Mr. Chairman, we apparently face an absolute shortage, on a worldwide basis, of certain skills required to carry out some of our activities. I am not suggesting, of course, that just because there is a shortage of mathematics teachers or development economists we should not fill a post for a fisheries expert if one is needed and available. But it seems to be a fact of life that with so many nations focusing their efforts on economic and social development, with so many national and regional and international programs of assistance now underway, the world is simply running out of people who are both available and qualified by essential skills. I do not have to point out that if we were to drop our standards of qualifications for United Nations employment we would retard, not advance, the long-run growth and the current effectiveness of this organization.

Fourth, there is the equally plain fact of life that the United Nations is bursting at the seams. It is literally true that we have no room for more conferences than we are now having; it is a physical fact that there is no place for additional staff to sit down and work. This is not the place to discuss long-range solutions to these roadblocks: but it is the place to note their existence.

So without for a moment downgrading the narrow financial problem—which is, in fact, most grave—we wish to emphasize before this committee that these other real problems—stemming from inherent complexity, rapid growth, and shortages of personnel and physical facilities—would be with us regardless of the current cash position of the United Nations treasury.

IV

We therefore propose, Mr. Chairman, that we turn our attention with some sense of urgency to making a virtue of necessity. We suggest that the current financial stringency can be exploited usefully by engaging in a systematic exercise in self-evaluation which, in any case, may be overdue. More specifically, we would call the attention of the members to certain areas which we believe are ripe for critical reassessment.

Before going briefly into these points, let us be perfectly clear that when we talk about "the United Nations" we are, for the most part, talking about ourselves. The Secretariat does not lay down the policies; it carries out the policies laid down by the members. So if we are searching for solutions, we must look not so much in this building as in the capitals of 111 nations around the world and in the headquarters of delegations around New York.

That being said, let us turn to those areas of U.N. activity where we believe careful reexamination might be fruitful. We suggest that there are four principal areas.

First, there is the question of the budgeting procedure itself. I am afraid it must be said bluntly that many members are quite casual about budgetary decisions. The attitude seems to be that if an initial estimate turns out to be inadequate, one can always go back and ask for more. The result is that over the years we have tended to have two budgets each year instead of one—first on an estimated set of expenditures and then on a supplemental set of expenditures. We have recognized the efforts that already have been made to establish the discipline of an annual budget, but greater effort must be made in this direction.

The major source of trouble, of course, is that all too frequently the Assembly is asked to authorize expenditures for programs which have not been carefully costed—and which in some cases could not be because the scope and scale and even the function of the project has not been worked out adequately before it is presented to the Assembly. Clearly there should be more preparatory work before program and budgetary decisions are made and less preparatory work after program and budgetary decisions are made. When one Assembly approves a conference estimated to cost $1.5 million and the next Assembly finds that in the course of preparatory work the cost has doubled to $3 million, something is wrong at one end or the other of that process. Certainly this committee cannot be said to be in control of its proper business when such events occur. We shall not cure this disability of recurring supplemental assessments until assessment resolutions establish expenditure ceilings which can only be exceeded in the most exceptional circumstances. We simply must, as far as is practically possible, take the surprises and guesswork out of budget estimates.

Mr. Chairman, we are not losing sight of the fact that by its very nature the United Nations must cope with unforeseeable emergencies requiring unforeseen expenditures. This is, first and foremost, an organization designed to keep the peace of the world and to restore the peace if the peace is breached. This first function has, and must retain, a priority call on our resources; and this inevitably will require unpredictable budgetary arrangements for operations which cannot be carefully planned out or costed in advance.

But this is all the more reason for a firm annual budget covering the more normal operations which can be planned and for which reasonably accurate estimates can be drawn in advance of assessment actions. Indeed, Mr. Chairman, my delegation feels that the time has come to begin projecting budget estimates for a 2- 3- or even a 5-year period. This is common practice for modern governments and corporations. Certainly this committee would gain perspective if it could see ahead for more than a 12-month period.

Second, there is that booming business called the international conference—one of the great growth industries of the postwar world. Since the birth of the United Nations my government has participated in five times as many international conferences as during the whole history of the Republic up to that time. I do not wish to make light of the dramatic growth in the number and scope of international conferences, for this is a heartening measure of the degree of international cooperation which has been achieved with a major stimulus from the United Nations.

We would warn, however, that conference-going can be habit-forming. We would recall that the main criterion for judging the success of a conference is not how long it lasted, or how many delegates attended, or how many papers were presented, but what actions resulted. And we would especially urge that conference agenda be kept within more manageable proportions than some that have been approved in the past.

It seems clear, Mr. Chairman, that we—and here I most certainly mean we member governments of the United Nations—must somehow find the self-discipline to ask ourselves sternly whether this or that proposed conference will really serve a useful purpose—whether it really has to last that long—whether it really needs that many delegates and that many papers and that many translations at that much cost. In our view, if this kind of self-discipline had been applied to the programing of the conferences provided for in this budget, the combined cost of these conferences might have been reduced by nearly $2 million. Is it not possible that the Conference on Trade and Development might have been carried out for $2 million; the Third Conference on Peaceful Uses of Atomic Energy for $1 million or less; and the 18 Nation Disarmament Conference for, perhaps, $700,000? The United States believes that this would have been possible with better programing.

Third, there is the question of the regularly scheduled annual or more frequent meetings of the councils and executive boards of the various U.N. agencies, commissions, and committees. These are what I had in mind when I warned of the narcotic danger of habitual conference-going. As the years wear on—as the annual meeting in the spring or the fall or the summer becomes more and more of an institutionalized fixture, one tends to forget why the particular meeting schedule was established in the first place.

The mere fact that we met last year and the year before and the year before that really is not a valid reason for meeting this year and next. Without being rude about it, we think the time has come to acquire the habit of asking ourselves bluntly: Is this meeting really necessary? Could we get our business done just as well if we only met every other year—or if we delegated interim responsibilities to a small standing committee or to the executive?

Fourth, there is the difficult, qualitative, and sometimes subjective problem of fixing criteria for determining priorities in the allocation of limited resources. The plain fact is that we do not have the resources to do all the things we would like to do. We never have—and we never shall. So unless we are to operate on a completely random basis, we are forced into a system of priorities. To do that, we have to define criteria for deciding which subjects, which programs, which projects have prior claims on our resources and talents and time. And the tougher these criteria are—the greater our discipline becomes in resisting the inevitable pressures to make exceptions—the more effective our operations will be across the board.

We are aware of how painful these choices are—how many things there are to do—how many problems, indeed, seem to cry for urgent attention. But the choice is forced upon us by physical limitation of resources; and in these circumstances a failure to make tough-minded choices can only be put down as misuse of precious assets.

This is, and will remain, a continuing problem of all of the agencies—particularly the specialized agencies, the special fund, and the expanded program of technical assistance. We feel that the need to sharpen criteria for priority systems has become an urgent matter.

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Mr. Chairman, if this were the most brilliantly planned, richly financed, perfectly organized, and ruthlessly administered institution in the world, it would still be immensely complex, inherently difficult, and essentially experimental—so it would still need periodic phases of pause for reexamination and self-assessment.

Let us therefore use the pause which is forced upon us by the current financial crisis for a fresh look at some of the procedures which may show the strain of rapid growth, fundamental complexity, and insinuated habit.

I would hope, Mr. Chairman, that in addition to the detailed processing of the budget estimates before this committee we might reach a consensus on the need for application of tighter criteria in the allocation of resources, in the programing of conferences and meetings, and in the handling of assessment resolutions—and that this consensus might be reflected in the committee's report to the General Assembly.

Finally, Mr. Chairman, I conclude by recalling that it is precisely because of the enormous importance of the work of the United Nations—cause of the pioneering character of its programs—because there is so much to do and so little with which to do it, that the responsibility falls upon us to do what we can do superlatively well. This, it seems to me, is but the price we pay for laboring at some of the most important work ever undertaken by mankind.

MANAGED NEWS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Barry] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BARRY. Mr. Speaker, for some time now, I have been making inserts into the Record entitled "More Managed News?" The purpose of these inserts has been to alert my colleagues and others to the threat posed by the phenomenon of managed news to our fundamental liberties.

As Alexis de Tocqueville once said, "He who seeks in liberty anything other than liberty itself is destined to servitude."

Rear Adm. Robert H. Barnum, U.S. Naval Reserve recently made a speech reaffirming the need for dissent in America. It is a penetrating analysis of the principles involved in dissent. Admiral Barnum correctly states that "dissent in itself does not constitute disloyalty." This is an important principle for Americans to remember.

Admiral Barnum's statement reflects the patriotism of those who have been closely associated with our Armed Forces. The following is the entire text of his remarks:

ADDRESS BY COMMANDER BARNUM

Since its beginning, many years, ago, the Military Order of World Wars has worked in behalf of the security of our Nation by forceful advocacy of U.S. military power. The programs and objectives which the Military Order has espoused have been varied in character and scope, but all have been aimed at stimulating the public's awareness of the vital importance of military power or strengthening the Armed Forces of the United States, for the performance of their vital missions.

Often, the needs of the Armed Forces are known to the Military Order through published testimony before various committees of the Congress; these publicly certified needs can, and do, merit Military Order support. The Military Order can also derive guidance from the public utterances of various officials knowledgeable in field of military power.

Many times, our members can form their own independent conclusions based on independent observation, study and analysis.

Fundamentally, and by charter, the membership of the Military Order is made up of U.S. citizens who are not on active duty with the Regular establishments.

The Military Order should consider that under the rules governing eligibility for membership, its members, individually and collectively, enjoy both the rights and the obligations devolving upon citizens everywhere. Perhaps even doubly so, for as twice citizens, the Military Order stands for our American heritage of principles, as well as for our Armed Force responsibilities.

These rights and these obligations include the democratic privileges of dissent and free speech. Just as other citizens may freely dissent from, and criticize the policies and actions of those in positions of governmental responsibility, so too, should the Military Order feel and claim its right and obligation to express its views on matters affecting national security and such matters as the effectiveness and morale of the armed services, whether or not the views of the Military Order and its members may be in accord with those of Government servants who are currently in positions of responsibility.

Dissent in itself does not constitute disloyalty. If it were so construed, one would have to conclude that a substantial part of the populace was disloyal, that a significant percentage of the Senate and House was disloyal, that Supreme Court Justices who dissented from the majority opinion were disloyal, and so on ad absurdum. The right to dissent is a wise provision of our democratic concept.

At times, the Military Order may disagree with the policies of the administration and the Pentagon; if such disagreement is rooted in reason and honest belief, it should be expressed. In no sense could this be considered as disloyalty.

Quite the contrary; if reasoned and honest opinion is withheld, those in responsibility are deprived of the opportunity of hearing every facet of the matter concerned. Furthermore, the general public would be denied the opportunity of hearing, and weighing, the conclusions of fellow citizens who have given particular and informed attention to the matter at hand.

No citizen should be reproved by Government servants for exercising his right of dissent. No citizen should live in fear of reprisal for exercising that right.

I feel that it is timely to reaffirm these rights and responsibilities of citizenship. It is inevitable that many programs must be omitted or curtailed when there are not enough dollars to buy all the things which are essential or just desirable; it is equally inevitable that some measure of disagreement will attend every such omission or reduction. It is inevitable that we of the military order will, at times, disagree with Government action on basic problems. Where such disagreement exists it should not be considered as disloyalty but, rather, as proof that we are loyal to our country and its ideals, and believe that our conclusions are in the national interest.

Let there be no doubt in the minds of the President of the United States, or the Secretary of Defense, or our Representatives on the Hill, as to our basic loyalty. There are no more loyal Americans than those who constitute the membership of the Military Order.

That is why we should reserve the right to disagree, and why we should expect those in the service of the Government to respect that right.

GRADUATION EXERCISES OF THE 72D SESSION, FBI NATIONAL ACADEMY

Mr. TUTEN. Mr Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. O'Neill] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. O'NEILL. Mr. Speaker, under permission to extend my remarks, I include for the attention of my colleagues in the House, an address delivered by our distinguished Speaker, the Honorable John W. McCormack, on the occasion of the graduation exercises of the 72d session, FBI National Academy, Departmental Auditorium, Washington, D.C., on November 6, 1963. I also include the remarks of the Honorable J. Edgar Hoover in his introduction of the Speaker and Mr. Hoover's concluding remarks after the Speaker's address. Also for the information of my colleagues, I include an address, delivered on the same occasion, by the Honorable Daniel F. Foley, national commander, the American Legion. I include also an address by Mr. Robert E. Frusher, of the Oklahoma Highway Patrol, who was president of the graduating class of the 72d session, FBI National Academy.

REMARKS BY DIRECTOR J. EDGAR HOOVER INTRODUCING THE HONORABLE JOHN W. MCCORMACK, SPEAKER OF THE HOUSE OF REPRESENTATIVES

I now have the truly unusual privilege and the distinct honor of introducing our next speaker. He is a distinguished New Englander and a champion of law enforcement, a truly great statesman, and a close personal friend of mine for nearly 34 years. Born in the cradle of American liberty at South Boston, Mass., he has earned his present position of prominence through personal dedication, tireless energy, and the help of a dear and lovely wife. He was admitted to the Massachusetts bar in 1913. During his career in law he achieved much acclaim as a skillful trial lawyer and a gifted legislator. After service in the U.S. Army in World War I he served in both branches of the Massachusetts State Legislature. In 1928 he was elected to the U.S. House of Representatives from Massachusetts and has been reelected to each succeeding Congress. In January of 1962, he was elected Speaker of the U.S. House of Representatives, the third highest office in our land. By his ardent support and positive action in Congress, he has proved himself to be a particularly stanch friend of effective law enforcement on all levels. It is my great pleasure, honor, and privilege to present to you, the Honorable John W. McCormack, Speaker of the House of Representatives.

ADDRESS OF THE HONORABLE JOHN W. MCCORMACK

My dear and valued friends of many years—J. Edgar Hoover; Dr. Elson; national commander of the American Legion Daniel F. Foley; Assistant Attorney General Ramsey Clark; my dear friend and former colleague—the brother of National Commander Foley, the Honorable John Foley; graduates and loved ones of the class that is graduating today; ladies and gentlemen, and fellow Americans, all of you—there are few institutions whose names are indelibly associated with the integrity, the strength, and the devotion of one man. The Federal Bureau of Investigation is certainly one of these: and the man, Director J. Edgar Hoover, is entirely worthy of the honor. To praise J. Edgar Hoover and the FBI is to heap more icing on an already elaborately decorated cake. For praise and approval have been their steady diet since the beginning of their fruitful association. The mere presence of the men of this class before me presupposes on their part a more intense appreciation than the average admiring citizen can have of this successful combination of man and institution. For we can honestly and truthfully assume that you would not be here today, had you not been impelled by some measure of the determination and dedication which personifies the FBI and its leader. You could not have completed this arduous course without gaining a greater respect for what this organization has accomplished.

A tradition of service is the foundation of the FBI. Only through constant reexamination of its purposes and steady reevaluation of its methods has the agency with which I am honored in being present today, been able to maintain the high standards and the high level of achievement which its Director has set for it.

In many minds, the process of association links tradition with antiquated methods retained for their picturesque quality; it denotes efficiency sacrificed for sentiment. But when I speak of the FBI's tradition, I think of it in terms of freshness and innovation. The FBI has created a quality of police technique in America that can be found nowhere else in the world. This is just cause for pride. The FBI has served as a model for other police systems. Through the use of science, technology, and research, it has helped to revolutionize the field of law enforcement.

But in spite of all these accomplishments, varied and complete though they may seem, there has been no letup in the pursuit of duty. And one of the most responsible duties of the agents of the Bureau, and it will be yours—in fact, it has been and will be yours, has been to uncover and destroy manifestations of Communist conspiracy in the United States. I well remember the dedication of J. Edgar Hoover to the eradication of this menace as far back as 1934, nearly 30 years ago, when I was chairman of a special committee of the House of Representatives that investigated communism, nazism, fascism, and bigotry. At that time the impact of these evil movements was little understood and appreciated in America, and in some quarters communism was deliberately depreciated and belittled. The special committee of which I was chairman was deeply indebted to J. Edgar Hoover and the FBI for the valuable assistance they gave in connection with our investigation. That investigation took place in the depths of a depression, and during the rise of Hitler. Yet, in addition to organized Communist activity, bigotry in one form or another existed in the various parts of our country, and a Nazi as well as an American Fascist movement was in existence. Time has revealed that the fears and discoveries of the special committee of which I was chairman were not erroneous. For example, we found that communism was an international conspiracy at that time. We were laughed at and scoffed at. There were few who could see. The human mind is so incapable of looking too far ahead, no matter how endowed some of us might be by God. For example, we recommended what is known as the Smith Act; as a matter of fact, I introduced the bill, had it adopted on the floor of the House as an amendment to another bill. We recommended the Foreign Agents Registration Act, which I introduced and which is the McCormack Act, and other legislation to combat communism and other subversive activities. For example, in those years in peacetime the Communists could go into a military camp or a naval installation and distribute their Communist propaganda and, as men were leaving their work actually contact them upon military and naval installations in our country. Mr. Hoover well remembers that. My committee recommended the bill giving the power to the various secretaries of the services, our armed services, by regulation to control that. I remember well the editorial opposition of many of the powerful newspapers of the country to legislation of that kind. The one man who spoke out at that time in support of our investigation and our findings was J. Edgar Hoover, Director of the FBI.

It was my pleasure to meet Mr. Hoover for the first time in the early part of 1929, shortly after I was first elected to the Congress, taking my oath in December 1928. The favorable impression made upon me by Mr. Hoover at that time was deep and profound, and through the years there has developed between us a strong feeling of respect and friendship. I value his friendship very much, not only J. Edgar Hoover, the dedicated man with nobility of character, but J. Edgar Hoover, one of the great Americans of all time.

It is one of the principal tasks of the FBI to scrutinize the activities of the Communist Party in the United States, and well it is. As Mr. Hoover stated before a House committee earlier this year, "We must have broad and penetrative coverage so that we may be aware of the plans and tactics of this subversive organization."

How often throughout the years has the FBI under the leadership of J. Edgar Hoover, after months and years of investigating the hidden, Communist and other un-American conspiracies against our country, penetrated their cloak of hidden subversion, detected, and exposed them for the protection of our Government and of our people. It was only a few days ago that another Communist spy ring, after years of investigation, was exposed to the American people by the arrest of some of those involved, and this is the fifth such spy ring that the FBI has exposed in 1963 alone.

There is another area which has been of public interest recently where the FBI has accomplished striking results. We are all aware of the recent Senate hearings on organized crime. The testimony about the inner workings of Cosa Nostra, the intricacy of its organization, have no doubt been appalling to experienced law enforcement officers such as you. I would venture to say that the close secrecy surrounding these organized criminal enterprises is almost in the same category as the machinations of a subversive organization.

I certainly do not have to inform this audience that gambling is the source of funds for a large criminal enterprise. As a result of three pieces of antigambling legislation passed in the last Congress, the FBI's effectiveness and that of the Department of Justice have been augmented in this field. With the cooperation of all levels of law enforcement agencies, well over 5,000 cases had been opened as a result of these statutes alone as of the beginning of this year.

Of all these things—the relentless pursuit of communism and organized crime, as well as other forms of illicit activity—the public is well informed. Its intricate, fascinating investigate techniques, its ablity to solve a crime providing the slimmest of clues, have made the FBI an integral part of American folklore. It has been some years since radio was replaced by television as the Nation's leading entertainment medium, but all of you must remember "The FBI in Peace and War," with its stern martial theme. Millions of Americans, young and old, waited avidly for each weekly episode. And of all the sights and tourist attractions in a city which is filled with things to see and admire, the FBI tour is always the favorite.

Fewer citizens are actively aware, however, of the multitude of services which are offered every police force in the country by the FBI, and with graduates of the Academy from foreign countries extending beyond the confines of the continental United States. Of all of these services, this very Academy is perhaps the ultimate symbol. Here, you have all been trained in the latest scientific techniques; you are learning the newest developments in police science; you will return to your homes better equipped to handle the far-reaching and complicated duty of law enforcement.

But might I say at this moment, having been a lawyer since 1933, and very active in the practice of law and trial work before I was elected to Congress, and missing it very much as I do, that I think the position of a law enforcement officer, whether it's Federal, State, or local, is one of the most important and responsible positions that anyone could occupy. In the first instance, he is the judge. He is the one who is the first judge, as only years of experience can develop that state of mind where he can differentiate and form the right decision as the first judge before going into court. I am thankful that when I was a kid selling papers without a license some of the police officers let me get away with it without bringing me into court, or I would have had a record. There is a differentiation—a grave responsibility, and the public admires and respects you. As National Commander Foley made reference in his remarks, like him, I sometimes in recent years have entertained the thought that the rights of the great mass of our law-abiding people have become somewhat obscure.

The great scholar and man of letters, Dr. Samuel Johnson, once said that "Knowledge is more than equivalent to force." I think this is probably the best and most concise way to describe the programs of the FBI. The emphasis here is on police science, not police power. Because of the emphasis placed on the importance of scientific technique by the FBI and its Director, the extensive fingerprint files of this Bureau are available for the assistance of police all over the country. In addition, the FBI's Laboratory conducts scientific examinations, keeps record files pertaining to such varied things as automobile paint, tire treads, shoe prints, and typewriter standards—all without charge to any agency.

It is a comfort to know that such an institution and such a man as its leader exist in this day of wavering idealism and shifting objectives. There are those who seem not to be able to distinguish between friend and enemy, between right and wrong.

J. Edgar Hoover has served as Director of this institution for almost 40 years now. His character and beliefs permeate the Federal Bureau of Investigation. There are many ways in which his strong, moral influence, his character, the loyalty he inspires, are reflected. The turnover rate is remarkably small—three-tenths of 1 percent. The impeccable honesty of either Mr. Hoover or of his agents has never been questioned. And I might say that former agents of the FBI occupy high positions in Federal, State, and local governments. For example, the present police commissioner of the city of Boston is a former agent of the Federal Bureau of Investigation. And perhaps the most noteworthy in a city which revolves around politics, J. Edgar Hoover has never allowed political considerations to affect the organization to which he has dedicated his life and his energies. He is admired and respected by persons of all political allegiances. Mr. Hoover and the FBI provide one of the few points of unanimity of opinion in the Nation's Capital which notoriously thrives on political differences, and I might also ad lib and add rumors.

After today, on your graduation from the FBI National Academy, I know that all of you will return to your homes with more than expanded knowledge and new techniques. You will return with a greater sense of security and confidence in an organization which has done as much as any other to uphold the ideals for which America stands an institution which as much as any other is dedicated to keeping America strong and free.

Members of the graduating class, I extend to you my hearty congratulations and through you to your loved ones. You have completed 3 months of arduous work which you have carried out because of your deep interest. You go back to your local communities fortified and strengthened with greater knowledge to transmit to your brother officers in the various Federal and local police forces. Responsibility of maintaining internal order rests upon the law enforcement agencies of our country. Whether Federal, State, or local, a law enforcement agent, no matter what his title might be—police officer, lieutenant, sergeant, member of a police force, or anything else—has a grave responsibility. The FBI Academy has played a very important part in strengthening the enforcement agencies of our country. I extend again to each and every one of you my hearty congratulations.

DIRECTOR HOOVER'S COMMENTS

We all are thrilled at the remarks of Speaker McCORMACK. You have heard a man here this morning who I believe has done more than any other man in this country, certainly more than any other man in our legislative body, the national body of Congress, to bring about the enactment of legislation that enabled the agencies of Government to proceed against subversive organizations and against the criminal underworld. That took a great deal of courage. It took real "guts," because, as the Speaker has indicated, the committee which he headed when he first came into Congress and investigated the field of communism and subversive activity and bigotry was subjected to the most vitriolic criticism of many of our supposely leading newspapers. Yet, fearlessly, he went forward and carried through to success the necessary legislation that would enable the Government of the United States to curtail and to combat such forces. He likewise has alined himself very forcefully with the legislation being sought by the various Attorneys General over the recent years to combat the underworld activities and, particularly now, the activities of the Cosa Nostra. A man like him is seldom found to have reached so many years and to have accomplished so much and we are indeed privileged to you, Mr. Speaker, this morning for having you with us.

ADDRESS BY DANIEL F. FOLEY, NATIONAL COMMANDER, THE AMERICAN LEGION

It is with great pride and pleasure that I come before you on this occasion which I know is a most significant event in the lives of you officers who are graduating from this 72d session of the FBI National Academy.

While none can foretell the total impact that these past 12 weeks of intensive training may have upon your lives and careers, it is safe to assume that each of you will have benefited substantially from the training you have received here.

I am confident also, that your respective departments, your fellow officers, and your communities will reap abundant rewards for your having been here. There is no other place in America where you may acquire the professional skills taught here, and I'm sure there is no place where you will find a staff of more experienced and expert instructors in the various phases of law enforcement.

You may take justifiable pride in the fact you were selected to attend this Academy for you were selected on the recommendation of your superiors, and with the endorsement of Director J. Edgar Hoover under whose leadership this Academy was conceived and developed to its present high state of efficiency.

Naturally, the training in law enforcement work will be the greatest single asset you will carry with you from the FBI Academy. There are, however, certain intangibles associated with this experience that will serve you well in the years ahead.

Important among these intangibles is the comradeship established as you worked and studied with men from 37 States and 13 foreign countries—men whose chosen profession and ultimate objectives are the same as yours.

You have cultivated friendships and developed an understanding of personalities and backgrounds entirely different from those which you encounter in your daily work at home. Your associations here have provided you with an understanding and appreciation of problems peculiar to certain areas, and the realization that many problems are universal. I would urge you to maintain the friendships and understanding which have developed here, for they are priceless. It was precisely this type of relationship, developed during wartime military service to our Nation, which led to the founding of the American Legion.

Another, and equally important intangible is the espirit de corps which you must feel. None can be closely associated with the FBI without being inspired by the spirit of this organization. Mr. Hoover's personal dedication to law and order has been instilled in every member of the FBI and, as a result, this great organization has been lifted above the norm and into the realm of excellence.

No organization can hope to achieve greatness without members with spirit who take pride in their group, its work, and its objectives. Thankfully, the same 2¾ million members of the American Legion are imbued with this same spirit and pride in the work which they seek to accomplish.

The American Legion is comprised of men and women from all walks of life, of widely diversified backgrounds and interests. They have a common goal, however. Each is dedicated to keeping this great Nation strong and free.

All Legionnaires are personally aware of the rigors of wartime service. Many of our members carry visible reminders of the armed conflicts which America has been forced to fight. Yet, those of us who remain share a common and sacred trust to perpetuate the high cause of freedom which so many fought and died to preserve.

When a small group of veterans of the American Expeditionary Force met in Paris, France, in 1919, to form what is now the American Legion, they immediately defined the principles and purposes for which this great organization would stand through the years, and which included:

1. The creation of a fraternity based on a firm comradeship born of wartime service, and dedicated to the cause of equal treatment for all veterans, particularly the disabled, their widows, and orphans.

2. A system of national defense for America, including a program of universal military training which would keep this Nation strong and serve as a deterrent to future would-be aggressors.

3. The promotion of patriotism and the combating of materialistic and totalitarian ideologies which recognize neither the honor nor the dignity of man.

Justice for the disabled was, is, and shall always be a major goal of the American Legion. The achievements of the Legion in this area of concern is a matter of record and of history, but the effort continues.

From the Legion's concern for the children of disabled and deceased veterans was born the American Legion child welfare program, which long since has expanded its scope of activity so that it now operates under the slogan of "A Square Deal for Every Child." Since 1925, the Legion and its affiliated organizations have contributed more than $185 million to this cause, ranging from direct financial assistance to the children of needy veterans to major contributions for research into crippling diseases and vexing problems affecting America's youth.

The success of this program through the years may be traced to an alertness to changing concepts of child care and guidance dictated by rapidly changing social conditions. New areas of concern for our child welfare program include support for more rigid Federal and State controls over the illicit drug traffic which is a growing menace to our young people. We also seek laws that would require reporting to the proper authorities of cases of physical abuse of children by adults, similar to laws now requiring the reporting of gunshot wounds.

The American Legion's intense interest in national security is a natural area of concern for our organization. We have asked, and we continue to ask that our Nation maintain defensive forces, both in men and material, superior to those of any potential enemy. We ask that these forces be maintained in the hope that they need never be employed—but we of the Legion believe that preparedness is the key to the maintenance of freedom, and we believe that our best defense is a military potential unmatched throughout the world, and strongly backed by the patriotic and moral resources of a freedom-loving citizenry.

We believe our Nation should always be prepared to speak from a position of strength to those who understand no other language. The validity of our position has been painfully proved. After World War I our Nation's military strength was dissipated. We were gravely unprepared to defend ourselves as was shown so forcefully at the time of the attack upon Pearl Harbor.

Again in Korea America's citizen soldiers responded, and acquitted themselves nobly—but were we really ready? America finally adopted a form of universal military training—a program long advocated by the American Legion—and that program was strengthened with the enactment in 1955 of the national security training law. We shall continue to speak up on behalf of adequate and modern weapons and well-trained men as a deterrent to aggression.

The greatest military machine in the world cannot prevail if America is permitted to decay from within. Crime and delinquency have an adverse influence upon our communities, and must be eliminated. Furthermore, there are powerful influences at work in America today intent upon destroying our moral strength and our dedication to the principles of freedom. I speak of the Communist Party, U.S.A., and its various front groups.

The Legion, is and always has been, a determined foe of communism. While the struggle with communism has cost many lives in Korea, in Vietnam, and in other troubled areas of the world, the struggle here at home has been bloodless but no less treacherous.

Members of the Communist Party, U.S.A., have used every conceivable trick and device in the effort to influence Americans toward their viewpoint, and strive constantly to dull Americans' sense of appreciation for the freedoms they enjoy and to weaken their will to fight to preserve them.

Almost daily we read or hear of Communist efforts to infiltrate our Government and steal our defense secrets. The Communists are bent on imposing their will upon us, and we must be as dedicated in our efforts to resist the encroachments of communism as they are to foster their false ideologies.

If our freedoms fall, that of the remainder of the free world will fall with us for this Nation is the last major barrier to the Red goal of world conquest.

It is our contention, and again history has proved the accuracy of our stand, that the course of extremism, either to the right or to the left, is the course of failure. To follow such a course has brought about the downfall of many men, of many governments, yes, even of entire civilizations.

It is the view of the Legion that a strong program of positive Americanism, strengthening our basic belief in our principles and ideals, is the best answer to atheistic communism. Through Legion-sponsored Americanism programs, more than three-quarters of a million American youngsters each year are exposed to activities designed to give them a greater appreciation of our form of government and our way of life.

Our Boys State and Boys Nation programs teach better citizenship to more than 27,000 boys each year. More than 122,000 youngsters each year learn the elements of citizenship and self-sufficiency through Legion-sponsored Boy Scout units. Some 355,000 high school students annually learn the meaning of our Constitution and Bill of Rights through preparation for the Legion's national high school oratorical contest, and a quarter of a million youngsters learn the rules of the game of life while playing American Legion baseball each year.

Through these programs we hope to help our young people grow to responsible adult citizenship—to develop strong minds in sound bodies, and to stem the tide of delinquency which produces all too many potential criminals.

The scope of organized crime in these United States has been made alarmingly clear to Americans in recent weeks, and Mr. Hoover has wisely warned that law enforcement cannot achieve total victory over the elements of lawfulness without the cooperation and assistance of the honest citizens of each community, individually and collectively.

Through resolutions adopted by our Miami Beach national convention in September, the American Legion has pledged its support and that of its members to assist the law enforcement agencies of the land whenever and wherever they can be of help.

Basically, I believe the American people to be patriotic, law-abiding citizens. Yet, as sometimes happens in our zeal to protect our homes and families from the elements of lawlessness, there is ever the tendency to take the law into our own hands.

This is not the type of help I mean when I invite you to call upon Legionnaires to assist you.

When I say use them, I mean in the capacity that you would seek the assistance of any good citizen who can be of help to you in your work. The American Legion is not, and does not propose to become an investigative body. This is the work of the trained, professional officer, which is as it should be, and as the American Legion views it.

I have mentioned the fact that the American Legion believes extremism to be undesirable, yet in the very field in which you men labor there appears to be extremes of opinion as to how we may best cope with the problems of lawlessness.

These range from the apparent trend in some communities to be over sympathetic to the cause of the criminal, to the opinion expressed in some circles that the FBI should be converted into a national police force, or that a new agency be created as a national police force.

Again, may I say I believe it would be a mistake to go overboard in either direction. As a practicing attorney, I believe the punishment should fit the crime, and that justice should be administered fairly and impartially.

I believe that justice should be administered with logic and with reason, and taking note of the alarming increase in major crimes committed by youngsters under the age of 18, I believe there is a pressing need for more effective programs of rehabilitation of youngsters who have gone astray.

To be sure, there are the incorrigibles among the younger criminal element. On the other hand, there are those who made a mistake and who, with proper guidance, could become useful members of society. I do not propose to excuse a criminal act because of the age of the offender. I do say that every effort should be made to save that which is salvageable.

As a citizen, I concur with Director Hoover's view that a national police force is neither necessary nor desirable. I believe that such an agency could conceivably constitute a dangerous encroachment by the Federal Government.

The responsibility for proper law enforcement is primarily that of local agencies and of local citizens, and there the responsibility should remain. The FBI certainly has proved its capabilities for enforcing those Federal laws which fall within its jurisdiction, and the cooperative effort they provide to local and State enforcement agencies leads me to believe we already have the machinery to do the job.

You men of this graduating class from the FBI National Academy have a rare opportunity and a significant challenge facing you as you return to your respective departments across this land in foreign countries. Yours is the opportunity to help raise the standards of performance of your fellow officers by imparting to them the knowledge you have gained here. Yours is the challenge of insuring that law and order shall prevail in your respective communities.

On behalf of the American Legion I wish you Godspeed in the vital mission you are about to assume.

ADDRESS OF MR. ROBERT E. FRUSHER, OKLAHOMA HIGHWAY PATROL

Mr. Hoover, Mr. McCormack, Mr. Foley, Mr. Clark, Dr. Elson, distinguished guests, fellow classmates, ladies and gentlemen, "It has been said that a man who works with his hands is a laborer, a man who works with his hands and his head is a craftsman, a man who works with his hands, his head and his heart is an artist."

This was a quote which one of our classmates came across during the extensive research which we performed in the last 12 weeks. It is, I think, quite appropriate for this occasion.

Some of us arrived here as laborers, others as craftsmen. Perhaps a few even approached the status of artist. But none had the knowledge and training necessary to be fully competent as laborer, craftsman or artist in the law enforcement profession. This was one of the first lessons we learned. So we renewed our determination to gain as much knowledge as possible during the 3 months ahead of us.

With graduation, we are beginning to realize and appreciate what these 3 months have meant to us. We have learned that hands and head are not enough to make us truly professional law enforcement officers—we must put our hearts into our work also. We realize we are just beginning to learn about our chosen profession. To conclude that we are now totally enlightened with respect to law enforcement would be a betrayal of Mr. Hoover and all the people connected with the FBI National Academy. We have learned much, but the most important lesson taught us is that we must continue to study and work to advance ourselves and our profession.

I take great pleasure and pride in serving as the spokesman for this class to thank you, Mr. Hoover, for having had the foresight to create this Academy to benefit all law enforcement officers. Its excellent influence on law enforcement has been tremendous and is growing steadily. I doubt that there is an officer in the United States who has not heard about the FBI National Academy. Many of them hope, as we did, to attend it. A number of us have been closely associated with officers who previously attended the Academy and have benefited from the knowledge they obtained here. But not until we became a part of the fellowship we have enjoyed in and out of class and spent the many long nights together in study did we fully appreciate the meaning of this Academy.

This is one of the largest classes ever to be graduated. We have had the privilege and honor of having 18 officers from 13 foreign countries in this class. It has been encouraging to learn that our fellow officers from other parts of the world are dedicated to the same principles we hold, and that they are striving as we are to improve their status and stature through proper training. We enjoyed working with these men and feel we have established new and valued friendships which will help advance the cause of good law enforcement around the world. We also are proud of the members of our class who shot perfect scores on the practical pistol course.

We are deeply indebted to the special agent counselors, to each member of the Academy training staff, to the visiting lecturers and to all other members of the FBI who have given of their time, knowledge, and years of experience to make this Academy a success.

We cannot forget the ones who were left behind during our stay in Washington—our wives and children. Without their love and faith, it would not have been possible to attend or complete this course.

We assure you, Mr. Hoover, and the administrators of our departments, that we will share our knowledge with other officers and will strive to make law enforcement a better profession for ourselves and those who follow. We return home knowing that the knowledge obtained here will enable us to better use our hands, our heads, and our hearts, and to teach others to do the same so that we all may become artists in our profession.

SUBVERSION, NOT SUGAR, CUBA'S TOP EXPORT

Mr. TUTEN. Mr Speaker, I ask unanimous consent that the gentleman from Alabama [Mr. SELDEN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. SELDEN. Mr. Speaker, we observed last month the first anniversary of a crisis which brought the world to the threshold of nuclear disaster. A year ago, our people recognized that the risk in Cuba was great, but so were the stakes.

Our action was hailed by our friends, and our firm resolve at a time of supreme crisis gained for us new confidence from our hemispheric neighbors. The initiative we gained last fall in this area has since slipped from our grasp. Fidel Castro and his Kremlin-supported government remain the unfinished business of the hemisphere. Today we are again on the defensive in Latin America, where gnawing Castro-Communist subversive activities are increasing.

Hearings conducted by the Subcommittee on Inter-American Affairs earlier this year indicated the scope of Communist subversive activities emanating from Cuba. A recent three-part newspaper

article by Mr. Charles Keely of the Copley News Service not only substantiates the findings of the subcommittee but reveals that Communist subversion in the Latin American area is being stepped up. Mr. Keely's articles follow:

COMMUNISM IN LATIN AMERICA

(By Charles Keely)

(First of three articles)

WASHINGTON.—A year ago Russia took one step backward and withdrew missiles from Cuba. Since then, the Communists have taken a dozen important steps forward toward their goal of a Red takeover of Latin America.

The steps are documented. They reveal that Premier Fidel Castro's Cuba is a launching pad for subversion of the Western Hemisphere.

Today, 10 schools of guerrilla warfare and subversion are operating at full capacity in Cuba. Last year, according to Central Intelligence Agency Director John McCone, 1,500 Latin Americans received such training in Cuba. More schools are being built.

Intelligence sources estimate 20,000 secret Red agents can be trained this year in Cuba's subversion centers.

In essence, McCone told Congress last February, "Castro tells revolutionaries * * * 'Come to Cuba; we will pay your way, we will train you in underground organization techniques, in guerrilla warfare, in sabotage and in terrorism. We will see that you get back to your homeland.'"

Travel bans have not hurt Cuba's subversion school attendance, an Organization of American States security committee reports.

"Despite limited means of transportation to Cuba today," the OAS said, "trips to that country have been increasing in number during the current year."

Many of the students reach Cuba by slipping across the British Honduran border into Mexico, the Cuban Student Directorate (DRE) has revealed. From islands off the Yucatan Peninsula, they are taken in small boats to a sea rendezvous with Castro's "fishing fleet."

The Latins are then taken to the port of La Coloma, in Cuba's Pinar del Rio Province, and transported to the different training camps. Others fly or sail into Cuba from Communist countries.

Castro's clumsy and unsuccessful efforts to invade and subvert neighboring Caribbean countries during his first 9 months in power have been given professional guidance by trained "technicians" from the Soviet bloc.

The State Department's Sterling Cottrell says that Reds from satellite nations today outnumber Russians in Cuba. Cottrell, Deputy Assistant Secretary of State for Latin America, told Congress August 13 that "Czechs, Rumanians, Bulgarians, and others" are in Cuba to train Latin Americans in the arts of modern guerrilla warfare and subversion. The threat to the United States of Soviet troops in Cuba is secondary to the use of the island as a base to export revolution, said Cottrell.

"Today the Cuban effort is far more sophisticated, more covert, and more deadily," CIA's McCone explained. "In its professional tradecraft it shows guidance and training by experienced Communist advisers from the Soviet bloc including veteran Spanish Communists."

One Spanish Communist, Gen. Alberto Bayo, created the "Revolutionary Commandos for Latin America" (CRAL) to train Latins to instigate insurrections against their governments. To strengthen CRAL, DRE claims, Soviet Col. Jarslav Valensky instituted an International Military Command to control the widespread net of Communist front groups in Latin America.

A "supreme command" for Latin American guerrillas has been set up in Cuba by the Soviet Ministry of Defense, according to exile intelligence sources. Its headquarters are in Santiago de Cuba where guerrilla operations throughout the hemisphere are masterminded and coordinated.

Enrique Lister, another Spaniard, runs the Minas del Frio subversion school in Oriente Province. Lister, a graduate of the Soviet's Fruntze Military Academy, is assisted by former Guatemalan President Col. Jacobo Arbenz.

At the Julio Antonio Mella School near Havana, Communists are training Latin labor leaders. Military personnel receive instruction at the El Cortijo School in Pinar del Rio, the Citizens Committee for a Free Cuba reports. The San Lorenzo School in Oriente specializes in guerrilla training. Subversion centers are spread across the island.

COMMUNISM IN LATIN AMERICA

(By Charles Keely)

(Second of three articles)

WASHINGTON.—Cuban Maj. Maximo Canales left San Julien Air Base in Cuba with five Venezuelan terrorists trained in Premier Fidel Castro's guerrilla warfare schools, and flew over the San Andres Islands off the coast of Panama.

The men parachuted into the water and were picked up by a small fishing boat which took them to Maracaibo, Venezuela. Later they joined a guerrilla force of the pro-Castro FALN organization to wage war against President Romulo Betancourt.

Subversion has replaced sugar as Cuba's top export.

Many of the thousands of Latin Americans receiving training in Cuba today are being parachuted back into their homelands. Others return to Mexico in "shrimp boats," and then go home.

According to Central Intelligence Agency Director John McCone, Fidel Castro tells these trained subversives, "We will keep in touch with you, give you propaganda support, send you propaganda materials * * * secret communications methods, and perhaps funds and specialized demolition equipment."

Venezuela, says McCone, is Castro's "No. 1" target and FALN's sabotage "is the work of experts (using) advanced types of explosives."

McCone told Representative ARMISTEAD SELDEN'S, Democrat, of Alabama, Foreign Affairs Subcommittee on Latin America that more than 200 Venezuelans received training in Cuba in 1962. He said the number is increasing this year.

The 1,500 Latin Americans who were trained in Cuba last year, according to McCone, took courses ranging from 4 weeks to a year.

They include "intensive training in sabotage, espionage, or psychological warfare."

No country in the Western Hemisphere is immune to the cancer of Castro-inspired terrorism. On November 17, 1962, the Federal Bureau of Investigation in New York City smashed a Castro-Communist plot to launch a series of terrorist attacks on department stores. The FBI reported that members of Cuba's United Nations delegation were training "a corps of Cuban Communists in the use of explosives."

The United States and its Latin neighbors have met the Communist challenge with limited success.

The Selden subcommittee recommended to President Kennedy that the United States "should be prepared to act with military force" to help any nation in danger of being overthrown by Communist subversive aggression.

The Organization of American States (OAS) has passed numerous resolutions dealing with means to counter the Castro offensive.

Yet, day by day the Cuban-trained terrorists nibble away at this false front of anti-Castro hemispheric unity.

"These wolves in sheep's clothing are the greatest danger ever to threaten the country," explained Colombian President Guillermo Leon Valencia on September 25.

On October 2 Radio Havana warned the Nicaraguan Government "to take care." Broadcasting from Cuba, a woman identified as Blanca Sandino, daughter of the late Nicaraguan rebel bandit, regularly incites Nicaraguans to rebel and join pro-Castro guerrillas whom she says already are operating in the country.

The Cuban Student Directorate in Exile claims that 100 instructors, trained in Cuba, have organized a Colombian guerrilla force of more than 1,600, broken into 13 groups in 5 territorial areas.

Tony Varona, former Cuban foreign minister and leader of the Cuban Revolutionary Council, told Congress that the international Communist movement is enlisting volunteers in all 19 Latin countries. The objective, he said, is to build a people's army of 400,000 men, 100,000 women, and 200,000 reserves to defend Cuba in the event of aggression.

COMMUNISM IN LATIN AMERICA

(By Charles Keely)

(Last of three articles)

WASHINGTON.—On September 12, Cuban-trained Colombian rebels kidnaped wealthy Cattleman German Mejia Duque and held him for $250,000 ransom.

During the 6 days he spent in the insurgents' camp before his rescue by army troops, Mejia said a Cuban plane flew over the area and dropped weapons, propaganda and other material to Premier Fidel Castro's look-alike guerrilla leader Federico Arango Fonnegra.

The bearded Arango told Mejia that Castro recently had sent him $20,000 with a warning that this would be the last financial support he would get if his terrorists did not accomplish a decisive operation against the Government.

Colombian Interior Minister Aurelio Camacho Rueda said Castro is openly intervening in Colombia by "sending arms and money from Cuba to the bandits and the offering of scholarships to Colombian students to study guerrilla warfare and terrorist techniques in Havana."

Twelve tons of Communist propaganda is discovered monthly by Panama's customs authorities, according to Centeral Intelligence Agency Director John McCone. Another 10 tons comes into Costa Rica.

"Castro is strengthening his position" in the wake of last October's missile crisis, says Costa Rican President Francisco Orlich.

"I expect continuous, increased attempts at agitation here."

Former Guatemalan President Miguel Ydigoras Fuentes charged last February that since late 1959 Russian submarines have been reaching the Central American Pacific and Atlantic coasts to unload men and arms.

Cuba has clearly become an open floodgate for a torrent of terrorists. They flood a politically parched Latin America, sowing seeds of subversion.

When Castro can't finance them, they turn to other sources of income.

Peruvian guerrillas, teamed with "ordinary criminals," robbed a Lima bank last year of $100,000 and split the loot 50–50, McCone told a congressional subcommittee several months ago.

Venezuelan pro-Castro terrorists robbed a bank last February of $25,000.

"The principle that guerrillas must be self-sustaining his obviously been applied to finances," McCone explained.

> But he added that there are also involved bank transfers by which Cuban money eventually reaches Latin American Communist-front groups.
>
> One such example was outlined here several weeks ago by British Guianese Sen. Anne Jardim, who revealed documents showing the transfer of $1 million from Russia through Cuba to Prime Minister Cheddi Jagan, the Communists' best friend in South America.
>
> Castro sounded the keynote for Cuban subversion on July 26, 1960.
>
> "We promise to continue making Cuba the example that can convert the Cordillera of the Andes into the Sierra Maestra of the American continent," he said.
>
> He has restated this goal on countless occasions, with the full blessing of Moscow and Peiping.
>
> Intelligence sources say Castro's subversive pipeline to Latin America today is his growing "fishing fleet."
>
> With the help of the Japanese, Castro has built an estimated 169 fishing vessels, though Hurricane Flora reportedly sunk 39. These vessels carry their subversive cargoes between Cuba and Latin America.
>
> An Organization of American States (OAS) security committee has reported that this Communist advance in the Western Hemisphere is due mainly to the lack of information regarding its true aims.
>
> Col. Jose Luis Cruz Salazar, Guatemalan politician and soldier, told Congress February 27 that the Communist menace is not speculation.
>
> "It is a reality, and we must open our eyes to it," he said.

THE CASE AGAINST JESSICA MITFORD, HER SUPPORTERS AND ADMIRERS

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. UTT] is recognized for 45 minutes.

Mr. UTT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. UTT. A few weeks ago I inserted some remarks in the CONGRESSIONAL RECORD with reference to Jessica Mitford—daily CONGRESSIONAL RECORD, October 15, 1963. These remarks brought forth a hail of condemnation from the lethal left which quickly sprang to her defense with all kinds of maudlin apologies. I was not surprised to see the editorial in the New York Times of October 21, 1963, which indicated that no one without congressional immunity would dare make such a statement. The statements which I made have been published in many periodicals which do not have congressional immunity, so that dodge is pure hogwash.

In assessing the New York Times, it should be remembered that it was most laudatory in its praises of Communist Castro, and one of its reporters, Herbert Matthews, was most instrumental in working with our State Department envoys in establishing the Communist Castro government, and even last week Castro praised Herbert Matthews of the New York Times, who is now visiting Cuba with his wife. I am wondering how Matthews got his passport validated to visit Cuba, while the State Department has been refusing permission to students to visit Cuba.

It was not my purpose then, nor is it now, to defend the abuses which undoubtedly exist in the funeral business. These same abuses can be charged to many American businesses. In fact, every time I buy a new automobile I am persuaded to include some extras which are very nice, but not absolutely necessary. Some of these extras cost more than the average funeral, but I did not have to buy them. My real purpose for my original remarks was that I felt that when CBS in its so-called documentary, "The Great American Funeral," was going to bring an identified Communist into several million American homes, the public was entitled to know the identity of the author in order to evaluate the subject matter. Surely, if I wrote a book on the theory of relativity, the public would be entitled to know that I am neither a physicist nor a mathematician, and that slight credence should be given to me in this field.

At this point, Mr. Speaker, I should mention that the rumor was broadcast throughout the Nation that I or my family owned an interest in the Fair Haven Cemetery at Santa Ana, Calif. I wish to emphatically state that neither I nor any of my family now has nor ever had any financial interest in any cemetery whatsoever. I assume this rumor started because I was a trustee of Orange County Cemetery District No. 1, a public, municipal, tax-supported district, organized to take over and restore two abandoned cemeteries in which hundreds of California pioneers were buried. I was a trustee, appointed by the Orange County Board of Supervisors, over a period of 20 years, and served without salary or expenses.

The apologists for Jessica Mitford, also known as Decca Treuhaft, continue to remind the public that she wrote a "smashing hit," even though she makes the exception appear to be the rule. May I say, Mr. Speaker, that there was another author who wrote a smashing hit. His name was Karl Marx, whose works today rank second only to the Bible in annual sales. The burden of his book was an attack on the capitalistic free enterprise system and on religion, but today no one but Communists and Socialists rise to his defense. The burden of "The American Way of Death" is likewise a two-pronged attack: First, against the free enterprise capitalistic system enjoyed by Americans; second, against the funeral service which is basically a religious service, for those who have an immutable belief in the immortality of the soul.

As Rev. Dr. Edgar N. Jackson, a Methodist minister, of Mamaroneck, N.Y., said:

> A funeral faces the reality of death. It does not avoid it.
>
> A funeral provides a setting wherein the religious needs of the bereaved may be satisfied.
>
> A funeral provides faith to sustain spirit.
>
> A funeral helps free one from guilt or self-condemnation.
>
> A funeral helps express one's feelings.
>
> A funeral directs one beyond the death of a loved one to the responsibilities of life.
>
> A funeral, in a personal way, helps one face a crisis with dignity and courage.
>
> A funeral above all provides an environment where loving friends and relatives can give the help needed to face the future with strength and courage.

The above-referred-to editorial in the New York Times indicated that Jessica Mitford's association with Communist activities was in the dim and distant past. Let us look at the record. Jessica Mitford, also known as Decca Treuhaft, was identified as a member of the Communist Party in hearings before the Committee on Un-American Activities, as follows:

> By Dickson P. Hill, an undercover agent of the Federal Bureau of Investigation during his membership in the Communist Party (1944–49), "Investigation of Communist Activities in the San Francisco Area, part 2," December 2, 1953, page 3227.
>
> By Dr. Jack (Beverly Mikell) Patten, a former member of the Communist Party (1936–40 and 1946–48), "Hearings Held in San Francisco, Calif., June 18–21, 1957, part 1," June 10, 1957, page 1168.
>
> By Dorothy M. Jeffers, an undercover agent of the Federal Bureau of Investigation during her membership in the Communist Party (1943–52), "Hearings Held in San Francisco, Calif., June 18–21, 1957, part II," June 21, 1957, page 1295.

Her stint before the California Senate Fact-Finding Committee on Un-American Activities was related in my previous remarks, and appears on pages 260–262 of that committee's report to the 1953 regular California Legislature.

We are told that leading clergymen of all faiths endorse the so-called exposé. That may be true, but do not forget that many of our leaders of all faiths are collectivists and most of them oppose the House Committee on Un-American Activities, so they are running true to form.

It is interesting to note, Mr. Speaker, that one of these leaders who appeared on the CBS program, "The Great American Funeral," Rev. Stephen Fritchman, has been cited by the Committee on Un-American Activities for his Communist-front affiliations and, of course, he took the fifth amendment. Again, I say, "strange bedfellows." Reverend Fritchman was also a contributor to the Communist People's World of September 7, 1963.

The commercial sponsor for the CBS colossal, "The Great American Funeral," was the Travelers' Insurance Co. of America, which is engaged in selling insurance for all contingencies, including death. It must have grated the Travelers' agents to watch the door-to-door salesmen castigated. There is no business in America that engages more heavily in telephone solicitation and door-to-door selling than do the various insurance companies of America. If the capitalistic free enterprise system is destroyed in America, its demise is being gratuitously aided by the American business community which sponsors such programs.

It might be well, Mr. Speaker, at this time, to examine another book of Jessica Mitford, "Daughters and Rebels," which is an autobiography, in which she refers to her father, who was an outstanding British citizen, as the missing link between ape and homo sapiens. She also admits that she was a shoplifter, a "bill jumper," and that she bought volumes of Communist literature and "rigged up some homemade hammer and sickle flags." This book was written in 1960. As late as 1963, she was invited to be a special guest at the 25th anniversary celebration of the Communist People's World in San Francisco. This is according to People's World—the January 19, 1963, issue. Whether she attended or not, I do not know.

In her book, "Daughters and Rebels," on page 12 in referring to her governesses, she says:

> She was soon followed by Miss Bunting, whose main contribution to our education was to teach a little mild shoplifting * * * Miss Bunting in her governessy beige coat and gloves, Boud (Jessica's sister) and I in matching panama straw hats, would strut haughtily past the deferential salespeople to seek the safety of Fuller's Tea Room, where we would gleefully take stock of the day's haul over cups of steaming hot chocolate.

In referring to her father on page 29, she writes:

> I developed the theory that he was a throwback to an earlier state of mankind, a missing link between the apes and homo sapiens (man).

On page 68 she speaks of her enthusiasm for communism:

> In fact, this declaration was something more than a mere automatic taking of opposite sides to Boud: the little I knew about the Fascists repelled me—their racism, supermilitarism, brutality. I took out a subscription to the Daily Worker, bought volumes of Communist literature and literature that I supposed to be Communist, rigged up some homemade hammer and sickle flags.

She refers to her first husband, Esmond Romilly, on page 98 as follows:

> Esmond's abrupt conversion to Communist ideas had come about in a way very similar to my own.

On page 190 she expresses her lack of knowledge of economics by stating:

> No one had ever explained to me that you had to pay for electricity; and lights, electric heaters, stoves blazed away night and day at Rotherhithe Street. When the enormous bill first arrived we thought briefly of contesting it in court on the grounds that electricity is an act of God—an element, like fire, earth, and air; but legal friends assured us this would get us nowhere. It was unthinkable that we should pay, so we moved out of the Rotherhithe Street house to a furnished room near the Marble Arch.

On page 207 she writes:

> One evening at dinner, after they had him on the ropes, I was emboldened by this unfamiliar relationship between old and young to ask, "But surely, Mr. Meyer, you're not in favor of capitalism, are you?"

Again, referring to her first husband, on page 280 she says:

> His [Esmond's] brand of socialism was uncluttered by fine Christian sentiments, for like Boud he was a gifted hater, although unlike her he directed his venom against the enemies of humanity, peace and freedom.

This, Mr. Speaker, is the woman being defended by the so-called liberals while they denounced me for attempting to expose her.

I said that I was not surprised at the New York Times or even the San Francisco Chronicle or even the Oceanside (Calif.) Blade Tribune, or the El Cajon (Calif.) Valley News, all of which mimicked each other, nor was I surprised to find that the Democratic Committee of Escondido, Calif., bought space to have the editorial in the New York Times printed in the Escondido Times Advocate as an advertisement. Of course, as expected, the Communist People's World, Saturday, November 2, 1963, leveled a typical attack upon me quoting liberally from the New York Times. I was surprised to find so many solid newspapers in the country such as the Orange (Calif.) Daily News and the Daily Pilot (Costa Mesa, Calif.), and others, arising to the defense of this woman who has done more to destroy the soul of America than almost anyone else, and I am wondering if, after they have the facts as presented here, they will continue to place her on a pedestal.

When Jessica Mitford Romilly Treuhaft was questioned about my remarks in the RECORD, she dismissed them airily with the remark that it was nothing but a "red herring." Where have I heard that before? As I recall, a former President used that phrase concerning the charges brought against persons both in and out of the Federal Government, who were later convicted as spies, Communists and traitors.

Mr. Speaker, in my opening remarks I said that the charge of congressional immunity was hogwash, and as further evidence of this, I ask unanimous consent to include herewith an article appearing in Tocsin, August 28, 1963, printed at Berkeley, Calif. This is only one of several magazine articles carrying similar charges.

WRITER JESSICA MITFORD EQUALS COMMUNIST DECCA TREUHAFT

Simon and Schuster has just published a new book by Oakland resident, Jessica Mitford of 6411 Regent Street, entitled "The American Way of Death," a clever attempt to bury capitalist America's funeral customs.

Absent from the superficially plausible case which the author makes in her sharply satirical lampoon are biographical data about Miss Mitford which could place the book's thesis in new perspective for the unwary reader.

For Writer Jessica Mitford is also Decca Treuhaft, wife of Oakland Communist lawyer Robert E. Treuhaft and herself an often-identified Communist Party member. It is as Decca Treuhaft that the writer has performed her service for the Communist Party.

Despite the book's innocent air of indignation at the purported crass commercialism of American funerals and the author's proposal for "grassroots" type remedies, Mrs. Treuhaft is no newcomer to the role of opponent of American institutions.

As executive secretary of the subversive East Bay Civil Rights Congress in the 1950's, she kept local law enforcement agencies busy with assorted cases of "police brutality" and "racial discrimination"—all pivoting on well-oiled Communist propaganda machinery and fully exploited by the People's World.

One of the seemingly innocuous solutions Mrs. Treuhaft proposes for the funeral problem is organization of local memorial associations which would provide low-cost burials. Two such associations in southern and northern California (reported in Tocsin, March 6 and May 1, 1963) have strong Communist and leftwing backing. They are the Bay Area Funeral Society of Berkeley and the Los Angeles Funeral Society.

British-born and bred, Mrs. Treuhaft arrived in the United States in 1939 following a youthful elopement to Spain with Esmond Romilly, a nephew of Winston Churchill, who had fought with the pro-Communist forces in the Spanish Civil War.

Mrs. Treuhaft is the sister of Nancy Mitford, acid-tongued novelist always severely critical of the United States; Unity Freeman Mitford, Hitler's onetime "Nordic Goddess"; Lady Diana Mosley, wife of Sir Oswald Mosley, England's leading Fascist; Pamela Mitford, wife of a distinguished British scientist; and Deborah Mitford, wife of the Duke of Devonshire.

Mrs. Treuhaft's penchant for doing the unexpected—plus her kinship—have won her several treatments in Bay Area supplements, where her interest in leftwing politics has been viewed as frivolous unconventionality at most. Interpreting her elopement with Romilly as a defiance of her rightwing background, the San Francisco Examiner of February 19, 1961, declared, "The two self-avowed Communists continued their fight against the uppercrust society from which they had fled."

REBELLIOUS DAUGHTERS

Mrs. Treuhaft's service to the Communist movement does, in fact, seem to be motivated by the same kind of rebellion her other five sisters had demonstrated in the opposite political direction. "Daughters and Rebels," Mrs. Treuhaft's autobiography published in 1960, dissects the rebellious daughters and their indomitable drives. Even iron Communist Party discipline, commented one of her readers, cannot confine a "mad Mitford" for very long.

In bay area Communist circles, for example, Mrs. Treuhaft has always carefully associated with communism's upper crust. And despite her ability to subordinate herself to such short-term party goals as "police brutality" drives, Mrs. Treuhaft's statements have never been known to include endorsement of "workers solidarity" or similar Communist propaganda pillars.

A literate and amusing writer, she has aimed her talent for satire at even such sacrosanct Communist techniques as the use of language as a weapon in the class struggle (see "Fun and Games" story, this issue).

After Romilly was killed in World War II, Mrs. Treuhaft met and married Robert Treuhaft while both were employees of the Office of Price Administration. At about the same time, she became secretary of San Francisco Local 221 of the United Federal Workers of America, a Communist-dominated union.

LABOR SCHOOL OFFICIAL

In 1944 she assumed the post of financial director for the now defunct Communist California Labor School at its Oakland branch.

Lending their home for various Communist benefits during the years that followed, the Treuhafts hosted an annual all-night party in August 1949, according to the People's World of August 23.

Most of Mrs. Treuhaft's efforts during the 1950's were devoted to promoting the East Bay Civil Rights Congress. She and her subordinates in the group won "special praise from Albert J. Lima (northern California chairman of the Communist Party) for their fight against the Smith Act," the November 23, 1951, People's World declared.

When the CRC championed Oaklander Jerry Newson in a murder case in 1951, Mrs. Treuhaft even induced her 6-year-old son Nicholas, now deceased, to sell tickets for a Newson benefit. The young child—whom the Treuhafts had christened with the middle name of Tito, according to the Labor Herald—was arrested for selling tickets.

Together with their son Benjamin and daughter Constancia, the Treuhafts visted Hungary in the late 1950's and wrote a laudatory account of "life under socialism" for the People's World, February 17, 1957.

IDENTIFIED AS RED

An Independent-Progressive Party voter in 1952 and 1955, Mrs. Treuhaft was identified as a branch and county functionary of the Communist Party by Dickson Hill at December 1953 hearings of the House Committee on Un-American Activities and as a party member by Dr. Jack Patten, June 19, 1957.

She was also identified at 1956 Subversive Activities Control Board hearings on the California Labor School by former Communists William Michael Foard, who said Mrs. Treuhaft was an officer at San Francisco headquarters of the Communist Party, 942 Market Street; Bessie Honing, who had seen Mrs. Treuhaft at a countywide meeting of the Communist Party at Garibaldi Hall; Sylvia G. Hill, who knew her during the early portion of Mrs. Hill's role as an undercover Communist for the FBI; Dorothy M. Jeffers, who identified Mrs. Treuhaft as a party functionary; Timothy Evans, who said she was a member of his section in Alameda County; George William Smith, who identified her as present at an officers meeting in Oakland.

Fired from the San Francisco Chronicle staff after 3 months' work there in 1956, Mrs. Treuhaft nevertheless continued active as a journalist. Her justification of the San Francisco Communist-led riots against the House Un-American Activities Committee in 1960 was featured by the Nation magazine.

DISINHERITED, BUT

When the second Lord Redesdale of Great Britain, Mrs. Treuhaft's father, died in March 1958, he cut his Communist daughter from his will. Through a legal fluke, however, Mrs. Treuhaft received as a bequest Inch Kenneth, an island in the Hebrides and site of the family's ancestral castle.

The press reported then that she had broken with her father more than 20 years earlier over the Spanish Civil War question and that her father hated "leftwingers." Mr. Treuhaft, born in New York of Hungarian Jewish parents, ascribed her father's action to anti-Semitism.

Mrs. Treuhaft's more recent Communist activity has included picketing with the local Morton Sobell committee, a group seeking clemency for the condemned atom spy, during the March 1962 visit to Berkeley of President Kennedy; and a guest-of-honor role at the People's World silver anniversary last January 26 in San Francisco.

A giant East Bay benefit staged by the Berkeley Friends of Highlander, February 9, was arranged in part by Mrs. Treuhaft (Tocsin, Feb. 27, 1963). Funds went to the Communist-backed Highlander Research and Education Center of Knoxville, Tenn.

Called before the California Senate Fact-finding Committee on Un-American Activities in September 1951, Mrs. Treuhaft refused to answer all questions about her affiliations in the bay area on grounds that her answers might tend to incriminate her. Her refusal evoked laughter when, after declining a question about the Communist Civil Rights Congress, she similarly refused to acknowledge membership in even the Berkeley Tennis Club.

WE HAVE BEEN SOLD A BILL OF GOODS IN LATIN AMERICA

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. SCHADEBERG], is recognized for 60 minutes.

Mr. SCHADEBERG. Mr. Speaker, Latin America is of vital importance to the future security of the United States in her struggle, along with her neighbors to the south, against the colonialism of the Soviet empire. We are facing a critical stage in the cold war at which this Government must not be found wanting in its determination to save not only our own people but the people of Latin America and the Caribbean from the totalitarian policies of a power-mad group of opportunists who would fasten their concepts of atheistic materialistic dictatorship upon the unsuspecting people of the world. While those who are a part of this international conspiracy cry "peace" and "brotherhood of man," and by corruption of words claim only to want to save the world from economic chaos and nuclear holocaust, let it be clear that they do not and indeed cannot talk about freedom. Nowhere in the world have the people by free elections chosen a Communist ballot and likewise nowhere in the world where Communist tyranny has fastened itself upon the people have the people been offered a free choice to repudiate it.

Those who are outright, active supporters of the Communist conspiracy have twisted truth to serve their malevolent purposes. They have drawn a false picture of themselves as saviors of humanity. And in this upside-down picture, they have depicted the God-fearing and decent men and women as "warmongers" and greedy "capitalists" and "right-wing extremists." Of course, this is patently untrue.

It is because I believe that our future as a free nation is tied up intimately with the interests of our traditional and welcome friends in the other Americas; it is because I believe that our aid to the people in Latin America who have become pawns on the chessboard of international communism, must be directed to the end that they can be spared the fate of the unfortunate people of other captive nations the Soviets so blatantly would have the world believe have been liberated; it is because the future of our culture and civilization with the emphasis on the worth of individuals, the dignity of man, the sense of divine direction, is seriously threatened by the inroads the Communist conspiracy has made in our hemisphere; it is because I believe a forthright presentation of all points of view are necessary if we are not to find ourselves overrun by the conspiracy, posing under another name, entering the back window, that I take the floor today to present what I have gleaned from serious study and many conversations with various thinking people from Latin America.

I give this point of view because I believe the time is late and unless we break the information barrier created by managed news which is succeeding in its efforts to camouflage facts, distort truth, and withhold information needed to make a true assessment of conditions and circumstances as they are, we may find ourselves victims of the very conspiracy against which we are led to believe we have been waging a cold war.

In view of recent developments in the Dominican Republic, it is evident that the Kennedy administration has again muffed the ball in Latin America. The military coups in the Dominican Republic and in Honduras have revealed agonizingly that the administration, despite its talk about the success of the Alliance for Progress, is almost completely adrift in its Latin American policy. It is being buffeted about by political forces in our neighbor countries which it neither foresaw nor knows how to influence.

Since this administration took over the White House in 1961, there seems to have been some fatality which has turned every one of its Latin American moves into blundering and bitter failures. The most ghastly of these, of course, has been the Bay of Pigs fiasco in Cuba, followed by the incredible pledge of no invasion to Castro after the missile crisis of 1962. But while the most glaring example of the failure of the policies of this administration in Latin America because it is so obvious, Cuba is not an isolated indication of failure. The same forcible-feeble approach—today a threat, tomorrow a cringe—has characterized our policy in practically every Latin American situation. At the end of 2½ years of repeated and unbroken bungling in this hemisphere, this administration stands before the world an abject and pathetic object of confusion and retreat.

In the case of the Dominican Republic, there was not the slightest excuse for the Kennedy administration to put its unqualified support behind the Juan Bosch regime. Throughout the 7 months of Bosch's rule, Washington seemed to deliberately blind itself to Dominican realities. The administration sent to the Dominican Republic as Ambassador a magazine writer, John Bartlow Martin, who was undoubtedly well intentioned, but whose apparent sole claim to diplomatic appointment was the fact that he had been a ghostwriter for Adlai Stevenson. Upon Mr. Martin's advice, Washington accepted Juan Bosch as the best bet for the United States in the Dominican Republic. Even after he was recalled, following the military coup, Martin returned to Washington to defend Bosch, although he made it clear that he had only been following instructions. Nor did Mr. Martin attach importance to a fact which was commonly known in the Dominican Republic—that Bosch was a confirmed anti-American.

Bosch's first act as President was to go to Switzerland and contract for a $150 million loan from a Swiss consortium at 6¼ percent interest, rather than obtain available financing from U.S. agencies which reportedly would have given him a three-quarters of 1 percent rate.

Pan American Headlines, published by the Committee on Pan American Policy, gave this account of the deal:

> In early January 1963, before he was sworn in as President, Bosch announced that he was going to take a trip to Europe to get aid for the nation's economy. Bosch selected three men: Diego Bordas, Pedro Juan Laboy, Mario Diez.
>
> Bosch disclosed that he was going to secure a large loan to finance the fantastic program of public improvements which he had promised in his campaign. At the time, he was advised that Washington would supply him with the money which he needed at a nominal rate of interest of three-quarters of 1 percent. Bosch told his associates that he

> didn't want American money because he did not want the United States to have any hold on him. This chauvinistic gesture silenced his home critics who were mystified by his insistence on getting European aid.
>
> Bosch and his trio journeyed to Switzerland where Mario Diez had arranged a meeting with a Swiss consortium. The consortium granted a loan of $150 million. The interest rate which Bosch accepted on this loan was 6.25 percent. Which means that the Dominican Republic was obligated to pay in excess interest $8 million more, per annum, than it would have paid to the proposed American lender.
>
> But there was worse to follow.
>
> It came to light that Bosch borrowed from the consortium an advance of $15 million, giving notes for the amount. Shortly afterward, these notes made their appearance in the money markets of various countries, as the head of the consortium tried to discount them. Some of them were discounted by the General Electric Co. of London. Others were offered to the Lock Joint Pipe Co., but were refused.
>
> To this day, despite the repeated demand of the nonradical Dominican press, Bosch and Borda have not made an accounting of the $15 million.

Yet we decided to throw the prestige of the United States behind the Bosch government.

If Ambassador Martin had listened to the responsible people in the Dominican Republic, instead of those in the narrow leftist circle, he would have known that a great part of the Dominican population had already stamped Bosch unreliable from the standpoint of democracy and of individual as well as national progress. He would have known of the rampant corruption which was corroding away the confidence of the people. He could have listened to such men as Rafael Bonilla Aybar who was daily reporting the exposé of Bosch's misdeeds over the radio and in his paper, La Prensa Libre, to a large and growing audience. He would have talked to such a man as Don Jose Mejia who had suffered unspeakable wrongs under Trujillo and who had returned enthusiastically to the Republic when Bosch was elected, to cooperate with the new President. What he saw under Bosch, however, disenchanted him so completely that he began pouring out a stream of slashing attacks upon the regime in the press and radio. The final weeks of Bosch saw Santo Domingo ringing with the voices of these and many other disillusioned former supporters. Apparently Ambassador Martin didn't hear them. Nor did he understand the significance of the July episode when the leaders of the military warned Bosch that he must mend his ways and clean house, or they would turn against him. The administration in Washington was walking around in such a fogbank that only about 2 weeks before Bosch's fall it induced the Alliance for Progress to offer Bosch a multimillion dollar dam project in the hope of beefing up his popularity.

There was also the questionable Sasha Volman situation. Volman, originally a protege of Norman Thomas and the New York Socialists, had been pursuing a covert and mysterious game in Central America for several years. Former President Otilio Ulate of Costa Rica described Volman as "one of the most dangerous foreigners to have arrived in Costa Rica." Ulate revealed that Volman "handles enormous sums of money, from an unrevealed source, collects a large monthly income, and travels every month to different countries in the Caribbean area."

When Bosch was running for President, Volman appeared in the Dominican Republic and attached himself to Bosch. He apparently acquired a strange ascendancy over Bosch's mind. When the new President was inaugurated, he installed Volman as his adviser on Washington relations. Volman convinced him, truthfully or untruthfully as it may be, that he had great influence with Arthur M. Schlesinger, Jr., and McGeorge Bundy, who have advised the President on Latin American policy. When, in midsummer, a situation arose in which strong elements began to demand that Ambassador Martin be replaced, Volman informed Bosch that he had phoned the White House to one of the President's closest advisers and had saved Martin's job. Bosch believed him.

It is true that Bosch carefully maintained a pose of noncommunism during his Presidency. So, also, did Castro during the first year of his rule in Cuba. But actions speak louder than words.

The OAS has received a document, prepared by Ambassador J. T. Bonilla Atiles, revealing that Dr. Miguel Angel Dominguez Guerra, Bosch's Minister of the Interior and head of the national police, was a "blatant" Castroite and a member of the Partido Socialista Popular, a Communist front. Other top officials in the Bosch regime whom Dr. Bonilla Atiles named as known Communists or Communist sympathizers were: Luis del Rosairo Ceballos, Minister of Public Works; Miguel Angel Valazques Mainardi, Secretary of the Senate; Diego Bordas, Minister of Industry; Julio Martinez, director of the Government TV-radio station; Ramon Alberto Ferreras Manual, executive in the Government radio network.

Is it to be wondered at, that the responsible people of the Dominican Republic felt the shadow of Castro falling over their nation under the rule of such a President?

With such unmistakable portents signaling Bosch's certain collapse, Washington indulged itself in its usual game of wishful thinking. Less than 3 weeks before the coup, the New York Times published a eulogistic article, hailing Bosch as "a reformer with a mission" and declaring that "the Bosch regime had the anxious blessings of the Kennedy administration." So, once again the present administration had been persuaded by its left-minded entourage to go all out for a Communist-coddling regime whose misgovernment was so glaring that its own subjects were turning from it in disgust.

But the most disturbing phase of the Bosch deposition was the wailing and gnashing of teeth which suddenly commenced at the other side of the Capitol when the news reached Washington. One distinguished Senator actually proposed that the U.S. Armed Forces should forcibly take Bosch back to Santo Domingo and restore him to the Presidency, backed by American bayonets. Another learned Senator bluntly proposed that the OAS should set a police force to stop future military uprisings in Latin America. Think of it—an OAS army to dictate to the 20 autonomous and proud Latin American nations what kind of government they should be permitted to have. And in Santo Domingo itself, Spencer M. King, whom Ambassador Martin had left behind as U.S. Chargé d'Affaires, showed his lapse from reality by telling Manuel Tavares Espaillat, Member of the Junta, that the United States wanted them to place Juan Casanovas Garrido in the Presidency in Bosch's place, as the price for recognition. Casanovas was a henchman of Bosch and at that very time was under investigation by the new government on the charge of complicity in some misappropriations of money of Bosch's administration. How could any clear-thinking American diplomat imagine that a Dominican public which had exiled Bosch would accept another Dominican revolutionary party hack in his place?

Perhaps the best statement of the situation which confronted the Dominican people when they expelled Bosch was given by Brig. Gen. Miguel Atila Luna Perez, chief of the Dominican Air Forces. General Luna said:

> No one wished to dethrone the government of Juan Bosch. It would have never happened had Mr. Bosch been true to his responsibilities of maintaining democratic principles and preserving internal peace. Such internal peace was menaced by the advance (which no one doubted) of Marxism-Leninism, under the protective cloak of a pro-Communist government which did not take any preventive measures against it. This Marxist-Leninist advance became a deadly menace to the traditions of a people who are fundamentally democratic and Christian. There was something else which caused our intervention, and that was the constant violation of the Constitution of the Republic, and the imminent enactment of a series of laws of typical communistic intent.

Yes, we have certainly goofed in the Dominican Republic. And we will goof again, and even more dangerously, unless we quickly ask ourselves what is really the matter with our Latin American policies.

If the Dominican Republic, as Cuba, stood isolated as a failure in the administration's policy, the incident would be deplorable enough. But unfortunately the Dominican Republic does not stand alone. The Bosch regime was merely one of the arches of the whole structure of U.S.-imposed "left liberal" governments which, it seems quite evident to me, the present administration is trying to set up in the Americas. That it was an important arch is measured by the infuriated outcry which has arisen from the Washington salesmen of that policy since the Dominican people rejected Bosch.

It is high time we reexamine this policy which is failing so dismally in the Americas.

The strategy was defined by Adolf A. Berle, Jr., in 1957 in his book "Tides of Crisis" when he wrote that it was unimportant whether a nation lives under a

Socialist or non-Socialist government. What is important is that the nation should not live under a dictatorship. In fact, a rereading of the Berle book will give us a theoretical background of all the misbegotten ideas which President Kennedy apparently has accepted unquestioningly since he stepped into the White House. Once we understand the basic premises on which the strategy is based we can understand why our country has met failure after failure in its Latin American policy, and incidentally in its entire foreign policy. If we would only view the strategy through the eyes of reality rather than through the rose-colored glasses of idealism divorced from reality, we could easily discover the basic fallacy of this strategy. The catch in the whole proposal is that there is no real certainty that the crypto-Communists and the Socialists—the Bosches, the Betancourts, the Ramon Villeda Moraleses, the Haya de la Torres, the Paz Estenssoros, the Arevalos—are really on our side, that they have actually agreed to play on our team. Do we have any bona fide proof in fact that they are? Their present pretense of friendliness may be only a Dr. Jeykll act of expediency to get U.S. help in their struggle for power. Since they share with the Moscow Communists a common belief in the Marxist picture of the world, why should we assume that they would not be just as great a menace to the United States as Castro, once they are secure in power?

Indeed, Fidel Castro is himself the prime exhibit of the deadly danger of this Washington attitude. Put into power originally in Cuba with American aid and acclamation, Castro, as late as his visit to Washington in April 1959, described himself as a "liberal" and declared in Washington that "I am going back to Cuba to fight the Communists." Then less than 2 years later on December 2, 1961, he revealed to the world what he really was. If he declared himself divorced from Khrushchev would he be any less Castro? Would the people have any more freedom than they have now? What assurance do Americans have that the present company of our Socialist and crypto-Communist allies in Latin America, whom the State Department is frantically backing, do not entertain the same intentions of a final doublecross?

Perhaps the best example of the dynamite with which we are playing in Latin America is Romulo Betancourt, President of Venezuela. Betancourt was Bosch's No. 1 sponsor in the Dominican Republic. During the days of their exile, Bosch boasts that he was Betancourt's secretary. It is no secret that Bosch consulted Betancourt, after he became President, in many of his major moves. There have been reports in the Dominican Republic that Betancourt financed Bosch's electoral campaign.

Today Betancourt is the beneficiary of one of the most lavish and what I consider one of the most undeserved buildups in the U.S. press of any Latin American of our times. Just as we heroized Castro in 1958 and 1959, so the liberal American press has pulled out all the stops for Romulo. Even the usually conservative Readers Digest has joined the "amen" chorus and has twice published glowing panegyrics of the Venezuelan President. It was most unfortunate that at the height of the whole buildup, President Kennedy greeted Betancourt at the White House last November with the words:

> You are the kind of President the United States wants in Latin America.

For all the evidence indicates that Romulo Betancourt has put over on the American people, one of the most colossal hoaxes ever perpetrated. It is a hoax which he has maintained, in varying forms, for a quarter of a century. For years, despite all his astute efforts to entice the United States to help him to get and hold control of Venezuela, we refused to bite. It has remained for the present administration to fall for him, boots, baggage, and money. Today, not only are we helping him to hold Venezuela, we are also urging him to extend his influence over other strategic points of Latin America. We are accepting him, wide-eyed and open-mouthed, in the face of one of the longest and most subversive Communist records in Latin American history.

One of the minor absurdities of our times is to hear one of our misinformed American liberal friends stand up and eulogize Betancourt because he is a great democratic leader and the foe of military coup d'etats. Unfortunately, the record shows that Mr. Betancourt is against coups d'etat only when he is not conducting one himself. On October 18, 1945, President Isaias Medina Angarita, who had been elected democratically in the election of 1941, was overthrown by a coup d'etat. Who was the leader of this coup d'etat? You have guessed it. It was Romulo Betancourt. Betancourt was raised by the military to the post of Provisional President. In the crypto-Communist rulebook, the important thing is who pulls off the coup.

To get the real picture of Betancourt it would be revealing to consider his whole career in Venezuela. Betancourt is one of the few men in public life who have ever drawn a diagram of their life plan. This diagram, when we look at it, gives a complete refutation to the touted claim that Betancourt is an anti-Communist.

At this point, a question of semantics faces us. If, by communism, one means the Khrushchev or Castro brand of communism, a very valid case can be made out to prove that Betancourt is against it. But never in his zigzag career has he ever repudiated the basic objective of communism—a socialized society.

Unlike Mao Tse-tung in China, unlike Enver Hoxha in Albania, but deceivingly like Tito in Yugoslavia, Betancourt does not accept Khrushchev's method of reaching the Marxist goal. Right now he is trying, with some success, to communize Latin America, and, by mouthing a few democratic phrases, to hoodwink the United States into helping him do it.

When did he draw his diagram? In 1932 and 1933, Betancourt was an exile in Costa Rica. By this time he had already been a veteran of 6 years of Communist activity. With Machado and Villalba he had set up an underground Communist movement in Venezuela while Gomez was President. He fled to Costa Rica, and, with Manuel Mora, he founded the Communist Party of Costa Rica. He remained a member until 1935.

However, his keen mind began to play around with the idea that communism could best be won in Latin America by detaching itself from Stalin and Moscow. He envisaged a nationalistic form of communism which would assume a different and deceptive shape and name in each country. Already, Haya de la Torre in Peru had been thinking along parallel lines and had launched his Peruvian Aprista movement, after returning from Moscow.

And then Betancourt made the greatest mistake of his careful career. He put his plans down on paper. He sent them in the form of letters to his Communist comrades who were still operating as an underground in Gomez's Venezuela, with their base in Barranquilla, Colombia. One of those who received these letters was Raul Leoni, who is now Betancourt's candidate to succeed him as President of Venezuela in the December 1963 election.

In these letters, he told his little band of disciples that Venezuela could be won for communism if Communists would only be smart enough to stop using the Communist label. On January 27, 1932, he wrote to Valmore Rodriguez:

> We already know how those people fear the aforesaid little word (communism). And with vaseline we may be able to insert into the people all of Marx and all of Lenin, the most vehement hatred of private property, the most intense and active desire to do away with the capitalistic regime without ever having to use this word which smells of sulfur—communism.

In another letter of the same date, he wrote:

> In Europe, the peasants and laborers have reached a stage of political intelligence which allows them to act as government functionaries. But in Latin America the peasants and laborers haven't that level of intelligence. Therefore, a Marxist party founded on that basis is doomed. The party has to form a high general staff to direct, and that high-level staff should be formed by us because I am confident that we will not allow a deviation until we, with our high intellectuality, will determine the right time has come to make the left turn to the extreme leftwing and ultimately to communism. I derive this from the writings of Lenin who said: "The party shall follow the leader's path." How about it, little brothers? Are you of the same opinion as I?

These letters would never have come to light, and Betancourt's life plans would have remained an undisclosed secret, had it not been for two happenstances. One was the fact that Valmore Rodriguez and Raul Leoni did not destroy the letters. They retained them. And the second accident was that the Colombia police raided the secret Communist headquarters in Barranquilla and found the letters. They turned them over to President Lopez Contreras of Venezuela.

In 1936, President Lopez Contreras published the letters in full, together with a rogue's gallery of photos of Betancourt, Leoni, and Miguel Otero Silva—now a Betancourt senator—in an official Red Book. It is the most damning evidence of the secret Communist plan of Betancourt that has yet been disclosed.

The significance of these Barranquilla letters can be read in the subsequent Betancourt career. A study of his life will show that he has followed most faithfully the diagram which he drew for his disciples in the early thirties.

Returning to Venezuela after Dictator Gomez's death in 1935, he carried out his "communism without the Communist name" plan by establishing a new party, the ORVE, which was declared illegal by President Lopez Contreras on the grounds that it was actually a Communist Party. Later, after going underground, Betancourt established the Partido Democratico Nacional. This, in turn, was illegalized, after a court action in which it was shown that the principal party leaders all were men with open Communist records. With the same elements, Betancourt then launched his Accion Democratica, the party through which he acts today. This party, as we have seen, participated with Perez Jimenez in the coup d'etat which overthrew President Medina in 1945. After 3 years of gross misrule, and communistic government, Betancourt's first administration was overthrown by a second coup d'etat in 1948, the Accion Democratica was illegalized, and Betancourt went into exile.

However, it was in the forties that Betancourt made his second great political discovery, a discovery which he has coined into the minted gold of fabulous political success. That discovery was that if he would make a pretense of anticommunism and loudly proclaim himself as a democrat, he could obtain the support of virtually the whole body of influential American liberals. They would help him, with their press and radio connections and with their great influence in Washington, particularly in the State Department, to get back into power. Once restored to the Miraflores Palace in Caracas, he could pursue Communist aims while winning American plaudits through his anti-Communist pose. His success in his latest period is attributable almost entirely to this astute strategy.

This basic Betancourt strategy was disclosed in April 1955, in an article published in Venezuela Democratica, Betancourt's newspaper in exile, which was issued in Mexico during his stay in that country. The article was a statement of reasons why the Accion Democratica would not accept the invitation of the exiled Venezuela Communist Party to go into a united front. It stated that if they took such a course, "We would have to renounce without any compensation, all possibility of aid from the liberal and democratic sectors in the United States, from whom we can expect useful aid." This excerpt appears in the book, "Communism in Latin America," by Prof. R. J. Alexander, himself a Socialist and a stanch supporter of Betancourt. It is a frank revealment of the motivation of the Accion Democratica in opposing communism. This motivation is not anticommunism; it is cold-blooded political expediency.

For over a decade, Betancourt has been the recipient of the most fulsome campaign of flattery by American liberals ever enjoyed by a Latin American ruler.

The "liberals" have been his American claque. They have shouted so loudly that they have impressed the Betancourt virtues upon a large sector of the American press, and upon the principal policymaking officials of the Kennedy administration. Today this tarnished and liberal mask-wearing Venezuelan crypto-Communist has become the symbol to millions of uninformed Americans of the kind of leadership which the United States intends to support in the Americas. God help Latin America if such is the future which our Government has planned for them.

But, someone will ask, if it is true that Betancourt is playing a covert false-face game in Venezuela, how does it happen that he is fighting the Castroites and the Communists in Venezuela? Why has he taken recent measures to arrest their leaders?

Here again we are dealing with a situation in which Betancourt is playing with mirrors.

All evidence points to the fact that Betancourt never wanted and never intended actually to suppress the Communists. Castro himself is one of Betancourt's own disciples. It has been charged that Betancourt intervened with the Colombian authorities to save Castro from death in Bogota in 1948 when he was caught redhanded participating in the bloody Communist uprising—Betancourt was then the head of the Venezuelan delegation to the OAS at the Bogota meeting. It is incredible to suppose that Betancourt did not know that Castro was a full-fledged Communist at the time. The official leader of the Castro party in Venezuela, the MIR, is Domingo Albert Rangel. Rangel is another of Betancourt's pupils. He grew up in the Accion Democratica, and broke with Betancourt only in 1961. Raul Ramos Gimenez, leader of another pro-Castro group, was also one of Betancourt's henchmen in the Accion Democratica until 1962.

Even after Castro threw off the mask and revealed himself as a Communist, Betancourt continued to recognize him. Long after the United States had broken off relations with Cuba, Betancourt insisted upon continuing diplomatic relations, breaking them off only after the San Jose conference in August 1960, when he knew he would risk Washington friendship—and aid—if he persisted.

His suppression of the Venezuelan Communists has been halfhearted and ineffective. Had he wished to end communism in Venezuela, there was a simple and direct way to do it. He could have outlawed the Communist Party, just as half of the other Latin American countries have done. Betancourt has never resorted to this obvious measure. All along there has been something unmistakably two-handed about his highly publicized reprisals against communism and his failure, in every instance, to follow through. As long ago as October 15, 1962, Betancourt's government announced that it planned to take court action to outlaw the Communist Party and the MIR. More than 1 year later the action has not been taken.

True, he had denied them the right to participate in the rigged December 1963 presidential election, but it is highly significant that when he came to pick his successor for the Presidency he gave the nod, not to a middle-of-the-roader, but to Raul Leoni, his old, and tested comrade of the Communist Party of the thirties.

But it will be asked, if Betancourt is a part of the world Communist conspiracy, why did he finally give the order, late this summer, to arrest Machado and the other top leaders of the official Communist Party? Is this not the sign that he has broken completely with communism?

On the surface, it would seem so. But, like so many other things that happen in the government of a crypto-Communist, the real story is not the one which is carefully fed out to friendly American correspondents to be bold-typed in the U.S. press.

Here is the real story, as given in El Diario and La Prensa, New York, the principal Spanish language newspaper published in the United States. Here is the story, by Felicino Jaspe, published in the October 30 issue:

> It is secretly but well known, among important people (in Venezuela) that Betancourt went on TV to announce action against the Communists only when he was informed by one of his agents within the armed forces that they were coming to take action. The decision of the armed forces resulted from the assassination of two national guardsmen on an excursion train which was going to Les Teques, a town near Caracas. Some Venezuelans quoted the chief of the national guard as saying, "If there is no one to take armed action, I will do it myself." And here is what all Venezuelans are saying: Betancourt is being forced by the military to do things which he does not want to do himself.

How different is this story from the laudatory news stories which appeared in the New York Times and other Betancourt-praising papers, picturing the audacious Betancourt cracking down on the party Communists. If he really wanted to weaken the Communists, Betancourt had from February 13, 1959, when he was inaugurated President, until midsummer, 1963, to take the logical action of imprisoning the Machados, Faria, and the other top Communist Party officials. For more than 4 years, he gave the Machados and Faria sanctuary to continue their Communist work in Venezuela, under the alibi that they were members of the Senate, and hence immune to arrest. But when the armed forces laid down the law to him and told him that he must arrest the leaders, Betancourt tremblingly found that he had the power to do so, and he acted. Does this seem like the course which would have been pursued in violence-torn Venezuela by a genuine anti-Communist? Of course, there is only one answer to such a question.

It is admittedly difficult to detect motives when one deals with men like Betancourt. But taking a page from the late Al Smith, let us look at the record. Sometimes what men do speaks so loudly it drowns out what they say. If we would carefully examine the record as a whole, it becomes convincingly clear that Betancourt does not actually want to wipe out communism in Venezuela. Venezuelans who have known Betancourt through all his twists and turns believe that the game he is now playing is to enforce the ascendancy of his Accion Democratica brand of communism over the other Communist splinter groups—the Castroites of Rangel and Villalba, and the orthodox Moscow-affiliated Communists of the Machado brothers. If possible, he will keep the rival Communist sects alive for future purposes, but right now he is trying to render them powerless to weaken the Betancourt hegemony.

Betancourt fools American liberals because they cannot understand the labyrinthine intricacies of the trained Communist mind. They fail to see the play within the play. And so, the American public which trusts the advice of the liberals permits itself to be betrayed by its own enthusiasm for the Titos, the Castros, and the Betancourts. The day of revelation, in the case of Betancourt, has not yet come.

One of the incongruities of the Washington atmosphere today is the agonized pain with which our liberal brethren greet each setback to the crypto-Communist forces in Latin America. Every reverse to the Betancourts and the Bosches is greeted as an intolerable blow to the United States. If there is a planning brain in international communism, it could not have planned with more lethal shrewdness. With the false picture of Latin America which the Communists and Socialists have implanted in their minds, nonradical Americans are actually hailing the gravediggers of Americanism as their champions in the Latin American conflict. They are lamenting the fall of the Bosches and the Villeda Moraleses as if it were our loss. Not since the days when half of our State Department was hailing Mao Tse-tung in China as a great "agrarian democrat" have we been so cruelly mistaken.

But the latest development between the Kennedy administration and the Betancourt leftist regime is the information which has recently reached the press that President Kennedy has decided, in the event of a military uprising in Betancourt's Venezuela, to intervene in Betancourt's defense with American troops. The Allen-Scott report says:

> President Kennedy has definitely decided on that, and has so informed the State and Defense Departments and members of the Senate Foreign Relations Committee. President Romulo Betancourt also has been told of this momentous decision. * * * In preparation for possible recourse to American troops, the administration has already set the wheels in motion to get Senate backing for such explosive action.

Think of what this means. The United States, which timorously held back from intervention in Castro's Cuba and which argued, even before the Russians fortified the island, that we could not intervene because we were pledged, under the Rio Pact, to take no intervention action without the agreement of two-thirds of the members of the OAS, now contemplates unilateral intervention to save a Betancourt. The United States, which let great China go down the Communist drain, because, as we then argued, we could not intervene to save Chiang Kai-shek without United Nations agreement, is now ready to violate its signed agreements, for what?—to keep crypto-Communist Betancourt in power.

Truly the Kennedy administration, if it attempts such a thing, will have come full circle in its championship of the left in Latin America. If we are willing to repudiate all our commitments under the Rio Pact and the Caracas Declaration for the sole purpose of perpetuating the rule of Romulo Betancourt in Venezuela, then statesmanship has become a plaything in the hands of political immaturity.

When the President of Venezuela came to the United States last February, I was one of a precious few who were willing to speak openly words of warning against all-out support of one who had not proved beyond a shadow of a doubt that he was not a part of the insidious attempt to infiltrate this hemisphere with the Marxist doctrines, so deadly to the health of our civilization.

I felt then we had been sold a bill of goods without having had the opportunity to examine it carefully to see in it the true character of the pattern.

It is understandable that those in policy-making positions in our Government were intent on finding someone, somewhere, upon whom they could pin their hopes as the Messiah of Latin America. The people of the United States do have the interests of the people of all the Americas at heart. We want governments to be stabilized. We would like to stamp out dictatorships and illiteracy and poverty and corruption. We want others to enjoy the stability we have gained in our own great land. A symbol of strength and leadership to the South was needed. Castro's lustre had dimmed and in the exposure of the light he was seen as he is.

"But," I ask, "just why did our State Department hitch its wagon to a star which if not the red of the Soviet Union is certainly not the blue symbolic of loyalty of leadership in the cause of freedom?"

Within the past few months I have had contact with a teacher of science in Venezuela; conversations with a member of an honored profession; a newspaperman who spent nearly 15 years in that area and who knows Betancourt personally; a man who works for an American concern but who is neither Venezuelan or American; and several other Venezuelans who have confided to me that we are making a serious error in our support of the present Government of Venezuela which we trust will take the leadership throughout Latin America.

Following my remarks last February on the eve of Betancourt's state visit, a news reporter who had spent many years in Latin America and who knows the Venezuelan President personally, contacted me by letter. He wrote:

> You may not have all the facts but what you have are correct. * * * Romulo never indicated to me he had turned his back on communism.

We are backing a movement in Latin America which claims to be opposed to individual Communists but not to communism. Betancourt has publicly spoken against Castro but his policies are strangely in keeping with Castroism. Let us beware lest we support those whose only mission is to take control of the sprouting movement in the South of this hemisphere, who condemn all, friend and enemy, whom they oppose not because of what they believe and represent but for the position of power they hold which they want for themselves.

It is becoming increasingly evident that our present policy in Latin America is a dismal failure. The time to change this policy in order to rectify our errors in judgment and action is now, not when the situation has so completely deteriorated that violent action on our part would be required.

However, this Venezuelan proposal is a crisis for the future. The curtain raiser for such a course in Venezuela is the present effort of a small group of Senators to stage a dress rehearsal intervention in the Dominican Republic. If we execute such an intervention, and get away with it, a similar step is almost certain in Venezuela. The irony of the present debate is that the very "liberal" voices, which are now shouting most clamorously for unilateral intervention, include some of the men who protested most passionately against unilateral intervention in Cuba. Until Betancourt and Bosch came into danger, the whole kit and caboodle of this group were violent anti-interventionists. To the liberal mind, consistency is a jewel only when it protects its own ideological friends.

As the issues darken in the Caribbean, it is Juan Bosch himself who has suddenly made the whole liberal effort to save him meaningless and dangerous to American security. The familiar chant of the liberals to justify aid to Bosch and Betancourt is that we need them to lock the gate in their nations against Castroism. Both Bosch and Betancourt have played to the American gallery by declaring their last-ditch opposition to Castro.

But when Bosch was taken from Santo Domingo to the island of Guadelupe on the first leg of his trip into exile, some strange reversal to type caused him to forget the lines which he was supposed to speak. Reaching Guadelupe, he declared, as reported by UPI:

> This movement (the Castro movement) is not calling for a struggle to achieve communism, but to achieve liberty.

Later, Bosch tried to shrug this off but his disclaimer is contradicted by the fact that Gonzalo Facio, President of the Council of the OAS sharply rebuked Bosch for his declaration. Facio is himself considered to be a member of the left-liberal group in Latin America.

There is only one conclusion which we can draw from this Bosch lapse into truth-telling. Bosch, as his Dominican opponents have always maintained, has never actually been against Castro. I am convinced that neither is Betancourt, Castro's old mentor. I predict the day will come, to the consternation of the advisers who have been led to assume such unrealistic policies in Latin America, when Betancourt will similarly unmask and tell us what he really wants. But until that moment comes, he will continue, like Tito, like Sukarno, to fatten on our aid and our gullibility.

While the men around Kennedy and Munoz Marin in Puerto Rico are working frantically to bring Bosch back and to reimpose him upon the Dominican people, Bosch himself has drawn a picture of the future which he and his kind are planning for Latin America. Writing in the October 14 issue of the New Leader, a pro-Betancourt weekly, he said:

> The peoples of Latin America find themselves on the brink of a revolution. It is a revolution that will once and for all do away with the power of the minority of large landowners, businessmen and the upper-middle class of our hemisphere, and that will dispose of the military cliques which serve them. * * * But I fear that it will be almost impossible to prevent the coming revolution in Latin America from being bloody, destructive and prolonged.

I wonder if President Kennedy with his propensity for the Latin American left, proposes to underwrite that "bloody, destructive and prolonged revolution."

I wonder if that is the kind of leadership we would like to see throughout all Latin America. I wonder if this is the future our people are paying taxes for through support of the Alliance for Progress.

I have in this speech raised the question of our official all-out acceptance of the good faith of Betancourt and Bosch because the issue has a gravity which far outweighs our natural inclination to trust the judgment of our national policymakers.

We are fighting a cold war for the security of this hemisphere. Only a few years ago, because we refused to face the deadly seriousness of this struggle, we indulged ourselves in the luxury of giving the benefit of the doubt to Fidel Castro. When three former U.S. Ambassadors to Cuba—Mr. Braden, Mr. Smith, and Mr. Gardner—warned the State Department that Castro's liberalism was only a masquerade and that he was actually an agent of the Communist International, the warnings were contemptuously dismissed as rightist claptrap. Then, as now, we were told to join the hallelujah chorus and give Castro all our support.

What was our reward for accepting this ill-advised counsel? We have lived to see Cuba, under our horrified eyes, converted into an armed and bristling Russian base, frowning at us just 90 miles away.

Are we going to make that same mistake again?

The same kind of "gee whiz" minds which accepted and lionized Castro in 1959 are now whooping up a demand for unlimited support for Betancourt in his staged contest with the Castroites. In the face of his 30-year Communist and revolutionary record, we are being asked to accept him as America's Latin American standardbearer against Moscow.

If we fall into this trap, we will be inviting a disaster in Latin America the magnitude of which will dwarf even the catastrophe in Cuba. Can the United States afford to take that risk? Can we unquestioningly accept the word of Mr. Schlesinger, who influences the administration on many things including Latin American affairs, that the bad man of Venezuela's yesterday is now noble and admirable? Just when and where did the switch take place?

Ladies and gentlemen, I insist that we cannot afford to take that gamble. The administration is wrong in Venezuela, just as it was wrong in Peru, in the Dominican Republic, and before that in Cuba. Let us reverse ourselves before we become mired in something which can only lead to further national humiliation and a weakening of the cause of freedom in the Western Hemisphere.

In summary, the reasons for my remarks today, and the sole motive behind them, are to promote the good of the United States and at the same time to aid the cause of the peoples of all Latin American countries—the cause of individual freedoms, human dignity, and a better way of life through democratic self-governments of their own choosing.

I recognize this is a complex and monumental challenge in any one country, to say nothing of all those among the Latin American countries where genuine reform is still a crying need and where progress has not yet had even its beginnings. I labor under no delusions that my lone voice will carry very far or that it is powerful enough to be even a little effective. But what I have had to say needed to be said. It needed to be said because I feel that the American people for the most part have been getting only one side of the picture. It has been my objective here to at least let the public know there is another side; to state what in my judgment that other side includes—both from the standpoint of known fact and fair and reasonable conclusion; toward the end that both the people at home and those elected and otherwise chosen to represent and serve them in government may better weigh all factors and have the benefit of all evidence in charting and following the best possible course of action throughout the Americas.

THE WILDERNESS BILL

The **SPEAKER**. Under previous order of the House, the gentleman from Pennsylvania [Mr. SAYLOR] is recognized for 45 minutes.

Mr. SAYLOR. Mr. Speaker, recently, on September 17, 1963, it was my privilege to be on a panel at the Los Angeles meeting of the American Mining Congress conducted by the esteemed chairman of our Committee on Interior and Insular Affairs, the Honorable WAYNE ASPINALL of Colorado, and to have as a fellow member of the panel the chairman of the Interior Committee's Subcommittee on Public Lands, the Honorable WALTER BARING, of Nevada.

The wilderness bill, with which I have so long been concerned, was not among my own assigned subjects for that day, but it was the full subject of Mr. BARING's remarks and was introduced by Mr. ASPINALL. What they had to say about wilderness legislation was of keen interest to me at the time and has since influenced me to reconsider some aspects of this important subject in the light of their remarks.

REMARKS BY COMMITTEE AND SUBCOMMITTEE CHAIRMEN

Our chairman, the gentleman from Colorado [Mr. ASPINALL], introduced the full texts of these addresses into the CONGRESSIONAL RECORD for October 3, 1963, where they can be found on pages 18606 and 18607.

Mr. ASPINALL himself made the comment that "we are continually making additional Members of the House of Representatives aware of the basic constitutional question requiring affirmative action by Congress in the designation of wilderness areas."

Mr. BARING assured that—and I quote him:

> If there is going to be a wilderness bill, there will be provisions for affirmative action by Congress after the Chief Executive or his Cabinet officers have made their review and submitted their recommendations to Congress.

Mr. BARING indicated that further action regarding the wilderness bill would be dependent on its proponents being, as Mr. BARING put it, "willing to move in the direction of the compromise offered by the House committee last year."

NEW BILLS PROPOSED TO MEET SUGGESTIONS

During the past weeks I have been pursuing these and other suggestions by the chairman of our committee. With other proponents of the wilderness bill I have been working toward the development of a proposal that might meet the requirements of all concerned and thus merit prompt enactment.

I am today introducing the results of these efforts as a new bill, and am asking unanimous consent that its full text appear at the conclusion of my remarks.

AFFIRMATIVE ACTION BY CONGRESS

I am happy to assure my colleagues that this revised bill does propose and provide for what our chairman described as "affirmative action by Congress in the designation of wilderness areas."

On June 27, 1963, in a statement to the House—a reprint of which I later sent to each of my colleagues—I sought to indicate a willingness to meet this requirement. On that occasion I said—and I now quote:

> Let me emphasize that it is the purpose of advocates of the wilderness bill to see positive action by Congress in establishing a sound national wilderness preservation policy and a program to make this policy effective on the land.

And I said further:

> Any proposals that provide for more positive congressional action will have our support if they likewise insure the protection as wilderness of the areas provided for in the act until Congress does take further positive action.

Accordingly, when I found that some redrafting of the wilderness bill had been attempted in the direction, as Mr. BARING put it, of the House committee bill last year, I undertook to cooperate by adapting and adopting this myself.

It is this measure that I am today introducing.

SATISFACTION IN PROSPECTS FOR AGREEMENT

Before describing this bill in detail and analyzing its contents, I should like to emphasize briefly the satisfaction with which I anticipate the prospect of agreement on a wilderness bill.

If wilderness is to be preserved in our country, it must be by the firm determination of all who are concerned.

The urgency for the preservation of some of our remaining areas of wilderness has come from all parts of the Nation. It has been nonpartisan. In enacting a measure to establish wilderness preservation as a national policy, we must accordingly be nonpartisan and nationwide in our view.

It is especially important that those whose enterprises might destroy the wilderness be among the supporters of its preservation. They can see that the needs for which wilderness might be sacrificed are met outside the wilderness. They can provide the consensus on which the preservation of wilderness in our culture must be based if it is to endure.

I would indeed be happy to see differences regarding the wilderness bill resolved and to see a prospect for its enactment with a broad basis of nonpartisan national support.

NEW BILL ONE ON WHICH WE CAN AGREE

The bill I now introduce, I am convinced, is one on which we can all agree. The committee may find ways to improve it, and I shall be glad to cooperate in its further consideration, but essentially, I am satisfied, it meets the criticisms made against its predecessors and meets these in a way to merit its support.

It is described as follows:

DESCRIPTION OF THE BILL

The revised wilderness bill (H.R. 9070) proposes to exercise congressional prerogatives with regard to Federal lands—pursuant to the Constitution's article IV, section 3, 2d paragraph—by taking positive action to first establish a national congressional policy for the preservation of some Federal areas as wilderness; second, provide a program for carrying out this policy through the administration of existing wilderness within the national park system, within wildlife refuges and ranges, and within certain designated portions of the national forests, by the presently established agencies; and do this in such a way as to preserve the wilderness character of the lands without interfering with their present purposes and without transferring any lands from one jurisdiction to another; and, third, make provisions to prevent the wilderness preservation program from interfering with other programs and to provide for emergency and other exceptions.

These objectives the wilderness bill would achieve through, first, the declaration of a national policy; second, the designation by Congress of wilderness areas; third, the provision of guidelines for the use and administration of the areas involved; and, fourth, certain other provisions related to gifts, bequests, contributions, inholdings, records, and reports.

The measure requires no expenditures beyond those that would be called for in any case in administering the park, refuge, or forest lands for their presently established purposes.

The bill's provisions are more fully yet briefly described as follows:

First. A national policy "to secure the benefits of an enduring resource of wilderness" by establishing wilderness areas, is set forth in section 2, which likewise includes a definition of wilderness.

Second. The areas designated or to be considered for designation as wilderness areas are specified, and procedures for determining the areas to be considered are set up. Any lands not provided for in this act are to be added only by a subsequent act of Congress.

Third. Guidelines for the use and administration of the wilderness areas are set forth in section 4, which says that nothing in the act shall interfere with the purposes the areas serve as park, refuge, or forest land but that these purposes shall be served in such a way as to preserve the wilderness character of the lands designated as wilderness. Section 4 also prohibits certain uses inconsistent with wilderness preservation and makes special provisions or exceptions regarding certain nonconforming uses. The President is authorized to allow certain otherwise prohibited uses in specific areas of wilderness if he finds these uses "will better serve the interests of the United States and the people thereof."

Fourth. Certain other provisions regarding State and private lands within wilderness areas, gifts or bequests of land, records and reports, and contributions are in sections 5, 6, and 7.

EXPLANATION, SECTION BY SECTION

An explanation of the measure, section by section, is as follows:

1

Section 1 states the title as the "Wilderness Act."

2

Section 2 is a statement of policy, including a definition.

Section 2(a) is a statement of Congress's belief that increasing population and human developments will occupy or modify all areas of the Nation except those set aside for preservation in their natural condition. It is accordingly declared to be the policy of Congress to assure the Nation an enduring resource of wilderness, and for this purpose a National Wilderness Preservation System is established to be composed of appropriate federally owned areas.

Section 2(b) defines wilderness in three sentences. The first states the nature of wilderness in an ideal concept of areas where the natural community of life is untrammeled by man, who visits but does not remain. The second sentence describes an area of wilderness as it is to be considered for the purposes of the act—areas where man's works are substantially unnoticeable, where there is outstanding opportunity for solitude or a primitive or unconfined type of recreation, and where there may also be ecological, geological, or other features of scientific, educational, scenic, or historical values—areas including at least 5,000 acres and of sufficient size to make their preservation as wilderness practicable. The third sentence says that for the purposes of this act wilderness shall include the areas provided for in its section 3.

3

Section 3 sets out the areas of Federal lands in national forests, in the park system, and in wildlife refuges and game ranges which—subject to existing private rights—are designated as wilderness areas or are to be considered for such designation. A procedure is established that will assure review of every area by the executive agency in charge of it prior to its designation by the Congress. Addition of areas not specified in the act is limited to those established by later action by Congress.

NATIONAL FOREST LANDS

Section 3(a) designates as wilderness areas the presently existing wilderness, wild, and canoe areas of the national forests, and sets forth requirements that maps and descriptions of the areas and regulations regarding them be available to the public.

Subsections 3 (a)and (b) both deal with national forest areas now administratively classified for wilderness protection. There are 86 of these areas, totaling some 14,731,471 acres (out of the national forest total of 186 million acres).

The 17 wilderness and 32 wild areas and the 1 canoe area have already been carefully reviewed by the Forest Service for classification as such and were classified after having been subjected to public-notice and public-hearing procedures. Section 3(a) accordingly designates these as wilderness areas without further review and sets forth requirements for maps and descriptions of them and for having maps, descriptions, and copies of notices and reports available to the public. These areas immediately designated total 8,609,659 acres—wilderness areas 6,409,284, wild 1,165,523, and canoe 1,034,852.

Section 3(b) deals with the 3 dozen now existing primitive areas in the national forests, the 36 areas comprising in all 6,121,812 acres. These areas are made subject to further review, half to be completed in 3 years and all within 5 years. After the reviews by the Forest Service, the Secretary of Agriculture is to report the findings to the President and the President is to make recommendations regarding each area to the Senate and the House. These recommendations may include a proposed elimination and declassification of portions not found to be predominantly of wilderness value or proposed addition of contiguous areas of national forest lands predominantly of wilderness value.

Each such recommendation will become effective only if so provided by an act of Congress. The primitive areas are to continue in their status quo until Congress has acted on a presidential recommendation or has determined otherwise.

There are other national forest areas that are in fact wilderness but have never been so classified for protection as such. Nothing in this bill would prevent the Secretary of Agriculture from considering such areas for preservation. Each area, however, will have to be the subject of further legislation in the future. The bill provides that—and I quote:

> No Federal lands shall be designated as "wilderness areas" except as provided for in this Act or by a subsequent Act.

Section 3(c) makes a provision for wilderness within national park system areas and national wildlife refuges and ranges that is like that made with regard to primitive areas.

The Secretary of the Interior in this instance is to review the roadless portions comprising 5,000 or more acres in the parks and refuges and report his recommendations to the President.

The President is to advise the House and the Senate of his recommendations.

An area will be given wilderness protection on a permanent basis only if and when Congress so provides. The areas are to be administered in status quo until Congress has acted on a Presidential recommendation or until Congress has determined otherwise.

National park and refuge lands, unlike those in national forests, have already been removed from commodity production, and particular portions are not at present specifically designated for wilderness preservation. Within the parks there are certain needs for roads for visitors and for administrative purposes and for accommodations for visitors in park areas and for facilities and developments for visitors in parks and for wildlife purposes in refuges. Except for these needs, however, the park and refuge lands are available, without apparent conflict, for preservation as wilderness if this proves desirable on review.

The National Park Service, in response to the new national emphasis on wilderness preservation and as a part of its "master planning," has already in recent years set up a pilot program to identify the areas of actual wilderness in two or three parks in each region, outside the Washington, D.C., area. Preliminary data, I understand, are available now for Big Bend, Glacier, Grand Canyon, Olympic, Rocky Mountain, Sequoia, Zion, Mount McKinley, and Isle Royale National Parks. A start has already been made.

Until such reviews and studies are planned for all the years with at least preliminary surveys, however, it is not possible to know precisely the acreage available for wilderness preservation in the national parks and monuments.

Roads and accommodations are estimated at present to occupy less than 10 percent of the approximate 22 million acres in the entire national park system. It can accordingly be estimated that the national park wilderness to be preserved will be chosen out of about 20 million acres as proposed in this bill.

Much of the area of wildlife refuges is of maximum benefit for its wildlife purposes only when developed with installations, including impoundments, for example, that disqualify an area as wilderness. The portions to be recommended after review can thus not be forecast precisely, but they will be chosen out of some 23 refuges and ranges totaling nearly 25 million acres and known to include wilderness.

A tabulation, which I ask permission to have appear in the CONGRESSIONAL RECORD, following this description of the bill, shows the acreage in the wilderness, wild, and canoe areas that the bill proposes to designate as wilderness and also national forest primitive areas to be reviewed for permanent protection as wilderness, and areas of the national park system and national wildlife refuges and ranges containing roadless areas to be reviewed for preservation as wilderness, with gross acreages.

Section 3(d) requires the Secretary of the Interior or of Agriculture, before submitting recommendations to the President regarding an area, to give public notice in the Federal Register and the local press, hold public hearings, and invite the Governor, county officials, and Federal agencies concerned to submit their views. Any views submitted must be included with any recommendations regarding the area to the President and to Congress.

Section 3(e) provides that any boundary changes to be made in the future are to be subjected to public notice and hearings, recommended to the President with maps and descriptions, and are to be effective only when acted on by Congress as in the establishment of areas.

4

Section 4 deals with the use of wilderness areas.

Section 4(a) makes plain in a declaration and also with specific references that this legislation is to be within and supplemental to and not in interference with the purposes for which the national forests, parks, and refuges have been established and the legislation so providing. This subsection includes the provision that all accommodations and installations in parks and monuments are to be incident to the conservation and use of the areas in their natural condition.

Section 4(b) provides that, except as otherwise provided in the legislation, each agency administering an area designated as wilderness shall be responsible for preserving the wilderness character of the area and shall administer the area for its other purposes in such a way as also to preserve its wilderness character. The wilderness areas are to be devoted, with the exceptions specified in the legislation, to the public purposes of recreational, scenic, scientific, educational, conservation, and historical use, and the use is to be in harmony, both in kind and degree, with the wilderness environment and its preservation.

Section 4(c) prohibits certain uses except as specifically provided elsewhere in the act. These prohibited uses are those inconsistent with wilderness preservation, such as commercial enterprises, motor vehicles and motorized equipment, roads, and structures and installations. The minimum required for administration is permitted and so are emergency measures for health and safety.

Section 4(d) makes a series of seven special provisions:

First. Aircraft and motorboats may continue to be used where they are already established, and measures to control fire, insects, and disease may be taken subject to conditions deemed desirable by the appropriate secretary.

Second. Any activity, including prospecting, for gathering information about mineral or other resources in national forest wilderness areas is permitted in a manner compatible with preserving the wilderness environment. Furthermore, the Secretary of the Interior is directed to develop and conduct in consultation with the Secretary of Agriculture a survey by the Bureau of Mines and the Geological Survey to determine the mineral values present in these areas and to make the results available and submit them to the President and Congress.

Mining and prospecting as at present may, of course, continue within the primitive area in the status quo administration of these areas which this bill will provide pending the review of these areas already thus provided.

This is, indeed, a concession to those who have opposed earlier wilderness bills for reasons related to mining. It seems to me to be a reasonable one and an example of the interest that proponents of wilderness legislation have in reaching an agreement.

Those special provisions in section 4(d)(2) are in further consideration of certain criticisms. They make it possible to obtain information on the resources, including minerals, within wilderness areas.

Third. Within wilderness areas in the national forests, the President may authorize prospecting, mining, exploration for and production of oil and gas, establishment and maintenance of reservoirs, water conservation works, transmission lines, and other facilities needed in the public interest. Also, grazing of livestock shall be permitted to continue in national-forest areas where it is an established practice, subject to such restrictions and regulations as the Secretary deems necessary.

Fourth. Various acts applicable to the Boundary Waters Canoe Area in Minnesota are to continue to be applicable to the area and are not modified by this act.

Fifth. Commercial services are permitted as necessary in realizing the recreational or other purposes of the areas, such as provision of horses and guide service to wilderness visitors by persons headquartered and conducting their business operations outside the wilderness area, or taking of pictures or observing and recording of scientific data for pay.

Sixth. Nothing in the legislation, it is explicitly provided, is to constitute an express or implied claim or denial on the part of the Federal Government as to exemption from State water laws.

Seventh. Hunting and fishing are permitted in national forest wilderness areas to the extent not incompatible with wilderness preservation. Nothing is to be construed, however, as affecting State jurisdiction or responsibility as to fish and wildlife.

5

Section 5 deals with State and private lands within wilderness areas.

Section 5(a) provides that where State inholdings exist in wilderness areas, the State shall be afforded access, or shall be given Federal lands in exchange of equal value. It provides that where a State surrenders mineral rights in such an exchange, the Federal Government may do so also.

Section 5(b) assures private owners of lands within national forest areas the ingress and egress customarily enjoyed.

Section 5(c) authorizes the Secretary of the Interior and the Secretary of Agriculture to acquire private landholdings within wilderness areas, subject to the concurrence of the owner and approval of necessary appropriations by the Congress.

6

Section 6 authorizes the acceptance of gifts, bequests, and contributions.

Section 6(a) authorizes the Secretary of the Interior and the Secretary of Agriculture to accept gifts of land for preservation as wilderness, subject to regulations in accordance with agreements incident to the gift or bequest which are consistent with the policy of the legislation.

Section 6(b) authorizes the Secretary of the Interior and the Secretary of Agriculture to accept contributions and gifts to be used to further the purposes of the legislation and makes such gifts for public purposes subject to the usual deduction for purposes of income, estate, and gift taxes in accordance with the provisions of the Federal Revenue Code of 1954.

7

Section 7 provides for an annual joint report to Congress by the Secretaries of Agriculture and the Interior on the status of the wilderness system, with any recommendations they wish to make.

SUMMARY—PRINCIPAL FEATURES OUTLINED

The principal features of this wilderness bill (H.R. 9070) may be outlined in summary as follows:

It establishes by congressional positive action a national policy for wilderness preservation.

It establishes a program by means of which such a wilderness preservation policy can be realized.

It adapts this program to existing land uses, by applying it to areas that can continue to serve their present purposes while still being preserved as wilderness.

It recognizes the economic and commercial needs for commodity and other uses that may be in conflict with wilderness preservation and provides for reasonable and special consideration of these needs.

Two key portions of the bill may be quoted to represent its purpose and its approach.

Section 2(a) says:

> To assure that an increasing population, accompanied by expanding settlement and growing mechanization, does not occupy and modify all areas within the United States and its possessions, leaving no lands designated for preservation and protection in their natural condition, it is hereby declared to be the policy of the Congress of the United States to secure for the American people of present and future generations the benefits of an enduring resource of wilderness. For this purpose there is hereby established a National Wilderness Preservation System to be composed of federally owned areas designated by Congress as "wilderness areas," and these shall be administered for the use and enjoyment of the American people in such manner as will leave them unimpaired for future use and enjoyment as wilderness, and so as to provide for the protection of these areas, the preservation of their wilderness character, and for the gathering and dissemination of information regarding their use and enjoyment as wilderness.

Section 6(a) says:

> Except as otherwise provided in this act, nothing in this act shall be interpreted as interfering with the purposes stated in the establishment of, or pertaining to, any park, monument, or other unit of the national park system, or any national forest, wildlife refuge, game range, or other area involved, except that each agency administering any area designated as wilderness shall be responsible for preserving the wilderness character of the area and shall so administer such area for such other purposes for which it may have been established as also to preserve its wilderness character. Except as otherwise provided in this act, the wilderness areas shall be devoted to the public purposes of recreational, scenic, scientific, educational, conservation, and historical use. Subject to the provisions of this act, all such use shall be in harmony, both in kind and degree, with the wilderness environment and with its preservation.

Less than 15 million national-forest acres—out of a 186-million total, much less than 20 million acres in the national park system, and far less than 25 million in wildlife refuges will be involved—less than some 2 percent of the Nation's land and water area.

As the Senate Committee on Interior and Insular Affairs noted in its April 3, 1963, report No. 109, on the Senate act S. 4, which in this respect is like this revised bill:

> No cost is involved since all of the areas are Federal lands, all areas are to continue to be administered by the agency presently in control of them, and no new bureau or agency is involved.

There are simply prescribed, by statute, as that report points out, the standards and criteria for the management of a relatively few areas to assure their protection "as natural sites for the cultural, inspirational, recreational, and scientific values which only such areas can provide."

A DESIRABLE CONSUMMATION

Such a measure as here proposed, benefiting from the criticisms and suggestions of our esteemed colleagues, including the chairmen of our Committee on Interior and Insular Affairs and its Subcommittee on Public Lands, and incorporating the basic objectives of those of us who have long been advocating a wilderness bill, can provide us the opportunity for consensus and effective agreement—a consummation much to be desired. I am happy to participate in such a result of our long concern with such legislation.

I ask to have appended at this point a tabulation of the areas involved, as referred to earlier, and finally the full text of the proposed new wilderness bill—H.R. 9070.

Wilderness areas designated by the wilderness bill (H.R. 9070), being the present national forest wilderness, wild, and canoe areas, with gross acreages

NATIONAL FOREST WILDERNESS AREAS

	Gross acreage
Anaconda-Pintlar, Mont	159, 086
Bob Marshall, Mont	950, 000
Bridger, Wyo	383, 300
Eagle Cap, Oreg	220, 280
Gila, N. Mex	438, 626
Glacier Peak, Wash	458, 505
Marble Mountain, Calif	214, 543
Mazatzal, Ariz	205, 346
Minarets, Calif	109, 500
North Absaroka, Wyo	359, 700
Pecos, N. Mex	165, 000
Selway-Bitterroot, Idaho	989, 179
Selway-Bitterroot, Mont	254, 480
Total	1, 243, 659
South Absaroka, Wyo	506, 300
Superstition, Ariz	124, 140
Teton, Wyo	563, 500
Three Sisters, Oreg	196, 708
Yolla-Bolly-Middle Eel, Calif	111, 091
Total gross acreage, wilderness areas	6, 409, 284
Caribou, Calif	19, 080
Chiricahua, Ariz	18, 000
Cucamonga, Calif	9, 022
Diamond Peak, Oreg	35, 440
Dome Land, Calif	62, 500
Galiuro, Ariz	55, 000
Gates of the Mountains, Mont	28, 562
Gearhart Mountain, Oreg	18, 709
Goat Rocks, Wash	82, 680
Great Gulf, N.H	5, 400
Hoover, Calif	42, 800
Jarbidge, Nev	64, 827
Kalmiopsis, Oreg	78, 850
LaGarita, Colo	49, 000
Linville Gorge, N.C	7, 655
Maroon Bells-Snowmass, Colo	66, 280
Mokelumne, Calif	50, 400
Mount Adams, Wash	42, 411
Mount Hood, Oreg	14, 160
Mount Washington, Oreg	46, 655
Mount Zirkel-Dome Peak, Colo	53, 400
Mountain Lakes, Oreg	23, 071
Rawah, Colo	26, 797
San Gorgonio, Calif	34, 718
San Jacinto, Calif	21, 955
San Pedro Parks, N. Mex	41, 132
Sierra Ancha, Ariz	20, 850
Strawberry Mountain, Oreg	33, 653
Thousand Lakes, Calif	16, 335
West Elk, Colo	62, 000
Wheeler Peak, N. Mex	6, 051
White Mountain, N. Mex	28, 230
Total gross acreage, wild areas	1, 165, 523

NATIONAL FOREST BOUNDARY WATERS CANOE AREA

Superior Division, Minnesota	887, 739
Little Indian Sioux Division, Minnesota	104, 908
Caribou Division, Minnesota	42, 205
Total gross acreage, boundary waters canoe area	1, 034, 852

SUMMARY, NATIONAL FOREST WILDERNESS, WILD, AND CANOE AREAS

Wilderness areas (17)	6, 409, 284
Wild areas (32)	1, 165, 523
Boundary waters canoe area (1)	1, 034, 852
Total gross acreage in 50 areas designated by the wilderness bill	8, 609, 659

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National forest primitive areas to be reviewed for permanent protection as wilderness and areas of the national park system and national wildlife ranges and refuges containing roadless areas to be reviewed for preservation as wilderness, with gross acreages

NATIONAL FOREST PRIMITIVE AREAS	*Gross acreage*
Absaroka, Mont	64,000
Agua Tibia, Calif	26,760
Beartooth, Mont	230,000
Black Range, N. Mex	169,984
Blue Range, Ariz	181,566
Blue Range, N. Mex	36,598
Total	218,164
Cabinet Mountains, Mont	90,000
Cloud Peak, Wyo	137,000
Desolation Valley, Calif	41,383
Devil Canyon-Bear Canyon, Calif	35,267
Emigrant Basin, Calif	98,043
Flat Tops, Colo	117,800
Gila, N. Mex	132,788
Glacier, Wyo	177,000
Gore Range-Eagle Nest, Colo	61,275
High Sierra, Calif	393,945
High Uintas, Utah	240,717
Idaho, Idaho	1,232,744
Mission Mountains, Mont	75,500
Mount Baldy, Ariz	7,400
Mount Jefferson, Oreg	86,700
North Cascade, Wash	801,000
Pine Mountain, Ariz	17,500
Popo Agie, Wyo	70,000
Salmon River Breaks, Idaho	217,185
Salmon Trinity Alps, Calif	285,756
San Juan, Colo	240,000
San Rafael, Calif	74,990
Sawtooth, Idaho	200,942
South Warner, Calif	70,682
Spanish Peaks, Mont	50,000
Stratified, Wyo	202,000
Sycamore Canyon, Ariz	47,230
Uncompahgre, Colo	69,253
Upper Rio Grande, Colo	56,600
Ventana, Calif	54,857
Wilson Mountains, Colo	27,347
Total acreage in national forest "primitive areas"	6,121,812
NATIONAL PARKS CONTAINING AREAS OF WILDERNESS, WITH TOTAL GROSS ACREAGE OF EACH PARK	
Acadia, Maine	41,634
Big Bend, Tex	708,221
Bryce Canyon, Utah	36,010
Carlsbad Caverns, N. Mex	49,448
Crater Lake, Oreg	160,290
Everglades, Fla	1,400,533
Glacier, Mont	1,013,129
Grand Canyon, Ariz	673,575
Grand Teton, Wyo	310,350
Great Smoky Mountains, N.C	275,332
Great Smoky Mountains, Tenn	236,346
Total	511,678
Haleakala, Hawaii	26,403
Hawaii, Hawaii	220,345
Isle Royale, Mich	539,339
Kings Canyon, Calif	454,650
Lassen Volcanic, Calif	105,922
Mammoth Cave, Ky	51,354
Mesa Verde, Colo	51,334
Mount McKinley, Alaska	1,939,493
Mount Rainier, Wash	241,782
Olympic, Wash	896,599
Petrified Forest, Ariz	94,161
Rocky Mountain, Colo	260,018
Sequoia, Calif	386,551
Shenandoah, Va	211,325
Wind Cave, S. Dak	28,059
Yellowstone, Idaho	31,488
Yellowstone, Mont	151,068
Yellowstone, Wyo	2,039,217
Total	2,221,773
Yosemite, Calif	760,951
Zion, Utah	147,035
Acreage in National Parks	13,541,962
NATIONAL MEMORIAL PARK	
Theodore Roosevelt, N. Dak	70,374
NATIONAL SEASHORE RECREATION AREA	
Cape Hatteras, N.C	28,500
NATIONAL MONUMENTS CONTAINING AREAS OF WILDERNESS, WITH TOTAL GROSS ACREAGE OF EACH MONUMENT	
Arches, Utah	34,250
Badlands, S. Dak	111,530
Black Canyon of the Gunnison, Colo	13,548
Capitol Reef, Utah	39,173
Channel Islands, Calif	18,167
Chiricahua, Ariz	10,646
Craters of the Moon, Idaho	48,184
Colorado, Colo	17,693
Death Valley, Calif	1,792,520
Death Valley, Nev	115,240
Total	1,907,760
Dinosaur, Colo	152,259
Dinosaur, Utah	53,038
Total	205,297
Glacier Bay, Alaska	2,274,595
Grand Canyon, Ariz	198,280
Joshua Tree, Calif	557,935
Katmai, Alaska	2,697,590
Lava Beds, Calif	46,239
Organ Pipe Cactus, Ariz	330,874
Saguaro, Ariz	63,284
White Sands, N. Mex	146,535
Acreage in National Monuments	8,721,500
NATIONAL WILDLIFE RANGES CONTAINING AREAS OF WILDERNESS, WITH TOTAL GROSS ACREAGE OF EACH RANGE	
Arctic National Wildlife Range, Alaska	8,900,000
Cabeza Prieta Game Range, Ariz	860,000
Charles Sheldon Antelope Range, Nev	543,898
Clarence Rhode National Wildlife Range, Alaska	1,890,000
Desert Game Range, Nev	2,188,415
Fort Peck Game Range, Mont	950,827
Izembek National Wildlife Range, Alaska	415,000
Kenai National Moose Range, Alaska	2,057,197
Kofa Game Range, Ariz	660,000
Montana National Bison Range, Mont	18,541
Acreage in national wildlife ranges	18,483,878
NATIONAL WILDLIFE REFUGES CONTAINING AREAS OF WILDERNESS, WITH TOTAL GROSS ACREAGE OF EACH REFUGE	
Aleutian Islands, Alaska	2,720,235
Bogoslof, Alaska (an island)	390
Aransas, Tex	47,261
Cape Romain, S.C	34,716
Delta, La	48,834
Kodiak, Alaska	1,815,000
Moosehorn, Maine	22,565
Nunivak, Alaska	1,109,384
Okefenokee, Ga	330,973
Red Rock Lakes Migratory Waterfowl Refuge, Mont	39,943
Seney, Mich	95,531
Sheldon National Antelope Refuge, Nev	34,131
Wichita Mountains, Okla	59,019
Acreage in national wildlife refuges	6,357,982
SUMMARY, NATIONAL FOREST PRIMITIVE AREAS AND AREAS CONTAINING WILDERNESS IN THE NATIONAL PARK SYSTEM AND IN WILDLIFE REFUGES AND RANGES	
National forest primitive areas (36)	6,121,812
National parks (28)	13,541,962
National monuments (18)	8,721,500
National memorial park (1)	70,374
National seashore recreation area (1)	28,500
Gross acreage in national park system	22,362,336
National wildlife ranges (10)	18,483,878
National wildlife refuges (13)	6,357,982
Gross acreage in national wildlife refuges and ranges	24,841,860
Total gross acreage (107 areas)	53,326,008

H.R. 9070

A bill to establish a National Wilderness Preservation System for the permanent good of the whole people, and for other purposes

SHORT TITLE

SECTION 1. This Act may be cited as the "Wilderness Act."

WILDERNESS SYSTEM ESTABLISHED

Statement of policy

SEC. 2. (a) In order to assure that an increasing population, accompanied by expanding settlement and growing mechanization, does not occupy and modify all areas within the United States and its possessions, leaving no lands designated for preservation and protection in their natural condition, it is hereby declared to be the policy of the Congress to secure for the American people of present and future generations the benefits of an enduring resource of wilderness. For this purpose there is hereby established a National Wilderness Preservation System to be composed of federally owned areas designated by Congress as "wilderness areas," and these shall be administered for the use and enjoyment of the American people in such manner as will leave them unimpaired for future use and enjoyment as wilderness, and so as to provide for the protection of these areas, the preservation of their wilderness character, and for the gathering and dissemination of information regarding their use and enjoyment as wilderness; and no Federal lands shall be designated as "wilderness areas" except as provided for in this Act or by a subsequent Act.

Definition of wilderness

(b) A wilderness, in contrast with those areas where man and his own works dominate the landscape, is hereby recognized as an area where the earth and its community of life are untrammeled by man, where man himself is a visitor who does not remain. An area of wilderness is further defined to mean in this Act an area of undeveloped Federal land retaining its primeval character and influence, without permanent improvements or human habitation, which is protected and managed so as to preserve its natural conditions and which (1) generally appears to have been affected primarily by the forces of nature, with the imprint of man's works substantially unnoticeable; (2) has outstanding opportunities for solitude or a primitive and unconfined type of recreation; (3) has at least five thousand acres of land and is of sufficient size as to make practicable its preservation and use in an unimpaired condition; and (4) may also contain ecological, geological, or other features of scientific, educational, scenic, or historical value. For the purposes of this Act wilderness shall include the areas provided for in this Act and such other areas as shall be designated in accordance with its provisions.

NATIONAL WILDERNESS PRESERVATION SYSTEM

Extent of system

SEC. 3. (a) All areas within the national forests classified on the effective date of this Act by the Secretary of Agriculture or the Chief of the Forest Service as "wilderness," "wild," or "canoe" are hereby designated as wilderness areas. The Secretary of Agriculture shall—

(1) Within one year after the effective date of the Act, file a map and legal description of each wilderness area with the Interior and Insular Affairs Committees of the U.S. Senate and the House of Representatives, and such descriptions shall have the same force and effect as if included in this Act: *Provided, however,* That correction of clerical and typographical errors in such legal descriptions and maps may be made.

(2) Maintain, available to the public, records pertaining to said wilderness areas, including maps and legal descriptions, copies of regulations governing them, copies of public notices of, and reports submitted to Congress regarding pending additions, eliminations, or modifications. Maps, legal descriptions, and regulations pertaining to wilderness areas within their respective jurisdictions also shall be available to the public in the offices of regional foresters, national forest supervisors, and forest rangers.

(b) In accordance with the time requirements of this subsection, the Secretary of Agriculture shall review each area in the national forests classified on the effective date of this Act by the Secretary of Agriculture or the Chief of the Forest Service as "primitive" as to its suitability for preservation and shall report his findings to the President. Within three years after the enactment of this Act with regard to half of the total number of such areas, and within two additional years with regard to the remaining such areas, the President shall advise the United States Senate and House of Representatives of his recommendations with respect to the designation as "wilderness" or declassification as "primitive" of each area on which review has been completed, together with maps and definition of boundaries: *Provided,* That the President may, as a part of his recommendations, propose alteration of the existing boundaries, recommending the elimination and declassification as "primitive" of any portions not predominantly of wilderness value, and recommending the addition of any contiguous area of national forest lands predominantly of wilderness value. Each such recommendation of the President shall become effective only if so provided by an Act of Congress, and each such primitive area shall continue to be administered by the Secretary of Agriculture as on the date of this Act until Congress has acted on a recommendation of the President regarding the area, as provided in this subsection, or until Congress has determined otherwise.

(c) In accordance with the time requirements of this subsection the Secretary of the Interior shall review all roadless portions comprising 5,000 or more contiguous acres of parks, monuments, and other units of the National Park System, and such portions of, or roadless islands within, wildlife refuges and game ranges under the jurisdiction of the Secretary of the Interior on the effective date of this Act and shall report to the President his recommendations as to the suitability of each such portion for continued preservation as wilderness. Within three years after the enactment of this Act with regard to half the total number of such areas and within two additional years with regard to the remaining such areas, the President shall advise the United States Senate and the House of Representatives of his recommendations with respect to the designation as wilderness of each such portion for which review has been completed, together with maps and definitions of boundaries. Each such recommendation shall become effective only if so provided by an Act of Congress, and each such portion shall continue to be administered by the Secretary of the Interior as roadless until Congress has acted on a recommendation of the President regarding the area, as provided in this subsection, or until Congress has determined otherwise.

(d)(1) The Secretary of Agriculture and the Secretary of the Interior shall, prior to submitting any recommendations to the President with respect to the suitability of any area for preservation as wilderness—

(A) give such public notice of the proposed action as they deem appropriate, including publication in the Federal Register and in a newspaper having general circulation in the area or areas in the vicinity of the affected land;

(B) hold a public hearing or hearings at a location or locations convenient to the area affected. The hearings shall be announced through such means as the respective Secretaries involved deem appropriate, including notices in the Federal Register and in newspapers of general circulation in the area: *Provided,* That if the lands involved are located in more than one State, at least one hearing shall be held in each State in which a portion of the land lies;

(C) at least thirty days before the date of a hearing advise the Governor of each State and the governing board of each county, or in Alaska the borough, in which the lands are located, and Federal Departments and agencies concerned, and invite such officials and Federal agencies to submit their views on the proposed action at the hearing or by no later than thirty days following the date of the hearing.

(d)(2) Any views submitted to the appropriate Secretary under the provisions of (1) of this subsection with respect to any area shall be included with any recommendations to the President and to Congress with respect to such area.

(e) Any modification or adjustment of boundaries of any wilderness area shall be recommended by the appropriate Secretary after public notice of such proposal and public hearing or hearings as provided in subsection (d) of this section. The proposed modification or adjustment shall then be recommended with map and description thereof to the President. The President shall advise the United States Senate and the House of Representatives of his recommendations with respect to such modification or adjustment and such recommendations shall become effective only in the same manner as provided for in subsections (b) and (c) of this section.

USE OF WILDERNESS AREAS

SEC. 4. (a) The purposes of this Act are hereby declared to be within and supplemental to the purposes for which national forests and units of the national park and national wildlife refuge systems are established and administered and—

(1) Nothing in this Act shall be deemed to be in interference with the purpose for which national forests are established as set forth in the Act of June 4, 1897 (30 Stat. 11), and the Multiple-Use Sustained-Yield Act of June 12, 1960 (74 Stat. 215).

(2) Nothing in this Act shall modify the restrictions and provisions of the Shipstead-Nolan Act, Public Law 539, Seventy-first Congress, July 10, 1930 (46 Stat. 1020), the Thye-Blatnik Act, Public Law 733, Eightieth Congress, June 22, 1948 (62 Stat. 568), and the Humphrey-Thye-Blatnik-Andresen Act, Public Law 607, Eighty-fourth Congress, June 22, 1956 (70 Stat. 326), as applying to the Superior National Forest or the regulations of the Secretary of Agriculture.

(3) The designation of any area of any park, monument, or other unit of the national park system as a wilderness area pursuant to this Act shall in no manner lower the standards evolved for the use and preservation of such park, monument, or other unit of the national park system in accordance with the Act of August 25, 1916, the statutory authority under which the area was created, or any other Act of Congress which might pertain to or affect such area, including, but not limited to, the Act of June 8, 1906 (34 Stat. 225; 16 U.S.C. 432 et seq.); section 3(2) of the Federal Power Act (16 U.S.C. 796(2); and the Act of August 21, 1935 (49 Stat. 666; 16 U.S.C. 461 et seq.). All accommodations and installations within any national park or monument shall, furthermore, be incident to the conservation and use and enjoyment of the scenery and the natural and historical objects and flora and fauna of the park or monument in its natural condition.

(b) Except as otherwise provided in this Act, each agency administering any area designated as wilderness shall be responsible for preserving the wilderness character of the area and shall so administer such area for such other purposes for which it may have been established as also to preserve its wilderness character. Except as otherwise provided in this Act, wilderness areas shall be devoted to the public purposes of recreational, scenic, scientific, educational, conservation, and historical use. Subject to the provisions of this Act, all such use shall be in harmony, both in kind and degree, with the wilderness environment and with its preservation.

Prohibition of certain uses

(c) Except as specifically provided for in this Act and subject to any existing private rights, there shall be no commercial enterprise within wilderness areas designated by or in accordance with this Act, no permanent road, nor shall there be any use of motor vehicles, motorized equipment, or motorboats, or landing of aircraft, nor any other mechanical transport or delivery of persons or supplies, nor any temporary road, nor any structure or installation, in excess of the minimum required for the administration of the area for the purposes of this Act, including such measures as may be required in emergencies involving the health and safety of persons within such areas.

Special provisions

(d) The following special provisions are hereby made:

(1) Within wilderness areas designated by this Act the use of aircraft or motorboats, where these uses have already become established, may be permitted to continue subject to such restrictions as the Secretary of Agriculture or the Secretary of the Interior deems desirable. In addition, such measures may be taken as may be necessary in the control of fire, insects, and diseases, subject to such conditions as the appropriate Secretary deems desirable.

(2) Nothing in this Act shall prevent within national forest wilderness areas any activity, including prospecting, for the purpose of gathering information about mineral or other resources, if such activity is carried on in a manner compatible with the preservation of the wilderness environment. Furthermore, in accordance with such program as the Secretary of the Interior shall develop and conduct in consultation with the Secretary of Agriculture, such areas shall be surveyed on a planned, recurring basis consistent with the concept of wilderness preservation by the Geological Survey and the Bureau of Mines to determine the mineral values, if any, that may be present; and the results of such surveys shall be made available to the public and submitted to the President and Congress.

(3) Within wilderness areas in the national forests designated by this Act, (1) the President may, within a specific area and in accordance with such regulations as he may deem desirable, authorize prospecting for water resources, the establishment and maintenance of reservoirs, water-conservation works, power projects, transmission lines, and other facilities needed in the public interest, including the road construction and maintenance essential to development and use thereof, upon his determination that such use or uses in the specific area will better serve the interests of the United States and the people thereof than will its denial; and (2) the grazing of livestock, where established prior to the effective date of this Act, shall be permitted to continue subject to such reasonable regulations as are deemed necessary by the Secretary of Agriculture.

(4) Other provisions of this Act to the contrary notwithstanding, the management of the Boundary Waters Canoe Area, formerly designated as the Superior, Little Indian Sioux, and Caribou roadless areas, in the Superior National Forest, Minnesota, shall be in accordance with regulations established by the Secretary of Agriculture in accordance with the general purpose of maintaining, without unnecessary restrictions on other uses, including that of timber, the primitive character of the area, particularly in the vicinity of lakes, streams, and portages: *Provided*, That nothing in this Act shall preclude the continuance within the area of any already established use of motorboats.

(5) Commercial services may be performed within the wilderness areas designated by this Act to the extent necessary for activities which are proper for realizing the recreational or other wilderness purposes of the areas.

(6) Nothing in this Act shall constitute an express or implied claim or denial on the part of the Federal Government as to exemption from State water laws.

(7) To the extent that it is not incompatible with wilderness preservation, the Secretary of Agriculture shall, in national forest wilderness areas designated by this Act, permit hunting and fishing: *Provided*, That nothing in this Act shall be construed as affecting the jurisdiction or responsibilities of the several States with respect to wildlife and fish in wilderness areas.

STATE AND PRIVATE LANDS WITHIN WILDERNESS AREAS

SEC. 5. (a) In any case where State-owned land is completely surrounded by lands designated as wilderness, such State shall be given either (1) such rights as may be necessary to assure adequate access to such State-owned land by such State and its successors in interest, or (2) vacant, unreserved, and unappropriated mineral or nonmineral lands in the same State, not exceeding the value of the surrounded land, in exchange for the surrounded land: *Provided, however*, That the United States shall not transfer to State any mineral interests unless the State relinquishes or causes to be relinquished to the United States the mineral interest in the surrounded land.

(b) In any case where privately owned lands, valid mining claims, or other valid occupancies are wholly within a designated national forest wilderness area, the Secretary of Agriculture shall, by reasonable regulations consistent with the preservation of the area as wilderness, permit ingress and egress to such surrounded areas by means which have been or are being customarily enjoyed with respect to other such areas similarly situated.

(c) Subject to the appropriation of funds by Congress, the Secretary of Agriculture and the Secretary of the Interior are authorized to acquire privately owned land within the perimeter of any area designated as wilderness if (1) the owner concurs in such acquisition or (2) the acquisition is specifically authorized by Congress.

GIFTS, BEQUESTS, AND CONTRIBUTIONS

SEC. 6 (a) The Secretary of Agriculture and the Secretary of the Interior may accept gifts or bequests of land within or adjacent to wilderness areas under their respective jurisdictions for preservation as wilderness, and such land shall, on acceptance, become part of the wilderness area. Regulations with regard to any such land may be in accordance with such agreements, consistent with the policy of this Act, as are made at the time of such gift, or such conditions, consistent with such policy, as may be included in, and accepted with, such bequest.

(b) The Secretary of the Interior and the Secretary of Agriculture are each authorized to accept private contributions and gifts to be used to further the purposes of this Act. Any such contributions or gifts shall, for purposes of Federal income, estate, and gift taxes, be considered a contribution or gift to or for the use of the United States for an exclusively public purpose, and may be deducted as such under the provisions of the Internal Revenue Code of 1954, subject to all applicable limitations and restrictions contained therein.

ANNUAL REPORTS

SEC. 7. At the opening of each session of Congress, the Secretaries of Agriculture and Interior shall jointly report to the President for transmission to Congress on the status of the wilderness system, including a list and descriptions of the areas in the system, regulations in effect, and other pertinent information, together with any recommendations they may care to make.

STUDY OF FOREIGN POLICY PROBLEMS

The SPEAKER. Under previous order of the House, the gentleman from Montana [Mr. BATTIN] is recognized for 30 minutes.

Mr. BATTIN. Mr. Speaker, the Special Subcommittee on Cuba and Subversion in the Western Hemisphere, appointed by the House Republican policy committee early this year to make a continuing study of one of our most serious foreign policy problems, has authorized me to issue a comprehensive report.

I have the honor to serve as chairman of this special committee along with the following members: Representative WILLIAM C. CRAMER, of Florida; Representative E. ROSS ADAIR, of Indiana; Representative JOHN M. ASHBROOK, of Ohio; Representative EDWARD J. DERWINSKI, of Illinois; Representative SAMUEL L. DEVINE, of Ohio; Representative DURWARD G. HALL, of Missouri; Representative CLARK MACGREGOR, of Minnesota; and Representative GARNER E. SHRIVER, of Kansas.

This committee has issued four earlier statements. Its present report contains seven policy recommendations which the members of the special committee believe to be essential for the security of this Nation and of our Latin American neighbors.

SPECIAL SUBCOMMITTEE ON CUBA AND SUBVERSION IN THE WESTERN HEMISPHERE

One year has passed since the Cuban missile crisis. At this time 1 year ago the momentary firmness of the Kennedy administration was dissolving as at least some Soviet missiles and medium-range bombers were withdrawn from Cuba. Administration spokesmen unleased a barrage of propaganda heavy with self-congratulation and the assertion of the "inherent right of government to lie" in time of crisis. And then the administration proceeded to sweep Cuban affairs under the rug.

Now there is a danger that some half-measure such as a reduction of Soviet troop strength in Cuba or the transformation of Castro into a Latin Tito will be accepted by the administration as a satisfactory solution of the Cuban problem.

The aim of the policy of the United States must be nothing less than the establishment of freedom in Cuba. This precludes a Communist regime there.

SOME EVENTS OF THE PAST YEAR

While the Kennedy administration has been busy curbing attacks on Castro's Cuba by Cuban exiles, Castro has spent the past year spreading sabotage and destruction throughout Latin America.

In February 1963, Castro's Mig's—which the administration regards as defensive equipment—attacked an unarmed U.S. shrimp boat.

In March, Castro's defensive aircraft fired on the United States ship *The Floridian* as it made its way from San Juan to Miami.

In March, Castro's forces were reported by two eyewitness exiles to have invaded the British island of Cay Sal and to have kidnapped from there eight people.

In August, two patrol boats and a helicopter from Cuba invaded a small island in the British Bahamas and kidnapped 19 hapless Cubans who had sought refuge from Castro's tyranny. Jet fighters of the U.S. Navy and a patrol plane of the Coast Guard hovered overhead for 2 hours as Castro's forces rounded up the refugees,

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forced them aboard the vessels, and returned them to an uncertain fate in the country from which they had fled.

In October, an American-owned freighter, the *J. Louis*, was attacked by Cuban planes in international waters between Cuba and Florida.

These incidents are cited because they have occurred close to the United States. They constitute only a minor part of an unremitting campaign of subversion and terrorism which communism is carrying on in this hemisphere. By such tactics the Communists hope to bring to power other Castros in other Latin American States.

THE IMPORTANCE OF CUBA

The subversive activity of communism in Latin America antedates the accession of Castro to power. Eleven years before he marched into Havana, Castro himself participated in the "bogotazo"—the uprising in Bogotá designed to disrupt the Inter-American Conference at Bogotá in 1948. Undoubtedly Communist subversion in the Americas would continue if the Castro regime were replaced by an anti-Communist government.

Nevertheless a Communist Cuba is of crucial importance to Moscow as a base for a campaign of subversive activity in Latin America.

Cuba is important because of its location, because it is Latin, but most of all Cuba is important because it is a symbol of success. Communists in other Latin American countries have only to look at Cuba to know that their cause can triumph, that they will be protected by Khrushchev, and that all the huffing and puffing that the United States is prepared to engage in will not blow their house down.

A special committee designated by the Organization of American States to study the problem of Communist subversion in the hemisphere reported on June 4, 1963:

> Undoubtedly, Cuba now constitutes the regional center for subversive action by international communism in America.

THE TACTICS OF COMMUNIST SUBVERSION IN LATIN AMERICA

Communist Cuba has made no secret of its objective in Latin America. On July 26, 1963, Castro called for revolution throughout the hemisphere. Armando Hart, Castro's Minister of Education, declared:

> In Latin America the conquest of revolutionary power has to be achieved—at least in a great number of countries—through class struggle carried to the level of armed insurrection by the proletariat and peasant classes.

Thelma King, Castro's principal agent in Panama, has said:

> There is one goal: To take over power, either by elections or by force; but it must be taken over.

Barely 2 months after taking power, Castro began a series of armed forays against the countries of the Caribbean, including the island of Salt Key in the British Bahamas. After the failure of these initial probes, Castro's tactics changed from invasion to a combination of propaganda and internal terrorism. Even in the United States, such activity has been carried on. The Fair Play for Cuba Committee has been the propaganda agency. And, in November 1962, a plot to disrupt oil installations in New Jersey led to the expulsion of two Cuban diplomats accredited to the United Nations.

It is unnecessary to recount in detail here the campaign of violent subversive activity inspired by Cuba which has touched every nation in this hemisphere and has led most of the nations of Latin America to break off diplomatic relations with the Castro Government.

At the Punta del Este Conference of January 1962, the Orangization of American States established a Special Consultative Committee on Security Against the Subversive Activities of International Communism. This Committee has issued valuable factual reports and offered recommendations for actions which have not in general been effectively implemented. Indeed, on July 3, 1963, five Latin American States failed to vote in the OAS for recommendations to curb travel to Cuba and better coordinate the security measures of individual countries.

Cuba feeds the fires of subversion throughout Latin America in three principal ways: training agents, providing propaganda, and supplying funds.

The OAS Committee has reported that "at least 1,500 persons from the other American Republics traveled to Cuba during 1962" for instruction in the use of arms and explosives, sabotage, guerrilla warfare, as well as in propaganda techniques and Marxist-Leninist doctrine. The faculty of schools of this type, the committee found, includes Russians, Chinese, and Czechoslovaks in addition to Latin Americans. The results of the training can be seen almost daily in the dispatches from Venezuela, Colombia, and other American Republics.

Books, newspapers, pamphlets, and radio transmit a steady flow of propaganda from Cuba. The Cuban news agency, Prensa Latina, is perhaps the most important vehicle for the dissemination of the Communist message to the mass audience in Central and South America.

The subversive activities carried on by Communists demand expenditures which are substantial in comparison with those of non-Communist political groups in the countries concerned. The OAS Committee reported:

> It is the present Cuban Government that is responsible for providing, directly or indirectly, a large part of the funds received by the Communist parties in the other American Republics.

THE DANGER OF COMMUNIST SUBVERSION

If additional non-Communist nations in this hemisphere succumb to communism, the transition probably will be made in the classic tradition in Latin America—through subversive activity culminating in a swift palace revolution early some morning. It is unlikely that Castro would be so foolhardy as to launch a full-scale invasion by his troops against any of his neighbors. The peril that Latin American governments face is subversion from within, inspired and supported from Cuba.

In at least half a dozen Latin American countries, unstable governments present a tempting target to Castro.

The six revolutions that have taken place in Latin America since the disaster of the Bay of Pigs emphasize an important fact. The weakness that places a government at the mercy of a few military leaders may place it at the mercy of a few Communists. A small well-organized band of Communists might have engineered the coup d'etat as speedily as did a small organized band of military leaders.

There is need for more effective action against the specific forms of subversion and terrorism which the Castroites employ. But the only fully effective way to put an end to Castro's subversion is by getting rid of Castro.

The recommendations which follow have this as their aim.

RECOMMENDED ACTIONS

First. The United States must return to the Monroe Doctrine.

The first step in the formulation of policy is determination of the objective. The Communist government of Cuba exists in defiance of the historic policy of the United States barring intervention by extrahemispheric powers in the affairs of the Republics of the Americas. At Caracas in 1954 the members of the OAS endorsed this policy. Until the President and the Congress reaffirm the Monroe Doctrine and make it clear that a Communist government will not be tolerated in this hemisphere, there will be a continuation of the indecision and inaction on the part of the United States, which confuses our friends and emboldens our enemies to push further into the Americas.

Second. The United States must give high priority to the task of defeating communism in Latin America and must provide vigorous leadership in this task.

The Kennedy administration has placed the most urgent of Latin American problems far down the list of its pressing concerns. Failure to assign high priority to the problem of communism in Latin America has resulted in reluctance to exercise the leadership which most other American Republics have been seeking from the United States.

It is now almost 2 months since the American Ambassador to the OAS resigned, and there is still no word from the White House about a successor. The last Ambassador was not an experienced diplomat nor was he equipped with any special knowledge of Latin America. It was commonly recognized that his position with the OAS was in the nature of an interim appointment until he could run again for the governorship of his State, a post which he had sought unsuccessfully 4 years ago.

The Kennedy administration has not pushed for united action against the Communist threat in this hemisphere. Except at the time of the crisis of October 1962—when the OAS unanimously supported the blockade of Cuba—the United States has not shown leadership. At Punta del Este in 1962, the delegations of Central America had to stiffen the backbone of the spokesmen of the United States in support of a strong anti-Communist statement. For want of interest on the part of the United

States, the OAS has never followed up a resolution of the Punta del Este Conference calling for a study of means of curbing trade in nonstrategic items between Cuba and other nations of the hemisphere.

In order to arrive at a consistent and effective policy, our Government must put the task of defeating communism in Latin America near the top of foreign policy objectives. Otherwise, reasons will always be found to do nothing about Castro.

In the policy adopted to defeat communism, the United States should act in cooperation with as much of the community of American Republics as possible. This Nation cannot permit what is called public opinion in some other nation to exercise a veto over a course of policy that is clearly needed for security and freedom in the hemisphere. But, to the extent possible, the policy should be the joint policy of the free American Republics, and not the unilateral policy of the United States. The principal obstacle to fixing on a joint policy is not the unwillingness of other Latin American states to participate, but the inability or unwillingness of the Kennedy administration to lead.

Ambassador Gonzalo J. Facio, Chairman of the Council of the Organization of American States, made this point on February 24, 1963:

> The OAS cannot have a definite policy without knowing what the policy of the United States is.

Third. The United States must make a maximum effort toward complete isolation of Communist Cuba.

Because of policies adopted under the Eisenhower administration some strain has been placed on Castro's economy by a reduction of trade with the United States and other free world nations. Much more should be done.

Fifty percent of the ships that travel to Cuba are free world ships. In 1962 Cuba still obtained 20 percent of its imports from free world nations. This committee repeats the recommendations made in an earlier report that aid be denied to nations trading with Cuba and that all vessels of any nation that permits any of its ships to engage in Cuban trade be barred from U.S. ports.

A ruling of the Comptroller General makes it clear that the administration has flagrantly violated the Foreign Aid Appropriations Act of 1963 in extending aid to at least some of the nations whose ships are transporting goods between the Soviet Union and Cuba. We call on the administration to observe the law.

In addition to trade, travel between Cuba and the free world should be cut off. The interruption of travel between Cuba and states of this hemisphere would seriously cripple subversive activity in Latin America by stopping the training of terrorists in Cuba.

A determined attempt should be made by the United States and the other nations which have broken diplomatic ties with the Castro government to lead the five holdout nations to follow their example. The principal function of a Cuban Embassy is to serve as a center for the direction of subversion in the nation in which it is located.

None of the foregoing recommendations would affect relations between Cuba and the Communist bloc although adoption of them would make the support of Cuba more costly for the bloc countries.

We regret the failure of President Kennedy to hold fast to his decision to blockade Cuba until on-site inspection of the island to verify the removal of missiles was secured. We do not, however, possess enough information to decide whether a blockade of any kind should be reinstituted at this time. If any significant flow of troops or military equipment is moving to Cuba from Communist bloc nations, we would favor the imposition of a partial blockade to turn back such shipments. In this, as in the other steps we recommend, we prefer joint action by a number of American nations to unilateral action by the United States.

Fourth. The United States and other American Republics should withdraw recognition of the Castro government and recognize a provisional government to lead the Cuban people to freedom.

Although the United States broke diplomatic relations with Castro under the Eisenhower administration, it still recognizes the Castro government as the legitimate Government of Cuba. This recognition should be ended in order to make possible the recognition of a provisional government.

Cuba must be freed by Cubans, not by Americans. The fragmented and uncoordinated efforts of dozens of resistance groups within Cuba and of exile groups without are wasteful and less than fully effective. Consequently, unification of activity under the leadership of a provisional government is essential.

When Cuba becomes free, this government should be succeeded by one freely chosen by the Cuban people.

Fifth. A coordinated campaign of guerrilla warfare and sabotage launched by Cubans from within and from outside Cuba should be undertaken with the support of the United States and other American Republics.

It is possible that discontent within Cuba will mount to a point at which Castro can be overthrown as Batista was overthrown without even a forcible push.

If, as seems more likely, the hope of the great majority of Cubans for freedom can be realized only by fighting for it, the United States should help in planning, organizing, supplying, and otherwise supporting the effort of free Cubans.

The vulnerability of Castro to the kind of sabotage which he supports in other Latin American nations is obvious. To cite one example, the destruction of the three major oil refineries in Cuba would speedily produce complete chaos throughout the island.

Sixth. The United States and other American Republics cannot permit British Guiana to achieve independence under a Communist government.

There is grave danger to the hemisphere in a British Guiana ruled by the Communist regime of Cheddi Jagan. The Jagan government, which came to power with the support of a minority of the electorate, is now a trouble spot under some kind of control by the United Kingdom. As an independent state, it would be a serious danger to its neighbors. We welcome the recent decision of the United Kingdom to delay independence until British Guinea has a government representative of a majority of its people.

Seventh. The United States should continue to assist other American Republics to achieve the economic progress and political stability that undergird freedom.

This committee recognizes the need for drastic reform throughout Latin America in order to provide a bulwark against communism or other forms of dictatorship. Mass poverty and ignorance create an instability which the demagog can readily exploit.

We recognize a relation between social and economic progress in Latin America and the defeat of communism. The most important reform in our estimation is the establishment of universal education in Latin America. But a program of social and economic reform will not be enough in itself to cope with the immediate danger. Reform at best will come slowly. The threat is here and now. The danger is not that a Communist government will anywhere be installed by voluntary action of a majority of the people but that it will be imposed by force by a minority. And so, while we support efforts to improve social and economic conditions, we cannot regard them as the answer to Castro.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Celler (at the request of Mr. Addabbo), for Thursday, November 7, 1963, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Saylor, for 45 minutes, today, to revise and extend his remarks and include extraneous matter and tables.

Mr. Battin, for 30 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Roosevelt.

(The following Member (at the request of Mr. Reifel) and to include extraneous matter:)

Mr. Westland.

(The following Members (at the request of Mr. Tuten) and to include extraneous matter:)

Mr. Rooney of New York.

Mr. Morrison.

Mr. Boggs.

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ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1989. An act to authorize the government of the Virgin Islands to issue general obligation bonds.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 7405. An act to amend the Bretton Woods Agreements Act to authorize the U.S. Governor of the International Bank for Reconstruction and Development to vote for an increase in the Bank's authorized capital stock; and

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury.

ADJOURNMENT

Mr. TUTEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p.m.) the House adjourned until tomorrow, Friday, November 8, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1357. A letter from the Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to require the inspection of certain towing vessels"; to the Committee on Merchant Marine and Fisheries.

1358. A letter from the Chairman, the Board of Foreign Scholarships, Department of State, transmitting the first report of the Board of Foreign Scholarships, pursuant to Public Law 87-256; to the Committee on Foreign Affairs.

1359. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a report covering personal property received by State surplus property agencies for distribution to public health and educational institutions and civil defense organizations for the period July 1, through September 30, 1963, pursuant to the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

1360. A letter from the Secretary of the Treasury, transmitting a report of operations by Federal departments and establishments in connection with the bonding of officers and employees for the fiscal year ended June 30, 1963, pursuant to the act of August 9, 1955 (6 U.S.C. 14); to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURRAY: Committee on Post Office and Civil Service. H.R. 7381. A bill to simplify, modernize, and consolidate the laws relating to the employment of civilians in more than one position and the laws concerning the civilian employment of retired members of the uniformed services, and for other purposes; with amendment (Rept. No. 890). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 8135. A bill to provide for the establishment and administration of public recreational facilities at the Sanford Reservoir area, Canadian River project, Texas, and for other purposes; with amendment (Rept. No. 891). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORGAN: Committee on Foreign Affairs. H.R. 9009. A bill to amend further the Peace Corps Act, as amended; without amendment (Rept. No. 892). Referred to the Committee of the Whole House on the State of the Union.

Mr. ZABLOCKI: Committee on Foreign Affairs. Report of the Special Study Mission to Southeast Asia (Oct. 3-19, 1963); without amendment (Rept. No. 893). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROTZMAN:

H.R. 9069. A bill to amend section 201 of the Antidumping Act, 1921, with respect to the determination of injury or threatened injury to an industry in the United States; to the Committee on Ways and Means.

By Mr. SAYLOR:

H.R. 9070. A bill to establish a National Wilderness Preservation System for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BROYHILL of Virginia:

H.R. 9071. A bill to correct certain inequities with respect to the compensation of Government employees in positions incorrectly classified under the Classification Act of 1949; to the Committee on Post Office and Civil Service.

By Mr. DANIELS:

H.R. 9072. A bill to provide for the establishment of a Commission on the Improvement of St. Elizabeths Hospital; to the Committee on Education and Labor.

By Mr. LANKFORD:

H.R. 9073. A bill to permit certain lands in Prince Georges County, Md., granted to the State of Maryland for National Guard purposes to be used for civil defense purposes; to the Committee on Banking and Currency.

By Mr. PUCINSKI:

H.R. 9074. A bill to provide for the establishment of the Indiana Dunes National Lakeshore, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROOSEVELT:

H.R. 9075. A bill to reduce the maximum workweek under the Fair Labor Standards Act of 1938, as amended, to 35 hours, and for other purposes; to the Committee on Education and Labor.

By Mrs. SULLIVAN:

H.R. 9076. A bill to provide for the striking of medals in commemoration of the 200th anniversary of the founding of St. Louis; to the Committee on Banking and Currency.

By Mr. COLLIER:

H.R. 9077. A bill to amend title I—Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962 to correct certain inequities in the classification and duty provided for certain aluminum products, television picture tubes, and for other purposes; to the Committee on Ways and Means.

By Mrs. DWYER:

H.R. 9078. A bill to amend the National Housing Act with respect to water and sewerage facilities and mortgage insurance for land development; to the Committee on Banking and Currency.

H.R. 9079. A bill declaring October 12 to be a legal holiday; to the Committee on the Judiciary.

H.R. 9080. A bill to amend the Federal Water Pollution Control Act, as amended, to increase grants for construction of municipal sewage treatment works and provide financial incentives for construction projects conforming to comprehensive plans; to the Committee on Public Works.

By Mr. VANIK:

H.R. 9081. A bill to amend the Federal Food, Drug, and Cosmetic Act in order to protect the public health by preventing misuse of barbiturates, amphetamine, and certain other dangerous drugs; to the Committee on Interstate and Foreign Commerce.

By Mr. KEOGH:

H.R. 9082. A bill to clarify the Renegotiation Act of 1951 with respect to its preemptive effect; to the Committee on Ways and Means.

By Mr. SAYLOR:

H.R. 9083. A bill to amend chapter 15 of title 38, United States Code, to revise the pension program for World War I, World War II, and Korean conflict veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CLEVELAND:

H.J. Res. 799. Joint resolution providing for the erection of a memorial statute to the late Dr. Robert H. Goddard, the father of American rocketry; to the Committee on Science and Astronautics.

By Mr. BRAY:

H.J. Res. 800. Joint resolution to establish the World War I Commemorative Commission; to the Committee on the Judiciary.

H.J. Res. 801. Joint resolution authorizing the continued shipment of the drug Krebiozen in interstate commerce in order to insure the continued availability of such drug for the treatment of patients now being treated with such drug and for terminal cancer patients; to the Committee on Interstate and Foreign Commerce.

By Mr. BOB WILSON:

H. Con. Res. 234. Concurrent resolution to request the President of the United States to urge certain actions in behalf of Lithuania, Estonia, and Latvia; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRETT:

H.R. 9084. A bill for the relief of Emanuel G. Topakas; to the Committee on the Judiciary.

By Mr. BROYHILL of Virginia:

H.R. 9085. A bill to authorize the Secretary of the Interior to convey certain real property of the United States; to the Committee on Interior and Insular Affairs.

By Mr. BRUCE:

H.R. 9086. A bill for the relief of Snehlata Mahendrakumar Mehta; to the Committee on the Judiciary.

By Mr. DADDARIO:

H.R. 9087. A bill for the relief of Vincenzo Zocco; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 9088. A bill for the relief of Leonie Louise Brocks; to the Committee on the Judiciary.

By Mr. GIAIMO:

H.R. 9089. A bill for the relief of Miss Franca Baglini; to the Committee on the Judiciary.

By MR. HALLECK:

H.R. 9090. A bill for the relief of Mrs. Audrey Rossmann; to the Committee on the Judiciary.

By Mrs. KELLY:

H.R. 9091. A bill for the relief of Gerald Berman; to the Committee on the Judiciary.

By Mr. ROONEY of New York:

H.R. 9092. A bill for the relief of Santo Lipani; to the Committee on the Judiciary.

By Mr. YOUNGER:

H.R. 9093. A bill for the relief of Mrs. Agavni Hamamciyan; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

438. The SPEAKER presented a petition of Henry Stoner, General Delivery, Worland, Wyo., requesting correction of the incorrect spelling of Representative McLoskey in the Congressional Record, which was referred to the Committee on House Administration.

EXTENSIONS OF REMARKS

The Tax Cut

EXTENSION OF REMARKS
OF

HON. JACK WESTLAND

OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 7, 1963

Mr. WESTLAND. Mr. Speaker, the proposed tax cut is a matter of interest to the people of my district. For this reason I have made the proposal the subject of my October newsletter.

Therefore, Mr. Speaker, under leave to extend my remarks I include my newsletter, as well as the paragraphs entitled "As I See It" in the Record:

The Tax Cut

In your replies to my annual questionnaire, 47 percent of you said we should cut taxes only if spending is reduced, 39 percent said we should balance the budget and reduce the national debt, and 14 percent said to cut taxes regardless of a deficit.

Well, the House of Representatives has done the latter—but not with my vote.

We have passed a tax cut bill (300 pages) in the amount of $10 billion with almost a built-in guarantee of a deficit of $9 billion for each of the next 2 years.

Now maybe it makes good economic sense to some people to reduce income and at the same time to increase spending, with the idea of achieving prosperity—but, not to me. I think it's the quickest way to bankruptcy.

I've written to you before about the loss of our gold, the loss of confidence in the dollar among foreign creditors and have indicated the steps I thought necessary to correct this situation. Spending money we haven't got for things we don't need isn't one of them.

I believe that taxes are too high. I believe they should be reduced, but I also believe Government spending must be reduced or at least held in check, at the same time.

When this bill was up for consideration we tried to do just that. We offered a proposal which would require the President to assure the Congress that Government spending would be held to $97 billion this year and $98 billion next year. It seemed to me this would leave plenty of room for all necessities and in no way could be called a "frugal" or "austere" budget. But, when this proposal come to a vote there were 199 "for" and 226 "against."

Sure, a letter from the President was read which stated he was all for economy and would hold down spending, but at the same time this letter was being read, the President on his "nonpolitical" tour of the West was suggesting new programs which, if authorized, would add up to more than $2 billion.

I hope the Congress and the President will hold down Government spending in the next 2 years and that we can spend less than we take in. You can be sure I'll help. I hope you will too.

Sincerely yours,
Congressman Jack Westland.

As I See It
(By Helen Westland)

Washington, D.C., is well known as a city of conventions. This past week we have had around 8,000 bankers attending the American Bankers Convention, including my older brother, Mr. John F. Geis, senior vice president of the First Security National Bank of Beaumont, Tex. He took time during the convention to play golf, once at Columbia Country Club and once at Burning Tree Club. At Columbia he was honored by being given the use of former Vice President Nixon's locker and at Burning Tree former President Eisenhower's locker. This is what he had to say: "It was rather interesting to me to note that in Nixon's locker all I found was a bottle of Pepto-Bismol, and in Eisenhower's locker there was a little book titled "How To Play Golf."

Also during the banker's convention, we met Mr. Bentley Hahn, brother-in-law of a banker and a career officer in the U.S. Post Office Department. He was introduced as the originator of the ZIP code, which he says will save the Government $15 million in the long run. This caused comment by a banker who had just become the grandfather of a little girl. The parents picked out a name for a boy, so the grandfather wrote her a letter giving her a number, until she got a name. He also gave her his ZIP code number, and said he wanted her to remember that she came from a highly respected, original ZIP code family.

Republican National Committee Wasteful

EXTENSION OF REMARKS
OF

HON. JAMES ROOSEVELT

OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 7, 1963

Mr. ROOSEVELT. Mr. Speaker, it is sincerely hoped my friends and colleagues on the other side of the aisle will accept in the spirit of fun intended the following letter I have just forwarded to the Republican National Finance Committee:

November 7, 1963.

Republican National Finance Committee,
Washington, D.C.

Gentlemen: Having been the recipient of your Kennedy retirement fund letter, I feel it proper to respond even though I am not contributing to your fund.

One of the problems of the Republican National Committee is that it wastes money; e.g., sending a letter for contributions to Mrs. Roosevelt and me. I have been told that you are receiving many serious replies from citizens informing you that they believed the Kennedys were financially secure and did not need a retirement fund. I am not surprised by this reaction from some Republicans, for I realize there is a political requirement which is lacking among some of my Republican friends, and that is a sense of humor.

Finally, I believe your letter to be false advertising because it carries the implication that the so-called retirement fund will result in President Kennedy's retirement, and I am sure that the Securities and Exchange Commission would never allow a public offer on any investment which has so little chance of success as this one. Perhaps my Republican friends will forgive me also if, in this instance, I am happy that it is the Republican National Committee which is defrauding the Republicans.

Incidentally, I've been awaiting a declaration of policy from the committee that it vigorously opposes the crackpots who want to impeach Earl Warren as Chief Justice.

Yours for fairplay,
James Roosevelt.

In the Sad Passing of James K. (Jim) Lindsey, Louisiana Loses a Great Athlete and Distinguished Citizen

EXTENSION OF REMARKS
OF

HON. JAMES H. MORRISON

OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 7, 1963

Mr. MORRISON. Mr. Speaker, the State of Louisiana is saddened by the loss of a great athlete and one of our old time "greats" in baseball, in the passing of James K. (Jim) Lindsey, age 64, a native of Greensburg who played major league baseball for years and pitched for the St. Louis Cardinals in two world's series. His baseball career included service

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with the Cardinals during the days of the famous "Gashouse Gang" and Dizzy Dean, when Lindsey pitched several innings in two different games in the 1930 world's series against Connie Mack's club, Philadelphia. Before his retirement from baseball, he also pitched for the Brooklyn Dodgers and the Pittsburgh Pirates.

Since his retirement from baseball, 13 years ago, he worked as farm manager for the East Louisiana State Hospital and he was a member of the Jackson Methodist Church.

He is survived by his wife, Mrs. Carlotta Matthews Lindsey, one daughter, four sisters, and two brothers, three grandchildren, and several nieces and nephews.

James K. (Jim) Lindsey will be greatly missed but long remembered in the hearts of all America's baseball fans and enthusiasts and his name will be held high in baseball history and hall of fame.

Jim played the game of both life and baseball with a great determination to win at both—and he succeeded.

Fiftieth Anniversary in the United States of Mr. Morris Masin, President of Haym Salomon Home and Hospital for the Aged

EXTENSION OF REMARKS

OF

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 7, 1963

Mr. ROONEY of New York. Mr. Speaker, on Sunday evening last, November 3, 1963, I had the distinct pleasure and high honor of addressing over a thousand charitably minded people who are vitally interested in and who were in attendance at the annual dinner dance of the Haym Salomon Home for the Aged at the Grand Ballroom of the Hotel Commodore in New York City.

Under the permission heretofore granted me by unanimous consent of the House I include my remarks made on this occasion:

Chairman Lou Berkley, Mr. Harry Haber, my respected friend Rabbi Isadore Gruen, comptroller of the city of New York, the Honorable Abraham D. Beame, the borough president of the Borough of Brooklyn, the Honorable Abe Stark, distinguished members of the judiciary, Miss Claire (Miss Haym Salomon) Fox, members of the family of the late Louis Blumenstock, ladies and gentlemen, almost 200 years ago, a Polish immigrant advanced $658,007.43 to finance our war of independence. As you know, subsequently the Revolutionary War was won. But as you may not know, Haym Salomon, financier-philanthropist, died penniless and proud of it.

Today, in fitting memorial to him, the Haym Salomon Home and Hospital for the Aged at 2300 Cropsey Avenue rises six stories high in Brooklyn, facing the Atlantic Ocean. This $2½ million institution, completed in the fall of 1958, represents a heart-warming victory in a different type of war—the war against a solitary and anguished old age. Humanely, handsomely, the home and hospital provides comfortable, qualified, and compassionate care for its aged and sick occupants.

The head of this institution, its president, is my friend Mr. Morris Masin, the man we honor this evening upon the occasion of his 50th anniversary in the United States.

Morris Masin is a patriot in the Haym Salomon tradition. A man of works, not of words. Good works. Works of loving kindness and service to his fellow man.

Morris Masin was born in Vilna, Poland, a city of scholars and scholarship. At the age of 15 Morris came to the United States of America and became a toolworker in the brass industry. Diligence and dedication to his work were the tools that made him first a foreman, then a production manager. It was not many years before he established his own company, the United States Brass Turning Co., Inc., manufacturing brass goods. Today he employs over 400 people in his thriving enterprise on Wythe Avenue, Brooklyn. I am proud, indeed, to have this factory in my congressional district.

Morris Masin is proud of his adopted country and of the business he built with his very own hands. But he is even prouder of his home and hospital—the Haym Salomon Home and Hospital for the Aged where old folks can spend their sunset days in dignity and pleasantness and peace.

Permit me to say that brassworker Morris Masin, spiritual grandson of Haym Salomon, has proven himself "top brass."

He manufactures articles of brass that will no doubt wear for many, many years. But he also manufactures good deeds, which will live on forever.

The Haym Salomon Home and Hospital for the Aged is not the only humanitarian institution of which he is the outstanding benefactor. At the Jewish Chronic Disease Hospital in Brooklyn, he has endowed the "Bessie and Morris Pavillion," a four story research institute where valuable contributions to medical science are already being made.

When Morris Masin lost his only son, Irving, in 1944, killed in the service of our country, the father's grief took a constructive humanitarian form. He built a trade school in Israel in the name of his son.

For half a century this modest man has dedicated himself to the service of others, regardless of race, religion or national origin. This evening we dedicate to him. For this is the spirit that made our Nation great. This is the spirit of America.

May Morris Masin continue to serve America and his fellow men for another half century.

Congressman Warns of Apathy in Wake of Nuclear Test Treaty

EXTENSION OF REMARKS

OF

HON. HALE BOGGS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 7, 1963

Mr. BOGGS. Mr. Speaker, I am convinced that our ratification of the test ban treaty does not mean that we can afford to drop our guard against the continuing efforts of the Soviet Union and Communist China to "bury us" by any and every means available. It is imperative at this time, Mr. Speaker, that the United States provide new safeguards to counter the incessant nonmilitary thrusts which I believe will be increased by the Sino-Soviet bloc in the cold war. Certainly, the Kremlin leaders now have recognized that there would be no victor in a full-scale nuclear war—that the devastation unleashed on mankind would annihilate millions of people on both sides of the Iron Curtain, and communism could not possibly advance amidst the resulting ashes.

I am particularly wary about any allegations or protestations of good intentions which might be made by the Kremlin. Now is the time we should be ever alert and ever ready to provide new safeguards for our people and those of the free world.

Thus, I would like to see our country adopt stronger counterthrusts to the nonmilitary tactics employed by the Sino-Soviet agents. One thing I believe we can and should do to counter Soviet and Red Chinese propaganda, and to defeat the infiltration, subversion and espionage of their agents, particularly in the developing nations, is to establish a Freedom Academy to train both veteran Government employees and private citizens in all manner of nonmilitary, economic and psychological counterattack against communism. A bipartisan group of Congressmen in both the House and the Senate are sponsoring legislation to establish this Academy as a new weapon in the cold war arsenal of the United States.

One of the finest Catholic archdiocesan newspapers in our Nation—the Clarion Herald which serves the people of the city of New Orleans and 10 other parishes in south Louisiana—has published a recent article of mine on the Freedom Academy in its issue of October 10. I ask unanimous consent to insert this article in the Record, Mr. Speaker. The article follows:

CONGRESSMAN WARNS OF APATHY IN WAKE OF NUCLEAR TEST TREATY

(By Congressman Hale Boggs)

Washington.—With its constitutional authority and responsibility to render advice and consent on all proposed treaties with other nations, the U.S. Senate has ratified by overwhelming majority the nuclear test ban treaty to prohibit the testing of nuclear weapons in the atmosphere, in outer space, and under water.

This is an historic, positive step—albeit a small one along an arduous journey—toward safeguarding the world from the horrors of nuclear devastation. To date, more than 100 countries have signed this important treaty, and all Americans, I know, hope that its acceptance will prove to be permanent, and that it will lead toward further concrete steps for achieving and maintaining world peace.

However, I believe that this positive action to prevent a nuclear holocaust should, at the same time, engender from our Government and our people new and renewed efforts to provide further safeguards, and counterthrusts, too, against the nonmilitary threat of the Sino-Soviet Communist bloc.

Why do I suggest that America needs a renewed effort to counterattack the nonmilitary offensive of the Soviet and Red Chinese governments—an offensive designed to drug men's minds and imprison them in the Communist orbit?

The leaders in the Kremlin today are cognizant of the superior military strength of the United States and its allies, and also of the sweeping potential of the nuclear

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weapons which their country and ours now possess for instantaneous use.

For these reasons, the Communist-world leaders, still bent on world domination by the best available means, can be expected to step up their nonmilitary tactics to expand their control over the globe. The test ban treaty by no means will lessen the Communist offensive in the cold war; on the contrary, their weapons of propaganda, infiltration, agitation, subversion, espionage, plus all manner of economic and psychological attacks, undoubtedly will be increased. In short, the United States should expect and prepare for, an intensified drive of total political warfare.

Today the Soviet Union is operating an estimated 6,000 special schools to train Russian Communist Party members and Communist agents from nations around the world in the tactics of infiltration, propaganda, subversion, sabotage, and other means. Approximately $5 billion a year is being spent to train these Communist agents to engage in all kinds of political, nonmilitary warfare, in all parts of the world. The Soviets are old hands at political warfare, and today graduates of their special schools are staffing some 75 Communist parties in nations throughout the non-Communist world.

Let no one deceive himself that the leaders in the Kremlin and in Peiping will be satisfied to maintain the status quo of so-called peaceful coexistence.

To increase our country's vigilance and to provide a concentrated avenue of counterattack against the nonmilitary thrusts of the Communist conspiracy, I am sponsoring legislation before the Congress to establish a Freedom Academy, designed to train Americans from both the public and the private sectors to learn and utilize the tactics of total political warfare in order to defeat the Communists at their own game.

Such a Freedom Academy would be an independent agency of the Government and would provide to trainees research, development, and practical application in all nonmilitary conflict techniques.

The unique advantage of this Freedom Academy over any existing governmental training schools is that it would give this specialized training not only to governmental personnel from the various agencies, but also to private citizens of our country and from throughout the free world. The students at the Freedom Academy would be trained not only to defeat Communist offensives of all kinds, but also to replace their tactics with positive substitutes to obtain our own political objectives and to establish free societies wherever possible.

As I view this legislation, one of its most important assets is its recognition of the need to give the American people a greater awareness and understanding of communism and its goals, and further, to utilize the much-neglected private sector of our extensive human resources. Like the tax cut bill which has now passed the House of Representatives, my bill to establish a Freedom Academy will engage actively the private citizens of our country in direct participation against the Communist conspiracy. In the private segment of America, as opposed to the public or Government segment, there is a large reservoir of unused talent, ingenuity, and wisdom which can, and should, be harnessed for active service in the continuing cold war.

Today in New Orleans, a prime example of making constructive use of our private citizens in the ideological and psychological struggle against communism is found in the Information Council of the Americas (INCA), headed by Edward Scannell Butler of New Orleans.

Under the leadership of Mr. Butler, INCA was established in New Orleans in early 1961, with the aid and support of some of the city's leading citizens. Since then, INCA has waged an incessant campaign of anti-Communist and prodemocratic information through all communications media—radio, television, newspapers, magazines, leaflets, lectures, speeches, and other means.

Particularly have INCA's truth tape radio programs been directed effectively to the peoples of Latin America, especially those in Cuba under the Communist heel of Castro's regime. Members of INCA include businessmen, professional men, educators, farm leaders, journalists, and others from throughout the United States; they have provided solid support for the half-hour truth tape programs which feature Cuban refugees who have escaped from the oppression of Castro's dictatorship, and noted sports and entertainment personalities. These loyal Americans present in their broadcasts proof of lies to be found in Communist propaganda and Communist actions.

On his staff, Mr. Butler has utilized the services and talents of journalists, entertainers, engineers, technicians, and others in INCA's counterthrust efforts against the spread of communism in Latin America. From both the governmental and private sectors of our community, Mr. Butler has received cooperation and support, and by his work he has proved the validity of using the energies and talents of private citizens of our country to combat communism, particularly in the Western Hemisphere.

As proposed in my bill, the Freedom Academy will be under the direction of the Freedom Commission, to be composed of six members and a chairman. The commissioners will be appointed by the President, with the advice and consent of the Senate, and they will serve for terms of 6 years. Furthermore, no more than four commissioners may be members of any one political party.

This legislation to establish a Freedom Academy also outlines general guidelines and regulations for selecting both private American citizens and foreign students to attend the school, and provides for proper security checks for both commission employees and students. The bill provides for the hiring of a qualified general manager for the Academy, as well as for other professional and administrative personnel.

The uniqueness of such an Academy will be that it will provide a single center at which all nonmilitary tactics and techniques against Sino-Soviet communism can be developed and utilized to the fullest extent throughout the free world. It will give both public and private citizens a direct opportunity to join in the cold war with vigor, imagination, and skill.

I am proud to note that this legislation has widespread and bipartisan support in the Congress. Congressman A. Sydney Herlong, Jr., of Florida, has joined me in sponsoring this bill in the House. In the Senate, 13 Senators who are members of both political parties also are sponsoring this legislation:

Clifford Case, of New Jersey; Thomas Dodd, of Connecticut; Paul Douglas, of Illinois; Hiram Fong, of Hawaii; Barry Goldwater, of Arizona; Bourke Hickenlooper, of Iowa; Kenneth Keating, of New York; Frank Lausche, of Ohio; Jack Miller, of Iowa; Karl Mundt, of South Dakota (principal sponsor in the Senate); William Proxmire, of Wisconsin; Hugh Scott, of Pennsylvania; and George Smathers, of Florida.

The creation of a Freedom Academy also has received support from throughout our country from various civic and governmental organizations. Thus far, the Senate Foreign Relations Committee has held hearings this year on the legislation, and I am most hopeful that the 88th Congress will act on this important bill so that a new bulwark for freedom can be provided for the United States and the free world.

HOUSE OF REPRESENTATIVES

Friday, November 8, 1963

The House met at 12 o'clock noon.

The Reverend Robert E. Brengartner, Catholic chaplain, U.S. Naval Medical Center, Bethesda, Md., offered the following prayer:

In the name of the Father, and of the Son, and of the Holy Spirit. Almighty God, we pause at this moment to invoke Your blessing on this session of Congress and we beg that this blessing may continue as long as the people act so as to deserve good men representing them in a government operating under God's grace. Relying on the purity of their intentions, the justice of their cause, and the integrity and intelligence of the people, our Founding Fathers established the Congress of the United States under an overruling providence which has so singularly protected our country to this very moment. Divine Being, supreme over all, patron of order, fountain of justice, continue Your blessing on this Nation and the men responsible for its laws so their acts may always be consistent with the ends of Your providence. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 3488. An act to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana; and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union.

LEGISLATIVE BRANCH APPROPRIATION BILL FOR FISCAL YEAR 1964

Mr. STEED. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, with Senate amendments thereto, agree to amendments Nos. 1 to 13, inclusive, 15 to 29 inclusive, and No. 34; and on the remainder of the amendments, disagree thereto and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, after line 6, insert:

"SENATE

"Compensation of the Vice President and Senators, mileage of the President of the Senate and Senators, and expense allowances of the Vice President and leaders of the Senate"

Page 1, after line 6, insert:

"COMPENSATION OF THE VICE PRESIDENT AND SENATORS

"For compensation of the Vice President and Senators of the United States, $2,471,140."

Page 1, after line 6, insert:

"MILEAGE OF PRESIDENT OF THE SENATE AND OF SENATORS

"For mileage of the President of the Senate and of Senators, $58,370."

Page 1, after line 6, insert:

"EXPENSE ALLOWANCES OF THE VICE PRESIDENT AND MAJORITY AND MINORITY LEADERS

"For expense allowance of the Vice President, $10,000; majority leader of the Senate, $2,000; and minority leader of the Senate, $2,000; in all, $14,000."

Page 1, after line 6, insert:

"Salaries, officers and employees

"For compensation of officers, employees, clerks to Senators, and others as authorized by law, including agency contributions and longevity compensation as authorized, which shall be paid from this appropriation without regard to the below limitations, as follows:"

Page 1, after line 6, insert:

"OFFICE OF THE VICE PRESIDENT

"For clerical assistance to the Vice President, at rates of compensation to be fixed by him in basic multiples of $5 per month, $136,710."

Page 1, after line 6, insert:

"CHAPLAIN

"Chaplain of the Senate, $9,430."

Page 1, after line 6, insert:

"OFFICE OF THE SECRETARY

"For office of the Secretary, $897,885, including $128,000 required for the purposes specified and authorized by section 74b of title 2, United States Code: *Provided,* That effective July 1, 1963, the basic compensation of the printing clerk shall be $5,700 in lieu of $5,400."

Page 1, after line 6, insert:

"COMMITTEE EMPLOYEES

"For professional and clerical assistance to standing committees and the Select Committee on Small Business, $2,731,965."

Page 1, after line 6, insert:

"CONFERENCE COMMITTEES"

Page 1, after line 6, insert:

"For clerical assistance to the conference of the majority, at rates of compensation to be fixed by the chairman of said committee, $82,740."

Page 1, after line 6, insert:

"For clerical assistance to the conference of the minority, at rates of compensation to be fixed by the chairman of said committee, $82,740."

Page 1, after line 6, insert:

"ADMINISTRATIVE AND CLERICAL ASSISTANTS TO SENATORS

"For administrative and clerical assistants and messenger service for Senators, $13,609,650."

Page 1, after line 6, insert:

"OFFICES OF THE SECRETARIES FOR THE MAJORITY AND THE MINORITY

"For the offices of the secretary for the majority and the secretary for the minority, $135,195."

Page 1, after line 6, insert:

"Offices of the majority and minority whips

"For four clerical assistants, two for the majority whip and two for the minority whip, at rates of compensation to be fixed in basic multiples of $60 per annum by the respective whips, $15,165 each; in all, $30,330."

Page 1, after line 6, insert:

"OFFICIAL REPORTERS OF DEBATES

"For office of the Official Reporters of Debates, $231,555."

Page 1, after line 6, insert:

"OFFICE OF THE LEGISLATIVE COUNSEL OF THE SENATE

"For salaries and expenses of the Office of the Legislative Counsel of the Senate, $247,260: *Provided,* That effective July 1, 1963, one additional employee in the Office of the Legislative Counsel of the Senate may be designated as Senior Counsel, and the compensation of the additional employee so designated shall be equal to the gross per annum rate presently authorized for other employees so designated."

Page 1, after line 6, insert:

"Contingent expenses of the Senate"

Page 1, after line 6, insert:

"SENATE POLICY COMMITTEES

"For salaries and expenses of the majority policy committee and the minority policy committee, $175,585 for each such committee; in all, $351,170."

Page 1, after line 6, insert:

"AUTOMOBILES AND MAINTENANCE

"For purchase, exchange, driving, maintenance, and operation of four automobiles, one for the Vice President, one for the President pro tempore, one for the majority leader, and one for the minority leader, $37,840."

Page 1, after line 6, insert:

"FURNITURE

"For service and materials in cleaning and repairing furniture, and for the purchase of furniture, $31,190: *Provided,* That the furniture purchased is not available from other agencies of the Government."

Page 1, after line 6, insert:

"INQUIRIES AND INVESTIGATIONS

"For expenses of inquiries and investigations ordered by the Senate or conducted pursuant to section 134(a) of Public Law 601, Seventy-ninth Congress, including $380,000 for the Committee on Appropriations, to be available also for the purposes mentioned in Senate Resolution Numbered 193, agreed to October 14, 1943, $4,025,760."

Page 1, after line 6, insert:

"FOLDING DOCUMENTS

"For the employment of personnel for folding speeches and pamphlets at a gross rate of not exceeding $2.03 per hour per person, $36,700."

Page 1, after line 6, insert:

"MAIL TRANSPORTATION

"For maintaining, exchanging, and equipping motor vehicles for carrying the mails and for official use of the offices of the Secretary and Sergeant at Arms, $16,560."

Page 1, after line 6, insert:

"MISCELLANEOUS ITEMS

"For miscellaneous items, exclusive of labor, $2,458,860, including $90,000 for payment to the Architect of the Capitol in accordance with section 4 of Public Law 87–82, approved July 6, 1961."

Page 1, after line 6, insert:

"POSTAGE STAMPS

"For postage stamps for the Offices of the Secretaries for the Majority and Minority, $140; and for airmail and special-delivery stamps for Office of the Secretary, $160; Office of the Sergeant at Arms, $125; Senators and the President of the Senate, as authorized by law, $61,610, and the maximum allowance per capita of $550 is increased to $610 for the fiscal year 1964 and thereafter; for maintenance of a supply of stamps in the Senate Post Office, $1,500; in all, $63,535."

Page 1, after line 6, insert:

"STATIONERY (REVOLVING FUND)

"For stationery for Senators and the President of the Senate, $181,800; and for stationery for committees and officers of the Senate, $13,200; in all, $195,000, to remain available until expended."

Page 1, after line 6, insert:

"COMMUNICATIONS

"For an amount for communications which may be expended interchangeably for payment, in accordance with such limitations and restrictions as may be prescribed by the Committee on Rules and Administration, of charges on official telegrams and long-distance telephone calls made by or on behalf of Senators or the President of the Senate, such telephone calls to be in addition to those authorized by the provisions of the Legislative Branch Appropriation Act, 1947 (60 Stat. 392; 2 U.S.C. 46c, 46d, 46e), as amended, and the First Deficiency Appropriation Act, 1949 (63 Stat. 77; 2 U.S.C. 46d–1), $15,150."

Page 16, after line 24, insert:

"SENATE OFFICE BUILDINGS

"For maintenance, miscellaneous items and supplies, including furniture, furnishings, and equipment, and for labor and material incident thereto, and repairs thereof; for purchase of waterproof wearing apparel, and for personal and other services; including eight attendants at $1,800 each; for the care and operation of the Senate Office Buildings, including the subway and subway transportation systems connecting the Senate Office Buildings with the Capitol; uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131); to be expended under the control and supervision of the Architect of the Capitol; in all, $2,535,300: *Provided,* That there is hereby authorized to be established and maintained, in an amount not to exceed $50, a petty cash fund for small purchases necessary for such care and operation of the buildings, which shall be reimbursed by vouchers properly chargeable to this and successor appropriations."

Mr. STEED (interrupting reading of Senate amendments). Mr. Speaker, I ask unanimous consent, since these are purely Senate items, that the reading of the Senate amendments be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I might as well do it at this point as later, let me ask the gentleman from Oklahoma [Mr. STEED]: What do you propose to do by agreeing to amendments at this time? This is a rather unusual procedure in asking to go to conference on a bill and at the same time asking the House to agree to certain provisions of the bill even before you go to conference.

Mr. STEED. If the gentleman will yield, this is the same, identical procedure that has been followed every year for as long as I can remember. These items to which we are agreeing are purely Senate items. They have already agreed to the ones for the House. The ones we are disagreeing to are those joint items on which traditionally we have always gone to conference.

Mr. GROSS. Then, the Senate has not agreed to the House bill? It has agreed to the bill, but with exceptions?

Mr. STEED. All of the bill that relates to the House, they have agreed to in the Senate, without amendment.

Mr. GROSS. Mr. Speaker, I will say to the gentleman that I, for one, would like to know what the other body is obtaining by way of appropriations.

I would suggest to the gentleman that he simply ask to go to conference and then bring the total bill back to the House. I am interested in what they do at the other end of this building. As a matter of fact, I wish the Senate would send a housekeeping bill over here first sometimes so we could get a look at what they are spending and for what purposes. We send a bill over to them with our requests for housekeeping money and they have the benefit of what we are doing. Why not have the Senate send the bill over here first and let us take a crack at it and see what they are doing over there. I do not like this business of operating almost completely in the dark.

Mr. STEED. Well, the Senate has a report and the hearings on the items have been held as to what they have put in the bill. This is the system that the two bodies have followed for many, many years. What we are asking for here today is the same thing that has always been the custom.

Mr. GROSS. I will say to the gentleman that we have seen a lot of newspaper publicity lately and I have been very much interested, for instance, in some of this Bobby Baker business, as well as various other items.

Mr. Speaker, I do not like to object to the gentleman's request. I wish the gentleman would go to conference and come back with the bill and let us take a good look at what is happening around here by way of spending money by both the House and Senate.

Only yesterday, the House passed a debt increase bill. I did not support it, but I insist we will have to scrutinize very carefully from here on out what the House spends and what the other body spends.

Mr. Speaker, I wish the gentleman would adopt the normal procedure and go to conference, as is done with other appropriation bills, and come back with the bill and let us have a look at it.

Mr. STEED. I must insist, Mr. Speaker, that what we are asking for here today is, by tradition, the normal course.

Mr. GROSS. I am not interested in tradition in this matter, I will say to the gentleman.

Mr. STEED. That is the gentleman's privilege.

Mr. GROSS. We have got to the point around here where we need to know more about what is going on with our own housekeeping expenditures. I, for one, want to know.

Mr. Speaker, I do not want to hold this up and send the gentleman to the Committee on Rules. This I do not want to do. I see no reason why the gentleman could not go to conference and come back with the various amendments for action on the floor of the House. The gentleman is asking for the approval of certain amendments on the floor today with almost no one here.

Mr. STEED. The bill has been before the Congress since it passed the Senate on June 19. This is the same, identical system that has been followed year after year. The gentleman well knows that on all the items that affect the expenditures of the House of Representatives the subcommittee of which I have the honor to be chairman held extensive hearings on those items. We have made every bit of information available that we know how. The Senate had hearings on those items which apply to them and the report and the hearings have been printed and have been available all this time. I do not think there is any desire on the part of anyone to withhold anything.

Mr. GROSS. I will say to the gentleman that you are going to a conference, or you want to go to a conference with the other body with respect to certain disagreements; that is with respect to the House item, as I understand it—the appropriations for the House; is that correct?

Mr. STEED. No, no. The House items, the ones that we consider our own housekeeping items, have already been agreed to by the Senate. They are not in conference. What is in disagreement are two general subjects in the conference report here before us today and those items that pertain solely to the Senate, and then we have the joint items.

All we are asking here is that we agree to the items pertaining solely to the Senate and that we disagree on the joint items and go to conference, as has been true every year for a long, long time.

There is not anything out of the ordinary or unreasonable or unusual about this. The request is in keeping with the traditional rule of comity. I am trying to follow a course that would keep the House in a very good conformance with that rule of comity. Otherwise it would put me in the position of placing the House in the position of being criticized.

Mr. GROSS. I am not necessarily opposed to the rule of comity, but I want it to work both ways, and it should never operate to deny Members of either body or the public information to which they are entitled. Perhaps what is suggested here today will not be satisfactory to some of us in the light of what may transpire in the conference.

Mr. STEED. There is not any intention on my part to permit anything to happen in conference that encroaches upon the prerogatives of the House and violates the rule of comity. I give the gentleman my very positive word on that. What I am trying to do with this request today is to leave the House and the House conferees in the position where we can maintain that exact position.

Mr. GROSS. Mr. Speaker, in view of the explanation given and the fact that this bill should have been enacted months ago, I will not object to this request today, but I want to say to the gentleman that next year, the Lord willing, and I am here, I shall object to such procedure, and I serve notice here and now that I will do exactly that.

The SPEAKER. Is there objection to the request to dispense with further reading of the Senate amendments?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The SPEAKER. The Chair appoints the following conferees: Messrs. STEED, KIRWAN, CANNON, HORAN, and LANGEN.

CRIME REPORT FOR THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McMILLAN. Mr. Speaker, I am requesting unanimous consent to insert at this point in the RECORD the last 3 weeks' crime report for the District of Columbia.

I am certain every Member of Congress has great interest in the Nation's Capital and it is our desire to use every means to curb crime and make the city of Washington a safe place for the visitors from all the 50 States who visit their Capital on Government business or to see how their Government operates.

I am firm of the opinion that this should be the No. 1 project for the Congress as it is extremely essential that crime conditions be not only equal to other States but better than any city in the United States since we have from 7 to 10 million schoolchildren visiting the Nation's Capital every year.

GOVERNMENT OF THE
DISTRICT OF COLUMBIA,
METROPOLITAN POLICE DEPARTMENT,
November 7, 1963.

The Honorable JOHN L. McMILLAN,
Chairman, Committee on the District of Columbia, House of Representatives, Washington, D.C.:

The District of Columbia Budget Office, under date of August 7, 1962, requested this Department to forward for information to each congressional committee on District matters one copy of any special report, study, survey or similar document which is released by this Department to the public and the press.

Accordingly, the enclosed material, which is being released by this Department on this date, is provided for your information.

ROBERT V. MURRAY,
Chief of Police.

CRIME IN THE DISTRICT OF COLUMBIA,
OCTOBER 1963

During October 1963 a total of 2,345 part I offenses were reported in the District, an increase of 451 offenses or 23.8 percent from October 1962.

This was the 17th consecutive month with an increase in crime for this city. During this month increases occurred in all classifications of serious offenses except aggravated assault, which decreased. Noteworthy were the increases in rape, up 4 offenses or 57.1 percent; housebreaking, up 163 offenses or 35.9 percent; and auto theft, up 193 offenses or 83.2 percent, from the offenses reported for last October.

The increase for this month brought the trend of offenses to 25,127, an increase of

59.1 percent from the low point established in June 1957, and making the trend period (the 12 months ending with October) the alltime high for crime in this city.

GOVERNMENT OF THE
DISTRICT OF COLUMBIA,
METROPOLITAN POLICE DEPARTMENT,
October 30, 1963.

The Honorable JOHN L. MCMILLAN,
Chairman, Committee on the District of Columbia, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MCMILLAN: Forwarded herewith are copies of the weekly crime report for the District of Columbia for the week beginning October 20, 1963.

Sincerely yours,
ROBERT V. MURRAY,
Chief of Police.

Government of the District of Columbia, Metropolitan Police Department—Pt. I offenses reported, Oct. 20 through Oct. 26, 1963

Classification	Week beginning Oct. 13, 1963	Week beginning Oct. 20, 1963	Change	
			Amount	Percent
Criminal homicide	1	3	+2	+200.0
Rape				
Robbery	35	47	+12	+34.3
Aggravated assault	54	61	+7	+13.0
Housebreaking	123	143	+20	+16.3
Grand larceny	20	16	−4	−20.0
Petit larceny	137	170	+33	+24.1
Auto theft	103	102	−1	−1.0
Total	473	542	+69	+14.6

GOVERNMENT OF THE
DISTRICT OF COLUMBIA,
METROPOLITAN POLICE DEPARTMENT,
November 6, 1963.

The Honorable JOHN L. MCMILLAN,
Chairman, Committee on the District of Columbia, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MCMILLAN: Forwarded herewith are copies of the weekly crime report for the District of Columbia for the week beginning October 27, 1963.

Sincerely yours,
ROBERT V. MURRAY,
Chief of Police.

Government of the District of Columbia, Metropolitan Police Department—Pt. I offenses reported, Oct. 27 through Nov. 2, 1963

Classification	Week beginning Oct. 20, 1963	Week beginning Oct. 27, 1963	Change	
			Amount	Percent
Criminal homicide	3	1	−2	−66.7
Rape				
Robbery	47	49	+2	+4.3
Aggravated assault	61	49	−12	−19.7
Housebreaking	143	149	+6	+4.2
Grand larceny	16	18	+2	+12.5
Petit larceny	170	150	−20	−11.8
Auto theft	102	98	−4	−3.9
Total	542	514	−28	−5.2

INCREASES ARE LONG OVERDUE

Mr. UDALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a newspaper article.

The **SPEAKER.** Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, we have heard a lot in recent years about the "cost of living." I think nearly every citizen is aware of the fact that the prices of consumer goods have a tendency to rise over the years and that this process, in turn, reduces the purchasing value of the dollar. Because of public awareness of this fact many labor contracts and Government pay schedules provide for automatic cost-of-living increases as the Consumer Price Index warrants from time to time.

Now, we can take much satisfaction in recent leveling of this inflationary process. No longer is the cost-of-living advancing, or the purchasing power of the consumer dollar declining, at the rapid rate of the immediate postwar era. There has been a distinct slowing down of the inflationary spiral. However, today in our economy there are many sectors which haven't caught up, and if my colleagues will permit me to point out an obvious truth, one of them is the Congress of the United States.

To some critics of Congress such an observation may be ludicrous. Why, these critics know that Members of Congress are overpaid now, and any decline in the real-money income or take-home pay of Congressmen can only be regarded as just retribution for all their well-known sloth and crookedness.

However, to those who have some knowledge of the responsibilities borne by Members of Congress, some knowledge of the enormous expenses they must bear which no other executives or officials must bear, some knowledge of the inequities between congressional pay and compensation of decisionmakers in State and local government and private industry, my observation may not seem so ludicrous. In fact, I believe it is well for every Member to be aware of the fact—during the debate on increasing Federal legislative, judicial, and executive pay—that congressional salaries today are not what the Congress considered appropriate when the last salary increase was voted more than 8 years ago.

Mr. Speaker, I have checked with the Bureau of Labor Statistics and learned the following. In 1955 the Consumer Price Index for all items checked was 93.3. The most recent Consumer Price Index, for the month of September of this year, was 107.1. This was a gain of 13.8 units, or 14.8 percent over 1955. This may be regarded as a 14.8-percent decline in the value of any salary which has remained constant through this period.

Applying that 14.8 percent to the salary of Members of Congress reveals a decline of $3,330 in their real-money income. In other words, in place of the $22,500 1955 dollars which the Congress considered to be appropriate for Members, the salary today in 1955 dollars is $19,170.

Now this is not the only, or even best, case that can be made for congressional salary increases. General elevation of executive salaries in State and local government, and in private industry, the need to lift the ceiling on Federal executive salaries, and the fact that the 1955 increase itself did not take these factors adequately into consideration—these are reasons why I support a more realistic increase in congressional, executive, and judicial salaries. But, considered with these other factors, the 14.8-percent decline in real-money salaries of Members of Congress can be regarded as convincing evidence that the time is at hand for establishing a new congressional salary level.

Mr. Speaker, I have stressed before and I know my colleagues are aware of this, that congressional pay is the smallest part of the Federal pay bill recently approved by the Post Office and Civil Service Committee. Nevertheless, it is this portion of the bill which attracts the most interest, obviously because the Constitution saddles us with responsibility for fixing our own salaries. It is for this reason that I am once again today addressing myself to the question of congressional pay.

I have said that a rise in the consumer price index has reduced congressional pay to $19,170 in 1955 dollars. Let me go further and show that the $10,000 increase presently proposed is not the "pot of gold" that some imagine.

Let us take a specific case—a Member with a wife and no dependent children filing a joint return and taking an average deduction for charitable contributions, interest, and so forth.

The Internal Revenue Service has calculated this Member's current Federal income tax at $5,394. His "take-home" pay on a salary of $22,500 is actually $17,106.

All right, so what happens when his salary is increased by $10,000? Will this Member have another $10,000 to help defray some of his trips home, some of the expense of maintaining two homes and some of the other unusual expenses he must meet as a Member of Congress? Far from it. His new Federal income tax will be, not $5,394, but $9,601, the Internal Revenue Service tells us. This means his "take-home" increase will be, not $10,000, but $5,793. His usable income—and State taxes, of course must come out of it—will be $22,899, or about the amount the average man on the street imagines he is receiving now.

Is this the largess we have been hearing about from some quarters? Is this the enormous, "unconscionable" increase denounced by the professional Congress-haters?

In truth, the time is at hand when Members of Congress should act to save the Congress from becoming a second-rate institution composed of political hangers-on and ne'er-do-wells, a few millionaires and many self-seekers, and very few men of ability and success capable of making substantial incomes in our society.

Considering, first, the depreciation in congressional pay through a rise in the consumer price index, and, secondly, the large portion of any increase that must go to Federal and State income taxes, I do not see how any Member could say that the increase proposed is either excessive or inconsistent with the best interests of the people of the United States.

Mr. Speaker, the largest and most influential newspaper in eastern Oregon has taken a strong stand in support of Federal pay raise legislation. Without objection I insert an editorial from the East Oregonian of Pendleton, Oreg., at this point in the Record.

[From the East Oregonian, Pendleton (Oreg.), Oct. 30, 1963.]

INCREASES ARE LONG OVERDUE

Oregonians were a long time getting around to giving State legislators the authority to raise their salaries. They finally were persuaded last year that a legislator should be paid enough that he didn't have to dig into his pocket to pay the expenses that go with serving in the legislature.

A committee was appointed to recommend to legislators what their reimbursement should be and the legislature subsequently decided that legislators should be paid $250 per month and $20 per day for the first 120 days of a legislative session.

Many voters opposed the legislature's program because they thought the legislators voted too much money for themselves. We suspect that no matter how much increase in salary the legislators had voted there would have been some opposition. It's one of those things you can't win on.

It is precisely for that reason Members of the Congress have been so reluctant to follow the recommendations of a Commission appointed by President Kennedy to study Federal executive, legislative and judicial salaries. The Commission recommended substantial salary increases in all three branches of the Federal Government.

Many citizens have indicated their support for higher salaries in the three branches of government. Among the strongest supporters is the American Bar Asociation. The ABA thinks salary increases are urgently necessary to attract the most competent men to fill high offices in the Federal Government.

The ABA recently sent its president, Walter E. Craig, and the chairman of its committee on judicial selection, tenure, and compensation, Bernard Segal, to testify before the House committee that is considering salary increase proposals. Mr. Segal pointed out that the ABA has been considering this matter since 1947 and he has been closely associated with it for many years.

It was the position of the President's Commission, which has the support of the ABA, that the scale of judicial and congressional salaries has not kept pace with the growth of the duties and responsibilities of the offices; that the differences between salaries paid to Federal judges and Members of the Congress and those paid in private enterprise were grossly disproportionate; that the judicial and congressional salaries were and for a long time have been grossly inadequate; that low salary rates tend to confine these high positions to persons of independent wealth or those having outside earnings.

It was pointed out also that since the last increase to Members of the Congress and the judiciary there have been six salary increases for employees in the Federal classified service.

Every responsible group that has addressed itself to this problem feels that the time is overdue for radical overhaul in the whole matter of judicial and congressional salaries.

Mr. Segal said to the House committee: "Businessmen would say that this is the simplest kind of good economics. Political scientists would say this is the simplest kind of good government. There is also the overriding factor of simple justice. It is high time that these inequities of long standing be eliminated and that salaries be fixed at levels which are consistent with the dignity and the stature which the informed citizens of our country wish to have attached to the office of U.S. Senator, Representative, and justice or judge in the U.S. courts."

During the committee hearings, Representative Morris Udall, of Arizona, made a good point. He spoke of the salaries paid to Cabinet members and the responsibilities that fall upon such as the Secretaries of State and Defense. He spoke specifically of the Secretary of Defense: "If any of us were serving on the executive board of a corporation and paid him $25,000 we would be thrown out by the stockholders without further ado. It is preposterous that we ask men to assume this heavy responsibility at those levels of pay."

Many of the points that were made by this editor and others who supported higher pay for State legislators can be made as effectively in the case of Federal Government salaries. The case is more pressing because the men in Federal Government whose salaries we would raise carry much greater responsibilities. We must attract the best to those positions and we cannot get the best if they must make substantial sacrifices, as most Federal judges must when they leave the practice of law to go on the bench. We cannot get the best either if we are confined to drawing from that select group whose members can serve because they have sufficient private resources to do so.

We concur completely in the recommendations of the President's Commission and the American Bar Association. We can understand the reluctance of Members of the Congress to raise their own salaries, but they have a responsibility to consider the responsibilities of the offices they and others hold in the Federal Government without regard for who holds the offices now. The offices should offer higher salaries.

COTTON BILL WOULD AUTHORIZE MULTIMILLION-DOLLAR PAYMENTS TO TEXTILE MILLS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Findley] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. FINDLEY. Mr. Speaker, the Cooley cotton bill, H.R. 6196, is legislative lunacy.

One of its most indefensible provisions is the authority for the Secretary of Agriculture to make multimillion-dollar payments to textile mills.

This would be true even if the bill is modified by the amendment, drafted by the gentleman from Maine [Mr. McIntire] and accepted informally as a committee amendment.

Actually, the Secretary would be authorized to make two types of payments. The first would be to persons other than producers, and the second would be to producers themselves through the novel nonsense known as "simultaneous purchase and sale."

The first type payment is "in kind." That is, the payment would be in the form of a certificate entitling the mill to a specific dollar value in cotton owned by the Commodity Credit Corporation. The certificate could be used to claim the cotton, or could be sold to another firm for cash. Either way, to the mill, it would be the same as a cash transaction.

To the taxpayer, it would be the same as cash too, because he has bought and paid for the CCC cotton.

The second type payment would be in cash only. The Government would buy the first 15 bales of cotton from each farmer and immediately sell it back to him at a loss. The price paid would be about 2 cents a pound above the market price. The farmer would immediately buy the cotton back at market price. The cotton would never actually move an inch. This is a fancy way of disguising a direct payment to the producer.

The Department of Agriculture estimates the first type payment would cost taxpayers $283 million annually and the second $62 million annually, for an annual total of $345 million.

In theory, "other than producers" could mean anyone in the cotton processing chain between the farmer and the retailer. Actually, legislative history clearly shows this payment would go to textile mills.

During consideration of the bill in committee, an amendment to make these "trade incentive" payments directly to farmers was adopted by record votes of 19 to 16 and 18 to 17. This amendment was later reconsidered and rejected by the committee by a record of vote of 19 to 15. An amendment to make these payments to the first purchaser—or second purchaser—was rejected by 28 to 6.

Since the committee spoke clearly on which parties are not to receive these payments, only the mills remain as the practical recipients.

Therefore, it is fair and proper to consider this bill as one proposing new and expensive subsidy payments to textile mills.

The committee has informally agreed to accept the McIntire amendment. It would remove some of the discretionary authority in the bill, and it would make mandatory a modest but specific schedule of reductions in price support. Similar reductions, so the proponents of the bill say, could be made by the Secretary under discretionary authority.

As the McIntire amendment very likely will be adopted by the House, I have computed typical payments authorized by the bill, assuming it is modified by the McIntire amendment.

For several months I have been gathering data so Members can have a clear idea of this legislation.

The substantial character of the payments was substantiated in a letter to me from Dr. Walter Wilcox, senior agricultural specialist of the Library of Congress.

Dr. Wilcox stated:

> This is in reply to your letter of January 26.
>
> Approximately 9 million bales of upland cotton of 500 pounds each are used by domestic millers. Each cent per pound subsidy on this cotton would cost the Government about $45 million. A 5-cent-per-pound subsidy would cost about $225 million and an 8-cent-per-pound subsidy on cotton used by domestic manufacturers would cost the Government about $360 million.

He went on to state:

> As a very rough estimate, the 12 largest textile mills probably process over half of the cotton used domestically. (The eight largest knitting mills accounted for 61 percent of the total value of shipments by knitting mills in 1958, according to the census of manufacturers.)
>
> It is probable that several of the largest companies process over 400,000 bales or 200 million pounds of cotton a year.
>
> Fragmentary information suggests that several of the largest merchants handle 500,000 bales or more.

As Dr. Wilcox points out, there are several textile firms in this country which use in excess of 400,000 bales annually. In considering this legislation, it should be borne in mind that approximately 35 textile companies use a total of 6 million bales of cotton annually and that 12 of these companies use approximately one-half of this 6 million bales each year.

Taking one of these large companies which uses 500,000 bales of cotton annually, and multiplying the proposed 6-cents-a-pound subsidy in the following calculation, we see the American taxpayer carrying a $15 million annual burden for just one textile company:

Calculation

Bales	500,000
Pounds per bale	500
Pounds in 500,000 bales	250,000,000
Cents per pound "Trade incentive" subsidy	6
Annual value of subsidy	$15,000,000

If the Secretary should, however under the broad authority of this bill, choose not to follow the legislative history and select some other "persons" as recipients of these Federal susidies, the same principle would apply. Ginners, merchants, warehousemen, or any other intermediate processors of cotton could also receive multimillion-dollar Federal payments each year under the provisions of H.R. 6196.

As a member of the Cotton Subcommittee, I have also had direct correspondence with several of the Nation's leading textile firms to verify cotton consumption data.

One firm, for example, informed me it uses 550,000 bales a year. If the McIntire amendment is adopted, this firm would qualify for hefty annual payments from U.S. taxpayers ranging between $13,750,000 to $16,500,000.

Thirty-five textile mills consume about two-thirds of the cotton that is used in the United States. Based on total annual consumption of 8,500,000 bales, this means 35 mills use about 5,600,000 bales. If domestic consumption should rise to 9 million bales, as predicted by the sponsors of this bill, this would mean these 35 mills would probably consume about 6 million bales of cotton.

Using the lower figure as a base, this means an average annual consumption of 160,000 bales per mill. Each of the top 10 mills consume over 200,000 bales. Data I have secured and verified directly myself show that five mills use over 300,000 bales, and two of these exceed 400,000.

The table below lists the current annual consumption of five major U.S. textile firms. I have verified the facts by direct correspondence, but withhold their names. Since the mill payments authorized if the McIntire amendment is adopted range between 5 and 6 cents a pound, this figures $25 to $30 a bale.

Mill	Annual consumption (bales)	Value of annual payments under H.R. 6196 with McIntire amendment
A	550,000	$13,750,000–$16,500,000
B	450,000	11,250,000– 13,500,000
C	375,000	9,375,000– 11,250,000
D	305,000	7,625,000– 9,150,000
E	250,000	6,250,000– 7,500,000

Payments to mills mentioned above are only part of the total cost to taxpayers.

For example, under the bill, whether modified by the McIntire amendment or not, an immediate 8½-cent-a-pound payment would be made to owners of raw cotton now in private inventories. In addition, special bonus payments are authorized for the first 15 bales produced by each farmer.

There should be no doubt that this legislation greatly increases the cost of the present cotton program.

I offer these citations:

Page 12 of the committee report, presenting the views of the committee majority, states:

> The Department of Agriculture estimates that the program under H.R. 6196 would cost approximately $250 million more annually than the program under the current cotton law.

Page 32, same report, presenting the view of the minority, states:

> The bill would cost an additional $221 million, and according to the information submitted to the committee by the U.S. Department of Agriculture, it would bring the cotton program's total cost to $779.4 million annually.

Earlier this year the Senate Committee on Appropriations, preparing the fiscal year 1964 appropriation bill for the Department of Agriculture, commented on the cost of the Cooley cotton bill at page 21, House Report No. 497, as follows:

> There is pending legislation dealing with subsidy payments on cotton which would require upward of $300 million annually, if enacted.

The Associated Press on October 23, as reported in the Washington Evening Star, quoted the Department of Agriculture as "estimating the new subsidy would cost the taxpayers $250 million a year."

These cost estimates would not be materially altered by the McIntire amendment, because they are all based on the same "trade incentive" subsidy payment—6 cents a pound—for 1964.

I would urge all Members to consider carefully the total price tag, as well as the multimillion-dollar mill payments, before making any commitments on this legislation.

PLAIN TALK AT U.N.

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. Johansen] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, I rise to commend our able colleague from California [Mr. Mailliard] for his recent blunt talk before the United Nations Budgetary Committee.

Mr. Mailliard is a newly appointed member of the U.S. delegation to the General Assembly, but he has already brought some uncommon commonsense to the deliberations of this international agency.

In his remarks to the Budgetary Committee, he challenged both the freewheeling spending practices of the U.N. and the growing habit of some of the member nations in letting Uncle Sam pick up the tab for its expenditures.

It may be difficult for the U.N. bureaucrats—including some who ostensibly represent the United States—to adjust to this sort of blunt talk.

It is my hope, however, that Congressman Mailliard will give them some more of the same.

Under permission to revise and extend my remarks, I include a November 1 editorial from the Chicago Tribune commenting on Mr. Mailliard's statement to the U.N. Budgetary Committee.

Growth Industries

> It is surprising and somehow heartening, to find an American spokesman in the United Nations arising to say that much of the U.N. operation is a continuous boondoggle and that the membership should start practicing some economy. But perhaps this switch is easier to fathom when it is understood that the adjuration came from a Republican Congressman who is also a member of the U.S. delegation.
>
> The unwelcome counsel was voiced by Representative William S. Mailliard, of California, speaking before the U.N. Budgetary Committee. He recounted that the United States will be obliged to pay about half of the $550 million cost of U.N. activities throughout the world this year, and recalled that even the Secretary General, U Thant, saw a $112 million deficit in prospect.
>
> Mr. Mailliard referred ironically to the booming business in international conferences, which he called "one of the great growth industries of the postwar world," and he suggested that before more powwows are scheduled, the question be asked, "Is this meeting really necessary?" Then he proposed that U.N. functionaries who felt impelled to travel get out of first class and ride economy class.
>
> We are not too sanguine that Representative Mailliard's remarks will have much effect, for the vast apparatus of U.N., with 35,000 international bureaucrats in the specialized agencies alone, not to mention the headquarters staff and the delegations representing 111 countries, find U.N. a good excuse for fat expense account living.
>
> Nevertheless, Mr. Mailliard is correct in saying that sound growth in organizations, as in fruit trees, depends on periodic pruning. The United States should be interested in encouraging such activity, for it has to date committed itself to buy more

than $70 million worth of the U.N.'s so-called bonds to cover the last deficit, and, at the present rate of spendthrift expenditure, it won't be long before some more bum paper is being peddled.

Of course, looking to Washington's example in running the Federal Government, the U.N. won't be much impressed with the need for economy. We suggest that Representative MAILLIARD go back to the Capital and direct similar admonitions to the Kennedy administration.

PRIVATE OWNERSHIP OF FIREARMS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. KING] may extend his remarks at this point in the RECORD and include an article by Mr. SIKES.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. KING of California. Mr. Speaker, I include in the RECORD at this point an article by our distinguished colleague, the Honorable BOB SIKES of the First District of Florida, entitled "Why I Sponsored a Bill To Protect the Private Ownership of Firearms."

Many thousands of American citizens will be appreciative of his valued contribution on this important subject.

On Thursday, September 12, at a public hearing, the chairman of the House Committee on Foreign Affairs, the Honorable THOMAS MORGAN, stated categorically that he supported the language of H.R. 6364, a bill to insure that the disarmament program would not curtail lawful ownership of firearms by citizens of the United States. In that hearing no voice was raised in objection to this language. It appears certain that the language will be incorporated into the authorizing language for the U.S. Arms Control and Disarmament Agency.

This simply means that great organizations of gun lovers and sportsmen like the National Rifle Association and outstanding publications like Guns and Ammo, and leading patriotic organizations like the VFW, have done a thoroughgoing job in educating the American public to the danger inherent in that act at present. It further shows that an alert American public—and only an alert American public—can protect its rights and its freedoms against the encroachment of bureaucracy.

As the sponsor of H.R. 6364, here is what I said on this occasion.

The bill, S. 777, an act to amend the Arms Control and Disarmament Act, contains new language which was inserted in the bill at the request of Senator HICKENLOOPER. It is found in paragraph (c), section 3, of the bill on page 3 and reads as follows: "Such section is further amended by adding at the end thereof the following new sentence: 'Nothing contained in this Act shall be construed to authorize any policy or action by any Government agency which would interfere with, restrict, or prohibit the acquisition, possession, or use of firearms by an individual for the lawful purpose of personal defense, sport, recreation, education, or training.' " This is similar to H.R. 6364 introduced by me as a separate bill amending section 33 of the Arms Control and Disarmament Act.

In the Senate at the time of the passage of the act, Mr. HUMPHREY had this to say about the language to which I have referred. "The amendment is self-explanatory. It is the committee's view that nothing in the original act would have authorized the Agency to deal with the question of individual ownership and possession of firearms. Since some concern seems to exist, nevertheless, in the minds of sportsmen and others, the committee recommends this amendment to the Senate to make the congressional intent entirely clear." This appears on page 10240 of the CONGRESSIONAL RECORD of June 13, 1963.

It is my hope that this language will be retained in the bill if it is reported by your committee. This is language which has been urged by the National Rifle Association of the United States, by a number of sports magazines, such as Guns and Ammo, by powerful military, veterans', and patriotic organizations, and by many individuals. I have before me an editorial from the magazine, Guns and Ammo, for August which I submit for the records of the committee as a part of this statement. The editorial is entitled "A Vital Bill Before Congress" and refers to my amendment.

Insofar as I can determine, Mr. Chairman, there is no opposition to the amendment. In a letter addressed to the chairman by Mr. William C. Foster, it is stated that "The U.S. Arms Control and Disarmament Agency has no objection to such an amendment, but believes it unnecessary." Now, it may be unnecessary just as insurance on property may be unnecessary, but it sometimes is a very useful thing to have. You may have a building you consider fireproof and you may think here is a place to save on insurance. But, the day a gasoline truck overturns in the immediate area, or there is a bad short in the electric wiring system, or a firebug equipped with incendiaries starts his work in the area, you find that you didn't have a fireproof building after all. Then, it is too late to get insurance. I believe this language is insurance and that it will be a useful thing to have.

As the committee well knows, the content of the legislation and the executive policy on the subject of the Arms Control and Disarmament Agency have generated much publicity and reaction through the country. Many patriotic organizations and individuals have been highly critical of the purposes and scope and handling of the Disarmament Act. The general grounds for criticism have been that the implementation of this law would place the United States in a dangerous political, economic, and military position vis-a-vis the Communist bloc. There is a great deal of public apprehension over the prospect of surrendering our defenses into the keeping of the U.N.

The language, temper, and range of the act are idealistic and broad. Certain perhaps unintended consequences could conceivably flow from the carrying out of its existing provisions, and such consequences would negate one of our most cherished rights. This right is the possession and use of firearms by the law-abiding private citizen.

Thousands of Americans who own and enjoy firearms for defense and sport strongly feel that the continuation of this ownership and enjoyment is seriously threatened by the vague language and by the administrative interpretation of the disarmament statute. Assurances of the Director and other officials of the Arms Control and Disarmament Agency have not dispelled this fear.

I believe that there is substance to the apprehension of our citizens. The all-emcompassing nature of the law and Agency pronouncements thereon speak for themselves. In order to make absolutely clear that the Arms Control and Disarmament Act does not include the elimination of private firearms as part of the proposed disarmament program, I support the amendment adopted by the Senate and covered by my bill on this subject.

Now, I want to depart from my statement and to recount the background which prompted the drive for this protective language.

I have not been happy with the actions taken by the Agency. Although its basic design had appeared sound and its purpose commendable, the organization has been injected into too wide an area of operation. I see very little being done by the Agency which could not be done by the State Department and other existing Government agencies. To me it has simply provided more frosting on the cake and costly at that. It is another layer of officialdom on top of officialdom.

The Agency, of course, claims to have had a vital part in the proposed test ban treaty, to have thought up and helped to accomplish the hot line between Kennedy and Khrushchev. Knowing something about the particulars in these cases, I am reminded of the flea that rode an elephant across the bridge—then said, "We sure shook that one, didn't we?"

There have been indications that the Agency, failing to achieve more concrete results on the international scene, could turn to domestic regulation of firearms in order to show a reason for its continued existence. Quite frankly, I had hoped that the Agency would be allowed to die or to be abolished. Knowing of the administration's support for the Agency, however, that seemed a dim hope and, after conferring with my colleagues in Congress, with legislative experts, and with the National Rifle Association, I determined to draft and introduce legislation to prevent this Agency from ever usurping the citizen's constitutional guaranteed right to keep and bear arms. H.R. 6364 was dropped into the hopper of the House of Representatives on May 15 and began the long trip which all bills must take if they are to become law.

H.R. 6364 was referred to the House Committee on Foreign Affairs, where it lay relatively undisturbed until the end of August, when the committee began hearings on amendments to the Arms Control and Disarmament Act.

In the Senate, however, favorable action was taken almost immediately. The Senate Foreign Relations Committee held hearings on amendments to the Arms Control and Disarmament Act on April 10, and in later executive sessions, added a stipulation that the Agency not be allowed to regulate private firearms. My good friend, Senator BOURKE HICKENLOOPER, of Iowa, was responsible for the inclusion of this amendment, and the Senate committee accepted it without argument in a closed session. On June 17, the Senate passed amendments to the Arms Control and Disarmament Agency, stipulating that "nothing contained in this act shall be construed to authorize any policy or action by any Government agency which would interfere with, restrict, or prohibit the acquisition, possession, or use of firearms by an individual for the lawful purpose of personal defense, sport, recreation, education or training."

The House Foreign Affairs Committee has now considered this bill. I am confident it will concur in the Senate version, and that the House will approve this guarantee of basic rights. Then, the freedom to keep and bear arms will be protected against Government encroachment through this Agency.

I have heard criticism from some quarters about allowing the free possession and use of firearms in modern American society. Arguments that this contributes to crime and constitutes a menace to free government are completely fallacious. Our forefathers knew what they were doing when they approved the second amendment to the Constitution, which states that "a well regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed." Then, as now, an armed citizenry is less likely to be cowed by criminal elements or oppressive government. Rather than restricting freedom, the right to possess arms guarantees it by instilling independence and strength in an enlightened people.

The United States is facing a critical period in its history. The years to come will decide the desperate battle between communism and freedom, individualism and totalitarianism. If we are to win this struggle, we will need to preserve and use every element of strength that is available to us. Americans are fighting and dying in farflung corners of the world. Some of them will survive because of lessons in marksmanship and acquaintance with firearms they gained as boys in a free society. We would be making a fatal mistake if we allowed the right to keep and bear arms to be curtailed. My provision will help guard against this. I am optimistic that the provisions of H.R. 6364 will be enacted into law. This measure is vital enough to merit the support of all freedom-loving Americans.

RUSSIAN BEHAVIOR—IN BERLIN AND IN THE WHEAT BINS

The **SPEAKER.** Under previous order of the House, the gentleman from Ohio [Mr. FEIGHAN] is recognized for 5 minutes.

Mr. FEIGHAN. Mr. Speaker, there is considerable speculation in Washington circles as to the reasons for the provocative Russian blockade of U.S. military convoys plying between free Berlin and the Federal Republic of Germany. The so-called Kremlinologists are guessing that this is a Russian maneuver to remind us that they will never permit a free and united Germany. Other observers view this episode as evidence of a split between Khrushchev and aggressive factions in the Red Army who disagree with his peaceful coexistence tactics. And some even see it as no more than an indication of poor communications between the Moscow Kremlin and the Russian military commanders in Berlin.

But Khrushchev himself clarified the reasons for the provocative Russian behavior in Berlin. Speaking within the past few days to a group of American businessmen visiting Moscow, Khrushchev observed that had the United States employed force to get our blockaded military convoys through, this action might have led to war with the result "none of us would be here today." After this exercise in the Russian technique of spreading fear, Khrushchev then took up the pending Russian-American wheat deal, threatening that if the United States persisted in its demand that U.S. vessels be used to transport our wheat to the Soviet Union, we might end up eating our own wheat. It is now clear there is a direct connection between the latest Russian provocations in Berlin and the backroom haggling now going on between a combine of U.S. grain merchants and commissars of the Russian empire. The haggling I refer to concerns the shell game being played by the Russians to siphon off our surplus wheat. There is no doubt in my mind that Khrushchev ordered the recent provocations in Berlin in order to provide his agents with more leverage at the backroom haggling table. It is equally clear that Khrushchev remains convinced his blackmail tactics will produce the desired results in negotiations with the United States.

Khrushchev is being completely consistent in his efforts to squeeze us in Berlin in order to extract our wheat under conditions set by him. Such behavior is Russian par for friendly relations with all non-Russian nations, free or captive. It would be an act of premeditated stupidity to assume that Russian behavior patterns have been changed by any events of the recent past.

It is useful to recall in this connection the extended negotiations between the United States and imperial Russia for settlement of the Russian World War II debt to the United States. The official estimate of this debt is $10.8 billion.

In 1948, when the negotiations opened, we asked the Russians for an inventory of U.S. lend-lease goods on hand at the time of VJ-Day which would have peacetime use. It was then assumed we would write off the cost of lend-lease goods used in the prosecution of the war. However, the Russians refused to provide us with the requested inventory. Under these circumstances the United States put a reasonable value of $2.6 billion on the Russian inventory of U.S. lend-lease materials. This estimate did not include the value of 84 lend-lease merchant ships or 49 army-navy watercraft loaned to the Russians during the course of the war.

During the course of the 1948 negotiations, the United States proposed that the Russians pay $1.3 billion to clear up their actual debt of $10.8 billion. This figure was one-half of the reasonable value of $2.6 billion that we had put on the Russian inventory of our lend-lease materials of VJ-Day. This generous offer by the United States, amounting to a claim of about 10 cents on the dollar, was rejected by the Russians. The Russians then came up with an offer to pay $170 million to cancel out their debt of $10.8 billion. This offer was rejected by the United States.

Negotiations were reopened in 1951-52. At that time the United States reduced its asking price to $800 million. The Russians in turn offered $240 million, which was refused. The Russians then raised their offer to $300 million, or just short of 3 cents on the dollar repayment. This offer was also rejected by the United States.

On January 11, 1960, the negotiations were again reopened. "Smiling Mike" Menshikov was the Russian negotiator. The United States then took the position that negotiations should deal solely with the lend-lease debt. The Russians then demanded that a trade agreement granting them most-favored-nation treatment and long-term credits on terms acceptable to them be negotiated simultaneously with the lend-lease debt issue.

At the time of the 1960 negotiations with the Russians, word leaked out that the Russians had offered to pay $300 million in settlement for their $10.8 billion lend-lease debt, provided however, that the United States granted them long-term credits of $1.5 billion. It was obvious the Russians would come out of this deal with a net gain of 1.2 billion U.S. dollars which they would use to purchase coveted U.S. industrial plants and equipment. In this connection it will be recalled that Khrushchev, while visiting the United States in September of 1959, announced he would like to purchase chemical plants and high speed steel fabricating equipment from us and publicly urged that Federal laws prohibiting sale of strategic goods to the Soviet Union be overturned by our people.

At that time I, among many others, raised a protest, pointing out the obvious, mainly:

First. That we would be paying the Russians $1.2 billion for the privilege of canceling their debt to us of $10.8 billion.

Second. That the Russians would use the $1.2 billion new money to purchase the means to hasten our burial ceremony.

That deal did not go through, despite the spirit of Camp David which hung heavy over the American scene.

I ask now what happened to the Russian gold that allegedly was to be put on the barrel head for our wheat?

While I oppose the sale of wheat or anything else that would help to preserve the Russian empire, I believe our people are entitled to a forthright answer to that basic question.

It is a sad commentary that the American people are now largely dependent on propaganda statements from Moscow for news on the current status of the wheat negotiations. Khrushchev has taken full advantage of this news vacuum to monopolize our news media on this issue. Yesterday Khrushchev announced in Moscow it would be possible to reach agreement with grain dealers in America "if we bargain on the basis of equality without discrimination." Just what the Russians mean by the basis of equality without discrimination can be taken from our experiences in the prolonged negotiating with them on the repayment of their World War II debts. Equality to the Russians means they demand equal rights with the U.S. Government to dip into our surplus wheat bins, without cost to them. Similarly they charge discrimination against us if we ask them to pay for our wheat what it cost our agricultural economy to produce it and they charge discrimination if we insist that U.S. shipping vessels have a right to profit and longshoremen have a right to employment from what has been advertised as a purely commercial transaction involving Russian gold for American wheat.

I would not be surprised if a question was raised about what assurances we have that American vessels will be allowed to return home if they are used to transport our wheat to the Russian empire. The Russian record for acquiring our ocean vessels at no cost to them is notorious. Moreover, the amount of public confusion generated by the Russians on this entire matter would make such a question logical.

According to public statements made by Khrushchev, his agents are negotiating with private American grain dealers. Yet our press reported today the chief Russian wheat agent has been meeting with Under Secretary of State Ball and that negotiations took a "favorable turn" at a meeting last Wednesday. It is fair to ask with whom the Russian wheat agents are in fact negotiating and what the negotiations are all about.

Khrushchev has taken full advantage of the prolonged silence on this issue by official Washington. It is time the official U.S. version of what is taking place in the negotiations to exchange surplus Russian gold for surplus American wheat became at least dimly visible and audible through our news media.

AMERICAN FOREIGN AID BUILDING UP FOREIGN COMPETITION

The SPEAKER. Under previous order of the House, the gentleman from Florida [Mr. Haley] is recognized for 10 minutes.

Mr. HALEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HALEY. Mr. Speaker, I want to call to the attention of my colleagues in the Congress an article appearing in the Washington Post of this morning, Friday, November 8, under the byline of "The Washington Merry-Go-Round" written by Jack Anderson. It has been demonstrated to me for many years, Mr. Speaker, that the people of the United States will never shake off this foreign aid worldwide giveaway for which we are taxing the American people billions of dollars—hundreds of billions of dollars, and, as a matter of fact, to do what? To build up in the foreign countries of the world competition against the American business people and exporting the jobs of American labor by the expenditure of the taxpayers' money.

I have always contended and still contend that when the American people through their manufacturers and their businessmen and their labor leaders understand what this particular program has done to weaken the economy of this Nation that they would demand that the program cease. I think it will be a fine thing for the American people when they realize just what is going on. We build steel mills that compete with our own people. We have destroyed, Mr. Speaker, practically, the textile industry of this Nation. We have purchased through our foreign aid funds the finest textile equipment possible—sure the people of Lowell, Mass., and other places have profited, but we have given plants all over the world the finest equipment that it is possible to obtain—free. We, in turn, sell the raw material in the form of cotton at 8½ cents less a pound than a man or a plant operating in any State in this Union can buy it from our own Government.

I say, Mr. Speaker, it is about time that this program was phased out and that the taxpayers of America who have contributed generously to the other people of the world are given some relief.

Mr. Speaker, I include in the Record this fine newspaper column which is as follows:

[From the Washington (D.C.) Post, Nov. 8, 1963]

Aid Builds Business Competition

(By Jack Anderson)

Foreign aid has bubble gummed in Uncle Sam's face, and he's now unhappily picking it out of his whiskers.

But plainly, aid money has built foreign factories which today are forcing American firms out of business and American workers out of work.

This is a development Senators can no longer overlook as they debate this week how much more money to ladle out to needy nations.

For our income tax payments already have helped to build up competitive industries overseas, often providing them with more advanced equipment than our own.

Result: At home, one industry after another has been forced by foreign competition to cut back production, thus adding to our 4 million unemployed and multimillion-dollar gold loss.

Few seriously suggest that foreign aid should be cut off. With two-thirds of the world living on the starvation line and easy prey to communism, the United States in the interests of its own security must continue to help the underdeveloped nations to help themselves.

Yet in the last 5 years, foreign aid has built, expanded or modernized: 31 pulp and paper plants, 24 chemical plants, 13 aluminum plants, and 22 rubber-processing plants. It has given another 27 loans or grants for studies or construction of petroleum refineries.

GENEROSITY BACKFIRES

Our tax money also has built foreign shipyards, plastic plants, pottery works, engineering labs and industrial research centers.

A reported $2 billion has gone out of the U.S. Treasury to build or expand 179 foreign steel mills. This American generosity has helped to reduce our share of the world's steel market from 17 percent in 1950 to less than 6 percent.

Result: Our steel mills are operating today at only about 60 percent of their capacity.

Congressman Bob Casey points a finger, for instance, at Mexico across the border from his native Texas. In 1960, Mexico exported only 65 tons of steelplate to the United States. Two years later, the figure had risen to 12,000 tons, which has already been more than doubled this year.

"Whose tax money," cries Casey, "do you think built the 22 Mexican steel mills under our aid program?"

For the textile industry, the aid-pampered competition has been even more disastrous. No one seems able to say exactly how many rival mills Uncle Sam has built around the world.

But South Carolina Congressman Robert Hemphill has said: "In our efforts to revitalize Japan as a bulwark against communism, we participated technically, financially and otherwise in creating a Japanese textile industry that today threatens our own with ruin."

SHIRTS AT $1.99

On a trip to the Orient, Hemphill also saw U.S.-financed textile plants in India, Korea, Formosa, and Hong Kong. He saw in Hong Kong mills with the latest American looms, far finer than most American mills have been able to afford.

He was hardly surprised later to find, in a South Carolina department store, men's dress shirts from Hong Kong offered for $1.99 alongside American-made shirts priced at $5.95. Few consumers are so patriotic that they will pay the extra $3.96 for an all-American shirt.

In the past 10 years, nearly 4 million cotton spindles have been closed down and 290,000 millworkers have lost their jobs. Another 350 woolen and worsted mills have been closed, putting an additional 105,000 people out of work.

Textile leaders have begged the Government for a little of the aid that has been given to the Japanese industry. But they have been largely ignored.

An ailing factory apparently can't qualify for U.S. aid unless it is located overseas.

Foreign shipyards built with aid money and cheap foreign steel are pushing our own shipbuilding industry to the wall. Since 1948, more than $600 million in aid has gone to build or modernize foreign yards. Add the assistance given to foreign steel mills, and American shipbuilders are working under a $1 billion handicap.

MUSHROOMS FROM TAIWAN

Even American mushroom growers have hired a Washington attorney to seek relief from the competition of the U.S.-financed mushroom industry in Taiwan. Uncle Sam's experts looked around for some way to help the economy of Taiwan and decided mushrooms might do the trick. They sent over prize spores, taught the peasants how to cultivate. The new industry literally mushroomed.

The first mushrooms from Taiwan started coming into this country in 1960. Exports doubled the following year, doubled again in 1962. Now Formosan mushrooms account for 25 percent of American consumption of the edible fungi.

It is hard to disagree with those American businessmen who are plaintively asking a rather deaf Uncle Sam: "Isn't it time some charity began at home?"

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Feighan, for 5 minutes, today, to revise and extend his remarks.

Mr. Saylor (at the request of Mr. Reifel), for 1 hour, on Tuesday, November 12.

Mr. Haley, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mrs. Kee.

Mr. Bray.

Mr. Hechler and to include extraneous matter.

(The following Member (at the request of Mr. Reifel) and to include extraneous matter:)

Mr. Derwinski.

(The following Members (at the request of Mr. Albert) and to include extraneous matter:)

Mr. Powell.

Mr. Feighan.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the

Speaker's table and, under the rule, referred as follows:

S. Con. Res. 19. Concurrent resolution to designate "Bourbon whiskey" as a distinctive product of the United States; to the Committee on Ways and Means.

BILL PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 1989. An act to authorize the government of the Virgin Islands to issue general obligation bonds.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 24 minutes p.m.) under its previous order, the House adjourned until Tuesday, November 12, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1361. A letter from the Secretary of State, transmitting the Second Annual Report on the Operations of the Center for Cultural and Technical Interchange Between East and West (East-West Center) for the fiscal year 1962, pursuant to Public Law 86–472; to the Committee on Foreign Affairs.

1362. A letter from the Secretary of Commerce, transmitting a draft of a proposed bill entitled "A bill to authorize the Weather Bureau to make appropriate reimbursement between the respective appropriations available to the Bureau, and for other purposes"; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HALEY: Committee on Interior and Insular Affairs. S. 1868. An act to amend the act of August 3, 1956 (70 Stat. 986), as amended, relating to adult Indian vocational training; with an amendment (Rept. No. 894). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MATHIAS:

H.R. 9094. A bill to authorize the President to declare July 9, 1964, as Monocacy Battle Centennial in commemoration of the 100th anniversary of the Battle of Monocacy; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 9095. A bill to provide under the social security program for payment for hospital and related services to aged beneficiaries; to the Committee on Ways and Means.

By Mr. THOMSON of Wisconsin:

H.R. 9096. A bill prohibiting lithographing or engraving on envelopes sold by the Post Office Department, and for other purposes; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FINO:

H.R. 9097. A bill for the relief of Liborio Tortorici; to the Committee on the Judiciary.

By Mr. WATTS:

H.R. 9098. A bill for the relief of Dr. Ruhi K. Turkyilmaz; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

439. The SPEAKER presented a petition of Henry Stoner, General Delivery, Worland, Wyo., requesting legislation providing for the liquidation of the Small Business Administration, which was referred to the Committee on Banking and Currency.

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SENATE

FRIDAY, NOVEMBER 8, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Almighty God, Thou Father of all mankind, whose paths are mercy and truth: Before the white splendor of Thy purity, every vileness shrinks away.

Lift us, we pray Thee, as we come, above the smog of the immediate, and set our gaze on the wide horizons of abiding verities. In the anxious contemplation of conditions that baffle us, in the grip of swift currents which sweep us on, contending with evil forces whose hideous cruelty stabs our hearts with anguish, it is only the ultimate reality of Thy presence in such a world and the final invincibility of Thy truth which keep our feet from slipping in the whelming flood.

This day fix our eyes not just on what we vow before Thee to tear down, but upon what in Thy name and for the sake of all Thy children we pledge as channels of Thy might to build up.

With the burdens we all bear, guard our lips from chilling criticism which may unjustly wound some comrade plodding bravely on, with a heavy load, by our side.

We bring our prayer in the Redeemer's name. Amen.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, in order that the Senate may have before it a pending question, other than the bill itself, I call up my amendment No. 306, so that it will be the pending question.

Mr. MANSFIELD. Mr. President, I understand that the purpose of the Senator from Oregon is to have an amendment laid before the Senate, so that the Senate may be informed as to what the next question will be.

The PRESIDENT pro tempore. The amendment (No. 306) of the Senator from Oregon to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 47 of the committee amendment, as amended, it is proposed to strike out lines 15 to 21, inclusive, as follows:

(1) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed $1,000,000.

And to insert the following:

(1) No assistance shall be furnished under this Act to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance to such economically developed nations and is directed to terminate such commitments made prior to July 1, 1963, at the earliest practicable time. The President is further directed to report, not later than July 1, 1965, to the Speaker of the House and to the Senate Foreign Relations Committee on the steps which he has taken to comply with this provision.

As used in this subsection, the term "economically developed nation" means any nation listed as an exception to the definition of "economically less developed nation" contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland.

Mr. MORSE. Mr. President, this amendment is known as the United Nations amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment (No. 306) of the Senator from Oregon to the committee amendment, as amended.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, November 7, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On November 4, 1963:

S. 1064. An act to amend the act redefining the units and establishing the standards of electrical and photometric measurements to provide that the candela shall be the unit of luminous intensity.

On November 7, 1963:

S. 1523. An act to make certain changes in the functions of the Beach Erosion Board and the Board of Engineers for Rivers and Harbors, and for other purposes.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. Mansfield, and by unanimous consent, it was ordered that there be a morning hour with statements limited to 3 minutes.

MAINTENANCE OF ORDER

Mr. YOUNG of Ohio. Mr. President, I demand order. Certain attachés who stand around the Chamber and engage in loud conversation have no business here, and make only a conversation parlor of the Senate Chamber. The Sergeant at Arms should keep clear the space around the doorways and along the walls of the Senate Chamber, so that Senators may hear the proceedings. These fellows should be working, instead of loafing, anyway.

The PRESIDENT pro tempore. The Sergeant at Arms will take notice, and the Senate will be in order.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Inspection of Certain Towing Vessels

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to require the inspection of certain towing vessels (with accompanying papers); to the Committee on Commerce.

Reimbursement Between Appropriations of the Weather Bureau

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize the Weather Bureau to make appropriate reimbursement between the respective appropriations available to the Bureau, and for other purposes (with accompanying papers); to the Committee on Commerce.

Report on Negotiated Purchases and Contracts Made by the Coast Guard

A letter from the Administrative Assistant Secretary of the Treasury, transmitting, pursuant to law, a report on negotiated purchases and contracts made by the Coast Guard, since May 19, 1963 (with an accompanying report); to the Committee on Commerce.

Report on Educational Exchange Program

A letter from the Chairman, the Board of Foreign Scholarships, Department of State, transmitting pursuant to law, a report on the educational exchange program carried out under the Mutual Educational and Cultural Exchange Act of 1961 dated October 1963 (with an accompanying report); to the Committee on Foreign Relations.

Report on Personal Property Received by State Surplus Property Agencies and Real Property Disposed of to Public Health and Educational Institutions

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on personal property received by State surplus property agencies and real property disposed of to Public Health and Educational institutions, for the quarter ended September 30, 1963 (with an accompanying report); to the Committee on Government Operations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HILL, from the Committee on Labor and Public Welfare, without amendment:

S. Res. 218. Resolution conveying to the National Academy of Sciences and the National Research Council congratulations for its contributions to science and technology.

AMENDMENT OF SMALL BUSINESS INVESTMENT ACT OF 1958—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 639)

Mr. SPARKMAN. Mr. President, from the Committee on Banking and Currency, I report favorably, with amendments, the bill (S. 298) to amend the Small Business Act of 1958, and I submit a report thereon. I ask that the report be printed, together with the minority views of the Senator from Wisconsin [Mr. Proxmire].

The PRESIDING OFFICER (Mr. Edmondson in the chair). The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Alabama.

AMENDMENT OF SMALL BUSINESS ACT—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 640)

Mr. SPARKMAN. Mr. President, from the Committee on Banking and Currency, I report favorably, with an amendment, the bill (S. 1309) to amend the Small Business Act, and for other purposes, and I submit a report thereon. I ask that the report be printed, together with the minority views of the Senator from Wisconsin [Mr. Proxmire].

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Alabama.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FONG:

S. 2297. A bill to revise the procedures established by the Hawaii Statehood Act, Public Law 86-3, for the conveyance of certain lands to the State of Hawaii, and for other purposes; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. Fong when he introduced the above bill, which appear under a separate heading.)

By Mr. HART (for himself and Mr. Humphrey):

S. 2298. A bill to establish a Commission on the Application of Technology to Community and Manpower Needs, and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. Hart when he introduced the above bill, which appear under a separate heading.)

RESOLUTION

EXPEDITIOUS CONSIDERATION OF BUSINESS DURING NEXT SESSION OF CONGRESS

Mr. PROXMIRE submitted a resolution (S. Res. 224) favoring the adoption by the leadership of the two Houses of a schedule looking to expeditious consideration of business during the next session of the Congress, which was ordered to lie on the table.

(See the above resolution printed in full when submitted by Mr. Proxmire, which appears under a separate heading.)

REVISION OF PROCEDURES ESTABLISHED BY HAWAII STATEHOOD ACT, RELATING TO THE CONVEYANCE OF CERTAIN LANDS TO HAWAII

Mr. FONG. Mr. President, the bill I am introducing today revises the procedures of the Hawaii Statehood Act providing for transfer of surplus Federal lands to the State of Hawaii.

Land is a very scarce and precious commodity in Hawaii. The State stretches 1,600 miles between its farthermost points, but our land area totals only 6,435 square miles, only 4,119,400 acres.

The act of March 18, 1959, the Hawaii Statehood Act, passed by the U.S. Congress, provided for admission of Hawaii into the Union of States. As part of this act, provision was made for return of lands in Federal possession which were surplus to Federal needs. This was to be accomplished within a period of 5 years after statehood. August 21, 1964, is the deadline.

There are two categories of Federal surplus lands, ceded and purchased. Ceded land is public land which the Republic of Hawaii voluntarily gave free to the U.S. Government when the islands became a U.S. Territory in 1898.

Purchased land is land which the Federal Government acquired thereafter by purchase, condemnation, donation, exchange, or otherwise.

It is important to remember that, prior to annexation, Hawaii was an independent nation and owned all of its public lands. These lands—290,000 acres—were all ceded to the Federal Government without charge. Subsequently, the Federal Government obtained 120,000 acres through land exchanges. At the time of statehood, the Federal Government possessed a total of 410,000 acres obtained free of charge.

Time is running out for transfer of surplus Federal lands to Hawaii. It is only 9 months to the August 21, 1964, deadline. The necessary paperwork, investigations, and determinations of surplus properties have taken far longer than anticipated. An extension of time is sorely needed.

Furthermore, while there was general agreement that surplus ceded lands were to be returned to Hawaii, a disagreement has arisen between the executive branch and the State of Hawaii with regard to purchased lands. The State has held that Congress intended that land acquired by the United States by purchase, condemnation, donation, exchange, or otherwise were to be returned to Hawaii without cost if surplus to Federal needs. The Attorney General of the United States, on June 12, 1961, held otherwise.

This disagreement resulted in a court case brought by the State of Hawaii to obtain a ruling on the meaning of the Statehood Act relative to purchased lands.

This past spring the Supreme Court declined to consider the case on the ground that the Federal Government had not given its consent to be sued. Therefore, I introduced a bill (S. 1396) giving Hawaii the necessary permission.

The Senate Committee on the Judiciary, on October 29, unanimously approved my bill, saying in the committee report that "it is only fair and right that the State of Hawaii should be entitled to its day in court."

Obviously, since the August 21, 1964, deadline is imminent, additional time will be necessary to effect the transfers of surplus purchased lands if it is determined that the Federal Government has such authority to transfer these parcels.

The bill I am introducing today extends the deadline for both ceded and purchased lands. In addition, my bill provides for the return of a tract of filled land on Sand Island in Hawaii regarding which title is in doubt and there is question as to whether it is ceded land or submerged land.

Section 1, relating to ceded lands, is identical to section 1 of S. 2275, which was drafted by the Bureau of the Budget and which I am cosponsoring with my colleague, the junior Senator from Hawaii [Mr. INOUYE]. In a letter accompanying the draft bill, the Director of the Bureau of the Budget, Mr. Kermit Gordon, stated:

> We believe that Hawaii has a unique claim on the lands and property involved since they were originally given to the United States by the Republic or the Territory of Hawaii. That claim and the special status of those lands and property have been recognized by the United States for many years. In essence, the proposal would provide for the continuation of a 60-year practice of returning those lands and property when they were no longer needed by the United States.
>
> The bulk of the lands involved, which were ceded at the time of annexation, have always been treated differently than the other public lands of the United States. History clearly indicates that those lands were regarded as having been held in a special trust status by the United States for the benefit of the Hawaiian people. The resolution of annexation barred the extension of Federal public land laws to Hawaii and provided that the revenues from the ceded land, except for those used by the United States, were to be used solely for the benefit of the inhabitants of Hawaii.

Therefore, the Budget Bureau bill and the bill I am introducing today provide a procedure whereby the ceded and other lands and properties which are set aside may continue to be returned to the State of Hawaii whenever they become surplus to Federal needs.

The Budget Bureau believes such action "is fully justified in keeping with the manner in which the lands and properties were acquired and the history of the special trust status in which they have been held."

While the lands would generally be returned to the State without monetary consideration, section 1 of the draft does authorize the Administrator to make such conveyances subject to any terms and conditions he may prescribe. It is anticipated that that authority would be used primarily to preserve utility easements and to protect Federal interests in other properties which it retains. Provision is also made for safeguarding the U.S. interest in buildings, structures, and other improvements made on the lands after they were set aside. In the event that the surplus lands contain such improvements which have an estimable fair market value, under section 1 of the draft, the Administrator must require the State to pay such fair market value before the lands and improvements are conveyed. In the event the State does not agree to the payment, the Administrator may remove the improvements and dispose of them under other applicable laws or, if they cannot be removed without substantial damage, he may dispose of both the improvements and the lands involved under other applicable laws. In the latter case, in keeping with Hawaii's claim to the land, the Administrator would be required to pay over to the State that portion of any proceeds equal to the value of the land involved.

The bill I am introducing today, however, provides something more than the Budget Bureau bill (S. 2275). My bill provides for return to Hawaii of surplus federally purchased lands—that is lands acquired by the United States by purchase, condemnation, donation, exchange, or otherwise—which were owned by the United States on the date Hawaii was admitted into the Union—August 21, 1959—which were retained by the United States pursuant to subsection 5(c) of the Statehood Act—March 18, 1959—and which are no longer needed by the Federal Government.

But these lands are not to be transferred to Hawaii unless within 5 years following the date of enactment of my bill, the U.S. Attorney General or the Supreme Court rules that section 5(e) of the Hawaii Statehood Act authorized such transfer.

In other words, my bill does not ask Congress to transfer to Hawaii free of charge surplus Federal purchased lands. My bill only asks Congress to allow Hawaii time to obtain a ruling—by the Nation's highest Court or by the Attorney General—that lands authorized to be transferred under the Statehood Act include purchased lands.

I want to emphasize that my bill confines surplus purchased lands to those lands held or retained as of Hawaii's statehood—not those acquired after August 21, 1959.

I also want to emphasize that the interest of the Federal Government is amply protected in that it is the Federal Government, and only the Federal Government, which will make the determination as to whether any ceded lands become surplus to it in the future. So that this provision for return of lands rests upon the sole determination of the Federal Government. The State of Hawaii will have no voice in the decision as to what, if any, lands become surplus to the U.S. Government.

I believe the Congress and the people of the United States can rest assured that the Federal Government will protect the national interest in any determination as to what, if any, ceded lands are surplus to all Federal needs.

The third major feature of my bill—identical to the provisions in the Budget Bureau bill—provides for the return to Hawaii of the last approximate one-third of Sand Island.

During the years Hawaii was a monarchy and a Republic, Sand Island, sometimes known as Quarantine Island, was less than 10 acres of dry land.

In 1899, after a Hawaii court ruled that the lands in the area around Honolulu Harbor were held in trust for the people of Hawaii, the territorial government went to court to quiet title to these lands because private parties were claiming title to some of them. As the Federal Government was using Sand Island as a quarantine station, it was natural that the United States wanted to clear up the title, too. In the resulting compromise, private claimants gave up their claims to Sand Island in favor of the Federal Government. In return, the Territory of Hawaii gave to these private claimants land patents to the reef land area in the Iwilei district.

Over the years, the Federal Government added fill to the Sand Island area enlarging it to its present size of about 528 acres.

In 1943, by authority of the Hawaii Organic Act of 1900, the Territorial Governor set aside for the Hawaii Aeronautics Commission about 125 acres of Sand Island not being used by the Federal Government. It was assumed at that time that Sand Island, in spite of being mainly filled land, was ceded land that either the President or the Governor could set aside.

But in 1958, when the U.S. Army declared excess an additional 202 acres on Sand Island, the Justice Department questioned whether the filled lands were ceded lands which could be transferred to Hawaii under the Hawaii Organic Act. Therefore, in 1958, Congress passed a law authorizing the President to issue an Executive order transferring the 202 acres to the Territory of Hawaii. This was done in Executive Order No. 10833 in 1959.

Thus, of the 528 acres on Sand Island, Hawaii, prior to statehood, had already received 327 acres.

After statehood, Hawaii claimed an additional 155 Federal surplus acres on Sand Island as ceded lands and asked for their return. Hawaii also asked for approximately 87 acres which are under water. Hawaii does not claim the 46 acres needed by the Coast Guard.

The Justice Department contends part of Sand Island is ceded, but other parts are filled and submerged lands. Thus, my bill and the Budget Bureau bill provide for the third and last phase in the return of Sand Island lands by the Federal Government.

As the Director of the Budget Bureau, who drafted the bill, said:

> The proposal would provide for continuation of a 60-year practice of returning those

lands and property when they were no longer needed by the United States.

Finally, section 2 of my bill provides that any conveyances to the State of Hawaii under section 1 shall be considered part of, and subject to the terms and conditions of the public trust established by section 5(f) of the Hawaii Statehood Act. That trust, which already applies to all the ceded lands returned to Hawaii under provisions of the Statehood Act, requires that the lands involved and the proceeds therefrom shall be held by the State for the support of public schools, betterment of the conditions of native Hawaiians, making of public improvements, and other limited public purposes.

What is asked in my bill is congressional recognition of Hawaii's unique land situation and equity and fair play for our State.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2297) to revise the procedures established by the Hawaii Statehood Act, Public Law 86-3, for the conveyance of certain lands to the State of Hawaii, and for other purposes, introduced by Mr. FONG, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

COMMISSION ON THE APPLICATION OF TECHNOLOGY TO COMMUNITY AND MANPOWER NEEDS

Mr. HART. Mr. President, I introduce, for appropriate reference, a bill proposing the establishment of a Commission on the Application of Technology to Community and Manpower Needs.

Joining me in placing this proposal before the Senate is the senior Senator from Minnesota [Mr. HUMPHREY].

Within the last decade, largely as a result of the federally supported space, defense, atomic energy, and public health research and development programs, great new advances have been made in technological frontiers. In propulsion, electronics, communications, materials, medicine and other key areas unprecedented gains have been made in overcoming age-old obstacles.

There are strong indications that the technological advances of recent years have established new frontiers of progress in areas of civilian concern and particularly in those which involve community resources and welfare. For example, in the foreseeable future there are prospects for new technological and industrial development in such fields as urban transportation, health care, low-cost housing, water utilization, education, and communications.

Congress is now considering whether the Government should participate in the development of a supersonic transport plane. As a member of the Aviation Subcommittee of the Committee on Commerce, I am participating in these hearings. Among many justifications advanced for this program, one is that it will keep in being the American aerodynamics industry with its complex of technical skills. The development cost is too large to be undertaken by private capital.

In the case of the supersonic plane the Government is proposing to participate in a major technological advance unconnected with either defense or space exploration—participation that may well cost three-quarters of a billion dollars. When presented with this type of request, the Congress should be able to judge what could be accomplished if an equal amount of public research and development money was committed to meet community needs.

Just as in the case of the supersonic transport plane, the probable high cost and the political and social factors involved in the application of new technologies to large-scale human and community needs will require Government participation in some manner.

The Commission study we propose today would have the primary task of seeking ways to focus these private and public resources on widespread human and community needs. For example, the Commission would be asked to report whether the research team that designed a space capsule disposal system for 3 men for 2 weeks might not also seek new concepts in water and waste disposal systems for a community of 50,000 homes.

And, would it be feasible to ask the electronics specialists who designed the display and complex communications network for the Strategic Air Command to find ways of bringing to every American classroom the most up-to-date visual communications system?

A short time ago, Dr. Jerome B. Wiesner, Director of the Office of Science and Technology, appeared before the House Subcommittee on Science, Research, and Development, and presented a comprehensive statement on "Federal Research and Development: Policies and Prospects."

Dr. Wiesner's statement points to the need for a joint approach by the Congress and the executive branch that could be accomplished through the proposed Commission. For example, in discussing technical innovation and its role in our society, Dr. Wiesner said:

> But security means more than arms. It means good relations with others, a strong economy, and a healthy people, and science contributes in a major way to all these objectives. We must also strive to find means to make our continued investment in the technology of national security hold more relevance for those areas of our economy that do not receive the same measure of our resources. And we must meet demands for continuing technical innovation to develop substitutes for familiar shortages, to confront pollution in our environment created by industrial and urban life, and to adjust imbalances in our economy created by technology itself.
>
> Today we are trying to understand the new implications and possibilities of all these changing needs and opportunities in science, just as we once wrestled primarily with military problems. Our basic problem in the Government, in the broadest sense, is to bring this understanding of technology to bear on serving the collective needs of our people. It is a process that must combine the skills of the statesman, the scientific expert, the engineer and, I might add, the entrepreneur or industrialist, and it is a task that demands a major effort and the utmost imagination of all concerned.

He pointed to the importance of the Congress working closely with the executive branch in these words:

> The task of determining objectives for our science and technology is one of the foremost problems facing our entire society and, through their constitutional partnership, confronts both the legislative and executive branches. I have already indicated that we view these choices as falling into the categories of science in policy and policy in science: Both represent uniquely complex challenges to our traditional governing processes. On the one hand, we must find ways to bring to bear the most relevant considerations of science and technology and the best technical judgment on major national choices and levels of support in areas of defense, health, welfare, and education. How much can we afford to do as a people, and where among several competing end-uses shall we place our limited resources?
>
> In their broad outlines, Mr. Chairman, these are the kinds of choices that our loosely knit systems of public and private decisionmaking traditionally accomplish with considerable versatility and wisdom, but the complex and dangerous world in which we now live calls for extraordinary effort to encompass technical considerations with which the vast majority of our people are largely unfamiliar. These basic choices of emphasis, which in our system largely rest with the Congress, are major challenges to our sense of leadership and responsibility.

An additional benefit from the Commission study would be a greater understanding of the feasibility of a transfer of industrial skills and technology from defense-oriented programs to work on programs in the civilian sector. There is growing interest in how defense or space-oriented industries would fare if there were sizable reductions in appropriations resulting from steps toward disarmament or a stretchout of time schedules in space exploration.

The primary reason for this proposal is not to look at problems connected with conversion of industrial and manpower skills from defense efforts, but the reports of such a Commission study would be of significant value in better understanding these problems. We need to look to new applications of technology regardless of whether today's levels of defense and space funding move up or down, or remain the same.

There are two aspects of this situation which are worthy of examination by the most competent group possible. There is the need to examine thoroughly our technological development, particularly that resulting from the Federal Government's research and development effort, with a view to pointing out those areas potentially most promising for civilian and industrial exploitation, but which for one reason or another need emphasis and participation by the Federal Government to bring them to fruition.

There is also a need to examine this technology with a view to defining those areas of potential application whose exploitation would create new industries—industries which would require substantial segments of the available manpower and labor force resulting from the foreseeable growth in population.

The Hoover Commission's success in meeting the complex assignment given it provides an organizational pattern which is followed here.

This mixed Commission would have 14 members as follows: Eight appointed by the President of the United States, four from the constituent Federal agencies belonging to the Federal Council for Science and Technology, and four from private life who have had distinguished careers in labor, industry, local government, or higher education; two appointed by the President of the Senate from Members of the Senate; two appointed by the Speaker of the House of Representatives from Members of the House of Representatives; and two appointed by the President of the National Academy of Science.

Such a Commission would undertake a study of current technological advances, as well as their future growth potential through 1970, with a view to pointing out those areas which would be most suitable for the application of new technologies to the meeting of significant community and national needs. The participation of both Government and private research should be considered.

The report should focus particularly upon the optimum role of the Federal Government in this area during the 1960's to emphasize the immediacy and urgency of the problem.

Having focused attention on these areas and needs, an examination should be made of the following factors:

First. Problems associated with the particular application including physical, technical, social, political, and administrative aspects.

Second. Suggested solutions to the above problems.

Third. Required costs and other resources associated with the particular application.

Fourth. Extent of Federal Government participation including funding, agency involvement, and relations with local communities, industries and labor.

Fifth. Possible programs, methods and procedures for an effective organization to insure the transfer of technology to a particular need.

Sixth. An assessment of the particular application's effect and impact on the local and national economy, manpower, existing industries, education and training requirements, existing and needed legislation, and employment prospects in the late 1960's and early 1970's.

An additional assignment proposed for the Commission would be an analysis of possible utilization of manpower shifting from present employment opportunities over into work that may be stimulated by applying new technical advances to meeting today's social and public needs.

Already in recent years we have witnessed dramatic shifting requirements for our Nation's manpower. President Kennedy, in his message to the Congress last summer on the railroad dispute, suggested that a special Commission study be undertaken on the impact of automation in our manpower needs. Here is an opportunity to study some aspects of this complex problem.

Every day the Congress and the executive branch are dealing with the type of work which would be analyzed by the Commission. It comes in the consideration of public underwriting of the private development of a supersonic air transport, the program of the Office of Saline Water Research, or the budget for the National Institutes of Health.

But these are just the fringes of possible areas of substantial impact on our Nation's community and social needs that could come if we better understand what modern technology holds for our Nation.

The National Government, through its annual $15 billion investment in research and development, has stimulated the growth of a new breed of industrial organizations. The public has a very real investment in this industrial research phenomenon. It clearly can work on the problems of more swiftly and economically getting us to work, providing better educational communication, making more efficient a vast range of public services, if we are wise enough to find the right ways of putting the scientific and technological genius presently available to the task.

This is the objective sought in submitting this challenge to a Commission study. The task should be undertaken quickly, with a report scheduled to the President and the Congress early in 1965.

Let us use the imagination and skills that have taken us far into space to find also some answers to meeting the human needs of our Nation and the world.

I also ask unanimous consent that the text of the bill be printed at this point in my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2298) to establish a Commission on the Application of Technology to Community and Manpower Needs, and for other purposes, introduced by Mr. HART (for himself and Mr. HUMPHREY), was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the policy of Congress to promote the application of recent technological advances to meeting large-scale human, community, industrial and manpower needs of this nation. Such an objective can be most effectively achieved by—

(a) determining the impact fuller utilization of new technologies will have on future manpower requirements of the labor force;

(b) defining those areas of unmet community and human needs where application of new technologies might most effectively be directed;

(c) examining technological developments that have occurred in recent years, particularly those resulting from the Federal Government research and development programs, with a view to discovering those areas potentially most promising for civilian and industrial exploitations;

(d) reporting on ways by which civilian research and development, together with uses of existing technology, can more effectively be directed in areas where major social and economic benefits may be achieved;

(e) recommending proper relationship between governmental and private investment in the application of new technologies to large-scale human and community needs;

(f) analyzing the balance and impact among domestic industry to see how the benefits from expenditure of Federal funds may accrue to a wider segment of such industry;

(g) defining proper responsibility and organization of agencies in the executive branch to achieving these objectives; and

(h) recommending ways in which the legislative branch of the Government can be better staffed to fulfill the objectives of this policy.

ESTABLISHMENT OF THE COMMISSION ON THE APPLICATION OF NEW TECHNOLOGY TO COMMUNITY AND MANPOWER NEEDS

SEC. 2. (a) For the purpose of carrying out the policy set forth in the first section of this Act, there is hereby established a commission to be known as the Commission on the Application of New Technology to Community and Manpower Needs (referred to hereinafter as the "Commission").

(b) The Commission shall be composed of fourteen members as follows:

(1) Eight appointed by the President of the United States, four from the constituent Federal agencies belonging to the Federal Council for Science and Technology, and four from private life who have had distinguished careers in labor, industry, local government, or higher education;

(2) Two appointed by the President of the Senate from Members of the Senate;

(3) Two appointed by the Speaker of the House of Representatives from Members of the House of Representatives; and

(4) Two appointed by the President of the National Academy of Sciences.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 203, 204, 205, 207, 208, and 209 of title 18 of the United States Code.

(e) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(f) Eight members of the Commission shall constitute a quorum.

ADVISORY PANEL TO THE COMMISSION ON THE APPLICATION OF NEW TECHNOLOGY TO COMMUNITY AND MANPOWER NEEDS

SEC. 3. The Commission may establish an Advisory Panel which shall consist of persons of exceptional competence and experience in the fields of science and technology, economics, political science, or operations analysis. Such Advisory Panel members shall be drawn equally from the Government, private industry, and nonprofit educational and technological institutions, and shall be persons available to act as consultants for the Commission.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 4. (a) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) The members of the Commission appointed from private life shall each receive $75 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 5. (a) The Commission may appoint and fix the compensation of such personnel as it deems advisable in accordance with the provisions of the civil service laws and the Classification Act of 1949.

(b) The Commission may procure, without regard to the civil service laws and the classification laws, temporary and intermittent services (including those of members of the Advisory Panel) to the same extent as authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed $75 per diem for individuals.

DUTIES OF THE COMMISSION

SEC. 6. (a) The Commission shall make a comprehensive and impartial study and investigation of the programs and policies of governmental and private institutions to determine the most effective ways by which such institutions can promote the purposes and objectives set forth in the first section of this Act.

(b) During the course of its study and investigation the Commission may submit to the President and the Congress such reports as the Commission may consider advisable. The Commission shall submit to the President and the Congress a final report with respect to its findings and recommendations not later than January 1, 1965.

POWERS OF THE COMMISSION

SEC. 7. (a) (1) The Commission or, on the authorization of the Commission, any subcommittee thereof, may, for the purpose of carrying out its functions and duties, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses, and the production of such books, records, correspondence, memorandums, papers, and documents as the Commission or such subcommittee may deem advisable. Subpenas may be issued under the signature of the chairman or vice chairman, or any duly designated member, and may be served by any person designated by the chairman, the vice chairman, or such member.

(2) In case of contumacy or refusal to obey a subpena issued under paragraph (1) of this subsection, any district court of the United States or the United States court of any possession, or the District Court of the United States for the District of Columbia, within the jurisdiction of which the inquiry is being carried on or within the jurisdiction of which the person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the Attorney General of the United States shall have jurisdiction to issue to such person an order requiring such person to appear before the Commission or a subcommittee thereof, there to produce evidence if so ordered, or there to give testimony touching the matter under inquiry; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Commission, upon request made by the chairman or vice chairman, such information as the Commission deems necessary to carry out its functions under this Act.

EXPENSES OF THE COMMISSION

SEC. 8. There are hereby authorized to be appropriated to the Commission, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

Mr. HUMPHREY. Mr. President, I am happy to be a cosponsor of the bill introduced by my colleague from Michigan to establish a Commission on the Application of Technology to Community and Manpower Needs.

This bill is a broad bill, covering the most important facets of automation as it affects the U.S. economy. I would like to comment briefly on one aspect of the bill. Included in its scope is the vital question of the economic consequences of disarmament. Although rapid large-scale disarmament is not likely in the foreseeable future, it is nevertheless increasingly clear that it is a long-range problem of major significance. The constant change in types of military weapons has already caused grave economic dislocations in areas with large defense industries. Even a modest shift from military production to production of civilian goods in these areas would cause major problems—unless the proper preparation is made for conversion.

It was with this purpose in mind that the Disarmament Subcommittee of the Senate Foreign Relations Committee, of which I am the chairman, held hearings and published a report last year on "The Economic Impact of Disarmament."

I discussed this subject at some length in a speech in December 1962 before a symposium on arms control convened in Ann Arbor, Mich.

The test ban treaty has intensified interest in this subject and increased pressure to come up with the facts on this subject. The time is long overdue to focus attention on these problems, to do studies in depth and to make long-range plans to meet them. This is why I am happy to join with Senator HART in sponsoring this bill.

Mr. HUMPHREY subsequently said: Mr. President, earlier today the Senator from Michigan [Mr. HART] introduced the bill (S. 2298) to establish a Commission on the Application of Technology to Community and Manpower Needs, and for other purposes, which was cosponsored by me. I ask unanimous consent that the bill remain at the desk until the close of business Tuesday, November 12, for additional cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE EFFICIENCY OF CONGRESS IN 1964

Mr. PROXMIRE. Mr. President, I submit a resolution, which I shall read:

> Whereas 6 of 14 appropriations bills have not yet been enacted into law on this November 8, although the bills are to provide funds for the operation of Government agencies during the fiscal year 1964 which began last July 1;
>
> Whereas this failure to pass appropriation measures prevents the Congress from determining the size, scope, and limit of the operations of most Government agencies during a major share of the fiscal year for which the appropriations are to be effective;
>
> Whereas many of the major bills to be considered by the 88th Congress have not been considered by either the House or the Senate and some have not even been scheduled for hearings;
>
> Whereas 1964 political conventions scheduled in July and August and the 1964 Presidential and congressional campaign will demand the time of the Congress during much of 1964;
>
> Whereas it is of prime importance that Members of the Congress in the Democratic-Republican tradition take the time in 1964 to report to the people of this country on their stewardship of the Congress prior to the 1964 elections;
>
> Whereas it will be necessary to pass at least 13 appropriations measures for the 1965 fiscal year before the Congress adjourns sine die in 1964 in addition to acting on most of the major and controversial measures introduced in 1963 and all of the other regular legislation that the Congress can expect must be passed during 1964: Be it therefore
>
> *Resolved*, That the leadership of the Senate confer with the leadership of the House to work out as definite as possible a schedule, for committee hearings, committee markup sessions and floor action so that full consideration of all necessary legislation during 1964 by both the House and Senate, which schedule will provide ample time for Members of the Congress to engage in the 1964 presidential and congressional campaigns.

Mr. President, I ask unanimous consent that the resolution lie on the table.

The PRESIDING OFFICER. The resolution will be received and, without objection, the resolution will lie on the table.

The resolution (S. Res. 224) was ordered to lie on the table.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may have 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, one fact is clear. This Congress is not moving. It should get moving.

Our majority leader has done an excellent job of keeping the Senate calendar clear, certainly the best I have seen in my 6 years in the Senate.

But bills have been moving in House and Senate committees at snail's pace. Without investigation we cannot fix responsibility for this slow progress. We do not know who is to blame and I do not see any reason for trying to fix blame. That would get us nothing but resentment.

But we can, Mr. President, do better from here on in. We certainly will not do better, if we do not plan, if we do not determine how long each piece of major legislation should take us, if we do not make some kind of a schedule and stick to it. If we do not do this, Mr. President, nothing is more certain than that we will find ourselves next year with an incomplete and incompetent legislative performance, frozen here in Washington, and blocked from going to the people of our States to carry the 1964 campaign to them as we have a duty to do it.

UNIVERSITY OF MICHIGAN LIBRARIES

For many of us 1963 has been troublesome and inconvenient. Unless we do far better, 1964 is going to be a nightmare for all of us.

To understand the kind of box we are in, Mr. President, consider the record on appropriation bills for this year, which should have been passed by the Senate, after House consideration, by July 1. The Senate Appropriations Committee could not possibly have acted on these bills. Look at the record: the agricultural appropriation bill did not pass the House until June 6; the Legislative bill June 11; the State, Justice and Commerce bill June 18; the Defense bill June 26; the District of Columbia bill July 11; and the Independent Offices bill October 10.

What is to prevent us from having the same kind of disastrous record next year, unless we plan and act now?

Obviously, Mr. President, the greatest, hardest driving legislative genius in the history of mankind could not have secured Senate passage on any of these bills by July 1, with proper consideration.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I do not blame the House. I am sure they did the best and most conscientious job they could, but the fact is that the Congress did not do its job this year on schedule, or nearly on schedule.

Every man and woman here knows that we will not do it next year unless we plan to do it, and stick to those plans. This is why I submit this resolution calling upon the leadership to sit down with the House leaders, work out a definite scheduled timetable, and then fight might and main to stick to that schedule.

The legislative process in this mammoth, growing, complex country of ours has become so immensely time consuming that unless we have definite, thorough plans, unless we schedule our time, and unless we stick ruthlessly to that schedule we are sure—even with the finest leadership in the world—to be swamped by the enormous weight of legislative detail.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I congratulate the able senior Senator from Wisconsin.

On the desk of every Senator is the Senate Calendar. Therefore, I have been somewhat surprised by attacks concentrating on the majority leader. This calendar is at least as clear today as it has been since I became a Member of the Senate.

Legislation cannot be brought to the floor until it has been acted upon by the committees.

The Senator from Wisconsin has made a thoughtful and constructive statement.

Mr. PROXMIRE. I thank the Senator from Missouri.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Wisconsin that the resolution may lie on the table? The Chair hears none, and it is so ordered.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENT (AMENDMENT NO. 315)

Mr. MUNDT submitted an amendment, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

NOTICE OF HEARINGS ON SENATE JOINT RESOLUTION 129, S. 484, AND S. 1675

Mr. SPARKMAN. Mr. President, I announce that the Subcommittee on Housing of the Banking and Currency Committee will hold hearings on Senate Joint Resolution 129, a joint resolution to amend section 702 of the Housing Act of 1954 to increase the amount available to the Housing and Home Finance Administrator for advances for planned public works; S. 484, a bill to provide assistance in acquiring specially adapted housing for certain blind veterans who have suffered the loss or loss of use of a lower extremity; and S. 1675, a bill to authorize the Administrator of Veterans' Affairs to sell at prices which he determines to be reasonable direct loans made to veterans under chapter 37, title 38, United States Code.

The hearings will be held on November 12, 1963, in room 5302, New Senate Office Building, and will begin at 10:30 a.m.

All persons wishing to testify should contact Mr. Dudley L. O'Neal, Jr., chief counsel of the subcommittee, room 5228, New Senate Office Building.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendments of the Senate numbered 1 to 13, inclusive, to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes; agreed to the amendments numbered 15 to 29, inclusive, and amendment numbered 34 to the said bill; disagreed to the amendments of the Senate numbered 14, 30, 31, 32, and 33, and 35 to 40, inclusive, to said bill; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Steed, Mr. Kirwan, Mr. Cannon, Mr. Horan, and Mr. Langen were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 8969) to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act, was read twice by its title and referred to the Committee on Finance.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. RANDOLPH:

Editorial "Buyer Beware," in the August 6, 1963, issue of the Wheeling (W. Va.) Intelligencer.

By Mr. HUMPHREY:

Article entitled "Representative Karth Urges United States Sell Boosters," published in Missiles and Rockets of August 26, 1963.

SENATE CONSIDERATION OF THE FOREIGN AID BILL

Mr. GRUENING. Mr. President, this morning's Washington Post has, as its leading editorial, one entitled "Foreign Aid Fracas," which in my view is completely misleading and shows a total lack of comprehension concerning what is happening in the Senate.

That being my view, this morning I sent to the editor of the Post a telegram in reply to the editorial, and in the telegram I presented my view.

The Post editorial reads as follows:

Foreign Aid Fracas

Imagine a patient strapped on an operating table while a half dozen surgeons, each brandishing a scalpel, argue whether or not to amputate the arm, the leg, or the head. This is about the way the Senate is working its will on that badly managed patient, the foreign aid bill. In a wild melee worthy of the Keystone Cops, the bill has been carved and recarved on the Senate floor in a string of amendments so confusing that Senators were voting on dollar figures tossed in the air, often with only the most vagrant notion of what was at stake. And the end is not yet.

The best that can be said about the tentative dollar authorization that emerged from the bloody arena is that it could have been far worse. Senators Mansfield and Dirksen not only kept the slashes to a bare-bones minimum in their amendment authorizing $3.7 billion. They also kept certain vital organs intact—notably the Alliance for Progress authorization, which was kept to $600 million as against the House-approved figure of $450 million.

At the same time, the contingency funds were almost halved. President Kennedy asked for $300 million and the Senate has shrunk this to $175 million. Yet these are reserve funds that can enable the President to take swift advantage of unforeseen developments. Who can know what the future will bring? The Senate action is a gamble based on a wish and a guess, a gamble which amounts to less than a vote of confidence in the President. And the Mansfield-Dirksen figures may yet be changed again as the Senate votes on 50 or so pending amendments.

Certainly men of good will can differ on some of these specific aspects of the program. But it seems to us that the process by which legislative decision is reached is capricious and irresponsible. Senators frequently complain that the aid program is haphazardly

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run. How would they characterize their own legislative behavior?

Like a salami in a slicing machine, thick wedges of the program have been arbitrarily shaved off. First of all the program was cut from $4.9 to $4.5 billion following General Clay's report. This figure was drastically reduced in the House and less severely by the Senate Foreign Relations Committee. Now the Senate has chopped its own committee recommendations in votes based less on information than emotion. Congress has called on the Executive to reform the administration of foreign aid. But who will reform the administration of Congress?

I now read a telegram which I sent to the editor of the Washington Post:

Editor,
The Washington Post,
Washington, D.C.:

Your leading editorial in Friday's Post, entitled: "Foreign Aid Fracas," is wholly unrealistic and grossly misleading. You compare what is happening in the Senate to the mangling of a helpless patient "In a mild melee worthy of the Keystone Cops" and much more along the same line. Nothing could be further from the reality.

What is happening is an overdue, serious and conscientious effort to reform, improve and strengthen the foreign aid program. Without such reform and strengthening, foreign aid is apt to be rejected by the Congress before long in response to rising public indignation at the program's increasingly manifest shortcomings. By eliminating waste—by ceasing aid to countries which (a) either are so prosperous that they do not any longer need aid but have been continuing to receive it, such as those of Western Europe and Japan; or (b) eliminating aid from thoroughly unworthy aggressors, such as Egypt and Indonesia; and (c) by withdrawing aid from countries of Latin America which do not conform to the agreements of the Punta del Este Conference and the wise prescriptions of President Kennedy calling for self-help, reform, diminution of inflation, and other necessary steps, until they put their houses in order—the program is being saved and will proceed infinitely better, and abler to achieve its desirable objectives.

THE COLD WAR IS NOT OVER

Mr. SYMINGTON. Mr. President, in the November issue of the Reader's Digest, there is a penetrating article by one of the Nation's truly outstanding scholars in the field of national defense entitled "The Cold War Isn't Over," by Senator Henry M. Jackson. This article is condensed from the New York Times magazine of August 4, 1963, and is as timely today as it was then.

In the belief that every Member of the Congress will be interested in these words of our colleague, I ask unanimous consent to have the article printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Cold War Isn't Over

(By Henry M. Jackson, U.S. Senator fom Washington)

We confront complex issues today, and understandably many of us hope for simple answers. So it is not surprising that convenient but false assumptions work their way into some people's thinking. But if today's assumptions are false and our estimates are too misleading, America will take the wrong turns and end up in the wrong place. Hence it is useful to examine the credibility of certain assumptions about international affairs held by considerable numbers of people.

1. There is the widespread assumption that the Chinese-Soviet quarrel reduces the Communist threat to the West.

A Vietnamese might be permitted some doubts. Or a Nehru. I believe that the truth may be exactly contrary to the reassuring words.

Khrushchev thinks our day has passed. Khrushchev and Mao are not quarreling about whether to bury us. They are quarreling about how. It may be that Mao plans a 12-foot grave and Khrushchev a 6-foot one. In any event, they both seem to have in mind a cemetery.

The Moscow-Peiping dispute is being played for very high stakes. The leadership of world communism is involved. So is the fate of men who see themselves as the locomotives of history. Khrushchev and Mao each desperately desires to show that his policy for liquidating the West is best. Each needs victories. The consequences for us may well be a period of rising tensions and dangers, rather than the opposite.

These days, Khrushchev's tactics must be tailored to take into account his troubles with Mao. But this does not mean his objective of world supremacy has changed. Khrushchev is adept, resourceful and devious in his maneuvers. We have been exposed to his smiling face and his pounding shoe; we have seen him export doves of peace one month and nuclear missiles the next. The point is that whether Khrushchev is the jovial backslapper at a cocktail party or is launched on a harangue at the Berlin wall, he is the same dangerous man. He can turn it on and off again in short order. We can expect that Khrushchev will continue to twist and turn, thaw and freeze, agree and disagree—in pursuit of his ultimate aim, which he openly admits is to bury us. (There is both a lesson of history and a warning for the future in Russia's sudden signing of a nonaggression pact with Hitler.)

2. The assumption is widespread that we can win our way with the Russians by a policy of inoffensiveness.

This is a fallacy held by many good and decent people who let their hearts prevail over their heads. We have all heard arguments that amount to nothing more than "if we trust the Communists, they will trust us." We are told that the United States should take unilateral initiatives to reduce our strength, to set a "good example" and quiet Soviet suspicions.

It is not convincing to say that we won't know whether this policy will work until we try. Some experiments are best left undone.

Just consider India's experience. No state has tried harder than India to find security by a deliberate policy of inoffensiveness. India has had to learn the hard way, as have others, including ourselves, that expansionist states do not respect weakness. I am sure Nehru does not relish this on-the-job training program, but it may save others from a similar schooling.

All Americans want peace. The debate is over means. The debate needs to receive our most thoughtful, honest, tough-minded attention. But certainly the weight of responsible opinion lies with preparedness combined wtih restraint—what Teddy Roosevelt meant when he said we should speak softly and carry a big stick.

The only way to bargain successfully with expansionist states is to maintain the strength to make bargaining attractive to them.

3. There is the widespread assumption that the arms race is leading straight to catastrophe.

A familiar argument goes this way: Arms races have always led to war; the world is engaged in an arms race; therefore, we are heading for a nuclear holocaust.

This argument rings hollow. It was not an arms race that led to World War II. On the contrary, it was the failure of the Western democracies to prepare for war that led to its outbreak in 1939. It was Chamberlain's failure to recognize the danger of a demagogue like Hitler, bent on aggression, that led to Munich. This is the reason Winston Churchill has called World War II "the unnecessary war."

As I read history, international peace and security depend not on a balance of power but on a certain imbalance of power favorable to the defenders of peace—in which the strength of the peacekeeper is greater than that of the peace-upsetter.

An expansionist nation will never be satisfied with this state of affairs. And for this reason arms control is difficult to achieve. A would-be aggressor will not settle for an arms-control agreement that would freeze him in a position of inferior power. On the other hand, an aggressor's objectives are served by an agreement which would permit him to acquire superiority by stealth.

As for the second premise: What arms race are people talking about? The United States is not engaged in an arms race. We could, if we wanted to, build more weapons and build them faster. But our goal is not an unlimited buildup. Our goal—and we should be frank to acknowledge it—is to create and maintain, in cooperation with our allies, a relationship of forces favorable to peace. The real road to catastrophe would be to permit an unfavorable relationship of forces to arise.

I believe that this is an understandable position—and that our public statements about defense and about arms control or disarmament should be put in this perspective. Too often, however, high officials speak as though a nuclear test ban were mankind's last best hope, or as though the choice we face is between one more concession and catastrophe.

4. There is the widespread assumption that our superiority in conventionl forces was the decisive factor in October 1962, in the near collision over Cuba.

This is, of course, wrong, as ought to be apparent.

The strengthening of our conventional forces, which I have strongly supported, is one of the major accomplishments of this administration. Our forces are better balanced than they were and better prepared to meet the contingencies they may face.

But the decisive factor in October was "will"—the evidence that the United States was prepared to take whatever risks were necessary to obtain satisfaction of its demands. It may be that we did not demand enough—but that is another question. We got most of what we asked for. And the reason was that Khrushchev became convinced that our will was firm.

His reply to Communist Chinese criticism was as free of mumbo-jumbo as a statement could be. He said, "The paper tiger has nuclear teeth." And, as Bernard Brodie of the Rand Corp. recently observed, when Khrushchev found that we were not as tolerant as he had supposed, he rushed to get the missiles out "apparently unimpeded with any worries about 'humiliation.' " He was clearly worried less about his face than about his future.

It is important to be very clear about all this, for if conventional superority was the decisive factor in Cuba, then what now defends Berlin? The answer is that the security of Berlin also depends on our will. I, for one, would not wish to convince Khrushchev that it was our conventional superiority that was decisive in Cuba. Or so to convince our European allies.

The Communists, by virtue of their geographic position, can deploy their forces to achieve conventional superiority at most points along their long boundaries. What deters them is fear that they might start something bigger than they are prepared to risk.

We need strong conventional forces; there is no argument about that. But it would be a tragic error to encourage the Communists to believe that they will meet only these forces so long as they restrict themselves to aggression with conventional means.

THE VARIOUS STOCKPILES AND HOW TO SAVE MORE OF THE TAXPAYERS' MONEY

Mr. SYMINGTON. Mr. President, last Wednesday the distinguished senior Senator from Delaware [Mr. Williams] inserted in the Appendix of the Record an editorial from the Washington Daily News, "Stockpile Ruckus." This editorial commented on certain findings made by the Joint Committee on Nonessential Expenditures with respect to the stockpile program of last June.

I ask unanimous consent that this editorial be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Stockpile Ruckus

After more than 20 months of noisy complaints, a Senate subcommittee has produced a bill theoretically designed to make some sense of the Government's enormous stockpile program.

This program was begun after World War II in an avowed effort to assure that in event of a new war the country would be supplied with critical materials—instead of having to scrounge desperately for its war needs after hostilities had begun.

The idea was sound, but like so many good ideas it ran into excesses. Senator Stuart Symington, who headed the investigation sparked by President Kennedy, emphasizes charges of what the President called unconscionable profits. But the President also complained that the stockpile had an excess supply, worth $3.4 billion, which he said astonished him.

The latest report of Congress Joint Committee on Nonessential Expenditures covers the stockpile program for last June. It shows that in this month the overall stocks were slightly reduced.

But in the same month, according to the joint committee, the Government bought more aluminum, bauxite, bismuth, chromite, industrial diamonds, fluorspar, graphite, lead, mica, tantalum, thorium, tungsten, and zinc—although all of these materials already were in excess.

If the stockpile excess were as astonishing as the President and Senator Symington have been saying, how is it this situation is being corrected by making it worse? What goes on here?

Mr. SYMINGTON. Here are the facts with respect to the materials mentioned in the editorial in question.

During that month, only aluminum was acquired for the Government by cash payment. This acquisition, totalling $1,392,000, was made under a contract signed in 1955, which contract had no provision for cancellation. The Government lawyers now say it cannot be canceled.

Additional bauxite, chromite, graphite, mica, and thorium were acquired. But these acquisitions were through barter, in exchange for surplus agricultural commodities of an equivalent value. During June 1963, an increase in the quantities of strategic and critical materials of some $8.3 million reduced the Government's agricultural surplus by an equivalent amount.

In addition, said barter transaction saved the taxpayers some $538,000 annually, because, whereas the estimated annual storage of the bartered agricultural commodities was $562,000, estimated storage for the strategic materials acquired is $24,000.

The increases expressed—but unfortunately not explained—in the joint committee report for this month of June for bismuth, metallurgical grade chromite, diamond stones, fluorspar, lead, phlogopite, block mica, tungsten, and zinc were paper adjustments. They do not represent any new acquisitions. To say the least, this part of the report is confusing.

There are four major stockpiles for metals and minerals: The national stockpile, the Defense Production Act inventory, and the two barter stockpiles; namely, the supplemental stockpile and the Commodity Credit Corporation inventory, the latter ultimately ending up in the supplemental stockpile.

During the month of June, covered by this report, no acquisitions were made for the national stockpile; and disposals from that stockpile totaled $21.5 million.

For the defense production inventory stockpile, $1,392,000 of aluminum was acquired by the Government under the previously mentioned contract; but disposals from this latter inventory amounted to some $2.3 million; so there was a net disposal from this stockpile of $900,000.

Re the third and fourth stockpiles, the supplemental stockpile and the CCC inventory, as mentioned, because of materials taken in exchange for agricultural surpluses, these barter transactions resulted in heavy savings to the taxpayer in annual storage costs.

It is hoped that in the future, when these reports are issued, they give enough facts to be properly understood.

To those interested in saving the taxpayers' money by eliminating unnecessary expense incident to the various stockpile programs, I suggest that more attention be given to the relatively new and costly emphasis on the importance of upgrading, beneficiation.

In this connection, I ask unanimous consent that the colloquy I had with the Chairman of the Atomic Energy Commission, Dr. Glenn T. Seaborg, at a hearing before the Committee on Foreign Relations on August 14 of this year—pages 259–264—be printed at this point in the Record.

There being no objection, the colloquy was ordered to be printed in the Record, as follows:

POSSIBLE REDUCTION IN AEC BUDGET

Senator Symington. Mr. Seaborg, yesterday I referred to the talk the distinguished Senator from South Dakota gave the other day, in which he tied in the test ban treaty ratification situation with the possibility of relatively heavy reductions in the military and atomic energy budgets. He made a very cogent and thought-provoking speech.

The Senator suggested that $4 billion be taken out of the military, and $1 billion be taken out of the AEC budget.

I asked some questions on this of the Secretary of Defense. He referred them to you. I would read the colloquy, which is short.

Dr. Seaborg. All right.

Senator Symington (reading):

"Somebody in the General Accounting Office pointed out that most of the construction in the Atomic Energy Commission is over. Also that at one point a very large portion of the AEC budget had to do with construction. But now even though most of the construction is over, the budget seems to stay at the same size—"

the budget of the Atomic Energy Commission at the same size.

"For instance, in 1960 the AEC budget was $2.8 billion; 1961, $2.8 billion; 1962, $2.6 billion; 1963, $3.1 billion; 1964, $2.9 billion.

"If the premise is true, that construction has been largely eliminated, doesn't that mean you are now increasing nuclear weapons production?"

That was my question to Secretary McNamara. He replied:

"I believe it does, Senator. I believe that Dr. Seaborg would be more authority—speak more authoritatively than I to the Atomic Energy Commission budget."

PERCENTAGE OF AEC BUDGET DEVOTED TO FULFILLING DEFENSE REQUIREMENTS

Do you build weapons and produce materials from the ore in accordance with tailored directives from the Defense Department as to what is required for strategic and tactical nuclear weapons or do you use your own reasoning. If you do the latter, how much is that reasoning affected by those interested in selling the Government the raw product?

Dr. Seaborg. Well, it is a little bit of both, Senator Symington. But basically we build to the requirements of the Defense Department. Our budgeting process carries the cost of the raw materials, the costs for the conversion of the raw materials to the special nuclear material, and the cost for the fabrication of the weapons from the special nuclear material, and the cost of the research of the weapons laboratories. Those are the four main items that make up this approximately one and a half to 1.8 billion that I have referred to earlier as going into weapons.

Now, I think I can best respond to your question by giving some approximate budget figures.

Our total budget, the total budget of the Atomic Energy Commission for the weapons-oriented costs, and all the other nonweapons things we do—reactor development, physical research, biology research, isotopes research, and training and education, and so forth—was $2.3 billion in fiscal year 1958, and climbed to about $2.9 billion in fiscal year, the present fiscal year, 1964.

Now, of the $2.3 billion in fiscal year 1958, about 66 percent or about $1.5 billion went into these weapons-oriented costs that I have identified in those four categories; and of the $2.9 billion in fiscal 1964 that dropped to about 55 percent, so that the weapons-oriented costs are about, maybe, $1.6 billion. So it is true there is a drop in the percentage there, but not a drop in the cost of the weapons-oriented activities.

Senator Symington. What you are saying is that it is a drop in percentage but not in dollars.

Dr. Seaborg. That is right.

Senator Symington. All right.

PERCENTAGE DEVOTED TO OTHER AEC ACTIVITIES

What did you do with the additional money?

Dr. Seaborg. With the other dollars?

Senator Symington. Yes.

Dr. Seaborg. They went into increased programs in the other fields.

Senator Symington. Like what?

Dr. Seaborg. For example, in the reactor development field the cost went up from—the program cost went up from—about $400 million to about, in the present fiscal year, $670 million.

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In the physical research program field, the cost went up from something over $100 million to something a little over $300 million. A lot of this is reflected, by the way, in the high cost of high-energy nuclear physics, the cost of these expensive accelerators and the operation of these accelerators, but, of course, there is expansion in other important physical research work. And in the field of biology and medicine that I mentioned this morning, the cost went up from 1958, when it was about $40 million, to about, as I have indicated this morning, $75 million this year, and about $85 million in fiscal—when I said this year I meant fiscal 1963—to about $85 million in fiscal 1964.

The answer then to your question briefly is that our budget has gone up a little, that the increase in the budget has been due largely to these nonweapons programs.

Senator SYMINGTON. You call $300 million a little?

Dr. SEABORG. It has gone up $600 million.

Senator SYMINGTON. $600 million a little?

Dr. SEABORG. It is a little in comparison to some budgets in the Government.

Senator SYMINGTON. Actually, it is some 30 percent of your budget.

Dr. SEABORG. In 7 years it has gone up about 25 percent; yes, sir, which is like——

QUESTION OF SECRECY IN AND SUPERVISION OF AEC

Senator SYMINGTON. Do you think the secrecy that surrounds the Atomic Energy Commission is one of the reasons, comparable to other stockpile problems I have an interest in, when we suddenly end up with these gigantic stocks? If this all was in the open, and if you had to tailor the number of engines to the number of planes, and it was all a matter of public record, do you feel you would have the same stocks of uranium, or products from uranium, and number of bombs that you have today? We have a great deal of talk on the floor about overkill. The fact we can hit each target, say a thousand times; and a statement was made on the floor that even if that was a hundred times wrong we still have 10 times more than we need. I would like to ask as a Member of the Senate, not in the inner sanctum of the Joint Atomic Committee, like my distinguished colleague here from Rhode Island, if the time has come to begin to look at what is going on in nuclear weaponry? According to Senator MCGOVERN, a high official in the Department of Defense says we have a good deal more than we need, in the form of weapons. Maybe we could make some savings for the taxpayer and put the money into where Chairman FULBRIGHT recommends, into education, instead of building a lot more weapons when we already have more than enough.

Senator PASTORE. Will the Senator yield on that point there?

Senator SYMINGTON. I will be glad to yield to my friend from Rhode Island. I know he knows the spirit in which I am asking these questions.

Senator PASTORE. Not only the spirit, but I know the Senator from Missouri is not only proficient in the area, not only because he was in the executive branch not too long ago, but surely he is a member of the Armed Services Committee and he is pretty much informed on these matters of defense.

I merely want to say for the record that up until this year the Joint Committee on Atomic Energy had supervision alone of the authorization on the construction side of Atomic Energy Commission budget. This year the law has been changed, and we will have complete authority over the entire authorization; not that that in itself makes any difference, except in that it will give responsibility to the Joint Committee on Atomic Energy to go into some of these problems which are of concern not only to my distinguished friend from Missouri, but to all of us as well, including, I would suppose, the chairman and the members of the committee.

One of the first things that I did upon becoming chairman of the Joint Committee on Atomic Energy was to raise this question with the White House. The administration is very much interested in the subject matter that has been raised by the Senator from Missouri. As a matter of fact, I was told only recently that this matter is being completely reviewed.

I am afraid that in the past, because the allocation of the money was to the AEC, and the requirements were submitted by the Defense Department, I am afraid that the need or the requirements were predicated more on the capacity of the AEC to produce than on the need for some of these weapons. Now, that may be true or may not be true, but that is one of the matters that is being investigated.

I merely interrupt at this point to make the record clear that this is a matter that is of deep concern to the Joint Committee on Atomic Energy. It is of very, very great concern, I know, to the Atomic Energy Commission. It is of great concern now to the Department of Defense, and it is of especial concern to the White House.

The matter is now being reviewed very thoroughly, and I would hope that the report would be an exhaustive one; that we here would not relax in providing all the bombs that are necessary to guarantee the security of this country, and maybe a little plus, but that I would hope that we would not go on unchecked in merely producing these weapons because they can be produced, without any regard at all to what the needs are and the requirements are because somewhere along the line I think the interest of the taxpayer must be taken into account.

Dr. SEABORG. Yes.

I wonder if I could respond partially to Senator SYMINGTON's question?

Senator SYMINGTON. I will be glad that you do. But, first, I express my appreciation to the Senator from Rhode Island for his kind and constructive comments. You always have the problem of excess production getting out of hand when you run into a classified Government secrecy setup. Also you have the problem, getting back into the defense field, of the threat of counterforce as against overkill, those who say "what is the use of retaliating by destroying an empty silo that has already fired its missile." When you have a reputable magazine run an article which states that the information comes from a Government agency that you have 10 times more nuclear weapons than the Soviets have, it occurs to me that here, in this field, the Government might save a great deal of money for the taxpayer. I am glad to hear some facts that I did not know about from the distinguished senior Senator from Rhode Island, with respect to the plans to look into this matter.

I thank the Senator. Now I would be glad to hear from the witness anything he has to say in the matter.

QUESTION OF SECRECY

Dr. SEABORG. Well, I would like to make three general points. One is that I believe that Senator SYMINGTON has a point in this matter of secrecy. I might say in that connection that the Joint Committee on Atomic Energy, of course, has been aware of just about what the situation is over the years, and I know from firsthand experience that they have been aware of it since I came to Washington as Chairman of the Atomic Energy Commission.

SUPPLY AND PRODUCTION QUESTIONS

I would say that there has been, secondly, a growing realization in the last year that, perhaps, there is more than a sufficient supply of fissionable material here, and the administration has in progress a thorough study of the long-range needs for weapons, for fissionable materials. This is a study that is being carried out in cooperation with the Department of Defense and the Atomic Energy Commission, and I believe some recommendations will be forthcoming from that shortly.

I won't try to predict at this time what those recommendations might be.

Then I would like to say, third, that the Atomic Energy Commission itself has been very aware of this problem, and very soon after I came to Washington we began to take steps to reduce production—about 2 years or so notice is required—that we would want to reduce the power for the gaseous diffusion plants by about 1,000 megawatts, from about 5,800 megawatts to about 4,800 megawatts, the final reduction to be effective next summer.

Senator SYMINGTON. To whom did you give that notice?

Dr. SEABORG. To the power companies.

Senator SYMINGTON. Two or three power companies or one?

Dr. SEABORG. I think that this involved two power companies.

Senator SYMINGTON. What were their names?

Dr. SEABORG. TVA was one, and the other was a private company, I believe. OVEC, Ohio Valley Electric Co. I believe that is the situation.

QUESTION OF PRODUCTION CONTRACTS

Senator SYMINGTON. Are we still taking in heavy quantities of materials on contracts?

Dr. SEABORG. Yes, sir; for the uranium ore by commitment contracts that we are honoring.

Senator SYMINGTON. Materials heavily in surplus, because of previously made contracts.

With all due respect to what you did in 1961 when you came into this position, are we still going to take much material under contracts made before you came in, heavy deliveries?

Dr. SEABORG. Oh, yes, sir; we are honoring those contracts. But——

Senator SYMINGTON. How long do they go? How many years do we have to continue to buy what we do not need?

Dr. SEABORG. Contracts run through 1966. But we negotiated a stretchout of a number of these; we are negotiating and have succeeded in negotiating, we adopted it as a Commission policy, I should say, to attempt to negotiate—and we have negotiated a stretchout of a number of these contracts so that——

Senator SYMINGTON. If you do not need it, what is the advantage in stretching it out?

Dr. SEABORG. We will need it in the seventies, and this will save money not to have to pay for it that long before we will need it. We will need it for the peaceful uses, for the nuclear fuel for the civilian nuclear power reactors in the seventies. So that we save money if we buy it at the latest possible time.

However, in order to get the stretchout so that some of the material that we had committed to buy and have delivered before the end of 1966 could be delivered in 1967 or 1968, we are also committed as an incentive to buy some additional material in 1969 and 1970.

However, the net effect, after a careful study of the situation, led us to conclude this is very much to our advantage, this sort of a stretchout.

Senator SYMINGTON. Mr. Chairman, I have many other questions I would ask along these lines, but just want to conclude by

again saying how very glad I am the Senator from Rhode Island plans to look into the various ramifications of these purchasing programs.

LEAGUE OF NORTH DAKOTA MUNICIPALITIES RESOLUTION

Mr. BURDICK. Mr. President, people-to-people programs hold out the best hope for better relationships between nations and a more peaceful world. In July, the Fargo, N. Dak., Board of City Commissioners, adopted a resolution proposing friendly, reciprocal city-to-city and village-to-village visiting and hospitality among nations. I am pleased to hear from H. L. Holt, executive secretary of the North Dakota League of Municipalities, that that organization recently endorsed a similar resolution.

I ask unanimous consent that the resolution be printed at this point in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution of the League of North Dakota Municipalities

Resolved, That the North Dakota League of Municipalities in convention assembled, recognizing that facilitation of neighborly visiting and hospitality among peoples promotes peace among them, urges the Federal Government to take resolute steps to the end that the American "open cities" idea of nationwide, reciprocal, city-to-city and village-to-village hospitality and plain, friendly visiting at the grassroots shall prevail over the Communist principle of rigid restriction and control in the relations between the American people and the peoples of the Soviet Union and Eastern European countries; be it further

Resolved, That Congress be urged to provide that funds appropriated and designated by Congress for this purpose be expendable not abroad, but only in the United States or its possessions; and be it further

Resolved, That copies of this resolution be sent to the American Municipal Association, United States Conference of Mayors, the Governor of North Dakota, the State Legislature of North Dakota, the President of the United States, the Secretary of State of the United States, and the Members of Congress from the State of North Dakota.

Fargo, *October 15, 1963.*

BUDGET OF THE EAST-WEST CENTER

Mr. MANSFIELD. Mr. President, my strong statement to the Senate Appropriations Subcommittee yesterday requesting restoration of the full House cut to the budget of the East-West Center was prompted by my conviction that the Center was doing an outstanding job. Senator Daniel K. Inouye, of the State of Hawaii, presented a tremendously effective case for the budget restoration by the Senate earlier in the fall. Since then, I have been in personal contact with Senator Inouye for firsthand information on the activities, programs and plans of the Center. As a result, I was convinced that it was to the best interest of the country and to the State of Hawaii to seek restoration of the full amount reduced by the House.

I have been informed that there are some who would detract from the effective work being done in behalf of the Center by Senator Inouye. I am surprised and dismayed by such unwarranted criticism. Senator Inouye has been continously and untiringly working all out in the Center's interest, to my personal knowledge. He has personally seen the members of the committee holding the hearings, has written letters to us in its behalf, and in his quiet modest way has been building up the support needed to get the votes to restore the funds needed for this "showcase of the Pacific." My statement to the Senate Appropriations Subcommittee grew directly out of my many conferences with the able young Senator from Hawaii.

EFFECT OF BEEF IMPORTS ON U.S. LIVESTOCK PRICES

Mr. CARLSON. Mr. President, the livestock industry is facing a critical situation, and in many instances it is disastrous to our livestockmen. Recent prices on livestock markets show a continuing downward trend that has resulted in a drop of 20 percent within the last year. During the week preceding November 3, all slaughter steers in Kansas City sold at an average of $22.47 a hundred, which compares with $27.48 a year ago and since that time cattle prices have dropped at least $1 per hundred.

Following is a table that shows the prices on November 3, 1963, the preceding week and a year ago on the Kansas City market:

		Nov. 3, 1963	Week ago	Year ago
Fat steers (Kansas City)	Hundredweight	$23.75	$25.00	$28.75
Fat hogs (Kansas City)	do	15.35	15.75	17.25
Fat lambs (Kansas City)	do	19.25	18.75	20.50
Corn, No. 2 Yellow (Kansas City)	Bushel	1.26¼	1.25¾	1.21¾

There is every evidence that imports of beef and meat products have reached a high that is depressing livestock prices in this Nation.

It is my opinion that the present rate of imports is definitely causing a price decline, which is resulting in a serious situation in the cattle industry.

Since 1960 we have seen a tremendous jump in the importation of beef from about 3 percent of domestic consumption to the current 11 percent.

The September 2, 1963, issue of Foreign Agriculture, USDA, shows a total of 651,164,000 pounds of red meat imported or 18 percent over the same period of 1962. Lamb is almost double the same period, an actual increase of 95 percent. There is no reason to anticipate that figures for the last 6 months of 1963 will show any different pattern.

Domestic production of beef and veal, in terms of consumption, came to about 90 pounds per capita in 1962. With imports of beef and veal at 8.9 percent of domestic production, it means that 8 pounds of product per person were offered in our domestic markets from foreign sources.

Imports of beef and veal from 3 countries (product weight basis)

[In millions of pounds]

	Australia	New Zealand	Ireland
Average, 1951–55	1.4	13.0	7.2
1958	16.9	182.0	23.7
1959	223.9	160.9	42.0
1960	144.7	130.7	43.6
1961	232.2	154.3	61.1
1962	444.7	213.6	70.7
1962 as a percent of 1951–55	31,764.0	1,643.0	982.0

Studying the above table and checking increased imports of both pork and lamb leads to but one conclusion and that is, these excessive imports can and will have a vital effect on livestock prices in this Nation.

Willard W. Cochrane, of the Department of Agriculture, wrote a book in 1958 entitled "Farm Prices—Myth and Reality," in which he wrote that "the aggregate demand for food is severely inelastic"—page 37. On page 41 he says:

> A 2-percent increase in the amount—food—offered will drive prices down by 25 percent. The farmer is truly at the crack end of the whip.

Increasing population plus increased consumption per person takes care of about half of the drop but that leaves a minimum decline in price of 10 percent for each 1-percent increase in the supply of beef, regardless of its source. This is accurate for 1962 and 1963. When imports increased supply 4 percent, increased population and consumption took care of 2 percent and the other 2 percent caused a price decline in fat cattle from $30 to $24, which is exactly 20 percent.

I have three suggestions:

First, the Department of Agriculture does not have the authority to control imports of beef and meat, but an immediate study on the part of the Department of the recent price decline would be most helpful.

Second, the U.S. Tariff Commission should conduct an economic investigation authorized under the Trade Expansion Act of 1962, with a view of immediately determining the effect of these imports on cattle prices.

Third, if the studies by the U.S. Tariff Commission prove—as I believe they will—that imports have reached a proportion where they are damaging our livestock industry, the President should then, by Executive order, establish quotas and make such other regulations as are necessary to limit ever increasing imports.

I ask unanimous consent to have printed in the Record information furnished by the Wisconsin Packing Co., of Milwaukee, Wis., concerning the rapid increase of imports of beef.

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There being no objection, the information was ordered to be printed in the RECORD, as follows:

FOREIGN MEAT: THREAT TO THE U.S. CATTLE AND MEAT INDUSTRY—IMPORTS OF PROCESSING BEEF MULTIPLY BY 4 IN LAST 5 YEARS

The enormous and continuing growth in imports of processing beef—already at flood stage—is shown strikingly by the enclosed figures from U.S. Department of Agriculture sources.

These imports already have caused serious damage to American cattle producers and others in the meat industry; and the economic threat is becoming steadily more critical as the foreign meat volume keeps on climbing.

A few official figures put the situation in focus:

In 1957 total imports of processing beef were just under 237 million pounds.

In 1962, the total was more than 942 million pounds—very close to four times as much.

Thus, our imports in 1962 were nearly 706 million pounds higher than 5 years before.

And, for the current year, the import rate is even higher: nearly 482 million pounds for the first 6 months, alone.

The effect upon U.S. ranchers, farmers, and others in our meat industry becomes still more sharply evident from the rise in imports as a percentage of domestic production:

In 1957, processing beef imports amounted to 10½ percent of the boned weight of processing beef produced in the United States under Federal Government inspection.

In 1962, the imports had soared to 60.6 percent.

And, for the first 6 months of 1963: 68 percent.

The damaging effect of these huge and increasing imports falls heavily upon the cattle States, for this reason:

With foreign beef consistently underselling domestic by 5 cents a pound, the packer who uses domestic beef has no choice but to put pressure on the price he pays to the producer.

Packers who bone beef for processing—usually small, independent companies—work on a profit of about one-fourth cent per pound. Obviously, they can't meet the 5-cent differential by cutting profit. The only means is to pay less to the farmer.

The consequence is reduction in the farmer's and rancher's income and the value of his livestock, which is collateral for his loans. Continuation of the depressing effect of cheap foreign meat will force further liquidation of herds and bankrupt many producers, just as it has already bankrupted many small packers.

THE NEEDS

The need is not for total exclusion of foreign meats. They are necessary to meet the demand for processed products.

What we need is a combination of quotas and tariffs that will limit imports to the amount needed to satisfy domestic needs, while assuring a market for domestic products; and will discourage the favoring of foreign meats over domestic.

Mr. CARLSON. Mr. President, there appeared in the Kansas City Star, issue of November 3, an article written by Roderick Turnbull, the Star's farm editor, entitled "Cattlemen Are in a Squeeze," and I quote the following from the article:

Following are some figures which are factual about one group of cattle handled in Kansas this last year. Some of these cattle are to be hauled to the Kansas City market this week.

There were more than 500 head of yearling steers in this lot. They were purchased in Texas last September at 26 cents and actually cost just 27 cents a pound delivered in central Kansas. They weighed an average of 605 pounds and their total cost was $163.35 a head.

The owner has had the cattle just a year, so figuring interest on the investment (purchase price of the cattle) at 5 percent you get an interest cost of about $8 a head.

The owner did his best to cheapen his costs so he wintered cattle and then pastured them before putting them on full feed. During the winter phase, from around October 1 until the middle of April, the steers got per head each day 4 pounds of milo, 1 pound of cottonseed meal, some ensilage and a little alfalfa hay. The wintering cost per head was $34.

THROUGH VARIOUS STEPS

After wintering, the steers were put on pasture for the summer at a cost of $20 a head. They went to a commercial feedlot August 1 and now have been fed 120 days. When they went into the feedlot they were pretty fleshy and weighing 950 pounds. Feedlot costs are 68 cents a head each day. In 120 days that adds $81.60 a head to the total cost. Gains of about 2½ pounds a day apparently are being made. This means the cattle should weigh around 1,250 pounds when they go to market this week. Marketing costs will add another $7 a head, counting hauling charges.

Adding the original cost, interest, wintering charges, pasture rent, the full feeding and marketing costs you get a total of $313.95 per head, which the owner told me was just about as accurate a figure as he could get until the cattle actually are weighed and sold.

The owner hopes he will get 23 cents a pound. If he does and the cattle average 1,250 pounds, his gross per head will be $287.50. With costs at $313.95, he has lost more than $25 a head.

There's a possibility, he said, that he might be able to sell the cattle at the feed yards in Kansas at 23 cents.

If he does, he'll save the $7 in marketing costs and cut his losses to around $18 a head.

On 500 head, a $25 a head loss means $12,500.

I ask unanimous consent to also include as a part of these remarks a table showing the average price for cows and steers in the United States from 1953 to 1963.

This table shows that for the past 5 years there has been a continuous decline in the price of cows and steers at the Chicago market, except for one brief period in 1962 on choice steers. This is a trend that should not be allowed to continue.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—*Average prices for cows and steers in the United States, 1953–63*

[Per 100 pounds]

Year	Cows, canner and cutter, f.o.b. Chicago	Steers choice, f.o.b. Chicago
1953	$10.86	$24.46
1954	9.67	24.94
1955	9.86	24.05
1956	10.02	22.75
1957	11.96	24.12
1958	16.47	27.91
1959	16.30	28.58
1960	14.39	26.71
1961 [1]	14.25	25.06
1962 [1]	14.06	27.55
1963 (January–June)[1]	13.56	24.38

[1] Preliminary.

Source: Compiled from official statistics of the U.S. Bureau of Labor Statistics.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. CARLSON. I am glad to yield to the Senator from Wyoming.

Mr. SIMPSON. I invite the attention of the Senator from Kansas to the fact that I am a cosponsor of the measure which would set a quota upon imports of meat products and beef into the United States, which measure also would provide for a tariff above the amount now provided.

I am sure the Senator from Kansas is aware that all livestock associations in the country, including the Wyoming National Cattlemen's Association, are urging that the measure be reported from the committee and brought to the Senate for consideration. I seek the Senator's support for the measure.

Mr. CARLSON. I appreciate very much the comments by the Senator from Wyoming.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. SYMINGTON. I also congratulate the Senator from Kansas for the statement he has just made with respect to cattle prices. Some of the information he has presented was given me by the president of the Kansas City Stockyards, Mr. Jay Dillingham, a friend of the senior Senator from Kansas, and a friend of mine.

When one reads these figures, it is clear that the increased imports of beef—not only from countries which have been shipping to the United States in the past, but also from countries new in the field—is seriously affecting the cattle market of the United States.

I hope all Senators will read the figures presented by the able Senator from Kansas. Something of a corrective nature should be done.

Mr. CARLSON. Mr. President, I know of no one who is more familiar with this situation than is the Senator from Missouri [Mr. SYMINGTON], who is not only close to the Kansas City market but is also close to a large number of cattle feeders and livestock men.

In a portion of my statement today there was a statement by Roderick Turnbull, of the Kansas City Star, which shows definitely that one operator was losing $25 a head on his feedlot cattle. That is true generally throughout the area. It is a serious situation, and one which should have our attention.

Mr. SYMINGTON. The Senator is kind about my knowledge, which is not comparable to his own.

The Senator has also mentioned one of the true experts, Rod Turnbull.

This problem surely should be given attention by all interested in the agriculture economy of the United States, its strength and progress.

I thank the Senator.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. CARLSON. I am glad to yield, if I have sufficient time.

Mr. DOMINICK. I will not take long. I thank the Senator for yielding.

I was happy to cosponsor the bill introduced by the Senator from Wyoming on this subject. I am glad that this subject has been discussed on the floor of the Senate.

It seems to me the problem is a basic one in connection with permitting other countries to use our markets as a prime source of support for their economies. The more that is permitted, the more it will hurt our own economy.

I am not against the trade situation in general, but certainly it is time to place restrictions on these imports, so that our own industries based on agricultural production will not find themselves out on a limb with no markets.

I am delighted that the distinguished Senator from Kansas, who is so knowledgeable in this field, has brought this subject before the Senate. I firmly believe we must take some action, or we shall face serious problems in the one area of agricultural production which so far has been highly successful, because it does not operate under Government controls.

Mr. CARLSON. I appreciate the comments made by the Senator from Colorado. When we import as much as 11 percent of the consumable beef products of this Nation, it is time to look at the problem.

Mr. DOMINICK. I thoroughly agree.

THE FOREIGN AID PROGRAM IN TIME OF TROUBLES

Mr. CHURCH. Mr. President, the foreign aid program is undergoing its most severe congressional "time of troubles." Eric Sevareid, the distinguished television commentator and columnist, has written an interesting article on the reasons for congressional resistance to foreign aid which is now occurring. This piece originally appeared in the September 3 issue of the New York Post and was reprinted in the October issue of Current magazine, a carefully edited collection of provocative essays chosen from a variety of sources. Although I believe that Mr. Sevareid overlooks the bipartisan nature of the opposition, his analysis is accurate and perceptive overall. And it is highly relevant to our present discussion of foreign aid. I ask unanimous consent to have the article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Foreign Aid Reappraisal

(By Eric Sevareid)

For the first time, congressional Republicans in an organized, partisan attack have broken with the President on the size of the foreign aid authorization. But there is little reason to think that this is the beginning of the end of political unity on basic foreign policy. It is not even the end of unity on the foreign aid program, which is still accepted in principle on both sides of the aisle.

Nevertheless, the phenomenon contains various implications of consequence, one of which is that there no longer exists in this country a popular consensus about foreign aid. In regard to this matter, as in regard to various domestic reform movements, President Kennedy happened to take office on an ebbing tide. It seems clear that the mood for consolidation and tidying up, symbolized by the relatively placid Eisenhower years, has not yet run its cycle. In any case, there is always a rough order of priorities for the national attention span, and it is not possible for an old, familiar endeavor like foreign aid, no matter how grand in the historical sense, to retain its hold on popular imagination or congressional devotion in the era of a space race and a mass Negro revolt.

In the history of foreign aid, we have reached a middle stage of stocktaking and searching for a second wind. The basic premises are being reexamined. The total result of foreign aid has been just confused and contradictory enough so that any number of Congressmen feel quite uncertain whether an appropriation cut of even a billion dollars (or, for that matter, an addition of such an amount) would leave the world, the cold war and America's position in any measurably different condition 10 years from now.

It has become very difficult to sell the program any longer as the keystone of American foreign policy, just as it is hard to describe the United Nations convincingly that way—and the same statesmen have used the same label for both institutions. It has become just plausible to describe protection of the American dollar, now threatened by the foreign drain on gold reserves, as the keystone of our policy. All these endeavors sit together; foreign aid has simply been moved a notch above the salt from its position at the policy table.

But the phenomenon in Congress represents—or so this writer thinks—a deeper, if less specifically measurable, shift of feeling by informed and responsible men. It represents the beginning of America's coming to terms with the reality of the world's size and complexity and with the true pace of history. We are adjusting in our sense of time.

We know now that the propostion is not really one of foreign aid at x number of dollars per year or a world collapsing into communism; we know that Soviet economic aid is not everywhere dangerous and undesirable; we know that in some countries—Venezuela, for example—the heaviest American dollar infusions will not guarantee an end to the Communist threat.

We know that the ability of one nation to alter deeply rooted social and class structures in an alien nation is extremely limited. We are beginning to know that the accumulation of capital and skills that required generations in America or Europe cannot be done in semiprimitive societies in a decade, modern science or no modern science. We are a relatively young people and we are only now coming to terms with the true pace of the long pilgrimage of the human race and the immense variety of the human condition. Europeans inherited this knowledge from their total race experience; we have had to learn it for ourselves, the hard way. That is the significant result of these "crash" programs—the result in our own thinking.

And a byproduct of all this, thank heaven, is the realization, at long last, that American inefficiency and bumbling ignorance are not the real reasons why progress in alien lands comes slowly. It is a realization that is going to put a lot of fervent after-dinner speakers and writers of quickie books out of business.

"WAKE UP, AMERICA"—ADDRESS BY FLOYD E. DOMINY BEFORE NATIONAL RECLAMATION ASSOCIATION, SUN VALLEY, IDAHO

Mr. CHURCH. Mr. President, I am sure it is well known to all of us how federally financed reclamation projects, based on the multiple-use principle, have opened the West to rapid development in the past 30 years and have provided the Nation with food and power in abundance. Yet this progress stands in danger of stagnation today. Further development of the Missouri River Basin, solution of the critical water shortage in the Pacific Southwest, and a host of smaller projects—such as Burns Creek in southeastern Idaho—are of great importance. When development projects take 5 to 10 years to execute, we cannot afford to wait until a crisis arises before we act on them.

It is for this reason that I seek to draw attention to an address by Floyd E. Dominy, Commissioner of Reclamation, before the National Reclamation Association at Sun Valley, Idaho, October 25. Mr. Dominy has focused on the projects which stand waiting, the need for reclamation and power development to go hand in hand, the sustained effort needed to meet future needs.

Mr. President, I ask unanimous consent that the speech "Wake Up, America" by Floyd E. Dominy may be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Wake Up, America

In recent months I have participated in two exchange visits to the Soviet Union. A year ago I was a member of a team headed by Secretary of the Interior Udall which made a hurried but quite extensive inspection of Russian hydropower development. Only a month ago, I headed a team of irrigation experts to the Union of Soviet Socialist Republics. Your own president, LaSelle Coles, was a member of this team.

In aggregate, I have spent approximately 6 weeks in the U.S.S.R. during which I have traveled more than 14,000 miles within its borders. I went as far west as Irkutsk and Bratsk, where the Soviets are working furiously on major hydroelectric installations.

I have stood in the shadow of the Himalayas in the southernmost part of the Soviet Union where there are hundreds of thousands of arid acres very similar to our own Southwest. The big difference is that these lands have available an abundance of water from the high Himalayas. The Soviet engineers are now putting the water to work to develop a large potential that has lain there for centuries virtually untapped.

The Republic of Kazakh in central Asia has the largest irrigation development of any republic in the U.S.S.R. There are some 7,865,000 acres of irrigated land in this area, most of it developed in recent years.

We were told, with obvious pride and strong conviction in one briefing session with Soviet power experts, that by 1980 the installed power capacity in the U.S.S.R., and the transmission facilities to tie them together for maximum efficiency, would exceed that of the United States. This has long been one of the major objectives of the Soviet Government.

In a briefing session on the Soviet plans for irrigation development, we were told that they have programed and expect to achieve the addition of 2½ million acres of new irrigated land each year for the next 20 years.

Then we were shown the great Fergana Valley where they have developed over 3 million acres of irrigated land for food and fiber production.

Their determination to catch up with us in all areas of resource development is clear. Their prospects for success in doing so is another matter. And the answer to that is not unilaterally in their hands—we in the United States don't intend to stand at ease, placid and complacent with our present achievement.

At the present moment in time, their success is not to be measured in millions of acres of new land they are irrigating, but rather, in millions of tons of wheat they are having to buy abroad.

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In terms of acres and acre-feet of water they are bringing to their land, the Soviets' growth is stupendous. But in many ways they're like an adolescent who suddenly shoots up from 5-foot-3 to 6-foot-2 in the space of a year or so. Put that youngster in a suit with padded shoulders and he looks like a man—at first glance. But his size doesn't make him an all-American football player. He lacks the muscle, the coordination, the skills, the knowledge. He may make the first team some day, if he's ambitious and works hard, but he's far from it as yet.

That's pretty much how it is with the Soviets. They have the ambition and they're working hard, and I suspect they will make the first team one day, when they have taught themselves all the hard lessons we have had to learn. Their projects may be huge, imaginative, and well conceived, but many of them are not well executed by our standards. They haven't a fraction of the experienced engineers they need, nor trained agronomists, nor farm workers skilled in modern agricultural techniques. And most important of all, they have thought they could barge ahead with agricultural development while scorning the exacting economic standards our American projects must meet and ignoring the incentive of personal advancement that is inbred in every human being in the world, no matter where he lives. The Soviets thought they could substitute hollow doctrine for those vital ingredients—but now they're finding out it doesn't work.

I was fascinated at the 180-degree turn taken by Premier Khrushchev recently when he upbraided his lieutenants because many of the great Soviet undertakings were not showing a profit. He told them they should take a cue from the capitalist countries and start measuring projects in terms of whether or not they were financially sound and would pay off on their investment.

What an admission that is. Perhaps we are beginning to win the cold war, and the Soviets are starting to move closer to our philosophy of life.

Imitation, they say, is the sincerest form of flattery. When the Soviets start realizing there is no ideological substitute for the individual's basic urge to use his abilities to improve his station in life, they will have come a long way toward rejoining the human race.

And if the success of our agricultural methods—the superiority of our reclamation projects—helps to drive the lesson home to them, then we can all be proud of ourselves.

I do not say they have learned the lesson yet, but perhaps they are beginning to. I think their failure to reach their goal in wheat this year may help open their eyes. One year of partial drought can bring disaster to their grain production; whereas we could suffer a far more severe and prolonged drought and still sell them all the grain they might need. They know this, and they know the methods and the systems and ideals through which we have achieved our plentiful production—and the lesson cannot be totally lost on them.

Have any of you been asking yourselves whether we should, or should not, be selling wheat to the Russians? There is no such question in my mind. We have relieved our elevators of a chunk of surplus grain, at world market prices, and have helped stem the outflow of our gold reserves.

Have we also helped the Soviets fight a cold war against us, as some have charged? We have not. Can any of you name me one occasion, in all the history of mankind, when peace was promoted by forcing another country to tighten its belt from lack of food? History teaches us the opposite: deprivation and enforced hunger breed resentment and conflict. Peace comes from contentment and ample food on the table.

I am convinced we have done no more than make a wise choice between feeding the stomachs of the Soviet people or feeding their resentment; and into the bargain we have done ourselves a favor economically.

If I am beginning to sound like a complacent citizen, purring happily over the state of irrigated agriculture and the progress of reclamation developments in the United States today, let me hurry to correct that notion. We seem to have reached a point of threatened stagnation in our reclamation program, and I am very concerned about it.

Our present enviable level of production was only achieved by sustained effort, by developing a continuous series of sound reclamation projects as quickly as they could be carefully planned, authorized and financed, and constructed. We cannot stay ahead of the game, or meet our future needs, unless we maintain a steady pace in our water resource development programs. In fact, I do not believe our rate of development in the past is going to be nearly good enough to meet the tremendous needs facing us in the future. I think we are going to have to redouble our efforts.

Yet, here we are at the end of October 1963 with no new starts in sight for this first half of the current fiscal year, and no new projects being authorized by the Congress. We seem to be on dead center, caught in the middle of controversy, disagreement, and unresolved issues. I am deeply concerned about this stagnation in our reclamation program, and you should be too. Perhaps one of our troubles is that people like you, who are great believers in reclamation and water resource development, are not making your views sufficiently known to the Congress and to various dissident groups who need to resolve their differences and help us get our vital programs into production.

But before I get back to our urgent development needs in this country, I want to talk a little more about war and peace.

I fully believe that we in the United States, with all the knowledge and skills we have built in engineering, in agriculture, and in the development of our water and land resources, are holding in our hand the key to ultimate world peace. I believe that if we and the other technically advanced countries of the free world will join in extending our knowledge to the underdeveloped countries covering most of this globe, we may be able to accomplish the first truly effective campaign for world peace in history.

A lasting peace can be secured, I am convinced, only on the basis of worldwide prosperity. Hunger and peace cannot exist side by side. An effective peace campaign involves helping the have-not countries build up their economy, and particularly their agriculture. To erect barriers against armies, or engage in ideological arguments with governments, as most peace efforts appear to do, is not enough. One of the most significant cornerstones of this campaign will be the development of natural resources—land and water conservation projects—wherever they are needed around the world.

This was the theme that ran through all the discussions at the World Food Congress held in Washington, D.C., last June. It was echoed again and again by the statesmen, humanitarians, and technical experts from all over the world who attended the conference.

Let me tell you a few of the sobering statistics I learned from the discussions of that Congress:

Agricultural experts have estimated that with proper development of soil and water resources, the world could feed—and feed well—at least 35 billion people. Today the world's population is only 3 billion; and two-thirds of those are scraping along at bare subsistence levels, or worse, with the threat of starvation staring many of them in the face whenever their meager crops fail.

In the past 60 years, the world population doubled. But the pace is stepping up now. It will double again in only 35 years. And the growth rate will be much greater than the average—1½ times greater—in the least developed countries, where even the present populations are engaged in a grim, ceaseless struggle to stay on the ragged edge of subsistence.

How are all the additional mouths to be fed? The food supplies of these have-not countries will have to be quadrupled—they'll need to produce four times as much food—by the end of this century. And that isn't very far in the future. There's only one way this goal can be reached and widespread famine avoided: by major agricultural revolutions in those less developed countries; revolutions such as have already taken place in the United States and in a few other advanced nations of the world.

These people can't conduct their own agricultural revolutions. They lack education, technical skills, machines, and the knowledge of how to use them. In the United States, a single farmer today can produce plenty of food for himself and for 23 other non-food-producing citizens. But in some parts of the world, it takes as many as 10 men, women, and children to produce enough food to keep themselves and only 1 other adult alive.

These people are willing to work—they're working hard now, just to barely eke through—but they need to be taught how to work in productive ways. They need to be taught how to utilize the water and land resources that are there in plenty in most of the least developed, needy countries. It has been conservatively estimated that in these impoverished countries there is a need for not less than 1,000 major investigations of potential large-scale agricultural developments, and for the harnessing of great rivers for irrigation, power production, and multiple-purpose benefits.

As to why we, who possess the skills and the knowledge, must shoulder the burden of carrying the banner of reclamation around the world—and must do it now—this was best expressed by Paul G. Hoffman, Managing Director of the United Nations Special Fund, when he said to the World Food Congress:

"More than one-half of the world's people living in 100 low-income countries and territories are in active revolt against continued acceptance of hunger, poverty, illiteracy, and ill-health."

Mr. Hoffman went on to describe the seething unrest of these peoples, the intensity of their determination to better their conditions and their understandable impatience.

"That impatience," Mr. Hoffman said, "can lead to more Congos, more Cubas, and perhaps to general chaos as well. We have no time to lose. Development is historically a long, as well as an arduous task. But the pressure of demand today is so great that time is lacking for the slow development which was characteristic of most of the industrially advanced nations. The processes that took centuries for us must be compressed into decades for the underdeveloped world. The facts of modern communication make the times, and time itself, more pitiless today than ever before."

Now I'm not trying to persuade you people of the National Reclamation Association that we should instantly take up solving the world's problems, urgent as they are, and forget about solving our own. But I am saying we're faced with having to do both. We must have the will to pitch in and help build a stable and prosperous world, because that sort of world will not go to war and destroy itself. At the same time, we can only give meaningful help to others by maintaining the strongest possible economy here at home.

Our role—yours and mine—in strengthening our domestic economy lies in the development of our water and land resources through the reclamation program. We now have 15 proposed reclamation projects—all sound and all badly needed—lying on the shelf waiting for Congress to act. We have eight other projects in the process of completion. In total, these 23 projects will cost in excess of $3.5 billion. These projects will provide over 21 million acre-feet of additional storage capacity, water that can be used to irrigate 600,000 acres of new land and to supplement the supply for 1,800,000 additional acres now partially irrigated. These projects will permit installation of 2,900,000 kilowatts of hydropower generating capacity, and will provide about 1,680,000 acre-feet of water a year—1.5 billion gallons a day—for municipal and industrial needs. Other associated benefits will be of almost inestimable value.

The proposed authorizations are the heart of a needed continuing reclamation program. No other administration has ever had such a comprehensive program for western resource development before the Congress.

But for one reason or another, there seems to be a roadblock preventing action on any of those projects.

Take the Missouri River Basin, for example. John Wesley Powell, some 75 years ago, told the North Dakota constitutional convention at Bismarck that, and I quote: "There are waters rolling by you which are quite ample to redeem your land, and you must save these waters."

Well, the Federal Government has invested hundreds of millions of dollars in saving those waters in such a way that downstream cities and farmlands are virtually insured against any more of the devastating floods the Missouri used to send downstream. There appeared to be no problem in the authorization of that flood control work, none of which is on a reimbursable basis. Nonreimbursable navigation has benefited and there are also tremendous recreation and fish and wildlife returns. A major reimbursable benefit already realized is hydropower production.

But North Dakota, also as a part of the long-term commitment, has a plan for using that water as some partial recompense for usurping rich valley lands which have been inundated by flood control reservoirs for downstream benefit. I have no hesitation in saying that the Garrison diversion unit of the Missouri River Basin project will be the greatest long-term economic boost North Dakota can expect for many decades, just as other Missouri River Basin States may expect similar economic improvement from work proposed in their States.

But unlike water brought under control to prevent damage, water put to a useful purpose must pay its own way. The payout formula first adopted some 18 years ago for the Missouri River Basin project is clearly outdated in these days of higher costs and more complex multipurpose projects. And so reclamation in the Missouri River Basin is bogged down while we thresh out a repayment formula within the tight strictures or repayment policy and the necessity of keeping hydropower rates as low as possible.

Secretary Holum, and we in the Bureau of Reclamation, have worked long and hard on a solution. We now appear to be reaching an acceptable payout formula, but the delay is typical of the roadblocks we are finding in the way of getting on with the job. Until we jump this roadblock, Garrison, Mid-State, Oahe, North Loup, and other feasible Missouri River Basin projects wait forlornly at the unopened gate to economic growth and development.

I mentioned another type of problem in my remarks to your convention last year when I urged that the NRA look into and seek to set up an affirmative policy on Federal hydropower as an integral part of multipurpose river development. I was heartened as I traveled toward your convention by press statements to the effect that your special committee studying relationship of hydropower site licensing to the attainment of the objectives of the association. I have found no enthusiasm in the National Reclamation Association for facing up to the major problem. And I fail to find any resolution on this most vital element of reclamation development.

One way to increase the efficiency and consequent financial returns from our hydroplants is interconnection and integrated operations. This is important not only among our own plants and systems, but with private and public utility systems regionally and nationally. While we debate and argue and bicker, the economic benefits from integrated operation are not being realized.

Power revenues are the lifeblood of reclamation reimbursability, yet there is literally weeping, wailing, and gnashing of teeth every time we propose a new interconnection or a new integrated operating agreement, or even a new stretch of Government transmission lines. We have worked out operating agreements with cooperatives which are building two major thermal generating plants to meet their own loads. These plants and Federal hydroplants complement each other and make greater efficiency. Our Missouri River and Colorado River Basin power operations and revenues will be enhanced as a result of these agreements.

Burns Creek is still with us, as are the Middle Snake River development and the Knowles Dam project on the Flathead River in central Montana. All, although feasible and highly justified, are controversial and consequently inactive. I can recall only one favorable action in the past year in this area.

On Secretary Udall's representation that the Marble Canyon damsite is essential to full development and maximum use of the resources of the Colorado River for the Pacific Southwest water plan, the Federal Power Commission has tabled consideration of the license application to give Congress an opportunity to act.

The Federal Power Commission is aware of the need for additional kilowatt capacity to meet national power needs and cannot be expected to postpone its decision too long. But if the opponents of Federal hydropower development can keep talking long enough, they can kill multipurpose use of this site as surely as if they mustered a negative vote on it in the Congress.

Another monumental contest is shaping up over the destinies of the Lower Colorado. More than 10 years ago, the Congress tabled a reclamation project vital to the needs of Arizona while action was taken to the Supreme Court to determine the rights of the respective lower Basin States to their share of Colorado River water.

The Supreme Court found for the State of Arizona in its opinion last spring. Since then, Secretary Udall has moved forthrightly in developing the Pacific Southwest water plan. Reclamation's Assistant Commissioner Bill Palmer headed a departmentwide task force which prepared the mechanics of this plan.

It contains no elements or policies which have not already been applied and proven successful elsewhere. It is essentially an all-out effort to meet the water needs of the entire Pacific Southwest. California has been proceeding with its own State water plan, which is designed in large part to meet the water needs of the megalopolis of southern California. Otherwise, the lower basin has been largely marking time in its water program, while awaiting the Supreme Court's opinion. Now it is apparent that the California State water plan, in its present form, will not meet fully the needs of southern California. That area, therefore, is on the same critical basis as Arizona and Nevada.

But what have we heard since the Supreme Court's opinion and the announcement of the Pacific Southwest water plan? Very few words of approval or even of constructive criticism. Many have been quick to protest and criticize. No one has come up with an affirmative substitute, although the problem is obvious. While the Senate Interior and Insular Affairs Committee has proceeded with hearings on the central Arizona project, which is a key feature in the first phase of the total plan, it is clear that in other quarters the strategy is talk, talk, talk, and delay, delay, delay.

As in the past, as for example during the long contest for authorization of the Colorado River storage project, delay means additional benefits, additional profits for those who have to the detriment of those who have not.

From California, we now hear criticism of a possible diversion of water from that which is surplus in northern coastal streams southward past the Tehachapis and possibly into Arizona. But no one mentioned that this is a purely exploratory second phase of the total program and is not firmed up in any sense of the word.

Everyone has been viewing with alarm the purported abrogation of the county of origin philosophy in California's water law without pointing out that the successful Central Valley project and the State water plan also transport water out of the county of origin. Both plans utilize only surplus water, and if the second phase of the Pacific Southwest water plan is adopted, certainly nothing more than surplus water would be diverted.

I might also point out that if the county of origin philosophy were extended to the Colorado River, California, Arizona, and Nevada would have a pitifully small supply of water from that stream, for virtually all Colorado River water originates in the high mountains of the Upper Basin States.

We have also been blanketed into a scattergun attack by a national magazine on porkbarreling by Federal construction agencies. I must give credit to an eastern Congressman, my good friend **Mike Kirwan**, of Ohio, for mounting the first rebuttal against this attack. Congressman **Kirwan** saw a copy of the article before the magazine hit the streets. He was immediately on the phone with me seeking facts and figures for his rebuttal.

There are other problems which are contributing to the blockade on reclamation, but I have done enough viewing with alarm about this negative thinking.

Those of you who know me know that I am not normally of a pessimistic nature. But you know also that I am not backward in speaking my mind, and when things need to be said, I try to lay it on the line.

So today, as you wind up this convention, let's look to the future. Let's wake up to the needs of tomorrow. Let's bury the bugaboos and the fears that seem to possess us today. As individuals, we are interdependent. None of us can exist alone, nor can we solve our problems alone. As communities, as States, as river basins, we are also interdependent. The day is gone when each of us could plan his own little irrigation project without considering its effect elsewhere. We must plan and work together, and only by so doing can we be successful. We must mix a little of the spirit of human kindness, of compromise, of arbitration, into our daily doings.

Let's start thinking positively and cooperatively about our water needs and ways to meet them. I have found Secretary Udall, the administration, and the Congress more than willing to go along with a reclamation program which has a solid foundation and

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solid backing. Representative WAYNE ASPINALL, the chairman of the House Interior and Insular Affairs Committee, said as much in a recent speech before the Arizona Reclamation Association.

But Congress is not disposed to push for action on any program when there is dissension, opposition, or even plain and simple lethargy in the ranks.

The Fryingpan-Arkansas project was not authorized until Colorado settled its intrastate dispute and also enlisted outside support. It was necessary for the Upper Colorado River Basin States to compromise their differences before they could hope to undertake a project which will mean so much to them.

In fact, to go back to the organization of this National Reclamation Association, reclamation was at something of a standstill 30 years ago because of lethargy and national indifference. Your organization at that time moved forthrightly and vigorously to generate action.

We are marking, this year, the 30th anniversary of the start of construction of Grand Coulee Dam. There were viewers with alarm in those days as there are today who wanted to talk the project to death for their own private benefit or because they genuinely feared it would be a white elephant. But because of the favorable national public climate created by such organizations as yours, President Franklin D. Roosevelt was able to authorize and direct construction of the dam with a stroke of his pen. Who is there today who will not say that it is one of the wisest investments ever made in behalf of the future of our Nation.

Or how many of you realize today that most of the early reclamation projects were authorized on secretarial findings of feasibility. Congress supported this executive action when it supplied funds to undertake construction.

How the climate has changed. The viewers with alarm, the professional pessimists, the special interests, have centered their opposition on Reclamation to such a degree that it would be politically suicidal to authorize any project by executive action. And because of this same climate, Congress is reluctant to push ahead.

I say it is up to you to reverse this thinking. In my first speech to this organization—as Commissioner of Reclamation—in November 1959, I urged you to speak out in positive terms to emphasize what you are for, to avoid a brand of negativism; positive support from this organization is vital to a continuing reclamation program. It is up to you to keep the Nation informed about reclamation as a wise national investment and as an investment in the peace and prosperity of the world. I say it is not only time to wake up America as to the challenge of the worldwide need for food and fiber—the sinews of lasting peace—but also to wake up the National Reclamation Association as to the need of positive thinking about the future of the vital work you organized to sponsor three decades ago.

BUSINESS COMPETITION AS A RESULT OF AID ACTIVITIES

Mr. COTTON. Mr. President, Jack Anderson, who is an associate of columnist Drew Pearson, wrote an article which appeared in this morning's Washington Post. The statements in the article may have been accurate or not accurate, but I think it is highly important that our friends on the Foreign Relations Committee, through their staff or such men as they have at their disposal, should inform us in the Senate as to the extent to which the allegations in this article are true. To me, they were rather shocking, although I had a vague idea of some of the magnitude of the matters covered. I quote briefly:

> Plainly, aid money has built foreign factories which today are forcing American firms out of business and American workers out of work.

Later in the article Mr. Anderson states:

> In the last 5 years, foreign aid has built, expanded or modernized 31 pulp and paper plants, 24 chemical plants, 13 aluminum plants, and 22 rubber processing plants. It has given another 27 loans or grants for studies or construction of petroleum refineries.
>
> Our tax money also has built foreign shipyards, plastic plants, pottery works, engineering labs, and industrial research centers.
>
> A reported $2 billion has gone out of the U.S. Treasury to build or expand 179 foreign steel mills. This American generosity has helped to reduce our share of the world's steel market from 17 percent in 1950 to less than 6 percent.
>
> Result: Our steel mills are operating today at only about 60 percent of their capacity.

Of particular interest to the Senator from New Hampshire, who has been concerned with and fighting for the preservation of the textile industry for the past several years, the writer indicates that shirts from Hong Kong were found on the same counter as American-made shirts that were selling for $5.95, those shirts having been made with modern machinery and equipment which could turn them out at $1.99.

Mr. Anderson reminds us that—

> In the past 10 years, nearly 4 million cotton spindles have been closed down and 290,000 millworkers have lost their jobs. Another 350 woolen and worsted mills have been closed, putting an additional 105,000 people out of work.
>
> Textile leaders have begged the Government for a little of the aid that has been given to the Japanese industry. But they have been largely ignored.

Mr. President, I ask unanimous consent that this article appear at this point in the RECORD, following my remarks.

I again earnestly and seriously express the hope that the Foreign Relations Committee will, before the termination of this debate, give the Senate the information, and if these allegations are not accurate in their details, give us the accurate statistics, because it is high time, after all these years of bolstering those who needed our help, that we take into consideration the people who are being made jobless at home, before we cast our final vote on the foreign aid bill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AID BUILDS BUSINESS COMPETITION

(By Jack Anderson)

Foreign aid has bubblegummed in Uncle Sam's face, and he's now unhappily picking it out of his whiskers.

But plainly, aid money has built foreign factories which today are forcing American firms out of business and American workers out of work.

This is a development Senators can no longer overlook as they debate this week how much more money to ladle out to needy nations.

For our income tax payments already have helped to build up competitive industries overseas, often providing them with more advanced equipment than our own.

Result: At home, one industry after another has been forced by foreign competition to cut back production, thus adding to our 4 million unemployed and multimillion-dollar gold loss.

Few seriously suggest that foreign aid should be cut off. With two-thirds of the world living on the starvation line and easy prey to communism, the United States in the interests of its own security must continue to help the underdeveloped nations to help themselves.

Yet in the last 5 years, foreign aid has built, expanded or modernized: 31 pulp and paper plants, 24 chemical plants, 13 aluminum plants and 22 rubber processing plants. It has given another 27 loans or grants for studies or construction of petroleum refineries.

GENEROSITY BACKFIRES

Our tax money also has built foreign shipyards, plastic plants, pottery works, engineering labs and industrial research centers.

A reported $2 billion has gone out of the U.S. Treasury to build or expand 179 foreign steel mills. This American generosity has helped to reduce our share of the world's steel market from 17 percent in 1950 to less than 6 percent.

Result: Our steel mills are operating today at only about 60 percent of their capacity.

Congressman BOB CASEY points a finger, for instance, at Mexico across the border from his native Texas. In 1960, Mexico exported only 65 tons of steel plate to the United States. Two years later, the figure had risen to 12,000 tons, which has already been more than doubled this year.

"Whose tax money," cries CASEY, "do you think built the 22 Mexican steel mills under our aid program?"

For the textile industry, the aid-pampered competition has been even more disastrous. No one seems able to say exactly how many rival mills Uncle Sam has built around the world.

But South Carolina Congressman ROBERT HEMPHILL has said: "In our efforts to revitalize Japan as a bulwark against communism, we participated technically, financially, and otherwise in creating a Japanese textile industry that today threatens our own with ruin."

SHIRTS AT $1.99

On a trip to the Orient, HEMPHILL also saw U.S.-financed textile plants in India, Korea, Formosa, and Hong Kong. He saw in Hong Kong mills with the latest American looms, far finer than most American mills have been able to afford.

He was hardly surprised later to find, in a South Carolina department store, men's dress shirts from Hong Kong offered for $1.99 alongside American-made shirts priced at $5.95. Few consumers are so patriotic that they will pay the extra $3.96 for an all-American shirt.

In the past 10 years, nearly 4 million cotton spindles have been closed down and 290,000 mill workers have lost their jobs. Another 350 woolen and worsted mills have been closed, putting an additional 105,000 people out of work.

Textile leaders have begged the Government for a little of the aid that has been given to the Japanese industry. But they have been largely ignored.

An ailing factory apparently can't qualify for U.S. aid unless it is located overseas.

Foreign shipyards built with aid money and cheap foreign steel are pushing our own shipbuilding industry to the wall. Since 1948, more than $600 million in aid has gone to build or modernize foreign yards. Add the assistance given to foreign steel mills, and American shipbuilders are working under a $1 billion handicap.

MUSHROOMS FROM TAIWAN

Even American mushroom growers have hired a Washington attorney to seek relief from the competition of the U.S.-financed mushroom industry in Taiwan. Uncle Sam's experts looked around for some way to help the economy of Taiwan and decided mushrooms might do the trick. They sent over prize spores, taught the peasants how to cultivate. The new industry literally mushroomed.

The first mushrooms from Taiwan started coming into this country in 1960. Exports doubled the following year, doubled again in 1962. Now Formosan mushrooms account for 25 percent of American consumption of the edible fungi.

It is hard to disagree with those American businessmen who are plaintively asking a rather deaf Uncle Sam: "Isn't it time some charity began at home?"

FOREIGN AID

Mr. JAVITS. Mr. President, the meaning of the Senate's action in adopting amendments banning aid to Indonesia and the United Arab Republic is to place Congress squarely behind the principle that our aid should be used for the purposes for which it is intended; that is, for the achievement of higher living standards, peace, and stability.

When it becomes obvious to the President that our aid is being misused and diverted by the rulers of the abovementioned or any other countries for aggressive actions and to develop a military potential which threatens the basic objectives of our policy, then Congress has said very firmly that it wants such aid stopped. We cannot succeed in our efforts for peace in a free world if we continue to assist those who are determined to undermine it. And we should not be placed in the embarrassing predicament of giving aid to countries who promptly dissipate it by threatening or engaging in hostilities with each other or with other nations who are also receiving our assistance.

We would thus drive home to those who are misusing our assistance the uselessness of their aggressive actions and the fact that the United States will not put up with a continuation of the abuse of this program. We have put reasonable conditions on our aid to Latin America to insure that our objectives will be met. There is no reason why we cannot expect as much from the application of our assistance to other countries. We must be sure that U.S. assistance is used to support and reinforce peace between the nations who are receiving our aid, and become a resource for the development of higher living standards and greater economic cooperation for peace.

Mr. President, I think it is important, since the Senate took some action yesterday on the foreign aid bill which involved Yugoslavia, Indonesia, and the United Arab Republic, to show the continuity and the unity of policy which the Senate has adopted in that regard.

As I see it, the Senate intended to place itself squarely behind the principle that when this country's aid is being used for purposes for which we did not intend it, we should ask the President to cut it off. And when it becomes obvious to the President that our aid is being diverted to aggressive purposes by those who are ruling in particular countries which we aid, or to develop their military potential, through misuse of the objectives of our policy, we will not aid such countries.

The aid which moves out from this country is unilateral aid. Therefore, I do not consider this as invidious conduct, because we will drive home to those who are using our assistance the uselessness of their aggressive action and the fact that the United States will not put up with a continuation of the abuses which they practice.

We have provided reasonable limitations on use of aid under the Alliance for Progress to make sure that our objectives will be met. There is no reason why we should not expect as much by placing conditions upon our assistance to other countries. We should make sure that our assistance is used for the purposes of bringing about a higher standard of living and for social and economic stability. We must be sure it is not used as a substitute for other resources which are used for aggression, or to buttress rulers who would engage in subversion or threaten to destroy other countries which we are similarly aiding.

So I see a real continuity of policy in respect to the provision which we adopted as to Yugoslavia, Indonesia, and the United Arab Republic.

Since I know it must be implemented by the State Department, I hope the administration will understand our purpose and that it will not be necessary for us to proceed in a condign way to try to limit what should be the free hand of the President of the United States to deal with the foreign policy of this country.

ORDER OF BUSINESS

Mr. DOMINICK obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield, with the understanding that he will not lose the floor, so as to permit the consideration of bills to which there is no objection? The Senator from Colorado can then be recognized for the full 3 minutes, and more if he needs it.

Mr. DOMINICK. I yield.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 610, S. 2079, and certain other measures to which there is no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

STRIKING OF MEDALS IN COMMEMORATION OF FEDERAL HALL NATIONAL MEMORIAL, CASTLE CLINTON NATIONAL MONUMENT, AND STATUE OF LIBERTY

The Senate proceeded to consider the bill (S. 2079) to provide for the striking of three different medals in commemoration of the Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument-American Museum of Immigration in New York City, N.Y., which had been reported from the Committee on Banking and Currency, with amendments, on page 3, line 3, after "December 31,", to strike out "1973" and insert "1965", and in line 4, after the word "struck", to insert "under the authority of this Act"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in commemoration of three congressionally designated national historic shrines located in New York City, New York, scheduled by the National Park Service of the United States Department of the Interior for official opening during the New York World's Fair, 1964–1965; namely, Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument American Museum of Immigration, the Secretary of the Treasury is authorized and directed to strike and furnish to the New York City National Shrines Advisory Board a Liberty Series of three different medals of a grand total of no more than seven hundred and sixty-five thousand medals with suitable emblems, devices, and inscriptions to be determined by the New York City National Shrines Advisory Board and subject to the approval of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the advisory board in quantities of not less than two thousand. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes.

SEC. 2. The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for full payment of such cost.

SEC. 3. The medals authorized to be issued pursuant to this bill shall be of such size or sizes and of such metals as shall be determined by the Secretary of the Treasury in consultation with such advisory board.

SEC. 4. After December 31, 1965, no further medals shall be struck under the authority of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JAVITS. Mr. President, on behalf of myself and my colleague [Mr. KEATING] I thank the majority leader for bringing up S. 2079, the medal bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 633), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

S. 2079 would provide for the issuance of a liberty series consisting of three different national medals to commemorate three congressionally designated national historic shrines located in New York City: the Federal Hall National Memorial, the Castle Clinton National Monument, and the Statue of Liberty National Monument American Museum of Immigration. Up to 765,000 of these medals would be furnished to the New York City National Shrines Advisory Board, which would reimburse the mint for the full cost of manufacture for resale to provide funds to complete these shrines.

The Treasury Department has recommended that the bill, as introduced, be amended to limit the time within which these medals may be struck to 2 years, instead of the 10 years proposed, and has suggested an additional technical amendment. Sponsors of the bill have agreed to these amendments which are reflected in the bill as reported.

The importance of the historic shrines which these medals would commemorate, and their relationship to the 1964 New York World's Fair, are set forth in a letter from Senator JAVITS which is printed below as part of this report. A letter from the Treasury Department commenting on the bill is also printed below as part of the report.

FINANCIAL ASSISTANCE TO VICTIMS OF FUTURE FLOOD DISASTERS

The bill (S. 2032) to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Housing and Home Finance Administrator shall undertake an immediate study of alternative programs which could be established to help provide financial assistance to those suffering property losses in flood disasters, including alternative methods of Federal flood insurance, as well as the existing flood insurance program, and shall report his findings and recommendations to the President for submission to the Congress not later than nine months after the enactment of this Act or the appropriation of funds for this study, whichever is later. The report shall include, among other things, an indication of the feasibility of each program studied, an estimate of its cost to the Federal Government and to property owners on the basis of reasonable assumptions, and the legal authority for State financial participation. With respect to each method of flood insurance considered, the report shall include an indication of the schedule of estimated rates adequate to pay all claims for probable losses over a reasonable period of years, the feasibility of Federal flood plain zoning for the purpose of selecting areas which may be excluded from insurance coverage, and the feasibility of initiating a flood insurance program on an experimental basis in designated pilot areas. There is hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 634), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

S. 2032 would direct the Housing and Home Finance Administrator to undertake a study of alternative programs to help provide financial assistance to victims of future flood disasters, including the present and other possible Federal flood insurance programs, and related matters. A report would be made to the Congress within 9 months from the enactment of the act or the appropriation of funds, whichever might be later.

BACKGROUND OF THE BILL

S. 2032 was introduced on August 8, 1963. Favorable reports were received from the Housing and Home Finance Agency on August 23, the Bureau of the Budget on September 5, and the Small Business Administration on September 13. Copies of these letters are printed below as part of this report.

S. 2032, 88th Congress, is identical with S. 3066, 87th Congress, 2d session, as reported by this committee. S. 3066 was passed by the Senate on July 25, 1962, but it did not become law.

PREVIOUS LEGISLATION

Floods and other disasters have called for Federal action for many generations. Sometimes this action has taken the form of preventive public works along the coasts and rivers of the United States, sometimes it has taken the form of relief to the victims of these disasters.

Following the disastrous floods of 1955 and 1956, the Senate Banking and Currency Committee made a thorough study of the problem of floods and other disasters and of Federal assistance to the victims of such disasters. Extensive hearings were held by the committee in those years, both in the District of Columbia and in many of the affected areas. In addition, the committee issued a staff study on the subject of Federal disaster insurance (S. Rept. 1313, 84th Cong.). This study contained an extensive collection of information on the subject of floods and other disasters and the damages resulting therefrom. It also contained a survey of the relief provided by the Federal Government and by State, local, and private organizations to the victims of disasters. Following the committee's investigation of the matter, a bill was reported out by the committee (S. Rept. 1864, 84th Cong.), which became the Federal Flood Insurance Act of 1956 (Public Law 1016, 84th Cong.).

This act provided for the establishment of three programs—a Federal flood insurance program, a Federal flood reinsurance program, and a Federal loan contract program covering flood losses. Upon the enactment of this act, the Federal Flood Indemnity Administration was created as a constituent unit of the Housing and Home Finance Agency. Extensive discussions were held with other Federal agencies, with State and local governments, and with the insurance industry. However, no satisfactory program was developed, and following the refusal of the Congress to grant appropriations to provide funds for the flood indemnity program, the Federal Flood Indemnity Administration was abolished and a final report on its activities was transmitted to the Congress by the President on July 28, 1958 (H. Doc. 426, 85th Cong.). A copy of this report was printed as a part of the committee's hearings on S. 3066, 87th Congress.

THE PROPOSED STUDY

S. 2032 would authorize and require—

"An immediate study of alternative programs which could be established to help provide financial assistance to those suffering property losses in flood disasters, including alternative methods of Federal flood insurance, as well as the existing flood insurance program."

The bill provides that the report to be filed must include—

"An indication of the feasibility of each program studied, an estimate of its cost to the Federal Government and to property owners on the basis of reasonable assumptions, and the legal authority for State financial participation."

In addition, the bill requires the report to include, with respect to each method of flood insurance considered—

"An indication of the schedule of estimated rates adequate to pay all claims for probable losses over a reasonable period of years, the feasibility of Federal flood plain zoning for the purpose of selecting areas which may be excluded from insurance coverage, and the feasibility of initiating a flood insurance program on an experimental basis in designated pilot areas."

The Housing and Home Finance Administrator testified at the hearing on S. 3066 in 1962 that the agency had consulted with the Corps of Engineers, the Geological Survey, the Weather Bureau, the Department of Agriculture, and the Bureau of the Budget as to the type of study which might be understood under the resolution. These agencies concluded that it would be desirable to make a detailed study of seven or eight selected areas for which hydrological data and contour maps are available.

The Administrator testified that—

"The areas selected would provide appropriate geographical representation and include coastal as well as inland flood plain areas and would vary in size and include residential, industrial, and commercial developments. The hydrological data relating to these areas could then be studied to develop estimates of the probability of occurrence of floods. These could be delineated on contour maps so as to indicate the sections of the areas which would be inundated by floods of various probabilities of occurrence. In addition, a study could be made of the value of the properties subject to flooding, the estimated damages to these properties when floods do occur, and the estimated average annual damage. With this information estimated insurance premium rates could be developed which would be necessary to cover the average annual loss in these particular areas and a determination would be made as to whether it would be feasible to initiate a flood insurance program on an experimental basis.

* * * * *

"If this study is authorized we would work in close cooperation with the appropriate Federal departments and agencies, particularly the Corps of Engineers, the Geological Survey, the Weather Bureau, and TVA, which have accumulated a wealth of data and knowledge pertaining to floods and flood plains, and the Department of Agriculture, which administers the Federal crop insurance program through the Federal Crop Insurance Corporation. The Corps of Engineers would conduct the studies in the pilot areas and an analysis of these studies would be carried on in cooperation with the corps, the Geological Survey, and the Weather Bureau. Both the TVA and the Corps of Engineers have developed programs of assistance and information in the field of flood plain zoning. We would look to these agencies for

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advice on problems that relate to zoning. We would also consult with the Council of State Governments, which, for many years, has expressed keen interest in flood plain zoning and flood insurance. Representatives of the insurance industry who we understand were most cooperative in the planning of the flood indemnity program under the Federal Flood Insurance Act of 1956 would be consulted with reference to the studies on the feasibility of flood insurance programs."

On May 31, 1962, the President issued a statement expressing his support for the bill and indicating that a supplemental request for appropriations of approximately one-half million dollars to finance the study would be submitted at the appropriate time.

Since S. 2032 only authorizes appropriations, the committee expected that any appropriate further details with respect to the proposed study, and a detailed justification of every aspect of it, would be presented to the Appropriations Committees.

"[S. 2032, 88th Cong., 1st sess.]

"A bill to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Housing and Home Finance Administrator shall undertake an immediate study of alternative programs which could be established to help provide financial assistance to those suffering property losses in flood disasters, including alternative methods of Federal flood insurance, as well as the existing flood insurance program, and shall report his findings and recommendations to the President for submission to the Congress not later than nine months after the enactment of this Act or the appropriation of funds for this study, whichever is later. The report shall include, among other things, an indication of the feasibility of each program studied, an estimate of its cost to the Federal Government and to property owners on the basis of reasonable assumptions, and the legal authority for State financial participation. With respect to each method of flood insurance considered, the report shall include an indication of the schedule of estimated rates adequate to pay all claims for probable losses over a reasonable period of years, the feasibility of Federal flood plain zoning for the purpose of selecting areas which may be excluded from insurance coverage, and the feasibility of initiating a flood insurance program on an experimental basis in designated pilot areas. There is hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act."

STUDY OF NATIONAL SYSTEM OF SCENIC HIGHWAYS

The Senate proceeded to consider the resolution (S. Res. 217) to authorize a study of a national system of scenic highways which had been reported from the Committee on Public Works with amendments, on page 2, line 19, after "January 31,", to strike out "1965" and insert "1964"; on page 3, at the beginning of line 1, to strike out "consultants;" and insert "consultants: *Provided,* That the minority is authorized to select one person for appointment, and the person selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $1,600 than the highest gross rate paid to any other employee;" in line 15, after the word "date", to strike out the comma and "but not later than January 31, 1965", and in line 17, after the word "exceed", to strike out "$50,000" and insert "$20,000"; so as to make the resolution read:

S. Res. 217

[Rept. No. 635]

Resolved, That the Committee on Public Works, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, to make a detailed study and investigation concerning the role that the development and establishment of a national system of scenic highways could play in the Nation's recreation program. Such study and investigation shall include, but not be limited to: (1) an analysis of the functions of such a system, (2) the design criteria to be utilized, (3) the methods of financing the necessary construction, (4) the status of existing State plans for scenic highway systems, (5) the nature and extent of Federal, State, and local participation and responsibility, and (6) recommendations for Federal, State, and local action.

Sec. 2. For the purposes of this resolution the committee, from the date on which this resolution is agreed to through January 31, 1964, is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants: *Provided,* That the minority is authorized to select one person for appointment, and the person selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $1,600 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 3. The committee shall report its findings upon the study and investigation authorized by this resolution together with its recommendations for such legislation as it deems advisable to the Senate at the earliest practicable date.

Sec. 4. The expenses of the committee under this resolution which shall not exceed $20,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The amendments were agreed to.

The resolution, as amended, was agreed to.

The preamble was amended, so as to read:

Whereas an adequate recreational program is essential to the well-being of our citizens; and

Whereas the recreational needs of the Nation are growing at an ever-increasing rate; and

Whereas these needs are intensified because the recreational facilities available to our citizens are limited; and

Whereas the Congress has shown its recognition of these needs by providing within the limited areas which remain for the development of national parks and national seashore; and

Whereas there are miles of shoreline along the Atlantic, Pacific and Arctic Oceans, the gulf coast, and the Great Lakes, and miles of forest, park, river and valley, and mountain scenery which provide an excellent potential for scenic highway recreational use; and

Whereas the Outdoor Recreation Resources Review Commission has indicated that sightseeing by automobile is the Nation's number one outdoor recreational activity: Therefore be it

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 635) explaining the purposes of the resolution.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The proposed resolution would authorize a Public Works Committee study of the potentialities and feasibility of a national scenic roads system with consideration of design criteria, alternative methods of funding, the extent of local and State participation, the level of present State planning, as well as other aspects.

The Interstate System is showing good progress toward resolving the transportation problems between our major population centers. But with the continuation of the long-term population trend to the large metropolitan areas there is a growing need to provide access of urban dwellers to scenic and outdoor recreation areas.

The Outdoor Recreation Resources Review Commission recently reported that the most popular form of recreation (20.7 percent) is driving. Thus the drive through the countryside is the first priority for those who seek outdoor recreation.

However, less sedentary pursuits have in recent years shown a marked increase. While population increased 19 percent from 1952 to 1962, recreation visits to the national forests during the same period increased 240 percent, from 33 million in 1952 to 113 million in 1962. Thus, there is an evident and growing need for a scenic and recreational highway program linked to the Interstate System. The proposed study would explore the means of meeting this need and of coordinating existing and proposed scenic and recreation highways.

There are at present some 28,000 miles of forest highways administered by the States which, though providing an extensive network, do not constitute a system. In addition, there are more than 186,000 miles of forest development roads which are principally designed and built to serve timber hauling, but which, under the Multiple-Use Act of 1960, are to be administered by the Forest Service for recreational uses as well.

Also under the administration of the Forest Service are three preliminary reconnaissance studies and cost estimates for scenic and recreation roads in national forests: 160 miles in the Monongahela National Forest in West Virginia, 48 miles in the Nantahala National Forest in North Carolina, and 55 miles in the Ouachita National Forest of Arkansas and Oklahoma. Other projects on public lands include 45 miles in the Carson National Forest in New Mexico, bridge and section of highway crossing the Colorado River at Hite, Utah, and roads on Federal lands in Georgia, Montana, and Arizona.

In addition, the National Park Service administers 7,000 miles of roads in 26 millions acres of federally owned lands, which received a total visitation in 1961 of 80 million.

Finally, the study would consider means of facilitating the development and incorporation of the proposed Great River Road in a national system of scenic highways. To study and evaluate all of the aforementioned, as well as such State scenic road programs as that of California, with a view toward developing a national system would be the purpose of the proposed inquiry.

COMMITTEE VIEWS

It is the view of the committee that the study as proposed by this resolution would be extremely valuable in providing the Congress with the necessary facts to determine whether there shall be a nationwide program of coordinated, as opposed to piecemeal development of scenic roads designed to serve the needs of the millions of Americans who desire outdoor recreation and the opportunity to appreciate the beauty of America's natural resources.

The committee therefore recommends the approval of this resolution.

USE OF CERTAIN PROPERTY AT MUSCATINE, IOWA, FOR PUBLIC PARK

The bill (H.R. 5244) to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 636) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of H.R. 5244 is to modify the project for a small-boat harbor and public landing area on the Mississippi River at Muscatine, Iowa, authorized by the River and Harbor Act approved May 17, 1950 (64 Stat. 166), to permit the use of certain property for public park and recreation purposes.

GENERAL STATEMENT

Muscatine Harbor is located on the Mississippi River along the waterfront of the city of Muscatine, Iowa, about 465 miles above the mouth of the Ohio River. The project consists of a small-boat harbor, with a minimum depth of 5 feet, protected by a rockfill breakwater, and an approach area with a depth of 9 feet to a public landing site for freight, commerce, and industrial development. The dredge spoil from the approach area was deposited to create the site for the public landing and an industrial area.

The project was authorized by the River and Harbor Act of 1950, in accordance with the plan of improvement recommended by the Chief of Engineers in House Document No. 733, 80th Congress. One of the requirements of local cooperation was that upon completion of the fill for the industrial site, local interests would provide adequate public terminal and transfer facilities and access roads, open to all on equal terms, and a grain elevator.

Construction of the project was completed in May 1961, at a Federal cost of $300,680. The commerce envisioned by local interests which would utilize the proposed commercial landing facilities at the completed project has not developed. Local officials at Muscatine desire to use an area of about 10 acres of this land, which is owned by the city, for public park and recreational purposes, in conjunction with the adjacent city park. H.R. 5244 would permit such use, and would further require that local interests provide and maintain at local expense adequate public terminal and transfer facilities open to all on equal terms.

The Department of the Army, as well as local interests, consider that under the circumstances which exist at Muscatine the conditions of local cooperation have been fulfilled to the extent presently possible. The bill contains adequate safeguards to require local interests to provide for development of public terminal and transfer facilities on a portion of the riverfront property if necessitated in the future.

COST

The enactment of H.R. 5244 would involve no cost to the United States.

Mr. MANSFIELD. Mr. President, those are all the bills on the calendar to be taken up at this time.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, for the consideration of the one nomination on the calendar.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

FEDERAL RESERVE SYSTEM

The legislative clerk read the nomination of J. Dewey Daane, of Virginia, to be a member of the Board of Governors of the Federal Reserve System.

Mr. PROXMIRE. Mr. President, Mr. Daane appeared before the Banking and Currency Committee yesterday and made an excellent impression. His nomination was unanimously supported by all members of the committee. He is one of the best qualified men ever appointed to the Federal Reserve Board.

I also want to say that his attitude on monetary policies are in conflict with mine, and I believe at least partly with those of the distinguished senior Senator from Illinois [Mr. DOUGLAS].

I make the point because in the future there may be equally qualified men whose attitude may conflict with those of other members of the committee. I hope other members of the committee and of the Senate who may disagree on some aspects of policy will recognize the President's right to appoint qualified men who may have divergent views on monetary policy to the Federal Reserve Board. I hope that other members of the Banking Committee will vote to approve qualified Presidential appointees to the Federal Reserve Board in the future, although those appointees may agree with Senator DOUGLAS and me, and disagree with them.

I hope this nomination will be confirmed.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination? Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be notified immediately of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. MANSFIELD. I thank the Senator from Colorado [Mr. DOMINICK] for his courtesy.

Mr. DOMINICK. Mr. President——

Mr. GRUENING. Mr. President, is the Senate still in the morning hour?

The PRESIDING OFFICER. The Senator from Colorado is recognized.

FOREIGN AID AND FOREIGN POLICY

Mr. DOMINICK. Mr. President, we have been talking about the foreign aid bill for a few weeks, and I presume the debate will continue for some time. What the bill involves, basically, is whether or not the foreign policies which have been in effect for a number of years have been successful. I have made a number of speeches, not only on the situation in Cuba, but also on other relationships of foreign policy since President Kennedy was inaugurated, and have declared that his foreign policy has been a dismal failure. I still think it has been a dismal failure, and that it will continue to be so long as the present policies are pursued.

The other day I was very much interested to hear an impassioned speech by the distinguished Senator from Minnesota [Mr. HUMPHREY] on the Alliance for Progress, and what a great undertaking the Alliance for Progress is.

I have before me a publication entitled "Pan American Headlines," for September–October 1963, which lists four principal planks of the Kennedy program in Latin America. In 2½ years all four of these Kennedy-accepted policies have either failed or shown their stark unworkability. One of these happens to be the Alliance for Progress.

Yesterday I was extremely interested to read an interesting article published in the Wall Street Journal entitled "Bleeding in Brazil," written by a highly qualified reporter, Henry Gemmill. The article deals with the problems which U.S. private enterprise and the AID program are having in Brazil. The article is so pertinent that I believe I should read an excerpt from it, and then ask that the entire article be printed in the RECORD at the conclusion of my remarks.

Mr. Gemmill writes:

The Brazilian Government, delinquent on around $100 million of crude oil import bills piled up over the past year, is demanding international oil companies wrap the debt in a pay-later package and stick it in a dark closet. Simultaneously, the Government is insisting the same companies' distributing subsidiaries inside Brazil pay pronto a tax far exceeding their resources. Any company resisting

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either demand faces the threat of being tossed out of the Brazilian oil business.

This is only in connection with the program so far as the Alliance for Progress is concerned.

I ask unanimous consent that the article, published in the Pan American Headlines, and the one to which I have just referred, published in the Wall Street Journal, be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMINICK. In addition, we have seen a complete disarray amongst our NATO allies in connection with our foreign policy. I have before me, under date of October 21, a letter forwarded from Toronto, Ontario, enclosing a copy of an editorial from the Financial Post, which is referred to as "Canada's national weekly of business, investment, and public affairs." The article, published in the October 19 issue of the Financial Post, is entitled "Kennedy to Meany to Hall to Banks." The subhead reads "Alliance, Yes; Holy, No."

This is a really biting article, criticizing this administration in connection with its activities in Canadian labor affairs and labor disputes on the Great Lakes. It shows once more how we are interfering with our own free world allies in an effort, apparently, to satisfy local political pressures in the United States, in an area where we have no right whatever, and in which we are doing nothing at all to guarantee any friendship or cooperation from the Canadians as a whole.

I ask unanimous consent that the article from the Financial Post may also be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Exhibit 1

[From Pan American Headlines, September–October 1963]

Kennedy Policies Tottering in Latin America—Left-Liberal Program Announced in 1961 Now Seen To Be Unworkable

The crashing fall of Juan Bosch in the Dominician Republic was more than a passing political incident. It rang down the curtain upon the whole unworkable Kennedy plan for Latin America.

Bosch's rule in the Dominican Republic was a keystone of this plan. As Tad Szulc pointed out in the New York Times (September 8), the Bosch regime "has the anxious blessings of the Kennedy administration." Bosch's election last December was greeted by the whole rout of administration leftists as the signal of the success of the left-liberal program for Latin America. This is the program which was sold to President Kennedy in December 1960, before his inauguration, by Adolf A. Berle, Luis Muñoz-Marín, and Arthur M. Schlesinger, Jr.

The signal has now proved to be delusive.

One by one, the Berle-Muñoz-Marín proposals have shattered upon the rock of actuality. Bosch's fall is likely to be the final melancholy chapter.

The ambitious plan which Berle submitted to the President shortly after Inauguration Day, as head of the President's Latin American task force, embraced four main objectives. These were:

1. To bring about the early liberation of Cuba.

2. To rid the hemisphere of all remaining dictators or military governments and to replace them by democracies on the U.S. model.

3. To bulwark these democracies by a wide-ranging program of economic development, principally financed by Washington, and pretentiously named, Alliance for Progress.

4. To use Socialists and crypto-Communists as our shock troops against communism in the Americas and to back these leftists, when they came to power, with full U.S. support.

In 2½ years, all four of these Kennedy-accepted policies have either failed or shown their stark unworkability.

1. The Cuba liberation which, under 1961 conditions, should have been a quick clean-up job foundered 4 months after Inauguration Day, at the Bay of Pigs, as a result of the President's own irresolution. When, 18 months later, Mr. Kennedy had a second chance, in the October 22, 1962, confrontation, he flunked the test again. Today, Castro's rule in Cuba stands at its strongest peak.

2. The "end dictatorship" project has also come to an unhappy dead end. After the Washington-encouraged fall of Trujillo in the Dominican Republic, only three dictatorships or military governments remained in the hemisphere—Paraguay, Haiti and Nicaragua. Today, their number has increased to six. New accessions—Guatemala, Ecuador, and now the Dominican Republic.

The situation is even more disheartening from the Berle-Muñoz-Marín point of view. Two other powerful nations—Peru and Argentina—have also found it necessary during the Kennedy period to suspend democracy by action of the military in order to forestall the Communists. Both have subsequently restored democratic rule.

The curve of democracy in Latin America has turned steadily downward since 1963. And yet, President Kennedy promised on September 12, 1960, that if elected he would end all dictators in this hemisphere in 3 years.

3. The Alliance for Progress, which was unwrapped at the White House with such fanfare on March 14, 1961, has proved pretty much of a dud. With few exceptions, the Latin American countries, while they still avidly accept the American handouts, are completely disenchanted. Only the well-paid professional staff members, like Mr. Moscoso, still sing its praises.

This jaundiced view also seems to prevail in our own Congress which has just sliced $150 million off the Kennedy-requested Alliance for Progress appropriations for 1964.

Although the President has now committed $2,180 million of American taxpayers' money to the Alliance, he himself admitted sadly in August that "we have a long, long way to go, and in fact, in some ways the road seems longer than it was when we started."

4. But dearest to the liberal heart was the "we must support the Socialists" proposal. The liberal advisers who sold Mr. Kennedy this preposterous idea contemplated a chain belt of Socialist and crypto-Communist ruled nations dominating the Caribbean and bisecting South America. The pivot man in this plan was to be Romulo Betancourt, President of Venezuela, whom Mr. Kennedy foolishly hailed in 1962 as "the kind of President the United States wants in South America." With Betancourt's Venezuela as a sort of hub, the liberals envisaged a stretch of leftist countries including Costa Rica, Bolivia, Ecuador and eventually Chile. They would be a powerful, cohesive bloc in the OAS and it was assumed (a farfetched assumption) that they would back the United States more dependably than would the conservative-ruled countries.

Two big setbacks, both executed by the military—first the sidetracking of crypto-Communist Haya de la Torre in Peru, and next the deposition of leftist President Arosemena in Ecuador—wrecked the South American plans of the Betancourt coterie. However, Juan Bosch's triumph in the Dominican Republic gave them an unexpected reach into the Caribbean. Last summer, Betancourt even contemplated a barefaced conquest of Haiti, to add to his satellite domain. Upon this power plan, the fall of Bosch drops like a knell. The dream of a third force of crypto-Communist countries holding the balance of power in the Americas is now shattered. The American liberals who glowingly supported this idea, are now confounded by the remorseless logic of events.

With this elaborate program of change lying about him in ruins, after only two and a half years, Mr. Kennedy faces some hardnose decisions. Will he continue to press his program now that Latin Americans have so plainly demonstrated that they don't want it? Can he untangle himself from the doctrinaire liberal advisers who are pressuring him to go further with these unworkable experiments? Mr. Kennedy must soon come up with the answers.

[From the Wall Street Journal, Nov. 5, 1963]

Bleeding in Brazil: Latin Giant Bemoans Exploitation but Puts Squeeze on U.S. Firms—Land Delays $100 Million Oil Import Payment but Insists Firms Pay Big Tax Pronto—Aid Dilemma for Washington

(By Henry Gemmill)

Rio de Janeiro.—Who is draining the lifeblood out of whom here?

Foreign trusts—U.S. exploiters worst of all—are bleeding this country, answer many Brazilians. But to many Americans, it looks as if Brazil is bleeding the companies, and the U.S. Government, too.

The Brazilian opinion is widespread. "The country cannot bear the heavy onus on its development entailed by enrichment of privileged groups who unduly appropriate the fruits of Brazilians' labor," says a memo splashed on the front pages of Rio newspapers and signed by President Goulart.

Other politicians agree that Brazil is despoiled by Yankee investors, traders, and even foreign aiders. Communists say the same thing, and so do nationalist tycoons.

Yet Americans in rebuttal can cite these facts:

The Brazilian Government, delinquent on around $100 million of crude oil import bills piled up over the past year, is demanding international oil companies wrap the debt in a pay-later package and stick it in a dark closet. Simultaneously the Government is insisting the same companies' distributing subsidiaries inside Brazil pay pronto a tax far exceeding their resources. Any company resisting either demand faces the threat of being tossed out of the Brazilian oil business.

FOREIGN AID FRUSTRATION

U.S. foreign aiders have been double-crossed on some Brazilian Government commitments. Sample: Trying to use for good works the local currency from huge gift "sales" of wheat to Brazil, they've had as much as 22 billion cruzeiros blocked in the Development Bank—while a blast of inflation melts the value of this money as if it were butter in an oven. So far the Government bank has let them finance exactly one project, helping a private concern produce synthetic rubber.

Brazil, having gained a host of modern factories by Government lures to foreign corporations during the 1950's, enacted in 1962 a law limiting annual profit remittances abroad to 10 percent of investment. Fair enough in theory, perhaps, and seemingly of little significance since United States and European owners have plowed most earnings back into their businesses.

But in practice, Government paper shufflers have never gotten around to handling the required registrations. For more than a year, remittances—not just profits but interest on loans and even patent license payments—have been held near zero. This tourniquet has cut off a normal outward flow of roughly $100 million annually.

U.S. POLICY DILEMMA

American policymakers, whether they sit in Washington offices or corporate board rooms, thus face a dilemma. Should they refuse to be bled any longer, and flatly decline to throw good money after bad? Or should they figure they're so badly hooked already that, to protect their investment, they must play along—calculating that Brazil's current course reflects neither the true interests nor the popular will of this great nation, hoping things will change for the better, and fearful of touching off a change for the worse? They find it a tough decision.

To appreciate how tough, look more closely at oil. It's Brazil's biggest import necessity. To ultranationalists here, it symbolizes the nation's struggle with giant foreign "trusts." To the companies concerned, that struggle displays the slashing skill of some of the Brazilian Government's most powerful and radical institutions.

These Government arms include:

Petrobras. This Government oil company monopolizes domestic exploration and production, but fills only a third of the nation's crude oil needs. It does the bulk of all refining. Under Mr. Goulart, executives who knew petroleum have vanished; the outfit is headed by a political general and run by leftists in key posts. Its costs are swollen by inefficiency, payroll padding and apparently the financing of such unrelated things as youth movements. The Reds would like to switch crude imports over to the Soviet, already a secondary supplier.

COUNCIL AND BANK

Conselho National de Petroleo. It rules over the private sector of the oil industry, regulating retail prices and myriad other matters. This council too is infiltrated by Reds who would like to stamp out capitalism at the filling-station level.

Banco do Brasil. This bank is part of the government financial apparatus which constantly claims to fight inflation while flooding the country with paper money to cover fantastic budget deficits. It also constantly claims to be bringing foreign payments into balance, while rigging exchange rates to subsidize imports and stifle exports.

As for the foreign companies, they play a double role. First, there are the Brazilian subsidiaries of Standard Oil Co. of New Jersey, Texaco, Inc., Atlantic Refining Co., and Shell Oil Co. (Gulf Oil Corp. got out). They buy gasoline and other refined products, mainly from Petrobras. They pay the Government within a required 30 days, and then manage to distribute to the remotest village under tight price ceilings fixed by the Petroleum Council. But now, suddenly, they're not obeying another Government edict.

The council, which has just permitted a price rise of about 30 percent, demands the companies give Banco do Brasil a sum equal to their "windfall" profit on inventories. In effect, the companies, which have already paid the Government once for enormous stocks, are told they must pay for about a third of these all over again. The cash they're asked to hand over comes to roughly 12 billion cruzeiros—more than $10 million and probably close to $20 million, depending on which of the variously rigged Brazilian exchange rates is used to translate the cruzeiro figure.

The distributing companies plead that the level of their stocks has been dictated by a council which will not permit sensible inventory trimming, and that a 30-percent price boost is no "windfall" but a belated catchup with inflation, which now has Brazilian labor demanding 100-percent wage boosts. Finally, after years of omitted dividends, they say they don't have the money and can't find a banker who will lend it. Having paid similar cash levies in the past the companies don't say they are unwilling to pay, but contend they're unable.

The companies say some high Government officials understand the facts and express sympathy, but they have received no assurances they are being believed. In fact, Government regulators, perhaps figuring parent companies can be pressured into bringing down fresh dollars to ransom these Brazilian subsidiaries, or perhaps with a more political purpose, make this threat: Any company failing to fork over will lose its marketing quota. No quota means the company is out of business.

BUYING TACTICS

The crude oil Brazil imports from Venezuela and the Mideast is supplied mainly by producing or trading affiliates of the same four companies. In buying from them the Government, which is so insistent a collector inside Brazil, becomes an elusive debtor.

The chief purchaser is Petrobras. Though Petrobras demands payment in 30 days when selling, it does not consider a bill due until 4 months have passed when it's buying. Then it does pay.

There's one hitch, though. Payment is made by giving cruzeiros to Banco do Brasil which is supposed then to transmit dollars. The bank has been pocketing the cruzeiros and blandly telling oil suppliers it has no dollars.

Now, oil companies are confronted not merely with the prospect of carrying $100 million of unpaid bills on the cuff, but with a Government request that this embarrassing commercial delinquency be made to vanish for a while by sticking a not-due-till-later label on it and tossing it into storage. The companies have entered negotiations. Any oil executive tempted to stalk out must consider whether he's really ready to give up this market, occuping half a continent.

A TALK WITH THE BOSS

These oil troubles illustrate the sort of battering most businesses experience if they have dealings with Brazil. Variations are innumerable. But inside Brazil the officers of many a U.S.-owned factory say they have had a "helluva" time with bosses back home, and by now the wrangling frequently evolves around whether more dollars should be brought down. Here's the outline one subsidiary officer gives of a typical conversation with his superior in the United States:

"Why should we send more money in when you fellows can't send profits out?"

"Well, this inflation has doubled the working capital we need, and we can only borrow here at more than 40 percent interest, if we can get it at all."

"You're giving everything away to your Commie union. And even that 70 percent boost 4 months ago isn't keeping them from screaming for more."

"I know, but my guys here are OK, and you should try to understand that the way things are going they really do need more money. Anyhow, we have to give it or be shut down."

"How's that nationalization bill stand in congress?"

"Still talking about it, but it looks like we'll squeak by with just price ceilings."

"You call this a case for investing stockholders' money?"

"This is still a great country with a chance for a great future, and anybody who chickens out now may be making a great mistake. But give the word and I'll have a padlock on the gate tomorrow."

"Not so fast."

A General Motors or a General Electric is physically anchored to Brazil by its plants. An American exporter may not be, but if he has a valuable traditional share in the Brazilian market for chemicals or curtain rods balance against a batch of unpaid bills, he can't escape the problem of whether and when to take his licking and cut his losses.

Even with coffee export prices riding high, one economist says Brazil is like the fellow who overspends and keeps out of bankruptcy by running around paying the mortgage, but stalling the butcher, and fending off repossession of his new car by borrowing an installment payment from a neighbor. The trouble with this comparison is that by 1964 Brazil's balance-of-payments gap is probably going to reach $800 million. So a horde of creditors will find themselves not just in the same boat but in the same ocean liner.

The Kennedy administration will be in it with them. It, too, has a heavy commitment through the Alliance for Progress plan for uplifting the hemisphere with U.S. aid and Latin self-help. Brazil is crucial to the project. So Washington policymakers grant some aid, hold back on some, strive to get what they give to more useful destinations such as Brazilian state governments, and wonder whether and when more drastic decisions must be made.

EXHIBIT 2

[From the Financial Post, Oct. 19, 1963]

KENNEDY TO MEANY TO HALL TO BANKS

President Kennedy wants to be reelected next year but Canadians don't like being a punching bag in his political warmup.

The American Government is busily engaged in trying to run the affairs of dozens of countries around the world. It wears the robes and halo of sanctity. It is on the side of progress or democracy or freedom or something that sounds good.

Certainly no responsible member of the Western alliance will envy the most powerful nation on earth its responsibilities or deny its generosity or seriously criticize what the Americans stand for in the cold war.

But more and more the habit of pushing other people around is growing on the Kennedys and their clansmen in Washington.

This is frequently and amply demonstrated within the United States. Indeed, terrifying American citizens into behavior pleasing to the Kennedys is currently the political sport of the President's brother, the Attorney General.

Quite a few people and corporations who do not please the Kennedys are now finding that their current and past income tax returns are being reviewed.

And who is there who won't be intimidated by that, even if their income reports are all clean as a whistle? This Attorney General discipline is so intimidating, in fact, that U.S. news media don't write about it.

Now, with their bullying strategy perfected at home, the Kennedys and their cohorts are using it to get what they want abroad.

Take the latest example of outrageous interference—the American pressure against the Canadian Government over the labor union war on the Great Lakes.

Belatedly, the Canadian Government stepped into this mess and the trustee scheme is about to be implemented.

But the spectacle of the White House and the U.S. Secretary of Labor and the whole weighty machinery of the U.S. Government being gassed up to tell the Canadian Government what it can and cannot do about a Canadian problem is, to say the least, unpleasant.

ALLIANCE, YES; HOLY, NO

Here is the cast of characters and here is the play.

UNIVERSITY OF MICHIGAN LIBRARIES

Kennedy needs the labor union vote in his presidential contest next year. That means he needs the unqualified support of George Meany, the powerful head of the AFL–CIO.

Meany is shaky in his lucrative job. Quite a few big union leaders are gunning for him, notably Walter Reuther of the Auto Workers.

To protect his hide, Meany needs all the friends he can keep and so he will do anything to please Paul Hall, the very powerful international boss of the Seafarers Union.

Paul Hall, in turn, very much needs the support of Hal Banks—and the money Banks gets out of his Canadian union members.

So when the U.S. Secretary of Labor solemnly makes an official pilgrimage to Ottawa (nobody can recall that happening before) and when he makes public declarations telling the Canadian Government what to do, he is merely doing a chore for Kennedy who wants to do a favor for George Meany, who needs Hall, who needs the notorious Hal Banks.

From Mr. Kennedy's point of view, Canada is quite unimportant. It would, in most respects, be a lot simpler for the White House and the U.S. Government if we didn't exist at all as a separate country.

It is tragic that a man of such great endowments as Kennedy should, with increasing frequency, be revealed as having a serious defect of character. His intellect and conscience too often fail him in assessment of the appropriate and seemly exercise of power.

The proverb, "The end justifies the means" with the Kennedy clan too often becomes "The end justifies any means."

Hal Banks and John F. Kennedy will understand each other completely. As "successful" men, they have good reason to admire each other.

Both Banks and Kennedy are good at kicking people around. Canadians who have not taken the oath of allegiance to the White House and to the U.S. Congress have very good cause for extreme distaste.

TRUTH IN LENDING

Mr. SIMPSON. Mr. President, the next public hearing on the so-called truth-in-lending bill will be held at the end of the third week in November. In the meantime, the battle over the issues of the deceptively labeled measure is continuing on the Senate floor.

My colleague from Illinois, Senator Douglas, has inserted several items in the Record of late. So that the official document of these proceedings shall not be overburdened with but a single viewpoint on this important matter, I should like to place in the Record a news dispatch from the October 23 Washington Post.

The article points out that, Joseph Valachi notwithstanding, credit transactions in responsible retail establishments are not exorbitant and usurious as some protagonists of the truth-in-lending bill have alleged. As the story explains:

> A check of Washington department stores * * * turned up none that charged as much as 3 percent. Most charged 1½, and one charged a 3-percent service charge at the time of purchase—but no interest thereafter.

I imply no inference to the senior Senator from Oregon in discussing this article although the story does make allusions to a statement by the Senator. I call attention to the article so that the Record will not imply an indictment of Washington's department stores, whose credit service charges are completely in line with the norms of revolving credit transactions.

I ask unanimous consent, Mr. President, that the story be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

MORSE AMENDS ATTACK ON STORE INTEREST RATES

Senator Wayne Morse, Democrat, of Oregon, has corrected his charge that an unnamed Washington department store collects 6 percent interest a month on unpaid accounts.

The figure, Morse told his colleagues, was only 3 percent—or 36 percent a year. He said the mistake arose when he misunderstood his wife's complaints about a charge account she had just canceled.

As other Senators were talking about Gangster Joseph Valachi's loan-sharking activities in Cosa Nostra, Senator Paul H. Douglas, Democrat, of Illinois, put in a plug for his own "truth in lending" bill.

Morse then told of his wife's experience with 6-percent interest rates. The next day he corrected the figure to 3 percent, and added that many stores had taken to charging only 1½ percent on the unpaid balance.

A check of Washington department stores yesterday turned up none that charged as much as 3 percent. Most charged 1½, and one charged a 3-percent service charge at the time of purchase—but no interest thereafter.

VETERANS DAY

Mr. SALTONSTALL. Mr. President, throughout the history of our Nation, each generation has been compelled to bear witness to its dedication to the ideals of freedom and peace. Whenever necessary, this commitment has been heroically defended on battlefields around the world. We can never repay our veterans for the hardships they endured and the sacrifices they made during these struggles. However, in recognition of this debt, and as a symbol of our heartfelt gratitude, we observe November 11 as Veterans Day.

Perhaps the most meaningful way in which we can honor these men and women is by reaffirming our dedication to the ideals for which they fought. By meeting firmly the challenge to access to Berlin or the attempts of Castro to spread communism within the Western Hemisphere we are demonstrating our determination to resist encroachments upon fundamental freedoms. By holding out hope and encouragement to those people who today are denied the freedom of choice and initiative which is rightly theirs, and by seeking to create the conditions by which they may join the community of independent, self-governing nations we work toward a fundamental principle of our way of life, that of justice for all.

We are aware that resisting aggression and containing the forces of aggression are not sufficient goals for which our Nation should strive. We know too well that in any future global conflict the only victors would be the forces of destruction and barbarism. We must, therefore, be prepared to take advantage of all opportunities to promote international understanding and cooperation. The constitution of UNESCO states:

> Since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed.

In resisting Communist harassment and subversion while pursuing the paths of peace, we will be paying the finest tribute possible to our veterans.

Thus, on November 11, as we visit the graves of our heroic veterans and salute those who fought in the forces of freedom, let us also reaffirm our dedication to the task at hand. We are challenged by necessity and by deep conviction to work tirelessly for a world order in which there will be no wars or threat of wars.

Veterans Day, then, is a day in which we remember with pride the courage, devotion, and sacrifice of those who have served our country in time of war. It is a day for us to be glad we are Americans and to proclaim our belief in the principles which have guided our Nation. It is a day, too, when we reaffirm our determination to continue the struggle to bring lasting peace to the world.

INVESTMENT FOR THE FUTURE

Mr. BARTLETT. Mr. President, what I consider to be a significant address was made on November 5 at Portland, Oreg., before the Inland Empire Waterways Association by the Honorable Elmer B. Staats, Deputy Director of the Bureau of the Budget. Mr. Staats' thoughtful words deserve the consideration of all Americans and I ask unanimous consent that the text of his speech be printed following my remarks.

I am particularly glad that Mr. Staats delivered this speech before the Inland Empire Waterways Association, which is a western organization devoted to and dedicated to the proper resource development of the great western section of the United States.

There being no objection, the speech was ordered to be printed in the Record, as follows:

AN INVESTMENT FOR THE FUTURE—RESOURCES DEVELOPMENT

Mr. Chairman, members of the Inland Empire Waterways Association, and guests; it is perhaps symbolic that your association was founded 30 years ago—in 1933—at a time when the Nation was going through the throes of a great economic depression. Our gross national product in 1933, measured in dollars of today's purchasing power, was $150 billion. Now, 30 years later, it stands at a rate of 588 billion, an increase of 290 percent. Our labor force at that time had 25 percent unemployed. Today, while falling short of the national objective of full employment, the unemployment rate is still only about 5.5 percent.

This association has been a unifying force for the full development of the water and land resources of this area. At the time the association was founded, the population of the Northwest area—Washington, Oregon, Idaho, and Montana—was only 3,575,000. Today this population has grown to 6,214,000, while per capita income has risen from $814 to $2,370, again measured in dollars of today's purchasing power.

The growth of this area of the Nation did not come about from chance or accident; it has come about through private initiative, careful planning, and wise cooperation between government and nongovernment groups and among Federal and State and local agencies. This growth has come about because our people have had the vision to develop and to put into productive use the vast resources which nature has provided. But we cannot rest on our laurels.

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FUTURE NEEDS

Those of you in business and industry know the importance of careful choices in investing funds and manpower. We in Government likewise must be concerned about making the right investment at the right time. To do this, other than very subjectively, we have to relate every decision we make to conditions which are likely to exist in the future.

In looking to the future, what strikes us most strongly is the population factor. In the short time between January 1961, when President Kennedy took office, and the end of fiscal year 1964, there will be some 10 million more people living in this country. That increase is equal to more than half the present population of Canada. If the estimates of the National Planning Association are right, by 1973 our population will exceed 225 million—nearly 40 million more than last year. It takes no great exercise of the imagination to realize that this increase will have a tremendous effect on our economy—on the consumption of resources, on transportation, on housing, on recreation, and on the labor force.

What kind of an economy will we have in 1973—just 10 years from now? Here again, the National Planning Association estimates a gross national product in excess of $900 billion (in 1962 prices) which is $350 billion above 1962 production. And that organization also estimates an average family income of $9,300 compared to $7,100 last year. Finally, it looks ahead to an employment level of 87 million persons—17 million more than in 1962.

This is a profile of a strong and progressive nation. But it all rests on a big assumption: that both our private and public decisions will be wise enough and farsighted enough to make all this potential a reality.

To get where we want to be in 1973, we will have to deal more effectively with problems that beset us today. This means coming to grips with the various factors that slow our progress: chronic recessions, unemployment, overcrowded schools and too few teachers, racial discrimination, obsolete plant and equipment, and insufficient demand to take up the slack in our existing productive potential. It means that we must accelerate our rate of economic growth, control inflation, and keep down prices and costs through continuing productivity improvements, strengthen our scientific research, carry on a strong effort to advance our technology and explore a wide range of sources of energy. In short, if we are to achieve our expectations in the 10 years ahead, we must accept a heavy agenda and commit ourselves to carrying it out.

THE ECONOMIC OUTLOOK

The President has set forth a comprehensive program for national economic growth. His tax program is expressly designed to deal with the chief factors that have adversely affected our economic performance in recent years. Why does he believe tax reform is so urgent? Even though in the third quarter of this year the gross national product rose to an alltime high of $588 billion, and new records were set for both personal incomes and industrial production, there are disturbing indications that our economy is operating considerably below its potential. Even now, with 2½ years of continuous economic expansion behind us, the Nation is producing at a rate which is $30 to $35 billion a year below what it could be producing; the average operating rate in manufacturing is 87 percent of capacity which is considerably below the preferred rate; and more than 5½ percent of the labor force is unemployed. And private investment has fallen to an average rate of only 9 percent of GNP—well below its performance in the period of 1947–57. In recent years our idle industrial capacity has dampened domestic investment incentives and encouraged the flow of American capital abroad, with resulting strains on our balance of payments.

If our economic performance is to improve as it must, there needs to be sufficient demand for goods and services to put our unemployed and idle industrial capacity to work. The President's tax reduction program is intended to furnish a major stimulus to consumer and business spending. The alternative—advocated by some—would be to stimulate the economy through sharply increased Federal expenditures—an alternative not acceptable to the President. We are still operating with a tax system which in most respects is the one we adopted to restrain excessive demand during wartime. The effect of the present tax system is such that the Federal budget would have shown a handsome string of surpluses rather than deficits since 1957, if the economy had been operating close to full employment. We have been witnessing a paradox—tax rates which were set high to absorb an excessive proportion of the gross national product at full employment levels now block the achievement of full employment and yield disappointingly low revenues.

There are many people who think it is wrong to cut taxes while the budget is still in deficit. I do not share this concern. Tax reduction should provide a general stimulus to our economy and, when production and earnings advance, so will Federal revenues. Within a few years total revenues under the new tax system should be even larger than those which have been produced under present rates. A more rapid economic advance—which a tax cut should assure—is the most direct route we can take to realizing balanced budgets. The longer we put it off, the longer we will have to live with the problems that are keeping a full employment economy out of reach. Our goals for 1973 may stand or fall on the decision we make in 1963.

THE FEDERAL ROLE IN NATURAL RESOURCES DEVELOPMENT

Economic growth involves still another aspect of public policy; namely, the constructive development of our natural resources—land, water, minerals, fuels, forage, timber, fish and wildlife—including their use for recreation which is a necessary part of our lives in an advanced society.

We have been fortunate in the abundance of natural resources available to us. But this gives us no grounds for complacency. Many of our resources are nonrenewable, and even those that are renewable will require wise management and long leadtime for their development. There is a consensus that our natural resuorces limitations should not hold back our economic growth if we recognize the need for technological change, substitution of abundant and cheap raw materials for scarce and expensive ones, investment in improved resource management and conservation, and some imports.

Let me cite a few examples of recent progress in natural resources conservation and development:

Overall, Federal expenditures for water resources and related developments—excluding operation and maintenance—more than doubled in the period 1956–64, while the budget as a whole was increasing by less than 50 percent and most of that increase was being limited to defense and space programs. Expenditures for these water resources programs are estimated to rise from $1,346 million in 1962, to $1,477 million in 1964. During this 3-year period, we have provided for 393 new project starts, including 182 watershed protection projects.

The saline water conversion program has gotten off the ground.

A new attack has been initiated on water pollution—a destructive and inexcusable form of waste.

We have established the open spaces program to help urban areas acquire space for recreation and other needs.

Legislation has been proposed to establish a Land and Water Conservation Fund to aid the States in overall outdoor recreation planning and in acquiring lands and developing necessary recreation facilities. The legislation also provides for financing acquisition of recreation lands suitable for addition to national parks and forests.

Three new national seashores have been authorized by Congress, and proposals for five others have been made.

The President has put forward a farsighted 10-year program in oceanography—in his own words, a plan "to seed and weed and harvest the oceans."

We have, within the past 10 days, proposed important new legislation dealing with cost allocation and cost sharing for recreation and fish and wildlife enhancement at water resources projects.

New coal research efforts have led to a coal-to-gasoline pilot plant to be located in West Virginia.

In short, we are investing more and more in our natural resources. In 1962, Federal expenditures on natural resources amounted to $2.1 billion. In 1964—a tight budget year—expenditures are estimated at $2.5 billion, and this budget will provide for 46 new starts on water resources projects, other than watershed projects, estimated to cost nearly $1 billion.

I sometimes wonder what has happened to our perspectives and our sense of values when this kind of prudent public investment is condemned with such epithets as "pork barrel" and "boondoggle" and worse. I can think of even stronger objectives that could better be applied to a government which closed its eyes to the ravages of floods, to the drying up of our streams, to the deterioration of our rivers and harbors, to the stench of pollution, and to the denial of water and power and natural beauty to those who are prepared to pay for them and use them to move this Nation ahead.

We will not grow while we let our natural resources lie untapped, while we fail to bring them into the service of our society, while we glorify our great past and shut our eyes to our great future. There is no "fiscal responsibility" when we refuse to count as assets our dams, our harbors, our river channels, our reclaimed lands, and all the lives and property saved by flood protection. If we cannot tell the difference between waste and investment, we do not understand even the basic ABC's of economic growth—and I, for one, am not prepared to concede this.

The extent to which the budget can provide for investment in resources conservation and development depends, to be sure, on the President's judgments as to the priorities confronting us as a nation. This is where the budget process becomes an important tool for reviewing and evaluating the wide spectrum of programs and needs which constitute the business of the United States at home and abroad. The very difficult job of the President is to balance the needs and opportunities for natural resources development against such competing requirements as defense, space exploration, housing, health, education, and foreign aid, to name only a few. It becomes a question of stretching resources to cover our most critical needs, of deciding what must be done now and what must wait.

In the present budgetary climate, with the prospect of short-run revenue losses resulting from tax reduction needed to stimulate private demand and economic expansion, we must of course apply very critical criteria of need and immediacy to every program and every new proposal. We are now at work on the budget for fiscal year 1965, and our general guideline is the President's statement to Mr. Mills of the House Ways and

Means Committee that "Our long-range goal remains a balanced budget in a balanced full-employment economy. Tax reduction must * * * be accompanied by the exercise of even tighter rein on Federal expenditures which meet strict criteria of national need."

As one who has spent over 20 years in Federal budgeting, I am well aware that budget decisions are seldom easy; those facing us in the 1965 budget will be even more difficult and promise to remain so for at least the next year or two. I can assure you that to our best ability the 1965 budget will show continued forward progress in the important field of natural resources development. Even though we may not be able to go as far as we might prefer, it is not our intention to come to a standstill, much less fall behind.

PLANNING FOR WATER RESOURCES

In all our work in the field of water resources, planning is taking on more and more importance. There is nothing abstract about this at all. We know that we can make serious mistakes and misjudgments unless we relate what we do, not merely to current circumstances, but to conditions that are likely to exist 10, 20, or even 50 years from now. I can think of at least two major efforts that have been made in this field in recent years—the Cooke Commission Report in 1950, and the recent report by the Senate Select Committee on National Water Resources, chaired by the late Senator Kerr, of Oklahoma.

Population changes figure importantly in forward planning. Increasing urbanization and industrialization will also affect future demands for water. Another factor is the way we are presently organized in the Federal Government to deal with water resources. We have four major executive branch agencies and four legislative committees of the Congress concerned with construction. There are other agencies, such as the Public Health Service, whose missions affect, or are affected by, water resources development. In addition, the States enter the picture at many points and have an important role to perform. Altogether, the need for coordination and cooperative planning is very plain.

One of the major recommendations of the Senate committee was that comprehensive plans be prepared for the major river basins and that grants be made to the States to assist in their planning efforts. In 1961, therefore, the President recommended enactment of a Water Resources Planning Act which would have established river basin commissions patterned after the Texas and Southeastern river basin study commissions, to prepare comprehensive river basin plans for the development of water and related land resources. That bill had as its aims (1) coordination of Federal agencies through a Water Resources Council made up of the Secretaries of the four Federal departments with major responsibilities in the water resources field, (2) cooperative Federal-State planning through river basin commissions, and (3) grants to assist the States in water resources planning.

As many of you know, representatives of the States objected to certain features of the bill. Consequently, Senator ANDERSON introduced a revised bill in the present Congress. We believe that the Anderson bill, S. 1111, with some amendments, will provide a good basis for comprehensive planning.

Because of the urgent need for river basin plans to guide future investment, the Bureau of the Budget asked each of the Federal agencies to coordinate their water resources planning programs last year in connection with the 1964 budget. They have continued to work together and are now reviewing their plans for fiscal 1965 and future years. This has been a useful effort: planning concepts have been clarified; priorities of studies are being identified; and gaps and overlaps are being reduced. All this effort, I believe, will prove very helpful to river basin commissions when they are established.

I believe that in years to come we will look back to the Senate Select Committee report as a major turning point in focusing the Nation's attention on our water resource problems and in charting a course for the future. Its emphasis on comprehensive planning is a major contribution. Its thorough spelling out of water resource problems throughout the country served to make it clear that the problem is not a sectional one but a national one. Its forecast as to the steep upward curve of water consumption brought home forcibly the urgency of timely and forthright measures to conserve and develop our water resources. And it made it plain that the job cannot be done without spending some money, and in the form of prudent public investment. Overall, it demonstrated that to do the job that must be done, it will take the collective efforts of Federal and State governments and private groups.

Let me stress the importance of this point. The task of conserving and developing the Nation's resources is tremendous. Whether it is the production of power, the management of forests and rangelands, the development of water resources, or the conservation of helium, there is enough for all of us to do—Federal, State, local and private organizations—if we are serious about it. Each group can accomplish certain tasks better than others. What we need to do is to get together.

ECONOMIC JUSTIFICATION

The method by which projects are evaluated is difficult and controversial, but inevitably there must be certain common practices. It is basic to a program of water resources development that we have workable standards and criteria against which to formulate and evaluate projects. A project must be designed and reviewed in both engineering and economic terms.

Common standards would be important to decisionmaking even if only one agency were engaged in water resources development, but it is even more essential when several agencies are in the field. Inconsistent evaluation standards were criticized by the Cooke commission in 1950. Out of this came the Bureau of the Budget's celebrated circular A–47—regarded in some quarters as an overly restrictive policy and by others as a step toward rational decisionmaking. As time went on, however, A–47 became less suited to the purposes which it tried to serve. But the need for common standards had been established.

Last year the President approved a new set of policies, standards and procedures for formulating and evaluating projects. This document reflects the views of the present administration and takes into account advances in policy and practice in the water resources field since 1952. One important change was to raise the limit on the period of economic analysis of a project from 50 to 100 years. Another change provides that joint costs of a project such as a dam may now be allocated to recreation whereas previously only the specific costs of recreation facilities could be so treated.

We are not yet out of the woods on standards and procedures, however. Efforts are now going on to develop a more precise means of evaluating the benefits of recreation, including hunting and fishing. In addition, the concept of the least costly alternative means of providing recreation, which limits the cost allocation to recreation, is being studied. More work must also be done on cost allocation methods.

On the whole, therefore, I think we have come a long way in improving our standards and procedures. The better these are, the less likelihood there will be of irresponsible charges of "pork barrel" methods. Good standards for basing decisions on project authorization and construction starts is the first step in building public confidence and support for water resources development. From this basic framework we can go on to make the test of relative priority in the setting of the annual budget.

With respect to problems of reimbursement and cost sharing between the Federal Government and non-Federal bodies, the President has directed a study to be made by the Secretary of the Interior, working closely with the Secretaries of Agriculture, Army, and Health, Education, and Welfare. These problems are anything but simple. This past week the Bureau of the Budget, in behalf of the executive branch, sent to the Congress a draft bill to establish cost sharing and reimbursement policy for recreation and fish and wildlife enhancement in connection with water resource projects. This bill would not require non-Federal sharing of these costs at every project, but only where such costs are relatively substantial—most of the costs would be borne by the Federal Government.

CONCLUSION

As we take inventory, we cannot fail to recognize the progress we have made. Our goals are clearer. The task is better understood as one of national dimensions. The President has made plain the relevancy of water resources development to our paramount objective of economic growth and full employment. The investment character of public expenditures for resource development is seen more clearly than in the past. Comprehensive planning has advanced from the stage of an idea and is rapidly becoming a reality.

It has been a time of progress, of gains that we can measure. But for all of us, much remains to be done.

A SURPLUS PROBLEM IN NUCLEAR BOMBS

Mr. McGOVERN. Mr. President, the distinguished columnist, Mr. Marquis Childs, has written an important article which appears in today's Washington Post.

Mr. Childs ask the question which is causing growing concern among a number of us in the Congress and throughout the country: "How much nuclear killer capacity is enough?"

Mr. Childs calls attention to the related problems of what we do with the personnel employed at our nuclear weapons plants when shifts in our defense requirements occur.

I ask unanimous consent that the column by Mr. Childs be printed at this point in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

A SURPLUS PROBLEM IN NUCLEAR BOMBS

(By Marquis Childs)

How much nuclear killer capacity is enough? In shaping the new defense budget this is a deeply puzzling question Secretary of Defense McNamara will in the end have to put up to President Kennedy.

A big industrial development with payrolls in a half-dozen States depends on continuing to produce fissionable material for nuclear weapons. Yet, as it is often put, we've got the stuff running out of our ears.

Secretary McNamara would like to cut back production. The Atomic Energy Commission is agreeable to some cutbacks. But the decision is complicated by a proposal bound to generate pressure as the results of a cut are seen in a loss of jobs, the mothballing of plants and the dispersion of highly skilled technical staffs.

UNIVERSITY OF MICHIGAN LIBRARIES

The proposal originating with Senator CLINTON ANDERSON, Democrat, of New Mexico, chairman of the Joint Congressional Atomic Committee, is to stockpile plutonium. The raw material, uranium, would be mined, processed at great cost and put back in the earth.

On the face of it, with a present capacity to destroy every target area in the Soviet Union several times over as the President has stated at least twice, this would seem to be a lunatic form of makework. But the astute ANDERSON makes a case for the stockpile.

It is true, he says, that there is a large oversupply. In the U.S. arsenal are many old-fashioned nuclear bombs so big that they would not be dropped under any circumstances. If these were remade and the fissionable material put into up-to-date weapons we would have at least a 10-year supply.

But the big surplus is in "yellow cake"—uranium oxide being processed from uranium by mills such as those of the Kerr-McGee Co. under long-term contracts. What ANDERSON contemplates is a cutback in the mills, leaving a few large, efficient plants like that of Kerr-McGee to go on turning out "yellow cake." This, together with the huge current surplus, would be processed into plutonium that keeps indefinitely.

"We might," as one expert put it, "want to take a look at it after a thousand years."

Plutonium in the stockpile could be made up very quickly into bombs and warheads, ANDERSON points out. It would also be available for peacetime use in power reactors if and when nuclear power production comes to be more nearly competitive with other power sources.

That would mean maintaining Oak Ridge in Tennessee, Savannah River in South Carolina, and Hanford in the State of Washington in operation in part if not in entirety. Hanford has a payroll of 8,000 and while this is small as compared to Boeing it is important to Washington.

The scale of the overkill in America's nuclear arsenal produces highly technical and violently emotional arguments. In his courageous speech last August calling for substantial cuts in arms spending Senator GEORGE MCGOVERN, Democrat, of South Dakota, was content to use the phrase "several times over." But along with other Members of Congress he had heard the presentation of Prof. Seymour Melman, of Columbia University, who contends that overkill is 1,200 times what is necessary to destroy all Communist target areas.

The Pentagon says that such far-out figures are based on the impossible assumption that every single nuclear weapon would be used. They ignore the destruction of a part of the arsenal in a Soviet first strike. And they also overlook the fact of a wide disparity of weapons, including tactical battlefield weapons, not all of which would be zeroed in on the major target.

But certain Pentagon officials are deeply concerned with a stockpile so overflowing that storage has become a major problem. An indication of this was the deliberate leak last summer that Defense would like to cut back its weapons requirements with the Atomic Energy Commission by a billion dollars.

During the fiercely fought controversy over the nomination of former AEC Chairman Lewis Strauss to be Secretary of Commerce, charges were put in the record showing the interlocking relationship of powerful financial interests, including Kuhn-Loeb and the Rockefellers, in uranium. The late Senator Robert Kerr, Democrat, of Oklahoma, through Kerr-McGee, was a major figure in this gold rush. It was part of the complex that brought abundance with the inevitable growth of deeply vested interests.

VETERANS DAY

Mr. WILLIAMS of New Jersey. Mr. President, in gratitude and appreciation for the service brave men—both past and present—have rendered us, our people have set aside November 11 of each year for the observance of Veterans Day. Nothing could be more warranted nor well deserved.

Since the birth of this Nation—a nation dedicated to freedom—it has been necessary for men to bear arms to perpetuate and preserve our way of life. This is the price we have had to pay for liberty in a world reluctant to let it flower.

In less than 200 years, the people of this land have built America into a great country—a country built upon the foundation of democracy. We owe this opportunity for growth to our veterans, who have been willing to give their lives so that we might remain free to build a strong nation.

A day of tribute is small payment to the thousands who have died, the thousands who have been maimed and handicapped, the millions who have returned to civilian life determined to build a better world for their children—and our children—and to our young men still giving this country a part of their lives, away from home and loved ones, to protect our hard-earned freedoms.

"Thank you" is a small phrase. Yet, behind it is the love of a nation. It is not the hollow phrase sometimes extended to strangers; rather, it carries the sincerity and warmth of appreciation we would extend to a close friend, a brother, father, or a son. The security of our country—our homes—personally affects all of us. Our "thank you" has real meaning.

But we are in the debt of our veterans for more than their valor during wartime. We are grateful for their participation in peacetime as well. Because they have experienced the horror of war, because they have seen the starkness of tyranny, they have returned to civilian life determined to build a better world.

They have returned to us with a strong sense of citizenship, with the realization that foreign affairs affect us as vitally as domestic affairs, and with the realization that a government "of the people" must be participated in by the people.

Through veterans' organizations, they have been active in civic affairs, and have worked to improve their communities. They have worked with our youth to build a sense of patriotism and love of country. They have been active in political life on both the State and National level.

Of our present Members of Congress, 362 are veterans. Our last three Presidents have been veterans.

There are 22,133,000 veterans in our population today. In a very real sense, our country's veterans have earned the reputation of being "the foundation stone of Americanism." This does not mean they are rabid adherents to the extreme right, but rather that our veterans have been diligent in the performance of intelligent patriotism tempered with a strong sense of the real world we live in. They have rolled up their shirt sleeves and helped democracy work.

They have given a great deal, but, like anything of value, peace and freedom are expensive items on the world market. Our veterans have made the downpayment. It is up to all Americans to actively join them in their efforts to improve our country, to maintain our freedoms, and to achieve world peace.

By working to become better and more enlightened citizens, we will be paying back our debt the way, I am sure, our veterans would like it paid.

PERIODIC CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID

Mr. MUSKIE. Mr. President, on September 4, 30 Senators joined with me to introduce S. 2114, a bill to provide for periodic congressional review of future Federal grants-in-aid to States and to local units of government. In my remarks accompanying the introduction of this measure and in a subsequent address on October 31, I explained some of the more general reasons for my advocacy of this bill.

Additional arguments in support of S. 2114—especially as they relate to the fiscal aspects of grants-in-aid—are found in a draft report on "The Role of Equalization in Federal Grants-in-Aid" which was recently considered by the Advisory Commission on Intergovernmental Relations, and in a study entitled "The Federal System as Seen by State and Local Officials: Results of a Questionnaire Dealing with Intergovernmental Relations," which is being prepared by the staff of the Subcommittee on Intergovernmental Relations. Those two studies indicate some of the difficulties we will experience with respect to future grant programs. Most of the existing programs have two distinct, but coordinate, provisions which determine each State's share of Federal grant money. The allocation provision, or apportionment formula, relates to the manner in which the Federal appropriations for a particular program are apportioned among the recipient governments, provided the grant conditions are met. The matching provision pertains to the funds required to be raised by the States and sometimes by the local governments as their share of the aided program's cost. The operation of both provisions within existing grants-in-aid suggests that there are a number of fiscal problems with which congressional committees must periodically come to grips.

The question of whether an equalization factor should be included in these provisions also highlights the need for more careful congressional scrutiny. Since World War II, Congress has paid increasing attention to the question of whether the distribution of Federal grants should take into account differences in the capacities of the States to finance aided programs from their own resources. It is unlikely that the future will reverse this trend. The effort to give recognition to this factor has usually taken the form of attempting to compensate for the imbalance between the several States' differing program needs and their relative financial abilities to support these functions at certain desired levels. The decision to implement or not to implement this goal has significantly affected both the apportionment and matching provisions of most grants-in-aid. Congressional reassessment of future grants-in-aid, as provided in S. 2114, must take into consideration the fiscal and policy questions raised by the formulas under which these programs are financed.

Of these three problem areas, the allocation provision raises some of the more subtle challenges to test the wisdom of Congress. If the present is any guide for the future, the distribution of Federal funds for some programs will continue to be basically on an equal-share basis to each State, since 10 existing grants still employ a modified version of this formula with little recognition of differences in the size of the States or other indicators of differences in need. When Federal grant programs do provide for the allotment of varying amounts of funds to each State on the basis of some indicated need criterion, various and sometimes confusing indexes are employed to establish the formula. Frequently, a program's needs are gaged by the population of the States, the population in totals, a relevant population group, or some other service unit criterion as an index for determining the allocation of grant funds. In some cases the components of program costs are used as indicators of need. Of the 16 grant programs which at present use a financial need factor in the formula, 15 use per capita personal income as an index of the relative State fiscal capacity and the State-by-State distribution of funds is weighted accordingly, so as to offer more Federal funds to the poorer States.

To make matters more difficult, and again using the present as a basis for future predictions, only two-thirds of present Federal grant programs distributed their funds in fiscal 1962 on the basis of only one allocation method. Fifteen grant programs employed two basic grant formulas; two used three methods; and three distributed their funds on the basis of four methods. In many instances these varying formulas are necessary. At the same time, they provide many a headache for State and local officials attempting to participate in these programs. Witness the following observation of a State official to the Subcommittee on Intergovernmental Relations' question on this topic:

> The funds made available to [this department] * * * have such complicated formulas, matching requirements, and reporting of expenditures that it is difficult for the budget analyst, the Governor and the legislature to understand the financing of these formulas. The program has not been dealt with in a satisfactory manner, and the budget office continually feels that it is at the mercy of the agency involved in the interpretation of these formulas and requirements.

While many Federal grants have explicit statutory provisions spelling out in detail how the funds are to be allotted to the State and local governments, some still permit a portion or all of the funds to be disbursed at the discretion of the program Administrator. In practice, such discretionary authority has commonly been incorporated into administrative regulations which specify the formula for distributing the grant funds. Yet at present, a portion or all of the funds in eight grant programs are not distributed in accordance with a published allocation method. In discharging its mandate to periodically examine and reassess these programs, then, Congress should take a closer look at these apportionment provisions and attempt to make the excessively rigid, more flexible; the needlessly intricate, more simple; the broadly discretionary, more specific; and the indices of need, less susceptible to misinterpretation and suspicion.

The matching requirement provision—or the lack thereof—in the existing grants raises almost as many questions as the allocation formulas. In itself, the fact that 13 aided programs do not require any State or local matching constitutes a fundamental reason for periodic reassessment of these programs by the pertinent legislative committees. In addition, among the grants-in-aid that do require State and local governments to share in program cost, we find that the dual method of determining cost share and requirements provides another subject for periodic congressional inquiry. Under existing arrangements there may be variable matching, whereby the proportion of total program cost borne by the State is determined on the basis of an index employed to measure relative State fiscal capacity, thus implementing the equalization objective. Alternatively, there may be a fixed ratio-matching formula whereby the State and/or local government is required to share at the same proportion of program cost. The latter technique is employed at present in most Federal grant programs. For many, the fixed Federal share is 50 percent and for a few programs it is set at two-thirds, occasionally at three-fourths, and even at 90 percent of cost. Over 70 percent of the funds allocated in fiscal 1962 for Federal grants-in-aid were governed by a fixed ratio-matching formula.

Variable matching requirements are found exclusively in only seven grant programs at present, and partially in five. While constituting a form of equalization in that they recognize the varying abilities of the States and local governments to support these aided functions, the funds distributed on a variable matching formula basis accounted for only 17 percent of the more than $7 billion that was spent for grant programs during the fiscal year 1962.

There is evidence that the present grant formulas do not properly represent differences in the current national interest in the different programs, and understandably so. The programs were enacted at different times within a different climate of opinion, without in each instance due regard being given for the grant provisions of other, existing programs. Those State and local officials responding to the subcommittee questionnaire strongly favored congressional legislation which would make these formulas somewhat more uniform and standardize definitions used therein. In light of these varying requirements, and this reaction from questionnaire respondents, Congress must probe more deeply into the entire question of matching provisions. Are the interests of the more well-to-do States protected when more than 12 percent of the funds allocated in 1962 were disbursed under grant programs with no matching requirements? Is equity achieved when more than 70 percent of these funds were distributed under a formula which provided for fixed ratio matching? These are questions of equal justice; they are questions of national policy. They are premised upon existing facts, but they will be with us in the future. Periodic review of future grants-in-aid could not ignore these issues, and the enactment of S. 2114 would help to guarantee their careful consideration.

Many of the difficulties that I have discussed in connection with apportionment and matching formulas relate to the broader problem of equalization. In some instances, this factor has been incorporated into programs that do not require it; in others, it has been inserted in a way that fails to accomplish the objectives of Congress. In still other programs, it has been ignored where changing conditions indicate a pressing need for its recognition. Of the Federal grants-in-aid now on the books, only about a third contain what might be termed explicit fiscal equalization provisions. This means that the distribution of the moneys or the proportion of Federal-State sharing of program cost in these programs is governed in some measure by a recognition of the differences among the States' relative abilities to support the aided activities.

Detailed statistical analysis of these programs by the Advisory Commission on Intergovernmental Relations and others indicates that, though these programs are presumably geared to giving greater recognition to the difficulties that less well-to-do States have in financing them, these States have not always profited under them to the extent that some imagine. To put it more bluntly, Congress intent here with respect to ironing out some of the inequalities in the program levels among the States has not always been fully realized. On the other hand, with respect to certain other grants, there is strong evidence that the equalization factor should not always be extended to programs of a basically planning, demonstration, stimulation, or emergency nature. This differentiation is not always made at present, and future congressional reassessment of Federal grant-in-aid programs should carefully weigh the arguments developed by the Advisory Commission on this subject.

Congress in recent years has increasingly turned to categorical grant programs as a way of national participation in the provision of vital public services. The greater the number of the segments of public services which are aided through these categorical aids, the more urgent becomes the coordination of the grant programs and of assuring through periodic review that the provisions are in harmony with one another and that the objectives of the Congress in providing Federal aid are carried out in a consistent way from category to category.

Where equalization is appropriate, however, greater consideration should be given to more detailed analysis of the various indexes of program need and of the States' relative ability to support grant programs. Per capita personal income, for example, has some limitations as an accurate index of the relative capability of State and local governments to raise revenues. This and other indicators which have been used to implement the equalization ideal should be carefully reexamined by the Congress—not with the view that perfect justice or complete uniformity can be attained, but in full recognition of the fact that the present inequities and existing lack of meaningful standards need correction. We must not permit future grants to be so characterized.

Mr. President, these are but a few of the fiscal problems that confront us in this area of Federal governmental activity which accounts for more than $10 billion in this fiscal year, which includes at least 60 programs, and which gives every sign of expansion as we move into the final third of this century. Consistency, uniformity, and equity—these should be our immediate goals in this difficult area of congressional oversight. Enactment of S. 2114 would go far toward achieving these objectives. In attempting to determine whether future grant programs will be modified, redirected, terminated, or continued, congressional committees under this legislation, of necessity, would have to cope with some of these fiscal problems. All of us then would be compelled to focus our attention more regularly on the many dollars-and-cents difficulties that have arisen as a consequence of the sporadic and undirected development of these grant programs.

If we continue to ignore the trouble spots that have emerged in this field, the enemies of the grant-in-aid device will increase in number; their arguments will become more forceful; and the cooperative Federal ideal will be seriously impaired. I agree with those scholars who claim that this very practical device has been one of the major forces preserving our traditional system of American federalism. If we accept the proposition that this is 1 nation composed of 50 States—not 50 States joined in loose confederation or a single State subdivided into 50 administrative units—then the grant-in-aid must be strengthened.

Others may help us. The executive agencies can advise and conduct their own reassessment of grants-in-aid. The States and local governments can recommend improvements in various programs. In the final analysis, however, Congress alone has the task of legislative oversight and the power of the purse. We alone possess the proper instrumentalities, the authority, and, what is even more important, the requisite attitude—since we represent the States and local districts, but serve as U.S. Senators and Representatives. Enactment of this legislation would be a significant and highly desirable step toward strengthening both the Congress and the Federal system and toward reasserting our traditional role of umpire among the 50 States.

In conclusion, Mr. President, I want to take this opportunity to announce that hearings on S. 2114 will begin on December 3 at 10 a.m. Any Senator or other person wishing to testify at the hearing should notify the subcommittee, room 357, Senate Office Building, extension 4718, in order that he might be scheduled as a witness.

TRANSPORTATION ON THE GREAT LAKES-ST. LAWRENCE SEAWAY

Mr. HART. Mr. President, the Legislature of the State of Michigan recently adopted a resolution memorializing the Congress concerning the St. Lawrence Seaway.

The Senators from the Great Lakes States this past summer have organized a conference of Great Lakes Senators to review the problem arising from the very type of concern expressed by the State legislature in their October resolution.

Yesterday, Mr. President, the chairman of the Senate Committee on Commerce announced the formation of a Special Subcommittee To Study Transportation on the Great Lakes-St. Lawrence Seaway.

The chairman acted, after a number of us on the Committee on Commerce had called to his attention the concern we feel for the investigation of the development and progress of transportation and shipping in the Great Lakes and St. Lawrence Seaway region. It is my hope that in the weeks immediately ahead, this subcommittee will come to Michigan, and hold hearings in our port cities. For Michigan has been long a proponent of the seaway and I am confident hearings from witnesses in our State will produce testimony of significant value to the Committee on Commerce.

In addition, Mr. President, I would call to the attention of the Senate the action of six of the Senators representing areas in the upper Great Lakes region that has some bearing on this same problem.

A few days ago, I joined with my five colleagues in urging the President to form an Upper Great Lakes Commission for Great Lakes Economic Development. The text of our proposal is contained in a letter to the President.

I ask unanimous consent that this letter and statement by the six Senators, together with the announcement from the Senate Committee on Commerce and the resolution of the Michigan State Legislature be reprinted in the Record at this point in my remarks.

There being no objection, the letter, statement, announcement, and resolution were ordered to be printed in the Record, as follows:

Senators Propose Regional Commission for Great Lakes Economic Development

Six U.S. Senators have urged President Kennedy to create a Federal-State regional commission to coordinate and implement economic development in the northern areas of Michigan, Wisconsin, and Minnesota.

In a letter to the President, the Senators asked him to initiate such a program by calling a White House meeting of Cabinet members and agency heads administering economic development programs, together with the Governors and the Senators from the three States.

Senators making the proposal were Hubert H. Humphrey and Eugene J. McCarthy, Democrats of Minnesota; Pat McNamara and Philip A. Hart, Democrats of Michigan, and William Proxmire and Gaylord Nelson, Democrats, of Wisconsin.

The Senators noted that the northern areas of their States have suffered persistent and substantial unemployment, with the jobless rate usually about twice the national average.

"This situation has continued despite valiant efforts by the Federal Government, State agencies and local communities," the Senators said in a statement.

"We have suggested to the President that we believe these efforts could be strengthened and improved through better coordination and cooperation.

"Since the northern areas of our States have much in common in the way of economic and physical characteristics, our proposal calls for attacking the problems on a regional basis.

"We are not interested in just another study of the problems. What we want, and what we think the regional approach will provide, is the development of a comprehensive action plan for the entire region."

The Senators praised the President and his administration for the assistance already given such economically distressed areas and his willingness to devote continued attention to them.

"President Kennedy long ago recognized that there is a national responsibility in helping these areas join in, and contribute to, national prosperity," the Senators said.

"The Federal Government has made a significant contribution through enactment of such programs as the Area Redevelopment Administration, accelerated public works, manpower retraining, and rural areas development.

"Further, the States through their development agencies, and local communities and private organizations have devoted great effort to these problems.

"Coordination on a regionwide basis, leading to an action plan that can be implemented by all, can produce the kind of lasting results that these areas need."

October 24, 1963.

The Honorable John F. Kennedy,
The White House,
Washington, D.C.

Dear Mr. President: Last month, in your address to the Northern Great Lakes Land and People Conference in Duluth, Minn., you called public attention to the very severe economic hardships which that area of our Nation has endured for so long. In your remarks, you made this very telling point:

"This northern Great Lakes region has land, water, manpower, resources, transportation and recreation facilities. It also has distress."

As Senators representing the people of this region, we know only too well the extent of this distress. The substantial and persistent unemployment in the area has been a terrible personal burden for thousands of families as well as a tremendous waste of human resources and an unnecessary restraint to the achievement of a strong and growing national economy.

Under your administration, a number of programs have been enacted which have, to some extent, alleviated the distress of the northern Great Lakes region. We refer, of course, to such programs as the Area Redevelopment Administration, accelerated public works, retraining, rural areas development, and defense contract set-asides. Helpful as the programs have been, there nevertheless remains much that can be done through greater coordination of efforts by the local, State, and National Governments. In your Duluth address, you emphasized the national responsibility and expressed the hope that the "attention of all will be devoted to these areas until this problem is solved."

It is in this spirit that we believe the cooperative State-Federal efforts in behalf of the northern Great Lakes region could be materially strengthened and improved. As a first step, we would respectfully suggest that you call a meeting of members of your Cabinet and the heads of independent agencies administering economic development programs, together with the Governors of Minnesota, Wisconsin, and Michigan, and ourselves to discuss a comprehensive program of attack on the economic distress of the northern areas of these States. Such a program would include better coordination of existing efforts, pending legislative proposals and State development activities.

It would be our hope that this discussion could lead to the formation of a Northern Great Lakes Regional Commission, similar perhaps to that already established for the Appalachian region. We have every reason to believe, furthermore, that the governments of our States would cooperate to the fullest extent in such an undertaking.

With the demonstrated interest of your high office, the experience of the Federal agencies and the cooperation of State and local bodies, we are confident that a regional commission could implement a comprehensive action program that would effectively strengthen and enhance the economic development of the northern Great Lakes area.

Your consideration of these suggestions would be most appreciated.

Sincerely,

William Proxmire.
Eugene J. McCarthy.
Hubert H. Humphrey.
Philip A. Hart.
Pat McNamara.
Gaylord Nelson.

From the Senate Committee on Commerce

A Special Subcommittee To Study Transportation on the Great Lakes-St. Lawrence Seaway has been appointed by Chairman Warren G. Magnuson, Democrat, of Washington, of the Senate Committee on Commerce, it was announced today.

Named chairman of the special subcommittee is Senator Frank J. Lausche, Democrat, of Ohio. Serving with him will be Senators Vance Hartke, Democrat, of Indiana, Philip A. Hart, Democrat, of Michigan, Winston L. Prouty, Republican, of Vermont, and J. Glenn Beall, Republican, of Maryland.

Magnuson said the special subcommittee will study the development, progress and needs of the Great Lakes-St. Lawrence Seaway.

"This great seaway is, in effect, our fourth coastline, along with the Pacific, Atlantic, and gulf coasts," the chairman added.

The seaway, a joint United States-Canadian venture, involves an investment of $130 million by the United States in its navigation features alone. This cost is to be repaid by tolls on freight tonnage. Opened to oceangoing vessels in 1959, the waterway provides direct access to the ocean for the previously landlocked Great Lakes region. Total tonnage carried on the seaway in 1962 was 25.6 million tons; its 1965 potential has been estimated at 66.2 million tons.

House Concurrent Resolution 5

Concurrent resolution memorializing the U.S. Congress concerning the St. Lawrence Seaway

Whereas the St. Lawrence Seaway was created at a cost of over $471 million to foster trade and commerce by ocean vessels between Great Lakes ports and the markets of the world through direct, economical, ocean shipping routes; and

Whereas it was fully anticipated that the heartland of America would share in the great expansion that would accompany the development and opening of the seaway with its consequent stimulus upon the economic growth of the whole Midwest; and

Whereas Great Lakes ports, with their industrial genius and capability for production with modern machinery, had a right to expect that the seaway would result in the employment of thousands of additional workers and the expenditure of millions of dollars in plant expansion, if allowed to operate under normal competition conditions; and

Whereas after only 4 short years it is now becoming increasingly evident that Great Lakes ports are not receiving their fair share of foreign trade and commerce in spite of strenuous efforts to encourage maximum use of the seaway, and that Great Lakes ports are being circumvented from securing such benefits—by limitations and practices which are allowed to be imposed upon foreign commerce from such ports which militate against full utilization and the realization of the benefits of the seaway; and

Whereas inquiry discloses that some of such practices and limitations are as follows:

(a) Shipping rates for commodities in foreign commerce from Great Lakes ports are set by the Atlantic coast conference of east coast ship operators, and permitted by the Maritime Commission, which sharply increase the cost of ocean freight upon cargoes originating at Great Lakes ports destined for world markets, when compared with east coast ports upon the same commodity, resulting in the inability of Great Lakes industry and agriculture to compete with such east coast ports.

(b) American-flag ships have not been made available at Great Lakes ports except upon limited and rare occasions, but have insisted that they were relieved of this responsibility of providing ships at ports nearest to the source of shipping commodities by permission of certain Federal agencies under a misinterpretation and a misapplication of the so-called 50-50 law (Public Law 664, 83d Cong., 2d sess., ch. 936, 46 U.S.C. 1241), which enables such ships, located at east coast ports, to take unfair advantage of the provision that they shall have 50 percent of such tonnage "to the extent such vessels are available at fair and reasonable rates * * * by geographical area." Such vessels with the support of certain Federal agencies are allowed to bracket the Atlantic coast ports with Great Lakes ports and call it the same "geographical area," just as was done before the seaway was constructed, so that such ship operators could contend that such ships are "available" at Great Lakes ports, when they are no nearer such ports than the Atlantic coast. Such vessels thereon insist that they need not actually come into Great Lakes ports and lift cargoes in foreign commerce, but that such commodities must be transported overland from Great Lakes ports to such ships at east coast ports, thus resulting in huge additional and unnecessary transportation costs, as well as the loss of foreign trade from Great Lakes ports, thus stifling competitive bidding by Great Lakes industries and agriculture for foreign business, and particularly at a time when the Common Market is bidding for world trade; and

Whereas if such a situation is allowed to continue, it will have a disastrous effect upon the economic growth and vitality of Great Lakes major industries, including automobile and general manufacturing, and related commodities, farm products, and labor, and at the same time defense business will be still further diminished: Now, therefore be it

Resolved by the house of representatives (the senate concurring), That a thorough study and survey of this entire situation with respect to foreign commerce and ocean freight from the ports of Michigan should be undertaken forthwith to determine the complete facts with reference to the competitive position of Michigan industry, agriculture, labor, and all other interests that may be affected by the stifling of the advantages of the St. Lawrence Seaway as it affects Great Lakes ports; and be it further

Resolved, That such study and survey should be undertaken by the Economic Welfare Committee of the U.S. House of Representatives prior to the opening of the 196th shipping season so that shipping rates as well as the frequency of service by vessels shall be determined and any discriminatory practices may be pointed out for speedy legislation or administrative correction; and be it further

Resolved, That the proper interpretation and application of the so-called 50-50 law may be brought about so that the Great Lakes geographical area shall be no longer bracketed with the Atlantic coast area, nor shall vessels on the Atlantic coast be considered "available" when they are not physically available and are not willing to serve the ports of the Great Lakes themselves; and be it further

Resolved, That shipping rates shall likewise be studied and a survey made of the same to cause the Federal Maritime Commission to require strict adherence to a reasonable and competitive rate structure for all concerned, and that provision be made for a reasonable rate structure in the future; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to Senator McNamara and Senator Hart, and to each Michigan Congressman and Senators and Representatives of the States bordering on the Great Lakes, to the Secretary of Commerce, and to the Federal Maritime Commission, as well as to the Governors and to the senate and house of representatives of each of the States bordering on the Great Lakes.

Adopted by the house October 9, 1963.

Adopted by the senate October 23, 1963.

Norman E. Philles,
Clerk of the House of Representatives.
Beryl I. Kenyon,
Secretary of the Senate.

VETERANS DAY

Mr. KEATING. Mr. President, on Monday, as Veterans Day is observed throughout the country, Americans pause to honor American service veterans of all wars. On this day we recall the valor and sacrifices of the past when the liberty of our country was at stake. It is fitting that this day has been set aside so that Americans can pay tribute to those who have done so much to preserve the way of life we cherish.

On Veterans Day we pay respect to those men who survived America's wars, and especially to the nearly 1 million men who made the supreme sacrifice in the name of America and freedom. Those courageous men and women are with us in spirit and it is their memory that inspires all of us to rededicate ourselves to the cause of human freedom throughout the world.

Mr. President, within the memory of living American war veterans are the fierce battles of San Juan, Santiago, Chateau Thierry, the Meuse, Argonne, Guadalcanal, the Battle of the Bulge, Okinawa, Korea. These names, although causing us to recall the terror and callousness of war, remind us of the valor and courage with which our men fought to defend the liberties of our free society—liberties which we Americans highly treasure and will always defend.

As we consider the contributions and sacrifices of our veterans, we are reminded of the vast amount of legislation we now have affecting veterans and their families. For America has quite properly expressed its gratitude to its veterans through various forms of compensatory legislation. It is only fitting that on this occasion we in the Senate give renewed consideration to the establishment of a Committee on Veterans' Affairs. Unless we have such a committee, we cannot be fully responsive to the need for legislation or the desirability of correcting existing law. The heavy burdens of the Finance Committee and of the Committee on Labor and Public Welfare leave insufficient time for either members or staff to consider the specialized and complex legislation affecting veterans. The eventual loser is of course the public and the veterans, who especially deserve the expertise of a staff familiar with veterans affairs.

In 1959, a special subcommittee to the Committee on Rules and Administration of which I was a member, after hearings and thorough consideration, recommended the creation of a Committee on Veterans' Affairs. Such a committee has the support of over 40 Members of the Senate and still no action has been taken.

After the bugles have blown on Monday, and we have celebrated Veterans Day, we should move to establish a Committee on Veterans' Affairs in the Senate.

Mr. President, I know I reflect the sentiment of all Americans in saluting and extending my highest praise to America's war veterans for their valiant efforts in defending and preserving freedom for America.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

THERE WILL BE NO CIVIL RIGHTS OR TAXATION LEGISLATION THIS SESSION—LET US WORK OUT A GOOD FOREIGN AID BILL

Mr. GRUENING. Mr. President, I wish to commend most highly the able and distinguished junior Senator from Arkansas [Mr. FULBRIGHT], the experienced chairman of the Senate Committee on Foreign Relations, for the consummate skill with which he has been performing the arduous task of guiding the complicated foreign assistance authorization bill through this Chamber.

My commendation of the Senator from Arkansas is even the greater because he has come to the floor of the Senate with a report, unanimously approved by his committee, pointing to the many shortcomings in the foreign assistance program, and noting that the committee had given serious consideration to discontinuing our foreign aid program and requiring the administration to come before the Congress with an entirely new approach to this problem for fiscal year 1965. That attitude did not prevail and the bill before us continues the same old approach to foreign aid.

Why delay the change?

A realistic appraisal of the parliamentary situation both in the Senate and in the other body will readily reveal that we have plenty of time to do what I have been urging; namely, that we take the time to review, country by country, our foreign assistance program to determine what countries are deserving of receiving our aid and which are not; which countries actually need our aid and which do not; which countries are making a serious and realistic effort to help themselves and which are not, and which countries are making a real contribution to strengthening the free world and which are not.

Let us look at the parliamentary situation.

The Senate Calendar discloses that there are only three items on it which have been placed on it since the last calendar call on November 5, 1963. There is no reason why we cannot at any time lay aside the foreign assistance bill to take up any other matter the leadership feels should be acted upon.

Now there has been some inaccurate talk that our taking sufficient time to debate the foreign assistance bill thoroughly is delaying early enactment of the civil rights bill.

In the first place, the Senate Commerce Committee has not even reported out a civil rights bill. It is awaiting, I understand, the arrival here of a House-passed bill.

What is that status of the House bill? I understand that the majority report will be filed shortly, and that the minority views will be filed about 1 week later.

The House bill will then be referred to the House Rules Committee. I suspect, Mr. President, from all indications, that committee will not act at once. In fact, Mr. President, I would expect considerable delay in obtaining action by that committee. Indeed, Mr. President, the delay may be so long and seem so interminable and hopeless to the supporters of civil rights legislation that they may try to go the discharge petition route.

But, Mr. President, the discharge petition route is full of parliamentary foxholes.

First, a discharge petition cannot be filed until the lapse of 7 legislative days after the bill has been referred to the Rules Committee. Assuming, optimistically, the report is filed today, that means that about the 27th of November a discharge petition can be filed—assuming the other body met every weekday during the interval. I am willing to concede that point, although I have some considerable doubt as to its validity.

Let us now assume that through intense effort on the part of the supporters of civil rights legislation, the requisite number of signatures is obtained in a week. Now this assumption is also subject to grave doubt, because it would then be the long Thanksgiving Day weekend.

But forgetting any doubts as to the validity of my assumptions, this would mean that on December 4, the discharge petition could go on the calendar.

At this point we run into another parliamentary snarl. Again, 7 legislative days must elapse before a Member who has signed the discharge petition can arise in the House on either the second or fourth Monday of the month to call up the bill.

The 7 legislative days cannot elapse between the 4th of December and the 9th of December, which is the second Monday in December. The fourth Monday in December is the 23d of December. We have already been told that the Senate will recess or adjourn on December 20 until January 2, 1964. It would be most surprising if the other body did not follow suit.

Thus, Mr. President, there will be no House-passed civil rights bill during this session of the Congress unless the House Rules Committee gives an almost immediate rule or if the leadership in the Senate changes its announced intention of not bringing in the Senate civil rights bill, now awaiting the filing of the report by the Senate Commerce Committee.

So the debate on foreign aid is not holding up the passage of any civil rights bills.

Neither is it holding up any tax legislation. I understand that with over 100 witnesses to go, it is estimated that hearings will go on until Christmas.

I bring these matters up for a purpose. The Foreign Relations Committee, in its excellent report, had said that it considered seriously writing into the bill a provision for terminating the foreign assistance program in fiscal year 1964 and expecting the AID administrators to present, for fiscal year 1965, a completely new approach. Nothing was written into the bill, but the expectation of a new approach for fiscal year 1965 is written into the committee report.

Mr. President, the beginning of fiscal year 1965 is not very many months away—8, to be exact.

That means that within 3 or 4 months the AID administrators will be before the Foreign Relations Committee presenting the new approach, which I hope has already been worked out, since it will have to be reflected in the President's messages and budget in January.

As I have shown before, long debate on our foreign aid program in the Senate is not delaying any legislation. Let us then go through the foreign assistance program now, on the Senate floor, country by country, program by program, and attempt to give the foreign aid program the new look in foreign aid which apparently everyone is convinced it must have.

The time to do it is now. The program can be greatly strengthened and improved in this, the 1st session of the 88th Congress. By so doing, Congress can measurably improve its record of performance and compensate for its inability to act on civil rights and tax legislation, which perforce have to go over to the second session.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I congratulate the Senator from Alaska for the speech he has just made on the floor of the Senate, under the title "There Will Be No Civil Rights or Taxation Legislation This Session—Let Us Work Out a Good Foreign Aid Bill."

I shall speak at length later this afternoon on some of the procedural problems that confront the Senate in connection with the foreign aid bill. Some of my remarks will be a bit repetitious of what the Senator from Alaska has stated in his able speech.

We are doing exactly what the Senator from Alaska suggested we should do. We are going through the bill section by section, trying to make Senators more fully aware of the facts concerning the foreign aid problem that confronts the country. I would that we were doing it in another way; but we offered the other choice, which was to try to do it on a committee basis again, in consultation with the administration, after it once became clear on the floor of the Senate that the bill reported by the Committee on Foreign Relations was not popular with many of us and ought to be amended. It has been amended already, and I hope it will be amended many more times in the days ahead.

I still plead with my administration, as I did with certain emissaries who were sent to see me yesterday from the administration, that it is still not too late to get together, rather than to be quarreling with one another at distances of blocks.

I shall have something to say this afternoon about a point of view expressed by the very able and wonderful Secretary of State at a news conference this morning—a point of view with which I am in complete and total disagreement. It must be answered on the floor of the Senate today, and it will be answered on the floor of the Senate today. But that does not mean that I have the slightest lessening of affection for this wonderful Secretary of State.

I merely think he was dead wrong in his news conference this morning on the subject of the prerogatives of Congress. He is an able lawyer. I think he knows better. But I can well understand how, with the pressures under which this wonderful man is working, he finds his will thwarted, as it is being thwarted in Congress, by Congress exercising in its clear obligations to the taxpayers in respect of the foreign aid bill, he might yield to the apparent pique that the news stories, at least, indicate he labored under at the news conference this morning. That will not prevent me from cooperating with him. I would sit down with him in the next hour, talk about our differences, and try to adjust them. But that calls for an attitude of adjustability at the other end of Pennsylvania Avenue as well as on Capitol Hill.

The Senator from Alaska spoke eloquently and wisely in his speech by pointing out that our task now is to proceed section by section and country by country, and let Senators decide whether they want to vote to bring to an end, in some countries, the waste, and in some particulars, corruption, that have come to characterize foreign aid in those countries—not by American administrators, but by the recipients of the aid.

Mr. GRUENING. I thank the Senator from Oregon. In connection with his earlier remarks, his conversation with the Secretary of State, and the difference of opinion, the Senator from Oregon yesterday pointed out—and it is quite true—that the Senate has a duty to watch over appropriations.

The use of large sums of money as an instrument of foreign policy is new in American history. It began with the Marshall plan. Up to that time, it was assumed that the President and the Secretary of State conducted foreign relations, and that the only function of the Senate was to approve treaties by a two-thirds vote and to confirm the nominations of Foreign Service officers. But beginning with the Marshall plan, an entirely new factor appeared; namely, the use of vast sums of money—millions, tens of millions, hundreds of millions, and now billions of dollars—as an instrument of foreign policy. That places a new and great responsibility on Congress.

Therefore, it is entirely fitting and proper that Congress should inject itself into the activities of every one of the countries that are the beneficiaries of these huge appropriations; otherwise we would be delinquent and failing in our constitutional duties. So when the opponents of the effort to fulfill our constitutional duties say that the President is in charge of foreign policy and that Congress has no business interfering, they are not up to date. They do not realize that 20 years ago an entirely new era in foreign policy was ushered in.

I applaud what the Senator from Oregon said, and I echo it: We have a specific duty to watch over the appropriations and the conduct of our foreign aid in every country, because we are being asked to approve huge sums for the pursuance of the foreign aid policy in those countries. That cannot be emphasized too often. Congress now has a new function: to cooperate with the Executive in the whole foreign aid field.

Mr. President, I call up amendment No. 232. I ask unanimous consent that there may be a quorum call without my losing the floor.

Mr. MORSE. Mr. President, will the Senator from Alaska yield, if it is agreed that he may do so without losing his right to the floor?

Mr. GRUENING. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, earlier today, after a conference with the majority leader, and in order that an amendment might be pending, I called up my amendment No. 306, and it was made the pending question. It is the so-called United Nations amendment. In essence it proposes that no more of our funds shall go to any United Nations country that is able to support itself—which means most of them.

It has now been suggested to me that I cooperate by withdrawing my amendment, which I believe I have a right to do.

However, Mr. President, although I believe I have the right to withdraw my amendment, I now ask whether I may now withdraw it without in any way jeopardizing my right to offer it at a later time.

The PRESIDING OFFICER. The Senator may do so without jeopardizing his right to offer the amendment later.

Mr. MORSE. Then, Mr. President, I now withdraw my amendment, so that the Senator from Alaska [Mr. GRUENING] may offer his amendment.

The PRESIDING OFFICER. The amendment of the Senator from Oregon is withdrawn.

Mr. GRUENING. Mr. President, I thank the Senator from Oregon for his characteristic courtesy and cooperation.

Mr. President, to the committee amendment, as amended, I now offer on behalf of myself, Mr. SIMPSON, Mr. ERVIN, Mr. MOSS, Mr. CANNON, Mr. DOMINICK, Mr. MORSE, Mr. YARBOROUGH, Mr. BIBLE, and Mr. SMATHERS, my amendment No. 232, which is designed to establish sound fiscal practice in connection with one very important aspect of our foreign aid.

The PRESIDING OFFICER. The amendment to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, it is proposed to delete, on page 50, lines 8 through 17, as follows:

> (6) in the case of loans under part I (except under section 205), shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the five-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter, and (B) repayment on an amortized basis, beginning not later than five years after the date any funds are initially made available under the loan, and ending not later than thirty years following the end of such five-year period.

And between lines 3 and 4, insert the following new section:

> (6) In the case of loans under part I shall establish terms under which interest shall be at a rate not less than the rate arrived at by adding one-quarter of 1 per centum per annum to the rate which the Secretary of the Treasury determines to be equal to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date the application for the loan is approved and by adjusting the result so obtained to the nearest one-eighth of 1 per centum;.

Renumber the remaining sections appropriately.

Mr. GRUENING. Mr. President, several years ago Congress began to grow impatient over the large number of grants being made to various countries, and requested the Foreign Aid Administration to make loans, so that the recipients of our aid would have a sense of responsibility and would know that they would have to repay the amounts extended to them. That came at a time when retrospectively we felt it had been a great mistake under the Marshall plan to make tremendous gifts to these nations, and decided that we should have made loans, instead, so that these countries, which do not have the large numbers of unemployed that the United States has, would repay the amounts extended to them by the United States. So we then adopted the so-called loan policy. The 40-year loans were made under the following terms: No repayment of either principal or, in some cases, of interest for 10 years, and interest at the rate of three-quarters of 1 percent per annum. But, Mr. President, I submit that such terms are not at all the terms of a loan.

Let us consider what actually happens: I happened to be in Cairo when our Ambassador signed a 40-year loan for $30 million, for the construction of a powerplant in West Cairo. Of course, a powerplant is a profitmaking enterprise; and from the day when it begins to generate power, Mr. Nasser can charge the consumers whatever rate he wishes to charge. The terms of the so-called loan were, as in the case of practically all our development loans, no payment of principal for the first 10 years, and interest at the rate of three-quarters of 1 percent.

No payment during the first 10 years means that during that time the people of the United States will be borrowing the money from themselves, through bond sales, at a rate of approximately 4 percent interest. Four percent of $30 million is $1,250,000 a year. As a result, during each of the 10 years we shall be going into the hole by making a concealed grant of $1,250,000, and at the end of the 10-year period we shall have paid out $12,500,000 before the loan mechanism starts to function; and for the remainder of the 30-year period we shall be paid interest at the rate of only three-quarters of 1 percent per annum. Certainly that is the poorest kind of business in the world.

My contention is that if there are in the world—as undoubtedly there are—peoples who are so poor that they cannot pay the rate of interest which we require in connection with loans to the American people, we should return to the making of grants. But I submit that in the case of the powerplant to which I have referred, there was no such need. Nevertheless, all of the so-called loans we have made to these countries have been made on such ridiculous terms; and to date we have made development loans on these "soft" terms to the extent of $1,300 million. Even if we assume that the loans will be repaid—which is extremely doubtful in many cases—we shall have to pay out, under such concealed grants in connection with these "loans," $870 million. That is utterly fantastic.

The House of Representatives and the Senate have shown some sense of recognition that the three-quarters of 1 percent interest rate is not realistic. So it has tinkered with this arrangement, but its tinkering is not at all realistic. The House version of the bill provides that in no event shall the rate of interest be less than 2 percent per annum. The Senate committee did a much better job; it provided that the three-quarters of 1 percent rate would continue for the first 5 years, and thereafter the rate would be 2 percent. But actually, we would thus be doing exactly what we did before: We would be making so-called loans which would not be loans, and we would be going into the hole to the extent of millions and millions of dollars before the loans would be repaid.

My amendment provides that we should ask, as terms for our loans, exactly the interest rate it costs the American people to borrow money. The Treasurer of the United States can inform us whether we are borrowing money at 3¾ or 4 percent; and we should add to that 1 percent, as a carrying charge.

This is a just amendment, and I hope it will be adopted.

Mr. President, at this time I wish to suggest the absence of a quorum, if I may do so without losing the floor.

The PRESIDING OFFICER. Is there any objection?

Mr. MUNDT. Mr. President, will the Senator from Alaska withhold that suggestion for a few minutes? I seek the floor, to address the Senate.

Mr. GRUENING. I shall be glad to yield to the Senator from South Dakota, if it is agreed that following his remarks, I shall still have the floor, and may then suggest the absence of a quorum.

Mr. MUNDT. That is perfectly acceptable to me.

Mr. GRUENING. Mr. President, will that be possible?

Mr. MUNDT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alaska yield to the Senator from South Dakota?

Mr. GRUENING. Yes; with the understanding that I shall not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, will the Senator from Alaska yield briefly to me? Under an agreement with the Senator from South Dakota [Mr. MUNDT], he has kindly offered to yield 3 minutes to me.

Mr. GRUENING. I am happy to do so.

Mr. KEATING. I thank the Senator from Alaska and the Senator from South Dakota.

The PRESIDING OFFICER. Without objection, the Senator from New York may proceed.

AID TO ISRAEL

Mr. KEATING. Mr. President, there has been some criticism of the continuing U.S. assistance program in Israel.

Critics argue that Israel has achieved a rapid rate of economic growth, that its gross national product has risen over the past several years, and that it is anticipated this growth will be maintained. This is a very good record and, since much of the criticism of foreign aid has been directed to the fact that it has sometimes failed to accomplish its objective, we should be congratulating ourselves that our aid to Israel has produced such gratifying results.

Since our aid to Israel has been a success, as every Senator who has visited that country can testify, I would counsel against any abrupt or radical change in that program that would retard the progress that has been made and that would cancel out past achievement.

Some critics assert they are not opposed to lending money to Israel. But they contend that the economic facts of life make it clear that "our loans to Israel should be made only on a businesslike basis, and not through the soft money route which has been set up for aiding the truly underdeveloped countries of the world." Extensive tables showing the interest rates on loans to Israel have been included in the RECORD. Here it should be noted that on many of these loans the interest rates have been set at conventional levels, and I understand that the rate to be charged on loans during the current fiscal year is 3½ percent.

Now, Mr. President, I think it is oversimplification to examine our aid program to Israel solely in economic terms. We cannot be satisfied with a fiscal view of the problems of security and survival in the Middle East. All of us may be very happy that Israel has made dramatic and dynamic economic progress. But I am sure that the realities in the Middle East cannot but dilute optimism about future predictions.

The unfortunate fact which we cannot overlook is that the balance of military strength has been gradually shifting against Israel. And we must bear in mind that our country has not granted military aid to Israel, even though she is surrounded by nations which threaten her with extermination and which acquire modern Soviet weapons to carry out those threats. If we had been supplying Israel with grant military assistance during this period, it might be argued that all of our loans for economic development should be made on conventional interest rates.

It is a fact that our Government is now making the Hawk available to Israel in order to enable her to defend herself from low-flying supersonic Soviet bombers. But this is not a grant. We are loaning Israel the money to buy this defensive weapon and she is being charged 3½ percent interest on a 10-year loan.

We must be concerned about Israel's security. If we cannot persuade the Soviet Union to stop shipping deadly weapons to Egypt and if we cannot persuade the former Nazi scientists who are building ground-to-ground rockets for Egypt to abandon this deadly effort, then we must realize that Israel is in peril. We cannot afford to dismantle an economic aid program which helps to preserve Israel's existence.

We must bear in mind also that the United States and other Western nations have been providing generous economic aid to Egypt and other Arab countries. Of course, it is argued by some officials that we are simply providing economic aid to these countries and that we are not responsible for the fact that this makes it possible for them, indirectly, to acquire additional weapons from the Soviet Union, as well as to hire former Nazi scientists, as well as to deploy troops in Yemen and in Algeria. But I do not accept that reasoning.

We must not delude ourselves into believing that the Arab threat to Israel is not real. They may move to carry out those threats when they are strong enough. For that reason it is essential that the arms balance be maintained. If we are not ready to put Israel into our grant military aid program, as we do in the case of many countries, then we must be ready to maintain economic aid to that country.

Now, what has Israel been doing? Even though she has been threatened by hostile forces and must therefore divert much of her budget for defense, she has been able to carry on her magnificent open door policy. She has continued to admit refugees from lands where they have suffered discrimination—many of them in fact have managed to escape to freedom from lands behind the Iron Curtain.

Immigration into Israel rose in 1962 to a peak figure. In the last 2 years, Israel has taken in approximately 110,000 people, which is more than 1,000 a week. This has been made possible because the Israelis themselves have gone deeply into debt to finance development, to underwrite their immigration program, and to insure security.

The Israelis pay heavy taxes. Every economist will agree that large outlays for defense and for immigration do not produce foreign exchange. Accordingly, it is difficult to pay for such expenditures with loans which require high interest rates. Most countries which acquire weapons for defense have been able to get them without paying anything at all. And so while it is quite true, as has been said that Israel's foreign exchange holdings have risen during the last few years, her reserves are not high in relation to her trade deficit. Her foreign debt is also very high. It was estimated at $768 million just a year ago. Early this year, the Israel budget showed that the average Israeli will pay $422, or 56½ percent, of his GNP per capita, for the cost of government.

This year, Israel began to pay off the first Israel bonds. It has paid off the last installment of the $100 million Export-Import Bank loan which the administration granted Israel in 1949. That was the first expression of American assistance—and this repayment is another demonstration of the soundness of our aid program to that country.

Israel's reserves are a security chest and they are essential because Israel is in an exposed military position. War could devastate, not only Israel's economy but her people, overnight.

It is strange indeed to look at our aid program in any one of these Middle East countries without recognizing the political problems that exist there and the military circumstances which jeopardize security. No one who looks at this program can be unaware of the fact that it is essential to maintain Israel's strength in order to prevent war and to preserve what little stability there is. Surely, it would be a disastrous blunder if there were to be a precipitous reduction in our aid to Israel and if this were misinterpreted. We cannot permit any nation in the Middle East to gain the impression that American interest in Israel has receded and that we are indifferent to what happens there.

MIDTOWN PLAZA IN ROCHESTER, N.Y.

Mr. KEATING. Mr. President, last Sunday's Washington Star carried a story by Robert J. Lewis titled "A New Downtown." It describes the beautiful new Midtown Plaza in Rochester, N.Y. This shopping center, in the middle of the downtown area, was designed to attract shoppers back into central Rochester by providing a unique and unusual setting.

Without a penny of Federal aid, private businessmen and the city government cooperated to contruct a glass-enclosed air-conditioned town square surrounded by attractive shops.

Midtown Plaza now includes two large department stores, 30 retail shops, 13 floors of office space, a post office, a hotel, an auditorium, a sidewalk cafe, a restaurant with a 10-mile view, a central bus terminal, and an underground parking garage for 1,843 cars.

The author of the Star article considers this Rochester project a model for other cities seeking to rejuvenate their downtown areas—particularly Washington, D.C. So that all my colleagues can become familiar with what Rochester has done, I ask unanimous consent that the article to which I have referred be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

A New Downtown

(By Robert J. Lewis)

Rolling into Rochester from the airport, the cabdriver tells you: "It brought the city back to life. Yeah, it saved the downtown. They got that underground parking and you drive right into it. You'll see it in a minute. See there, up ahead. See it stick up in the air." Jutting in the distance is a shining office tower, symbol of Midtown Plaza, the Nation's most spectacular center-city revival project.

On the spot a half hour later, jostled by a swarm of frenzied shoppers, you begin to share the cabbie's enthusiasm. This city of 320,000 in upstate New York has created something no other downtown possesses anywhere in the world—a "town square" under glass, a focal point leading to more than 40 air-conditioned acres of floor area. In the square are two big department stores, 30 retail shops, 13 floors of office space, the city's busiest post office branch, a 78-room hotel (perched on four floors atop the office building), an auditorium, a sidewalk cafe, a floating restaurant-bar with a 10-mile view, a central bus terminal, and underground parking for 1,843 cars.

In the year and a half since this $35 million magnet of commercial excitement was unveiled, Rochester has made a discovery of interest to Washington and every other city aiming at downtown renewal: Give the people convenient in-town transportation; a place to hide their cars; exciting new things to look at; an open place to assemble, meet, sit, and stroll about; ways to combine shopping and pleasure—plus all the acknowledged advantages of downtown diversity—and they'll come in droves, stay for hours, buy like mad, and go back to their suburban homes reluctantly.

The most amazing fact about this humming new center is that it went ahead without a penny of Federal aid.

Key to the beginning of the eight-acre transformation smack in Rochester's counterpart of Washington's 14th and F Streets was a decision by the city in 1958 to spend $12 million, mostly on public improvements it intended to carry out even before the Midtown was proposed. This money went to finance the three-level public parking garage beneath the plaza, partially close two narrow streets, and extend another street to channel in more traffic. The improvements were designed to attract private investment.

With this expenditure agreed to, the owners of two big Rochester enterprises—McCurdy's, a department store, and Forman's, a ladies specialty shop—formed a development corporation, assembled 17 parcels of land at a cost of about $5 million, and told architect Victor Gruen to do his ingenious best.

Fresh from designing changes for downtown Fort Worth that never got beyond the blueprint stage, the Viennese-born architect proposed a modern version of the traditional European town square to enliven downtown Rochester. The square, naturally lighted and air-conditioned, would be the centerpiece, with ground-level and balcony-level stores fronting on it. Three similarly air-conditioned arcades radiating from the plaza also would have stores. Ground rights for the parking garage were to be leased to the city for $1 a year.

The site picked for the town square was behind the two big stores. Mr. Gruen proposed to remodel and enlarge the existing two stores, open their rear to the glassed-in plaza and fill in the spaces on all four sides with buildings for competing speciality shops, among them an airline ticket office, a barber shop, a realty firm, a travel agency, and a beauty shop. A bank was also planned.

Placing an 18-story hotel-and-office building at one end of the enclosed plaza and a smaller office building at another end—and linking the whole complex with elevators, stairways, pedestrian arcades, and escalators to the below-ground parking—was all part of the scheme to attract big crowds and keep them there, inside, out of the weather, and shopping to their heart's content.

That's exactly what happened. Now, as you stroll inside Midtown Plaza, the place is crowded, day and night. Some stores, including McCurdy's, stay open from 9:30 a.m. to 9 p.m., but even after closing time, people cluster in the plaza, sitting on benches, talking, reading, as people have done in town squares for centuries. Lights stay bright, doors remain open, and escalators keep running to below-ground parking all night long.

"Public acceptance has been simply amazing," Gilbert J. C. McCurdy says. He is 68, a Phi Beta Kappa graduate of Williams College, and heads the department store founded by his father in 1901. It was his initiative that led to forming the Midtown Plaza development firm, which he serves as president.

But Mr. McCurdy's move to improve downtown Rochester came only after his department store had taken the defensive step of opening a suburban branch a decade ago.

"We had a number of friends in the branch business and we thought we would build one and see what happened," he says. "Our suburban branch was very profitable. But we soon discovered it's impractical to build branches of sufficient size to represent a store like ours. So we determined our next move would be to do our utmost to make downtown more attractive than any suburban shopping center could be."

Mr. McCurdy carefully emphasizes the Midtown Plaza project was designed with all downtown Rochester in mind. (His firm and the Forman company are 50–50 partners in the venture.)

Other storekeepers largely agree that whatever helps Rochester's central core should help them, too. But there is no question that some downtown merchants have been put at a competitive disadvantage by the shiny new midtown development, with its own captive audience arriving effortlessly by escalator, hour after hour, from the subterranean three-level parking garage.

Yet Sibley's and Edwards'—Rochester's other big department stores—also benefit from large, above-ground municipal parking garages, completed before Midtown Plaza was started. And, unquestionably, some shoppers park at midtown primarily to visit other nearby shops and stores in Rochester's compact downtown. But Vicki Newton, 22, a junior at the University of Rochester, is not not one of these.

"I used to go down one side of Main Street and up the other," she tells you. "Now I shop in Midtown all the time, constantly. And in the wintertime it's marvelous. I never go outside except to Sibley's." (Sibley's, across Main Street from Midtown, is upstate New York's largest department store.)

Older shoppers, too, are entranced. "My grandmother loves it," one youngster said. "She likes to sit and watch the people, and says to me: 'You run and do something and I'll sit here and look at the flowers'." Alfred (Alfie) Valentine, 76, a retired music teacher, likes to visit Midtown once a week to meet up with friends. "This place was a Godsend to old people," he says. "Now they come here and see everything. It's an entirely new world." Gus Karner, 70, retired proprietor of Rochester's Nurenberger Hof restaurant, adjusts his straw hat, stomps his cane, and says: "I come in every single day—I live just down the way, across from the Knights of Columbus."

Far from worrying over the center's nonshopping attractions for older persons, Angelo Chiarella, a youthful architect who is Midtown's general manager, likes it that way. "Some do sit on the benches a long time," he says. "But we figure if they like what's going on here we must have struck just the human note that cities need."

One of the town square's attractions is its clean-lined architecture. Another is the sunlight flooding in from 12-foot-high clerestory windows surrounding the 60-foot-high ceiling. A third is the ever-changing throng of dressed-to-kill Rochesterians so obviously enjoying themselves. ("Ogling pretty girls is also a pastime," suggests an official of the Rochester Planning Commission.) But by far the most fascinating of the plaza's allurements is the Clock of the Nations—an artful $35,000 creation in the center of the square. It stops all traffic every hour and half hour as it puts on a puppet show to the tempo of folk dancing tunes of a dozen foreign nations.

"That clock gave the best value per dollar spent on anything," says General Manager Chiarella. The Gruen architects had it specially made in Beverly Hills after unsuccessfully searching through Europe for someone to do the job.

Midtown Plaza's big lesson for cities seems to be that downtown business districts need enlivenment, however it is done. It demonstrates the importance of separating automobile traffic from pedestrian traffic (special underground ramps and surface loading docks are provided for delivery trucks servicing stores). It points out quick, easy means of transportation to shopping areas are needed (a subway station, for example, could complement onsite parking in a development like this).

In Rochester, an argument still simmers over how best to meet the changing downtown needs of cities. Mr. McCurdy, who spearheaded this notable project during the tenure of Republican Mayor Peter Barry, says it would have been impossible under Federal renewal procedures. The city's new mayor, Henry E. Gillette, a Democrat, fought the project in its planning stages, now concedes: "It does make Rochester more attractive." But he quickly adds:

"It's very unlikely any other city will attack the problem in this same manner because of the insufficiency of city funds. Cities will have to resort to the Federal urban renewal concept, using Federal, State, and municipal money."

However, that argument is settled, the people of Rochester are sure of one thing: They like Midtown Plaza. It makes the city more lively. As Mrs. Rae Ojalvo, a Rochester housewife, says: "It's something wonderful. It's beautiful. It's a meeting place for everyone."

The PRESIDING OFFICER. The Chair recognizes the Senator from South Dakota.

THE FREEDOM ACADEMY AND FOREIGN AID

Mr. MUNDT. Mr. President, while I am a member of the Senate Committee on Foreign Relations, due to unavoidable circumstances I was not able to attend the closing series of meetings at which the aid bill was finally marked up, nor have I participated up to the present time in the debate on the floor of the Senate. However, I have availed myself of some unexpected leisure time to read each day's issue of the CONGRESSIONAL RECORD so as to follow the debate in the Senate very carefully. First, I congratulate the Senate for the fact that, for the first time in my experience, the Senate has really measured up to its responsibilities on foreign aid legislation and gone into the issues item by item and paragraph by paragraph to try to register its collective judgment in the improvement of a program which everyone knows has fast been going to pot during the past few years.

I especially congratulate my distinguished colleague on the Senate Committee on Foreign Relations, the Senator from Oregon [Mr. MORSE], for assuming leadership in opposition to accepting the results of the findings of the Senate Committee on Foreign Relations without scrutiny, and without amendment. The Senator from Oregon insisted that the Senate spend sufficient time on the subject so that all Senators might be fully conversant with the facts involved, so when they cast their votes they would be voting their independent judgment and the wishes of their constituents instead of merely following the recommendations of the committee report. I think the proposed legislation is important enough to justify that kind of consideration.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield.

Mr. MORSE. I thank the Senator from South Dakota for his remarks. But I wish also to thank the Senator from South Dakota for the assistance he has been to all of us who share that common point of view in our work on the Foreign Relations Committee. The Senator was of great help during the hearings and during those sessions of the markup when it was possible for him to be present.

For example, the Senator will recall that it was the Senator from South Dakota who made the final motion by way of compromise in the committee on the contingency fund, about which he and I have been critical for many years, including what we consider to be a misuse of the contingency fund in some instances.

I thank the Senator for the great assistance he has been to those of us who feel that we owe to the American taxpayers the course of action we are following in the Senate on the bill.

Mr. MUNDT. I am indeed grateful to the Senator. What he has said brings to mind a statement he made one day on the floor of the Senate while I was absent in the hospital. He commented on what I felt was one of the most astonishing statements I have read in Washington newspapers in 25 years. Some columnist, whose name I have forgotten, chided the entire Senate because it was even debating the foreign aid bill, and suggested that such debate was a pure waste of time. I thought the Senator from Oregon, in his typical able manner, put that particular reporter in the spot in which he definitely deserved to be placed. I got a "kick" out of reading the remarks.

Up to now most of our discussion has dealt with the funding of the Foreign Assistance Act and with the way in which the program has operated in specific areas.

I wish to devote the body of my remarks today to a discussion of one of the basic reasons why I think the foreign aid program has fallen into such bad repute around the country. I think it is not primarily the size of the job which we have undertaken or the cost, but the fact that the failures at the end of the line and in the field are now so apparent that Americans generally are rightfully insisting that Congress dedicate itself to correcting such conditions.

I recall that a week ago today the Senator from Missouri [Mr. SYMINGTON] took occasion in the course of the Senate debate to point out the need for more adequate training for the American officials who are responsible for the administration of the American programs abroad, and for carrying out the American foreign policies. I support completely the point of view which he expressed. One reason why so much of the $100 billion we have spent in this area has been nonproductive, or perhaps, to use a favorite State Department phrase, even counterproductive, is that we have not had the trained personnel who clearly understood the scope of their jobs and the nature of the Communist menace which we are attempting to resist by the foreign aid program.

I share the skepticism of the Senator from Missouri [Mr. SYMINGTON] about our merely making multimillion-dollar appropriations for foreign aid while we in the Congress continue to fail to establish the training facilities for our officials which is necessary to enable them to implement the foreign aid programs effectively and produce the results which the country expects from them.

I have voted for far more foreign aid than I have opposed. I speak as one who has introduced several bills to provide for adequate training for those who represent America overseas. I speak as the coauthor of the legislation which the Senate enacted in 1960, moving toward that goal, but which unfortunately has not even yet been voted upon by the House of Representatives.

The best way to express the need for this type of legislation, and the potential for strength which is embodied in the Freedom Academy proposal, of which I am a cosponsor, is to repeat the greatly impressive statement in the report of the Senate Committee on the Judiciary, Report No. 1689, of the 86th Congress.

I read from page 5 of that report, as follows:

> The Communists have conquered a billion people during a period when their sphere was markedly inferior in industry, technology, science, and military capabilities—in fact, inferior in almost everything except power-seeking know-how. The Soviets have been able to expand their empire during this period of inferiority, because they have developed a science of protracted conflict in which they are able to gradually increase their relative power position, using a well-integrated combination of political, economic, and military methods while avoiding a sufficient provocation to invite massive retaliation. Central to their science of protracted conflict is their skill in political and economic warfare.
>
> Soviet capabilities in political and economic warfare are not inborn. They are the result of a massive development and training program extending over several decades. This formidable program has given them a huge fund of political warfare knowledge, an effective operational science, and large numbers of highly trained cold-war professionals.

I continue to read, from page 6 of the report of the Committee on the Judiciary:

> There are grave deficiencies in this country's preparation to defend itself and the free world in this unitary, total, unending war to the finish. At the top of the list, and underlying our other failures, is our failure to institute an adequate cold-war development and training program.

Mr. President, since the Senate is considering the present multibillion-dollar foreign aid proposal, it is a good time for Senators again to ask themselves the question, "Why is it that for 15 years, during which there has been an expenditure of over $100 billion, we have so miserably failed to provide the essential training devices so that our cold war operatives abroad can function as professionals and experts instead of as the giddy-eyed amateurs they are so demonstrably today?"

Mr. President, I continue to read from page 6 of the committee report, made in 1960:

> 1. No concentrated, systematic effort is being made to develop an integrated operational science from our side which will meet the entire Soviet attack and work toward our long-range national objectives in a coordinated manner utilizing every area of potential strength in the public and the private sectors. We have not thought through all of the short- and the long-range methods and means which freemen can properly use when faced with a Soviet-type challenge, and we have not integrated these methods and means into a broad strategic plan. This is especially true in political and economic warfare. Bits and pieces of the problem are being worked on within the Government and at some universities, and a part of this development work is of a high order, but the total effort falls far short of seeking an integrated, operational science and it does not begin to develop our true potential.
>
> 2. Nowhere today can Government personnel or private citizens receive broad spectrum training in cold war, especially in the large and highly complex field of political and economic warfare. Not only do we lack top-level schools, we do not even have intermediate or lower level schools. There is no place where the bits and pieces are pulled together and taught in concentrated form.

I understand that the Senator from Connecticut [Mr. DODD], a great and courageous Senator, was the author of the subcommittee report on which the Judiciary Committee report was based. The Senator from Connecticut is a coauthor of the current Freedom Academy bill, S. 414, which a number of us have been energetically trying to have approved by the Committee on Foreign Relations, approved by the Senate, and sent to the House of Representatives in time so that the House may approve it this year.

I wonder how far the Appropriations Committee of the Senate, of which I am a member, would get if it came to the Senate to recommend an appropriation of $500 million, or $1 billion, for some aspect of nuclear science—perhaps development of an improved Polaris, or development of an improved delivery system for utilizing nuclear warheads abroad—in similar circumstances. How successful would we be if it came to the Senate, as the Committee on Foreign Relations has come to the Senate, to ask for $3 billion, if, in connection with the appropriation we asked the Senate to provide, we told Senators candidly and honestly, as the Foreign Relations Committee virtually tells the Senate today, "If you give us the money, we will spend it, but you should be forewarned as to the fact that we do not have any experts in the field to utilize the money. Give us the money for nuclear warheads. Give us the $500 million for an experiment in connection with nuclear warfare, and we will pick up some fine, idealistic, patriotic, unskilled amateurs who do not know a warhead from a mountain, and who do not understand anything about the basic science of nuclear physics. We will proceed, with those amateurs, to spend the people's money in our national defense."

I believe the Senate would unanimously reject such a request, if made by our Committee on Appropriations. If the Senate did not reject it unanimously, I suspect that the people at home would reject the Senators who voted for that kind of unconscionable squandering of the people's resources.

Yet that is precisely the situation in which we find ourselves as Senators today. The Committee on Foreign Relations is asking the Congress to approve more than $3 billion of additional money to fight a cold war, and says, "Give us the money. We will see that it is spent. We will get some fine, patriotic, idealistic unskilled people to go overseas, and they will spend the money, even though they are complete amateurs in the entire cold war concept, even though they have never spent a single month in a training facility learning what the Communist apparatus is all about, how it operates, how it functions, and the devious tactics it employs. We will send these amateurs out with 'star dust' in their eyes, with billions of dollars of American taxpayers' money in their pockets, to do battle against expert Communist professional operatives functioning in the same field, who have been trained for years in one or more of the six Soviet institutions set up specifically to train the cold war operatives functioning for communism."

Do Senators wish to know why there has been so much trouble with this foreign assistance bill? As I sat in the hospital and in my office reading the debate of days that I was absent it did not conjure up any mysteries in my mind. It did not cause me to seek out obtuse reasons why the debate continues day after day and week after week, as indeed it should. The reason is obvious.

The people of America have finally caught up with Congress, and have pointed the finger of responsibility at each of us. They say, "What gives? After spending $100 billion, you want $3 billion more for the same kind of enthusiastic inadequately prepared amateurs to squander overseas, trying to resist, to defeat, to turn back trained, skilled, professional Communist operatives who defeat us in the areas in which we come in contact with them."

I should like to talk about that fact. Now is the time to resolve to do something about it. Nothing has occurred since 1960, when the Senate passed the Freedom Academy bill overwhelmingly, to change the minds of the supporters of the bill or to change the minds of members of the committee. Our need for specifically trained personnel to win the cold war overeas is precisely today what the committee said it was in 1960.

S. 414, which was introduced on January 22 of this year, and which is basically the same as our Freedom Academy bill of 1960 has, as its cosponsors, in addition to the Senator from South Dakota who is now addressing the Senate, the Senator from Illinois [Mr. DOUGLAS], the Senator from New Jersey [Mr. CASE], the Senator from Connecticut [Mr. DODD], the Senator from Florida [Mr. SMATHERS], the Senator from Arizona [Mr. GOLDWATER], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Hawaii [Mr. FONG], the Senators from

Iowa [Mr. HICKENLOOPER and Mr. MILLER], the Senator from New York [Mr. KEATING], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Pennsylvania [Mr. SCOTT].

Nobody can type that group of Senators, Mr. President. I defy anybody to label them as "a conservative bloc," "a liberal bloc," "a nationalistic bloc," or "an internationalistic bloc."

They are Senators who represent the whole spectrum of ideological, economic, political, and philosophic differences in the Senate.

But they agree on one thing, namely, that we cannot win a war against professionals if we are relying on amateurs. This does not mean that the amateurs are evil. This does not mean that the amateurs are bad. It merely means that golf tournaments are not won, either, when amateurs are playing against professionals. It means that football games are not won when amateurs are playing against professionals. It means that baseball world championships are not won by amateurs playing against professionals. And wars are not won that way. They are not won by arraying amateurs against professionals when the wars are hot. They are not won that way either when the wars are cold.

This continued squandering of the people's resources, now representing an expenditure of well over $100 billion, has miserably failed to achieve its optimum results, because contests are not won with that kind of matching of unskilled and inadequately trained amateurs against highly trained professionals.

So, of course, the debate on foreign aid drags on. Of course, amendment after amendment is added to what the Committee on Foreign Relations brought before the Senate. And, of course, when it comes up for the second round, when appropriations must be made—remember, we are talking about an authorization bill only now—it is a foregone conclusion that additional sharp reductions can, and should, be made in those proposed expenditures. Such reductions will be sizable and substantial.

Certainly, these reductions will take place unless by that time the Senate has before it some type of Freedom Academy bill, assuring the American people, at long last, that we are going to train specialized people who will be able to do the job, just as we do in military matters, just as we do in the atomic energy field, just as anyone does in any area of activity whenever one is out to win. And, unless we have the desire to win the cold war, we are stupid indeed to sacrifice so much of our national resources on a formula of failure.

The original position of the administration and of the State Department with respect to our Freedom Academy proposal was indeed a rather curious one. It was said that the kind of training proposed by the Freedom Academy was unnecessary, and that this kind of legislation was not needed. In their enthusiasm, members of the administration even said that that kind of training was already being provided by a few lectures and very short-time, cursory courses, by which newcomers to Government oversea service were indoctrinated and briefed.

However, after the country rejected that sanctimonious position, the State Department was compelled to change its tactics. After a commission had been appointed by the President to obtain the facts and verify the position of the State Department that it was doing the job, and that no changes and additional training facilities were needed, and after the Commission brought back evidence that the State Department was failing to do the job, that something new was needed, and that the proponents of the Freedom Academy were correct in labeling them as inadequately equipped amateurs who were being sent out to fight against professionals—after that adverse report came back and surprised the administration, the State Department changed its tactics. It countered the great and growing support for the Freedom Academy by proposing a very modest expansion of the present mission of the Foreign Service Institute. It proposed to change its name to something more grandiloquent. It proposed to construct a fine new physical establishment to carry on the Foreign Service Institute program.

The State Department proposal completely fails, however, to grapple with the basic problem which would be met in the Freedom Academy bill. One need look only at the budgetary proposals for the two institutions to see this. The present Foreign Service Institute budget totals around $6 to $7 million, including payments from other agencies, to the extent that it is able to train people in foreign language proficiency, to teach them the routine method by which cables are sent back and forth between State Department functionaries and those who are overseas, to teach them to maintain what I hope are adequate security arrangements—although what we read in the newspapers recently leads me to some skepticism as to whether they are doing that job very well—to train people how to act at cocktail parties overseas, and how to greet foreign visitors at embassies with a broad smile and a good handclasp; in these highly limited areas of training, the Foreign Service Institute renders a useful service.

The new Academy proposed by the State Department would have a budget of something like $8 or $9 million annually. Let us contrast that with what we propose in the Freedom Academy bill, wherein we seek to do the job of fully meeting the problems we face, and of training personnel in the hard-nosed techniques required in order to beat off the seductions and subversions and programs of the Communists, with a minimum budget of from $35 to $50 million annually to train the people to do the job.

That is a pretty modest proposal when we stop to think that these are the people who, along with their predecessors, have spent $100 billion. These are the people who are now calling upon us to give them another $3½ billion so they can spend it during the remaining of this fiscal year.

Certainly, a training program of $35 to $50 million a year to equip and to train properly the people who are going to spend these astronomical amounts is a very modest safeguard in making sure that the money is well spent.

The State Department's shifting from one type of position to another in order to fit into the climate of public opinion deserves to be remarked upon a little further.

First it was said that no training was needed. Then the Department, under pressure, under the severe criticism of its own commission, which it had hoped would pat it on the back, but which, instead, kicked it in the pants, when it got the evidence, reluctantly admitted that the training program was not adequate.

Then the Department moved to confuse and befuddle the issue by advancing a proposal to substitute for the Freedom Academy bill a substitute which, in reality, proposes only to expand, to a very modest degree, what the Department is already doing at its Foreign Service Institute.

For the information of the Senate and the country at this time, I ask unanimous consent to have printed in the RECORD the full text of S. 414, the Freedom Academy proposal.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 414

(In the Senate of the United States, January 22 (legislative day, January 15), 1963, Mr. MUNDT (for himself, Mr. DOUGLAS, Mr. CASE, Mr. DODD, Mr. SMATHERS, Mr. GOLDWATER, Mr. PROXMIRE, Mr. FONG, Mr. HICKENLOOPER, Mr. MILLER, Mr. KEATING, Mr. LAUSCHE, and Mr. SCOTT) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations:)

A bill to create the Freedom Commission and the Freedom Academy, to conduct research to develop an integrated body of operational knowledge in the political, psychological, economic, technological, and organizational areas to increase the nonmilitary capabilities of the United States in the global struggle between freedom and communism, to educate and train Government personnel and private citizens to understand and implement this body of knowledge, and also to provide education and training for foreign students in these areas of knowledge under appropriate conditions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Freedom Commission Act".

CONGRESSIONAL FINDINGS AND STATEMENT OF POLICY

SEC. 2. (a) The Congress of the United States makes the following findings and statement of policy:

(1) The United States in preparing to defend its national interests in coming years faces grave and complex problems in the nonmilitary as well as military areas.

(2) First and foremost are the problems raised by the unremitting drives by the Soviet Union and Communist China seeking world domination and the destruction of all non-Communist societies. The Communist bloc and the various Communist parties have systematically prepared themselves to wage a thousand-pronged aggression in the nonmilitary area. Drawing on their elaborate studies and extensive pragmatic tests,

Communist leaders have developed their conspiratorial version of nonmilitary conflict into an advanced, operational art in which they employ and orchestrate an extraordinary variety of conflict instruments in the political, psychological, ideological, economic, technological, organizational and paramilitary areas enabling them to approach their immediate and long-range objectives along many paths. This creates unique and unprecedented problems for the United States in a conflict that is being waged in student organizations, peasant villages, labor unions, mass communication systems, in city and jungle, and institutions and organizations of every description, as well as in the world's chancelleries. Recognizing that nonmilitary conflict makes extraordinary demands upon its practitioners, the Communists, for several decades, have intensively trained their leadership groups and cadres in an extensive network of basic, intermediate, and advanced schools. The Sino-Soviet conflict capacity has been immeasurably increased by the mobilization of research, science, industry, technology, and education to serve the power-seeking ambitions of Communist leaders rather than the needs of their people.

(3) Second, the problems of the United States are complicated by the emergence of many new nations, the unstable or deteriorating political, social and economic conditions in many parts of the world, the revolutionary forces released by the rising expectations of the world's people, and other factors, all of which increase the difficulties of achieving our national objectives of preventing Communist penetration while seeking to build viable, free, and independent nations.

(A) The nature of the Sino-Soviet power drive, the revolutionary and fluid world situation, the emergence of the United States as the major leader of the free world and the need to deal with the people of nations as well as governments, has compelled the United States to employ many new instruments under the headings of traditional diplomacy, intelligence, technical assistance, aid programs, trade development, educational exchange, cultural exchange, and counterinsurgency (as well as in the area of related military programs). To interrelate and program these present instruments over long periods already requires a high degree of professional competence in many specialties, as well as great managerial skill.

(5) However, the United States has fallen short in developing and utilizing its full capacity to achieve its objectives in the world struggle. Not only do we need to improve the existing instruments, but a wide range of additional methods and means in both the Government and private sectors must be worked out and integrated with the existing instruments of our policy. Otherwise, the United States will lack the means to defeat many forms of Communist aggression and to extend the area of freedom, national independence, and self-government, as well as to attain other national objectives. However, this will require an intensive and comprehensive research and training effort first to think through these additional methods and means, and, second, to educate and train not only specialists, but also leaders at several levels who can visualize and organize these many instruments in an integrated strategy, enabling the United States to approach its national objectives along every path in accord with our ethic.

(6) There has been a tendency to look upon strategy as a series of discrete problems with planning often restricted by jurisdictional walls and parochial attitudes and too much piecemeal planning to handle emergencies at the expense of systematic, long-range development and programing of the many instruments potentially available to us. While there has been marked improvement in such things as language training at agency schools, and while university centers have made significant progress in area studies, nowhere has the United States established a training program to develop rounded strategists in the nonmilitary area or even certain vital categories of professional specialists, particularly in the area of political, ideological, psychological, and organizational operations and in certain areas of development work. Nor has the United States organized a research program which can be expected to think through the important additional range of methods and means that could be available to us in the Government and private sectors.

(7) In implementing this legislation the following requirements for developing our national capacity for global operations in the nonmilitary area should receive special attention:

I. At the upper levels of Government, the United States must have rounded strategists with intensive interdepartmental training and experience who understand the range of instruments potentially available to us and who can organize and program these instruments over long periods in an integrated, forward strategy that systematically develops and utilizes our full national capacity for the global struggle.

II. Below them, Government personnel must be trained to understand and implement this integrated strategy in all of its dimensions. Through intensive training, as well as experience, we must seek the highest professional competence in those areas of specialized knowledge required by our global operations. Government personnel should have an underlying level of understanding as to the nature of the global conflict, the goals of the United States, and the various possible instruments in achieving these goals to facilitate team operations. We should seek to instill a high degree of elan and dedication.

III. Foreign affairs personnel at all levels must understand communism with special emphasis on Communist nonmilitary conflict technique. It is not enough to have experts available for consultation. This is basic knowledge which must be widely disseminated, if planning and implementation are to be geared to the conflict we are in. (The present two weeks seminar offered at the Foreign Service Institute is entirely too brief for even lower ranking personnel.)

IV. The private sector must understand how it can participate in the global struggle in a sustained and systematic manner. There exists in the private sector a huge reservoir of talent, ingenuity, and strength which can be developed and brought to bear in helping to solve many of our global problems. We have hardly begun to explore the range of possibilities.

V. The public must have a deeper understanding of communism, especially Communist nonmilitary conflict technique, and the nature of the global struggle, including the goals of the United States.

(8) The hereinafter created Freedom Academy must be a prestige institution and every effort should be made to demonstrate this is a major effort by the United States in a vital area.

(b) It is the intent and purpose of the Congress that the authority and powers granted in this Act be fully utilized by the Commission established by section 4 of this Act to achieve the objectives set forth in subsection (a)(7) of this section. It is the further intent and purpose of the Congress that the authority, powers, and functions of the Commission and the Academy as set forth in this Act are to be broadly construed.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Commission" means the Freedom Commission established by section 4 of this Act; and

(2) The term "Academy" means the Freedom Academy established by section 6 of this Act.

ESTABLISHMENT OF THE FREEDOM COMMISSION

SEC. 4. There is established in the executive branch of the Government an independent agency to be known as the Freedom Commission which shall be composed of six members and a chairman, each of whom shall be a citizen of the United States. The Chairman may from time to time designate any other member of the Commission as Acting Chairman to act in the place and stead of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all meetings of the Commission, and a quorum for the transaction of business shall consist of at least four members present. Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons, or the public, and, on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct. The Commission shall have an official seal which shall be judicially noticed.

MEMBERSHIP OF THE COMMISSION

SEC. 5. (a) Members of the Commission and the Chairman shall be appointed by the President, by and with the advice and consent of the Senate. Not more than four members, including the Chairman, may be members of any one political party. In submitting any nomination to the Senate, the President shall set forth the experience and qualifications of the nominee. The term of each member of the Commission, other than the Chairman, shall be six years, except that (1) the terms of office of the members first taking office shall expire as designated by the President at the time of the appointment, two at the end of two years, two at the end of four years, and two at the end of six years; and (2) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The Chairman shall serve as such during the pleasure of the President, and shall receive compensation at the rate of $20,500 per annum. Each other member of the Commission shall receive compensation at the rate of $20,000 per annum. Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

(b) No member of the Commission shall engage in any business, vocation, or employment other than that of serving as a member of the Commission.

ESTABLISHMENT OF THE FREEDOM ACADEMY; PRINCIPAL FUNCTIONS OF THE COMMISSION AND ACADEMY

SEC. 6. The Commission shall establish under its supervision and control an advanced research, development, and training center to be known as the Freedom Academy. The Academy shall be located at such place or places within the United States as the Commission shall determine. The principal functions of the Commission and Academy shall be:

(1) To conduct research designed to improve the methods and means by which the United States seeks its national objectives

in the nonmilitary part of the global struggle. This should include improvement of the present methods and means and exploration of the full range of additional methods and means that may be available to us in both the Government and private sectors. Special attention shall be given to problems of an interdepartmental nature and to problems involved in organizing and programing the full spectrum of methods and means potentially available in the Government and private sectors in an integrated, forward strategy that will systematically develop and utilize the full capacity of the United States to seek its national objectives in the global struggle, including the defeat of all forms of Communist aggression and the building of free, independent, and viable nations.

(2) To educate and train Government personnel and private citizens so as to meet the requirements set forth in section 2(a)(7) of this Act. The Academy shall be the principal Government interdepartmental, educational, and training center in the nonmilitary area of the United States global operations. Authority is also granted to educate and train foreign students, when this is in the national interest and is approved by the Secretary of State.

(3) To provide leadership in encouraging and assisting universities and other institutions to increase and improve research, educational, and training programs attuned to the global operational needs of the United States.

(4) To provide leadership, guidance, and assistance to the training staffs of Government agencies handling United States global operations, including training programs conducted at oversea posts.

(5) To provide a center where officers and employees of Government agencies, as well as private citizens, can meet to discuss and explore common and special elements of their problems in improving United States capabilities in the global struggle.

STUDENT SELECTION; GRANTS; ADMISSION OF FOREIGN STUDENTS

SEC. 7. (a) Academy students, other than Government personnel, shall be selected, insofar as is practicable and in the public interest, from those areas, organizations, and institutions where trained leadership and informed public opinion are most needed to achieve the objectives set forth in section 2(a)(7) IV and V. Persons in Government service coming within the provisions of the Government Employees Training Act may be trained at the Academy pursuant to the provisions of said Act. All agencies and departments of Government are authorized to assign officer and employees to the Academy for designated training.

(b) The Commission is authorized to make grants to students and to pay expenses incident to training and study under this Act. This authorization shall include authority to pay actual and necessary travel expenses to and from the Academy or other authorized place of training under this Act. The Commission is authorized to grant financial assistance to the dependents of students who hold no office or employment under the Federal Government during the time they are undergoing training authorized under this Act. Grants and other financial assistance under this Act shall be in such amounts and subject to such regulations as the Commission may deem appropriate to carry out the provisions of this Act.

(c) Foreign students selected for training under this Act shall be admitted as nonimmigrants under section 101(a)(15)(F) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(F)) for such time and under such conditions as may be prescribed by regulations promulgated by the Commission, the Secretary of State, and the Attorney General. A person admitted under this section who fails to maintain the status under which he was admitted, or who fails to depart from the United States at the expiration of the time for which he was admitted, or who engages in activities of a political nature detrimental to the interest of the United States, or in activities in conflict with the security of the United States, shall, upon the warrant of the Attorney General, be taken into custody and promptly deported pursuant to section 241, 242, and 243 of the Immigration and Nationality Act (8 U.S.C. 1251, 1252, and 1253). Deportation proceedings under this section shall be summary and findings of the Attorney General as to matters of fact shall be conclusive. Such persons shall not be eligible for suspension of deportation under section 344 of such Act (8 U.S.C. 1254).

INFORMATION CENTER

SEC. 8. The Commission is authorized to establish an information center at such place or places within the United States as the Commission may determine. The principal function of the information center shall be to disseminate, with or without charge, information and materials which will assist people and organizations to increase their understanding of the true nature of the international Communist conspiracy and of the dimensions and nature of the global struggle between freedom and communism, and of ways they can participate effectively toward winning that struggle and building free, independent, and viable nations. In carrying out this function, the Commission is authorized to prepare, make, and publish textbooks and other materials, including training films, suitable for high school, college, and community level instruction, and also to publish such research materials as may be in the public interest. The Commission is authorized to disseminate such information and materials to such persons and organizations as may be in the public interest on such terms and conditions as the Commission shall determine.

DISCLOSURE OF INFORMATION

SEC. 9. Nothing in this Act shall authorize the disclosure of any information or knowledge in any case in which such disclosure (1) is prohibited by any other law of the United States, or (2) is inconsistent with the security of the United States.

SECURITY CHECK OF PERSONNEL

SEC. 10. (a) Except as authorized by the Commission upon a determination by the Commission that such action is clearly consistent with the national interest, no individual shall be employed by the Commission, nor shall the Commission permit any individual to have access to information which is, for reasons of national security, specifically designated by a United States Government agency for limited or restricted dissemination or distribution until the Civil Service Commission shall have made an investigation and report to the Commission on the character, associations, and loyalty of such individual, and the Commission shall have determined that employing such individual or permitting him to have access to such information will not endanger the common defense and security.

(b) In the event an investigation made pursuant to subsection (a) of this section develops any data reflecting that the individual who is the subject of the investigation is of questionable loyalty or is a questionable security risk, the Civil Service Commission shall refer the matter to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the Civil Service Commission for its information and appropriate action.

(c) If the Commission deems it to be in the national interest, the Commission may request the Civil Service Commission to make an investigation and report to the Commission on the character, associations, and loyalty of any individual under consideration for training at the Academy, and if the Commission shall then determine that the training of such individual will not be in the best interest of the United States, he shall receive no training under this Act.

(d) In the event an investigation made pursuant to subsection (c) of this section develops any data reflecting that the individual who is the subject of the investigation is of questionable loyalty or is a questionable security risk, the Civil Service Commission shall refer the matter to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the Civil Service Commission for its information and appropriate action.

(e) If the President or the Commission shall deem it to be in the national interest, he or the Commission may from time to time cause investigation of any individual which is required or authorized by subsections (a) and (c) of this section to be made by the Federal Bureau of Investigation instead of by the Civil Service Commission.

GENERAL AUTHORITY OF THE COMMISSION

SEC. 11. (a) In addition to the authority already granted, the Commission is authorized and empowered—

(1) to establish such temporary or permanent boards and committees as the Commission may from time to time deem necessary for the purposes of this Act;

(2) subject to the provisions of subsection (b) of this section, to appoint and fix the compensation of such personnel as may be necessary to carry out the functions of the Commission;

(3) to conduct such research, studies, and surveys as the Commission may deem necessary to carry out the purposes of this Act;

(4) to make, promulgate, issue, rescind, and amend such rules and regulations as may be necessary to carry out the purposes of this Act;

(5) to make such expenditures as may be necessary for administering and carrying out the provisions of this Act;

(6) to utilize, with the approval of the President, the services, facilities, and personnel of other Government agencies and pay for such services, facilities, and personnel out of funds available to the Commission under this Act, either in advance, by reimbursement, or by direct transfer;

(7) to utilize or employ on a full-time or part-time basis, with the consent of the organization or governmental body concerned, the services of personnel of any State or local government or private organization to perform such functions on its behalf as may appear desirable to carry out the purposes of this Act, without requiring such personnel to sever their connection with the furnishing organization or governmental body; and to utilize personnel of a foreign government in the same manner and under the same circumstances with the approval of the Secretary of State;

(8) to acquire by purchase, lease, loan, or gift, and to hold and dispose of by sale, lease, or loan, real and personal property of all kinds necessary for, or resulting from, the exercise of authority granted by this Act;

(9) to receive and use funds donated by others, if such funds are donated without restrictions other than that they be used in furtherance of one or more of the purposes of this Act;

(10) to accept and utilize the services of voluntary and uncompensated personnel and to provide transportation and subsistence as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons serving without compensation;

(11) to utilize the services of persons on a temporary basis and to pay their actual and necessary travel expenses and subsistence and, in addition, compensation at a rate not to exceed $50 per day for each day spent in the work of the Commission.

(b) The personnel referred to in subsection (a) (2) of this section shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with the Classification Act of 1949, as amended, except that, to the extent the Commission deems such action necessary to the discharge of its responsibilities, personnel may be employed and their compensation fixed without regard to such laws. No such personnel (except such personnel whose compensation is fixed by law, and specially qualified professional personnel up to a limit of $19,000) whose position would be subject to the Classification Act of 1949, as amended, if such Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under such Act for positions of equivalent difficulty or responsibility. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

GENERAL MANAGER OF THE COMMISSION

SEC. 12. The Commission is authorized to establish within the Commission a general manager, who shall discharge such of the administrative and executive functions of the Commission as the Commission may direct. The general manager shall be appointed by the Commission, shall serve at the pleasure of the Commission, shall be removable by the Commission, and shall receive compensation at a rate determined by the Commission, but not in excess of $18,000 per annum.

ADVISORY COMMITTEE

SEC. 13. (a) To assure effective cooperation between the Freedom Academy and various Government agencies concerned with its objectives, there is established an advisory committee to the Freedom Academy (referred to hereinafter as the "Committee"). The Committee shall be composed of one representative of each of the following agencies designated by the head of each such agency from officers and employees thereof: The Department of State; the Department of Defense; the Department of Health, Education, and Welfare; the Central Intelligence Agency; the Federal Bureau of Investigation; the Agency for International Development; and the United States Information Agency.

(b) Members of the Committee shall elect a member to serve as Chairman of the Committee. The Chairman shall serve for such a term of one year. The chairmanship shall rotate among the representatives of the agencies who comprise the membership of the Committee.

(c) No member of the Committee shall receive compensation for his services as such other than that received by him as an officer or employee of the agency represented by him. Each member of the Committee shall be reimbursed for expenses actually and necessarily incurred by him in the performance of duties of the Committee. Such reimbursements shall be made from funds appropriated to the Freedom Commission upon vouchers approved by the Chairman of the Committee.

(d) The Committee shall—

(1) serve as a medium for liaison between the Freedom Commission and the Government agencies represented in the Committee;

(2) review from time to time the plans, programs, and activities of the Freedom Commission and the Freedom Academy, and transmit to the Commission such recommendations as it may determine to be necessary or desirable for the improvement of those plans, programs, and activities;

(3) meet with the Freedom Commission periodically, but not less often than semiannually, to consult with it with regard to the plans, programs, and activities of the Freedom Commission and the Federal Academy; and

(4) transmit to the President and to the Congress in January of each year a report containing (A) a comprehensive description of the plans, programs, and activities of the Commission and the Academy during the preceding calendar year, and (B) its recommendations for the improvement of those plans, programs, and activities.

(e) The Committee shall promulgate such rules and regulations as it shall determine to be necessary for the performance of its duties.

(f) The Commission shall furnish to the Committee without reimbursement such office space, personal services, supplies and equipment, information, and facilities as the Committee may require for the performance of its functions.

APPROPRIATIONS

SEC. 14. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

Mr. MUNDT. Mr. President, these tactics of the State Department, dilatory in nature, doubtful in wisdom, can wear down some of the proponents of reform who operate independently of tax support.

The State Department is a permanent fixture. Its array of individuals can continue to do nothing and get paid for it, whereas those who advocate doing something in the field of thoroughly training our oversea personnel must do it at their own expense. The State Department receives its appropriation annually. Operating income is no problem. A delay of several years works against the continuing ability of persons working for reforms from the outside. Their assets are limited, and they can last only so long. The utter frustration of trying to move the immovable must surely seem completely futile.

Symbolic of this frustration is the recent announcement of the dissolution of the Orlando committee, at Orlando, Fla. After working hard for 13 years, the committee has been dissolved. I believe that all Americans should read the statement issued by the committee on its dissolution. I ask unanimous consent to insert at this point in the CONGRESSIONAL RECORD, in its entirety, that statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The Orlando Committee for the Freedom Academy is disbanding today and will no longer actively seek passage of the Freedom Academy bill, S. 414, H.R. 5638.

Several reasons lay behind the decision unanimously approved by the committee Thursday night (October 11, 1963).

First, the administration, and in particular the Department of State, is now actively opposing the bill. This means there is little chance of passing the legislation in a form acceptable to the committee.

Second, we have reluctantly concluded that even if the bill is passed, it is unlikely this administration, as presently oriented, will establish the type of Academy envisioned by the Orlando committee and described in its "Green Book" and the supplement thereto. The State Department has developed a narrow, inhibited, and essentially defensive strategy in the global conflict. It has shown little interest in exploring the whole new range of methods and means by which we could seek our global objectives and has been satisfied to leave the Communists uncontested on much of the political, ideological, and organizational battlegrounds. State has proven especially inhibited, defensive, and even uninterested in the extraordinary opportunities for providing Academy training to foreign nationals, toward exploring the unlimited and exciting possibilities for private sector participation in the global conflict, or even toward providing true professional training for its own people in the new forms of struggle. State does not even seem to understand why the training it is providing at the Foreign Service Institute is grossly inadequate. Unfortunately, the State Department's attitude has permeated the administration, and as long as this attitude and lack of interest prevails, it would likely be reflected in appointments to the Freedom Commission and Freedom Academy. The Freedom Academy cannot succeed unless there is appreciation of the nature of the research and training gap and a driving desire to close it.

Third, the State Department has put out grossly inaccurate interpretations of the Freedom Academy bill well calculated to mislead the Congress and public. Certain officers at State have even suggested the Freedom Academy is the product of the far rightwing. This is most discouraging to the Orlando committee which has been carefully bipartisan and has enlisted the support of outstanding liberals, moderates, and conservatives. It has made it difficult to debate the bill on its merits.

Fourth, although the Orlando committee has made available extensive briefing material spelling out the cold war research and training gap and explaining the bill, few have studied this. Until more people do their homework, there can be no adequate debate on the merits, and the Congress and the country cannot be alerted to the research and training gap which is undermining our entire effort in the global struggle.

Finally, the 13-year effort to establish the Freedom Academy has exhausted the personal finances of key members of the Orlando committee, and it is now mandatory they return full time to their professions and businesses.

The committee believes the need for the Freedom Academy is more urgent than ever. We do not believe the United States can either contain or defeat the Communist drive for world dominion, much less achieve other objectives, unless we systematically develop our full national capacity to compete in the new forms of struggle along the lines suggested in the "Green Book."

Our committee believes it has done about all it can. The bill is now pending before the Senate Foreign Relations Committee and the House Committee on Un-American Activities. It is now up to these committees and the House Foreign Affairs Committee to determine what type of bill, if any, is reported out.

What is really needed, however, is a major policy change by this administration. As long as our leadership is satisfied to leave the Communists uncontested on much of the political, ideological, and organizational battlegrounds, as long as they are content to pursue our global objectives, using only a small percentage of the instruments potentially available to us, as long as they persist in responding to the Soviet challenge on a piecemeal, ad hoc basis, as long as they are satisfied to oppose professional conflict managers with untrained and often unmotivated amateurs, as long as they persist in unilateral disengagement in the nonmilitary conflict to mollify our enemies, then there can be no Freedom Academy.

Someday this Nation will recognize that global nonmilitary conflict must be pursued with the same intensity and preparation as global military conflict. With that realization, the Freedom Academy may come into being. We can only hope it is not too late.

The committee wishes to emphasize that the administration's bill to establish a National Academy of Foreign Affairs is most inadequate and in no way should be considered a substitute for the Freedom Academy. The committee has outlined its objections to this bill at the Senate hearings and in supplement No. 1 to the green book.

The committee wishes to thank the House and Senate sponsors and in particular Senators Mundt, Dodd, and Douglas who carried the load in the 86th, 87th, and 88th Congresses, and Syd Herlong and Walter Judd, who introduced the original bill in the House in February 1959. We also wish to thank the many newspapers and organizations who endorsed the bill and the editors of Life, the Reader's Digest, and Saturday Evening Post, who gave editorial support, and Roscoe Drummond, for a series of fine columns. Our thanks also to the Senate Judiciary Committee for its report of June 1960, calling the Freedom Academy bill "one of the most important bills ever introduced in the Congress."

Locally, we wish to thank the many individuals and organizations who contributed time, money, and moral support.

THE ORLANDO COMMITTEE FOR THE FREEDOM ACADEMY.

Mr. MUNDT. Mr. President, at this discussion of the future of the foreign aid program, the administration and the State Department are forced to meet the moment of truth. Finally they have found out that while they have been able to dissuade those of us who through the years have been trying to establish an efficient and sufficient training academy, while they have been able to resist efforts of fine, independent groups, like the Orlando committee, various posts of the American Legion, and many other organizations and groups who have been urging Congress to do something toward the establishment of the Freedom Academy, and while they have been able to stop anything from developing, they now confront the ugly fact that Americans are losing confidence in the whole foreign aid concept.

Their bill has hit a roadblock for the first time in the Senate. Senators who unthinkingly went along year after year, Senators who complainingly went along, feeling that they owed it to the State Department, and that they should do it as a matter of party loyalty, are now in open rebellion against the kind of program that they have been asked to support and espouse in recent years.

Finally, the country as a whole, and Members of Congress realize the futility of adding additional billions to what we have already spent. Everyone knows that we cannot win a war with amateurs against professionals. Still, the State Department lamely continues its opposition and refuses to do anything substantial in the direction of equipping and adequately training Americans who serve the Government overseas, at least with a modicum of the kind of training that is given extensively to the Communist opponents whom they must confront and whom it is their job to try effectively to resist.

First it was the country that rose up in arms against trying to win a decision with dollars alone, when we did not have the trained personnel to spend the money wisely. Then it was the House of Representatives, where, surprisingly, and gratifyingly, some substantial cuts were made in the foreign aid authorization bill. Now the bill is before the Senate. The pushover Senate is not to be pushed over any more. We, too, are accountable to the public. We, too, have seen the evidence. We, too, know that we will not win unless we try, and that the first step in trying is to have our personnel carefully, completely, and specifically trained to bring about victory.

It seems to me that it is increasingly observed that there are, very possibly, evil consequences to be suffered by this country and its interests by reason of our continuing to add more money to be spent for some undesirable things to be done in the same ineffective way, and by the same people with the same lack of background training, from which they have already suffered for too long.

It is highly desirable in the Senate action on the pending bill that the foreign aid authorization be sharply curtailed, to show the State Department that the Senate recognizes the fact that the unplanned programs of economic aid and the cold war contest being conducted by untrained personnel have already been demonstrated to be futile.

Even the report from the Senate Committee on Foreign Relations, which rather unenthusiastically urges the Senate to approve its recommendations, points out that the committee also believes that the program should be curtailed and changed, and perhaps eliminated by the end of the next fiscal year, and that something should be evolved in its place. Therefore Congress should reduce the appropriations.

I join those who say that we need to write into the bill a terminal date for foreign aid in order to open the entire question, so that next year there will be before Congress the product of studies which should begin now, to determine how best to exercise our leadership and meet our responsibilities in world affairs.

We all recognize that we cannot pull out of the world. The neutrals and our friends need our support and assistance overseas. Many need our guidance. We must continue our efforts to curtail the aggressive acts of international communism and restore freedom to the areas which it has already enslaved.

The world and the American taxpayer both deserve a program which is effective, which is implemented by personnel who are trained and competent. They need a program which is planned and implemented by professionals, and not merely proposed and promoted by enthusiastic, well-intentioned but inadequately trained amateurs.

The only course to follow in communicating with this see-no-evil, hear-no-evil, feel-no-evil State Department group charged with the implementation of our foreign policy, whose only solution is always, "Give us money, give us billions, and our amateurs will do the job," is to bring the present program to a halt, to stop it; and, having stopped it, to write a new type of program, which will encourage countries to help themselves by utilizing the techniques and talents made available to them, to learn to do for themselves by doing, instead of continuing a program under which we try to do things for them, the doing of which in many cases is not prudent or proper, and frequently not even necessary.

Above all, we need the type of trained American personnel operating abroad that the operation of an American Freedom Academy can provide.

As we evolve a new program which can work, we shall be training the workers who can make it succeed, we shall be substituting manpower for money, we shall be substituting professionals for amateurs, and we shall be looking to the development of victory, instead of the perpetuation of defeat.

We should reduce appropriations sharply, so that the voice of Congress can finally be heard at the other end of the avenue. We should write in a terminal date, which will make the administration come forth with something better—not a terminal date to try to shoulder off our responsibility of world leadership, but one which will put us into the cold war contest with trained personnel and with a program which makes sense, which concentrates on the target, which ceases to waste the public funds, and which will begin to win victories around the world.

One reason why I voted for the recommittal of the bill a week ago today, and why I shall continue both in the authorization bill and in the appropriation bill, where, as a member of the Committee on Appropriations, I anticipate even more gratifying results, to press for reductions in the excessive expenditures provided by the foreign aid bill, is to help to improve our program, which is deteriorating before our eyes, for reasons that are so apparent that we could discover them at midnight, in the basement of a house, with the lights turned out. We know the evidence; we know the reasons; and so does the country generally.

We are only continuing, as we have done in the past, a program which constitutes a complete violation of our responsibility in the Senate and a confession of our failure to meet the needs of our time. Our constituents have a right to expect from us something more consistent, something more constructive, than the perpetuation of a failure and the provision of additional funds for those who have demonstrated their inability to spend the previous hundred billion dollars wisely—not with bad intentions, but because they have not been sufficiently and specifically trained for the job because our Government has completely failed to provide something like a Freedom Academy to train them. The report of the Committee on Foreign Relations itself recognizes the failure of the foreign aid program.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD excerpts from pages 4 and 5 of the committee report.

There being no objection, the excerpts from the report (Rept. No. 588) were ordered to be printed in the RECORD, as follows:

In the past the committee has been disappointed by certain aspects of a foreign aid program. There have been instances of failure and inefficiency in the field, administrative and organizational shortcomings, imbalance in the kinds and amounts of aid expended to certain countries, overgenerosity to some recipients and the neglect of other, more deserving recipients, the proliferation of aid programs—especially military aid programs—to an ever-growing number of countries, and inexplicable delays in terminating assistance to countries which no longer need it or which have failed to make productive use of it.

The committee is less impressed with the case made by the executive branch for the maintenance of U.S. aid programs, even on a small scale, in virtually every underdeveloped country in the free world and in a few developed or relatively developed countries. The committee sees little merit in aid programs whose sole or major justification is the maintenance of a U.S. "presence" or the demonstration of U.S. "interest." It is equally unenthusiastic about aid programs, both military and economic, whose major purpose is to provide an alternative to Soviet bloc aid.

Mr. MUNDT. Mr. President, the committee report concludes that our best step from here is to continue to proceed to finance existing failures while trying to continue to improve the program. I disagree with the language of the report and the opinion of members of the Committee on Foreign Relations who approve it. I believe we serve America poorly and jeopardize our leadership around the world by following the counsel of those who say, "Although the program is failing, let us give it additional billions of dollars so that the failures can be more widely heralded and the program can fail more emphatically."

The State Department ought to be working with Congress to evolve a training system and to develop training facilities so that there will be at least the possibility of success.

No other measure is awaiting immediate consideration on the Senate floor. I serve on the Committee on Appropriations. The Senate has thus far passed five appropriation bills. All the appropriation bills should have been approved by July 1, which is the beginning of the fiscal year. Eight appropriation bills remain to be passed. No one has put pressure upon me as a member of the Committee on Appropriations to hurry and mark up bills or to attend conferences between members of the two Houses. Time rolls along.

As a Member of the Senate who feels that already too much money is being spent, and spent too rapidly, I am perfectly content to let the appropriation bills wait until next March.

I am the author of language in our Appropriations Committee report which provides that some economy is being involuntarily effectuated every day we wait, because the increases cannot be spent except on the basis of the time remaining in the fiscal year. So if no one in the administration is in a hurry to have appropriation bills passed—and no one appears to be—it is not necessary to worry about spending a little extra time debating what to do about foreign aid. Surely, our legislative calendar is far from crowded.

Peace is our most cherished goal. The hazards of failure in the cold war are our most significant problem. I am glad we are working at this task on the Senate floor and are taking sufficient time to do it.

It seems to me that we should take steps on the Senate floor, even at this late date, to make certain that the program is turned in the right direction and that it is hereafter designed to reach the targets expected of it.

I ask unanimous consent to have printed at this point in the RECORD an article entitled "The Real Red Threat," written by Drew Middleton, and published in the New York Times of November 8, 1963. The article emphasizes the fact that if we are to win the cold war—which we must win if we are not to fight a hot one—we will win it because of the political successes which we have overseas, the economic successes, and our victories in the cold war, rather than by merely providing a constantly increasing number of armaments to rival countries so that they can shoot it out with one another in little, localized wars, which ultimately we will be called upon to settle either with our manpower and military might or by our counsel and our guidance.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE REAL RED THREAT—SOME IN EUROPE SEE IT AS POLITICAL AND SAY THE UNITED STATES OVEREMPHASIZES ARMS

(By Drew Middleton)

PARIS, November 7.—Which face of communism is the bigger threat to the West? The Soviet general with his finger near the "go" button or the party agitator with a pocketful of plans for economic revolution? A dispute over whether the military or the political danger is the graver has arisen at the meeting of members of parliaments of countries in the North Atlantic Alliance. The difference of opinion seems to be more than a squabble over East-West trade, or whether there should be an Atlantic Assembly. The latter, an American proposal, would organize the present group of parliament members into a representative body for the North American Alliance.

Much of the criticism of U.S. willingness to discuss outstanding military issues with the Soviet Union, and even of the nuclear test ban treaty arises from this difference over which aspect of communism is the true and immediate danger to Europe.

Washington is criticized for being too interested in the military side of the Communist problem. Such criticism includes the administration's readiness to discuss with Moscow such issues as the prevention of surprise attack and a nonaggression agreement between the Atlantic Alliance and the Warsaw Pact Powers of the Soviet bloc.

One legislator said the United States was obsessed with the question of troop strength in Europe.

ITALIAN AND FRENCH PROBLEMS

The critics come mainly from countries such as Italy, which has a Communist political problem, or France, where there is danger of a re-creation of a popular front representing the Communist and Socialist movements.

Acute apprehension is shown by Mediterranean members of the alliance over the trend in Greece. The feeling is that communism may have spent its political force in the United States, Britain, Canada, West Germany, Norway and Denmark, but that it is alive and kicking—and dangerous—in the Mediterranean.

The United States, it is said, takes the political health of Europe for granted.

Washington tends to think, the critics say, that in prosperous Europe the Communists represent parties of protest rather than of revolution. In their view this is exactly what the Communists want the United States to believe.

"But let a Communist Party gain power, or even share power in a coalition," said one member of a parliament, "and you Americans will be quickly reminded of the true aims of communism. All the divisions or Polaris submarines in Europe won't prevent the Communists from taking that country out of NATO."

CONTRIBUTIONS CITED

Some may suggest that putting forward this emphasis on communism's political potential is a way of avoiding fulfillment of military commitments to the North Atlantic Treaty Organization.

But Italy is participating in talks on formation of a mixed-manned force.

Greece, which is sitting in on these talks, makes a contribution to the treaty organization's conventional forces is straining her resources.

Those who criticize American policy are not seeking relaxation of the defense effort in Europe. What they want is recognition by Washington that discussions with Moscow on easing military tension are likely to strengthen the Communist parties where those parties are a conceivable alternative to present governments.

Mr. DOMINICK. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I am happy to yield to the Senator from Colorado.

Mr. DOMINICK. I join the Senator from South Dakota in the views he has expressed concerning the Freedom Academy, particularly.

Mr. GRUENING. Mr. President, I am glad to yield to the Senator from Colorado. I have the floor.

Mr. DOMINICK. I beg the Senator's pardon; I appreciate his courtesy.

This phase of our foreign policy has been neglected for so long that it seems to me to be imperative that we give it serious consideration if we are to get back on the right track in our overall war on communism and do something toward establishing a Freedom Academy.

In the 3 years that I have been a Member of Congress, I have been a supporter of a foreign service academy designed to enable the State Department and all other branches of the Government which have oversea operations to obtain qualified personnel, capable of handling the work to which they are assigned, whether it happens to be in the Federal Aviation Agency, the Department of Commerce, or any other branch of the Government. The theory is that people so trained, particularly when they are on a borderline, close to the Communist conspiracy, are just as much subject to Communist problems as they would be in the State Department, in the foreign aid program, or any other field.

I testified before the subcommittee on behalf of the bill which was considered and revised, the so-called Kennedy expansion of the Foreign Service Institute. At that time, the chairman of the committee, the distinguished Senator from Missouri, indicated that he also felt that the Freedom Academy and the Foreign Service Academy were institutions which ought to be considered by the Senate, but that because of opposition from the Department of State and the administration, he was required by party loyalty to use only the recommendations that were made through the State Department. It seems to me that that is arrant nonsense, so far as the State Department is concerned. We are trying to improve the quality of the personnel who will be called upon to handle these programs, rather than to diminish it. We are trying to enhance the prestige of the State Department, throughout the country, which prestige, frankly, in my opinion, could not be any lower than it is now. We must take some steps to establish a Freedom Academy; and if there is anything I can do to support the distinguished Senator from South Dakota, I shall be glad to do it.

Mr. MUNDT. I appreciate the Senator's statement, and I appreciate even more his assurances of support, because I know that his support on any project or program is something of real substance and significance.

I recall the Senator's brilliant testimony before the committee. We were dealing with the general subject of improving personnel and providing expanded training facilities for those who serve this country overseas.

I share with the Senator from Colorado the regret that nothing along that line has occurred. It is much more important that we convince the State Department that it cannot win the cold war without such trained personnel, whether we appropriate $3 billion or $30 billion, more or less, in the foreign aid program for the future.

As I said earlier, I speak as one who has voted for far more foreign aid than I have opposed, starting with the point IV program. But I shall vote against the current authorization bill, when the final rollcall vote is taken. I shall vote against it because I know of no other way in which I can express an effective and clearcut opposition to continuing a program of spending billions of dollars overseas for programs which have not been synthesized or targeted together or coordinated, and for the administration of which we have entirely failed to meet the challenge of providing an updated, coordinated, completely adequate training facility so those who serve us overseas can be equipped with the proper tools and skills.

I may vote in favor of the foreign aid appropriation bill, when it comes before the Senate, for I am not opposed to the foreign aid concept, if by that time we can get from the State Department instead of having it sulk in its marble tepee—an understandable and acceptable king-sized training program. In that case, I may vote, and may try to influence other Senators on our Appropriations Committee to vote, in favor of appropriate foreign aid funds.

But I shall vote against the pending authorization bill, because I know of no other way by which to demonstrate my determination not to have the United States continue to throw away such large sums of the money of the American people, particularly when that program frequently renders us a disservice, rather than a service.

Mr. President, let me make my position crystal clear. What this country badly needs is a Freedom Academy in which our oversea Government personnel, private citizens, and, on occasion, freedom-supporting people from other lands can be trained in depth and in detail about the whole concept of cold war strategy and how to defeat communism by means short of war.

Communist Russia operates six well-established training institutes to train its own nationals and many visitors from other lands in the techniques the Communists employ in undermining and in weakening freedom wherever it prevails. Here in the United States we have totally failed to develop and utilize a single institute or training facility to provide those on our side of this cold war with equal competence and know-how and with compensatory training in the best techniques for defeating the Communist thrusts against freedom and in making some positive moves of our own.

We have our splendid service academies for the Army, the Navy and the Air Force. Surely nobody advocates closing up the training facilities provided at West Point, Annapolis, and Colorado Springs. We have our War College to train and equip our military leaders and to keep them current on the needed know-how. But in our effort to win the cold war, I repeat Mr. President, we have failed completely to tool up our training facilities to meet the modern, peacetime challenges of communism.

We need such a training facility as the Freedom Academy. We have needed it for years. We desperately need it now. We cannot win our cold war against communism with dollars alone. This Senate and this Congress should insist that the State Department and the White House recognize the realities of the world in which we live and help develop the training facilities which we so badly need.

Mr. DOMINICK. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I am glad to yield to the Senator from Colorado.

Mr. DOMINICK. I point out that a recent item on the news ticker states that the Secretary of State has severely criticized the Senate for its action in connection with the foreign aid authorization bill, particularly for the restrictions it has placed on aid to Indonesia and Yugoslavia.

The question is, What will the Senate do to determine the kind of foreign policy the United States should have? It seems to me there could not be a better forum than this in which to express the irritation of the Senate and of the American people in general about giving U.S. aid to countries which in many cases are not in favor of the United States and are in favor of our enemy. I believe this is the best place in which to express our opinion on that score.

Mr. MUNDT. Mr. President, I am much interested in that news ticker item, because it is clear evidence that the State Department is now forewarned of our intent.

I recall sitting as a member of the Foreign Relations Committee—whether in open session or in executive session makes no difference, in this respect—at a time when I said to Secretary Rusk, "You had better get busy training some personnel and leadership and establishing an overall training organization in depth or you will have trouble when the bill comes up on the floor of the Senate." I remember that the Senator from Oregon and the Senator from Missouri said the same thing. However, the State Department officials decided to "bull it through"; their attitude was, "Why change? We have spent $100 billion of the money of the American people, up to now; and surely we can get another $3 or $4 billion at this time." But, Mr. President, they cannot do it that easily any more. Congress is beginning to live up to its responsibility.

Mr. GRUENING. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. GRUENING. In connection with the comment about criticism by Secretary Rusk, he does not realize that before the Marshall plan was established, it was understood that the function of the Senate in connection with foreign affairs was merely to give its advice and consent to treaties and to the nominations of Foreign Service personnel, and nothing else; but today Congress also has a definite responsibility to decide how the foreign aid funds are to be spent. It is both our legislative duty and our constitutional obligation to debate these matters, and the Secretary of State should realize that.

Therefore, I think the action taken yesterday by the Senate, although it was overdue and was taken belatedly, was very necessary; and I hope we continue to watch where such large amounts of the taxpayers' money go, in connection with our foreign aid program.

Mr. DOMINICK. Mr. President, I thoroughly agree with the Senator from Alaska.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I do not believe the personnel in our Foreign Service are untrained. The Foreign Service personnel I have met are exceedingly well trained, better trained than some of their critics. I do not believe we shall provide for a better Foreign Service by establishing a Foreign Service Academy.

I have long protested, in connection with the Foreign Service, what we call the Ivy League clique. It seems to me it would be a good idea to have in the Foreign Service people from all parts of the country who have a genuine appreciation of American life and its many facets and different cultures.

For example, I believe that the American University, in the Nation's Capital, with its school of international relations, prepares people very well for the Foreign Service. Likewise, I do not believe that all the good generals graduated from West Point. Many of them came from VMI or Texas A. & M. or from colleges with ROTC units. I believe that the Georgetown University Foreign Service School is one of the great foreign service schools in the world; and I believe that Leland Stanford University graduates some fine people who are trained for the field of foreign service.

So I do not believe we do our country any service by alleging that those who work in the State Department are incompetent and incapable of doing their jobs. They are extremely competent. Some of them may not be as competent as we would like them to be, but certainly the same may be said of any office which any one of us manages or of any business in which any of us may be engaged.

I would support a program for the establishment of an academy for training in Foreign Service. I have said so many times. But I do not believe it would answer all our problems—not by a long shot.

Furthermore, I do not believe that in connection with requesting the establishment of an academy for training in Foreign Service, Senators need to "downgrade" those who are now in the Foreign Service. There are many good people in our Foreign Service, and I do not believe it is a good idea to spread across the world statements to the effect that the State Department wastes billions of dollars because of incompetent personnel.

In the Foreign Service there are men who have given their lives and also the lives of their families to their country. In fact, when the Government hires a Foreign Service officer, it generally gets two for one—both the Foreign Service officer and his wife; and the wives of our Foreign Service officers lead voluntary organizations and do excellent jobs in carrying the philosophy of this country to many parts of the world.

I know what is happening to the foreign aid authorization bill. We can cut it or we can defeat it; and apparently there is among the Members of this body a passion to do something to the foreign aid authorization bill to change it drastically. Some think the foreign aid program should not even be permitted to continue.

Be that as it may, Mr. President, I do not believe that in the process of amending the bill we are required to "run down" the Foreign Service public servants. If I were a Foreign Service officer, I would deeply resent such an attack. Some of the Foreign Service officers go to parts of the world where a Senator would not be willing to go, even if he were paid 10 times his present salary. The Foreign Service officers go to their posts like soldiers; and I am not going to remain silent when attempts are made to rip the Foreign Service to pieces—to downgrade and attack and criticize it unfairly.

I want Senators who criticize it to name the Foreign Service officer who is charged with wasting money. I ask the Senator from South Dakota to give me a bill of particulars. What Foreign Service officer is wasting money? Is the Senator from South Dakota talking about Secretary of State Acheson or Secretary of State Dulles or Secretary of State Herter or Secretary of State Rusk? About whom is the Senator from South Dakota talking? What Foreign Service officer does he mean?

If a Senator is going to criticize, instead of criticizing a whole class of Government employees, he should name the ones to whom he refers. However, I do not think Senators can name very many responsible Foreign Service officers who have "sold out" this country or have been guilty of mismanagement or misconduct or are incompetent.

In the last few years we have done a great deal to elevate the Foreign Service and to improve and raise the standards.

I have a son who hopes to enter the Foreign Service. At this time he is studying for the Foreign Service; and I resent having the Foreign Service criticized in such fashion. I do not believe that is the way to recruit good people for the Foreign Service. I do not want my son to read, in the CONGRESSIONAL RECORD, charges that the Foreign Service is incompetent and wastes millions of dollars.

I demand a bill of particulars. When the Senator can show me the names of the individuals, and show me the people who have been guilty of the colossal waste charged because they were incompetent or stupid or untrained, I shall be willing to buy the argument. Until then I resent it. I think it is an unfair argument.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING. Mr. President, I call up my amendment No. 232.

The PRESIDING OFFICER (Mr. NELSON in the chair). The amendment of the Senator from Alaska has been offered and stated, and is now pending before the Senate.

Mr. MUNDT. Mr. President, I think I still have the floor.

The PRESIDING OFFICER. Does the Senator from Alaska yield further to the Senator from South Dakota?

Mr. GRUENING. Mr. President, I am glad to yield to the Senator from South Dakota. I hope his remarks will be brief.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Who has the floor?

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. FULBRIGHT. By what right does the Senator yield?

Mr. GRUENING. By unanimous consent I yielded to the Senator from South Dakota.

The PRESIDING OFFICER. Is there objection to the Senator from Alaska yielding further to the Senator from South Dakota?

Mr. FULBRIGHT. I object.

Mr. MUNDT. Mr. President, the objection comes about an hour too late. By unanimous consent the Senate has already agreed that the Senator from Alaska would yield to me so that I could present my position, and after I had concluded, the floor was to revert to the Senator from Alaska. I have not concluded because I wish to respond to the Senator from Minnesota. The objection of the Senator from Arkansas would have been highly appropriate an hour ago, but not now.

The PRESIDING OFFICER. The Parliamentarian has advised the Chair that the Senator from Alaska has the floor. Unanimous consent is required to enable him to yield to the Senator from South Dakota. The Senator from Arkansas has objected to the request by the Senator from Alaska.

Mr. MUNDT. I should like to know by what parliamentary device the Senator from South Dakota's original understanding with the Senator from Alaska has been vitiated.

The PRESIDING OFFICER. The Parliamentarian has advised the Chair that the Senator from Alaska reasserted his right to the floor when the Senator from South Dakota had concluded his remarks. He now has the floor. Unanimous consent is required for the Senator from Alaska to yield to any other Senator the privilege of the floor.

Mr. GRUENING. Mr. President, the pending business before the Senate is my amendment No. 232.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield.

Mr. MORSE. I assure the Senator from South Dakota that later he will have any time he desires.

Mr. MUNDT. I appreciate that very much. I merely wished to say to my friend, the Senator from Minnesota, that I welcome him in the ranks of those who support the Freedom Academy approach, even though he damned it with faint praise, and even though understandably he opposes some of the arguments which I have presented.

I regret that the Senator from Minnesota was not present during the entire discourse I made on the subject. Quite obviously he has based some of his observations on a misapprehension. First, I have never said that the State Department people are not trained. They are not trained in the appropriate tactics and techniques of the cold war.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Who has the floor?

Mr. MUNDT. I think the Senator from South Dakota has the floor.

Mr. GRUENING. The Senator from Alaska has not yielded the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alaska.

Mr. MUNDT. I will be back.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRUENING. Is there a rule that prohibits a Senator from yielding the floor to another Senator without his giving up his right to the floor?

The PRESIDING OFFICER. If a Senator calls for the regular order, the Senator may yield only for a question.

Mr. GRUENING. I am glad to yield to the Senator from Oregon for a question.

Mr. MORSE. Mr. President, would the Senator be willing to yield the floor temporarily, so that I can see if I can obtain the floor in my own right to put into the RECORD some information that the State Department has just sent me, and make a brief comment on it?

Mr. GRUENING. I would, with the understanding that objection will not be raised and that, as a result of my courtesy in yielding to the Senator from South Dakota, I would not lose my right to the floor.

Mr. MORSE. I did not ask for that. I think we can do business in a somewhat different way. I think the Senator can obtain the floor. I suggest that we try it and see how it works.

The PRESIDING OFFICER. Does the Senator from Alaska ask unanimous consent that he may yield the floor?

Mr. FULBRIGHT. Mr. President, he need not ask unanimous consent to yield the floor.

Mr. GRUENING. Mr. President, I ask unanimous consent that I may yield to the Senator from Oregon with the understanding that I do not lose my right to the floor.

Mr. FULBRIGHT. I object.

Mr. GRUENING. Objection is heard.

Mr. President, my amendment which is cosponsored by the Senator from Wyoming [Mr. SIMPSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Utah [Mr. MOSS], the Senator from Nevada [Mr. CANNON], the Senator from Colorado [Mr. DOMINICK], the Senator from Oregon [Mr. MORSE], the Senator from Texas [Mr. YARBOROUGH], the Senator from Nevada [Mr. BIBLE], and the Senator from Florida [Mr. SMATHERS], is designed to make a realistic loan of the so-called development loans.

Two or three years ago objection was raised and heard in Congress that we were making grants recklessly, wildly and extravagantly. It was argued that we should have loans instead, the thought being that people would then have a sense of responsibility for paying the loans.

Actually the loans turned out to be a kind of fraud on the American people. What were the terms of those loans? Usually 10 years with no payment of either principal or sometimes of interest, and then for the balance of the loan three-quarters of 1 percent.

No such loans were ever known on such a scale before. In the course of that period of generosity we loaned $1,300 million under the development loan program, the cost of which—even assuming that the loan would be repaid, which is not a certainty—was $870 million in concealed grants.

I illustrate what I am speaking about by stating a specific example. I was in Cairo last February. While I was there, I was present at the signing by the American Ambassador of a $30 million loan to Mr. Nasser to build a powerplant in west Cairo. A powerplant is a money-making enterprise. From the time it starts generating and delivering its power the dictator can charge his consumers—his electricity users—any rate that he wishes. Yet the loan provides that for 10 years he shall make no payment whatsoever. Meanwhile we are borrowing money from the American people at about 4 percent, so that in each of those years it is costing us $1.25 million, which is the difference between no payment on the part of Nasser and what we have to pay. So in the first 10 years, even before he starts repaying the loan, the Treasury will be out $12.5 million.

Appreciation of the fact that that procedure is all wrong and is an unsound financial practice is reflected in a couple of rather feeble efforts on the part of the committee to change the situation. The House has provided in section 105 that in no event henceforth, after the bill is enacted, shall the loan be at less than 2 percent per annum. The Senate committee did not go quite so far. The Senate version is a kind of fusion of the two methods. The Senate committee amendment provides that for the first 5 years the rate shall be three-quarters of 1 percent, and then annually thereafter it shall be 2 percent. I argue that that does not meet the situation at all. We may not be going into the hole quite as deep, but we are still going into the hole. I think it is entirely proper that the amendment, which merely provides that we shall exact the going rate, whatever that rate may be at the time the Treasury Department can inform us—whether it be 3¾ percent or 4 percent, plus one-quarter of 1 percent as a carrying charge—henceforth those loans will be valid loans and not at usurious rates of interest.

That is exactly what it costs the American people. That would not only be sound, but it would save the Treasury millions of dollars in the course of the next few years.

The argument will be made that some countries are so poor and conditions are so bad that they cannot afford to pay 4 percent. In those situations we should frankly decide whether or not a grant is justifiable. I would rather have a grant at any time than a phony loan which is both a grant and a loan. In the case of the powerplant there was no excuse whatsoever for making that kind of loan. It should have been a loan from the Export-Import Bank or the World Development Bank on a sound business basis.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, earlier today I expressed concern about the ticker tape report of the press conference of the Secretary of State, and said I would discuss it later.

I have received a transcript of the Secretary of State's press conference, accompanied by a letter from a very able State Department representative of whom we are all fond, the liaison officer of the Secretary with the Congress, Mr. Dutton, in which he says:

> I understand you are interested in Secretary Rusk's comments at his press conference this morning in relation to the foreign aid bill pending before the Senate. A copy of the first 10 pages of the transcript is attached. It contains the remarks relevant to foreign aid. The rest of the transcript will be sent to you as soon as it is mimeographed.

I shall read what the ticker said. Then I shall read what the Secretary of State said at the press conference. Then I shall make comments on the two.

The UPI ticker item reads as follows:

> Secretary of State Dean Rusk tore into Congress today for trying to alter the course of the administration's foreign policy.
>
> In unusually blunt terms, he said "Congress is trying to 'legislate foreign policy,'" and said the President will get the blame if things go wrong.
>
> Rusk told a news conference that he is "very much disturbed * * * very much concerned" about what he said was a tendency of Congress "to try to build into law attitudes on foreign aid." He said the lawmakers are not held to blame if foreign policy goes sour and "I hope very much Congress will hold its hand."
>
> Rusk particularly criticized Senate attempts during current debate in the legislation, to write restrictions into the pending foreign aid bill to limit or deny assistance to countries such as Yugoslavia, Egypt, and Indonesia.
>
> Referring to moves in the Senate to cut foreign aid outlays drastically, Rusk said, "This is no time to quit. There is too much unfinished business ahead of us."

I shall now read what the Secretary of State actually said, so that the Senate will have not only statements out of context but also statements in full context.

The first part of the press conference did not deal with foreign aid, but dealt with the wheat negotiations. Then the Secretary was asked:

> Mr. Secretary, could you give us your appraisal of the situation now in Vietnam?

The Secretary discussed the Vietnam matter. After he finished discussing the Vietnam situation, the following occurred in the press conference:

> Question. Could you give us your thoughts on the views in the Senate to restrict aid to Yugoslavia, Egypt, and Indonesia?
>
> Answer. Well, I must say that I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries. The legislative cycle moves a year at a time. The world moves very fast. It is not possible for the Congress to anticipate in advance what the circumstances are going to be in any given situation, so I am very much concerned about the tendency to try to build into law attitudes in the use of our aid program, for example, with regard to particular countries.
>
> These are responsibilities carried by the President of the United States. They are very heavy responsibilities. The President is the one whom the country will hold responsible if things go wrong. So I am very much concerned about the loss of flexibility, the loss of any ability to move to protect and forward the interests of the United States wherever they might be engaged anywhere in the world. So I would hope very much that the Congress would withhold its hand and not try to legislate in detail about the application of an aid program to a particular country.
>
> Question. Mr. Secretary, on the larger view of the foreign aid situation, the Congress is in the process of tearing it to shreds; and this is only the authorization. The news is going to be a lot worse when you get to appropriations; this is quite clear.
>
> Now how do you respond to this? You are getting a message, at least they say on the Hill, which tells you, the administration, the Congress is fed up with foreign aid, as it is now being operated.
>
> What do you propose to do about it?
>
> Answer. Well, we are in daily, sometimes hourly, contact with the Congress about this matter. I must say that I don't understand the tendency to cut back on our foreign aid program as deeply as is now being discussed

> in the Congress. The large and dangerous questions are still in front of us, whether it is Berlin, or Cuba, or Laos, or Vietnam, or whatever it may be.
>
> There is no detente in the sense that there is a general easing of relations between the free world and the Communist world. There have been some limited and specific agreements, some of them have been important, such as the nuclear test ban treaty. There have been explorations of the possibilities of agreements on other subjects.
>
> But this is no time to quit. There is too much unfinished business ahead of us. The United States has almost a million men outside of the continental limits of the United States, ashore and afloat. We must support those men. They are out to do a job for the free world. And I think they are entitled to have us support them by trying to get the job done without committing them to combat, if possible.
>
> Now we spend gladly—we spend gladly—about $50 billion a year in our defense budget. I don't see why we can't spend 10 percent of that, if necessary, to get the job done without war, if possible. So I am very much concerned about the general attitude that somehow we can relax, we can cut back on our foreign aid, we can become indifferent to what is happening in other parts of the world. The world is not in that shape at the present time, and effort is still crucial to getting the great job done on behalf of freedom.

The press conference then turned to other subjects. That was all that was said in the press conference in respect to the foreign aid bill.

Although I disagree with some of the points of view of the Secretary, about which I shall comment momentarily, and although I disagree with the conclusions he has reached in connection with foreign aid, he expressed nothing at the press conference this morning that he has not expressed for some time. That has been his position right along, and I respect him for stating it. I do not feel that he "tore into Congress."

This great Secretary of State has a difference in point of view from those of us who do not believe the foreign aid bill will accomplish many of the desired purposes and who believe that the foreign aid bill proposes to continue waste, extravagance and inefficiency, and may promote corruption in some parts of the world.

We have known that this has been the point of view of the Secretary of State for some time. He presented his point of view at the press conference with great dignity, great sincerity, great dedication to his task as he sees his obligations.

Although I am, as the Secretary knows, in great disagreement with him in regard to the position of the State Department and the White House on certain phases of foreign policy, I have nothing but high respect for the Secretary of State's service and for the answers he gave to the press this morning in his typically objective and fair manner, though I disagree with the conclusions in some of his statements.

I shall express myself now on some of the disagreements. The Secretary of State has great responsibilities. He has obligations to the President. A multitude of problems confronts the United States in the field of foreign policy. The Secretary has a tendency to become a little annoyed because his executive functions must be carried out within the framework of our constitutional checks. I have felt this in connection with his testimony; I have felt it in connection with his briefing before the Foreign Relations Committee; and I feel it in connection with the statement he made to the press this morning in his press conference.

It might be much easier for the executive branch of Government to proceed unchecked in the field of foreign policy if it did not have to deal with Congress. We are an annoying element, to be sure. It happens to be our duty to be annoying if we think the executive branch is following a policy that is not in the best interest of the country. We have the responsibility of viewing and reviewing policies of any executive, at any time, in connection with the question of whether or not there is a wise expenditure of the American taxpayers' dollars and an expenditure of the American taxpayers' dollars for purposes that can be justified.

At that point the Secretary of State has his greatest difficulty in adjusting to the American system of checks and balances, because there is a great tendency on the part of members of the executive branch of Government to take the position that it can have any foreign policy it desires, and that we should not annoy or restrict them or ask too many questions, at least in detail, and that we should not suggest that the public interest calls for the placing of restrictions upon foreign policy.

The interesting thing about the separation of powers doctrine is that the checking powers of Congress are limited, also. We cannot write foreign policy, in the sense that we cannot diplomatically negotiate. We cannot make treaties; we can only approve them. We cannot enter into executive agreements. But we can follow a good many checks, if executive agreements are entered into that we do not think are in the best interest of the public, by exercising our power over the purse. Executive agreements become empty agreements unless they can be implemented.

I feel, and have felt, that way; and my view has not been changed by the press conference of the Secretary this morning. He has merely set forth the differences between the Secretary and certain Members of Congress. He does not have a comprehension of what our duty is as Senators with respect to the granting of authority to implement a foreign policy function. It boils down to the fact that the administration has sent to Congress a bill for foreign aid and asks money for a great variety of purposes. We say, "We will take a look at your purposes. We are going to examine your purposes in detail and in depth, and we are not going to grant you the money unless we think your purposes are in the public interest."

That is the check. To say that the Congress of the United States has no authority in the field of foreign relations is quite unrealistic.

As the Senator from Alaska said earlier, great changes have taken place in foreign policy, worldwide, in the last 20 years. Twenty years ago we were never in such a complex and complicated international situation as we are now in.

When billions of dollars of the American taxpayers' money are thrown around, I say, most respectfully, to those in Congress that they cannot escape their responsibility to evaluate foreign policy in respect to their duty to determine how much money to allow for the various foreign policy proposals.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. Do I correctly understand that the Senator is stating that the Secretary of State has no respect for the principle of checks and balances?

Mr. MORSE. I have not said that at all. Quite to the contrary, I said that I do not think the Secretary of State shares the point of view of the Senator from Oregon as to how far the system of checks and balances goes in respect to congressional authority in the field of foreign policy.

Mr. FULBRIGHT. Will the Senator yield further?

Mr. MORSE. Certainly.

Mr. FULBRIGHT. I thoroughly disagree with what the Senator says. I think this Secretary of State has been more than responsive to the views of the committee, certainly, and has been more than willing to come at any time to consult with the committee. When the Senate begins to bring into a foreign aid bill measures to regulate in an irrelevant field, such as the fishing industry, or the Israel security problems, and to legislate on specific problems, it is going quite beyond the normal responsibilities of a legislative body and is usurping the executive functions, rather than the reverse.

Mr. MORSE. I wish to reply, goodnaturedly and respectfully, that I do not know with whom the Senator from Arkansas disagrees. I doubt, if he reads the transcript of what I said, that he disagrees with the Senator from Oregon. If he does, that is all right with me. I only repeat my thesis that, in my judgment, in his press conference this morning the Secretary of State did not give the same weight to our system of checks and balances as does the Senator from Oregon in regard to the authority and duty of the Congress in respect to appropriation of money for the implementation of foreign policy proposals of any administration.

When the administration sends to Congress a foreign aid bill, asking for the expenditure of hundreds of millions of dollars, Congress has the duty of looking into how the money is to be spent in relation to foreign aid programs. The Secretary said:

> Well, I must state that I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries. The legislative cycle moves a year at a time. The world moves very fast. It is not possible for the Congress to anticipate in advance what the circumstances are going to be in any given situation, so I am very much concerned about the tendency to

> try to build into law attitudes in the use of our aid program, for example, with regard to particular countries—

He must face the fact that we have the duty of seeing what kind of attitude the administration seeks to build in our relations with other countries. So when the Secretary says, "These are responsibilities carried by the President, I quite agree, but the President of the United States is not free to adopt any policy he desires, without any check, under the doctrine of separation of powers. If that were done, there would be a dictatorship. Our Constitutional Fathers were careful to see that there was not vested in a President of the United States dictatorial power. I know of no President, including President Kennedy, who would want to exercise such power, or any Secretary of State, including Secretary Rusk. But when the Secretary says the President is the one the country will hold responsible if things go wrong, I point out that he is one whom the people will hold responsible. But I say to Members of Congress that the people will not fail to hold them responsible for their mistakes.

Having entered this new era of foreign relations which the Senator from Alaska discussed earlier today, not one of us, in either the legislative branch or the executive branch, can escape being held responsible if the American foreign policy goes wrong. We should not be allowed to escape it, either.

The Secretary of State continued:

> So, I am very much concerned about the loss of flexibility, the loss of any ability to move to protect and forward the interests of the United States wherever they might be engaged anywhere in the world. So I would hope very much that the Congress would withhold its hand and not try to legislate in detail about the application of an aid program to a particular country.

Note that the Secretary wants to have that put on the basis of leaving more flexibility. What does he mean by "flexibility"? If he means following a course of action which we are satisfied is not in the public interest, now is the time for us to put restrictions in the bill. That is what we have been doing. That is completely in keeping with our authority to check any administration with respect to the expenditure of funds for implementing any foreign policy with which we find ourselves in disagreement.

The Secretary was asked the question:

> Question. Mr. Secretary, on the larger view of the foreign aid situation, the Congress, is in the process of tearing it to shreds; and this is only the authorization. The news is going to be a lot worse when you get to appropriations; this is quite clear.
>
> Now how do you respond to this? You are getting a message, at least they say on the Hill, which tells you, the administration, the Congress is fed up with foreign aid, as it is now being operated.
>
> What do you propose to do about it?
>
> Answer. Well, we are in daily, sometimes hourly, contact with the Congress about this matter.

He certainly has. I do not know how we could have a more cooperative Secretary of State than Secretary Rusk. He continued:

> I must say that I don't understand the tendency to cut back on our foreign aid program as deeply as is now being discussed in the Congress. The large and dangerous questions are still in front of us, whether it is Berlin, or Cuba, or Laos, or Vietnam, or whatever it may be.

I consider that a complete non sequitur. What has that to do with whether or not the Senate decides that it is in the best interets of this country to adopt the amendments that have been adopted, such as the Humphrey amendment? I helped the Senator from Minnesota to draft it. It was added to the Mansfield amendment, which was finally adopted. It was a good amendment. Obviously, the Secretary of State does not like it. He has respectfully and with dignity told us that, as he has a right to do.

That in no way should justify subjecting Congress to criticism, because we do not agree with the Secretary of State. The authority vests in Congress, and the duty vests in Congress—I wish to stress both—the authority and the duty—to exercise our judgment as to the amount our Government should spend for these projects.

As I said earlier, I believe the Secretary of State would like it better if he were given a free hand. He has not been given it, and he should not be given it.

The Secretary continued:

> There is no detente in the sense that there is a general easing of relations between the free world and the Communist world. There have been some limited and specific agreements, some of them have been important, such as the nuclear test ban treaty. There have been explorations of the possibilities of agreements on other subjects.
>
> But this is no time to quit.

That is an interesting implication. I do not believe that it is meant or intended in any literal sense that one should say it is subject to the interpretation that we are proposing to quit foreign aid. The Secretary of State knows that. If we end with a foreign aid bill anywhere above $3 billion, we shall have made a vast outlay for foreign aid. If we cut the cloth of the foreign aid program to a $3 billion piece, thereby eliminating a great many countries that ought to be eliminated from the foreign aid program, it will still be a huge amount.

Those countries fall into two main classifications—first, those that are able to support themselves. They should not receive funds. Second, there are countries in which we are spending money in a completely wasteful way. It would be impossible to spend enough money to be of any assistance to them. They are complete sinkholes. We shall never be able to fill up those sinkholes; and we must recognize that we cannot spend enough foreign aid money to be of any material assistance in certain areas of the world in which we are now sinking a great amount of Federal money.

I know how things happen in press conferences. The use of the word "quit" might cause some to seek to give the interpretation that the Secretary of State thinks we are quitting foreign aid. We are not quitting foreign aid. Congress is trying to strengthen foreign aid. We disagree on how best to strengthen it. However, we have a duty to the taxpayers of the country to see that the money is spent in a manner as to give them their money's worth, which they are not now getting. They deserve a foreign aid bill that will strengthen our spending in the world and not weaken it.

The Secretary continued:

> There is too much unfinished business ahead of us. The United States has almost a million men outside of the continental limits of the United States, ashore and afloat. We must support those men.

Who says we do not want to? Who says that we are not? I say again, as I said earlier in the debate, that these are the men who are saving the areas of the world which are endangered, and not the military personnel of the indigenous populations of those areas of the world. If anyone thinks that the South Korean Army is saving South Korea, that is utter nonsense. South Korea is being saved by some 50,000 boys in uniform, whom we have stationed there, by the 7th Fleet, and by the availability of the U.S. Air Force. That is what is saving South Korea.

The statement of the Secretary of State will be interpreted by some as meaning that we must continue to give all the aid that we have been giving to South Korea, because if we do not do so, we will not support the American boys overseas. That does not follow. It is an illogical conclusion to draw.

The Secretary then states:

> We must support those men. They are out to do a job for the free world. And I think they are entitled to have us support them by trying to get the job done without committing them to combat, if possible.

I say to the Secretary of State: "What has that to do with our wasting hundreds of millions of dollars of foreign aid money?" The trouble is that my good friend the Secretary of State has been reluctant to face what is the unanswerable fact; namely, that if we are to have a strong foreign aid program, we must reform the program. Some of us have been telling him that for many months. Congress has suggested that there be some consultations to revamp the foreign aid bill. We have been taking that position for months. We have been saying the same thing that the committee says in the report. The only difference between those of us who oppose the bill and the majority of the committee is that the opponents think we ought to do it now. We think this is the time to do it. Of course, if the Secretary of State's statement is subject to the interpretation—I do not believe it would be a particularly fair interpretation, although he should amplify the statement—that he ought to have it as is, that does not offer much hope for implementing the committee's recommendation for the improvement of foreign aid. If we are to reform foreign aid, it must be done in

Congress. We shall have to adopt new policies moneywise, and say, "This is what you are getting it for, and that is all you are going to get."

The Secretary said:

> Now we spend gladly—we spend gladly—about $50 billion a year in our defense budget. I don't see why we can't spend 10 percent of that, if necessary, to get the job done without war, if possible.

If ever there was a false conclusion, that is it—namely, that the foreign aid program is intended to prevent war. There is no cause-to-effect relationship between those two premises. The State Department officials like to create the impression that if we give them all the money they request for foreign aid, it will not be necessary to go to war.

It is my opinion that if Congress provided all the foreign aid that is asked for in the bill, so many tensions would be created in so many parts of the world, and so many problems would develop in so many parts of the world, that peace would not be encouraged, but more tension and more trouble would result, instead.

I do not say that reducing foreign aid will reduce the chances of war. There is no proof whatsoever that granting the Secretary of State all the money he wants for foreign aid will avoid war. Quite to the contrary. In my judgment, we would help to lessen the chances of war if we drastically cut military aid out of the foreign aid bill. I am sorry I am not getting from the Secretary of State the support that he ought to be offering with respect to foreign aid.

The military aid provisions of the bill are shocking in their amount. In my judgment, the committee did not begin to cut it enough. We ought to cut it in connection with NATO.

As I have said previously, we ought to bring home at least four of our six divisions in Germany. If Senators will talk with the chairman of the Committee on Armed Services, they will find no dispute with him about the fact that six divisions are not needed in Germany to protect Germany—and Germany knows it. Furthermore, we ought to bring those divisions home until our NATO Allies start to fulfill their commitments in respect to their NATO obligations. Not a single one of them has done so yet, including West Germany. It may be that because there is full employment in West Germany and a great deal of unemployment in the United States, there are those who do not want to bring our divisions home. But I believe that Germany has an obligation to fill her NATO ranks.

Nevertheless, she is a wonderful ally on this score, compared with France.

France, obviously, has no intention of fulfilling her NATO obligations. On the floor of the Senate the other day, I called attention to a classified document, invited Senators to examine it, and then returned it to the Committee on Foreign Relations, where I invited Senators to go to look at it. The sad fact is that most of our allies do not even want to commit themselves to fulfilling their commitments on M-Day. It is all right for the Secretary of State to hold a news conference and engage in a series of non sequiturs with respect to foreign aid and war or no war. But I say to him, most respectfully: "You will greatly strengthen the military posture of the United States and the defense of the United States if you will cooperate with us in trying to bring about some economy in connection with the terrific military cost."

The two most dangerous forces in the world, so far as peace is concerned, are the Russian and the American military. I vote to maintain our forces, so far as our national defense budget is concerned. If the mad, insane armaments race is continued, history will repeat itself, and the result will be war. At the same time, we should bide our time and keep ourselves so strong that Russia will understand, day and night, that she, too, has everything to lose and nothing to gain by nuclear war. That is why I voted more money for defense than was recommended by any one of the four Presidents under whom I have served as a Senator. There were times when I voted more money for defense than any of those Presidents recommended, because I was literally gambling, so far as our domestic defense was concerned, on providing too much rather than too little.

But I will not waste the taxpayers' money on foreign governments which will not assume their defense obligations.

So I say to the Secretary of State: "I do not take offense at your news conference this morning. I believe you expressed your sincere, honest judgment. I have respect for it. I disagree with some of it."

What I feel bad about is that the State Department has not seen fit to face the reality of the situation that exists in this country with respect to foreign aid and to try to arrive at an adjustment of the differences that exist in this body over foreign aid, while there is still time. It could be done in the long weekend ahead. I assure the administration that Senators who are opposed to the bill are ready and willing at any time to try to adjust our differences. But that does not mean that we will ever agree to a continuation in the foreign aid bill of many of the weaknesses and evils in the present foreign aid bill, which we will seek to rectify by a series of 40 or 50 amendments.

While I am on my feet, commenting on the differences I have with the Secretary of State, I wish to make a comment or two on some differences I have with the New York Times. Senators who are opposed to the bill do not have the media of information to support them that the proponents of the bill have. We do not have the great propaganda force of the American press, which, by and large, is functioning as a huge lobby for the administration in connection with this wasteful foreign aid bill. We must work very hard to keep up with the activities of the research staff of the Department of State, the Pentagon, and the White House, which are constantly feeding into this Chamber their memorandums and other information that they think they can use to counter our opposition.

But when the kind of attack takes place to which the senior Senator from Oregon was subjected in the New York Times this morning, all we can do is to state, patiently, goodnaturedly, and tolerantly, what we believe to be the facts in answer.

There is an interesting editorial in the New York Times this morning. I ask unanimous consent that it be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

SENATOR MORSE'S PERFORMANCE

Senator Wayne Morse, of Oregon, is displaying much of his considerable talent in attacking the foreign aid bill. His knowledge of parliamentary procedure, his skill at expressing indignation, and his seemingly indefatigable ability to engage in exhaustive soliloquies—characteristics that have been employed by him so often in the past—are now being used in an all-out effort to reduce the extent of foreign military and economic aid to the developing nations.

Some of Mr. Morse's criticisms are justified. The rich industrialized nations of Western Europe are not contributing a fair share of the costs of NATO's defense forces; funds have been wasted in Turkey, Pakistan, and other countries; and it may well be true that "the United States pays the salaries of more generals in Chiang Kai-shek's army than the total number of generals in the entire U.S. Military Establishment."

But Mr. Morse does not confine his wrath to obvious shortcomings. His claims that the American public is being "rooked," that aid to Latin America has "caused more harm than good" and that foreign aid is hurting the domestic economy, only help the enemies of the whole program. Mr. Morse may protest that he is a supporter of foreign aid while exercising his critical faculties against this particular bill; but his unrestrained performance leaves the impression that he is more interested in reducing the overall amount of aid than in making sure that the program is operated more efficiently.

Mr. MORSE. Mr. President, I shall ignore the first part of the editorial, which deals with personal reference to the Senator from Oregon. Whenever I find someone starting out even with faint praise, I am on my guard. I am never taken off my guard by gloved compliments. I was pleased that the New York Times did say:

> Some of Mr. Morse's criticisms are justified.

That was a refreshing admission, coming from the New York Times. The editorial continues:

> The rich industrialized nations of Western Europe are not contributing a fair share of the cost of NATO defense forces.

I appreciated that statement, too. I hope the Senate will keep that in mind when, later today or tonight, it acts on the Morse amendment dealing with NATO, whereby I propose to end all U.S. aid to NATO countries that are self-sufficient.

I am glad the New York Times agrees that the rich industrial nations of Europe are not contributing a fair share of the cost of maintaining NATO's defense forces. I am glad the New York Times recognizes, from the evidence we have adduced and put into this Record for several weeks, now, that funds have been wasted in Turkey, Pakistan, and other countries.

I thought it was interesting that the New York Times commented that:

> It may well be true that "the United States pays the salaries of more generals in Chiang Kai-shek's army than the total number of generals in the entire U.S. Military Establishment."

The Times can strike from the editorial the words "it may well be true," because it is true; it is true that Chiang Kai-shek's army has in it more generals than does the entire U.S. Military Establishment, and I do not understand how anyone can dispute the fact that Chiang Kai-shek's army is dependent upon the U.S. Treasury.

I read further from the New York Times editorial:

> But Mr. Morse does not confine his wrath to obvious shortcomings.

Mr. President, perhaps it is wrath; but if it is, I wish to state that my adrenal glands show no evidence of being empty. However, throughout this debate, although I have spoken with deep conviction, I have spoken with more sorrow than wrath. I am rather sorrowful that we are in this plight in connection with foreign aid. I am sorrowful that this administration sent to Congress the foreign aid bill in the form in which it came to us. I am sorrowful that the administration did not take note of the criticisms of foreign aid that are set forth in the committee's report, and did not do something about them before it sent the bill to us. The administration knew that such criticisms are based on conditions which have existed for the last few years; nevertheless, the bill was handed to us again. That is why I am not moved by the suggestion that all we should do is to slap the administration on the wrist, and then say, by way of warning, "If you do not do something about reforming your foreign aid bill by next year, you will be in trouble."

So I think we should let the administration realize that it is in trouble now, and that if these criticisms are sound, the reforms should be forthcoming now. I say most respectfully to the Secretary of State that he should use the next few days to consult with the Senate Foreign Relations Committee, to determine what can be done to give assurance now about needed reforms, before the Senate proceeds next week with further consideration of the bill.

The New York Times editorial also states:

> He claims that the American public is being "rooked."

Mr. President, I think that is a very apt description of what is happening. The American people are being rooked; The American public and the American taxpayers are being taken for an economic ride by way of the vehicles of waste in the foreign aid program; and we should stop such waste. The word "rooked" is an accurate and apt description of what is happening to the American taxpayers.

The New York Times editorial also states:

> And that aid to Latin America has "caused more harm than good."

Mr. President, if Senators will examine the context of the speech from which that statement is taken, they will find that I pointed out that our military aid to Latin America has caused more harm than good. There has been some waste in our economic aid; but my criticism about "doing more harm than good" related particularly to our military aid. Before this debate is concluded, the Senate will have to deal with amendments on that score. But the New York Times should take note of the fact that I joined the Senator from Minnesota [Mr. Humphrey] in trying to restore a substantial amount of the authorization that the so-called "powerhouse amendment," offered by the two leaders in the Senate and their associates, sought to take from the Alliance for Progress program. The Senator from Oregon, in cooperation with the Senator from Minnesota, said, "We think you have gone too far in cutting the authorization for the Alliance for Progress program, insofar as our economic aid is concerned"; and, as chairman of the Subcommittee on Latin American Affairs, I was pleased to join the Senator from Minnesota in urging the Senate to restore $75 million to the authorization for the Alliance for Progress program—thus increasing it to $600 million. The Senate did so because the Senator from Minnesota was in a position to inform the Senate that although those in charge of the program did not like that cut and would prefer not to have it made, yet, when talking to him about the program, they said that although they would like a larger authorization, they could live with this one. Particularly in view of the lapse of time, that was a fairly good rehabilitation, for we are rapidly approaching the next fiscal year, and it will not be long before the new program will be before Congress.

I hope that by that time more than eight Latin American countries will have submitted their plans for cooperation in connection with the Alliance for Progress program. The other day I pointed out, and so stated for the Record, that only eight Latin American countries have submitted such plans, and Argentina and Brazil are not among them, although Argentina and Brazil have been heavy recipients of millions of dollars out of the President's contingency fund. I am convinced that not one dollar should have gone to them out of the contingency fund. This is noted because it is easy for the New York Times to leave the impression, by means of its statement in the editorial that "aid to Latin America has 'caused more harm than good,'" that the Senator from Oregon is opposed to the Alliance for Progress program.

I am opposed to much of the military aid program, and shall have some suggestions to make as to how it could be modified into a program similar to the program of the U.S. Army Engineers, whereby military aid funds could be used for the building of roads, dams, and other great public works developments. If such a program is called military aid, there will be no complaint from me. But military aid for the acquisition of Sherman tanks, submarines, and other heavy military equipment has no place in Latin America. On the other hand, if the military aid is confined to items necessary for internal security—to expenditures for small arms, such as pistols, machineguns, rifles, tear gas, and equipment necessary for the handling of riots and the type of coups the Communists could stage, I will not complain about aid of that kind.

But that does not require any such figure as the Foreign Relations Committee is recommending to the Senate. I wish to make that comment in regard to that very misleading editorial.

It states further:

> And that foreign aid is hurting the domestic economy, only help the enemies of the whole program.

Mr. President, it is hurting the domestic economy. It is hurting the domestic economy in many ways, for it is resulting, in effect, in the exportation of a great deal of our economic potential. What we ought to be doing is saving whatever we can and using the money to develop our own underdeveloped areas in the United States and to meet our own unemployment problem. We should do something about our schools, our water level, money for medical care, for the aged, for arthritis research, heart research, and cancer research.

We must start paying closer attention to our domestic economy. The New York Times is absolutely right in that comment in its editorial. I say that foreign aid is hurting the domestic economy. But the editorial states that by making those arguments, all I am doing is helping the enemies of the whole program.

That is more nonsense. Now that we have been forced into the position of writing the bill on the floor of the Senate as though the Senate were a committee of the whole, we have a duty to bring out the evidence that we have been bringing out.

I will tell Senators what I believe disturbs some editors, including editors of the New York Times, the Washington Post, and others. They do not have any answer to the evidence that we have been putting into the Record for several weeks. I started putting that evidence into the Record several months ago. I spoke almost daily for weeks on that subject until the time of the test ban treaty debate. Then I laid aside my speeches on foreign aid. I knew that the foreign aid authorization bill would be before the Senate. I could see what was going to happen in the Foreign Relations Committee. Several months ago I started to make the Record, and it is a factual Record. I have put in factual data in speech after speech as to how foreign aid has operated in country after country. It is in the Record for future reference. No Senator can say that he did not have the facts available to him. If he did not read them, that is not the fault of the Senator from Oregon.

The editor, using a typical journalistic device of downgrading, then stated:

> Mr. Morse may protest that he is a supporter of foreign aid while exercising his critical faculties against this particular bill; but his unrestrained performance—

If a Senator undertakes to make the record in detail, it is alleged that he is engaging in an "unrestrained performance."

We must not take the time of the Senate to make the record. That somehow is not supposed to be in accordance with the rules of the game. But the Senate should not be operated on the basis of its being a game. I happen to think that when the Senate has before it a matter vital to the welfare of the people of our country, Senators ought to exercise their rights and have the courage to exercise their rights and to make the record, no matter whether some editor who wishes to downgrade a Senator may call it "unrestrained."

So the editorial states:

> But his unrestrained performance leaves the impression that he is more interested in reducing the overall amount of aid than in making sure that the program is operating more efficiently.

How could one get a more false conclusion from the record that the Senator from Oregon has made over many weeks in the Senate? I have said before that although I wish to cut the bill in money amounts, I want a good foreign aid program, a program that will accomplish its legitimate objectives. I want an efficient foreign aid program, a foreign aid program that will help us, in this great contest between totalitarianism and freedom, in winning the minds of millions of people over to the side of freedom.

The burden of my argument has been that this program is not doing it. That kind of attempted personal downgrading on the part of the New York Times is no answer to the facts put into the Record. The New York Times editor ought to be devoting himself to answering the criticisms that we have made of foreign relations by answering the factual information that we have put into the Record.

I have one other comment on another facet of this general problem. The Senator from Alaska [Mr. Gruening] has talked about an editorial that appeared in this morning's Washington Post. I share every comment that he made about it. The Washington Post editor also belabors the idea that apparently we should not be discussing this subject on the floor of the Senate. We ought to let a steamroller roll over us. Senators should not exercise their rights and their duties to make the record. There is much concern because there are 50 pending amendments, but the concern is that it will take time to consider the 50 pending amendments. I wish the editor of the Post would express some concern about the fact that a bill came to us in such condition that sincere and dedicated Senators—as sincere and dedicated as those on the other side of the issue from us—feel that it is necessary in the public interest to offer some 50 amendments. That is what ought to confront the editor of the Washington Post. He ought to give his readers an analysis of the reasons why it became necessary to offer the amendments on the floor of the Senate.

Then the editor said:

> Certain men of good will can differ with some of these specific aspects of the program, but it seems to us that the process by which legislative decision is reached is capricious and irresponsible.

I ask "Why?" What is capricious and irresponsible about it? Is it capricious and irresponsible if sincere and dedicated men who disagree with the administration and the administration spokesmen in the Senate say, "We are going to make our record in opposition and let the Senate be the judge."

What the editor impliedly confesses, although he would deny it if we put the question to him, is that he does not think we ought to make the record. He does not think we ought to take the time to make the record. He does not think that this should be a great debating forum. He does not believe that we ought to protect the Senate so that we can truly say that it is the greatest parliamentary body in the world. But it will not be a parliamentary body if it is merely a meeting place for Senators to assemble in order to cast votes.

The Washington Post editor, like the New York Times editor, has, as we say, "let his slip show." He has unknowingly confessed what rankles him. What he is really rankled about is that a thorough debate on a foreign aid bill that he knows cannot stand a thorough debate without a great many of its deficiencies being shown up is taking place in the Senate.

I say to my colleagues on my side of the issue, "Prepare for more of this. It will become more and more pointed and bitter as the days go by." By next week they will be writing editorials on asbestos paper.

We have not heard anything yet, so far as concerns the unkind things which will be said to us if we hold our ground.

I say to the editor of the Washington Post, "Go ahead. Fill up your bottle of invective. We can take it. We are going to talk about this bill until we think we have made the full record."

The editorial further states:

> Senators frequently complain that the aid program is haphazardly run. How would they characterize their own legislative behavior?

Is that not a nice bit of psychological escapism? They cannot meet the argument, so they make an ad hominem argument. There is no reply to the charges that in many instances the foreign aid program is wasteful and inefficient—so the question is asked, "What about the Senate of the United States?"

We can have some support from this editor, after we dispose of this problem and come to grips with some procedural changes needed in the Senate. I hope it will not give him a heart attack if he happens to find himself on the same side of that issue with the senior Senator from Oregon.

> Like a salami in a slicing machine, thick wedges of the program have been arbitrarily shaved off.

That is more nonsense. We have not reduced the bill at a single point, except upon the basis of the factual case we have made to justify a cut. In keeping with our Senate processes, a majority of the Senate agreed with us on each one of those cuts. Why does the editor not say, "I do not like it, because I do not believe the cuts should have been made."

Why should he use such descriptive terminology?

> First of all, the program was cut from $4.9 to $4.5 billion following General Clay's report.

That is correct. Is there any objection to that?

> This figure was drastically reduced in the House, and less severely by the Senate Foreign Relations Committee.

That is true.

> Now the Senate has chopped its own committee recommendations in votes based less on information than emotion.

That is another bit of psychological escapism on the part of this editor. He did not proceed to answer the arguments we presented. He did not deal with the objective data we put into the Record.

> Congress has called on the Executive to reform the administration of foreign aid. But who will reform the administration of Congress?

That is a nice way to meet an issue, is it not? What makes this editor believe that the administration would reform foreign aid any more this time than it has in past years, though we have patiently, from the Committee on Foreign Relations, pointed out the deficiencies in the program which should have been reformed and were not?

What this editor does not want to face is the fact that some of us are "fed up" and we are seeking to put reforms into operation now.

I have one more comment to make in respect to the Secretary of State. He made a comment about Egypt, which deals with the amendment the Senator from Alaska [Mr. Gruening] and the Senator from New York [Mr. Javits], so ably piloted through the Senate last night. There has been some comment in the Senate with respect to the amendment dealing with the matter of fishing rights. The implication was that approval of that amendment is supposed to be a terrible intervention on our part in American foreign policy.

The point the Secretary of State and others are overlooking is that we are merely saying to these countries, in connection with these amendments, "It is our money. You do not have to take it. But if you are to take it you will have to take it on certain terms and conditions."

What is incorrect about that? Certainly there is nothing wrong about it, so far as the innate power of Congress is concerned.

It happens to be the right of Congress, which has charge of the purse strings of the Government, as a check upon the Executive, to say, "We are not going to allow the money, unless the recipient countries are willing to agree to certain conditions."

That is what is sorely needed in connection with the entire foreign aid program. That is why I shall press next week for my amendment in regard to the contingency fund.

I want the President to have unlimited power to meet a national emergency overnight, but I believe we must put strings on the contingency fund with respect to permitting a President to exercise an unchecked discretion in making millions of dollars available to Argentina and Brazil for balance-of-payments problems, for budget support, for making more money available to them so that they, in turn, may use some of it to pay off American creditors. American taxpayers' money should not be used for that purpose. If used for that purpose, it ought to be done with the specific approval of Congress, rather than by an unchecked exercise of discretion on the part of a President of the United States.

That is why I believe we must adopt an amendment to place the contingency fund within some definitive limits.

The President should not be handcuffed in the slightest in his ability to act quickly in regard to an American emergency, but I shall not remain silent any longer in connection with such uses of the contingency fund. I put data in the RECORD on that subject the other day. The data show that the contingency fund has been used, not only by this President, but also other Presidents to shore up the budgets of other countries, such as Brazil.

In my judgment, Brazil has yet to act in good faith in relation to the United States in trying to do something about inflation. Brazil goes through a series of so-called token gestures, but the fact is that apparently Brazil is of the opinion that she can come back to get more money to shore up her monetary policy after each inflationary runaway. She has obtained large sums from the contingency fund, and should not be allowed to have more.

Mr. President, I have made these comments on the position of the Secretary of State, and on the two editorials. I say to the Secretary of State, "Although you and I disagree, Mr. Secretary, to the extent I have brought out in this speech, my admiration for you remains unabated. You are still one of the greatest Secretaries of State in my time, and you will go down in American history as a truly great Secretary of State. But you, too, Mr. Secretary, must be brought under the checking power of the Congress of the United States in respect to your policies. Mr. Secretary, you must not be allowed to do whatever you care to do and take the position that the Congress must give you the necessary money to do what you want to do. The purpose of the bill is to get an authorization for what you want to do."

This is an authorization bill. An authorization bill involves a review of the policy that is proposed by the administration for the expenditure of taxpayers' money. After we have taken a look at the proposals, from the standpoint of policy, we render the decision on whether or not to authorize that policy by recommending the expenditure of taxpayers' money in sufficient amounts to carry out the policy.

So I say, "Mr. Secretary, you and I have a difference as to the degree of congressional authority in authorizing funds in relation to policy." Funds are directly related to policy. The Secretary must ask for authorization of funds for a given set of policies, and some of us find ourselves in disagreement—and in some instances the majority find themselves in disagreement, as the votes in connection with the bill show—with some of these policies. Therefore we are trying to persuade the Senate not to authorize money to carry out those policies, which means that if the Secretary does not get the money those policies must necessarily go down the drain—and that is where they belong.

I yield the floor.

Mr. GRUENING. Mr. President, the pending business is my amendment No. 232.

I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President, will the Senator withhold that suggestion?

Mr. GRUENING. I do, provided I do not lose the floor.

Mr. HUMPHREY. The chairman of the committee [Mr. FULBRIGHT] momentarily stepped out of the Chamber. While he is away, I want to make available for the RECORD the views of the executive branch on this amendment.

I am sure my colleagues know the former President of the World Bank, Mr. Eugene Black. He wrote to the committee earlier this year in reference to this particular amendment. He wrote to the chairman of the committee and offered us some very good advice. He is a reputable banker, one who has gained for himself an outstanding reputation because of the fine services he has rendered to the World Bank. He wrote:

> DEAR MR. CHAIRMAN: I understand that proposals have been made in the Foreign Relations Committee to harden the loan terms for AID development lending to less developed countries.

Later, he stated:

> The problem is that many developing countries have a need for and ability to make use of outside capital which is in excess of their ability to service conventional loans. A number of countries already are at or close to the point beyond which they cannot prudently assume increased foreign debt in view of their already heavy debt service obligations. To refuse them low interest loans with long maturities and generous grace periods for their development programs would be to frustrate their development efforts and to deny them opportunity for increased foreign exchange earnings from which to service their external debt at a later stage.

Mr. Black continued:

> It is for these reasons that the International Development Association was created in September of 1960 as an affiliate of the World Bank lending on unconventional terms at a standard rate of three-fourths of 1 percent service charge with 50-year maturities and a 10-year grace period.

I want my colleagues to note that that affiliate of the World Bank has as good a record of financing as any I know. The International Development Association provides what it calls unconventional terms at a standard rate of three-fourths of 1 percent, with 50-year maturities and a 10-year grace period.

I continue to read from the letter:

> Similarly, when AID was established in 1961, the executive branch sought and Congress wisely authorized the extension of AID development loans on terms as low as three-fourths of 1 percent over 40 years, with a 10-year grace period on repayment of principal. It is for those reasons also that the World Bank, the U.S. Government, and other bodies have been encouraging foreign governments to lend on softer terms to the less-developed countries.
>
> While I believe that AID's lending policy should be flexible enough to adjust the loan terms to the particular circumstances of the various countries and that terms should be hardened for a number of countries as AID Administrator Bell has done in recent months, I believe it would be a matter of grave consequence if AID's minimum lending terms were forced upward beyond their present level.

I ask unanimous consent that the entire text of Mr. Black's letter be printed in the RECORD, along with a copy of a letter from the Secretary of the Treasury, Mr. Douglas Dillon, addressed to Chairman FULBRIGHT, and dated September 25.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y.,
August 1, 1963.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that proposals have been made in the Foreign Relations Committee to harden the loan terms for AID development lending to less developed countries, setting a minimum figure as high as 2 percent for 30 years with a 2-year grace period. My deep concern over the effect of such proposals if adopted moves me, at the risk of intruding upon your deliberations, to submit this letter for your consideration and that of your distinguished colleagues.

The problem is that many developing countries have a need for and ability to make use of outside capital which is in excess of their ability to service conventional loans. A number of countries already are at or close to the point beyond which they cannot prudently assume increased foreign debt in view of their already heavy debt service obligations. To refuse the low-interest loans with long maturities and generous grace periods for their development programs would be to frustrate their development efforts and to deny them opportunity for increased foreign exchange earnings from which to service their external debt at a later stage, when they should be much more able to bear it. To encourage countries, in effect, to borrow on hard terms is to lead them into a foreign debt service obligation they cannot bear and possible eventual default on their loans.

It is for these reasons that the International Development Association was created in September of 1960 as an affiliate of the World Bank lending on unconventional terms at a standard rate of three-fourths of 1 percent service charge with 50-year maturities and a 10-year grace period. Similarly, when AID was established in 1961, the executive branch sought and Congress wisely authorized the extension of AID development loans on terms as low as three-fourths of 1 percent over 40 years, with a 10-year grace period on repayment of principal. It is for these reasons also that the World Bank, the U.S. Government, and other bodies have been encouraging foreign governments to lend on softer terms to the less developed countries.

While I believe that AID's lending policy should be flexible enough to adjust the loan terms to the particular circumstances of the various countries and that terms should be hardened for a number of countries as AID Administrator Bell has done in recent months, I believe it would be a matter of grave consequence if AID's minimum lending terms were forced upward beyond their present level. Therefore, I strongly hope that your committee will not revise the wise decision it made with respect to AID loan terms 2 years ago.

Once again I ask your understanding for the spirit and concern in which these views are offered, and I extend to you and the members of the committee my continued esteem and best wishes.

Sincerely,

Eugene R. Black.

September 25, 1963.

Hon. William J. Fulbright,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

Dear Bill: I am writing you because of my deep concern over any final action by the Congress which would move in the direction of requiring a general hardening of loan terms under the Foreign Assistance Act at the present time. In addition to the recent action of the House of Representatives to raise significantly minimum AID loan repayment terms, I understand that there are proposals before your committee which would have a similar effect. I wish to suggest some reasons why these moves are untimely and to express my strong support for retaining the flexibility of the present law.

The repayment terms which have generally been adopted under the present Foreign Assistance Act—a long period of repayment up to 40 years, grace periods up to 10 years, and with a three-fourths of 1 percent credit or interest charge—are no less essential now than they were only 2 years ago when your committee approved the new program. A move now to harden generally this aspect of our lending program would be contrary to the realities of the financial situation of most of the less-developed countries and would not be in the interests of international financial stability. We rightfully are relying under the new AID program more heavily on loans than grants and now require dollar rather than local currency repayment. There are some cases where loans by AID with harder repayment terms make financial sense, and I can assure you that where they do, these harder terms are required. But to require higher interest rates generally or shorter grace periods and maturities would, in my view, seriously reduce the overall contribution of the program to development. It would also impede our efforts—which have recently shown signs of real success—to persuade other AID donors to soften their terms.

In the meantime, it would not really help the United States and it would be self-defeating to the purpose of our AID program to add to the burdens of the developing country's budget or its balance of payments by setting an increased artificial floor to the interest rate than can be charged, decreasing the grace periods or reducing the maturities in which loans are to be repaid. Such a step would, in most cases, retard progress that many of these countries might otherwise make toward self-support and thereby prolong the time when they might be expected to rely on conventional sources of financing and the World Bank. While we seek to improve the ability of the borrowing country to service its debts through progress in development, we should take care that the burden of debt service should not be such as to impede that progress.

It is significant that studies within the past year by international institutions such as the World Bank and the OECD show that the need is growing for the kind of terms that the United States has been providing. A recent staff study of the International Development Association concluded that the foreign debt service burden for the less developed countries has been becoming rapidly heavier in relation to export earnings, output, savings, and many other key indicators of the seriousness of their debt servicing problem. Very liberal repayment terms were found needed where determined development efforts were being progressively jeopardized by decreasing creditworthiness for loans on conventional terms.

It is to me significant that the terms used by AID are similar to those pioneered by the World Bank for lending by the International Development Association. These were adopted by the IDA after long and thorough international discussion under the leadership of Eugene Black. Recent actions by representatives of both the developed and less developed countries on the future of the IDA confirm their confidence in this organization and in its sound lending policies.

I should also point out that the loans made by AID are tied to U.S. procurement and represent the supplying of U.S. goods and services rather than dollars. In this way, any adverse impact of our foreign assistance programs on the U.S. balance of payments is kept to the minimum, and, in fact, loans so given add to output and jobs at home.

While I hesitate to intrude upon the proceedings of your committee, I thought it might be of some help to give you my views on the importance of retaining the present flexibility in AID repayment terms.

With best wishes.

Sincerely,

Douglas Dillon.

Mr. HUMPHREY. Mr. President, as Senators know, the committee responded to the demand for improved, or harder, terms on loan policy. As I recall, we shortened the term of the loan from 40 to 35 years. The amendment the committee adopted reads as follows:

> In the case of loans under part I (the administrator) shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the 5-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter and (B) repayment on an amortized basis, beginning not later than 5 years after the date any funds are initially made available under the loan, and ending not later than 30 years following the end of such 5-year period.

In layman's language, it means that during the grace period of 5 years the rate of interest shall be three-quarters of 1 percent, and for the next 30 years the interest rate shall be at not less than 2 percent.

This contrasts with what was the policy, and what is the policy today, of three-quarters of 1 percent for 40 years.

So we have toughened the loan policy, and terms and interest rates. The Senator from Ohio, the Senator from South Dakota, the Senator from Iowa, and the Senator from Tennessee, as well as other Senators, made a very strong recommendation for tighter and stronger loan terms. The committee adopted the recommendations, and has incorporated the new terms into the bill, and we have what we think is a sound proposal.

With due regard and respect for my colleagues, when it comes to banking and financing, the position of Mr. Eugene Black might well be given thoughtful consideration. Mr. Black has been heralded in this body for his unusual qualities and qualifications as an international finance expert. Mr. Black has advised the committee to maintain a reasonable, soft loan policy. He has hesitated even to advocate the firmer terms or more stringent terms that we are suggesting or asking for as an amendment in the bill before the Senate.

I think we ought to recognize, also, that the loans, under the foreign aid bill, are not designed to make money for the U.S. Treasury. They are intended to serve our foreign policy interests. The difference between the interest rate charged under the bill as reported by the committee and the cost of the money should be looked upon as a security or foreign policy expenditure or cost.

If we are to engage in a moneymaking business, we have a bank called the Export-Import Bank, which has earned rather substantial profits. This program is directly related to commerce. It finances U.S. exports. It has rates of interest and terms of maturity that reflect the money market. But the Development Loan Fund was not put in the foreign aid bill to take away business from the commercial banks or from the World Bank. It is an addition to those normal, conventional types of financing, and it is, in a very real sense, a foreign policy program and a national security program, and not a banking or moneymaking enterprise. We should keep that in mind.

The low interest rates we are recommending are higher than before, and repayment is provided in dollars. It is a much sounder program than we had for many, many years, before we began the loan program with repayment in dollars.

I conclude by saying that rates of interest of the type proposed in the amendment offered by the Senator from Alaska are actually higher than those in many European countries. They are higher than many of the British loans, higher than many of the recent German loans, and higher than French assistance, which is largely grants.

What we are attempting to do is to persuade countries to bring down their rates of interest. Many of the underdeveloped countries that are obtaining these loans are able to use this soft type of loan as a means of buttressing their economy so as to be able to maintain a credit structure at the World Bank and with private commercial banks, and at the same time have a rising standard of living.

We should understand clearly that the development loans are a part of our foreign policy. It is designed to strengthen our security. We have continued this program on the basis of low rates of interest, but this year we are recommending a sizable increase in the interest rate, from three-quarters of 1 percent to a minimum of 2 percent. Senators should note that this is a minimum, and that the administrator can and does make higher interest terms applicable. Senators should also note that the maximum period is 35 years. The term can be shortened. The development loan fund is a financial instrument, and ought to be looked upon as a part of our overall national security policy.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the chairman of the Foreign Relations Committee.

Mr. FULBRIGHT. I wish to emphasize the point that we have not intended, and it is not now intended, to have this fund operate as a moneymaking banking institution. It is, as the Senator has said, a tool in our foreign policy. The original Marshall plan, as most people believe, was a successful operation. It was never considered to be a moneymaking operation. When we look back on it now, perhaps it would have been wise if the program had been based on soft loans—that is, loans requiring repayment with low interest—because we would be very fortunate indeed with such loans coming due at this juncture.

At the same time, we know that a small percentage of the original program was in the form of loans, and we are now receiving an average of $300 million a year in repayment on the part of the program which was in the form of loans.

Therefore the lending part is quite sound, and the committee and the Congress have gone along with it.

On the judgment of the best authorities I know in this field, if we put the minimum as high as the Senator from Alaska would have it, for all practical purposes it will, in effect, price us out of the market. The underdeveloped countries are much less likely to be able to bear that kind of loan with a high interest rate than the original Marshall countries would have been able to do if we had imposed it at that time.

I therefore hope that the Senate will not further emasculate the bill by adopting this amendment.

Mr. MOSS. Mr. President, I support the amendment offered by the distinguished Senator from Alaska [Mr. GRUENING]. I do so because I think it represents sound economics for this country, and reasonable loan repayment terms for recipient nations.

Very simply, the amendment provides that governments which receive foreign assistance development loans from the United States must pay the same rate of interest on these loans as our Government had to pay to borrow the money in the first place.

I realize that the Foreign Relations Committee has made some progress in this respect. Under the term of H.R. 7855, as reported, the interest rate on development loans has been set at three-fourths of 1 percent for the first 5 years of the loan, and 2 percent thereafter. This is an improvement over the present method, which gives the administration the discretion to set interest rates at even lower, long-term levels. But it still leaves the American taxpayer digging down in his pocket to pay a considerable difference. Our Government is borrowing the money it lends at the rate of 3 percent plus. In any way one figures it, there is a gap of from 1 to 3 or 4 percent which must be made up. This is costing us millions of dollars which could be well used in our own country.

The amendment would remove the gift element from development loans. It would take out the subsidy—the subsidy for which the American people are now picking up the tab. It would differentiate more sharply between our loan and our grant programs in foreign assistance. It would make the loan program faithful to its name, and give the American people some assurance of getting back all of the money they put into it.

The adoption of the amendment would not, as some have suggested, make us look like Uncle Shylock, and blur the image we have so carefully and painstakingly built up. Instead, it seems to me, it would only cement the picture of a good friend who is willing to help out over the rough places—who says, "Sure, I'll loan you the money, but I'll have to borrow it first myself. I don't want anything extra for my trouble. All I ask is to be covered in costs and the amount of the loan itself."

Who could ask a friend to do more?

Mr. President, we are currently facing our largest public debt in history, and a long-continued imbalance of international payments has brought our gold reserves to their lowest reserve level since 1939. I am sure there is not a Member of the Senate who does not agree that we must retrench wherever possible, and who is not seeking ways to do so.

In the past 3 years, we have done much to set our economic house in order—particularly in foreign assistance. For example, we have reduced the amounts of grants to foreign governments, while still giving them aid for mutual benefit. We have set the pattern of more and more lending of aid rather than giving it away. The share of development loans in foreign assistance programs has increased by $450 million between 1961 and 1964, while development grants have increased $100 million. During this time, supporting assistance has been reduced by $600 million. This is all encouraging, but it is not enough.

I feel that the report submitted by the Committee on Foreign Relations on H.R. 7855 is one of the most remarkable in the history of the foreign assistance program. I compliment the distinguished chairman, Senator FULBRIGHT, and the members of the committee on it. The frankness with which the entire foreign assistance program is discussed will undoubtedly lead to further improvements in it.

I was pleased, of course, that the committee made the recommendations it did on the rate of interest on development loans. I am glad the members agreed that this is an area in which action should be taken. But, in my opinion, the committee did not go far enough.

I must disagree with the thinking, expressed in the report, that by continuing "soft" loans, the United States will encourage other European nations to reduce interest rates and lengthen maturity of foreign aid loans. Why is not the reverse more likely to be true? Why would it not be easier to get Western European nations to assume an even larger share of foreign aid lending if they could be given assurance that recipient nations would be paying back the full costs of making the loan as well as the amount of the loan itself. None of this country's experiences with Western European nations would indicate to me that their leaders are not good businessmen, seeking first of all to strengthen their own financial structure, so that they can continue to improve their positions in the world.

The argument has also been offered that many of the recipient countries, particularly those whose economic growth is vital to the United States, cannot take on the added financial burden of increased interest rates. I have been told that their debt servicing capacity cannot sustain it. If I remember correctly, the same argument was made when the development loan program itself was first inaugurated—that the underdeveloped countries could not undertake at this time to pay back many loans, no matter how long term they were. Yet there is no question that the development loan program has been a signal success, and is admittedly one of the most salutary changes in the foreign aid program since its inception. Surely underdeveloped countries that are finding in the loan program a solution to many of their pressing problems will not discard it—or us—because we ask them to pay as much themselves for the money as it costs us to get it for them.

As Senators know, I have long been a supporter of the foreign aid program. I agree with it both in principle and in philosophy. I am convinced that it has been, from the beginning, a program which is in our own self-interest; and I know in my heart that it is in our great American humanitarian tradition.

But I do feel that as we vote to continue it, we should consider from every angle the current condition of our own people and the current condition of our own financial resources, and should give them first call. We must trim our foreign assistance program whenever and wherever we can without endangering its objectives. The adoption of this amendment is one concrete way to do this.

In conclusion, let me stress that we must not attempt to profit from the economic conditions of the lesser developed countries, but by the same token we should not provide a subsidy at the expense of our own economy, and at a time when we can ill afford to do so.

I strongly urge the adoption of the amendment offered by the Senator from Alaska.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. I ask that the roll be called on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] to the committee amendment. The yeas and nays having been ordered the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. Byrd], the Senator from West Virginia [Mr. Byrd], the Senator from Oklahoma [Mr. Edmondson], the Senator from North Carolina [Mr. Ervin], the Senator from Tennessee [Mr. Gore], the Senator from Indiana [Mr. Hartke], the Senator from Florida [Mr. Holland], the Senator from South Carolina [Mr. Johnston], the Senator from Missouri [Mr. Long], the Senator from Louisiana [Mr. Long], the Senator from Minnesota [Mr. McCarthy], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Connecticut [Mr. Ribicoff], the Senator from Virginia [Mr. Robertson], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Georgia [Mr. Talmadge], and the Senator from South Carolina [Mr. Thurmond] are absent on official business

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

On this vote, the Senator from Virginia [Mr. Byrd] is paired with the Senator from West Virginia [Mr. Byrd]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from West Virginia would vote "nay."

On this vote, the Senator from Virginia [Mr. Robertson] is paired with the Senator from Indiana [Mr. Hartke]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Indiana would vote "nay."

On this vote, the Senator from Mississippi [Mr. Stennis] is paired with the Senator from Wyoming [Mr. McGee]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from South Carolina [Mr. Thurmond] is paired with the Senator from Michigan [Mr. McNamara]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from South Carolina [Mr. Johnston] is paired with the Senator from Minnesota [Mr. McCarthy]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Louisiana [Mr. Long] is paired with the Senator from California [Mr. Engle]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Oklahoma [Mr. Edmondson] is paired with the Senator from Florida [Mr. Holland]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Florida would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from Kentucky [Mr. Cooper], the Senator from Arizona [Mr. Goldwater], the Senator from Kansas [Mr. Pearson], and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent.

If present and voting, the Senator from Massachusetts [Mr. Saltonstall] would vote "nay."

On this vote, the Senator from Utah [Mr. Bennett] is paired with the Senator from Kentucky [Mr. Cooper]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Arizona [Mr. Goldwater] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 30, nays 44, as follows:

[No. 219 Leg.]

YEAS—30

Allott
Beall
Bible
Burdick
Cannon
Curtis
Dodd
Dominick
Eastland
Ellender
Fong
Gruening
Hruska
Jackson
Jordan, Idaho
Lausche
Magnuson
McClellan
Mechem
Morse
Moss
Mundt
Simpson
Symington
Tower
Walters
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—44

Aiken
Anderson
Bartlett
Bayh
Boggs
Brewster
Carlson
Case
Church
Clark
Cotton
Dirksen
Douglas
Fulbright
Hart
Hayden
Hickenlooper
Hill
Humphrey
Inouye
Javits
Jordan, N.C.
Keating
Kennedy
Kuchel
Mansfield
McGovern
McIntyre
Metcalf
Miller
Monroney
Morton
Muskie
Nelson
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Scott
Smith
Sparkman
Williams, N.J.

NOT VOTING—26

Bennett
Byrd, Va.
Byrd, W. Va.
Cooper
Edmondson
Engle
Ervin
Goldwater
Gore
Hartke
Holland
Johnston
Long, Mo.
Long, La.
McCarthy
McGee
McNamara
Pearson
Ribicoff
Robertson
Russell
Saltonstall
Smathers
Stennis
Talmadge
Thurmond

So Mr. Gruening's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. HUMPHREY. Mr. President, I move that the vote by which the amendment to the committee amendment was rejected be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

PRIVATE ENTERPRISE ADVISORY COMMITTEE FOR FOREIGN AID

Mr. JAVITS. On behalf of myself, the Senator from Minnesota [Mr. Humphrey], the Senator from Oregon [Mr. Morse], and the Senator from Alaska [Mr. Gruening], I offer to the committee amendment, as amended, the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the committee amendment, as amended, will be stated.

The Legislative Clerk. On page 42 of the committee amendment, as amended, between lines 11 and 12, it is proposed to insert the following:

(b) At the end of section 601 add the following new subsection:

"(c) (1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under Part I of this Act, who shall appoint the Committee.

"(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor, and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

"(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

"(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than December 31, 1964, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

"(5) There is hereby authorized to be appropriated such sum as may be necessary to enable the Advisory Committee to carry out its functions."

On page 42, line 12, strike out "(b)" and insert "(c)".

On page 42, line 16, strike out "(c)" and insert "(d)".

On page 43, line 12, strike out "(d)" an insert "(e)".

Mr. JAVITS. Mr. President, the Senate Foreign Relations Committee report on H.R. 7885 clearly indicates that the foreign aid program needs major reorganization and reorientation. It is my considered view that nothing less than the assignment of a major role for private enterprise in foreign aid will save this vital program from successive even deeper appropriation cuts. Since 1958, I have been urging the Senate to take the lead in studying specific proposals for the introduction of American business into the aid program. Many of my proposals have been accepted. Properly applied foreign economic aid is so essential to our national interest that we must use every available resource including U.S. private enterprise as well as the organs of our Government in the endeavor to make it effective.

What is required is the marshaling of the private U.S. economy in a major and imaginative manner behind the development effort.

My amendment, which calls for the establishment of an Advisory Committee on Private Enterprise in Foreign Aid would begin to accomplish this purpose.

The purpose of this Committee would be to make recommendations to the Administrator of the aid program for achieving the most effective utilization of private enterprise in carrying out the objectives of the Foreign Assistance Act of 1961, as amended. The Committee would consist of not more than nine members—men and women of stature from the business and professional world, the universities, foundations, and persons with extensive experience in government. During the life of this Committee, it would make continuous recommendations in close cooperation with the head of the agency and with those actually charged with carrying out the private enterprise activities of the agency. The Committee would cease to exist at the end of 1 year.

The amendment springs from a suggestion of William S. Paley, chairman of the board of CBS. He aptly characterized the lack of close relationship of private enterprise to our aid program during the course of an address on foreign aid before the 49th National Foreign Trade Convention on October 20, 1962:

> An obvious weakness of our aid program is the continuous failure to harness American private enterprise effectively to the development task. Each year language stressing this need is piously included in the aid legislation. But year after year the matter remains deadlocked; Government on the one side skeptical of giving private interests special advantages; and private business on the other side unprepared to use stockholders' money without greater guarantees or inducements than are now offered.
>
> What is needed is a formula, or mechanism, or set of ground rules, which will harness the colossal power, imagination, and experience of American business and finance to the foreign development task. For several years leaders from various branches of American life have stressed this need and have proposed plans—for new credit devices, new kinds of guarantees, new forms of contracts, new patterns of business-government collaboration. But few of the ideas that have been put forward have been translated in action.

It is my considered view, and this view has widespread support in the business world, including Mr. Paley, that only through the high level advisory group that I propose can we revitalize and make a lasting success of our aid effort.

The time has arrived to recognize that the potential for the most dramatic contribution to the economic development of the free world lies in creating opportunities for the citizens in the developing nations to apply their own skill and resources in partnership with the private enterprise of the United States and other aiding nations and without unjustifiable interference and restraint by governments. In my view, the U.S. foreign aid program should be made the primary vehicle to demonstrate the great force of private enterprise for creating conditions for human opportunity and dignity and the evolution of stable and democratic institutions.

Although there has been notable progress in broadening the private enterprise activities of AID; namely, in the area of investment guarantees, support to local development banks, investment surveys, dollar and local currency loans to private business and the Foreign Assistance Act of 1963, now before us, lends further emphasis to encourage and facilitate participation by private enterprise, the potential of private enterprise in the aid program has not been developed.

The foreign aid program has profited from infusion of new ideas from American business, universities, foundations on numerous occasions in the past, with major and beneficial results both in terms of specific legislation and new emphasis in terms of the national interest of the United States. The recommendations of the Harriman committee in 1947 resulted in the guidelines which served as ground rules for the Marshall plan; the Randall Commission in 1954 made a series of recommendations which in turn had major legislative consequences in the area of military aid, on the issue of loans versus grants, the formulation of projects supported by aid, and so forth; the Fairless committee in 1957 made recommendations regarding the greater utilization of private enterprise through foreign aid, pointed out the need for long-range economic development planning, reaffirmed the need of military aid expenditures and collective security; the Boescheustein committee in 1959 made a series of constructive proposals regarding development loans, investment guarantees, taxation and antitrust action; the report prepared in 1959 by Ralph I. Straus as special consultant to the Under Secretary of State for Economic Affairs pursuant to section 413(c) of the Mutual Security Act of 1954, as amended—an amendment which I proposed in 1958 and which was then accepted—further strengthened the role of the private sector in foreign aid by calling for the greater use of tax policy in stimulating foreign investment, the greater use of investment guarantees in lieu of direct loans; the creation of credit insurance for exports, direct Government dollar and Cooley loans to private enterprises abroad; and requested specific steps in the application of our antitrust laws to foreign investment.

The Clay Committee, in its March 1963 report, made a series of proposals regarding the entire program, a good many of which have been reflected in the bill reported out by the Senate Foreign Relations Committee, including a provision prohibiting assistance for Government-owned manufacturing, utility, merchandising or processing enterprises abroad; reductions in the overall authorization for the fiscal year 1963 program, and harder terms for development loans. The Senate Foreign Relations Committee's report on the fiscal year 1963 bill also calls for a greater concentration of U.S. aid in the future as well as the increased channeling of U.S. aid through multilateral agencies, further reflecting the Clay Committee's recommendations.

Some may say "Why have another advisory committee with the Clay Committee still in office?" I believe that there are at least three specific reasons why an advisory committee specifically charged to make continuing recommendations regarding the effective utilization of private enterprise in the foreign aid program is essential now:

First. The Clay Committee created by the President on December 10, 1962, is not authorized by statute or an Executive order; the amendment I propose would authorize an advisory committee by the Congress to do a specific job for a specific period;

Second. While the Clay Committee is charged to look into all U.S. Government's foreign operations programs in the economic and military fields, the advisory committee I propose would devote itself specifically to improving the private enterprise operations of the program. The Clay Committee, given its broad task, cannot be expected to deal with such a specific problem on a continuing basis.

Third. I have discussed my proposal with AID Administrator Bell, who favors it as an important aid to the program.

The Senate by its actions this week has clearly indicated that unless the aid program is recast, the entire foreign aid program may be lost next year. This advisory committee would play a major role in the reshaping of this vital aid program so that by its more effective functioning it could assure its own continuance.

I am gratified that the amendment has found favor in the eyes of Senators who are opposed to many parts of the program—such as the Senator from Oregon [Mr. MORSE], who has been leading the opposition, and the Senator from Alaska [Mr. GRUENING]—and that it has also found favor in the eyes of Senators who very strongly favor the program, such as the Senator from Minnesota [Mr. HUMPHREY]—and also that the amendment is acceptable to the administrator of the program, Mr. Bell.

Mr. President, one thing on which all can agree is that there must be a better way. One of the great failures of the program has been the failure to tie it in directly with the U.S. private enterprise system, so that our corporations—both in regard to the aid side of the program and in regard to the technical assistance side—could themselves carry out whole sections of foreign aid, which essentially is a business operation.

For years, I have been convinced that this could be done more cheaply, more effectively, and with greater credit to our country and more impact on the countries which receive our aid if much of it were carried out by the U.S. private enterprise system.

I find it very interesting to note that in the bill it is proposed, for the first time, that use be made of the machinery of the International Bank for Reconstruction and Development, to channel loans.

Mr. SCOTT. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. SCOTT. I am glad the Senator from New York has offered the amendment, for I believe it has a meritorious aspect. I believe it most important that private enterprise be utilized to the maximum extent possible in connection with the administration of our foreign aid. So I hope the amendment will be accepted by the Senator in charge of the bill, and I am very glad to support the amendment.

Mr. JAVITS. Mr. President, I appreciate very much the support of the Senator from Pennsylvania.

Mr. FULBRIGHT. Mr. President, will the Senator from New York yield briefly to me?

Mr. JAVITS. I am glad to yield to the distinguished Chairman of the Foreign Relations Committee.

Mr. FULBRIGHT. Mr. President, I have discussed the amendment with the able Senator from New York. As Senators know, for a long time he has been giving his attention to the problem of increasing participation by private enterprise in this field. I think the amendment is a good one, and I am very glad to accept it, for I believe it will make a definite contribution to improved administration of the bill.

Mr. JAVITS. I thank the Senator from Arkansas, and I am very appreciative of his support.

Mr. MORSE. Mr. President, will the Senator from New York yield briefly to me?

Mr. JAVITS. I yield.

Mr. MORSE. I am very glad that the distinguished Senator in charge of the bill, the chairman of the Foreign Relations Committee, will accept the amendment and will take it to conference. I believe it important that there be a yea-and-nay vote on the question of agreeing to the amendment, for the benefit of the conferees. So, Mr. President, on the question of agreeing to this amendment to the committee amendment as amended, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, if the Senator from New York will yield further to me, I believe several points should be stated for the RECORD, for the assistance of the conferees.

Mr. JAVITS. In a moment I shall be glad to yield for that purpose to the Senator from Oregon.

Mr. President, this amendment springs from a speech made by William S. Paley, chairman of the Columbia Broadcasting System, on October 20, 1962, to the 49th National Foreign Trade Convention. Incidentally, I point out that he headed one of the major committees in the material resources field, which also, in its way, some years ago aided the Government.

I took up the proposal with the AID, and in that connection we have been attempting to find a plan by means of which this proposal would work. The Agency favors the amendment, particularly in view of the fact that it calls for an operation very much in line with a similar operation in connection with the USIA which has been very successful.

It is clear that it is most important that segments of the U.S. private enterprise system be utilized in order to carry this out.

Mr. President, as the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT] so kindly said, having worked in that field for so many years, it is very gratifying to me that we have finally come to the point at which the mechanism is accepted as an essential way in which to operate this great program.

I ask unanimous consent to have printed at this point in my remarks comparisons prepared by the AID of its own private enterprise activity, which demonstrates how very essential it is that a mechanism such as the Advisory Committee on Private Enterprise would prepare should be introduced into the whole foreign aid program.

There being no objection, the comparisons were ordered to be printed in the RECORD, as follows:

Comparisons of AID private enterprise activity commitments or authorization basis, fiscal years 1963 versus 1962

[In millions of dollars]

	Fiscal year 1963		Fiscal year 1962	
1. All U.S. economic assistance	[1] 2,427.1		2,617.1	
(a) Of which development loans (including PSP)	1,188.0		1,097.0	
2. Development loans authorized with primarily private impact:				
(a) Direct to private undertakings (#)	[2] 167	(14)	(2)	
(b) Nonproject commodity loans	[3] 531.7		575.5	
(c) Loans to development banks (#)	[4] 95.5	(13)	69.5	(8)
3. Investment guarantees issued:				
(a) Specific risk coverage issued (#)	214	(131)	[5] 367	(95)
(b) Specific risk outstanding June 30	884	(462)	796	(362)
(c) Extended risk coverage issued (#)	(6)			
(d) Extended risk outstanding June 30	(6)		(6)	
(e) LA housing coverage issued (#)	[7] 1	(1)		
(f) LA housing outstanding June 30	1	(1)		
4. Cooley loans (Public Law 480, 104(g) authorized (#))	[8][9] 45.4	(38)	[8] 26.7	(43)
5. Investment surveys approved (#)	[10] 0.348	(24)	0.002	(1)

[1] Total is for all AID commitments (using authorization for development loans), excluding Inter-American Development Bank trust fund but including PSP loans under development loans.

[2] Total of 14 loans for $167 million includes fiscal year 1962 overlap of loans made by AID from its formation Nov. 4, 1962.

[3] Development loans for purchase of commodities, components, machinery, and parts to sustain industrial production are considered to have primarily a private impact. Of the totals for fiscal year 1963 and fiscal year 1962, for example, nonproject loans to India alone totaled $240 million and $243 million, respectively, of which over 85 percent is estimated to have supported private industrial and commercial enterprises. Commodity loans financed by supporting assistance commitments ($333 million and $395 million in fiscal year 1963 and fiscal year 1962, respectively) may have comparable private impact, but differing primary purposes, are not included.

[4] Loans to development banks facilitate relending to private activities in industry, agriculture, and housing. By June 30, 1963, AID and its predecessor agencies had authorized 57 dollar loans totaling $372 million (net) for such institutions in 32 developing countries. Counting local currency loans, the United States has supported 85 such institutions in 46 countries with over $1 billion in dollars and local currencies.

[5] Total issued includes DLF all-risk guarantee extended in August 1962 to VALCO project.

[6] All-risk guarantees issued by DLF are carried in specific risk totals.

[7] As of September 1963, 7 extended risk guarantees have been authorized totaling some $33 million for self-liquidating pilot housing projects in Latin America, and 4 others totaling some $25 million are under intensive review.

[8] Equivalent.

[9] Between Jan. 1, 1962, and June 30, 1963, AID approved 68 Cooley loans amounting to $61.2 million. During fiscal year 1964 AID approved the largest loan made to date—$17.5 million equivalent in Indian rupees for a joint United States-Indian fertilizer plant which is receiving dollar financing from the Export-Import Bank. Currently some $148 million of Cooley funds in 24 different countries are available.

[10] As of September 1963, over 50 investment surveys costing an estimated $1.3 million were being undertaken by potential private U.S. investors and operating companies in some 18 less developed countries. Surveys cover possible investments in such fields as papermaking, prestressed concrete, food processing, and plastics. The United States may bear up to half of survey costs, but only if investment does not result.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. KEATING. I wish to express my strong support for the amendment offered by my colleague. It would be a constructive and effective addition to the bill. I compliment the Senator on the initiative and farsightedness of the proposed language.

I know that a recommendation has been made in the committee report that more aid be granted through international organizations. This may raise serious questions since under existing law U.S. firms provide 80 percent of the goods used under the program. If international institutions were used, U.S. firms would have no preference. Contracts might even go to Communist countries for equipment paid for by U.S. dollars. It seems to me that one of the things which the Advisory Committee, which would be established under the amendment of my colleague, could well do, would be to look out for the interests of American enterprise and American workers in connection with any change in the focus or method of giving aid to international organizations. On this point, as on others, I feel that the leaders of American business and labor should have a voice, and the amendment offered by the Senator will give them an opportunity to be heard.

Mr. JAVITS. I am very grateful to my colleague.

Mr. MORSE. Mr. President, I wish to speak for the purpose of clarifying the record for conference reference. Many of us have frequently been in conference when we have been asked by the conferees to show them the basis for the action taken by the Senate. The Senator from New York deserves great credit for the work that he has been doing in that field, particularly in connection with the wonderful work that he has been doing in Mexico. He has gone to Mexico several times and has talked with business groups in connection with the object of trying to arrive at an arrangement whereby a private segment of our economy would play a great role in carrying out our foreign aid program.

In recent years I have spoken before on various occasions to U.S. Chamber of Commerce groups in various Latin American countries and other American businessmen's groups not associated with the U.S. Chamber of Commerce abroad. I have always discussed in those speeches, in part, the need for considering our American businessmen and organizations abroad as American economic ambassadors working with the State Department.

I speak only of Latin America because I do not know what the situation is in other countries, but I suspect that it is no different. At least in Latin America there is a very great feeling on the part of our American business interests that they have not been taken into a cooperative partnership arrangement with our State Department and with our foreign aid Administrator in connection with the administration of our foreign aid program. Great sums of money could be saved. Responsible and reliable business interests abroad would consider this an opportunity for great public service on their part, patriotically motivated.

I should like to cite an example or two. First, I refer to the housing program in Latin America. We are working hard to export to Latin America a system of building and loan associations. It is true that the National Organization of Building & Loan Associations has been cooperating with us. For example, it has made available to us some of their men. To mention two, there is Mr. Gordon, and Mr. Courshon, who have worked with my committee not only in Latin America but they have worked for the State Department in Africa in connection with the building and loan concept. That kind of housing program should not be administered by AID at all, except that AID should be in the seat of overseeing—with the position of, shall I say, a regulator. But the actual administering of that part of the program should be done entirely by the private segment of the economy under such rules, regulations, and policy restrictions that we can justifiably impose.

That is not the only segment of the private economy that can be put to work under the AID program. We are trying to be of assistance in Latin America in connection with the building of some basic industry.

For example, I have been in a couple of great steel plants in Latin America built by American concerns. One is in Argentina and another is in Brazil. Both were built by the McGee Construction Co. of Ohio. The McGee Construction Co. of Ohio—at least their executives, their policymakers—and other companies in the heavy construction industry, such as the McGee Construction Co., ought to have turned over to them, under the supervision of the AID program, a very important administrative job in connection with the developing of heavy industry under the AID program.

We might go on down the line. The Senator from Kansas [Mr. CARLSON] is present in the Chamber. In connection with the first item mentioned, namely, the matter of housing, in his State there is a company that could make a great contribution in the field of housing, not only in connection with the building program itself, but also with the know-how that ought to be brought to work in connection with the administration of the whole housing program under AID.

What we are pleading for is a delegation of authority, under reasonable supervision, to segments of the private economy best qualified to administer the program.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Kansas.

Mr. CARLSON. I heartily concur with the pending amendment. I think it is most important to begin to develop as rapidly as we can, full cooperation between the Alliance for Progress in Latin America and private industry. We are making progress. But I believe that there is still plenty of room for more. The distinguished Senator from Oregon mentioned housing. I am proud of the fact that the Garvey Corp. in Wichita, Kansas, has built some homes in Peru. They are attempting to build some in Colombia and other Latin American states. That is a project of private industry. I believe that is the way we should proceed. That is one way to improve the situation in that area.

Mr. MORSE. Mr. President, the last point in making the legislative record, before I take my seat, is that I believe the proposal will prove to be the most beneficial effect of our program in Latin America. I will confine myself to Latin America. This would also be true of other parts of the world. What are we really trying to do under our Alliance for Progress program? We are attempting to establish a system of economic freedom for the benefit of all the people of Latin America.

It is not easy to establish such a system. It is necessary to export the institutions which have the technology and the know-how to create the industries and the businesses which will produce the jobs which will make men economically free. What we really are attempting to do is to export the form of economic freedom, as we implement economic freedom, called the private enterprise system.

If we cannot sell the private enterprise system in Latin America we can forget about political freedom in Latin America. We must get the horse before the cart, instead of the cart before the horse. That is what has been wrong with much of our Latin American policy for many years. We have been trying to talk to those people in terms of political reforms, which has been a waste of our time and our money. We must talk to them and act with them in relation to our economic forms. Then they will achieve political freedom.

It is necessary to establish building and loan associations, to build heavy industries, not on a government-to-government basis but on a project-to-project basis, so that the private segment of the American economy can be the economic ambassadors and administrators representing the U.S. Government—under fair regulations. Then economic freedom will be established; and we shall not have to worry about political freedom.

I could take more time—but I shall not—to list one type of industry and business after another which needs to be established in Latin America so that political freedom can be made secure.

Consider the question of finance. Consider the small business operation. Why should it not be done by a direct relationship between representatives of American business and representatives of Latin American business? The bureaucrats may be hesitant about that, but if it should result in diminishing an already overpopulated bureaucracy in connection with foreign aid, so much the better for the Javits amendment.

There were many long discussions in the Committee on Foreign Relations about the overmanning of the foreign aid program. It is overmanned. We could save great sums of money by cutting into the surplus personnel of foreign aid around the world.

Many complaints have been made to us by people who have gone to various parts of the world and have found a surplus of personnel in the foreign aid program. This amendment would help in that regard.

If wisely used and developed, this proposal could help to decrease some waste in foreign aid, and to decrease personnel as well.

The important thing is that the amendment would give us a great opportunity to export our system of private enterprise. Until we can make that available to the masses of the people in Latin America, we shall not have an opportunity to make political freedom secure there.

Mr. President, I yield the floor.

Mr. JAVITS. Mr. President, I shall complete the argument, and then the Senate can vote. I wish to mention two things which I consider to be quite important.

If we are to do this, and do it honestly and well, there is required a revised view on the part of AID and the State Department. This has been one of the real problems in respect to cooperation between private enterprise and the Government, in that there has been a mutual suspicion. It is to be hoped that the committee will be high level enough and representative enough to dispel that suspicion. That is important, Mr. President.

I started representing business when I was a young man, and later represented big business. I know it from being closely associated with it. I know how important this consideration is.

Secondly, the efforts of well-intentioned men, like the Senator from Oregon [Mr. MORSE] and other Senators who feel deeply that something is wrong with the aid program, are inevitably frustrated because no alternatives are proposed for our consideration.

I should like to have the legislative history show that if the committee is to be worth its salt—and its record is yet to be made—it must help us by providing alternatives, so that those who have a deep disquiet about this program may have something else to which to turn, for which to put up a case. As we stand now, we do not have that.

I hope very much that the Senate will approve the amendment.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. ALLOTT. I believe the amendment of the Senator from New York is praiseworthy. However after watching the operations of the State Department over the past few years, I must say that nothing reminds me more of their actions as the little signs I have seen in country stores all over my own State and in small offices elsewhere, bearing the whimsical expression, "Don't confuse me with the facts—my mind is already made up." I do not ask my questions humorously. I am serious.

Does the Senator believe the State Department will pay any attention to the report of this commission? I do not question that the commission could make a contribution, but what attention does the Senator believe the State Department would pay to it?

Mr. JAVITS. One of the things we have been short of is affirmative alternatives. Frankly, I do not know whether the State Department will pay any attention to the report or whether the State Department will treat it as a pleasant boondoggle which I and other Senators have engaged in.

I believe it will be supremely important in giving us some kind of text from which we can argue, from which we can suggest alternatives. That is what we are really short of.

The State Department has the staff, the equipment, the facts, and the figures it requires. Although we know there is something wrong, all that we can do is to cut the program to ribbons. That is the only alternative we have. I should like to have another choice.

I hope the State Department will give this question the attention and devotion which it deserves. If it does not, at least we shall have something upon which we can base a policy—with some knowledge, some facts and some background—instead of being bereft, as we are today, of proper alternatives.

Mr. ALLOTT. I should like to ask the Senator another question in all seriousness. We have witnessed the confiscation of property in many countries; such has occurred in the past few days.

Does the Senator believe that a Commission could stop such confiscation of property? This is an important matter, because until assurance can be given, businessmen will not invest in Latin America. Anyone who invests there now, generally speaking, I would consider to be quite foolish.

What can the Senator say with respect to how his amendment might affect what seems to be a generally uniform policy in Brazil, Peru, and other places to nationalize industries and to confiscate American property and American goods of the American businesses who have gone into such countries to do exactly the job the Senator wishes to have done?

Mr. JAVITS. In the first place, there is nothing universal about the situation in Latin America. On the contrary, the tide has turned in Argentina and in Peru. There is a much better situation in Venezuela. There is a good situation in Colombia. Mexico is unique in achievements in Latin America.

My first answer is that there are positions of strength in Latin America which can be buttressed and sustained, which should not be let go the way of others.

Second, the American business community is heavily involved in Latin America today. If my memory serves me correctly—and I believe I am correct—the figure for American investment in Latin America now is between $8 billion and $9 billion, with thousands of Americans employed. There is a constant reinvestment of earnings, though the net investment now is only some $200 million a year, which is very small and one of the real disasters Latin America has faced. So there is a big stake, and there are involved many persons who can accomplish constructive ends.

Third, it is conceivable that this program might be accomplished by private enterprise acting as an agency of the Government, carrying out Government contracts. There would be a great saving overhead for a bureaucracy, and there would be available the capability of persons who do not have to be trained for the job and who could be employed in the foreign aid program.

For all those reasons, much as I join with the Senator in deprecating the way certain Latin American countries commit economic suicide when they destroy the climate for investment by private enterprise, I still think there remains an area and an opportunity for this kind of program to be effective.

Mr. ALLOTT. There is in this area an opportunity; but I would not, by my silence want it understood that I believe the list of countries the Senator has cited is an accurate list. The Senator apparently has been reading different books and receiving different mail and has different friends from those I have in Latin America, because I cannot go along with him in that respect.

While I am reluctant to support additional boards and bureaus, I shall support the pending amendment because we must explore the area; we must get something done. However, I have some question about whether the State Department will cooperate.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Vermont.

Mr. AIKEN. Can the Senator estimate the cost of the amendment?

Mr. JAVITS. I hesitate to state a minimal figure, but I would say not more than $50,000. No compensation is provided for members of the committee; it is strictly a housekeeping arrangement.

Mr. AIKEN. What advantage would this committee have over Standard Oil of New Jersey, Anaconda Co., Grace Line, and other powerful corporations that are already doing business there? If I really wanted to obtain information or advice on these out-of-the-way places, I think I could obtain more information by going to one of those corporations than by going to a Government agency. What is the advantage of getting this advice?

Mr. JAVITS. It is not a Government committee; it is a private enterprise committee entirely. It will give out pooled advice. Various segments of private industry will also debate the question with each other, checking the advice against each other. Incidentally, many of these people will not meet with one another now for fear that somebody is going to charge them with violation of the antitrust laws.

In addition, it will introduce other elements into the area, such as labor and educational institutions—it is not a very big committee; it has a limitation of nine—in an effort to do the job.

Mr. AIKEN. If a committee of businessmen doing business in foreign countries were to get together, the antitrust laws would not apply to their findings. Is that correct?

Mr. JAVITS. It would not if they confined themselves to the mandate of the law, namely, how foreign aid can best function in the private enterprise area.

Mr. AIKEN. The Senator does not think they would do anything else?

Mr. JAVITS. I think we would have enough Government officials around to guarantee against that.

Mr. MORSE. Mr. President, I think the Senator from Colorado has raised a good question. Next week we shall have an amendment or two to broaden the Hickenlooper amendment with relation to nationalization of industries in Latin America. I think it needs to be broadened.

In regard to this amendment, the question was raised as to whether the State Department would pay much attention to it. Judging from the way it has ignored suggestions in the past, one would think the answer should be "No." However, things have since changed. I have the lurking suspicion that since the debate on the bill and the changes made in it, this being the first time such changes have been made, it may dawn on the State Department that Congress means business in regard to the foreign aid program. I would not be surprised if the State Department cooperated with us in putting into effect the objectives of the amendment.

Mr. HUMPHREY. Mr. President, I am happy to cosponsor this amendment with the senior Senator from New York. The Javits-Humphrey amendment could do much to strengthen the foreign aid program; it could do much to win widespread support for the aid agency within the business and professional community in this country.

The Senator from New York has done much to strengthen and increase participation by the American private enterprise sector in the foreign aid program. I am happy to be associated with Senator JAVITS in the joint effort growing out of the NATO Economic Committee to strengthen the private enterprise sector in Latin America. I refer to the work of the Atlantic Community Development Group for Latin America.

I believe that the inclusion in an advisory committee of leading representatives from the fields of business, labor, and the professions can prove invaluable to those charged with administering the AID program.

The Senate Foreign Relations Committee has recommended for consideration by the executive branch, a number of changes in the direction of the foreign aid program. In considering these recommendations, a highly qualified advisory committee should be of invaluable assistance.

The PRESIDING OFFICER (Mr. MCINTYRE in the chair). The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS], for himself and other Senators, to the committee amendment, in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Georgia [Mr. TALMADGE], the Senator from South Carolina [Mr. THURMOND], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the aforementioned Senators would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON] and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON] and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "yea."

The result was announced—yeas 74, nays 0, as follows:

[No. 220 Leg.]

YEAS—74

Aiken
Allott
Anderson
Bartlett
Bayh
Beall
Bennett
Bible
Boggs
Brewster
Burdick
Cannon
Carlson
Case
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Ellender
Fong
Fulbright
Gruening
Hart
Hayden
Hickenlooper
Hill
Hruska
Humphrey
Inouye
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Scott
Simpson
Smith
Sparkman
Symington
Tower
Walters
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NAYS—0

NOT VOTING—26

Byrd, Va.
Byrd, W. Va.
Cooper
Edmondson
Engle
Ervin
Goldwater
Gore
Hartke
Holland
Johnston
Long, Mo.
Long, La.
McCarthy
McGee
McNamara
Pearson
Ribicoff
Robertson
Russell
Saltonstall
Smathers
Stennis
Talmadge
Thurmond
Yarborough

So Mr. JAVITS' amendment to the committee amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. KEATING. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I have sent an amendment to the desk, which I now offer.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 47, between lines 12 and 13, it is proposed to insert the following:

> (4) The second sentence of subsection (f), as amended by paragraph (3), is amended by inserting a period after the word "Act" and striking out the remainder of such sentence.
>
> On page 47, line 13, redesignate the paragraph beginning on such line as paragraph (5).

Mr. LAUSCHE. I shall speak for not more than 5 minutes.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, is the Senator's amendment printed?

Mr. LAUSCHE. No; it is not.

I direct the attention of Senators to page 68 of the report, subsection 620(f). That is the subsection with which my amendment deals. Subsection (f) specifically declares:

> No assistance shall be furnished under this act, as amended (except section 214(b)), to any Communist country.

Section 214(b) deals specifically with some hospital aid to Poland.

Subsection (f) further provides:

> This restriction may not be waived pursuant to any authority contained in this act.

To that extent the language in the act will remain as it is, except that a period will be placed after the word "act." There will be stricken from that subsection the language:

> This restriction may not be waived pursuant to any authority contained in this act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism.

My amendment would absolutely bar the granting of aid under the Foreign Assistance Act, but not under Public Law 480, to any Communist country. The following language would remain in this section as it is:

> For the purposes of this section, the phrase "Communist country" shall——

Mr. MORSE. Did the Senator say that paragraph (g) would remain as it is?

Mr. LAUSCHE. No. What I shall read now would remain as it is:

> For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

On page 68 of the report the countries which are now known as Communist countries are specifically identified. This specific identification does not preclude the administrator from declaring other countries to be Communist. The specific identification includes Poland and Yugoslavia.

The Proxmire amendment, adopted yesterday, specifically prohibits the granting of foreign aid to Yugoslavia. My amendment would specifically prohibit the granting of foreign aid, but not aid under Public Law 480, to any of the countries identified in this measure.

Mr. MORTON. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield to the Senator from Kentucky.

Mr. MORTON. The Senator's amendment would be in consonance with the action taken by the Senate yesterday in adopting the Proxmire amendment, by making his amendment apply to all Communist countries.

Mr. LAUSCHE. That is correct.

Mr. MORTON. Is the Senator certain that his amendment would not preclude Public Law 480 relief?

Mr. LAUSCHE. Yes; because my amendment relates to aid "under this act." I do not say "under this or any other act."

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. AIKEN. I assume that the Senator's amendment is, perhaps, aimed not only at Yugoslavia, but also at Poland and all other Communist countries. Can the Senator tell us how much of the land in Yugoslavia is publicly owned?

Mr. LAUSCHE. It is claimed that substantial parts of the land in Yugoslavia are privately owned and not collectivized; but the fact is that there is indirect collectivization through the imposition of huge taxes,

Mr. AIKEN. Such as in the United States?

Mr. LAUSCHE. And through the exaction of other tribute. In theory, the land is privately owned; in fact, it is collectivized.

Mr. AIKEN. Can the Senator from Ohio tell us who owns the electric lines in Yugoslavia?

Mr. LAUSCHE. They are government owned.

Mr. AIKEN. Who owns the railroads?

Mr. LAUSCHE. The government owns them.

Mr. AIKEN. Is the Senator certain of that?

Mr. LAUSCHE. Yes; the government owns everything in Yugoslavia except, possibly, some paltry shoe shop or barber shop, or operation of that type.

Mr. AIKEN. Does the government own most of the shops and enterprises in Yugoslavia?

Mr. LAUSCHE. Yes; except the small enterprises, such as I have mentioned.

Mr. AIKEN. How does it happen that Yugoslavia has laws pertaining to bankruptcy and other activities, such as we have in the United States?

Mr. LAUSCHE. I cannot answer that question. Yesterday the Senate adopted the Proxmire amendment, which dealt with Yugoslavia. I desire to make the law applicable to all Communist countries alike.

Mr. AIKEN. I agree with the Senator from Ohio that if the law is applied to Yugoslavia, it should apply to all other Communist countries, as well. But does the Senator undertake to make the law apply to shipments under Public Law 480?

Mr. LAUSCHE. I do not.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. CHURCH. Is it not correct that at the present time, having adopted the Proxmire amendment, we are confronted with the anomalous situation of requiring the President to make certain findings respecting our national security, which findings, if made, would permit aid to be given to such Communist countries as the Union of Socialist Soviet Republics and Red China themselves?

Mr. LAUSCHE. The Senator is correct.

Mr. CHURCH. But not to the one Communist country, Yugoslavia, which has given evidence of being less dominated by the international Communist conspiracy than any other? Is not the Senator, by his amendment, seeking to apply the prohibition equally to all Communist countries, instead of selecting Yugoslavia for more onerous treatment than would be given any other such country?

Mr. LAUSCHE. The Senator from Idaho has described the situation accurately.

Mr. CHURCH. I commend the Senator for offering his amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. FULBRIGHT. I am perfectly willing to accept the amendment. The Senator has already explained it. I desire to add one comment. No aid is provided in this bill for any Communist country. While the words of the amendment make certain the understanding that such aid will not be granted, I did not want the implication to be left that the administration was preparing to dole out billions of dollars to Communist countries.

Mr. AIKEN. Mr. President, will the Senator from Ohio yield once more?

Mr. LAUSCHE. I yield.

Mr. AIKEN. Inasmuch as the amendment adopted yesterday applied to Yugoslavia, which, in my opinion, is the least Communist country of the Eastern Europe group, it should apply also to other Communist countries. Therefore, I have no objection to the amendment.

The **PRESIDING OFFICER.** Did the Senator from Ohio ask for the rescinding of the order for the yeas and nays on his amendment?

Mr. LAUSCHE. No.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Ohio [Mr. Lausche] to the committee amendment in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. Byrd], the Senator from West Virginia [Mr. Byrd], the Senator from Oklahoma [Mr. Edmondson], the Senator from North Carolina [Mr. Ervin], the Senator from Tennessee [Mr. Gore], the Senator from Indiana [Mr. Hartke], the Senator from Florida [Mr. Holland], the Senator from South Carolina [Mr. Johnston], the Senator from Missouri [Mr. Long], the Senator from Louisiana [Mr. Long], the Senator from Minnesota [Mr. McCarthy], the Senator from Wyoming [Mr. McGee], the Senator from Michigan [Mr. McNamara], the Senator from Connecticut [Mr. Ribicoff], the Senator from Virginia [Mr. Robertson], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], and the Senator from Georgia [Mr. Talmadge], the Senator from South Carolina [Mr. Thurmond], and the Senator from Tennessee [Mr. Walters], are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the aforementioned Senators would each vote "yea."

Mr. KUCHEL. I annouce that the Senator from Kentucky [Mr. Cooper], the Senator from Arizona [Mr. Goldwater], the Senator from Kansas [Mr. Pearson], and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent.

If present and voting, the Senator from Kentucky [Mr. Cooper], the Senator from Arizona [Mr. Goldwater], the Senator from Kansas [Mr. Pearson], and the Senator from Massachusetts [Mr. Saltonstall] would each vote "yea."

The result was announced—yeas 74, nays 0, as follows:

[No. 221 Leg.]

YEAS—74

Aiken
Allott
Anderson
Bartlett
Bayh
Beall
Bennett
Bible
Boggs
Brewster
Burdick
Cannon
Carlson
Case
Church
Clark
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Ellender
Fong
Fulbright
Gruening
Hart
Hayden
Hickenlooper
Hill
Hruska
Humphrey
Inouye
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Scott
Simpson
Smith
Sparkman
Symington
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—0

NOT VOTING—26

Byrd, Va.
Byrd, W. Va.
Cooper
Edmondson
Engle
Ervin
Goldwater
Gore
Hartke
Holland
Johnston
Long, Mo.
Long, La.
McCarthy
McGee
McNamara
Pearson
Ribicoff
Robertson
Russell
Saltonstall
Smathers
Stennis
Talmadge
Thurmond
Walters

So Mr. Lausche's amendment to the committee amendment, as amended, was agreed to.

Mr. LAUSCHE. Mr. President, I move that the vote by which my amendment to the committee amendment was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I call up and offer, to the committee amendment, as amended, my amendment No. 294.

The **PRESIDING OFFICER.** The amendment of the Senator from Ohio to the committee amendment, as amended, will be stated.

The Legislative Clerk. On page 52 of the committee amendment, as amended, beginning with line 15, it is proposed to strike out through line 5 on page 53, as follows:

Sec. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87–794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a), when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

On page 53, in line 6, it is proposed to strike out "Sec. 403" and insert in lieu thereof "Sec. 402".

Mr. DIRKSEN. Mr. President, will the Senator from Ohio yield briefly to me?

Mr. LAUSCHE. I yield.

Mr. DIRKSEN. I wish to ask the majority leader about the schedule for the remainder of today.

Mr. MANSFIELD. Mr. President, I am glad this question is raised, because there have been some queries as to what will be the business of the Senate for the rest of the evening.

It is my understanding that the disposition of the pending amendment to the committee amendment will conclude the business of the Senate for today.

ORDER FOR RECESS TO TUESDAY, AT NOON

Mr. MANSFIELD. Mr. President, I now ask unanimous consent that when the Senate completes its business this evening, it stand in recess until 12 o'clock noon on Tuesday next.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DIRKSEN. Mr. President, let me inquire whether the Senator from Ohio expects to have final action on his amendment taken this evening.

Mr. LAUSCHE. Yes, for I shall not speak for more than 5 minutes in discussing the amendment.

Mr. MORSE. Mr. President, on the question of agreeing to the Lausche amendment to the committee amendment, as amended, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, I think my amendment will be best understood by referring to page 81 of the report. The amendment deals with the Trade Expansion Act of 1962.

The provision deals with section 231, which in the unitalicized lettering contains the language of the present law. The present law reads as follows:

SEC. 231. PRODUCTS OF COMMUNIST COUNTRIES OR AREAS

(a) The President shall, as soon as practicable, suspend, withdraw, or prevent the application of the reduction, elimination, or continuance of any existing duty or other important restriction, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under this title or under section 350 of the Tariff Act of 1930, to products, whether imported directly or indirectly, of any country or area dominated or controlled by communism.

The material which my amendment would strike is set forth in italicized letters on page 81. That italicized language gives the President discretion under certain circumstances to grant favored-nation treatment, notwithstanding the language contained in the existing law. If the amendment were adopted, that italicized language would be stricken, and the law as it is now written would continue in existence. The President would be required, as soon as practicable, to suspend and remove favored-nation treatment from Communist countries. No Communist country would be excepted. All countries would come within the provisions of the law. The difference between my amendment and the amendment upon which the Senate last voted is that the preceding amendment was primarily and completely related to the Foreign Assistance Act. My amendment deals with the Trade Expansion Act of 1962.

I am prepared to answer any questions that Senators wish to ask.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. LAUSCHE. I yield.

Mr. CURTIS. In order to clarify what is involved, I should like to ask the Senator a question. Under the existing law the most-favored-nation treatment is not accorded to Communist countries. Is that correct?

Mr. LAUSCHE. That is correct.

Mr. CURTIS. If the amendment of the Senator from Ohio is agreed to, will the existing law continue in effect?

Mr. LAUSCHE. That is correct.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. FULBRIGHT. The action last year in relation to the Trade Expansion Act has not been put into effect, but is pending the outcome of the action of the Senate. Yugoslavia has had most-favored-nation treatment since 1881.

The significance of the proposal is that if we do not reject the amendment of the Senator from Ohio, that provision will go into effect and the most-favored-nation treatment will be withdrawn. But it has not yet been withdrawn.

Mr. LAUSCHE. The Senator has accurately described the situation. But I also feel that my answer to the question of the Senator from Nebraska [Mr. CURTIS] is accurate. Under the law as it now reads, the President is required, as soon as practicable, to terminate export and import trade with Communist countries. The act was passed in 1862, but not up until the present time has the President deemed it to be practical to terminate the most-favored-nation treatment.

Mr. CURTIS. In order to make the situation clear, if the amendment of the Senator from Ohio is adopted, most-favored-nation treatment cannot be continued to Yugoslavia?

Mr. LAUSCHE. Or to any other Communist country. That is correct.

Mr. CURTIS. It applies to Yugoslavia or to any other Communist country.

Mr. FULBRIGHT. That is correct.

Mr. CURTIS. "Most-favored-nation treatment" means that the recipient country of most-favored-nation treatment can receive the lowest tariff or have granted to it the lowest import restrictions that are granted to any country in the world.

Mr. LAUSCHE. The Senator is correct.

Mr. CURTIS. If a country should not receive the most-favored-nation treatment, it would operate under our ordinary tariffs that are in existence.

Mr. LAUSCHE. That is correct.

Mr. CURTIS. If a country does not have the benefit of most-favored-nation treatment, its goods are not necessarily barred from our country.

Mr. LAUSCHE. The Senator is correct.

Mr. CURTIS. No additional penalties are imposed.

Mr. LAUSCHE. That is correct.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DOUGLAS. I should like to address a question to the Senator from Ohio and possibly also to the Senator from Arkansas. Is not the term "most-favored-nation" something of a misnomer? A nation which is said to be given "most-favored-nation" treatment is not given an exclusive privilege, is it, but is it not merely given the same rights which other countries receive under that clause? In other words, the country is given equality of treatment and not a special or unique favor. Is that not true?

Mr. LAUSCHE. That is true with respect to all nations that come within that category, but I would say that the term "most favored nation" does not mean that one particular nation has preferential treatment over and above all others.

Mr. DOUGLAS. I thank the Senator. Is it not true that there are in effect most-favored-nation agreements with approximately 44 countries, including all the countries inside GATT, and also including some of the countries outside GATT?

Mr. LAUSCHE. The Senator is correct.

Mr. FULBRIGHT. That is correct.

I should like to make a comment with particular reference to the question asked by the Senator from Nebraska to illustrate the effect of the amendment. The Senator has said that the amendment would not bar any trade; it would not legally or theoretically. But in practice it would. For example, I call attention to some of the items that we import from such countries.

Consider the item of bristles. Under the most favored nation agreements the tariff is 2 cents a pound. That would be increased to 3 cents a pound, which would be a 50-percent increase.

Chicory root would be increased from 1 to 2 cents.

Cherry juice would be increased from 17 cents a gallon to 70 cents a gallon.

For all practical purposes we would make those items, and others, so competitive that the countries involved could not trade with us.

One of the larger items is willow bags and baskets, on which the present tariff is 22½ percent. That percentage would be increased to 50 percent if the amendment is adopted.

Tobacco is one of the larger items. The tariff would be increased from 12¾ cents a pound to 35 cents a pound. In that field there is competition with Turkey and Greece, because the tobacco they produce is needed by manufacturers in our country to blend with our domestic tobacco.

I have in my hand a three-page letter, which I shall not read, from the Tobacco Institute, in which a strong case is made by the Tobacco Institute against the position of the Senator from Ohio. The Tobacco Institute wishes to retain the existing treatment of trade with Yugoslavia for the benefit of our own tobacco manufacturers.

I also have a similar communication from the largest beer manufacturer in this country, Anheuser-Busch, which is located in St. Louis. They buy hops. According to that manufacturer, the amendment would play "hops" with their business. It would disrupt their business.

Mr. CURTIS. Mr. President, will the Senator from Ohio yield so that I might ask the Senator from Arkansas one further brief question?

Mr. LAUSCHE. I yield.

Mr. CURTIS. What is the date of the trade agreement with Yugoslavia, what was the territory called at the time the agreement was made, and what was its form of government?

Mr. FULBRIGHT. The original treaty was with Serbia in 1881, and the succeeding government includes Serbia, which was the largest element in the area. The new country succeeded to that treaty, and it has been so treated since Yugoslavia's creation. There has been no interruption in that relationship.

Mr. CURTIS. But there has been no additional treaty?

Mr. FULBRIGHT. No.

Mr. CURTIS. It is contended that the Tito government should have the most-favored-nations treatment by reason of a treaty made with Serbia in 1881?

Mr. FULBRIGHT. The country has had the benefit of the agreement all during the period since. The agreement has never been abrogated.

Mr. CURTIS. I know that that is the administrative finding of the State Department.

Mr. FULBRIGHT. That is a fact. The treaty contains a provision that on a year's notice it may be abrogated. But the question is not whether or not it can be abrogated. There is no doubt that we could take such action. I am not arguing that this necessarily is a violation of a treaty.

I only say that it involves a treaty. The question at issue is the wisdom of doing this. I did not mean to leave the impression that in any case it would be illegal, or ultra vires, or anything else. It is a question of wisdom.

Several Senators addressed the Chair.

Mr. LAUSCHE. Mr. President, I have the floor.

There are other segments of our economy which take a position contrary to the position taken by those who have written the letters received by the chairman.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I wish to reinforce what the distinguished chairman of the committee [Mr. FULBRIGHT] and the distinguished Senator from Illinois [Mr. DOUGLAS] have said. This procedure does not extend a preferential treatment. What has happened, in effect, is that a repository has been carried over from the time of the Austro-Hungarian Empire, in the latter part of the last century. The later repository was the Government of Serbia, for the Government of Yugoslavia.

That really is not of great importance, except politically. If this procedure which has been recommended by the committee is not agreed to, we shall be shifting Yugoslavia more toward Moscow and more away from the West. By following the procedure recommended by the committee, there will be a chance to keep them moving more toward us.

Mr. FULBRIGHT. I believe that it will have great political significance so far as the future is concerned, not only with respect to Yugoslavia, but also with respect to all countries of Eastern Europe. They do not have such a position now, but I believe it is the policy of all of us that it is to be hoped that sooner or later the relations of those countries with the Kremlin will be loosened. If there is any way in which that can be accomplished, it is through the developing of some trade with them.

Mr. MANSFIELD. How much of the trade of Yugosalvia is now with the West? I believe the figure is 70 percent.

Mr. FULBRIGHT. The trade of Yugoslavia with the West is now between 75 and 80 percent. Most of that trade is with Western Europe. Our trade with Yugoslavia is not great.

Mr. MANSFIELD. That is correct. As I understand the situation, if Yugoslavia is not given the most-favored-nation treatment—which is not a special privilege—the trade perhaps will change to a formula of 30–70, going in the other direction.

Mr. FULBRIGHT. Yugoslavia could be forced into that position.

We can look at the list of products involved, and the shift in the amount of tariff which would be involved. They could not possibly compensate for that tariff.

There are many other people who are interested. I did not wish to bore the Senate by listing them all.

Considering that such a large jump would be involved, it would be quite unusual if Yugoslavia could sell anything, under that kind of burden.

Mr. JAVITS. Mr. President, will the Senator yield on that point?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. The absolutely decisive argument against the amendment is that the trade of Czechoslovakia, Bulgaria, and Rumania is completely oriented to the Soviet Union. That is what we would drive Yugoslavia into doing, if we were to take away the little inducement provided to keep some link with the West. I can think of nothing which would be more disastrous in terms of holding onto Central Europe and nothing which would be more helpful to Khrushchev than driving Yugoslavia exactly where economics has taken Czechoslovakia, Bulgaria, and Rumania. Once driven there, they will stay, because of the need for parts and machinery and all other things. The umbilical cord cannot be cut, once the direction is changed.

I hope very much that the Senate will not make such a colossal blunder.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The Senator from Ohio has the floor.

Mr. SYMINGTON. Mr. President, will the Senator from Ohio yield to me?

Mr. LAUSCHE. First, I should like to make a statement.

By granting the most-favored-nation treatment, we are helping to perpetuate the Communist government in Yugoslavia. We are enabling that government to compete with our workers, with our manufacturers. We are giving encouragement to socialized operations, through contributions made by the businesses of the United States and the workers in the United States.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SYMINGTON. We are the bankers of freedom in Europe, the Middle East, and the Far East; and if all our allies are trading, to the extent that they actually are trading—for example, Canada, a half billion dollars of gold in the sale of wheat to Communist China; a half billion dollars of gold for the sale of wheat to Russia—how can we continue a situation where we continue the banking of the physical defenses of the free world unless we allow our private enterprise companies to trade with Communist countries on a basis at least reasonably comparable to that of our friends and allies?

Mr. LAUSCHE. Frankly, I have never subscribed to the philosophy or the principle that because somebody else does a thing which I believe is wrong I am justified in doing it. If we look at the facts, since World War II we have followed a policy of not giving aid in the perpetuation of communism by dealing with such countries.

Mr. SYMINGTON. We are not talking about aid now. We are talking about business trade.

Mr. LAUSCHE. We are talking about dealing with them.

Mr. SYMINGTON. Yes. The next question I ask relates to our continuing to lose a great deal of gold. Most people believe this loss of gold gives us an increasingly serious problem, as our gold continues to diminish. As I remember, the figures are some $3 billion for offshore military expenditures in the banking of freedom, plus at least a billion dollars in aid. This gives a net unfavorable balance of $4 billion for those two categories plus a tourism unfavorable balance of $2½ billion. That is some $6 billion-plus of an unfavorable balance of trade to start with. If this unfavorable balance continues, we automatically continue to lose gold.

If we do not permit our American private businessmen to trade with these countries, and our allies trade with them to their hearts' content, I do not see how we can do other than increase this serious unfavorable balance of payments. The latter, of course, cannot go on indefinitely, because our currency is expressed in gold and backed by gold.

Mr. LAUSCHE. I have read the articles which show that we are supposed to have a preponderance of exports over imports—let us say from Yugoslavia. None of the writers has pointed out that in calculating the total amount of our exports we do not include only the goods sold for dollars but also include Public Law 480 sales as if dollars had come in.

To illustrate what I have in mind, I have in my hand a letter of December 31, 1962, in reply to questions I asked about Yugoslavia. This letter came from Frederick G. Dutton, Assistant Secretary of State. It reads in part:

> I am pleased to furnish you with the additional information requested in your letter of December 17, 1962, addressed to Mr. Lee. Of the $153.9 million of U.S. exports to Yugoslavia in 1961, the $80.9 million were for Public Law 480 shipments. This sum included $64 million under title I and $16.5 million under title III.

Senators will not believe this, but we have 312 billion——

Mr. AIKEN. Million?

Mr. LAUSCHE. Billion dinars; 312 billion.

Mr. SYMINGTON. The Senator will agree, will he not, that if the amendment is adopted this unfavorable balance of payments can only increase?

Mr. LAUSCHE. No. I believe that if we wish to liberate the Yugoslav, Hungarian, Polish, and Czechoslovak people from communism we must stop giving aid to the governments, by which they perpetuate themselves.

Mr. SYMINGTON. This is trade, not aid.

Mr. LAUSCHE. I understand that this is trade.

Mr. SYMINGTON. We are talking about trade only.

Mr. LAUSCHE. But trade is aid.

Mr. SYMINGTON. I do not wish to belabor the point, but believe we must consider the state of our own economy as of today. A great many of our friends and allies are not only trading with the Russians, private business, but at the same time are also trading heavily, for gold, with the Communist Chinese. We have reached the point today where we must borrow money from foreign countries in order to handle our foreign aid program, through the International Monetary Fund and through the sale of bonds to central banks abroad. Under those circumstances, how can this economy continue to exist successfully if we not only use more money in the aid program—and I heard the Senator say the other day he did not think the aid program should be cut below what it was the other night—but also we do not allow our private corporations to trade with these countries? While the private companies of other countries trade freely. I think this could guarantee economic catastrophe.

Mr. LAUSCHE. Yes, but when we sell to those foreign countries, those countries also sell products to us. I predict that at the 1964 Trade Conference, which is to be held in Geneva, we shall suffer a reversal that will be shocking, because GATT will be ruined and Red Russia will be wanting to sell to us and every other country will be wanting to invade our market.

I yield now to the Senator from Idaho [Mr. CHURCH].

Mr. CHURCH. I wish to state my reasons for opposing the amendment. I think it is gentlemanly of the Senator from Ohio to allow me to do so on his time.

I voted a moment ago in favor of the amendment by the Senator from Ohio which dealt with aid being given to Communist countries under the foreign-aid program. I voted against granting such aid. I voted against it the two or three times it has come up in recent years. I commend the Senator for his amendment.

However, we must make a distinction between the question of aid, whether it involves loans or grants under the foreign aid bill, and the question of normal commercial trade on a quid pro quo basis. We sell tobacco; we get back gold. We do not enter into the exchange unless we think it profits us to do so. Obviously, to the extent that we can promote exports, we are helping to adjust the serious balance-of-payments problem that the Senator from Missouri has referred to.

Moreover, I think it should be pointed out that the export licenses required under our laws, dealing with ordinary commercial trade, preventing the export of any kind of strategic material that might contribute to the war power potential, or any other material that might strengthen the Yugoslav Communist regime, in any way that is considered to be inimical to the interest of the United States, remain intact. Control over trading in strategic items remains undisturbed.

What the committee was trying to do was encourage normal trade with Yugoslavia in nonstrategic commodities, because the committee felt strongly that this was in the national interest of the United States.

Do we want Yugoslavia's trade oriented toward the Western World, or do we want it cemented in the Communist world? Do we want to encourage Tito's regime to augment its independence, or do we want to so root Yugoslavia's trade inside the Communist countries so as to leave it forever cemented within the Communist bloc?

If we are to look at all of the Communist lands as they are painted red on the map, we are conceding that the Communist empire is going to remain intact, and that we are going to deal with one monolithic entity forever more. But if we are to deal realistically with the situation and look at the differing national conditions that exist from one end of the Communist empire to the other, then we naturally should try to encourage the schism that is developing with respect to Yugoslavia and the rest of the Communist world. This is obviously in our national interest.

That is the reason why the committee is trying to strike down the prohibition which would prevent us from extending ordinary commercial relations to Yugoslavia. The real question is whether we want to do this in our own interest, or whether we want to lead Mr. Tito into Mr. Khrushchev's hands and glue him there forever?

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I support the committee with respect to this amendment. A few weeks ago, with the Interparliamentary Delegation of the United States, I had the privilege of being in Yugoslavia and having a conference with the officials that correspond with our Cabinet. They made it clear that they did not wish any more aid; that they were self-sufficient in agricultural commodities; that they were self-sufficient in other aspects of their economy. We saw a prosperous country filled with our products bought by their earnings from exports to the United States.

We were told they tremendously appreciate purchases, under Export-Import Bank financing, of the new type of diesel locomotives that power their railroad systems. They have bought several million dollars' worth of our transport equipment. They have bought factory machinery. We saw U.S.-built computer machines, which certainly are not the product of a suspect Communist organization, inside that Communist country. Many of our large corporations have gone into that country and have been licensed to do business there.

The men with whom we talked represented the equivalent of the Secretary of the Treasury, the head of their parliament, and the head of their state department. They explained why it is important to become a part of the most favored nation group, because they have oriented 75 percent of their trade toward the West, because they wanted to pay us in dollars for our exports, and because they thought the products that they had bought from us were the best in the world.

They said that had been so since they broke from the international trade pact with Communist Russia in 1958, and intended to continue that way, because they liked to trade with the West. We asked why? The answer was that the only way we could trade with the Soviets was to let them have the choice products they produced and that the Soviets needed, and the Yugoslavs would be offered surplus products that the Soviets and their Communist neighbors had in abundance, and for which the Yugoslavs had no use.

Mr. President, this is the way to penetrate the Iron Curtain. This is the way to show what freedom-loving America can produce and sell on the world market, if we give it a chance. We have cut out aid to Yugoslavia. We would be doing ourselves a great disservice, and doing freedom a great disservice, if we said we were going to have no trade with that country. We would force her to look to the East and reject the West. Perhaps the Government of Yugoslavia does not love us, but certainly the people of Yugoslavia do. They have many relatives in this country. They want to trade with America and sell us shoes and their carved woodenware. But, with the threat that this restriction is to be applied and they are not to receive the favored nation treatment, this trade has already decreased by 25 percent.

Mr. President, I think it is high time to take an adult stance in world trade. As was pointed out, an export license cannot be obtained to export anything of strategic value to such countries. Let us be adult. The Red Kremlin does not give us a free ride or a sanctuary anywhere in the world without seeking to penetrate our trade areas. It is high time we were realistic. We have an opportunity to establish our trade in this area, where a strong Communist nation has maintained its independence from Russian trade treaties and the Russian military organization. I think it is high time to extend to this country that which we extend to almost every other nation except the Communist-controlled countries that are a part of the Moscow conspiracy. I think they ought to have a chance to buy American products and compete with the rest of the world on an even basis, to be given an opportunity to obtain dollars to buy goods from this country.

Mr. LAUSCHE. The Senator from Oklahoma has presented very effectively an argument that is applicable to what the Communist countries, and especially Yugoslavia, want, but in December of 1962, Tito went to Moscow. He conferred with Khrushchev. Khrushchev made statements. Tito made statements, redeclaring the fidelity of Communist Tito to the worldwide Communist cause.

Subsequently, Khrushchev went to Belgrade, and in Belgrade Tito and Khrushchev rededicated themselves to the cause of communism. Khrushchev went so far as to say to the Communists:

> How can you argue that Tito is not a Communist? How can you say that, when practically everything is socialized?

In Moscow and in Belgrade this redeclaration was made to destroy capitalism and our country.

All that Tito has to do is honestly reorient himself to the West, which has done so much to help him—$2,500 million of our money has gone to Tito. Less money, of course, has gone to Poland. Three hundred eighteen billion dinars are now in our possession.

Mr. SYMINGTON. What is a dinar worth?

Mr. LAUSCHE. That is an interesting question. The Senator's hair will stand up when I tell him. In 1955 when we initially began selling under Public Law 480, the dinar was worth 300 to the dollar. The last transaction of which I have a record shows that the dinar was worth 750 to the dollar. With a 750 to $1 dinar Yugoslavia is paying off the 300 dinar to $1 value of the 1955 debt. Our agreements provide for repayment in dinars. Most of the agreements provide for that.

Mr. MONRONEY. On trade?

Mr. LAUSCHE. On Public Law 480 transactions.

Mr. MONRONEY. We are talking about trade.

Mr. LAUSCHE. I am talking about Public Law 480. That is included in our trade.

Mr. MONRONEY. It is not included in the most-favored-nation trade.

Mr. SYMINGTON. If the money is scheduled to be used in that country, we receive less because of the automatic inflation of the currency, assuming the Senator's figures are correct, as I am sure they are.

Mr. LAUSCHE. Yes; they are correct. I do not know the name of the Communist who made the statement:

> Borrow money, sell to them. See to it that it is repaid in zloties or dinars. Zloties, cruzeiros, or dinars will become cheaper in value, and in that way you will pay off debts with reduced zloties, cruzeiros, dinars, and other paper money.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SYMINGTON. The Senator is making statements which have to do with the aid program. I am talking trade and remind the Senator that West Germany, France, Britain, Canada, all the other countries in the free world are operating their economies, in the main most successfully, under the nuclear umbrella of the United States. If these countries, some of which now have greater prosperity than we have, and certainly more prosperity than they ever had, continue to let their private companies deal with countries behind the Iron Curtain, while our country in effect, furnishes them their defenses, how does the Senator expect corporations in this country to live, if we so stifle their chance for trade? Everyone who has been in business knows that that last 10 percent of volume obtained nearly always is the difference between making a profit or suffering a loss.

Mr. LAUSCHE. Mr. President, the best way in which to insure the life of our companies is not to strengthen the enemy who wants to destroy the very business which we are praising and wish to help. There is only one purpose that the Communist countries have, and that is to destroy the business we have. I am not one who is going to give them aid to destroy that which I want to preserve. I reject absolutely and positively the principle that because if someone has done something, we should do it. That is erroneous. That is one of the weaknesses of what is happening in Congress; because someone has done something, we should do it also.

Mr. SYMINGTON. The Senator is speaking ideologically—I am talking about the health of the American economy.

Mr. LAUSCHE. For a moment I was afraid the Senator was going to say idiotically.

Mr. SYMINGTON. No.

Mr. LAUSCHE. No; I am only jesting.

Mr. SYMINGTON. But if the Senator carries his argument to conclusion, the next development would be to demand that all the alliances we have with other countries in the free world—the French, West Germans, British, and Canadians—should be broken off, unless they follow the Senator's recommended program. That would apply to our relations with NATO itself, and would result in little organized free world resistance to communism.

Mr. LAUSCHE. That does not follow at all.

Mr. SYMINGTON. In my opinion, the amendment of the Senator would make it impossible for any American manufacturer to compete successfully with a Canadian or British or French or West German manufacturer.

The reason I got into this colloquy originally with my good friend from Ohio is that I am becoming increasingly worried about the loss of U.S. gold, the steadily increasing unfavorable balance of payments against this country.

As I see it, the Senator's suggestion, in his amendment, can only end in a serious situation for American business.

Mr. LAUSCHE. My final answer is that the Senator was a member of the Truman administration, and that administration found that the granting of economic aid and the indulgence in business with Communist countries were inimicable to the security of our Nation. I have presented my case.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. AIKEN. If the Senator's amendment should become law, and the customs duties on Yugoslav products were raised 300 percent, would the American consumer still be able to get Yugoslav products of the kind that we have been using?

Mr. LAUSCHE. If the Yugoslav Government can sell at a price below ours, we will still be able to buy Yugoslav goods, but we will not give them a special benefit in tariffs and duties.

Mr. AIKEN. The Senator means that if the Yugoslav prices were lower than the prices at which we could purchase the articles from some other country, including the higher duty, we could bypass them. Since Yugoslav business is 75 percent oriented to the West, the major customers of Yugoslavia are West Germany and Italy. Could we perhaps buy Yugoslav products through West Germany and Italy?

Mr. LAUSCHE. I suppose that might be done. I am not prepared to answer the Senator's question. The Senator believes they could circumvent the rule I am proposing to have adopted.

Mr. AIKEN. They have been doing a pretty good job to date of buying American products, processing them, and selling the end products to Communist countries. Is there any reason why they could not buy from Communist countries and resell to us, provided they could sell at a little lower price than the American consumer would have to pay if she bought directly and paid the higher tariff?

Mr. LAUSCHE. I suppose that is true.

Mr. AIKEN. I am beginning to wonder.

Mr. LAUSCHE. The Senator has brought up a thought that I think ought to be explored; that is, Communist Yugoslav aid to African and Asian countries. But I am probably getting into a different subject.

Mr. AIKEN. Yes.

Mr. LAUSCHE. But Yugoslavia is getting material from us, and what it is getting from us, it is sending, in part, to India, Pakistan, the Far East, and African countries.

Mr. AIKEN. If the Senator's purpose is to reduce the Yugoslav economy, we would also have to apply those rules to the other countries that handle Yugoslav products and sell to the West.

Mr. LAUSCHE. I suppose one could reach that conclusion.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. KEATING. I wish to ask a question or two of the Senator from Ohio, or perhaps the chairman of the committee on a phase of the amendment which has not heretofore been discussed.

As I understand, if the language which the committee has recommended is not adopted, another country, namely, Poland, would also be adversely affected.

Mr. LAUSCHE. It involves not only Yugoslavia and Poland, but all Communist countries.

Mr. KEATING. That is stated theoretically in the language; but as a practical matter, does it not relate largely to Yugoslavia and Poland?

Mr. LAUSCHE. As a practical matter; yes.

Mr. KEATING. The Senator from Arkansas has given some interesting figures, showing that as a practical matter, trade with Yugoslavia will virtually be cut off if we do not permit this relief. Does the Senator have comparable figures for Poland? The reason why I ask the question is that I was in Poland last year. The Senator from Ohio knows that I have no more use than the Senator has for the regimes that control those countries. But, after all, there is a great reservoir of friendship and good feeling among the people of this country toward the Polish people. Through the centuries the people of Poland have had to contend with foreign tyrannies imposed upon them. Yet I am convinced that the people of Poland retain their enduring love of liberty and their deep affection for the people of the United States. That mutual good will is something which I think is well to retain and to cherish. The people of Poland are not Communists at heart and I would hate for their Communist government to be able to say the United States has broken its historic ties of friendship with the people of Poland. Do the figures indicate, in the case of Poland, that the practical result would be the same as in Yugoslavia?

Mr. FULBRIGHT. It would be, with this variation: That there is a larger percentage of Polish exports to this country, exports on which there is no tariff. Those exports would not be affected to quite the same degree.

However, from Poland, for example, we get bentwood furniture, on which there would be an increase from 25½ to 42½ percent; bristles from 2 to 3 cents; calf hides, wet salted, from 4 to 10 percent; glass Christmas tree ornaments, from 25½ to 60 percent and so forth. The same is true of poppy seed and wicker baskets.

Mr. KEATING. Can the Senator inform us the extent to which imports from Poland are not subject to duty in the United States?

Mr. FULBRIGHT. The increase in tariff rates resulting from withdrawal would affect more than $5 million of trade.

Mr. KEATING. Of a total of how much?

Mr. FULBRIGHT. Forty-five million dollars.

Mr. KEATING. It is not so serious a matter, with respect to actual practice.

Mr. FULBRIGHT. It is the same principle, but not to the same degree.

Mr. KEATING. It is just as serious so far as the psychological effect is concerned. I do not know to what extent that information is known to the people generally, but certainly the Communist government of Poland can be relied upon to put the United States in as bad a light as possible. I think it is not worth it, and I therefore feel that it is unwise not to permit, under proper protective provisions, such as are included in the committee amendment, the extension of this treatment in the case of those countries. No other Communist countries are involved at the moment, are they?

Mr. FULBRIGHT. These are the only two to which this principle has ever been extended since the war. I know of no intention whatever on the part of anyone to do it. However, I am in accord with the statement of the Senator from Oklahoma [Mr. Monroney]. Suppose a situation developed in which the Hungarians or the Rumanians desired to trade with us, and they made a good proposal, one that was considered to be in our interest. I would certainly say that we should develop that trade. But such a situation has not occurred.

Mr. KEATING. The language requires that the President must find that the trade would be in the national interest and would promote the independence of such country from domination or control by international communism. The President would report that determination to Congress, and if the Congress believed he had made an incorrect determination, I feel certain that there would be strong protests.

Mr. FULBRIGHT. The Senator is absolutely correct.

In the case of Poland, President Eisenhower made just such a finding in 1960.

When the Senator asked me about what could happen, I said that if such conditions occurred in regard to one of the other countries, I would follow the procedure the Senator has mentioned. I would hope that it would happen. I do not mean that I hope it would happen improvidently or speedily, but that there would be genuine reasons for doing so. But those reasons have not developed yet.

Mr. DOUGLAS. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. DOUGLAS. I wanted to ask a question of the chairman of the committee.

Mr. LAUSCHE. Mr. President, I yield the floor.

Mr. DOUGLAS. I should like to ask for confirmation or rebuttal of the point which the Senator from Idaho [Mr. Church] and the Senator from Oklahome [Mr. Monroney] made; namely, whether export licenses would still be required on commodities which we would ship to Yugoslavia or Poland.

Mr. FULBRIGHT. This particular provision has nothing whatever to do with export licenses; it would not affect them.

Mr. DOUGLAS. Would export licenses continue for those countries and for other countries inside the Communist bloc?

Mr. MORSE. For strategic and combatant goods.

Mr. FULBRIGHT. That is another matter; but it is my information that they are required on the same kind of goods. But that is handled under the Export Control Act, and this provision would not affect that situation.

Mr. DOUGLAS. I understand. This then would be trade primarily in consumer goods, not trade in capital goods or war materiel. Am I correct?

Mr. FULBRIGHT. The Senator is correct. I have a list of all our imports. I believe I also have a list of our exports.

Mr. DOUGLAS. In the case of Poland, I think I can supply the chief items of imports: Polish ham and Polish sausage.

Mr. FULBRIGHT. They are the primary ones; and that is why there is a difference in the relative effects of the tariff.

Mr. President, in order that the record may be complete, I ask unanimous consent to have printed at this point in the Record a memorandum prepared by the committee staff, which contains the material from which I have been quoting. It is given in more detail and states the exact amount of the effects.

I also ask unanimous consent to have printed at this point in the Record a telegram I have received from four gentlemen of Polish extraction who are the mayors of four American cities.

There being no objection, the memorandum and telegram were ordered to be printed in the Record, as follows:

U.S. Trade With Yugoslavia—Possible Effects of Withdrawal of Most Favored Nation

Nature and extent of trade: Yugoslavia's current patterns of trade are Western oriented. In recent years more than 70 percent of its total trade has been with free world countries. In 1962 this figure had risen to 77 percent. The United States is one of Yugoslavia's most important trading partners.

Trade between the United States and Yugoslavia has traditionally been based on most-favored-nation treatment of the two trading parties. Most-favored-nation benefits were mutually accorded each other by the United States and the Kingdom of Serbia in a Treaty of Commerce and Navigation of 1881 and this treaty has remained in effect ever since between the United States and the government at Belgrade whatever the form of the latter.

In 1962 the United States was a leading exporter to Yugoslavia and Yugoslavia's third largest market. The following table indicates the recent pattern of United States-Yugoslav trade:

United States-Yugoslav trade

[In millions of dollars]

	1960	1961	1962
U.S. exports (including U.S. aid shipments)	85.7	153.9	154.1
U.S. imports (for consumption)	40.2	39.2	47.8

Effect on Yugoslavia of denial of most-favored-nation treatment: Denial of most-favored-nation treatment will have a severe impact on Yugoslavia's trade and will consequently influence Yugoslavia's ability to pay off her debts to the United States. Yugoslav payments to this country in 1963 will amount to an estimated $10 million. Annual payments to the United States during the period 1964–67 are expected to be between $10 and $11 million on the basis of the amount of Yugoslavia's outstanding indebtedness as of December 31, 1962. Any increase in total indebtedness since that date would naturally increase the amount of Yugoslav payments.

Also noteworthy in this connection are the claims of U.S. nationals against Yugoslavia for the nationalization and other taking of property which have arisen subsequent to July 19, 1948, the date of the last claims settlement. Approximately 400 claims are involved, and the amount claimed by the claimants is about $25 million. Denial of most-favored-nation to Yugoslavia is very likely to affect adversely Yugoslavia's disposition to reach a satisfactory settlement with the United States in regard to these claims since Yugoslavia's ability to earn dollars in trade with the United States will be most seriously jeopardized.

Yugoslavia has developed a substantial trade in products which enjoy the same reduced tariffs as those of other friendly countries. Denial of most-favored-nation now means that rates on these products return to the high tariffs established in the restrictive Tariff Act of 1930. Of the total Yugoslav exports to the United States, more than 90 percent would be subject to an increase in duty. Some of the principal products on which the rates of duty will increase are:

Description	Most-favored-nation rates of duty now paid by Yugoslavia	Higher duty Yugoslavia will pay under 1930 Tariff Act	Imports 1962 (thousands of dollars)
Nails	3/10 cent per pound	4/10 cent per pound	2,340
Aluminum sheets and plates	2½ cents per pound	7 cents per pound	879
Aluminum rods and bars	do	do	288
Furniture	10½ percent	40 percent	3,172
Hops	10½ cents per pound	24 cents per pound	2,554
Lead pigs and bars	1 1/16 cents per pound	2⅛ cents per pound	5,731
Sheep and lamb leather	10 percent	25 percent	448
Brass rods and bars	2 cents per pound	4 cents per pound	527
Tobacco	12¾ cents per pound	35 cents per pound	4,505
Willow bags and baskets	22½ percent	50 percent	1,622
Zinc pigs and blocks	0.7 cent per pound	1¾ cents per pound	480
Barytes ore	$2.55 per ton	$4 per ton	425

Effect on United States of denial of most-favored-nation treatment: The effects of withdrawing most-favored-nation treatment will hurt both Yugoslavia and ourselves. First, our own sales to Yugoslavia will undoubtedly be substantially cut, since Yugoslavia's ability to earn dollars to pay for them would be drastically reduced. A fourfold increase over present rates of duty would price Yugoslav goods completely out of the American market, particularly since the same products from other countries would continue to pay the lower rates of duty. Indirectly, the American worker, producer, and consumer would all suffer in some degree as a result of this action. And, as previously noted, Yugoslavia's ability to repay its financial obligations to the U.S. Government and to U.S. citizens would be impaired.

Effect on U.S. policy toward Eastern Europe: The withdrawal of most-favored-nation treatment from Yugoslavia would do serious damage to our relations with that country. It would require the denunciation and abrogation of the treaty of 1881 which has been of fundamental significance in the character of our relations with the governments at Belgrade since the treaty was concluded. It would lead the Yugoslavs to reexamine and revise their policy toward the United States and turn a more responsive ear to Moscow. It would discourage the pro-Western elements in Yugoslav society and injure ties with many of the Yugoslavs that have been built up over the years. It would diminish the opportunities to maintain and increase the American presence and influence in that country.

The denial of most-favored-nation treatment to Yugoslavia and Poland would have a larger effect than in each of these countries alone. The impact would extend to Eastern Europe generally, affecting our relations with the whole area and prejudicing the security interests of the United States. To deny most-favored-nation treatment to these two countries now would threaten the U.S. policy of more than a decade which has sought to keep alive active relations with the peoples of Eastern Europe in economic, political, and cultural fields. It would cripple our objective to decrease the dependence of these countries on the U.S.S.R. and to make it possible for a nation under a Communist government to achieve independence from Soviet domination. It would weaken those measures which can contribute ultimately to the freedom of these people from the Communist yoke.

By taking discretion away from the President to grant most-favored-nation treatment section 231 deprives the U.S. Government of a tool in carrying out a positive policy toward Eastern Europe. Retention of section 231 works for the abandonment of the existing constructive policy of contact with the countries of Eastern Europe and for its replacement by a policy of withdrawal from the area. The effect of section 231 is to suggest that we are no longer interested in offering the countries of Eastern Europe an alternative to dependence on the Soviets. Such a retreat from our previous objectives would occur at the very time when diversity and assertions of independence and national interest are increasing in Eastern Europe. When new opportunities for a policy of engagement in Eastern Europe are opening up we would opt for a negative and defeatist course. Our quarrel after all is not with the peoples of Yugoslavia and Poland but with communism—an alien political system which presently controls their governments. Cutting off the President's authority to extend most-favored-nation treatment only reduces our capacity to deal with Eastern European governments in ways that can benefit the people and serve free world interests.

WILMINGTON, DEL.,
November 4, 1963.

Hon. J. WILLIAM FULBRIGHT,
U.S. Senator,
Washington, D.C.:

We urge your full support of proposed legislation to assure the President discretionary power to grant most-favored-nation tariff treatment to Poland. We are four American mayors of Polish descent who have just recently returned from extensive 3-week tour of Poland. We went to Poland to see how the country is progressing, to compare administration of cities, to meet with the Polish people, and to visit the homes our parents left when they came to the United States. We were impressed with the fact that the spirit of Polish unity and the great tradition of language, art, and the church, that held the Polish people together for over 1,000 years still lives and flourishes despite great handicaps imposed by the Government. There is no doubt that the Polish people who know are grateful for the aid the United States has extended to them. We suggest that American representatives in Poland be permitted to apprise the people of Poland of the extent of U.S. aid in return for most-favored-nation treatment. We were most impressed with the tremendous amount of good will and good feeling that the people of Poland harbor for the people and the Government of the United States.

We feel that every effort should be made to enhance United States-Polish relations and to help the Polish people move toward greater freedom and independence. Most-favored-nation tariff treatment for Poland is essential ingredient in such an effort.

Mayor JOHN E. BABIARZ,
Wilmington, Del.
Mayor VICTOR C. WARYASZ,
Poughkeepsie, N.Y.
Mayor ALEX P. SMEKTA,
Rochester, Minn.
Mayor CHESTER KOWAL,
Buffalo, N.Y.

Mr. DOUGLAS. Mr. President, will the Senator from Arkansas yield further?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. Is it not true that there is a rigid embargo on the exportation to the Communist-bloc countries of machinery and materials which might be, potentially, war materials?

Mr. FULBRIGHT. Yes. I am sure the Senator from Illinois is referring to the Battle Act.

Mr. DOUGLAS. Yes. Would that act still apply?

Mr. FULBRIGHT. Yes. This amendment would not affect any of the applications of the Battle Act or the Export Control Act.

There is nothing new about this amendment; it would only restore the status quo; and any requirements for export licenses or any prohibitions would still apply; the amendment would not disturb them.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I point out that industrial goods of the type mentioned by the Senator from Illinois do not go to these countries, but go from the United States to Western Europe, and from there, many of such goods go to the satellite countries and to the Soviet Union. Furthermore, the trade between those countries of Western Europe and the satellite countries and the Soviet Union is in excess of $3 billion; but, so far as the United States is concerned, its export trade in such goods is less than one-tenth of that amount.

Mr. FULBRIGHT. Yes. In short, we have been "holding the sack." In my opinion, we really have been stupid in preventing American concerns from participating in this trade while all of our allies, particularly West Germany—and this is one of the reasons why West Germany is so prosperous—and the other nations of Western Europe have been participating in this trade. So it seems to me it is time for us to stop that policy.

Mr. JAVITS. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I was appointed by the committee to make a special inquiry into this matter. I did so, and at the end of 1961, I wrote a report on this subject. Western Europe has both export trade and import trade in excess of $5 billion with the Soviet bloc countries, whereas, according to the present figures, U.S. firms do approximately $200 million worth of such business.

Furthermore, in connection with that research, consideration was also given to the trade with Poland; and this brings up an interesting psychological point. As my colleague [Mr. KEATING] pointed out, they consider themselves written off, insofar as Gomulko is concerned and insofar as Yugoslavia's alleged independence is concerned. What an awful price to pay.

The Senate has felt free to adopt various amendments to the foreign aid authorization bill, and those amendments are supported by many reasons which have accumulated over the years. However, this item has nothing to do with foreign aid; it merely happens to be before the Senate because this loose end needs to be tied up.

Our action in this connection is most important, because we could make a fatal mistake—one which the President is striving to avoid, and one which could greatly damage us irretrievably, because then Khrushchev would realize that we were so stupid as to deny ourselves any chance of dislodging the Communist control of these countries.

Mr. FULBRIGHT. I agree with the Senator from New York.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the value of U.S. exports of domestic and foreign merchandise to Poland in the calendar year 1962.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Value of U.S. exports of domestic and foreign merchandise to Poland in calendar 1962

[Thousands of dollars]

Commodity groups:	*Value*
00 Animals and products, edible	8
0 Animals and products, inedible	4,410
1 Vegetable products, edible	47,332
2 Vegetable products, inedible	6,723
3 Textile fiber and manufactures	21,942
4 Wood and paper	44
5 Nonmetallic minerals	483
6 Metals and metal manufactures	1,085
7 Machinery and vehicles	3,000
8 Chemicals and related products	1,067
9 Miscellaneous	8,311
Total	94,405

Source: "U.S. Exports of Domestic and Foreign Merchandise," 1962 annual, FT 420, U.S. Department of Commerce.

Mr. FULBRIGHT. Mr. President, in connection with the other point the Senator has mentioned, in order to avoid any conflict of jurisdiction or any question about this matter—and I think I have avoided it—I submitted the amendment to the chairman of the Finance Committee; and the Senator from Virginia [Mr. BYRD] submitted it to the Finance Committee, because of the origin of this matter, and he did consider it.

I ask unanimous consent to have printed in the RECORD the letter I received from the Senator from Virginia [Mr. BYRD], the chairman of the Finance Committee. The letter is dated August 15, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE COMMITTEE ON FINANCE.
August 15, 1963.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On June 20, 1963, at the request of several members of the Committee on Finance, I wrote you concerning section 402 of the Foreign Assistance Act of 1963, S. 1276, which would amend section 231 of the Trade Expansion Act of 1962, by permitting the President, if he so determines, to extend most-favored-nation treatment to Yugoslavia and Poland. I pointed out that legislation amending the Trade Expansion Act of 1962 is under the jurisdiction of the Committee on Finance, and, therefore, requested that the Committee on Foreign Relations refrain from taking any action with respect to this particular section of S. 1276.

On June 26, 1963, you replied by suggesting that "as in the case of matters which may involve the jurisdiction of both our committees, the Finance Committee consider the matter from the standpoint of its jurisdiction and advise the Committee on Foreign Relations its views."

In executive session today, I called this question up for consideration. After a thorough discussion, it was agreed that the proposed amendment was not inconsistent with the action taken by the Senate Committee on Finance on section 231 of the Trade Expansion Act of 1962, as described in the following excerpt from the Senate Report No. 2059:

"CHAPTER 4—NATIONAL SECURITY

"Section 231. Products of Communist countries or areas:

"Section 231 provides that, as an exception to the most-favored-nation principle, the President shall, as soon as practicable, refrain from applying any reduction, elimination, or continuance of any existing duty or other import restrictions, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under title II of the bill or under section 350 of the Tariff Act of 1930 to products, whether imported directly or indirectly, of the Soviet Union, Communist China, and any other country or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement. It is contemplated that this provision will permit the President, if he so determines, to continue most-favored-nation treatment to Yugoslavia and Poland."

Therefore, the amendment to section 231 of the Trade Expansion Act of 1962, as proposed in section 402 of the Foreign Assistance Act of 1963, S. 1276, was approved by the members of the Senate Committee on Finance and the chairman directed to so advise your committee.

With kindest regards, I am,
Faithfully yours,
HARRY F. BYRD,
Chairman.

Mr. FULBRIGHT. Mr. President, I shall read only the last sentence of this 2-page letter; the summary there set forth is as follows:

> Therefore, the amendment to section 231 of the Trade Expansion Act of 1962, as proposed in section 402 of the Foreign Assistance Act of 1963, S. 1276, was approved by the members of the Senate Committee on Finance and the Chairman directed to so advise your committee.
>
> With kindest regards, I am,
> Faithfully yours,
> HARRY F. BYRD,
> *Chairman.*

I believe that takes care of that point.

Mr. MORSE. Mr. President, I shall be brief.

I shall support the committee language here, as I did in the committee. One of the chief reasons why I supported it in the committee was the action taken by the Finance Committee and the letter from the chairman of the committee, the Senator from Virginia [Mr. BYRD]. As I recall, we were then told that that action by the committee was unanimous.

Mr. FULBRIGHT. The letter does not so state, but I was present. I sent letters to the Senator from Virginia, and he invited me there; and, as I recall, all those present were unanimous. At least, I heard no objection—although I did not hear any poll taken of the members.

Mr. HARTKE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HARTKE. I thank the distinguished Senator from Oregon for yielding.

Mr. President, I am a member of the Finance Committee. For the record, I state that I did not support the committee on this proposal, and I do not support it now.

I am opposed to giving these countries any special consideration. At the time, I was told there was a favorable balance of trade with them. There is, when we consider the public programs, such as those under Public Law 480 and the development loan funds. But if we take the Government-sponsored funds from the trade balance, there is no favorable balance of trade; in fact, in that event we run about $15 million short.

There is no question that this country is Communist controlled and is competing with our labor, by reason of the absence of controls upon its prices or its labor scales. It sets the price, and then ships the goods to the United States, where they compete against goods produced by Americans.

I would not mind that in the case of a country which was one of our allies; but I do not know whether these people are allies of ours or not. I have seen them take foreign trade from us in the African nations, and at the same time spread their philosophy and the notion that their system is the best, and use their technical people to try to teach the people of Africa to go the Communist way of life, when we are supposed to be giving them special consideration.

I have no sympathy for them. I have supported the foreign aid bills through the years, and I intend to do so this time; but in all good conscience I can see no connection or similarity between the situation of this nation and that of Hungary, Czechoslovakia, or other countries which are under the control of these people.

They say they have broken away from the Communist philosophy, and that this matter of trade encourages better relations with this country. Well, Hungary went through that process, at one time. Perhaps such things are weakening; but, as I said in discussing the wheat deal, we have no assurance that this will solve the problems.

Then came the autobahn incidents and the Khrushchev threats and his statements to the businessmen that he is determined to take us over; and recently we have seen Tito make a complete turnabout. At one time he was trying to export the Communist philosophy; but whenever it became expedient for him to change, he changed; but now he is back in that camp. Where will he be tomorrow?

I was talking with my 12-year-old son about this matter; and he said to me:

> Daddy, I guess we are going to help build them up, so they can turn around and kill us.

Perhaps he is mistaken; but I see no reason for giving special treatment to nations with this brand of ideology, until we see in them a complete change of heart.

As for the claim that they want to trade in the way that Czechoslovakia and Hungary have, those people once thought they would change and that the Communist control would ease up; but the Russian tanks made them hold the Communist line.

Some say there is a weakening insofar as Italy is concerned; but we must remember that this same man was the greatest exponent and the real lifeblood of spreading communism throughout the world. He did it in the true Communist-Chinese fashion.

Personally, I think he is not deeply steeped in any philosophy; I think probably he is just a dictator, pure and simple. But certainly he is not my kind of guy.

Mr. MORSE. Will the Senator tell me how many members of the Finance Committee shared his view?

Mr. HARTKE. I cannot say at the present time. I know there were more than myself. I wish it clearly understood that the action was not unanimous.

I know that what I have said is contrary to the opinion of some of my older advisers. They counseled and told me that I should not do this, that I had the wrong idea. I hope I am in error.

Mr. MORSE. The letter of the Senator from Virginia [Mr. BYRD] at least represents the majority opinion of the committee.

Mr. HARTKE. There is no question about that. It represents a substantial majority of the committee.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the majority leader.

Mr. MANSFIELD. First, the proposal of the committee would not give any special or preferential treatment.

So far as the balance of trade is concerned, I would refer to the remarks of the distinguished Senator from Oklahoma [Mr. MONRONEY], who, as a representative of this body, was in Yugoslavia only a few weeks ago. He told us what the effects of American imports into that country were.

I also point out that, as contrasted with other satellite countries, there is not a Russian soldier on Yugoslavian soil. Yugoslavia is not a member of the Comicon organization, nor is it a member of the Warsaw Pact.

This is a coldblooded proposition. Do Senators desire that Yugoslavia veer toward us or go toward Moscow? Do Senators want the 70 percent of Yugoslavia's trade with the West retained or increased, or do they want to reverse the percentage? That is all. Senators must make up their minds on that question.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. MORSE. I wish to make a brief statement and then I shall yield the floor. We are greatly indebted to the Senator from Ohio for bringing up the amendment because, in my judgment, this is the first time, within my memory, we have really had the question clarified in debate in the Senate. I believe that we now understand the issue as we never understood it before.

Although there was a very helpful discussion in the Foreign Relations Committee, I understand it here even better than I did in the Foreign Relations Committee.

I point out to my friend, the Senator from Ohio, that we have taken care of Tito in the amendments already adopted as far as AID is concerned. The Senator's amendment offered yesterday in regard to Communist nations handles the AID matter. We are dealing with a question of trade and not aid. There is all the difference in the world between the two. I cannot see how we can take the position that we should trade with Russia in wheat, with Hungary in corn, and other nations behind the Iron Curtain, and then support the amendment.

I support that kind of trade for several reasons. I wish to mention two very important ones now.

First, I supported the wheat program, and I shall support the corn program with Hungary because I think we should stop cheating the American people. That is exactly what we would do if we did not enter into trade relations, because either the wheat of some other nation, or, in many instances, our own wheat or corn, would reach them anyway, though not sold by us. We know that a good deal of it is converted into flour by our allies and sold behind the Iron Curtain, and we do not benefit as a result of the process.

So from the standpoint of merely the materialistic trade features involved, I do not think we can justify cheating the American people out of trade behind the Iron Curtain in nonstrategic, noncombatant goods.

Second, we are not aiding Tito. We are trying to get to the Yugoslav people. We are trying to demonstrate to them the superiority of our system of economic freedom to their system of economic enslavement. In the long run that is the way we must whip communism if we are to do so. That is the way we need to do it. The arguments that were advanced here today by the Senator from Idaho [Mr. CHURCH], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Missouri [Mr. SYMINGTON], the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], the majority leader, the Senator from Montana [Mr. MANSFIELD], and others, have almost put us in an unanswerable position in support of the committee amendment.

I shall support the language of the committee for the reasons stated. But I wish to stress that we have made it perfectly clear to the world that we are not supporting Tito. We have made it clear to the world that we have faith in our system of economic freedom manifested by our private enterprise trade.

Imagine the good that we do when we get our goods behind the Iron Curtain. What do Senators suppose those people do? They do not take the goods mutely. They talk about them. They arouse a good deal of discussion. This process leads to a recognition of the superiority of our economic system over others.

Furthermore, as was pointed out by the chairman of the committee, we have had the trade-treaty relationship for a long time. As the Senator from Illinois [Mr. DOUGLAS] has said, we are not giving anyone any preference. No preference is involved. No nation would get any advantage. We are continuing a long existing so-called favored-nation-clause program, which will prove to be of benefit to peoples. It is the people that we ought to be interested in, so long as we place in the bill the necessary checks upon Soviet governments themselves. And we are doing a pretty good job of that.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio.

Mr. LAUSCHE. Mr. President, the issue has now resolved itself into the responsibility of determining where Tito stands. I wish to read to the Senate statements made by Tito and Khrushchev at their latest meeting of the Supreme Soviet of the Russian Republic on December 11, 1962. Khrushchev declared:

> Someone started to assert that Yugoslavia is not a socialistic country. May we please ask one question. If Yugoslavia is not a socialistic country, what kind of country is it?

That was Khrushchev speaking. He continued:

> We know that there are no feudal landowners nor capitalists in Yugoslavia. We know that Yugoslavia has no private capital, no private enterprise, no big landowners, and no private banks.

I am reading Khrushchev's statement about Yugoslavia. Still speaking, Khrushchev said:

> We see that the Communist Party of Yugoslavia and its leaders are directing their

> efforts toward economic development with the final goal of solidifying—

What?—

> the institution of socialism.

Khrushchev went beyond that to state:

> Therefore, if we start from the impartial laws of Marxist-Leninist theory, it is impossible to deny that Yugoslavia under today's regime is not a socialistic country. This fact is a starting point in our politics, and on this fact we base our relations with Yugoslavia as a socialistic country.

Though I stand alone, and every Senator continues to argue that Yugoslavia is not socialistic, I will not change my position.

All I ask is that Senators consider the evidence presented by Khrushchev at that meeting of December 11, 1962, in Moscow.

I delve a bit further into the statements of Khrushchev made at a Communist Party meeting in East Germany in January 1963. At that meeting Yugoslav delegates were considered persona non grata, but as active members with equal rights their speeches were greeted with special warmth.

The meeting of January 1963 followed the December meeting of 1962 in Moscow. At the meeting in East Germany in January of 1963 Khrushchev stated:

> We believe that it would be in the interest of our parties and in the interest of international communism to reestablish the unity of the Communist Party of Yugoslavia with its brother parties in ideological problems on a Marxist-Leninist basis. Our duty—

This is Khrushchev speaking—

> is to help a party which has made an error or has deviated from the principles of international communism as set forth by Marx and Lenin. We should help such a party understand its error and, when correction has been made, this party should again be given a dignified place in the family of brother parties.

The Senator from Indiana [Mr. Hartke], with all his humility, and his objective to decide this question on the basis of what he believes is a course in the best interest of the United States, has refused to be dominated by immediate expediency and has refused to be duped by the words of Khrushchev and the words of Tito.

What is the arrangement between Khrushchev and Tito? I will give my understanding of it. It is that Tito shall have some semblance of independent liberty within Yugoslavia, and that he shall not be obligated directly to Moscow by what is done within Yugoslavia. But from that point on there is a different picture. Tito's responsibility is to go to Africa, to the Far East, to the Caribbean, and to South America, and there to state, "We are a neutralist, nondependent nation of Red Russia, and we urge you to adopt our system of government." The ultimate end will be socialization in South America, in Africa, in the Middle East, and in the Far East. And after a brief pilgrimage into a socialistic era there will come an era of communism inescapably.

Looking at the Tito-Khrushchev relationship from the other side, we can see that in return for his absolute subordination to Soviet interests and for his obedient service Tito is given partial autonomy in internal affairs.

In support of what I said a moment ago I wish to quote Khrushchev. This is what Khrushchev said:

> It is understandable that between us there can be no perfect congruence in our answers to all the questions we meet in our Communist Party work. Since the problems in the struggle to build the new socialistic society differ in each country, different approaches and methods are necessary in practical life.

These words were spoken in December 1962 at the Moscow meeting between Khrushchev and Tito.

What did Tito answer at that same meeting to the words of Khrushchev? He said:

> We agree with Comrade Khrushchev's report on the relationship between our countries. We aim toward the same goal, to build a new socialistic society first and then a Communist society.

Senators who argue that there is no purpose to build a Communist society in the world are stretching their thinking and speculating without taking into consideration the words either of Khrushchev or of Tito.

I quote further the words of Tito:

> Because world peace is a condition for the attainment of our goals, our positions on all international problems are identical.

That is Tito speaking, declaring that the positions of Red Russia and of Yugoslavia are identical on all international problems.

> On all the problems which are serious troublemakers in the world, such as peace, peaceful coexistence, disarmament, colonialism, and Germany, our points of view are identical.

I ask Senators how, by any stretch of the imagination, it can be said that there is a separation between the thinking of Tito and of Khrushchev, between the Communist Party of Yugoslavia and the Communist Party of Red Russia?

On one thing they are in agreement; that is, they wish to block the establishment of the center of communism in Peiping instead of in Moscow. That fight, of course, is serious. I believe it is a fight which will eventually inure to our benefit.

If we take all the foregoing statements into consideration, how can an argument be made that Yugoslavia is different, that Yugoslavia does not want a Communist nation in the world? My answer is that it cannot be that way.

Mr. DOMINICK and Mr. HARTKE addressed the Chair.

Mr. LAUSCHE. I yield first to the Senator from Colorado.

Mr. DOMINICK. I appreciate the courtesy of the Senator from Ohio in yielding to me. I wish to add my voice to what he said on the relationship between Tito and Khrushchev. I do not believe there is any doubt of that, if we examine the historical documents.

I should like to go a little further than that in connection with the pending amendment, if I may.

The amendment is not designed to affect our export trade in any way whatsoever. It would not stop our export trade in any way whatsoever. It would provide that the President may not give special tariff concessions for imports into this country from a Communist country.

Since when has the United States adopted a position of writing into its laws special tariff concessions for Communist countries? That is what we shall be doing unless we adopt something similar to the amendment offered by the Senator from Ohio.

This procedure would not cut trade. It would not affect the basic situation. If the amendment should be adopted, all it would do would be to say that we will not give to the Communist countries special tariff concessions.

It seems to me that there has been no explanation given—neither our imbalance of trade nor anything else—which bears on this point. If we should increase our imports from Communist countries we would not help in respect to our loss of gold and we would not help in respect to our balance-of-trade problem. All we would do would be to make them worse.

It seems to me that the least we can do is to say that although we may trade with the Communists we are not going to give them special concessions, to make sure that they can expand and grow.

I thank the Senator from Ohio.

Mr. McGOVERN. Mr. President, if the Senate were to pass the amendment offered by the Senator from Ohio to cut off our trade with Yugoslavia and Poland, it would be a major disaster of American foreign policy. I can think of nothing that would make the Kremlin happier than for us to drive Poland and Yugoslavia closer to Moscow and away from the West.

I do not approve of the regimes in Poland and Yugoslavia, but if we are ever to encourage the cause of freedom in Eastern Europe, it will not be by isolating these countries from the West.

I ask unanimous consent that background material on this subject prepared by the State Department and an article by former Secretary of State Christian Herter be printed at this point in the Record.

There being no objection, the background material and article were ordered to be printed in the Record, as follows:

The U.S. Interest in Most-Favored-Nation Treatment for Yugoslavia and Poland

INTRODUCTION

Since World War II the United States has been faced with a critical choice of two tenable alternative lines of policy in dealing with the problem of Eastern Europe. The first was to assume that the Soviet Union and the countries under its domination constituted a permanent monolithic bloc—a bloc so cemented together with the dogma of militant communism that all hope of weaning the Eastern Europeans away from Soviet domination was hopeless. The consequence of such a policy decision would be to throw in the towel, to abandon the peoples of Eastern Europe to the mercies of a Soviet tyranny and limit ourselves to pious platitudes about our confidence in their ultimate independence and freedom.

The other course was to assume that the instinct for freedom runs strong in the hearts of men everywhere and that by keeping alive and expanding our contacts with the Eastern European countries we could encourage their inherent national and individual aspirations and leave open to them the road to the West. This was a difficult and complex course to follow, for among other things it required that we approach the subject peoples through their authoritarian governments. But it is the choice we made, and the history of Eastern Europe in recent years gives ample evidence that it was the right choice.

As Secretary of State Rusk pointed out in a statement before the House Foreign Affairs Committee on April 5, 1963:

> "Trends toward diversity—and fragmentation—are evident in the Communist movement generally. Trends toward 'destalinization' are visible in all the Eastern European Communist states except perhaps Albania. Nationalism remains a vigorous force in Eastern Europe—a force which we need to take into full account in our own attitudes and policies."

Today, however, the pursuit of such a policy is threatened by a new development of our own making—a clause in the Trade Expansion Act of 1962. Section 231 of that new legislation instructed the President of the United States as soon as practicable to deny trade agreements benefits to any country "dominated or controlled by communism." Under this law the "most-favored-nation" treatment which we had hitherto granted to Yugoslavia and Poland would now have to be withdrawn.

What is MFN treatment?

Under the most-favored-nation (MFN) policy the United States extends to all countries any tariff concession which has been negotiated with a single country or a group of countries, provided they do not discriminate against us. MFN treatment has been a cornerstone of the nonrestrictive trade policy of the United States since 1934. A nation which is denied such treatment by us is at a considerable trade disadvantage in relation to all other nations which deal with us on an MFN basis.

Under U.S. law since 1951 the Soviet Union, Communist China, and all Soviet-dominated countries have not received MFN treatment. However, under a determination made by President Eisenhower in 1960, MFN treatment was restored to Poland as an element of our determined national policy to increase that country's ties with the West. Yugoslavia and the United States extend MFN treatment to one another under an 1881 treaty.

To deny MFN treatment to Poland and Yugoslavia now would threaten the U.S. policy of more than a decade which has sought to keep alive active relations with the peoples of Eastern Europe in economic, political, and cultural fields. It would cripple our objective to reduce the dependence of these peoples on the U.S.S.R. and to make it possible for a nation under a Communist government to achieve political independence from Soviet domination. It would sap those measures which can contribute ultimately to the freedom of these peoples from the Communist yoke.

If, on the other hand, we keep these links open, there will be a continuing opportunity to develop good will for this country, encourage the growing assertion of nationalism in Eastern Europe, and increase the margin for action independent of Moscow. Let us look at some of the results of this positive policy in both Yugoslavia and Poland and the danger posed to those results by this new restrictive aspect of the trade legislation.

YUGOSLAVIA

The 1948 break

In 1948 Yugoslavia refused to submit to the discipline of the Soviet-dominated international Communist movement and broke with the Cominform. Until then the world had been led to believe that the Soviet bloc was monolithic, sharing the same aims, purposes, methods, and ideas. Yugoslavia's action shocked the Soviet world and gave hope and strength to nationalist forces inside the Soviet bloc. Yugoslavia's determination to run its own Government in its own way encouraged greater independence of Moscow among other members of the Communist bloc and has continued to act as a divisive influence. The uprisings of 1956 in Poland and Hungary, Albanian defiance of the Soviet Union, and disputes between the U.S.S.R. and Communist China all have been influenced by Yugoslavia's independent action.

The results

Let us examine some of the effects within Yugoslavia of that country's independent course.

English has replaced Russian as the most widely taught foreign language. American and other free-world books are freely available. A wide variety of American newspapers and magazines are also available on newsstands and in libraries. Voice of America broadcasts are not jammed. In 1953 a law attempting to normalize relations between church and state provided for state assistance to religious communities, which are thriving. Church ceremonies following civil marriages are now permitted. Only 12 percent of the farms were socialized; the rest remained in private hands. Private cooperatives similar to those of the West, rather than Soviet-style collective farms, are being formed to increase farm size and efficiency.

The regime in Yugoslavia, of course, continues to be Communist. But there are important differences from the Soviet-style communism. Yugoslavia is not insulated or isolated from the West. It permits a measure of freedom unknown to the Soviet Union. Significantly, it is not part of the international Communist conspiracy. Intensely nationalistic itself, it encourages nationalism elsewhere among the captive peoples and has also cautioned other nonalined countries against becoming too dependent upon the U.S.S.R.

Trade with the United States

Yugoslavia's current patterns of trade are Western-oriented. In recent years more than 70 percent of its total trade has been with free-world countries. In 1962 this figure had risen to 77 percent. The United States is one of Yugoslavia's most important trading partners. In 1962 the United States was the leading exporter to Yugoslavia and Yugoslavia's third largest market. The following table indicates the recent pattern of United States-Yugoslav trade:

United States-Yugoslav trade

[Millions of dollars]

	1960	1961	1962
U.S. exports (including U.S. aid shipments)	85.7	153.9	154.1
U.S. imports (for consumption)	40.2	39.2	47.8

Effect of denial of MFN treatment

There can be no doubt that the denial of most-favored-nation treatment will have a severe impact on Yugoslavia's trade and will consequently influence Yugoslavia's ability to pay off her debts to the United States. Yugoslav payments to this country in 1963 will amount to an estimated $10 million. Under our mutual MFN agreement Yugoslavia has developed a substantial trade in products on which the United States has made tariff reductions to other countries in trade agreements. Denial of MFN now means that rates on these products return to the high tariffs established in the restrictive Tariff Act of 1930. Of the total Yugoslav exports to the United States of $39.2 million in 1961—the most recent year for which the complete figures are available—the rate of duty will be increased on 94 percent; the rate will remain the same on only 6 percent. Some of the principal products on which the rates of duty will increase are:

Description	Unit	MFN rates of duty now paid by Yugoslavia	Higher duty Yugoslavia will pay under 1930 tariff act	Imports, 1961
				Thousands
Bristles	Cents per pound	2	3	$307
Chicory root	do	1	2	306
Cherry juice	Cents per gallon	17	70	304
Copper tubes and tubing	Cents per pound	5.2	11	257
Furniture	Percent	10½	40	2,865
Hops	Cents per pound	10½	24	1,716
Lead pigs and bars	do	1¹⁄₁₆	2⅛	6,202
Sheep and lamb leather	Percent	10	25	$455
Straw bags and baskets	do	19	50	359
Tobacco	Cents per pound	12¾	35	4,100
Willow bags and baskets	Percent	22½	50	1,356
Zinc pigs and blocks	Cents per pound	0.7	1¾	766
Zinc sheets	do	1	2	300

We will be hurt too

The effects of withdrawing MFN treatment will hurt both Yugoslavia and ourselves. First, our own sales to Yugoslavia will undoubtedly be substantially cut, since Yugoslavia's ability to earn dollars to pay for them would be drastically reduced. A fourfold increase over present rates of duty would price Yugoslav goods completely out of the American market, particularly since the same products from other countries would continue to pay the lower rates of duty. Indirectly, the American worker, producer, and consumer would all suffer in some degree as a result of this action. And, as previously noted, Yugoslavia's ability to repay its financial obligations to the U.S. Government and to U.S. citizens would be impaired.

A second consequence of this action will be the grave effect to be expected in Yugoslavia itself. At the same time we profess to be trying to encourage Yugoslav nationalism and independence from Moscow, we would be withdrawing the economic means which makes this possible. We would, in effect, be driving the Yugoslavs closer to the Soviets, who are eager for an opportunity to break Yugoslavia's ties with the West and draw that nation back into the Soviet orbit.

POLAND

Encouraging independence

Out of upheavals in 1956 in Eastern Europe, the Gomulka regime came to power. While loyally Marxist and a full participant in the Soviet bloc, the Polish leadership sought a measure of independence in internal policy and also sought to develop closer relations with the West. President Eisenhower, faced with the policy choice of ignoring this trend or seeking to encourage these nationalist efforts, chose to give them limited support. As a result, from 1957 to 1959, we provided $61 million to Poland through the Export-Import Bank as credits to purchase raw materials, agricultural commodities, and machinery. Under our Public Law 480 from 1957 to 1963 we made it possible for Poland to purchase $477 million worth of our surplus agricultural commodities. Finally, in December 1960 we granted Poland MFN tariff treatment.

How successful?

Clearly, it is necessary to look on our Polish policy as a calculated risk similar to that we took in regard to Yugoslavia. The results of this policy could, in time, greatly further U.S. and free world interests. So far, we have achieved considerable success. The United States operates an information program in Poland. American books, films, and magazines can circulate. The Voice of America broadcasts are not jammed as they are in the Soviet Union. We maintain free contact with the people of Poland; the number of Polish visitors to the United States has risen from a few dozen in 1955 to almost 2,000 during 1962, many times the number of visitors from the other European Soviet-bloc countries. About 10,000 Americans visited Poland during 1962.

Polish agriculture has not been extensively collectivized. Actually only about 13 percent of the land has been put into state farms, and much of this land had not earlier been in peasant hands.

Basic freedom of worship is possible for Roman Catholics, who make up 95 percent of the population. Religious education for children as well as a Catholic university and seminaries are permitted. A number of religious holy days are observed as national holidays.

To an extraordinary degree Poles young and old freely and openly express their sympathy for the West, for Western culture with which Poland has abiding links, and they enunciate those aspirations for freedom which have inspired the Polish people for centuries.

One indication of the effectiveness of our policy in Poland may be gleaned from the outraged reaction of the Russians. Premier Khrushchev on April 19, 1957, viewed our policies in these terms:

"Poland is now being wooed like a bride. Why? Because the wooers want something. They want to find elements in Poland that can be used against the people's government, against the building of socialism, against the Soviet Union."

Probable effect of MFN withdrawal

Since most of Poland's exports to the United States are products on which the rates of duty have not been lowered in trade agreements, removal of MFN treatment would affect a relatively small percentage of Poland's sales to us. An analysis of Polish trade with the United States in 1961, the first year since the restoration of MFN treatment to Poland, indicated that about 12 percent of Poland's sales to the United States would be affected. This does not reflect accurately, however, the trade Poland has continued to build up in 1962, for which only preliminary figures are available. The percentage of Poland's exports to be affected would therefore be somewhat higher.

The following table indicates the volume of United States-Polish trade in recent years:

United States-Polish trade

[Millions of dollars]

	1960	1961	1962
U.S. exports (including U.S. aid shipments)	143.1	74.8	94.5
U.S. imports (for consumption)	38.7	41.2	45.6

An increase of tariff rates resulting from withdrawal of MFN treatment would affect over $5 million of trade. Following are the principal things we buy from Poland on which duties would be increased, and the higher 1930 rates that would apply.

Description	Unit	MFN rates of duty now paid by Poland	What Poland will pay under 1930 Tariff Act	Imports, 1961
				Thousands
Bentwood furniture	Percent	25½	42½	$261
Bristles	Cents per pound	2	3	213
Calf hides, wet salted	Percent	4	10	327
Glass Christmas tree ornaments	do	25½–40	60	852
Miscellaneous flax fabrics	Percent	10	40	$417
Poppyseed	Cents per pound	0.08	0.32	251
Willow baskets and bags	Percent	22½	50	411

Withdrawal of most-favored-nation treatment from Poland will not have as marked an effect on Polish trade with the United States as is the case with Yugoslavia. But its effects will nonetheless be serious. The granting of most-favored-nation benefits to Poland in December 1960 followed upon an agreement by Poland to pay $40 million over a 20-year period to American nationals whose property was nationalized in Poland. With other obligations to us, Poland's payments reach almost $11 million annually. The capacity to pay these dollars to us depends on Poland's ability to obtain dollars, and trade earnings are the source. Additionally, the granting of most-favored-nation treatment did underwrite our faith that Polish nationalism could intensify and develop. Withdrawal is not only a financial but a psychological blow to such hopes.

About Polish hams

Sale of Polish hams in the United States has been much publicized. Our imports from Poland in 1961 amounted to $41.2 million. Of this amount, canned hams and other canned pork products accounted for $26.1 million, or 63 percent. But no tariff concession has ever been made on the ham products, and the tariff rate on Polish hams would not be increased even though most-favored-nation treatment is denied. The following chart presents an interesting analysis of U.S. pork and ham production, and the relation of our purchases from other countries. The quantity of Polish hams imported into the United States in recent years has been about 10 percent of total U.S. ham production. All canned hams and other canned pork products coming into the United States have to pay a duty of 3½ cents per pound.

	1960		1961		1962	
	Million pounds	Million dollars	Million pounds	Million dollars	Million pounds	Million dollars
Total U.S. pork production	11,600.0	(1)	11,400.0	(1)	12,000.0	(1)
Total imports of pork	171.4	114.4	173.8	115.0	(1)	(1)
Total U.S. ham production	299.5	(1)	299.6	(1)	(1)	(1)

	1960		1961		1962	
	Million pounds	Million dollars	Million pounds	Million dollars	Million pounds	Million dollars
Total imports of ham	113.0	86.0	115.0	86.0	131.0	87.0
From Denmark	35.5	27.8	38.9	29.6	48.9	37.4
From Poland	32.0	26.0	31.0	24.0	30.0	21.0
From West Germany	2.6	1.8	1.4	1.0	1.2	.8
From the Netherlands	38.2	26.9	38.5	29.9	43.5	30.5

[1] Not available.

CONCLUSION

U.S. security interests demand that we not write off the countries of Eastern Europe. Rather, it is in our basic national interest to seek to further the U.S. presence and influence there wherever possible. If we are to do so, the President must have at his disposal various foreign policy tools and discretionary authority to use them. Until now we have relied primarily on economic assistance, with cultural contacts and trade as subsidiary tools. Aid, however, is of rapidly diminishing importance in our relations with Yugoslavia and Poland. As President Kennedy said in his foreign assistance message of April 2, 1963, "It is my conviction that trade and other forms of normal relations constitute a sounder basis than aid for our future relationship with these countries." The only assistance programed for either Yugoslavia or Poland, apart from Public Law 480 sales in the current year, will be U.S.-held Polish currency in support of a privately sponsored children's hospital project in Poland. We anticipate that Public Law 480 assistance, too, will diminish sharply in the future, as these countries become increasingly able to buy our agricultural commodities on commercial terms.

Our ability to develop and maintain normal commercial trade relations with Yugoslavia and Poland is essential if we are to preserve the gains of our past policy toward these countries and to continue to advance U.S. objectives in Eastern Europe. If the President is denied discretionary authority to extend MFN treatment to Yugoslavia and Poland, we must anticipate rapid deterioration of our relations with these two countries and the loss by the United States of its position there. There is little doubt that the forces for freedom in both countries would be seriously damaged, as these countries are abandoned to the Soviets.

The alternative to our present policy of engagement in Eastern Europe can only be one of withdrawal. Such a negative and defeatist policy cannot serve U.S. interests. Our quarrel after all is not with the people of Poland and Yugoslavia but with communism—an alien political system which presently controls their Governments. Cutting off the President's authority to extend MFN treatment only reduces our capacity to deal with these Governments in ways that can benefit the people and serve free-world interests.

Christian Herter, former Secretary of State and currently President Kennedy's special representative for trade negotiations, stated the danger in this manner in a recent article in the New York Times: "Surely this is not the time to walk away from the competition. I can think of few actions on our part that would be more welcome in Moscow than that. If I were Mr. Khrushchev, I would surely heave a sigh of relief if I knew that Poland's and Yugoslavia's windows to the West were being bricked over. Never have the signs of internal disarray been more obvious within the Soviet empire than they are today. Never have the forces of autonomy and independence been more evident."

YUGOSLAVIA'S FOREIGN TRADE SYSTEM AND THE ECONOMIC EFFECTS OF WITHDRAWING U.S. MOST-FAVORED-NATION TREATMENT FROM YUGOSLAVIA

EVOLUTION OF THE YUGOSLAV ECONOMY

Ever since it broke with Stalin and withdrew from the bloc in 1948, Yugoslavia has been moving away from centralized direction of its economy toward a system in which market forces play a predominant role. This has meant a progressive shift from the economic practices that prevail in the Soviet Union. Today it is clearly evident that the Yugoslav economy, which incorporates a number of capitalist features and allows for the increased play of market forces, has significantly evolved away from the Soviet bloc model.

Until recently the evolution of the Yugoslav internal economy was not reflected in the international economic policies pursued by the Yugoslav Government. During the postwar period Yugoslavia insulated its economy from the outside world by a complicated system of multiple exchange rates and quantitative controls.

Early in 1961, however, the Yugoslav Government began a series of major reforms, designed to integrate its economy more closely with the cost and price structure of the world market. These reforms were in the best tradition of liberal trade. They were intended to increase efficiency by exposing Yugoslav production to the progressively increasing pressure of international competition.

This process of reform is by no means completed. However, it has already led to a unification of the Yugoslav exchange rate at a settlement rate of 750 dinars (equal to U.S.$1) and has resulted in a significant reduction in quantitative import restrictions, trade discrimination, and bilateralism.

In contrast with the system of total import controls imposed before 1961, about 25 percent of Yugoslav imports now enter the country free of controls. As in the case of Western European countries after World War II, Yugoslavia can remove the remaining quantitative controls only gradually, because of its low line of foreign exchange reserves and high debt repayment obligations. In these respects it also reflects the general problems of a developing country.

The Yugoslav Government has reduced the number of its bilateral trade and payments agreements, and it is seeking, where possible to replace clearing arrangements under those agreements with agreements to settle in convertible currencies. It has eliminated state monopolies from its foreign trade system, and there is substantial competition between enterprises to buy and sell in the most advantageous markets. In all of these respects, Yugoslavia has committed itself to a policy of gradual trade liberalization on the pattern of free world countries.

THE YUGOSLAV TARIFF

As a major step in its reforms, Yugoslavia adopted a provisional system of tariffs based on the Brussels nomenclature. This provisional tariff structure is a reasonable one and not exceptionally high as compared with those applied by other developing countries. Under it, approximately 36 percent of total 1961 imports entered Yugoslavia duty free. Most of the balance was subject to duties ranging from 10 to 40 percent.

PROVISIONAL GATT MEMBERSHIP

Yugoslavia is thus in an intermediate stage in the process of trade liberalization. The reforms it has taken so far has been supported and endorsed by the International Monetary Fund, of which Yugoslavia is a full member. Since May 1959, it has been consulting with the members of the General Agreement on Tariffs and Trade (GATT). On November 13, 1962, Yugoslavia was granted provisional accession to GATT. This action was taken in recognition of the liberalization of the Yugoslav trading system which had already been achieved on condition that the system be further liberalized and that Yugoslavia accept GATT obligations. Those obligations, of course, include the commitment to remove quantitative import restrictions as soon as balance-of-payments obstacles are removed.

In our judgment, Yugoslavia has made commendable progress in moving toward full participation in the liberal world trading system envisaged by GATT. Its progress has followed the general pattern of Western European countries during an earlier stage of the postwar period. It has shown a far greater determination to liberalize than most other less developed countries.

Since it broke with the bloc, Yugoslavia has looked to the West for its commercial opportunities. Over the past decade, it has conducted three-fourths of its foreign trade with the free world. Assuming a continuance of MFN policies on both sides, Yugoslavia is likely to continue to maintain around 70 percent of her total trade with the free world.

NATURE OF YUGOSLAV TRADE

Today the United States is free to compete on equal terms with other free world countries for the Yugoslav market. This market, while not of major dimensions, is still a useful outlet for our exports.

Over the past several years our trade with Yugoslavia has been as follows:

Value of U.S. trade with Yugoslavia

[Millions of U.S. dollars]

	1960	1961	1962
Value of U.S. imports for consumption	40.2	39.2	48.3
Value of U.S. commercial exports	41.8	57.6	[2] 22.8
U.S. Government-financed exports[1]	44.2	96.3	131.3

U.S. trade reflected in these statistics has been built on the basis of a reciprocal extension by each country of most-favored-nation treatment to imports from the other. Our commercial exports to Yugoslavia have consisted primarily of general industrial machinery and parts, and of metalworking machinery.

If we withdraw MFN treatment for Yugoslav goods, we would dry up a needed source of foreign exchange for Yugoslavia and would impair her ability to repay her debts to the United States. The repayments scheduled over the next several years will run in excess of $10 million.

Moreover, if we were to withdraw MFN treatment from Yugoslav goods, Yugoslavia would almost certainly refuse any longer to extend MFN treatment to our goods.

What would this mean in trade terms?

EFFECT ON YUGOSLAV EXPORTS OF WITHDRAWAL OF MFN TREATMENT BY UNITED STATES

Termination of most-favored-nation treatment to Yugoslavia by the United States would mean that the tariff rates on most products that Yugoslavia exports to the United States would return to the rates established in the Tariff Act of 1930. A study based on trade data for 1961 has shown that—but for MFN treatment—94 percent of the total value of Yugoslav exports to the United States in that year would have been subject to increased rates of duty. The increased rates would have doubled the rates of tariff on about 20 percent of Yugoslavia's exports to the United States and would have raised those rates by 250 to 400 percent on the remainder of the affected items.

Tariff increases of this magnitude would undoubtedly price most Yugoslav exports out of the U.S. market, since the same products from other countries would continue to pay the lower rates of duty. With the consequent loss of dollar earnings, Yugoslavia would certainly reduce its purchases of U.S. products. It would be forced to conserve any direct dollar earnings it still might be able to realize from exports to the United States in order to make its scheduled debt repayments to this country. Most probably, it would have to draw upon its earnings of other convertible currencies to meet those payments.

EFFECT ON U.S. EXPORTS OF WITHDRAWAL OF MFN TREATMENT BY YUGOSLAVIA

The Yugoslav tariff provides that most-favored-nation treatment will be extended to all countries extending most-favored-nation treatment to its exports. Nations receiving MFN treatment pay Yugoslav tariffs at rates about 40 percent lower than would otherwise be the case. There are over 300 duty-free items included on the most-favored-nation country tariff list, but only 17 such items on the standard list. If U.S. goods were subjected to the full Yugoslav tariff, our exports to Yugoslavia would drop to a very low figure. It is clear that our exports will be replaced with the goods of other countries.

GENERAL CONSEQUENCE OF WITHDRAWAL OF MFN TREATMENT

The consequences of withdrawing most-favored-nation treatment to Yugoslavia should not be overstated. Such action on our part would not by itself reverse the Yugoslav trend toward a system of economic administration approaching that of the free world economies. The Yugoslavs have learned—in great part as a result of their relations with the West over the past decade—that rigidly planned Soviet-type economies have their built-in inefficiencies.

At the same time, our withdrawal of MFN treatment would certainly discourage those elements in Yugoslav life that are moving the country toward Western ideas. The Yugoslavs today tend to think and look toward the West—particularly the younger generation. They are anxious to play a role in the free commercial life of the free world. Given a chance, the prospect is that they will liberalize their economy as fast as their improving balance-of-payments position permits and will become a useful member of GATT.

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[1] Estimated value of shipments under AID programs (including DLF), Public Law 480 (all titles), and Export-Import Bank loans (over 77 percent of the funds authorized under these sources of financing during the last 4 fiscal years (fiscal year 1960-fiscal year 1963) represent loans).

[2] The effects of the 1961 foreign trade reform as well as the effects of successive droughts on agricultural production, produced a severe balance-of-payments deficit, which led in 1962 to a 6-percent reduction of total Yugoslav imports, excluding U.S. Government-financed commodities.

Yet today the Yugoslavs are beginning to wonder whether they have a commercial future with the West. They are not members of the European Common Market, and the establishment of a common external tariff may prove a serious impediment to the expansion of their traditional trade with the Community countries. If we add more pressure on their economy by severely restricting access to our market for their exports, we shall be reinforcing the argument of the Soviet Union that independence from the bloc does not pay.

The Department feels there are hopeful signs of movement within several of the satellite countries and that it is important to encourage this movement. But we shall be severely limited if the United States forecloses the Western option for Yugoslav trade and creates an economic climate which compels the Eastern European countries to seek their commercial opportunities with the bloc.

Department of State, *October 1963.*

Most-Favored-Nation Provision in Foreign Aid Bill

The foreign aid bill contains a most important provision amending the Trade Expansion Act of 1962 to allow restoration of nondiscriminatory trade (most-favored-nation treatment) for Yugoslavia and Poland. This amendment was approved with bipartisan support by the Senate Finance Committee as well as the Foreign Relations Committee. It would not, of course, change existing law prohibiting trade in strategic materials.

Senate approval of the pending provision is sought for several important reasons:

1. Trade, not aid: Nondiscriminatory trade with these two countries will allow the United States to carry on its strategic objective of seeking to turn them increasingly toward the West. This will be done through commercial ties based on the free interplay of market conditions in which the United States is strong and which we have traditionally believed will lead to a more open society.

The opportunity for business transactions with Yugoslavia and Poland on the same basis as with other nations will allow the United States to continue to strengthen our relations with those two countries while shifting from aid to trade. Existing AID projects in Yugoslavia are being brought to a conclusion, and no new ones started except assistance financed principally from available Public Law 480 funds in connection with the Skopje earthquake. No AID projects have been undertaken in Poland except for a children's hospital in Krakow. Public Law 480 sales of surplus agricultural commodities will still be possible; but the increasing emphasis will be on commercial trade.

2. Increasing Western economic ties: Both Yugoslavia and Poland have repeatedly demonstrated their desire to expand commercial ties with free world countries. While Poland is part of the Communist trade bloc, it has persistently sought to expand its trade and ties with the West, thereby loosening its dependence on the Soviets. Poland now carries on over 35 percent of its trade with free world countries. Yugoslavia has come to have about three-fourths of its foreign trade with the free world and ever since the break with the bloc in 1948, it has been moving away from centralized direction of its economy toward a system in which market forces play a dominant role. Since 1961, it has begun a major series of reforms to integrate its economy with the world market and has adopted a provisional system of tariffs based on the Brussels nomenclature.

To deny most-favored-nation treatment will likely curb the efforts of these two countries to strengthen their Western economic ties. Over 90 percent of the total value of Yugoslav exports to the United States would be subject to sharply increased rates of duty if most-favored-nation treatment is withdrawn. About 15 percent of Poland's trade with the United States would similarly be affected.

3. Debt repayment to the United States: The ability of Yugoslavia and Poland to repay indebtedness to the United States would be seriously impaired if needed sources of foreign exchange are denied by curbing their trade with this country.

Yugoslav obligations during the next several years will run in excess of $10 million annually. Poland's debt repayment obligations to U.S. citizens whose property was nationalized amounts to almost $11 million annually, and within the next few years the obligation will be in excess of $13 million per year. The obligation will increase in 1967 to over $20 million when the first payment in dollars for Public Law 480 transactions falls due. The capacity to pay these dollars to us depends on their ability to obtain dollars, and trade earnings are the source.

4. Historically established: Most-favored-nation treatment for Yugoslavia goes back to an 1881 treaty; and most-favored-nation for Poland was authorized by President Eisenhower in 1960. Denial of most-favored-nation treatment for the two countries will be a serious psychological as well as financial blow and will inevitably force both countries to turn more to the East.

5. Strategic significance for the United States: The fact that efforts to win Yugoslavia and Poland toward the West can have significant effect is best indicated by the improvement in U.S. relations with the two nations through past steps and by the major role both countries have played in splintering the Communist bloc.

For example, in 1958, when Yugoslavia split with the Soviet Union and U.S. assistance was extended, Greece was a battlefield for guerrilla warfare supported by Yugoslavia and other eastern European countries. Czechoslovakia only a few months before already had fallen victim to Communist aggression. Bolstered by the expanding Soviet presence on the Adriatic, the large Communist parties of Italy and France were increasingly aggressive in seeking to undermine the governments in those countries. The Soviet-Yugoslav break in 1948, followed promptly by U.S. aid to Yugoslavia, cut off the Soviets from direct access to the Mediterranean. Yugoslavia sealed off its border to guerrillas operating in Greece and this allowed Greek forces to concentrate on a contracted battlefield where they quickly moved to victory. Yugoslavia became a buffer zone for NATO, especially Italy, allowing the Italian Government to concentrate more on internal problems. The Trieste problem was also promptly settled. Rapid reduction of U.S. aid to Europe was facilitated by these developments. The more long term consequence has been the embittered squabbling and splintering within the bloc set off by Yugoslavia's unyielding insistence on independent nationalism. This has led to the end of the myth of monolithic Communist invincibility and a shift of underlying power toward the free world.

Poland, as a member of the Warsaw Pact, has of necessity played a more limited role. It has nevertheless served as a model for the other bloc countries in their recent tendency to exercise increased autonomy in internal affairs and to broaden relations with the West. The degree of freedom of religion and speech among the Polish people, the more satisfactory agricultural results achieved following the reversal of that country's collectivization policy, and Poland's special relationships with the West have all been watched intently by other Soviet bloc countries and noted with particular interest by their peoples.

General Eisenhower (quoted in "First Hand Report," by Sherman Adams):

"I am a little old-fashioned," (Charles) Wilson said, "I don't like to sell firearms to the Indians." Eisenhower turned on Wilson quickly and said, "You should say first what trade is, and what it is doing. Suppose you couldn't make a single firearm without raw material out of the enemy's country. The last thing you can do is to force all these peripheral countries—the Baltic states, Poland, Czechoslovakia, and the rest of them—to depend on Moscow for the rest of their lives. If you trade with them, Charlie, you've got something pulling their interest your way. You immediately jump to guns and ammunition. I am not talking in those terms. It must be selective. You are not going to keep them looking toward us and trying to get out from under that umbrella unless you give them something in the way of inducement to come out. You just can't preach abstraction to a man who has to turn for his daily living in some other direction."

Illustrative Background on Conditions in Yugoslavia and Poland

IMPACT OF AMERICAN IDEAS

In Yugoslavia, English has replaced Russian as the most widely taught language in the country; American and West European books are freely available at bookshops. American films are by far first in number shown each year; Voice of America broadcasts are unjammed; the U.S. Information Service is permitted to carry out a program on a greater scale than in any other East European country; American and West European newspapers and magazines are sold on the newsstands; the New York Times and Herald Tribune are taken by some 70 libraries. American plays are translated and performed regularly. Yugoslav intellectuals have been in close contact with American authors, sociologists, scientists, educators and economists.

In Poland, Voice of America broadcasts are unjammed; U.S. Government magazines distributed; American films, books, and commercial magazines circulated; American teachers and lecturers brought to Polish universities; and large exhibits of American products and American accomplishments shown at the Polish international trade fair each year.

Farming in Poland and Yugoslavia is now largely private and the ruthless drive toward collectivization has been reversed.

Socialization of arable land in Eastern Europe (collectives and state farms)—see table below:

Country:	*Percent socialized 1963*
Yugoslavia	13.0
Poland	13.0
Albania	86.0
Czechoslovakia	92.0
East Germany	96.0
Bulgaria	96.0
Rumania	96.0
Hungary	96.0
U.S.S.R.	98.6

In Yugoslavia, present efforts are being directed to formation of privately owned cooperatives, similar to those in the West, in an attempt to increase farm size and efficiency. Both countries still give lipservice to eventual socialization.

FREEDOM OF RELIGION

In Yugoslavia, harsh repression of religion abruptly ended in 1949. A law passed in

1953 attempted to "normalize relations" between church and state. It provided for state assistance to the religious communities, the operation of theological seminaries, the reemergence of a religious press. Internal autonomy was guaranteed, interference with religious services prohibited, and the ban removed from church rites following civil marriages.

Archbishop Stepinac was released from prison in 1951, and, until his death in 1960, was a focal point of hostility between the Roman Catholic Church and the Communist regime. Relations between the Roman Catholic Church and the Yugoslav Government have since improved; channels of communications have been established at local, provincial and federal levels; and Catholic prelates have been issued exit papers without difficulty for visits to the Vatican.

The basic problem involved in church-state relations in Yugoslavia—the incompatibility of Communist ideology and religion—remains unresolved; but, before 1949, when U.S. assistance arrived, religion was treated with the full range of strong-arm attacks and other police state methods. Today the regime is seeking to regularize its relations with religious groups, and to improve general church-state relations. This is being attempted without, however, giving up basic Communist principles and objectives.

In Poland, freedom of religion had been under severe Communist repression and is still embattled, but has made meaningful strides:

Catholics (who make up 95 percent of the population) enjoy basic freedom of worship. The church maintains a nationwide program of religious education for children as well as a Catholic university and seminaries. Cardinal Wyszynski, Polish primate, and many of the Polish bishops have recently traveled to the Vatican on several occasions in connection with the ecumenical council and the conclave. The Government treats a number of religious holy days as national holidays. The following description of a church service is taken from an eyewitness report in Newsweek magazine (June 18, 1962):

"In Warsaw, in the darkened Church of the Holy Cross, a young priest has just finished reading Stefan Cardinal Wyszynski's pastoral letter urging the faithful to fight atheism, materialism, and the corruption of youth.

"'And now,' the priest intoned, 'repeat after me: We pledge to thee, Holy Mary, Queen of Poland, that we shall fight the evil forces of atheism and materialism, and that we shall protect our youth. So help us God.'

"The congregation, kneeling in the pews, in the aisles, and on virtually every inch of the floor, solemnly repeated the pledge."

FREEDOM OF SPEECH AND THE PRESS

In Yugoslavia, freedom of speech and the press is limited, but has changed drastically since Yugoslavia was part of the monolithic Soviet bloc. The author of the widely known anti-Communist books, "New Class" and "Conversations With Stalin," Milovan Djilas, is in jail, but his books came out of the present intellectual ferment in that country. The overwhelming majority of Yugoslav writers within the system have experimented relatively freely and with comparative lack of interference in their work. Yugoslav newspapers publish more straight news and more balanced news than those in any other Communist country, and they subscribe to AP, UPI, and the New York Times service. Foreign correspondents are not censored and they are free to report what they can find out.

Eyewitnesses attending local area meetings report sharp and outspoken criticism of the regime, especially in regard to economic and social plans, and to execution of previously approved projects. In local government meetings, greater participation by the public and by locally elected officials is increasingly encouraged, and the opportunity for expressing opinions and attitudes toward local problems is increasingly utilized.

In Poland, freedom of speech and the press is limited but contrasts sharply with conditions when Poland was fully under Soviet control:

"I agree to the present state of affairs on condition that our children's freedom will be greater, not less. We talk of competing with the West. This competition cannot be purely economic. It must also extend to the field of rights, to the field of freedom." (Polish Scientist Leopold Infeld, in Przeglad Kulturalny (Warsaw), November 23, 1961.)

At the end of 1961, Polish pollsters found their teachers read Western novelists. Of 220 primary school teachers questioned, not one had mentioned a contemporary Polish or Soviet novel. Secondary school teachers listed Hemingway, Camus, and Steinbeck as most frequently read, and in an expanded list did not include a single Communist writer. Radio Warsaw, reporting these things, complained that children praised the capitalist system in their school essays, and that even those that defended socialism were unable to state points of superiority.

Trade and aid data—U.S. exports of domestic merchandise to Yugoslavia for 1962 (selected commodities)

COMMODITY GROUP AND SUBGROUP DESCRIPTION	*Value* (*dollars*)
Animals and products, edible:	
Meat and meat products	323, 068
Animal oils and fats, edible	7, 500
Dairy products	630
Fish and fish products	1, 199
Animal products, edible	14, 705
Subtotal	347, 102
Animals and products, inedible:	
Hides and skins, raw, except furs	1, 182, 345
Leather	2, 034
Furs and manufactures	1, 080
Animal and fish oil and grease, inedible	328, 752
Animal and animal products, inedible	9, 673
Subtotal	1, 523, 884
Vegetable products, edible:	
Grains and preparations	50, 515, 802
Fodders and feeds	2, 027, 455
Vegetables and preparations, edible	3, 105
Fruits and preparations	413, 234
Nuts and preparations	1, 239
Vegetable oil, fat and wax, refined	763, 527
Cocoa, coffee, tea, and substitutes	5, 199
Spices	3, 048
Sugar and related products	3, 091
Subtotal	53, 735, 700
Vegetable products, inedible:	
Rubber and manufactures, exclusive of sc 2	741, 006
Naval stores, gums, and resins	21, 230
Vegetable oil, fat and wax, crude	8, 297, 505
Nursery and floral stock	3, 534
Tobacco and manufactures	1, 072, 754
Miscellaneous vegetable products, inedible	41, 540
Subtotal	10, 177, 569
Textile fiber and manufactures:	
Cotton, unmanufactured	15, 189, 393
Cotton, semimanufactures	723, 262
Cotton manufactures	72, 689
Vegetable fibers and manufactures	22, 178
Wool manufactures	7, 257
Hair and manufactures	1, 842
Silk and manufactures	536
Manmade fibers and manufactures	1, 418, 035
Miscellaneous textile products	6, 872
Subtotal	17, 442, 064
Wood and paper:	
Wood, unmanufactured	895
Wood manufactures	26, 497
Paper base stocks, except rags	1, 117, 766
Paper, related products and manufactures	387, 100
Subtotal	1, 532, 258
Nonmetallic minerals:	
Coal and related fuels	3, 912, 094
Petroleum and products	1, 478, 751
Stone, hydraul cement and lime	204
Glass and products	46, 721
Clay and products	15, 137
Nonmetallic minerals	98, 494
Subtotal	5, 551, 401
Metals and metal manufactures:	
Iron and steelmaking raw material	1, 290, 442
Iron and steel mill prod roll and fi	2, 704, 777
Metal mfrs	3, 121, 065
Alum ore, etc, & semfab form	3, 843, 330
Copper ore, etc, & semfab form	5, 992, 271
Copper base alloy and semfab form	1, 560
Nickel ore, etc, & sfab form	556
Tin ore, etc, & semfab form	121, 220
Nfer ore, etc, & sfab f, nec	85, 945
Prec mtl & plated ware, nec	992
Subtotal	17, 162, 158
Machinery and vehicles:	
El mach and app except sc 2	3, 583, 225
Power generating mach. nec	2, 313, 956
Constr. excav. and mining mach	1, 955, 894
Mtl ctg mach. tools ex sci	1, 991, 209
Mtl form mach tools	111, 248
Mtlwrking mach nec pt and acc	8, 308, 061
Textile, sewing and shoe mach	634, 461
Industrial mach and parts, nec	11, 614, 190
Office acctg and comptg mach	478, 387
Printg, bookbinding apparatus	93, 352
Agric mach implements and pts	144, 595
Tractors, nec pts	542, 710
Auto. etc. pt and acc. ex sc 2	457, 266
Aircraft pts acc ex sc 2	8, 000
Watercraft, excl of sc 1	6, 432
Railway transportation equip	113, 177
Vehicles and parts, nec	7, 389
Subtotal	32, 363, 552

Trade and aid data—U.S. exports of domestic merchandise to Yugoslavia for 1962 (selected commodities)—Continued

	Value (*dollars*)
Chemicals and related products of:	
Coal tar and products, ex. sc.	17, 484
Medicinal and pharmaceutical preparations	1, 538, 779
Chemical specialties	1, 435, 549
Industrial chemical ex. sc. 1	446, 850
Pigments, paints, and varnishes	165, 681
Soap and toilet preparations	2, 227
Subtotal	3, 606, 570
Miscellaneous:	
Photo proj. goods ex. sc. 1	317, 711
Sci. and prof. eq. nec. ex. sc. 1	1, 330, 137
Musical instruments pts. and acc	36, 256
Miscl. office supplies	19, 982
Toys, games, athl, and sptg. goods	4, 630
Books maps and prnt. mat. nec	54, 258
Miscl. commod. nec. excl. sc. 1	8. 876, 032
Subtotal	10, 639, 006
Yugoslavia, total	154, 081, 264

Total U.S. exports to and imports from Yugoslavia

[In millions of dollars]

	1948	1953	1960	1961	1962
U.S. imports	5	31. 6	40. 2	39. 2	48. 3
U.S. exports	8	108. 7	86. 0	153. 9	154. 1

(The U.S. export data include Public Law 480 sales, Export-Import Bank loans, and AID programs including the Development Loan Fund. In 1962, U.S. exports for the first time in many years dropped rather than increased and were exceeded by imports as a result of Yugoslav foreign trade reforms and successive droughts forcing a 2.4 percent reduction of Yugoslav imports for the year.)

U.S. AID TO YUGOSLAVIA

Current U.S. assistance to Yugoslavia is almost exclusively in the form of surplus agricultural commodities under the Public Law 480 program. The last loan from the Development Loan Fund of the Agency for International Development was made in the fiscal year 1961. Grants from the Agency for International Development amounted to $3.3 million in fiscal year 1961, $0.5 million in fiscal year 1962 and $0.1 million in fiscal year 1963. The fiscal year 1963 grant was made from funds authorized by the Congress to complete orderly phasing out of prior year AID activities.

Under title I of the Public Law 480 program the United States sells surplus agricultural commodities to Yugoslavia for Yugoslav currency. Ten percent of the sales proceeds are reserved for U.S. uses, and the remaining 90 percent is made available to the Yugoslav Government, principally in the form of loans, for economic development projects. The United States is also selling commodities to Yugoslavia on 15-year dollar credit terms under title IV of Public Law 480. Under title III of Public Law 480, surplus agricultural commodities are provided to support U.S. private relief agencies operating in Yugoslavia, such as CARE, Church World Service, and Lutheran World Relief.

As a result of the disastrous earthquake which virtually destroyed the city of Skopje, Yugoslavia, on July 26, 1963, the United States has provided emergency relief assistance consisting of medical aid and supplies, blankets and cots, shelter, food and transportation services. In addition, 37.5 billion dinars in U.S. holdings, equivalent to $50 million at the current exchange rate, was made available for relief and construction from Yugoslav currency holdings available for U.S. use.

Approximate quantities of commodities under title I, Public Law 480, agreements signed July 1, 1954, to June 30, 1963

Wheat and flour (bushels)	221, 140, 000
Cotton (bales)	656, 000
Nonfat dry milk	5, 441, 000
Fats and oils (pounds)	666, 159, 000
Dry edible beans (hundredweight)	222, 000
Fresh fruits (pounds)	15, 504, 000
Canned fruit and juices (pounds)	4, 993, 000

1962 U.S. exports of domestic merchandise to Poland

COMMODITY GROUP AND SUBGROUP DESCRIPTION	*Value* (*dollars*)
Animals and products, edible meat and meat products	7, 659
Hides and skins, raw, ex furs (inedible)	386, 297
Leather manufactures (inedible)	1, 728
Animal and fish oil and grease, inedible	4, 021, 903
Subtotal (edible and inedible)	4, 417, 587
Vegetable products, edible:	
Grains and preparations	43, 930, 624
Fodders and feeds, nec	123, 025
Vegetables and prep., edible	3, 800
Fruits and preparations	10, 190
Veg. oil, fat and wax, refines	3, 245, 588
Cocoa, coffee, tea, and substitutes	18, 264
Beverages	940
Subtotal	47, 332, 431
Vegetable products, inedible:	
Rubber and manufacturers excl of sc 2	1, 450, 239
Oil seeds exc. essential	478, 944
Veg. oil, fat and wax, crude	4, 367, 363
Seeds, except oil seeds	2, 726
Nursery and floral stock	180
Tobacco and manufactures	346, 143
Miscl. veg. products, inedible	77, 070
Subtotal	6, 722, 665
Textile fiber and manufactures:	
Cotton, unmanufactured	20, 523, 937
Cotton, semimanufactures	203, 635
Cotton manufactures	1, 000
Wool, unmanufactured	11, 000
Wool, semimanufactures	563, 270
Manmade fibers and manufactures	638, 789
Subtotal	21, 941, 631
Wood and paper:	
Sawmill products	29, 850
Wood manufactures	8, 500
Paper, related products and manufactures	5, 945
Subtotal	44, 295
Nonmetallic minerals:	
Glass and products	2, 533
Clay and products	85, 161
Nonmetallic minerals, nec	394, 832
Subtotal	482, 526
Metals and metal manfacturers:	
Ir & stl mill prod roll & fl	176, 537
Castings and forgings	16, 330
Metal mfrs. excl of sc 1	15, 152
Alum ore, etc. & semfab form	732, 819
Nfer ore, etc. & sfab f, nec	144, 830
Subtotal	1, 084, 668
Machinery & vehicles:	
El mach & app except sc 2	237, 509
Power generating mach, nec	45, 295
Constr. excav & mining mach	220, 583
Mtl ctg mach. tools ex sci	246, 943
Mtl form mach tools	13, 211
Mtlwrking mach nec pt & acc	1, 864, 756
Textile, sewing & shoe mach	79, 478
Industrial mach & parts, nec	186, 539
Office acctg & comptg mach	34, 004
Printg, bookbing apparatus	17, 758
Agric mach implements & pts	7, 081
Auto, etc. pt & acc. ex sc 2	18, 845
Aircraft pts acc ex sc 2	23, 648
Watercraft, excl of sc 1	7, 700
Subtotal	3, 000, 350
Chemical and related products:	
Coal tar and products, exc sc	50, 895
Medicinal and pharmaceut prep	850, 622
Chemical specialties	76, 728
Industrial chemicals ex. sci	86, 670
Pigments, paints and varnishes	1, 377
Chemical and related products—Continued	
Soap and toilet preparations	828
Subtotal	1, 067, 120
Miscellaneous:	
Photo proj goods ex sc 1	99, 710
Sci and prof eq. nec. ex sc 1	112, 214
Musical instruments pts and acc	18, 934
Miscl office supplies	2, 000
Toys, games athl and sptg good	4, 712
Books, maps, and print mat nec	143, 003
Miscl commod nec excl sci	7, 930, 697
Subtotal	8, 311, 270
Total	94, 404, 543

Department of State, Oct. 29, 1963.

[A public affairs reprint, Agency for International Development, Department of State, Washington, D.C.]

POLAND? YUGOSLAVIA?—WHY HELP COMMUNISTS?

(By Christian A. Herter)

Emotion is rarely a reliable guide to sound policy decisions. Yet all of us are tempted at one time or another to speak out or act in anger against situations not to our liking. More often than not, we discover anew that we cannot end our troubles merely by opposing them. In the conduct of international relations, we are far more likely to achieve our goals by careful planning and the quiet and skillful use of diplomatic tools than by harsh words and hasty decisions.

A case in point is our relationship with the countries of Eastern Europe. Few of the numerous problems that confront us in the world generate more frustration or arouse more controversy than this. Many of us, and more of our ancestors, came from that arc of states that runs through the heart of Europe from Poland to Rumania. It distresses us to know that most of the people now living in those countries are ruled by regimes they neither approve of nor respect. We blame ourselves, in part, for not successfully opposing their absorption into Moscow's empire. And we find it galling that we can do so little now to promote their freedom and independence.

Against this background of concern and frustration, it is not at all puzzling that we should occasionally lash out at the Communist rulers and all their works, that we should seek to end or prevent any action on our part that might lend them comfort or prestige. This feeling was reflected most recently by the action of the Senate in voting to ban any assistance to countries "known to be dominated by communism or Marxism."

This sweeping restriction was modified the following day by a second amendment to the Foreign Assistance Act, sponsored jointly by the Democratic and Republican leadership in the Senate, which permitted the use of surplus agricultural products for foreign assistance in some circumstances. Even so, the surplus products are not to go to any country "participating directly or indirectly in any policy or program for the Communist conquest of the world" or to one that is "controlled by any country promoting the Communist conquest of the world."

At almost the same time, the Ways and Means Committee of the House was sending to the floor a foreign trade bill that would exclude Poland and Yugoslavia from most-favored-nation treatment under our system of tariffs.

These actions in the Congress sought to reverse policies followed by three administrations, two Democratic and one Republican, for a dozen years and more. I am certain that the frustrations mentioned earlier played an important part in these actions. Also at work was the feeling that the assistance given Poland and Yugoslavia in recent years had produced no tangible results from the point of view of our interests. There was understandable irritation that Polish and Yugoslav leaders frequently criticized the United States but not the Soviet Union. Some legislators argued that it made no sense for the United States to go out of its way to ease the economic problems of Communist regimes.

"I am not able to understand how we would help people to get free by making their tyrant masters stronger," one Senator said during debate on the foreign assistance amendment. It was a question that many Americans have asked themselves. Why should we help a Communist government?

The first and most obvious answer is that our policy is not designed primarily to help governments but rather to help the unfortunate people of the countries concerned. That it helps the governments, we recognize, of course. But for any realistic judgment, we need to look at the total effect, not merely the most obvious one; the subtle and indirect consequences of action are frequently more important than those readily discernible.

For a fuller answer, we must know just what it is that we have done to assist Poland and Yugoslavia. We should consider the reasons that convinced Presidents Truman, Eisenhower, and Kennedy that such aid was in the security interests of the United States. Finally, we should study the results of this policy.

Only then can we judge whether the course we have pursued has produced useful results, and whether it should be continued.

In the years immediately following World War II, Yugoslavia was probably the most militant and extreme of Moscow's recently acquired satellites. That very extremism created problems. Tito, in those days, was, if anything, more Stalinist than Stalin himself and his militancy created intrabloc problems of discipline and control. Stalin sought to take over the Yugoslav party from within. When that failed he engineered the exclusion of Tito and his followers from the Cominform.

The Soviet dictator calculated that without his support, the Yugoslav Communists would quickly be brought to heel. He was wrong, and it proved to be one of his most serious blunders. For Tito had broken the so-called monolithic unity of the Communist bloc, the winds of nationalism and independence began to blow, and their erosive effect on Moscow's control have become increasingly apparent.

Yugoslavia's break with Moscow and its pursuit of an independent course produced significant political and strategic advantages for the United States and the rest of the non-Communist world. Soviet power was rolled back from the Adriatic Sea and from Italy's northeastern border. Austria's southern boundary was freed from Moscow's control. The closing of Yugoslavia's borders to Greek Communists sounded the death knell for the latter's effort to win over Greece.

Other consequences flowed from Yugoslavia's independent course, to the obvious advantage of both the Yugoslavs and the West. The pace of development accelerated and living standards rose. Foreign trade increased and more than two-thirds of it was with nonbloc countries. Cultural and technical contracts have grown and new bonds of friendship have been established. Over the past decade, thousands of westerners have visited Yugoslavia and come to know firsthand that country, its progress and problems, and its intelligent, able, and fiercely independent people. And many Yugoslavs have been able to see the West and to compare its reality with the propaganda stereotypes.

We know that the present course has been welcomed by most young Yugoslavs and by broad segments of the population at large. We should harbor no illusions, however, as regards the present political leadership and its basic Communist orientation. Nonetheless, President Tito is a proud and independent man, and he is a Yugoslav. However much he might welcome readmission to the bloc, he is not likely to consider it on terms of less independence than he demanded in 1948. And from Moscow's viewpoint, such a demand could only stimulate the forces of nationalism which already have caused the Kremlin incalculable trouble.

The danger in the present situation is that a drastic revision of U.S. policy along the lines of the proposed Senate amendment would sharply reduce Yugoslavia's freedom of choice. A harsh stiffening of our policy and a modest softening of Moscow's might convince the men in Belgrade that they had only one road open to them. The hand of those who all along have favored a reorientation of Yugoslav policy in the direction of closer ties with Moscow would be incredibly strengthened; those whose orientation has been toward the West would be left with few effective arguments or defenses.

In testimony before a House committee earlier this year, Secretary of State Dean Rusk said: "We believe the question answers itself as to whether we would prefer that the Yugoslavs fall back into dependence on the Soviet bloc and thus reorient their country toward the East. We are convinced that the present policy, supported by three administrations and fully tested by time and events, is effective and in the interests of this country."

There are elements of both similarity and considerable difference in the situations in Poland and Yugoslavia. Like the Yugoslavs, the Poles are a proud and independent-minded people. But they are also realists and they know that their geographic position creates special problems for them. Bordering the Soviet Union and athwart the main lines of communication between the Soviet state and East Germany, Poland knows that any overt moves in the direction of a rupture with Moscow would produce the most severe kind of repression. It does not enjoy the kind of relative isolation from the Soviet Union that made Yugoslavia's break with Moscow possible.

During the first decade after World War II, Poland's Communist leaders were docile followers of Stalin and careful executors of his policies. American policy toward the Warsaw regime paralleled that toward the other members of the Soviet bloc. But in 1956, revolt against blind acceptance of the Soviet pattern erupted in Poland. Wladyslaw Gomulka, who had been jailed by the Stalinists, assumed power on the crest of this Poland-first demonstration.

The new Polish leader had to walk the narrow ledge between his basic loyalty to Moscow and to Marxism-Leninism and his comprehension of the demands of his own people for liberalization and more freedom. Forced collectivization of farmlands was halted. Pressures on the Catholic Church were reduced. Limitations on contracts with the West were relaxed and the Warsaw government moved to improve its long-neglected relations with nonbloc countries.

As we watched these developments from Washington, we concluded that they should not pass unnoticed. In October 1956, the late Secretary of State John Foster Dulles declared:

"The captive peoples should never have reason to doubt that they have in us a sincere and dedicated friend who shares their aspirations. They must know that they can draw upon our abundance to tide themselves over the period of economic adjustment which is inevitable as they rededicate their productive efforts to the service of their own people, rather than of exploiting masters. Nor do we condition economic ties between us upon the adoption by these countries of any particular form of society."

A few days later, President Eisenhower said:

"The United States has made clear its readiness to assist economically the new and independent governments of these countries. We have already—some days since—been in contact with the new Government of Poland on this matter. We have also publicly declared that we do not demand of these governments their adoption of any particular form of society as a condition upon our economic assistance. Our one concern is that they be free—for their sake, and for freedom's sake."

Since 1957, these expressions of interest and support have taken the practical form of credits and deliveries of surplus farm products. There has been a significant and fruitful growth in technical and cultural exchanges. Thousands of Americans and Poles have come to know each other well, whether as official visitors or as tourists. Well-known Americans, such as former Vice President Nixon, who have visited Poland, have been overwhelmed with the warmth and friendliness of their reception by the Polish people.

The Poles know that economic assistance from the United States has helped to raise their standard of living. They know that grain imports from America have permitted their farmers to concentrate on other agricultural products that earn hard currency on world markets. Their farm situation, the best by far in the Soviet bloc, has enabled them to resist pressures for tighter controls and possibly a revision to the hated collectivization.

They know, too, that help from the United States has permitted the Government in Warsaw to steer a course freer of dominance from Moscow than would otherwise have been possible.

There have been reports lately of discouraging developments within Poland that we can only read with regret. New pressure is being exerted against the Catholic Church by the government. The authorities have expanded controls over the press and the schools. Nevertheless, the Polish people enjoy a measure of freedom unknown in any other bloc country. And Polish farmers still own more than 85 percent of the land under cultivation, whereas in other bloc countries that percentage or more is under the stultifying hand of collectives.

Nor has Gomulka surrendered his views on the right of each state to determine and follow its own road to socialism without being rigidly tied to the Soviet model. Following the 22d Soviet Communist Party Congress last fall, Mr. Gomulka in his report said: "Every party is fully independent and autonomous and bears full responsibility for the country it rules and for its policy in the country."

There is evidence of many other significant differences between the views held in Moscow and those dominant in Warsaw on both domestic and foreign issues. While the Soviet Union has been stressing the desirability of expanding intrabloc trade, Poland has been establishing a privileged sector of industry producing primarily for Western markets.

As we look at these and other facts of life inside the Soviet system, it is more important than ever for us to distinguish between the myths and the realities. This is particularly vital as we consider our policies toward Yugoslavia and Poland. The basic objective of our policy in both countries has been to encourage their independence and freedom for their people.

Critics of the course we are and have been following tend, I think, to regard the public statements of Tito and Gomulka on foreign policy matters as the only valid evidence of what is happening in their two countries. Each expression of friendship for Moscow is read as a sign of our own failure. Those who would have us turn our backs on those most friendly to us in Poland and Yugoslavia seem surprised to discover with some regularity that Messrs. Tito and Gomulka are still Communists.

Surely this is not the time to walk away from the competition. I can think of few actions on our part that would be more welcome in Moscow than that. If I were Mr. Khrushchev, I would surely heave a sigh of relief if I knew that Poland's and Yugoslavia's windows to the West were being bricked over. Never have the signs of internal disarray been more obvious within the Soviet empire than they are today. Never have the forces of autonomy and independence been more evident.

There is a puzzling inconsistency in all of this that we should consider. We have all heard words of warning about the effectiveness of Moscow's penetration of an increasing number of countries through trade-and-aid offensives. Yet some of us who seem most alarmed at this intensified competition are among those who would deliberately deprive ourselves of the opportunity to carry on this brand of peaceful competition within the bloc itself.

One of our problems, I believe, is our impatience and our desire to find clear-cut and quick answers. Given the complexities of our world, there are few such answers short of devastation. We must gird ourselves for the long, hard pull that this kind of competition requires. The search for shortcuts can drive us into hasty and emotional decisions that only create new problems.

A policy of abandonment toward key areas of Eastern Europe would seem to me to be the ultimate in the "no win" policy we hear discussed these days. Its logical outcome would seem to be either surrender or military conflict. Certainly we cannot "win" a competition in which we refuse to participate. And if we hope for internal tension and turmoil as the outcome of our inaction, we must in good conscience be prepared for the consequences of such a development.

I doubt that that is what we want. I doubt that such an outcome would serve well the interests of freedom or independence of our friends in Eastern Europe.

The question of our policy is sometimes phrased as one of aid for Communist governments versus no aid. That is not the real issue. The central question is whether the President is to have available to him the authority to extend or not extend assistance at times and places where the available evidence indicates that such action would promote our own national security interests.

It is also a matter of our overall posture toward peoples now living under unwanted Communist rule. If they and their governments know they cannot count on us for urgently needed help, they will suit their actions and their policies to fit that fact. If they realize that such help might be forthcoming in certain circumstances, their actions could be quite different.

Two years ago, as Secretary of State, I expressed my views on this matter in a speech to the American Bar Association in Washington. I said then:

"We have tried to encourage any trend toward greater freedom within the Communist bloc. We aided Yugoslavia, whose break with the bloc compounded the difficulties of maintaining monolithic Soviet control over the remaining Eastern European states. We are helping Poland. We have sought through exchange programs and other personal and cultural contacts to broaden the exposure of the Soviet people to outside influences.

"If we hold to our course, I believe that these trends will continue and will work in our favor. Basically our policy is running with the grain of history."

My reading of the situation in which we find ourselves today only reinforces that conviction.

Mr. HARTKE. Mr. President, I commend the Senator from Ohio for bringing the situation to a head. There is no real difference in ideology between these dictators. This man is an opportunist. This is the type of opportunism which the Communists work to their advantage.

The Senator from Ohio has said that he is going to stand alone. He is not going to stand alone so far as I am concerned. I am going to stand with him.

Mr. LAUSCHE. Mr. President, the Senator from Indiana has asked that he become a joint sponsor of the amendment. I ask that his name be added to it and that the amendment be known as the Lausche-Hartke amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. If I am in error, the distinguished chairman of the Foreign Relations Committee is present, and he can correct me. As I read the figures from page 40 of the report, it states that U.S. imports from Yugoslavia in 1962 totaled $48.3 million, and U.S. exports to Yugoslavia were $154.1 million, of which an estimated $131 million were financed by the U.S. Government under AID programs, Public Law 480, and Export-Import Bank loans.

According to my computation, $131 million subtracted from $154.1 million leaves $23.1 million, which leaves a deficit balance of $25.2 million. Am I in error?

Mr. FULBRIGHT. No; that is correct. It is in the committee report. We were not trying to deceive anybody. Yugoslavia has substantial loans from the International Bank, and it is servicing Yugoslavia's loans. The Senator is correct. That is quite clear from page 40 of the committee report.

Mr. HARTKE. Is it not true that on a recent trip to South America, Tito attempted to make an agreement to extend long-term credits to South American countries, and in fact concluded such agreements?

Mr. FULBRIGHT. I am not informed as to that.

Mr. HARTKE. Did he not also make long-term agreements with Bolivia to sell that country machinery?

Mr. FULBRIGHT. I am not informed as to that. I have not made a special study of trade with every other country.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. MANSFIELD. It is my understanding that Tito did offer the Bolivian Government $5 million. I wish other governments would make loans to some countries and offer aid on a bilateral or multilateral basis, instead of making this country carry the whole burden.

Mr. FULBRIGHT. If Tito wishes to trade, I assume, as in the case of every other country, he is trying to trade in every way he can.

Mr. HARTKE. Mr. President, will the Senator yield further?

Mr. LAUSCHE. I yield.

Mr. HARTKE. Is it not true that so far as special favors and Tito are concerned, such favors, or special consideration, or the most-favored-nation treatment, are not being extended to other Communist countries except Poland?

Mr. FULBRIGHT. The Senator from Illinois said there is no special consideration; there is no preferential treatment over 44 other countries, I think the number is.

Mr. HARTKE. What other Communist countries have received such treatment?

Mr. FULBRIGHT. Poland and Yugoslavia.

Mr. HARTKE. They are the only two Communist countries.

Mr. FULBRIGHT. Yes; and previous administrations have found good reason for it.

Mr. HARTKE. I am not arguing about what previous administrations did.

Mr. FULBRIGHT. No one has insinuated in the slightest degree that both are not socialistic countries.

Mr. HARTKE. I heard the distinguished Senator from Oregon say he did not want to cheat America out of this trade. What about the situation as to imported zinc? An application as to zinc was before the Tariff Commission, and the decision was 3 to 2. It was a hotly contested decision.

Mr. FULBRIGHT. It amounted to $766,000 with respect to zinc.

Mr. HARTKE. That is correct.

Mr. FULBRIGHT. That is a very great matter to become excited about.

Mr. HARTKE. That is only one. There have been split decisions over and over again. I do not care if we proceed on an equal basis, but how do Communist countries establish their prices? Do they establish them on the basis of cost, as we do?

Mr. FULBRIGHT. I do not know how they establish their prices. We do not give them a special price. They have to meet the world price.

Mr. HARTKE. They do not have to worry about labor or production costs.

Mr. FULBRIGHT. I think they have to worry about all costs; otherwise they could not meet the competition. They cannot sell to us at any higher price than that offered by any other country. Any country that produces any product has to worry about costs.

Mr. HARTKE. It is true that, so far as Communist and Socialist governments are concerned, they can export items at prices that have no relation to production or labor costs. There is no definite way to make a determination in the Tariff Commission as to what the costs are.

Mr. MANSFIELD. Mr. President, will the Senator yield for an answer?

Mr. LAUSCHE. First, we must adjust our prices to the cost of production. Communist countries do not have to do so, and deliberately do not do so, because their intent, first, is to dupe their own people; and, second, they are intense in their belief that the free nations will perish, and subsequently they will be able to do whatever they please.

I yield now to the Senator from Montana.

Mr. MANSFIELD. I would just as soon have a vote.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Vermont.

Mr. AIKEN. My understanding is that 20 percent of the grain produced by Polish farmers is sold to the Government, and the other 80 percent is sold on the open market. Poland and Yugoslavia are two Communist countries that have not taken the land entirely away from the people. I do not think the Polish Government has forcibly acquired any of the land of its farmers. Twenty-five percent of the land in Yugoslavia is Government owned, but the people are not required to sell to the Government.

Mr. LAUSCHE. Mr. President, I apologize to the Senator from Colorado [Mr. DOMINICK], inasmuch as he is one of the original sponsors of the amendment. I suggest that it be called the Dominick-Hartke-Lausche amendment.

Mr. HUMPHREY. Mr. President, I rise to support fully and completely the action taken by the Committee on Foreign Relations which the Lausche amendment seeks to overturn. In effect, I am in favor of maintaining the existing situation, I am against an abrupt and unreasonable change of course. Such a change, though seemingly modest on its face, would have enormously important implications for the whole course of our foreign policy with respect to Eastern Europe.

What the Committee on Foreign Relations is trying to do, Mr. President, is to continue treating Yugoslavia as a nation which is neither a pariah nor actively hostile to the United States, but rather as a country with which we would like to maintain as normal commercial relationships as possible. We are not talking about foreign aid here. We are not talking about giving unusual preferential treatment to a Communist country. We are not talking about our personal dislike for the Yugoslav form of government. We are not expressing any fondness for the head of the Yugoslav Government. We are talking about trade in consumer goods. There is no question of any strategic materials whatsoever being involved. And quite frankly, we should be cutting off our noses to spite our faces if we Americans refused to make such trade possible when without doubt our Western European allies will continue to engage in such trade.

But the paramount question here is the political and psychological one. It is not just a matter of pushing Mr. Tito into the arms of Khrushchev if we erect prohibitively high tariff barriers against Yugoslavia. On the contrary, this is an issue which will serve to influence our whole policy toward the unfortunate countries of Eastern Europe which have been sucked into the orbit of the Kremlin. The one peaceful and promising means we have of opening a window to the West for the satellite states surely is through trade. If our long-established aim of liberation of those countries from Soviet imperialism is to remain more than an empty phrase, we must preserve and expand any opportunities we now have to create normal commercial ties with Eastern Europe.

That, Mr. President, is the basic reason why this amendment is vitally important to our foreign policy. It is the basic reason why I strongly oppose the Lausche amendment. I hope it will be soundly defeated.

MOST-FAVORED-NATION TREATMENT TO POLAND AND YUGOSLAVIA

Mr. FULBRIGHT. Mr. President, this is one of the most important substantive provisions of the bill. It raises a fundamental issue of policy; yet the point which is directly involved is a relatively small one.

It is important that Senators be clear as to exactly what is—and is not—involved.

In the first place, the language in the committee bill does not represent a new policy on the part of the United States. On the contrary, it will make it possible for the United States to continue the policy it has been following. There is no new or special concession involved. Both Poland and Yugoslavia now receive most-favored-nation treatment. The bill will simply enable the President to make it possible for them to continue to do so.

In the second place, most-favored-nation treatment does not represent any especially favorable position, and in this respect the term itself is somewhat misleading. As a matter of fact, prior to 1951, U.S. law required the extension of most-favored-nation treatment in matters of foreign trade to all nations and foreign areas.

The Trade Agreements Extension Act of 1951 directed the President, as soon as practicable, to withdraw most-favored-nation treatment from the Soviet Union and from "any nation or foreign area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement."

It is important to note that this did not apply to nations with Communist governments per se, but only to those nations dominated by international communism. The distinction is crucial.

Under the terms of the 1951 act, most-favored-nation treatment was withdrawn from the Soviet Union and all Soviet-dominated countries. But it was not withdrawn from Yugoslavia which had broken with the Soviet bloc in 1948, though retaining a Communist government.

Beginning in 1956, Poland likewise began to manifest a degree of independence from the Soviet Union, and this developed to the point where, by 1960, President Eisenhower reinstated most-favored-nation treatment to Poland.

The Trade Expansion Act of 1962 contained a provision directing the President, "as soon as practicable," to withdraw most-favored-nation treatment from "any country or area dominated or controlled by communism." Note the difference from the act of 1951, which withdrew most-favored-nation treatment from only those countries dominated by the international Communist movement.

Compliance with the 1962 act in the case of Yugoslavia would involve the abrogation of a treaty dating back to 1881. This is a process which, by the terms of the treaty itself, requires 1 year.

In the case of Poland, compliance with the 1962 act would involve breaking an understanding on the basis of which a $40 million claims settlement was reached with Poland.

Because of the treaty with Yugoslavia and the claims settlement with Poland and because the Congress has been reconsidering its action of last year, the President has felt justified in not initiating steps to withdraw most-favored-nation treatment from those countries. It should be clear, however, that the United States has the legal right to abrogate the treaty with Yugoslavia, in accordance with the treaty's terms. Further, the United States is not committed to maintain most-favored-nation treatment for Poland into the indefinite future. It should be recognized, however, that if we do withdraw most-favored-nation treatment from Poland, the Poles will most probably stop payments on the claims settlement and refuse to negotiate a still-pending settlement on outstanding dollar bonds.

All of this, however, the United States could survive. What is really important about the provision of the committee bill is that it enables the President to use trade as an instrument of foreign policy to encourage the growth of national independence in Eastern Europe.

The realistic alternatives in Eastern Europe are between a monolithic structure of docile satellites firmly controlled by the Soviet Union and a collection of states which have Communist governments but which also maintain a degree of national independence. The latter is clearly to be preferred by the United States. The powers which the committee bill gives to the President will help to achieve it, though there is no guarantee that they will be successful.

But it is plainly a wild delusion to base our policy toward Eastern Europe on the unfounded hope that a series of liberal democracies can be brought into being there in the foreseeable future. The Eastern Europeans themselves will plainly be better off with some freedom than with no freedom.

The whole purpose of this section of the committee bill is to contribute to that end, and I strongly urge the Senate to uphold the committee's decision.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. LAUSCHE] for himself and other Senators, to the committee amendment, in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Missouri [Mr. LONG], the Senator from Louisiana Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Connecticut [Mr. RIBICOFF], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Georgia [Mr. TALMADGE], the Senator from South Carolina [Mr. THURMOND], the Senator from Tennessee [Mr. WALTERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from Arizona [Mr. HAYDEN], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Rhode Island [Mr. PASTORE] the Senator from Florida [Mr. SMATHERS], the Senator from Virginia [Mr. ROBERTSON], the Senator from Tennessee [Mr. WALTERS], and the Senator from Texas [Mr. YARBOROUGH] would each vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from West Virginia would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Missouri would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Florida would vote "nay."

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Michigan [Mr. MCNAMARA]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Michigan would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kansas [Mr. PEARSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Utah would vote "yea" and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Florida would vote "nay."

The result was announced—yeas 14, nays 55, as follows:

[No. 222 Leg.]

YEAS—14

Beall
Cotton
Curtis
Dodd
Dominick
Hartke
Hruska
Lausche
Mechem
Mundt
Simpson
Smith
Tower
Williams, Del.

NAYS—55

Aiken
Allott
Anderson
Bartlett
Bayh
Boggs
Brewster
Burdick
Cannon
Carlson
Case
Church
Clark
Dirksen
Douglas
Ellender
Fong
Fulbright
Gore
Hart
Hickenlooper
Hill
Humphrey
Inouye
Jackson
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Miller
Monroney
Morse
Morton
Moss
Muskie
Nelson
Neuberger
Pell
Prouty
Proxmire
Randolph
Scott
Sparkman
Symington
Williams, N.J.
Young, N. Dak.
Young, Ohio

NOT VOTING—31

Bennett
Bible
Byrd, Va.
Byrd, W. Va.
Cooper
Eastland
Edmondson
Engle
Ervin
Goldwater
Gruening
Hayden
Holland
Johnston
Long, Mo.
Long, La.
McCarthy
McGee
McNamara
Pastore
Pearson
Ribicoff
Robertson
Russell
Saltonstall
Smathers
Stennis
Talmadge
Thurmond
Walters
Yarborough

So the Lausche-Hartke-Dominick amendment to the committee amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I offer my amendment identified as No. 306, and ask that it be made the pending question, for consideration on Tuesday. It is the so-called NATO amendment. I ask unanimous consent that the reading of the amendment be dispensed with and that the amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 47, delete lines 15 to 21, inclusive, and insert the following:

"(i) No assistance shall be furnished under this Act to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance to such economically developed nations and is directed to terminate such commitments made prior to July 1, 1963, at the earliest practicable time. The President is further directed to report, not later than July 1, 1965, to the Speaker of the House and to the Senate Foreign Relations Committee on the steps which he has taken to comply with this provision.

"As used in this subsection, the term 'economically developed nation' means any nation listed as an exception to the definition of 'economically less developed nation' contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland."

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, if the joint leadership can have the attention of the Senate, we remind Senators that the Senate is going over until 12 o'clock on Tuesday. The amendment of the Senator from Oregon is pending. It is anticipated that there will be votes shortly after 12 o'clock on that day. It is our hope that all Senators will be back on Tuesday, and that the absenteeism which has become chronic in this body, will in some fashion come to an end. I dislike bringing up these figures, but I think we ought to have them in the RECORD.

A week ago today, 23 Senators were absent. These figures are on the basis of votes.

Last Tuesday, 20 Senators were absent; on Wednesday, 11; on Thursday, 22; at 4 o'clock this afternoon, 26; at 4:45 this afternoon, 26; at 5:07, 27; at 6:41, 31 Senators were absent.

We have work to do. We have a long way to go before action on the bill will be completed. I hope all Senators will be on hand where they are supposed to be—in this Chamber.

Mr. DIRKSEN. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. (Mr. Brewster in the chair). The pending business before the Senate is amendment No. 306, offered by the senior Senator from Oregon [Mr. Morse].

Mr. DIRKSEN. Mr. President, I move to table the amendment. The Senate does not have to vote on the motion tonight.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois to table the amendment offered by the Senator from Oregon.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois withhold that motion?

Mr. DIRKSEN. I will withhold it temporarily, without losing my right to make the motion.

Mr. MANSFIELD. The Senator's right is maintained. I was about to suggest that the Senate take a recess until Tuesday; and that what the Senator wants to do, he can do next Tuesday.

Mr. DIRKSEN. I will withhold my motion, except that I will ask for recognition at that time to offer the motion to table.

Mr. MANSFIELD. There will be no further voting tonight. When the Senate stands——

Mr. DIRKSEN. Mr. President, what is the pending business? I will not lose my right.

Mr. MANSFIELD. No, the Senator would not lose his right to the floor. The only thing I wish to say is that there will be no further voting tonight. If Senators wanted to speak, there would be no action on the amendment.

Mr. DIRKSEN. Will I be recognized on Tuesday, the first thing, without discussion, to offer the motion to table?

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois. The pending business is the amendment by the Senator from Oregon. The Chair is not in a position to inform the Senator what will happen on Tuesday next.

Mr. DIRKSEN. Except that I will not lose my right to ask for recognition to offer the motion to table?

Mr. MANSFIELD. Any Senator can be recognized at any time for that purpose.

Mr. DIRKSEN. I will not withdraw my motion to table if I am going to lose my right to be recognized.

The PRESIDING OFFICER. Does the Senator make the motion?

Mr. DIRKSEN. I make the motion.

Mr. MANSFIELD. Will the Senator again withhold the motion?

Mr. DIRKSEN. I withhold it temporarily.

The PRESIDING OFFICER. Does the Senator from Illinois yield the floor?

Mr. DIRKSEN. I yield the floor.

SECRETARY RUSK'S NEWS CONFERENCE

Mr. MORSE. Mr. President, earlier this afternoon, I placed in the Record the first nine pages of the news conference held by the Secretary of State today. The Record will show that I said that those were the only pages that were then available. Assistant Secretary of State Dutton told me the other pages would be made available to me when they were typewritten.

In fairness to the Secretary of State, the entire transcript of his news conference should be placed in the Record. I ask unanimous consent that the rest of the pages of the news conference be printed in the Record, and that they be printed together with the first nine pages, so that there will be continuity in the Record. That is only fair, in view of the fact that I expressed disagreement with some of the observations of the Secretary of State, but expressed also my high praise for the ability of the Secretary of State.

There being no objection, the text of the entire news conference was ordered to be printed in the Record, as follows:

SECRETARY RUSK'S NEWS CONFERENCE OF NOVEMBER 8, 1963

Secretary Rusk. I know you have many matters on your minds this morning, so I won't take your time with opening statements. I am ready for your questions.

Question. Mr. Secretary, the secrecy around the wheat negotiations with the Russians is greater than usual. Your aids here in the Department, whose job has been to inform us, claim that they know nothing because they are not briefed. Now, this has been going on for weeks, and we believe we have a legitimate interest. Can you tell us how it stands?

Answer. Well, we are in a period in which the wheat problem is being discussed with the Soviet Union. There is a certain amount of bargaining going on. Obviously it is not in our interest to disclose the details of a bargaining situation. I wouldn't mind telling you gentlemen what the situation is if you would promise not to tell the Soviet Union the process of this bargaining.

But, as Mr. Khrushchev indicated yesterday, some progress has been made, but we don't know yet what the outcome will be. The President indicated in his last press conference that these matters ought to be left to the negotiators, and I would be content to leave it there for the time being. They are meeting this morning, and there may be other meetings, I don't know.

Question. Mr. Secretary, could you give us your appraisal of the situation now in Vietnam, since we have recognized it, and what do you see ahead in the future as to the impact on U.S. policy in southeast Asia?

Answer. Well, I think the great question which has been in front of us all along has been how to get on with the main job of assuring that South Vietnam is secure and able to work out its own future under its own leadership and without any interference from the outside.

Now, we were very much concerned when in 1959 the Vietcong, with public support from Hanoi, moved to interfere in South Vietnam, and indeed threatened to take it over, and there has been steady growth in assistance and help by the United States and others to South Vietnam in that struggle.

We were also concerned in May and June and July of this year when developments in South Vietnam indicated that there was a growing gap between the Government and the people of that country, and there was some danger that the solidarity of the country itself in meeting this threat would be undermined by differences within the country.

Now it is our hope that the political and the military leadership that has now formed a new government there in Vietnam will be able to rally the country, consolidate the effort, get on with the job, so that that country can be independent and free and secure.

As far as the United States is concerned, we do not have and have never had any special U.S. interest in terms of military bases or anything of that sort. Our primary concern with Vietnam is that it be secure and independent, as it is entitled to be, and we are hopeful now that there will be a consolidation of effort and that the central problem there will be dealt with with expedition, and we will do what we can to assist, and we have every reason to believe that the present leadership will do everything they can on their own side.

Question. Mr. Secretary, could you comment on the suggestion of the Communists this week that the administration might possibly find some benefit in attempting to develop a political settlement or a truce with the North Vietnamese? Is that conceivable?

Answer. I don't see quite what is involved there. So far as we can tell from what has been said in Hanoi, what they have in mind is that the regime at Hanoi would remain exactly as it is, the Communist regime, a member of the Communist bloc, and that they would then press for far-reaching changes, something that they call neutralization, in South Vietnam.

Well, we have run into that before, where they say, "On our side of the line nothing is to be changed, but on your side of the line something must be changed."

Now, let's look at this neutralization aspect for a moment. Up until about 1958 or 1959 there was no difficulty anywhere about the general attitude of South Vietnam. They weren't committing aggression against anybody. They weren't a military base for anybody. They weren't an ally in any formal sense with anyone. They were simply a country trying to be independent.

Now, the American military presence there at the present time was a direct consequence of the efforts of the Vietcong at Hanoi, the Communist world, to take over South Vietnam. If everyone else would leave South Vietnam alone, there is no problem. But to negotiate on far-reaching changes in South Vietnam without far-reaching changes in North Vietnam seems to be not in the cards.

The other side was fully committed—fully committed—in the original Geneva settlement of 1954 to the arrangements which provided for South Vietnam as an independent entity, and we see no reason to modify those in the direction of a larger influence of North Vietnam or Hanoi in South Vietnam.

Now, this is not—there is no problem about South Vietnam if others would leave it alone.

The same thing is true of Laos. Let these people work out their future in their own way without outside interference.

Question. Mr. Secretary?

Answer. Yes.

Question. May I ask a question on a different subject?

Answer. Yes.

Question. Could you give us your thoughts on the views in the Senate to restrict aid to Yugolsavia, Egypt, and Indonesia?

Answer. Well, I must say that I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries. The legislative cycle moves a year at a time. The world moves very fast. It is not possible for the Congress to anticipate in advance what the circumstances are going to be in any given situation, so I am very much concerned about the tendency to try to build into law attitudes in the use of our aid program, for example, with regard to particular countries.

These are responsibilities carried by the President of the United States. They are very heavy responsibilities. The President is the one whom the country will hold responsible if things go wrong. So I am very much concerned about the loss of flexibility, the loss of any ability to move to protect and forward the interests of the United States wherever they might be engaged anywhere in the world. So I would hope very much that the Congress would withhold its hand and not try to legislate in detail about the application of an aid program to a particular country.

Question. Mr. Secretary, on the larger view of the foreign aid situation, the Congress is in the process of tearing it to shreds; and this is only the authorization. The news is going to be a lot worse when you get to appropriations; this is quite clear.

Now how do you respond to this? You are getting a message, at least they say on the Hill, which tells you, the administration, the Congress is fed up with foreign aid, as it is now being operated.

What do you propose to do about it?

Answer. Well, we are in daily, sometimes hourly, contact with the Congress about this matter. I must say that I don't understand the tendency to cut back on our foreign aid program as deeply as is now being discussed in the Congress. The large and dangerous questions are still in front of us, whether it is Berlin, or Cuba, or Laos, or Vietnam, or whatever it may be.

There is no detente in the sense that there is a general easing of relations between the free world and the Communist world. There have been some limited and specific agreements, some of them have been important, such as the nuclear test ban treaty. There have been explorations of the possibilities of agreements on other subjects.

But this is no time to quit. There is too much unfinished business ahead of us. The United States has almost a million men outside of the continental limits of the United States, ashore and afloat. We must support those men. They are out to do a job for the free world. And I think they are entitled to have us support them by trying to get the job done without committing them to combat, if possible.

Now we spend gladly—we spend gladly—about $50 billion a year in our Defense budget. I don't see why we can't spend 10 percent of that, if necessary, to get the job done without war, if possible. So I am very much concerned about the general attitude that somehow we can relax, we can cut back on our foreign aid, we can become indifferent to what is happening in other parts of the world. The world is not in that shape at the present time, and effort is still crucial to getting the great job done on behalf of freedom.

Question. Mr. Secretary?

Answer. Yes.

Question. Could you give us your assessment of how the latest Berlin difficulty has affected Moscow-Washington relations in the larger sense?

Answer. Well, I think that one would have to say that these three interruptions on the autobahn in the last several weeks have raised some very serious questions. I can't pretend to know what is in the minds of the people on the other side on this matter. But they surely do understand, and must understand, that access to West Berlin is utterly fundamental from the point of view of the Western Powers, and from the point of view of the United States.

Now, in detail, sometimes these incidents look rather futile, look rather artificial, as thought it were some sort of elaborate minuet about procedures of one sort or another. But that is not really the issue. The point is not whether a particular tailgate is lowered. The point is freedom of access to West Berlin. Chief Justice John Marshall once said that "The power to tax is the power to destroy." Well, in a rough analogy, the power asserted by the other side to insist upon, on its own initiative—to insist upon particular procedures or regulations, could be converted into a power to interrupt access to West Berlin. That, we can't have, because our position in West Berlin is of vital interest to the United States and of the West, and we must insist upon free access to that city.

So these incidents are serious, and I think Mr. Khrushchev's remarks the other day indicated that he recognizes that they are serious. But we must insist, and we have insisted, that existing procedures be fully complied with.

Question. Mr Secretary, your remarks on neutralization in Vietnam may be subject to misinterpretation. Just to sum it up here: You reject neutralization as a solution to the problem in Vietnam?

Answer. Well, I don't know—my point is I don't know what Hanoi talks about when they talk about neutralization. South Vietnam was not allied with anyone; it was not a military base for anyone. It was subjected to attack from the outside through penetration, infiltration, arms supplies, subversive activities, matters of that sort.

There can be peace in southeast Asia if others would leave South Vietnam and Laos alone, and let the peoples of those countries work out their own future.

My point is I don't know what they mean by neutralization, except that I suspect that it means that they are trying to find some formula by which they can bring South Vietnam within the Communist world.

Question. Mr. Secretary?

Answer. Yes.

Question. Since the military coup in South Vietnam, there has been a good deal of discussion about our general attitude toward the military coup. Could you tell us what we are telling our Latin American neighbors on this point today?

Answer. Well, I think it is difficult to make a general statement that would apply in theoretical exactitude to 112 different countries. I think that the developments in South Vietnam promise to move rapidly toward constitutional government, and a sense on the part of the people that they have a stake in their future.

Now it is true that in certain other areas when questions of recognition arise, we will give a good deal of attention to the attitude of the governments who are neighbors and who are very much involved in the same problem. In this hemisphere, for example, we have very far-reaching commitments to support constitutional and democratic governments, and there is a hemispheric commitment to this problem. And the possibilities that military coups in this hemisphere could become—could start—chain reactions of such events are matters of great concern to the governments of this hemisphere.

So we are in very close consultation in the hemisphere about how these questions should be handled here. Similarly, there have been one or two occasions in Africa where our own attitude had to take into account the attitudes of other African states who had an immediate and direct interest in that situation.

But I think it would be difficult to draw a broad conclusion that would be applicable in detail to all of the 111 or 112 countries with whom we do business.

Question. Mr. Secretary?

Answer. Yes.

Question. You have expressed serious concern about the interruptions on the autobahn. And it has been indicated, both from Moscow and from here, that the chances are that there are likely to be more such incidents in the future. Is there any alternative, in your judgment, to simply waiting until these incidents occur; or is there some initiative that might be taken from the Western side to actually, as the last protest note said, put an end once and for all to these harassments?

Answer. Well, the West has made over the years a series of suggestions about far-reaching and fundamental solutions of the German Berlin question. We have had discussions, in the last 2½ years since I have been in my present office, about Berlin.

It would be possible to work out better arrangements if the other side would, in a spirit of genuine reciprocity, recognize the vital interests of the West in these matters. But those discussions have not been particularly fruitful thus far because there has not been adequate recognition of the Western vital interests in the situation.

Whether the situation will change, we cannot say. But the West has repeatedly made proposals, far-reaching proposals, for a permanent settlement of the German and Berlin questions on the basis of the needs and the wishes of the German people themselves. There is no objective reason, there is no reason in logic why these questions cannot be settled in a way that meets the vital interests of both sides. But thus far it has not been possible to do so.

Question. Mr. Secretary, in Latin America, sir, will the United States back the Venezuelan and Costa Rican proposal before the OAS Foreign Ministers meeting in order to discuss the defense of democracy in the face of a coup?

Answer. I have already indicated that as far as I am concerned, I would be glad to meet with the Inter-American Foreign Ministers if this is the consensus of the Foreign Ministers themselves, to talk about further steps we can take in the hemisphere to strengthen the constitutional processes in the hemisphere.

But this is a matter of consultation in the OAS and elsewhere, so that I don't think that I have heard yet whether that consensus has been reached. But as far as we are concerned, we are prepared to engage in such conversations, and I think it would be quite important.

Question. Mr. Secretary, in connection with Mr. Harriman's trip yesterday to South America, could you discuss two phases? One, his meeting today or tomorrow with President Illia of Argentina, and if you hope, if you think that something can develop to conciliate the oil problem, the problem of the oil contract; and, two, what your hopes are in connection with the Inter-American Economic and Social Council Ministerial meeting in São Paulo?

Answer. Well, Governor Harriman will be making calls in Buenos Aires and I believe also in Brazil, in addition to his visit with the Inter-American ECOSOC. The principal purpose of his journey is, of course, the ECOSOC meeting, where there will be an opportunity to review broadly the progress of the Alliance for Progress and measures which might be taken to strengthen it.

I think that it might be said that we ought to anticipate that the Alliance for Progress program will encounter many difficulties and, indeed, will be associated with tension in one country or another. Quite apart from anything that the United States might do in this respect, Latin America is in the process of revolutionary changes, far-reaching changes, in their economic and social structures.

Now, these changes would be going on in any event. We have felt for some time that it was important for the United States to assist those countries in taking hold of those necessary changes and moving them along through democratic process, and through constitutional processes, in ways that make sense.

Now, it isn't easy to bring about important changes through democratic methods. And the result is going to be that there will be tensions inside of a number of countries as these changes occur, and undoubtedly there will be some tensions between some of these countries and the United States because they will feel that we need to do more than we can do and that perhaps we are too exigent in asking that changes occur on their side before we come in with substantial amounts of aid.

So there is a certain amount of tension built into these changes. But we have been encouraged by the steady progress that has been made in country after country. We think they are headed in the right direction. We think that those changes can occur by peaceful means rather than by revolutionary means, and that the United States ought to play a very important part in assisting them in finding the external resources which those changes will require.

Question. Mr. Secretary, in South Vietnam, do you think that the new regime can prosecute the war more effectively than Diem did? If so, why?

Answer. I think, actually, the principal problem that developed with respect to the previous regime was the alienation of apparently very large sections of the population. We believe that the present regime has moved promptly to consolidate public effort, that they will be able to resolve some of the internal difficulties that grew up, and that there will be a possibility that the people of that country will move in greater unity on behalf of the total effort.

We are encouraged about the possibilities. But there is a good deal of unfinished business and some real problems ahead. But the reception, the support of the people themselves will be vital in this type of guerrilla warfare. The attitude of the peoples becomes absolutely crucial. As I think it was Mao Tse-tung said "If guerrillas are operating within a friendly population, every bush is an ally." Well, in the last period we feel that as far as the villages are concerned and the countryside is concerned, they become more and more the allies of the effort to eradicate the Vietcong aggression. And we believe this will get an impetus from recent events and they can go ahead now with more confidence.

Question. Mr. Secretary, you have twice referred to Hanoi's idea of neutralization in Vietnam. What is your understanding of the French point of view and their mention of a truce?

Answer. I think that was perhaps a comment from a very long-range point of view. It had very little to do with what happens tomorrow or the next day, perhaps commenting on the basis of what was anticipated at the time of the 1954 Geneva Accords. But we see no—we see no development specifically along that line from Paris, or any ideas about any particular moves that ought to be taken at this time.

Question. Mr. Secretary, going back to Berlin, some of the Russians here have been telling us that we were using salami tactics against them, and specifically in connection with the note that we sent them which they say has changed the procedures in Berlin. Do you think there is any justification to that charge?

Answer. No. I don't understand that assertion. We have been following the practices that we have been following for years on the autobahn. We have not changed those practices in either direction. Our convoy conducted itself in exact accordance with established procedures and moved ahead on the basis of established procedures. I don't know any element of change, as far as we are concerned, in our own practices. And, of course, we can't accept changes called for by the other side. There has been no discussion of that and no change in practice.

Question. Mr. Secretary, could you please give us the benefit of your insight as to why the Russians at this time chose to make an issue over Western access rights to Berlin?

Answer. No, quite frankly, I can't. I would mislead you if I thought that I understood just what's in their minds on these three incidents because it seems to cut across and interrupt a good many other things that they have been saying and efforts that have been made in small as well as some of the larger problems to find new points of agreement after the test ban treaty.

But when you try to cross the gap of language and philosophy and understanding that exists between East and West on these matters, it's very hard to know what's in the mind of the other side. I would just have to say I don't understand it.

Question. Mr. Secretary?

Answer. Yes.

Question. Sir, would you tell us, please, what are your views about any officials of your Department who would go before a congressional committee and deliberately say, under oath, what is untrue and what they know to be untrue?

Answer. Well, I think the answer to that is self-explanatory, that our policy is that when people testify before congressional committees they should tell the truth. [Laughter.]

Question. Mr. Secretary, I'd like to ask a couple of questions about the wheat deal, which I don't believe will compromise your bargaining position. First, why wasn't the shipping arrangement with American ships worked out prior to the President's granting an export license, determination to grant an export license on October 9? Second, how do you respond to the critics of the deal who say that by selling wheat to the Russians at this time we are letting them off the hook at a time when they are economically pressed? And, third, do you see any expansion of United States-Communist trade in the future?

Answer. Well, in the first place, the question of substantial Soviet purchases of wheat came with very little advance notice from the other side. And it did require looking into a good many elements that needed review, if such transactions were to go forward.

But I would suppose that the reason for the wheat arrangement is that it would be in our interest to make it. This is not a gesture of philanthrophy. If there is a basis for an exchange of wheat for convertible currency or gold that would be in our interest to make, that is one thing. This is not something that is done for any other purpose than our own self-interest. But these are matters which have to be discussed in detail.

There was no preliminary discussion with the Soviets before the question came up. These were matters that were taken up first by them with some of the private traders, and the private traders then needed to know whether in fact licenses could be issued, and what the circumstances might be. But I think I would not add anything to what I have just said on that.

Question. Mr. Secretary——

Answer. Yes.

Question. Senator DODD, on the floor of the Senate, has said that he has proof that Mr. Otepka's phone was tapped in the Department here. What is your policy on wiretapping?

Answer. Well, this question has come up in a case which is now pending in the Department of State. Since I myself will play a personal role in this case at a later stage, if there are hearings, and if the procedures go through their normal track, it will be for me, the Secretary of State, to review this in all its aspects at a later stage, I think it would be peculiarly inappropriate for me to comment at this stage.

Question. Then aren't you participating at all in the transmittal of letters of dismissal for Mr. Otepka? Did somebody else make the——

Answer. The procedures on that are established under long-standing regulations, and the letters have gone from other offices of the Department. Under existing practice, if Mr. Otepka uses the machinery that is available to him, then in due course it would come to me for complete review. And therefore I think it's important for me to reserve my own position on the matter until I have it before me officially.

Question. Mr. Secretary, many Congressmen, and also, I believe, the report of the Senate Foreign Relations Committee has called for a drastic revision of the foreign aid program in the future.

The fiscal 1965 program is now being put together in the Department. Are new concepts and fresh organizational structures being built into this program, and if so, in response to these demands—and if so, could you tell us something about them?

Answer. I think the suggestions of the Senate Foreign Relations Committee are being given the most serious and fullest consideration. We are studying those at the present time. And our proposals for next year will take those very much into account. Exactly in what way remains to be seen.

But I think the underlying point is that the foreign aid effort is a postwar effort which requires us to keep our backs in it year after year, if we are to get this job done.

I think we should not suppose that changes in detail or changes in administrative arrangements will necessarily prove the key that unlocks the necessary effort.

I think we have got to have a general national understanding that it is in our vital interest to go ahead with a substantial aid program for the next years ahead, and to be ready to do that in the most effective way possible. And I think it's this broader need for the foreign aid program that we need fully to understand.

Question. Mr. Secretary, I think it's useful just every few months to take a pulse on the Allied nuclear navy. Over the past year, we have ranged from tolerance; that is, if the Europeans want it, we will listen to their ideas, to various forms of enthusiasm. In the light of the Italian difficulties at the moment, the British preelection period, the German changeover, how do you gage the odds, our enthusiasm, and the future of this whole project?

Answer. Well, now that we know that a number of our Allies are very much interested in it, we are prepared to go ahead with it, we'd like to go ahead with it. At exactly what pace depends upon the circumstances of the other governments more than upon us.

But we think this is a good idea, both from a military and from a political point of view, and we'd like to proceed with it. And those discussions will go forward.

Question. Mr. Secretary?

Answer. Yes.

Question. Is the United States making any progress with its Allies in working out uniform credit policies toward the Soviet?

Answer. No, that is a matter which will be discussed. These are matters that are regularly discussed in NATO, and the OECD.

Credit policies have been a matter of general coordination, not only as far as the Soviet bloc is concerned, but also with regard to the free world. And I would suppose these matters would be discussed further. But I have nothing specific on that to say this morning.

Question. Mr. Secretary, it was reported that Soviet arms have been reaching Algeria from Cuba, and from Egypt. Do you think that the Soviets are engaged here in a new gambit, or do you think it's an initiative of the Cuban and Egyptian Governments in supplying these weapons to Algeria?

Answer. The recent Algerian-Moroccan affair has underlined to us the importance of other countries, other powers, staying out of it. These two great Arab people, two maghrebian people, ought to be able to resolve their problems between themselves, and within an African framework.

Now, any intrusion from the outside simply makes that more difficult, and raises the possibility that still others might then come in and create a type of confrontation there which would be in the adverse interest of both peoples concerned.

I don't, myself, necessarily connect the Cuban ship with the particular incident that arose at the borders, because the timing of the departure of these supplies from Cuba apparently was such that it preceded the actual outburst of the fighting. It might have been related to other problems there of some other sort.

But I think it is very important that others keep out of that situation, so that these two countries can settle this affair between themselves, and within the framework of the OAU arrangements that are now in progress. As you know the Council of Foreign Ministers of the OAU will be meeting on this matter. The Emperor of Ethiopia and the President of Mali have played a very constructive role in it, and we hope very much that these two neighbors can get together and work out this situation.

Question. Mr. Secretary, would you please assess the internal situation in Cuba, and particularly the presence or removal of the Russian troops there?

Answer. I think there is nothing much to add to what the President said on that at his last press conference. There have been substantial withdrawals of Soviet military personnel in Cuba. I would not get into a numbers game again about the precise numbers, but we do know that there have been significant withdrawals.

We also know that the situation inside of Cuba is very tight, from the economic point of view, they are having considerable difficulties.

One of the things that worries us most about Cuba, about which we are concerned, is the continued effort of Mr. Castro to interfere in the affairs of other countries in this hemisphere, and the other countries and we are working very closely to meet this and to deal with it as it arises.

I am thinking, for example, of such things as that raid on the British island to recapture some refugees, whose only offense was they tried to escape the prison Mr. Castro has made out of Cuba.

I am thinking of the training of young men from other Latin American countries in terrorist and guerrilla tactics, with the idea that they would go back and engage in terrorist activities in their own countries.

I am thinking of such things as financial subsidies to terrorists in other countries. These are things that are disturbing the peace of the Caribbean, and the Inter-American system, and that is one of the focal points of our attitude toward Cuba. It just will not be permitted to happen, and we are taking many different measures to interrupt this kind of interference.

Question. Mr. Secretary, thank you.

Answer. Thank you.

FOREIGN AID—MOTION TO TABLE

Mr. MORSE. Mr. President, I wish to say a few words about the motion made by the Senator from Illinois [Mr. DIRKSEN], if I may have the attention of the Senator from Illinois. There is no question that the Senator from Illinois is within his parliamentary rights to move to lay the pending amendment or any other amendment on the table. It will be up to the proponents of the bill to decide whether they wish to support such a motion.

I think that will be the best way to assure further amendments being adopted during this debate, because this tactic really is one way to try to accomplish cloture in the Senate. A series of amendments to the bill are ready to be offered. We think they are needed amendments. We shall ask the Senate to work its will, and it will be for the Senate to decide in what form it wishes to work its will.

Mr. DIRKSEN. Mr. President, only a day or two ago, I was excoriated by the distinguished Senator from the Nutmeg State of Connecticut [Mr. DODD] for lack of leadership and failure to be a ball of fire as the leader of the opposition. I was excoriated for failure to help expedite the business of the Senate.

I mean to expedite the business of the Senate. I intend not only to offer a motion to table the amendment of the Senator from Oregon, but to offer similar motions with respect to other amendments, to get the bill off the Senate floor. Senators should be on notice as to what I propose to do. If I am to be a vehicle or instrumentality of expedition, I will certainly discharge that role as nobody else could do it. So let every Senator be on notice as to what is going to happen when the Senate reconvenes after Veterans' Day, next week.

Mr. MANSFIELD. Mr. President, I move——

Mr. MORSE. Mr. President, will the Senator withhold his motion briefly?

Mr. MANSFIELD. I withhold my motion.

Mr. MORSE. It is the right of the Senator from Illinois to make his motion. We are now beginning to draw a different line of division in the Senate. If this is to be a tactic that will be used to defeat the right of the minority—if we are a minority—to make a record in behalf of a point of view in the Senate, we are in for quite a contest between now and January 1. It will be most interesting to see what the legislative record of this body will be by January 1.

Mr. DIRKSEN. I accept the challenge. I did not know there was a second minority in this body. But if there is, I gladly concede the point. But I serve notice now as to what is going to happen when the Senate reconvenes.

ALLEVIATION OF SHORTAGE OF RAILWAY FREIGHT CARS

Mr. HRUSKA. Mr. President, this morning the Interstate Commerce Commission issued another car service order designed to alleviate the acute shortage of railway freight cars.

In the Midwest, and more particularly in Nebraska, the need for boxcars to move grain continues to be most serious. Shortages have increased during recent weeks. The average daily boxcar shortage in Nebraska was as follows:

Week ending October 12, 2,604.
Week ending October 19, 3,130.
Week ending October 26, 3,904.

Information coming to me indicates shortage of cars affects all carriers in all areas. The average daily shortage of boxcars for the past 3 weeks of October was as follows:

Week ending October 12, 12,158 cars.
Week ending October 19, 14,104 cars.
Week ending October 26, 17,114 cars.

Because grain men and farmers in my State do not have available sufficient cars to move grain, ground storage has been resorted to. As a temporary expedient, it has been used before but it is not the way we should store our harvests. It is uneconomic; it is costly; it requires additional handling and it results in losses to all who must handle the product. In addition to that loss there is ever present the threat that bad weather holds for this type of storage. Contamination and deterioration takes dollars from our producers and businessmen.

At the present time there are two car service orders on boxcars outstanding, which will be canceled as soon as service order 947 becomes effective. A third order was canceled earlier this year after a crisis passed in the Midwestern States. Such action on the part of the Interstate Commerce Commission shows how closely they follow car service needs.

The Chairman, his fellow Commissioners, and their staff are to be highly commended for their attitude and for the manner in which they have shown outstanding leadership in trying to bring about an equitable distribution of cars and to handle these problems promptly.

The Chairman of the Interstate Commerce Commission, Hon. Laurence K. Walrath, has been struggling with this problem for a long time. His fellow Commissioners have been aware of the need for a more adequate fleet of boxcars. In past years they have submitted legislation time and again to the Congress.

Under the terms of S. 1063, an incentive would be provided for railroads to increase their ownership of cars. This bill has the support of the Interstate Commerce Commission. To me, and to many others this is the realistic approach to a solution of a constantly recurring problem which has become more acute over the years.

It is time to take constructive steps to find the long-term answer to these constant shortages. The real answer is enactment of legislation which would authorize the Interstate Commerce Commission, in fixing the compensation to be paid for the use of freight cars to give consideration to the level of car ownership and additional factors which affect the adequacy of the national car supply.

The per diem charge today is $2.88 for a boxcar. This rate provides no incentive for a railroad to own cars. Roads operating in my area provide more than their share of cars for the national fleet. Some railroads have been notoriously deficient in providing enough cars for the traffic which their railroad generates. So, of course, they rely on the generosity of other lines. Why should they invest their money when it is cheaper to pay $2.88 per day in per diem charges? There is no incentive because the Commission has not been able to consider a fair return on investment—a profit—in setting per diem rates.

Presently the car fleet is losing 2,000 cars per month. Total ownership is way below World War II figures. In addition to this loss of cars, there is a substantial loss through failure to promptly repair cars. The number of bad order cars remains high and one wonders if some railroads are even trying to do their fair share of maintaining cars in their ownership.

The railroads of this country are not meeting the needs of our business and industrial shippers. Products of industry and of the farmer must either move to storage or to consumer markets. When there is an unwillingness to provide adequate facilities to do the job—shippers will, of necessity place orders for transportation with other modes.

S. 1063 is needed legislation which is in the national interest. Our Committee on Commerce under the able leadership of Senator **Warren Magnuson** has already held comprehensive hearings on the bill. I hope that the committee will take action on the bill at an early date and that the legislation will be favorably reported to the Senate.

Mr. President, I ask unanimous consent to have printed at this point in the Record a statement made by Chairman Walrath on November 7; ICC Service Order No. 947; and a statement, under date of November 8, explaining provisions of that order.

There being no objection, the statements and service order were ordered to be printed in the Record, as follows:

ICC Chairman Urges Greater Cooperation by Railroads, Shippers, and Consignees To Alleviate Freight Car Shortage

Chairman Laurence K. Walrath of the Interstate Commerce Commission today called for a "fully coordinated effort" by railroads, shippers, and consignees to achieve maximum possible utilization of the Nation's rapidly dwindling supply of railroad freight cars to transport record shipments of soybeans, sorghum, corn, and other agricultural crops.

"With total ownership of freight cars by American railroads at the lowest point in this century, the Nation is experiencing the most serious freight car shortage in years," Chairman Walrath said. "At the turn of the century the railroads owned nearly 2 million freight cars. Today, the total ownership is approximately 1,527,000 cars—with nearly 8 percent in unserviceable condition."

Chairman Walrath noted that, "Despite the considerably greater carrying capacity of today's freight cars, the continuing decline in the number of serviceable cars since the end of World War II has resulted in a freight car fleet totally inadequate to meet even normal requirements, let alone the unprecedented heavy demands of the past 6 months.

"While some railroads are investing in specialized cars to meet the needs of particular shippers, the overall supply of plain boxcars is diminishing at the alarming rate of more than 2,000 cars per month. Many railroads are investing sizable sums in new boxcars and other general service cars, but the overall investment by the railroad industry falls far short of present requirements and estimated future needs."

The Chairman observed that, at present, nearly 13 million bushels of grain awaiting shipment is piled high outside at least 325 elevators now filled to capacity. In some cases, only a prolonged drought has prevented weather damage to this valuable crop.

To handle the accumulation, railroads have pressed into service many types of substitute equipment. Hopper cars are being used to load grain. Refrigerators cars are being loaded with cotton bales. Even boxcars without doors, awaiting repairs, are being assigned for cotton loading and other uses.

"The soybean, sorghum, and corn harvest is practically completed, but millions of bushels of these crops are in elevators and still await shipment to ports and terminals," the Chairman pointed out. "Furthermore, rice, cotton, tobacco, and lumber interests already are requesting more cars than many carriers have available. Recent information received from the U.S. Department of Agriculture indicates that the Commodity Credit Corporation expects to transport between 900 million and 1 billion bushels of grain during the next months. This does not include possible traffic demands stemming from negotiations for the sale of wheat to Russia.

"To alleviate the presently aggravated shortage of boxcars, the Commission issued Service Orders 939 and 945, restricting the loading of certain types and ownerships of boxcars. Both orders are intended to insure prompt return of boxcars to owning lines in areas where a critical need exists.

"Our car service agents have been working closely with the railroads to help locate and speed the return of available boxcars to their owners. Most carriers have cooperated in this effort, but violations of these orders still are prevalent. To date 14 railroads have been prosecuted for failure to comply with the provisions of Order No. 939. Additional complaints are being investigated. As immediate measures, the Commission has periodically directed the Association of American Railroads to issue embargo orders to relieve congestion of unloaded cars arriving at certain terminal and port areas.

"However, the Commission's enforcement powers are inadequate to assure the fully-coordinated effort necessary to cope with this monumental shipping crisis. The shortage can be alleviated to a significant degree by shippers loading cars as rapidly as possible and ordering no more cars than they presently need. Also, the full cooperation of consignees is vital in expeditious handling of cars arriving in greater numbers than usual. Carrier cooperation is imperative in delivering cars promptly to shippers, and loading cars in a conscientious manner for direct return to owning lines.

"Only all-around cooperation can provide the degree of car utilization necessary to best serve the interests of all involved in getting the Nation's crops to market—while they still are marketable. As I have made quite plain in testimony before congressional committees, entry of service orders by the Commission cannot fully meet the situation when there is an overall inadequacy of cars to meet the needs of critical areas."

Service Order No. 947—Railroad Operating Regulations for Freight Car Movement

At a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D.C., on the 7th day of November, A.D. 1963.

It appearing, that an acute shortage of freight cars exists in all sections of the country; that cars loaded and empty are unduly delayed in terminals and in placement at, or removal from industries; that present rules, regulations, and practices with respect to the use, supply, control, movement, distribution, exchange, interchange, and return of freight cars are insufficient to promote the most efficient utilization of cars; it is the opinion of the Commission that an emergency exists requiring immediate action to promote car service in the interest of the public and the commerce of the people. Accordingly, the Commission finds that notice and public procedure are impracticable and contrary to the public interest, and that good cause exists for making this order effective upon less than 30 days' notice.

It is orderd, That:

SECTION 95.947 RAILROAD OPERATING REGULATIONS FOR FREIGHT CAR MOVEMENT

(a) Each common carrier by railroad subject to the Interstate Commerce Act shall observe, enforce, and obey the following rules, regulations, and practices with respect to its car service:

(1) *Placing of cars*

(a) Loaded cars, which after placement will be governed by demurrage rules applicable to detention of cars awaiting unloading, shall be actually or constructively placed within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following arrival at destination.

(b) Actual placement means placing of car on consignee's tracks, or when for public delivery, placement on carrier's tracks accompanied by proper notice.

(c) When delivery of a car, either empty or loaded, consigned or ordered to an industrial interchange track or to other-than-a-public-delivery track cannot be made on account of any condition attributable to the consignee, such car will be held at destination or, if it cannot reasonably be accommodated there, at an available hold point and constructive placement notice shall be sent or given the consignee in writing within 24 hours, exclusive of Saturdays, Sundays, and holidays, after arrival of car at hold point.

(d) Loaded cars held at billed destination for accessorial terminal services described in the applicable tariffs, such as holding for orders or inspection, shall be placed on carrier's or consignee's unloading or inspection tracks, within 24 hours, exclusive of Saturdays, Sundays, and holidays, after arrival at billed destination. On cars set off and held short of billed destination, a written notice shall be sent or given to consignee within 24 hours following the first 7 a.m. after arrival at hold point.

(2) *Removal of cars*

(a) Empty cars must be removed from point of unloading or interchange tracks of industrial plants within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following unloading or release by consignee or shipper, unless such cars unloaded are ordered or appropriated by the shipper for reloading within such a 24-hour period. Empty cars not required for loading at point where made empty must be forwarded in line-haul service within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following removal of empty car.

(b) Outbound loaded freight cars must be removed from point of loading or interchange tracks of industrial plants within 24 hours after the first 7 a.m., exclusive of Saturdays, Sundays, and holidays, following tender and acceptance by carrier of the bill of lading covering the cars. Such cars must be forwarded in line-haul service within 24 hours after the first 7 a.m. following their receipt in outbound makeup or classification yards.

(3) *Holding cars for prospective loading*

(a) No more cars shall be held for prospective loading at any time, for any industry, or consignor, than those needed to protect current outbound loading.

(4) *Repair tracks*

(a) Any cars taken out of service for repairs, or carded for repairs, shall be repaired at the earliest time consistent with efficient railroad operating practices.

(5) *Car distribution orders*

(a) Observe, obey and comply with freight car distribution orders now outstanding, or hereafter issued by the Car Service Division, Association of American Railroads, not inconsistent with any order of the Commission.

E. Paul Miller, chairman of the car service division, is directed to inform the Director of the Bureau of Safety and Service of such outstanding orders or similar orders which may be subsequently issued and, to advise the Director of the Bureau of Safety and Service of railroad performance and compliance with such orders.

(b) C. W. Taylor, director, Bureau of Safety and Service of the Interstate Commerce Commission, is hereby appointed agent of the Commission with authority to issue such orders or directives as he may find necessary with respect to the location, relocation, and distribution of freight cars as between sections of the country, or carriers by railroads or on such carriers, throughout the United States.

(6) *Yard checks, supervision, and records*

(a) The necessary yard and track checks shall be made and sufficient supervision and records shall be maintained to enable carriers to comply with the provisions of this order.

(7) *Railroad operating regulations for the movement of loaded freight cars*

(a) No common carrier by railroad subject to the Interstate Commerce Act shall willfully delay the movement of loaded freight cars by holding such cars in yards, terminals, or sidings for the purpose of increasing the time in transit of such loaded cars.

(b) Loaded cars shall not be set out between terminals except in cases of emergencies or sound operating requirements.

(c) Backhauling loaded cars for the purpose of increasing the time in transit shall constitute willful delay and is prohibited.

(d) Through loaded cars shall not be handled on local or way freight trains for the purpose of increasing the time in transit of such loaded cars.

(e) The use by any common carrier by railroad, for the movement of loaded freight cars over its line, of any route other than its usual and customary fast freight route from point of receipt of the car from consignor or connecting line, except in emergencies, or for the purpose of according a lawfully established transit privilege (not including a diversion or reconsignment privilege) is hereby prohibited.

(8) *Carrier officials' responsibility*

(a) The division superintendent in charge of each terminal under his jurisdiction or supervision, or if no division superintendent is in charge the general manager of each railroad will be held responsible for car service at each terminal and for the proper observance of the rules prescribed by this order.

(b) Application.

(1) The provisions of this order shall apply to intrastate and interstate commerce.

(2) When computing the periods of time provided in this order, exclude Saturdays, Sundays, and such holidays as are listed in item No. 25, Agent H. R. Hinsch's Demurrage Tariff ICC H–11, or reissues thereof, only when they occur within the said periods of time, but not after.

(c) Regulations suspended—announcement required.

The operation of all rules and regulations, insofar as they conflict with the provisions of this order, is hereby suspended and each railroad subject to this order, or its agent, shall publish, file, and post a supplement to each of its tariffs affected hereby, in substantial accordance with the provisions of rule 9(k) of the Commission's Tariff Circular No. 20, announcing such suspension.

(d) Effective date. This order shall become effective at 12:01 a.m., November 11, 1963.

(e) Expiration date. This order shall expire at 11:59 p.m., July 31, 1964, unless otherwise modified, changed, suspended, or annulled by order of this Commission.

It is further ordered, That a copy of this order and direction shall be served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Commision at Washington, D.C., and by filing it with the Director, Office of the Federal Register.

(Secs. 1, 12, 15, 24 Stat. 379, 383, 384, as amended; 49 U.S.C. 1, 12, 15. Interprets or applies secs. 1(10–17), 15(4), 40 Stat. 101, as amended 54 Stat. 911; 49 U.S.C. 1(10–17), 15(4)).

By the Commission, Division 3.

HAROLD D. MCCOY,
Secretary.

PROVISIONS ESTABLISHED FOR OBTAINING IMPROVED UTILIZATION OF RAILROAD FREIGHT CARS DURING ACUTE SHORTAGE NOW PREVAILING

In the face of a mounting nationwide shortage of railroad cars to meet urgent needs of shippers, a broad-ranging order issued today will require carriers to institute a series of new measures to reduce the idle and unproductive time of cars, beginning November 11, 1963, at 12:01 a.m.

Service Order No. 947 of the Interstate Commerce Commission's Division 3 notes that an emergency exists which requires immediate action to promote car service in the interest of the public and the commerce of the people. The order states that the acute shortage extends to all sections of the country and empty and loaded cars are unduly delayed in terminals and in placement at and removal from industries.

The order limits to 24 hours the amount of time railroads will have to place inbound loaded cars, to remove cars after release from industry, and to forward cars after acceptance by carriers. Holding cars excessively for prospective loading will be prohibited.

As the new provisions for improved utilization of the shrinking supply of cars go into effect, three earlier issued service orders—Nos. 939, 944, and 945—will be canceled. These orders restricted the loading of cars of various types and ownerships and provided for prompt return of boxcars and coal cars to owning lines in areas of critical need. The additional measures incorporated in Service Order No. 947 are designed to promote car service efficiency and obtain the maximum usage practicable from the available car supply for the benefit of carriers, shippers, and the public.

Under Service Order No. 947, carriers will be required to:

Place, or constructively place, inbound loaded cars within 24 hours following arrival at destination;

Remove outbound loaded and empty cars within 24 hours after release from industry;

Forward outbound loaded cars within 24 hours after tender to the carrier;

Forward empty cars, not required for immediate loading, within 24 hours after they are made available to the carrier.

The order, extending to all carriers' freight cars in all areas, is scheduled to expire July 31, 1964.

FIRST ANNIVERSARY OF DEATH OF MRS. (FRANKLIN D.) ELEANOR ROOSEVELT

Mr. McGOVERN. Mr. President, today marks the first anniversary of the death of Mrs. Franklin D. Roosevelt. The entire world mourned the passing of this great lady, but the memory of her life is still with us.

I ask unanimous consent to have printed at this point in the RECORD an excellent article entitled "Remembrance" written by James A. Wechsler, and published in the New York Post of Thursday, November 7, 1963.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Post, Nov. 7, 1963]

REMEMBRANCE

(By James A. Wechsler)

Time and again during the last 12 months, in talking to people who were in trouble, discussing efforts to rescue some seemingly lost cause, seeking ways to evoke interest in some project of human salvation deemed impractical by bureaucratic minds, one has heard the same phrase:

"If only Mrs. Roosevelt were still alive."

Amid all the eulogies and reminiscences spoken and published since her death, this refrain seems to me the most memorable, and the highest tribute to this unique, unforgettable woman. They not only describe the remarkable role she played as an angel of compassion. They demolish the myth that a "do-gooder" is by definition someone of noble intention who rarely succeeds in doing any good.

There are many other aspects of her place in history. But the one I value most is this sense, so poignantly underlined since her death, that she was a woman of infinite mercy and mission for whom the largest satisfaction in life derived from successfully comforting the afflicted. The quality has been described as "saintliness" but she would have been dismayed by the description. She did not view the service she rendered as a form of martyrdom. It was the only meaningful manner of existence.

It is also the essence of her immortality. We mourn and cherish many departed figures. But of whom do so many people say so often, in so many diverse situations, that things would be different if that person were still alive?

That is why the true measure of her life became clearest after she died, and perhaps why even some of her detractors acquired a belated esteem for her, as if dimly aware that this had been a special presence.

That day, exactly 1 year ago, was the day when Richard Nixon, crushed by his defeat in California's gubernatorial race, cried out wildly against his alleged tormenters and proclaimed the end of his political life; when Krishna Menon resigned from India's Cabinet; when Billie Sol Estes was found guilty of swindling. Then, as I was about to leave the office, came the bulletin that Eleanor Roosevelt had died at 6:15 p.m.

A woman who heard a news broadcast called the Times soon afterward and sobbed: "She couldn't have died at 6:15. We were eating dinner then and we were happy." Cabdriver Richard Ebbitt recalled that he had taken a photograph of Mrs. Roosevelt when she was a passenger several years earlier:

"I sent her the picture and she signed it. She also sent a warm letter. She always had time for people."

In my own lifetime only one other death touched so many people so intimately in so many parts of the universe—the passing of Eleanor Roosevelt's husband 17 years earlier.

They were people of very different temperament and style, and their life together was neither simple nor serene. But together they communicated, to that huge, crowded sector of humanity for whom existence is mostly struggle and stress, the awareness that two people in very high places cared.

It remains hard to believe that she is gone—that she will not turn up unexpectedly and unostentatiously at some conclave of harassed southern Negroes, in some rat-infested Harlem slum, in some home for bruised delinquents, at a meeting to raise funds for some neglected group of migratory workers. It remains as hard to believe today as it was when the news came a year ago, even though I had known for many days that she was dying. Indeed, 1 week before her death, I had written some words about her in the wistful hope that she might be able to read them before the final moment; I had waited too long.

Her name is enshrined in the works of the Eleanor Roosevelt Memorial Foundation, which has fittingly resolved to dedicate much of its resources to the equal rights struggle; there will be many other enterprises inspired by her name. She resented ritualistic tribute and most forms of "looking backward." But she was intensely practical, too, and she would be saying, if she were present at some of these assemblages in her honor: "Of course, if you feel my name will really help, go ahead and use it."

She was, I think, often a lonely, sad woman for whom the implausibly feverish pace of her existence provided a certain escape from introspection. Perhaps only one who had glimpsed the complexity of life could have had so much comprehension, so deep a contempt for the complacent, so generous a view of human frailty.

One concludes the remembrance and realizes that too many things are still unsaid and even undefined. One goes back to the beginning; one thinks of groups of quarreling liberals engaged in personal vendettas, of small-minded men scrambling for private advantage at the expense of the weak, of decent citizens vainly seeking aid for unconventional or unpopular victims, and the words recur: "If only Mrs. Roosevelt were still alive."

RECESS TO TUESDAY AT NOON

Mr. FULBRIGHT. Mr. President, in accordance with the order previously entered, I move that the Senate now stand in recess until Tuesday next, at noon.

The motion was agreed to; and (at 7 o'clock p.m.) the Senate took a recess, under the order previously entered, until Tuesday, November 12, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 8 (legislative day of October 22), 1963:

DEPARTMENT OF THE AIR FORCE

Robert H. Charles, of Missouri, to be an Assistant Secretary of the Air Force, vice Joseph Scott Imirie.

U.S. ARMS CONTROL AND DISARMAMENT AGENCY

Dr. Herbert Scoville, Jr., of Connecticut, to be an Assistant Director of the U.S. Arms Control and Disarmament Agency, vice Dr. Franklin A. Long.

IN THE NAVY

The following-named officers of the U.S. Navy for temporary promotion to the grade of lieutenant commander in the line, subject to qualification therefor as provided by law:

Adams, Billy J.
Aden, Melvin O.
Agnew, Dwight M., Jr.
Agnew, William F.
Ailes, John W., IV
Ake, Charles P.
Alberts, Richard P.
Alecxih, Peter C.
Allen, John S.
Almand, William G.
Alvarado, Ramon C.
Ammann, Robert E.
Ammerman, Clell N.
Amoruso, Alfred P.
Anderson, Charles P.
Anderson, Eugene G.
Anderson, Falvie B., Jr
Anderson, Giles B.
Anderson, Joseph F.
Anderson, Robert G.
Anderson, Stephen P.
Anderson, Thomas F.
Andre, Andrew L.
Anthony, Charles B.
Anthony, Morris D.
Arcelle, Mark, Jr.
Artz, Robert C.
Aschenbeck, Gene W.
Ascherfeld, Theodore F., Jr.
Ashby, Donald R.
Asman, Robert K.
Atherton, Raymond
Atkinson, Gerald L.
Atwood, Henry C., Jr.
Aumick, William A.
Austin, James W.
Austin, Robert C.
Aut, Warren E.
Avery, Billy J.
Bailey, Gail R.
Baker, David E.
Ballow, Lawrence D.
Barber, James A., Jr.
Barker, George D.
Barker, William S.
Barkley, James F.
Barlow, James D.
Barnes, Richard A.
Barry, John M.
Bartanen, John E.
Basford, Michael G.
Bassett, Bradley A.
Bates, Walter F.
Baty, Frank O.
Bauman, James R.
Baumgardner, John F.
Bausch, Francis A.
Bean, Alan L.
Beavert, Alfred F.
Bechelmayr, Leroy R.
Beck, John L.
Beck, Walter R.
Beckwith, Gilbert H.
Beeby, Francis J.
Behrle, Walter F.
Beisel, Gerald W.
Belay, William J.
Bell, James F.
Bennett, Phillip L.
Benton, Jerry S.
Benton, Joseph D.
Berg, Robert L.
Berger, Ronald A.
Berkhimer, Frank R.
Bernardin, Peter A.
Bernier, George, Jr.
Berry, James L.
Berthe, Charles J., Jr.
Biasi, Nestore G.
Biggar, William
Billerbeck, Henry G.
Bilyeu, Roland C.
Bishop, Michael E.
Blackwell, Jack L., Jr.
Blaes, Richard W.
Blaine, Thomas E.
Blanchard, James W., Jr.
Bock, "E" James
Bodensteiner, Wayne D.
Boland, Bruce R.
Bolt, Ronald L.
Bond, John R.
Bonz, Philip E.
Booth, Joseph K.
Bordone, Richard P.
Boslaugh, David L.
Bossart, Edmund B., Jr.
Bosworth, Thomas C.
Botshon, Morton
Boylston, Michael E.
Brace, Robert L.
Brackin, John D.
Bradley, David W., Jr.
Bradshaw, Frederick L.
Brady, Joseph G.
Brammeier, Charles L.
Brasted, Kermont C.
Bravence, John, Jr.
Brennan, John S.
Briggs, Donald R.
Briner, Robert R.
Brouillard, Donald C.
Brown, Charles E.
Brown, Christopher H.
Brown, Malcolm C.
Brown, Richard B.
Brown, Robert C., Jr.
Brown, Robert H.
Brown, Thomas F., III
Browning, Robert B.
Bruley, Kenneth C.
Brunell, James I.
Buc, Robert L.
Buchanan, Edward O.
Buchholz, Philip P.
Buck, Harry J.
Buckley, John E.
Bull, Norman S.
Bullman, Howard L.
Bunce, Bayne R.
Burden, Harvey W.
Burgert, Reginald D.
Burke, Robert M.
Burnett, Richard W.
Burnett, William M.
Burnham, Don E.
Burns, John A.
Burns, Richard F.
Burrows, Hubbard F., Jr.
Burtis, Evenson M.
Bush, Carl D.
Bush, William L., Jr.
Butler, William S.
Byington, Melville R., Jr.
Byrd, Mark W.
Cabot, Alan S.
Caldwell, Charles B.
Cameron, Jim F.
Campbell, Donald G.
Campbell, Donald S., Jr.
Campbell, John F.
Campbell, Michael J.
Candoo, Charles G.
Cane, Guy
Cane, John W.
Cann, William A.
Canter, Howard R.
Carson, Louis F., Jr.
Carter, Gerald M., Jr.
Carter, Powell F., Jr.
Case, Robert W.
Casimes, Theodore C.
Caswell, David W.
Cavicke, Richard J.
Cazares, Ralph B.
Chamberlain, James L.
Chambers, Dudley S.
Chaney, Conner F.
Chapman, William R.
Cheney, Donald A.
Chidley, Ralph E.
Chisholm, George E., II
Christian, Robert R.
Christmas, Walter B.
Cicolani, Angelo G.
Cisson, Arthur
Clark, Charles F., Jr.
Clark, Charles R.
Clark, Richard G.
Clausen, Carroll E.
Cleaver, Stephen
Clemens, Paul E.
Clifford, Donald J.
Clinton, Samuel T.
Coakley, Walter J., Jr.
Coakley, William F.
Cockfield, David W.
Coe, Raymond P.
Cogswell, Charles E.
Colbus, Louis
Cole, Thomas T., Jr.
Coleman, Charles L.
Coleman, Herman F.
Collier, Byron H.
Collier, Neuland C.
Collins, Ferdinand I., Jr.
Collins, William D.
Colmie, Joseph V.
Conaughton, Robert G.
Conboy, Thomas W.
Conklin, Robert B.
Conley, David J.
Conn, Richard L.
Conner, Lawrence O.
Connolly, Paul P.
Conrad, Glenn T., Jr.
Cook, Charles F.
Cook, Russell A.
Cooley, Charles H.
Coor, Lawrence W.
Copeland, Edward C.
Coppess, Robert Y.
Corcoran, Martin F.
Corey, Stuart M.
Corkhill, Thomas M.
Cornell, Gordon C.
Cornell, Robert L.
Corrado, Robert J.
Cotton, Alfred S.
Courtney, Charles H.
Courtney, Warren P., Jr.
Couser, Rodney W.
Cowan, Daniel R.
Crabtree, Donald G.
Crane, Herbert C.
Crawford, Robert E.
Crawford, Roderick P.
Crawford, William T.
Crayton, Render
Crider, James A.
Croom, William H., Jr.
Crosby, Frederick P.
Crosson, Harry E.
Cryer, John P.
Cunningham, Marshall E.
Currier, Richard A.
Curry, Thomas L.
Curtis, John G., Jr.
Cutchen, Paul O.
Czaja, Bernard F.
Daigneault, Joseph J., Jr.
Daleke, Richard A.
Daley, Robert E.
Dallamura, Bart M., Jr.
Daloia, John, Jr.
Daly, Paul S.
Damico, Richard J.
Damon, Terry A.
Dana, John B.
Dancer, Jerry D.
Dartnell, William H.
Daubenspeck, Richard E.
Daus, Rudolph H.
Davis, Ralph G.
Davis, Ramsey L., Jr.
Davis, Richard C.
Davis, Richard H.
Dawson, Edward H., Jr.
Deal, James W.
Deam, Norman A.
Dean, Herbert J.
Dean, Ronald I.
Debodisco, Alexander
Deboer, Jack G.
Debroder, Glen G.
Dehart, William
Deibert, Bernard N.
Delaney, John R.
Deloach, John W.
Demmin, Lester F.
Dennison, Daniel C.
Dennison, William E.
Deryckere, Archie G.
Deshler, William A.
Desseyn, Maurice H.
Deuel, Jamieson K.
Devito, Vincent H.
Devries, Edgar L.
Dibona, Charles J.
Dicarlo, Vincent A.
Dickson, George K.
Diehm, William C., III
Dietz, Warren C.
Diley, Lewis E.
Dillon, Alfred J.
Dillon, John F.
Dilweg, John C.
Dipace, Joseph V.
Dobbs, William D.
Doheny, Vincent
Doney, Robert G.
Donnell, Joseph S., III
Donnelly, Verne G.
Donovan, Daniel E.
Donovan, Philip C.
Doucet, Richard E.
Dougherty, Gerald P.
Downey, Louis A.
Downing, Thomas P.
Dozier, Charles D.
Drayton, Henry E., Jr.
Drenkard, Carl C.
Drumheller, Maxley W.
Dubois, George
Ducat, Julian A.
Ducharme, George W.
Duffy, Francis J.
Dugan, Francis V.
Dugan, Richard F., Jr.
Dulke, Sylvester M.
Dunn, Alvan N.
Dunne, Francis R.
Dunning, James A.
Dupree, Richard E.
Dworsky, Alan J.
Easton, Ervin R.
Easton, Peter B.
Edgren, Donald H.
Ediin, Robert L.
Eels, William R., Jr.
Egan, William P.
Ehl, James W.
Eidsmoe, Norman E.
Elam, David L.
Elder, Ralph C.
Elliott, Charles P.
Elliott, Donal W.
Emerson, John R.
Englert, Robert J.
Eriksson, Roger V.
Ervin, Billy M.
Ervin, Charles F.
Estocin, Michael J.
Eubanks, Paul D.
Evans, Edwin D.
Evans, Thomas G.
Everett, Lauren R.
Evosevich, John N.
Evrard, William E.
Ewall, Thomas H.
Fancher, Allen P.
Faron, John F.
Felling, Thomas A.
Felter, John F.
Feltham, John C., Jr.
Ferguson, David E.
Fetterman, John H., Jr.
Fiedler, Peter B., Jr.
Fields, James E.
Fields, William B.
Finch, Albert
Fink, Jerome I.
Fischer, Herman V., Jr.
Fitzgerald, Michael J.
Fitzsimmons, Robert J., Jr.
Flaherty, Robert M.
Fletcher, John G.
Fletcher, William B., III
Flick, John P.
Flight, John W., Jr.
Florin, Donald E.
Foard, Wyatte F., Jr.
Folta, Daniel A.

Folwick, William D.
Fonda, Raymond C.
Forbes, Donald L.
Ford, Daniel R.
Ford, James N.
Forsyth, James P.
Foster, Clifton G., Jr.
Fountain, Robert R., Jr.
Fox, Henry J., IV
Fox, Richard W.
Francke, Robert L.
Frazier, John D.
Frecker, David A.
Frederick, Peter G.
Frentress, Bowheart
Frick, Walter B.
Friddle, Frank R., Jr.
Froid, James C.
Fryberger, Elbert L., Jr.
Frye, Thomas A. W.
Fryksdale, Frans H.
Fulk, Gerald A.
Funck, James R.
Furlong, George M., Jr.
Gadberry, Roy K.
Gaddlin, Ronald
Gaffrey, Leo J.
Galinsky, Jerome J.
Galli, William L.
Gallotta, Albert A., Jr.
Galloway, Edward D.
Gantt, Richard G.
Gardner, Bennett
Garlitz, Jerry E.
Garner, William D.
Gaskill, Richard T.
Gates, Fred H., II
Gauthey, Jules R.
Geary, Jack E.
Gehring, Donald H.
Gehring, Gary J.
Gerhan, Charles F., Jr.
Gerl, Neil D.
Geronime, Eugene L.
Gholson, Daniel H. L.
Gideon, William C., Jr.
Giedzinski, Henry B.
Gilchrist, Richard B.
Gillham, Richard D.
Gilliamsen, Donald A.
Gilmore, Joseph M.
Glade, Gerald L.
Glanville, John T., Jr.
Gleim, James M.
Glover, Albert K., Jr.
Glover, Dennis C.
Glovier, Harold A., Jr.
Glunt, David L., Jr.
Golanka, Stanley R.
Goll, Gerald E.
Gonzalez, Alfred H.
Good, Robert C.
Gordon, Arva F.
Gore, James R.
Grady, Michael T.
Graham, Joel H.
Graham, Robert F.
Graham, Sidney R.
Grammer, William R.
Grant, Edwin H., Jr.
Grantman, Roger H.
Gray, Basil F., Jr.
Greene, Charles R., Jr.
Greene, George W., Jr.
Greenlee, John W.
Greer, William E., III
Grider, Billy F.
Griffin, James L.
Griffing, Edward P.
Griffiths, Rodney D.
Grimes, Laurence H., Jr.
Grose, Robert H.
Grozen, Paul B.
Grunenwald, John W.
Gullickson, Grant G.
Gunn, Max C., Jr.
Gunter, Jack R.
Hagen, Elmer C.
Hager, Donald G.
Haggard, Marion Z.
Hagmann, Albert P.
Haines, Collins H.
Hall, Frank S.
Hall, Harry L.
Hall, Howard L.
Hall, John V.
Halladay, Maurice E.
Halladay, Norman E.
Halle, "S" Portland, III
Halloran, John W.
Hamel, Louis H., III
Hamelrath, Walter F.
Hamilton, Clyde E.
Hamlin, Andrew L.
Hamlin, George A., Jr.
Hamrick, Franklin G.
Hanegan, Ralph E.
Hanigan, Marvin F.
Hankins, Elton E.
Happersett, Paul F.
Hargrave, William W., Jr.
Hargrove, John Q., III
Harlow, Bruce A.
Harmon, James O.
Harmony, Lee D., Jr.
Harms, Stanley, J.
Harness, William D.
Harper, Elwood N.
Harrell, Max A.
Harrison, Stuart E.
Hart, Robert L.
Hartman, Gerald A.
Harvey, Donald L.
Harvison, Byron G.
Hastoglis, Anthony A.
Haverfield, Benjamin F.
Hawkins, Cecil B., Jr.
Hay, James C.
Hayes, Fay C.
Hayes, Francis X.
Hayes, James C.
Hazle, Hugh A.
Hazlett, Frederick W.
Helfrich, William P.
Hellinger, Richard L.
Helm, George N., Jr.
Helmandollar, Allen W
Helms, Raymond E., Jr.
Hendricks, Richard A.
Hendrickson, Claude F., Jr.
Hendry, James D.
Henifin, Edward E.
Henry, Albert L., Jr.
Henry, William F.
Henson, George M.
Herberger, Albert J.
Hernandez, Diego E.
Herndon, Franklin C., Jr.
Herr, Arthur L., Jr.
Herzer, Oscar A.
Herzog, Louis L.
Heyl, William E.
Heyward, Irvine K., IV
Hickey, Edward J., Jr.
Hicklin, William C., III
Hicks, Dilliard D., Jr.
Higgins, John F.
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Highfill, Kenneth L.
Hilder, Leonard O., Jr.
Hine, Paul M., Jr.
Hine, William G.
Hinkle, David R.
Hoch, Wesley A.
Hogan, Edward J., Jr.
Hogan, George C.
Hogan, Thomas W., Jr.
Holland, John C., Jr.
Holland, William J., Jr.
Hollenbach, Richard G.
Hollingworth, Roy M.
Hollinshead, William G.
Holloman, William D.
Holman, Robert A., Jr.
Holmes, James W., Jr.
Holmes, Richard B.
Holt, Henry C., IV
Hooper, Benjamin F.
Hope, Herbert A., Jr.
Hopper, Thomas M.
Horn, Charles E.
Horner, John, Jr.
Horowitz, Charles L.
Hosepian, Edward S.
Hoskins, Perry D.
Howe, John E.
Hryskanich, Paul L.
Hubbard, Henry L.
Hudgins, Thomas B.
Huggins, Harry L.
Hughes, Richard M.
Hughlett, David E.
Hull, Fred A.
Hume, Kenneth E.
Humphrey, Morris L.
Hunter, William G.
Hunter, William J.
Hurst, Lee R.
Hurt, Jonathan S.
Hussey, William T.
Huttinger, Theodore
Hyman, Arnold J.
Ike, Robert C.
Ireland, Blair
Ives, Richard H.
Jackson, George L.
Jackson, Robert S.
James, Harry R., III
Jauregui, Stephen, Jr.
Jenkins, John S.
Jensen, Carl T.
Jewell, Robert W., Jr.
Jobe, Gordon A.
Jobe, James E.
Johnson, Billie D.
Johnson, David E.
Johnson, Edward D.
Johnson, Grant R.
Johnson, Raymond F., Jr.
Johnson, Robert A.
Johnson, Roger D.
Johnson, Thomas J.
Johnson, Virgil J.
Johnson, William T.
Johnston, Fox H.
Johnston, Fred W., Jr.
Jolliff, James V.
Jones, Carroll S.
Jones, Gerald L.
Jones, Harry W.
Jones, James F.
Jones, Jerry D.
Jones, John L.
Jones, Roycroft C., Jr.
Jongewaard, Larry L.
Jordan, Stephen W.
Jorgensen, Charles J., Jr.
Joy, James A.
Juergens, John G.
Jurkowski, Joseph A.
Kaag, William C.
Kaiser, Gilbert J.
Kaltenborn, James C.
Kavanagh, Robert G.
Keaney, Mark J.
Kearns, William A., Jr.
Keele, Wayne, Jr.
Keene, Glenn F.
Keene, Thomas J.
Keener, John I.
Keery, Jerry L.
Keith, Harold S.
Keith, John D.
Kellaway, Peter W.
Kelleher, Thomas A., Jr.
Keller, Constantine C. III
Keller, Samuel F., Jr.
Kellerman, Donald W.
Kellogg, Edward S., III
Kelly, Francis D.
Kelly, Richmond K., Jr.
Kennedy, Jack M.
Kessler, Harry F.
Kiehl, Richard L.
Kilty, Lawrence R.
Kimbrough, Harold S.
Kincaid, Rodney C.
King, Edward L.
King, Richard B.
Kingsley, Stephen S.
Kingston, John J., Jr.
Kinley, Frederic H. M.
Kinne, Loren H.
Kieffel, Walter H.
Klein, Verle W.
Kline, Arlington N.
Klusmann, Charles F.
Knapp, Franklin P.
Kneisl, John F.
Knepler, James L.
Knepper, Robert R., Jr.
Knight, Cecil F.
Kobler, Robert H.
Koester, Earl C., II
Kohoutek, James G.
Kois, John R.
Kollmorgen, Frederick J.
Kopocka, William F.
Kother, Charles G.
Kowalskey, Zygmont J., Jr.
Kracha, John K.
Krag, George H.
Krahn, Chris
Kraus, Kenneth E.
Kraus, Walter S.
Krienke, Henry P.
Krisciunas, John P.
Kruger, David S.
Krumwiede, Jerold L.
Kuffel, Robert W.
Kugler, Valarius E.
Kujawski, Theodore D.
Kunkler, Hilary G.
Kurth, Ronald J.
Lacy, Robert G.
Lagasse, Richard H.
Lambert, Russell G.
Lambert, Walker W.
Lamore, James F.
Lane, William J.
Langelier, Wilfred E., Jr.
Langford, George R.
Langrind, Roy G.
Lapp, Charles B.
Larson, Ralph S.
Laurentis, William D., Jr.
Laurienzo, Robert L.
Lawhon, Eugene M.
Lawless, Spencer C.
Layn, Samuel W.
Learned, Charles W., Jr.
Leclerc, Raymond P.
Lee, Melvin R.
Leedom, Clair E., Jr.
Legett, Thomas R.
Lehman, George W.
Lehr, Ronald F.
Leibel, Robert J.
Lenardi, Donald M.
Leonard, John D., Jr.
Leslie, Richard
Levey, Gerald
Lewis, David E.
Lewis, Jesse W., Jr.
Lewis, John R., Jr.
Lewis, Martin E.
Lietzan, Ernest W., Jr.
Limroth, David F.
Lindsay, Thomas L.
Lissy, Ernest I.
Livingston, Robert N.
Lockhart, John V.
Loeffler, William H.
Lohrey, Thomas E., Jr.
Loomis, Robert R.
Lotze, Herbert E., Jr.
Low, Joseph L.
Lucken, Frank E.
Ludwig, George E.
Lukenbach, Max D.
Lunday, John W., III
Lyding, John F.
Lynch, Will T.
Lyons, Philip
Lyons, William P.
Mabe, James M.
Mack, John
Mack, Robert E.
MacKinnon, Malcolm III
Maddox, Iven J.
Mandly, Charles R.
Maratea, Ronald M.
Mares, James A.
Marshall, John T., Jr.
Marshall, Norman G.
Martin, Edward H.
Masalin, Charles E.
Mason, Ralph S.
Mason, Ralph A., Jr.
Massey, Roger A., Jr.
Master, Carl L., Jr.
Masterson, Kleber S., Jr.
Masterson, Leo S.
Mathews, Donald R.
Mathis, Harry L., II
Matthews, Paul C., Jr.
Mauer, Tommy L.
Mauldin, James H.
Maxwell, John A.
McAdoo, William C.
McArdle, Stephen J., Jr.
McBride, Earl P.
McCaffree, Burnham, C., Jr.
McCarthy, Gerald D.
McCarthy, Paul F., Jr.
McCarthy, Richard J.
McCauley, William F.
McClellan, Parker W.
McClellan, Billy L.
McClenahan, Richard M.
McConnell, Cyrus, Jr.
McCracken, John L.
McDermott, John J.
McDonald, Thomas E.
McGonagill, Eber C.
McGown, William A., Jr.
McGrath, James W.
McGuiness, Donald A.
McIntyre, James G.
McKay, Richard D.
McKay, Robert W.
McKean, Francis E.
McKee, George R., Jr.
McKenzie, James A., II
McKinlay, Archibald, Jr.
McKinnon, George H.
McKinster, James W.
McNamara, William L.
Meek, Roger S.
Meglio, Robert F.
Meloy, Robert T.
Melton, Arthur W.
Melton, Wade I.
Meltzer, Herbert S.
Melville, Noel
Merkle, George W.
Merritt, Robert L.
Mester, Richard L.
Meyer, Donald J.
Meyer, William F.
Millen, Thomas H.
Miller, Bryce N.
Miller, John H.
Miller, Raleigh B., Jr.
Miller, Robert R.
Miller, Robert N.
Miller, Ronald C.
Miller, Theodore W.
Miller, William H.
Mitchell, Allan R.
Mitchell, Donald F.
Miyagawa, George R.
Moats, Lewis D.
Mobley, Arthur S.
Mode, Paul J.
Monaghan, James J.
Montross, Robert W.
Moody, Frank L.
Mook, Joe
Moore, Byron O.
Moore, Hugh A.
Moore, John R.
Moore, Percy J.
Moore, Thomas W.
Morano, Anthony
Moredock, William J.
Moriarty, Jack O.
Morisette, Clement J.
Morris, Charles H.
Morris, James I.
Morrison, Robert M.
Morrow, Richard D.
Mortimer, Edward H., III
Morton, Robert R.
Morton, Theodore E.
Moss, David L.
Moss, Jack L.
Motes, Thomas L.
Moxley, Donald F.
Moye, William B., Jr.
Mozley, James F.
Mudgett, Francis S.
Mudgett, Richard L.
Mundt, Werner F.
Munger, Burton L.
Muniz, John J.
Munsey, Malcolm H.
Murphy, Richard G.
Musgrave, "R" "F"
Mustin, Henry C.
Myers, Lowell R.
Myers, Richard C.
Narowetz, Bruce A.
Neel, William M.
Neel, William C.
Nelles, Merice T.
Nelson, Jesse R.
Nelson, Lawrence R.
Newell, Byron B., Jr.
Newton, John E.
Niemela, George R.
Nightingale, Billy R.
Nix, Walter C.
Noblit, Charles L.
Noll, Rolf F.
Noren, Rees E.
Norris, Frederick J., Jr.
North, Henry C., Jr.
Norton, John R., Jr.
Nothwang, David R.
Nott, Edward C., Jr.
Nyland, Walter L.
Oberg, Chester R.
O'Brien, John T.
O'Connell, Daniel E.
O'Connell, Robert L.
O'Connell, Richard M.
O'Connell, William J.
Odell, Jerry T.
Offrell, David W.
Ogden, Edward G.
Oldmixon, William J.
Oleson, David E.
Olsen, Jerome J.
Olsen, Robert M.
Omalia, Robert J.
O'Malley, David E.
O'Neill, Norbert W.
Ormond, George, Jr.
Orsik, Walter A.
Orsino, Leo A.

Ortmann, Dean A.
Osborn, Harold N.
Osborne, Charles N., Jr.
O'Shaughnessy, Robert J.
Oslun, William J.
Ostergren, James E.
O'Sullivan, Richard C.
O'Toole, Arthur L., Jr.
Otto, Robert O.
Overdorff, William R.
Overman, William J., Jr.
Padrta, Jerry C.
Paganelli, John E.
Palmer, Philip M.
Parker, Elton C., Jr.
Parks, Richard E.
Parsons, David E.
Paschall, Allan P.
Pasztalaniec, Matthew F.
Patrick, Julian C.
Patten, Gerry J.
Patten, Robert S.
Patterson, Lee R.
Paulk, John E.
Paulson, Allan G.
Pearl, Harlan R.
Pearl, Robert E.
Pearson, George W.
Pedersen, Alton A.
Pedigo, Robert E.
Peebles, Edward M.
Peery, William K.
Perault, David J.
Perkins, Jack C.
Perry, Ronald W.
Petersen, Gordon S.
Peterson, Alfred A.
Peterson, Mell A., Jr.
Peterson, Richard A.
Pettigrew, Joseph H.
Peugh, Dighton W.
Pfarrer, Charles P., Jr.
Pfeiffer, Paul N.
Phillips, George S.
Phillips, Paul E.
Philpot, Marvin L.
Phoenix, David A.
Pickett, Gordon D.
Pielstick, Blake H.
Pierce, John T.
Pierce, Robert K.
Pietrowski, Joseph L.
Pikell, Joseph V.
Pilcher, Howard G.
Pillow, George E., Jr.
Pippin, William E.
Pirie, Robert B., Jr.
Pitcher, William E.
Pitfield, David C.
Pitts, David T.
Pitts, David B.
Platner, Fredric W.
Plesur, Jack J.
Plowman, Herschel L.
Poe, Benjamin L., Jr.
Pollack, Harold I.
Pollak, Robert K.
Pope, John W. R., Jr.
Popp, John, Jr.
Poreda, Charles P.
Prather, Walter F.
Prell, Raymond B.
Premo, Melvin C.
Pressly, George B.
Priestley, Joseph R.
Primeau, Don G.
Pullen, Luther D.
Puopolo, Michael J.
Purtell, Joseph M.
Quartly, Alexander H. W.
Quillin, Thomas E.
Radeff, Lewis J.
Rademacher, John W.
Raiter, Richard F.
Ramos, Steve L.
Ramzy, James R.
Raper, Albert D.
Ratliff, William E.
Raunig, David R.
Raysin, Paul E.
Read, Richard R.
Reardon, John R.
Reasonover, Roger L., Jr.
Reeder, John G.
Reese, Franklin W., III
Register, Marvin O.
Reid, John A.
Reinhardt, Jerry B.
Reisinger, John E.
Renard, John W.
Renninger, Willard H.
Reynolds, James V.
Reynolds, Marvin D.
Rhodes, Thomas B.
Rice, Alan H.
Richards, Walter E.
Richardson, William C.
Richter, Ronald P.
Ricketts, Myron V.
Rickly, James M.
Riddell, Alvin R.
Riegel, Robert W.
Riendeau, Arthur O., Jr.
Riendeau, Gerald L.
Riley, Thomas R., Jr.
Ritchie, John K.
Rivers, John B.
Robbins, Paul H.
Robertson, Robert R., Jr.
Robey, George R., Jr.
Robinson, Duane A.
Robinson, William N.
Rockefeller, Harry C., Jr.
Rockwell, William A.
Roderick, Daniel W.
Rodgers, Henry C.
Rodriguez, William P.
Roe, Donald W., Jr.
Roe, John E., Jr.
Rogers, Robert B.
Rork, John K.
Rose, Charles C., Jr.
Rose, James S.
Rose, William A.
Roseman, Troy B.
Roth, Conrad W.
Rowland, Charles M., Jr.
Ruesch, James M.
Ruggles, Kenneth W.
Rumelhart, Max R.
Ruotolo, Anthony P.
Russell, Kenneth B.
Russell, Melbert E.
Ryan, Albert
Ryan, James W.
Ryan, John N.
Ryan, Roger P.
Ryman, Gerald M.
Sabol, Ernest J., Jr.
Salmon, Robert L.
Salva, Fedor R., Jr.
Samples, Loy C.
Sandoval, Silvano F.
Sangster, Robert A.
Sawyer, Allan R.
Scheiter, Gene L.
Scheurich, Thomas E.
Schibel, Robert L.
Schlemmer, Robert M.
Schlenzig, Robert E.
Schnell, Herbert L., Jr.
Schoeckert, Robert D.
Schoeffel, Peter V.
Schoonover, Charles D.
Schrader, Harry C., Jr.
Schroats, Richard P.
Schuppert, Vincent J.
Schuster, Gustave P.
Schwaebe, Charles F.
Scott, Austin B., Jr.
Scott, Robert W.
Seifert, James R.
Seifert, Robert J.
Seigenthaler, Thomas U.
Selgrath, James J.
Sellers, John W.
Serig, Ward E. K.
Sesler, Ralph M.
Sewell, Robert L.
Shanaghan, John J.
Shanahan, Thomas E.
Sharpe, Lawrence A.
Shaughnessy, Francis M.
Shearer, Oliver V., Jr.
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Sheehan, Robert K.
Sheldon, George E., Jr.
Shelly, Ronald G.
Shelton, Donald C.
Shewchuk, William M.
Shinholser, Charles E.
Shirley, Milford E.
Shrader, Ebert F.
Shultz, Donald E., Jr.
Shumaker, Robert H.
Shuman, Edwin A., III
Sievert, Robert G.
Simia, Richard
Sinwell, Raymond J.
Sisson, Thomas U., Jr.
Siverly, Paul L.
Skarlatos, Paul
Skillen, Robert L.
Skorupski, Stanley S., Jr.
Slack, Stephen R.
Slattery, Francis A.
Slayton, Marshall T.
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Smith, Albert L.
Smith, Allen, III
Smith, Chester R.
Smith, Cyril P.
Smith, Dickinson M.
Smith, Donald P.
Smith, Eugene F.
Smith, "H" "O"
Smith, Irvin L.
Smith, James L.
Smith, Joel E.
Smith, Leighton D.
Smith, Marvin G.
Smith, Ralph R.
Smith, Richard J. W.
Smith, Richard H.
Smith, Robert H.
Smith, Walter S.
Snee, John J.
Sneed, William Y.
Snider, Lloyd H.
Snyder, Edward C., Jr.
Snyder, Sherman R.
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Soderholm, Richard C.
Soltys, Mitchel S.
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Sottak, Edward J.
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Southwick, Charles E.
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Speirer, Paul E., Jr.
Springston, William A.
Spurrier, William W.
Stamm, Ernest A.
Starbuck, Thomas H.
Stechmann, Donald H.
Steel, Charles E.
Steele, Francis X.
Steele, Ted C., Jr.
Stefferud, David R.
Steffes, Herbert J.
Steinman, Alfred D., Jr.
Stembel, David M., Jr.
Sterling, Kenneth L.
Stetz, Elias J.
Stevenson, Leeroy J.
Stevenson, Donald W.
Stevenson, Peter K.
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Stickney, Harold L.
Stilwell, Charles H., Jr.
Stock, Merlyn L.
Stoddart, Ronald L.
Stoffel, Michael J.
Stoltz, Kenneth E.
Stone, Jack W., Jr.
Stone, Robert A.
Stone, Ronald P.
Stoner, Thomas M.
Storck, Bernard F.
Storm, Carroll F.
Storms, James G., III
Stovall, John C.
Strasler, Herbert J.
Stratton, Richard A.
Stuebben, Richard W., Jr.
Sturm, Gerard M., Jr.
Sullivan, John G.
Sullivan, Martin J.
Sullivan, Russell J.
Sullivan, Richard M., Jr.
Sullivan, Thomas E.
Sutherland, Terence B.
Sutherland, William P.
Sweeney, John H., III
Sweet, Harry J.
Switzer, Robert J.
Tanner, Charles N.
Tanner, John P.
Tate, Charles E.
Tate, John F.
Taylor, Arthur C.
Taylor, Harold A., Jr.
Taylor, James D.
Test, Richard Z.
Teuscher, John J.
Tevelson, Marchel C.
Thalman, Robert H.
Thayer, Albert J.
Thompson, Emil S., Jr.
Thompson, James C.
Thompson, Richard L.
Thompson, Richard G.
Thornton, Ray O.
Thrailkill, Chester, Jr.
Thudium, Wayne E.
Thunman, Nils R.
Tibbetts, Herbert E.
Tisdale, Albin A.
Tise, Donald G.
Tolg, Robert G., Jr.
Toncray, James R.
Tondora, Joseph E.
Townley, John L.
Trammell, Webb D.
Trask, Ace F.
Treagy, Paul E., Jr.
Trenham, Herbert D.
Trevors, George A.
Truman, Ernest W., Jr.
Trygsland, Arnold L.
Tsantes, George, Jr.
Tucker, Eli L., Jr.
Tucker, James R.
Tucker, Thomas A.
Tully, William R., Jr.
Turner, Ralph A., Jr.
Tuttle, Jerry O.
Ulmer, Donald M.
Vainosky, Thomas M.
Vanantwerp, Richard D.
Vandewater, George L., Jr.
Vandien, Casper R.
Vandusen, Harold L.
Vandyke, Willard H., Jr.
Varhalla, Michael R.
Vatidis, Christopher R.
Vaughan, Evan J., Jr.
Vaughan, Robert R.
Vaught, Gerald C.
Veatch, Philip A.
Vellom, Lee S.
Vernam, Claude C.
Villar, Emmanuel J.
Vonperbandt, Louis K.
Vosseller, John H.
Vreeland, James M.
Wack, Charles G.
Walck, Claude W.
Walden, William A.
Walker, Benny R.
Walker, Charles
Walker, Jack O.
Walker, Raymond H., Jr.
Walker, William E.
Wallace, James D., Jr.
Wallace, Richard M.
Wallace, Robert C.
Walsh, Don
Walsh, Harvey T., Jr.
Walsh, John J.
Walsh, Joseph A., Jr.
Walsh, William A.
Walter, Donald W.
Walter, Howard J.
Ward, Charles W. D., Jr.
Ward, Conrad J.
Ward, John H.
Wardwell, Edward A.
Warrick, Richard P.
Warthen, Ronald R.
Watson, Jerome F.
Watson, John
Watson, Robert M.
Watson, Thomas C., Jr.
Webb, James E.
Webb, John B.
Webster, Hugh L.
Weed, John W.
Weir, Jack T.
Weitz, Paul J., Jr.
Wells, George W., Jr.
Wells, Peter M.
Welsch, John W.
Welsh, Vincent F.
Wensman, Linus B.
Werndli, Wilhelm W.
Werness, Maurice H.
Wessel, James E.
Wessling, Warren A.
West, Denton W.
West, Donald A.
Westbrock, Donald H.
Westbrook, Darrel E., Jr.
Weston, Gustav R.
Wetzel, James F.
Wetzel, Weslie W.
Whalen, Joseph D.
Wheeler, Charles G.
Whitaker, James E.
White, Bernard A.
White, Billy J.
White, Danforth E.
White, Donald J.
White, Raymond L.
White, Robert C.
White, William A.
Wiecking, Kenneth D.
Wight, Roy R.
Wigley, William W.
Wildman, John B.
Wilford, Donald M.
Wilkinson, Edward A., Jr.
Will, John M., Jr.
Williams, Edward O.
Williams, John O., Jr.
Williams, Ronel J. D.
Williamson, John P., Jr.
Willis, Arthur A., Jr.
Willis, James L., Jr.
Willmeroth, Earl R.
Wilmer, Robert R.
Wilson, David P.
Wilson, David G.
Wilson, William R.
Winchester, Warren H.
Winkowski, John R.
Winn, Velmer A. J.
Winton, Fred B., Jr.
Wintriss, George V.
Wise, Stephen A.
Wisniewski, Sylvester S.
Withers, Fred J.
Witherspoon, Beverly W.
Witthoft, Ronald D.
Wolkensdorfer, Daniel J.
Wood, Fred L.
Wood, John D., Jr.
Wood, Noel T.
Woods, Carl J.
Woodward, John L.
Woollard, Edwin F.
Woolway, David J.
Wootten, Thomas F.
Wright, James R.
Wright, Marshall O.
Wright, Murray H.
Wright, Robert R.
Wyckoff, Peter B.
Yaeger, Ernest F.
Yarker, Luther D.
Yarwood, John O.
Yates, James L., Jr.
Yonke, William D.
Yosway, Philip F.
Young, Harold L.
Young, James E.
Young, Milton E.
Youngblood, Newton C.
Yurso, Joseph F.
Zable, Joseph J.
Zaborniak, Walter J.
Zapalac, Robert E.
Zelones, Vincent L.
Zettle, Harold
Zidbeck, William E.
Zipf, Otto A.
Zuilkoski, Ronald R.

Robert B. Young, for temporary promotion to the grade of lieutenant in the line of the U.S. Navy subject to qualifications therefor as provided by law.

The following-named officers for temporary promotion to the grade of lieutenant commander in the line and staff corps, as indicated, subject to qualification therefor as provided by law:

LINE

Collins, Edward P.
Wade, Manley B.

CHAPLAIN CORPS

Davis, Lex L.

The following-named officers for permanent promotion to the grade of lieutenant (junior grade) in the line and staff corps, as indicated, subject to qualification therefor as provided by law:

LINE

Fischer, Judith
Morris, John E.
Snodderly, Sandra L.

SUPPLY CORPS

Bishop, William C.
Dunlap, Clarence C.
Kreimer, Robert M.
Robie, Ralph L., Jr.

CIVIL ENGINEER CORPS

Carden, Orelan R.
Carter, Robert L.
Christenson, James E.
Currie, Wayne L.
Davis, Gene
Flath, Eugene J.
Jackson, Gerald W.
McShea, Michael J.
Shirley, Ronald G.
Yoho, Hugh L.

NURSE CORPS

Batchellor, Patricia A.

The following-named women officers of the U.S. Navy for permanent promotion to the grade of lieutenant commander in the line subject to qualification therefor as provided by law:

Barry, Barbara A.
Brooks, Irma J.
Chapman, Jean L.
Clark, Marion J.
Denton, Nancy L.
Donovan, Patricia R.
Dowd, Joan E.
Hartington, Pauline M.
Hollenbeck, Nancy G.
LaBonte, Nadene B.
Mogge, Marjorie H.
Moulden, Claire L.
Reid, Sylvia
Young, Sue E.

The following-named officers of the Navy for permanent promotion to the grades indicated:

To be captain, Medical Corps

Richard R. Waite

To be lieutenant commander, Dental Corps

William A. Stout

To be lieutenants, line

Brian P. McCrane
Ronald M. Lauber
Bruce K. Shurtleff
Laurence P. Hamaker, Jr.
Robert L. Ediin
Thomas C. Bosworth
Robert J. Corrado
Ronald R. Zuilkoski
Dilliard D. Hicks, Jr.
Stanley A. Stanford
Wesley A. Hock
George W. Wells, Jr.
Raymond L. Thompson
Hugh A. Hogle
Howard L. Gottfried
Donald W. Blount
Don R. Wickstrand
Elvin G. Lightsey

To be lieutenants, Medical Corps

Clyde W. Jones
Jay S. Cox
William E. Carson, Jr.

To be lieutenants, Chaplain Corps

Bey G. Grunder
Oliver H. Wetzel

The following-named Naval Reserve Officers' Training Corps candidates to be permanent ensigns in the line of the Navy, subject to the qualifications therefor as provided by law:

Richard A. Brace
Victor E. Clemons
John A. Daukshus
David J. Hood
Edgar M. Morrill, Jr.
Robert M. Noah
David W. Parsons
Robert E. Schantz
Theodore P. Sherwin, Jr.
Stephen B. Small
John H. Smittle

The following-named (Naval Reserve officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Phillip Goldfedder
Ralph W. Hale
Rudolph E. Jackson
Louis D. O'Brien
Raymond L. Sphar, Jr.

The following-named (Naval Reserve officers) to be permanent lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Edwin H. Bennett
Harmon D. Wilkes

Murray W. Meador, Jr. (Naval Reserve officer) to be permanent lieutenant and a temporary lieutenant commander in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

Edward J. Koehne, Jr. (U.S. Navy retired officer) to be a lieutenant in the line of the Navy, for temporary service, pursuant to title 10, United States Code, section 1211.

CONFIRMATION

Executive nomination confirmed by the Senate November 8 (legislative day October 22), 1963:

FEDERAL RESERVE SYSTEM

J. Dewey Daane, of Virginia, to be a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1960.

EXTENSIONS OF REMARKS

Independence of Cambodia

EXTENSION OF REMARKS
OF

HON. ADAM C. POWELL

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, November 8, 1963

Mr. POWELL. Mr. Speaker, tomorrow, November 9, the Kingdom of Cambodia will celebrate the 10th anniversary of her independence, and on this occasion we take opportunity to send warm felicitations to His Royal Highness Prince Norodom Sihanouk, the Chief of State; and His Excellency Nong Kimny, the Cambodian Ambassador to the United States.

This small country in southeast Asia is located between Thailand and war-torn Laos and South Vietnam. It is situated in a very troubled part of the world, and yet, for a decade now the people of Cambodia have lived in remarkable tranquility.

If there is one individual responsible for this happy state of affairs it is Prince Norodom Sihanouk. At one time the King of Cambodia, Prince Sihanouk abdicated in March 1955 in favor of his parents, King Suramarit and Queen Kassamak. The reason he left the throne was that he wished to participate more actively in the political affairs of the country. He immediately established his own political movement and later that year became the Prime Minister when his party won a sweeping victory at the polls.

When his father died in 1960, Prince Sihanouk made a decision not to resume the throne. The National Assembly adopted an amendment to the constitution stating that in special circumstances the Assembly could confer the powers of Chief of State on a person chosen by a national referendum. Subsequently Prince Sihanouk was unanimously elected Chief of State by the National Assembly after the Prince received overwhelming popular support in a nationwide referendum.

Cambodia's leader has made a unique and determined effort to establish personal contact with the people. He has explained his policies to them and has succeeded in winning their full support. He has continued also to enjoy the great respect which the Cambodian people have accorded him as King and as the leader who secured the country's independence.

Cambodia has emerged as one of the important states in southeast Asia. Prince Sihanouk's government has adopted a position of neutralism in the cold war. Cambodia's neutrality is described as being neither complaisant nor surrendering to anyone, but a genuine attempt to maintain an equal balance between the blocs and to eliminate any pretext for aggression. This attitude of the Cambodian Government has been respected by the United States. The policy of our own Government toward Cambodia has been based on the simple precept that we would like to assist Cambodia to remain free. The United States has considered it to be in its own national interest to help in the economic and social advancement of Cambodia. Through its programs of assistance, the United States has endeavored to help the Cambodian Government maintain the independence of the Kingdom and promote the welfare of the Cambodian people.

I would like to take this opportunity to salute the people and the Government of Cambodia on the 10th anniversary of the Kingdom's independence. I know that many other Americans join me in this gesture.

ARA: The Seed for Economic Growth

EXTENSION OF REMARKS
OF

HON. ELIZABETH KEE

OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Friday, November 8, 1963

Mrs. KEE. Mr. Speaker, until the last 20 months or so, there were times when I wept silently over the apparent hopelessness of the economic prospects for the people in my district, and for all of West Virginia, for that matter. Until the latter part of 1961, we were all preoccupied with despair brought about by economic change and technological innovations that made some of our natural resources less important as job-creating factors—a despair and bitterness sustained and fed by the absence of any new program that might offer new paths for economic growth and new employment.

By the early part of 1962, however, West Virginians came to appreciate the role of the Area Redevelopment Administration in providing that kind of program.

The full gamut of ARA's tools have been put to use in southern West Virginia: Industrial loans for new or expanding companies; public facility loans and grants for water systems required by industrial establishments; retraining of unemployed men and women for new skills in good-paying jobs; technical assistance for the discovery of new ways of utilizing the natural resources of an area in order to create new job opportunities.

I would like to tell my colleagues about one concrete train of events resulting from ARA's technical assistance program in my part of West Virginia. This technical assistance consisted of a feasibility study to discover the possibilities of converting the current liabilities of the New River Gorge area into future assets for the ever-expanding tourism-recreation demands of Americans, especially those on the eastern seaboard who are competing with each other for space and activity areas in their leisure time.

The results of the feasibility study were positive, and immediately following on that, the State of West Virginia developed concrete proposals for the implementation of the technical assistance recommendations. By the end of June, of this year, ARA was able to process and approve a multimillion-dollar tourist and recreation project.

Mr. Speaker, I challenge any critic of ARA to go down to towns in, say, Summers County, W. Va., and make one single uncomplimentary comment about that agency before the citizens of that county. I dare such antagonists of the ARA program to stand up in Hinton and accuse ARA of being incompetent and political.

While I challenge and dare, I cannot assure any critic that he would get a cordial reception.

I wonder how he would be received by the publisher of the Hinton Daily News, Mr. John E. Faulconer? I raise this question because of Mr. Faulconer's description of the electrifying effects of ARA's mere announcement of the approval of that project—a description which I would like to insert as part of my remarks here today.

In a letter dated July 24, 1963, Mr. Faulconer provides us with just some of the insight into the meaning of ARA's action last June:

First, he points out that many years ago, a few creative citizens of the county came to the conclusion that prosperity cannot be based on only one industry—and that a dam at Bluestone would mean the reconstruction of that area's basic economy. Because power associated with such a dam is not yet a reality—

> Local citizens * * * then went to sleep. No industries came into the area, but the dieselization of the C. & O. Railway, the county's main industry, resulted in the loss of hundreds of jobs.

But more recently, after overcoming many obstacles, the four counties around Bluestone were able to obtain a grant and loan from ARA to implement the New River Gorge study.

> What this announcement has done—

Writes Mr. Faulconer—

> is unbelievable.
>
> The morale of the people has had an overnight transformation that has lifted them from the depths of despair to the pinnacle of optimism and to borrow a word from our astronauts: the word in Hinton now is "Go."

The entire area is now buzzing with an atmosphere of confidence that has proven to be the second trigger for an upsurge of economic activity—things like the local retail establishments modernizing their facilities and hiring more employees; an increase in newspaper advertising; a rise in banking transactions with the result that more bank employees are being put to work; and the banks themselves modernizing; a local dairy plant expansion; national restaurant, motel, and gasoline service stations are scouring the immediate vicinity of the State tourist project area to find the right site to meet the needs of the thousands upon thousands of tourists expected to "invade" the four counties.

These are only a sampling from Mr. Faulconer's letter. More of them are cropping up even now.

And here is one of the morals to be drawn from this one decision of the Area Redevelopment Administration:

> No ARA funds have been requested for any of these local projects. They were all initiated as the result of the tourism project which provided the seed for the economic growth of the county.

"The seed for economic growth." That term symbolizes the purpose and spirit of ARA. Ask anybody in Summers County, or Wyoming County, or Fayette County in the Fifth Congressional District which I have the honor to represent.

Rulers of Russia Are Never Honest—Latvia a Classic Example

EXTENSION OF REMARKS
OF

HON. MICHAEL A. FEIGHAN

OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Friday, November 8, 1963

Mr. FEIGHAN. Mr. Speaker, today marks the 45th anniversary of the Latvian Declaration of Independence.

This is a day of great significance to all people of Latvian origin living in the free world as well as those in the homeland. Its greatest significance lies in the fact that the people of Latvia were able to throw off the chains of Russian imperialism 45 years ago and to establish their national independence. This event marks a fullfilment of the long held hopes and aspirations of the Latvian people. Those hopes and aspirations of the Latvian people were satisfied from 1918 until 1939, when the Latvian nation blossomed into full sovereign and respected statehood. During that period the United States enjoyed the most cordial relations with the Latvian nation.

In 1939 Imperial Russia in a deal with Adolph Hitler, put an end to Latvian national independence. This deal was worked out in the Russian-Nazi pact of mutual assistance which triggered off World War II. Imperial Russia was given the right by conquest or such other means as it determined to bring Latvian national independence to an end. Stalin did not delay in exercising his end of this deal and Latvia was soon forcibly and illegally incorporated into the Soviet Union, as a so-called constitutent republic.

It is worth noting in this regard that Red Russia entered into a treaty of peace with Latvia in 1920. Article II of that treaty provided the following Russian guarantee of Latvian national independence:

> By virtue of the principles proclaimed by the Federal Russian Socialist Republic of Soviets which established the right of self-determination for all nations, even to total secession from the empire with which they have been incorporated, and in view of the desire expressed by the Latvian people to lead an independent national existence, Russia unreservedly recognizes the independence, self-government, and sovereignty of the Latvian Republic and voluntarily and forever renounces all sovereign rights over the Latvian people and territory which formerly belonged to Russia.

The Federal Russian Socialist Republic of Soviets was the new name of the Russian nation, adopted by the Bolsheviks. The Union of Soviet Socialist Republics, full successor to the reconstructed Russian empire, did not come into being until 1923. Nevertheless the new Russian ruling class assumed full responsibility for the treaty entered into with Latvia. The brutal violation of that treaty of peace with Latvia by the new Russian ruling class stands as a classic example of what happens to any non-Russian nation entering into treaty relations or any other types of agreements with imperial Russia.

Time must not be allowed to obscure this classic example of Russian behavior in the field of international relations. Observance of this 45th anniversary of Latvian national independence, therefore, serves as a proper occasion to renew this memory in the hope that our present dealings with imperial Russia will be governed accordingly.

Further, this occasion provides thinking Americans with the opportunity to renew our faith in the determination that Latvia shall regain its national independence in the foreseeable future.

Lest We Forget

EXTENSION OF REMARKS
OF

HON. WILLIAM G. BRAY

OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Friday, November 8, 1963

Mr. BRAY. Mr. Speaker, yesterday I introduced a bill, House Joint Resolution 800, to establish a World War I Commemorative Commission.

This Commission would plan appropriate observances of our entry into World War I and our eventual victory. In addition, it would seek to stimulate and encourage scholarship concerning the causes, conduct, and effects of the war and to expand public knowledge and understanding of the goals of the war and the extent to which they were realized before more years slip away and the facts become colder.

With another global conflict endured in the intervening years since the First World War, and with the ever-present threat of another catastrophic war, a little time to study and consider the first struggle to "make the world safe for democracy" should be time well spent.

There is still another reason that I propose this Commission at this time. More than 4,355,000 Americans served in our Armed Forces during World War I. During the war, 126,000 died and hundreds of thousands have passed away since that time.

The majority of World War I veterans still remain, however, and in commemorating the significant events of the war upon their 50th anniversaries we have a rather unique opportunity to do honor to the brave men and women who defended us while they are still with us. It is certainly appropriate that we observe those to whom we owe so much by various ceremonies honoring the dead; in noting the forthcoming anniversaries of World War I we can pay particular homage to the thousands of veterans still among us, and through them honor their comrades who have gone on.

It is not too early to be planning these observances.

We entered World War I on April 6, 1917, the 50th anniversary of which is 3½ years hence. An appropriate observance of that anniversary would require public notice of some of the events which preceded it. To adequately plan and prepare the schedule of events and related programs, the Commission should be under full steam by mid-1965.

Rather than have the Congress in any way "buy a pig in a poke" I would further suggest that the Commission begin with preparing a preliminary plan, so that it can then return to the Congress with its specific proposals and an indication of what funds it will require.

To allow adequate time for this plan to be prepared and to be submitted to the Congress by mid-1965, the Commission should be established during 1964. With a view to allowing adequate consideration and deliberate progress through the various committees and the Congress, and in the hope of seeing it enacted during the next year, I am submitting the bill at this time and bringing it to the attention of my colleagues.

I have heard some say that we are going to extremes in celebrating various historic occasions; and that some of the observances planned are far too elaborate and involved. In offering this proposal, it is my hope that the Commission would show appropriate restraint in the type and number of programs it undertakes, in keeping with the great, sad dignity of the events it honors.

A carnival is not the appropriate observance of the carnage of the battlefield. A circus does not properly mark the suffering of a great war. The conflict of great nations and great ideals is not fittingly noted with Sunday afternoon skirmishes.

"Lest we forget" has become the common reminder of our obligation to remember our honored dead. In truth it is a privilege to recall the sacrifice and devotion of this Nation's defenders, living and dead, for what greater proof could there be of the great worth of this Nation, in which we all share.

Only at our great peril could we forget or ignore them. What greater bulwark is there for us today than the remembrance of those brave countrymen who risked their lives in defense of our freedom. We need the inspiration and rededication which the memory of their devotion gives us.

Mr. Speaker, I hope that my colleagues will give earnest consideration to this proposal and that it will move promptly toward enactment.

Wheeling (W. Va.) Intelligencer Presents Reasoned Editorial in Support of Quality Stabilization

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, November 8, 1963

Mr. RANDOLPH. Mr. President, my views on the need for quality stabilization and restriction of the more predatory competitive practices of our distributive economy have not altered significantly since I cosponsored legislation on this subject in the Senate in 1961. Since then I have twice gone on record in support of its principles by joining colleagues in reintroducing the measure in perfected form. I have also testified for quality stabilization before congressional committees, as I did again on June 5, before the Senate Commerce Committee.

The measure has been examined and reexamined by committees of Congress and it is particularly gratifying that last year, though the bill was not brought to a final vote it received favorable reports from three separate committees. It is most deserving of enactment by this Congress so it can go to work as a helpful economic force.

On August 6, 1963, the Wheeling (W. Va.) Intelligencer printed an effective commentary on quality stabilization and its implications. The reasoned editorial approach of this leading West Virginia newspaper is in refreshing contrast to illogical, and in many instances, intemperate editorials in opposition to the proposal.

The Intelligencer pays deserved tribute to the leadership of Representative CHET HOLIFIELD, of Califorina, in the cause of the consumer. Likewise, it is appropriate that we take note of the fact that the Senate assistant majority leader, the Honorable HUBERT HUMPHREY, introduced S. 774, and that the Honorable THOMAS H. KUCHEL, assistant minority leader, is a cosponsor. Some nine other Senators, including myself, are also listed as cosponsors of the measure, and proponents are seated on both sides of the aisle.

Mr. President, I concur with the view propounded by Senator HUMPHREY in a recent speech. In describing tactics employed by opponents of the quality stabilization bill, the articulate Democratic whip stated:

> They've set up a "strawman" and then proceeded to knock it down again. In other words, they invented a mythical quality stabilization bill and then tore it to pieces.
>
> The trouble is, their quality stabilization bill hardly resembles the legislation that 10 other Senators and I introduced in the Senate.
>
> So there are really two quality stabilization bills—ours—the real one—which will give a measure of needed protection to the small business community against unfair competition, and theirs—the phony one—the mythical bill invented by predatory price cutters and some editorial writers and newspaper cartoonists to muddy the genuine issues.

I request that the editorial "Buyer Beware" in the August 6, 1963, issue of the Wheeling (W. Va.) Intelligencer be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

> BUYER BEWARE
>
> Congressman CHET HOLIFIELD, of California, presented the case for the defense, briefly and tersely, in answering charges that the quality stabilization bill, of which he is a cosponsor, ignores the interests of both the consumer and the small merchant.
>
> The Intelligencer recommends a careful reading of Mr. HOLIFIELD's statement. It and the legislation in behalf of which he speaks deal with a subject close to the heart of every shopper in the land.
>
> As a basic proposition it is difficult to quarrel with the proposition that once a merchant acquires an article from a manufacturer it is his to do with as he pleases. The corollary that to deprive the merchant of that right not only invades his freedom, but stifles competition and tends to encourage consumer gouging, while by no means as compelling, is sufficiently persuasive to bring into disrepute the whole idea of reposing in the manufacturer the authority to fix the retail price of his product. Thus the general tenor of court decisions has been to outlaw so-called fair trade laws, and the disposition of the public to applaud this judicial thinking.
>
> Unfortunately, this is not an all-white or all-black area of public policy. The issue is not one of which it can be said with assurance this way lies public welfare, that way group interest. There is something to be said for both points of view. For its part, the Intelligencer has been disposed to side with those who recognize the producer's proprietary interest in a brand name to which he has given meaning, and who feel that on balance the consumer loses if the right to protect this interest is denied by law. It does not profess to know whether or not the legislation Mr. HOLIFIELD and his associates propose is the best answer to this perplexing question. It confesses to a nagging fear, however, that if no way is found in the law to protect the integrity of brand names, the

marketplace will become a jungle in which the shopper will be deprived of the benefit of the familiar signposts which have served him so well in the past.

Representative Karth Urges United States To Sell Boosters

EXTENSION OF REMARKS

OF

HON. HUBERT H. HUMPHREY

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Friday, November 8, 1963

Mr. HUMPHREY. Mr. President, in a recent issue of the magazine, Missiles and Rockets, the distinguished Representative from the Fourth District of Minnesota, the Honorable JOSEPH E. KARTH, made a provocative suggestion that the United States might market its boosters in advanced space systems to the developing European space programs—a development which might well assist in the problem of gold outflow, and which might lessen the persistent unemployment problem in the United States.

I wish to commend to my colleagues this suggestion by Representative KARTH, and I ask unanimous consent that the article entitled "Representative KARTH Urges United States Sell Boosters," appearing in Missiles and Rockets of August 26, 1963, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REPRESENTATIVE KARTH URGES UNITED STATES SELL BOOSTERS: HOUSE EXPERT SAYS SALES WOULD MAKE JOBS, EASE GOLD PROBLEM WITH NO RISK TO U.S. SECURITY

(The U.S. space industry has a fantastic future market for boosters and advanced systems in the developing European space programs. Exploiting this market will bring financial profit to U.S. companies, help stem the worrisome flow of gold out of the country, and lessen the persistent unemployment problem. In giving these opinions to Missiles and Rockets, Representative JOSEPH E. KARTH, Democrat, of Minnesota, draws from his 4 years' experience as a charter member of the House Space Committee and his current chairmanship of its Subcommittee on Space Sciences and Advanced Research and Technology. He also tells how the United States can sell Atlas, Centaur, and Saturn to foreign countries with no security problem. This interview with KARTH was conducted by Missiles and Rockets senior editor, William Beller.)

Question. Mr. KARTH, you have expressed the belief that the United States should do more to tie in with the emerging space programs in Europe. Why is that?

Answer. I feel this is a good area for us to explore because we are suffering from persistent unemployment, excessive outflow of gold, and an imbalance-of-payments problem. I am mindful that the President on quite a number of occasions has expressed deep concern about these matters.

In many areas, boosters for example, where we have gone through the extremely expensive research and developemnt phases—these are the areas we should now exploit with the friendly foreign countries. We should see if we can sell some of this great technological development. It may prevent them from developing their own and therefore lead to a fantastic future market.

Question. So far only Scouts and Thors have been available to European countries. Could they get the Atlas?

Answer. I would say so, under these conditions:

1. That they pay for the vehicle—I don't think we should give it away.

2. We would need to launch it for them. They don't have the launching pads and probably can't get into the tremendously expensive launching pad, gantry, electronic-type setup that goes with the launching of a major booster system for some time. But eventually they would, because they are serious about their own space programs.

3. Whatever secrecies surround the launch vehicle and/or other devices, all of this would be handled by U.S. personnel.

Question. Why should foreign countries pay for boosters if NASA is willing to provide them free for programs of mutual scientific benefit?

Answer. That's the catch. In my opinion, other nations are not as interested in advancing scientific exploration as they are in embarking on programs to advance their own economic position. And in this instance I say it's fine for us to cooperate by selling to them a booster or whatever other paraphernalia they need.

As these countries become more involved in space programs, it may be they will be desirous of buying Saturns or Centaurs. We don't necessarily need to stop at Atlas. I think the whole high-thrust field of boosters is a tremendous market with great potential.

Question. How could such sales be handled, government-to-government?

Answer. My first opinion is we should do this through an agency of the U.S. Government, probably through the Defense Department or NASA. Whatever profit might be involved does not go to NASA, does not go to DOD—it goes to private industry, to those who make the Atlas or the Saturn or Centaur. This money gets back into the economy. It provides jobs. It stimulates the U.S. gross national product, causing our overall economy to grow and expand.

So I don't really think it makes too much difference whether or not sales of our space capabilities to foreign interests are made through an agency of our Government. However as a matter of convenience or protocol—or a requirement, from an international standpoint—this may well be the best if not the only procedure.

It would merely be an agency of the U.S. Government making available to the foreign country under prescribed conditions, a booster or a space system or whatever it may be. Then these countries would contract for this work in terms of dollars and cents with the U.S. manufacturer, whoever that might be, through the U.S. Government.

Question. Could a foreign country—or U.S. industry, for that matter—now proceed to design a project about a large U.S. booster and feel that there is a high probability that under proper security measures it could get such a booster? Would there be anything against U.S. policy?

Answer. Nothing that I know of, if the proper security precautions are taken. The missile or the launch vehicle would not leave this country. It isn't a matter of shipping it to a foreign country where they could tear it apart and see how it is made, and gain whatever information might be held secret in the United States.

No, I don't see any laws or rules or regulations that would be violated if we merely made our space capabilities available to foreign countries, with all the proper secrecy precautions taken, for the purpose of launching one or a dozen or 5 dozen of their space systems.

Question. This means, then, Mr. KARTH, that General Dynamics—for instance—could try to sell its launch vehicles directly if it got the blessings of the requisite agency in the United States?

Answer. If it involved launch vehicles around which there are no matters of security; yes, sir. Certanly, they could, and I would hope they would.

Question. But even if there were matters of security, couldn't the companies sell boosters if the vehicles were launched in the United States, with proper security measures?

Answer. Yes, I don't see any reason why they should not or could not.

Question. Would it be necessary for the United States to have any control over the payloads a foreign country launched with U.S. boosters?

Answer. I think this could be established by a predetermined set of standards. We had better take these things on a piecemeal basis, examine them carefully and one at a time.

Certainly we wouldn't make available to a foreign country a booster to launch an atomic bomb just to further develop that country's technology in the development of nuclear energy. Of course not. In this instance we would say "No. We won't sell you one under any such condition." So I say we would have to give our assents on an individual-project basis.

Question. Mr. Karth, is there now any effort to sell our heavy-thrust booster capabilities abroad?

Answer. I know of no one who is looking into the proposition of selling them. That doesn't mean it isn't time we started thinking about it—and I intend to talk to people about this proposition and would hope that our Government would give it serious consideration and weigh all the pros and cons.

Question. Where do you feel the initiative lies to start a program of selling our space systems abroad? Should it be industry, NASA, Congress, the White House?

Answer. I feel very strongly that some serious consideration should be given to it. I think maybe the administration should first go through the exercise of looking into the merits and demerits. And this need not take forever.

This could be done by appointing a very select committee of NASA officials, Department of Defense officials, State Department officials. I think industry should be represented on this board too, or on this select committee * * * call it what you like. And, of course, the administration directly. And then some people from the scientific community, in general, could be called on for contributions.

Question. How would we react if a nation wanted our boosters to launch its own system of communications satellites?

Answer. If they are really serious about becoming engaged in this kind of a program, they are going to do it with or without us. I'd rather they did not develop all of these technologies themselves, but depend upon us to supply them. Nevertheless, if they want boosters for peaceful purposes, we ought to sell the vehicles to them as long as we can.

Here we are in a position to capitalize on our capabilities over a long period of time—probably for a decade or two decades—and I think we're acting like the ostrich with its head in the sand. When you've got an opportunity, I think you've got to exercise that opportunity, and here is an area where I think we have it. Here is an area where I think we should not go down the road of archaic-type thinking.

Good grief, we've never gone to the moon before either, and if our thinking is that we shouldn't do anything we haven't done in the past—well, I guess we really wouldn't have a space program.

This is why I'm interested. It means jobs for American workers. It could mean a more favorable balance of payments. In fact it may be just what we need. And this means that a good deal of our outflowing of gold could be stopped. If these things are important, I see no reason why we can't embark upon selling our technology to those people who want to participate in a broadly based space program.

The 30th Anniversary of the Artificial Famine in Ukraine, 1932-33

EXTENSION OF REMARKS

OF

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 8, 1963

Mr. DERWINSKI. Mr. Speaker, history clearly refutes the arguments which the administration may offer for its desire to embrace the Soviet Union and other satellite countries in a spirit of coexistence.

As a reminder of historic Communist treachery, I submit resolutions adopted by the Ukrainian-American Committee at its rally on October 13, in Chicago, commemorating the 30th anniversary of the Artificial Famine in Ukraine, 1932–33:

RESOLUTIONS ADOPTED BY THE UKRAINIAN-AMERICAN RALLY COMMEMORATING THE 30TH ANNIVERSARY OF THE ARTIFICIAL FAMINE IN UKRAINE, 1932–33, CHICAGO, ILL., OCTOBER 13, 1963

The Communist empire of the Moscow dictators came into being, grew, spread, gained power, existed and continues to exist by terror, genocide, and injustice, violating God's Commandments and trampling the rights of man, enslaving, subjugating and destroying entire nations.

Lenin, Stalin, Khrushchev—different names but the same rule—different persons but all pledged to the same methods of merciless dictatorship, an uninterrupted chain of crimes against mankind, based on relentless physical terror and mass murder.

Recalling these facts and—

Whereas in the years 1932 and 1933 during the great famine, over 6 million Ukrainians needlessly perished; and

Whereas the Famine was deliberately created by the Moscow-directed regime to permanently suppress Ukrainian nationalism and Ukraine's right and desire for self-determination; and

Whereas Moscow's rulers forcibly confiscated all privately owned properties and jailed countless thousands of Ukrainians who refused to submit to the dictates of colonial expediency; and

Whereas during the 30-year period since the famine, Russia was directly responsible for the death of thousands of Ukrainians at Vinnitsa, thousands of Poles in the Katyn Forest, thousands of Hungarians in Budapest, and countless East Germans in Berlin, all of whom were the unwilling victims of the Muscovite regime; and

Whereas the world still remains indifferent to the menace of Russian Communist imperialism which threatens to enslave the free world; and

Whereas this indifference has cost the United States thousands of American lives in Korea, Laos, and Vietnam; and

Whereas all these facts are overwhelming evidence that Russian Communist imperialism continues to threaten human dignity, freedom, and democracy leaving no room for compromise: Now, therefore, be it

Resolved, That we, the members of the Ukrainian-American community gathered at the National Guard Armory in Chicago on Sunday, October 13, 1963, do hereby:

1. Condemn the famine of 1932–33 in Ukraine as the greatest crime known to man;
2. Appeal to the free nations of the world, especially the United States of America, to use whatever means are available to force Moscow to abolish all forced labor camps, and to cease the practice of mass deportation which are both directed against the vital interests of Ukraine;
3. Demand that the Soviet Government immediately withdraw all of its occupation forces, dissolve the puppet Ukrainian regime, and permit free elections under the jurisdiction of the United Nations;
4. Appeal to the United States to introduce the problem of Russian colonialism in the United Nations and the problem of Russian genocide in Ukraine (1932–33) International Court in Hague.

In addition, Mr. Speaker, may I briefly recount the history of the Ukraine famine so that the full import of Soviet treachery may be realized.

Ukraine, with a population of approximately 45 million inhabitants, boasts one of the richest agricultural areas in all of Europe. Between 1909 and 1913, Ukraine accounted for 20 percent of Europe's grain supply.

During the Russian Revolution of 1917, Ukraine, along with a number of other non-Russian nations within the Russian Empire, declared its independence, an act which resulted in the establishment of the Ukrainian National Republic. Unable to sustain itself against the overwhelming odds of German and Polish interference, Denekin's White Russian army, two Bolshevik invasions, a poorly equipped army, disease, and economic chaos, Ukraine succumbed to the third and final Communist onslaught of 1920.

At first the Bolsheviks proceeded with caution in their takeover of Ukraine, hoping to win the Ukrainian population over to the Communist cause. When Ukrainian resistance continued, however, the Communists decided to resort to extreme measures to bring Ukraine to heel.

Between 1929 and 1932, 500,000 farms were confiscated, 2½ million Ukrainians were driven from their homes and transported to other regions of the Soviet empire, and another million Ukrainians were packed off to Siberian slave labor camps.

On August 2, 1932, Moscow issued an edict ordering Ukrainian peasants to turn over all of their crops to Moscow's food collectors. Resistance to the edict brought about forced food collections, the isolation of entire areas by armed troops who prevented anyone from leaving or entering, and the actual destruction by bombardment of villages where resistance was strongest. The result was mass starvation.

Ironically, Ukraine's grain elevators remained full, protected by the Soviet army, and Moscow continued to export grain and other foodstuffs to the outside world. Barring all Western observers from Ukraine, the Communists vehemently denied the existence of a famine and refused all offers of aid from the International Red Cross. Late in 1932, Ukraine was opened to selected newsmen and American and foreign newspapers were filled with stories outlining all of the brutal details of the mass starvation. Although estimates vary, reliable sources have placed the number of those who perished in the famine at between 6 and 7 million.

Address at Parkersburg, W. Va., by Hon. Thomas P. Gill

EXTENSION OF REMARKS

OF

HON. KEN HECHLER

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 8, 1963

Mr. HECHLER. Mr. Speaker, on November 2, the featured speaker at the Fourth Congressional District seminar in Parkersburg, W. Va., was the gentleman from Hawaii, THOMAS P. GILL, and under unanimous consent I include the text of Congressman GILL's excellent, analytical address:

Your good Congressman, KEN HECHLER, may come to regret the wide license he gave me this evening. I have interpreted his instructions broadly, but I hope not vaguely. I am going to try to give you a small report on the progress of Democracy recently in this country—and we will spell it with a big D.

I don't really think I could get away with vague talk in West Virginia. In Hawaii, I know I would be in trouble. In my State, people call vague political bombast a "muumuu speech," meaning, of course, that it covers everything but reveals very little.

Seriously, it is good to talk to Democrats about our party—and to talk as specifically as we can. We know that our party is no better than its workers. Your knowledge, as workers, of State and National issues sets the measure for the party leaders. Your ability to distinguish a fact from a phony has a remarkable effect on the quality of your elected officials.

I would like to reemphasize this point—it is central to what we have to say tonight: A political party that defines the issues, recognizes the problems they raise, and deals squarely with them on the basis of facts is, in my mind, the only kind of political party worth having.

A political party needs "heart," and our party has kept its sense of concern for human values; but a party also needs a "head," and this is not always as easy to maintain. This essential combination of "heart" and "head" is what gives the people of this Nation a feeling of confidence in us as Democrats. We not only want to do what is best for the average man; we also know how to do it.

Let's talk for a moment about the "heart" and the "head" in three areas of great importance to all of us today: the economic progress, the growth of education and training, and the opportunities that must exist for us and our children.

When we talk economics, heads usually begin to bob; it is hard to brighten the dismal science.

Let me approach this by first talking about some current American folklore—some myths to which both parties are prone.

First, some Democratic myths.

As Democrats, we are inclined to worship at the altar of "ever increasing production." It sometimes seems we consider increased production of goods and services as a virtue in itself.

We may be getting lost in a myth. Shouldn't we question both the side effects of production and the real value of the goods produced?

We can agree that our gross national product, now soaring to the $600 billion mark annually, must continue to rise. It should rise at a faster rate if we are to continue to increase the creature comforts of our people.

However, let's watch that we don't just believe in "production for production's sake."

One aspect of our special myth is that production is always good, regardless of side effects. We need more and better roads; but where the roads begin to cover our fertile fields with concrete and tear the hearts out of our cities, we should pause and think. We need more cars and appliances; but do we need them in tremendous profusion—engineered to go out of operating order as well as fashion every few years? Need all those appliances when some money could go to better schools? We need new factories, new jobs, new products; but in the process of building, working, and producing, is it wise to poison our rivers and the air around us? We need the coal in the ground and the trees that grow on it; but in gathering these riches, should we destroy the hills, streams, and fertile countryside?

To some, these are ethical questions. I suggest they are both ethical and practical.

Certainly, it is not right to willfully destroy and waste the bounty that nature has given us. But there are also some very practical reasons. The more we pollute our rivers, the more we must spend for drinking water. The more we destroy our mountains and fields, the more it costs us to support the people who used to live off their bounty. The more we poison our air and mar our cities, the more they repel our children and people from other areas who might want to work and spend their money with us.

Production is good; increasing production is necessary. But some production may be useless; some may destroy far more than it gives. Let's distinguish the fact from the myth

Another aspect of the myth of production for production's sake is well known to the people of West Virginia. You certainly know that an overall increase in national productivity doesn't necessarily help all of us. We do have what the economists darkly call structural unemployment. The pockets of despair exist in many parts of this country; there are many communities that suffer poverty in the midst of general plenty.

This dark star holds a special place in our economic sky today. Whether we be employers or workers, we cannot either ignore automation, or try to lock arms to prevent it. We may want our children to live and work nearby, but we can't deny the fact of a mobile labor supply. We may think we have learned our trade, but new jobs need new skills which, in turn, demand new training.

While we are still discussing myths, let's look at one with a particular Republican stamp. This is the myth that surrounds the great goddess of the ever balanced Federal budget. As the myth would have it, the handmaidens to this goddess are the twin horrors, deficits and inflation.

This myth is rapidly being built into an issue for the next campaign. Government finance is so complicated that few understand it.

Here the Republican Party has fallen into the tempting trap of baiting ignorance with fear. They would shout black and white solutions for black and white problems when the real world shows little but gray.

The Republicans tell us that an unbalanced budget is always evil; that the national debt will crush our children; that all this means inflation which will rob our old age. This is poppycock and the brighter of them know it. However, they will try to sell this line and we must know the answers.

The mere fact that we unbalance a Federal budget either by a tax cut, or by careful spending programs, or a combination of both, in order to jolt the private economy into greater productivity, doesn't mean that such a deficit is bad. And it doesn't have to mean inflation. In fact, it may be the sensible way to speed up the economy, increase Government income, and thus prevent an almost permanent deficit.

The fact that the national debt is over $300 billion today is no cause for panic, or for ill-founded anxiety about our grandchildren. Our national debt is not a mortgage which will be foreclosed at a given day unless we pay it back in toto. It is a great mass of different obligations owed by all of us to all of us. Our credit to ourselves, in a real sense, depends on our confidence in our ability to meet the payments as they come due. The key measure of our ability as a nation to carry debt, like that of an individual, is our earning power.

In 1946, our publicly held national debt was about equal to the value of goods and services we produced each year; since then our debt has risen about 12 percent; but our income has risen much more and now our debt equals only about half our annual production.

At this point, let's borrow a leaf from the Republicans and talk Government finance in household terms. Suppose you, individually, in 1946 had debts totaling $5000 and an annual income of $5000; suppose today you have debts of $6000 but your income has risen to $12,000. Are you better off today or in 1946?

In a very crude sense, this is what has happened to our country's debt and income since the Second World War.

So much for myths; what about answers?

If we are to be a responsible party, we must not only distinguish the problems from the folklore, but we must also provide answers. Not the one line, grade school type answers that some would peddle today, but complex, sophisticated answers that meet the needs of a difficult civilization.

What are some of them?

We spoke of the need to conserve our resources and the face of our land. The Kennedy administration, under the direct stewardship of Interior Secretary Udall, has moved strongly to encourage conservation, to develop new recreation areas for our teeming cities, to clean our rivers and skies.

This Democratic administration has not been hypnotized by the myth of production for the sake of production. It has moved against the soft spots in our economy with the ARA, with accelerated public works, with manpower retraining, and with broader education programs. These laws and programs have also served to channel our country's money into more essential types of production, such as the building of community facilities basic to future growth.

As a general stimulus to the economy, the President has taken the rather daring step of proposing a planned deficit, through a substantial tax cut, to stir the roots of the private economy. This is an expression of faith in a free economic system far deeper than any given by the recent Republican administration.

In short, we are saying that new purchasing power, freed by the tax cut, will surge through the marketplace and give us the new jobs and production we need.

However, we should be aware of two counter movements to this administration attempt to move the economy. The congressional opponents of the tax-cut approach have tried to cripple it by cutting deep into spending. There is also the danger that segments of the economy, particularly those areas where prices are capable of being "managed," will try to sop up the new purchasing power with price increases rather than with more production.

Let's move from the economy to the second great area in which we, as Democrats, should show "head" as well as "heart." This is education.

There are few educators in the Nation today who deny the crushing burden that has fallen on our school systems. In some fortunate States, with thriving economies and good tax systems, they come closer to meeting the need. In many States, the educational needs have long since run away from local resources.

The majority of the people of this Nation, and a vast majority of the educators admit the need for Federal aid to education.

As Democrats, our hearts tell us that there can be no greater legacy than the trained minds of our children; and our heads tell us the same thing. Today, a high school diploma is next to useless as job insurance. To have less than a high school education is to court disaster; to have more is to have a fighting chance at a decent future.

This Democratic administration has proposed a number of far-reaching education bills. Strangely enough, this supposedly slow and fumbling Congress may well be recorded as having done more for education than any other in our generation.

The President's education package will not emerge intact, but many of the parts may come out better than submitted. The conference committees are working on a far-reaching, job-oriented vocational education bill, and on an improved measure to aid universities. Aid to medical education, both for students and structures, has passed. An improved library services act waits in the wings. Impact aid and the NDEA will probably be continued this year and improved the next. We have reported out of committee a strong new manpower training act, and it waits its turn.

I am particularly glad to report our progress in education because I know of the deep interest here of your Congressman, Mr. HECHLER, and your Governor, Mr. Barron.

One tough educational problem we will not crack this year is the basic one of Federal aid for primary and secondary schools. The great dispute over support to private and parochial schools has created a legislative impasse. On this issue, we should all ponder.

The third and last area I want to briefly mention is opportunity—not for some but for all.

Opportunity is the gateway to the future. But in our country, opportunity must be for all, not for just some. Our heads tell us that every man or woman is entitled to make the best of his or her native talents and energies. Our heads tell us that to deny opportunity to some creates an economic and social drag on the rest.

Our heads tell us that the basic law of this land holds all men are created equal and that this should apply regardless of the color of our skin. Our hearts should tell us this, too, for it is right, but here our hearts are often silent.

I do not intend to speak at length on civil rights—enough is being said everywhere today. However, I think it is a fact that in this year of 1963, there is no more crucial problem in this country than the brotherhood of man. The leading elements of our party must continue to stay in the front of the drive for equality of opportunity for all Americans.

It will mean little to raise living standards and production when one out of 10 of our people is denied the right to fully participate. It serves us little to improve education, and tax all our people to pay for it, when large numbers of our children cannot share in the benefits only because they were born with different pigment in their skin.

The promise of America is the promise for all. As Democrats, in our heads and in our hearts, we must know this.

There is a place for philosophy in a political party. A party is not just to win elections. A party is to form issues, to teach, and to lead. The political party should be more important than the men and women in it.

It is true that in most areas we need attractive candidates to win elections, but I think it is fair to say that a political party based only on personality cannot survive for long. Men come and go, and they change. The sparkling crusader of yesterday may flounder in the bog of privilege or apathy tomorrow.

I hope, as Democrats, that we will continue to have the "heart" to know the right, and the "head" to make it so. If we believe in the basic reasonableness of man, we can give the voters a clear picture of the problems of our time. Further, we can give them humane and rational answers to those problems. We must say what we can do, and deliver.

As loyal party people, there is no greater service than this; as Americans, today, we cannot do less.

SENATE

Tuesday, November 12, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

Rev. V. Allen Gaines, pastor, Chamberlayne Baptist Church, Richmond, Va., offered the following prayer:

Our Father, we acknowledge once more that in Thee we live and move and have our being, and that Thou art closer than breathing and nearer than hands and feet.

Lord, we are dependent on Thee, so come down and sit beside us, to give us courage in place of discouragement, and lift us up from the doom of despair and the doldrums of disappointment, to recognize Thy grace, mercy, and love. Lead us to make wise use of our time, so that as Thou wilt bless America, we may become stronger in Thee.

Bless here Thy servants, our Senators, O Lord, with good health, wisdom, and protection; and bless their families, too.

We wait upon Thee for continued answers, and make this our prayer in Jesus' name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Friday, November 8, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. Mansfield, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. Fulbright, and by unanimous consent, the Subcommittee on Public Lands of the Committee on Interior and Insular Affairs was authorized to meet during the session of the Senate today.

On request of Mr. McClellan, and by unanimous consent, the Permanent Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate this afternoon.

ADDITIONAL EXPENDITURES FOR COMMITTEE ON APPROPRIATIONS—REPORT OF A COMMITTEE

Mr. HAYDEN, from the Committee on Appropriations, reported an original resolution (S. Res. 225); which, under the rule, was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-eighth Congress, $10,000, in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946, and S. Res. 128, agreed to May 9, 1963.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. BEALL, from the Committee on Commerce:

Philip Elman, of Maryland, to be a Federal Trade Commissioner.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BOGGS:

S. 2299. A bill to establish a Commission on National Agricultural Policy; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. Boggs when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 2300. A bill to strengthen the Motor Vehicle Safety Responsibility Act of the District of Columbia; and

S. 2301. A bill to amend the Fire and Casualty Act of the District of Columbia to provide for the financial protection of certain persons suffering injury as a result of the operation of a motor vehicle by uninsured motorists; to the Committee on the District of Columbia.

By Mr. BIBLE (by request):

S. 2302. A bill relating to the employment of minors in the District of Columbia; to the Committee on the District of Columbia.

RESOLUTION

ADDITIONAL EXPENDITURES FOR COMMITTEE ON APPROPRIATIONS

Mr. HAYDEN, from the Committee on Appropriations, reported an original resolution (S. Res. 225) authorizing additional expenditures by the Committee on Appropriations; which, under the rule, was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. Hayden, which appears under the heading "Report of a Committee.")

ESTABLISHMENT OF A COMMISSION ON NATIONAL AGRICULTURAL POLICY

Mr. BOGGS. Mr. President, I introduce, for appropriate reference, a bill to establish a Commission on National Agricultural Policy.

Harvesttime is over once again, and again American farms have produced huge amounts of food and fiber, more than we need for consumption and export. It is fitting we do mark the end of harvest by celebrating Thanksgiving Day. Yet this outpouring, as we all realize, is both a blessing and a problem.

Solving the problem of overproduction has occupied the attention of Secretaries of Agriculture and the Congress for the past 30 years, except for the war periods. I do not have to add that the problem is still with us, in some ways more baffling than ever.

The Senate has recently considered dairy legislation which its sponsors hope will ease the surplus problem. In the legislative background now are the problems, among others, of surplus wheat and surplus cotton. Instead of confining ourselves to these individual problems, however, we should consider the broad picture, the relation of all the parts which make up the agricultural whole. That is what my bill proposes.

It is ironic that in a world where more than half the population goes to bed at night hungry that our great Nation should be plagued with the problem of too much food. But that is the case.

Not only do we have more food than we need, but we also carry the burden of billions of dollars spent to keep down production and keep the farm economy healthy at the same time.

Farmers have taken advantage of research and increased their crop yields to the point where one American farmer feeds 26 of his fellow citizens. Without our high farm productivity and consequent low food cost, the rest of our economy would have grown much more slowly. To farmers we owe not only our good and inexpensive food, but to a large degree our opportunity for progress in business and industry.

But the farmer, unfortunately, has not been able to keep economic pace with his urban neighbor. As high productivity has reduced farm prices, the farmer has had to produce larger crops just to stay even. He does not control his market. His best hedge against lower prices and consequent lower income usually appears to be a bigger crop. As he and other farmers make these individual decisions, however, the resulting increase in production adds up to oversupply. Complicating the situation, no matter how well intentioned, are the artificial crop prices based on subsidies. The farmer looks more to the U.S. Department of Agriculture and congressional committees on agriculture than to the marketplace in planning his crop program.

The farm legislation we enact, I am afraid, is on a year-to-year basis with no firm expectation that it is leading to a long-range solution of our difficulties. There is an uneasy feeling among many Congressmen, I am sure, as farm legislation comes up and is passed or rejected. That uneasy feeling is based on a lack of an overall policy against which to measure the new proposal. It is like trying to fit pieces into a picture puzzle without having any idea of what the picture looks like.

This country desperately needs a broad and comprehensive policy for the good of farmers, for the good of consumers and taxpayers, and for the good of U.S. economic and political relations in international affairs. It is foolish to continue with the patchwork policy we now have. It is to costly in wasted food and money and effort.

The cost of trying to balance the farm economy with subsidy payments continues much too high. For the 20-year period between 1932 and 1951 the total cost of subsidies to stabilize farm production was $6.8 billion. As high as this figure is, however, it is dwarfed by what happened during the next 10 years. The cost to taxpayers from 1952–61 totaled $22.1 billion, or approximately $2.2 billion a year. This includes a cost of $5.2 billion for fiscal 1961 alone. And the total Department of Agriculture budget now up for consideration, I might add, is a little more than $6 billion.

This huge increase in cost comes at a time when the number of farms and farm population is dropping drastically. The number of American farm units hit an alltime peak of 6.8 million in 1935. Since then the number has declined to about 3.7 million and there are forecasts that in another decade or two the number will be only a little more than 1 million. When this Nation came into being, about 90 percent of its population lived on farms. Now the percentage is about 7 percent, and the percentage will surely go lower.

More than crop production is out of balance, however. Three percent of all the farms in the country produce more food and fibers than the bottom 78 percent combined. This diversity adds to the problem of devising a farm policy which will treat all segments of agriculture fairly.

Unless we do take a long and objective look at American agriculture, we face the continuing prospect of first one crop, then another, being considered in fragmentary fashion by the Congress. The relation between the crops will be ignored or overlooked and the huge drain on the Treasury will continue. If this piecemeal process had generally strengthened farming, even at great expense, that would be something in its favor. But it appears that the big farms get bigger, and the small farms get smaller, and in today's agriculture we can almost substitute "rich" for "big" and "poor" for "small."

It is commonplace today to say that we live in a time of revolution, but we do. And this revolution exists in agriculture. Not to recognize this sweeping change as a revolution, and to act accordingly, is foolhardy. Worse, it may be economically disastrous.

My proposal, as outlined in the finding and purpose of the bill I am introducing, is to provide "for the establishment of a Commission, composed of leaders from public and private life, to study, investigate, and evaluate the problems and trends of agriculture in the United States, with a view toward recommending an overall national policy for agriculture, a policy which will help agriculture prosper for the good of both farmer and consumer, and for the good of the Nation as a whole in domestic and international commerce."

I realize that this is a huge job, but I can think of no better way of approaching it than by the creation of a Hoover-type commission. This Commission will need a topflight staff, and because of the variety and complexity of its assignment, will probably have to break down its work into separate study areas.

In order to assure this survey being as complete and objective as possible my bill provides for a 12-member commission, with the President, the President of the Senate, and the Speaker of the House each appointing two members from Government and two from private life. In addition, not more than six members are to be from the same political party. Strengthening American agriculture is too important to the Nation to have the Commission's efforts founder on partisan politics.

There is a danger in appointing a commission and thereby assuming that the problem is half solved. I make no such assumption. Naming the members of the Commission is a necessary first step, but then will come months of hard work, culminating finally, I hope, in solid recommendations for legislative and administrative action. Unless this first step is taken, however, unless we get some overall policy by which we can gage the separate agricultural issues which come up, we will continue to stumble around in the dark.

Underscoring the need for action quickly is the fast-moving international situation. The wheat deal with Russia is one example. Our farmers have more or less been insulated against the ups and downs of world agricultural markets during the past quarter century by the U.S. Treasury and its subsidy payments. Maintaining this insulation will be increasingly difficult under the pressures of free trade and competition for markets.

Mr. President, I ask unanimous consent that the section of my bill dealing with the duties of the Commission be printed at this point in the Record.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the section of the bill referred to will be printed at this point in the Record.

The bill (S. 2299) to establish a Commission on National Agricultural Policy, introduced by Mr. Boggs, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The section of the bill is as follows:

DUTIES OF THE COMMISSION

Sec. 4. (a) The Commission shall make a comprehensive study and investigation of any and all matters relating to the agricultural industry of this country with a view to formulating recommendations for a general agricultural policy for the future which will best serve the interests of farmer, consumer, and Nation. In formulating any agricultural policy pursuant to this Act, the Commission shall give special consideration to the following:

(1) How the Federal Government can best serve the interests of the Nation in the field of agriculture.

(2) How agricultural research may be more effectively utilized, particularly in regard to finding new and improved uses of agricultural products.

(3) How the United States can increase and expand its exports of agricultural products.

(4) How the problem of unemployed farmers and farmworkers can be solved in the wake of continued modernization and mechanization of farming.

(5) How agricultural education can be improved in light of the increasing complexity of farming.

(6) What services and functions of the Federal Government relating to agriculture, which are carried out under existing law, should be expanded, curtailed, modified, or eliminated.

(7) How agriculture is related, directly and indirectly, to the domestic economy, national defense, and international relations of the United States, and what adjustments might be made to improve these relationships.

(8) How the marketing of farm products can be improved to give a better return to the producer.

(9) How the Nation's land resources can be most effectively utilized in order to insure a continued abundance of food and fiber.

(b) The Commission shall, not later than June 30, 1965, submit to the President and to the Congress a final report setting forth the results of its study and investigation and its recommendations. The Commission may from time to time submit to the President such earlier reports as the President may request or as the Commission deems appropriate. The final report of the Commission may propose such legislative and administrative actions as in its judgment are necessary to carry out its recommendations.

RECONSIDERATION OF SENATE RESOLUTION 217, TO AUTHORIZE STUDY OF NATIONAL SYSTEM OF SCENIC HIGHWAYS

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senate reconsider the action it took last Friday in adopting Senate Resolution 217; and I ask that the resolution be referred to the Rules Committee, for consideration of the dollar amount contained in section 4.

I request this action so that the Rules Committee may have a chance to consider the moneys to be spent from the Senate contingent fund, a matter over which the Rules Committee has jurisdiction. I also ask that the other amendments agreed to by the Senate remain undisturbed.

The PRESIDENT pro tempore. Is there objection?

Mr. MORSE. Mr. President, will the Senator from Arkansas explain this item?

Mr. FULBRIGHT. The resolution was submitted by the Senator from Michigan [Mr. HART]; it has to do with a survey of the recreational needs of the country.

Section 4 reads as follows:

> The expenses of the committee, under this resolution, which shall not exceed $20,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

It has been pointed out that the resolution has not been referred to the Committee on Rules and Administration, which has jurisdiction over the contingent fund.

Mr. MORSE. That is the only part of the resolution which would be referred to the Rules Committee, is it?

Mr. FULBRIGHT. Yes; and I have asked that the other parts of the resolution remain undisturbed.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arkansas that the Senate reconsider its vote by which Senate Resolution 217 as amended, was adopted, and that the resolution be referred to the Committee on Rules and Administration, for its consideration of the dollar amount contained in section 4? Without objection, it is so ordered.

CAPITOL PAGES' RESIDENCE BILL—ADDITIONAL COSPONSOR

Mr. YARBOROUGH. I ask unanimous consent that the name of the distinguished senior Senator from South Carolina [Mr. JOHNSTON] be added as a sponsor of S. 1847, the Capitol pages' residence bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ADDITIONAL COSPONSOR OF RESOLUTION

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the name of the senior Senator from Pennsylvania [Mr. CLARK] be added as a cosponsor of my Senate Resolution 224, which is the resolution favoring the adoption by the leadership of the two Houses of a schedule looking to expeditious consideration of the business during the next session of Congress.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PROCUREMENT OF CERTAIN SERVICES FROM COMMERCIAL SUPPLIERS — ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of October 30, 1963, the names of Mr. CASE, Mr. COOPER, Mr. JAVITS, Mr. KEATING, Mr. MORTON, Mr. PROUTY, Mr. SALTONSTALL, and Mr. SCOTT were added as additional cosponsors of the bill (S. 2268) to amend section 7 of the act of May 21, 1920, to require the procurement of certain services from commercial suppliers when economy will result from such procurement, and for other purposes, introduced by Mr. KUCHEL on October 30, 1963.

NOTICE OF RECEIPT OF NOMINATIONS BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that on November 8 the Senate received the nomination of Dr. Herbert Scoville, Jr., of Connecticut, to be an Assistant Director of the U.S. Arms Control and Disarmament Agency, and today the Senate received the nomination of Benson E. L. Timmons III, of Florida, to be Ambassador to Haiti.

In accordance with the committee rule, these pending nominations may not be considered prior to the expiration of 6 days of their receipt in the Senate.

THANKSGIVING AWARD BY CLARKE COLLEGE TO DR. WILLIAM B. WALSH

Mr. MANSFIELD. Mr. President, Sister Mary Benedict, B.V.M., president of Clarke College, has written to inform me that Dr. William B. Walsh, a director of Project Hope, will be the recipient of the first Thanksgiving Award conferred by Clarke College, in Dubuque, Iowa. This is one of the outstanding women's colleges in the Nation, and it has a long honorable and prestigious history.

I ask unanimous consent that the announcement of the award be printed at this point in the RECORD.

There being no objection, the announcement was ordered to be printed in the RECORD, as follows:

> William B. Walsh, M.D., director of Project Hope, will receive the first Thanksgiving Award conferred by Clarke College to an American "whose service to the country and its citizens merits distinction."
>
> Commemorating the centennial of the first national Thanksgiving proclamation by Abraham Lincoln, the award is a simple open figure, designed by the college art department and cast in bronze, symbolizing hope and gratitude.
>
> The Honorable Win G. Knoch, judge of the U.S. Court of Appeals in Chicago, member of the Clarke lay advisory board and chairman of the Thanksgiving Award committee, observes that "the aim of the award is to refocus attention on the true meaning of Thanksgiving—faith and freedom in the New World—without abandoning the traditional trimmings of food and football."
>
> Announcing Dr. Walsh as the first recipient of the award, Sister Mary Benedict, B.V.M., Clarke president, said that the presentation will be made at a special Thanksgiving convocation at the college, November 26. The tribute to "this man whose life reveals an awareness of the blessings of freedom, opportunity, and dignity insured by the Constitution of the United States," Sister Mary Benedict believes, will achieve in a special manner one of the aims of the women's college: "to alert students to their potential for influencing world situations and transmitting spiritual and esthetic values."
>
> William Bertalan Walsh, born in Brooklyn, N.Y., 1920, is a graduate of St. John's University, N.Y., and Georgetown Medical School, Washington, D.C. Serving as a medical officer aboard a destroyer in the Pacific during World War II, Dr. Walsh observed the lack of medical facilities in the area.
>
> When, in 1958, President Dwight D. Eisenhower invited Dr. Walsh to initiate a project aimed at international good will and understanding through personal contacts, Dr. Walsh submitted a plan for the world's first peacetime hospital ship. A reconverted 15,000-ton Navy hospital ship became the SS *Hope* (Health Opportunities for People Everywhere).
>
> Privately outfitted at $3.5 million and equipped with 60 doctors, dentists, nurses, and technicians, the white hospital ship was invited to stop at 11 ports of call in 1961, all in the vicinity of South Vietnam and Indonesia. The ship's personnel performed 1,200 major operations, treated 36,000 patients, gave more than 100 lectures, and distributed 8,000 books and 86,000 pounds of medical supplies.
>
> The SS *Hope* was stationed at Trujillo, Peru, from May 1962 to June 1963, and 25 of the personnel remained behind to assist the University of Trujillo Medical School in operating a new regional hospital.
>
> In addition to his work as president of Project Hope and of the People-to-People Health Foundation, Dr. Walsh, an internist and heart specialist, is an Assistant Professor of Internal Medicine at Georgetown University. He is married and the father of three sons.

JOHN KRSUL, SHERIFF OF CASCADE COUNTY, MONT.

Mr. MANSFIELD. Mr. President, during the visit of the President to Montana, 100,000 people turned out to welcome him in Great Falls, Mont. The man in charge of the arrangements for President Kennedy's visit there is an old friend of mine, Sheriff John Krsul, sheriff of Cascade County. Sheriff Krsul did a magnificent job; it was obvious that his planning for this welcome was thorough and complete since every detail went like clockwork. Sheriff Krsul is entitled to great credit.

I ask unanimous consent that an article in tribute to Sheriff Krsul, who is an American of Croatian descent, and who was responsible for the arrangements in connection with the visit of President Kennedy to Great Falls, Mont., be printed in the RECORD. The article was published in the English section of the Croatian Fraternal Union of America and was written by another old friend, Walt Valacich, of the Great Falls, Mont., Tribune.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CROATIAN SHERIFF IS PRAISED BY SECURITY GUARDS—PRESIDENT KENNEDY IN MONTANA

(By Walt Valacich)

GREAT FALLS, MONT.—During his recent visit to Montana, President Kennedy was greeted by over 100,000 enthusiastic people in Great Falls, Montana's largest city. Over 20,000 jammed into the high school stadium to hear his speech on conservation.

The President was greatly pleased to be so warmly welcomed. Federal security chiefs, charged with the responsibility of Presidential safety, were very happy that the whole affair was so well organized.

The majority leader of the U.S. Senate, MIKE MANSFIELD, of Great Falls, was loud in his praise of the man responsible for it all—Sheriff John Krsul, of Cascade County.

John Krsul, a Croatian and a CFU member, was in charge of the whole affair. He not only set up security measures along the 4-mile route the President was to travel, but also organized the reception at the stadium.

He was one of eight chosen to sit with the President on the speaker's platform. He was one of the first to be introduced to the President after his plane landed here.

STAR FOOTBALLER

Sheriff Krsul was born in Black Eagle, a suburb of Great Falls, in 1917. He attended local schools and was a star fullback on the high school team. He attended Portland University on a football scholarship.

At the outbreak of World War II he entered the Air Force, in which he served with distinction in the Pacific area. After his discharge from the service, he was engaged in various endeavors until 1946, when he was appointed deputy sheriff of Cascade County. He served in this capacity for 12 years.

Urged by friends, he ran for sheriff on the Democratic ticket and was elected in 1958 to a 4-year term. He was reelected to a second term in 1962 by a handsome majority.

During his first term as sheriff, he took leave to attend the FBI Academy in Washington, D.C., from which he was graduated. He is highly thought of in the State of Montana and is considered one of the most capable law enforcement officers ever to wear a badge in this area.

PROUD OF SOCIETY

He is married to the former Iris Cowen of this city and has two children—John Jr., a junior at Carrol College, Helena, Mont.; and Denise, a freshman at Catholic Central, Great Falls.

He is the son of Mr. and Mrs. John Krsul, Sr., of Black Eagle, who arrived here in the early 1900's from Bribir, Croatia.

Both are lifeling members of the Croatian Brotherhood and of the CFU. Mr. Krsul has been a very active member of the local lodge and served as its president for several years.

The senior Krsuls, along with all Croatians here, are rightfully proud of the honor bestowed upon their son and are extremely happy that they, too, were presented to the greatest President of them all, John F. Kennedy.

CONGRESSIONAL ACCOMPLISHMENTS AND SENATORIAL LEADERSHIP

Mr. AIKEN. Mr. President, whenever, because of negligence, opposition, unusual circumstances, or sheer incompetency, persons in high official positions fail to meet their responsibilities or carry out their plans, it frequently happens that regardless of the reason for the failure, their opportunistic friends seek to produce "fall guys" on which to place the blame.

The record of this Congress up to now appears to be unenviable. We have been in session a long time, with no respite in sight. Our accomplishments have been hardly discernible to the public.

We have, however, done little damage, unless to ourselves; and with the passage of time, we may get credit for doing much good.

It is my opinion that the record of this Congress will prove to be much better than that of the executive branch during this critical period.

Recently, some representatives of the news media and others who should know better have tried to put the blame for the slow pace of the Senate on the leadership.

It is said that the majority leader is not forceful enough to be a good leader; they intimate strongly that if he were more vigorous in forcing Members to vote against their own convictions, less charitable in dealing with his fellow Members, and craftier in his tactics, then the Senate would have a better record.

As for the minority leader, his cardinal sin appears to be his desire to cooperate with the majority leader in making sure that the Senate operates with fairness and efficiency and with such speed as may be possible and for the good of the country.

The Senate never had fairer, more capable, and more conscientious leadership than it has in Senator MANSFIELD and Senator DIRKSEN.

If we had the type of leadership which some of their critics think we should have, I would be fearful for the safety of the Nation during this period of world evolution.

As an indication of the efficiency of our leadership, I point out that, except for the pending business, we do not have over a couple days' work on the calendar, nor have we had since the start of the session, last January.

I wish that the appropriations bills for the fiscal year 1964 were out of the way; but the Senate cannot act on those bills until it gets them.

I wish that our committees could complete their hearings and make reports promptly, but I do not want them to accept the myriad recommendations of the executive branch blindly or without giving the people a chance to express themselves.

I hear little complaint—except from professional advocates or professionally inspired communicants—because this Congress has not enacted a lot of new legislation. In fact, the general public seems quite content to have us stay here the year around, so long as we do not upset the economic applecart with a lot of new laws.

While it is true that the fairness and consideration of the leadership have from time to time been imposed upon, the fact remains that if tyranny were substituted for tolerance, and punishment for understanding, the Senate would now be engulfed in chaos.

The Nation, as well as the Members of the Senate, owes a debt of gratitude to Senators MANSFIELD and DIRKSEN. Their home States may well be proud of them, and I hope that both of them remain as leaders of this body for a long time to come.

Mr. KUCHEL. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. KUCHEL. My comment in regard to the statement made by the distinguished Senator from Vermont is, "Well and truly said, Uncle GEORGE." We are proud of our Republican leader. And we have the fullest respect for our friend, the Democratic leader. These words could not be uttered by an abler or more respected Member of the Senate than the Senator from Vermont. They needed saying, and I congratulate him for standing on the floor of the Senate and uttering them as incisively and pointedly as he did.

Mr. AIKEN. I thank the Senator from California.

Mr. CARLSON. Mr. President, will the Senator from Vermont yield to me?

The PRESIDENT pro tempore. Under the morning-hour limitation, the time available to the Senator from Vermont has expired.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the Senator from Vermont may proceed for 2 additional minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. AIKEN. Very well; I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to associate myself with the timely remarks of the distinguished Senator from Vermont.

In my opinion, there is outstanding leadership in the Senate, on both the majority side and the minority side.

If there is any complaint anywhere in the country in regard to the actions taken at this session of Congress, in my opinion, the reason is that there is no great pressure from the country. After all, the elected representatives of the people mirror or reflect the views of the people in their States or in their districts; and, as the distinguished Senator from Vermont has said, there is no great demand in the country for the New Frontier programs or for the great mass of proposed legislation.

I thank the Senator from Vermont for his excellent statement.

Mr. AIKEN. I thank the Senator from Kansas.

Mr. BOGGS. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. BOGGS. I thank the Senator from Vermont for yielding to me. I wish to associate myself with his very able remarks. Ever since I became a Member of the Senate, I have shared the feeling he has expressed. I am very happy that the distinguished senior Senator from Vermont has given expression to these thoughts.

Mr. CHURCH and **Mr. FULBRIGHT** addressed the Chair.

The **PRESIDENT** pro tempore. Does the Senator from Vermont yield; and if so, to whom?

Mr. AIKEN. I yield first to the Senator from Idaho, who has been seeking the floor in his own right. I shall yield to him, and then he can obtain the floor in his own right.

Mr. CHURCH. I thank the Senator. I wish to add my commendation to those which have already been made. I am grateful to the Senator from Vermont for pointing up the fact that the delays that have occurred during the present session of Congress are not attributable to the majority leader, who has kept his calendar exceedingly clear. It seems to me that, if there is any fault, it lies with the committees themselves, and perhaps with that encrusted practice which, owing to habit and not to constitutional mandate, causes appropriation bills to originate in the House. If that practice could be changed so that at least half the appropriation bills would originate in the Senate, I believe that 3 months' time could easily be saved out of every session every year. This is the kind of bad habit that has delayed Congress. I thank the Senator for having done so effective a job of pointing out wherein the difficulty lies.

Mr. AIKEN. Mr. President, I heard the remarks of the Senator from Idaho on television yesterday. He made an excellent statement.

Mr. CHURCH. I thank the Senator.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. AIKEN. If I am permitted, I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I merely wish to associate myself with what the Senator from Vermont has said. As long as I have been in the Senate, there have been periodic complaints about the leadership. As has already been suggested, many conflicting issues have come before the Senate this year. I point to the proposed legislation now before the Senate. At the end of July or the beginning of August, when we were within 24 to 48 hours of reporting the bill, the test ban treaty intervened and we were requested to give the test ban treaty priority. That event caused undue delay in regard to the pending bill. There was no difficulty in the committee. We were ready to report the bill at that time. We then considered the test ban treaty for nearly 2 months, for the treaty was considered to be of a more urgent nature.

Furthermore, I suggest that it is not merely the leadership which is responsible. The Senator from Kansas stated one reason.

The membership of the Senate bears a great deal of responsibility for what happens on the floor of the Senate. The leaders cannot push around Senators when there is a tendency on the part of the leadership to be too strong in their leadership. Sometimes the leadership is termed "arrogant." Then there is a great outcry on the other side. So I believe the criticism of the leadership is entirely misplaced. The leaders can only direct the operation. They cannot force a body such as the Senate to move or not to move. It is very much its own master. If there is any criticism due, it is certainly not due to the leadership; it is rather to Members of the Senate or the constituencies they represent.

Mr. AIKEN. I thank the Senator from Arkansas, and I thank the Senate for granting the extension of time so that I might yield to Senators.

Mr. HICKENLOOPER subsequently said: Mr. President, on last Wednesday, I believe, there were what I regard as an unfortunate and misdirected series of statements in regard to the majority leader, the senior Senator from Montana [Mr. MANSFIELD]. At that time I expected to say something about that matter; but other commitments required me to leave the floor, and I could not return until considerably later, when other business was being transacted.

Mr. President, at this time, as a member of the opposition and as one who with some frequency disagrees with the political position which from time to time the Senator from Montana takes on the floor—and he disagrees with the position I take—I wish to say that I have never known a Member of the Senate or an associate in public life for whom I have a higher personal respect or whose public record and private record of integrity, vigor, adherence to his principles, and adherence to his political philosophy—whether that philosophy always agrees with mine or not—is finer than that of the majority leader, the distinguished Senator from Montana [Mr. MANSFIELD].

I have known him for a great many years. The other day, I was saddened by the criticism and the connotation raised by it, although I understand that since then discussions have been had and certain apologies and retractions have been made in connection with it.

Nevertheless, word goes out; and once word of that kind is uttered, it is impossible to recapture all of it and return to the original perspective.

I knew the Senator from Montana for many years before he came to the Senate, and I have had very considerable associations with him. In my opinion, he has had, in the last year, a most unusual series of problems to deal with in his capacity as majority leader. He has met them courageously, vigorously, and with a high degree of intelligence and determination.

I have never known any Member of the Senate who is, first, more courteous, more honest and honorable, and more decent with his associates in the Senate—whether they be Republican or Democrat—than the Senator from Montana. I have never known anyone who is more consistent to the integrity of his own views and to the responsibilities he bears to his party and to the administration and its programs, when he agrees with them, than the Senator from Montana.

A moment ago I said I was grieved. I was grieved because of my personal affection for him, and I was grieved because I thought he was utterly undeserving of the criticism directed against him, even though later it was retracted and modified.

As one who, as I say, does not always agree with the Senator from Montana on his political voting record—and at the same time he does not agree with mine—I merely wish to testify again that I have the highest personal regard for him, and in my judgment he has made a magnificent record under most difficult circumstances.

The reason why this body has been delayed in its actions for as long as it has does not rest, in my opinion, in any degree with any failure or dereliction on the part of the majority leader. I think the reason comes from other places, rather than the Senate; and it comes from other places and other responsible sources, rather than from the Senator from Montana [Mr. MANSFIELD], the majority leader.

The Senator from Montana is a great and devoted American and a great Senator; and my affection for him is great, indeed.

Again I say I am sorry that criticism which I believe to be unwarranted, unjustified, and unmerited was directed at him, and, unfortunately, will be accepted by people who do not know the circumstances and are not aware of the background and the facts. As a Republican, I am sorry.

As the Senator from Montana knows, he has my great regard, my great affection, and, above all, my respect over a long series of years during which our association has been one above reproach, one about which I have no complaint, and one which I value highly, indeed.

VETERANS DAY

Mr. CHURCH. Mr. President, yesterday, November 11, 1963, there appeared in the Washington Post an article by Mr. Drew Pearson in which he pays his respects to Veterans Day in a manner which differs so much from the conventional treatment given the subject that I think it warrants the special attention of the Senate. For this reason, I ask unanimous consent that the text of the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PEACE BEING ERODED ONCE AGAIN

(By Drew Pearson)

This is the day when wives and mothers go to the cemeteries from Arlington in Virginia to the Presidio in San Francisco to deck the graves of fallen heroes. It's a day when we pause to pay tribute to those who fought in the Argonne, and at Chateau Thierry, and Guadalcanal; who stormed the beaches at Salerno and marched up the bloody hill at Cassino; who died in the landing at Normandy, and shivered and froze in the tragic retreat from the Yalu River.

Today we will pause—a bit briefly perhaps. The President will lay a wreath on the Tomb of the Unknowns. Then most of us will go on about our work or enjoy a little extra time off, thanks to the dead whom we honor.

Those who do kneel at the white markers, those who do pause in memory, will not know that 6 days before—on last Tuesday during the holdup on the Berlin autobahn, the White House was on the Orange Alert. This is the alert just short of war.

One false move last Tuesday, one mistake by the young lieutenant in charge of the American convoy, a loss of temper by the Russian lieutenant colonel—and the button would have been pushed.

Once again the dead and the wounded would have littered the countryside—on two continents, perhaps most of the world—if that button had been pushed.

Only this time there would have been few, if any, civilians around to nurse the wounded, or bury the dead, or erect markers in memory of the dead—if that button had been pushed.

Woodrow Wilson talked about a war to end war. He failed. But last week it would have been a real war to end war—because there would have been few around to fight another war—if that button had been pushed.

THE EROSION OF PEACE

In the fall of 1959 after President Eisenhower received Nikita Khrushchev at Camp David, there was proclaimed a new attempt by the world's most powerful nations to clear away Soviet-American suspicion. Both men had suffered in war. Both had known what it was to send masses of other men into battle. Both wanted to avoid war in the future.

Both agreed that their countries would stop name-calling; that Khrushchev would go to Peiping to persuade the Chinese to quit threatening Formosa; that they would get together at an early summit conference.

Khrushchev did get to Peiping. He got rebuffed. Eisenhower took a trip halfway around the world, was welcomed by Communist children waving "I Like Ike" flags in Italy.

Then the erosion began. The summit conference was to be held in December. But the State Department said that was too soon. February was mentioned. More postponement. Under Secretary of State Douglas Dillon made a speech. It pulled part of the rug out from under the Camp David spirit. Chancellor Adenauer made speeches. The last thing he wanted was better understanding between the United States and the Soviet Union. Other of our allies burned up the cables. They were dependent on U.S. aid, and if there were no fear of Moscow by Washington they knew that aid would stop.

Secretary of State Christian Herter, influenced by these allies, made another speech. It had repercussions in Moscow. The hard-core Stalinists long before this had been needling the moderates. "You can't trust the Americans," they argued.

Came May 1960. The long-delayed summit conference was about to meet in Paris. Someone in Washington sent the U-2 spy plane over Russia. The Russian people boiled. The summit conference was off.

EROSION OF TEST BAN

Last summer the United States and Russia made a new start toward better understanding. A test ban treaty was signed. A telegraph line was installed between Moscow and Washington. It was agreed to keep armed satellites out of outer space. It looked as if a wheat deal would be negotiated.

Then the eroders of peace started to work. Khrushchev has his enemies inside the Kremlin. Red army leaders haven't been enthusiastic over the reduced arms budget. Herr Ulbricht in East Germany has been needling him about Berlin. The Red Chinese have been calling him an appeaser. In Washington the Goldwaterites have been saying the same things of Mr. Kennedy.

Harry Truman, when President of the United States, said on October 4, 1952: "Why did we not have a clear right-of-way to Berlin? We should have had it. The arrangements were to be worked out by the military commanders in the field. Our commanding general (Eisenhower) was informed of his responsibility to work them out. He delegated this job to General Clay, and left Europe. General Clay met with the Russian military leaders and got only oral assurances, instead of a precise agreement in writing—General Clay in his book admits this was a mistake."

Regardless of whose mistake it was, there are thousands of men under white markers who must wonder whether they will be joined by other men under more white markers all because of an argument over lowering a tailgate or counting 42 men on the Berlin highway.

"We who lie here have nothing left to pray," wrote Alfred Noyes in 1916. "To all your praises we are deaf and blind. We may not even know if you betray our hope to make earth better for mankind."

Clemenceau at the Paris peace conference in 1919 said: "Listen, I can hear the soldiers of 1914 weeping." Today the soldiers of Guadalcanal and Salerno and the Yalu River must be wondering—and weeping.

PRICE COMPETITION REQUIRED IN QUALITY STABILIZATION BILL

Mr. PROXMIRE. Mr. President, there has been a spate of editorials, reports, and other criticisms of the so-called quality stabilization bill. The critics of the bill, of which I am honored to be a cosponsor, always make the same statement. They say that the bill would fix prices.

Mr. President, the bill would not fix prices. Certainly it would not fix prices in the sense that Congress fixes the prices of agricultural products or minimum wages, or the big steel companies fix the prices of steel. The critics of the bill should read the bill. They obviously have not done so. I call their attention to page 2, lines 12 to 18, which read, in part, as follows:

> If goods usable for the same general purpose are available to the public from sources other than the owner of such brand, name, or trademark, and are in free and open competition therewith, the right of any person to employ such brand, name, or trademark in effecting resale of goods so identified may be revoked by the owner of such brand, name, or trademark, subject to the provisions of paragraph 10.

The bill requires price competition as a condition for a manufacturer to have the power to establish his retail price, which power incidentally was confirmed as a right by the Supreme Court back in 1936. I hope that those who criticize the bill in the future will recognize that the bill does require price competition.

I ask unanimous consent that an excellent article on the bill by Ed Wimmer, who is a brilliant leader in the fight for the quality stabilization bill, published in the Cincinnati Enquirer, November 4, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COMMITTEE FORMED TO DYNAMITE THE QUALITY STABILIZATION ACT; COULD EASILY FOOL BARGAIN-BLINDED CONSUMER

(By Ed Wimmer)

A photostatic copy of a letter to a well-known discounter, fell into our hands recently, the contents of which would indicate the early launching of the biggest attack upon truth in advertising and legitimate business practices the business world has ever experienced.

Written on a letterhead of the newly created Committee for Competitive Prices, and containing the names of officials of various chains and discount house operations, the letter was an appeal for a huge fund to "prevent passage of the Quality Stabilization Act," which the letter writer indicated was certain to pass—if it came to a vote of the House and Senate.

According to the letter, the purpose of the committee is to "educate the public" and point out to Congress the "evils" of price maintenance privileges which the act would grant manufacturers of name brand products, who are now witnessing the complete destruction of their reputations and distribution systems—built up at a cost of billions of dollars.

A high priced public relations agency was named in the letter as the directing force behind the proposed campaign, and prospective donors were asked for amounts ranging from "$100 to $6,000" to insure its success.

We cannot predict what all the agency will say to the misguided, bargain-crazed, bait-chasing, stamp-licking consumer, but we do know that opponents of the Quality Stabilization Act have learned how to get newspaper editors, radio and TV commentators to propagandize their lies, and they aren't going to say that nearly 200 business organizations and labor and farm leaders, have endorsed the Quality Stabilization Act.

Last month, Senator THRUSTON MORTON, Kentucky, complained about the high pressure tactics of the discounters and their followers, and in a vigorous defense of the Quality Stabilization Act he related how one big chain had brought near disaster to Ballard & Ballard Corp., which his family once owned.

At the same time, Senator HUBERT HUMPHREY, Minnesota, called the Quality Stabilization Act "must legislation" for this session of Congress, and he was supported by such outstanding adherents of fair practices as Senators LAUSCHE, PROXMIRE, SCOTT, MCCARTHY, and others too numerous to mention.

The discounters, and other bootleggers of name brand products as consistent loss-leaders, are presently engulfed with fear, for they realize that sentiment in the House is also favorable toward an end to deceptive practices. They know, too, that an increasing number of editors, labor and farm leaders are coming to realize that advertising money, fair returns for farm products and union dues, cannot come out of bankrupt businesses and profitless sales, and it is this growing realization that the Committee for Competitive Prices fears the most.

In weighing both sides of the argument for price maintenance, it might be well to consider that religious organizations are alarmed over the moral breakdown taking place in the American marketplace, and are issuing statements to the effect that economic institutions must "serve the whole man, body, and spirit" and must seek to influence "honorable practices and policies."

Justice Oliver Wendell Holmes once said that "no court can allow these knaves to disrupt the marketplace." The great Justice Brandeis called bait-merchandising of known brands the "certain road to monopoly, and the undoing of the consumer by his own hand." It would seem that in this day when all the world is dependent upon the well-being of the only free enterprise nation in existence, that such words would carry more weight than those of the Committee for Competitive Prices.

VIEWS ON FOREIGN AID

Mr. McGOVERN. Mr. President, in a column for the November 8 issue of the Washington Star, Mr. Joseph Kraft contends that I helped provide the 2-vote margin which carried Senate amendment No. 303 to reduce the foreign aid bill.

Mr. Kraft, of course, did not intentionally misstate the facts, since he is a competent and thoughtful journalist. But we all make errors, and in this case, he very plainly erred. The fact is that I voted "no" rather than "aye" on Senate amendment No. 303. My vote against this amendment to reduce the Mansfield-Dirksen compromise is clearly recorded on page 21105 in the CONGRESSIONAL RECORD dated November 5, 1963.

I have always believed in a strong foreign aid program. My travel and experience as director of President Kennedy's food for peace office further convinced me of its necessity. The American people cannot grow economically, politically, or spiritually if we turn our backs on the sea of human misery which surrounds our prosperous island.

Nor is there any evidence that the American public wants Congress to stop foreign aid. Quite the contrary, public opinion polls demonstrate that foreign aid is strongly approved by an overwhelming majority of the people of the United States.

But this is not to say that the foreign aid bill or the foreign aid administration is beyond criticism.

I personally believe that much of our military foreign aid distorts and weakens the overall aid program. The burden of proof ought to be on those who advocate building up expensive military establishments in poverty stricken countries. Such countries should use their energy, resources, and outside assistance to strengthen the economy, the education, the health, and the food production of their people. These are the best safeguards against subversion and violence.

Military hardware and the officer caste we create abroad have often been used not to advance constructive purposes, but to dissipate valuable resources and to suppress needed reforms. In some instances such as the Dominican Republic, they have destroyed the very governments we are trying to bolster.

If we fear a Communist attack on an underdeveloped country whose security is related to ours, let us frankly recognize that it is U.S. military power that is the real defense.

I do not believe that Moscow is impressed by military systems which rest on foundations of poverty, illiteracy, hunger, and disease. The military deterrent to Soviet power is not in the underdeveloped world, but in U.S. strategic airpower, naval units, and mobile land forces.

The seedbed of communism is human misery. Consequently, the real bulwark against subversion in the underdeveloped world is rising standards of living, with improved education, health, agriculture, and resource development. These ought to be the objectives of U.S. aid.

I voted to recommit the foreign aid bill to the Senate Committee on Foreign Relations for two reasons:

First. Because the temper of the Senate made it clear that cuts were going to be made, and I felt those cuts would be made most carefully in the committee room. Senator FULBRIGHT is, in my judgment, the ablest chairman ever to serve the Foreign Relations Committee. He and his colleagues on the committee comprise some of the most brilliant men in the history of the Senate. The recommittal effort may not have been wise, but I supported it, not to demonstrate opposition to foreign aid, but to secure the wisest possible modification of the bill.

Second. I hoped that recommittal of the bill might produce a sharp cut in military aid funds while protecting if not increasing the economic aid portion.

Those of us who look with skeptical eyes on shipping arms into such areas as Latin America and Asia can be grateful for the Mansfield-Dirksen-Fulbright amendment as modified by the amendment of the Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], and myself. That modified amendment was aimed largely at reducing military aid. It may strengthen the overall aid program.

On August 2 and again on September 24, I said on the floor of the Senate that military aid could and should be cut by half a billion dollars. We have largely accomplished that objective in this year's aid bill.

I only regret that the Senate did not extend the searching analysis to the military appropriations bill of more than $47 billion that it is now giving to a foreign aid bill of $4 billion, one-twelfth as large.

It is strange that this body, with its reputation for deliberation, should approve virtually without debate a gigantic arms appropriations comprising half of the entire Federal budget. That enormous expenditure slid through the Senate by a unanimous vote in one short afternoon.

A few of us made a lonely effort to effect modest reductions in arms spending or at the least to raise a few basic questions. But the Senate quickly voted down an amendment offered by Senator SALTONSTALL to reduce by 1 percent the $15 billion we are now spending for military procurement. My amendment to reduce military spending by 10 percent drew only two votes and two pairs.

Several months earlier the Senate extended for another 4 years the military draft which hangs over the head of every American boy. We took that step without a word of debate or even a rollcall vote.

Yet, after 2 weeks of intensive debate, we are still vigorously contesting and cutting and restricting a foreign aid bill one-twelfth the size of the arms budget.

Does all of this mean that the judgments of the Pentagon and the Armed Services Committee are considered beyond question, whereas the State Department, AID, and the Foreign Relations Committee are unreliable wastrels? Our foreign aid program needs to be exposed to searching criticism and reexamination, but is not the same analysis due in the field of national defense?

I frankly cannot understand Senators voting without apparent concern for over $47 billion in one military appropriations bill and then going through weeks of tortuous debate on a $4 billion foreign assistance program which seeks to promote the well-being of mankind.

Neither do I find it easy to comprehend the apparent effort made by some during the foreign aid debate to harden the lines of the cold war.

We must be vigilant, of course, but we should also be imaginative and flexible enough to capitalize on opportunities for relaxing cold war tensions and building more peaceful relations between East and West.

It is shortsighted and dangerous for us to pretend that every nation behind the Iron Curtain is hopelessly and totally committed to aggression or even to the international Communist conspiracy. It is dangerous and I believe false to assume that our ideological differences with the Communists mean that we must not trade with them, or negotiate, or cooperate in any fashion.

We ought to seize every reasonable opportunity to encourage the forces of peace and moderation in the Soviet bloc. The partial nuclear test ban was a step in that direction. The proposed wheat sales to Russia is a second step. Our food for peace, Public Law 480 agreements with Poland and Yugoslavia have been invaluable to us and to the millions of friendly people who live under the Communist regimes of these two countries. Millions of children in Poland and Yugoslavia have been fed American milk and bread through the services of CARE, Lutheran World Relief, the Jewish Joint Distribution Committee, and Church World Service.

Public Law 480 currency is helping to build a great hospital in Poland that will continue the long friendship between the people of our two countries.

Our present trade relations with Poland and Yugoslavia are modest, but they help keep open the windows of Eastern Europe to the West.

American travelers, books, newspapers, and broadcasts enter more freely into Poland and Yugoslavia and this, again, is in the interest of peace and freedom.

Mr. Khrushchev thinks he can bury us in the competition ahead. I see no reason to fear that competition, so long as we can avoid war and confine our rivalry to ideological, economic, and scientific areas.

I personally hope that the day will come when Russia and the United States will be able to cooperate on a broad scale, not only in outer space, but here on earth. I would like to see the Soviet Union and the West cooperate in providing joint assistance to countries in need.

I do not see foreign aid so much as a weapon of the cold war as a tool for improving life on this planet, where both Communists and non-Communists will live or die.

It is true that a few of us made a rather lonely effort to effect a modest reduction in arms spending, or at least to raise a few basic questions about it, but the Senate quickly voted down amendments to reduce that enormous budget even to a modest degree.

President Kennedy has again eloquently stated the case for international cooperation, including assistance to those in need. Speaking to the Protestant Council in New York City on Friday, November 8, the President said:

> If the family of man cannot achieve greater unity and harmony, the very planet which serves as its home may find its future in peril.

Mr. Kennedy said further:

> Dignity and liberty—these are the foundations of the foreign aid program. For the dignity and liberty of all freemen is essential to our own. And to weaken or water down the pending program, to confuse and confine its flexibility with rigid restrictions and rejections will not only harm our economy, it will hamper our security.

Mr. President, I ask unanimous consent to have printed in the RECORD this challenging address by President Kennedy.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF THE PRESIDENT'S ADDRESS ON FOREIGN AID BEFORE PROTESTANT COUNCIL HERE

I am deeply moved by this award and by the generous spirit of New York City's Protestant leaders in selecting a member of another faith to receive it. I am also moved by our effort to mobilize this same spirit of idealism and interfaith cooperation in the form of a new community-service organization—the Society for the Family of Man. By aiding the homeless and the jobless, by caring for the very young and the very old, by counseling those in need of help or hope, this society can strengthen the family of man throughout the New York community.

But just as the family of man is not limited to a single race or religion, neither can it be limited to a single city or country. The family of man is more than 3 billion strong. It lives in more than 100 nations. Most of its members are not white. Most of them are not Christians. Most of them know nothing about free enterprise or due process or the Australian ballot.

If this society is to promote the family of man, let us examine the magnitude of your task. That is a sobering assignment. For the family of man in the world of today is not faring well.

FINDS NOTE OF CAUTION

The members of a family should be at peace with one another. But they are not. And the hostilities are not confined to the great powers of East and West. On the contrary, the United States and the Soviet Union, each fully aware of their mutually destructive powers and worldwide obligations, have sought to introduce a greater note of caution in their approach to areas of conflict.

Yet lasting peace between East and West would not bring peace to the family of man. Within the last month the world has witnessed active or threatened hostilities in a dozen or more disputes independent of the struggle between communism and free choice—disputes between Africans and Europeans in Angola, between north African neighbors in the Maghreb, between two Arab States over Yemen, between India and Pakistan, between Indonesia and Malaysia, Cambodia and Vietnam, Ethiopia, and Somalia, and a long list of others.

In each of these cases of conflict, neither party can afford to divert to these needless hostilities the precious resources their people require. In almost every case, the parties to these disputes have more in common ethnically and ideologically than do the Soviet Union and the United States—yet they often seem less able and even less willing to get together on negotiations.

In almost every case, their continuing conflict invites outside intervention and threatens worldwide escalation—yet the major powers are hard put to limit events in these areas.

A TASK FOR ALL NATIONS

As I said to the members of the U.N. even little wars are dangerous in this nuclear world. The long labor of peace is an undertaking for every nation, large and small, for every member of the family of man.

In this effort none of us can remain unalined. To this goal none can be uncommitted.

If the family of man cannot achieve greater unity and harmony, the very planet which serves as its home may find its future in peril.

But there are other troubles besetting the human family. Many of its members live in poverty and despair. More than 1 out of 3 according to the FAO, suffers from malnutrition or undernutrition or both—while more than 1 out of 10 lives "below the bread line."

Two out of every five adults on this planet, according to UNESCO, are illiterate. One out of eight suffers from trachoma or lives in an area where malaria is still a clear and present danger.

Ten million—nearly as many men, women, and children as inhabit this city and Los Angeles combined—still suffer from leprosy; and countless others suffer from yaws or tuberculosis or intestinal parasites.

For the blessings of life have not been distributed evenly among all the children of man's family. Life expectancy in this most fortunate of nations has reached the Biblical three score years and ten; but in the less developed nations of Africa, Asia, and Latin America, the overwhelming majority of infants cannot expect to live even two score years and five.

In those vast continents more than half the children of primary school age are not in school. More than half the families live in substandard dwellings. More than half the people live on less than $100 a year. Two out of three adults are illiterate.

The family of man can survive differences of race and religion. Contrary to the assertions of Mr. Khrushchev, it can accept differences of ideology, politics, and economics. But it cannot survive, in the form in which we know it, a nuclear war—and neither can it long endure this growing gulf between the rich and the poor.

The rich must help the poor. The industrialized nations must help the developing nations. And the United States, along with its major allies, must do better—not worse—by its foreign aid program.

Too often we advance the need of foreign aid only in terms of our own economic self-interest. To be sure, foreign aid is in our economic self-interest. It provides jobs for more than half a million workers located in every State. It finances a rising share of our exports and builds new and growing export markets.

It generates the purchase of military and civilian equipment by other governments in this country. It makes possible the stationing of 3.5 million allied troops along the Communist periphery at a price one-tenth that of maintaining a comparable number of American soldiers. And it helps to stave off the kind of chaos or Communist takeover or Communist attack that would surely demand our critical and costly attention. The Korean conflict alone, for example, cost four times as much as our total worldwide aid budget for the current year.

But foreign aid is not advanced only out of American economic self-interest. The gulf between rich and poor which divides the family of man is an invitation to agitators, aggressors, and subversives. It encourages the ambitions of those whose desire to dominate the world threatens the peace and freedom of us all. "Never has there been any question in my mind," President Eisenhower recently said, "as to the necessity of a program of economic and military aid to keep the free nations of the world from being overrun by the Communists. It is that simple."

This is not a partisan matter. For 17 years through three administrations, this program has been supported by the Presidents and leaders of both parties. It is being supported today in the Congress by those on both sides of the aisle who recognize the urgency of this program in the achievement of peace and freedom.

Yet there are still those who are unable or unwilling to accept these simple facts—who find it politically convenient to denounce foreign aid with one breath and the Communist menace with another.

I do not say there have been no mistakes in aid administration. I do not say it has purchased for us lasting popularity or servile satellites. I do not say that it is one essential instrument in the creation of a better, more peaceful world. I do say that it has substituted strength for weakness all over the globe, encouraging nations struggling to be free to stand on their own two feet.

DIFFICULT TO MEASURE

To those who say foreign aid is a failure, how can we measure its success—by the economic viability of 14 nations in Western Europe, Japan, Spain, and Lebanon, where our economic aid, having completed its task, has ended—by the refusal of a single one of the more than 50 new members of the United Nations to go the Communist route—by the reduction of malaria in India, for example, from 75 million cases to less than 2,000, in the course of less than a decade—by the 18,000 classrooms and 4 million textbooks bringing the light of learning to Latin America under the infant Alliance for Progress?

Nearly 2 years ago my wife and I visited Bogotá Colombia, where a vast Alliance for Progress housing project was just getting underway. Earlier this year I received a letter from the first resident of this 1,200-new-home development.

"Now," he wrote, "we have dignity and liberty."

Dignity and liberty—these words are the foundation of the foreign aid program. For the dignity and liberty of all freemen is essential to our own. And to weaken and water down the pending program, to confuse and confine its flexibility with rigid restrictions and rejections, will not only harm our economy, it will hamper our security.

It will waste our present investment. And it will, above all, forfeit our obligations to our fellow man—obligations that stem from our wealth and strength, from our devotion to freedom and from our membership in the family of man.

SAYS UNITED STATES CAN AFFORD IT

I think we can meet those obligations. I think we can afford to fulfill our commitments around the world when 90 percent of them are used for the purchase of our own goods and services—including, for example, one-third of this Nation's total fertilizer exports, one-fourth of our iron and steel mill exports and one-third of our locomotive exports.

A cut of $1 billion in our total foreign aid program may save $100 million in our balance of payments—but it costs us $900 million in exports.

I think the American people are willing to shoulder this burden. Contrary to repeated warnings, in the 17 years since the Marshall plan began, I have never heard of a single politician who lost his office by supporting foreign aid. And the burden is less now than ever.

RATIO OF BUDGET LOSS

Despite the fact that this year's aid request is about $1 billion less than the average request of the last 15 years, many Members of Congress today complain that 4 percent of our budget is too much to devote to foreign aid—yet in 1951 that program amounted to nearly 20 percent of our budget.

They refuse today to vote more than $4 billion to this effort—yet in 1951 they voted some $8 billion in aid. They are fearful today of the effects of sending to other peoples seven-tenths of 1 percent of our gross national output—but in 1951 we devoted nearly four times that proportion to this purpose.

The Congress has already reduced this year's aid budget $600 million below the amount recommended by one of its most distinguished committees. Is this Nation stating that it cannot afford an additional $600 million to help the developing nations of the world become strong and free—an amount less than this country's annual outlay for lipstick, face cream and chewing gum?

NOTES SOVIET AID TO CUBA

Are we saying that we cannot help our 19 needy neighbors in Latin America with a greater effort than the Communist bloc is making in the single island of Cuba?

Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?

Surely the Americans of the 1960's can do half as well as the Americans of the 1950's. Surely we are not going to throw away our hopes and means for peaceful progress in an outburst of petty irritation and frustration.

My fellow Americans: Let us be guided by our interests, not our indignation. Let us heed the words of Paul the Apostle to the Galatians:

"Let us not be weary in well doing," he wrote, "for in due season we shall reap, if we faint not."

And let the word go forth—to all who are concerned about the future of the human family—that we will not be weary in well doing and we will faint not; and we shall, in due season, reap a harvest of peace and security for all members of the family of man.

U.S. FOREIGN POLICY SHOULD NOT BE DICTATED FROM BONN

Mr. McGOVERN. I was shocked by former Chancellor Adenauer's recommendation this past weekend that the United States should try to "starve" the Russian people into submission by withholding our grain. Mr. Adenauer has done nothing to prevent his German businessmen from turning our wheat into flour and selling it to the Russians at a neat profit. But he wants us to tell our farmers and merchants that Russian markets are off limits. He also wants us to maintain five American divisions in Germany to feed the German economy and bolster his security. But he shows little concern over the drain on our gold and the cost to the American taxpayer or the sacrifice of our soldiers and their families.

While doing millions of dollars worth of business with the Soviet bloc, he tells us not to sell them a bushel of our wheat unless they tear down the wall and submit to the West.

I think the American people resent this effort to dictate our foreign policy from Bonn. I think we can justifiably tell Mr. Adenauer that we will decide our own trade policy with the Soviets and that we have no intention of leaving our troops in Germany indefinitely.

American troops were sent to Germany until Western Europe had sufficiently recovered from World War II to establish its own defense. That time has arrived and we ought to begin pulling our soldiers out of Europe now.

Furthermore, we ought to expand our trade with the Soviet bloc as fast as we can in nonstrategic items.

It is far more important for us to end the drain on our gold, expand our trade, and ease the costly tensions of the cold war than for us to keep Chancellor Adenauer smiling.

ATTEMPTS TO TURN POST OFFICE DEPARTMENT INTO POLITICAL MACHINE FOR BENEFIT OF KENNEDY ADMINISTRATION

Mr. WILLIAMS of Delaware. Mr. President, in two recent articles written by Mr. Joseph Young, and appearing in the Washington Evening Star, our attention is called to the dangerous situation wherein an attempt is being made to turn the Post Office Department into a political machine to be operated for the benefit of the Kennedy administration.

In the first article, Mr. Young cites the action of Postmaster General Gronouski in calling on the postal employee unions to take an active interest in national political issues. In this article it is stated that the Postmaster General today is asking the postal employees to actively support the administration's current legislative battles on civil rights, Federal tax cuts, and so forth.

Such political activities would definitely be a violation of the law.

In the second article, appearing in the Washington Evening Star, of November 5, Mr. Young calls attention to the manner in which the Kennedy administration made certain promotions in the Dallas Post Office, although the promotions were so obviously politically motivated that when questions were asked, the Department resented that action.

I respectfully suggest that the Postmaster General and other administration officials read the Hatch Act before making any more such decisions.

I ask unanimous consent that the articles—the first one is entitled "Gronouski's Political Activity Advice Stirs Postal Unions," and the second is entitled "Rescinded Dallas Promotions Linked to White House, Justice"—be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Star]

GRONOUSKI'S POLITICAL ACTIVITY ADVICE STIRS POSTAL UNIONS

(By Joseph Young)

Postmaster General John Gronouski wants the powerful postal employee unions to "take an active interest" in national political issues.

Mr. Gronouski said that it is "equally important" for postal employee unions to take active part in "national political and economic" issues as it is for them to look after the welfare of their members and in fostering the efficiency of the postal service.

Specifically, Mr. Gronouski, who came here from Wisconsin with a reputation as a skilled politician, urges the unions to take an active part in the current legislative battles on civil rights and Federal tax cuts.

Mr. Gronouski called for support for the Kennedy administration's civil rights bill and its bill to reduce Federal income taxes. He said the tax cut bill should be enacted without any requirement that it be accompanied by drastic limitations in spending, as advocated by opponents of the bill in its present form.

The Postmaster General declared that postal employees are directly involved, "as citizens" in the legislative battles now going on over tax cuts and civil rights, since failure to enact them would be a blow to this country's economic and social progress.

Mr. Gronouski's statement made in a speech before the National Alliance of Postal Employees, has caused a considerable stir among postal employee union leaders. Postal unions are strongly organized, representing an estimated 95 percent of the 570,000 postal workers.

While some of the unions have contributed to political campaigns of their key friends in Congress, they have shied away from taking direct action on political and legislative issues before Congress which do not directly affect the benefits and working conditions of postal and Government employees.

Mr. Gronouski feels that outside of the right to strike, which is forbidden to postal and Government employee unions, "the role of a union of Government employees is identical to any other union" and consequently they can join other unions in fighting for general political and economic legislation not directly linked to their own particular benefits and service.

Some employee leaders are a little uneasy as to what to do. They are aware that some opponents of President Kennedy's executive order, which gave postal and Government employee unions official bargaining rights and the dues checkoff system, assert that the vast army of postal and Federal employees are being banded by the administration into one huge political organization.

Employee leaders deny this. But they want to avoid anything that would give further rise to this type of criticism and cause any disruption or curtailment of the President's labor-management program.

[From the Washington (D.C.) Star, Nov. 5, 1963]

RESCINDED DALLAS PROMOTIONS LINKED TO WHITE HOUSE, JUSTICE

(By Joseph Young)

White House and Justice Department intervention led the Post Office Department to rescind the controversial promotions of three Negroes to supervisory jobs in the Dallas post office, according to reports reaching

Capitol Hill. The Negroes had been promoted over 53 white employees ahead of them on the promotion register.

The House Civil Service Manpower Subcommittee has called Post Office Department officials to testify before it tomorrow and explain the department's about-face on the issue.

Giving credence to the reports that the Kennedy administration ordered the rescinding of the promotions is the fact that Post Office officials had previously strongly defended their action in making the promotions.

New Postmaster General Gronouski, at his first press conference, was emphatic in defending the action which occurred under his predecessor, J. Edward Day. Also strongly defending the action was Assistant Postmaster General for Personnel Richard Murphy and Civil Service Commission Chairman John Macy.

Then, suddenly last week, the Post Office Department announced the promotions were being rescinded because of possible procedural defects.

Some high sources have disclosed that the White House and Justice Department asked that the promotions be rescinded because of the widespread adverse publicity in the case and the feeling that it would hurt the Democratic Party politically.

According to these reports, the feeling was that the publicity about discrimination in reverse—promoting and appointing Negroes ahead of better qualified white employees—could hurt the Democrats in next year's elections not only in the South but in the North as well.

Also, Justice Department officials were reported concerned over the suit brought by 10 of the white employees bypassed in the promotions. They reportedly felt that the employees had a good chance of winning their case in Federal court and that this, too, could be disastrous for the administration.

Asked about these reports, Post Office Department officials insisted that the Department was the one which decided to rescind the promotions. They would not discuss what part the Justice Department headed by Attorney General Kennedy, played in the matter.

Another top administration official, asked about the report that the White House and Justice Department ordered the rescinding of the promotions, acknowledged, "talks on the situation were held at all levels."

THE OREGON TRAIL

Mr. McGEE. Mr. President, one of the great epics of mankind is certainly the westward movement of the pioneers in the United States during the 19th century. This history of this movement is, of course, well known to every school boy and one of the real enchantments of the State of Wyoming is the evidence that remains there of this great migration.

Recently the Kemmerer (Wyo.) Gazette carried an interesting article on the plan to mark the route of the old Oregon Trail through the Bridger National Forest with suitable permanent monuments and signs. This is a most worthwhile project and one that should contribute in the years to come to a better understanding of the great migration that settled a Nation and made it among the world's great.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

LANDER CUTOFF THROUGH BRIDGER FOREST—FOREST SERVICE TO MARK OREGON TRAIL

You can still see the deep, wagon-wheel ruts of the old Oregon Trail in many places in Bridger National Forest.

But each year, a little bit more of the old trail is obliterated by the wind, the rain, and the building of new roads near the trail.

Now the U.S. Forest Service is taking steps to mark the exact route of the Oregon Trail in Bridger National Forest so that it may always be accurately identified.

The Forest Service will install concrete posts along the trail.

The posts and signs are being constructed at the Forest Service warehouse in Kemmerer with money allocated to Bridger National Forest under the accelerated public works program.

In addition to the concrete posts at quarter-mile intervals over the countryside, informational signs will be located at road crossings, major trail crossings, and other locations where such signs would be of interest to the public.

The historical significance of the trail is this:

In 1856, due to the increasing need for a shorter route to Oregon and California, the U.S. Congress appropriated funds to construct the first Federal military road west of the Mississippi River.

Surveyed and constructed in 1857–58 under the direction of Col. Frederick W. Lander, an engineer for the Topographic Corps of the Interior Department, this portion of the trail extended from South Pass, Wyo., to City Rocks, Idaho.

It was then known as the Fort Kearney-South Pass-Honey Lake Wagon Road.

The Lander Cutoff Trail not only provided a shorter route to Oregon and California, but it also avoided the drier and more hazardous route over the Sublette Trail.

Approximately 13,000 emigrants passed over this route in 1859. In addition to western-moving emigrants, large trail bands of sheep and herds of cattle were moved to eastern markets over the trail during the period between 1870 and 1890. Emigrant use of the trail continued as late as 1912.

Portions of the original trail locations are now obliterated by the Middle Fork-South Piney Creek Road and the Greys River-La Barge Creek Road. In some areas, the trail lies immediately adjacent to those roads. In other areas, it lies as much as 1½ to 2 miles from the road. In most areas where the trail has not been obliterated by roads, it is readily identifiable by wagon-wheel ruts.

Six pioneer graves have been located and marked along the trail to date. Other graves are undoubtedly located along the route and will be identified and marked. In several locations, there are carvings on Aspen trees and rocks dating back to the mid and late 1800's.

The site of Fort Piney lies immediately adjacent to the Lander Cut-Off of the Oregon Trail in Snider Basin on State land. The fort, which consisted of a large log building, corrals, and a blacksmith shop, was constructed in 1857 by Mr. B. F. Burch and managed by a Mr. James Snider.

From 1858 to 1900 Fort Piney was a favorite resting area for the emigrant trains using the trail. In 1861 a theatrical group presented a show at Fort Piney which, to our knowledge, was the first such performance given in what is now the State of Wyoming.

The trail will be permanently marked and posted. Two types of metal markers will be used—4-inch lightweight metal markers to be nailed to posts or information signs and 4-inch bronze markers to be set in concrete (pumice) posts or monuments.

RECREATIONAL AREAS—SOIL CONSERVATION

Mr. McGEE. Mr. President, there are many people in this Nation who see nothing amiss in the practice of condemning the Federal Government on one hand and accepting the assistance of that Government in the improvement of their daily lives on the other. In many cases the public is not adequately informed as to the many valuable services they receive for their tax dollar.

Mr. President, recently the Wyoming press carried two articles which helped to explain just what we are getting for our money in the realm of Federal services. One article, in the Buffalo, Wyo., Bulletin describes the work being done under an accelerated public works project in the Big Horn National Forest to improve recreation facilities and the potential of this beautiful area. The other article, in the Laramie Daily Boomerang, describes the work done by the Soil Conservation Service to help Wyoming farmers and ranchers improve their land.

Mr. President, I ask unanimous consent that these two articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Buffalo (Wyo.) Bulletin,
Oct. 31, 1963]

WORK PROGRESSING ON $100,000 APW PROJECT IN MOUNTAINS NEAR BUFFALO

The $100,000 project of improvements on the Buffalo district of the Big Horn National Forest is well underway, and much more is to come during the next few weeks.

One of the important parts of the project which has been decided is a new picnic and recreational area designed for use primarily by the residents of the Buffalo area.

In recent years the number of tourists camping on the campgrounds of the national forest has greatly increased to the point where local people often have a hard time finding a spot for a picnic.

Norman Striplin, assistant district ranger who has been in charge of the project under Federal accelerated public works funds, said plans call for construction of the "Buffalo Community Picnic and Recreation Area" on the ridge just south of the Middle Fork of Clear Creek.

The complete plans for the area include swings and other facilities, but part of the work will probably not be done under the present project.

The APW funds must be used by January 31, 1964, according to the Federal law under which they were appropriated.

Striplin said that at the present time there are about 24 people employed under the APW program. The largest number of these men are working to destroy trees in the Duck Creek burn area which are infested with dwarf mistletoe, a parasite growth which does great damage to the trees.

According to Striplin the pine trees in that area which survived the fire are all infested with dwarf mistletoe, and by cutting them down they can keep it from spreading to the new growth.

Four three-man teams made up of one chain saw operator and two brush stackers are cutting the infested trees down at the rate of about 400 per day. The spruce trees in the area are not being removed because they are not affected by the parasite.

There are about 700 acres of residual timber stand in the burn area which is to be removed in the project. The crews will be able to work until the end of the program.

Also nearly completed is the repainting of the buildings at Hunter Ranger Station. A crew of six painters are applying paint to both the outside and inside of all the buildings. The recent mild weather has helped this project progress well.

A contract has been let for the installation of two new garage doors at Hunter Ranger Station, and Ed Karlinsey was the successful bidder.

Another contract awarded recently was to James Delapp for the construction of 2 miles of range fence between Clear Creek and Sour Dough allotments in the burn area.

Striplin said the Forest Service also has contracts pending for a water system for middle fork campground and the construction of crew quarters for eight men at Hunter Ranger Station. The water system contract is to be let in the near future, and the specifications and final plans for the crew quarters are expected to be given approval in 30 to 45 days.

Other work to be done under the project as now planned will include work at Crazy Woman, South Fork, Middle Fork and North Fork of Clear Creek campgrounds.

[From the Laramie (Wyo.) Daily Boomerang, Oct. 20, 1963]

SCS Work Covers Many Areas in Country

(By Vern Shelton)

Snow surveys, reservoir engineering, rangeland inspections, irrigation improvements, land leveling and coffee breaks with ranchers are all part of a day's work for technicians from the Laramie Rivers Soil Conservation Service office.

Affiliated with the U.S. Department of Agriculture, the conservation service is responsible for developing and carrying out a national program of conservation for land and water resources.

To accomplish its goal, the SCS brings together scientists and technologists from many fields to help diagnose land problems and prescribe successful treatment. Soil scientists, engineers, geologists, hydrologists, and economists all play a role.

Located on Ivinson north of the courthouse, the pink and white SCS office is the starting point for technicians working in Albany County. From there the workers and their projects go out into all parts of the county. Some results of the work are immediate. Others are long ranged. All will be felt for years to come.

Technicians working in the Albany County district are Tom Finnerty, work unit conservationist; Don Heyne, conservation technician; Cecil Crowe, agricultural engineer; Jerry Richards, soil scientist; and George Davis, range specialist.

Their summer projects included engineering for two reservoirs capable of storing 230 acre feet of water, installation of structures along the Laramie and Little Laramie Rivers to control irrigation water, land leveling and meadow renovation, development of springs, ditch construction, and assistance with plans for widespread range development.

This winter, when much of the outdoor work is curtailed, some SCS workers will swap their engineer's levels for snowshoes and ride track-driven vehicles into the mountains to check snowfall to predict spring moisture runoffs. Other technicians will return to the drawing board to catch up on the backlog of work and plan for the next season.

Services of the SCS office range from providing detailed soil- and land-capability maps of a farm or ranch to acquiring specific information about the safe uses and adapted crops for each type of local soil; from offering information about conservation practices suited to soil types to providing a consultation service by professional conservationists to put basic plans into effect.

The services are there for the asking. They're not forced on the landowners. When a farmer or rancher with a problem goes to the SCS for help, several solutions may be suggested and help seekers can pick the one best suited to his needs. When the choice is made, the technicians develop detailed plans to carry it out.

Individual soil and water conservation plans are the backbone of assistance in the district. Acting on the belief that nearly all farms or ranches need planned conservation programs, the SCS attempts to show why planning is necessary, how the more difficult jobs can be carried out, and to inspire landowners to action.

A good conservation plan gives the landowner a true picture of his soil and water resources and of his land's needs and management problems; enables him to make needed changes in an orderly, step-by-step manner; insures only needed practices will be used; provides for the most efficient use of time, labor, money, and equipment; allows for the fullest safe use of each acre; forms an acceptable base for loan applications; and establishes a sound foundation for the landowner's and the public's conservation investment.

Through winter snow surveys conducted on a regular schedule, the SCS office is able to predict spring and summer water supplies to fit in with the overall conservation plans. The information gathered by a parka-clad surveyor in January is essential to the work of a shirt sleeve clad technician in July.

Soil surveys, farm woodland work, range and wildlife checks, geological surveys, plant research and radiological monitoring projects are equally important.

Money to finance the SCS activities comes from Federal coffers. Landowners aren't charged for the services of the office. The payoff locally comes from increased hay yields and from improved conservation techniques.

The work of the office is ever expanding. As improved techniques are developed and put into practice, new areas of work are opened up when land that was once low producing is improved, research is started to increase the yield even more.

CAN WE STOP THE RUSSIAN ARMADA?

Mr. BARTLETT. Mr. President, the question above was used by Lowell Wakefield the other day as the title of his illuminating speech on the Alaska fishery made before the Alaska State Chamber of Commerce at Juneau. Mr. Wakefield is president of Wakefield Fisheries. He is a pioneer in the development of the king crab fishery, and the marketing of this fine product. He is ruled by knowledge, and commonsense.

The king crab fishery, which has been expanded greatly by Alaska industry and Alaska fishermen in the last few years, is threatened. The threat is not prospective; it is with us now. Soviet fishermen have moved into the waters off Kodiak Island, on the Continental Shelf. They have been taking crab by methods not permitted Alaska fishermen, and which are not only considered to be but are known to be contrary to proper conservation practices. There has been some like fishing—but little by way of comparison with what the Russians have done—by Japanese vessels and fishermen. To make matters the worse, there has been wanton destruction of fixed gear owned by Alaskans by Russian trawlers which has resulted in a formal protest by our State Department—as yet unanswered.

To this scene, its present and to the future, Mr. Wakefield turned his expert attention when he spoke before chamber of commerce on October 19. While he used slides to illustrate some of his points, I shall not seek, in asking unanimous consent that the text of his speech be printed following my remarks, to edit out the references to these visual aids. With or without them, Mr. Wakefield makes his point. From it we can derive no comfort at all. The fishery immediately off our coasts—from Alaska all the way around to the New England shore—is threatened by vast fleets which sweep all before them. The peril is great; it is immediate. Mr. Wakefield points it up.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Can We Stop the Russian Armada?

We Alaskans are justly conscious and proud of the vastness of our great State; its richness, its variety.

Few are as conscious of the vastness of our Alaskan seas. The coastal land masses shallowly covered by 600 feet or less of water—the Continental Shelf—extend offshore from the coasts of Washington, Oregon, and California, for example, 5, 10, 20 miles. Here in Alaska, the shelf runs out 50 miles in the gulf, hundreds of miles in the Bering Sea. Our coastline of 34,000 miles, our submerged lands available or potentially available for fishery, mineral, and other exploitation, approach the combined total of all the other American coastal States.

The patrol of Alaska's active fishing grounds by our Coast Guard and the U.S. Fish and Wildlife Service involves coverage of more than a million square miles of ocean.

We know less about the earth's oceans than we know about the moon. Certainly, we know all too little about the nature and extent of marine resources along Alaska's coast. We have, of course, a good deal of information about the populations of salmon, and of other developed fisheries like halibut, herring, and king crab. But these are only parts of the total picture, and in a soon-to-be-published book, Lee Alverson and other scientists of the Bureau of Commercial Fisheries, stick out their necks with educated guesses concerning the lesser known species and areas. Their estimate for the standing crop of bottom fish—soles and flounders and cod and rockfishes and so forth—for the coasts of Oregon, Washington, British Columbia, and Alaska, totals out 18,898 million pounds of fish. And almost 90 percent of these are in Alaskan waters.

To guess what the sustainable harvest of these fishes might be is even more difficult. Until very recently, this was an almost untouched resource, with perhaps a hundred million pounds a year harvested primarily in Oregon, Washington, and British Columbia waters. Alverson suggests a possible available harvest of as much as 3 billion pounds a year. To give some idea of the magnitude of this possibility, this is roughly a billion pounds more than the current total annual consumption of all types of fish and seafoods in the United States of America.

I hope that many of you had a chance to look through the magnificent eight-page feature section on world fishing in last week's Time magazine. I think that it did a very good job of throwing into perspective our Alaska fish problems, and those of the rest of the world. (Incidentally, three of the four Alaska fishing color photos with that article were taken at our little Port Wakefield village.)

World population increased last year by some 61 million persons, some 250 times the population of Alaska. More than a billion persons already on this globe are seriously short of food, and all the rest of us seem engaged in a campaign to upgrade our diets. This tremendous demand for more and more food, for better quality food, particularly for high protein foods, can hardly be met by agriculture, particularly considering the backward nature of agriculture in many parts of the world, and the relative lack of success in the Soviet Union, in China, and in India with the solving of agricultural production problems. The result has been enormous pressure on the protein resources of the sea, with production nearly doubling in the past 10 years.

Can it be any surprise that the last few years have seen the entry of some 900 fishing vessels of a size and efficiency beyond the ken of the average American, even the average American fisherman, invade our Alaskan waters? Unfortunately, however, they have not been content to confine themselves solely to resources we have not been unwilling or unable to develop, but give every indication of being anxious and willing to also scoop up the resources which we have used, cultivated and protected for years, and which form the backbone of Alaska's No. 1 industry. I refer primarily, of course, to salmon, but also to halibut and to king crab.

Week before last in Tokyo, as some 20 of us struggled with the problem of negotiating a new treaty with Japan and Canada, which we hope will continue and improve protections we feel we must have for Alaska's fisheries, a group of hostile Japanese newsmen attempted to badger Senator **Bartlett** with the usual line about the alleged unfairness of our insistence upon the abstention principle for salmon and halibut, creating a monopoly for ourselves, and our claim to king crab as a resource of the shelf under the Law of the Sea Convention. **Bob** told them that from where he stood, they were doing right well, that Japan's catch in Alaskan waters had in the past 10 years gone from nothing to 1,100 million pounds, whereas the total American catch of fish on the west coast—Washington, California, and Oregon, as well as Alaska—had remained constant at about 800 million pounds. The Russians do not furnish us with catch statistics, but we assume, from the amount of fishing effort involved, that the Russian take is somewhat similar in magnitude to the Japanese.

Now, if someone will dim the house lights, I would like to show you a few pictures indicating how this has been accomplished, and the sort of competition we are up against.

First, let us orient ourselves. Here are the fishing areas we are talking about—the Gulf of Alaska, the Aleutians, the eastern Bering Sea, the Pacific coast.

Here is a giant stern trawler. This one happens to be the *Akebono Maru*, but the Russians have more of them, and bigger. These ships are in many respects the most modern fishing machines in the world. They can travel anywhere, fish and process the catch on board, are completely self-contained units. The ships are upwards of 250 feet long, over 2,000 gross tons, and carry a crew of 100-plus men and women. A quick look at the boats here in Juneau or any other Alaskan port will show how our fleet compares. Even southern California's beautiful new million-dollar tuna seiners look pretty puny alongside these rigs.

These next shots are of the more conventional side trawlers which make up the bulk of the Russian fleet and, with the freezer ships to which they deliver their catch and various other support vessels, account for the bulk of Russian activity in Alaskan waters. New England has a few vessels approximating these, but Alaska, none. In July, U.S. patrols counted some 180 of these in the Kodiak area alone.

In the wintertime, the bulk of this fleet operates in Bering Sea, finding protection from storms by operating in the ice floes, as we see here, harvesting primarily yellow tail flounder and other flat fishes. In the summer months they congregate along the edge of the Continental Shelf in the Gulf of Alaska, harvesting mainly red fish, with an incidental catch of some $20,000 worth of our American crab pots this summer.

The chart you see here indicates the growth rate of the Soviet trawl fishery.

In the last few weeks, one small Russian fleet, some seven trawlers, turned real nasty and went deliberately after both crab pots and crabs around the southern end of Kodiak Island.

This slide shows a handsome Japanese trawl fleet mother ship.

This is a Russian king crab mother ship, the *Andrei Zakharov*. She is new, ocean liner size, carries a crew of over 600, is possibly the world's finest floating cannery. She carries her fishing boats in davits port and starboard, launches them each morning to harvest miles of tangle nets. There were three of these in Alaskan waters this year, and for the first time two of them moved out of the eastern Bering Sea early this summer to set their gear off Chirikof Island between Kodiak and Sand Point. Our Government protested promptly and vigorously, and the Soviets shortly thereafter withdrew. However, they have made no formal response to our protests, and what they will do next year is anyone's guess.

The Japanese crab operations are similar to the Soviets, and here are three pictures of the *Tokei Maru* and her fishing boats.

These are Soviet whalers. Some 40 killer boats and 4 factory ships range from Attu to southeastern Alaska during the course of the year, and on several occasions have violated the narrow 3-mile band which is unfortunately all we claim as territorial waters. On the plus side, these violations contributed substantially to rapid passage by the Senate recently of **Bob Bartlett**'s bill putting teeth into our protection of these territorial waters.

I think these pictures may help us arrive at the obvious answer to the question posed here. We cannot stop the Russian fishing armada, or the similar one from Japan. They are big. They are self-sufficient. They operate outside our jurisdiction, in international waters. Though I am sure that in the next few years, the United States will change its traditional views and adopt some fishery jurisdictional limit such as 12 miles, using the straight base line principle, even this would not block the major areas of operation for these fleets. It is completely unrealistic to expect the United States to go beyond a 9- or 12-mile limit in the foreseeable future. For one thing, America's two most lucrative fishing enterprises—the shrimp fleets of the Gulf of Mexico and the tuna fleets of southern California—would be put out of business by coastal State jurisdiction of that breadth.

I'm not at all sure that even if we could stop them we would want to. With billions of pounds of good food going to waste along our coastline, and with millions of our fellow human beings undernourished, could we in all conscience object to this harvest?

Foreign fishing activity in Alaska waters, at or even above present levels, is something we will have to learn to live with. The enormously complex problem we now face is how to permit the harvest of unutilized fishery resources without damaging those which are already fully utilized by ourselves (or by ourselves together with the Canadians) or to which we have special rights, such as, specifically, salmon, halibut, and king crab.

Species intermingle. It is difficult to trawl anywhere on our shelf without catching some halibut. Once on deck, many of these fish are dead, or not in good enough shape to survive if returned to the sea.

How, then, can there be a major trawl fishery without endangering our valuable halibut resource, even if the prosecuting country foreswears deliberately fishing for halibut?

Gear conflicts will intensify. I need only remind you of the fishtrap controversy here in Alaska to illustrate how intense this sort of conflict can become, even between compatriots.

But when groups of fishermen as different in backgrounds and loyalties as the Japanese, Russians, and Americans—with a language problem to boot—are involved, all hell can break loose.

We harvest crab (and this is the proper way to harvest crab) with fixed gear, with crab pots. Bottom fish are properly harvested by the Russians with moving gear, with otter trawls. But you can't operate fixed gear and mobile gear on the same grounds, at the same time, without irreconcilable conflict.

The Russians and Japanese use fixed gear for crabs, too—tangle nets. Off the Siberian coast, and also in the Eastern Bering Sea, the gear conflict is resolved by declaring the crab grounds off limits to the trawlers.

I hope this problem does not prove as difficult to settle as Berlin, but solve it we must if our crab fishery is to continue to prosper.

With regard to species we don't currently exploit there are real problems, also. To utilize some Bering Sea flounders is one thing. But to wipe them out, as may well be occurring, is quite another.

To find solutions for the many problems facing the Alaska fishing industry will take a great deal of effort on our own part and substantial outside help.

As I have said, our knowledge of the ocean resources around us, of their interrelationship, of how to manage them, is woefully inadequate. We need much more money from Congress than we've been able to get in the past for vastly expanded research programs.

We need a great deal more accomplishment at the international conference table than we have yet been able to achieve. We need clear, workable treaty protection, such as we temporarily now have in large measure for salmon and halibut, continued for those fishes, and extended to crab. And we need better arrangements for conservation regulations for all species, and applying to all countries. This means, for one thing, international fishery agreements for the North Pacific in the near future which will include the U.S.S.R.

Further, this entirely new situation off our coast requires that we improve and revitalize our Alaskan fishing industry if it is to remain an important segment of the State's economy. We must become more efficient, more competitive, put out an improved product and market it more aggressively. Most of this is industry's own job, and I for one have confidence that it can and will be done.

The State of Alaska, and the fact we are a State, has helped us tremendously. Governor Egan and the department of fish and game work hard and well at progress for Alaska's fisheries. We hope for even more of this aid in the future including a thorough review of traditional methods of fishery regulation which force inefficiency in the name of conservation. And finally, the Federal Government should at least permit us to buy the tools of our trade at fair, competitive prices. I would personally prefer that this be done by enabling us to buy equipment freely on the world market, as any other industry in the United States can do. Senators BARTLETT and MAGNUSON have taken the other approach, however, and I am every happy to say, have succeeded in getting their fishing vessel subsidy bill through the Senate.

American fishing in these waters goes back to 1865, and the first Alaskan fish boat departed Wrangell for the cod banks in 1879. With continued, sympathetic support from the State chamber, and we hope from all of you, as individuals of influence, we hope to keep fishing Alaska's first industry, in every respect.

It has been a pleasure to come here this morning, and if my remarks have generated any questions in your minds, I shall be happy to try to answer them.

EUROPEAN-AMERICAN TRADE RELATIONS

Mr. HUMPHREY. Mr. President, it was my privilege to be invited to participate in an international symposium on the subject of European-American trade relations. This significant international conference took place in Amsterdam, the Netherlands, from November 11 to 15. I was invited to deliver one of the opening addresses at the symposium on November 11. Due to the business of the Senate, and in particular the debate on the foreign aid bill, I was unable to attend this symposium. I had prepared my address and it was delivered for me by Mr. Richard Reuter, Director of the foor-for-peace program. I am indebted to Mr. Reuter for his cooperation and assistance.

The symposium was attended by approximately 500 representatives from 15 countries of Europe and the United States. It afforded an opportunity for a friendly and constructive exchange of ideas on particular problems of food, agriculture, and agricultural trade which are of growing importance to the progress and well-being of Europe and the United States.

Participating in the symposium were leaders and spokesmen from both sides of the Atlantic representing interests of industry, labor, consumers, science, economics, government and agriculture.

Discussion topics included:

First. The place of liberal trade in the policies of the West.

Second. The technological revolution in world agriculture.

Third. Emerging agricultural trade problems and opportunities.

Fourth. Science and the development of food standards and regulation for international trade.

Fifth. Consumer-labor interests in food and agricultural trade.

Sixth. Business interests in food and agricultural trade.

Seventh. Problems of farm income in relation to trade.

Eighth. Relating national agricultural policies to expanding trade.

I ask unanimous consent to have printed in the RECORD my address entitled "The Place of Liberal Trade in the Policies of the West"; a press release of the U.S. Department of Agriculture dated August 27, announcing the European-American symposium on agricultural trade; the announcement of the symposium speakers; also a press release dated October 28 from the Department of Agriculture; and a letter that I received from Secretary Freeman inviting me to participate, dated October 17.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

THE PLACE OF LIBERAL TRADE IN THE POLICIES OF THE WEST

(An address by the Honorable HUBERT H. HUMPHREY, U.S. Senator, before the European-American symposium on agricultural trade, in Amsterdam, the Netherlands, November 11, 1963)

I am deeply grateful for this opportunity to meet with you and to take part in this European-American symposium on agricultural trade. This meeting which is devoted to the strengthening and expansion of trade relations is of great significance. I know I will benefit from the exchange of viewpoints. I hope we will all come away with a greater recognition of the political and economic forces of our time. Let us not suffer from the intrusion of obsolete ideas that are mere prejudiced echoes of a vanished age.

The announcement of this symposium stated that the keynote from the American viewpoint will be sounded by U.S. Senator HUBERT H. HUMPHREY, and from the European standpoint by Mr. V. G. M. Marijnen, Prime Minister of the Netherlands.

As I have reflected upon the keynote of this meeting I have come to the conclusion that fundamentally it could be expressed in a few words—the rising tide of interdependence.

Much of man's progress has been measured in terms of trade. It was trade, primarily, which sent Marco Polo, Columbus, Magellan, Drake, and other explorers on voyages which broadened the horizons of the world. Trade over the ages has provided contacts enriching our knowledge and culture. Today, trade is a vital component in the prosperity of Western Europe and the United States—a source of strength to all nations of the Atlantic Community. If trade means progress—and it does—anything that hampers trade is detrimental to progress.

I want to discuss with you the desirability—the absolute necessity—of liberalizing trade to the maximum extent possible. Specifically, I want to show you how liberal trade ties in with the overall policies of the Western World.

What are the policies of the Western World?

There are many, of course, but they fall into a few broad categories.

We want to be free, within the framework of democratic governments—and are willing to fight, if necessary, to preserve our freedoms.

We desire peace.

We seek the high standards of living—of health and comfort—which this age of science and technology is making possible.

We are prepared to help the less developed countries of the world move forward with us.

The United States and Western Europe are cooperating in approaches to these common policies. We are working through such international agencies as the United Nations, the North Atlantic Treaty Organization, the International Monetary Fund, the Food and Agriculture Organization, and the Organizations for Economic Cooperation and Development. In trade matters, our principal contacts are through the General Agreement on Tariffs and Trade. But in all these fields, we have many other contacts—diplomatic, business, financial, cultural. This symposium is in itself an example of a special effort to focus attention on trade and the need for liberalizing it further in the interests of the Atlantic Community.

It was just a few weeks ago that I flew to the Federal Republic of Germany to attend the unveiling of a memorial to a great American general and statesman, Gen. George C. Marshall. I reflected on the success of one of the boldest and most productive ventures in all history—the Marshall plan for European economic recovery. The fact that we are meeting here today is a tribute to the vision of General Marshall.

Most of you will recall that the threat of Comunist subversion and domination hung heavily over Europe. Many Eastern nations had lost their independent status and were Soviet satellites. The Central and Western countries were suffering from war exhaustion, poverty, and economic collapse. It was at that stage that the United States recognized a fundamental fact of the postwar period—the economic and military strength of the free world depends on the community of interest, the cooperative action of the United States and Western Europe. The economic and the military powers of the West were restored. Now we see the result of this cooperative venture in the re-establishment of Western Europe as one of the vital and significant power centers of the world.

No man could have foreseen all the consequences of that action. However, it was at that very moment, whether we recognized it or not, that we proclaimed our own declaration of interdependence.

My mind then turned to the greatness of the late Robert Schuman, a man who combined vision with realism. He was a friend of freemen everywhere. He was one of a mere handful of great Europeans who wrought a miracle of the new Western Europe. It was about 13 years ago that he startled the world by launching a most novel and ambitious venture in international cooperation known as the Schuman plan. Out of this was created the European Coal and Steel Community which has since blossomed into the European Economic Community, and eventually may provide the foundation for a United States of Europe. He was a practical visionary.

No meeting such as this should proceed without paying credit to that warm, gallant, and modest friend of all freemen, Jean Monnet. To an admiring world this almost legendary figure has become known as Mr. Europe. Mr. Monnet will go down in history because he saw with crystal clarity the nature of the great tidal economic and social forces that work in the world. He set his course to pursuing the most relevant purposes of all—bending men's effort toward a nobler future. To transient disappointments he immunized himself in the great hope, which I am sure will be fulfilled, that the immunization also will become part of all of the body politic of Western Europe. At times of crisis and disappointment, he is apt to say, "The important point is for us not to be deflected, not to lose momentum; we must go forward. We may alter our tactics but never our main objectives." Jean Monnet is an optimist. He is an optimist because he is a practical man with a passionate desire to get things done, and they are being done. To him also we should pay tribute at this meeting.

There are a few essential ingredients in the men I have mentioned—Marshall, Schuman, and Monnet. There are others to whom I should like to pay tribute—but time does not permit. Each of them recognized that defense is indivisible—economic life is interdependent, and that the major political decisions of our time must of necessity be taken in concert if the full strength of the free world is to be fully mobilized.

The world in which we live is growing increasingly interdependent. The United States must depend on many other countries for several of the critical materials and even some of the amenities of life. The statistics show that Western Europe imports considerably more than we do. The United States is one of the factors—but only one—in the determination of world prices and terms of trade. Shifts in production and buying of other nations can have serious effect on the well-being of our farmers and even on our balance of payments. In this nuclear age, certainly our survival—yes our fate—is linked with that of the nations represented here today. Therefore, as one of the foundation stones of free world viability, in addition to military and political factors, there must be a community of economic interest, too.

The nations of Western Europe have recognized this basic fact in their strong efforts to remove existing trade barriers. On this side of the Atlantic Ocean nations long divided by bitter feuds are joining together seeking to find strength in unity. In these efforts, the American people have looked on with hope and admiration. We regard a united Europe as a partner—not a rival. We regard a united Europe as a partner to join with us and others in reducing trade barriers; as a partner to develop coordinated economic policies, and as a partner capable of playing an even greater role in our common defense. We look forward to a full and working Atlantic partnership.

We await the day eagerly when we will stop talking of sixes and sevens, but of one. This one Western European community will not be built overnight, but with the best of will and a generosity of spirit, it will be constructed. And, it will be constructive to a still better future.

From the standpoint of the American farmer, Western Europe can be regarded as a great and growing market for the high quality food, fiber and other agricultural commodities. He sees in this part of the globe the fastest growing advanced economic area in the free world. Employment is high, industrial production up, diets improving, and the entire standard of living on the upgrade. He sees that consumer demand for food and other goods will continue to rise.

This improvement in overall living conditions in Western Europe has deep economic import to our farm families who are geared to production and the export market as never before in history.

Out of our $5 billion agricultural export market, commercial exports amounted to approximately $3.5 billion, with Western Europe accounting for about half. I must be quick to add that not only every American, but actually everyone who loves freedom, has a vital interest in these exports for dollars. They are one of the major earners of foreign exchange. As you know, our balance of trade has been what the economists call favorable, but our balance of payments has not been. Defense commitments and economic assistance have resulted in our international expenditures exceeding our receipts.

We are in a long struggle which does not offer us much opportunity to reduce these expenditures unless we lighten our share of the obligation. We feel it is much better if we expand our export earnings and carry our load as before. Obviously, agricultural exports are one means—an important one—to do so.

I wish to make this additional fundamental point. Unlike some of the in-and-out, sporadic import sources to which Western Europe has been witness in recent years, the United States is a continuing high quality and rich source of food and fiber. You can draw on this to feed and clothe your population better than ever.

As its industry expands, Western Europe must be able to withstand the pressures of inflationary forces which would drive upward the price line on the industrial exports which are basic to its prosperity.

The American farmer needs these expanded markets, and Europe needs our farm products. Obviously, there exist enormous potentialities in this exchange on both sides of the Atlantic.

As an elected public official, I realize some of the political problems. I recognize that there is a delicate problem of timing such forward steps. However, these are steps which will benefit all of us, and when taken, will increase our political stature. We have it within our power to say to our respective constituents, you have benefited—mankind has benefited.

Unquestionably, our economic strength is vital to our free way of life. Defense is becoming to a greater and greater extent an effort involving whole populations—not only fighting men, but also the men and women who produce in the factories and on the farms. National strength is to be calculated by gross national product as well as missiles, planes, ships, and guns. Countries with great capacities to produce are respected and feared by would-be aggressors. The productive capacity of the Western World, backed up by enormous scientific and technological capability, is as great a deterrent to aggression as our weapons.

Trade—commerce between nations—can help us work for the peace that we all desire. Trade walls can be barriers to more than the flow of goods; trade walls can also shut out many valuable contacts between nations. Trade contacts, like cultural exchanges, can promote understanding and the easing of tensions. This is true of trade not only with friendly nations, but also with less friendly countries.

Western Europe, by and large, has maintained more trade contacts with the Communist countries than has the United States. But the U.S. policy is changing, as I think you know. The United States has expressed its willingness to sell wheat and other farm products to the Soviet Union and other Eastern European countries to meet emergency needs. For a long time I have advocated broader trade with the Communist countries as a major step in the direction of improved international relations.

But in broadening our trade with the Soviet Union, we should have a unified policy which will govern the actions of both Europe and the United States. I support the resolution approved by the NATO Parliamentarians' Conference last week in Paris calling for the establishment of a NATO code to govern East-West trade. This proposal could do much to harmonize the trade policies of the Atlantic Community nations on such questions as credit terms, patents and copyrights, and arbitration of disputes. Increased East-West trade can be an avenue to greater international harmony. But disunity and cutthroat competition on trade matters between Europe and the United States can only weaken and disrupt the Western Alliance, can only aid the cause of the Soviet bloc.

We also must bear in mind, in seeking this broader trade, that the Communist camps, both Sino and Soviet, have not abandoned their determination to impose communism on the entire world. They are pushing toward that objective with every means they feel they can safely employ. Secretary of State Dean Rusk said just the other day in Frankfurt that the limited agreements we have reached with the Soviet Union do not constitute a detente.

We do not want to help the Communists bury us. Many items—such as certain types of scientific instruments, machine tools, and strategic heavy equipment—should stay off the trade list. But many other products—food and other consumer goods—could well be traded. I can't believe that helping the Soviet Union meet a temporary shortage of grain is going to help that country conquer the world. Looking at the matter another way, I can't believe that withholding the grain would have toppled Communist regimes.

How the Communist countries feel about permanently enlarged trade, I don't know. The Soviet Union doesn't seem to believe in trade for trade's sake. Certainly, some economic problems are involved. Trade presupposes an exchange of goods. The Communist countries have been paying for grain imports with gold, and that's a commodity that the United States could use to good advantage. The Communist countries also have been supplying the West with some oil, lumber, caviar, and furs. But the Communist camp does not appear to have many products that would support a broadly based two-way trade policy.

As the world's largest food producer, the United States has taken the lead in distributing food to needy nations. In the past few years, the United States has made available to the less developed countries almost $13 billion worth of food. About half of this total was sold to dollar-short countries for foreign currencies, of which about half were loaned and granted back to the less developed countries. Other commodities were bartered, or sold on long-term credit arrangements, or donated outright.

But food is doing more than relieving hunger, important as that is. Food also is promoting economic development. The local currencies loaned or granted back to the recipient countries are being diverted by less developed countries to economic growth projects, such as roads, dams, irrigation canals, reclamation, food storage facilities, and the like. Food also is promoting economic growth by preventing food price inflation, which would mean the diversion of scarce funds into wages instead of into needed equipment, supplies, and materials, many of which must be imported.

But food has been only part of the total aid going abroad. All countries of the Western World have made contributions of money, equipment, technical assistance, and other services. U.S. aid programs have been worldwide. The Western European countries have tended to concentrate their aid in countries which were former colonies. All have contributed substantially to international organizations, including the United Nations, the Food and Agricultural Organization, the Colombo plan, and others.

The bread we have cast upon the waters is being returned to us in other ways. The contributions we have made are stimulating economic growth. For example, per capita gross national product increased 5 percent between 1959 and 1962 in Nigeria; 7 percent in Egypt; and 8 percent in India and Brazil.

The less developed countries are eager to become commercial traders. And the industrialized countries of the Western World are eager for them to realize their wish. Trade, not aid, is their objective, and ours.

What I have tried to say up to now is this: the Atlantic Community is better off because it has developed a substantial trade volume. The less developed countries are better off because they are on their way to economic development and commercial trade. But should we rest on our past achievements? Shouldn't we explore additional ways of expanding the flow of goods in the world?

I am indebted to Arnold Toynbee, the distinguished British historian who will address us, for one of the most illuminating critiques of our efforts to help our less fortunate friends. Mr. Toynbee said: "Our age will be well remembered, not for its horrifying crimes nor its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race."

Mr. Toynbee is right. We have it within our means to banish hunger, to conquer disease, to educate the illiterate, and to lift the standard of living for all mankind. We can accomplish these worthy objectives, however, only if we promote economic development through capital investment, foreign aid, and international trade.

The philosophy of liberal trade is firmly established in the United States and backed up by 30 years of history.

The Reciprocal Trade Agreement Act of 1934 is a monument to two great Americans—Franklin D. Roosevelt and Cordell Hull. Time has not dimmed its luster. It brought a new concept to the American people and to world trade.

Today the United States has new and more liberal trade legislation—the Trade Expansion Act of 1962. This legislation is even broader in its vision and in its potential for human good than the act it replaces.

Through this legislation—which we are seeking to implement—a new road has been opened toward the goal of increased free world prosperity and strength, through expanded international trade. In preparing to move along this road, we are preparing for the biggest and most comprehensive trade negotiations in the world's history.

The bargaining authority of the President of the United States is very substantial—and firmly rooted in American foreign policy. For the Trade Expansion Act rests primarily on two basic elements of U.S. policy—first, that trade liberalization is an essential step toward the closer integration of the free world economy. Second, that liberalization of trade restrictions on all sides will bring a better allocation of world resources, and will stimulate economic efficiency, innovation, and enterprise. These are the two legs on which U.S. foreign trade policy stands—a commitment to an economic philosophy of freedom and to a political philosophy of interdependence. In addition, this legislation is based upon the belief that, through export expansion, the United States can achieve equilibrium in its balance of payments without resorting to restrictive policies affecting the movement of goods, services, and capital and without weakening its commitment for defense and economic aid to less developed countries.

Moreover, we have every reason to believe that our trading partners share these views. This is what we discovered through many meetings during the early months of this year. Yet this does not mean that the process of trade liberalization will be a quick and easy one. On the contrary, we all recognize that the road ahead is long and extremely difficult. It requires careful preparation at home and internationally. What we have to contend with is a very wide gamut of trade matters going far beyond tariffs alone. We recognize the difficult political problems which agricultural policy raises for each of the participating countries. We have our own political problems as well. But, as proof of the seriousness of our own intention to tackle these problems on a worldwide scale, we have declared our willingness to discuss our own agricultural system at the bargaining table.

I feel that fundamentally there exists in the Atlantic Community a will to truly liberalize trade on a mutually beneficial basis. I am confident that this symposium will write an important and honorable chapter in the history of the free world's progress toward even more fruitful and deeper interdependence.

It may seem like a long way from Amsterdam to Minnesota—out in the central heartland of the United States. Yet the people of my State are vitally concerned about the things you will be saying and doing here. The people of Western Europe also will be concerned. We have a tremendous opportunity in this informal forum to create the kind of climate which will carry over to the actual negotiations which begin next May under auspices of the General Agreement on Tariffs and Trade.

During the dark days of World War II, when Franklin D. Roosevelt enunciated his four freedoms, he called for freedom from want and defined it as "economic understanding which will secure to every nation a healthy peacetime life for its inhabitants—everywhere in the world."

The 22 years that have passed since those words rang around the world have seen us draw gradually nearer that goal, despite the many detours and distractions of a troubled age. Freedom from want is becoming an attainable goal.

Nearly four centuries ago, Shakespeare gave a name to one of mankind's oldest dreams. He called it the brave new world.

If we of the West can have the vision to match our technical skills, we have it in our power to lead all of mankind across the threshold of that world.

European-American Symposium on Agricultural Trade Announced

A European-American symposium on agricultural trade will be held November 11–15 in Amsterdam, the Netherlands, under sponsorship of the U.S. Department of Agriculture and cooperating U.S. food and agricultural industries, Secretary of Agriculture Orville L. Freeman announced today (September 3).

Recognized professional leaders from Western Europe and the United States, representing such areas of interest as industry, labor, consumers, science, education, government, and agriculture, will be invited to participate, the Secretary said. The symposium will be held in the Glass Hall of the RAI Exhibition Building, Amsterdam. Approximately 500 participants are expected.

The symposium will be held concurrently with the U.S. Food and Agriculture Exhibition for Western Europe, November 7–24, also in the RAI Exhibition Building. This exhibition will be the largest such oversea event presented by the Department during its 8 years of international trade fair activity.

"The symposium, in contrast to international negotiating sessions where trade relations are discussed formally at high government levels, will be an informal conference primarily for business, professional, consumer, and agricultural leaders," Secretary Freeman said. "It will give European and American citizens an opportunity to exchange ideas constructively on the various means that could be employed to strengthen agricultural trade."

The keynote of the Amsterdam symposium, Secretary Freeman said, will be the promise and the problems of the 20th century food and agricultural revolution which most notably is taking place in Europe and North America.

"We are all affected by this food and agricultural revolution, Europeans and North Americans alike," Secretary Freeman said.

"Yet, on neither side of the Atlantic do we sufficiently recognize what is happening nor do we fully comprehend the implications and opportunities, both in our individual countries and in our relations with one another.

"By getting together for a free and frank exchange of facts, we will contribute to one another's knowledge and understanding, and I am sure we will help to clarify a number of issues of mutual concern."

The symposium will consist of eight half-day sessions, each of which will be devoted to discussion of a major topic. As a general pattern, one European and one American will speak on each major topic, each speaker to be a recognized leader in his field. Discussions will follow the speeches, with Europeans and Americans participating.

Major topics will include: The technological revolution in world agriculture; science and the development of food standards and regulations for international trade; consumer-labor interests in food and agricultural trade; business interests in food and agricultural trade; farm income in relation to trade; national agricultural policies in relation to trade; emerging agricultural trade problems and opportunities; and the place of liberal trade in the policies of the West.

The Amsterdam symposium will be limited to invited guests but the exhibition will be open to the general public and heavy attendance from both the Netherlands and other Western European countries is expected.

U.S. firms and organizations wishing information about participation should write to International Trade Fairs Division, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.

In Europe, inquiries may be addressed to the Food and Agriculture Information Center for European-American Trade, care of RAI Exhibition Building, Amsterdam, the Netherlands.

Symposium Speakers

1. Monday afternoon, November 11: "The Place of Liberal Trade in the Policies of the West": European, Prime Minister Marijnen of the Netherlands; American, Hubert H. Humphrey, U.S. Senator.

2. Tuesday morning, November 12: "The Technological Revolution in World Agriculture": European, Rev. H. De Farcy, Institute of Social Studies Uanves (Seine) France; American, Dr. Brooks James, dean, School of Agriculture, North Carolina State College.

3. Tuesday afternoon, November 12: "Emerging Agricultural Trade Problems and Opportunities": European, Dr. George Allen, (United Kingdom) professor, agricultural economics, Oxford University; American, Dr. L. W. Witt, professor, agricultural economics, Michigan State University.

4. Wednesday morning, November 13: "Science and the Development of Food Standards and Regulations for International Trade": European, Dr. Jean-Pierre Latteur (Belgium), Chairman, EEC Committee on Food Standards; American, Dr. Emil Mrak, chancellor, University of California, Davis.

5. Wednesday afternoon, November 13: "Consumer-Labor Interests in Food and Agricultural Trade": European, Mr. Juul Poulsen (Denmark), Secretary General, International Union of Food and Allied Workers; American, Mr. Bert Seidman, European economic representative, AFL–CIO.

6. Thursday morning, November 14: "Business Interests in Food and Agricultural Trade": European, Dr. Fritz Berg, German industrialist (Cologne); American, Mr. Jesse Tapp, Bank of America.

7. Thursday afternoon, November 14: "Problems of Farm Income in Relation to Trade": European, Dr. J. Horring (Netherlands), professor of agricultural economics, Wageningen; American, Dr. George Brandow, professor, agricultural economics, Pennsylvania State University.

8. Friday, final session, November 15: "Gearing National Agricultural Policies to Expanding Trade": European, Sicco L. Mansholt (Netherlands), Vice President, EEC, Christopher Soame (United Kingdom), Minister of Agriculture; American, Secretary Freeman.

USDA Announces Program for European-American Agricultural Trade Symposium

Several hundred outstanding opinion leaders of Western Europe and the United States will exchange ideas on food, agriculture and agricultural trade at the European-American symposium on agricultural trade in Amsterdam, the Netherlands, November 11–15, the U.S. Department of Agriculture said today in announcing the program for the event.

The symposium will run concurrently with the 18-day U.S. food and agriculture exhibition, to be opened by Vice President Lyndon B. Johnson, November 7, in Amsterdam's RAI exhibition building.

Keynote for the symposium will be sounded at the opening session Monday afternoon, November 11, when V. G. M. Marijnen, Prime Minister of the Netherlands, and U.S. Senator Hubert H. Humphrey present European and American views on "The Place of Liberal Trade in the Policies of the West." At the opening banquet that evening, the principal speaker will be Arnold J. Toynbee, the British historian.

At the final session, Friday morning, November 15, representatives of three of the major international trading entities in the West will exchange views on "Relating National Agricultural Policies to Expanding Trade." In this discussion, Secretary of Agriculture Orville L. Freeman will represent the United States; Sicco L. Mansholt of the Netherlands will represent the European Economic Community (Common Market), in which he is Vice President of the Commission; and Minister of Agriculture Christopher Soames will represent the United Kingdom.

Between the opening and closing programs, there will be 6 half-day sessions, each devoted to the discussion of a major topic. Generally, two speeches will be made on each topic, one by a leading European and the other by an American. These major speeches will then be the subjects of short talks by three or four discussants—some American but predominantly European—after which there will be general discussion.

The program for these sessions is as follows:

Tuesday morning, November 12: "The Technological Revolution in World Agriculture." Chairman: George Philippopoulos, Deputy Director General, Ministry of Agriculture, Greece. Speakers: The Reverend H. De Farcy, director, College of Agriculture, Angers, France; and Brooks James, dean, School of Agriculture, North Carolina State College.

Discussants: Hans-August Luecker, German representative to Agriculture Committee, Council of Europe; Mario Bondini, president, National Institute of Agrarian Economy, Rome; Dale Hathaway, professor of agricultural economics, Michigan State University.

Tuesday afternoon, November 12: "Emerging Agricultural Trade Problems and Opportunities." Chairman: J. Buchler, Secretary General, Ministry of Agriculture, Luxembourg. Speakers: George Allen, professor of agricultural economics, Oxford University, England; and L. W. Witt, professor of agricultural economics, Michigan State University.

Discussants: Jorgen Pedersen, Danish economist and lecturer; Sven Holmstrom, president of the Institute for Agricultural Research, Stockholm, Sweden; Andre Deheerfer-Ozanne, chief, Agricultural Markets Division, O.E.C.D., Paris, France; and Elmer Learn, head, department of agricultural economics, Institute of Agriculture, University of Minnesota.

Wednesday morning, November 13: "Science and the Development of Food Standards and Regulations for International Trade." Chairman: Sven Dalgaard-Mikkelsen, professor, the Royal Veterinary and Agricultural College, Denmark. Speakers: Jean-Pierre Latteur, Chairman of Common Market Committee on Food Standards, Brussels, Belgium; and Emil Mrak, Chancellor, School of Agriculture, University of California.

Discussants: A. Kekwiek, Department of Medicine, Middlesex Hospital, London, England; Leopold Schmid, University of Vienna, Austira; and M. R. Clarkson, Agricultural Research Service, U.S. Department of Agriculture.

Wednesday afternoon, November 13: "Consumer-Labor Interests in Food and Agricultural Trade." Chairman: Charles McCarthy, president, Irish Congress of Trade Unions, Dublin. Speakers: Juul E. Poulsen, Denmark, secretary general, International Union of Food and Allied Workers; Bert Seidman, European economic representative, AFL–CIO European office, Paris.

Discussants: H. G. Buiter, Luxembourg, secretary, Trade Union Coordinating Committee for the Six Common Market Countries; and Miss Edna Poyner, American Home Economics Association, Washington, D.C.

Thursday morning, November 14: "Business Interest in Food and Agricultural Trade." Chairman: W. E. Zesiger, food importer and distributor, Berne, Switzerland. Speakers: Fritz Berg, president, National Association of German Industires, Cologne; and Jesse Tapp, Bank of America, Los Angeles, Calif.

Discussants: Don Alvaro Ortiz de Zarate, director, SPAR, Madrid, Spain; and J. B. Hutson, president, Tobacco Associates, Inc., Washington, D.C.

Thursday afternoon, November 14: "Problems of Farm Income in Relation to Trade." Chairman: Hans Borgen, chairman of Federation of Agricultural Cooperatives, Oslo, Norway. Speakers: J. Horring, professor of agricultural economics, Agricultural University, Wageningen, the Netherlands; and George Brandow, professor of agricultural economics, Pennsylvania State University.

Discussants: A. U. Juhl, chairman, Federation of Agricultural Employees, Ronders, Denmark; and Kenneth Naden, executive vice president, National Council of Farmer Cooperatives, Washington, D.C.

The honorary chairman of the symposium will be B. W. Biesheuvel, Minister of Agriculture of the Netherlands. The secretary general will be John S. Rice, U.S. Ambassador to the Netherlands.

Sessions will be in the Glass Hall of the R. A. I. Building. Simultaneous interpretation will be provided in French, German, Dutch, and English. All symposium papers will be made available for public dissemination.

Department of Agriculture,
Washington, D.C., October 17, 1963.

Hon. Hubert H. Humphrey,
U.S. Senate.

Dear Hubert: I have the honor to invite you to participate, as a distinguished American representative, in an international symposium on the subject of European-American trade relations. This event will take place in Amsterdam from November 11 to 15, 1963.

During the past year or so, many leaders on both sides of the Atlantic have been striving to bring about a better understanding between European and American people on agricultural issues affecting international trade. While continuous trade negotiations at the Government level are carried on between the United States and European nations, leaders in Europe and America have increasingly recognized the need for supporting these governmental discussions with informal, constructive, nonofficial discussions which will help to clarify the issues for the public.

I know you agree that the continued progress of healthy trading relationships through out the world depends upon the development of forward-looking agricultural trade policies which are in keeping with the general objective of liberalized international trade. This is a problem with ramifications which extend beyond the particular agricultural commodities involved, ultimately affecting living costs, wage scales, industrial production costs and the international balance of payments for nations as a whole. In short, it is a problem that affects all sectors of national economies as well as the relationships between nations.

This is the background which has prompted the U.S. Department of Agriculture and cooperating U.S. food and agricultural industries to sponsor a European-American symposium on food and agricultural trade devoted to a public exploration of the promise and problems of Atlantic trade relationships. Recognized European and American leaders representing industry, labor, consumers, science, economics, government, and agriculture are being invited to participate.

The symposium will be held in Amsterdam concurrently with the U.S. Food and Agriculture exhibition for Western Europe, the largest U.S. exhibition to be staged overseas in 1963. Included in the exhibition will be a display of representative European industrial and agricultural products that are exported to the United States.

It is my privilege to invite you to deliver one of the opening addresses at the symposium. Your address would be scheduled for 2 p.m. on Monday, November 11. This session will be devoted to a discussion of the importance of international trade to the future of the Atlantic Community and will serve as an introduction to all symposium sessions. The topic to be discussed will be "The Place of Liberal Trade in the Policies of the West." We will be pleased to give whatever assistance you may desire in drafting appropriate remarks.

You will note from the enclosed summary of information that the symposium is structured so that each major topic is discussed by a leading European representative and a leading American representative, each presenting the viewpoint of his respective trade area. As cospeaker with you, we have invited Prime Minister Marijnen, of the Netherlands who has tentatively accepted.

Invited to attend this session and also to participate in floor discussion will be opinion leaders from the United States and 17 countries of Europe: The Netherlands, Belgium, Great Britain, Ireland, France, Spain, Portugal, Greece, Italy, Switzerland, Luxembourg, Germany, Austria, Denmark, Sweden, Norway, and Finland.

I know that your presentation at the symposium would be a valuable contribution. I am sure also that you would find your participation highly rewarding, and I am looking forward to hearing from you.

Sincerely yours,
Orville L. Freeman,
Secretary.

The PRESIDING OFFICER (Mr. Walters in the chair). Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, a parliamentary inqury.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Which amendment is now pending?

The PRESIDING OFFICER. The amendment now pending is No. 306, offered by the Senator from Oregon [Mr. Morse], to the committee substitute amendment, as a substitute for section (i) on page 47, to prohibit assistance to certain economically developed nations.

Mr. MORSE. I propose to make a speech in support of the amendment, but I desire to follow the leadership's wishes in regard to speeches they may wish to make upon it. I do not know whether the chairman of the committee wishes to speak on the amendment first.

Mr. FULBRIGHT. I am oppossed to it. I thought the Senator from Oregon perhaps would wish to speak first. I have some remarks I wish to make about it. Does the Senator from Oregon wish to suggest the absence of a quorum?

Mr. MORSE. Yes, that is my intention.

Mr. DIRKSEN. Mr. President, when the Senate concluded its business on Friday I rather broadly hinted that I might offer a motion to table certain amendments, if offered. Of course, that is in the procedural domain, and I am not unaware of the fact that it is a sumptuary motion which would cut off all debate. If I were to pursue a consistent course, I would have to do the same thing in the case of all amendments, which I am always reluctant to do.

I had hoped that perhaps action on the bill could be expedited. I have had a discussion with the distinguished Senator from Oregon. He shows a similar disposition not to take too long on the amendments. Perhaps a substantial number of them will not be offered. So, under the circumstances, I do not propose to make a motion to table.

The PRESIDING OFFICER. The amendment is debatable.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I rise to discuss amendment No. 306; but before I do so, there are some other matters I wish to discuss briefly.

I was delightfully surprised and greatly pleased to read in the Washington Sunday Star the lead editorial, "Tired of It All."

Mr. President, I ask unanimous consent that the entire editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TIRED OF IT ALL

> President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:
>
> "I think the American people are willing to shoulder this burden. Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"
>
> The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.
>
> It is our belief that the American people, or most of them, are sick and tired of foreign aid. They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as the American way of life. They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?
>
> To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.
>
> This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

Mr. MORSE. Mr. President, I wish to read a part of the editorial to the Senate and comment on it. The editorial states:

> President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:
>
> "I think the American people are willing to shoulder this burden. Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"

The Star editorial penetratingly and cogently proceeded with these comments:

> The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.
>
> It is our belief that the American people, or most of them, are sick and tired of foreign aid.

Those of us who have been urging a drastic revision of the foreign aid program have been saying that for months. I started saying it months ago when I started almost daily speeches in the Senate urging the administration to give some revisionary consideration to its foreign aid program. I have said in this debate, as have many other Senators, that if this program went to a referendum vote of the American people it would take a walloping and shellacking.

The people are entitled to have their will carried out. That is one of the strange things about the administration's position on the foreign aid bill. Apparently, it is the administration's position that, irrespective of what public opinion may be, it, nevertheless, should urge passage of the foreign aid bill. I dissociate myself from that attitude. It is not right. It is not in keeping with our system of representative government.

I am glad the editor of the Washington Star stated the case thusly when he said the people are sick and tired of foreign aid—sick and tired of foreign aid as it exists, as it is being administered, and in respect to the millions that go to a good many recipient countries that should not be getting a dollar. The editor of the Washington Star went on to write:

> They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as the American way of life. They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?

I started uttering these warnings 5 years ago on the floor of the Senate. I supported foreign aid during those 5 years, up to last year, on the theory that if certain amendments could be adopted if I could successfully urge amendments to the bill—and some of them were adopted, but they were not too important—I would go along with the program.

Last year when I was a candidate for reelection, I thought the people were entitled to know my stand on last year's bill unequivocally. I opposed it in committee. I opposed it on the floor of the Senate. And I opposed it in connection with the conference report. The people of my State should have a choice, if it was thought this was such a key issue, as many would have us believe, and wanted to defeat me because I was opposed to the foreign aid program as it has been operating, and that they were entitled to know that and vote accordingly. They voted, and I increased my percentage vote over what it was in 1956. It is not the only issue that elected me. I cannot say that issue elected me in part, but my business is to take political soundings. There is no doubt, from what time I was allowed to campaign—which was not very long—that in my State the overwhelming majority of the people agreed with me. And there is no doubt about it now, because I go home on an average of once a month. I have talked foreign aid for months in the past in my State, because questions have been raised in regard to my position.

I agree with the editor of the Washington Star, that public opinion is against the Kennedy administration in respect to its position on foreign aid; and the President is going to find it out if he does not already know it. I am surprised, with all the pollsters he is using, that they have not done a better job of briefing him on foreign aid.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MILLER. I should like to ask the distinguished Senator from Oregon if he has a list of the countries now receiving foreign aid which would be affected by the Morse amendment.

Mr. MORSE. Yes. When I come to discuss my amendment, I shall list them, but I have not started my discussion of the amendment.

Mr. MILLER. Will the Senator put that list in the RECORD?

Mr. MORSE. Yes. I am going to discuss some of them, also.

Returning to the Washington Star editorial, the editor further stated:

> To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.
>
> This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

Congratulations are in order for the writer of that editorial, because in a few paragraphs he wrote a devastating answer to the President's speech of last Friday night, although I propose to discuss that speech shortly from the standpoint of certain other angles. Mr. President, there is the answer to foreign aid.

This administration, in my judgment, has a salvage job to do. It ought to get on with the work of doing it. I communicated with the administration, through proper channels, in response to the inquiry from the administration as to what I am thinking about today. I will tell the administration what I am thinking about, if it wants to use that language.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. JOHNSTON. Does not the Senator think the general public has a false impression of what foreign aid is? Is it not true that foreign aid goes to various governments, and they distribute that money?

Mr. MORSE. That is true in many instances; it is not entirely true.

Mr. JOHNSTON. It is true as to most of it.

Mr. MORSE. As to most of it.

Mr. JOHNSTON. Many people think it goes directly to the aid of people that are in need. Is that true?

Mr. MORSE. That is true.

Mr. JOHNSTON. It is not true that the money is given to the people who are absolutely in need.

Mr. MORSE. No; not at all. The amendment I shall discuss today seeks to bring to an end the aid to self-sufficient countries.

Mr. JOHNSTON. Is it not true that our aid money has been used to build up industries that are in competition with industries in America?

Mr. MORSE. Yes; and there is a time element involved that many persons are overlooking. I read a blistering account of the Senator from Oregon over the weekend, as to how consistent a fellow I am supposed to be, because I supported the Truman doctrine and the Marshall plan. Of course I did; and I would again. We had a clear moral duty and we had a natural self-interest duty to help rehabilitate Europe. Those countries were allies in a war against a common enemy. We lived up to that obligation. As a result, many of them are more prosperous today, as the record will show, than we are.

Yet it is proposed to continue to pour millions of dollars into them. We cannot justify it. I wish to give the Senate an opportunity to stop it. That is the purpose of the amendment.

Because I supported the Marshall plan and the Truman doctrine, at a time when the aid was needed, and because I now ask for a cutback, I am supposed to be some kind of demogog, or an inconsistent political maneuverer, to use the language of the article.

I am accustomed to that kind of name-calling. I say to the administration: "Meet me on the basis of the facts. Meet the American people on the facts."

In my judgment, the President of the United States did not do that last Friday night in New York.

Therefore, I turn now to a discussion of my amendment, by first making some comments upon the issues raised by the Secretary of State last week and by the President of the United States.

As might have been expected, the reassertion by Congress of its authority over the foreign aid program has brought charges from the administration, and from many parts of the press, that Congress has no business in this field, or that foreign aid of any kind is good in itself, or a combination of these two contentions. I feel it is time for a little historical analysis that will restore the proper prospective to both allegations.

Last Friday, I responded in some detail to the statements made by the Secretary of State in his press conference. I shall not reiterate what was said Friday, except to comment on one point made by the Secretary. He said that whatever Congress does in this area, it is the President who gets the blame when things go wrong in foreign policy.

I am sorry that so perceptive a man as our Secretary of State should have put the issue in those terms. Who gets the blame or praise for a given action should be the least of our concerns. Of far greater importance are the facts that Congress, not the executive branch, has the authority to spend money and, second, the record of the foreign aid program, since it began some 16 years ago, demonstrates that it is in vital need of reform. If the only concern of the executive branch is one of getting the blame when things go wrong, then let me point out that when the United States has a foreign aid program in which our people have confidence, then it will get some credit for that, even if the changes were brought by Congress alone, without help from our friends downtown.

I tried to make that clear in the conversation I had with the administration spokesman this morning when he wanted to know what I was up to today.

I said to him, "When are you people downtown going to face the prospect that when Congress gets through this year with appropriations for foreign aid, you will be lucky if you get $3 billion?"

It is my judgment that when we come to vote on the final appropriation for foreign aid this year, the amount will not reach $3 billion. The record shows that thus far the bill has been reduced by $460 million from the amount in the bill as it came to us from the Foreign Relations Committee.

I said to the administration spokesman this morning: "I am going to do the best I can to save at least another $40 million. I may not succeed, but I will try. Here is a suggestion. You ought to look at all the pending amendments and give consideration to making some suggestions as to where you think you can best cut $40 million. I will be glad to hear about it. If you do not want to cut it by $40 million, then we shall have to try to do it the hard way, by offering amendment after amendment."

If we do that, we may succeed in cutting more than $40 million. I am uncertain that we should not try that anyway, because I am satisfied that it could be cut down to the House figure, resulting in a stronger foreign aid bill.

Even if we cut the bill by another $40 million, I shall not vote for it, even if it is cut to $3,500 million. There is no chance of bringing about the policy changes made in the foreign aid that are needed. Money is important, but policy changes are even more important. The American people are entitled to a rewriting of policy now. The Foreign Relations Committee report suggests to the administration that it ought to do it on its own next year. It will not do it. It never has. Policy changes will not be made downtown. If we are to have policy changes in American foreign aid, we must initiate the changes on the two floors of Congress. That is the only place where it will be done. In the terrific bureaucracy which has developed in the administration of foreign aid, there will always be one escape hatch after another to avoid policy changes that the public interest call for.

Therefore I am not going to vote for the bill even if it is cut to $3.5 billion, because of the policies it will perpetuate.

That does not prevent us from doing what we can to reduce it to at least $3,700 million. That leaves us an area for negotiation with the House between $3.5 billion and $3.7 billion. However, before we are through with the debate, my amendment, which is printed and which I intend to offer, proposes to take the House figure. I say to the administration, "If you can take the House figure, you ought to take it and run, because I do not believe a conference will be very helpful to you."

The conference will keep the wounds bleeding, and that blood flow will be very noticeable. Therefore I am going to give the Senate an opportunity to vote on the House figure before the debate is closed. It is only fair that I say this to the Senate at this time, especially to Senators who want to know my position today and tomorrow and the next day. I have been asked, "Do you intend to offer all the amendments that are printed?" Of course not. Many of them are duplicate amendments. Apparently many have lap. However, we shall offer many amendments. Apparently many have not read the amendments. If they will go through the pile of amendments, they will find that duplication will eliminate a good many of them. However, we shall offer a number of amendments that we feel are necessary to strengthen the bill. We shall offer them without any unanimous-consent agreement to limit the debate. The Senate is perfectly capable of working its will under the rules in any way it wishes to work its will, but it should never overlook the parliamentary rights of those of us who are opposed to the bill, if there is any attempt to deny us reasonable time for full debate on the amendments.

Returning to my comments about the President's speech of last Friday, if the only concern of the executive branch is that of getting the blame when things go wrong, let me point out that when the United States has a foreign aid program in which our people have confidence, the executive branch will get some of the credit for it, even if the changes are brought about by Congress alone, without help from our friends in the executive branch.

POSTWAR TREND TOWARD EXECUTIVE FREEDOM TO SPEND ABROAD

But the ultimate truth is that foreign aid is not one of the areas of foreign policy over which the Chief Executive and his deputies have exclusive jurisdiction. That was implied in the Secretary of State's news conference the other day. He could not be more wrong. Foreign aid requires authorization legislation by Congress. An authorization bill is a bill in which an administration asks for authority to spend money for the specific purposes set forth in the bill. It is not only the right but also the clear duty of Congress to review the purposes for which any administration asks for money. When Congress says, "We do not like this purpose, and we are not going to give you the authority to spend for that purpose," that is a congressional right. That is no interference with any authority of the President over foreign policy.

Our forefathers wisely established this system of checks. Our constitutional fathers made it perfectly clear in the Constitution that this was the authority and the duty of Congress. Contrary to the implications of the Secretary of State last Friday, the Constitution requires that "no money shall be drawn from the Treasury but in consequence of appropriations made by law."

That means that Congress bears the primary responsibility for the sound or unsound expenditure of public funds, including foreign aid.

I say to the Secretary of State, "Copy that clause out of the Constitution. Put it on a plaque. Hang it on the wall in front of your desk, so that you can look at it all the time before you have your next news conference. Then admit to the news conference that you have learned it; or that, if you recalled it, you had only overlooked it at your news conference last Friday."

Mr. President, that constitutional provision has meaning. I am at a loss to understand how, frequently in the Senate, debate proceeds without any reference to the constitutional foundations for proposals. As Senators, our approach to legislation should be constitutionally grounded. All that the opponents of the bill in its present form are saying is, "We do not propose to authorize the expenditure of money for some other purposes for which the President is asking it in the bill; therefore, we propose to amend the bill—and we have been doing it." The amendments thus far adopted are in keeping with the constitutional authority of Congress. Nevertheless, some newspapers are accepting the same line that the President stood for in his speech of last Friday night. The opponents of that philosophy are those who, in my judgment, are performing the best service for the President. We intend to hold firm to the constitutional right of Congress with respect to our authority in the passage of a foreign aid bill.

Whenever it is intended to spend money in pursuit of an element of foreign policy, then Congress has been brought into the picture; the Executive who so proposes has gone beyond that exclusive authority over foreign policy which is inherently his. The basic authority and responsibility become those of Congress.

Suppose we had no foreign aid program. Suppose Congress, acting well within its rights, terminated it altogether. No President could say that was an intrusion into his constitutional powers. What Congress has given, Congress can take away, or it can impose those restrictions and guidelines upon the administrators it chooses to impose.

After all, we had 150 years of this Republic without foreign aid, and I do not recall any President complaining that its absence infringed upon his executive powers.

Certainly it is true that a large faction inside Government and in the press has come to equate foreign aid with foreign policy. Members who have served in Congress since World War II have seen that concept develop. To a great extent it is our own fault, because we have acquiesced in it.

In 1945, I was a new Member of this body when the first postwar foreign aid measure was proposed. It was the proposal that we lend Great Britain $3¾ billion. The proposal came through the executive branch. But it was the responsibility of Congress to make the money available or not to make the money available.

We studied the facts. We reviewed Britain's economic condition. We looked at her needs, and we looked at what she was doing to help herself. It will be recalled that a Labor government had been elected. It was embarking on a series of economic belt-tightening measures that came to be called austerity.

Congress was satisfied that it would be a sound expenditure, and so the loan was made by joint resolution. It was not President Truman's loan; he could have vetoed it, but he could not have enacted it.

One of my problems with the executive branch during the last administration and during this administration has been my feeling that many agency directors seem to think that the executive branch ought to have legislative power delegated to it. They want legislation to be drafted in such a way that by their exercise of discretion, as unchecked as they can keep it, they will be able to make policy decisions that ought to be made by Congress.

That philosophy runs through the entire foreign aid program. It ought to be checked. I recently referred to what I considered to be a continuing misuse of the contingency fund by the Presidency. Many millions of dollars have been taken out of the contingency fund by Presidents for purposes that the American people would never approve of if they knew about it. For a long time Congress did not know about it. The contingency fund should be limited to a U.S. national emergency, not some monetary emergency in Argentina, Brazil, Indonesia, or Iran, or anywhere else in the world. If the President wants to make money available to Argentina, to Brazil, or to Indonesia for budget support, he ought to come before Congress and ask for it. He should not dip into his contingent fund for money to give to them. That is why, before the debate is over, opponents to the bill will give the Senate an opportunity to vote for an amendment that will seek to put some limitations on the use of the contingency fund.

Interfere with the President's direction of foreign aid? That is not what would be changed. It would be another manifestation of the constitutional right of Congress to tell the President the purposes for which he may spend money and for which he may not spend money. That is the check that our constitutional fathers wisely gave to the three coequal, coordinated branches of government, which we call our system of representative government.

In the succeeding years since the British loan, we have seen the world move from a shooting war into a prolonged cold war. In the name of national security, Congress has delegated to the executive branch its duties and responsibilities in connection with the expenditure of funds, until Presidents and countless of their deputies have come to regard those expenditures as their inherent right.

There has come into public life a whole generation of men who emerged from World War II with the concept that anything done in the name of international affairs was the exclusive property of executive agencies. They have moved on through 18 years of cold war, only to become hardened in this assumption; and I fear that that assumption was shown by implication in the press conference, last Friday, of the Secretary of State.

Many of these people have believed it their right to roam the world high, wide, and handsome, spending the money of the U.S. Government as they went, never considering that there was any limitation whatever, or any consideration other than their own personal judgment of what was in the best interest of the

United States. Many of these people are in defense and intelligence agencies. But many more are in the State Department and the Agency for International Development. To them, the words "in consequence of appropriations made by law" are but a half-remembered anachronism.

The free hand has been theirs so long that they do not realize that it was ever any other way, or that it was intended to be any other way.

GREEK-TURKISH AID

I have already recalled for Senators the British loan. I take them back also to the Greek-Turkish aid program known as the Truman doctrine. It was recommended by President Truman in 1947 as an 18-month program, to be undertaken because Greece was threatened by internal communism and Turkey by the Russian threat aimed at the Dardenelles. This was just a year after the Soviet Union had virtually occupied a part of Iran and was evicted only by the firm stance of both the United States and the United Nations. But it appeared that Soviet expansionism might move next toward a centuries old objective of Russia—a gateway from the Black Sea to the Mediterranean.

So President Truman made the proposal. I was perhaps the first in Congress to declare my support. At least, the record will show that I was the first Member of the Senate to do so. And I do not doubt that Harry Truman will be remembered by history for the program that we believe saved Turkey and Greece from aggression. No doubt Harry Truman will have the credit, for the program bore his name; and I think he should have the credit.

But what of the intervening years? What of the Turkish aid program, about which I have said much this year, that has no relationship to the Truman doctrine? Who is responsible for an aid program to Turkey that has endured, not for 18 months, but for 16 years, that has seen us pour into that one country $300 million every year for the last 10 years? Much has been said on this floor against supporting Socialist economies with U.S. dollars. But we have done that very thing in Turkey year in and year out. The wastefulness and inefficiency of socialized enterprises were never more evident than in Turkey, and we have to a large extent made it possible with our aid funds.

Whose responsibility is it that our $3 billion has been so wastefully spent that last spring a European-American economic development committee reported that Turkey is no better off now than it was 10 years ago.

If the President thinks AID is working such economic wonders, let him answer the report made last spring, in regard to Turkey, by the European-American Development Committee. Is anyone going to say it is the fault of Harry Truman, or Dwight Eisenhower, or of the half dozen Secretaries of State, or of the numberless aid administrators who have come and gone in those years?

No. To be frank, it is the fault of Congress. Congress started the program, but failed to exercise sufficient control over it.

These days, we hear much about the necessity for reforms in Congress; and surely they are needed. One great need is for the development of staffs, committee by committee, sufficient in size and in expertness to enable us to follow through on the use made of the funds we vote. We are very derelict about that matter. One of the great reforms needed is for Congress—in keeping with our authority, given us by the constitutional fathers, to check on the executive branch of the Government—to implement that check by the adoption of committee budgets and committee staff budgets sufficient in size so that the executive agencies will know that at all times we keep a watchdog eye over them in connection with the expenditure of the funds Congress votes. If we had done that a long time ago, there would have been some changes in the Turkish aid program.

People report to me the common view of the Turkish people that the Menderes government of Turkey was overthrown in 1960 because of the American aid program, which was so loosely administered by the Americans and forced so much money upon Turkish officials that corruption could not help but flourish. Is anyone going to hold President Eisenhower responsible for that, and blame him for the coup that occurred in 1960? Of course not; and no one should do so. To the extent that the U.S. aid program was involved, it was the fault of Congress.

ALLIANCE FOR PROGRESS

I refer Senators to the Alliance for Progress. In 1961, an expert in Latin American affairs wrote in the Foreign Service Journal that the Alliance for Progress is one of the few international programs that has been originated by Congress. The writer mentioned the reports made by Senator AIKEN, of Vermont, and by me after our respective trips to South America and Central America in 1959. It was out of those reports, which were supplements to the special studies by the Latin American Affairs Subcommittee, that the Alliance for Progress was born. The then Senator from Massachusetts, now the President of the United States, was a member of that subcommittee. It was given its name by administrators, but it was originated by Congress. Yet there are men downtown, now working in the Alliance program, who regard it as their own private property, and consider any change in their estimates of cost or any guidelines added by Congress as unwarranted interference in their domain.

I have pending three amendments that vitally affect the Alliance. All are intended to make it a more effective means of thwarting Communist inroads in Latin America. All impose guidelines upon administrators in the expenditure of money.

Without a doubt, all will be opposed in position papers from the State Department as instrusions upon executive prerogatives and as alleged interferences with the renowned flexibility which every employee of a Federal agency insists he must have.

Their purpose is to make the Alliance more effective by curtailing aid to the military factions which has encouraged resistance to the objectives of the Alliance, and to close loopholes through which countries obtain funds from us without going through the procedures of the Alliance.

The President has expressed to me concern that my so-called juntas amendment would interfere with his right to extend diplomatic recognition to a given government. I explained to him that he was quite wrong in his assumption. But it is interesting to see how close has become the connection between the extending of recognition and the extending of foreign aid. To a great many people downtown, the two have become synonymous. We know that Congress could not, even if it wanted to, tie the hands of the President in the matter of recognition of a foreign government, and I would not think of attempting to do so. Even if that were in my amendment, it would have no effect upon the Chief Executive. I will fight as hard to protect the rights of the Presidency under the separation-of-powers doctrine as I will to preserve the congressional rights and to insist that they be respected by the Secretary of State and others in the executive agency and be preserved. The amendments we are offering to the foreign aid bill seek to carry out the checking authority of Congress in connection with its authorizations of the expenditure of funds for specific purposes requested by the administration.

Therefore, my amendment dealing with juntas would not cover the constitutional right of the President to recognize governments; it only seeks to restrict his power to spend money on military juntas. It would be meaningless verbiage, because that area is outside the jurisdiction of Congress and what we may say about it, even in legislation, cannot carry the force of law.

Congress might pass all the legislation we desired about recognizing a government. However, the President has the constitutional right to recognize a government if he thinks it should be recognized.

ULTIMATE RESPONSIBILITY RESTS WITH CONGRESS

But when it comes to the spending of money, that can only be done in pursuance of law. It becomes the responsibility of Congress. I remind Members, and the administrators in the agencies downtown that are engaged in international affairs, that the Alliance for Progress is a long-term program. It will still be going on after this adminstration has come and gone, and after countless AID officials have gone on to other pursuits.

If, after 10 years, and the expenditure of what will probably amount to more than $10 billion, the Alliance is a failure, that is going to be the responsibility of Congress. To the degree that it is a success or a failure, it will be so because Congress either succeeded or failed in laying down the proper conditions for its management.

If the Secretary of State is so worried that the President receive the blame if things go wrong, I remind him that the current President will no longer be in office when the results come in on the

Alliance for Progress. More than likely, his successor will also have left office.

Foreign aid is no longer a policy tool used by a given executive for a given objective in a given country. It has become a vast machinery of the executive branch, which one President inherits from his predecessor and which he seems determined to pass on to his successor in a bigger form than when he took over. It almost takes on the characteristics of passing on the baton in a relay race. It has come to serve as a source of jobs, perhaps more than any other agency of Government.

After the 5 years of the Truman administration, 8 years of the Eisenhower administration, and 2 years of the Kennedy administration, foreign aid has become "locked in" the executive branch, almost as though it were part of the Armed Forces. Through those three administrations, there has been less use of aid as a tool of foreign policy, and more use of it as one more program which the executive branch has the right to run as it pleases as it does the foreign policy and defense agencies.

If there is to be a consistent purpose and specific objective to foreign aid, it is going to have to be supplied by Congress. The people know that. The people of Oregon know that it is WAYNE MORSE and MAURINE NEUBERGER and four Oregon men and women in the other body, who have been responsible for the continuation of an endless and almost shapeless foreign aid program.

They know that the Constitution gives to us the responsibility for Federal expenditures. They know that the Constitution did not set up the Senate just so 100 men and women could go down to the White House and have their pictures taken with the President.

In the years that I have served in Congress, I have helped initiate the British loan, the Marshall plan, Greek-Turkish aid, and the Alliance for Progress, in addition to foreign aid as such. But I cannot now turn over the responsibility for all those programs to men downtown, many of who were graduating from college, or even high school, when the programs were begun.

I am worried about how some of these programs are going. Some of them are not accomplishing what they were supposed to accomplish. Most important, it appears that the general foreign aid program has become self-perpetuating. The people who hold the thousands of jobs administering it intend that it be self-perpetuating. That is why I say that unless Congress takes a firm hand, there will never be any genuine revision of the foreign aid program.

PRESIDENT'S SPEECH

President Kennedy's speech of Friday night demonstrates how self-perpetuating foreign aid has become. It was couched in the generalities and homilies that have been used to justify foreign aid ever since 1945. His speech could have been made by any of the last three Presidents, and if things continue without change, Members of Congress will be hearing the same speech from the next three Presidents.

The obvious question raised by his speech is: Why is it that if all the progress cited has been made, this administration still came in with an original foreign aid request of nearly $5 billion, the largest since the peak of the Marshall plan? The answer is that the reasons advanced for it by the President account for only a very small fraction of the foreign aid program.

Every advocate of foreign aid likes to talk about malaria eradication. Malaria and other diseases are emphasized in foreign aid debates until one would think that we are spending $3 to $4 billion every year for it. Education is another favorite talking point. But foreign aid expenditures for health and education are only a drop in the bucket of this foreign aid bill.

The President's speech deals, too, with the well-known gulf between the rich nations and the poor nations, a gulf that was strikingly brought home to Americans at the close of World War II. But what has foreign aid done to bridge the gulf, and indeed—and that is even more important—what can foreign aid do to bridge the gulf? Those are the questions that every foreign aid advocate ignores and which must be answered by Congress.

We know that our huge outpouring of money into Turkey over the longest period of any foreign aid program has had virtually no appreciable economic results. The gulf in Turkey has not been bridged by the more than $3 billion we have poured in.

South Korea is another example. That nation has cost the United States $5½ billion, in addition to the tens of thousands of troops of our own we have kept there. Yet in 1963 we are told that the economy of North Korea is doing better than South Korea. If the infusion of American capital on that scale has so little result in a small country, what can be said for the chances of bridging the worldwide gulf between rich and poor with American money? To those who say that South Korea is an exception because she exists under the gun of Communist China, I point out that we have provided our own military forces for her defense.

The argument that it is cheaper to keep a South Korean, a Pakistani, a Turk, or a soldier from some other country in uniform and pay for his maintenance than it is to keep an American boy in uniform is one of the greatest "sleeper" arguments being used for years by the advocates of foreign aid. It seems to be plausible, it is catching, but it is unsound.

I will tell Senators what protects South Korea.

It is not the large numbers of South Korean soldiers whose upkeep we pay, but the more than 50,000 American boys in uniform whom we keep in South Korea; the 7th Fleet in Pacific waters; the American air armada. These forces protect South Korea.

The President's argument Friday night with regard to aid, is in my judgment, thoroughly unsound. That is why I am taking the time to reply to his speech, because I wish to dissociate myself from it.

Latin America is still another example. When I went down to the inauguration of a new President of Peru last spring, a primary issue was whether American aid would begin to flow. Much of the development plans of the new Peruvian administration hinged on the availability of American aid. Those of us representing the United States were too polite to ask what Peru had done with the $500 million we had already extended.

My point is simply that American capital cannot bridge the gulf between rich and poor. There is not enough wealth in the United States to bridge the great gulf between the rich and the poor. It makes fine rhetoric for the President to talk about bridging the gulf between the rich and the poor, but it must be pointed out that those countries, where the poor exist by the millions, must help themselves. We can only be of assistance, but we can be of some assistance. We can help them with technology, with training, and with loans for some projects; but the President of the United States knows we do not have the wealth with which to bridge the great chasms that now exist between the rich and the poor in the underdeveloped areas of the world.

Hence we must continue to insist that they help themselves. We will join with them as partners in that program.

After we read the newspapers this morning, it is somewhat hard to reconcile the position of Brazil in São Paulo with the President's speech. Brazil, according to press reports this morning, does not know whether it should apply for aid at all.

One thing is perfectly obvious. Brazil does not want to submit to any effective checks that would protect the American taxpayer in respect to aid. Brazil has done fairly well in getting money out of the President's contingency fund, to the tune of a good many millions of dollars, to shore up her monetary policy. But Brazil has promised and promised that if we will only pour in a few more million dollars to stabilize her economy, Brazil will do something for herself. She has not kept her promise. Brazil's promises on the record have not been worth the paper they were written on. It is about time we provided some checks on the expenditure of the American taxpayers' money in Brazil.

That is why I shall continue to fight for some amendments dealing with aid to Latin America.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I am glad to yield.

Mr. LAUSCHE. The Senator from Oregon has mentioned our relationship with Brazil. Five years ago their President came to our country. A luncheon was given in his honor by the Foreign Relations Committee. There was discussion concerning the constantly disintegrating status of their cruzeiro.

I said to the President of Brazil, "You are suffering from a very marked depreciation of your cruzeiro."

The President replied, "No; it is not so bad."

I said, "It fell 50 percent last year."

He sort of shook, and asked his economic adviser about my statement. The economic adviser said, "It was only 25 percent."

I then asked the President, "Do you have any bonded indebtedness to your own citizens, as distinguished from your indebtedness to the United States and other nations of the world?"

The President replied, "We have none."

I asked "How do you finance Brasilia and the other things?"

His answer was that they print money.

Yet at the same time they were seeking aid from the International Monetary Fund to stabilize their currency, and aid was given to them. The International Monetary Fund has a rule that, as a prerequisite to the right to obtain aid, a country must put into effect and commit itself to execute programs that will stabilize its currency.

I fully concur with what the Senator from Oregon has said. I note that on two occasions they made promises, and never kept them. Today, Brazil has an indebtedness to its own people—I believe it is 20 million—but the indebtedness by way of cruzeiros to the nations of the world runs into trillions. It is unbelievable.

I thank the Senator from Oregon for yielding to me.

Mr. MORSE. If the Senator from Ohio will "lend me his ears," I should like to take a moment, in view of his intervention, to let the Record show the position that the Senator from Ohio has taken time and time again on this economic issue, as a member of the Foreign Relations Committee. The voice of the Senator from Ohio has been raised in our deliberations and raised in the public hearings, too, but I am speaking about executive meetings. The public hearings of the Foreign Relations Committee are made public but not its executive meetings.

The voice of the Senator from Ohio has often been raised as he has pleaded with the committee to adopt some checks to protect the American dollar against the inflationary policies of countries like Brazil. We have the same problem with Argentina, as well.

Mr. LAUSCHE. Yes.

Mr. MORSE. Those are not the only two countries, but they are probably the two most notorious.

The Senator has made eloquent pleas. I believe they are unanswerable. The sad thing is, we have not prevailed. We did not prevail in the committee. I hope we can prevail in the Senate. The American people are crying out for the checks for which the Senator from Ohio has been battling in the Foreign Relations Committee. The American people know it is right.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I am glad to yield.

Mr. LAUSCHE. Last Friday night I made mention of the fact that until 2 years ago, when lending American dollars, in the agreement to repay we allowed the stipulation that repayment could be made either in the currency of the borrowing nation or in dollars, the specific type to be determined by the borrower.

So we loaned money to one nation American dollars which at that time, 8 years ago, had an exchange value of 350 to 1. For $1 we would receive 350 pieces of paper of the other government. The depreciated value is 800 to 1. Yet they are paying off the debt which they owe us not on the basis of 350 to 1, but on the basis of 800 to 1. It is unbelievable that such loose practices could have been followed.

Mr. MORSE. I do not think I violate any confidence when I say the Senator from Ohio discussed our policies toward Italy.

Mr. LAUSCHE. And toward Brazil.

Mr. MORSE. And toward Brazil, too. The Senator cross-examined the spokesman for the administration with respect to Italy, and I think the cross-examination was devastating.

I wish to make it very clear that my point on this phase of the issue is that American capital cannot bridge the gulf between the rich and the poor in the underdeveloped areas.

Commenting on what the Senator from Ohio just said, one of the reasons we do not have a self-help program, and one of the reasons why there are not outstanding bonds of some governments owned by the people, which constitute a relationship of faith between the government and the people, is that the wealthy of those countries export their money and put it in New York and Swiss banks.

I say most respectfully to my President, "You cannot justify sending millions of dollars into Latin America until the oligarchs of Latin America are willing to invest their money in Latin America, and not put it in New York and Swiss banks."

Unless they have a self-help program, unless they have faith in their own country, why should we vote to pour millions of dollars into underdeveloped countries because the gulf between the rich and the poor is so great, as pointed out by the President of the United States in New York City last Friday night? What makes him think that pouring millions of American dollars into Latin America would bridge the gulf? The sad economic reality is that too frequently pouring American aid money into such underdeveloped countries makes the oligarchs richer and the poor poorer, and the oligarchs export the profits that they make out of American foreign aid investments.

It is an ugly fact. I know just how ugly that fact is. But it is true. It is about time that the President of the United States faced it. The American people are coming to know it is true, and the American people want some checks written into the foreign aid bill whereby we say to the oligarchs of Brazil, the Argentine, and other Latin American countries, "Do not forget that the Act of Bogotá and the Act of Punta del Este contain a pledge by your governments that you would participate in a cooperative self-help program with the United States in return for our cooperation for such aid as the Alliance for Progress offers."

That is the arrangement. To me, it is an offer of an international contract. One Latin American country after another has not lived up to the contractual offerings made when it put its signature to the Act of Bogotá. Only eight Latin American countries have come forward to date with a plan to implement the Alliance for Progress program. But do not jump to the conclusion that those eight plans are necessarily good, for most of them need great improvement if they are to keep their commitments.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. I wonder whether the distinguished senior Senator from Oregon noticed the front page story in the New York Times this morning headed, "Brazil Questions Alliance's Value to Latin Economy."

Mr. MORSE. I have already commented on it, but I should be delighted to have one of the most knowledgeable men on Latin American affairs, the Senator from Alaska [Mr. Gruening], comment on it.

Mr. GRUENING. The statement of President Goulart seems to me to show a great lack of appreciation of the effort the United States has made to help Brazil. Here is a country into which we have poured a great amount of money, which has repeatedly failed to live up to its promises of fiscal reform. We have poured money into it in the form of budget support, to bail it out of its financial difficulties—unknown to most of the American people. Now the President of that country makes a speech attacking the Alliance for Progress and never even mentions the United States. It is not wholly surprising—we have provided the kind of situation in which that would follow. We have gone into many countries almost insisting that they take our money. We have seldom if ever taken the proper and sound position, which is to say, "We would like to help you. We do not ask you to take our money, but if you do we expect you to adopt a few reforms which will make that aid effective. We expect you to adopt an austerity program, and stop inflation, waste, and corruption." We have never taken that position or if we have stated it, we have never insisted upon its fulfillment. We have taken the position that we must thrust the money on them, regardless of whether they agree to the quid pro quo. Now the chickens are coming home to roost.

Last year I urged that we stop giving aid to both Brazil and Argentina. There is no stability in either. Much has been made recently of the fact that there has been an election in the Argentina. It was an election dictated by the military who deposed the previous President and permitted the new one to be elected. I thought we should at least wait a year to see whether the new Argentina was democratically inclined, responsible, stable, and whether it was going to carry out the declared objectives of the Alianza para Progreso as subscribed to at the Punta del Este conference and repeatedly enunciated by President Kennedy.

I wonder if the Senator from Oregon also saw the column by Mr. Arthur Krock in this morning's New York Times.

Mr. MORSE. No; I did not see it.

Mr. GRUENING. It is very pertinent. I should like to read from it, because it displays a real understanding of the fact that those of us who are critical of the bill before us are trying to improve the foreign aid program. We are not trying to wreck foreign aid; on the contrary we are trying to save foreign aid by making it efficient, by making it a program which carries out the purposes enunciated by President Kennedy at various times.

This is what Mr. Krock says:

> The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress' sharp reduction in the foreign aid budget when he said he doesn't "understand it."

The article continues:

> Merely by reading the Senate speeches of the self-named liberals——

I do not think they are self-named—

> who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the Executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who has sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of Executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

That is the very point the Senator from Oregon has made on the floor of the Senate again and again, and which I have also made—that since the beginning of our foreign aid some 18 years ago, with the Marshall plan, an entirely new aspect has entered the conduct of foreign policy. Up to that time use of large sums of money as an instrument of foreign policy was unknown. The function of the Senate up to that time was merely to advise and consent to treaties and to confirm Presidential appointments in the Foreign Service. That was all.

When the United States started pouring in tens of millions and then hundreds of millions, and then billions of dollars into foreign aid, it became the duty of the Senate—and indeed of the House—to be vigilant with respect to how these moneys were spent. Why is great surprise now expressed and criticism voiced when Senators wish to stop an inexcusable subsidizing of aggression, which we have done in the case of Sukarno, who started with threats and mobilization in regard to New Guinea—when we yielded, I thought unjustifiably—and now threatens to overthrow the new Republic of Malaysia? In a column printed this morning, written by Warren Unna, action to stop the subsidization of aggression is referred to as a crippling amendment. The amendment should never have been made necessary. The State Department and the AID administration should long since have acted.

I notice that in the President's address on foreign aid before the Protestant Council in New York last Friday night, he quite properly deplored wars that were going on in various parts of the world, and he listed them as "disputes between Africans and Europeans in Angola, between North African neighbors in the Maghreb, between two Arab States over Yemen, between India and Pakistan, between Indonesia and Malaysia, Cambodia and Vietnam, Ethiopia and Somalia," and he added that there was "a long list of others."

Now, I submit that while there are these wars, they are dissimilar in their origins and this presentation by the President does not emphasize what seems to me so pertinent—and that is that several of these were not so much wars between the countries mentioned but acts of aggression by one of them against the other. For instance, I do not share the President's view that there is a war between two Arab States over Yemen. Having made a careful study of this situation when I was in the Middle East, I learned that Nasser was ready almost simultaneously with the revolt of one regime against the other in Yemen to send an army there of 28,000 men, sent them in Russian planes, and has kept them there ever since. It is true that for a time the Saudi Arabians helped the regime that Nasser was fighting with money, but that is scarcely comparable as an act of aggression. The revolt in Yemen would never have succeeded without the Nasser invasion and would collapse the minute his troops were withdrawn.

Similarly, I would not consider that saying there was a war between Indonesia and Malaysia would tell the whole story, since Malaysia was a peaceably newborn nation with no designs on any other nation and was threatened both before its birth and immediately after with invasion by Sukarno.

It is these acts of aggression, not acted upon effectively by the State Department, that led inevitably to action by the Senate, and I am confident that our action in this matter is completely justifiable.

The way for these rulers to reestablish themselves is to cease their aggression—for Nasser, for instance, to pull all his troops out of Yemen, to stop the military buildup which is clearly designed to commit aggression against his neighbors, Israel and Jordan, to pull his troops out of Algeria, where he is fighting with the Algerians against Morocco, and to cease his inflammatory broadcasts which preach assassination of officials of neighboring countries. Nasser has kept his troops in Yemen for 15 months at a cost of about $185 million. While he has been spending $185 million on war, we have been pouring in $185 million and more through Public Law 480 and other aid designed to raise the economy of the Egyptian people.

In short, the Senate has finally moved to stop the aid if the President finds there is aggression—and it is difficult to see how he can fail to find it. In the cases of the rulers of Indonesia and Egypt there have been both the declarations of aggressive purpose and the acts of aggression. It was expected that Nasser would pull his troops out of Yemen as soon as Saudi Arabia ceased helping the Imam with money. Nasser had promised to do so, but did not keep his promise. Helping with money, moreover, is not comparable to helping with troops and planes. Sending money does not make a war. Sending in troops and planes which kill is making war.

In the case of Brazil, we have another type of failure to carry out promises. And we hear President Goulart, who has been taking our generous assistance, questioning the value of the Alliance for Progress.

I hope we shall have the wisdom and the sense of propriety to reply, "We have tried to help you. We have given your country $2½ billion. What is there to show for it? Why have you done nothing to stop inflation? What other steps have you taken to justify our continuing aid?" Unfortunately, there have been none.

The same thing is approximately true with respect to Argentina. I am not prepared to pass on the merits of the oil pact, but it seems that when we are trying to encourage private investment, which would certainly be helpful to the government down there, and when we find that nation trying to confiscate that investment, we ought to go slow about pouring any more money into that country without some certainty as to what its policies will be. The news reports indicate that Secretary Harriman's pleas on the subject were rebuffed.

There was a good deal of indignation when the Kuchel-Engle amendment was adopted. The Kuchel-Engle amendment provided that if the Governments of Ecuador and Peru insist on grabbing our vessels in international waters, arresting their crews, taking them to the mainland, putting them in jail, and fining them heavily, we would withhold foreign aid from these countries.

The opposition said that this should be done by negotiation. In the Record was included a letter from the Under Secretary of the Department of the Interior, Mr. James Carr, who reported that negotiations had been continuing, without any result and suggested some other course of action might be desirable. How long must we be supine, and be a doormat for those governments that refuse to settle by negotiation?

The fact that the amendment was adopted—although I know that in conference every effort will be made to take it out of the bill—will I am convinced hasten negotiations and bring a better result. When a nation engages in acts of violence against our citizens, and at the same time is the recipient of our aid to the extent of millions of dollars through our foreign assistance programs, it is unthinkable that we should continue to tolerate such a condition.

Mr. President, I ask unanimous consent that the article by Arthur Krock, appearing in this morning's New York Times, and the article referring to Brazil, as well as the two articles from the New York Times of September 11 and 12, dealing with the Argentine situation, be printed in the Record at this point, with the permission of the Senator from Oregon.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Nov. 12, 1963]

THE CONSTITUTION KEEPS GETTING IN THE WAY

(By Arthur Krock)

WASHINGTON, November 11.—The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress' sharp reduction in the foreign aid budget when he said he doesn't "understand it."

Merely by reading the Senate speeches of the self-named liberals who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the Executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who is sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of Executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

The Senate, led by the Members who have been the staunchest supporters of foreign aid, simply has turned to the use of this means to impose on the Executive budget for the next fiscal year the revision and rationalization of the foreign aid program that long has been overdue. Rusk's statement to his November 8 news conference that he disapproved of this "tendency to legislate foreign policy" is not at all surprising. What is surprising is his other statement that he doesn't "understand" the why and wherefore; and seems not to realize that with this assertion he was furnishing the general explanation of the situation he "does not understand."

Until and unless the President and the Secretary of State comprehend, if they really do not, what is so clear, the part of Rusk's news conference that states a sound principle of government will not have the desired beneficial effect on Congress. This principle the Secretary phrased as follows:

"I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries.

"It is not possible for the Congress to anticipate * * * what the circumstances are going to be in any given situation. * * * These are responsibilities carried by the President [who is] the one the country will hold responsible if things go wrong."

FLEXIBILITY IN DISUSE

But support in Congress of this sound precept in foreign policy is impaired when the Executive continues disuse of the "flexibility" in judgment it admonishes Congress not to impede—by perpetuating aid programs, such as those for Egypt, Indonesia, and Brazil. These are automatically self-defeating of the plain and declared objective of foreign aid. The eventual consequence, as is now being demonstrated, is that Congress will go too far in its efforts to restrain Executive flexibility.

An example was the Senate vote denying aid to any nation interfering with American fishing vessels in what the United States unilaterally decrees to be international waters. Diplomatic negotiation is the proper means, instead of legislation requiring other nations to accept U.S. charting of the seas. And only the Executive, not Congress, can conduct diplomatic negotiations.

Congressional foreign policy support by appropriation is also impaired when the Executive assumes leadership for this Government in coercing another to yield to military blackmail, and in violation of the United Nations Charter. Yet the administration, in concert with Secretary General Thant of the U.N., did precisely this to assure the success of Indonesia's threats of seizure of west New Guinea from the Netherlands.

This helped to build up the revolt in Congress. And in furthering the revolt Congress, of course, is using its constitutional power to cut authorizations and grants from the revenues contributed by American taxpayers. Thus again the Constitution annoys one arm of the triune Federal Government by getting in its way.

Yet though this constitutional power, and the reasons for the "tendency" to invoke it, are plain, strangely enough the Secretary of State "doesn't understand it."

[From the New York Times, Nov. 12, 1963]

BRAZIL QUESTIONS ALLIANCE'S VALUE TO LATIN ECONOMY—GOULART, IN OPENING SPEECH AT HEMISPHERIC MEETING, OMITS ROLE OF U.S. AID

(By Juan de Onis)

SÃO PAULO, BRAZIL, November 11.—President João Goulart has challenged the validity of the Alliance for Progress as a workable remedy for Latin America's economic problems. He called on the Latin American countries today to unite in defense of their common interests in trade and aid.

In welcoming delegates to the second annual review meeting of the Alliance for Progress, Mr. Goulart did not once mention the United States and he referred to the Alliance only once.

The Alliance is a 10-year program proposed by President Kennedy to accelerate Latin America's economic and social development with the help of at least $20 billion in foreign aid.

The Latin countries, in return, are expected to strive for democracy and fair distribution of wealth.

SELF-SUPPORT STRESSED

Mr. Goulart's speech stressed an improvement in Latin America's trade position with the rest of the world. He condemned trade barriers affecting raw material exports to industrialized countries.

Present trade conditions, the Brazilian President added, "represent a continual bleeding of our economies."

"Our irreducible needs for imports, combined with falling export receipts, are in large measure responsible for the inflationary process that destroys the values of our national labors," Mr. Goulart added.

The speech was heard by delegates from the 20 participating countries in this weeklong conference. W. Averell Harriman, Under Secretary of State for Political Affairs, heads the U.S. delegation.

HARRIMAN MEETS GOULART

Mr. Harriman was introduced to Mr. Goulart after the speech, and they exchanged a friendly handshake. But U.S. officials were privately disappointed with Mr. Goulart's speech. There was no official American comment.

Mr. Goulart indicated that Latin America was a victim of its own divisions and common weaknesses. "Reality can no longer tolerate that Latin America remain an archipelago of nations, implacably separated by the sea of frustrations of our own difficulties," he said.

"Today, and each day more so, Latin America should present to the world a united, solid, and cohesive front in the collective defense of our common interests," Mr. Goulart added.

All the Latin-American countries; he went on, are facing the same problem: "Breaking an agrarian structure that is manifestly archaic, in which the barriers of feudalism and intolerable privileges suffocate our effort for development, industrialization and diversification."

PALLIATIVES DERIDED

Deficits in the balance of payments—excesses of exports over imports—force the Latins to negotiate loans or to obtain refinancing of debts in conditions that do not meet their interests, Mr. Goulart said.

The answer, he added, will not be found "in palliatives or false, superficial concessions" by the industrialized, capital-exporting countries.

"Our objectives must be the establishment of a new international division of labor, just and remunerative prices for our exports of raw materials, expansion of our exports of manufactures and semimanufactures," Mr. Goulart said.

The audience included, besides the delegates, representatives of international agencies, observers from a score of foreign governments and several hundred guests. Mr. Goulart spoke in the recreation hall of São Paulo University.

The conference is sponsored by the Economic and Social Council of the Organization of American States.

FUNDS DISPUTED IN BRAZIL

Mr. Goulart repeated many views he had been expressing in the context of Brazil's national politics. The country's extreme inflation, raising prices at an annual rate of more than 70 percent, and policy disagreements over the use of U.S. aid funds here have sharply reduced Brazil's access to Alliance for Progress aid.

In the preliminary, or technical, stage of this conference, which ended last week, Brazil disagreed with the United States and with a Latin-American majority on the formation of an Alliance for Progress coordinating committee. Such a body would give the Latin nations a policy voice in the alliance, without giving them control of aid funds.

Carlos Carvalho Pinto, Brazil's Minister of Finance, was elected president of the conference, Edgard Seoane, First Vice President of Peru and leader of his country's delegation, called Mr. Goulart's speech "very good." He added that he would propose the creation of an inter-American agrarian-reform cooperative bank to finance production and equipment for landowners who are settled under national agrarian-reform programs.

[From the New York Times, Nov. 11, 1963]

HARRIMAN WARNS ARGENTINA REGIME ON OIL CONTRACTS—SAYS PLAN TO CANCEL PACTS OF AMERICAN COMPANIES PERILS AID PROSPECTS

(By Edward C. Burks)

BUENOS AIRES, November 10.—W. Averell Harriman was understood today to have warned Argentina that her plan to cancel contracts with U.S. oil companies could sharply impair her prospects for future American help.

The grave turn in United States-Argentine relations became clear after a series of weekend meetings between the highest officials here and Mr. Harriman, U.S. Under Secretary of State for Political Affairs.

Under discussion was Argentina's announced intention to cancel contracts with U.S. companies, which have more than $300 million tied up in producing oil for the Argentine Government.

Argentine officials, from President Arturo Illia on down, are understood to have been told that cancellation of the contracts would imperil both Government and private investment from the United States.

Mr. Harriman left this afternoon to head the U.S. delegation to the Inter-American Economic and Social Council meeting in São Paulo, Brazil. He still had received no assurance from Argentina's new Government that the American oil contracts would not be canceled.

POSITION MADE FULLY CLEAR

One authoritative U.S. source said:

"What the Argentines are going to do I can't tell you. But the American position has been made fully clear to them. They are under no illusions as to the American point of view."

High American sources noted that the Argentine Government "has been unwilling" to explain in full its position to the oil companies.

The Argentine Government maintains that the oil contracts are illegal, because they were negotiated under the government of Arturo Frondizi. The Illia government says President Frondizi bypassed Congress in negotiating the contracts.

The oil companies say the contracts were made with a legal government.

The American source also said the Argentines had not made clear that the companies would receive prompt and adequate compensation in the event of expropriations.

Mr. Harriman's unexpected visit here was ostensibly for talks about general problems and the Alliance for Progress. But it was obvious that the oil contract dispute was the main issue.

The Argentine position, as explained to Americans during the talks, was that the companies will be compensated in accordance with Argentine justice.

POSITION UNSATISFACTORY TO UNITED STATES

This was unsatisfactory to the United States, since no indication of the amount of compensation or of the promptness of payment was indicated. The U.S. position is that Argentina has a right to take over the companies if payment is prompt and adequate. But Argentine officials have indicated that payment, if any, will be small.

For instance, while the companies contend that the Government petroleum authority owes them more than $100 million for delivered oil, some Government officials say that the companies owe Argentina.

It has been argued by some in the Government that since the contracts are regarded as illegal, the tax-exemption incentives in the contracts are also void. Therefore, these officials say, the companies owe back taxes.

When the contracts were signed by companies with the Frondizi government, they went into effect by decree, without congressional ratification. In Argentina, Congress has frequently been bypassed by executive power.

Mr. Harriman's position seems to be that he is not here to defend the oil companies or bring about proper procedure in resolving such a controversy.

The explanation of the U.S. position goes much further than the question of contracts with the oil companies. Essentially, it is this: the United States wants the Alliance for Progress to work with private investment as far as possible.

Dr. Illia's Popular Radical Party opposed the contracts when they were signed several years ago and campaigned in elections last July on a platform of annulling them.

The companies maintain that with their aid production has been virtually tripled since 1959 and that Argentina has nearly attained economic self-sufficiency.

The American companies involved include Pan American-Argentina, a subsidiary of Standard of Indiana; Esso; Tennessee Gas Transmission (Cities Service); several drilling companies, and other producing companies.

[From the New York Times, Nov. 12, 1963]

ARGENTINA BARS OIL-PACT ACCORD—HARRIMAN MISSION IS CALLED FAILURE—AIDE SAYS U.S. COMPANIES OWE TAXES

(By Edward C. Burks)

BUENOS AIRES, November 11.—Argentina newspapers said today that W. Averell Harriman, Under Secretary of State for Political Affairs, had failed in his mission to persuade Argentina to soften her stand against U.S. oil companies.

Hints that the American companies involved might get relatively little compensation when Argentina took them over were also printed.

The leading afternoon paper La Razón quoted Antulio Pozzio, Fuels and Energy Secretary, as having said the companies owed a huge amount of back taxes.

The compensation to them would thus be sharply reduced when they are taken over. The Argentine Government intends to cancel the contracts under which the American companies have been working here soon, probably this week.

COMPENSATION IS AT ISSUE

The major point of dispute is whether the companies will receive prompt and adequate compensation. They say they have invested more than $200 million here and that Argentina's State Petroleum Authority owes them more than $100 million for delivered oil.

The dispute has caused the severest strain in United States-Argentine relations in years.

There are reports that both the Italian State Oil Authority and the Russians are active trying to enter petroleum production in Argentina when the Americans leave.

The issue has taken on highly nationalistic tones in a number of newspapers.

SIGNED WITH FORMER REGIME

The companies involved signed contracts with the Government of President Arturo Frondizi to drill wells and produce oil here for the State Petroleum Authority, and in one case to operate a distribution system including service stations. The Government contends that the contracts are illegal, having gone into effect without ratification by Congress. The Frondizi government put the contracts into effect by executive decree.

But Mr. Pozzio and others go further and maintain that since the contracts are illegal, the tax-exemption clauses in them are, too.

Mr. Pozzio has been quoted in the press as having said it is now a question of "who owes whom."

Mr. Harriman left yesterday after having warned Argentine officials that cancellation of the contracts without adequate and prompt compensation would severely impair Argentina's prospects for aid under the Alliance for Progress.

Mr. Harriman is heading the U.S. delegation to the Inter-American Economic and Social Council Conference at São Paulo, Brazil.

The press here is printing articles to the effect that the American companies knew the severe risks they were taking in signing the contracts with the Frondizi government.

The companies say Dr. Frondizi was a legally elected President and that the procedure for the contracts was legal.

President Illia has said the companies will receive "just compensation under Argentine law." Mr. Harriman, however, seemed to be dissatisfied with what he heard from government officials on compensation or the possible renegotiation of the contracts.

Since the American and other foreign companies began their operations in 1959, Argentine oil production has nearly tripled and the country has almost attained economic self-sufficiency.

But there were many complaints from Argentine officials that the country had to pay too much.

Government sources were quoted today as having said that Dr. Illia has succeeded in getting a high-level Washington negotiator like Mr. Harriman to come here, whereas Dr. Frondizi, despite all his friendly overtures to the United States, had never had such success.

PERIL TO ALLIANCE FUNDS SEEN

WASHINGTON, November 11.—Administration officials suggested today cancellation of Argentina's contracts with United States and European oil companies could upset efforts to get Congress to vote more funds for the Alliance for Progress.

The Argentine proposal and a similar one in Peru strike at the heart of the administration's policy to encourage private capital, in both the United States and Western Europe, to supplement Government financing of Alliance programs.

Aware of the trend toward nationalization, the Senate is considering a provision in its foreign aid bill that would require the President to suspend economic assistance to any country that decides to "repudiate or nullify existing contracts or agreements" with American companies.

Senator HUBERT H. HUMPHREY, of Minnesota, the majority whip, who last week led a drive to restore $75 million to bring Alliance funds back to $525 million, was dismayed at the developments in Argentina.

"Congress is no longer in a mood to give lending authority to the administration so that the money can be used by our Latin American friends to expropriate private American properties."

President Kennedy can be expected to express this concern in Miami next weekend to Argentina's Vice President, Carlos Humberto Perette, diplomatic officials disclosed today.

Mr. Kennedy is scheduled to attend the annual convention of the Inter-American Press Association. Mr. Perette will be in Miami for an "Argentine Friendship Week."

Diplomatic sources said it was virtually certain that the President would take advantage of Mr. Perette's presence in Miami to emphasize the administration's problems as a result of the proposed Argentine action.

Mr. Perette is considered to be among those advising President Illia to assume an intransigent attitude on the cancellation of the contracts. The Vice President has denounced the contracts as unconstitutional and harmful to the Argentine economy.

It is understood that the Vice President and a group of officials in the recently inaugurated Argentine administration would like to turn over the assets of the private companies to the Government Petroleum Authority. To keep payments for compensation to a minimum, the officials were said to have suggested that the companies pay heavy retroactive taxes for the 5 years they have been in operation.

Under the administration of President Arturo Frondizi, the companies were promised special tax concessions and participation in profits.

Mr. GRUENING. Mr. President, I should like to emphasize, for the benefit of our critics, including, especially, the Washington Post, who have designated those of us who are trying to reform the program as "Secretaries of State," that if they would only study the program, it might be manifest to them that in trying to eliminate extravagances and follies and correct past and continuing errors, we wish to save the program, not to destroy it.

Mr. MORSE. I thank the Senator from Alaska very much for the remarks he has made. I appreciate his support.

The remarks he has made are unanswerably correct.

I wish to make some quick comments about Brazil and Argentina. The Senator has referred to the New York Times article and to Brazil, raising a question as to whether the Alliance for Progress program is of sufficient merit to be of any aid to that country.

Over the weekend, someone in behalf of the Argentine Government also indicated that Argentina was in opposition to the proposal made in São Paulo, at the conference that is being held there, for any multilateral procedural arrangements whereby Latin America would exercise some voice in the administration of the Alliance for Progress program with respect to the expenditure of funds.

It is disappointing to find those comments coming from spokesmen of two countries which have been such great beneficiaries under the Alliance for Progress program, to whom the President of the United States has given so much out of his contingency fund to help shore up their monetary policies and, in some instances, to give them contingency fund money with which to pay off some American creditors. That is another example of the misuse of the contingency fund. I do not believe that the American taxpayer should have that money given to Argentina for the purpose of having that Government pay off American creditors.

Mr. GRUENING. Of course not.

Mr. MORSE. I speak with complete respect, as a great supporter of my President. I am a strong supporter of the President. Although my support may not be needed, I will do everything I can to assist him in any way I can in the great historic campaign of 1964, because the country and the world need his continuation in office. But merely because I feel that way is no reason why I should agree with him when I think he is wrong and when I am satisfied the facts have proved him to be wrong. I believe the facts have proved him to be wrong in this case. He ought to make it perfectly clear to Brazil and Argentina that they, too, will have to meet the terms and conditions of the Act of Bogotá and the Act of Punta del Este; that they will have to help themselves; and that they will have to adopt some of the reforms that we are entitled to have them adopt, before we pour more money into the Argentine and Brazil. That is the position I take. The President will receive the support not only of the United States, but also of many other parts of the world if he takes that position.

American capital cannot bridge the gulf between rich and poor. If I thought that gulf could be bridged by the expenditure of American money, I would favor it. But I believe that a continuation of our expenditures in the present manner would only make the rich nations richer and the poor nations poorer. To prevent that, it is necessary to effectuate the kind of reforms I have been talking about in my speech today.

The decisions upon which industrial and agricultural growth must be based must be made by the people of those countries. They cannot be replaced with foreign aid. In too many countries, we have tried to use foreign aid to take the place of local effort and initiative.

This is not a case of Americans becoming tired of the burden, which is the favorite phrase of the President. It is a question of whether the indigenous people are ready and willing to do what must be done to elevate their own living standards. A people described by the President as having wealth and strength—ourselves—have no more obligation to help the rest of mankind than the rest of mankind has to help itself. I do not regard this as a moral issue, but as a practical one. I am satisfied that in too many countries our aid is continued only because it is part of the executive machinery of the U.S. Government, not because it is promoting any economic growth or social progress.

One might also ask whether foreign aid is not a burden that all economically developed countries need to share. Yet the President avoided mentioning the hundreds of millions of dollars this year's bill contains in aid to those very same economically developed countries. Our failure to cease aiding them and their failure to undertake their own aid programs makes a mockery of the President's contention that this is a case of the obligation of rich nations to poor nations. We have allowed foreign aid, rather, to become an American obligation to everyone else.

In commenting on the President's speech of Friday night, I would also point out that whereas he talked mostly about health, education, and housing as objectives of foreign aid, a good third of the whole program is military aid, which has nothing to do with health, education, or housing. In too many places, in fact, military aid is undermining our social and economic programs.

So also do we send hundreds of millions of dollars abroad for purely political purposes. We give it, almost literally, to buy up foreign political leaders. Sometimes we think that by so doing we are keeping them out of the Communist camp; in other cases we are anxious to obtain or maintain military bases. Our aid programs to Sukarno in Indonesia, to the Kingdom of Jordan, and to Ethiopia, Morocco, and Libya have had that purpose. I am skeptical in the extreme of their usefulness. Above all, aid for that purpose is the most difficult to terminate, except when it is terminated by an overthrow of the recipient government by its own people.

Finally, I am most disturbed of all by the President's defense of foreign aid for the jobs it creates for American citizens. If this argument becomes intrenched in defense of foreign aid, it is going to be raised, too, in support of continued defense spending, because it is infinitely more applicable there. If we need Federal programs to reduce unemployment, there are many that are far more worthwhile to the American people than foreign aid. But if the work itself becomes more important to us than its product, then our defense economy is going to be immune from any cuts in the future, no matter what turn the cold war may take. I very much regret that this justification has become so central to the case of the aid advocates.

We need to take a long, hard look at the need for so large a defense expenditure and so large an aid expenditure, and consider the wisdom of spending a good deal of that money in our own country, to meet some of the important domestic issues that confront us that are disturbing millions of American people.

Mr. CHURCH. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. CHURCH. First, I commend the Senator for the great service he has rendered in the course of the past 2 weeks in his intelligent opposition to certain features of this bill which ought to be questioned. Much credit is due him for the improvement that has been made in the bill. The Senator knows that I have sympathized with his efforts. I have done what I could, both in committee and on the floor of the Senate, to support amendments that I believed were fully justified. So I have listened with deep interest to the excellent address the Senator is making. Earlier, I heard him say that if another $40 million could be cut from the bill, all things considered, he would be satisfied. I want the Senator to correct me if I misunderstood his statement.

Mr. MORSE. May I interrupt to explain my remarks?

Mr. CHURCH. Yes.

Mr. MORSE. I said I had made clear to administration spokesmen this morning that they should take a look at the pending amendments and suggest where a $40 million reduction could be made, which would round the amount out to $500 million.

But I also made it very clear that I thought the bill ought to be cut more than that, and that I proposed to offer an amendment that would bring the amount down at least to the House figure. I believe the amount should be cut to the House figure. But we ought to proceed to see if we cannot at least make a $500 million reduction, instead of the $460 million now provided for. That does not mean that I will not try to bring about more than a $500 million reduction.

Mr. CHURCH. I share strongly the feeling of the Senator that a further cut could be made in the bill, particularly with respect to those countries with respect to which we have assumed a kind of frozen position. The Senator has mentioned some of those countries in his address today.

For example, I think of South Korea. I visited South Korea in December of last year. I was appalled to find it a garrison state, so laden with military equipment, ammunition dumps, and motor pools that one wondered why the peninsula had not sunk under the weight of the vast quantities of equipment and material we have furnished South Korea over the years.

It has been 10 years since the fighting ended in South Korea. During that time, we have been spending approximately half a billion dollars a year in aid to the government of South Korea. We have fully equipped a crack army there. Fifteen Republic of Korea divisions are on the line at the 38th parallel.

If, after 10 years of the pouring of our treasure into that peninsula, if after all our massive effort to train and equip the South Korean Army, the Koreans are still unprepared to assume the responsibility for the defense of their narrow frontier, perhaps the American people have a right to ask, "When will they be ready?"

The same objection can be made with respect to our policy in Formosa. Again, we find a frozen attitude that still calls forth a quarter of a billion dollars a year in foreign aid expenditures to that country. To what end? For what purpose? To maintain there an army that is twice as big as necessary to defend the island, but not one-tenth big enough to threaten the continent? The American people have a right to expect that the flow of foreign aid dollars will be tailored to the realities in these countries, and in certain other countries, as well, where we persist in spending a disproportionate amount of our foreign aid money. I think that here is where a further cut could readily be made.

Mr. MORSE. So do I.

Mr. CHURCH. I suggest that the Senator from Oregon give some consideration to an amendment that I have been discussing with the distinguished Senator from South Dakota [Mr. McGovern] and other Senators, an amendment which would call for another $40 million cut, limited to the four or five countries which receive the largest amounts of American aid, which would leave it to the discretion of the President to decide how to allocate the cut, among countries where the program is inexcusably large, and where the United States has been guilty for many years of assuming a fixed position which has not kept pace with the times.

Mr. MORSE. I shall support the amendment. In fact, I shall shortly be discussing an amendment, and in the course of my speech I shall refer in several places to the contributions which the Senator from Idaho has made in connection with the very point he is now making. We have a good case in that respect. But I made the suggestion to the administration spokesmen this morning because I thought we ought to be receiving some cooperation from the administration, in consultation, concerning where the administration thinks it can make some savings, because, as I pointed out in my remarks earlier, in my opinion, the appropriation will not go beyond $3 billion, and I think it will end with less than $3 billion. The administration ought to be consulting with the opponents of the bill and the proponents of the bill, to see if there is not some area in which our differences could be reconciled in what could be a conscionable compromise.

Mr. CHURCH. I suggest that this might very well prove to be the proper area in which to make a final cut. The five countries receiving the largest amounts of our military assistance are Vietnam, Korea, Turkey, China, and Greece. I recall that 4 years ago, when I first became a member of the Foreign Relations Committee, we were assured that our aid program to Greece was about to end, because it had gone on so long, and been so generous, that the administrators felt it had about accomplished its objectives. But here we are, 4 years later, still talking about aid to Greece, and still saying that Greece will soon be eligible for removal from the list.

So I believe the President could decide how to allocate another $40 million cut, as between the countries which get the biggest slice of our military aid. I commend such an approach to the Senator. I believe it might furnish a proper formula in connection with the allocation of a further $40 million cut, so that we could then proceed to a final vote on the bill.

Mr. MORSE. I thank the Senator from Idaho. I want him to know that I have pending an amendment which would cut $50 million from the authorization for supporting assistance which is proposed to be given to some of the countries the Senator has discussed, and would cut $5 million from the authorization for development grants. These changes would result in a substantial saving. I do not care which way we proceed to attain that goal. That is why I think we need to take an inventory of the pending amendments and determine which ones are overlapping or which ones seek to attain the same ends, and then reach an understanding as to which amendments will be offered, and in what order they will be offered. I am perfectly willing to do that. So I want the Senator to know that I have at the desk amendments which seek to accomplish the same purpose, but I would welcome an opportunity to support his amendment.

Mr. McGOVERN. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. McNamara in the chair). Does the Senator from Oregon yield to the Senator from South Dakota?

Mr. MORSE. I yield.

Mr. McGOVERN. I have discussed with the Senator from Idaho the matter he has mentioned in the last few minutes. I think his suggestion would go a long way toward attaining the objective the Senator from Oregon has in mind.

Earlier today he referred at some length to the attitude of the American people in regard to foreign aid, and called attention to the fact that among the American people there is increasing opposition to foreign aid. I believe—although I could be mistaken—that the American people are strongly in favor of a considerable portion of the foreign aid program. I think there is in our country a great humanitarian tradition—which the Senator from Oregon praises and shares—which leads us to be concerned about the welfare of people in other parts of the world. I know that during the time I was privileged to work with the food-for-peace program, there was almost unanimous support of the program, insofar as we were able to evaluate the sentiment, in terms of our mail and our conversations with people all over the country. They do not want human beings anywhere in the world to be hungry. They are concerned about disease, illiteracy, and the other really basic problems which disturb the progress and the peace of the world. However, I believe they are also concerned—and if I am mistaken about this, the Senator from Oregon can correct me—with some of the things the Senator from Oregon has mentioned and is concerned about—among them, the sterile aspects of the aid program, including a sizable portion of the military aid program which we have been maintaining in the countries enumerated by the Senator from Idaho.

I have hoped we could make the sort of reductions suggested by the Senator from Idaho in the military aid program, and thus perhaps satisfy the Senator from Oregon and expedite final action by the Senate on the bill.

Mr. MORSE. I am sure that would be the result. I have said all along that I believe the American people would support a good, fair foreign aid program—but not the wasteful, inefficient programs which have come to characterize much of our foreign aid. The people of the United States are fed up—as is indicated by the editorial from the Washington Star which I have placed in the Record—with much of the present program; they feel that much of it is highly wasteful and should be stopped. That is why I believe we have the responsibility to rewrite this bill. I believe that thus far we have had remarkably good success with our amendments; but I believe now we have reached the point where we should hold consultations, to determine what can be done toward arriving at some acceptable compromises, thus speeding the bill on before the week is over.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. GRUENING. I commend the Senator from Idaho for his statement.

As I have previously suggested, I believe the proper approach is not to make the kind of blanket cut the other body made, but to go through the program country by country. This process really was begun several years ago in the committee by the Senator from Idaho, when he urged that the countries of Europe and Japan which have become prosperous and no longer need our aid should be removed from our aid program.

If we total the savings which will be made by eliminating from the aid program our aid programs for France, West Germany, Belgium, The Netherlands, Japan, and also Taiwan, Brazil, and Argentina, as well as the aggressor nations, it is apparent that we could easily cut from the bill authorizations in the amount of $1,500 million, and perhaps more. In each case, such a cut can be justified.

For example, when I visited Taiwan, several years ago, I was amazed to observe the variety and abundance of our aid programs there. Our funds were being used for almost every sort of program the human mind could conceive of. The projects included power plants, paper plants, fertilizer plants, jute plants, factories of various kinds and the rebuilding of their fishing fleet—and of course tremendous military aid. Of course, the original purpose of our aid to Taiwan was to help that island defend itself from attack by the Red Chinese. But that objective was attained long ago. If, after we have poured billions of American dollars into that little island, it is not yet self-sufficient, I believe it is well for us to ask how much longer we intend to do for Taiwan what we would not dream of doing for ourselves.

As for the countries of South America, it is clear that Brazil and Argentina are more or less in a condition of instability; they do not live up to their commitments, and do not even attempt to follow the prescriptions which we think desirable in connection with our aid. They have not followed the principles adopted at the Punta del Este Conference and which President Kennedy has wisely prescribed.

In each case, the cuts now contemplated can be justified.

When I visited Iran, I was very favorably impressed with what the Shah and our AID administration there were attempting to do with our aid; the Shah is deserving of the highest praise for the reforms he is attempting to carry out; but I doubt very much that the large amounts we are pouring into Iran, to help build up an army for Iran, would ever stop the Russians if they determined to move into that country—in which case the military forces of Iran would offer little more defense than a paper wall. In my opinion, we should end or at least diminish our military aid there, and should devote the money thus saved to economic development, with which, as the Senator from South Dakota has said, the American people are in sympathy. Of course, we wish to help other nations get rid of illiteracy, ill health, poverty, and other conditions which encourage communism; but I believe it apparent that we can still save a vast amount of money by eliminating some of the military aid. We have pointed out that in Latin America our military aid has not served defense, but, instead, has served to support military juntas which seek to overthrow constitutional governments.

I believe we should go into the military program also country by country, just as we should do in respect to the economic program. Then I believe we should come forth with a cut that would be justifiable and defensible, and that would be substantially larger than anything that has yet been considered.

(At this point Mr. Nelson took the chair as Presiding Officer.)

Mr. MORSE. Mr. President, I now wish to say a few words about my amendment numbered 306. At the outset I wish to make it very clear that if any Senator has any suggestions for a modification of the amendment which would improve it, I should be very glad to consider modifications. I believe that when Senators hear me through, my objective will be perfectly clear. I have been told that a rumor is being circulated that the amendment would prevent sales on the part of people in the United States, and that if a country desired to buy equipment from the United States, it could not do so under the Morse amendment. If my amendment is subject to such an interpretation, it will be modified before I finally call for a vote on it. But in my judgment, the objective of the amendment is one that deserves the support of the Senate.

The amendment would prohibit further aid of any kind to economically developed countries, other than what is necessary to fulfill firm commitments made prior to July 1, 1963. Even in the case of these prior commitments, the amendment directs the President to terminate them at the earliest practicable time and to report to the House and Senate by July, 1965, on what progress he has made. The committee bill bans only grant aid to these countries, and it also makes an exception of $1 million per country in grant aid for military training expenses.

I understand that some think that the restrictions upon the President are too great. If they believe that the language should be modified in some respect in regard to those restrictions, I am open to suggestions for modifications in that respect. But what I wish to do is to accomplish the main objective of the amendment, which I now proceed to discuss.

The "economically developed countries" referred to in the amendment are those nations listed as exceptions to the definition of "economically less developed nations" contained in the United Nations General Assembly Resolution 1875 (S.IV) and in addition, West Germany and Switzerland. These latter countries are not U.N. members and hence are not listed as exceptions to the General Assembly definition.

Although the amendment does not list the countries by name, they are Australia, Austria, Belgium, Byelorussian S.S.R., Canada, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Rumania, South Africa, Sweden, Ukrainian S.S.R., Union of Soviet Socialist Republics, and the United Kingdom. Of course, the United States is also listed by the U.N. resolution as an economically developed country.

Hence, the effect of my amendment would be to prohibit any form of aid under this Foreign Assistance Act to these nations except for existing commitments, and existing commitments to them are to be renegotiated downward as quickly as possible.

It was as long ago as 1960 that the Senator from Idaho [Mr. Church] first began pressing for language in the foreign aid law that would bring about a termination in aid to the economically well-off nations of Western Europe and Japan. Even at that time, the Foreign Relations Committee and the Congress were met with the self-contradictory answer that aid to these nations was being closed out and besides, the aid still being sent was necessary to afford a certain amount of flexibility to the President and to assure our allies that the United States would not let them down suddenly.

So in fiscal year 1960, we provided aid to these countries in Europe defined by the United Nations as being economically developed totaling $886 million plus $108 million more to Japan. The figures broke down as follows:

Fiscal year 1960

[In millions]

Country:	*Amount*
Austria	$1.0
Belgium-Luxembourg	9.8
Denmark	36.5
Finland	0
France	72.5
Germany	137.6
Iceland	4.9
Ireland	0
Italy	162.2
Netherlands	49.5
Norway	34.1
Poland	10.5
Sweden	0
United Kingdom	116.5
Japan	108.1
European regional	229.6

That was where things stood in 1960 when Members of the Senate began expressing increasing displeasure with continued aid to these nations. That was when the assurances were poured in that their programs were being terminated, and that if Congress would just refrain from putting anything into the law about it, the administration would take care of the matter.

So the figures came in for the next fiscal year—1961. They showed that Western Europe that year received $569.4 million from us in all forms of aid, plus another $115.8 million for Japan. That was a net reduction of a little more than $300 million. But it was not enough for our friend the Senator from Idaho [Mr. Church] and many of the rest of us.

It was in 1961, as I recall, that the Senator from Idaho offered an amendment on the Senate floor calling for a more specific termination of aid to developed countries. But that was the year of the Berlin crisis. How well I remember the argument made here on the Senate floor that to cut our aid to our Western Allies at that critical time would appear to be an expression of lack of American interest in the welfare of Europe. Of course, we had already put over $41 billion into Western Europe as an expression of our concern for its security; but as we are hearing today from France in particular, there is never enough that America can do to satisfy the Europeans that we mean what we say. That is a hopeless cause. There is not enough money and there are not enough American troops in our whole country that we could put into the continent of Europe to satisfy a great many of its people that the United States means to fulfill its treaty obligation to consider an attack on a NATO member as an attack upon the United States. Yet just a few days ago, President Kennedy told us that we had to send additional American troops to Germany that year because of the unfulfilled commitments of our allies—chiefly France.

So in fiscal 1962, another $436.3 million went into the economically developed countries of Europe, plus another

$141.8 million to Japan, for a total of $578.1 million. The breakdown is as follows:

Fiscal year 1962

[In millions]

Country:	*Amount*
Austria	$4.2
Belgium-Luxembourg	18.8
Denmark	15.0
France	41.0
Finland	0
Germany	2.2
Iceland	4.3
Ireland	0
Italy	105.3
Netherlands	14.8
Norway	24.9
Poland	8.1
Sweden	0
United Kingdom	27.5
Japan	141.8
European regional	173.1

The figures I am using are for all forms of aid. They include food for peace, Export-Import Bank loans, and other forms of aid that are not covered in the Foreign Assistance Act. It is also true that my amendment, banning further aid to them under the Foreign Assistance Act, would not affect the food-for-peace program, not Export-Import operations.

But the great bulk of this money is still under the foreign aid program now under consideration. More specifically, the great bulk of it is in the form of military aid, and most of that is grant aid. But not all. We are also making loans for military assistance that would not be affected by the language in the committee bill.

I also point out that throughout the fiscal years since 1960, we have been sending aid, so we are told, "to carry out previous commitments." In a moment, I shall discuss the aid figures for fiscal 1963, and it will become evident that these previous commitments are apparently indefinite. Unless we direct the President to renegotiate and revise downward our "previous commitments," we will not be able to terminate our aid to Western Europe as the committee obviously desires to do.

I call attention to the aid figures for fiscal 1963 as they affect these countries. They show that little, if any, improvement was made over the previous year. The total for Western Europe was $705.7 million, with another $172.9 million for Japan. That is a total of $878.6 million.

The substantial increase over the previous year is due in part to large loans to Austria, Italy, and Japan from the Export-Import Bank, which would not be affected by my amendment. But the military aid programs showed little difference from the previous year, and in many cases were higher than in 1962.

The breakdown is as follows:

Fiscal year 1963

[In millions]

	Amount
Austria	$31.4
Belgium-Luxembourg	28.1
Denmark	24.0
Finland	None
France	30.6
Germany	.5
Iceland	1.4
Ireland	None
Italy	300.7
Netherlands	16.4
Norway	38.7
Poland	$10.8
Sweden	None
United Kingdom	11.2
Japan	172.9
European regional	211.9

The funds listed here for Belgium-Luxembourg, Denmark, France, Netherlands, and the United Kingdom are virtually all military. For Italy, too, over $72 million of her aid is military. They are able to support themselves. If they wish to buy from us, I do not seek to prevent that, but I do not believe we should give them aid money.

I predict that unless Congress does three things in this area, the figures for fiscal 1964, which are now classified, will turn out to be almost the same as for fiscal 1963. The three things we must do are to specify the countries that are not to receive any more aid, extend the ban to loan aid, and direct a downward revision of our existing commitments. My amendment does the first by directing that no further aid is to go to the list of nations found by the United Nations to be economically developed. As I have already said, these are Australia, Austria, Belgium, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Rumania, South Africa, Sweden, Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, the United Kingdom, and the United States. To this list I have added the Federal Republic of Germany and Switzerland, which are not members of the United Nations.

Unless we are specific, the Pentagon and our AID administrators will continue to find justification for these programs. The committee language does, after all, leave it up to the President, which is another way of saying it is up to the administrators of the program, to determine what countries are economically developed and able to finance their own defenses. You will inevitably find that when the Pentagon is anxious to have a country engage in some military activity that it is reluctant to finance itself, there will be a finding that the said country is unable to finance its defense.

Therefore, I believe it is important that we name these countries.

The language added by the committee says that "no assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth," and then it makes two further exceptions, one for commitments entered into before July 1, 1963, and orientation and training expenses for military purposes up to $1 million per country.

We must not leave any room for doubt as to what countries we mean when we say nations capable of sustaining their own defense burdens and economic growth. My amendment leaves no room for doubt.

The second thing we must do is to extend the ban on further aid to loans, as well as grants. As I have pointed out, we are making loans to nations of Western Europe for military purposes. There is nothing in the committee bill that would put a stop to that practice.

Those nations are capable of financing their own military commitments. Furthermore, I believe our loans should go to other parts of the world, where they are most sorely needed. That is why I am a strong supporter of increasing our loans on a specific project basis to Latin America, to name one area.

The third thing Congress must do is direct the President to revise downward our existing commitments to these countries. There are some who feel that my language goes too far in that direction, and I am perfectly willing to listen to suggestions for its revision. But if there is not some renegotiation, the grants will continue to flow into Western European nations, and perhaps into Japan, as well.

If I should be told all this should be left up to our administrators, my answer would be that we have waited for several years for the AID administrators to turn off this particular spigot. They have not done so, and I can only reach the conclusion that they never will.

My second response is to take a look at what new plans are being pressed right now in the Departments of State and Defense for Western Europe. After the ugly experience we have had in trying without success to get our NATO partners to meet their commitments, after the continuation of military aid to them long after they were able to pay their own way, the American policymakers decided we should embark on a whole new NATO program for which the United States would pay 40 percent.

This was the proposal for the NATO surface fleet. This was not a proposal that was initiated among our allies. It was not something we decided to go along with reluctantly. To the contrary, it was our own idea. It was our idea that if the alliance began to look a little shaky, it could always be repaired with American money.

So we proposed a nuclear fleet for which we would pay 40 percent. We have tried to sell this plan to NATO. We have, to put it another way, tried to persuade our NATO Allies to let the United States pay for much more than our share of a new nuclear force which would belong to the alliance. We want them to allow us, to permit us, to do this for them.

That approach, and that attitude, has characterized our whole NATO policy ever since we first sent troops to Europe in large numbers in the early 1950's. It is why I have no confidence at all that financial and military aid to them will stop unless Congress itself stops it.

In some respects, our allies have used better judgment themselves. Last Friday morning's New York Times published the story that the Military Committee of the NATO Parliamentary Conference has recommended against the nuclear surface fleet. It rightly called it military superfluity and therefore a waste.

I surely welcome this indication that the American taxpayers may not, after all, get stuck for another multibillion-dollar outlay representing the American share of what Great Britain, France, Norway, Denmark, Belgium, and the Netherlands should be doing for the alliance. I believe the 40-percent proposed payment is outrageous.

Apparently they have saved us from that fate, when our own policymakers were determined to go ahead with it.

This is why I believe my amendment is necessary if Congress is to see the termination of U.S. aid to these countries.

Mr. President, I rest my case at this point on my amendment. I hope if the discussion which will take place on the floor or in the cloakrooms in the next hour or so results in adjustments to this amendment that Senators believe should be made, we can at the same time protect its objective. I believe this is the time when we should say that American aid money should no longer go to self-sufficient NATO countries, but should go to the truly underdeveloped areas of the world where it is so important to us, on a project-to-project basis, to be of help to governments willing to help themselves.

Mr. President, I yield the floor.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute, on page 47, lines 15 to 21.

Mr. **FULBRIGHT**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **FULBRIGHT**. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

AMENDMENT NO. 315

Mr. **MUNDT**. Mr. President, I was amazed to read in the Washington Post for Tuesday, November 5, a story that the U.S. Government, through the medium of the Export-Import Bank, will underwrite the credit risk involved in the recent sale of corn to Communist Hungary. This story states that the Federal Government has decided to underwrite all the credit risks for American banks engaged in financing the sale of $6 million worth of surplus U.S. corn to Hungary, which, of course, is a member of the Communist bloc. It was my understanding that at the time the President made the announcement that this Government would approve applications for licenses for private corporations to negotiate sales of wheat and other grains to the Soviets and their satellites, he implied that the carrying out of these negotiations would be through private channels, with the grain trade negotiating the sales and the sales being consummated for cash or gold or short term credit extended through private channels. There was no indication that the American taxpayer would be called upon to underwrite the credit risk involved in export sales to Communist countries, at the time the President made his statement on radio and television about the wheat sale.

I was not alone in this understanding of the proposal made by President Kennedy, because I hold in my hand the November 1963, Washington newsletter, No. 242, issued by the Friends Committee on National Legislation in which the organization comments with some caution, but with commendation on the decision to sell wheat to the Communist countries. However, it also appears to be laboring under a misapprehension about the manner in which it is now proposed to finance these sales to the Communist bloc countries.

I quote from the Friends newsletter:

> In order to avoid legislative restrictions and rally public support, the President has specified that the sales would be (1) made through private dealers, (2) for dollars or gold—

I repeat the second category, Mr. President, because we heard much about that when we were discussing the wheat sale—

> (2) for dollars or gold; (3) for cash or short-term credit; (4) not diverted to Communist China or Cuba, and (5) carried in available American ships, supplemented by ships of other countries. This last requirement is still being modified because of the high level of U.S. shipping rates.

In view of the general understanding involved in the Presidential announcement that we were about to start selling grain to Communist countries, I was understandably shocked to read in the Washington Post for November 5 an article under the byline of Vincent J. Burke, under the heading "Government Will Underwrite Credit Risk in Sale to Hungary."

I read a portion of that news release:

> The Federal Government has decided to underwrite all the credit risks for American banks engaged in financing sale of $6 million worth of surplus U.S. corn to Communist Hungary.
>
> It is expected that similar credit guarantees will be extended to the pending $250 million sale of wheat to the Soviet Union.

I call that to the attention of the Senate because we now have opportunity to do something about the complete switch in the understanding of the people of this country that this sale was to be made for cash to what now appears to be a program to have the American people underwrite all the bad debts the Communists may accumulate in connection with the sale.

I read this rather startling announcement because it is pertinent to an amendment I propose to offer to the foreign aid bill. It is expected that similar guarantees will be extended for the $250 million wheat sale to the Soviet Union.

I quote again from Mr. Burke's article in the Washington Post of November 5:

> In announcing a month ago that the Government would permit the sale of wheat to the [Soviet] Union, President Kennedy said it would be sold by private dealers for American dollars or gold, either cash on delivery or normal commercial terms.

If that were all that were involved, it would be bad enough. I submit that sales of this type, even if they were made to Communist countries for cash, involve a switch in our American foreign policy, because they provide, instead of a policy of trying to restrict export of supplies to strengthen Communist countries, one of actually encouraging shipment of supplies to strengthen the Communist countries so as to give them extra weapons, extra power, extra energy enabling them to continue to intimidate the neutral countries of the world and countries of the free world, in order to compel the continuation of the necessary appropriation of moneys such as we are called upon to authorize today in the foreign aid bill.

It would be bad enough if the administration were to undertake this action even on sales for Communist gold by Executive decree without consultation with Congress. However, when, instead of that, we are now told that these sales are to be made for credit, instead of cash or gold, that is something quite different. When we are now told that the credit risk is being underwritten by the Export-Import Bank, which is financed exclusively by American funds, I believe that we confront a situation which is utterly indefensible.

I point out another statement in the Washington Post article:

> Actually, it is customary for the Export-Import Bank, a Government agency, to guarantee one-half of the short-term credit extended by private commercial banks on sale of big shipments of American goods abroad. The agency's chief purpose is to promote foreign sale of American products.
>
> Departing from its usual 50–50 practice the Export-Import Bank has agreed to guarantee all—

Let me repeat that, because I want Senators and the country generally to understand what we are confronted with in this situation—

> Departing from its usual 50–50 practice, the Export-Import Bank has agreed to guarantee all—

A-l-l—

> all the short-term credit extended by banks to finance the sale of corn to Hungary.

I ask unanimous consent that the entire article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOVERNMENT WILL UNDERWRITE CREDIT RISK IN SALE TO HUNGARY

(By Vincent J. Burke)

The Federal Government has decided to underwrite all the credit risks for American banks engaged in financing sale of $6 million worth of surplus U.S. corn to Communist Hungary.

It is expected that similar credit guarantee will be extended to the pending $250-million sale of wheat to the Soviet Union. When and if that happens, informed sources said yesterday, a group of House Republicans is preparing to attack the Kennedy administration's handling of the sale.

In announcing a month ago that the Government would permit the sale of wheat to the Union, President Kennedy said it would be sold "by private dealers for American dollars or gold, either cash on delivery or normal commercial terms."

Actually, it is customary for the Export-Import Bank, a Government agency, to guarantee one-half of the short-term credit extended by private commercial banks on sale of big shipments of American goods abroad. The agency's chief purpose is to promote foreign sale of American products.

Departing from its usual 50–50 practice, the Export-Import Bank has agreed to guarantee all the short-term credit extended by banks to finance the sale of corn to Hungary.

This was done after the commercial banks refused to take the risks required under the agency's normal practice.

Also yesterday, the Commerce Department granted a license for the shipment of about $1 million worth of corn to Hungary—the sixth such license granted since October 23.

The license permits the shipment of 600,000 bushels of yellow corn, valued at $1,031,000.

Mr. MUNDT. Mr. President, at a time when we are discussing whether we should authorize $3 billion, $4 billion, or even $5 billion of foreign aid money to strengthen the mutual capacity of countries in the free world to resist the continuing encroachments of communism, I ask my colleagues seriously whether we want to place the American taxpayer in a position where, with his dollars, we propose to guarantee all of the credits that the Communists utilize in buying from us the supplies they need to strengthen the capacity of the Communists to threaten the portion of the world which we are seeking in this pending bill to protect.

I ask unanimous consent that there may be printed in the RECORD at this point the text of the amendment which I have sent to the desk, and which I shall offer in due course, and on which I shall ask Senators to express their opinion as to what they think of this kind of practice, in a yea-and-nay vote.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

On page 54, after line 4, insert the following:

"SEC. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620 (f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of grain or any product thereof by such country, agency, or national."

Mr. MUNDT. Mr. President, I believe the decision to approve such sales of grain to the Soviets is wrong since while we are working on legislation here today to make funds available for programs to build up the economy and the muscle of the free world, the White House and the State Department, without any "advice and consent" of the Senate, are taking action to alleviate and correct mistakes in the administration of their economy by the Communists and their satellites.

I must confess that this decision has been made, not by Congress, but by Senators or Representatives, but by executive decree, in spite of the clear-cut understanding that sales were to be made for cash or short-term credit, and also with the understanding that it was to be shipped mainly in American bottoms. I do not know what our free world friends think about a proposal that has now become a fact, whereby we are now selling American surplus grains to the Communists at a cheaper delivered price than that at which we are selling it to our friends in the free world. We have established a practice—properly so—that our exports to those countries are to be carried in American bottoms, in American ships whose crews receive American wage scales. That is appropriate. Now we are selling grain to the Communists at the world price, which is the price that we also use in selling grains to friendly countries; but when we sell grains to friendly countries, and ship them in American bottoms, the cost to the recipient is greater than what we are charging the Communists, because they get shipping at reduced negotiated rates.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. FULBRIGHT. I am curious about the last statement the Senator has made. Does he have reference to sales under the authority of the AID bill, or commercial practice?

Mr. MUNDT. I have reference to the fact that we have sold, from Commodity Credit Corporation stocks, at world prices, to Germany and other friendly countries, grains which we delivered to them in American bottoms. Now we are selling grains to the Communists and delivering them in American bottoms at lower delivered prices.

Mr. FULBRIGHT. Let me get this point clear. Does the Senator mean that West Germany has bought American products and paid the world price plus the American shipping price, which is substantially above the going price for shipping? Is that a fact?

Mr. MUNDT. They have done that, unless they have been able to carry the products in their own bottoms.

Mr. FULBRIGHT. Without any ifs, ands, or buts, have they actually done it?

Mr. MUNDT. They have not been getting it at the discounted American delivered price in American bottoms.

Mr. FULBRIGHT. Have they paid a premium price for it?

Mr. MUNDT. They paid the same price that the Communists are paying, the world price, but they have the problem of having the grain shipped to a friendly country.

Mr. FULBRIGHT. Does the Senator know of an instance in which the West Germans have used American bottoms when any other bottoms were available?

Mr. MUNDT. I know of the fact that they either have used American bottoms and paid American prices, or have shipped the products in other bottoms. We have not given to them the concession that we are giving to the Russians, at a negotiated price downward.

Mr. FULBRIGHT. I have always considered the Germans to be pretty good traders. I have never heard of them paying a premium above the world price.

Mr. MUNDT. Yes; they are good traders, and they also are considered good friends of ours. In no instance have we offered them the identical shipping concessions that we are offering to the Communists.

Mr. FULBRIGHT. I do not understand what the Senator means by concessions. Whenever a foreign country pays cash for a commodity, it usually purchases the transportation at the lowest price it can get. Is that not the common practice?

Mr. MUNDT. Of course.

Mr. FULBRIGHT. Where is there any concession?

Mr. MUNDT. It is also common practice for them to provide their own delivery, or we deliver it at our standard, acceptable American fees.

Mr. FULBRIGHT. Does the Senator believe that they could not hire a ship flying the Liberian flag?

Mr. MUNDT. If they did that, that would be their own delivery.

Mr. FULBRIGHT. Their own delivery. The Senator does not mean that it must be a West German flag ship?

Mr. MUNDT. Whatever arrangement they make would constitute their own delivery system.

Mr. FULBRIGHT. What is the conclusion the Senator is drawing?

Mr. MUNDT. We have not offered to deliver the products in Americans ships at the reduced price that we are offering to the Communists.

Mr. FULBRIGHT. The price is still higher than the going price for non-American ships. Is that correct?

Mr. MUNDT. It could well be.

Mr. FULBRIGHT. The newspaper article points that out.

Mr. MUNDT. We are offering preferential treatment to the Soviet Union and to Hungary giving them the status of most favored nations, because we have offered to them a delivery system. I do not know who takes the loss—whether it be the shipper or the seamen.

Mr. FULBRIGHT. I submit that that is a distortion of the facts, because what they want to do is ship it in ships they can hire at a lower price than what we are offering them.

Mr. MUNDT. Not American ships, though.

Mr. FULBRIGHT. No; ships that will carry it more cheaply.

Mr. MUNDT. Can the Senator name any country which has purchased surplus American wheat from the Commodity Credit Corporation when we have offered to deliver it in American ships at a lower rate than the prevailing rate? We are speaking now of a commercial practice.

Mr. FULBRIGHT. This policy would require shipment in American ships at higher prices. The way the newspapers report the deal, other countries will not ship in non-American ships at prices even lower than negotiated prices.

Mr. MUNDT. We are not sure what the new rates will be. I have never seen them published. I have been told they were negotiated sharply downward.

Mr. FULBRIGHT. I read in the press that the prevailing price as of the date of the article, which was published last week, in non-American ships is close to $13 a ton delivered to Black Sea ports; while the going price in American ships is $23. There has been talk of trying to reduce the rate in American ships to $18, but that would still be substantially above the rates in non-American ships. Certainly it is not a privilege to allow the buyer to pay $5 or $6 a ton more than the going rate.

Mr. MUNDT. It is certainly a privilege if the recipient country is in a position in which it needs to use American ships.

Mr. FULBRIGHT. But they do not want to carry it in American ships. This is not a privilege they are seeking.

Mr. MUNDT. They are getting the benefit, however, of the fact that we are giving Communist countries a specific rate reduction.

Mr. FULBRIGHT. I am not interested in whether they use American ships or not. I merely thought the facts as to the actual situation should be fairly stated.

Mr. MUNDT. I think the facts will all be better clarified when we get from the administration a specific statement, first, as to what will be the new special rate to Communist countries, and second, who will absorb the difference. Will the American shipping companies make a smaller profit, or will the men who work on the ships receive a smaller wage? Or are we going to shuffle off the difference on the American taxpayer in the form of some new kind of subsidy? There are facts we all want to have in that connection.

However, the main burden of my remarks this afternoon, and the sole purpose of the amendment which I have offered, deals with the question of whether, in the credit involved, we want to compel the American taxpayer to underwrite any bad debts which might eventuate.

Mr. HICKENLOOPER. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I am happy to yield to the Senator from Iowa.

Mr. HICKENLOOPER. Perhaps what I am about to say is somewhat collateral to the Senator's very interesting, informative speech. However, I just took from the news ticker an interesting piece of information which might be of interest to the Senator in his discussion. It is a UPI dispatch from Moscow, with reference to Cuba. It reads:

> The Government newspaper Izvestia—

I interpolate that Izvestia has never been known, so far as I am aware, to print anything that did not have the approval of Moscow.

Mr. MUNDT. I am sure that is a correct statement.

Mr. HICKENLOOPER. I continue to read:

> The Government newspaper Izvestia said tonight the Soviet Union never promised the United States to withdraw all Russian troops from Cuba.
>
> It said the question of Soviet troops in Cuba "is a problem between the Soviet Union and Cuba" and no one else.
>
> A leading Izvestia article signed "Observer" referred to a claim attributed to U.S. special envoy W. A. Harriman that Premier Khrushchev promised him that all Russion troops would be pulled out of Cuba.
>
> "It is difficult to say with whom this version originated, with Harriman himself or the New York Herald Tribune which quoted him," Izvestia said.
>
> The Soviet newspaper apparently referred to a Washington column by Joseph Alsop published in the October 31 issue of the Paris edition of the New York Herald Tribune. It said in part:
>
> "When Governor Averell Harriman was in Moscow, Nikita S. Khrushchev twice assured him that all Russian troops would eventually be brought home from Cuba. 'Why should we keep them there?' Khrushchev asked, and added that the men of the Red army did not like being there either because of the steamy Cuban climate."

The interesting thing about this dispatch is that the Kremlin seems to be reverting to type and is now saying it did not say what most observers said it did say some time ago. The merry-go-round goes round and round, and we are still dealing with Communist operations.

Mr. MUNDT. It seems to me that that statement emphasizes at least the fact that we received no quid pro quo from the Communists in turn for our willingness to bail out Soviet Russia from the serious problems that confront them, because of their failure to be able to establish a collectivist farm program and make it successful.

It would appear that the spirit of Moscow is reverting to the spirit of Moscow B.D.S.—before the death of Stalin—because I saw none of this fine, conciliatory aspect in what the Senator has read, and which we sometimes read in language that is uttered by Khrushchev.

Mr. HICKENLOOPER. Would the Senator say that the spirit of Moscow should more properly be called the specter of Moscow?

Mr. MUNDT. I think that would be much more appropriate.

Mr. President, I continue with the point I am trying to make about the import of the amendment which I have submitted, and which I hope will be adopted by the Senate overwhelmingly, or perhaps the Committee on Foreign Relations will accept it and obviate the necessity of a yea-and-nay vote, because it seems to me it is a perfectly logical, necessary, and sound amendment.

Is it not odd that just a few weeks ago we were asked to advise and consent on a test ban treaty, whose major provisions were already effective in this country through the President's proclamation at his American University speech on June 10, which precluded our testing of nuclear weapons?

On this issue, already decided by Executive decree, the Senate was asked to advise and consent.

The decision to sell wheat and other grains to Russia and the Communist bloc was made in the executive branch of the Government—without any advice or consent by the Congress. In my opinion, Mr. President, our ratification of the test ban treaty proposal and the decision to approve sales of wheat and grains to the Communist bloc demonstrate significant needs for changing the guidelines established as a basis for our American foreign policy—if indeed it does have established guidelines. Both of the above instances have a bearing on the decisions we are now making on this foreign assistance legislation. While we are asked yearly to authorize the appropriation of billions of dollars for foreign aid to strengthen the economy and the muscle of the free world, it is only in those instances where it helps the propagandists of this administration that we are asked to "advise and consent." Congress was not—and I repeat, not—asked to express its thoughts in any form on the approval of the sale of wheat to Russia and the Communist bloc nations.

Mr. President, to compound even further the seeming contempt for an expression of Congress on the wheat sale approval, the administration has now made a decision to use the dollars of American taxpayers to guarantee American banks extending credit for these sales so that if the Russians or any of their satellites default on their payments on credit extended, the Export-Import Bank, which is financed wholly by American dollars, will reimburse these private banking institutions suffering losses.

In no other instance according to the Washington Post report does the Export-Import Bank go that far. We would grant to the Communists by this decision a consideration we deny other countries, anywhere in the world. This is another instance of most-favored-nation treatment; and to me, for some inexplicable reason, the "most favored nation" is to be one in the Communist bloc, instead of one of our allies or our friends.

It is proposed that our Government guarantee the full payment of the loans. What a strange departure from the original White House statement, which was that we were to be paid in gold or in cash or in short-term credits. But Uncle Sam, not the private lending institutions, is to take the risk of these sales. The private lenders, however, instead of Uncle Sam, will make the profit on them.

If there is a default on any credit extended for the sale of this wheat, it will be the American taxpayer, or good old "Uncle Sucker," who will take the loss, not the private banking institutions, since they will be protected by the administration's decision from any loss of dollars. My amendment would prohibit this kind of financial shenanigan. It would prohibit the Export-Import Bank or any other agency of Government from guaranteeing repayment of these credits extended by private American banking institutions to Communist countries. It would insure that the wheat and other grain sales are strictly consummated through private channels, as the President said they would be; and without Government support, as the President said would happen; and that the grain trade and private credit institutions would be undertaking and entering into such sales contracts at their own risk and for their own profit, not at the risk of the unsuspecting American taxpayers.

The American taxpayer should not be asked or required to pick up the very substantial risk in these sales which many private grain traders now want to exploit. My amendment would protect the overburdened taxpayers of America and would place American financial institutions who provide the credit in this instance on notice that these grain sales will be conducted on the same basis as sales negotiated in this country. Private credit will take the risks, make the profits, and stand the losses—if losses occur for any reason whatsoever. My President, I hope that when my amendment is offered, it will be adopted, so that sales of grain to the Communist bloc will not be at the expense of the U.S. taxpayers in case the Communists default on their payments and violate still another one of their promises.

Mr. President, if we are to continue to spend billions of dollars to strengthen the capacity of the free world to defend itself against Communist subversion and aggression, the least we can do as Senators and as guardians of the interests of the American people is to make sure that our fellow taxpayers are not also charged with the expense of providing supplies to the Communist countries whose persistent attacks against free world security make these AID appropriations or some other type of foreign assistance program necessary. My amendment would do precisely that—no more and no less. It would protect the American taxpayers against the very probable contingency that he will have to pay through the Export-Import Bank for the credits defaulted by Communist countries to which our wheat and grain are being sold.

In my opinion, the whole concept of strengthening our enemies by selling them the supplies they need on credit terms which will safeguard their Communist economies, while at the same time spending billions of dollars strengthening the capacity of our friends to resist the encroachments of aggressive, atheistic communism, as we are being asked to do by means of the present foreign aid and assistance bill, is a highly questionable and sadly inconsistent concept. It clearly indicates the need for the evolvement of a new type of U.S. foreign policy. Our constituents have the right to expect more constructive and more consistent action from their Senators than mere endorsement of such an inconsistent self-defeating program as involved in our prevailing foreign policy.

Surely, the long record of broken promises by the Communists does nothing to give them a high-grade credit rating. Once they have our merchandise, they can and will default on their payments with the same contemptuous disdain that they have demonstrated in their failure to pay the just debts they owe to us for previous credits and to pay the debts which today they owe to the United Nations and to the other free sectors of the world. It does not make good sense—in fact, it makes no sense at all—to use the funds of the United States to guarantee the credit and to underwrite the financial "good intentions" of the Communists. This is even more startling than appeasement; this is an endorsement of the checks and the notes to be utilized by the Communists in purchasing supplies to strengthen their capacity to attack us. It is a startling anomaly. If we must sell them food and merchandise which I very much doubt—the least we can insist upon is that they pay cash for what they buy, or that those seeking a quick profit by selling to the Communists on long term credit assume responsibility for their own losses and for their failure to collect on credits extended to those who so often have demonstrated their bad faith in one program and one promise after another.

Let those who would make the profit assume the risk, Mr. President. Let us not try to compel all the taxpayers of the United States to underwrite the bad faith of the Communists, who seek to obtain from us the supplies, the food, and the fabric required in order to strengthen them in their mad desire to bury the free world and to destroy Christendom.

I shall have more to say on this subject when I call up my amendment. At this time I merely make this preliminary statement in the hope that Senators will read and study the amendment and acquaint themselves with the facts, and in order that the country generally may know what will be provided by the succession of appeasing actions favorable to the Communists unless we take the opportunity provided by my amendment to call a halt to a suicidal program of that kind.

Mr. President, I urge the adoption of my amendment in order to protect the American taxpayers against the necessity of being called upon to finance both sides of the cold war at the same time. It is bad enough that we are now beyond the $100 billion mark in helping to finance the free side of the cold war. But now, when we are asked to go beyond the $100 billion mark and to appropriate additional billions, we are told that the American taxpayers not only are to underwrite and support to that extent the free world, but also they are to finance the Communist side of the cold war by guaranteeing any debt the Communists incur in purchasing supplies from the United States. I ask Senators to consider seriously the ultimate consequence of such a reckless squandering of our country's resources.

Mr. FULBRIGHT. Mr. President, some of the statements which have been made are quite inaccurate and are among the strangest interpretations of the facts I have ever heard on the floor of the Senate.

I have had prepared a memorandum based upon an inquiry made some days ago of the Export-Import Bank. Last week I received an inquiry relative to an article published in the Washington Post.

Mr. President, I shall read the last paragraph of the memorandum, in order to indicate what I mean:

> The Export-Import Bank stresses that there is nothing new in these arrangements—aside from the fact that a short-term credit risk is being covered with respect to a Soviet bloc country. In fact, the Bank has been making similar arrangements, on more liberal terms, with respect to sales of cotton ever since the Bank was established. In last July, for example, a $60 million sale of cotton to Japan was covered by 100-percent political and credit guarantees; no downpayment was asked and a lower interest rate was involved.

The remainder of the memorandum deals with the specific conditions of these sales. I shall not take the time of the Senate to read the entire memorandum at this time, inasmuch as the amendment to which it is relevant is not now pending; but I believe it will be helpful, for the information of the Senate, to have the memorandum printed in the Record; and no doubt this question will be discussed further when the amendment is before the Senate.

I ask unanimous consent that the memorandum be printed in the Record.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

Memorandum: Export-Import Bank Guarantees of Sales to Bloc, November 6, 1963

The story in yesterday's Washington Post concerning the Export-Import Bank's guarantee of a sale of corn to Hungary, and the Bank's readiness to extend similar terms with respect to other commodity deals with the Soviet bloc, contains at least two errors. First, as will be seen from the detailed account below, the Bank is not covering 100 percent of the financing of the corn deal of about $6 million with Hungary. Second, there is no "usual 50–50 practice" concerning guarantees, contrary to the newspaper story.

The Export-Import Bank has announced terms which would be extended, if accepted, to any of the deals between American suppliers and Soviet bloc purchasers of commodities. These arrangements are as follows: The Bank is ready to issue guarantees through U.S. commercial banks. The Bank itself will not grant any credits. It will issue 100 percent guarantees against the political risks and full coverage of certain credit arrangements which are made. However, these terms depend completely on the following conditions being met first: (1) The purchasing country must pay 25 percent of the purchase price in dollars to the commercial bank representing the supplier prior to shipment of the commodity; (2) a maximum of 18 months credit for the balance may be extended by the commercial bank; and (3) the balance of 75 percent of the purchase price must be paid in three equal installments at 6-month intervals during those 18 months—an interest charge of 5 percent is levied on this balance. In connection with the above account, it should be understood that the buyer has to make contact with the American supplier, who then turns to a U.S. commercial bank, which in turn would go to the Export-Import Bank.

The Export-Import Bank stresses that there is nothing new in these arrangements—aside from the fact that a short-term credit risk is being covered with respect to a Soviet bloc country. In fact, the Bank has been making similar arrangements, on more liberal terms, with respect to sales of cotton ever since the Bank was established. In last July, for example, a $60 million sale of cotton to Japan was covered by 100 percent political and credit guarantees; no downpayment was asked and a lower interest rate was involved.

PROPOSED PAY INCREASE UNREALISTIC

Mr. YOUNG of Ohio. Mr. President, within a short time the Post Office and Civil Service Committee of the House of Representatives will issue a report recommending salary increases for all three branches of the Federal Government—the executive, the judiciary, and the legislative.

Last June 13 I spoke out in this Chamber and cautioned against the king-size salary increases recommended by the President's Advisory Committee. Unfortunately, it appears that the bill soon to be voted on in the House of Representatives for the most part embodies these unrealistic recommendations.

This legislative proposal if enacted into law will cost American taxpayers over $600 million a year. This is only the beginning. History teaches us we may be assured that within the next 2 years another pay increase bill will be requested. Also, as the Federal bureaucracy grows, the price tag for this increase will grow with it.

Frankly, Mr. President, I believe that this proposed legislation would be a fantastic raid upon the Public Treasury. Long ago it was written:

> Enter ye the strait gate: for wide is the gate, and broad is the way that leadeth to destruction, and many there be which go in thereat: because strait is the gate, and narrow is the way, which leadeth unto life, and few there be who find it.

The gate to the Public Treasury is wide, and broad is the way. Far too many there be which go in thereat. As Senators of the United States it is our duty to guard this gate and to protect it to the utmost against unreasonable and unwarranted entry.

I cannot in good conscience support the proposed pay raise bill in its present form. It would increase the salaries of Cabinet officers from $25,000 to $40,000 per year, and make comparable increases for salaries of the various and sundry deputy secretaries, under secretaries, assistant secretaries, and administrators—some to $38,500 per annum. Then there are substantial raises for the deputy assistant secretaries, deputy commissioners, administrative assistants, executive assistants, and right down the line. These bureaucrats frequently solicit and because of pressing their applications receive these appointments. Frequently, probably almost daily, I am besieged with requests from qualified men and women seeking appointive Federal jobs. I am sure that this is true of other Senators.

We hear the argument that many important positions go unfilled or are occupied by unqualified people because those who are qualified to fill them will not leave private industry for a lower Federal salary. I am sure that this is probably true in some cases. However, I have never seen the results of any study which named names and named jobs that have gone begging or whose functions are not being adequately performed for this reason.

If it is necessary to raise the salaries for 10, 20, 50, 100, or even 1,000 Federal jobs in order to lure competent people, is it necessary at the same time to raise the salaries of all Federal employees for the sake of these few? Frankly, I am tired of this wornout argument. If there are certain Federal positions for which there is proof that a higher salary level is needed to attract competent people, then let these jobs be named specifically and let specific legislation be enacted to correct the problem.

For years every time a pay raise bill comes before the Congress, we have heard this timeworn argument. I ask my colleagues, is it necessary and fair to the taxpayers to raise the pay of 2,000 second-, third-, and fourth-level administrators in order to obtain 50 qualified first-level administrators?

Regarding U.S. judges it is well known that whenever there is a vacancy on the Federal bench, many, sometimes hundreds, of competent lawyers seek the appointment. There are at most but a few hundred lawyers in our Nation, who, if offered an appointment to the Federal bench, would not accept. Although there may be some, it is extremely doubtful that a lawyer would refuse appointment to the Federal bench at $22,500 a year and agree to accept were the salary to be increased to $35,000. I would like to know the name of one man in the Nation who would refuse appointment to the U.S. Supreme Court, the highest honor a lawyer may receive, solely because this position pays $35,000 a year and not $45,000.

It should be remembered that in addition to the prestige and other emoluments that accrue to a member of the Federal bench, these judges enjoy their salary as long as they live whether they continue to serve actively or whether they retire following 10 years of service having reached the age of 70. Talk about job security, they have it for life and with all the trimmings.

There are Federal judges today in Ohio and in most other States who have reached retirement age and could have retired years ago. Evidently, they do not feel that they are being underpaid as many continue to serve actively well beyond the retirement age of 3 score and 10.

Furthermore, the vast body of Federal employees, protected as they are by Civil Service, on retirement receive an annuity which is comparable to the best in private industry.

Mr. President, I am also opposed to the $10,000 salary increase for Senators and Members of the House of Representatives. However, there is much more merit to a reasonable increase in salaries for Members of the Congress than for appointed officials and the judiciary. It seems to me outrageous to propose that the Administrator of some independent agency should receive a salary in excess of that of a U.S. Senator.

The bill pending in the House of Representatives would create a new group of bureaucrats, many hundreds of whom would receive salaries of $38,500 per annum. They are appointed officials. They do not have to spend campaign money to be elected. The cost of campaigning to be elected to the House of Representatives or the U.S. Senate has become terrific, almost beyond comprehension. Furthermore, following election, even though a candidate had political contributions to help him defray the cost of campaigning, he should maintain close relations with his constituents and wishes to do that. This means frequent travel to his home State. It means maintaining his home there as well as a Washington residence. Contrary to the belief of many people, Senators do not have expense accounts except for transportation costs alone of two trips a year to their home States. Furthermore, I seriously question whether there would be any additional candidates for election to the Congress because of the proposed pay raise. No doubt the same men and women would be elected or returned to the Congress. The fact is that very few men and women of high achievement in private life would refuse appointment or certain election to the Senate of the United States or the House of Representatives.

Another argument which we constantly hear in connection with pay raises is that the Federal Government must be competitive with private industry. Private industry bases its pay scale on profits. Where profits are great, salaries in many instances are supercolossal. I make no complaint about this. However, no such factor governs the Federal Government's payroll. Our Government's only source of income for paying salaries is the taxpayer who, heaven knows, already is bearing a heavy enough burden.

An essential factor the committee has failed to recognize is that the purpose of Government is service whereas the purpose of industry is profit. If the goal is to try to match the pay scale of private industry, then we must accept the fact that this proposed bill is only the first installment, and that future requests will indeed make this present legislation look miserly.

We should realize that the Federal Government can never match the salaries of private industry. We shall always have to rely to a marked degree on many citizens to serve their Government as their lives' work. That is as it should be.

It is fair to say that citizens generally wish public officials to be paid adequately. It would be foreign to our American way of life were Congressmen, for example, to be denied adequate compensation. It would be unfortunate were only men and women born to great wealth, or who had acquired great wealth, able to afford to occupy public office, elective, or appointive. No one wants that. On the other hand in my judgment the House Post Office and Civil Service Committee has reportedly come forth with overly generous and, in fact, outrageously high salary recommendations.

Mr. President, because of my opposition to a salary raid on the Public Treasury at this time, I have received criticism from some on the Federal payroll. It startled me somewhat that one of them, Representative WAYNE HAYS, of Ohio, according to newspaper reports, stated that both Ohio's Senators were not worth the increased salary proposed for Members of the Congress. Mr. President, I ask unanimous consent that pertinent excerpts from an article entitled "HAYS Says Ohio Senators Are Not Worth Pay

Increase," which appeared in the Cleveland Press on October 31, 1963, be printed in the RECORD at this point as part of my remarks.

There being no objection, the excerpt of the article was ordered to be printed in the RECORD, as follows:

HAYS SAYS OHIO SENATORS ARE NOT WORTH PAY INCREASE

(By Thomas Talburt)

WASHINGTON.—Congressman WAYNE HAYS, Democrat, of Ohio, says he understands why both of Ohio's Democrat Senators oppose a congressional pay raise. He says they're not worth it.

HAYS, who's backing a proposed pay boost, said he'll offer an amendment to pay legislators on a sliding scale from $5,000 to $35,000 a year and let each Member decide for himself how much he is worth.

"If my amendment passes and either Ohio Senator says he's worth more than $5,000, he could be tried for perjury," snapped HAYS.

After placing rather dubious prices on the heads of Senators FRANK LAUSCHE and STEPHEN YOUNG, HAYS was asked to evaluate his own performance.

"I'm worth the maximum," he declared.

"I'm sick of demagogs," HAYS added. "There are plenty of people in Congress who will vote against the bill and then be the first in line to get their checks.

Senator YOUNG laughed when told of HAYS' comments, but offered no reply. LAUSCHE could not be reached.

WANTS $35,000

The pay bill approved by the House Civil Service Committee yesterday provides a $10,000-a-year raise for Senators and Congressmen, from $22.500 to $32,500. HAYS is holding out for $35,000.

This article by Tom Talburt, Washington correspondent for the Scripps-Howard newspapers, contains the following specific statements made by Representative HAYS:

> Congressman WAYNE HAYS, Democrat, of Ohio, says he understands why both of Ohio's Democratic Senators oppose a congressional pay raise. He says they're not worth it.
>
> HAYS, who's backing a proposed pay boost, said he'll offer an amendment to pay legislators on a sliding scale from $5,000 to $35,000 a year and let each Member decide for himself how much he is worth.
>
> "If my amendment passes and either Ohio Senator says he's worth more than $5,000, he could be tried for perjury," snapped HAYS.
>
> After placing rather dubious prices on the heads of Senators FRANK LAUSCHE and STEPHEN YOUNG, HAYS was asked to evaluate his own performance.
>
> "I'm worth the maximum," he declared.

My first acquaintance with the gentleman from the 18th Ohio District was in January 1949, when he came to Washington as a first term Representative. At that time, I was serving my fourth term as a Member of the House of Representatives and had been elected to membership of the Committee on Ways and Means which is the committee on committees of that body. As a member of that powerful committee, I was assigned the duty of recommending committee assignments for freshman Congressmen from Ohio, West Virginia, Indiana, and Michigan and for Congressmen from those States who desired to make a change of their committee assignments. Of course, I talked with the Democratic leaders of those four State delegations in my endeavor to help my Democratic colleagues secure committee assignments to their liking.

Representative HAYS asked me to try to have him placed on the Committee on Foreign Affairs, then as now, a blue-ribbon committee of the other body, I spent time and effort in conferences, and recommended my new colleague. He was later selected for membership on the Committee on Foreign Affairs.

I did my best for him in 1949. It is true that I have not done anything for Representative HAYS lately. He has been a very fine and effective Representative, representing Ohio and the Nation. I understand that his work on the House Committee on Foreign Affairs is outstanding, and that his frequent travels overseas have broadened his knowledge of foreign affairs and have won for him the agnomen, "Ohio's Marco Polo." His most recent trip to London and Paris has been well publicized. Ten Members of the other body made this trip to the Interparliamentary Conference in Paris. Meanwhile the other body continues in session, but has not acted upon the important administration medicare bill, to call attention to one omission on the part of that body. Unfortunately, because of tax features of this legislation the Senate cannot pass needed hospital and nursing home insurance without social security, commonly termed "medicare," until it is first passed in the House of Representatives.

My Ohio colleague is quoted as having said, "If either Ohio Senator says he is worth more than $5,000, he could be tried for perjury." I will give that statement the charity of my silence. Furthermore, to the evaluation of his own performances and his statement that he is worth the maximum I shall not disagree. Without a doubt he is an expensive and valuable Member of Congress.

Mr. President, I am not opposed to a reasonable pay increase for some Government officials and employees when it can be shown they are deserving of it. Furthermore, although I am opposed to the bill as introduced, I do believe that if it is reasonably amended, it is entitled to consideration.

Furthermore, if salary increases are given to appointive bureaucrats and Federal judges, then the Members of the Congress should receive equal consideration. It is certain that Senators and Representatives can have a much better case made for them for a pay increase than can possibly be made for most appointive officials. There is certainly more justification for a pay increase to Members of Congress than for U.S. judges and all appointive officials except certain Cabinet members.

It appears to me that some provisions in the pay raise bill are really somewhat frightening. Do we want Washington bureaucrats to become America's new economic royalty? I hope that members of the Senate Post Office and Civil Service Committee and all Senators will look long and hard at this legislative proposal should it come to us from the House of Representatives. We should not enter into a race to have public service compete with private industry to determine which is more generous in payment of king-size salaries. We should not make the Public Treasury the private domain of public servants.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. YOUNG of Ohio. I am glad to yield.

Mr. MORSE. I should like to bear witness and give testimony to the fact that, in my judgment, the Senator from Ohio [Mr. YOUNG] is worth to the people of Ohio many times his salary, and I hope the people of Ohio will see to it that he continues to serve in the Senate for many more years to come.

Mr. YOUNG of Ohio. I thank the distinguished senior Senator from Oregon [Mr. MORSE]. I shall take my seat feeling very humble over the commendatory statement he has just made regarding me.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I should like to have the attention of the chairman of the Foreign Relations Committee.

As I said at the beginning of my speech on the pending amendment, No. 306, I hope that any modifications that will make it helpful and stronger, without sacrificing the main objective I have in mind can be agreed upon.

The first Senator to speak to me about that was the Senator from Vermont [Mr. PROUTY]. He said it had been represented to him that my amendment would prevent sales. I said I did not believe it would, but if there were any question about it, it would have to be modified in order to remove any doubts. So, on the basis of that conversation, after I consulted with other Senators, I propose a modification of the amendment, as follows:

> (1) No funds shall be made available under this Act on or after the date of enactment of this subsection (except for military sales under section 503) to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance (except for military sales under section 503) to such economically developed nations—

Then I drop out of the amendment the language on line 5, page 1, starting with the word "and"—

> and is directed to terminate such commitments made prior to July 1, 1963, at the earliest practicable time. The President is further directed to report, not later than July 1, 1965, to the Speaker of the House and to the Senate Foreign Relations Committee on the steps which he has taken to comply with this provision.

This I agreed to do because the amendment, in this form, will accomplish the main objective. The main difference between my amendment and the language of the bill as it came from the committee is that my amendment seeks to prevent longtime loans to countries which really do not need loans, countries which are self-sufficient. We should be making loans to countries that need loans. As the chairman knows, there is concern as to whether the amendment would interfere with the short-term credit loans for sales. Some countries wish to buy equipment, and AID makes them a short-term credit loan. That helps in regard to the balance-of-payments problem, and that is why I redrafted the amendment. But as to the other loans, as the chairman pointed out to me in a conference with him, they are not making such loans now. They have in the past. Of course, they could in the future. I just cannot believe—and that is why I make the legislative history—that they would return to making the other type of loan in view of the language in the bill as reported by the committee and the debate we have had on the subject matter.

The chairman of the committee ought to know we have been trying to work out an amendment that would be acceptable.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CHURCH. First, let me say that we do, indeed, share a common objective. I think it is shared by the distinguished chairman of the committee as well. That objective is to put an end to the AID program to rich and fully self-sufficient countries. To that end, the committee adopted an amendment I offered—for I have long been interested in eliminating this defect in the foreign aid program—which appears on page 47 of the committee print, beginning on line 15, and reads as follows:

> No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed $1,000,000.

The two exceptions seemed highly desirable; the first, because we must honor our prior commitments, since the United States keeps its word; and the second, because we deemed it wise to permit a year's time within which to transfer the orientation and training courses from the foreign aid program into the military budget, where they properly belong. This language allows for transition period during which the change in budgeting procedures can be accomplished.

I think it is very important that the Senator from Oregon is making legislative history on the question of long-term economic loans. I understand it to be the policy of this administration not to extend such long-term loans to rich countries. However, I think it should be made perfectly clear that it is the intent of Congress also that no further long-term loans should be made to countries fully capable of furnishing their own capital.

So I commend the Senator from Oregon for the legislative history he is making. But we should be careful to make certain that short-term credits are not foreclosed, because today we are exporting abroad, for cash or short-term credit, a billion dollars worth of military equipment and supplies, which is very important to our adverse balance-of-payments problem. We do not want to cut off the very countries which are the principal purchasers of American military equipment and supplies.

I think we can accomplish our common objective—and I have consulted the Senator from Oregon, who has been most cooperative in trying to arrive at a satisfactory formula—by holding to the language which I offered, and which the committee adopted, but borrowing from the amendment, as modified, that is now pending, offered by the senior Senator from Oregon, that language which defines an economically developed nation, making one change.

The suggestion I make is that beginning on page 47, following the figure "$1,000,000" on line 21, we add the following paragraph:

> As used in this subsection, the term "economically developed nation" shall include, but need not be confined, to any nation listed as an exception to the definition of "economically less developed nation" contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland.

For the information of the Senate, I may say that the nations listed in the cited United Nations General Assembly resolution include all of the clearly self-sufficient, recovered, prosperous nations that both the Senator from Oregon and the Senator from Idaho wish to strike from our foreign aid list.

I think, with the legislative history that the Senator from Oregon has so ably made, this addition, by more clearly defining the countries we have in mind, but leaving it open for the addition of other countries that may become self-sufficient in the future, will accomplish our objective, and improves the language the committee has adopted with this objective in mind.

I would suggest to the Senator from Oregon that he join me in offering this language as a substitute for the amendment now pending. I am hopeful that the distinguished chairman of the committee will accept this addendum to the language which the committee previously approved.

Mr. MORSE. I will join the Senator from Idaho in offering the amendment as a substitute for my amendment. It accomplishes our main objective. The legislative history makes clear to the administration our attitude. We hope there will not be a reopening of long-term economic loans which are no longer being made. Also, it will serve notice on the administration that Congress hopes something can be done with regard to some of the commitments already made, although we have to keep those commitments if we cannot reach an understanding in those instances where understandings are due. Many of these countries, for example, are not keeping their United Nations commitments.

Furthermore, as the chairman of the committee knows, in committee many of us have expressed from time to time our views about having to put money into infrastructure in Europe; but we are committed to it. I do not know how we can reach that problem. We should not be paying for infrastructure in France or any other self-sustaining nation.

Perhaps this history will be helpful to the administration in connection with some of its diplomatic economic relations with those countries.

Therefore, I shall be glad to join the Senator in offering the proposal as a substitute for my amendment, if the chairman is willing to take it to conference.

Mr. FULBRIGHT. Mr. President, I am quite willing to take it to conference. I think it is a very good substitute. I am sure it will be agreeable to the other members of the committee. I am glad to accept the substitute.

Mr. CHURCH. I thank the Senator.

Mr. President, on my own behalf and that of the Senator from Oregon, I send to the desk a substitute amendment, and ask that it be read.

The PRESIDING OFFICER. Does the Senator from Oregon withdraw his amendment?

Mr. MORSE. Mr. President, if I may, I am going to send to the desk my amendment, as modified, that I discussed. It ought to be in the RECORD, and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

> On page 47 delete lines 15 to 21, inclusive, and insert the following:
>
> "(i) No funds shall be made available under this Act on or after the date of enactment of this subsection (except for military sales under section 503) to any economically developed nation, except to fulfill firm commitments made prior to July 1, 1963. The President is directed to make no further commitments for assistance (except for military sales under section 509) to such economically developed nations.
>
> "As used in this subsection the term 'economically developed nation' should include but need not be confined to any nation listed as an exception to the definition of 'economically less developed nation' contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland."

Mr. MORSE. Then I want it understood that I withdraw that amendment, and substitute for it the amendment that the Senator from Idaho [Mr. CHURCH] and I now jointly offer.

Mr. CHURCH. Mr. President, I take note of the fact that the senior Senator from Texas [Mr. YARBOROUGH] is on the floor. He was one of my original supporters to amend the bill to strike the rich countries from the foreign aid list. He has now asked that he may have his name added to the substitute.

I ask unanimous consent that his name be added to the amendment, with the consent of the Senator from Oregon.

Mr. MORSE. It would be a great pleasure to have the Senator's name on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by the Senator from Idaho [Mr. CHURCH], for himself and the Senator from Oregon [Mr. MORSE], and the Senator from Texas

[Mr. YARBOROUGH] as a substitute for the Morse amendment to the committee substitute will be read.

The LEGISLATIVE CLERK. On page 47, after $1,000,000, it is proposed to insert:

> As used in this subsection, the term "economically developed nation" shall include, but need not be confined to any nation listed as an exception to the definition of "economically less developed nation" contained in United Nations General Assembly Resolution 1875 (S. IV) and, in addition, the German Federal Republic and Switzerland.

Mr. CHURCH. For the information of the Senate, I have a list of the countries covered by the United Nations General Assembly resolution referred to in the substitute amendment. I ask unanimous consent that the list may be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

> Australia, Austria, Belgium, Byelorussian SSR, Canada, Czechoslavakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Rumania, South Africa, Sweden, Ukrainian SSR, Union of Soviet Socialist Republics, the United Kingdom, and the United States.

Mr. CHURCH. In connection with the remarks of the senior Senator from Oregon concerning the $77 million in the bill for NATO infrastructure, on the basis of the hearings of the committee and the committee report, this is something that ought properly to be a part of the defense budget of the United States. This is not foreign aid. This is a commitment on our part to contribute a certain proportion of the funds necessary to maintain a military alliance. We are in that alliance for purposes of our own defense.

The committee report makes it perfectly clear that we anticipate the elimination of the $77 million, as a contribution to the NATO infrastructure, from foreign aid next year, and that we think it should be budgeted hereafter as a part of the national defense budget of the United States. It should come within the regular military budget, and be stricken permanently from the foreign aid program.

Because it requires time to work out such a transfer, the committee chose not to strike this particular infrastructure contribution from the foreign aid program this year. We have certain commitments, and we must meet those commitments. However, next year we expect the administration to make the change in its budgeting arrangement so that this item can be permanently stricken from the foreign aid bill.

Mr. MORSE. I wish only to add this comment: I hope this action will be recognized by the administration as clear notice to both the State Department and the Defense Department that we are opposed to further commitments for infrastructure. We believe the time has come to stop building airbases, for example, for the defense of other countries. They ought to build them themselves.

Mr. CHURCH. I agree fully with the Senator from Oregon. I believe the discussion on the floor should put the administration on notice that these budget transfers should be made next year; that Defense should take care of our NATO obligation, and that this excess baggage should no longer be carried as a part of the foreign aid program.

Mr. President, I have no further remarks to make. I am grateful to the chairman of the committee for having accepted the amendment. I hope the Senate will adopt it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. CHURCH], for himself, the Senator from Oregon [Mr. MORSE], and the Senator from Texas [Mr. YARBOROUGH], in the nature of a substitute for the amendment of the Senator from Oregon to the committee amendment, as amended.

The amendment to the amendment was agreed to.

Mr. DOMINICK. Mr. President, I send to the desk my amendment No. 292, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, line 18, after the section number it is proposed to insert "(a)".

On page 32, between lines 5 and 6, add the following:

> (b) Section 203 of the Foreign Assistance Act of 1961, as amended, which relates to fiscal provisions with respect to development loans, is amended to read as follows:
>
> "SEC. 203. All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title, subject only to the annual appropriation thereof. Receipts so appropriated and other funds made available under this title for use for the purposes of this title shall remain available until expended."

Mr. DOMINICK. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOMINICK. This amendment is extremely important, but very easy to explain. Section 203 of the bill deals with the Development Loan Fund. Section 203 itself was written in conference in 1961. It provides, as it is now constituted, that all receipts from the development loans, whether they be interest or principal repayments, shall come back into the Development Loan Fund, and may then be expended by AID personnel without further authorization and without the need for any appropriation of any kind.

How much are we talking about, and exactly what am I doing? All I am saying in the amendment is that the revolving fund shall remain as it is, that the receipts from the development loans shall come back into the fund, but that there shall be congressional review, so that Congress will retain some authority over when, how, and where those funds may be expended.

It seems to me, from the debate that has taken place under the able leadership of the senior Senator from Oregon, that the feeling of the public as a whole is that Congress has not been sufficiently careful of the way in which the AID money has been spent or with respect to the amount that is being spent. That is self-evident, Mr. President. We have adopted one amendment after another, but the amendment I am now discussing has not yet been brought up. In the House—and I say this for the information of the Senate—this year a different type of amendment was offered. Representative PELLY, of Washington, offered an amendment to strike out all of section 203—to repeal it—and this would have eliminated any form of revolving fund. On that type of proposal, he was defeated. However, no amendment has yet been brought forward which merely provides that the amounts of money as they come in shall be subject to the regular appropriation process.

On page 288 of the hearings is a list of the AID development loans for fiscal years 1962 and 1963. These are categorized, so that we can see what type of loans have been made. The first item is public activities. It shows a total of $415,800,000 for water, sewerage, power, and light; $81,800,000 for irrigation, soil conservation, and grain storage; $204,100,000 for roads, railroads, ports, airports, and communications; and $63,800,000 for housing and self-help. The total for these activities is $765,500,000. This is only for fiscal years 1962 and 1963.

It then goes on and details loans which have been made in the form of credit institutions. It contains nonproject loans, loans to private enterprise, loans to governments for natural resource development, and loans to governments for industrial development. It then covers other features, such as feasibility status, social services, and rehabilitation.

The grand total for fiscal 1962 and 1963 is $2,191,400,000 in development loans.

Under the provision now in the bill, as repayments of these loans are made—heaven knows, we all hope the loans will be repaid, even though we are not sure they will be—the total amount of $2,191 million might be subject to being spent by the AID without any control of any kind by Congress. There would be no requirement for authorization and no requirement for appropriation.

However, if the amendment were adopted by the Senate as a whole, and were placed in the law, we would then continue the revolving fund and the development loan fund process. But we would require that all receipts, either of principal or interest, that return to that fund must be subject to the annual appropriation process, which is followed in connection with all other spending activities.

I should like to refer to pages 332 to 336 of the hearings, which show the amounts of interest now in effect on various types of loans made to various countries. In the past few weeks, there has been discussion of the interest rate of three-fourths of 1 percent and of the grace period of loans which varies from 5 years to 10 years. The proposal in the committee bill this year is that after 5 years the interest rate shall be raised to at least 2 percent. But all the loans have not been made at the rate of three-fourths of 1 percent. They have varied from country to country according to the type of loan that has been made; consequently, it is difficult to determine in advance how much the amount of interest repayments may be.

On page 332, a loan is shown as having been made to Ghana for an aluminum smelter. The loan is to run for 24 years, instead of the standard 40 years.

A 4-percent loan has been made to Sudan for an industrial development bank. The terms of the loan is 15 years.

A 3½-percent loan has been made to Ghana for a Volta River power project, the loan to run for 30 years.

A series of loans has been made to some other African countries—Cameroon, Ethiopia, Liberia, Niger, Nigeria, Sudan, Tanganyika, Tunisia, and Uganda. These loans are all at a rate of three-fourths percent interest, and each is for a period of 40 years. Senators can examine the tables to see what rates of interest are charged and the terms of the loans.

If we consider only the amount we have authorized for 1964—the reduced amount for development loan purposes—we see that $950 million has been authorized for fiscal 1964. If the entire amount were committed and expended this year at three-fourths percent interest the amount of interest would be more than $7 million a year. This amount would be pouring back into the Fund and would be available for expenditure without any check by Congress. After a period of 5 years, with interest at 2 percent, about $19 million would be flowing into the Treasury. If the whole $19 million were amortized over a period of 40 years, assuming repayment in full, there would be a total of $1,386 million of receipts coming into the Fund, with Congress having no authority of any kind over it.

It does not make any sense to me to have the Senate, which is supposed to be a part of the trusteeship over the taxpayers' funds say, "We are going to authorize the lending of these funds, but when they are repaid, we do not care what happens to them. Those in the executive branch can spend them in any way they please."

This is only one phase of the development loan subject. The question then can properly be asked: What has been the status of loan repayments? The answer to this question can be found on pages 712 and 713 of the hearings. This is really quite an interesting subject. Not only are we talking about the development loan funds as they have been developed over the last 2 years, but the Development Loan Fund Corporation, which was the prior agency and was then merged into the new Development Loan Fund. These tables indicate the grand totals of worldwide loans of U.S. dollars. They show the amount of taxpayer dollars that have been loaned throughout the world.

To date, the repayment of principal has been $725,677,725.52. The repayment of interest has amounted to $655,550,362.82.

If we take into consideration the interest and principal repayments, assuming the provision now in the bill had been in effect, and if it remains in the form in which it now is, $3.3 billion would have been available for expenditure by the AID administration without any instruction by Congress concerning the places and projects where the money would be spent.

Last week there was considerable discussion about whether or not to increase the amount of the President's contingency fund. The point was made that through the contingency fund the President could spend for projects which Congress might not consider proper, or as to which he was not proceeding in the proper way to spend. As a result, the amount of the contingency fund was not increased.

But the loan funds to which I am referring are contingency funds which far exceed anything the President is given by Congress.

If section 203 is retained as it is, we build into the bill, a contingency fund of $950 million for a period of 40 years. This does not include interest repayments which would be coming in.

In addition, we are providing a contingency fund by allowing unrepaid expenses on loans already existing, which amount to more than $5,728 million. This money would be coming back to the fund without Congress having the ability, as the bill is now written, to determine how much of that should be spent, and where, and in what manner it should be spent.

I need not take much longer to discuss this subject. The details seem to be quite plain. However, there are a couple of items I should like to refer to.

In 1961, the General Accounting Office, commenting on back-door spending through revolving funds, said:

> As with authorizations to borrow from the Treasury we believe that revolving fund financing likewise represents a lessening of congressional control which is justified only on a clear showing of need and benefit to the Government. We believe that the need to appropriate funds supplies the best incentives and the most effective techniques for congressional control of agency activities. Consequently, if the revolving fund feature is to be retained in the bill, we suggest that the bill be revised to provide that funds may be used for the loan program only in amounts stipulated in annual appropriation acts. The related administration expenses would likewise be subject to an annual review by the Congress.

What I am proposing is exactly what was recommended by Comptroller General Campbell, in the statement I have just quoted.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. FULBRIGHT. This question has been before Congress on three different occasions—in 1957, 1959, and 1960.

The amounts involved are, at the moment, relatively small—between $3 and $4 million, although the Senator has said that it is anticipated that in the future the amounts will be larger. It was hoped that this fund would be given some flexibility, in terms of repayments in the future. However, if the Senator will request that the order for the yeas and nays be rescinded, I shall be glad to accept the amendment and take it to conference. It has been under consideration three times before; it does not involve a new issue. Heretofore the Senate has rejected such an amendment.

Mr. MORSE. Mr. President, will the Senator from Colorado yield?

Mr. DOMINICK. I yield.

Mr. MORSE. I join in the request. The amendment is a very sound one. As the Senator knows, I support the amendment, and I believe it should be taken to conference.

In view of the offer of the chairman of the committee to take the amendment to conference, I suggest that the Senator from Colorado agree to the suggestion that he request that the order for the yeas and nays be rescinded.

Mr. DOMINICK. Then there would be a voice vote on the question of agreeing to the amendment?

Mr. MORSE. Yes.

Mr. DOMINICK. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, I thank the distinguished chairman of the committee for his courtesy in connection with this amendment. The amendment is really extremely important.

I should like to ask the chairman of the committee a question. I have a similar amendment in connection with the Alliance for Progress revolving fund.

Mr. FULBRIGHT. It is an identical amendment, as I understand, except that it would apply to the Alliance for Progress. Is that correct?

Mr. DOMINICK. Yes.

Mr. FULBRIGHT. I am perfectly willing to accept it, too.

The PRESIDING OFFICER. The question now is on agreeing to amendment No. 292, offered by the Senator from Colorado to the committee amendment in the nature of a substitute, as amended.

The amendment (No. 292) to the committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The committee amendment in the nature of a substitute, as amended, is open to further amendment.

AMENDMENT NO. 314

Mr. DOMINICK. Mr. President, to the committee amendment, as amended, I offer my amendment No. 314.

The PRESIDING OFFICER. The amendment of the Senator from Colorado to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 38, in line 17, after the word "provisions", it is proposed to add the following:

> (1) All receipts in United States dollars or from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title, subject only to the annual appropriation thereof.

On page 38, line 18, before the word "by" insert "(2)".

Mr. DOMINICK. Mr. President, I repeat that this amendment is identical in type to my amendment with respect to the Development Loan Fund, so I do not think I need to repeat my previous statements in regard to the need for congressional authorization and supervision over such a revolving fund.

If the Senator from Arkansas is willing to accept the amendment, the debate on it can be cut short.

Mr. FULBRIGHT. Mr. President, I accept this amendment to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 314, submitted by the Senator from Colorado [Mr. DOMINICK], to the committee amendment in the nature of a substitute, as amended.

The amendment (No. 314) to the committee amendment, as amended, was agreed to.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The committee amendment in the nature of a substitute, as amended, is open to further amendment.

Mr. McGOVERN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, I call up my amendment No. 247, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following:

PART V—MISCELLANEOUS

SEC. 501. It is the sense of the Congress that any agreement hereafter entered into between the Government of the United States and the Government of Czechoslovakia relating to the settlement of claims, determined by the Foreign Claims Settlement Commission, by nationals of the United States against the Government of Czechoslovakia for losses resulting from nationalization or other taking of property of such nationals, shall be submitted to the Senate for its advice and consent.

Mr. KEATING. Mr. President, the purpose of the amendment is to assure that the Senate will be given an opportunity to review any agreement which is reached between the U.S. Government and the Government of Czechoslovakia with regard to U.S. claims against that Government before the agreement goes into effect. The claims involved are claims for property rights or interest owned by U.S. citizens taken or naturalized on or prior to January 1, 1945, by the Government of Czechoslovakia. It should be made clear that those claims are not for war damage or injury of that type. They are compensation for deliberate seizure by the Communist government of Czechoslovakia for which no recompense has yet been offered. Those claims have been adjudicated, found valid, and awarded by the Foreign Claims Settlement Commission. They amount to more than $113 million, representing 2,630 cases. Some, 1,346 claims were rejected by the Commission, but 2,630 were found to be valid, and they totaled $113 million.

It is my understanding that there is an agreement in process to settle these claims for approximately $10½ or $11 million, which would be less than 10 cents on the dollar.

There have been a number of similar situations. Since World War II the United States has negotiated claims conventions with six different nations. The first was with Italy, in 1947, and was for 100 percent of the value of the U.S. claims. The second was with Yugoslavia, in 1948, for 91 percent of the value of U.S. claims. The third, in 1950, was with Panama, for 90 percent. The fourth, in 1960, was with Rumania, and was for 24 percent. The fifth was with Poland, for claims that have not yet been completely processed, so it is impossible to know what will happen in that case.

The most recent country involved in the claims process is Bulgaria, and the settlement was for 40 percent.

It is rather ironic that the two free world countries paid 100 percent and 90 percent, respectively, of the claims against them, while the Communist nations are succeeding in paying a much smaller share. It seems to me particularly disturbing that the number of awards on the Czech claims, 2,630, is larger than the number for any other country.

I have a list of claimants. There are a few large claimants. There are many small claimants—people with small businesses which were taken in Czechoslovakia. Claims were made and have been adjudicated to be valid. Now those claimants are asked to take 10 cents on the dollar. I have the names and addresses of the claimants in the various States, representing the 2,630 claims, and I have received some pitiful letters from some of them.

I ask Senators to put themselves in the position of a U.S. citizen who owned a little tobacco store, let us say, in Czechoslovakia, and had it nationalized. After hiring a lawyer and going through the Claims Settlement Commission, it was adjudicated that he was entitled to $3,000 for the property that had been taken away from him. Now he is being asked to take less than $300 for his claim. That is a tough proposition.

All the amendment would do would be to say that it is the sense of Congress that any agreement between the two governments should be submitted to the Senate for its advice and consent.

There may be some special, unusual situation which justifies a settlement of less than 10 cents on the dollar in this one case. If so, let us hear what the reasons are. Let the Senate have a voice in the matter.

That is what was done in the Panamanian settlement, so there is a precedent for such action. That settlement was ratified by the Senate on August 9, 1950, and since the settlement amounted to 90 percent, it seems to me a fairly good precedent to follow. A settlement of less than 10 percent of the awarded claims is not, it seems to me, by any stretch of the imagination, the mere execution of a policy laid down by Congress.

A U.S. agreement on less than 10 percent compensation is surely not what Congress intended when it established the Foreign Claims Settlement Commission, which was charged to determine "the fair or approved value of the said property right or interest."

This has now taken place after many years of hearings. Therefore, I strongly believe that the Senate should request formally, by resolution, that the agreement with the Czechoslovaks, now under consideration, not go into effect until the Senate has offered its advice and consent.

But I repeat, this would not stop the agreement. It would say that the Senate should have some voice in it, as the Senate did in the case of the Panamanian settlement.

I ask unanimous consent to include at this point in my remarks a further statement on this issue.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SENATE REVIEW OF CZECHOSLOVAKIAN CLAIMS

In general, the Constitution prescribes that treaties of the United States shall be made by the President by and with the advice and consent of the Senate, "provided two-thirds of the Senators present concur." It has been the practice of the executive branch to contract with foreign states in relation to a variety of matters through the medium of so-called executive agreements on which Senate ratification has not been sought. The Constitution does not contain any definition of a treaty and makes no statement declaring under what circumstances an arrangement purporting to bind the United States must be handled as a treaty. Nevertheless, authoritative commentators have concluded that the alternative technique of the executive agreement cannot be employed to frustrate the constitutional requirement of Senate ratification in appropriate cases: "The declaration that the President 'shall have power by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur,' sustains the conclusion that it was not to be rendered abortive by recourse to a different procedure for the use of which no provision was made, and that there were to be found tests of improper evasion in the character of what was sought to be achieved despite the absence of a specific textual prohibition. Otherwise, the scheme for the cooperative action of the President and the Senate would have been a relatively valueless injunction, and the solitary constitutional guide for contracting would have been of slight worth."

It is necessary to turn to precedents in executive branch-congressional relations and to the policy considerations in the particular case at issue to determine when Senate ratification of a foreign agreement is called for since there is no governing case law. For any claims settlement with Czechoslavakia of the unpaid claims adjudicated by the Foreign Claims Settlement Commission, both the precedents and the applicable policy considerations indicate Senate ratification should be sought.

It has been accepted that the executive branch can, without Senate ratification, enter into lump-sum claims settlement agreements to be administered pursuant to the International Claims Settlement Act of 1949, as amended. The United States-Polish Claims Settlement Agreement of 1960 is an illustration. Where, however, the claims agreement provides that a claim against the United States is to be offset against the claims of U.S. nationals against the foreign government, Senate ratification has been obtained. The 1950 claims agreement with Panama, administered pursuant to the International Claims Settlement Act of 1949, was such an agreement and was submitted as a treaty for Senate ratification. In the Panama agreement, a $53,800 Panamanian claim against the United States was offset against $403,156 in claims of U.S. nationals, resulting in a net Panamanian payment of $349,356. In a Czech claims settlement agreement, the Czech claim against the United States for the taking of the steel mill will be offset against the amount to be paid by Czechoslovakia on the claims of U.S. nationals. A Czech claims agreement should, therefore, be handled as the Panamanian claims agreement was, as a treaty with Senate ratification.

In a sense, however, since Congress has already incorporated the first stage of Czechoslovakian claims settlement in legislation, these claims cannot be compared to other claims settlement precedents. The 1958 amendments to the International Claims Settlement Act which led to the Foreign Claims Settlement Commission adjudication of U.S. claims against Czechoslovakia made provision for a claims settlement agreement if such an agreement were executed within the following year and delayed adjudications for that period. Since no such agreement was arrived at, there is a strong implication that the subsequent adjudications of the Foreign Claims Settlement Commission were not to be virtually nullified by a later claims agreement executed without any reference to the Congress. This is particularly so now that the actual adjudications have shown that the steel mill sales proceeds were grossly inadequate to meet claims that totaled $113,600,000 rather than the $25 to $45 million anticipated by the executive branch. There is a provision in the Czechoslovakian claims legislation stating that subject to the provisions of any claims agreement hereafter concluded between Czechslovakia and the United States, payments from the steel mill proceeds shall not be deemed to extinguish any claim not paid the full amount of the Commission award. This, of course, does not state either way how such a future claims agreement should be handled.

It stands to reason, however, that having provided for a 4-year Federal Czech claims adjudication program, Congress did not have in mind that the executive branch could subsequently settle these claims for less than 10 cents on the dollar without having to explain to the Congress why no better settlement was possible.

As a policy matter, there is no reason why Senate ratification should not be required and every consideration in favor of it. There can hardly be a need for speedy action since the Czechs have dragged their feet on the matter for almost 15 years. There is no problem of settling claims in order to work out recognition of the Czech Government (the justification cited in tthe Belmont and Pink cases for handling the 1933 claims settlement with Russia by executive agreement). On the other hand, it is important that the Congress, the claimants and those Americans proposing to do business with Czechoslovakia know the full considerations behind any claims settlement with that country. In effect, the claimants are being called to sacrifice over 90 percent of their claims and forego over $100 million in approved claims.

During 1953 and early 1954 the Senate, in considering the Bricker amendment (S.J. Res. 1, 83d Cong. 2d sess., 1954), gave considerable attention to the problem of when executive agreements should have Senate ratification as treaties. In 1953 during the hearings of the Senate Judiciary Committee on the Bricker amendment, Secretary of State John Foster Dulles made a commitment to consult with "appropriate congressional leaders and committees" to determine the most suitable way of handling international agreements when there was any serious question as to Senate ratification:

"It has long been recognized that difficulties exist in the determination as to which international agreements should be submitted to the Senate as treaties, which ones should be submitted to both Houses of the Congress, and which ones do not require any congressional approval.

"Differences of opinion resulting from these difficulties have given rise in the past to disputes between the executive branch and the Congress concerning the handling of international agreements. It must be recognized that it would be extremely difficult, if not impossible, to fit all agreements into set categories. At times there may be disagreement as to the manner in which agreements are to be dealt with. While recognizing this, the executive branch cannot surrender the freedom of action which is necessary for its operations in the foreign affairs field. In the interest of orderly procedure, however, I feel that the Congress is entitled to know the considerations that enter into the determinations as to which procedures are sought to be followed. To that end, when there is any serious question of this nature and the circumstances permit, the executive branch will consult with appropriate congressional leaders and committees in determining the most suitable way of handling international agreements as they arise."

This assurance did not head off prolonged debate on the need for Senate ratification of executive agreements having any significant internal effect in the United States. Senator George, of Georgia, proposed an amendment to the Bricker amendment, the essence of which was the requirement that "an international agreement other than a treaty shall become effective as internal law in the United States only by an act of the Congress." During debate on his amendment, Senator George commented (CONGRESSIONAL RECORD, vol. 100, pt. 1, p. 1401):

"I am saying to the Senator from Missouri that if nothing is to be done in the field of executive agreements, which have multiplied out of all real proportion to the treatymaking power of the President as exercised under the Constitution itself, we may as well close up shop."

Senator George later pointed out that, if the executive branch would submit the executive agreements he was concerned about for Senate ratification, he would not be concerned about the need for further congressional action:

"That is why I mean to say that the President should submit, as a treaty, to the Senate every executive agreement having the effect of internal law. He should submit it to the Senate. If the Senate by two-thirds vote approved the treaty, then I would have no doubt at all that it would become a coexistensive part of the law of the United States.

"That is where we are now, so far as treaties are concerned. I am only concerned with executive amendments which never have been acted on by the Senate."

Senator George, in his discussion of executive agreements, expressed the most concern about the effect of the Supreme Court decision in the case of *U.S.* v. *Pink*, 315 U.S. 203 (1942). The Pink case litigated the effect of the 1933 executive agreement known as the Litvinov assignment. In this agreement the Government of the U.S.S.R. released and assigned to the U.S. Government all amounts due the Soviet Government from American nationals in preparation to a final settlement of the outstanding claims and counterclaims between the United States and the U.S.S.R. In the Pink case the Supreme Court held that, regardless of the legal status under New York law of the assets of a former Russian insurance company, the U.S. Government, by virtue of the Litvinov assignment, took title to these assets which had been nationalized by the U.S.S.R. Senator George felt that the executive branch should have treated the Litvinov assignment as a treaty requiring Senate ratification since it dealt with property and claims to property in the United States. (It might be pointed out that the Czech claims program, by virtue of title IV of the International Claims Settlement Act, gives the American claims against Czechoslovakia the status of claims against property located within the United States since the proceeds of the Czechoslovakian steel mill sale have been allocated by Congress for this purpose.)

Senator George's amendment, made into a substitute for the Bricker amendment, was agreed upon by a vote of 61 to 30 in the Senate.

Mr. FULBRIGHT. Mr. President, with regard to the amendment, the instances which the Senator from New York has cited were with regard to settlement of claims made in pursuance of legislation and not of a treaty.

The Congress gave the executive branch authority to conclude these claims settlements when it enacted the International Claims Settlement Act of 1949. Section 4(a) of that act provides that the Foreign Claims Settlement Commission shall have jurisdiction to receive and adjudicate claims of U.S. citizens "included within the terms of any claims agreement hereafter concluded between the Government of the United States and a foreign government providing for the settlement and discharge of claims of the Government of the United States and of nationals of the United States against a foreign government, arising out of the nationalization or other taking of property, by the agreement of the Government of the United States to accept from that government a sum in en bloc settlement thereof."

The only exception to this procedure that I can find—and there may be others, but not in recent years—was in the case of Panama. In that settlement there was involved a liability of the United States to Panama. Because there was an adjustment of liability on each side, a convention was arrived at.

To illustrate through means of the Claims Convention between the United States and Panama, it involved the U.S. liability of $53,800 as against a Panamanian liability of $403,156; and under the terms of that convention the United States received a net balance of $349,356.

The Senator from New York made reference to Yugoslavia in 1948, to Poland in 1960, and to the Lombardo Agreement with Italy. Those settlements were made in pursuance of legislation, which has been the accepted principle. I do not know of any good reason why we should reject this established principle for the settlement of claims with Czechoslovakia.

This amendment was not offered in committee, and the committee has not had an opportunity to study it or have the advice of those in the Government who are directly concerned.

I do not believe it is necessary or good practice.

I would be prepared, if the Senator feels strongly about it, to take the amendment to conference, which would give us an opportunity to consult with the administration about it. If there is any good reason why this should be done by a treaty rather than in the usual procedure, I would have no great objection. However, I do not wish to encourage the Senator to believe that I would fight, bleed, and die for it in conference, because I currently believe the established procedure, under the Foreign Claims Settlement Commission, is the proper way to handle the claims.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I am glad to yield.

Mr. KEATING. That was exactly the situation in the case of Panama. The Czechoslovak Government does have a claim against the United States, for taking a steel mill, which is to be offset against the amount paid by Czechoslovakia on the claims of U.S. nationals. The value of that steel mill was about $8½ million. It is proposed to have Czechoslovakia put up only about $2 or $2½ million, to represent the settlement of all the claims.

The reason given for having the Senate pass upon the Panamanian claim applies in exactly the same terms to this claim of Czechoslovakia. There were mutual claims on both sides. That was the reason for a convention and the reason for the Panamanian claim being considered as a treaty, for the purpose of getting the advice and consent of the Senate.

Mr. FULBRIGHT. As I said, I personally do not have any strong feelings about it, because I have had no background on the subject. I do not think the claim of Czechoslovakia is admitted by this country. However, I do not know. Before I take a strong position on it, I should like to afford the administration an opportunity to express itself. I thought the claims commissions had operated quite well. It requires a good deal of negotiation to ascertain the claims, verify them, and so on.

If the Senator is willing for me to accept the amendment on that basis, I shall be glad to take it. Perhaps the administration has no objection to it. If it did not, I would not have.

Mr. KEATING. I am sure those in control of the Government would not want to get the advice and consent of the Senate. They would want to feel free to handle the situation in any manner they saw fit. I am quite certain they would prefer not to have this case treated in the way the Panamanian case was treated. They would prefer to have carte blanche to treat it in any way they wished.

I appreciate the fairness and frankness of the distinguished Senator from Arkansas in saying he would take the amendment to conference. The words "take it to conference" sometimes have had a rather sinister connotation to some of us.

Mr. FULBRIGHT. Not always. Sometimes the situation is due to lack of information; we do not have strong feelings about the matters involved.

Mr. KEATING. I understand. As the Senator has said, this matter was not brought before the committee, and it was not brought forcefully to my attention at the time, or I would have presented it to the committee at that time. I have submitted it heretofore to the staff, to the Senator from Arkansas, and to the Senator from Iowa [Mr. HICKENLOOPER], the ranking Republican on the committee.

The Senator from Ohio [Mr. LAUSCHE] and the Senator from Connecticut [Mr. DODD] joined me in offering the amendment. I think, in fairness, I should confer with them about the proposal to take it to conference. I hesitate to ask for a rollcall, but I think I shall ask for a quorum call in order that I may communicate with the Senator from Ohio [Mr. LAUSCHE] and the Senator from Connecticut [Mr. DODD], who have similar problems and who have joined me in cosponsoring this amendment.

I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEATING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. KEATING. Mr. President, I withdraw my amendment temporarily, because the Senator from Ohio [Mr. LAUSCHE] is on his way to the Chamber. I will reoffer it later after disposition of the amendment which the Senator from Minnesota is about to offer.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk, on behalf of the Senator from New York [Mr. KEATING] and myself to the committee amendment as amended. I ask that the amendment be read. I have discussed it with the chairman of the Committee on Foreign Relations.

The **PRESIDING OFFICER.** The amendment will be stated.

The LEGISLATIVE CLERK. On page 51 between lines 13 and 14, add the following new subsection:

(f) After SEC. 637 add the following new section:

"PEACE CORPS ASSISTANCE

"SEC. 638. No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act as amended or the Mutual Educational and Cultural Exchange Act of 1961 as amended."

Mr. HUMPHREY. Mr. President, the purpose of the amendment is to maintain the Peace Corps program and the educational and cultural exchange program, which is basically the Fulbright scholarship program, as separate and distinct items apart from foreign assistance. They should not be included within what we call the foreign aid program as contemplated in the Foreign Aid Act. As far as I am concerned, they should not be used as disciplinary measures to be applied to countries with which we may have some disagreement. They ought to be looked upon as people-to-people programs, and as programs which lend themselves to human betterment and better understanding of nations' cultures.

Mr. KEATING. Mr. President, as one who has supported very strongly the antiaggression amendment, I feel that this is a desirable provision, and therefore I am happy to cosponsor the amendment with the distinguished Senator from Minnesota. This is a people-to-people program. It is quite different from what is intended within the reach of the Gruening amendment, which was cosponsored by so many Senators. The Peace Corps and the exchange program, under the so-called Fulbright Act, should be continued in countries with which we have this relationship, and they should not be interfered with by the provisions of the Gruening amendment. I hope very much that the amendment will prevail.

Even where aggression has taken place, there is need for continuing contacts between people. We can remain in touch and communication with these nations through people-to-people programs even if we have cut off cash outlay programs.

Mr. MORSE. Mr. President, it is important that absent Senators be made aware of the pending amendment, because there are those who do not share the point of view that under no circumstances should the Peace Corps be taken out of a particular country that is following a serious anti-American course of action. I should like to suggest the absence of a quorum so that Senators who have that point of view at least will have full notice that this amendment is under consideration.

Mr. HART. Mr. President, will the Senator withhold that suggestion for a moment?

Mr. MORSE. Yes.

Mr. HART. Sharing the view of the Senator from Minnesota and the Senator from New York, I hope that the amendment, which is in the nature of an explicit clarification of the earlier action involving the Gruening amendment, and which I supported, will be agreed to.

Mr. HUMPHREY. And also make it clear that the Hickenlooper amendment, if adopted, would not affect the Peace Corps or the educational and cultural exchange program.

Mr. HART. And the Hickenlooper amendment. We must make sure that there is an explicit recital of our intention, that these programs shall not be subject to termination. The amendment is a useful one, and I hope it will be agreed to.

Mr. HUMPHREY. Mr. President, I agree with the Senator from Oregon that there should be a quorum call so any Senator who is vitally interested may be properly notified, even though I wish to make it clear I did say that at an appropriate time the amendment would be offered. Further, the two programs do not relate to direct economic aid, as the Senator from Oregon knows, because the Fulbright scholarship program, for example, is an educational program. I believe it has demonstrated its worth to our national security and national interest and national reputation.

The Peace Corps, while it relates to the social and economic well-being of a country, is essentially a service program. It does not carry with it a large appropriation for the purpose of bringing goods and material to a country. It brings our people into contact with the people of other countries. It makes a definite contribution to the kind of world we would like, a world of peace and freedom.

There are, of course, feelings and attitudes which have been expressed, to the effect that when we cut off cooperation by our country with another, we ought to do it on every facet. We should take a good look at such a view, because it could include travel by American tourists, which actually is an instrument of aid to another country. Through tourism large amounts of money are brought into another country. I believe the two programs involved in the amendment should stand on their own feet, that they ought not to be a part of any disciplinary action by us, and that they have demonstrated they are in our interest as well as in the interest of the people they serve.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 223 Leg.]

Aiken
Allott
Anderson
Bartlett
Bayh
Beall
Bennett
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McClellan
McGee
McGovern
McIntyre
McNamara
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY] to the committee amendment in the nature of a substitute, as amended.

Mr. MORSE. Mr. President, I am in sympathy with much of the Humphrey amendment to the committee amendment, particularly the section on cultural exchanges; but I am not so sure that the amendment is sound insofar as the Peace Corps is concerned. The amendment would be sound in most instances; but I wish to report to the Senate that some days ago the former Ambassador to the Dominican Republic conferred with some of us, and pointed out that, after all, the Peace Corps is closer to the people of the Dominican Republic than probably any other work we are doing there, and that the Peace Corps really is working in the neighborhoods of that country. So when there is in that country a situation which is so serious that we are withholding our aid, or if there is a situation—speaking hypothetically—in a which a country has begun a strong anti-American course of action, I wonder why we should permit the Peace Corps to continue to operate there.

Our former Ambassador to the Dominican Republic also said to us, "If the Peace Corps were to be taken out, the people of the country really would know they were in trouble with the United States." He said that the mass of the people there really do not know about the other parts of our program.

I wish there were a provision which, in such a situation, would result in discontinuing our Peace Corps operations in such a country, but at the same time would not handicap the operations of the Peace Corps in situations in which there is not a strong anti-American feeling or where, by permitting the Peace Corps to continue its operations, we would not seem to be countermanding other action we take.

It would be better to have this amendment permit the Peace Corps to continue its operations until some affirmative action to the contrary was taken. But, although I would feel inclined to vote against the amendment in its present form, and although I had hoped we would modify the amendment, the difficulty is that I do not have in mind any specific proposal for its modification.

I repeat that, in accordance with my view and in accordance with the views which others have expressed to me, there are instances in which the operations of the Peace Corps should be stopped; and I do not want the Senate to give the impression that in such situations the Peace Corps is to stay in or is to continue its operations there.

Mr. HUMPHREY. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. That will not be the impression at all. The amendment would do two things: Where the text of the bill states that no funds under this act or under any other act shall be made available, that provision is not to include the Fulbright scholarship program or the Peace Corps, which are essentially peoples-to-peoples programs, and do not carry with them large amounts of goods or economic resources. It seems to me that such programs build for the long term, and do not have immediate political significance.

Senators may recall that when the Senate passed the Peace Corps bill, the Secretary of State said that although the Peace Corps is considered a significant part of the U.S. overall effort in the international field, it is not to be considered an adjunct to the Nation's foreign policy, in terms of the national security, but is in a sense a people-to-people program in which we place great confidence for the future.

It is my hope that we might protect its integrity and not bring it within the purview of the aid, or within the purview of the disciplinary action which this country take with respect to any other nation.

The amendment would not mean that the Peace Corps must be sent to every country. That is not the purpose of the amendment. The purpose is to make sure that the limitations and the prohibitions that we have placed in the bill would not apply to the Fulbright scholarship program or the Peace Corps program. It would leave to the President of the United States the right to determine whether or not it would be desirable to have a Peace Corps operation in any particular country.

Mr. MORSE. Will the Senator answer a hypothetical question for the purpose of making legislative history?

Mr. HUMPHREY. I shall be glad to do so.

Mr. MORSE. I shall tell the Senate what my fear is. If we do not make legislative history, and if we get into some difficult situation in the future, the position might be taken that the Senate had gone on record in opposition to taking the Peace Corps out of a country, even though the fact situation might warrant such action.

I should like to use as the basis of my hypothetical question such facts as we have concerning the Dominican Republic, where constitutional government was overthrown. The administration announced that it was withdrawing aid, at least until it found out what the new government would do in regard to constitutional rights.

My hypothetical question contemplates the withdrawal of all forms of assistance. There is no question that the Peace Corps, although not foreign aid assistance, is a valuable assistance to a country. If the President should decide that the Peace Corps ought to come out of a certain country, it would not be intended or contemplated by the amendment of the Senator from Minnesota to restrict the President in any way from making a decision to bring out the Peace Corps.

Mr. HUMPHREY. Absolutely not. The decision as a matter of policy would be left in the hands of the President, as it is now. It would merely mean that the amendments which have been overwhelmingly adopted would not apply specifically as a prohibition to the Peace Corps or to the so-called Fulbright scholarship program. But the authority of the President to withdraw the program would remain as it is.

Mr. MORSE. I wanted to bring out that point.

Mr. HUMPHREY. I appreciate the Senator's question. It is very worth while.

Mr. LAUSCHE. Mr. President, I am obliged to express thoughts which are not in accord with the discussion which has taken place. If I should remain silent, I would feel that I had done so on the basis of fear to speak up at a time when I was convinced that statements were being made that were not sound. By my silence I cannot subscribe to the proposition that a democratic republic overthrown in South Vietnam should immediately be given consideration by way of aid and recognition while the Dominican Republic, in which likewise a constitutional government is overthrown, is denied recognition. Both of the overthrown governments were chosen in a democratic process. In South Vietnam blood was shed, lives were taken, and personnel of the incumbent regime were destroyed. No such thing happened in the Dominican Republic. In the Dominican Republic, from the beginning to the end, the result was subscribed to by a combination of the citizens. In South Vietnam it was only the military that actively participated in the overthrow. In my judgment, the passing of another week without giving recognition to the Dominican Republic would not be in the interest of our country.

Mr. President, in my hands I have a letter written to the editor of the New York Times. It was published in the New York Times on Sunday, October 27. The letter was written by Thomas F. Reilly, bishop of San Juan de la Maguano of the Dominican Republic. In the letter the bishop, who vigorously supported Bosch, points out that the revolution in the Dominican Republic became inevitable in consequence of the soft-handed treatment accorded to the Communists by Bosch. In effect, the letter points out that Bosch was an idealist and sentimentalist, not having any possession of reality. The Communists were making conspicuous inroads that resulted in the general public, from the beginning to the end, desiring to be assured that communism would not take hold of the Dominican Republic. On that basis the revolution occurred.

I ask unanimous consent that the letter be printed in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WHY BOSCH WAS OUSTED—DOMINICANS WERE APPREHENSIVE OF ANOTHER CUBA, PRELATE SAYS

TO THE EDITOR OF THE NEW YORK TIMES:

Tardily I have seen your editorial comment (September 29) on the overthrowing of the Bosch government in Santo Domingo. Dr. Bosch, a most astute campaigner, proved himself as President to be hypersensitive, doctrinaire, contemptuous of many elements devoted to democracy and strangely out of touch with the traditions of his country. I feared that his Government would fall in the last week of July and spoke strongly in the effort to save it. At the same time, the Apostolic Nuncio Emmanuele Clarizio and the other Bishops in friendly talks with Doctor Bosch and members of his government indicated what must be done to regain some measure of lost popular support.

TOLERANCE OF COMMUNISM

I regret the coup d'état and have a deep compassion for Doctor Bosch, who had reason to consider himself a hard-working, honest President bent upon establishing his personal notions of democracy and social justice in the Dominican Republic. Yet it is undeniable that responsible civilian groups were disturbed by the open smuggling of small arms to the little Communist groups, the bland tolerance of communism, the formation of a Bosch-directed militia ostensibly to protect the canefields.

There was widespread determination that the Dominician Republic would not permit itself to become another Cuba. Dr. Bosch obstinately refused any gesture to the nation to show that he shared this determination.

I do not believe that we have a rigid oligarchy in Santo Domingo. After the Bosch triumph in the elections of December 1962, the party of the business community and property owners found a spirit of willing cooperation among its members. But on February 17 Dr. Bosch began his derisive taunts against them and brought things to a head with his wild project of the law of confiscations. Meanwhile the level of government administration declined sharply from the fairly efficient procedures which the provisional government achieved. And the poorer people came to feel that the lavish campaign promises of Dr. Bosch were a bitter jest.

UNDISCIPLINED YOUTH

I have no attachment to any political group and indeed feel very unhappy about the present muddle. Our boys and girls in the high schools and the university will be more undisciplined than ever in the weeks to come. They cherish hopes for sweeping changes—an integral revolution—but have only reached the first stage, wherein Latin American youths indulge in school strikes, rock throwing, and heroic oratory.

Withal, I am not without hope for the new civilian regime. After the coup, the army and the police retired swiftly to their barracks.

These civilians—representatives of five parties—are likely to be in closer touch than the Bosch government with the tradition of the nation, more competent in administration, and more effective in carrying through socially progressive plans, which the whole nation anxiously seeks. May they not start quarreling among themselves.

If they fail, we are in for deep trouble.

THOMAS F. REILLY, *C.SS.R.*,
Bishop of San Juan de la Maguana, Dominican Republic.

ROME, *October 11, 1963.*

Mr. LAUSCHE. Another reason that I must speak is that I do not believe we ought to subscribe to a proposition that would make the Fulbright scholarship program and the Peace Corps program sacrosanct. We should not hold out to the world that whatever these young men do is above everything else that our country is doing. If we deny these nations aid, and if we refuse to help them on the basis that they have not followed a course consistent with the security of the United States, I do not believe that we ought to place the Peace Corps and the Fulbright students in a different class.

Why do I make that statement? This afternoon there came to my desk a letter from a Peace Corps worker in the Dominican Republic. The words of his letter are of such a character as to reveal that the writer is an actual participant in the political controversy that is going on in the Dominican Republic. When the Peace Corps bill was passed, I am certain that on the floor of the Senate it was repeatedly declared that the Peace Corps members would not become the propagandists of economic theories or a political philosophy. In the nations to which they would be sent they were to participate in manual work and ordeals. They were not to participate in political arguments. By its wording and spirit the letter which I received today clearly indicates that that young man is actively engaged in the political controversy in the Dominican Republic.

To summarize, I do not agree with the argument that the Dominican revolutionary government should be rejected. I make that statement because we are showing a great proclivity to reject governments which are friendly to the United States and hostile to communism, and to favor what are supposed to be democracies that are favorable to communism and hostile to the United States. In my judgment it is a mistake to single out any function which we are providing to help other countries, giving that function superiority over the general class of services that we are rendering.

I do not believe this amendment should be adopted, and I urge Senators so to vote.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I am glad to yield.

Mr. KEATING. Does the Senator realize that this amendment does not provide that aid under the Peace Corps or under the Fulbright exchange program shall not be cut off, but merely that those two programs will be exempt from the mandatory cutoff which is embodied in the amendment offered by the Senator from Alaska?

Mr. LAUSCHE. I understand that thoroughly, and I am glad the Senator from New York asked the question. In the 5½ years I have been a member of the Foreign Relations Committee, I have decided that we try to balm our consciences by having inserted in bills that "this shall not be done until such and such findings are made." We provide an escape clause, and then believe that we have been spared the odium of what we have done.

If the Senator from New York were a member of the Foreign Relations Committee, I am sure he would find out that the State Department has adopted the technique of saying, "If you can only give us a little escape hatch, regardless of how small it is, we will get out."

Mr. KEATING. I do not have to be a member of the committee to know that.

Mr. LAUSCHE. That is what occurs. We have provided them with an escape hatch in practically every section of the bill.

I had an amendment accepted in the Foreign Relations Committee, to bar aid to Communist countries by way of loans to establish socialized enterprise competing with private enterprise within the country. That was my original purpose—to provide an absolute bar.

Along came the State Department to suggest an amendment, that the absolute bar be modified so that whenever the President or the administration determined that it was all right, it could be done.

I have received many letters from points throughout the country commending me on my amendment. I have written back, "You do not know that I had to accept a modification which provides that aid loans shall not be made in those cases, unless it is clearly shown that private enterprise is not rendering the service."

Mr. AIKEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Edmondson in the chair). Does the Senator from Ohio yield to the Senator from Vermont?

Mr. LAUSCHE. I yield to the Senator from Vermont.

Mr. AIKEN. The present Government of the Dominican Republic was put into power—and we assume it is temporary power—by the military. What is the attitude of the present Government of the Dominican Republic toward retaining the members of the Peace Corps in that country at this time? I understand that about 100 are there. It has been my impression that the Government of the Dominican Republic is asking to have them retained there.

Mr. LAUSCHE. I do not know. I heard the Senator from Oregon [Mr. Morse] state that the former Ambassador of the overthrown regime was in Washington and spoke most highly of the Peace Corps. I ask the Senator from Oregon if that is not correct.

Mr. MORSE That is correct.

Mr. LAUSCHE. I concede that if the present Government says the Peace Corps members should be retained, that would be a powerful argument in favor of so doing.

Mr. AIKEN. I know that one of the members of the present Cabinet of the Dominican Republic was a guest of the Foreign Relations Committee 2 or 3 months ago, along with other members of the Dominican Senate. At that time, all of them, including the Cabinet member, spoke very highly of the work of the Peace Corps in the Dominican Republic. So I was wondering what the attitude of the present Government is toward retaining from 100 to 120 Americans who are there now as members of the Peace Corps.

Mr. LAUSCHE. I cannot answer that question. However, my views on the Peace Corps, and the quality of its work, have changed rather substantially in the direction of the belief that they are doing a good job.

Mr. AIKEN. I have heard more praise of the group that went to the Dominican Republic than of any group that went to another country; but perhaps that is because I had the opportunity to receive a more complete report.

Mr. LAUSCHE. I should like to ask the Senator from Vermont [Mr. Aiken] a question. How can the Senator justify lifting the Peace Corps and the scholarship program to a level above the granting of food to maintain life and the granting of other aid that would preserve the independence and the sovereignty of a country?

Mr. AIKEN. I am not criticizing the position of the Senator from Ohio on the Dominican Republic. The Senator may recall that in the committee I pointed out the inconsistency of recognizing the new Vietnamese regime, which went into power through the strength of the military and with considerable bloodshed, compared with the nonrecognition of the Dominican regime, which went into power through a strong military but without bloodshed, as I understand. So I am not criticizing the position of the Senator from Ohio.

Mr. LAUSCHE. To the credit of the Senator from Vermont, let me say that the thoughts which I express tonight were born as a consequence of listening to his argument in the Foreign Relations Committee, and I thank him for it. The Senator's argument in the Foreign Relations Committee was made with substantially the same thoughts that I express tonight.

Mr. AIKEN. There are two things we should consider in our relationships with the governments of other countries. First: Is the government a stable one? Second: Is it friendly to the United States?

Mr. LAUSCHE. That is wonderful.

Mr. AIKEN. We can go on from there with other considerations; but those two are paramount.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. JAVITS. First, the Dominican Republic is continuing the program of administering polio vaccine to children in the Dominican Republic, sent there through a coordination of the efforts of the U.S. Government, United Nations agencies, and private enterprise in the United States. So they have by no means severed their relationship with our country when humanitarian considerations are at stake.

I served for 8 years on the Foreign Affairs Committee in the other body, and heard the discussions of the Greece and Turkey program and the Marshall plan. I have added my name to this amendment because I feel very strongly about it.

I agree with the Senator that if we give the State Department the opportunity to continue something, they probably will do so if we give them an "out," as the Senator says. I believe these are very desirable programs on which to give them that opportunity. So I am not doing it with my eyes shut. I am doing it with my eyes open, and for this reason: For us, the application of the interest of youth is an extremely flexible and highly desirable instrument. Almost every experience we have with young people is favorable. There are occasions when there are aberrations such as with respect to those who went to Cuba, which was not good. Generally speaking, we have found the Peace Corps, the educational exchanges, or the kids on the streets of Moscow creating a "ferment" to be an extremely useful and flexible instrument for our side.

Therefore, I believe this is a necessary and a good amendment, which we should approve with our eyes wide open, realizing that the State Department, will probably allow it in more countries than not. That is all the more reason for doing it, because I believe these particular programs are extremely helpful, and have none of the drawbacks which the Senator and others have found in the various aid programs that will be prohibited.

As to food aid, we have made it very clear that though we forbid assistance we do not forbid food relief. In my judgment, no matter how "naughty" any nation on earth has been, the American people would still have human feelings toward giving its starving people direct food relief, which is very different from assistance.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. LAUSCHE. I am glad to yield.

Mr. MILLER. I should like to ask the Senator from Ohio, or the Senator from New York who has just spoken, in connection with humanitarian problems, if we cut off direct assistance under the foreign aid program, whether we will not still help in those causes by contributing through the auxiliary organizations of the United Nations, such as the World Health Organization? It is my understanding that the World Health Organization undertakes to distribute polio vaccine. So, even if we should, in a certain situation, not extend such relief under the foreign aid program, would we not, at the same time, take care of that need through the United Nations?

Mr. JAVITS. Mr. President, will the Senator yield so that I may answer?

Mr. LAUSCHE. Let me answer first.

There are two schools of thought with respect to the question which was just put. School No. 1 consists of those who believe that the Communists intend to destroy our country. In spite of the fact that there is no firing, this school is of the opinion that we are in a war. It says that whatever aid is given through the Government, as distinguished from the Red Cross, constitutes helping the enemy while we are engaged in a war.

The second school consists of those who say we are not engaged in war, that Red Russia has become mellowed and callowed, and that it wants to live with us. Therefore they urge that we give help to them in various forms.

I do not belong to the latter school. I am of the belief that when we give aid to an enemy, whatever the source may be, we perpetuate the wrong and make possible, in the long run, an aggravation of it.

From the standpoint of American youth, by giving aid to the enemy we may cause the loss of many more lives in the future than would take place if we had brought to an end those governments that are hostile to our concept of what goodness is in the world.

I now yield to the Senator from New York.

Mr. JAVITS. Mr. President, I shall answer briefly. The United Nations does supply such aid under its charter. This is similar to a proposal I have made, with the aid of the American Cyanamid Co., Pan-American Airways, and the Lily-Tulip Cup Co. All of these programs are in operation, but none of them is of the nature of the two programs referred to.

As the Senator from Ohio has mentioned, there are two schools of thought on this question. I am of the opinion that it is a war, but it is a war that can be fought not merely with blunt weapons, but with armies of which these two programs are important in terms of being able to win the war without dropping an atom bomb.

Mr. HUMPHREY. Mr. President, in 2½ years the Peace Corps has demonstrated the value of sending highly qualified, well-trained Americans to serve in other countries as volunteers. In recent weeks these Peace Corps volunteers have received several distinguished awards for their work. These awards were made, Mr. President, by the people of the foreign countries. Eleven countries in Asia, for example, presented the Ramon Magsaysay Award to the 1,400 volunteers serving there. This award has sometimes been called Asia's Nobel Prize. The volunteers were the first group of non-Asians to receive it.

The point I want to make, Mr. President, is that Peace Corps volunteers are working with people. I do not think—and I do not believe the Senate intends—that these volunteers should be affected by section 620(e) of the bill we are now considering. Also, the Peace Corps should not be understood as included in the Gruening amendment No. 231. In this respect the situation is quite different from AID, Public Law 480, the Export-Import Bank, or any other program where we are primarily dealing with commodities. The Peace Corps is dealing with people, not things. And people can accomplish objectives that things cannot. This is why I do not believe it is in the best interest of the United States to remove the Peace Corps from any country except under the most extreme circumstances. It should be made clear, therefore, that the committee amendment to section 620(e) of this act does not apply to the Peace Corps and the Gruening amendment.

Mr. BURDICK. Mr. President, the Secretary of State has said:

> The Peace Corps is not an instrument of foreign policy because to make it so would rob it of its contribution to foreign policy * * *. The Peace Corps is an opportunity for the nations of the world to learn what America is all about. This is one of the most important things our country can do in the world today. Outside of the shadows and struggles of the cold war, outside of the military rivalries which heighten dangers all over the world, outside of the constant sense of national advantage which pervades diplomacy, if the Peace Corps can let other peoples find out what this country is all about, we shall be surprised to discover how many allies America has all over the world.

I do not know how more eloquently could be expressed the purpose of the Peace Corps and the hopes of those of us who sponsored it.

These purposes do not encompass assistance and foreign aid as we have come to think of them and as we are discussing them today. They go far beyond and above, if indeed they could be called assistance at all.

I am happy to join my colleagues to make clear that the Senate does not regard the language of the pending bill, which refers to "assistance under any other act," as applying to the Peace Corps. To apply it to Peace Corps volunteers would inevitably tend to make the Peace Corps an instrument of foreign policy. This, as Secretary Rusk has said, "would rob it of its contribution to foreign policy."

Mr. SMATHERS. Mr. President, I would like to say a few words about section 620(e) and the amendment offered by the Senator from Alaska [Mr. GRUENING], amendment No. 231, which would apply to page 51 of the bill. I do not think we should start setting a precedent under which the Peace Corps would be pulled out or sent into foreign countries on the basis of every friendly or unfriendly action taken by the governments of these countries. The Peace Corps is a people-to-people program. It can operate in the effective interest of the United States in a country where that government may be doing certain things of which our Government quite properly disapproves.

I think the point has already been demonstrated in the case of Peru. As Senators will recall, in June 1962 a military junta refused to allow the constitutionally elected President to take office and instead took over the Government itself. There followed a crisis in our relations with Peru. But during the year in which the junta held power, over 200 Peace Corps volunteers entered into service in Peru and put into operation what has become one of the most effective Peace Corps programs in the world. These Americans were not identified by the Peruvian people with the government in power nor was their presence considered by the Peruvian people to reflect U.S. support for or sympathy with that government. That is amply demonstrated by the several awards which have been presented to the Peace Corps in Peru by the Peruvian people this past summer.

I think the case of Peru demonstrates that the success of the Peace Corps has in great part been due to the fact that its influence works outside the ordinary channels of politics and diplomacy. If we extend section 620(e) to include the Peace Corps, we may be forced to remove that influence when we need it most. I cannot believe we want to do that.

It is my hope that the proposed legislation will make it clear that that section does not extend to the Peace Corps.

Mr. PELL. Mr. President, I understand that the bill would amend the Foreign Assistance Act in a way which might require suspension not only of aid, as the act now requires, but of Peace Corps programs in countries which have expropriated American property.

I understand why aid should not be given to a country which takes American property without compensation. But I fail to see that it is also in the U.S. interest to suspend a humanitarian, people-to-people program like the Peace Corps.

The Peace Corps has been tremendously successful in getting down to the grassroots. The volunteers are promoting mutual understanding and a sense of identity of purpose and spirit between the American people and the peoples of the underdeveloped world. These achievements do not constitute aid or assistance programs as we are discussing them in regard to this amendment.

I know my sentiments are shared by many of my colleagues.

I doubt that an amendment to the committee amendment is necessary to make clear that the Senate does not regard assistance under any other act as it is used in the bill as covering the Peace Corps.

Mr. YARBOROUGH. Mr. President, I would like to join in what my colleagues have stated with respect to the Peace Corps and the cutting off of foreign aid when American property has been expropriated.

Peace Corps volunteers are hard at work in 46 countries today. They are helping people, not governments. For the Peace Corps is a humanitarian operation. This effort has redounded greatly to the benefit of the United States in many ways, but let us not lose sight of the humanitarian principles that underlie it: Service and sacrifice. The Peace Corps is not giving away goods or dollars; they are giving something far more valuable: Their lives, their spirit, their humanitarianism, their great good will, and their high hopes for humanity. They give themselves, not the taxpayers' dollars.

In this light the Peace Corps is quite different from foreign aid or assistance, and should not be considered as covered by section 620(e) or any other section of this act that provides for the suspension of aid to a foreign country.

Mr. CHURCH. Mr. President, when Congress authorized the Peace Corps it set forth three purposes for it: First, to help the peoples of developing countries meet their needs for trained manpower; second, to help promote a better understanding of the American people on the part of the peoples served; and third, to help promote a better understanding of other peoples on the part of the American people.

I point out the repeated emphasis in those purposes that is placed on the word "people." The Peace Corps was created as a people-to-people program. Two of its three purposes relate to understanding, not assistance as we usually think of it. I believe Congress intends for the Peace Corps to adhere to the original conception of it and not be turned into a political weapon to be used for or against foreign governments. Any such use of the Peace Corps would impair if not destroy the effectiveness of the fine organization which Congress helped to create.

I consider it important, therefore, that section 620(e) of the Foreign Assistance Act be not construed to cover the Peace Corps. I am certain that the majority of the members of the Foreign Relations Committee did not intend for this amendment to embrace the Peace Corps. Certainly there was no discussion of this possibility in committee hearings or markup, and when I voted for the amendment, I did not, as I understand most of the members did not, consider that the Peace Corps was at all involved in its scope. I would like for the Record to show that our intention in passing this amendment did not involve the Peace Corps.

Mr. FULBRIGHT. Mr. President, I hope the Senate will support the amendment. I would be prepared to take it, but the yeas and nays have been ordered on the amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. Humphrey] for himself and the Senators from New York [Mr. Keating and Mr. Javits] to the committee amendment in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. Byrd], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Minnesota [Mr. McCarthy], the Senator from Florida [Mr. Smathers], and the Senator from Mississippi [Mr. Stennis] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Minnesota [Mr. McCarthy], the Senator from Florida [Mr. Smathers], and the Senator from California [Mr. Engle] would each vote "yea."

On this vote, the Senator from West Virginia [Mr. Byrd] is paired with the Senator from Mississippi [Mr. Stennis].

If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Mississippi would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Arizona [Mr. Goldwater] is necessarily absent.

The Senator from California [Mr. Kuchel] is detained on official business.

On this vote, the Senator from Arizona [Mr. Goldwater] is paired with the Senator from California [Mr. Kuchel].

If present and voting, the Senator from Arizona would vote "nay" and the Senator from California would vote "yea."

The result was announced—yeas 75, nays 16, as follows:

[No. 224 Leg.]

YEAS—75

Aiken
Allott
Anderson
Bartlett
Bayh
Beail
Bible
Boggs
Brewster
Burdick
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Dirksen
Dodd
Dominick
Douglas
Ellender
Ervin
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Holland
Humphrey
Inouye
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Long, Mo.
Mansfield
McClellan
McGee
McGovern
McIntyre
McNamara
Metcalf
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Saltonstall
Scott
Smith
Sparkman
Symington
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—16

Bennett
Byrd, Va.
Curtis
Eastland
Edmondson
Hill
Hruska
Lausche
Mechem
Miller
Robertson
Russell
Simpson
Talmadge
Thurmond
Tower

NOT VOTING—9

Byrd, W. Va.
Engle
Goldwater
Kuchel
Long, La.
Magnuson
McCarthy
Smathers
Stennis

So Mr. Humphrey's amendment to the committee amendment in the nature of a substitute was agreed to.

Mr. KEATING. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KEATING. Mr. President, I again call up my amendment No. 247.

The **PRESIDING OFFICER.** The amendment will be stated for the information of the Senate.

The Legislative Clerk. At the end of the bill it is proposed to add the following:

PART V—MISCELLANEOUS

Sec. 501. It is the sense of the Congress that any agreement hereafter entered into between the Government of the United States and the Government of Czechoslovakia relating to the settlement of claims, determined by the Foreign Claims Settlement Commission, by nationals of the United States against the Government of Czechoslovakia for losses resulting from nationalization or other taking of property of such nationals, shall be submitted to the Senate for its advice and consent.

Mr. KEATING. Mr. President, I shall speak for 2 minutes on the amendment. First I yield to the Senator from Illinois.

PROGRAM FOR REMAINDER OF TODAY AND FOR TOMORROW

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the schedule for the remainder of the day and also for tomorrow.

Mr. MANSFIELD. Mr. President, it is hoped that with amendments and votes coming as they are, the Senate will be able to remain in session until approximately 10 o'clock tonight. This is a matter for the Senate to decide. The combined leadership hopes that amendments will continue to be offered and that votes will be taken. Unless some Senator desires to make an extraordinarily long speech, that will be the procedure for the remainder of the day.

ORDER FOR RECESS UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business for today has been concluded, the Senate take a recess until 12 o'clock noon tomorrow.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. MANSFIELD. A similar procedure will be followed tomorrow.

CONGRESSIONAL ELECTIONS AS IMPORTANT AS CHOICE OF PRESIDENT

Mr. DIRKSEN. Mr. President, the State Labor News, published at 85 East Gay Street, Columbus, Ohio, contains a paragraph in its issue of October 19, 1963, under the heading "Congressional Elections as Important as Choice of President." The issue is well and succinctly put. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Congressional Elections as Important as Choice of President

Under our system of government, the election of a President always receives vastly more publicity than the election of a Congress.

This shouldn't be. Actually the choice of Congressmen is in many ways more important than the selection of a Chief Executive.

It is true that the President of the United States has great powers, more than the head of any other government except an outright dictatorship.

But in the final analysis, it is Congress, especially the House of Representatives which has the last word on national governmental policies.

If enough Congressmen feel the same way about any given issue, they can override a Presidential veto of their actions by the votes of two-thirds of their membership.

Ordinarily if a President and a Congress are of the same political faith, the President can have his program and his policies enacted into law. But this is not always true and the present Congress with its overwhelming Democratic majority proves it.

In this country, neither major political party is forced to go along with the program of the Chief Executive. Both parties are made up of individuals of widely divergent views, particularly the Democrats with their

> northern liberals and their southern conservatives.
>
> The Republicans although basically more conservative nevertheless have a strong liberal faction, made up principally of Congressmen and Senators from the eastern seaboard.
>
> Members of Congress, especially those in the House of Representatives who must run for reelection every 2 years, are understandably closer to the people than is the President.
>
> And they rise and fall on the basis of how well they reflect the view of their constituents when they get to Washington.
>
> Therefore, it isn't wise for voters to overlook their choice of a Congressman in the excitement and ballyhoo of a presidential campaign.
>
> Selection of a national leader to speak for all the people is, of course, a matter of great importance, but so is the choice of the individual who has a vote in the most powerful governmental unit in the world, the U.S. Congress.

PERSONAL STATEMENT BY SENATOR SMITH

Mrs. SMITH. Mr. President, that very distinguished political analyst of the Washington Post, Chalmers Roberts, in his column today made a serious error in his statement:

> Some of her colleagues report that she is no friend personally or ideologically of GOLDWATER though there has been talk of her running on a Goldwater ticket.

Mr. Roberts is in serious error. I consider BARRY GOLDWATER to be a good personal friend of mine—and I certainly consider myself to be a friend of his.

What constitutes friendship on an ideological basis is a real puzzler. I am sure that people can have ideological differences and still be friends—just as I am sure that sharing the same ideologies does not necessarily make persons friends.

But I am not one to begrudge Mr. Roberts his literary license if it will create a little more appeal in his writing—any more than his column of September 23, 1963, in which he indicted me in advance with the speculation that should I vote against the test ban treaty it would be an attempt to curry political favor with Senator GOLDWATER. Strangely enough, he has never commented on my vote against the Goldwater reservation to the test ban treaty.

Mr. Roberts could have avoided the serious errors of his columns of September 23, 1963, and November 12, 1963, had he taken the time to check with me rather than speculate or attribute to anonymous sources.

It is a very serious matter to charge enmity between two persons when that enmity does not exist. Lest this misrepresentation give further erroneous impressions, let me state very clearly that I consider myself to be a personal friend of BARRY GOLDWATER.

AMERICAN EDUCATION WEEK

Mr. SALTONSTALL. Mr. President, as we observe American Education Week, it is appropriate to call attention to the fundamental relationship between a democratic form of government and public education. As Woodrow Wilson put it so well, "Without popular education, no government which rests upon popular action can long endure." Certainly a comprehensive system of education is essential to our democratic system if we are to provide equality of opportunity, preserve our cultural heritage, and meet the challenges of international competition.

Because I am convinced of the importance of a sound educational system to national survival and progress, I am particularly proud of the leading role which the Commonwealth of Massachusetts has held in the development of public education in this country. It was in 1642 that the General Court of the Massachusetts Bay Colony made it mandatory that all children in the colony receive some education. Five years later the "Old Deluder Satan Act" established the principle of publicly supported elementary and secondary schools by requiring every town of 50 households to hire a teacher and every town of 100 households to establish a grammar school. Again, in 1827, Massachusetts led the Nation when it passed the first State law encouraging the spread of the public high school. In the 7 years that followed, the public school movement was given further impetus by the enactment of laws which made support of public schools by taxation compulsory, abolished fees as a requisite for attendance at school, and declared them open without charge. In 1837 Massachusetts established the first State school board with Horace Mann, the father of the American public school, as its secretary and in 1852 the Commonwealth enacted the first compulsory school attendance law. Indeed, in the field of education Massachusetts has an impressive record of firsts. All citizens of the Bay State are proud that it has done so much to promote the establishment of free and universal education in the United States because we recognize the connection between educational opportunity and the social, political, and economic advancement of a free society.

We do not have a democratic system unless our people have the opportunity to develop fully their talents and intelligence. We live in difficult times and it is important to our progress and our future that every person be encouraged to develop maximum use of his abilities. This development is a fundamental purpose of education. Education also faces the critical challenge of preparing the next generation for its responsibilities. As James Bryant Conant, the former president of Harvard University has written:

> The primary concern of American education today is to cultivate in the largest number of our citizens an appreciation both of the responsibilities and the benefits which come to them because they are American and free.

In a speech Dr. Conant made another important point:

> As events in Europe within our lifetime have all too clearly demonstrated, the greatest single need of a free society is a widespread determination among the citizens to defend the basic principles of that society against external and internal foes. A spirit of freedom coupled with an understanding of the nature of our governmental machinery and an interest in improving this machinery is essential for the continuation of a government based on the consent of the governed.

We must also be aware of the practical reasons for a comprehensive system of public education. Among teenagers who are no longer in school the unemployment rate is 27 percent. We should remember the warning of Dr. Conant that the young, uneducated, untrained, and culturally deprived adult is "social dynamite." In addition, between now and 1975 the number of young people seeking higher education will double. We want our educational system to be prepared for them.

Thus, as we observe American Education Week, let us remember that a comprehensive system of education is essential to our democracy. Through education we must provide opportunity for individual development, we must assure the preservation of the foundations of our Government, and we must make maximum use of the abilities of our citizens. As the future of our education is dependent upon us, so our future is dependent upon education.

In calling attention in education week to the importance of our educational system we should not fail to mention the dedicated work of the schoolteachers of America to whom we entrust our children. Because of their activities our children will become more independent and self-reliant and better citizens in the days to come.

To meet its responsibility to society today, education must trigger the curiosity of students and awaken in them a desire to understand their Government and the world about them. It must help them to gain that understanding and it must stimulate and prepare them to assume an active role in community and Government activities. If it is doing its job, it will alert them to the drama, the excitement, and the satisfactions of that experience. This is an important responsibility, and one which I am confident the Nation's teachers are attempting to meet.

OTEPKA TESTIMONY

Mr. WILLIAMS of Delaware. Mr. President, in yesterday's Washington Evening Star there was published an editorial entitled "Otepka Testimony."

This editorial calls our attention to a situation in which high ranking State Department employees first gave false testimony to a congressional committee; then, when caught, they reversed this testimony and admitted the truth.

But the truth is even more shocking. Officials of the Government admit that they illegally tapped Mr. Otepka's telephone. Tapping a telephone under such circumstances is a violation of the law, and smacks of police state tactics.

I suggest that the State Department promptly fire those responsible, and that the Attorney General of the United States bring prompt action against this illegal invasion of a man's privacy for no reason other than political reprisal.

In this instance all that Mr. Otepka was guilty of was cooperating with a congressional committee.

I ask unanimous consent that the editorial entitled "Otepka Testimony," published in the Washington Evening Star, and an article entitled "Aids Admit Wiretap Use on Otepka," may be printed in the RECORD.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Evening Star, Nov. 11, 1963]

OTEPKA TESTIMONY

It is perfectly clear that State Department employees, including one with the rank of Deputy Assistant Secretary for Security, did not tell the whole truth in sworn testimony given a Senate subcommittee in the Otepka case.

This should be a matter of grave concern to the Secretary of State. Two of the three men involved have been put on an indefinite leave status, with pay. It is disturbing, however, that there has been no forthright official condemnation of their testimony before the subcommittee.

Otto F. Otepka has been dismissed by the State Department for giving certain information, allegedly improperly, to J. G. Sourwine, counsel to the Senate's Internal Security Subcommittee. The case against Mr. Otepka was based on material found by searching his "burn bag"—a receptacle for discarded papers which are supposed to be burned. At that time instructions were given by Department officials which were construed as forbidding other State employees to give any information to the subcommittee. These instructions have been lifted.

The question now is not whether Mr. Otepka was properly dismissed. He has taken an appeal from his dismissal and the merits will be determined in that proceeding. Nor is the real question concerned with the right to search burn bags or—even—to tap telephones. The question is simply whether witnesses from the State Department must tell the whole truth when they testify before a committee of Congress.

In this case it is clear that an attempt was made to tap Mr. Otepka's telephone. It is equally clear that an attempt was made to deceive or mislead the subcommittee on this point. Secretary Dean Rusk ought to move in fast to lower the boom on this sort of thing.

AIDS ADMIT WIRETAP ON OTEPKA

WASHINGTON.—Three State Department officials now have acknowledged to Senate investigators telephone wiring in Otto F. Otepka's office was rigged to permit eavesdropping on conversations in his office.

However, they said no actual interception of conversations took place, none was authorized, and the wiring was disconnected within 48 hours after a test of its feasibility proved unsuccessful.

The officials said their statements were intended to amplify and clarify earlier sworn testimony to the Senate Internal Security Subcommittee in which they denied knowledge of the installation of any listening devices in Otepka's office.

The subcommittee, headed by Senator JAMES O. EASTLAND, Democrat, of Mississippi, made public the statements and the earlier testimony without comment.

Otepka, a veteran State Department security officer, was notified Tuesday of his dismissal on charges of unbecoming conduct. Among other things, he was accused of supplying the subcommittee with information from confidential employee loyalty files.

Senator THOMAS J. DODD, Democrat, of Connecticut, the subcommittee's vice chairman, in a Senate speech Tuesday protested Otepka's dismissal as an affront to the Senate. He said then that the State Department had installed a tap on the security officer's telephone.

"Although a State Department official has denied under oath that this was done, the Subcommittee on Internal Security has proof that the tap was installed," DODD added.

Statements acknowledging the rigging of Otepka's telephone were sent to EASTLAND by John F. Reilly, Deputy Assistant Secretary of State for Security; David I. Belisle, special assistant to Reilly, and Elmer Dewey Hill, Chief of the Division of Technical Services in the Department's Office of Security.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. KEATING. Mr. President, I shall speak briefly on the pending amendment.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield, so that I may ask for the yeas and nays on the pending amendment?

Mr. KEATING. I yield for that purpose.

Mr. LAUSCHE. Mr. President, on the pending amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KEATING. Mr. President, the purpose of this amendment is to insure that the Senate be given the opportunity to review any agreement reached between the U.S. Government and the Government of Czechoslovakia with regard to U.S. claims before such an agreement comes into effect. The claims involved are claims for property, rights or interests therein owned by U.S. citizens taken or nationalized on or prior to January 1, 1945, by the Government of Czechoslovakia.

These claims, let me make clear, are not for war damages or injury of that type; they are compensation for deliberate seizure by the Communist Government of Czechoslovakia for which no recompense has yet been offered. They are claims that have been adjudicated and awarded by the Foreign Claims Settlement Commission. There are altogether a total of 2,630 cases, amounting to $113,645,205.41 in principal and interest. Some 1,346 claims were rejected by the Commission. Those it awarded represent definite, adjudicated instances in which property of U.S. nationals was seized.

Yet it is my understanding that the Department of State is presently considering an agreement to settle with the Czechoslovak Government for approximately $11 million or less than 10 cents on each dollar.

Mr. President, for the more than 2,600 persons and firms involved, such an agreement would be meaningless and would in fact amount to U.S. acceptance of nationalization without anything approaching fair compensation.

Furthermore, a settlement of the Czech claims for roughly 10 percent would constitute a very dangerous precedent. The United States has, since World War II, negotiated claims conventions with six nations. The first, with Italy, in 1947, was for 100 percent of the value of U.S. claims. The second, with Yugoslavia in 1948, was for 91 percent of the value of U.S. claims. The third, in 1950 with Panama, was for 90 percent. The fourth, in 1960 with Rumania, was for 24 percent. The fifth with Poland was for claims not yet completely processed. And the most recent, with Bulgaria, was for 40 percent. It is ironic that the two free world countries paid 100 and 90 percent of claims against them, while the Communist nations are succeeding in paying a far smaller share.

It is particularly disturbing that the number of awards on the Czech claims, 2,630, is larger than that of any other country. The two other nations with claims administered by the Foreign Claims Settlement Commission that have not yet been agreed upon through conventions, are also very large: Hungary with 1,153 adjudicated claims and the Soviet Union with 1,925 adjudicated claims.

In other words, if an agreement of roughly 10 percent is concluded with Czechoslovakia, we can expect no better terms from Hungary or the U.S.S.R. and a total value of close to $300 million of validated U.S. claims may be simply junked.

Therefore, Mr. President, not only in the interest of the Czechoslovakia claimants, but of others for the future, I believe it is time for the Senate to look into this area and request the opportunity to offer its advice and consent to the Czechoslovakian and perhaps any succeeding claims convention that is less than 50 percent of the value of adjudicated claims. Although recent claims settlements have been called executive agreements and therefore not submitted to the Senate, there is a precedent for this action in the Panamanian settlement which was ratified by the Senate August 9, 1950. As that settlement amounted to 90 percent, it strikes me as a good precedent to follow.

Even more important, however, in my judgment, a settlement of less than 10 percent of the awarded claims is not by any stretch of the imagination mere execution of a policy laid down by the Congress. Rather, it is a deliberate and calculating act of policy. The cases of the Communist claims appear to reflect a considered effort to smooth U.S. diplomatic relations with Communist bloc nations at the expense of individual U.S. claimants. Perhaps such a move is in the national interest; perhaps it is justified; perhaps the Senate would give its advice and consent to such an agreement if the pros and cons were carefully weighed.

But in any case, U.S. agreement on only 10 percent compensation is surely not what the Congress intended in setting up the Foreign Claims Settlement Commission to determine the "fair or proved value of the said property, right or interest," often after years of hearings.

Therefore, I strongly believe that the Senate should request, formally by resolution, if necessary, that the agreement with the Czech Government now under consideration not come into effect until the Senate has offered its advice and consent thereto.

It may be said, even by those who accept this principle, that the foreign aid bill is not an adequate vehicle for this amendment. On the contrary, I believe it is most appropriate because, should we accept $11 million as recompense for the seizure of what amounts to $113 million, that in my view is substantial aid and assistance to the recipient nation, even if that country is not mentioned in this bill and receives not 1 cent from the Agency for International Development.

Last year, as I recollect, the Congress adopted, over the objections of the Department of State, the Hickenlooper amendment to ban aid to nations expropriating U.S. property. Although not applicable in these instances, it clearly defined congressional sentiment in the matter of expropriations. During the hearings this year, Secretary of State Dean Rusk admitted that, although he opposed the amendment last year, he had since come to favor it. It had been extremely useful in strengthening the hand of the U.S. Government in dealing with foreign governments that were tempted to expropriate U.S. property. And I note that the committee has recommended further strengthening of it this year.

In this instance also, I believe, the knowledge that the Senate would be reviewing these treaties, would greatly strengthen the hand of our negotiators. What is more, even the Czechs, who now plead poverty, might think twice if they expected such an argument to be weighed by the Senate, which is well aware of Czech foreign aid to Cuba and other nations around the world.

In short, Mr. President, I believe the constitutional prerogatives of the Senate are involved here. To determine the direction of foreign policy is not the proper role of an executive agreement. Moreover, without review by the Senate, the approved claims of thousands of Americans stand to be virtually nullified—without consideration or appeal. A precedent would be established that would handicap U.S. citizens and firms for generations to come. The overall result would not only be the loss of millions of dollars owed to us, but undoubtedly an additional reluctance on the part of many U.S. interests to undertake oversea operations in the knowledge that our Government would not insist upon fair treatment, should the property be seized.

Mr. President, I am unfortunately under no illusions that we here in the Senate could force the Czechs or Hungarians or Russians to pay 100 percent of U.S. claims. But unless we exert our constitutional duty, we can be sure that U.S. citizens will not get any meaningful compensation whatsoever.

The most astonishing factor in this whole situation is that the United States today holds in frozen Czech assets over $8½ million. Therefore, if the Czechoslovak Government agrees to pay $11 million, that would mean the only additional funds required from the Czech Government would be $2½ million.

Moreover, right now the United States, Britain, and France hold in a tripartite arrangement some $20 million of what is known as looted gold—$9 million is in New York; $11 million is in London. This is gold rounded up by the Allies at the end of the war from hiding places where it was placed by the Germans when they occupied most of Europe. This $20 million, it has been determined under the terms of the Paris Reparations Agreement of January 24, 1946, probably came from Czechoslovakia and would no doubt be slated to return to the Czech Government if it is not needed to pay valid claims. Thus, as a result of the settlement now under consideration, as much as $17½ million could conceivably be returned to the Communist government in Czechoslovakia. First and foremost, I would like to see that money be used to pay American claims, but if the Department of State cannot make that point in negotiations, I for one would rather see the money be used as a part of a tripartite foreign aid effort, than simply turned over to a hostile Communist government.

I am deeply concerned over the fact that over $100 million in legitimate U.S. claims for property nationalized by the Czechoslovak Government may well be junked in an essentially political agreement with a Communist regime. This is not, as the State Department may wish to suggest, a one-way agreement, with all benefit to the United States, that should be considered merely an executive agreement. It is a final settlement of a complex issue. Very probably also a sizable trade deal with the United States will be involved in the final settlement, whether formally stated or not, because that is the way the Communists like to operate.

Mr. LAUSCHE. Mr. President, the record shows that the impounded assets of various countries in the United States have been used to pay the claims of American citizens against the countries which now impound assets. For instance, Yugoslavia paid 91 percent of the claims of American citizens for property taken from them during World War II. Panama paid 90 percent. Bulgaria paid 50 percent. Rumania paid 30 percent. Italy paid 100 percent. No agreement for settlement has been reached with the Union of Socialist Soviet Republics, and nothing has been paid.

With respect to Czechoslovakia, which is the country contemplated by the amendment of the Senator from New York, there are 2,630 claimants. The awards made as legitimate amount to $113 million. The amount supposedly available to pay claims is $8,541,000, with $2 million more promised, making a total of $10,541,000, or about 9 percent of the claims. An additional $8 million is impounded in the United States, but this amount is not to be used to pay off the Czechoslovak claims.

Eleven million dollars is impounded in London under what are supposed to be "lieu" funds that are not being used. The $8 million and the $11 million will be returned to Czechoslovakia, and about 9 percent of the claims paid.

The amendment offered by the Senator from New York, in which I have joined as a cosponsor, merely provides that before the awards that have been made are approved by our Government, a report shall be made to the Senate, so that the Senate may give its advice and consent. I cannot see why we should return to Czechoslovakia any moneys that might be available, and that are impounded in the United States and in London, when Czechoslovakia is paying off only 9 percent of the claims in the United States.

I yield the floor.

Mr. FULBRIGHT. Mr. President, I am opposed to the amendment. The amendment was not submitted to the committee. The committee had no opportunity to study it.

Whether some of the allegations made regarding any proposed settlement with Czechoslovakia are correct, I am, of course, in no position to answer. A serious question is involved—one that has troubled our relations with several countries with regard to claims. What is involved is a question in law concerning claims by nationals of the United States against the government of Czechoslovakia. The amendment does not state whether the persons were nationals at the time of confiscation or not. This problem has complicated settlements that have been attempted with some of the other countries, because it is a question of great controversy in international law whether a citizen of a country at the time the loss occurred has any right to go to the United States or any other country and become a national of that country and enter a claim.

The problem of ascertaining whether a claim exists is a difficult one. The amendment would appear to authorize or require—I am not sure which—that all persons who are now citizens of the United States, regardless of whether they were citizens at the time of the loss, would be entitled to claim.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The Senator has made his speech. I am making a reply. But I will yield.

Mr. KEATING. I point out to the Senator that every single one of the 2,630 claimants whose claims have been adjudicated and allowed by the Foreign Claims Settlement Commission was a citizen of the United States. There is no question of after-acquired citizenship. This requirement is clearly established in the International Claims Settlement Act of 1949.

Mr. FULBRIGHT. That does not appear in the amendment as printed. It would seem to apply to nationals of the United States as of the moment. It does not provide as of the time of loss.

Mr. KEATING. We are discussing claims determined by the Foreign Claims Settlement Commission. These are all, by law, claims of U.S. nationals at the time of loss. They number 2,630. The total amount of the claims are $113 million. The Foreign Claims Settlement Commission threw out 1,300 claims. We are discussing only claims allowed by the Commission.

Mr. FULBRIGHT. The next question I was coming to is the question of the

International Claims Settlement Act of 1949. Congress passed this act for the specific purpose of settling claims with various countries. The claims that have already been referred to by previous speakers involve Yugoslavia, Poland, and Italy, and were settled in accordance with the International Claims Settlement Commission.

I see no reason why the usual procedure should not be followed in this case. The custom clearly is to submit such claims to the Foreign Claims Settlement Commission, as provided by law; and we are always given a report in regard to the settlement. But under this Act such matters have not been handled by treaty. The one exception of which I know involved a case in Panama, but our relations with Panama are on a different basis from our relations with many other countries.

I see no reason whatever to depart from the custom, and in this case to require a treaty. In my opinion, that would be likely to interfere with a settlement, rather than to promote one, because this matter has already been before the Claims Commission.

Mr. HOLLAND. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Does the Senator from Arkansas yield to the Senator from Florida?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. Have we any greater obligation to protect citizens who have such claims against Panama than we have to protect citizens who have similar claims against Yugoslavia, Poland, or any other country, as to which such claims have been settled by the usual procedure?

Mr. FULBRIGHT. I see no reason, on principle, to provide for any different treatment. We have had no serious complaint. For example, in the case of claims against Yugoslavia, I believe the Senator from Ohio stated that 91 percent of the amounts claimed were paid, under the usual procedure. So I see no reason why special, different treatment should be provided for a citizen who has such a claim against Czechoslovakia or a citizen who has such a claim against Yugoslavia.

Certain allegations have been presented to us, but we do not act on the basis of allegations. I am not in a position to refute some of the statements which have been made; but they were not brought before the committee, and I have no information about the nature of the claims, other than what is contained in the pamphlet and what my staff knows in general.

The usual procedure is that after the Claims Commission considers the claim, implementing legislation is proposed. The point is that the Commission is not trying to secrete something from Congress; and thus far all matters of this sort have been handled in accordance with the customary procedure.

Therefore, Mr. President, I hope the amendment will be rejected.

Mr. KEATING. Mr. President, in response to the question asked by the Senator from Florida, let me state that the reason why no complaint was made in the case of claims against Italy was that the claims of U.S. citizens against Italy were paid 100 cents on the dollar. The claims of U.S. citizens against Yugoslavia were paid 91 cents on the dollar. The claims of U.S. citizens against Panama were paid 90 cents on the dollar. The claims of U.S. citizens against Rumania were paid 24 cents on the dollar; and U.S. citizens' claims against Bulgaria were paid 40 cents on the dollar. The settlement in the case of such claims against Rumania was the lowest up to now.

There can be no question that the plan now contemplated in the Department is to pay less than 10 cents on the dollar on claims of U.S. citizens who have had their claims adjudicated by the Foreign Claims Settlement Commission and whose claims have been found valid—2,630 claims of that sort, involving a total of almost $114 million. In other words, if the owner of a cigar store there had his property taken from him by the Communist government, and if the store was valued at $3,000, he is asked to accept less than $300 for his claim. These claimants are scattered all over the country.

It is true that the amendment did not come to my attention when the committee considered the bill; but I submitted the amendment to the staff, to the chairman, and to the ranking minority member; and I think they have at least had an opportunity to study it.

I am sure the State Department is opposed to the amendment, because it does not want any interference in regard to the amount for which it can settle such claims of U.S. citizens against other countries. But there is precedent for the amendment.

I concede that five of the six cases were settled without any reference to the Senate; but such claims against Panama were treated in the same way a treaty is treated, and the agreement was submitted to the Senate for ratification. Ninety percent of those claims were paid.

So I hope that if these claims are submitted to the Senate, the settlement will be something more than on a 10-percent basis. If the Department can make a case for settling these claims of U.S. citizens for 10 cents on the dollar or less, that can still be done under the provisions of this amendment, which only provides that it is the sense of Congress that it should look into this matter.

Mr. FULBRIGHT. But Congress will have an opportunity to look into such legislation, when it is proposed. The Italian claims, which have been referred to, were dealt with by implementing legislation—namely, Senate bill 947; and those claims will be considered in connection with legislation, rather than in connection with a treaty. I do not know how a treaty would result in larger payments than those which would be made under the usual procedure.

The point is that the Senator from New York is seeking to require that a treaty procedure be followed; but, as I have stated, that would be contrary to the usual procedure. Furthermore, this agreement will be submitted to the Senate, when and if an agreement is reached; but the negotiation of the agreement is traditionally left to the Claims Commission, and I see no particular reason why such claims against some particular country should be excepted—although there may be some reason. There is no reason why such a provision should be included in the foreign aid bill, which has nothing to do with such claims. These items relate to claims resulting from the last war and from the confiscation of assets of American citizens. If there is merit to the claims, they should be handled by means of a separate bill or resolution. However, there seems to be a growing practice of attaching to the foreign aid bill an amendment on any little issue in which a Member of Congress may be interested. The result is that the foreign aid bill is becoming a vehicle for every miscellaneous, irrelevant measure which has nothing to do with foreign aid.

Why was not this matter handled in a separate resolution? I see no reason why this provision should be allowed to clutter up the foreign aid bill. Goodness knows, it is already cluttered up enough.

Mr. KEATING. Let me ask the Senator how the Senate will have an opportunity in connection with proposed legislation to vote either up or down a proposed settlement after it is made with a different country. S. 947 deals only with Poland and provides for a determination of claims by the Foreign Claims Settlement Commission. This has already been done in the case of Czechoslovakia.

Mr. FULBRIGHT. The Senate could reject the implementing legislation which thus would be submitted to it. I admit that that would not be likely to happen, but it could be done.

Mr. KEATING. This amendment only seeks to say, "Let us have a look at this now, to see whether the proposed settlement is advantageous to our country and is fair or is not fair." It is an effort to strengthen the hands of our negotiators.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. KEATING. I yield.

Mr. PASTORE. Would the Senator's amendment require a two-thirds vote for ratification of the agreement?

Mr. KEATING. Yes, it would, except I wish to point out that the amendment, like so many others, is one which the State Department would have a right to ignore if it wished to do so. It is a sense-of-Congress amendment. As I read the amendment, it would provide that we think we should have a look at the question as a treaty, as we did in the case of Panama, rather than in the four or five cases in which we did not have a look at the question at all.

Mr. PASTORE. What if the administration chose not to do it?

Mr. KEATING. There is very little that we could actually do about it.

Mr. DOUGLAS. Mr. President, adoption of the Keating amendment now pending may prevent a serious injustice to a number of American citizens who have been awarded claims for the Foreign Claims Settlement Commission. The Commission has already approved these claims based on losses due to the nationalization by the Communist Government in Czechoslovakia of the property of these United States citizens. The Commission has awarded a total of $113,645,000 to 2,630 claimants. But it is my understanding that the State Department, now negotiating several issues with Czechoslovakia, may settle this claim of over $113 million for only $11 million or about 9.7 percent of the approved total. In effect, the State Department would give up 90 percent of these approved claims, severely undercutting the determinations of awards which have been made by the responsible U.S. agency. This reduced settlement would be effected without allowing these claimants either a hearing or an appeal.

The Senator from New York [Mr. Keating] has proposed an amendment to the Foreign Assistance Act which would require Senate ratification of any claims settlement reached with Czechoslovakia. The amendment is sensible and deserves strong support.

Not only would the settlement proposed by the State Department constitute an unjust treatment of the claimants, who would receive less than 10 percent of their already greatly reduced claims, but also it would, as the Senator from New York [Mr. Keating] has pointed out, provide assistance of over $100 million to the Communist Government of Czechoslovakia. Surely this would be contrary to the spirit expressed in recent Senate votes on the pending bill.

Moreover, it is my understanding that similar settlements are still outstanding or in progress with other countries. In the case of some countries the settlements have been 90 percent or more of the total claim, and in no case has a settlement as low as 10 percent been agreed to. We should consider the effect of a 10-percent settlement with Czechoslovakia on the attitude toward further payments or settlements to be made by other countries such as Hungary, Cuba and the Soviet Union.

I do not think this amendment interferes improperly with the responsibilities of the Department of State. We do not ask for a 100 percent settlement, merely for Senate review of the settlement the State Department asks that we accept. Perhaps a case can be made that other considerations among the issues at stake justify a less than 100 percent settlement. But in a case in which the decision of the responsible agency is threatened with almost complete contradiction by another agency, I think we can properly insist on Senate review to provide an opportunity for the protection of legitimate interests of citizens.

I urge the adoption of the amendment, and I congratulate the Senator from New York [Mr. Keating] for proposing it.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KEATING. I appreciate the remarks of the Senator The points which the Senator has made are very important. If we allow a settlement of 10 cents on the dollar in the present case, I call attention to the fact that there are still pending and unsettled the claims of U.S. citizens against the U.S.S.R. for property taken in that nation and also the claims in Cuba. Such action would be a real impetus, I fear, to an inadequate settlement in the case of countries in which the claims of U.S. citizens have been found by the Commission to be valid.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. As I understood, the Senator from Illinois has said that the proposal would be a mandate to come to Congress. As I understood the Senator from New York, he said that the amendment is merely an expression of the sense of the Senate. There is a distinction.

Mr. KEATING. There is a distinction. I hope, and would expect, that the Department of State would be in accord with our wishes if we declared it to be our sense, but they would not be required to do so. I believe the Senator from Illinois would concede that.

Mr. DOUGLAS. Yes, that is true.

Mr. KEATING. I hope that they would treat it as a mandate but, strictly speaking, it would not be one.

Mr. HICKENLOOPER. Mr. President, the spirit of the amendment has my approval as an individual. I am concerned about the language of the amendment. I do not believe that it makes sufficiently clear that the claimants must have been citizens of the United States at the time of the expropriation, seizure, or confiscation. I believe that point should be absolutely clear.

I am in sympathy with the theory that a settlement of 10 cents on the dollar in the present case might set a precedent for some other cases. I believe that Congress ought to have a look at the amounts of the proposed settlements, especially in relation to the Iron Curtain countries. I hope that the Senator will modify his amendment to make it absolutely clear that the amendment would not apply to persons who came over to the United States and thereafter acquired American citizenship.

The reason I make that statement is that some amendments along that line have been proposed. Persons who have come to this country and later acquired American citizenship could make claims against the foreign countries in which their property was seized while they were under the sovereignty and jurisdiction of the seizing country. We may not like that. We may think that is morally wrong. But from a legal standpoint, it appears to me that the country under whose sovereignty the person was at the time the property was seized might have a position.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. KEATING. The 2,630 claimants who have had their claims adjudicated to the extent of $113 million were, each and every one of them citizens of the United States in 1945 when their properties were taken.

Second, the International Claims Settlement Act requires that only such claimants as were U.S. citizens at the time of their loss are awarded valid claims. The Senator is correct in respect to his suggestion that there has been discussion about extending the benefits to those who have later acquired citizenship, but such a position has never been written into the law. The only ones who would be eligible are those who were citizens at that time.

I would have no hesitancy in writing into the language of the amendment a provision, on line 6, so that the amendment at that line would read as follows:

"Claims Settlement Commission, by nationals of the United States who were such at the time of their losses."

Mr. HICKENLOOPER. If the language is properly drafted, I would have no objection. As I understand, the Senator's position is sincere. The language no doubt means what he says it means. If it does, there is no reason for not putting the language in the amendment clearly and understandably.

Mr. KEATING. Mr. President, the yeas and nays have been ordered. I ask unanimous consent that my amendment be modified so that on line 7, after the word "States," that there be added the words "who were such at the time of their losses." Therefore, the amendment would read:

PART V—MISCELLANEOUS

SEC. 501. It is the sense of the Congress that any agreement hereafter entered into between the Government of the United States and the Government of Czechoslovakia relating to the settlement of claims, determined by the Foreign Claims Settlement Commission, by nationals of the United States, who were such at the time of their losses, against the Government of Czechoslovakia for losses resulting from nationalization or other taking of property of such nationals, shall be submitted to the Senate for its advice and consent.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the modified amendment of the Senator from New York [Mr. Keating] to the committee amendment, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. Byrd], the Senator from West Virginia [Mr. Byrd], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Minnesota [Mr. McCarthy], the Senator from Georgia [Mr. Russell], the Senator from Mississippi [Mr. Stennis], and the Senator from Missouri [Mr. Symington] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. Engle], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], and the Senator from Minnesota [Mr. McCarthy] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from West Virginia would vote "nay."

Mr. **DIRKSEN**. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Kentucky [Mr. COOPER] and the Senator from California [Mr. KUCHEL] are detained on official business.

If present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from California [Mr. KUCHEL] would each vote "yea."

The result was announced—yeas 39, nays 49, as follows:

[No. 225 Leg.]

YEAS—39

Allott
Beall
Bennett
Boggs
Carlson
Case
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Fong
Hart
Hickenlooper
Hruska
Javits
Johnston
Jordan, Idaho
Keating
Lausche
McClellan
Mechem
Miller
Morton
Mundt
Pastore
Pearson
Prouty
Proxmire
Ribicoff
Robertson
Scott
Simpson
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—49

Aiken
Anderson
Bartlett
Bayh
Brewster
Bible
Burdick
Cannon
Church
Clark
Eastland
Edmondson
Ellender
Ervin
Fulbright
Gore
Gruening
Hartke
Hayden
Hill
Holland
Humphrey
Inouye
Jackson
Jordan, N.C.
Kennedy
Long, Mo.
Mansfield
McGee
McGovern
McIntyre
McNamara
Metcalf
Monroney
Morse
Moss
Muskie
Nelson
Neuberger
Pell
Randolph
Saltonstall
Smathers
Smith
Sparkman
Walters
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—12

Byrd, Va.
Byrd, W. Va.
Cooper
Engle
Goldwater
Kuchel
Long, La.
Magnuson
McCarthy
Russell
Stennis
Symington

So Mr. KEATING's amendment, as modified, to the committee amendment in the nature of a substitute, as amended, was rejected.

Mr. **FULBRIGHT**. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. **HUMPHREY**. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **MILLER**. Mr. President, I call up my amendment No. 249, and ask that it be stated.

The **PRESIDING OFFICER**. The amendment offered by the Senator from Iowa to the committee amendment, in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 48, in the committee amendment, to strike out the quotation marks at the end of line 3, and between lines 3 and 4 to insert the following:

(k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund), to the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for its regular budget or for peace and security operations, unless the President determines that such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance.

Mr. **MILLER**. Mr. President, on each Senator's desk are two mimeographed tables. I propose to discuss these tables after my preliminary remarks.

My amendment was presented to the Foreign Relations Committee during the hearings on this bill last June. My statement appears in the hearings report commencing at page 349. A list of the various members of the United Nations, showing their total arrearages—regular budget dues and assessments for the emergency force in the Middle East and the Congo—and receipts of grants, loans, and military assistance from the United States appears at pages 352 and 353. In the printing of the report, Mauritania and Sudan were erroneously omitted.

At the desk of each Senator are two mimeographed tables updating the information contained in the hearing report. The hearing report table was based on the report of the U.N. Secretariat as of May 31, 1963. The mimeographed tables are based on the Secretariat report as of September 30, 1963.

This amendment is designed to gear our foreign aid policy into our policy with respect to the United Nations. I invite attention to the statement in section 502 of the main bill which "reaffirms the policy of the United States to achieve international peace and security through the United Nations." Most assuredly, this basic policy of our country cannot be carried out if the United Nations goes out of existence because of bankruptcy. And, Mr. President, the U.N. is headed for bankruptcy. The temporary relief afforded by the U.N. bond issue is rapidly coming to an end. As of September 30 of this year, total arrearages of member nations amounted to almost $104 million. This situation has become progressively worse. As of September 30, 1961, arrearages totaled $44.7 million; as of September 30, 1962, the total was $80.9 million.

Mr. President, I ask unanimous consent to have inserted at this point in my remarks an article from News Front for October 1963, entitled "What Price Peace? United Nations Depends Heavily on the United States To Meet Mounting Costs of Its Activities. Continued Refusal of Some Nations To Pay Their Share of Peace Operations Poses Serious Threat to Future of U.N."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT PRICE PEACE?—UNITED NATIONS DEPENDS HEAVILY ON THE UNITED STATES TO MEET MOUNTING COSTS OF ITS ACTIVITIES. CONTINUED REFUSAL OF SOME NATIONS TO PAY THEIR SHARE OF PEACE OPERATIONS POSES SERIOUS THREAT TO FUTURE OF THE U.N.

The United Nations is suffering from a bad case of "financial nerves." Continued refusal of certain nations to pay their share of assessments for emergency U.N. operations is sapping the economic lifeblood out of the international peace organization.

In December 1961, as the U.N. teetered on the brink of bankruptcy, the General Assembly authorized flotation of a $200 million bond issue. By October 1963, 73 percent of the bonds had been purchased and an additional $1.3 million was still on the books in pledge form from 10 member nations. To date, the United States has purchased $72 million of U.N. bonds, 50 percent of the total subscription.

(A new law enacted by Congress in October 1962 authorized the President of the United States to match bond purchases of other nations with the total loan not to exceed $100 million.)

The U.N. spends about $90 million annually for its regular administrative and peacekeeping activities. Associated U.N. agencies such as the Special Fund for Economic Assistance, the World Health Organization, and the U.N. Children's Fund add another $250 million to U.N. expenditures.

Member nations are assessed for the regular budget according to "ability to pay," i.e., per capita and total national income and ability to acquire foreign currency. Because the United States ranks high on all counts, it pays 32 percent of the regular budget compared to 15 percent paid by the U.S.S.R. and 0.04 percent paid by smaller nations such as El Salvador and Ivory Coast. The United States also contributes over 40 percent of the affiliated agencies' expenses.

The negative attitude of a handful of nations in supporting the costly Congo and Suez operations forced the bond issue. But this economic bailout offers the U.N. only temporary relief.

In 1962, the International Court of Justice, official U.N. judicial organ headquarters at The Hague, Netherlands, ruled that expenditures authorized by the General Assembly for peacekeeping operations were legitimate expenses of the organization and that, under the charter, members who fell in arrears 2 years or more would lose the right to vote in the Assembly.

Between now and the opening of the General Assembly in September 1964, when the new ruling will become effective, the U.N. will have to stumble along as best it can. Belgium, which in the past has refused to support the U.N. Congo operation, recently decided to pay her $192,000 share of the $16 million it will cost to keep the force there during the first 6 months of 1964. The Belgians, however, have made no decision regarding payment of the $3.3 million in back assessments which have accrued since the operation began in July 1960. But the sudden change in Belgian strategy sparks some hope that other nations may follow suit.

The Congo force (ONUC) costs about $120 million annually and the U.N. Emergency Force in Suez (UNEF) about $20 million. In view of the serious financial crisis, Secretary General U Thant recently proposed a drastic cutback in U.N. assistance to the Congolese Government.

Forty-nine member nations are $29.9 million in arrears for the UNEF operation. Soviet bloc nations and Cuba owe $21.1 million, 69 percent of total back payments. Current UNEF debt, including second quarter 1963 payments, is $36 million.

But it is the Congo which has driven the U.N. to the brink of disaster. Fifty-six nations owe $83.4 million in back payments. France and the U.S.S.R. collectively owe $59.3 million, 71 percent of the total. The overall debt outstanding for the Congo exceeds $100 million.

Most members have willingly paid their share of assessments for U.N. administrative activities. Possible loss of vote in the General Assembly strengthens the incentive to do so.

Root of the U.N.'s financial malaise rests in trying to enforce payment for peacekeeping operations. The Russians refuse to pay for the UNEF and Congo forces claiming the expenses are not for regular peacekeeping activities of the organization, contrary to the ruling of the World Court. They maintain the "aggressors"; i.e., Great Britain, France, and Belgium should pay.

Latin American countries feel underdeveloped nations cannot afford to underwrite costly peacekeeping operations such as the Congo. They say the Big Powers should pay at least 70 percent of the total cost.

The financial straightjacket that delinquent members have put on the U.N. has forced the organization to take drastic steps to finance its activities. In the running Yemeni civil war, the U.N. sent a watchdog mission to make sure the United Arab Republic and Saudi Arabia would not intervene. Because the U.N. lacked funds to finance the mission, the United Arab Republic and Saudi Arabia have agreed to pay the $200,000 monthly upkeep of the U.N. Force whose primary purpose is to assure nonaggression by these two countries.

The future of the U.N. is precarious. If member nations continue to vote for action and then refuse to accept the financial consequences, it will be forced into total inertia. If, on the other hand, votes of nonpaying members are taken away until they pay, the Soviet Union would in all likelihood boycott the U.N. Should the organization be reduced to little more than a conference of Western Powers, the original purpose of the U.N., to brings friends and enemies together, will be defeated.

Increased revenue from independent U.N. activities such as the sale of stamps, publications and TV services is one way out of the dilemma. But net income derived from these sources amounts to $2 million, 4 percent of the regular budget and any increase would not go far in covering the costs of an operation similar to the Congo.

Other ambitious proposals would have the U.N. collect dues from international canals, international mail or exploit the resources of the ocean beds or Antarctica.

Most of these proposals are farfetched and chances for their adoption appear slim. One observer, pointing to their inherent weakness, claims "they require for their adoption conditions within the U.N. which do not prevail at this stage of the organization's development."

The current difficulties plaguing the U.N. are really political. They stem from the divergent views the United States, underdeveloped countries, and the Soviet Union hold about the function of the U.N.

Russia wants the U.N. to be a standing conference which takes little action but serves as a perfect propaganda forum. The Soviets can certainly afford to pay the $60.7 million they owe the U.N. if they can afford to spend $50 billion on armaments. They do not contribute to U.N. peace operations because actions taken in the Congo and Suez do not serve Russian interests.

Underdeveloped countries want a vigorous U.N. organization primarily because they hope it will help them get rid of colonial regimes and provide them with badly needed technical assistance. However, they are often neither willing nor able to assume financial responsibility for their votes.

The United States favors a strong U.N. actively engaged in promoting the cause of peace. In the past, much of the U.N.'s success has rested on U.S. ability to muster enough votes to make sure that free world views prevailed, or at least to blockade any action inimical to our own interests. It is doubtful the United States would be willing to put up money for causes that went against American interests. In a test case 2 years ago, Washington refused to abide by a U.N. decision calling for the United States to pay $1 million for technical assistance to Cuba.

Naturally, the U.N. can ill afford to incur the wrath of the U.S. Government by its decisions. If the United States refuses to pay its huge share, the U.N. might as well collapse in the murky waters of New York's East River.

United Nations, $180,000,000 in debt (as of Sept. 30, 1963)

[Dollars in thousands]

Member states	Assessments due				
	Percent budget assessed	U.N. regular budget	UNEF	Congo	Totaldue
Afghanistan	0.05	$11.9	$42.1	$42.6	$96.6
Albania	.04	43.6	36.4	40.3	120.3
Argentina	1.00	1,860.6	913.4	565.8	3,339.8
Australia	1.70	--------	157.5	546.9	704.4
Austria	.50	217.4	142.7	573.2	833.3
Belgium	1.20	1,918.9	272.6	327.7	5,463.2
Bolivia	0.04	60.5	40.3	40.3	141.1
Brazil	1.03	977.7	58.1	580.6	1,616.4
Bulgaria	.20	205.8	140.6	174.0	520.4
Burma	.07	--------	4.0	11.5	15.5
Byelorussia	.52	284.4	493.1	1,280.1	2,057.6
Cambodia	.04	--------	2.3	33.9	36.2
Cameroon	.04	--------	2.3	6.6	8.9
Canada	3.10	468.1	295.9	1,028.0	1,792.0
Central African Republic	.04	--------	2.3	6.6	8.9
Ceylon	.09	28.9	5.1	14.8	48.8
Chad	.04	--------	3.0	6.5	9.5
Chile	.30	400.0	106.5	203.1	709.6
China	4.69	6,955.8	4,447.6	6,504.6	17,908.0
Colombia	.30	246.1	14.7	42.8	303.6
Congo, Brazzaville	.04	38.4	2.3	6.6	47.3
Congo, Léopoldville	.07	--------	4.0	11.5	15.5
Costa Rica	.04	47.2	9.9	30.6	87.7
Cuba	.20	397.0	203.4	241.8	842.2
Cyprus	.04	21.3	2.3	6.6	30.2
Czechoslovakia	1.20	138.2	933.1	2,603.9	4,675.2
Dahomey	.04	--------	--------	4.5	4.5
Denmark	.60	--------	--------	--------	--------
Dominican Republic	.05	46.7	13.1	50.3	110.1
Ecuador	.06	36.3	2.6	9.3	48.2
El Salvador	.04	37.2	7.6	22.9	67.7
Ethiopia	.05	--------	2.8	8.2	11.0
Federation of Malaya	.10	--------	1.3	21.4	28.7
Finland	.40	--------	563.4	--------	--------
France	5.90	276.2	--------	16,143.1	16,982.7
Gabon	.04	38.4	2.3	6.6	47.2
Ghana	.09	27.3	5.1	14.8	47.2
Greece	.20	101.5	13.0	37.9	152.4
Guatemala	.05	88.8	20.9	38.2	147.9
Guinea	.04	--------	10.5	6.6	17.1
Haiti	.04	83.9	16.7	30.6	131.2
Honduras	.04	25.0	10.7	30.6	66.3
Hungary	.60	813.7	456.0	918.8	2,188.5
Iceland	.04	--------	--------	--------	--------
India	2.00	140.0	114.5	334.4	588.9
Indonesia	.50	426.8	25.4	74.1	526.3
Iran	.20	185.9	11.3	132.2	329.4
Iraq	.09	--------	81.7	90.6	172.3
Ireland	.10	--------	13.3	46.1	59.4
Israel	.20	65.1	8.5	24.7	98.3
Italy	2.20	728.2	212.5	738.0	1,678.7
Ivory Coast	.04	31.9	2.3	6.6	40.8
Japan	2.30	--------	--------	--------	--------
Jordan	0.04	$38.0	$36.4	$40.3	$114.7
Laos	.04	38.0	2.3	6.5	46.9
Lebanon	.05	--------	22.7	20.4	43.1
Liberia	.04	38.0	2.3	6.6	46.9
Libya	.04	--------	36.4	6.6	43.0
Luxembourg	.05	--------	4.7	16.5	21.2
Madagascar	.04	--------	2.3	23.9	26.2
Mali	.04	698.6	2.3	20.9	1,991.5
Mexico	.70	--------	568.8	124.2	148.8
Morocco	.10	40.3	7.9	140.9	56.6
Nepal	.04	--------	3.2	13.1	--------
Netherlands	1.00	--------	--------	--------	174.0
New Zealand	.40	53.6	38.9	135.1	89.4
Nicaragua	.04	40.2	5.2	30.6	69.4
Niger	.04	--------	7.2	22.0	46.5
Nigeria	.20	--------	11.9	34.6	191.0
Norway	.50	--------	42.7	148.3	232.9
Pakistan	.40	140.0	23.7	69.2	97.7
Panama	.04	36.6	30.5	30.6	--------
Paraguay	.04	84.9	26.7	20.9	132.5
Peru	.10	14.9	100.1	80.8	195.8
Philippines	.40	89.6	22.6	65.9	278.1
Poland	.13	934.1	1,390.4	2,274.6	4,599.1
Portugal	.20	151.3	9.0	188.3	348.6
Rumania	.30	229.1	405.6	862.6	1,497.3
Saudi Arabia	.07	--------	59.3	63.6	122.9
Senegal	.05	44.7	3.8	16.2	64.7
Somalia	.04	38.4	2.3	14.1	54.8
South Africa	.50	24.4	--------	1,424.1	1,448.5
Spain	.90	--------	915.7	913.2	1,828.9
Sudan	.07	--------	75.1	11.5	86.6
Sweden	1.30	--------	123.3	428.3	551.6
Syria	--------	19.8	35.5	16.2	131.5
Thailand	.20	--------	12.0	51.8	63.8
Togo	.04	38.4	7.2	22.0	67.6
Tunisia	.05	27.1	2.8	8.2	38.1
Turkey	.40	58.0	--------	--------	58.0
Ukrainian S.S.R	.20	1,082.7	1,887.9	4,889.7	7,860.3
U.S.S.R	15.00	8,178.3	15,638.2	36,985.0	60,801.5
United Arab Republic	.30	315.1	298.8	299.3	913.2
United Kingdom	7.60	--------	719.0	2.497.4	3.216.4
United States	32.00	11,532.7	3,037.0	10,549.7	25,119.4
Upper Volta	.04	25.7	11.0	23.0	59.7
Uruguay	.10	225.0	31.2	88.5	344.7
Venezuela	.50	--------	29.3	85.7	115.9
Yemen	.04	64.9	36.4	40.3	141.6
Yugoslavia	.40	167.4	21.4	362.0	550.8
Mauritania	--------	76.9	3.5	13.9	94.3
Mongolia	--------	48.1	3.5	13.9	65.5
Sierra Leone	--------	NA	2.3	6.6	8.9
Tanganyika	--------	NA	2.3	6.6	8.9
Grand total	100	43,229.5	35,599.6	10,049.7	179,285.6

Mr. MILLER. Mr. President, more than half of the arrearages are due from the Soviets. Another $14 million is due from France. They do not receive any foreign aid from the United States, so that we are not in a good position to influence them to pay up. The World Court has ruled that assessments for peacekeeping operations are of the same standing as dues, so that delinquency in these assessments is delinquency for purposes of possible loss of voting powers. The U.N. has accepted this ruling. However, it will not be until next year at the earliest before sufficient delinquent status will have been acquired to place any delinquent nation in the position of losing its vote; and when that day comes, it is not known whether or not the General Assembly will invoke the rule. Meanwhile, bankruptcy faces the U.N.

With respect to those member nations which are delinquent and which are receiving foreign aid from us, there is something we can do. We can say to them that unless they clean up their obligations to the U.N., they cannot expect the American taxpayer to furnish them foreign aid.

Mr. MORSE. Mr. President, will the Senator yield at that point?

Mr. MILLER. I am happy to yield.

Mr. MORSE. I need some information to clear up my understanding or lack of understanding on this point. Does the Senator's amendment cover merely loans, or does it cover grants also?

Mr. MILLER. No; the amendment relates to assistance under the provisions of this act other than supporting assistance, assistance from the contingency fund, and military assistance. So that the only aid that would be affected by this amendment would be development loans and grants.

Mr. MORSE. It would cover grants.

Mr. MILLER. Loans and grants. Reference to military assistance, supporting assistance, and contingency fund was omitted for this reason: Those elements of our foreign aid program have a potential for being more directly tied to our security interests than the other—certainly military assistance and supporting assistance, and, if the contingency fund is appropriately managed, that too.

Mr. MORSE. But there can be much waste in so-called supporting assistance, because we are giving supporting assistance to countries that are able to support themselves.

Mr. MILLER. I recognize that there may be abuses in certain areas of our foreign aid program. However, the Senator from Iowa does not desire to be too exact with respect to this amendment. If the Senator from Oregon will be patient, it is felt, from the information I shall present from the tables that are on each Senator's desk, that the lever which will be effective in getting the nations to pay up will be quite ample if we concentrate only on development loans and grants.

I repeat, the reason why the language was so drawn was that there is a greater potential for its having more direct application to our immediate national interests.

Mr. MORSE. I have sympathy with the Senator's objective. Outside the Communist bloc—and it has been pointed out that the amendment cannot reach the Communist bloc because we do not give them aid—one of the notorious delinquents with regard to her United Nations obligations is France. I am also disturbed about the kind of military assistance France receives from us. Unless we can reach her in relation to military assistance, the Senator's amendment is not going to do much good with respect to France. She receives infrastructure money from us. She is certainly prosperous enough to pay for her own military defense costs.

I am glad I asked the question, because I have received the Senator's explanation of what he is aiming at. I wished to cover the bulk of the assistance France gets from us, but I suppose that is one of those things and we cannot cover everything. At least, Mr. President, the Senate is moving down the road toward serving notice on some of the United Nations delinquents that we are not going to continue to pay the great amounts of money that we pay into the United Nations and without trying to do something about the delinquents.

Mr. MILLER. I thank the Senator from Oregon for his question. The Senator will recall that in committee he expressed the same misgivings, not particularly about the amendment, but the failure of the amendment to cover France. He may recall that I responded by saying that I wished there were some way of gearing the amendment to cover France also, but that it was not practical to do so, if we were to concentrate on development loans in France. If the amendment is adopted, I believe we shall find that by the time we are talking about the next foreign aid bill, the slate will be clean not only with reference to these nations, but also with respect to France, because once France realizes that, outside the Soviet bloc, she is the only nation which has not played fair with the United Nations, my guess is that France will get on board with the rest of the countries.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. GRUENING. I am sympathetic toward the purposes of the Senator's amendment. I believe it is most regrettable and shocking that so many nations have welshed on their commitments. However, I feel that the Senator's amendment would be much more effective if the loopholes, the wide openings in it, through which foreign aid can come were eliminated, leaving only the qualifying clause "unless the President determined." Why not cut out supporting assistance and military assistance, and leave the contingency fund, which is what the President would use in these cases? Otherwise the Senator will not get the result he hopes for.

Mr. MILLER. I appreciate the comments of the Senator from Alaska. Let me say again that the purpose of the amendment is not to be restrictive on the State Department or on the President. I should like to suggest that we walk before we run, and that we give this approach a chance to work.

It will not be too easy for the President to make the determination that some of these nations do not have the economic wherewithal, because of special or unusual circumstances, to pay the amounts of the delinquencies which appear on the tables.

I know that there are some nations which are in that situation. The Senator from Alaska knows that, too. That is why we must have some type of provision to cover such a situation; also, I recognize the fact that the President might determine that such a government has given reasonable assurance of paying all its arrearages independent of our assistance.

I would suppose, if the President received that reasonable assurance, and if 1 year from now there had not been a followthrough on the reasonable assurance, at that time we could tighten up the provision, by providing that no country which is in arrears shall receive this assistance. The point I wish to make is that since this is a little different approach than we have used heretofore, and is designed to help the financial situation of the United Nations, we should try this approach and give the State Department an opportunity to work within it and to be fair with it; then, if the delinquents do not come through, we can catch them in a year from now and tighten up the provision.

The Senator from Alaska has had the same problem with respect to some of his amendments. He gave the State Department more than enough time to come through; finally, time ran out, and the Senator from Alaska had no choice except to offer the amendment which has been adopted.

I have not reached the point with respect to this amendment that the Senator had reached with respect to his amendment. I suggest that we try it. If it does not work, we can make the provision tighter the next time around.

My amendment provides that no foreign aid shall be extended to the government of any nation which is more than 1 year in arrears in its obligations to the United Nations. If the amendment were in effect now, it would require payment of all outstanding delinquencies for 1961 and prior years. Assessments for 1962 are not yet 1 year old; and assessments for 1963 are not in arrears until after the close of 1963.

My amendment leaves some discretion to the President of the United States in this matter. If he determines that such a government is unable to place its payments on a current basis because of unusual or exceptional circumstances, then our foreign aid may continue. Or if he determines that such a government has given reasonable assurance of paying its arrearages—independently of any of our foreign aid—and placing its payments on a current basis, then our foreign aid may continue.

Moreover, my amendment would not apply to military assistance, supporting assistance, or the President's contingency fund, because these are matters which could directly and immediately affect our security interests. The amendment would affect primarily development loans and development grants. It could also affect Public Law 480 distributions of agricultural commodities.

Now I ask: Is it unreasonable for a nation which wants our foreign aid to give the President of our country assurance that it will pay its back assessments and put them on a current basis? Or, if that cannot be done, is it unreasonable to require such a nation to show that there are unusual or exceptional circumstances preventing it from doing so? I think it is unreasonable to not have such requirements. It is unreasonable to ask our taxpayers to pay for foreign aid to such a government. It is unreasonable to extend our foreign aid in the same manner and on the same basis to all nations—regardless of whether they are playing fair with the United Nations. By treating them all alike, we discourage those nations which are playing fair with the U.N. "Why pay up?" they can ask. "Uncle Sam will give us foreign aid anyhow."

If it be said that my amendment would, in effect, make a collector of dues out of the United States, there are two answers: First, this is not quite accurate. The United States will collect nothing. It will be the United Nations which does the collecting, because it is the United Nations to whom the obligations are owed. Second, we are already requiring that certain standards be met before a nation receives our development loans and our development grants. These include land reform, tax reform, internal governmental reform. Should not payment of delinquent obligations have the same standing—especially when these obligations are owed an organization which we support as an avenue to international peace and security? There are some who have suggested that we are coercing other governments in the matter of land reform, tax reform, and internal governmental reform. We are not coercing anyone—any more than a banker coerces a would-be borrower by asking him to fill out a net worth statement. If the recipient does not wish to comply, he can go elsewhere for assistance,

If it be suggested that because of the economic situation in a country it cannot afford to pay the assessments, it should be made very clear that the allocation of assessments among the nations takes into account the economic situations in the various member nations. Moreover, when you compare the large amount of our foreign aid with the relatively small sums owed the United Nations, this suggestion would seem to have no merit.

Mr. President, I call attention to the table that I have placed on the desk of every Senator. Let us consider, first, the column headed "Total United Nations Arrearages as of September 30, 1963." Senators should understand that the total arrearage of $103,830,000 is made up of the regular budget, Emergency Force, and the Congo ad hoc account. It will be noted that in the regular budget there are nine countries which still have not paid their 1961 dues. Incidentally, this is one area in which the Soviet Union has actually been paying promptly the annual, regular dues. But there are nine nations which have not yet paid the 1961 dues; yet all of them have received economic assistance from the United States, and are still receiving such assistance.

In the case of the Emergency Force, which is to protect the Gaza strip in the Middle East, it will be observed that 44 countries have not yet paid their 1961 assessments. Thirty-six have not paid their 1960 assessments. Thirty have not paid their 1959 assessments. In fact, 25 countries have not paid their assessments from 1957 on.

Of the 44 countries which have not paid their assessments for 1961 or prior years, 37 are still receiving economic assistance from the United States, and have received it since 1946.

In the case of the Congo ad hoc account, we note that 51 countries still owe for the period January 1 to October 31, 1961. Of those 51 countries, 42 have payments due extending back for all periods involved. Of those 42 countries, 39 are still receiving assistance from the United States.

Referring to the next table, there are 46 countries to which we have furnished more than $22 billion in economic assistance from the fiscal year 1946 through fiscal year 1963, and which are delinquent in one or more of their assessments to the United Nations. These arrearages amount to more than $42 million. They include the regular budget, $4.4 million; Emergency Force, $9 million; and Congo ad hoc account, $29.2 million.

But note that the grand total comes to $42 million, against a total of $22 billion in economic assistance which we have extended to those countries through the years.

Of these 46 countries, 44 received some type of economic assistance during fiscal year 1963 from the United States. Of those 44, 35 would have been affected by my amendment, had it been adopted last year, inasmuch as these countries have received grants and development loans covered by my amendment.

I invite the attention of Senators to the list of 35 countries. Consider, for example, Afghanistan. During the fiscal year 1963, that country received $17,700,000 in grants and loans. Yet arrearages for the calendar year 1961 and prior thereto amounted to only $66,000. One wonders why Afghanistan could not see fit to take care of the assessments for 1961 and prior years, when she was receiving $17,700,000 in aid from us.

Iran is in about the same position. She received $21,200,000 in grants and loans during the fiscal year 1963. Yet Iran owes $75,413 to the United Nations.

Jordan is in a similar situation. We provided Jordan $7 million in loans and grants during fiscal 1963. Jordan owes only $62,267 to the United Nations for 1961 and prior years.

The United Arab Republic, concerning which considerable debate has been raging during the past few days, received from the United States $38,600,000 in grants and loans, but still could not see their way clear to pay $529,000 in back assessments for 1961 and prior years. I point out that in addition to the $38,600,000 in loans and grants of the United States, the United Arab Republic received $140 million in Public Law 480 distributions of surplus commodities.

Argentina received $109 million as aid in the form of grants and loans. At the same time, Argentina has not been able to pay $1,432,000 in back assessments to the United Nations.

And so on down the list.

I call attention to the fact that Poland, the third country from the bottom of the list, received $2,800,000 from us in grants and loans during fiscal 1963, and $8 million in Public Law 480 shipments; still Poland is delinquent to the extent of $2,677,000 to the United Nations.

Somalia, which last year received $7,800,000 in loans and grants from us, has not been able to pick up the tab for $2,713 for 1961 and prior years.

I invite attention to an article published in the Washington Post of today, November 12, entitled "Somalia Spurns Arms From West for Russia's." The article states:

> Somalia has informed the United States it will accept a Soviet arms offer and has no use for military hardware from the West.

Perhaps there is some reason for this, but it indicates to me that Somalia is not so friendly to the United States as it might be. Even more important, at this point, Somalia has not been able to clean up the $2,713 in back dues to the United Nations. Yet we saw fit last year to extend $7,800,000 in grants and loans to her.

Mr. President, I offered a similar amendment 2 years ago. I suggest that if the amendment had been adopted, the slate would be clean; that the dismal figures that have been presented here would not appear; and that the last column on the table, "arrearages for calendar 1961 and prior," would be gone. It is high time that the nations that are recipients of the taxpayers' economic loans and development grants be assured that so long as support of the United Nations is a part of our policy, we will do our utmost to see to it that the United Nations does not go bankrupt as the result of the failure of nations receiving our assistance to pay their back dues.

Mr. President, I invite attention to the escape hatch that I discussed earlier with the Senator from Alaska [Mr. GRUENING]. This is not a harsh amendment at all; it is a reasonable amendment. I hope it will be adopted.

Mr. HUMPHREY. Mr. President, I shall take a little time to discuss the Senator's amendment; then the chairman of the committee, I am sure, will want to express his point of view concerning this rather far reaching proposal.

The amendment needs to be clearly understood as to what it does and does not do. The first thing it does is to require the United States to be a collection agency for the United Nations. It puts us in that position.

It has also as one of its purposes—and this, I think, is commendable—the strengthening of the financial position of the United Nations. This, I believe, is in our national interest.

I have supported measures in Congress to improve the financial condition of the United Nations. I believe that the United Nations has a heavy responsibility to keep its financial house in order. It is my view that the United Nations should have a position equivalent to that of Secretary of the Treasury; at least, that there should be a financial consultant to the U.N., working continuously to bring into the Treasury of the United Nations the dues that are the obligations of member nations, both their regular membership fees and the requirements or assessments for the peace keeping activities. But the United Nations is an institution in its own right. Although we are a charter member, we are not the whole United Nations. The United Nations must take unto itself—through the Security Council, the Secretariat, and the General Assembly—the basic responsibility for keeping its financial house in order. Of course we, as a member of the United Nations, have an interest in that. That is why a year or so ago Congress passed the United Nations bond issue bill, and that is why Congress attempted to use whatever influence it has among the membership of the United Nations to obtain payment of the dues and of the cost of the peace keeping operations of the United Nations. I believe we have a vital stake in the United Nations, and I believe the peace keeping operations of the United Nations are in the interest of peace and law and order in the world. Therefore, I have supported the peacekeeping operations of the United Nations and the maintenance of the United Nations as an instrumentality for peace, law, and order.

But let us consider what the amendment would do. It would place the United States in a special position as a collector for United Nations dues. It would do this indirectly, by providing that—

> (k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund), to the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for its regular budget or for peace and security operations, unless the President determines that such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance."

Of course that proviso would permit the President to make a finding that many countries are economically incapable of making their payments to the United Nations; or, under the amendment, such loans could be made to countries which had a program of getting their dues payments on a current basis.

But what would the amendment permit the U.S. Government to do? This permission is rather generous. First, the amendment would not place any limitation on the United States, insofar as supporting assistance is concerned, under chapter 4 of part I. Supporting assistance is a grant, and generally is given to countries which receive military assistance. Supporting assistance is a large item in the foreign aid bill. So even if a country were 5 or 10 years behind in the payment of some of its obligations to the United Nations, supporting assistance—outright grants of money from the U.S. Treasury, which do not have to be repaid, but are simply gifts—could be given to such a country which was in arrears in the payment of its obligations and assessments or commitments to the United Nations.

Mr. MILLER. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. MILLER. The Senator from Minnesota has made the point that supporting assistance could be given, under the amendment; but I am sure he understands that the object of supporting assistance is to take care of nations which are hard put in their military programs, so we shall not have to increase our own national defense program.

Mr. HUMPHREY. I thank the Senator from Iowa for that statement.

Mr. MILLER. So it seems to me that if we are to try to direct this amendment along reasonable lines, and not have a harsh approach to this matter, if there are to be exceptions, certainly we should make them in the case of military assistance and supporting assistance, which I understand are ordinarily directly tied into our national defense program, anyway.

Mr. HUMPHREY. But, for example, we give supporting assistance and military assistance to Iran; but without development loan assistance to Iran, there would be no use giving her military assistance, because in that case she would collapse. If the Senator from Iowa does not understand that, he has missed the point of the foreign aid program.

But this amendment provides, in effect, "You can continue to have all the free rides, and you can violate your pledges to the United Nations, and you can receive military assistance and supporting assistance and generous assistance from the President's contingency fund, none of which have to be paid back, and you can still get all this help from the United States, without being in any way chastised or disciplined because of your failure to keep up with your responsibilities to the United Nations."

But, Mr. President, if a country which receives a development loan which it must pay back with dollars and with interest happened to be more than 1 year in arrears in the payment of its dues to the United Nations or in the payment of its United Nations commitments, that alone would not be permitted. Such a policy seems to me very shortsighted, because one of the reasons for development loans is to enable countries to pay their bills. So I am surprised to find thinking to the contrary in the Senate. Ours is a credit country; it is financed on credit. Men go to banks and obtain credit so they can pay their bills and can engage in business or in agriculture or one of the professions. They borrow money; in other words, they obtain development loans with which to make the payments on their bills, on which they may be in arrears.

But the amendment goes far beyond just cutting off development loans, for the amendment also provides—and this is another important provision:

> (k) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act (other than supporting assistance under chapter 4 of part I, assistance from the contingency fund established under chapter 5 of part I, and military assistance under chapter 2 of part II), or any other law authorizing assistance to foreign countries (other than military assistance, supporting assistance, or assistance from the President's contingency fund).

For example, that means that if there were a famine in a country, any U.S. assistance from its food stocks to that country would be prohibited if the country were more than 1 year behind in the payment of its dues to the United Nations.

Mr. MILLER. Mr. President, at this point will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. I am sure the Senator from Minnesota has the best of intentions in connection with his criticism of the amendment; but I believe I should point out to him that what he has stated just now could not happen, in view of the provision in the amendment on page 2—namely, that if the President finds that because of "unusual and exceptional circumstances," a country is "economically unable to give such assurance"—and so forth. It seems to me that a country which was undergoing a famine certainly would come within that category; and it would be most unfortunate if the President could not make that determination.

Mr. HUMPHREY. But the Senator from Iowa cannot have it both ways; he cannot say that his amendment would make those countries pay their dues to the United Nations, but that the President could say the circumstances were unusual, so they could obtain our loans and our help anyway. That would be playing both sides of the street.

Mr. MILLER. But is not a famine an unusual situation?

Mr. HUMPHREY. Yes, in some countries; but in other countries, famine is very usual. In many parts of the world, famines are much more customary than adequate food. It would be unusual for the people of some countries to have a good meal. So the Senator's amendment would go up the hill and also down the hill at the same time. The amendment provides that such countries can obtain military assistance and supporting assistance and contingency fund assistance—and, by the way, those items represent two-thirds of the foreign aid bill—no matter how far behind they may be in the payment of their United Nations dues, and that they can also get all other kinds of assistance, if the President says they really need it.

The one area which is the most important area of all in the foreign aid program is the development loan program, because it is the development loan program which is repayable. Perhaps it is not repayable at enough interest to satisfy some Senators, but the Senate voted on that question. The loans would be repayable at not less than 2-percent interest after the first 5 years on a 35-year maturity basis. The loans would be repayable in dollars. The development loan program is possibly the one way that some of the countries involved would have to pay their bills.

Furthermore, the amendment would not do anything to such countries as the Soviet Union. We do not give them any assistance. It would not do anything to the Soviet bloc countries because we have already excluded any assistance from the Soviet bloc countries under previous amendments adopted by the Senate. They were the Lausche amendment and the Proxmire amendment. So our enemies would not be punished by the amendment, but only our friends.

The people who are causing us trouble in the world today—the Communists—would not be affected. We already have language in the bill providing that no assistance of any kind shall be given to them. What the amendment really provides is that if a country is neither a friend nor a nonalined country and has not been paying its dues to the U.N., it will not get any help from us, unless it is military assistance.

Frankly, the weakest part of the foreign aid program is military assistance. Some of the countries to which we give military assistance could not fight their way out of a paper bag.

Every Senator knows that the real military strength of the free world is in a half dozen countries, including the United States, Great Britain, France, Western Germany, Italy—and, yes—NATO. The strength of the free world is not in some of the little countries that are spread out over the globe. It would be better off if they never had armies.

For example, one country which would be affected by the program is Costa Rica. Costa Rica does not happen to have an army, and yet it is important for the peace of our hemisphere that a nation like Costa Rica should receive development loans. The country has a high rate of population growth. It has a potential for economic growth that is significant. It pays its bills and it will pay its U.N. bills. Other countries listed are quite good friends of ours.

Mr. MILLER. Mr. President, will the Senator yield for a question in respect to Costa Rica?

Mr. HUMPHREY. I yield.

Mr. MILLER. The Senator will observe that during the fiscal year 1963 Costa Rica received in grants and loans $13 million.

Mr. HUMPHREY. Yes.

Mr. MILLER. Is the Senator attempting to tell us that Costa Rica could not find the wherewithal to pay $26,000 in back assessments to the United Nations?

Mr. HUMPHREY. Not at all. The Senator from Minnesota is not making that statement. The Senator from Minnesota, who is not a delegate to the U.N., will not stand in judgment on collections for the United Nations. There are those in the United Nations organization who do that. Costa Rica is an active member of the United Nations. It is one of our friends.

I hope the Senator from Iowa will not act as the stern school teacher, saying, "If you have not paid up your dues to the United Nations, you cannot receive these benefits." Why does not the Senator make it a contribution to the church or to the Red Cross?

Mr. MILLER. Yet the Senator from Minnesota would say to Costa Rica, "We shall give you development loans and grants if you will enter into internal tax reforms, and if you will see to it that your people who owe taxes pay their taxes."

Mr. HUMPHREY. That question relates to the capacity of Costa Rica to repay its bills and these loans. That is a good, smart move. For example, since I heard the Senator mention a banker, I point out that a banker might well ask a borrower for a statement of his assets and liabilities. The banker might look over the statement before granting a loan. The banker might then say, "Look, my friend, before you can get this loan, you must cut down on your operating expenses at this point or somewhere else." But the banker does not say, "I understand that you have not paid your church dues. You have not contributed to the church. We will not loan you any money until you pay up your church dues."

That is not what a banker does. A banker tries to look at one's capacity to pay his bills.

What the Senator from Minnesota is saying is that when a development loan is made, sensible conditions for the repayment of the loan might be laid down. But to watch over the morals and the international conduct of every nation to which we make a loan not only is an unwise course of action, but I do not think it would be workable. I believe it would get us into trouble. I point out that the Senate rejected the amendment once before. I do not say that it will do so again.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. The Senator has used the analogy of paying dues to a church. I do not believe that that is quite apropos. The Senator from Minnesota would find that the average banker would look somewhat askance at an application for a loan if the applicant had not been paying his taxes to the Government, of which we all are members. It has reached the point now where it is pretty difficult to get a nomination through the Senate unless the nominee has been paying his taxes. That example is much more analogous to the situation in which we are all members of the United Nations than discussions about church dues.

Mr. HUMPHREY. The Senator's analogy has a certain amount of relevance, at least for parochial purposes, but not for the bill.

Let us consider what the Senator's amendment would do. In the long run his amendment would accomplish nothing, because it would leave an escape hatch for the President. The amendment would not apply to the Communist nations anyway, since they are excluded under the purview of the act. The nations that are listed, with few exceptions, are very poor countries. According to the amendment of the Senator from Iowa, the President must determine that—

> Such government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis, or determines that such government, by reason of unusual and exceptional circumstances, is economically unable to give such assurance.

I point out that there are many countries that could make a pretty good case in explanation of why they are slow in their payments, just as many people could make a good case as to why they are slow in paying their taxes. That is not unusual. But the 1 year requirement would go further than the present requirement of the U.N. itself. The U.N. today has a requirement of 2 years. The Senator wishes to write into the bill a new provision so that if the arrearage were more than 1 year, the nation in arrears would lose the benefits of the Foreign Aid Act, if that nation should otherwise qualify under the criteria of the act.

I point out further that article 19 of the U.N. Charter now deprives any member country of its vote in the General Assembly if its arrears equal or exceed the contributions due from it for the preceding 2 years. The International Court of Justice ruled in an advisory opinion that assessed contributions for U.N. peacekeeping operations are subject to article 19. The General Assembly specifically accepted this ruling. Thus, any country substantially in arrears on its contributions either to the regular U.N. budget or to the peacekeeping budget is already subject to the severe sanction of loss of its vote in the General Assembly.

This sanction, directly attached to U.N. participation, would have a more direct effect in obtaining payment than would the unavailability of some forms of U.S. assistance.

The principal impact of the amendment would be upon the less developed countries which are most in need of U.S. assistance and least able to keep payment of assessments on a current basis. These countries will be in this situation, not in unusual and exceptional circumstances—for which the amendment provides an exemption—but more often than not on a fairly long term basis. They will pay, but to expect them to do so on a current basis is not realistic. Supporting assistance is being reduced and every effort is being made to get countries off the supporting assistance list and onto the list of countries getting loans on a dollar repayable basis. The amendment is shortsighted in allowing only supporting assistance to countries in arrears.

Moreover, the amendment is inadvisable because it appears to tie U.S. assistance to support of the U.N. This may create the impression, already urged by the Sino-Soviet bloc, that the U.N. is a tool of the United States and other western countries.

The U.N. needs the broadest possible participation and cooperation of all its members, but the way to do it is to work within the organization, not to unilaterally impose pressure from outside.

I believe that the U.N. needs broad support. I do not contest the Senator's motives in relation to the amendment. It appears to me that the Senator's amendment is a great expression of support for the United Nations and for its peacekeeping operations. It seems to me that the Senator feels that our own payments to the United Nations have been very desirable. I would expect from the amendment support for even bigger payments, since we are so interested in having American policy have a direct effect upon the policy of other countries relating to the U.N.

The amendment is not the type of amendment that should be attached to the foreign aid bill—surely not to the development loan section. If the Senator wishes to attach the amendment, he ought to include all the aspects of foreign aid. The Senator should include military assistance, supporting assistance, the contingency fund, and development loans, because they are all tied together.

Perhaps the most important aspect which the amendment would tend to cripple is the development loan program.

Mr. **MILLER**. Mr. President, first, I wish to make clear to the Senator from Minnesota that I cannot share his opinion with respect to the comparison between development loans and military assistance. Earlier in my statement I pointed out that military assistance, supporting assistance, and the contingency fund, if used properly, are of much more direct and immediate impact than the long-term development loan. That is precisely why they were excluded from coverage of the amendment. Now the Senator suggests that the countries to which we are extending development loans and grants are countries we are trying to help so that they can pay their bills. If they cannot pay some of the bills I have pointed out in the table, I do not believe they are ever going to be able to pay.

It sounds incredible to me that the Senator from Minnesota should say, in effect, that Brazil, which received $67,200,000 in development loans and grants last year, cannot see its way clear to paying $287,990 in back dues and assessments to the United Nations.

I grant that there are probably some countries listed as to which the President could make a finding that there were unusual and exceptional circumstances which would prevent them from making payments on a current basis. If they are in that situation, I believe we should provide that the President can make such a finding. I do not believe we should cut them off. We should give them development loans and grants so that they can build themselves up and reach a position where they can pay their dues and assessments.

To me, it is incredible that countries such as those I have commented on specifically cannot see their way clear to paying their dues and assessments.

The Senator from Minnesota said this would put us in the form of a collecting agency. I pointed out earlier in my comments that this would do nothing of the sort. The United States will not collect 1 cent. The United Nations will do the collecting. The analogy—if it can be called an analogy—is just as applicable to our policy with respect to the Alliance for Progress, when we say to a nation, "You will engage in internal tax reforms. You will see to it that people who owe their taxes pay their taxes." If the argument is not then made that we are dabbling in the collection business, collecting tax moneys for them, the argument should not be made in this respect, either. I do not think much of the argument.

The point is made that someone—I am sure it was not the Senator from Minnesota—"dreamed up" the argument that if the amendment were adopted it might make us suspect in the eyes of the world for using the United Nations as a tool for our policy. If there were any grounds for suspecting that the United States was using the United Nations as a tool, those grounds have long ago been laid to rest.

An amendment like this, which in effect says, "We only want to see to it that the recipients of our taxpayers' money are going to play fair with the United Nations" will not provide any more grounds than already exist.

The sum and substance of the argument I have heard against this amendment is that it is not tight enough, that we should make it more restrictive, that we should say to those countries, "You are not going to get any military assistance, or supporting assistance, or assistance from the contingency fund, or any grants or loans, if you do not pay your dues."

I do not believe we should be that harsh. I am concerned about the direct and immediate connection between our national security and military assistance and supporting assistance. But, if Senators will look at the figures set forth in the second column on the second table, they will find plenty of leverage without getting into military assistance and supporting assistance. Those figures amount to several hundred million dollars in loans and grants. I do not believe we should bring in anything else. I believe there will be sufficient leverage so that most of the nations can "get right" with the United Nations. If they do not, our taxpayers will be asked to "shell out" more money for the support of the United Nations, to prevent the United Nations from going bankrupt.

We have already been asked to support the bond issue. The time on that bond issue is rapidly running out. I do not know what the next step will be, but how many times are we going to have this situation brought to the attention of Members of Congress? Will I be here 2 years from now, or 3 years from now, making the same argument? The United Nations faces a fiscal crisis. It has been termed the most important crisis the United Nations has faced. Why we are supposed to do nothing about it, in connection with our foreign aid program, I do not know.

I hope this amendment will be adopted. I suggest that if it is not adopted, 1 year from now we shall be considering the problem again, and the figures in those tables will not be any better. The figures of 2 years ago are not so bad as the figures are today. The situation is becoming worse. It is not growing better. I wish to see the United Nations prosper. I do not wish to see it go bankrupt. I am not about to call upon the people of my State—the taxpayers of my State—to underwrite the United Nations, when there is such a glaring list of delinquencies on the part of its members. Let them "get straight." Let us gear our foreign policy and our foreign aid program together.

Mr. President, I ask unanimous consent that the two tables to which I have referred in my remarks may be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1

Total United Nations arrearages as of September 30, 1963: $103,830,553.05.

These included:

Regular budget	$4,738,141.36
Emergency force	27,258,371.04
Congo ad hoc	71,834,040.65

Summary of payments due United Nations and number of countries in each category:

Regular budget:	
Calendar 1962 (18 countries)	$4,273,456.36
Calendar 1961 (9 countries)	493,553.00

Nine of these countries owe for both years.

Sixteen of these countries have received economic assistance from the United States and fifteen are still receiving assistance: Nepal, UAR, Yemen, Cuba,[1] Argentina, Bolivia, Chile, Niger, Costa Rica, Guatemala, Haiti, Nicaragua, Paraguay, Uruguay Mauritania, China.

EMERGENCY FORCE

January 1–June 30, 1962; $2,370,402.50 (43 countries).

Calendar 1961: $4,797,622.45 (44 countries).

Calendar 1960: $4,685,276.09 (36 countries).

Calendar 1959: $4,304,907.00 (30 countries).

Calendar 1958: $7,174,259.00 (28 countries).

Calendar 1957: $3,928,296.00 (25 countries).

Twenty-four of these countries have payments due extending back to 1957; three back to 1958; three to 1959; five to 1960; four to 1961.

Thirty-seven of these countries have received economic assistance from the United States since 1946 and 35 are still receiving assistance: Afghanistan, Iraq, Jordan, Lebanon, Nepal, UAR, Yemen, Argentina, Bolivia, Chile, Costa Rica, Cuba,[1] Dominican Republic, Guatemala, Haiti, Honduras, Mexico, Poland, Nicaragua, Panama, Paraguay, Peru, Uruguay China, Chad, Guinea, Libya, Mali, Mauritania, Niger, Senegal, Sudan, Togo, Upper Volta, Belgium,[1] Spain, El Salvador.

CONGO AD HOC

November 1, 1961–June 30, 1962: $25,525,980 (54 countries).

January 1 to October 31, 1961: $29,789,220.25 (51 countries).

July 14 to December 31, 1960: $16,533,394.40 (42 countries).

Forty-two of these countries have payments due extending back for all periods involved.

Forty-two of these countries have received economic assistance from the United States since 1946 and 39 are still receiving assistance: Afghanistan, Iran, Iraq, Jordan, Lebanon, Nepal, Saudi Arabia,[1] United Arab Republic, Yemen, Argentina, Panama, Bolivia, Brazil, Chile, Costa Rica, Cuba,[1] Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay, China, Mali, Mauritania, Morocco, Niger, Yugoslavia, Senegal, Somali, Togo, Upper Volta, Austria, Belgium,[1] France, Poland, Portugal, Spain.

TABLE 2

Forty-six countries to which we have furnished more than $22 billion in economic assistance from fiscal year 1946 through fiscal year 1963 are delinquent in one or more of their assessments by the United Nations. These arrearages amount to over $42 million. They include: regular budget, $4.4 million; emergency forces, $9 million; and Congo, $29.2 million.

Of these 46 countries, 44 received some type of economic assistance in fiscal year 1963 from the United States; and of these 44, there are 35 which would have been affected by the Miller amendment if it had been adopted last year, inasmuch as these countries have received grants and development loans covered by the amendment. These 35 countries include:

Country	Combined amount, grants, loans, fiscal year 1963	Public Law 480, fiscal year 1963	U.N. total arrearages for all years	Arrearages for calendar year 1961 and prior [1]
Afghanistan	$17,700,000	$100,000	$73,688	$66,723
Iran	21,200,000	34,260,000	99,281	75,413
Iraq	800,000	100,000	152,342	139,948
Jordan	7,000,000	16,300,000	67,772	62,267
Lebanon	100,000	None	31,953	25,064
Nepal	3,900,000	200,000	8,729	1,027
United Arab Republic	38,600,000	140,100,000	625,166	529,959
Argentina	109,700,000	None	2,182,925	1,432,623
Bolivia	36,300,000	21,400,000	80,019	60,234
Brazil	67,200,000	61,600,000	410,942	287,990
Chile	46,200,000	26,500,000	412,289	226,158
Costa Rica	13,000,000	1,600,000	40,847	26,105
Dominican Republic	12,000,000	12,500,000	52,354	45,465
El Salvador	19,600,000	2,600,000	11,735	6,241
Guatemala	11,200,000	1,000,000	89,828	50,736
Honduras	10,400,000	300,000	32,385	26,874
Mexico	8,400,000	15,500,000	1,129,359	1,027,380
Nicaragua	3,700,000	1,400,000	42,699	21,430
Panama	8,200,000	700,000	52,218	46,707
Paraguay	5,900,000	3,400,000	85,567	43,943
Peru	4,500,000	6,900,000	158,745	152,143
Uruguay	15,900,000	600,000	220,970	140,183
China	38,600,000	41,700,000	12,592,384	9,356,629
Guinea	6,100,000	3,600,000	8,219	7,484
Libya	1,400,000	None	24,108	23,373
Mali	3,300,000	None	14,336	9,527
Morocco	1,100,000	52,600,000	117,823	101,113
Niger	1,200,000	None	22,152	14,798
Senegal	2,200,000	600,000	8,965	2,000
Somalia	7,800,000	1,200,000	7,507	2,713
Sudan	6,500,000	4,500,000	71,118	69,821
Togo	800,000	200,000	20,369	19,592
Poland	2,800,000	8,000,000	3,121,919	2,677,929
Yugoslavia	100,000	113,400,000	299,358	253,980
Mauritania	100,000	100,000	35,587	3,825
Total	------------	------------	42,000,000+	------------

[1] Under Miller amendment, withholding of economic assistance would only occur in the case of those nations over 1 year delinquent.

Sources: United Nations Secretariat, statement on the collection of contributions as at Sept. 30, 1963; U.S. Aid to Foreign Assistance Act countries, by region and country, obligations and loan authorizations, fiscal year 1963—preliminary, Statistics and Reports Division, Agency for International Development.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa [Mr. MILLER], to the committee amendment in the nature of a substitute, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STENNIS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia [Mr. BYRD], the Senator from California [Mr. ENGLE], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Wyoming would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Kentucky [Mr. COOPER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wyoming [Mr. SIMPSON] are detained on official business.

I also announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 20, nays 60, as follows:

[No. 226 Leg.]

YEAS—20

Bennett
Bible
Curtis
Dodd
Eastland
Edmondson
Ervin
Gruening
Hruska
Johnston
Jordan, N.C.
Jordan, Idaho
McClellan
Miller
Mundt
Robertson
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—60

Aiken
Allott
Anderson
Bayh
Bartlett
Boggs
Brewster
Burdick
Cannon
Carlson
Case
Church
Clark
Cotton
Dirksen
Dominick
Douglas
Ellender
Fong
Fulbright
Gore
Hartke
Hill
Holland
Humphrey
Inouye
Jackson
Javits
Keating
Kennedy
Kuchel
Mansfield
McGovern
McIntyre
McNamara
Mechem
Metcalf
Monroney
Morse
Morton
Moss
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Scott
Smathers
Smith
Sparkman
Symington
Talmadge
Walters
Yarborough
Young, Ohio

NOT VOTING—20

Beall
Byrd, Va.
Byrd, W. Va.
Cooper
Engle
Goldwater
Hart
Hayden
Hickenlooper
Lausche
Long, Mo.
Long, La.
Magnuson
McCarthy
McGee
Russell
Saltonstall
Simpson
Stennis
Williams, N.J.

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[1] Not currently receiving economic assistance.

Source: United Nations Secretariat, Statement on the Collection of Contributions as of Sept. 30, 1963; Agency for International Development reports.

So Mr. Miller's amendment to the committee amendment in the nature of a substitute, as amended, was rejected.

Mr. FULBRIGHT. I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader whether he can ascertain what amendments are likely to be offered this evening and how long the discussion on them will last, as well as what Senators can expect, because of commitments and arrangements heretofore made.

Mr. MANSFIELD. Responding to the question raised by the distinguished minority leader, it will be recalled that earlier today the leadership indicated that it would like to continue in session until around 10 o'clock this evening, provided amendments and votes were in the offing. It is my understanding that the distinguished senior Senator from Oregon [Mr. Morse] has an amendment to offer. If he offers the amendment, I assume there will be a little debate on it. I would hope that the Senate would be able to vote on that amendment this evening and then take a recess until 12 o'clock noon tomorrow.

Mr. MORSE. That is satisfactory to me. This has been a rather good day. We have made some progress. We have worked out some negotiated settlements, and have agreed to several amendments, and have had votes on other amendments also.

I shall offer my amendment now. If Senators wish to go to dinner, they have time now to go to dinner.

Mr. MANSFIELD. Does the Senator mean downstairs?

Mr. MORSE. Downstairs. When the discussion of the amendment is concluded, the Senate can vote. I do not expect to take more than 30 minutes, and probably not more than 20 minutes. There will probably be about 20 minutes for reply, and then there will be a little rebuttal. I do not believe that it will take more than about an hour.

Mr. DIRKSEN. I understand that the amendment which the distinguished Senator from Oregon has in mind deals with certain restrictions upon the use of assistance funds for budgetary purposes, particularly in Latin American countries.

Mr. MORSE. It is the Alliance for Progress amendment. The heart of it is that none of the funds now available under authority of this act may be used to furnish assistance to any country covered by this title for balance of payment or support purposes.

Mr. DIRKSEN. I had hoped that after an hour or an hour and a half of discussion this evening, the vote on the amendment might go over until tomorrow, when the Senate could resume the discussion of the bill.

Mr. MORSE. That is satisfactory to me.

Mr. MANSFIELD. Because of the fact that for the first time in a long time there are so many Members of the Senate present, I would hope that the vote could be taken tonight, and that the Senate could start afresh tomorrow. Many Senators who are now present have given up engagements, and I believe they are entitled to the right to vote tonight.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** The amendment has not yet been offered.

Mr. MORSE. I offer the amendment. First I would explain that I have modified the amendment. It is amendment No. 254. I wish Senators would look at it. In line 9 of the amendment I strike out the words "in the form of" and substitute the word "for."

In line 9 I strike out the word "loans."

In line 10 I strike out the period and add the word "purposes."

I send the modified amendment to the desk and ask that it be reported.

The **PRESIDING OFFICER.** The clerk will state the amendment.

The Legislative Clerk. On page 39, line 10, after the section heading insert "(a)".

On page 39, strike out the quotation marks at the end of line 17.

On page 39, between lines 17 and 18, insert the following:

> (b) None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title for balance-of-payment or budget support purposes.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, my amendment No. 254 is designed to halt aid to Latin American countries for budget support and for balance-of-payment purposes.

I have modified it slightly in order to make its purpose a little clearer. I have explained those provisions. I have already spoken on the results of using the contingency fund for Latin American aid. Those results have increased the resistance of applicants to the conditions that they must meet under the Alliance for Progress.

In our debate the other day on the contingency fund, we pointed out that several Latin American countries have been the recipients of millions of dollars of contingency fund money, not for any emergency affecting the United States, but for their own monetary emergencies, their own inflation emergencies, and their own balance-of-payment emergencies.

I expressed the view that that was a misuse of the contingency fund, and I hold to that point of view.

However, I point out what I call attention to in the last sentence in the portion of my manuscript that I have just read; namely, that those results have been to increase the resistance of applicants to the conditions that they must meet under the Alliance for Progress.

The fact that Argentina and Brazil have been able to dip into the contingency fund and get very large allotments from the contingency fund for their budgetary problems could be a major reason for their failure to submit a plan under the Alliance for Progress, which they are expected to do.

However, it is an interesting coincidence, at least—and I only express my personal view—that as long as Argentina and Brazil can continue to get heavy dosages of Presidential contingency fund money to help them out with their budgetary support programs and their monetary programs, they are not going to be the least bit moved to meet the plans called for under the Alliance for Progress program.

Those countries ought to submit their plans for cooperation under the Alliance for Progress program. They agreed to the Act of Punta del Este. Under the Act of Punta del Este, they committed themselves to self-help. All we ask is that they help themselves, along with our willingness to cooperate and help them.

I am greatly disturbed about the news of today in regard to Argentina's attitude toward the entire Alliance for Progress program. I cannot quite understand what Argentina is up to.

Also, we are getting statements from high positions in Brazil to the effect that Brazil does not know whether the Alliance for Progress program is to her economic advantage or not. That comes from a beneficiary to whom we have given many millions of dollars. It is perfectly obvious what Brazil is up to—and Argentina, too. Apparently, they are seeking to scuttle the Conference at Sao Paulo, because the Conference at Sao Paulo is, in particular, designed to try to have our Latin American associates act more responsibly in the implementing and administering of the Alliance for Progress program. Apparently, Brazil and Argentina do not want to have any multilateral administration of the Alliance for Progress program. That causes me to suspect that perhaps one reason why they do not is that they have done so well by getting what they want from the contingency fund. Why should they agree to any commitments? The representatives of Brazil can come to Washington, plead a sorry tale, and point out how inflation is running away with Brazil. Before I finish with this speech, I shall show how far inflation has run away with Brazil, and why she is weeping such international crocodile tears to get more and more millions out of the Presidential contingency fund.

I speak most respectfully, but I do not believe the contingency fund should be used for that purpose. I do not know about other Senators, but certainly the senior Senator from Oregon never had any idea, when he agreed heretofore to providing a contingency fund, that he was authorizing the President to use contingency money for any other purpose than a U.S. emergency—not a Brazilian monetary emergency, not an Argentine monetary emergency, but a

U.S. monetary emergency. The contingency fund should be used only because of a time element. The President ought to have some money available to act on the spur of the moment in the national interest, on the theory that time is not available to come to Congress and lay the problem before Congress.

I cannot imagine an emergency so great that the President would need more than $100 million for any immediate expenditure, biding the time it took to come to Congress, lay the facts before it, and make a formal request for emergency money.

Earlier today, in connection with another amendment, I said that at the time of the Berlin crisis the President came before Congress and received $3 billion in additional defense appropriations. He had no trouble in that instance, for it was a serious American emergency.

Administration witnesses testified before the Committee on Foreign Relations that in connection with the Cuban crisis a little more than a year ago—October 1962—no contingency fund money was used. Yet that was as serious a national crisis as we have had in a long time.

We shall be dealing with a basic policy question that will strengthen the hand of the President, if we adopt this amendment. The President needs to be put in a position where he will have to say—and he is not the only President that has done this; it has happened in preceding administrations, too—"I am sorry but Congress has limited the use of the contingency fund, and has stopped payments from the contingency fund to Latin American countries for certain purposes."

It is interesting to note that up until the latest information I received from the State Department—unless something has changed within the last several days, it is still true—only eight countries have submitted plans under the Alliance for Progress program. The program calls for their submitting plans as to what they are willing to do and what their procedures are for reform, before they will be eligible for Alliance for Progress money in any great amount. If we want to speed up those plans, we had better close the door to money from the contingency fund and from supporting assistance, as well.

But I want to talk about the theoretical soundness of my proposal. The amendment has a very sound theory in connection with our form of government. We should be strict about ever giving unchecked discretion to any officer of the government, including the President. I speak not of an individual, but of an office. The Office of the President should never be allowed to exercise unchecked discretion over the expenditure of too much money. Particularly in the field of foreign relations, the expenditure of money without its being spent under a checking system can very well cause serious international complications.

In committee, I fought rather vigorously against a $300 million contingency fund. I moved that we reduce the amount by $200 million. Although I received some support in the committee, I did not have a majority. I finally offered a $150 million compromise. As I remember, I joined with the Senator from South Dakota [Mr. MUNDT] in proposing a $150 million compromise. Then it was suggested that there be an agreement to provide $175 million. I refused to vote for $175 million; I thought $150 million was as far as we should go.

But tonight I seek only to place some controls on the use of the contingency fund by the restrictions set forth in my amendment.

The contingency fund is not the only source of nonproject grants and loans. The supporting assistance category is another source; and tomorrow I shall offer an amendment reducing the whole supporting assistance category. I care not whether this form of aid is in the nature of a grant or a loan; it is unsound everywhere in the world. But in Latin America, it cannot even be justified on the ground that the recipient lives in the shadow of the Communist bloc and hence must maintain an oversized military establishment, the cost of which the United States helps to meet.

Every year for 10 years and more I have been urging a foreign aid program that will seek to extend capital for specific projects. Budget support is exactly the opposite of that concept. Budget support merely goes into the pot of some government to balance its domestic budget. I feel that the United States has deficit problems of its own with which no nation in the world is going to help us, and which we should not worsen merely to enable another country to escape the same problem.

When money is taken out of the contingency fund—which is made up of money which belongs to the taxpayers of the United States—and is given to Brazil, the Argentine, Ecuador, or any other Latin American country, to help that country balance its budget, that makes the U.S. budget that much worse. We can be sure that other countries will not help us balance our budget. So I am at a loss to understand the process of reasoning behind the practice of using the U.S. taxpayers' money—without congressional authority—in instance after instance to balance the budget of Brazil or the budget of Argentina or the budget of Ecuador or the budget of any other country. As I have said, we have our own deficit and budget problems, and we should not worsen them by making the U.S. taxpayers' money available to other countries, to help them balance their budgets, at a time when we cannot balance our own budget.

Much the same is true of American money extended to balance the international payments of another country. What we really do with these balance-of-payments loans or grants is make it possible for the recipient country to pay off its foreign creditors. Most of these creditors are in Western Europe. Some are American businessmen.

I wish to stress that point. American taxpayers' money has been made available to Latin American countries to help them pay their creditors. Many of their creditors are citizens of countries of Western Europe, but some of them are American businessmen. I am satisfied that if the American people knew that the Presidential contingency fund was being used to provide balance-of-payments support and budget support and to make payments to help Latin American countries pay their creditors, the American people would be shocked. They would say, "That is not cricket." Mr. President, such procedure runs against the grain of fair dealing with the taxpayers of the United States.

Mr. ROBERTSON. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Oregon yield to the Senator from Virginia?

Mr. MORSE. I yield.

Mr. ROBERTSON. I have listened with interest to the statement of the Senator from Oregon. Last October, when I was in Rio de Janeiro, a group of American businessmen told me that in recent years Brazil had been paying one-half of the expenses of the Brazilian Government by printing money. The Government of Brazil gives an I O U to the Bank of Brazil, and the Bank of Brazil then furnishes the money—after getting a firm in the United States to print the money. I was told that one-half of the Brazil deficit has been paid by using our money. So we have been furnishing Brazil the money with which to pay the operating expenses of the Government of Brazil—including the interest on her foreign loans.

Mr. MORSE. That is correct. I thank the Senator from Virginia for his statement. There is no question about what he has said. The record is crystal clear that that is what we have been doing. But we should stop it; and that is why I have offered this amendment.

Mr. PELL. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I am glad to yield to the Senator from Rhode Island.

Mr. PELL. I thank the Senator from Oregon for yielding to me.

Mr. President, more than a year ago, when we were considering the foreign aid bill and the authorization of funds for the Alliance for Progress, I drew the attention of this body to the use—or what might be better characterized the "maluse"—of funds for balance-of-payments financing or budget-support purposes. I did not then support an amendment to limit expenditures of Alliance for Progress funds, or, in fact, any AID funds, to specific development projects, because I hoped that in the intervening period of more than 15 months there would be a marked reduction in the percentage of Alliance for Progress funds used for balance-of-payments or budget-support purposes.

At this time, I ask unanimous consent to have printed in the RECORD a comparison of AID assistance in the fiscal years 1959–63. This includes both pre-Alliance and Alliance assistance.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

A comparison of AID assistance in fiscal years 1959–63

[Dollars in millions]

	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963
(1) Development project loans and grants	$103.5	$87.2	$210.6	$300.0	$381.6
Percent of total	(84)	(83)	(83)	(63)	(68)
(2) Development program loans					[1] $95.0
Percent of total					(17)
(3) Balance of payment financing	$7.3	$8.4	$11.6	$154.7	[2] $70.8
Percent of total	(6)	(8)	(5)	(33)	(12)
(4) Budget support loans and grants	$12.2	$9.5	$31.5	$19.5	$17.4
Percent of total	(10)	(9)	(12)	(4)	(3)

[1] $60,000,000 to Colombia and $35,000,000 to Chile.

[2] Including $23,750,000 grant to Dominican Republic.

Mr. PELL. Mr. President, from these figures, we can see that there has been a fairly significant drop in the percentage of funds used for balance-of-payments financing—from 33 percent in fiscal 1962, to 12 percent in fiscal 1963. While I think this is commendable progress, I still believe more of our assistance—presently 68 percent—should go into direct development projects.

We have something of a problem with terminology. For instance, category (2) refers to development program loans. This has been explained to me as assistance to encourage the importation of capital goods. It is distinguishable from balance-of-payments financing insofar as it is before the fact assistance, whereas balance-of-payments funds—or, as the Senator from Oregon has perhaps more properly called them, "bailout funds"—are after the fact assistance. Nevertheless, program loans do have the effect, although this is not their purpose, of helping a country in reducing its balance of payments.

Without laboring the point, let me again state that while some progress is being made, we should direct our energies more toward assistance for development projects and less toward assistance in the form of balance-of-payments financing or budget-support assistance.

I believe the distinguished Senator from Oregon [Mr. MORSE] has done all of us a very real service by raising this question in connection with his amendment (No. 254). This subject needs ventilation, and I congratulate the Senator from Oregon for raising it.

Mr. MORSE. I thank the Senator from Rhode Island both for his valuable statement and for the table he has submitted for the RECORD. The table speaks more effectively than any words of mine, for it shows us exactly what the problem is.

I realize one of the problems which confronts me when I offer an amendment of this kind. Some will be inclined to think I am seeking to restrict the President. But my amendment has nothing to do with the President as such. Instead, I am seeking to stop a policy that should be stopped, no matter who is serving as President of the United States. I seek to protect a very precious right of Congress—namely, the right to pass judgment on any specific proposal submitted by some country which wishes to obtain American taxpayers' money for balance-of-payments purposes, budget-support purposes, or similar uses. I do not think that issue should be decided by the executive branch of our Government. It should be authorized, approved, affirmed, and granted by means of congressional action, including appropriations. In that way, the constitutional check is observed. As I stated earlier today, that is what the Constitution calls for. There is no question that I am fighting for preservation of this constitutional right; that is my purpose in connection with all these amendments. That is why I differ with the views stated by the Secretary of State at his press conference of the other day. I respectfully suggest that he should refer to the Constitution, for it provides Congress with this checking power; congressional authority must be obtained, and funds cannot be paid out except when appropriated by Congress by law.

But what has happened is that general authorization is obtained for an unchecked exercise of discretion; and once that power is granted, we do not know what happens. So I am seeking to take back that power. As I have said, what Congress can give, it can later take back; or it can change or restrict. At the very least, we should provide for the kind of checks my amendment provides.

Mr. ALLOTT. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I am glad to yield to the Senator from Colorado.

Mr. ALLOTT. I am concerned with two instances which have gone far beyond the argument the Senator from Oregon has made. The first is the situation in which we committed ourselves to an expense of $10 million a month for the Congo operation. I have stated many times that if at that time I had been in the position of the President, no doubt I would have done that. Yet 5 months later, when representatives of the State Department came before the Senate Appropriations Committee and sought to justify that, they sought to shift their ground three or four times. First, they said they would take the money from the President's contingency fund. But when it was demonstrated to them that the President's contingency fund did not contain that much money, they sought to put it on other grounds.

So during that 1 year, that is, from January through October, whether we think the results were right or wrong, we committed ourselves to the expenditure of $110 million for that particular purpose.

Then we did the same thing at Punta del Este. Secretary Dillon went to Punta del Este and, as he subsequently explained to the Appropriations Committee, committed himself for only $14 million, but as the news went out to the world, for a total of $20 billion over a 10-year period.

I happen to agree with the Senator in one respect and perhaps disagree in another. If the people of our country elect a President, we must repose some confidence in him. We should have a contingency fund, and that fund should be large enough so that the President can take care of any emergencies or contingencies that might arise. But in those two instances particularly I am faced irrevocably with the thought that there was no excuse for the State Department or the President not to come to the Senate, the House, or to either of the Appropriations Committees—and from the testimony on record they did not—even to state what was in their minds about those two circumstances. What does the Senator from Oregon think about that

Mr. MORSE. I completely agree with the observation of the Senator from Colorado. What he has said bears out the thesis of my argument.

Congress must be given that information as a condition before the fact and not as a condition after the fact. The authority of Congress must be obtained for the specific use to which the Government seeks to put the money. The Senator may disagree with me in that he thinks the President ought to have enough money in the contingency fund to meet an emergency. We may disagree as to how much that amount of money should be. I believe that $100 million is enough. The committee brought in a report requesting authority for $175 million. The adoption of the Humphrey-Morse compromise amendment the other day on the Alliance for Progress and the contingency fund left the figure at $175 million. I would have preferred $150 million, which is what I finally urged in the Foreign Relations Committee after I was beaten on my proposal for a $100 million fund.

But our difference becomes a question only of degree and not of objective. The President should have enough money to meet a U.S. national emergency. I find it difficult to conceive of any emergency so serious that $100 million would not give the President all that he needed for the short period of time that it would take for him to act on that emergency, and then lay his request before the Congress for whatever additional amount of money he might need. He did so at the time of the Berlin crisis. He then received $3 billion. He never had any trouble in obtaining that money. He never would have any trouble in obtaining the necessary money quickly for any U.S. national emergency.

A part of the burden of my argument involves the use of the money for purposes that do not involve U.S. national emergencies, such as balance-of-budget problems in Brazil and Argentina which would not possibly fall under the definitive terms of a U.S. national emergency. They would be Brazilian emergencies and Argentine emergencies, but not U.S. emergencies.

Mr. ALLOTT. I understand the Senator's point of view. More than anything else, it is a question of degree, in which I am inclined to differ with him. Under certain circumstances a Berlin emergency could very well be a U.S. emergency. I understand the Senator's position with respect to the Humphrey amendment, which was before the Senate the other day. He would have preferred a lesser figure. We did provide $175 million on that particular portion of the program. It occurs to me that even if we should get to the place where the Congress would return to some sense of rationality and adjourn early in the fall in accordance with the rules of the Senate and the House, the President could always call back the Congress, and, at the expense of a few thousand dollars, allow it to pass on these important questions, which involve hundreds of millions of dollars.

I have been reading the amendment of the Senator from Oregon. I have checked it at the desk to see the manner in which he has modified it. I ask the Senator if he really believes that under the bill none of the funds, under any circumstances, or at any time or any place, might be used to furnish assistance to a country in the form of balance-of-payment loans or budget support. I see that the Senator has changed the amendment slightly. Does the Senator wish to apply that principle to the President's contingency fund? No Senator has been as critical of the President in his conduct of foreign affairs as has the senior Senator from Colorado. I have taken the floor of the Senate innumerable times to voice my opinions, particularly with respect to the actions of the President concerning Cuba. But does the Senator really think that the overall statement of the amendment should include the President's contingency fund? I feel that if we are going to have a contingency fund for the President, perhaps it should have more latitude than it would have with the restrictions which the amendment of the Senator would place upon it.

Mr. MORSE. My answer is that that is exactly the restriction I mean to impose. I do not believe that the President should have any discretionary power whatsoever about using the American taxpayers' dollars for budget support purposes or for balance-of-payment purposes in Latin America. He ought to have specific authority for such purposes.

I point out that some months ago the Finance Minister of Brazil came to Washington and spent several days negotiating in regard to Brazil's financial plight. There was no such emergency that prevented the expenditure of that amount of time. A few more days, it seems to me, would be reasonable to expect any President of the United States to spend in asking for congressional authority for whatever amount of money he would like to recommend that Brazil should get for budget support purposes, and have the Congress approve it. If he has a good case, why should he fear it?

What worries me is the question as to whether the President should be given all that money on the assumption that U.S. national emergency problems should be met with it, and then find that a part of the contingency fund is being used to help out with a budgetary problem in Brazil without the specific approval of the Congress for that specific expenditure of the funds.

Mr. ALLOTT. Mr. President, will the Senator indulge me further?

Mr. MORSE. I yield.

Mr. ALLOTT. I agree that in most instances what the Senator has said is true. The Senator from Colorado has little sympathy with the national policies of Brazil, as he has seen them develop over the last 2 or 3 years. As I said on the floor of the Senate last week, I saw Brazil try to thwart in many instances at the U.N. last year basic questions of freedom, economic rights, and economic opportunity that the United States was trying to promulgate. I have seen them pursue an economic policy which none of us could condone unless we happened to support the present administration 100 percent, which the Senator from Colorado does not. But seriously, I say that Congress might find itself in a position in which, for example, it would be in recess, and it would be a question of acting not within a week or 10 days, which we could do in an emergency between the House and the Senate, but of acting in a few hours. For this reason, although I would be the first to join the distinguished Senator from Oregon in his general sentiments about some of the uses for which this fund has been used, at some time we must repose a little confidence in our President, even though he is not from my party. He should have a little more latitude than the strict language of the amendment of the Senator from Oregon.

I would follow the Senator in the general context, but if we create a contingency fund it seems to me we should provide a little more latitude, even granting that this President—and perhaps the President before him, and the President before that—used the contingency fund in a way we did not quite approve. At least we should recognize the necessity of a contingency fund and the purpose for which it was created.

I know the Senator has very strong feelings, but I wonder if he would not consider an exception such as "excepting contingency funds provided herein for the President of the United States." Otherwise we may very well be killing our own goose in the situation.

Mr. MORSE. Let me say, most respectfully, that I do not believe we are killing the goose at all, but giving some assurance that it will keep on laying eggs.

Mr. ALLOTT. I have not explored the parliamentary situation, but perhaps we have gone too far. Perhaps we should not give the President any contingency fund at all, but let him come to Congress for everything he needs. The way I am thinking at the moment, it occurs to me the amendment would restrict, in a way, the President's contingency fund.

I am willing to restrict every other fund that is given under this act, but surely we must allow someone the latitude to act. After the past 2 weeks of debate, no one can be mistaken about the sentiment of the Senate; that is to say, no one can be mistaken about the sentiment of the American people about foreign aid. I believe "discretion is the better part of valor," that we should make such an exception in this instance.

I appreciate the Senator's yielding to me and permitting me to discuss this question with him. I believe it involves a very serious problem.

Mr. MORSE. I am indebted to the Senator from Colorado, because he has helped point out the issue I wanted to point out.

I do not believe it is conceivable that a budgetary problem in Brazil, or Ecuador, or in Argentina, or in any other Latin American country—and my amendment deals with Alliance for Progress countries—could create such a U.S. emergency as to make it not feasible for the President to call Congress back into session, if the situation were that serious, for the quick action which he would get. He could bring Congress back into session in a matter of hours.

But the point that we differ on, as I understand the Senator from Colorado, is the question of what is a U.S. national emergency. I do not believe the contingency fund as we established it in the first instance contemplated that a President of the United States could use the money, by way of exercise of unchecked discretion, unless the operative facts of the emergency involved our national emergency.

Certainly a balance-of-payments problem or a budget-support problem in Brazil or in Argentina would probably be discussed for weeks in those two countries anyway, and discussed probably for quite some time in the presentation to our Government of a request for contingency funds. With the elapse of that amount of time, all I am suggesting is that when the request is made, the President should lay it before Congress. He should be put in a position of saying to them, "I am sorry, but I am under a congressional prohibition. I am prohibited from using funds for balance of payments or budget-support purposes."

Mr. ALLOTT. The distinguished senior Senator from Oregon is subcommittee chairman of the American Republics Affairs Subcommittee of the Foreign Relations Committee, and he knows, I am sure, as well as or perhaps better than I—even though the rest of us try to inform ourselves—the volatile situation which now exists in Latin America. We could easily find ourselves in a situation in Latin America in which the President's contingency fund would be completely ineffective to do any one of 2 dozen jobs that we might have to do in 3 days. I am sure that the Senator well remembers—I well remember it, because it happened when I came to the Senate of the United States in January of 1955—the critical condition in the Quemoy-Matsu area in the Western Pacific, a situation with respect to which I took the opposite side from the distinguished Senator from Oregon. I believe the debate in the Senate continued for approximately a week. If a debate in a situation as critical as that could run for a week or 10 days, surely the President needs some freedom to act more quickly.

I have no hope that I can change the opinion of the Senator from Oregon, because I have no such great powers of oratory or persuasiveness; but I hope that the reason and the logic of the situation will appeal to him. The Senate already has adopted many amendments. The Senate has talked and conferred and voted on amendments which condemn the use of the President's contingency fund in the manner in which it has been previously used. Is this not enough? Can we not leave the President some freedom of action?

I say very frankly, as one Member of the Senate who has been critical of the President's foreign policy, that I cannot let this moment pass without calling the attention of the distinguished Senator from Oregon to this matter, which in the next 6 months might well be of prime importance to the country.

Mr. MORSE. I do not think the Quemoy-Matsu issue which the Senator has raised is in point with our discussion here, because, if there had been an attack on Formosa, that debate would not have lasted an hour. Congress would have declared war. The President would have obtained support immediately. But that debate went on for the period of time the Senator has mentioned because some very vital constitutional policy issues were raised on which we had honest differences of opinion. But it was not an emergency which required immediate action. The debate dealt with a proposed resolution as to what our policy should be in that part of the world in futúro. An immediate emergency which called for immediate action did not threaten us at that time.

Mr. ALLOTT. If the Senator will yield, I think he had better refresh his recollection. There was an immediate emergency, with a then present, imminent threat, if the Senator will think about it for a moment. He probably has not had occasion for a long time to think about it. I think he will realize that there was an emergency. That is why President Eisenhower called upon the House and the Senate to pass the resolution.

Mr. MORSE. That was one of the fundamental differences of opinion. We took the position that there was not an immediate threat; that there was no hour-by-hour danger that threatened us; that there was a policy to be determined one way or the other. Those of us who took a point of view opposite from that of the Senator from Colorado stated that any time a declaration of war was wanted, and a need could be shown for it, the President would get it.

I am saying that there is no basis in fact for the conclusion that a budgetary problem in Argentina, Brazil, Ecuador, or anywhere else in Latin America would be of such an emergency to the United States that the President would not have time, even if Congress were in recess, to get us together and ask us for an authorization to make a loan to one of those countries for budgetary purposes. In fact, my point is that here is a place where such an unchecked power should never be given to the Presidency.

I think that, under our Constitution, Congress should insist that the money be made available only by a specific appropriation by law for that purpose. We have given the President $175 million to meet any emergency, to use a hypothetical case—and I speak only hypothetically—that might arise in the Caribbean. Let us assume the President should learn at 10 o'clock tonight that Castro is planning some kind of invasion of the Florida coast. He has plenty of contingency funds, in addition to his other military funds, to move into action immediately. He could lay the problem of any further assistance he needed before Congress tomorrow or the next day, or whenever he wanted to.

That is the use to which the contingency fund should be put, and not as a form of economic aid. If the President wants to give such countries economic aid, he should get an authorization for that specific aid. He should not be able to go ahead, by an exercise of his own will, and grant aid that Congress would find out about subsequently.

We in the United States have a balance-of-payments problem, too. Does anyone suppose that Brazil or Argentina is ever going to lend the United States the money to balance our European payments deficit? Of course not.

I think it is nonsense to extend money for these purposes in Latin America. It is not only bad in itself; but it also merely postpones the day when these recipient countries must face the music of economic self-control and reform.

I have tried to get at this problem by reducing the contingency fund and by reducing supporting assistance, because both categories are sources of money for these purposes. The purposes themselves are bad, in my opinion, and should be stopped for all of Latin America. Unless we do so, we will continue to weaken the Alliance for Progress.

Let Brazil, Argentina, Bolivia, and the Dominican Republic—if the latter ever returns to a constitutional government—obtain their economic assistance through the channels of the Alliance for Progress. Let them meet its criteria and get their capital through its procedures.

To put it bluntly, this type of aid in Latin America has been "bailout" money. They have been used to bail out Latin American governments that have not had the courage, or the determination, or the political backing at home, to undertake the reforms required for them to obtain funds through the Alliance for Progress.

I spoke on this subject on the Senate floor on June 25. At that time I pointed out that Latin American nations were finding it too easy to obtain grants and loans from the United States from non-Alliance sources. One of these has been the contingency fund; another has been supporting assistance.

In my opinion, by far the biggest problem the Alliance for Progress faces is the faintheartedness of the nations to the south to get started on the economic and social development that our capital is supposed to finance. Many of our friends in Latin America are complaining that the money is not coming as fast as they would like. But the real problem is that they are not moving fast enough to meet the conditions and requirements of sound investment.

And why should they, if they can always obtain the money without regard for the requirements of the Alliance itself? I do not see much point in Congress authorizing the Alliance for Progress, setting forth the purposes of the programs and the amounts to be available under it if the whole section—the whole program—can be circumvented with funds from other sources.

When the Humphrey amendment was under debate the other day, I pointed out that only eight participants in the Alliance for Progress have submitted any country plan to the Panel of Nine, which is supposed to pass judgment upon them.

When the Senator from Minnesota asked me if I would join with him in such an amendment, and we negotiated an adjustment with respect to a contingency fund of $175 million, it was done with the understanding that there would be returned to the development loan program for the Alliance for Progress a total of $600 million. We did it on the basis that the committee itself had recommended $175 million for the contingency fund. I was glad to join with the Senator from Minnesota in what became known as the Humphrey-Morse amendment. I thought it was sound. I said then, however, that I would offer subsequently the amendment I am offering now to put some restrictions on the use of the contingency fund.

The two largest nations of the hemisphere, Brazil and Argentina, have not submitted any plan. But they have nonetheless obtained large sums from the United States for nonproject purposes, which means for balancing their budgets and the international payments. Argentina received nonproject loans from us of $20 million each in fiscal years 1962 and 1963. Brazil received them in the amounts of $74.5 million in fiscal 1962 and $25.5 million in fiscal 1963.

That is a good deal of money.

The Dominican Republic received a nonproject loan of $25 million in fiscal 1962. Ecuador has received budget support loans of $8 million in fiscal 1962 and $7 million in fiscal 1963.

Hence, we have been putting out around $50 million a year for this purpose in Latin America. It is no accident that three of the four recipients of this form of aid last year also received it in fiscal 1962. And I predict that unless Congress takes a firm hand, they will go on getting it in fiscal 1964 and thereafter.

I know, without seeing it, what the position paper of the State Department and AID will be. It will be what it has always been in the past back through the Eisenhower administration and back to the Truman administration.

It will agree that this type of aid is a bad practice which it hopes will stop. And it intends not to extend it any more, so there is no need for Congress to put the language into the law. But then, the position paper will continue, we must have flexibility and be able to make such grants or loans if the necessity arises. It is always the same answer to every bad foreign aid practice Congress desires to stop.

"Ah, there's the rub," Mr. President. That is the phraseological escape hatch that the State Department always resorts to—"You must not tie our hands. You must leave us flexibility." By "flexibility" they mean they must be left flexible so that they can walk out on the implied promise that they made to us.

They are very careful, but they are very evasive, too. I have lost confidence in the language of the State Department on such matters as this. It is the answer that the administrators do not intend to continue it anyway, but that they must still be free to do so if they wanted to. What kind of promise is that? It is not a good faith promise. I am sad to say it, but I have lost much confidence in the good faith of the State Department in dealing with the Foreign Relations Committee on matters such as this. I do not trust them any more, to put it bluntly. In this respect, as well as in our military aid to Latin America, we are the ones who are undermining the Alliance for Progress program itself.

My amendment would put a stop to aid in the form of grant or loan for budget support or balance-of-payment support, regardless of where it might come from under the act. On the other hand, my amendment does not affect the operations of the Export-Import Bank, which also makes occasional loans in Latin America for refinancing of past debts, both public and private. I do not, in this amendment, intend to go into Export-Import Bank functions, even those in the same field. But I do intend to call a halt to the use of foreign aid funds for these uses.

Mr. President, I call attention to an article published in the New York Times of Tuesday, November 12, 1963, written by Tad Szulc, entitled "Alliance Report Shows Latin Stagnation in 1962."

The article is dated São Paulo, Brazil, November 11. It refers to the conference that is being held there, at which Brazil and Argentina are following a course of action that I believe, to put it mildly, is subject to the interpretation that they seem to be trying to scuttle the conference. Mr. Szulc writes:

> Economic-growth rate slowed last year, reflecting "stagnation" in the region, according to the annual report of the Alliance for Progress.

He discusses the 300-page report and sets out some vital statistics which show a constant worsening of conditions. He gives us a pretty gloomy picture. The main reason for the gloomy picture is that these Latin American countries are not doing their share in keeping with the commitments under the act of Punta del Este. The adoption of this amendment will serve notice that they cannot get any props for their budget out of the contingency fund, and that the only solution to their problem is to live up to their obligations under the Alliance for Progress program by submitting a plan that qualifies them for assistance under the program, and by bringing about reforms in their own countries.

We cannot pour enough money into Brazil to stop that runaway inflation. Brazil must do that for itself. We can be of assistance to Brazil if it will come forward with a plan and if she qualifies for assistance under the Alliance for Progress program.

I ask unanimous consent to have the entire article printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALLIANCE REPORT SHOWS LATIN STAGNATION IN 1962

(By Tad Szulc)

SÃO PAULO, BRAZIL, November 11.—Economic-growth rate slowed last year, reflecting stagnation in the region, according to the annual report of the Alliance for Progress.

The 300-page report will serve as the basic document for consideration at the alliance conference that opened here today. The finance and economic ministers attending will vote on the report's conclusions and recommendations later this week.

A key aim of the alliance is to bring about a 2.5 percent annual increase in Latin American per capita income. But the report showed that the 1962 figure ranged between 0.6 and 1 percent, a drop from 1961 levels.

This deterioration was primarily a result of developments in Argentina and Brazil, the report said. These countries jointly account for about half of Latin America's population and industrial and agricultural production.

The income growth rate in 10 of the 19 Latin American countries in the alliance exceeded the 2.5 percent goal, though the hemispheric average was pulled down by economic crises in Argentina and Brazil.

Argentina's gross national product in 1962 was 3.4 percent below the 1961 level, the report said. Brazil's growth rate fell sharply in 1962 from the record 7.7 percent increase in 1961.

The decline in Argentine production was linked to a general depression and to the country's long political crisis.

In Brazil, the phenomenal growth cycle that began in the late 1950's came to a virtual standstill in 1961 through a combination of inflation and political unrest.

BRAZIL TO FALL BACK

Brazilian economists say that Brazil's annual rate of population increase, 3.2 percent, will exceed the growth in gross national product for the first time this year.

This means that Brazil, faced by a cost-of-living increase of more than 100 percent, will see her per capita income receding in 1963 instead of growing.

Economists here thus believe that 1963 figures for all of Latin America will continue to reflect stagnation. No 1963 figures were included in the report circulated today.

The report stressed the growth in the 10 Latin Republics that met or exceeded goals, including six of the seven countries that have submitted national development plans to the Alliance's economic review panel. The objective of the U.S.-sponsored Alliance is social and economic reform in Latin America.

The most notable 1962 improvements were reported in Nicaragua, which had a 7.2 percent increase in per capita income, and in Panama, Haiti, El Salvador, Colombia, and Venezuela.

Venezuela achieved a 3.9 percent increase in per capita income and a 7.1 percent rise in gross national product, despite political unrest aggravated terrorist activities.

These gains were achieved in the face of a decline in petroleum revenue.

Venezuela raised her agricultural production by 11 percent in 1962, compared with 2 percent in 1961, when land-reform measures began operating effectively. She doubled the increase in her overall industrial output.

In Brazil, by contrast, industrial production remained stationary, while the increase in farm output dropped from 8 to 1 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon to the committee amendment in the nature of a substitute.

Mr. FULBRIGHT. Mr. President, I wish to take only 2 or 3 minutes to say that I believe the amendment would be a very serious setback to the Alliance for Progress program. All loans are directly or indirectly made for the purpose of supporting the balance of payments. The main purpose of the whole program, whether it be in Latin America or anywhere else in the world, is to provide the means by which the recipient country can import materials which it cannot produce. This is particularly true of Latin America. It is very difficult for me to think of loans which would not come under the prohibition of the pending amendment, particularly with regard to the balance of payments.

Budget support applies particularly to countries such as Bolivia which are rather extreme cases of our trying to support governments from collapse internally because of a deficiency in external resources, and also for internal stability of the country. However I believe the amendment would, in effect, scuttle the whole Alliance for Progress program.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. Magnuson], the Senator from Minnesota [Mr. McCarthy], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Missouri [Mr. Symington], and the Senator from Ohio [Mr. Young] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. Engle], the Senator from Washington [Mr. Magnuson], and the Senator from Minnesota [Mr. McCarthy] would each vote "nay."

On this vote, the Senator from Virginia [Mr. Byrd] is paired with the Senator from Michigan [Mr. Hart]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Michigan would vote "nay."

On this vote, the Senator from West Virginia [Mr. Byrd] is paired with the Senator from Arizona [Mr. Hayden]. If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Arizona would vote "nay."

On this vote, the Senator from South Carolina [Mr. Johnston] is paired with the Senator from Massachusetts [Mr. Kennedy]. If present and voting, the Senator from South Carolina would vote "yea" and the Senator from Massachusetts would vote "nay."

I also announce that, if present and voting, the Senator from Louisiana [Mr. Long] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Beall], the Senator from Kentucky [Mr. Cooper], the Senator from Iowa [Mr. Hickenlooper], the Senator from Wyoming [Mr. Simpson], the Senator from New Hampshire [Mr. Cotton], and the Senator from Pennsylvania [Mr. Scott] are detained on official business.

I also announce that the Senator from Arizona [Mr. Goldwater] is necessarily absent.

On this vote, the Senator from New Hampshire [Mr. Cotton] is paired with the Senator from Maryland [Mr. Beall]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Maryland would vote "nay."

On this vote, the Senator from Arizona [Mr. Goldwater] is paired with the Senator from Kentucky [Mr. Cooper]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Wyoming [Mr. Simpson] is paired with the Senator from Pennsylvania [Mr. Scott]. If present and voting, the Senator from Wyoming would "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 31, nays 44, as follows:

[No. 227 Leg.]

YEAS—31

Bayh
Bennett
Bible
Burdick
Curtis
Dodd
Dominick
Douglas
Eastland
Ellender
Ervin
Gruening
Hruska
Jordan, N.C.
Jordan, Idaho
McClellan
Mechem
Miller
Morse
Neuberger
Pearson
Pell
Proxmire
Randolph
Ribicoff
Robertson
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—44

Aiken
Allott
Anderson
Bartlett
Boggs
Brewster
Cannon
Carlson
Case
Clark
Dirksen
Edmondson
Fong
Fulbright
Gore
Hartke
Holland
Humphrey
Inouye
Jackson
Javits
Keating
Kuchel
Long, Mo.
Mansfield
McGee
McGovern
McIntyre
McNamara
Metcalf
Monroney
Morton
Moss
Mundt
Muskie
Nelson
Pastore
Prouty
Saltonstall
Smith
Sparkman
Walters
Williams, N.J.
Yarborough

NOT VOTING—25

Beall
Byrd, Va.
Byrd, W. Va.
Church
Cooper
Cotton
Engle
Goldwater
Hart
Hayden
Hickenlooper
Hill
Johnston
Kennedy
Lausche
Long, La.
Magnuson
McCarthy
Russell
Scott
Simpson
Smathers
Stennis
Symington
Young, Ohio

So Mr. Morse's amendment, as modified, to the committee amendment in the nature of a substitute was rejected.

Mr. KUCHEL. Mr. President, I move that the vote by which the modified amendment to the committee amendment, as amended, was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

AMENDMENT NO. 317

Mr. GRUENING. Mr. President, I send to the desk an amendment to H.R. 7885, and ask that it be printed and lie at the desk.

This amendment is identical to the language in the House-passed bill relating to the interest rate on development loans. The rate would be set, under this amendment, at 2 percent per year, as the House-passed language provided.

Last Friday, I offered an amendment which would raise the interest rate on development loans to the amount which we have to pay in order to borrow money—about 4 percent. The Senate in its wisdom did not see fit to adopt my amendment, which was an attempt to be absolutely honest with the people of the United States and to make these real loans, rather than combination loans and grants.

The Senate committee, apparently recognizing the inconsistency of calling transfers of U.S. dollars to foreign countries at three-fourths of 1 percent interest loans, limited the three-fourths percent interest charge to the first 5 years, and then provided for a minimum interest rate of 2 percent thereafter.

Much is made of the fact that these are minimum rates, and that it is within the power of the AID Administrators to charge higher rates. However, experience has shown that minimum rates prescribed in the law tend, in this program, to become maximum rates. Thus, of the $3,003 million loaned since the 1961 changes in the Development Loan Fund, $1,315,775,000 has been loaned at three-fourths of 1 percent for 40 years, with 10-year grace periods.

It is most likely, Mr. President, that under the language recommended by the Senate Committee on Foreign Relations, within 2 years, or sooner than that, we shall find the majority of new loans being made at three-fourths of 1 percent for the first 5 years, with 5-year grace period, and 2 percent thereafter for the remaining 25 years.

While the House of Representatives, in adopting a minimum interest rate of 2 percent commencing immediately, did not go all the way—as I proposed Friday—nevertheless it has made a beginning which the Senate should emulate.

Therefore, Mr. President, I am submitting an amendment containing the House-passed language and raising the minimum interest rate to 2 percent.

Mr. President, I submit the amendment on behalf of myself and the distinguished Senator from Oregon [Mr. Morse].

Mr. HUMPHREY. Does the Senator from Alaska wish to have his amendment the pending question?

Mr. GRUENING. Yes.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The Legislative Clerk. In the committee amendment, as amended, on page 50, it is proposed to delete lines 1 through 17, as follows:

(d) Amend section 635, which relates to general authorities, as follows:

(1) Amend section 635(g) by striking out the word "and" at the end of subparagraph (4); by striking out the period at the end of subparagraph (5) and inserting in lieu thereof a semicolon and the word "and"; and by adding the following new subparagraph:

"(6) in the case of loans under part I (except under section 205), shall establish terms which shall include (A) interest at a rate not lower than three-fourths of 1 per centum per annum during the five-year period following the date on which the funds are initially made available under the loan, and not lower than 2 per centum per annum thereafter, and (B) repayment on an amortized basis, beginning not later than five years after the date any funds are initially made available under the loan, and ending not later than thirty years following the end of such five-year period."

And to insert in lieu thereof the following:

(d) Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "less than 2 per centum per annum nor".

Mr. HUMPHREY. Mr. President, as I understand, there has previously been entered an order that when the Senate completes its business today, it stand in recess until tomorrow, at noon.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. Very well.

Mr. President, we have had a very busy day, and have accomplished a great deal. I feel that our work tomorrow will be every bit as productive in terms of our accomplishments in connection with our work on this most important bill.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENTS NO. 316)

Mr. MORSE submitted amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. GRUENING (for himself and Mr. MORSE) proposed an amendment (No. 317) to House bill 7885, supra, which was ordered to be printed.

CIVIL RIGHTS—RESOLUTION

Mr. MILLER. Mr. President, I ask unanimous consent to have included in the RECORD a copy of a resolution which I have received from the National Conference of Christians and Jews of Sioux City, Iowa.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

SIOUX CITY, IOWA,
October 30, 1963.

The Honorable JACK MILLER,
U. S. Senate,
Washington, D.C.

MY DEAR SENATOR: At a meeting of the Sioux City branch of the National Conference of Christians and Jews, held October 10, 1963, the following resolution was unanimously adopted:

"Whereas Judaism and Christianity affirm as fundamental principal the brotherhood of man under the fatherhood of God; and

"Whereas the purpose of the National Conference of Christians and Jews is to better relationships between various religious and racial groups: Be it

Resolved, That the Sioux City branch of the National Conference of Christians and Jews go on record in support of Federal civil rights legislation; and be it further

Resolved, That our Senators and Congressmen be informed of this action.

FRANKLIN GILL,
SIDNEY KALIN,
A. J. TOLLER,
"Resolutions Committee."

We urge you to take cognizance of our resolution and to consider our stand when taking future action with regards to civil rights legislation.

Very sincerely,
LAWRENCE S. SLOTSKY,
Chairman.

RECESS TO TOMORROW, AT NOON

Mr. HUMPHREY. Mr. President, if there be no further business to come before the Senate this evening, and with the understanding that the Gruening amendment is the pending question for tomorrow, I move that the Senate take a recess, under the previous order, until tomorrow, at 12 o'clock noon.

The motion was agreed to; and (at 9 o'clock and 4 minutes p.m.), under the previous order, the Senate took a recess until tomorrow, Wednesday, November 13, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 12 (legislative day of October 22), 1963:

DIPLOMATIC AND FOREIGN SERVICE

Benson E. L. Timmons III, of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Haiti.

IN THE MARINE CORPS

The following-named woman officer of the Marine Corps for permanent appointment to the grade of lieutenant colonel, subject to qualification therefor as provided by law:

Warner, Nita B.

The following-named women officers of the Marine Corps for permanent appointment to the grade of major, subject to qualification therefor as provided by law:

Cox, Martha A.
Land, Florence E.

The following-named women officers of the Marine Corps for permanent appointment to the grade of captain, subject to qualification therefor as provided by law:

Graham, Adele A.
Beavers, Nannette L.
Swickheimer, Georgia L.
Kilday, Jo Anne
Orr, Nancy B.

The following-named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer, W–4, subject to qualification therefor as provided by law:

Jozwicki, Henry S.
Colglazier, Richard B.
McCormick, Charles A., Jr.
McDaniel, John H.
Holliday, John H.
Addis, William J.
Engemann, Ralph A.
Day, Francis L.
McKonly, Norman E.
Yeater, Otto L.
Marquette, Jacob H.
Jones, Robert W.
Blakslee, Robert R.
Monagle, Edward J.
Post, Raymond A.
Wall, Warren G.
Robinette, James A.

The following-named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer, W–3, subject to qualification therefor as provided by law:

Campbell, Jesse E.
Markello, Charles A.
Hays, George C.
Hornstein, Joseph
Potter, William T.
Murphy, Robert L.
Hebert, Leonard S.
Johnson, Emil D.
Farris, John L.
Johnson, James E.
Lowe, Alfred C.
Trowbridge, John E.
Sayre, Oscar D., Jr.
Shelton, Jackson G., Jr.
Lampi, Edwin H.
Mowery, Oscar R., Jr.
Ailes, John F.
Poudevigne, Pierre
Bailey, Oliver W., Jr.
Stein, Max
Scroggins, Frederick D.
Anaszewicz, Edward A.
Scharlach, Edward A.
Hofmann, Charles E.
Twomey, Leslie T., Jr.
Tedesco, George M.
Eisenhauer, George W., Jr.
Gill, William J.
Buccieri, George J.
Drewyor, Joseph A.
O'Callaghan, Daniel M.
Miller, Edward H.
Conant, Robert M.
Kazmerzak, Ervin L.
Brouillard, Albert J.
Bordeleau, John, Jr.
Connolly, John J.
Tinsley, John E.
Hayes, Glen M.
Rhynard, Leslie
Wadginski, Kenneth F.
Lott, Wilmer J.
Rust, Edward S.
Mort, Lotus T.
Elkins, James L.
Williams, Fowler S.
Buck, Clarence J.
Vick, William L.
Keck, Irving L.
Fogle, Ralph T.
Chrisman, Addison L., III.
Bookhardt, Henry A.
Brown, George W.
Baird, Maynard K., Jr.
Vismont, Joseph V.
Williams, David C.
Teichmann, Edward
McLendon, Jesse N., Jr.
Brown, William M., Jr.
Fawcett, James L.
Griffin, Clair E.
Bayer, Robert, Jr.
Dancey, Robert W.
Peacock, Hubert W.
Farrington, Arthur C.
Rhine, Karl W.
Bowers, Clarence A.

The following-named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer, W–2 subject to qualification therefor as provided by law:

Flournoy, William E.
Dickerman, William N., Jr.
Smith, William C.
Krieger, Edward T., Jr.
Bjornaas, Forrest R.
Sansom, Howard D.
Palmer, Thomas P.
Pierce, Charles G., Sr.
Glodowski, Raymond J.
Thomason, James W.
Baer, Robert A.
Wolfe, James F., Jr.
Brennan, Edward J.
Smith, Darrell M.
Sawyer, Harry E., Jr.
Holt, Paul L., Jr.
Williaford, Cecil R.
Murray, Peter J.
Carpenter, William J.
Panicali, Louis V.
Connly, Robert A., Jr.
Spillane, Raymond J.
Chesnick, John F.
Marzioli, Joseph
Walls, William B.
Rousseau, Donald F.
Baker, Robert C.
Davis, James H.
Fraiser, Martin S.
Redmann, Paul E.
Kirk, Paul C.
Kammeier, Cyril L.
Wood, William H., Jr.
Gustin, Walter W.
Vincent, William T.
Marshall, Alvin F., Jr.
Collins, John L.
McClure, Raymond B.
Hawkes, Lawrence D.
Feaselman, Charles H.
Gordon, Robert D.
Keller, Richard S.
Yaeger, Richard A.
Miksad, John R.
O'Rourke, James M., Jr.
Reed, Doyle R.
Kohler, William C.
Rouse, Albert C.
Strayhorn, Kenneth E.
Doyle, James A., Jr.
Bodree, Eugene A.
Bridges, Robert, Jr.
Striker, Frederick H.
Mosley, Donald H.
Williams, Robert F.
Burchette, Bernard V.
George, Leonard E.
Komsi, Wayne J.
Vanderhoof, Rex F.
Curran, James E., Jr.
Nagazyna, John K.
Pratt, Donald L.
Kindler, Gary L.
Flanigan, John N.
Welch, William H., Jr.
Cooper, Charles L.
Kaczinski, Marcellus J.
Moore, William T., Jr.
Manco, Edward J.
Darou, Ronald B.
Burns, Kenneth R.
Pederson, Richard C.
McKee, Larry E.
Land, Carlton E.
Helber, Lawrence N.
Dye, Nellis C.
Harvey, Ellis R., Jr.
Kerr, Howard E.
Jesse, Clyde A.
Baker, George W.
Kobel, William L.
Hardie, Richard A.
Fairchild, Guy R.
Hart, Robert H.
Max, William J.
Pallo, Mathew, Jr.
Cantrell, Harold E.
Culp, Leo V.
Caudill, Oscar L.
Schwarz, Frank H., Jr.
Lemay, Granville T.
Harris, Billy M.
Cisneros, Philip C.
Shepherd, Thomas C.
O'Brien, Thomas M.
Hartkopf, Albert I.
Selleck, Albert L., Jr.
Schulze, William A., Jr.
Paulk, James S.
Cusick, Richard D.
Barthold, Frank E.
Taylor, Robert T.
Fehr, Kenneth A.
Dow, Arnold H.
Van Grol, Daniel P., III
Harbison, Bobby L.
Davis, Delmont I., Jr.
Newell, Charles A.
Ghia, Frank J., Jr.
Stafford, Donald E.
Ter Horst, Kenneth C.
Chen, Robert L.
Hodgins, Edward F., Jr.
Cox, Robert D.
Haase, Harold C.
Skrobialowski, Stanley C.
Grinager, Vernon L.
Winters, John W., Jr.
Heath, John F.
Maynes, Robert L.
Tracey, Robert L.
Nowicki, Norbert J.
Schneider, Roger J.
Rosenthal, James H.
McPeak, Melvin E.
Freeman, Bobby S.
Rainwater, Gerald K.
Stoner, Raymon E.
Mendoza, Raymond A
Martin, Joseph M., Jr.
Mills, William F.
Scarborough, Neil H.
Walter, Lowell W.
Sable, Ivan R.
Janke, Jimmie E.
Stowe, Billy J.
Meisner, Donald E.
Kimmey, Henry C.
Simmons, Clyde M.
Van Der Does, Nicholas C.
Smith, Clarence D.
Marnon, John J.
Hartman, Donald E.
McCoy, Paul
Vance, Kenneth R.
Angelo, Nickolas J.
Smith, Harold W., Jr.
Robinson, Jean O.
Crouch, Jerry L.
Marcum, George L.
Jarvin, Donald C.
Schultz, Donald D.
McHugh, Jack D.
Simcox, Clarke J.
Goguen, Albert A. J.
Miranda, Anthony
Keagle, Byron W.
Coffin, Charles T.
Fisher, Ronald F.
Gajewski, Francis J.
Garvey, William F.
Long, Donald W.
Garner, James D.

Snyder, Bruce W.
Ransom, Morris E.
Johnston, James M.
Smith, Robert J.
Waldvogel, Irwin F.
Van Amburg, David E.
Lloyd, Eli J.
Myers, Carl E.
Frederick, John W., Jr.
McGreevy, Arthur V.
Timmons, Richard K.
Ellis, Bruce W.
Eller, Henry R.
Knox, Charles, Jr.
O'Connor, Patrick R.
Shutak, Emil M.
Blix, William C.
McMakin, John F., Jr.
Hall, James A.
Freburger, Hamilton P., Jr.
McCauley, Benjamin D.
Johnson, Wesley D.
Woodworth, Donald F.
Charles, Maurice A.
Rundle, Randolph K.
Lackey, Earl R.
McCallum, John E. B.
Raymer, Erwin O.
Kelly, Fred L.
Freeman, Peter E.
Wyenandt, Jacob, Jr.
Offutt, Charles W.
Hoffman, Danny R.
Bangs, William L.
Wilbur, William J.
Favaron, John T.
Galvin, Eugene A.
Chytka, Lawrence J.
Bowen, Henry E., Jr.
Dale, Robert E.
Merritt, Jimmy M.
High, Roger D.
Bea, Robert L.
Balderson, Tennyson C.
Panza, Ralph A.
Flanagan, Philip E.
Rawlins, Malcolm S.
Eubank, William E.
Hunter, Joseph T., Jr.
Smith, James G., Jr.
Wilson, Donald T.
Pretsch, Donald C.
Davis, Raymond A.
Sands, Charles L.
Di Muzio, Camillo A.
Sirpis, Alexander F.
Moffitt, Kermit
Clark, Adrian L.
Sanborn, Richard S.
Sanchez, Milton
Edelen, Kenneth D.
Riggs, Charles
O'Neil, Donn L.
Crowell, Howard W.
Burch, Verle E.
Shoffner, Mann, Jr.
Head, Joe M.
Gore, Harold E.
Stone, Thomas
Carpenter, James E.
Simpkins, J. V.
Cook, Loy E.
Ringler, Dean R.
Hodgson, Donald W.
Ward, George B.
Walker, George E.
Callahan, Howard L.
Hill, William P.
Hosek, Louis O., Jr.
Marcheso, Gerald E.
Labby, Charles E., Jr.
Walters, Bud R.
Smith, David M.
Williams, Saville L.
Siemasko, Paul R.
Madsen, Alfred L.
Sanderson, Stephen H.
Handley, Clarence I.
Mc Alister, John T.
Allen, Russell R., Jr.
Vollmer, Dorothy L.
Phillips, Bruce M.
Washam, Frank W.
Anderson, Joseph C.
Gates, Hardy D.
Smith, Blakeslee A.
Berrey, Charles H.
Doyle, Teddy J.
Mitchels, William L.
Palmer, Leonard E., Jr.
Brady, Harry S., Jr.
Patton, Robert F.
Berger, Donald J.
Kelly, William D.
Connolly, John L., Jr.
Bengtson, Norbert J.
Anderson, Glen R.
McKee, Dennis T.
Ford, Wayne H., Jr.
Chastain, James S.
Galbreath, Bobby F.
Adamson, William L.
Tardif, Edward G.
Hartigan, William T.
Byrnes, Ronald F.
Jones, Richard D.
Scovell, Jay D.
Lott, Bobby
Morris, Stanley S., Jr.

The following-named officers of the Marine Corps for permanent appointment to the grade of first lieutenant, subject to qualification therefor for as provided by law:

Brennan, John V.
Tingley, Lew E.

The following-named officers of the Marine Corps for temporary appointment to the grade of captain subject to qualification therefor as provided by law:

Pardee, Dennis L.
Williams, Carroll
Hilgers, John J. W.
Gavis, John S., Jr.
Evans, Robert V.
Mixson, Miles E.
Dean, Alan J.
Pastrell, Darrell K.
Janssen, Audrey A.
Miller, Richard A.
Cunningham, Francis J., III
Eichelberger, John M.
Buchanan, John H.
Loftus, William E.
Cohan, Leon, Jr.
Jordan, Lawrence W.
Spence, Jack R.
Thomas, William L.
Marks, James A.
Harris, John E.
Ramsay, Charles J.
Magee, James T., Jr.
Mahoney, John M.
Sperry, Charles B.
Nicol, Alton E.
Trenski, Daniel F.
Herlocker, James E.
Hudson, Jerry E.
Hale, Harold W.
Fry, Duane E.
Abshire, Ronald M.
Vindich, Joseph G.
Orsburn, Lyndell M.
Powell, Donald A.
Rountree, Lee C.
Beason, Richard W.
Anthis, Bobby G.
Ulses, Robert J.
Smith, Walter G., Jr.
Patrick, Jimmy L.
Rozman, John J.
Nugent, Wallace R.
Wogan, Christopher M.
Kazalunas, John
Hodgen, Donald A.
Reddick, William G.
Shoptaw, Robert D.
Huff, Edwin L.
Brown, Peter C.
Vorreyer, Richard W.
Keane, Michael F., Jr.
Wood, Howard C.
Wall, Melvin N.
Cowley, Everett L.
Taylor, Richard H.
Himmerich, Robert T.
Phillips, Billy G.
Tutterow, Henry W., Jr.
Burleson, Eugene B., Jr.
Bratcher, Glenn D.
Dorman, Dale D.
Austin, Claude A.
Sutton, Robert A.
McRaney, Curtis D.
Ahlers, Richard J.
Mailler, David W.
Norrington, Giles R.
Dunn, Edward D.
Stein, William L.
Green, John M., Jr.
Silvear, Thomas A.
McGuire, James S.
Close, Ralph L.
Sallis, John E.
Vest, David G.
Berbaum, Gene E.
McCormick, Ralph C.
Crabtree, Robert G.
Wile, William A.
Collins, Patrick G.
Molsbee, Neil
Rohde, John A.
Oblinger, Daniel H.
Dooley, Gerald F.
Klinkenberg, Arnold L.
Ruhl, Herbert H., Jr.
Thames, Samuel E.
Reno, Robert J.
Zinowski, Walter T.
Polyak, George R.
Foster, Roger G.
Dyer, Paul W.
Miller, Joe E.
Lakes, Jack B.
Mayberry, William B.
Yenerall, Grant L.
Robinson, Carson N.
Power, Thomas J.
Krages, Bert P.
Telford, Jacque W.
Lee, William F.
Dube, Marcel J.
Morris, Paul D.
Hale, William H., Jr.
Sprick, Doyle R.
Ayers, Ronald A.
O'Brien, Joseph J.
Schultze, Barrett R.
Kent, Donald E.
Wynant, Neil E.
Bird, Malcolm T.
Erickson, Jay H.
Nebel, Rudolf M.
Bolen, Herman R.
Walters, Roger D.
Schober, Frederick J.
Delmore, Laurence III
Stackpole, Henry C., Jr.
Cameron, Paul F., Jr.
Simpson, James D.
Rever, William H., Jr.
Maxwell, John A.
McBrien, Thomas P.
Chancey, John A.
Clark, Harold H.
Keller, Floyd H.
Keshian, Richard.
West, Herman B., Jr.
Reed, Robert L.
Huf, Walter R.
Gonzales, Leroy H.
Obenhaus, Leon E.
Heiman, Peter M.
Pacheco, Victor F.
Wheeler, Joseph J.
Thompson, James M., Jr.
Duckworth, J. Rodney
Wilson, Kelton M.
Doherty, Shaun, J.
Lewis, Dayton A.
Peters, Thomas H.
Grissett, Larry K.
Kiersey, Douglas A.
Bridgewater, Billy R.
Hargrove, Thomas C.
Seward, William H.
Brinkley, Edward C., Jr.
Buffington, Jerome A.
Merrill, Roland S.
Festa, Donald
Gering, Michael S.
Drum, David S.
Sheehan, James P.
Cole, Jean P.
Dalzell, Thomas J.
Gilfillan, William, III
McCarthy, Albert, J., Jr.
Garcia, John T.
Eltringham, Charles J.
Fitzgerald, Robert M.
Ray, Allen B.
Bailey, Ross T.
Theer, Richard E.
Seay, Herbert L.
Wells, Warren K.
East, Herbert B., Jr.
O'Meara, James J.
Solter, Harry L., Jr.
McIntyre, William L.
Shannon, Thomas H.
Smith, Malcolm E., Jr.
Atherton, John P.
Youngman, Thornton L.
Vogler, Lewis D.
Tremmel, Donald F.
Womac, Roy L.
Seymour, William D.
Marsh, Robert L., Jr.
Cook, Jerry J.
Ringley, Edward M., Jr.
Kurth, Gerald F.
Herman, Donald F.
Caracio, Vincent D.
Elgaard, Robert J.
Brown, Owen G.
Coughlin, John T., Jr.
Enos, Gerald A.
Brennan, Robert V.
Gillespie, Alec
Banks, Edward J.
Brandon, James R., III
Speth, Charles R.
Drew, Terry C.
Richter, Eugene P., Jr.
Doherty, Donald G.
Strasser, John H.
Clark, William B.
O'Neill, Michael G.
Reece, John H.
Tierney, David T.
Light, Terry B.
Donnelly, Andrew J.
Gobble, Johnny B., Jr.
Peterson, John N.
Cartwright, David L.
Rankin, Dan F.
Sollberger, Leonard A., Jr.
Nicoli, Robert V.
O'Donnell, Thomas R.
Brooks, George W., III
Hyatt, Lloyd W., Jr.
Smith, Louis O.
Burgess, Robert E.
Barry, Albert P.
Carroll, William R.
Sims, William C.
Gibbs, George
House, Robert L.
Busby, Orlando L., Jr.
Deibert, John C., III
Norris, Wilton J., Jr.
Tyrrell, Leon D.
O'Dare, Robert E.
Belcher, William R.
Letchworth, Rodney R.
Melville, Robert H.
Evans, Dan F.
Coxe, Charles R.
Millner, Frank E.
Balch, Robert M.
Armentrout, Terrence J.
Losee, Ronald M.
Schwenkler, Ronald G.
Strawn, James E.
Perry, George E.
Sheasley, George F.
Campbell, Teddy J.
Rone, Wendell H., Jr.
Naviaux, Jacques C.
Marr, David G.
Grinalds, John S.
Gapenski, Louis C.
Carr, Donald R.
Tuttle, John M.
Ward, Harold T., Jr.
Dixon, Albert K., II
Reilly, James E.
Larson, Gary M.
Boston, Gerald W.
Huddy, Norman W., Jr.
Wright, Grant D.
Souders, James P.
Town, Kenneth R.
Cupples, Gordon J.
Redelman, Roger L.
McNamara. Jack D.
Booth, Gordon O.
Bernotas, Alphonse A.
Phillips, Jack W.
Deal, Frank E.
Farrington, Francis X.
Johnston, Clyde J.
Boyd, Granberry D., III
Thomas, Henry E., IV
Rector, Edwin B.
Babbs, Kenneth J.
Cooper, Richard S.
McFarlane, Robert C.
Bickley, LeRoy A.
Lannes, William J., III
Duffy, Timothy T.
Breth, Frank J.
Sullivan, James V.
Updyke, James M.
Iversen, Kenneth M.
Giles, Jerrald E.
Rolstad, Lawrence A.
Metscher, Walter H.
Marks, Anthony M.
McFall, William T.
Keiser, Gordon W.
Adams, Joe C.
Fleming, Charles A.
Barry, William A., Jr.
Dougherty, John W.
Brown, James R., Jr.
Abington, Richard C.
Pereira, Richard J.
Bauknight, Harry L.
Bock, Philip H.
Coates, Robert S.
Gibson, Charles W., Jr.
Dunn, Ellsworth M., Jr.
Bruce, James J.
Vogt, Robert L.
Savage, Robert B., Jr.
Creech, Jimmie A.
Ling, Harry A., II
Leidich, Raymond G.
Bryan, Charles G.
Furtado, Robert A.
Flynn, Joseph F.
Osgood, Jonathan K.
Findlay, Raymond F., Jr.
Burnett, Leslie D.
Burns, John R., Jr.
Armstrong, Reginald E.
Hamilton, Robert E.
McCraw, Clifford L., Jr.
Hawkins, Herbert H., Jr.
Kupets, George A.
Bailey, Richard W.
Peet, Christopher
Ryman, Roger K.
Kunkel, Henry L.
Meharg, Ben A.
Ammon, Ray D.
Butler, John H.
Brown, Jimmy L.
Miskow, Kenneth P.
Clements, John E., Jr.
Messerschmidt, Donald B.
Lain, Bobby D.
Dyer, Edgar G.
Smith, William J.
Kirland, Thomas P.
Rider, James W.
Johnson, Charles M.
Drewelow, Dave G.
Johnson, Poindexter M.
Cushing, Philbrook S.
Taylor, Howard G.
Fitts, Walter M.
Goodyear, John K., Jr.
Young, Richard K.
Behymer, Lynn, A.
Sledge, John W., Jr.
Libkie, Frederick A.
Moriarty, William S.
Dickie, Louis
Hirsch, Donald B.
Swindle, Orson G., III
Bowersox, Robert L.
Sayers, Michael W.
Capin, Frank L.
Givan, James E.
Selby, Mack D.
Joiner, Richard K.
Kurilich, Robert V.
Frie, David J.
De Ornellas, Clifton L
Hudson, Donald R.
Thomas, Dudley E., Jr
Brown, Bruce G.
Boyce, Edward H., Jr.
Burns, Edmund B. R.
Hanle, Ray L., Jr.
St. Amand, Norman
Westfall, Joel I.
Ostermann, George A.
Hansen, Allen G.
Farrar, Ross W.
Haynes, John D.
Fairchild, Chauncey R.
Hinkle, Philip M.
Hoynes, Edward J.

Johnson, Gene C.
Smith, Stanley R.
Saenz, Ramiro
Morgan, Harcourt A., III
Morris, Robert S., Jr.
Freeman, Jay A.
Tingley, Lew E.
Braman, George H., Jr.
Shuter, David V.A.
Weber, Edward M.
Kelly, Glenn D., Jr.
Walters, James R. F.
Lennartz, Francis J., IV
Byrne, Thomas E.
Brennan, John V.
Lyons, Perry D., Jr.
Wirkus, Faustin E., Jr.
Carnes, Robert A.
King, Robert F.
Parker, Larry E.
McRoberts, James C.
Menning, Frederick H., Jr.
Rucksdashel, Rex N.
Hill, Telford J., Jr.
Wiederhold, Basil K.
Sisson, Winfield W.
Lowe, Robert E.
Johnson, Robert E.
Chambers, Francis X., Jr.
Kappelman, Charles W.
Lawson, Ralph D., Jr.
Connell, James P. B., Jr.
Rindfleisch, Jon A.
Stanford, George R.
Weathers, Paul S., Jr.
Cone, Daniel B.
Skellenger, James R.
Hyatt, Wayne R.
Correro, Philip O.
Losik, Francis A.
Gardner, Joseph E.
Gosnell, Kenneth B.
Brown, Dwight E.
Schrader, Daniel W.
Fox, Jon I.
Bottom, Earle D., Jr.
Kiely, Denis J., Jr.
Geis, Royall W.
Wolk, Charles J., Jr.
Chapla, Daniel B.
Jenkins, Hulen F.
Daniel, Ray A.
Bearce, Larned V.
Fernandez, Angelo
Burdelski, Vincent R.
Griggs, George R.
Etcho, Leonard L.
Dorsey, James J.
Gregor, Robert C.
Creal, Donald S., Jr.
Bledsoe, Leard B., Jr.
Clark, Arthur L.
Gardner, Robert B.
Meibaum, Gilbert R.
McMinn, Wilbur C., Jr.
Eshelman, William P.
De Iuliis, William E.

The following-named officers of the Marine Corps for permanent appointment to the grade of captain, subject to qualification therefor as provided by law:

Kelley, Philip S., Jr.
Boudreaux, Sidney J., Jr.
Albright, Howard E.
Tucker, G. B.
Smith, Ellis F.
Ovelgonne, Walter E.
Criger, Frank R.
Wall, Caleb N.
Tebow, William J.
Rausch, Robert C.
Washington, Joel
Simon, Francis
Wescott, William J.
Toler, Albert E.
Anderson, Leland G.

HOUSE OF REPRESENTATIVES

TUESDAY, NOVEMBER 12, 1963

The House met at 12 o'clock noon.

Rabbi Maynard C. Hyman, Congregation Tifereth Zvi, Utica, N.Y., offered the following prayer:

Our Father in Heaven, Creator of the universe, on this third day of the week we are reminded of Thy divine words recorded in the first chapter of the Book of Genesis. Twice was the third day of creation singled out and blessed with the words, "And God saw that it was good."

That day we are told merited such distinction because it represented not only creation but also unity. This teaches us the divine lesson that true goodness and creativity can only come about when the elements of unity and peace shall reign supreme.

May the Almighty prosper the hands of our Speaker and the Members of Congress who carry on Thy great work deliberating for the purpose of beneficial creativity and in the interest of unity and peace.

Bless, O Heavenly Father, all the people of our country. In our relations with one another, may we ever remember that we are all Thy children equally dependent upon Thee. Bring us together into an everlasting bond, regardless of color, race, or creed so that we may best work for the welfare of all mankind.

Hasten the day when the millennial hope of universal peace will prevail throughout the world with justice and freedom for all people. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, November 8, 1963, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2032. An act to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters; and

S. 2079. An act to provide for the striking of three different medals in commemoration of the Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument-American Museum of Immigration in New York City, N.Y.

LEGISLATIVE APPROPRIATIONS BILL, 1964

Mr. STEED. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on H.R. 6868, a bill making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERMISSION TO FILE A REPORT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I ask unanimous consent to have until midnight tonight to file a certain report.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THE AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LIBONATI. Mr. Speaker, at a recent luncheon in honor of Sigfrido Ciccotti, eminent Italian journalist and editor of Il Nuova Stampa news agency, the versatile Congressman JOHN DENT, of Pennsylvania, officiated. The Congressmen in attendance were as follows, JOSEPH P. ADDABBO, of New York; SILVIO O. CONTE, of Massachusetts; EMILIO Q. DADDARIO, of Connecticut; DOMINICK V. DANIELS, of New Jersey; ROLAND V. LIBONATI, of Illinois; JOSEPH G. MINISH, of New Jersey; and GEORGE P. MILLER, of California.

A number of Congressmen participated in the informal discussion after his interesting talk about Italy's political problems in setting up a government. Mr. Ciccotti, as honored guest of the American Institute of Free Labor Development, sponsored by the U.S. Government, explained in detail the purposes and accomplishments of the organization in South America.

He commented that the proposed formation of a coalition government between the Socialist Party with the Christian Democrats and two lesser parties rests upon the solution of several grave problems.

The Socialist Party has for 16 years opposed the Christian Democrats. At their recent convention, the delegates voted by a 278,324 to 190,492—57.4 percent—majority to support their party leader Pietro Nenni's position to join the coalition under certain agreements—namely to continue their Communist connections in the field of trade unions and other levels incidental to their activities. They held to their opposition to the U.S. proposed multilateral nuclear force, but approved NATO participation.

At the previous convention 5 months ago he failed to gain party approval and so their leader Nenni is cautious not to further disturb the attitude of the hard core members—carristi—who made up his opposition at the convention.

The other member parties to the coalition are confronted with similar problems:

Aldo Moro's Christian Democrats—260 deputies—Guiseppi Saragat's Social Democrats—33 deputies—and Oranzo Reale's Liberal Republicans—6 deputies—Moro's rightwing is threatening to split away from the Christian Democrats because of the outrageous demands of the Socialists—Cabinet posts—Foreign Affairs, Defense and Interior—with Nenni as Vice Premier.

A combination of parties to the right to form a government with the Conservative Liberal Party and others of the same philosophy would at best be a weak one.

The after affects in case this combination establishes a strong government in Italy—for the next 5 years—will have a definite effect on other European nations confronted with the same problems—a left-center government in France, West Germany, and Britain could follow the Italian experiment.

The United States is alert to the sensitive situation of its strongest ally—subject to pressures of the Socialist doctrines.

Yet to court failure of any agreement with the Socialists may result in a fascistic government of extremists lost to the established democratic principles of the Republic, against NATO, Atlantic Alliance and the multilateral nuclear force—MFL—in accord with their basic goals for neutralism and pacificism.

Of the internal problems facing Italy, the most important is inflation—food prices up 40 percent in the last 2 years—also the positive trend toward neutralism in world affairs.

There is little choice for any other course—upon failure to effect a coalition government—another election would mean an increase of perhaps 2 million votes to the left. The last election accounted for 7,700,000 votes—25 percent of those cast—3 million hard core movement protest votes. Four million Socialists of which 1½ million were core Communists.

The 8 parties among 10 of major importance comprising the Italian Chamber of Deputies and their number are as follows:

Communists	168
Social Democrats	33
Christian Democrats	263
Monarchists	8
Republicans	6
Liberals	39
Neo-Fascists	23
Socialists	87

The American Institute for Free Labor Development as developed in an article by Milton Bracker follows:

THE AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

(By Milton Bracker)

A private team of labor and management, working with U.S. Government approval and support, has brought into being a long-range project to educate and train Latin American labor union leaders and workers in the highest traditions of democracy—the American Institute for Free Labor Development. Conceived in 1957, and taking its present form in 1961, the institute this year will bring 100 trainees in three groups to this country. It hopes also to provide supplementary training in Germany, Italy, and Israel for about 30 of its "graduates" and to expand its corollary program in Latin America.

THE GOAL

The institute's goal is not restricted to the negative one of keeping communism out of a hemisphere that has observed only too well in Cuba what can happen within the Americas. It is rather to revise a persistent but obsolete image among large sections of the swelling Latin American population—the image of the wolf and the lamb, with management playing the wolf.

The truer relationship, as visualized by the executive director of the institute—who knows intimately the people and the main languages of 19 of the 20 countries—is that of a "pair of oxen, equally strong, pulling the plow." Serafino Romualdi, the son of an Italian cobbler, feels that this is a picture that can be grasped instantly by the Bolivians, Paraguayans, Ecuadorans, and Hondurans with whom he has dealt for more than 16 years. "And the oxen must be equally strong, and under the guidance of public opinion," he holds. "Only in that way can they do a maximum job and share a maximum yield."

Such a metaphor might be less acceptable in the United States. But it is something that tin and wool and quebracho and sugar and oil workers from the Caribbean to Cape Horn can understand. In too often bloody reaction to the oppression of centuries, thousands of these other Americans have in the past narrowed their social philosophy to the idea that, in order to improve its lot, labor must destroy capital. Dictators—Argentina's Juan Peron was one ofthe gaudier examples—were quick to exploit this mass feeling through the technique of nationalization. Invariably, production went down. Everyone's return fell off, purchasing power shrank, living standards leveled off, and inflation billowed over the land.

"With George Meany and the American Institute for Free Labor Development." Mr. Romualdi continued, "I reject the idea that labor must destroy capital. We want to believe that if we succeed in educating a new generation of labor leaders, they will accept the basic philosophy of the American labor movement—that we cooperate with other sectors of the economy for the broadest and at the same time most equitable development of the country."

George Meany, president both of the combined AFL-CIO and of the young institute, has followed the latter's progress closely, and in speeches he has stressed its responsibilities to the very concepts of freedom and democracy: "Democracy is impossible without free and strong trade unions. My close association with the institute since its formation convinces me that this is a realistic way to help the trade unions in Latin American insure the growth of democracy * * * Freedom is not something you go to sleep on; it's something that you fight to preserve. It's something that ties you to your neighbors. Your own freedom is not secure if your neighbor is not free."

THE ORIGINAL IDEA

The institute stemmed from a very personal experience. The man involved was Joseph A. Beirne, since 1947 president of the Communications Workers of America, and for 5 years before that, head of its predecessor. In 1957, Beirne was flying over the cordillera en route from Santiago to Buenos Aires. His oxygen supply was working faultily; it was an uncomfortable flight. But somehow, the inhospitable Andean masses below—and sometimes above, on both sides—made him think of the misery of thousands of those who for centuries had tried to eke sustenance from the great western spine of South America and some of its slopes. He remembered particularly seeing children in the barren fields around Cuzco, and others sleeping huddled together with adults in the slums of Lima.

"I suddenly realized that this would never be cleared up," Mr. Beirne recalled recently in Washington, "unless it could be put in the minds of these people to change their outlook, their view of the world."

In one word, this meant education. Returning to this country, Mr. Beirne and his union invited 16 Latin American communications workers for a 3-months' stay. They spent it taking training courses at the Communications Workers' Educational Center, also known as the Front Royal, Va., Institute. After the visitors got home, they were assisted financially for 9 months by the Postal, Telephone, and Telegraph International. Most of the graduates are still in the labor movement, and some are professionals. The project seemed to have borne fruit.

Mr. Beirne was pleased but regarded it as a "drop in the bucket." Looking to an expanded program, in August 1960 he obtained the approval of the AFL-CIO council—and a $20,000 appropriation.

FORMATION AND ACHIEVEMENT

In May 1961, foundation status was established, and that October, the American Institute for Free Labor Development came into being. It has a labor-management base, but its "initiative and major responsibility," as its prospectus dated January 1963 reiterates, "stem from the American labor movement."

In March 1962, Mr. Beirne asked Serafino Romualdi if he could take on the job of executive director. As Latin American representative of the AFL since 1946, and as a key figure in the organization of the anti-Communist Inter-American Confederation of Labor—Now more often known as ORIT—Mr. Romualdi had a close working knowledge of the field and its human resources. A big boost came when $250,000 in Federal support was obtained from AID under the Alianza para el Progreso. For the fiscal year 1963, Government aid has risen to $350,000. Meanwhile, the Institute hopes to raise $250,000 from labor unions and an equal amount from private sources, which would double their 1962 contributions. Chase Mellen, Jr., widely experienced in the banking world, has taken over the drive for contributions from the nonlabor, nonpublic sector. This includes foundations, corporations, and individuals.

But apart from financial backing, the Institute on January 18, 1962, received perhaps its greatest psychological impetus—a letter from President Kennedy to J. Peter Grace, the institute's board chairman.

"An independent private organization composed of North and Latin American labor and business leaders, such as the Institute," the President wrote, "should be able to provide much needed assistance in training leaders and workers for socially responsible participation in the development of their countries. I wish every success to your organization."

THE YEAR AHEAD

Conceived by a labor leader deeply moved by what his own eyes had seen in Peru, backed by the head of the merged American labor federation, welcomed by industrialists and businessmen, the Institute looks toward its most active year. A group of Brazilians begun classes late in January. A second course is planned for mid-May, with participants both from the English-speaking Caribbean area and Spanish-speaking countries. A third course is planned for September, with the total number of trainees in the 1963 Washington program reaching about 100. The board of trustees of the Institute last December unanimously approved a proposal for supplementary training in Germany, Italy, and Israel. During this year, the Institute also is contemplating opening new training centers in Brazil and Argentina, to be run along the lines of the centers already in operation in Venezuela, Ecuador, and Colombia, with financial aid from local institutions.

THE EXECUTIVE DIRECTOR: SERAFINO ROMUALDI

Mr. Romualdi, a former Italian Social Democrat now in his 63d year, was born near Perugia, Italy on November 18, 1900. His father had preceded him to this country, settling in Scranton, Pa. Serafino—everyone calls him by his first name—reached Chicago in 1923 and obtained a job as a linotyper on an Italian-language paper. In May of that year, he was invited to address Italian workers in Milwaukee. The city had a Socialist mayor and Serafino anticipated the same kind of fervid meeting he had often experienced in his homeland.

"Instead, it was like a club," he smiled. "There was nothing to indicate that the people were expecting a Socialist revolution, as was being preached to the people in Europe. From that moment began my study of American society and of the American Revolution, the true American Revolution."

In 1928, he became acquainted with the philosophy of Matthew Woll, long vice president of the AFL, and often under bitter attack for his willingness to cooperate with management.

Serafino, who had regarded Woll as an intellectual stimulant, said, "I wanted to find

> out why Woll was attacked. And this was my first practical exposure to the AFL philosophy of accepting the free enterprise system and even of cooperating with management when it was a question of promoting the good and welfare of the Nation."
>
> He joined David Dubinsky's International Ladies Garment Workers Union in 1933—and ever since has regarded the ILGWU as his "alma mater."
>
> Circling back over the course of his own intellectual and philosophical development, he reverts often to the image of the paired oxen in Latin America. It is the image to which he is dedicated as he plans and strives to make the American Institute for Free Labor Development a major influence throughout the Western Hemisphere.

The biography of Sigfrido Ciccotti is a reflection of his importance in the fields of activity that he has followed as a pattern of his life.

SIGFRIDO CICCOTTI

> Sigfrido Ciccotti, eminent Italian journalist and editor of the Nuova Stampa news agency, will arrive in the United States on October 31 for a 3-week visit as a guest of the American Institute for Free Labor Development.
>
> Mr. Ciccotti will lecture at the institute on November 1 and 2. He will also speak to various groups in Newark, Del.; New York, New Haven, and Boston, and cover the AFL–CIO convention for a number of Italian labor publications.
>
> Mr. Ciccotti was born in Trieste in 1903. He joined the Socialist Youth Organization in 1918.
>
> In 1921, he joined the Italian Socialist Party and became a reporter for the daily Il Paese. When the Fascists closed Il Paese, Mr. Ciccotti joined the staff of the Socialist Party's Avanti. During this period he also studied at the University of Rome.
>
> His early career was devoted to strong opposition to fascism. He was arrested repeatedly and twice wounded by Fascist gunfire. In 1926, he was sentenced to 5 years' confinement on the island of Lampedusa, where his continued efforts caused him in 1927 to be indicted for attempted armed insurrection against the Fascist government. After waiting 10 months in the Ucciardone jail at Palermo, Mr. Ciccotti was acquitted, but continued to be confined on the islands of Ustica and Ponza. The Fascists granted him parole in 1929, whereupon he escaped to France and went to Argentina the following year.
>
> He returned to Italy in 1946.
>
> In January 1947, Mr. Ciccotti left the Italian Socialist Party in protest against the pro-Communist policy of the Nenni leadership. He joined Giuseppe Saragat in founding the Democratic Socialist Party, and was appointed to the editorial staff of the party's organ Giustizia. He also served as a member of the party's central and executive committees.
>
> As editor of Nuova Stampa, Mr. Ciccotti is a regular contributor to a number of magazines, including Giustizia, the Italian language organ of the International Ladies' Garment Workers' Union (ILGWU), and the New Leader.

TIRED OF IT ALL

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, although the House acted some time ago on the President's foreign aid bill, the issue is still very much alive and we shall no doubt have another opportunity to consider it. This, of course, is due to the fact that the Senate is not likely to concur with the House bill and a conference will be necessary, and following that, consideration of the conference report by the full House.

The House very wisely reduced the administration's request from $4.4 to $3.5 billion, and for this small token I believe the American taxpayers are grateful. We might have acted even more wisely and the taxpayers would have been even more grateful, had we reduced it further. In my opinion, it ought to be terminated altogether.

Over the past 17 years we have expended some $120 billions for foreign aid. This huge dollar figure, we must remember, is but a measurement of our Nation's natural resources and our people's productivity which has been disposed of in this manner. Some 100 nations, including several Communist or Communist-dominated nations, are more or less permanently on Uncle Sam's dole.

It is a fact that the keystone of our foreign policy for all the years since the close of World War II has been foreign aid. This, I would remind you, is nothing more than a secondhand version of the old, discredited "dollar diplomacy."

Neither of our political parties has had a new idea in foreign policy in all these years. This is a sad commentary on the intellectual productivity of our political parties.

So far as I can detect, the only originality that has been shown by our foreign policy experts, under the past three administrations, has been in finding new and ingenious ways to spend foreign aid money. Foreign policy has become truly bipartisan; neither party has had a new idea in 20 years.

Mr. Speaker, the Washington Sunday Star of November 10 carried an editorial which I believe truly reflects the present thinking and temper of the American people in this regard. It follows:

TIRED OF IT ALL

> President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:
>
> "I think the American people are willing to shoulder this burden. * * * Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?"
>
> The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.
>
> It is our belief that the American people, or most of them, are sick and tired of "foreign aid." They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as "the American way of life." They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?
>
> To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.
>
> This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

"IN GOD WE TRUST"

Mr. ASHMORE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. ASHMORE. Mr. Speaker, on June 25, 1963, I introduced H.R. 7252 in the House of Representatives. The bill was subsequently referred to the Committee on Public Works and views were requested from the Architect of the Capitol concerning the requirements of the bill which are to inscribe the words, "In God We Trust" above the bench of the Supreme Court in gold letters of sufficient size to make the words legible throughout the courtroom. The Architect has charge of the structural and mechanical care of the Supreme Court Building subject to the approval of the Chief Justice of the United States. Upon request for the views of the Chief Justice, the Architect of the Capitol received a letter dated October 28, 1963, and signed by Chief Justice Warren. I quote from that letter:

> After consulting with all the members of the Court, I advise you that I would not approve the bills or the inscription referred to therein.
>
> The Supreme Court Building and particularly the courtroom were designed by outstanding architects and were decorated with an eye to beauty and symmetry consistent with the purpose for which the building was to be devoted. It is believed that ornamentation other than that provided in the original plans would detract from the total concept of the building. On other occasions, people have suggested patriotic and religious inscriptions for the courtroom, but it has always been the view of the members of our Court then sitting that no changes in the decor of the courtroom should be made. This has been true regardless of the significance of the language or its relevance to patriotic or religious sentiment. I believe that the suggestion contained in these bills should be no exception to our previous views.

Mr. Speaker, the language and tone of this letter indicate much more than a concern for "beauty and symmetry." The tone is most indicative that the Supreme Court would be made painfully aware of the fact that there is an authority higher than that of the Supreme

Court of these United States. I realize that to some few people in this country any such idea is almost tantamount to treason. But when we reach the point where we must choose between "beauty and symmetry," and the simple recognition of God, then the choice must inevitably be, God. The fact that a Chaplain has been chosen for both Houses of Congress suggests that a majority of the people's representatives approve of the recognition of God and the need to worship Him. This is also endorsed by the fact that the phrase "In God We Trust" appears above your very chair, Mr. Speaker, and likewise above the door facing the President of the Senate. The phrase appears on our coins, and recognition is given the Deity in the Pledge of Allegiance to our flag, much to the dismay of an atheistic minority of our population. Our religious heritage demands that we choose this simple acknowledgment of the Supreme Being. Architectural beauty is inconsequential when compared to the fundamental expression of trust in our Creator. We have no cause to worship architectural symmetry or to appease atheists and superintellectuals. Moreover, there is no logic whatsoever in the flimsy claim that these four words of enduring faith would mar the abstract beauty of the walls of the Supreme Court Building.

The time has arrived to make a decision: Shall we affirm our faith in God by inscribing this divine phrase above the bench of the Supreme Court, or shall we shun God aside? It is inconceivable that any Member of the Senate, House of Representatives, or other high officials of this country could object to the inscription of this simple phrase upon any public building of our Government.

"IN GOD WE TRUST"

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to address the house for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, the gentleman from South Carolina [Mr. Ashmore] has just disclosed a very remarkable situation. He introduced a bill, a very simple bill; just to put "In God We Trust" on the frieze in the Supreme Court chamber, just as we have it in the House, just as we have it in the Senate, just as it is the motto of this Nation. The Supreme Court says, No, you shall not put "In God We Trust" on the frieze in the Supreme Court chamber.

Mr. Speaker, where are we going? We have a bill pending. I hope that this House will rise up in its wrath and demand the passage of that bill, at least the opportunity to vote upon it in the House. I had always been under the impression that the Federal buildings belonged to the people of the United States. Or do they belong to the Chief Justice? That question can be decided in this House and in the other body. Let us do it.

CONGRESSMAN HALLECK AND THE CIVIL RIGHTS BILL

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Speaker, a member of the other body who represents the State of Georgia, yesterday launched a verbal attack upon the distinguished minority leader, the gentleman from Indiana [Mr. Halleck], accusing him of being used by the President and the Attorney General in behalf of what the Georgia Senator termed a socialistic civil rights bill.

In a way, I am glad the Senator spoke with such unrestrained feeling. It gives me the welcome opportunity to rise in behalf of the leader of my party, the gentleman from Indiana [Mr. Halleck].

Support of civil rights legislation is nothing new for Republicans. It all began with Abraham Lincoln, and the effort has been constant ever since.

Lincoln did not free the slaves to win votes. He did it because it was right.

The gentleman from Indiana, Charles Halleck, did not cooperate in prying a civil rights bill from the Judiciary Committee in order to win votes. No one can wisely play politics with an issue as fundamental, as seething, as complex, and awesome as civil rights. Not even a Solomon could figure the political angles with assurance.

The gentleman from Indiana [Mr. Halleck], acted in behalf of civil rights because to do so was right. He acted in the great tradition of Lincoln, and the party leadership that followed.

Civil rights a socialistic trend? If so, the dictionaries and history books are outdated and must be rewritten.

If there is one single burden which our Federal Government must properly shoulder, it is the cause of equal justice, the exaltation of the individual citizen, regardless of race, creed, or station in life, and the protection of his rights and liberties.

This burden was shouldered the moment our great republic was born. It has been carried proudly and properly through the years by all Republican leaders.

The Senator inadvertently did the Nation a great service in his bitter attack on the House minority.

He exploded in plain view of everyone the myth that Southern Democrats and Republicans are joined in a coalition.

If it ever existed in the past, it certainly has not in my 3 years in the House. The so-called conservative coalition is a convenient facade which Democrats from the South have used effectively to get reelected. I can count the truly conservative Democrats in the House on the fingers of one hand.

If the Senator's vitriol serves to inform Southern voters that the conservative coalition is really the phoniest of phonies, then it will indeed have been a strange but wondrous contribution.

BACKPEDALING ON COMMUNIST SALE TERMS

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Speaker, the administration is doing a fancy job of backpedaling on policies for selling grain to the Communist bloc countries.

On October 11, the Department of Commerce bulletin announced that all subsidized and price supported commodities would have to be shipped in U.S. bottoms. It even spelled this out, listing corn, grain sorghums, and closed with the familiar "etc."

On October 18, the Department of Commerce issued another bulletin and cleverly buried in the third paragraph the real meat of the statement. It said wheat and flour would have to be shipped in U.S. bottoms, but exempted other commodities. Of course this opened the gate wide enough to let through the corn sale to Hungary.

Last Friday the Commerce Department announced that export licenses would be issued for wheat sales to Communist bloc nations, provided that half the shipment was in U.S. bottoms. This means that half the shipments can be in foreign bottoms, and the other half in U.S. bottoms, with the interesting qualification "if available."

Backpedaling has also occurred in the financing of grain sales to the Communist bloc. The administration insisted it would have no part in Government-to-Government agreements, and no Government credit. Any sales would be handled and financed through the private trade.

How the administration is engaged in backpedaling through the financing problems is recounted in this article by Eliot Janeway, appearing on the financial page of yesterday's Washington Evening Star:

Soviet Wheat Deal or Not, Negotiations Are Milestones

(By Eliot Janeway)

New York.—Sometimes a deal which doesn't come off can make more history than one which does. Witness the busted deal over Britain's application to join the Common Market.

Washingtons' negotiation with Moscow, as the result of which we either will or will not manage to unload most of our grain surplus, could be another case in point. Whether the deal is finally made or not, the negotiations looks like a milestone in the economic history of the East-West competition. This will be true no matter how large or small—or sustained—any eventual grain movement across the Iron Curtain may be.

The reason is that the grain negotiations have precipitated a direct government-to-government bargaining confrontation in three major marketplaces—the actual grain markets, the money market and the marine freight market. There's no other way to do business with the Russians—if that is what we mean to do—than on a direct government-to-government basis. Not even the largest corporations can bargain as equals with the Soviet Government when it's an anxious buyer; and certainly, no private grain dealers can hope to.

President Kennedy's first move toward the bargaining table in the grain negotiations didn't recognize this fact of life. He tried to finesse a direct government-to-government confrontation. Instead, he made an attempt to route the Russian bid or the American offer—whichever the history books end up calling it—through the private U.S. grain export trade.

This gambit didn't work. Mr. Kennedy quickly found that the alternative to letting the deal drop was to put the Government all the way into it—as a direct participant. By this time the publicity had got out of hand, and the buildup was too big to let the opportunity go.

So now our Government is trying to trade out at least a preliminary deal in direct bargaining with the Russian Government. So far two important obstacles have had to be faced.

The nut which has to be cracked first is the high cost of American shipping: It is ironic that hard, market-oriented Soviet bargaining has focused on the uneconomic consequences of U.S. labor practices. The problem still waiting in the wings is credit: How is the U.S. Government to underwrite terms to Moscow with an election year coming up?

Of these two obstacles, the touchiest one on our side of the bargaining table is the one we haven't yet faced up to—that of Government-underwritten credit for the Russians. And, make no mistake about it, any credit terms extended to the Russians will have to be Government-underwritten, not merely because the risk is too big for the grain trade to carry but because the banks know that Russia is too big a risk for them to carry.

No matter how you slice it, the problem gets back to the government-to-government relationship. Credit for Moscow is an obvious hot potato for any administration at any time, and hotter than usual for this one now.

Just because the issue of credit terms looms as so tough for us, it's surprising that we have been so quick to offer concessions on the shipping issue, where the market is going our way. The Russians have shown themselves to be great respecters of authority of the market; and, the world over, the market for shipping is on the rise.

Thus, during the short period since the Soviets have turned grain buyers and since the Russians have forced the Chinese to charter ships on their own, the asking price for liberty ships in London has doubled; and the reserve of dry cargo tramps not in use has fallen to just 2 percent.

The more grain the Soviets buy outside the United States, the higher freight rates outside the United States will rise; and the less uneconomic the cost of U.S. shipping will become. This is where we should sit tight and take advantage of the chance to bargain from strength.

HOW DO YOU DEAL WITH THE COMMUNISTS?

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, since I spoke critically last week of the pilgrimage of the American businessmen to the Kremlin, I think I should call to the attention of the House a revealing sequel to that visit.

An Associated Press report from West Berlin attributes this comment to Mr. Keith Funston, president of the New York Stock Exchange, one of the 20-odd businessmen accorded two interviews with Khrushchev:

> What shocked me most about the meeting [with Khrushchev] was the complete disregard for facts. I went away with a sense of frustration. How do you deal with people who lie to you and to whom facts mean nothing.

I have no intention of being critical of Mr. Funston, particularly since he now says that we must "resolve not to give them—the Russians—an inch anywhere." I suspect that he has been no more naive about doing business with the Communists than a great many other Americans and American businessmen.

Nevertheless, one cannot help wondering where these Americans have been for the last 40 years or so.

Back in 1920, Secretary of State Bainbridge Colby rejected proposals for diplomatic recognition of Soviet Russia on the grounds that:

> The existing regime in Russia is based upon the negation of every principle of honor and good faith.

Mr. Colby also charged that leaders of that regime "have frequently and openly boasted that they are willing to sign agreements and undertaking with foreign powers while not having the slightest intention of observing such undertaking."

Furthermore, Lenin long ago declared that "promises are like piecrust, made to be broken," and Stalin said that "words are one thing, actions another. Sincere diplomacy is no more possible than dry water or iron wood."

I am reminded of an oft-repeated comment of a former distinguished colleague of ours, Dr. Walter Judd, of Minnesota. He has frequently pointed out that Americans can learn more about Soviet Russia and international communism by a half day's visit to the library than by a trip to Moscow.

Evidently Mr. Funston has learned the hard way.

Incidentally, the answer to Mr. Funston's question, born of his current disillusionment, "How do you deal with people who lie to you?" is very simple.

You do not.

CLEAN UP WASHINGTON MESS

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, in the November 1, 1963, issue of the New York Times, Mr. James Reston, Washington correspondent for that newspaper, writes a searching article on the "resignation" of Secretary of the Navy Fred Korth and the "Bobby" Baker case.

Reston points to "the loose system in Washington that encourages personal improprieties. It is the system of trading favors and using influence and yachts for the purpose that is the cause of the trouble."

> Korth—

Says Reston—

> wasn't crooked; he was morally insensitive and stupid, but the President insists Korth wasn't fired, which raises the question: Why not?
>
> The "Bobby Baker" case—

Says Reston—

> illustrates the same casual attitude toward charges of improper conduct.

The Times article follows:

WASHINGTON.—October 31.—There is a mess in Washington again, and very little evidence that either the White House or the Congress is going to do very much to clean it up.

The improprieties of Secretary of the Navy Korth in carrying on his private business on Navy stationery and on his official yacht are widely condemned in the Capital, but he will be given an honorable farewell by the top admirals of the Navy when he leaves tomorrow. And he leaves with the assurances and even praises of the President himself.

This is the man who wrote to his former and future associate, G. E. Homstrom, at the Continental National Bank of Fort Worth about his plans to "have a little party aboard the Sequoia (the Navy Secretary's official yacht) primarily for my Texas friends.

"I am just wondering," Secretary Korth's letter of August 13, 1962, continued, "whether you and some of my other friends at the Continental may be coming through; likewise if you have some extra good customers that it would be nice to have."

KENNEDY'S BLESSING

This and much more evidence of misuse of the Secretary of the Navy's office came to the attention of the Congress, and shortly thereafter Korth resigned, but the President took the line today that the Secretary had not acted improperly and, while vaguely regretting his letter-writing praised his Navy Secretary's contribution to the Nation's security.

The "Bobby Baker" case illustrates the same casual attitude toward charges of improper conduct. Ever since Baker, former secretary to the Democratic majority in the Senate, resigned after charges that he was using his position to amass a private fortune on the side, this city has been full of ugly rumors about illicit relations between Baker's girl friends and prominent Senators and officials in the administration.

Every vigilant newspaper office in Washington has a list of names of those implicated with Baker and his lobbying friends and his girls. And the gossip feeds on itself to such an extent that it has already poisoned the atmosphere of the whole Government.

The only way to deal with this kind of material, much of it deeply disturbing and a lot more of it probably malicious trash, is to investigate it thoroughly, objectively, and in private.

This may yet be done. It is in the hands of the Senate Committee on Rules and Administration, but that committee is operating under a Senate resolution which instructs it to look into the conduct only of Senate employees and former employees (not Senators), and it is refusing to provide outside legal counsel for both the Democratic majority and the Republican minority of the committee.

LACK OF CONFIDENCE

The result is that there is absolutely no confidence here that the Rules Committee will really investigate their own Senate colleagues or that the permanent Senate employees will really be in a position to investigate their bosses.

The main problem in both the Korth and Baker cases is not illegal or criminal action. In fact, all the talk about Korth and Baker tends to obscure the main thing, which is the loose system in Washington that encourages these personal improprieties. It is the system of trading favors and using influence and yachts for the purpose that is the cause of the trouble. Baker and Korth, whose indiscretions were quite different, are merely the result.

The yacht *Sequoia* is merely a flashy symbol of this system. It costs the Government far more than Baker or Korth is ever likely to make in a lifetime. It plies up and down the Potomac with a crew of two officers and eight men and is primarily a floating restaurant and bar for the entertainment of Senators and Congressmen.

Baker allegedly peddled influence to lobbyists and managed to buy houses and motels where he could give and get more favors. But the *Sequoia* is the Pentagon's own official instrument for influence peddling—for encouraging generous defense appropriations—and under such a system it is scarcely surprising that Korth used the old tub occasionally for his own purposes.

SCRAP THE "SEQUOIA"

The mess, in short, is not going to be cleaned up by concentrating on Korth and Baker, but by overhauling the system. Baker couldn't peddle much influence on his own; his influence came from his close association with Senators and with officials who knew he was close to Vice President Johnson and others.

Korth wasn't crooked; he was morally insensitive and stupid, but the President insists Korth wasn't fired, which raises the question: Why not?

How is the system to be changed if the President praises a man with judgment like Korth's, and the Senate won't conduct an objective investigation of its own shortcomings? The official reaction here to Baker and Korth is more of a problem than they are, for they are gone and the system that produced them remains.

A CHALLENGE TO THE LEADERS OF ORGANIZED LABOR

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. Holifield] is recognized for 15 minutes.

Mr. HOLIFIELD. Mr. Speaker, our society is composed of various economic groups. Each group is concerned primarily with establishing for itself maximum benefits.

The competition for maximum benefits of a particular group must inevitably come into conflict with one or possibly all of the other groups. When this situation occurs, it becomes necessary for government to step in as an umpire and legislate controls or procedures. Such controls or procedures should be based on the moral principles of equity and fairness. They should effect a reasonable compromise between unrestrained pursuit of group self-interest and overall sharing of society's benefits.

No interest group, therefore, can be allowed to promote its welfare without consideration of the effects on other equally legitimate group interests.

It became necessary to pass Federal legislation to protect the working people of our country against the abuses of employers.

It subsequently became necessary to pass legislation to protect the individual members of organized labor against fraudulent and abusive acts of some unprincipled leaders of labor unions and the trustees of labor union trust and pension funds.

We have passed Federal legislation against corporate and cartel practices that injured other businesses in the business community by illegally controlling production and establishing monopolistic prices in the marketplace.

In each of these areas of group interest it became necessary to enact laws which corrected abuses, and to modify by law and supporting rules and regulations the economic practices of those within a specific interest group. Each of these laws modified competition for the benefit of society.

The enactment of these laws concerning all of the specific interest groups involved the balancing of their respective rights with rights of the other interest groups and for the general protection of our overall society.

The quality stabilization bill has as its purpose the protection of an important and, until now, an unprotected interest group in our society. This group consists of hundreds of thousands of small and medium sized retail merchants; and these merchants are the backbone—yes, the seedbed of the business system in our Nation. Small business is just as legitimate and just as entitled to perpetuation and protection as labor organizations and their members; as business interests threatened by cartel or corporate monopolies; as farmers threatened by cannibalistic forces in agricultural production and marketing.

I note with concern the opposition to quality stabilization legislation; legislation which protects the final element in the process of production and distribution—the retail merchant.

I grant the legal right of each selfish interest group to try to protect their selfish interest. Of course, I expect the discount houses and certain other chainstore operators to fight any attempt to regulate their bandit-type methods of price gimmicks, come-on tactics of distribution.

But I do not expect or condone the opposition to this legislation by organized labor unions. I do not need to defend my position with organized labor. Neither do Congressmen such as the gentleman from Pennsylvania, the Honorable John H. Dent; the gentleman from Indiana, the Honorable Ray Madden; the gentleman from California, the Honorable John Moss, and so forth. Neither do I need to defend the record of Senators such as the Honorable Hubert Humphrey, the Honorable Mike Monroney, the Honorable Eugene McCarthy, and the Honorable Jennings Randolph in the consideration they have given to the rights of labor. There are many other congressional friends of organized labor who support and will vote for the quality stabilization bill, as well.

I call upon all leaders of every organized labor union to review their position in opposition to the quality stabilization bill—not because many of their congressional friends are supporting it, but because its purposes and its principles are identical with the purposes and principles of Federal labor legislation. Such legislation protects the fair wages and working conditions of their unions and their members against scab labor and intolerable abuses of another self-interest group, unprincipled employers of labor.

I challenge the leaders of organized labor to read the following 56 enumerated propositions and principles pertaining to the purpose of the quality stabilization bill.

After reading and studying these numbered items, I then would welcome any comment they might deem appropriate to refute the purposes and the principles of the quality stabilization legislation.

Quality Stabilization Legislation Is in Accord With These Propositions

1. That Matthew Woll, as vice president of the American Federation of Labor, correctly foresaw today's chaotic marketplace when he said: "The makers who sold at a price lower than anyone else could meet were once considered great benefactors; but now they are disliked, and the day will come when they will be considered criminals. Then a law will be passed permitting no manufacturer to sell at a price which does not show him a fair profit on top of a fair wage rate."

2. That quality stabilization will stabilize employment and will avoid skimping on labor costs and consequent layoffs of factory labor as price competition on the product forces the manufacturer to expect 15 men to do the work of 20.

3. That labor is the greatest consumer of goods it produces and should lead therefore in the demand for orderly marketing of quality branded goods—as essential to a stable economy.

4. That the closing of only one store or shop puts, as a minimum, one more family out of work, adding to the critical employment problem in this country.

5. Millions of union wage workers are engaged in production and selling brand name merchandise. Unless the distributive pattern for such merchandise is protected at every step, those workers' jobs will be imperiled.

6. That the predatory merchant, whose volume of sales comes predominantly from the wage earner, is an enemy of labor, because he uses advertising lures of brand name merchandise to unload inferior merchandise.

7. That much of the predatory merchant's tremendous and unholy profits come from foreign goods or inferior merchandise from low wage areas, neither category of goods being made by union labor.

8. That quality stabilization is not "fair trade," is not "price fixing," and does not conflict with Federal or antitrust laws.

9. That quality stabilization stimulates incentive of the citizen to create, produce, and distribute new and better products to raise our level of living and national security.

10. That quality stabilization will incur no cost on the part of the Government for enforcement nor will it be to the detriment of the consumer.

11. That quality stabilization will provide encouragement to tomorrow's citizens to go into business for themselves; that without quality stabilization, only giants will be left and only those with huge capital will be able to go into business.

12. That quality stabilization will restore the confidence of the consumer by providing a standard of value to help make her selection in the marketplace—a standard against which to measure the quality of a product and to measure the fairness of applicable prices.

13. That labor, unless it supports quality stabilization, shall, by forfeiture, contribute to the destruction of its own basic principle of a fair wage, in this instance to the employer of labor.

14. That labor must lead the fight to keep domestic production standards high, and American quality supreme, in order to maintain security of jobs.

15. That quality stabilization is the only measure before Congress that can and will bolster the ability of the American manufacturer, distributor, and worker to compete on a value basis (quality of product as related to its price) in the intensely competitive world market.

16. That the welfare of labor and the welfare of the employer are interdependent, and are based on fair wages and fair profits.

17. That if labor's wages are to be stabilized and to grow, then the product creating those wages must be stabilized as to quality and price.

18. That quality stabilization will in the long run increase market demand and factory output by promoting fair competition—thus creating more stable jobs and more security for labor.

19. That quality stabilization is essential to the implementing of the established principles of the AFL–CIO to even strive to improve product and quality of workmanship.

20. That quality stabilization asks only that the U.S. manufacturer of a trademarked product be given the same protection and remedy as was given long ago by Congress to the foreign manufacturer of a trademarked product under the tariff law.

21. That the mushrooming growth of retail monopoly is a threat today to the AFL–CIO.

22. That labor's interest will be promoted by endorsing quality stabilization as necessary to the preservation of labor's own dignity, economic welfare, and security.

23. That quality stabilization enables the honest manufacturer of a quality brand name product—and the ethical distributors of that product—to compete on a fair basis in the marketplace.

24. That quality stabilization promotes and encourages vigorous competition between the quality brand name product and all other goods, branded or unbranded, and stabilized under the Quality Stabilization Act or unstabilized.

25. That quality stabilization gives the consumer an unlimited range of choice of price and quality of product to best suit the consumer's needs.

26. That the present rampant "jungle warfare" in the marketplace is affecting the manufacturer's ability and incentive to create quality goods—thereby injuring labor and the consumer. It is causing a flight of industry to cheaper and cheaper labor areas here and abroad.

27. That President McKinley in an earlier era correctly admonished: "I do not prize the word 'cheap.' It is not a badge of honor—it is a symbol of despair. Cheap prices make for cheap goods; cheap goods make for cheap men; and cheap men make for a cheap country."

28. That predatory price cutters, in the long run, hurt labor more than they can help labor.

29. That quality stabilization protects the quality-conscious manufacturer by stopping the predatory retailer who in his war of destruction against smaller competitors forces price (and quality) concessions and specifications upon the manufacturer.

30. That a manufacturer of a popular quality brand product may be driven out of one marketing area after another because smaller retailers will refuse to handle it at a loss.

31. That such manufacturer is confronted with increasing costs as his volume shrinks, and must cut quality to cut his costs.

32. That the manufacturer, to stay in business, may be forced to reduce costs, with quality materials being sacrificed for inferior materials and quality employees being sacrificed for those less skilled.

33. That the consumer (and wage earner) thus is often the innocent victim of deceptive pricing forcing in a vicious cycle lower and lower quality into the product—thus giving the consumer (and wage earner) less and less in value.

34. That substitutions of inferior labor and materials forced upon the manufacturer endanger public health and safety and depresses the market of labor.

35. That the New York Times of August 19, 1962, reported there were 153,000 shopkeepers in 1950 in the metropolitan area of New York, yet 10 years later the number had decreased from 153,000 to only 66,474—despite the enormous increase in population and sales.

36. That though the small businessman is the backbone of American economic strength, he is, at the same time, the stepchild of American Government, fighting against unfair competition, complicated tax laws, and conflicting regulations.

37. That the wholesaler and retailer find in their business today the stabilization of rent, employee salaries, freight rates, travel rates, light, gas, and power rates, advertising rates, etc.

38. That the wholesaler and retailer is thus confronted with stabilization of almost every aspect of his business except the right to earn a profit. He cannot earn a profit if practically every part of the distribution cost pattern is rigidly controlled and he is forced to earn his profit in a cutthroat competitive area of profit margin.

39. That leaders of communism boast they can take over this country if the small businessman is put out of business—which is happening today at an alarming rate.

40. That United Press International has issued stories quoting discount house enthusiasts as saying "their movement is going to take over, lock stock and barrel, before 1970, 80 percent of the retail business of the country."

41. That unfair and predatory price-cutting retailers frankly confess that they use well-known quality brand name products as leaders to lure the unsuspecting consumer into their store.

42. That the discounter openly confesses he tests the value of his advertising of popular trademarked products, not by how many units he sells of that product, but by "how many people does the advertising bring into the store."

43. That there is overwhelming endorsement of quality stabilization provisions to retard injury to the consumer by helping check the evil practices of "bait and switch" tactics and misrepresentation of well-known quality brand name products.

44. That the predatory merchant promotes automation and less manpower, with one of his major goals the attainment of unattended or robot retailing.

45. That necessary to robot retailing is still greater reliance by predatory merchants on the well-known quality brand name product presold because of its quality and price by its manufacturer to the consumer—thus posing even greater danger for the manufacturer and employees making that product.

46. That courts and regulatory agencies in opposing orderly marketing on the pretext that such programs are antimonopoly are in fact fostering and encouraging the most vicious form of monopoly—retail monopoly.

47. That if the United States is the land of free, individual enterprise, then the manufacturer must be able to exercise the same rights and privileges with respect to the merchandising of his products as retailers have in their private brands.

48. That quality stabilization will put the smaller manufacturer on an equitable footing with giant competitors using factory-owned retail outlets, with retailer-owned brand names, with consignment selling, with direct door-to-door selling, etc.—all of which practices are now lawful.

49. That research will come to a halt if the new product—the fruit of that research—is to be torpedoed in the marketplace as soon as the product is made available to the public.

50. That quality stabilization is unique—an example of free, competitive enterprise at its best—in providing an essential private remedy on an optional basis. It cannot be enforced in the sale of a monopoly item. There must always be similar competitive items available to the consumer, thereby protecting the consumer against prices based on a monopoly.

51. That quality stabilization will give the small ethical businessman a new lease on life to provide for the consumer the service and the assortment of necessary but slow-moving items that the "fast buck" operator cannot and will not provide.

52. That loss of taxation revenue of Government—at all levels—resulting from the "swallowing up" of the smaller ethical merchant and manufacturer can be reversed by enactment of quality stabilization.

53. That the honest citizen and the honest manufacturer should each have the right to protect his good name against defamation.

54. That implicit in quality stabilization is the right of a reseller to engage in any practices that may injure the reseller's name—so long as that reseller does not involve the brand name or goodwill of the trademark owner.

55. That under quality stabilization no manufacturer will be restrained from building the best product he can, or the cheapest product he thinks he can sell—with or without any pricing restrictions at the retail level.

56. That quality stabilization will survive and serve only if it is good; that it will quickly die if it does not fulfill its purpose.

UNMARRED WILDERNESS AREAS

Mr. FORD. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. Quie] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. QUIE. Mr. Speaker, I wish to again express my desire to see legislation enacted which will guarantee us and future generations the resource of unmarred wilderness areas.

Back on February 18, 1963, I introduced H.R. 3878, a bill to establish a National Wilderness Preservation System for the permanent good of the whole people. On November 7, 1963, the gentleman from Pennsylvania [Mr. Saylor] introduced a bill, H.R. 9070, also for establishment of a National Wilderness Preservation System.

I am in agreement with the bill introduced by the gentleman from Pennsylvania [Mr. Saylor] and have introduced a bill today identical to his. By this means I wish to indicate my wholehearted support for establishment of a National Wilderness Preservation System.

The gentleman from Pennsylvania [Mr. Saylor] indicated in remarks before this House on November 7, 1963, that he believes his bill is one on which we can all agree. I certainly hope that his prediction is true and that each of us will understand the long-range and far-reaching favorable effects that we can achieve for the people of the United States by passage of H.R. 9070.

The gentleman from Pennsylvania [Mr. Saylor] has fully explained the content of his bill, and so I shall not take time to go into that at this time. I would like to reemphasize, however, that in his remarks the gentleman from Pennsylvania [Mr. Saylor] made clear that the measure requires no expenditures beyond those that would be called for in any case in administering the park, refuge, or forest lands for their presently established purposes.

The objectives of the wilderness bill would be achieved through, first, the declaration of a national policy; second, the designation by Congress of wilderness areas; third, the provision of guidelines for the use and administration of the areas involved; and fourth, certain other provisions related to gifts, bequests, contributions, inholdings, records, and reports.

I believe, Mr. Speaker, that there are few pieces of legislation that come before this House that offer so many benefits for so few demands.

The concept of preserving wilderness and wildlife areas as the public domain and for the use of all the people is not new in American history. It reached probably its finest hour under the Federal administration of the late President Theodore Roosevelt. It is accepted in the organizations and areas of life most concerned with preservation of our wilderness areas that a great national public debt is owed the work of President Theodore Roosevelt. The extent to which our national life has been enriched by his enlightened leadership in this field more than a half century ago, can never be measured.

But the continuing growth of our Nation and population calls for continuing programs to preserve the great natural resources with which we have been blessed. This bill, H.R. 9070, is designed to establish such a program.

It is, indeed, the very factors in our present highly mechanized society which threaten our wilderness areas, that make preservation of those same wilderness areas essential.

Streamlined strips of glistening white concrete are essential to our national life and the fast pace of transportation on which it is dependent. But I submit that a rustic canoe trail through lands covered with trees, untouched by smoke and soot, exhaust fumes and noise, also has a good deal to contribute to our national way of life.

Tractors are more efficient than horses and cellophane packaged meat in the supermarket is much more handy—and necessary—than a hunting trip to find meat for the table. But I submit that a protected wildlife range can open up wonderful new worlds with wonderful effect on people both young and old.

To lose through neglect, negligence, or apathy, the natural wilderness and wildlife resources with which we are endowed, means to give up forever a source of enjoyment and benefit for our people for generations to come.

SHIPS IN CUBAN TRADE SHOULD NOT CARRY AMERICAN WHEAT TO RUSSIA

Mr. FORD. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. Pelly] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. PELLY. Mr. Speaker, I have just received a report listing a total of 196 ships of various flags which have carried cargoes to Cuban ports since January 1, 1963. This is in spite of the fact that the United States called on our allies and free world nations to join us in boycotting Communist Cuba.

I have urged that the Department of Commerce blacklist these foreign ships which have traded with Castro and be prohibited from carrying any grain exported to Russia under license of our Government. While I personally disapprove of the surplus grain sale to the Soviet Union I would certainly feel much worse about this situation if shipowners that have ignored our economic boycott were allowed to profit from this wheat deal.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. Holifield, for 15 minutes, today, to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Snyder.

Mr. Alger.

(The following Member (at the request of Mr. Ford) and to include extraneous matter:)

Mr. Pelly.

(The following Member (at the request of Mr. Steed) and to include extraneous matter:)

Mr. Davis of Tennessee.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2032. An act to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters; to the Committee on Banking and Currency.

S. 2079. An act to provide for the striking of three different medals in commemoration of the Federal Hall National Memorial, Castle Clinton National Monument, and Statue of Liberty National Monument-American Museum of Immigration in New York City, New York; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. STEED. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 14 minutes p.m.) the House adjourned until tomorrow, Wednesday, November 13, 1963, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SISK: Committee on Rules. House Resolution 565. Resolution for consideration of H.R. 9009, a bill to amend further the Peace Corps Act, as amended; without amendment (Rept. No. 895). Referred to the House Calendar.

Mr. STEED: Committee of conference. H.R. 6868, a bill making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes (Rept. No. 896). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOLIFIELD:

H.R. 9099. A bill to establish a National Economic Conversion Commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MOORHEAD:

H.R. 9100. A bill to amend title 38 of the United States Code with respect to eligibility for pension of certain widows of Civil War veterans; to the Committee on Veterans' Affairs.

By Mr. QUIE:

H.R. 9101. A bill to establish a National Wilderness Preservation System for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HEALEY:

H.R. 9102. A bill for the relief of Dr. Manuel Vazquez-Gosenje; to the Committee on the Judiciary.

By Mr. LIBONATI:

H.R. 9103. A bill for the relief of Saadet Hatize Paksoy; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

440. By the SPEAKER: Petition of Joseph F. Lamb, supreme secretary, Knights of

Columbus, New Haven, Conn., urging passage of Senate bill 108 making Columbus Day a national legal holiday; to the Committee on the Judiciary.

441. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., to make it a crime to circulate Canadian coins within the United States of America; to the Committee on Banking and Currency.

442. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., to censure Secretary of State Rusk for attempting to say Congress is not definitely a very vital part of U.S. foreign policy; to the Committee on Foreign Affairs.

443. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., to make a study of staged political photography and pictures, especially those involving presidential candidates; to the Committee on House Administration.

444. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., to restore the subjunctive mood in the writing of all legislation where said mood be necessary and grammatically correct; to the Committee on House Administration.

445. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., relative to the CONGRESSIONAL RECORD and subscribing thereto; to the Committee on House Administration.

446. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., requesting passage of a resolution congratulating Hollywood Actress Elizabeth Taylor as the "greatest inspiration to American and world womanhood since Eve"; to the Committee on the Judiciary.

447. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., requesting an amendment to the 12th amendment to the Constitution of the United States relating to the election of the President of the United States; to the Committee on the Judiciary.

448. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., requesting legislation to permit the use of our official motto "In God We Trust" on postage metered mail; to the Committee on Post Office and Civil Service.

449. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., to pass a resolution requesting the President to permit anyone on his staff at the White House with the surname of Lincoln, to sleep one night in the Lincoln bed during their tenure at the White House; to the Committee on Public Works.

EXTENSIONS OF REMARKS

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 12, 1963

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of November 9, 1963.

WASHINGTON REPORT: BIG SPENDERS CONTINUE FISCAL IRRESPONSIBILITY

(By Congressman BRUCE ALGER of Texas)

The foolish fiscal policies of the Kennedy administration were given another boost this week in a close vote to increase the debt ceiling to $315 billion. The bill, H.R. 8969, passed 187 to 179.

Some Members, of which I am one, are tired of picking up the tab for the big spenders who vote for the appropriations and against the debt ceiling. We consistent opponents of such spending may encourage a more statesmanlike approach to Federal spending by refusing to support continued increases in a high level debt ceiling.

FACTORS TO BE CONSIDERED

1. The demand by President Kennedy for a $315 billion debt ceiling shows clearly that he has abandoned every effort to reduce expenditures.

(a) When the tax bill was before the House, the President and his spokesmen, promised Congress and the people that a tax cut would be supported by responsible restraint on spending. Since that promise was made and the tax cut bill passed by the House, the administration has asked for increased spending in every bill presented to Congress.

2. President Kennedy and the Democratic leaders have increased yearly spending to the point where by fiscal 1965 it will be $23 billion above the level for fiscal 1962 and they have increased the public debt by $25 billion in the same period.

3. The administration has demanded three increases in the debt ceiling this year.

4. The $315 billion debt ceiling implies a spending level in fiscal 1964 of $99 billion, which is entirely too high.

These brief facts prove that Federal spending is entirely out of hand. Yet the proponents of the debt ceiling increase tell us we must not try to control such spending, or the rate of spending, by use of the tools at hand. A realistic debt ceiling has a place in spending. Indeed, it is the only statutory limit on Federal spending, but it is meaningless if we spend without regard to the ceiling and continually increase the ceiling to cover spending irresponsibility.

A PRACTICAL METHOD FOR FISCAL RESPONSIBILITY

My own proposal for fiscal responsibility and protecting the peoples' money:

1. An annual balanced budget (Alger bill H.J. Res. 7): Congress should not adjourn any year until such a balance is reached.

2. An agonizing reappraisal of spending priorities. All nonessential spending should be eliminated and public works programed only within the limits of a balanced budget.

A TOUGH DECISION

Legislative processes are far from simple. There are few instances in casting his vote that a Congressman is faced with an issue clearly outlined in black and white. There are always large gray areas. A good case in point was the vote in the House this week on the conference report on H.R. 6143, the Higher Education Facilities Act of 1963.

When this bill was first presented to the House I fought it with all my energies. I am opposed to Federal aid to education and this measure was a part of the whole program to put the Federal Government in the field of education. In spite of the efforts of those who opposed the bill on principle, the House passed it and it was sent to the Senate where it was drastically changed. This meant the bill then had to go to conference to work out a version acceptable to both bodies.

At this point it is imperative to note the difference between original House legislation and a conference report.

The fight for principle must be made in the debate and vote on original legislation. Once the bill has been acted upon by the House the fight for the principle involved has been won or lost at that time.

A conference report is a procedural matter. It is voted up or down, not on the principle involved, but on whether or not the House believes its conferees did a good job of representing the House position on the particular bill at issue.

On the conference report on the Higher Education Facilities Act, the House conferees did maintain the House position and the Senate conferees receded. That was the issue. I voted "yes" in support of the House conferees. Such a vote is not a vote for Federal aid to schools.

The lesson to be learned by many of us in this is that the fight for good legislation must be made when bills first come before the House. Many times, good conservatives will compromise on original legislation on the theory that it can be improved later when it is returned from conference. Legislative processes just don't work that way. The principle of the bill is established at the time it is first passed and any subsequent action will be merely on disputed points, not a vote involving the principle of the legislation.

The Honorable John W. McCormack, Speaker of the House of Representatives, Recipient of the Cardinal Gibbons Medal

EXTENSION OF REMARKS

OF

HON. CLIFFORD DAVIS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 12, 1963

Mr. DAVIS of Tennessee. Mr. Speaker, along with a number of my colleagues, I was privileged to attend the dinner on November 2, 1963, when our distinguished and beloved Speaker was presented the 1963 Cardinal Gibbons Medal awarded to him by the Alumni Association of the Catholic University of America at the Shoreham Hotel. He delivered one of the most inspiring and challenging speeches I have ever heard him deliver, and, in my years in the House, I have heard him make some excellent ones.

Under leave to extend my remarks I am including the statement made by the board of governors of the alumni association when they met last June to choose the recipient of this year's Cardinal Gibbons Medal. It is so expressive of his contribution to his Government, the Catholic Church, and the Catholic University of America that I am asking that it be included as a part of my remarks, together with this splendid speech delivered by the Speaker:

STATEMENT OF BOARD OF GOVERNORS

When the board of governors of the alumni association met last June to choose the recipient of this year's Cardinal Gibbons Medal, which is established to honor one who has made an outstanding contribution to either the United States of America, the Catholic Church, or the Catholic University of America, it unanimously chose a man eminently qualified on all three points. Little need be said about a man so well known and so well loved and respected throughout the United States as the Speaker of the House of Representatives, the Honorable JOHN W. McCORMACK.

Born in South Boston, JOHN McCORMACK was educated in the Boston public schools, became a lawyer, and served in World War I. He served in the House of Representatives of his home State of Massachusetts during the early twenties and in the Massachusetts Senate for 4 years, from 1923–27, the last 2 years as Democratic leader.

During the 70th Congress, he came to Washington, D.C., to fill the unexpired term of the late James A. Gallivan. He served in the following nine consecutive Congresses, and in the 81st and 82d Congresses he was majority leader, and in the 83d Congress was a Democratic whip. He served as a Member of the 84th, 85th, and 86th Congresses, and the 1st session of the 87th Congress he was again majority leader, and was Speaker for the 2d session of the 87th and the 88th Congress.

He has been awarded honorary degrees of LL.D. by a host of famous colleges and universities, including the Catholic University of America, and, he has had an impressive number of honors awarded him. His memberships include the Order of Malta First Class; Knight Commander, Order of St. Gregory the Great; Grand Commander of the Royal Order of the Phoenix, with Star; and many others too numerous to mention.

ADDRESS DELIVERED BY THE HONORABLE JOHN W. McCORMACK, SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES

Mr. Toastmaster, right reverend, very reverend monsignors, reverend fathers, reverend sisters, my dear friends and distinguished colleagues of the National House of Representatives, the great American who has dedicated his entire life, both in war and in peace, to the best interests of our country, General Gruenther; distinguished and invited guests, ladies, and gentlemen, I am very conscious of the honor that has been bestowed upon me by the Alumni Association of the Catholic University of America in presenting the 1963 Cardinal Gibbons Medal to me. It is true that a man in public life can become the recipient sometimes of many honors, and equally true that these must naturally fall into some gradation of importance assigned by the individual himself. May I assure the members of the Catholic University Alumni Association that this present award, combining as it does the distinction of being honored by the National Pontifical University and the memory, still fresh and still impressive, of so great a Catholic churchman as James Cardinal Gibbons was, brings me a feeling of great humility and deep appreciation.

The Cardinal Gibbons Medal, as the president of your association reminded you, should be awarded to a person who has made a contribution to the church, the Nation, or the university. Any man in public life hopes to be able to make some contribution, however small it might be. It is never as great as a man would want it to be. But I am grateful to all of you for considering me for this award, and I am all the more closely touched by it because of the man whose name it bears.

The honor that comes to me through this award is all the more valued since it bears the name of one of the truly great Americans of our time. Less than a half century ago we were living in the "age of James Gibbons," and the impress of his life of deep faith, of his remarkable personality and farseeing leadership has left many a monument.

This great university, a landmark of Catholic education throughout the Nation, is to a considerable extent the legacy of his foresight. As the first chancellor of the Catholic University of America, he played a significant role in guiding its early years. In fact, what is there in the Catholic Church in this area—indeed in the entire Nation—that does not bear the mark of his genius? How much did the great papal encyclicals on labor owe to the cardinal's unfailing championship of the American workingman? How much does the splendid patriotism of American Catholics, tested in so many trials and conflicts, reflect the outspoken love of country that was a hallmark of the great cardinal?

And not only this, but James Cardinal Gibbons was a man far ahead of his times. He is perhaps the first great ecumenist in the hierarchy of the American church. He possessed extraordinary courage, the courage of action, and when advisable, the courage of silence. Above all, what Cardinal Gibbons stood for was genuine and complete Catholicism in entire harmony with a genuine and complete Americanism. He would have been very much at home with Pope John, very much at home with Pope Paul. He saw his role as a national figure in the light of his own great charity for all races, for all nations, and for all religions. The Ecumenical Council meeting in Rome this very week would find in him a great spokesman for its pleas for an ecumenical spirit and for universal brotherhood. It is a special honor to receive this medal which bears his name.

The Catholic University of America is this year celebrating its diamond jubilee. The University of the American Bishops has a right to be proud of its contributions to the church and the Nation during the past 75 years. One of the very first of the universities organized by the Catholic Church and the only one in the Nation of pontifical status. It has blazed a bright trail through the educational history of the United States. Outstanding scholars have always found the university as a congenial home and the history of the church in America has been influenced greatly by the administrators, faculty, and alumni of this great institution.

The clarion call of this university, as indeed of all Catholic education has been the insistence of the preparation of the well-rounded man. The university has firmly rejected the idea of education which focuses on the technician as a human machine rather than as a human person, even as it has also rejected the notion that the liberal arts today can prosper in a heavily technical world by ignoring the great contemporary movements in science, much as an ostrich with its head firmly planted in the sand.

The Catholic University has given evidence of its forward thinking, and as well of its balanced judgment concerning the needs of education today. Your university was one of the very first to obtain a nuclear reactor, one of the pioneers in establishing a department of the space sciences, one of the most forward thinking of the engineering schools in the country. And, I know, the Catholic University stands ready even today to meet the challenging opportunity of a world in scientific transition.

On the other hand, the Catholic University has never lost sight of the humanistic and spiritual values that must go into the process of formation of the whole man. Alongside this new technological growth, the university has kept pace in the field of arts and letters. Your splendid plans for a new university theater, the thriving bureau of social research established a short time ago, the continuing excellence of the departments of humane studies which was crowned last June by the award of more Woodrow Wilson fellowships to your students than to any other university in the area; finally, the insistence on graduate studies where Catholic University makes its unequalled contribution to American higher education—all these are indications that you are still moving forward in both the scientific and the humanistic components of the well-balanced education.

And such forward progress is the hallmark of American education today. As this Nation makes incomparable strides forward in its scientific knowledge, as it reaches out literally to grasp the moon within the arms of its technical comprehension, it must move forward with equal steps toward a broadening and a deepening of its cultural and intellectual life. No one who faces the future can deny that scientific know-how and technical appreciation of new forces must be one of the keystones of national greatness. This Nation cannot afford to slow down in its quest, already well begun, to master the forces of nature in a nuclear age.

On the other hand again, many of us, especially those of us who are responsible to a small or great degree, for the policy and the progress of this Nation, see that there is only disaster in closing our eyes to the arts as we concentrate on the sciences. This has been the lesson taught by the Catholic University, and by every institution of higher learning in the United States today.

When the House of Representatives passed its bill providing for assistance to institutions of higher learning, these thoughts were in our minds. They provided the motivation for the bill which would have given aid to all types of higher education, including the arts and the humanities, and not restricted to the scientific and technological. Senator RIBICOFF of Connecticut, himself a former Secretary of Health, Education, and Welfare, in pleading for the House orientation of the education bill from the floor of the Senate last month, did not hesitate to prefer the broader purposes of the House bill, saying, "Higher education needs support in all fields. It simply cannot be argued that funds should be used to aid the teaching of physics, but not the teaching of foreign languages, to aid the teaching of biology but not the teaching of economics, to aid the teaching of botany but not the teaching of history" (RECORD, p. 19483).

Educators throughout the country have seen the need of expanded support for education which would include as equal sisters, the fields of arts and the humanities. Senator PROUTY of Vermont, in defending the House bill several weeks ago in the Senate, called the attention of that body to the fact that he had received messages from hundreds of college and university presidents on this issue, 96 percent of them being in favor of unrestricted aid that could be applied to the arts and humane studies as well as to the strictly scientific. He went on to warn: "Downgrade the arts and humanities and you downgrade America. If we downgrade the arts and the humanities, American education will be flying on one wing."

Monsignor McDonald, your own rector, made a plea of great importance at the Catholic University's June commencement, this year. He called for a national foundation based on the National Science Foundation, which would provide aid to outstanding young men and women who choose the arts and humanities as their field of graduate research; similar financial support as is today given to those who dedicate themselves to research in the sciences. I welcome the thoughtful suggestion of the rector of the Catholic University of America. It is a most constructive suggestion, worthy of every consideration.

The battle for the future will be, as has been said before, a battle for men's minds. To the nation with the greatest understanding of the truth—of the whole truth—of the truth in science and the truth in culture, to this Nation belongs tomorrow. And today's struggle is to prepare the minds of our young men and women with a grasp of knowledge and understanding which is balanced enough to meet the challenges of an evolving science without losing its roots in a culture that still appreciates the value of the human person. I commend the Catholic University of America for its never-flagging dedication to this ideal. It captures my imagination, and I commend highly your right reverend rector for advancing these constructive proposals.

We are living in an important and trying period of the world's history. As you and I are present this evening, history is being made. Despite the cooing voice of peaceful coexistence, the forces of evil are bent on world domination.

While we must be powerful militarily, we must also be strong spiritually; all persons everywhere who believe in God and His law. For deep faith is the affirmative strength that could well be the difference between victory and defeat.

One of the great events of history is taking place now in Rome; instituted by Pope John and followed and emphasized in his own right by Pope Paul; the Ecumenical Council.

This is not only a great event in the history of the Catholic Church, and more broadly, of religion, but it is one of the historic events of mankind. For from it will flow great beneficial results.

It is evident to everyone that the Ecumenical Council is affirmative and positive. The growth of the ecumenical spirit throughout the world has already strongly evidenced itself. The religious understanding and spirit is stronger today than it has been for generations, and that understanding and spirit will grow stronger in generations that lie ahead.

While military power is necessary as a deterrent to Communist aggression, the ecumenical spirit everywhere is necessary for a future world of peace. For in a sense, military strength is negative; responding to the law of self-preservation; to deter, and in case of attack and war, to win and survive. In the world of today it is absolutely necessary. And our country has great military strength and power. But it is the word of God in the minds of men and women that is our real strength, our affirmative strength, animating their thoughts and actions, and looking forward with faith and confidence to a world of peace.

As we project our minds into the foreseeable future, the results that will flow from the work of the Ecumenical Council, makes it one of the most notable events of world history.

As Cardinal Cushing recently and so well said, "The present Ecumenical Council will accept the challenge of those who contend that we are on the threshold of an atheistic era."

It is in the spirit of James Cardinal Gibbons, who in America many years ago, preached and practiced the ecumenical spirit, that I accept this year's award of the Cardinal Gibbons Medal.

Managed News

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 12, 1963

Mr. PELLY. Mr. Speaker, I have noticed by the CONGRESSIONAL RECORD that a number of Members of Congress, like myself, have been expressing concern over the trend of the executive branch of our Federal Government to control and manage the news.

In this connection, some of my colleagues might be interested in an article I wrote on this subject for the Argus, a weekly newspaper published in Seattle, which under permission to do so I offer for printing following these brief remarks:

MANAGED NEWS

In time of national stress, such as has existed for the past 30 years, there is a natural trend of Government toward authoritarianism. This is in addition to the inherent human tendency of individuals personally to gather power. As a result, there exists in Washington, D.C., today, a constant and growing threat to the delicate balance between the coequal branches. In this connection, a new threat of oligarchic control is beginning to manifest itself.

When President Kennedy was caught fibbing in his "Medicine Square Garden" speech, antimedicare forces and Republicans chortled with glee. This was the reference to a Massachusetts Congressman who could not send his children away to school because of the burden of paying hospital bills for aged parents; whereas, a subsequent check proved the only Representative in Congress filling the Kennedy description had his two children in a posh private school and the parents' medical expenses were being cared for by private insurance.

This revelation was exploited and was all in good clean political fun. The press and Republicans enjoyed the incident thoroughly.

FIRST STEP

However, the question of distortion, evasion, and failure to give the public the truth was not viewed in an equally light vein when Assistant Secretary of Defense for Public Information, Arthur Sylvester, said, in October of 1962, that an administration had a right to lie. In time, however, the public and the press shrugged off this remark and gave Mr. Sylvester the benefit of the doubt.

Now, however, many thoughtful persons are beginning to wonder. The use by the Attorney General of the FBI in a 3 a.m. Gestapo-like raid on a news reporter's home, to browbeat him out of details of a story, hasn't been forgotten—especially when it appears the news managers are prepared to go a step further.

The first step seems innocuous. It is the opening up of a Department of Agriculture news service, in competition with a private service already in the field. Naturally, when the taxpayers are paying the salaries of bureaucrats who are supplying and disseminating the news, private industry hasn't a chance of competing. The wasteful practices of bureaucracy just don't work in the business world. In spite of congressional objections, the Department of Agriculture has gone stolidly ahead, set up this news service, and now is not only generating, but distributing its version of what's happening in agriculture.

Who can expect honest reporting from bureaucrats whose desire for perpetuation of their jobs and the function of their bureau supersedes everything in their minds? What adverse developments will be overlooked? What juggled statistics, a favorite bureaucratic weapon, will be foisted off on a gullible press through the Agriculture Department's twisted version of the news?

Hardly had the New Frontier taken over farm news—lock, stock, and barrel—but Lee Loevinger, a member of the Federal Communications Commission, said in a speech at the University of Nebraska that he believed the broadcasting industry should have a new wire service to compete with the Associated Press and the United Press International. The broadcasting industry had voiced no demand for such a service.

MISUSE OF AUTHORITY

It was strictly the idea of Loevinger. The dangerous part of this concept is that the regulatory agencies have a great deal of power over individual members of the broadcast field. Their licenses are totally dependent on the whims of the FCC Commissioners. It does not take much deep thinking to realize that if the FCC decided to set up its own wire service, and if it suggested to each license applicant that it take the new service rather than AP or UPI, that the station would sign up, lest it be cut off the air. Mr. Loevinger said, "it is obvious that the power to grant, withhold, and renew broadcasting licenses enables the Commission to exert a powerful influence, if not actually to require action.

"However, it is surely better for all if the Commission is not forced to take action to compel the broadcasters to fulfill their responsibilities." This is flagrant misuse of the authority of the regulatory agency as it was established by the Congress.

A czar of the communications industry under the function of regulation could lead to a reign of thought control over all broadcasters.

For example, William Henry, new Chairman of the Commission, conducted a so-called hearing of the television industry in Omaha, Nebr., last year. This inquisition was supposedly designed to measure accurately the degree of service being given by Omaha television stations. However, during the course of the hearings, which it is said were carefully rigged so that only critics of Omaha's TV stations were given full time to testify, Henry said he was there not so much to learn if the public was satisfied with the television they were getting, but whether or not the stations were performing in accordance with FCC standards. Such "public be damned" attitude of the FCC is typical of the brash leadership in Government.

It seems to me that Congress has a clear-cut duty here to delineate the role of Government in the news field. It is apparent the regulatory agencies are not to be trusted with this responsibility and are disseminating propaganda at an alarming rate.

Another example of managed news, just off the press, is the first edition of a new quarterly banking journal called the National Banking Review, published by James Saxon, Comptroller of the Currency. National banks will be assessed to pay for this publication, which they can buy for $1 a copy, or $4 a year.

Mr. Saxon said he recently hired a bunch of new economists, so the new magazine is an outlet for his new staff. President Kennedy says he wants the all-Government hookup to promote maximum efficiency and minimum cost.

ANOTHER MANIFESTATION

Saxon said the publication is intended to afford a medium of expression to those who are concerned with public policies in the field of money and banking. Again, there are many private publications in this field, affording independent expression of views on money and banking.

Another manifestation of the trend was in the Federal Register of August 28 in a directive from President Kennedy which ordered establishment of a "unified governmental communications system." It is to be called the National Communications System and will be established by linking together, improving and extending on an evolutionary basis, the communications facilities and components of the various Federal agencies.

It is to meet the "communications needs of all Government agencies and to provide communications under all conditions." The Government has 19,000 miles of leased wire services, which now become a massive executive branch grid. An administration directive can be dispatched everywhere in the United States, trotted to local papers by faithful bureaucrats, and become a factual part of the news before the regular press has had an opportunity to determine its veracity, or fathom its motivation.

NATIONAL NEWS AGENCY

Members of the press who have been playing patsy with the administration at the moment don't seem too concerned, but an independent and free press is absolutely essential under our system.

The camel's nose under the tent has been excused by the administration on most logical grounds. Secretary of Agriculture Orville Freeman says that his Agriculture news service promotes "free flow of news." This is a euphemism for "free flow of pro-Freeman propaganda." This should be clear after his attempt to influence the wheat referendum.

Pretexts for expanding Government intervention in news dissemination have aroused strong objections from the American Newspaper Publishers Association. It contends that once the communications facilities of Agriculture, Commerce, Labor, and other Government departments become unified, it is but a short step to a national news agency of the type that totalitarian nations employ. It is to be hoped that a vigilant press and the Congress will not allow an overly ambitious administration to federalize the news. Otherwise, Government by the people under our Constitution will quietly fade into the pages of history.

Speech Before the Hi-Twelve Club in Louisville, Ky.

EXTENSION OF REMARKS
OF
HON. M. G. (GENE) SNYDER
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, November 12, 1963

Mr. SNYDER. Mr. Speaker, quite often some of us who support what we believe are basic constitutional principles are accused of being negative. In response to this accusation, I recently spoke to the Hi-Twelve Club in Louisville, Ky., and would like for my colleagues who often pose the questions hereinafter mentioned to have my response.

The speech follows:

CONGRESSMAN M. G. SNYDER'S SPEECH BEFORE THE HI-TWELVE CLUB, LOUISVILLE, KY.

I appreciate very much the opportunity to come to speak to you for a few minutes today. I appreciate it particularly, because of the fact that if the people of the Third District of Kentucky had not voted as they did last November I suspect that I would not have received the invitation, so that you can see that my appreciation is perhaps just a little bit selfish in this respect.

Today I would like to talk to you a few minutes about some of the things that I am for. You know some of my liberal friends and colleagues quite often ask me such questions as, "What are you going to be against today?" or, "Why are you so upset?" or such questions as, "Are you against everything?" and make such statements as, "You have never had it so good" or, "Tell me something you are for." Well, my friends, a year ago during the campaign you were kind enough to ask me to come and speak to you, and I did, and I appreciated that opportunity so very much. And a year ago you will remember that I was upset, during that campaign, because I was worried about creeping socialism, but let me assure you that today I realize how much in error I was a year ago. It's not creeping socialism I've found out, it's galloping socialism. Today I am upset, because of the rapid rate at which we are going down this road—when a year ago, I thought we were just creeping down it. Yes, a year ago when I spoke to you, I was concerned that my then 2-year-old son might not have a free America in which to raise his children, but today I am concerned, not about that, but I'm concerned that I might not have a free country in which to raise that same child. And what am I for? Well, I'm for a lot of things. I'm for the Constitution, for capitalism, and for America. I'm for a foreign policy directly opposed to coexistence with history's most despotic, atheistic, mass enslavers. I'm for foreign aid that is directly toward helping the enslaved nations behind the Iron Curtain—when they rise in revolt. And after they win, I am for their own Nuremburg trials to convict and hang murders like Khrushchev, Mao Tse-Tung and even Marshal Tito. I'm for Tito staying out of this country. I'm for J. Edgar Hoover who can catch Communists as fast as the Supreme Court can turn them loose. I'm for the right to vote for all of our citizens regardless of race, color or religion, and I'm for the right to pray and read from the Holy Writ. Yes, I'm for the Griffin amendment of 1962 that didn't pass, that says that the number of employees in the Department of Agriculture shall never exceed the number of farmers. I'm for Bobby Kennedy and the Supreme Court moving as fast in the Communist cases as they do in some others that they think will perhaps buy them a few votes. I'm for nonconformists, as long as they break no law. For the individual, for human values as distinguished from socialism. I'm for spending whatever it takes to protect this great country from attack, either from within or without. I'm for an investigation as to why we cater to our enemies and insult our friends. I'm for everybody standing up and being counted on the issues of the day—doctors, lawyers, teachers, businessmen, laborers—and even to face up to the great catastrophe that "it might hurt my business if I stand up and get counted." Yes, I'm for freeing the farmer from oppressive controls. And you know, I'm for the Kennedy's, and the Roosevelts, and the "Soapy" Williams and the Adlai Stevensons—and yes, the Nelson Rockefellers, and the other superrich, built in guilt complex, do-gooders sharing their own wealth with their leftwing schemes, but not yours and mine that we worked so hard for.

I'm therefore for taxes as a means of raising revenue, but not to redistribute the wealth as is now advocated by some of our political planners in Washington. I'm for section 14(b) of the Taft-Hartley law to let the States choose whether or not they want right-to-work laws. I'm for the equality of man under the law, realizing that economically equal men are not free and free men in a free republic will not remain economically equal. I'm for our country having the finest education system in the world, bought, paid for and controlled locally.

I'm for more expensive teachers and professors and less expensive school buildings. I'm for separation of church and state rather than the separation of God from state. I'm for practically everything that the socialistic liberals of the Americans for Democratic Action are against, and against practically everything they stand for. I'm for keeping Red China out of the United Nations, and I'm for a balanced budget, and for paying on the national debt. I'm for a tax cut if tied to rigid spending restrictions. I'm for this guy from Prospect who always writes to the "Point of View" column in the Courier-Journal and Times, going on down to Cuba for good if he thinks Castro is so great. I'm for the Monroe Doctrine. I'm for this country giving assistance to the Cuban freedom fighters, so they can free their homeland, and for the downfall of Castro before October 1964. I'm for a President who won't make a deal to take our missiles out of Turkey and Hungary to get the Communist missiles out of Cuba. And I'm for a President who won't sell military supplies by Executive order to Communist Yugoslavia in direct violation of the law passed less than 1 year before—and have the file classified to keep it a secret—as was revealed within the past month, and I make reference to section 109(a) of the Foreign Assistance Appropriations Act for the fiscal year 1963, which reads, "No assistance shall be furnished to any nation whose government is based on communism for arms, ammunition, implements of war or any articles, materials supplies, etc." Yes, I'm for a lot of things. I'm for the reinstitution of the ban on subsidized cutrate delivery of Communist propaganda through the U.S. mail that was suspended by another Executive order, if you please. I'm for outlawing the sale of Communist-made merchandise in this country. I'm for Jack Kennedy paying the 57-cent-per-bushel subsidy on wheat sold to Russia, rather than the taxpayers being required to pay for it. I'm for letting Cuba, Yugoslavia, and other Communist countries pay their own United Nations debts, rather than the American taxpayers being required to pay for it. I'm for government by laws properly enacted and not government by man-made edicts. I'm for the tripart system of government; that is the division of powers between the executive, legislative, and judicial, and each of these branches operating within their own sphere, as was the intention of our Founding Fathers when they made this Government. Yes, I'm for an Attorney General who has tried a lawsuit, and Supreme Court justices who have had judicial experience.

I'm for tightening the laws to prevent the sale and distribution of obscene literature, photographs, movies, records, and TV programs. I'm for recognizing the fact that Moscow could destroy us, but Washington is more likely to.

I'm for every American reading the State Department's publication entitled, "Arms Control and Disarmament," which outlines their plan to do away with our military forces and to subject this country to an increased United Nations army. I'm for replacing politicians who vote as they are instructed by some political machine with a mechanical device to accomplish the same purpose for economy's sake. And while I've gotten some comfort from the wheat referendum, I'm for letting the farmer decide what the farm program will be only when we let the Reuthers brothers decide what the labor program will be, the oil companies decide what the depletion allowance will be, and magazine publishers decide the postage rate.

I'm for a notation on the Louisville Courier and Times editorials telling how they scored on a lie detector test for that day's column, and for another newspaper in Louisville, knowing that like many of these other things I'm for will be quite a while in coming. And there are many other things that I am for. I could enlarge upon this list without too much difficulty, but I am confident that to do this would spoil the day for so many that feel that I am not for anything. Thank you.

HOUSE OF REPRESENTATIVES

WEDNESDAY, NOVEMBER 13, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 119: 16: *I will delight myself in Thy statutes; I will not forget Thy word.*

Almighty God, our gracious benefactor, may the memory of Thy grace and goodness daily inspire us to enter faithfully and courageously upon all our tasks and responsibilities.

Grant that we may have a large part in building a social order in which our bruised and broken humanity shall enjoy the blessings of peace and good will.

May the mind and heart of our President, our Speaker, and the Members of the Congress be made strong with lofty moral and spiritual ideals as they perform the duties of their high vocation.

Create within us a deeper respect and reverence for the worth and dignity of the soul of man created in Thine own image and endowed with a capacity to have the spirit of our blessed Lord.

Hear us in His name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1964

Mr. STEED. Mr. Speaker, I call up the conference report on the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, I assume the gentleman from Oklahoma will take the time to explain this conference report?

Mr. STEED. Yes, and I shall be glad to answer any questions the Members may have.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 896)

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 30, 31, 35, 37, and 38, and agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,119,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"SEC. 104. No part of any amount appropriated in this Act shall be available to finance, under authority of section 4167(a) of title 39, United States Code, the mailing and delivering of mail matter sent through the mails after October 2, 1962, with a simplified form of address under the franking privilege by any Member or Member-elect of the United States Senate to postal patrons, including those patrons on rural or star routes."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 14, 32, 33, and 39.

TOM STEED,
MICHAEL J. KIRWAN,
CLARENCE CANNON,
WALT HORAN,
ODIN LANGEN,
Managers on the Part of the House.

MIKE MONRONEY,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
E. L. BARTLETT,
CARL HAYDEN,
LEVERETT SALTONSTALL
(except as to No. 40),
MILTON R. YOUNG
(except as to No. 40),
THOMAS H. KUCHEL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate numbered 14, 30 to 33, inclusive, and 35 to 40, inclusive, to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each such amendment, namely:

AMENDMENTS PREVIOUSLY AGREED TO

Amendments of the Senate Nos. 1 to 13, inclusive, 15 to 29, inclusive, and No. 34, relating solely to appropriations for the expenses of that body, were agreed to by the House just prior to sending the remaining amendments, listed above, to conference on November 8.

Office of Sergeant at Arms and Doorkeeper—Senate

Amendment No. 14: Reported in technical disagreement. Motion will be made to recede and concur.

Joint Committee on Printing

Amendment No. 30: Simplifies, as proposed by the Senate, the appropriation arrangement for expenses of compiling the Congressional Directory.

Salaries, Office of the Architect of the Capitol

Amendment No. 31: Appropriates $442,500 as proposed by the Senate instead of $480,000 proposed by the House. In view of the delay in processing the bill, the lower amount will be sufficient to finance on this central office roll, as the House had provided, the 14 central office jobs currently financed on other rolls.

It is the intention to review the necessity for continuation of these positions during consideration of future estimates.

Capitol Building

The Senate committee report earmarked $4.500 of the House-approved total for floodlighting the dome from midnight to dawn. The conferees have agreed to the proposition.

Extension of the Capitol

Amendment No. 32: Reported in technical disagreement. Motion will be made to recede and concur with an amendment.

The Senate proposed to strike from the basic law (Public Law 242, 84th, as amended by Public Law 406, 84th) the authority to enter into contracts in advance of appropriations by which has been prosecuted, under direction of the special commission in charge, the extension of the east central portion, the rewiring and illumination, repair of the dome, construction of a subway terminal, cleaning the exterior of the two wings, furniture and furnishings, and miscellaneous other works. The Senate's objective is to prohibit the special commission from authorizing any contracts for extending the west central portion without a further separate affirmative determination by the Congress on the question. But the Senate committee did express the belief that further engineering surveys of the condition of the west central portion should be undertaken by qualified outside engineers.

The motion to be offered will permit the special commission to engage nongovernmental engineering and other necessary services, in line with the Senate expression, but will also, as the Senate proposed, require subsequent appropriation action by the Congress before any remedial measures can be undertaken.

Restoration of old Senate Chamber and old Supreme Court Chamber

Amendment No. 33: Reported in technical disagreement. Motion will be made to recede and concur, under which $37,500 would be provided for preparing working drawings, specifications, and estimates of cost for restoration of the old Senate Chamber and the old Supreme Court Chamber substantially to their conditions in 1859 and 1860, respectively.

There are those in the Congress who feel the project is desirable. Others do not. In recommending the instant proposition, the conferees are agreed that this is not to be considered as a commitment to proceed with restoration work at a later date.

Botanic Garden

Amendment No. 35: Appropriates $454,500 as proposed by the Senate instead of $462,000 proposed by the House.

Library of Congress

Salaries and expenses: The Senate did not change the appropriation but in its report the committee leaned to the addition of 30 cataloging positions to stay abreast of current accumulations and to begin making some inroads into the substantial arrearages, in contrast to the House indication of about 20 such positions, with the $100,000 allowed from the budget request of $424,000 based on 57 added positions.

The delay in enactment of the bill favors the smaller number and the conferees agree that the Library should confine fiscal 1964 additions accordingly.

Amendment No. 36, Legislative Reference Service: Appropriates $2,119,000 instead of $2,138,000 proposed by the House and $2,099,000 proposed by the Senate. This is to provide for five additional clerical positions.

Amendment No. 37, books for the general collection: Appropriates $670,000 as proposed by the Senate instead of $650,000 proposed by the House.

GPO revolving fund

Amendments Nos. 38 and 39: The two amendments hang together but for technical reasons the second one is reported in disagreement. Motion will be made to recede and concur, under which, in conjunction with the agreement on the first one, a total of $10 million additional reimbursable working capital would be provided instead of $8,500,000 proposed by the House, and of which $6,450,000 would be obtained by transfer from funds previously appropriated but unused because of a change in plans, for construction of a GPO warehouse annex. The House had designated its full allowance by direct appropriation; the unused construction money would have been available for application against whatever new building proposal may later be approved.

Franked mailings

Amendment No. 40: Incorporates, in modified form, a restriction urged by the Senate against use of any funds in the bill to finance mailing and delivery of mail matter with a simplified form of address under the ancient franking privilege available to any Member or Member-elect of the Senate. This conforms to the original position of the bill as reported to the Senate and, in respect to applicability to the House, conforms to the position in the bill when the House considered and adopted it last June.

Under the agreement reached, as under the original House bill, the House would be governed in the matter of addressing franked mail by the regulations (which the department would be expected to reinstate) in effect prior to October 2, 1962—regulations which were permissive, not mandatory as to methods used by Members; regulations which would permit use of addressing methods stated by the department to result in lower per-piece handling and delivery costs; and which it seems, clearly, would simplify preparation prior to mailing.

TOM STEED,
MICHAEL J. KIRWAN,
CLARENCE CANNON,
WALT HORAN,
ODIN LANGEN,
Managers on the Part of the House.

Mr. STEED. Mr. Speaker, your conferees are happy to bring to the House today what we think is a very good conference bill.

When the revised budget estimates were taken up the grand total of $182,218,450 had been requested. When the bill passed the House with the purely Senate items omitted it was at a total of $140,038,919. After the Senate had made amendments, and added the Senate items, the total that went to conference was $168,273,069. The conference version of the bill as presented here today is $168,293,069, or only $20,000 more than it passed in the Senate.

A large part of the bill this year, more than $30 million of it, is for nonrecurring capital investment items. Because a lot of the heavy construction work going on on Capitol Hill is funded in this bill, the committee is hopeful that a very substantial reduction can be shown in the bill next year on account of this reduction in the amount of recurring capital investment items.

In the matters that were in disagreement between the House and the Senate, the report and statement before you explain each recommendation. We concurred in several of the Senate reductions partly because of the fact that the nearly 5 months of this fiscal year that have elapsed meant the amount of money provided by the Senate was sufficient to carry out the functions involved. In the case of the Legislative Reference Service, we have agreed to an increase over the Senate figure of $20,000 because they have an ever-increasing caseload and needed a little extra help to enable them to keep fairly current in filling the requests for material and information made to them by the Members of the House and the Senate. This service has had a very heavy gain in recent years, and no one at this time can predict any leveling off.

In the matter of the most serious disagreement, that of the so-called patron mail, the conferees agreed to language which conforms, insofar as applicability to the House is concerned, to the position as it passed the House in the first instance and to that which was reported to the Senate by the Senate Appropriations Committee in the second instance. The conference agreement and position is in the statement accompanying the report. This means that any limitation contained in this legislation on the use of the so-called patron mail or simplified address procedure applies to the U.S. Senate and not to the House of Representatives.

We are able to present this report with the assurance of the House that the bill, as it now stands, is in absolute and complete conformance with the ancient rule of comity between the two Houses. We hope and trust this action will meet with the approval of the House.

Mr. Speaker, before yielding for questions I would just like to take this opportunity to say that being chairman of this subcommittee is more or less a fairly thankless job since there are those who seem to have a continuing open season on criticizing the Congress and aim a lot of their barbs at this subcommittee. It becomes an occupational hazard for the chairman who is the target for a lot of this criticism. But, Mr. Speaker, this is not of any serious importance. But under the circumstances that developed this year when some trying situations were thrust upon us, as chairman of this subcommittee I want today to express my thanks and appreciation, first, to the members of this subcommittee who have worked so hard and who have stood with us so loyally and so completely throughout this whole struggle. Without their confidence and support and help, we could not have accomplished what we have done here today.

I also want to express my appreciation to the leadership of the Congress for the support they have given us. I want to express my appreciation to the Members on the Republican side as well as on my own side for the universal encouragement and support that we have had all along from our colleagues. It has been a wonderful thing to know that Members of the House had the confidence in us that they have expressed and for the help and the moral support that they have given us.

I especially want to express my personal thanks to the ranking minority member of my subcommittee, the gentleman from Washington [Mr. HORAN]. There is not a finer coworker in the world; and without his loyalty and support and understanding, this job would have been intolerable.

I also want to express my personal thanks to the distinguished gentleman from Missouri [Mr. CANNON], chairman of the Committee on Appropriations, for the great support and loyalty and help he gave to us.

I greatly regret, Mr. Speaker, that I have an insufficiency of words to express the personal feeling I have for all of you, for your sympathy and support and kindness and help that you have given me in what has been one of the most onerous experiences that I have had in the 15 years that I have been a Member of the House of Representatives.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. STEED. I am happy to yield to the distinguished majority leader, the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Speaker, I take this time to thank my colleague, the gentleman from Oklahoma, for the service he has rendered to the House of Representatives on this bill. Without the work of the gentleman and his subcommittee and the Committee on Appropriations, it would not be possible for the Congress to function. Furthermore, I want to commend my colleague for the manner in which he has preserved the prerogatives of the House in matters of disagreement with the Senate. He has insisted that the rule of comity be observed without which it would be impossible for the two Houses of Congress to operate as coordinate legislative bodies.

My colleague, the gentleman from Oklahoma [Mr. STEED], is one of the most conscientious and dedicated Members of the House. He always performs his duties in a superior manner.

All Members will agree with me that the work of the gentleman has been most important, and I think all will agree with me that we do owe him a debt of gratitude.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STEED. I will be happy to yield to the gentleman from Iowa.

Mr. GROSS. With respect to that pyramid that is being built, otherwise known as the new office building, being built by Ambassador McCloskey, could the gentleman give us any progress report on it, as to what year it might be opened for business, whether it will be 1970 or 1975.

Mr. STEED. We are told by the Architect's Office that the completion date is August 1964. It is my understanding that since this comes so late in the session, the actual occupancy of the building with the new tenants will officially begin at the start of the next Congress, in other words, January 1965. There will be a problem between August and November with respect to the election of the Members to the next Congress. Since some part of the occupancy of that building will be made on an assignment under the seniority system, the building superintendent would have no way of making a fair and accurate assignment of office space until after the November election returns reveal who the Members of the next Congress are going to be. However, in late January or early February they will begin to occupy some of the building. They will park cars in the parking lots inside on a temporary basis. They moved certain other activities on a temporary basis from the old western end into parts of the building that will be ready. So there will be some occupancy and use of the building as early as late January or early February of next year, but they will be assignments of space only on a temporary basis. We know of no situation that could develop now that would change these target dates materially.

Mr. GROSS. When did they dig that hole over there? I believe it was either 1955 or 1956 that they dug the hole for that building.

Mr. STEED. If memory serves me, it was done at about that time.

Mr. GROSS. Can the gentleman tell us whether they are making progress with the swimming pool. I am not interested in it personally, but I have heard a good deal of talk about it by other Members who are impatient to get into the swim. Will that be completed before the rest of the building so that my colleagues can go down and learn to swim and do the other things that go with a swimming pool?

Mr. STEED. I do not know what the contractor's work schedule is, but the gymnasium and swimming pool will be completed before formal occupancy of the building.

Mr. GROSS. I thank the gentleman for his answer. I would like to ask the gentleman about this $37,500 for the refurbishing of the Old Senate Chamber and the Old Supreme Court Chamber. I regret that there is even $37,500 in this bill for that purpose in view of the condition of the U.S. Treasury. I am afraid this is a foot in the door to an expenditure that is wholly unnecessary at this time, an expenditure that certainly ought not to be made until and unless our budget is balanced and we are paying on the Federal debt. I cannot think of anything that is more unnecessary than to refurbish the Old Senate Chamber and Old Supreme Court Chamber at this time. I cannot think of anything more unnecessary in view of the fiscal condition of this Nation, and I hope that the Committee on Appropriations, if they must provide $37,500 for planning for refurbishing, will stop there and appropriate not a single penny until we get out of the bind we are in financially.

Mr. STEED. I will say to the gentleman that the views you hold are shared by quite a few other Members, too. As you know, the House conferees resisted this very item for several years. The Senate was insistent this year and we finally yielded on it.

So we made a specific finding and we so stated, that this does not in any way obligate us or indicate that the funding of such refurbishing will be agreed to. There are some advantages to be obtained by having the research work done and the survey made and the plans prepared. But the matter is one in which the other body has taken the initiative and on which they are insisting. It is one, I assure the gentleman, that I personally intend to give a lot of thought to before agreeing to any sizable amount of money to carry out any plans for refurbishing in connection with it. I think the gentleman will find that many other Members feel the same way.

Mr. GROSS. Mr. Speaker, I thank the gentleman.

Mr. SHEPPARD. Mr. Speaker, I would like to ask the chairman of the subcommittee this question. Were you able to work out with the other body any solution on the matter of the promotional scale and longevity of certain personnel that we discussed?

Mr. STEED. We could not, because of the difficulty of its being out of order legislation on this bill. That is what would have confronted the House and since we have a number of problems in that field we have been in touch with the House Administration Committee. We hope we can get a review not only of that but of several other problems in our housekeeping. That would be the proper legislative procedure and would not make us subject to the points of order that we would have had to face otherwise on the specific matter to which the gentleman refers.

Mr. SHEPPARD. I appreciate the situation. This can, of course, be corrected in the House by simple resolution. We can take care of the House side and let the gentlemen on the other side adjust to that if they so desire.

Mr. STEED. I agree with the gentleman, and I hope that we will be able to clear up the matter in due time.

Mr. SHEPPARD. I intend to offer a resolution, with the approval of the gentleman, as soon as possible.

Mr. JOHANSEN. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman.

Mr. JOHANSEN. Mr. Speaker, I concur in the views of the gentleman from Iowa [Mr. GROSS] from the fiscal standpoint, with regard to the refurbishing of the Old Supreme Court Chamber. But I wonder if the gentleman would not agree that if that is to be done at least it be stipulated, when the Old Supreme Court Chamber is refurbished that we have the words "In God We Trust" above the bench, having in mind, Mr. Speaker, that the members of the Supreme Court who sat in those hallowed precincts subscribed to that doctrine.

Mr. GROSS. I certainly agree with the gentleman.

Mr. STEED. Mr. Speaker, at this time I yield such time as he may require, to the gentleman from Washington [Mr. HORAN].

Mr. HORAN. First, Mr. Speaker, I wish to compliment my colleague from Oklahoma [Mr. STEED] in the way that he has handled this bill in conference. Mr. Speaker, with reference to the proposal of refurbishing the Old Senate Chamber and the Old Supreme Court Chamber, and whether this would add to their historical significance, that is a matter of opinion. It is estimated that the total cost of this entire project will be something over $600,000. But I would call the attention of the House to the language on page 4 of the statement of the managers where it says:

> In recommending the instant proposition, the conferees are agreed that this is not to be considered as a commitment to proceed with restoration work at a later date.

So I think that our position as we come here today is quite clear.

Mr. STEED. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

> Senate amendment No. 14: Page 4, line 5, insert the following:
>
> "OFFICE OF SERGEANT AT ARMS AND DOORKEEPER
>
> "For office of Sergeant at Arms and Doorkeeper, $2,704,615: *Provided*, That effective July 1, 1963, the Sergeant at Arms may employ two additional assistant chief telephone operators at $2,580 basic per annum each in lieu of two telephone operators at $1,980 each, one additional messenger acting as assistant doorkeeper at $2,580 basic per annum in lieu of one messenger at $2,100, the basic per annum compensation of the administrative officer shall be $5,280 in lieu of $4,140, and the title of positions shall be changed as follows: wagonmaster to truck driver, assistant wagonmaster to assistant truck driver, two female attendants ladies' retiring room to two attendants, laborer in charge of private passage to skilled laborer."

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

> Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 14 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

> Senate amendment No. 32: On page 23, line 12, insert the following: ": *Provided*, That the proviso to the paragraph entitled 'Extension of the Capitol' in the Legislative Appropriation Act, 1956, as amended, is amended by striking out 'and to obligate the additional sums herein authorized prior to the actual appropriation thereof'."

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

> Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 32 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following: ": *Provided*, That the proviso to the paragraph entitled 'Extension of the Capitol' in the Legislative Appropriation Act, 1956, as amended, is amended by striking out 'and to obligate the additional sums herein authorized prior to the actual appropriation thereof', and by substituting in lieu thereof 'and, prior to any appropriations being provided for extension, reconstruction, and replacement of the west central portion of the United States Capitol, to obligate such sums as may be necessary for the employment of nongovernmental engineering and other necessary services and for test borings and other necessary incidental items required to make a survey, study and exam-

ination of the structural condition of such west central portion, to make reports of findings, and to make recommendations with respect to such remedial measures as may be deemed necessary, including the feasibility of corrective measures in conjunction with extension of such west central portion.' "

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 33: On page 23, line 17, insert the following:

"PLANNING FOR RESTORATION OF OLD SENATE CHAMBER AND OLD SUPREME COURT CHAMBER IN THE CAPITOL

"To enable the Architect of the Capitol to prepare working drawings, specifications, and estimates of cost for restoration of the Old Senate Chamber on the principal floor of the Capitol and the Old Supreme Court Chamber on the ground floor of the Capitol substantially to the condition in which these chambers existed and were furnished when last occupied in 1859 and 1860, respectively, by the United States Senate and the United States Supreme Court, $37,500."

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 33 and concur therein.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STEED. I would be happy to yield to the gentleman from Iowa.

Mr. GROSS. I note in the report that it has been agreed to spend $4,500 for the illumination of the dome of the Capitol from midnight to dawn.

Does that mean illuminating it from the interior or exterior?

Mr. STEED. As the gentleman knows, under the present practice the dome on the outside is lighted from dusk until midnight and then only the statue on the top of the dome is lighted from midnight until dawn.

There has been some interest shown in the fact that the dome should be lighted throughout the night. This small earmarking of funds will enable the lights to stay on the entire dome all night long.

Now, we are told that while this is not only desirable from the esthetic point of view, it acts also as a desired navigation aid for aircraft in bad weather after midnight which come through this area. Since it does not add any cost to the total of the bill, we agreed with the Senate request that we go along with having the dome floodlighted all night long.

Mr. GROSS. This is not, then, a safety measure for lighting up this entire area because of crime in close proximity to the Capitol? It is not being done for that purpose?

Mr. STEED. I live up here on the Hill, and if it will help in adding safety in that regard, I am glad to have it.

Mr. GROSS. But that is $4,500 of the taxpayers' money that will be spent. I sympathize with the gentlemen living on Capitol Hill but I am not interested in spending that kind of money for electricity to light the dome simply for that purpose.

Mr. STEED. That is not the purpose. The main purpose is to have the dome illuminated all night long. It is perhaps the most popular symbol of our Government.

Mr. GROSS. I do not know how many people are going to be looking at the dome after midnight, but that is neither here nor there. I think we ought to take a second look at this $4,500 expenditure. You just do not pick $4,500 off the bushes around here. Personally, I do not see much point in illuminating the dome of the Capitol after midnight, and I hope the committee will take another look at this next year.

Mr. STEED. We will consider it in its proper perspective next year.

The SPEAKER. The question is on the motion offered by the gentleman from Oklahoma.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 39: Page 33, line 9, add "together with $6,450,000 to be derived by transfer from the appropriation 'Acquisition of site and construction of annex.' "

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 39 and concur therein.

The motion was agreed to.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Florida.

Mr. HALEY. Mr. Speaker, may I inquire as to amendment No. 37 which, of course, has been acted on: do the House and Senate have any authority to recommend the kind of books that may be purchased?

Mr. STEED. I would say we probably do. And there is a Joint Committee on the Library of the House and Senate who are supposed to supervise the activities of the Library. That is one way that influence can be brought to bear.

Mr. HALEY. May I say to the gentleman from Oklahoma that in the purchase of these books I hope the gentleman from Oklahoma and the people who have the proper authority here will take into consideration in the purchase adding nine Holy Bibles to that collection so the Members of the U.S. Supreme Court may have the privilege of reading them.

Mr. STEED. Mr. Speaker, under leave to extend, I include a summary of the conference bill with appropriate comparisons.

Summary of legislative branch appropriation bill, 1964 (H.R. 6868)

Group	Budget estimates (revised)	Passed House	Passed Senate	Conference action[1]	Conference action compared with—		
					Budget estimates	House	Senate
Senate	$30,693,205	(2)	$30,675,350	$30,675,350	−$17,855	+$30,675,350	
House of Representatives	50,772,950	$50,131,550	50,131,550	50,131,550	−641,400		
Joint offices and items	6,297,515	6,271,369	6,271,369	6,271,369	−26,146		
Architect of the Capitol	34,343,500	30,744,200	33,279,500	33,279,500	−1,064,000	+2,535,300	
Botanic Garden	483,000	462,000	454,500	454,500	−28,500	−7,500	
Library of Congress	21,252,400	20,487,800	20,468,800	20,488,800	−763,600	+1,000	+20,000
Government Printing Office	38,375,880	31,942,000	26,992,000	26,992,000	−11,383,880	−4,950,000	
Grand total	182,218,450	140,038,919	168,273,069	168,293,069	−13,925,381	+28,254,150	+20,000

[1] Many of the items were concurred in by the House on Nov. 8 just prior to sending the remaining amendments—dealt with in the conference report—to conference.

[2] By custom, House omits all items under the Senate heading and those items under the Architect of the Capitol pertaining solely to the Senate.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

CALL OF THE HOUSE

Mr. BASS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 197]

Abele
Ashley
Avery
Barrett
Battin
Blatnik
Brock
Brown, Calif.
Burkhalter
Byrnes, Wis.
Cameron
Celler
Clancy
Clawson, Del
Corman
Cramer
Dague
Davis, Tenn.
Dawson
Dingell
Duncan
Findley
Fino
Ford
Forrester
Fulton, Tenn.
Fuqua
Green, Pa.
Griffiths
Hagen, Calif.
Hanna
Harding
Harris
Hawkins
Hoeven
Hoffman
Johnson, Wis.
Jones, Ala.
Karth
Kee
Kelly
Keogh
Kilburn
King, Calif.
Kluczynski
Laird
Landrum
Latta
Long, La.
MacGregor
Mailliard
Martin, Mass.
Miller, Calif.
Milliken
Minshall
Morrison
Morse
O'Brien, Ill.
Pilcher
Powell
Quillen
Rains
Reid, N.Y.
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Rodino
Roybal
St. Onge
Schadeberg
Scott
Secrest
Selden
Shelley
Short
Sickles
Slack
Smith, Va.
Stubblefield
Talcott
Thompson, La.
Thompson, N.J.
Thornberry
Udall
Ullman
Utt
Wallhauser
Willis

The SPEAKER. On this rollcall 345 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE NEED FOR CONGRESSIONAL REFORM AND REORGANIZATION

Mr. JOELSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. JOELSON. Mr. Speaker, it is evident that the Congress of the United States is operating under rules and procedures that are outmoded and ineffective. In some instances, they even are undemocratic.

How can we expect to pass effective laws to govern our Nation when we are failing in our responsibility to govern ourselves?

I have today introduced an act identical with one introduced in the Senate by Senator CLIFFORD CASE, who has been actively engaged in the struggle for congressional reform and reorganization.

This bill would provide for a commission which would study and make recommendations for improvement in our committee system, regulation of conflicts of interest, regulation of lobbying activities, congressional travel, and other related matters.

Unless we clean our own house, we will forfeit the confidence of the American people which is so vital.

It is high time that the Congress of a democracy shake off the cumbersome and often undemocratic rules and regulations under which we now labor.

AMENDING THE PEACE CORPS ACT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 565 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9009) to amend further the Peace Corps Act, as amended. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentlewoman from New York [Mrs. ST. GEORGE], and, pending that, I yield myself 7 minutes.

Mr. Speaker, House Resolution 565 provides for consideration of H.R. 9009, a bill to amend further the Peace Corps Act, as amended. The resolution provides an open rule with 2 hours of general debate.

H.R. 9009 would authorize $102 million to operate the Peace Corps in fiscal year 1964. As the Peace Corps operation has expanded and the number of volunteers has increased, the portion of the Peace Corps costs devoted to administration has declined. If the level of funds requested is made available for fiscal 1964, it is estimated that only 19.9 percent, or $20,300,000 will be used for administration and the remainder will go to support volunteers. In fiscal year 1963, 28 percent of the funds available were utilized for administration.

The annual cost per Peace Corps volunteer is $9,000—the figure estimated at the time the original presentation of Peace Corps financing was made to the Congress in April 1961. At that time this included volunteer costs of $6,300 and administrative expenses of $2,700. The current estimate for fiscal 1964 is $7,000 for volunteer costs and $2,000 for administrative expenses. The increase in volunteer costs is due to an extension of the training period to increase language proficiency.

The countries in which the Peace Corps is in operation have requested more volunteers, and additional countries are seeking Peace Corps assistance. The number of qualified applicants is larger than ever even though the standards have been raised, and there have been no incidents which have made the conduct of our foreign policy more difficult.

In the short period that has elapsed since its beginning, the Peace Corps has already made a significant contribution to the attainment of U.S. foreign policy objectives.

Mr. Speaker, during consideration of this bill before the Committee on Rules I asked some questions with reference to administrative costs and to what extent we may be developing into a situation where, for example, we were getting too many chiefs and not enough Indians. Because of my inquiries and questions, I have done some additional research work and have been given some additional figures which would indicate this is not happening.

Actually, they are improving the efficiency of the operation from the standpoint of administrative costs. In comparing the average administrative cost to the number of people in the field I find the administrative cost to be substantially lower in the Peace Corps than in almost any other agency of Government.

The average grade of the Peace Corps domestic staff is GS-7.9. If you look through the 1965 budget, you will find that this is considerably below other agencies in the foreign or domestic field. To mention a few: USIA, 9.5; Foreign Agriculture Service, 9.3; House and Home Finance Agency headquarters, 9.0; Federal Trade Commission, 9.1; General Accounting Office, 8.2.

It is charged that the agency has become a "burgeoning bureaucracy." Nothing could be more inaccurate. The Peace Corps has only one administrative person for every eight volunteers. If Congress appropriates the money authorized in the bill—$102 million—the Peace Corps will have one administrative person for every 10 volunteers. No agency has ever come close to those figures. Remember during World War II it was said there were "35 people behind every man with a gun." They have accomplished exactly the opposite already—"eight men with a gun," so to speak, for every man behind him. This record has been submitted to the church missionary groups, to industrial concerns which operate overseas like Standard Oil, and none of them come close to these figures. The danger, in fact, is not that they will become a burgeoning bureaucracy, but rather that they will provide too little mature leadership for our volunteers.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Iowa.

Mr. GROSS. The Director of the Peace Corps, testifying before our committee, said they had only one administrative person for each seven volunteers.

Mr. SISK. As I recall, when it was discussed before the Committee on Rules yesterday, this was the figure that was cited in the report. At that time I raised the question with the chairman about some of the complaints that had been made. As a result I have done some checking. They tell me they are now operating with 1 administrative person to 8 volunteers, and with this new program they feel with increased efficiency they will be able to do it with 1 administrative person for 10 volunteers. The gentleman is on the committee and heard the testimony.

Mr. GROSS. One to seven is big, as far as I am concerned, altogether too many chiefs with two few Indians.

Mr. SISK. I think my good friend from Iowa will agree with me that if you look at most agencies of the Government and make a comparison, you will find that in the administrative field they are much heavier on administrative personnel as against the active people in the field than these figures would indicate. This, of course, is the basis on which I was making my statement.

Mr. Speaker, because of this very fine record I feel that this program is doing an outstanding job for America. I believe it is a program we should continue. It seems to me the request which is now made to increase the number of volunteers to 11,300, which was the exact number given to Congress in 1961 when the Corps was first proposed, would be a figure which we could live with and which should be adequate.

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this resolution makes in order the consideration of H.R. 9009, to amend further the Peace Corps Act, as amended. I can see no objection to this rule and I think the Rules Committee passed it out unanimously.

Mr. Speaker, the Peace Corps appears to have done a very fair job up to date. It is only 2 years old. Many of us who may have some doubts as to its efficacy still feel that it should be given a fair chance. Certainly 2 years is not long enough.

There is a question as to whether the very big leap forward in appropriations is altogether warranted. We go in this bill from $63,750,000 to $102 million. This may seem slightly excessive. However, I think the House can consider that in the general debate and can hear the pros and cons of this amount.

There is one section that I am a little bit dubious about, and I asked some questions which to my mind were not satisfactorily answered. I refer to title III, "Encouragement of Voluntary Service Programs." Here it is stated in section 301, on page 5, line 19, of the bill, that—

> The Congress declares that it is the policy of the United States and a further purpose of this act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower.

I am always a little dubious about this kind of a statement. We have become the "Meddlesome Mattie" of the world and although we seem to have very few women in the Congress of the United States, we seem to act like old women in regard to the care we take of other people's business. I doubt very much that this is necessary. I am quite certain from what I have read that the German Government is doing an extremely good job right now in the underdeveloped countries. This situation also applies to Great Britain, Israel, and to many other countries. I think we might as well let them carry on their own programs without help from us.

On questioning it was revealed that some of these countries had asked for our assistance. I suspect that mostly this would be financial assistance, and I would not be at all sorry to see that particular section eliminated from the bill.

Mr. GROSS. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. That provision in the bill bothers some of us very much. The gentlewoman did not read all of it. In the first place, it encourages the organization of Peace Corps operations in foreign countries. I do not know that I quarrel with that so much, if that would take the load off us and obviate the need for the Peace Corps, at least reduce the Peace Corps now in existence. If you go on to page 6, you will find that $300,000 may be used to carry out the purposes of this provision. So this seems to be the foot in the door. Then it goes further on page 6 and says that none of the money can be spent for an international Peace Corps. At least that is what it purports to do. I do not know how you can say in one place that you can spend money, authorize $300,000; and then say there will be no expenditure for this purpose. I am at a loss to understand it. I hope the proponents of the bill, and I am not one of them, will explain this to the satisfaction of those who are not members of the Committee on Foreign Affairs as well as some of us who are members of that committee.

Mrs. ST. GEORGE. If the gentleman will yield there, the gentleman may remember I said I suspected that most of the aid we would give to these foreign countries would not only be in the way of counsel, but that it would be mostly financial. That is my feeling at the present time. I do hope it will be cleared up during the course of the debate on the bill.

Mr. GROSS. If the gentlewoman will yield further, I want to state that at the proper time I expect to offer an amendment attempting to clarify this whole thing.

Mrs. ST. GEORGE. I think this section of the bill does need some clarification.

Mr. Speaker, I think, as I said before, that there is no objection to the rule. I think the bill if it is amended in some portions will be as close to perfection as we can expect to get any bill. I do believe the Peace Corps has done a good job and a useful job and has improved, to use a very modern expression, the "image" of the United States.

Mr. Speaker, I reserve the balance of my time.

Mr. SISK. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to speak out of the regular order, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, it is disturbing to note that the large television rating service, A. C. Neilsen, is reported to be bringing about the death of certain programs only recently in spite of the fact that the hearings conducted by the Investigations Subcommittee of the House Interstate and Foreign Commerce Committee pointed up the unreliability and the distortions present in the rating methods and figures.

It was hoped that by now the National Association of Broadcasters, in conjunction with others interested in the industry, might have formulated the necessary standards to bring a somewhat more accurate picture of audience reaction than is now given. It is my understanding that A. C. Neilsen has not yet responded fully to the request of the National Association of Broadcasters in order to help it formulate these standards.

It was repeatedly stated by members of the subcommittee in hearings that self-policing by the industry was much preferred to licensing of the rating services by the Government. However, this frantic reaction from the industry itself to the same type ratings as revealed in the hearings is rapidly pointing to the need for action in the public's interest.

It is past time for this industry to get out of the numbers racket so that television programs watched by the American people are not artificially distorted by ratings.

[From the Nov. 4, 1963, issue of Advertising Age]

Ratings Dragon Claims One Victim in Each TV Net Lineup as Season Opens

New York, October 31.—Spurred on by almost daily box office reports in the newspapers, people in the business seem to be talking even more than usual about TV network ratings this season.

This will come as a disappointment to anybody who had hoped that television programing might be less of a numbers game as a result of the shadow cast over the rating services by the House Commerce Committee findings in Washington earlier this year.

[From the Nov. 4, 1963, issue of Broadcasting]

The Mutable Law

Six months ago, those with hardy memories may recall, the A. C. Nielsen Co., along with other ratings services, was being vilified before a House subcommittee.

Last week the first national Nielsen ratings for the new television season were received with such reverence and fear that they might have been carried down a sacred mount by a man with a long white beard instead of delivered by a postman with a bent back and aching arches.

The Nielsen pocket piece shapes the fates of men and their works. It or something like it will exist as long as networks and their advertisers have no other means of discovering what is happening at the receiving end of their transmissions. The hope must remain, however, that the user of ratings will pause occasionally to question their divinity before he starts lopping off programs and, possibly, heads.

[From the Nov. 11, 1963, issue of Broadcasting]

Some Observations by TV and Radio Editor Richard K. Doan, Excerpted From the Sunday Herald Tribune of November 3, 1963

Television's rage for ratings is possibly more feverish this fall than ever before. People in the business feel it, and can't particularly account for it.

The upshot * * * has been a general blurring of any programing standards other than the gage of mass approval as reflected in ratings of individual shows, the shares of audience they pull against other shows on the air at the same time; and the competitive standings of the networks in terms of total homes reached.

The picture is distorted.

Mrs. ST. GEORGE. Mr. Speaker, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, before the House is the question of whether a rule should be granted to the Committee on Foreign Affairs to debate this matter. I have always felt that the function of the Committee on Rules was primarily to determine whether the legislative committee had done the proper work on a measure so that it was ready for formal debate, so that the House itself could evaluate the pros and cons involved in the matter. I must confess I was shocked to find that there was only one witness, apparently, who was heard by the Committee on Foreign Affairs. If that constitutes an adequate preparation for this House to consider increasing a program and to double its size in the space of a year—one that has increased in similar proportions in previous years—then I must confess I am in complete disagreement.

Mr. MORGAN. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I certainly do.

Mr. MORGAN. We looked, begged, and borrowed and could not find any more witnesses. No one was interested in testifying on the bill except the executive branch of the Government.

Mr. CURTIS. I was going to ask that question. Inasmuch as the gentleman made that statement, may I ask whether or not any of the private charitable agencies who are in this kind of business and in the missionary programs—and I happen to know many of them who are deeply concerned by this—were contacted about this? What efforts were made by the staff of the Committee on Foreign Affairs to find out whether people had knowledge that they wished to give on this subject in the discussions? I am going to go on and point out some things you might well have gone into, but will the gentleman give us that information?

Mr. MORGAN. Why, certainly.

Mr. CURTIS. What happened?

Mr. MORGAN. As far as the charitable organizations that communicated with us are concerned, they were in agreement with the Peace Corps 100 percent and did not feel it necessary to testify in front of the committee.

Mr. CURTIS. May I ask the gentleman, were letters sent to various groups and, if so, will you supply for the RECORD the names of the organizations you notified and asked whether they wanted to be heard and also the letter sent to them?

Mr. MORGAN. No letters were sent. We do not go out and solicit witnesses.

Mr. CURTIS. I think it is about time, if I may suggest so, that our committees begin going out and soliciting witnesses and not just sit back and expect people to know when the committees are going to hold their hearings.

Mr. MORGAN. Will the gentleman yield?

Mr. CURTIS. Let me finish this thought first.

If we want to get the proper information so that Congress can legislate with intelligence on these programs, we have an obligation to do something about it rather than just sit back and say that there was nobody who was interested in it and that the only person who came in was Sargent Shriver.

I want to ask some questions. A year ago our subcommittee of the Committee on Appropriations that had to do with the Peace Corps had a statement in there—and I think it was a unanimous report—saying that the overhead costs of the Peace Corps, if I recall the figure, were 42 percent. Indeed, if they were 42 percent or anything like that, I suggest that a great deal of looking into is needed, because I can tell you those private missionary programs—and I am not just talking about religious missions but I am talking about medical missions and educational missions like the university at Beirut, for example, and sanitary missions—certainly have no overhead costs of that nature. I might say, this being around Community Chest time, that one of the things we pride ourselves on when we go around soliciting funds for our private charities is that you can count on the fact that over 90 cents of each dollar you contribute is going to go to that charity and is not going into the overhead aspects of the operation.

I am very much interested in knowing about one thing the Peace Corps has been strong on, and the only thing I am sure they are strong on, which is publicity—self-serving publicity. I have also noticed this, and I am going to go on and document a little of this within my own knowledge. The publicity the Peace Corps is getting for itself and the cost involved—and we all in Congress are in this business, so we know the cost of publicizing things, because we all have to conduct political campaigns and are aware of the costs involved. The costs of this publicity are not just directed to the publicizing of the Peace Corps favorably, but a lot of it is apparently being spent being sure that unfavorable publicity does not see the light of day, or even constructive critical publicity.

I may direct attention to some specifics. The Peace Corps came before the Committee on Ways and Means at the time of its inception to ask for special privileges for its own people; the privilege that no other employee or group in the United States gets, in two instances: one, to average their income over the period of time for which they are paid a lump sum at the end of 2 years so that they could put it back into the year in which it is earned. No one can do that, because you have to pay your tax on your income when you get it; and the second tax privilege which was even more of an exception I thought, and an unwarranted one. During the time that they train in this country and the income they received, or whatever is in lieu of income, is not counted as income. And yet our Foreign Service people and people who go abroad for our private enterprises have to pay taxes during their training periods for the moneys and allowances they receive just like everyone else.

I got into this matter before the Committee on Ways and Means in order to try to find out, as a member of the committee and for the benefit of the House, what the facts were. I took the floor of the House during that debate to point out this very important tax privilege we were granting to the Peace Corps personnel. There was not one smidgeon of that criticism, and it was constructive criticism against the Peace Corps, printed in the papers of the United States. I have made these points I am making here in speeches in my own community time and again. Somehow or other, anything that seems to be a little bit critical of the Peace Corps, when we try to understand what it really is, does not get publicity. So I suspect that not only is the taxpayers' money being spent to publicize this organization but some of it seems to go to see to it that no fair criticism of it is reported.

The people who are supporting this organization have had plenty of time, but there are very few people who are willing to take the floor and say anything against this holy cow that receives all of this favorable publicity. It is not a pleasant thing to try to shed light on this subject, because I am deeply sympathetic with the objectives of the Peace Corps and the motivation of our young people in joining it. I think it is a wonderful thing. But let me say that this motivation has been going on in our society for hundreds of years. This is our missionary type of program, and I again emphasize not just religious missions.

Back in 1954 I authored an amendment to the Internal Revenue Code to increase the tax deduction by an additional 10 percent which would go to medical institutions, educational and religious institutions, and what I had in mind at the time and said at the time had to do with the right to channel our private funds into the real person-to-person programs, our private programs. This Peace Corps program is no person-to-person program. Sargent Shriver himself testified that he gets the consent of the political government before he moves into that particular area with the Peace Corps. And this is as it should be, because it is a Government program.

When you go into a country that is run by a dictator, with consent of the dictator, it becomes a weapon in his hands to keep himself on the backs of the people, because a little community that will not bow under the heel of the dictator will not get the Peace Corps or any of the other foreign aid programs through their political government. But it is a different thing with our missionary programs; and again I emphasize not just religious missions, the sanitary missions, the educational missions. They go where they choose, because it is a private and a true person-to-person operation.

There is nothing in this committee report that gives us any indication of the balances between the private sector and the governmental sector in this fine missionary work, in this tremendous and wonderful field of trying to assist more unfortunate humanity outside of our shores. For the Congress to pass judgment of how much and what we should do in the governmental program, we need to know what its relation is to the private sector. If we go too far in our zeal to do good, we may actually be damaging the private sector.

Mr. Speaker, in my judgment if we got into these balances and if the committee would make these kinds of studies, which it has not done, I think we could come up with a little more realistic approach to this program.

As it is—and this is a matter of discussion on the rule, in my judgment the committee, regrettably, has not done the work necessary so that the Congress can pass any intelligent judgment upon this bill.

Mr. Speaker, I would suggest that the rule be voted down, and if we do further discuss it, which will not do any harm, then it might be recommitted and the Committee on Foreign Affairs may develop the necessary data so we can act intelligently on the matter.

Mr. SISK. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, the gentleman from Missouri [Mr. CURTIS] has made some charges which I do not find substantiated by any record that I have been able to read.

Actually, it is my understanding that this legislation was introduced and has been pending before the Committee on Foreign Affairs now for many months. It is also my understanding that there were studies made of the matter. It is my understanding that no one was refused permission to appear and testify.

Mr. Speaker, I might say, with reference to the attitude of the various missionary organizations and other independent and private groups, there is consultation. I myself, in reading some of the reports which the Peace Corps has put out, find that they certainly indicate there is a rather broad checking and coordinating and discussion with these groups.

Mr. Speaker, the gentleman from Missouri infers that most of the publicity is self-serving. I would like to beg to differ with the gentleman on that statement. I doubt very seriously if the Peace Corps is in any position to bribe reporters and the press corps of this Nation.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. SISK. If the gentleman will just let me finish this statement.

Mr. CURTIS. The gentleman used a very unfortunate word. No one suggests bribery.

Mr. SISK. If the gentleman will just withhold 1 moment until I finish my statement, the point I am trying to make is that the usual stories which we read about in the press of this country in regard to the Peace Corps, in my opinion, give a pretty good story of what is happening and what the attitude is.

Let me say to the gentleman from Missouri that I seemed to have touched a tender nerve with him. I am not charging that the gentleman himself has bribed anyone. I am simply saying the Peace Corps is not in a position to dictate to the press what the press prints about this program.

The **SPEAKER** pro tempore. The time of the gentleman from California has expired.

Mr. SISK. Mr. Speaker, I yield myself 2 additional minutes.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Missouri.

Mr. CURTIS. Of course, the gentleman was not suggesting any bribery on my part or on the part of anyone else, when I was talking about the public relations media. I am suggesting that we are all familiar with how publicity is obtained, and it is obtained in many ways and there is a lot of hard work which is done by these people in public relations.

Mr. SISK. I agree with the gentleman on that.

Mr. CURTIS. It is not a question of bribery. It is limited to exactly what I said, the amount of money that is spent and is being spent to publicize the Peace Corps and its visits around to various countries. This costs a good bit of money.

There is no implication of bribery or anything of that nature. It is not meant in that sense. It is simply a question of how you do get the public information to the people and to the Congress about this particular program.

Mr. SISK. Mr. Speaker, I would like to conclude my remarks by citing the figures which the report sets out and which are the figures that we have before us today. On the cost of administering this program there is the figure of 19.9 percent for the administration of the proposed program. This program has never been heavy in administrative costs. In fact, that was the point I intended to make originally. In comparison with other agencies of Government, it has a much lower cost for its administrative operations than most agencies of the Government. Actually, the majority of the money is going into the field to assist the volunteers and back them up in doing a job in whatever country they may be.

This is an important facet of the Peace Corps.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Iowa.

Mr. GROSS. I wonder if it is just a coincidence that we got these copies of a booklet from the Peace Corps yesterday, the day before the bill comes up for consideration? Some Members have stated they received this propaganda in the mail this morning. I just wonder if this is purely by coincidence?

Mr. SISK. I cannot say about that.

Mr. Speaker, I urge adoption of the rule, so that the House may be permitted to go into the Committee of the Whole for a full explanation of the bill.

The **SPEAKER** pro tempore. The time of the gentleman from California has expired.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The **SPEAKER** pro tempore. The question is on the resolution.

The resolution was agreed to.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9009) to amend further the Peace Corps Act, as amended.

The motion was agreed to.

IN COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9009, with Mr. NATCHER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, H.R. 9009 authorizes funds to finance the operation of the Peace Corps for fiscal year 1964 and also includes 16 amendments to the basic Peace Corps Act, none of which involves any major change in policy, organization, or operation.

I am glad to be able to report to the House that the Peace Corps has completed more than 2 years of successful operation. The bad things that many of us were afraid might happen have not happened, and the reaction to the Peace Corps everywhere it is in operation is favorable.

I suppose that 2 years ago, when the original Peace Corps legislation was under consideration, every one of us had some doubt as to whether it would be possible for several thousand men and women from the United States, most of them of college age, to live and work in the less-developed countries of the world without creating a lot of incidents which would result in unfavorable publicity and add to the problems of carrying out our foreign policy. Two years of operation have proved this fear to be groundless. The only case that has made headlines and stirred up sentiment in any foreign country was the case where the Peace Corps girl in Nigeria lost a postcard which she had written describing to a friend in the United States the conditions which she found in Nigeria in a manner which was accurate but which was displeasing to the people of that country. This happened more than a year ago. This incident, although widely publicized, did not interfere with the Peace Corps program in Nigeria where Peace Corps operations are going forward in a manner most satisfactory to all concerned.

Out of approximately 7,000 Peace Corps volunteers now overseas, only 21 have been sent home for misbehavior. The total number who have had to return to America for personal reasons is about 4 percent. There have been 64 who came home for medical reasons; 68 have been dropped because of their inability to adjust to work or living conditions overseas; 65 have come home for compassionate reasons, such as death of a parent or a family problem requiring the return of the volunteer to the United States; 56 have been brought back for personal reasons, such as marriage or divorce while in service. This record is remarkably good. The percentage of people brought home is lower than for other branches of Government service or, according to the information available to us, than the records of corporations conducting large-scale oversea operations.

Let me emphasize again the fact that in none of these cases has there been any case which produced headlines or anti-American sentiment.

Another problem which all of us were concerned with when the Peace Corps began its operations and which has failed to materialize was whether or not the countries would find the Peace Corps volunteers useful and would make them welcome. Here again the results have been most favorable.

We at present have Peace Corps volunteers located in 48 countries, and there is no case in which any country has asked to have the Peace Corps program terminated. The largest number in any one country has been the Philippines where the latest number reported was 628. Most of these are teachers. In every country where volunteers are now working, the country wants to have their number increased, and there are several additional countries who want to be included.

Let me say in passing that the program for fiscal 1964 provides for sending Peace Corps volunteers to only three additional countries: two in Latin America and one in Africa. The expansion which is desired will be in the direction of sending more volunteers to the countries where the program is already in operation rather than pioneering in new countries.

All of the evidence available to the committee indicates that the Peace Corps volunteers are rendering useful services to the countries where they are working, that they are well liked, and that more are desired.

Another question that many of us had in mind when the Peace Corps was proposed initially was whether or not an adequate supply of volunteers would be available. Again, the record speaks for itself.

There are three times as many applicants today as there were a year ago. Only one applicant in seven actually becomes an oversea volunteer. Nevertheless, there is no indication that the supply of volunteers will fail to keep pace with the demand in the foreseeable future.

The bill authorizes $102 million for fiscal 1964. The appropriation for fiscal 1963 was $59 million, of which $3,870,000 was returned to the Treasury. The original request made by the Executive was for $108 million, which was reduced to $102 million last October at the time of the committee's hearings on the Peace Corps legislation.

The decision as to how much money should be voted for the Peace Corps is basically a decision as to how many Peace Corps volunteers should be sent overseas. It costs $9,000 a year to train, transport, and maintain a volunteer. The readjustment allowance of $75 a month which each volunteer gets upon his return to the United States after completion of his service is only a small part of the annual cost. The largest cost items are for training, transportation and living allowances while stationed abroad. All volunteers are given 6 to 8 weeks of language training, as well as other preparation for their assignments. Most of this training is carried out at various universities in the United States and in Puerto Rico. The administrative costs of the program decrease as the number of volunteers becomes larger. It is estimated that in fiscal 1964 administrative expenses will amount to only 19 percent of the total cost.

The Executive has requested $102 million for fiscal 1964 in order to build up to a level of 11,300 volunteers by August, 1964. There are approximately 7,000 volunteers overseas at the present time. Last year the Peace Corps announced its goal as being 10,000 volunteers which would cost approximately $90 million a year to maintain. When the appropriation last year was reduced to $59 million, the Peace Corps reduced its planned level to 9,000 volunteers. During fiscal 1963 this level was not attained, and in August only 6,600 volunteers were on board. This delay in building up the organization was due to two factors:

First, it was decided to increase the length of the training period in order that more training in languages could be given. This slowed down the rate of increase.

The other reason was that the programs in different countries required volunteers with specialized backgrounds in many instances, such as, teachers of science and persons with agricultural training. It was more difficult to recruit people of this kind than some others, but the rate of recruitment was adjusted to the availability of the required skills rather than filling up the organization with whatever kinds of volunteers happened to be most readily available.

As a result of this delay, the Peace Corps returned $3,870,000 to the Treasury at the end of the last fiscal year. The evidence indicates that the Peace Corps has been prudent in its handling of the taxpayers' money. It has not recruited volunteers as fast as possible within the limit of the funds available and has returned money to the Treasury rather than obligate it for low priority requirements.

It was the feeling of the committee that this conscientious use of funds by the Peace Corps deserved commendation and encouragement. We, therefore, approved the entire amount requested in the belief that should the Peace Corps during fiscal 1964 find it impossible or undesirable to expand up to the level of 11,300 volunteers as programed, the unneeded funds would be conserved and returned to the Treasury.

The reason why the Peace Corps has decided to build the number of volunteers above the 9,000 or 10,000 level contemplated last year is the increased demand for volunteers from the countries of Latin America and from Africa. In both these areas, the lack of teachers and of skilled technicians is particularly serious. These countries need teachers, nurses, tractor mechanics, surveyors, and other technicians who are ready to work at their specialties.

Let me remind you that when a Peace Corps volunteer is stationed in a foreign country, he is not working on something called a Peace Corps project; he is working at some operation being carried on, directed and financed by the Government or some other entity in the country where he is located. If he is a teacher, he works as a teacher in a school under the direction of the education authorities which run the school along with local teachers. If he is working on a highway project, he works under the local highway authorities as a surveyor or engineer, or in whatever capacity his skill permits. In hospitals and health centers, Peace Corps volunteers are serving as nurses and technicians along with local people.

The need for people with the skills possessed by Peace Corps volunteers in the less developed countries is self-evident. The record shows that the Peace Corps has been remarkably successful in helping to meet this need.

I will not discuss in detail the 16 amendments to the basic Peace Corps Act which the bill contains. Each of them is described in the committee report, which I commend to your attention.

I would like to say a word, however, about section 8 of the bill which deals with encouragement of voluntary service programs. The Executive requested authority to use Peace Corps funds to finance the International Peace Corps Secretariat and to assist other nations in organizing and operating peace corps of their own. The committee was firmly opposed to the use of Peace Corps funds in this manner.

The committee recognized, however, that there are a number of countries in the world, particularly those in Europe, whose citizens are possessed of skills which would be of great value to the less developed countries and were willing to volunteer to serve in these countries under arrangements similar to those of our own Peace Corps. We believe that it was desirable for the United States to encourage these countries to develop voluntary service programs of this kind and to give them the benefit of the knowledge and skills which we had derived as a result of our own experience with the Peace Corps.

Section 8 of the bill prohibits the contribution of Peace Corps funds to any international organization or to any country. It authorizes, however, the Peace Corps to provide knowledge and skills to countries, or international organizations, within a limit of expenditures of $300,000 for fiscal year 1964. The knowledge and skills which may be provided are limited to the selection, training and programing of volunteer manpower.

Mr. Chairman, the Peace Corps is a remarkably successful operation which deserves our continuing support. There have been no significant criticisms of its operations to date.

There appear to be some who have misgivings about the future of the Peace Corps, who fear that it may become too big and too bureaucratic in its operations.

I urge you to judge the Peace Corps on its record. Just as the fears that many of us had at the beginning have proved to be groundless, I think the fears that are expressed about the future of the Peace Corps will also prove groundless.

The administration of the Peace Corps has been careful of the taxpayers' money and has held its rate of expansion within realistic limits.

There is every reason to believe that the record in fiscal 1964 will be as good as the record for fiscal 1963 has been. At the end of fiscal 1964 we will all have an opportunity to evaluate what has been done and to consider what should be done in the future. The Peace Corps today, however, has shown itself worthy of our support, and I urge the approval of this bill.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. I wish to address my questions, Mr. Chairman, to title III. Do you have a copy of it over there?

First of all, let me say in preface to my questions that I believe in the Peace Corps and I think it is doing a fine job in meeting the requirements that are outlined here, but I am worried about the words "or areas" on line 24, page 5, and line 1 of the next page—"or areas." Does the committee mean by that those are foreign countries or foreign areas, or domestic areas?

Mr. **MORGAN**. No. Those are foreign countries, foreign areas.

Mr. **GIBBONS**. There is no intention on the part of the committee to allow any of this $300,000 to be spent for the establishment of a so-called Domestic Peace Corps or National Service Corps?

Mr. **MORGAN**. Absolutely not.

Mr. **GIBBONS**. Thank you.

Mr. **FRELINGHUYSEN**. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the chairman of the Committee on Foreign Affairs has given us a good indication of what is proposed in this bill, H.R. 9009. I rise in support of this legislation. I only wish I could answer all of the questions which have already been asked of me since I came on the floor.

I would like to begin by a brief comment with respect to the remarks of the gentleman from Missouri about the adequacy of the hearings. It so happened that I was in southeast Asia at the time, so I was not actually a participant in those hearings. I would agree with him that committee hearings should be as substantial as possible. It might well have been advisable to seek out, for their opinions and advice, some of the private organizations which are interested in the same area of effort as the Peace Corps. And yet my impression is that there is more than enough room for all of the private efforts now underway as well as the Peace Corps itself. So far as I know, there is harmony between the private and the governmental efforts.

The needs are so enormous that we do not need to worry about possible overlapping of efforts, or a diminution or lack of interest on the part of private organizations because of the activities of the Peace Corps.

It seems to me important that we recognize that this program is one of the least expensive, and probably one of the most productive, ways in which we can demonstrate our interest in the problems of other people.

The gentleman from Missouri criticized this program as a "holy cow," as not being a person-to-person program but one which involves government with government. In answer to that contention, I would like to point out that any private effort, missionary or otherwise, can only operate within a foreign country with the permission of that government. In some cases missionaries have been forced to leave certain countries. The Ford Foundation, as I recall, was obliged to leave Burma because it was no longer considered acceptable to the Government of that country.

On the other hand, how can we truthfully say that the Peace Corps does not represent a person-to-person effort? I say this because our trip to Asia took us both to Malaysia, where we have a program involving 260 Peace Corps volunteers, and to the Philippines, where we have one of our more substantial programs, involving 474 individuals. On our trip to Kuala Lumpur, capital of Malaysia, part of our study mission had the opportunity to visit a leprosarium outside that city. There are about 2,500 patients in this particular leprosarium. There have been three Peace Corps volunteers in that establishment. On the day of our visit, two volunteers had already returned home and there was only one young lady left there. Her name, I might add, is Miss Sadie Stout, of Arkansas City, Kans. She impressed us all very deeply with her intelligence and her devotion to the job she was doing. We were also impressed by the respect in which she and her covolunteers were held by those who worked with them.

It was our understanding that this American effort, small as it was in numbers, had made a very substantial impact on the Malaysians themselves. The volunteers had encouraged the Malaysian people to join in working at this institution. When we discuss this program, therefore, we need to keep in mind the very real amount of good it does.

The chairman has indicated that this program has been slow to develop and that a great effort has been made to recruit volunteers with care and to give them adequate training. Recently the training program has been lengthened.

There has been increased emphasis on learning the language of the areas to which the volunteers will go. In various ways, I think it is fair to say, the Peace Corps has learned by experience. It has significantly improved the recruitment and selection of individuals.

Mr. Chairman, there is going to be a major discussion about the rate at which the Peace Corps should expand. Questions will be asked also about its capacity to expand as quickly as would be possible if this full authorization of $102 million should be approved.

I do not suppose any of us can tell with any positiveness how quickly a quality establishment can be recruited. However, I would think it would be the path of wisdom for us to approve the authorization recommended by the full Committee on Foreign Affairs.

Mr. Chairman, I have in front of me a letter which has been circulated to some of the membership of the House, signed by four members of the Committee on Foreign Affairs, which claims that the Peace Corps has had consistent difficulty in obtaining the number of volunteers scheduled, and by the admission of its Director, can only do so by lowering the standards of selection, which is not contemplated.

I have indicated that I was not here for the hearings, but my reading of the hearings would not support such a contention.

We all know that the goal of 9,000 volunteers by the end of the last fiscal year was not achieved. That this was the case, I believe, should be a source of congratulations rather than a source of concern. The goal was not reached because the Peace Corps was deeply determined to maintain the quality of those they did select.

Mr. Chairman, I do not think we should now decide that we should make it impossible to go ahead with the proposed expansion. This is an expansion which has been anticipated since the program was first set up. Certainly we should not hold down the proposed expansion simply because they did not meet their goals last June 30.

Mr. Chairman, I do not believe that the Director of the Peace Corps, in testimony before the Committee on Foreign Affairs, admitted that the only way in which the proposed expansion could be made would be by lowering the standards of selection. Quite the contrary. My feeling was that he suggested that the applications were coming in in such volume, as the chairman of the full committee has pointed out, that we would be able to maintain, and even improve, our standards and still meet the goals.

Furthermore, I think it should be pointed out that the experience in the last fiscal year should be an indication of what may lie ahead, if we should allow this authorization. The Peace Corps deliberately did not expand its roster to the full 9,000 authorized. Consequently, just under $4 million which was available to the Peace Corps was not utilized.

If it should not reach its goal of 11,300 volunteers in this current fiscal year, I think we could reasonably anticipate that some of the money available to the program would not be utilized.

Mr. Chairman, we would be very uncharitable and illogical if we should conclude that because the money is available they are inevitably going to expend it.

Therefore, I do hope that we will think twice before we support a major cut of the kind which I understand is contemplated. The amount of the proposed cut, I might add, was not spelled out in the letter which was circulated to some of the membership.

Mr. **SNYDER**. Mr. Chairman, will the gentleman yield?

Mr. **FRELINGHUYSEN**. I would be glad to yield to the gentleman from Kentucky.

Mr. **SNYDER**. I have several questions that I would like to ask the gentleman from New Jersey.

A recent publication quotes one Douglas Kiker, who signs the mail as Chief of the Public Information Division of the Peace Corps, as saying—this is in regard to sending Peace Corps volunteers to Indonesia to help Sukarno who is a known Communist—the following:

> You can be sure we're not going to send any flag-wavers over there, any kids with the Declaration of Independence tattooed on their chests. All our people will be acceptable to Sukarno.

I wrote to Mr. Kiker and asked him about this. He wrote back the following:

> Our belief is that the volunteers would be a continuing source of controversy if they went to all these countries with the professed duty of "preaching" the democratic free-enterprise system to the local citizens.

My question would be this: What system does the testimony indicate they are "preaching" to these people?

Mr. **FRELINGHUYSEN**. In answer to the gentleman, I did not see the reference to which the gentleman refers until a few minutes ago, so I have not been able to check the facts. My feeling is the Peace Corps volunteers are not primarily engaged in political activity of any kind. In my opinion it would be inadvisable for them to do that.

The gentleman has suggested that the Peace Corps volunteers being sent to Indonesia are being sent to help Sukarno. I think that is an unfair way to put it. There are approximately 17 volunteers in Indonesia. As far as I know they are experts in physical education. To what extent, and in what way, the development of the capacities of young Indonesians in the field of physical education would be helping Sukarno is a question. I would not think that the so-called leadership of Sukarno would be in any way affected by those 17 volunteers. I think this is an unfortunate description of why they are being sent to that country.

Mr. SNYDER. Mr. Kiker's letter to me in effect indicates it is the custom to send Peace Corps volunteers that are acceptable to the leadership of the country. If they are acceptable to Sukarno and they are not over there to preach, as he says, "the democratic free enterprise system to local citizens." He says that if they did they would be put out.

Mr. FRELINGHUYSEN. The gentleman is not arguing, I hope, that we could expect to send volunteers to countries that are not willing to accept them, whether or not they are going to preach when they get there, or whether the group is a governmental or private group. There has to be clearance by the authorities in the countries to which the volunteers go in order to have them get there. One of the surest ways to have them ousted as soon as they get there is for them to preach the overthrow of the existing government of that country. It would be well to keep out of the political problems of the kind the gentleman is describing.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I want to inform the gentleman from Kentucky that each Peace Corps volunteer is given a handbook as a guide for his conduct. I should like to read one of the paragraphs which appears on page 46 in the hearings. The Director of the Peace Corps, Mr. Shriver, put in this quotation from the handbook, and I think that will answer the question.

It reads as follows:

> We hope you will represent the best in your country with honesty and with dignity, and that you will explain American principles and problems to the honest doubter and the curious. You are likely to be most effective if you speak from your personal beliefs and experience. Bear in mind, however, that the Peace Corps purpose is service. Your equipment does not include a soapbox. Answer detractors through hard work and accomplishment, not in political debate (pp. 16–17).

Mr. FRELINGHUYSEN. I thank the gentleman.

Mr. SNYDER. Am I correct in my belief that about 125 volunteers are set aside for the United Nations to strengthen the U.N.; is that correct?

Mr. FRELINGHUYSEN. That authority is in the legislation now for a maximum of 125 volunteers to work with the United Nations and its specialized agencies such as the Food and Agriculture Organization. There is no increase recommended in this bill.

Mr. SNYDER. Am I also correct in my assumption that Peace Corps trainees are trained for approximately 4 months, during which time they are supposed to learn the language and customs of the country they are going to?

Mr. FRELINGHUYSEN. There is a very intensive instructional program in the language of the country to which they are going, including a training period of up to 120 days. I think that is the normal length of the training program.

Mr. SNYDER. I have been told that a Peace Corps staff officer by the name of John Cort draws $10,645 a year, and it cost $13,150 to send him and his family to his station, is that correct?

Mr. FRELINGHUYSEN. Again I have no specific information about the case to which the gentleman refers. As I understood from the facts available to him, this family was composed of nine children. If this big a family was sent to the Philippines I would think it would cost that much. However, I would not attempt to argue with the gentleman about the validity of those figures.

Mr. SNYDER. These questions come from a constituent of mine in a letter. That is why I would like to get the answer. This constituent indicates that Wheaton College and Berea College, which happens to be in Kentucky, are not acceptable to the Peace Corps because they are "too religiously oriented." She quotes from a publication known as Christianity Today, issue of December 21, 1962. Does the gentleman know whether that is correct or not?

Mr. FRELINGHUYSEN. Again, I am not a regular reader of Christianity Today.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Let me make the record clear on this point. There is no ground to the accusation of religious discrimination by the Peace Corps in the selection of training institutions. As a matter of fact, in addition to Georgetown and Notre Dame, the Peace Corps has trained at Oberlin, Chicago, Berea, and Springfield Colleges, all of which have various Protestant affiliations.

In addition, a Peace Corps official who is an ordained Baptist minister, will be busy making the annual address at Wheaton College tomorrow.

Mr. SNYDER. I thank both gentlemen.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Michigan.

Mr. JOHANSEN. In view of the chairman's reference to the instructions for the Peace Corps members not to take soapboxes along, I wonder if they can give assurance that in countries such as Sukarno's the hosts are admonished not to have soapboxes to expound their ideologies.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, as already has been outlined by the very able and distinguished chairman of the Foreign Affairs Committee, the gentleman from Pennsylvania [Mr. MORGAN] and by the gentleman from New Jersey [Mr. MCDOWELL], the Peace Corpsmen have, indeed, proven themselves. The charge that the Peace Corps has almost no record of accomplishment, as stated in the minority report to this bill, is completely in error.

I rise in support of H.R. 9009, a bill to amend further the Peace Corps Act, as amended. I, like the gentleman from New Jersey, was not at the hearings. We happened to be in southeast Asia on a congressional study mission of which I was chairman. We were in southeast Asia to assess the military, political, and economic situation there. One of the bright spots in the picture was the study mission's observation of the fine work being done by the American Peace Corps.

As the gentleman from New Jersey has stated, we visited the leprosarium in Selangor near Kuala Lumpur, in Malaysia. One could not help but feel a real sense of pride in these Americans toiling far from their homes and loved ones, not in the big cities but in the hinterland.

Right on the boundary between Malaysia and Thailand was a single Peace Corps girl working not only in the field of nursing but also at giving the people of her region the real image of what America stands for.

Besides the volunteeers in the leprosarium, there are others employed in the district hospitals in Malaysia, in rural health centers, in yaws and tuberculosis control programs, or engaged in child and infant care.

Other volunteers in Malaysia are teachers, 4-H project leaders, and rural development workers. Among the latter occupation group are architects in charge of school construction, heavy equipment operators, and surveyors engaged in road construction, foresters and soil analysts who are mapping the forests to provide information necessary for land-use planning.

The Malaysia press has been almost unanimously complimentary on the subject of the Peace Corps. Its Government is among those which have requested more volunteers—and is willing to contribute to their upkeep.

Right now, for example, the Malaysian Government provides 70 percent of volunteer housing and basic furnishings. They also supply uniforms for nurses, transportation on work assignments, medical care and general equipment on the same basis as that provided for Malaysian civil servants.

The reputation of the Peace Corps was high in the Philippines which we also visited. There we were told of the many accomplishments of the 474 volunteers working throughout the Philippine Islands. Most of this group were teachers, working in 350 rural elementary schools, high schools, normal schools and colleges.

The impact of these young people on Philippine education has been notable. According to Philippine officials, the volunteers are making important progress in giving the average Filipino a better education and, consequently, a better chance in life.

As an expression of the high regard in which the Peace Corps is held in the Philippines and elsewhere throughout Asia, its volunteers working in the Far East and the Pacific were given the 1963 Ramon Magsaysay Award for International Understanding. This award is known as the Asian Nobel Prize.

Is this not an instance of evidence of accomplishment in fact?

Director Shriver, who received the award on behalf of the volunteers in a ceremony in Manila last August, has called it, and I quote "The finest tribute the Peace Corps volunteers have received."

More than that, however, it is the best possible advertisement for the United States and the American way of life. Through their collective efforts, the Peace Corps volunteers are showing the world what Americans are really like.

The accomplishments of the Peace Corps have been recognized by most of those who originally opposed the creation of the program. Yet there are individuals who oppose the modest expansion of the program included in the legislation now before this body.

Their opposition, they say, is based on the fear that the Peace Corps will grow too big, too cumbersome, too bureaucratic. I share their concern about this eventuality, but I do not fear that it will occur with the modest expansion provided in the pending legislation.

Let us fear that the Peace Corps is too big when the number of volunteers begins to approximate the number of requests for volunteers.

We know that this is far from the case now. Although the Peace Corps now has volunteers at work in 46 countries, some 20 more countries have had to be turned down in their requests for corpsmen.

In many of the countries in which the Peace Corps is working, the Governments have repeatedly asked that additional volunteers be sent. None of us need to be reminded of the work that remains to be done in the underdeveloped and emerging countries of the world.

This is particularly true with respect to Central and South America where a continentwide effort against hunger, ignorance and poverty are underway. Most of the additional Peace Corps men will be sent to assist our neighbors of Latin America.

Let us fear that the Peace Corps is too big when administrative costs begin to surge upward.

Thus far, as we have seen and has already been stated, the opposite is true. The ratio of administrative expenses to the cost of the Peace Corps programs has decreased.

Let us fear that the Peace Corps has grown too big when the quality of the volunteers lags.

As we know, this has not happened. Rather, the trend in the Peace Corps has been toward attaining tighter and higher requirements for more technically qualified volunteers.

As the result of 2 years experience and continuous research into what makes a good Peace Corps volunteer, selection procedures and criteria have improved. This improvement is reflected in the quality of the young men and women we are sending abroad as representatives of our Nation.

No, Mr. Chairman, I have no fear that with the passage of this bill, the Peace Corps will abandon its hard scrabble, pioneer stance to wander down the primrose lane of bureaucratic bigness.

Rather, I have every confidence that the Peace Corps, under the able leadership of Director Shriver and his staff, will continue the fine record of achievement which has been compiled in the first 2 years of the program's existence.

History will call the Peace Corps one of the finest products of American genius. We cannot abandon that genius now.

Two years ago, when this body passed the original Peace Corps Act, we were directly instrumental in putting America's best foot forward. Now, Mr. Chairman, the time has come to take another step. Therefore, I very strongly recommend that the bill be passed as it has been recommended out of our committee.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Chairman, the Peace Corps has since its inception shown most careful restraint in the expenditure of the U.S. taxpayers' money. Last year alone, the Peace Corps returned to the Treasury $3.9 million of unused funds. Let me make clear that the Peace Corps could easily have expended this amount, like some other agencies of Government have in the past, but chose not to. I want to state that to turn this commendable practice into an argument against authorizing all of the funds requested by the Peace Corps for fiscal year 1964 is both unwise and unwarranted.

It is unwise, Mr. Chairman, because we want to encourage all Government agencies to show the type of restraint that the Peace Corps has demonstrated. It is clear that the Peace Corps could have met its last year's goal of 9,000 volunteers if it had chosen to do so and thus could have expended those $4 million, for the Peace Corps received over 32,000 applications last year, which is far more than enough to create a 9,000-man Peace Corps. But the Peace Corps voluntarily chose to raise even higher its selection standards. It also chose to try to fulfill requests of countries overseas for certain hard-to-find skills rather than send over persons with difficult skills which were not specifically requested. Thus I certainly want to add my support to the statement made by the House Foreign Affairs Committee in their majority report that:

> The restraint that has characterized the administration [of the Peace Corps] should be encouraged. The full amount of the funds requested have been approved by the committee in the belief that they will be used prudently.

Mr. Chairman, not only do I feel the argument that I have described is unwise, I also feel that it is unwarranted. There is every indication that the Peace Corps will have 11,300 well-qualified volunteers on board by the end of next summer. The American people are continuing to respond to the challenge of the Peace Corps—and they are responding in ever-increasing numbers—4,338 applications were received last month, compared with 2,342 for October 1962. In fact, yesterday no less than 537 people applied for the Peace Corps.

Mr. Chairman, I think these figures I have just mentioned are a fine tribute to the American people. They also demonstrate that the Peace Corps is going full steam ahead and will meet its goals. In setting its goals for this year, the Peace Corps has taken into account its shortfall of last year. It has reduced its goal from 13,000 to 11,300 volunteers and, consequently, reduced its request for funds from $108 to $102 million. I think we should give this fine organization a vote of confidence; I think we should adopt the majority recommendation of the House Foreign Affairs Committee and vote the Peace Corps the $102 million that it has asked for.

Mr. Chairman, I feel that this is one of the strongest arms of our foreign policy. I have traveled in Africa, in the Far East, and in the Middle East. I have seen the members of the Peace Corps out in the jungles around the world. I have seen these areas where they have 98 percent illiteracy. And if it were not for a member of the Peace Corps, living out in their jungles in a tent or in a hut, or in a little trailer, along with another member of the Peace Corps, educating these children—if it were not for these members, such education would not be available to these poor, unfortunate people out in the farflung jungles of the world. I have seen areas where they had to travel for miles and miles and miles, over dirt roads, or on the back of a donkey, or water buffalo without finding a nurse or a doctor to care for the ills of these poor people afflicted with malaria, yaws, dysentery, or any one of the many other tropical diseases.

I have seen 4-H members now in the Peace Corps working in a school feeding program—irrigation work, animal husbandry—helping and teaching the downtrodden how to produce crops to sustain themselves from starvation.

I have seen members of the Peace Corps working in a project of self-help community development in Africa, laying out roads, building bridges and culverts, schools, and water systems.

Mr. Chairman, I hope this honorable body will vote this authorization bill in full today.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. LEGGETT].

Mr. LEGGETT. Mr. Chairman, it is with a sense of amazement that I have been sitting here listening to a debate as to whether we should cut from the Peace Corps budget request a figure amounting to some 10 or 20 percent of the total.

I am firmly convinced that the Peace Corps is achieving, with a striking degree of success, the goals which were established for it. And I believe that they have worked toward those goals wisely and responsibly, never sacrificing quality for the sake of quantity. Every indication available to us seems to support me in those convictions.

If any Member of this House believes that the Peace Corps has failed or that it is destined to fail in the coming year, I would be delighted to discuss with him whether it should continue to exist at all. But I cannot understand what is to be gained by the saving of 10 or 20 percent of the Peace Corps request at the cost of crippling that agency during the coming year, and perhaps permanently.

I have heard nothing so far which supports the assertion that $85 million is a more suitable level of authorization for the Peace Corps than $102 or $50 or $2 million. Until we have an indication that some portion of their request is indeed marginal—that some can be spared and some cannot—I maintain that we should give them the full amount or nothing at all. On the basis of the Peace Corps performance during the past 2½ years, I am sure that we would not be making a mistake in giving them the full amount.

There are, of course, those among our membership who consistently look at the negative side and project America's future into the depths of communistic atheism.

Two months ago the Birch publications called it defeat for capitalism and appeasement for the United States to sell wheat behind the Iron Curtain, un-American to limit our armaments in any way and arm ourselves to the teeth.

It is significant that yesterday's issue of U.S. News & World Report concluded in a major editorial that the Soviets had lost the cold war because they have given up in space and now want to trade with us.

U.S. News fails to recognize that the existing Democratic administration is the responsible entity that has convinced the Soviets that Birch and Smoot groups do not speak for the United States—they can trust us both in trade and space. The Peace Corps is assisting in promoting this international understanding.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, if there was one bill that has seemed to capture the imagination of the entire Nation, if not the entire world, it was the bill that was put before us some 3 years ago when we first passed the Peace Corps bill. I do not think since I have been in Congress that I have been identified with a more popular issue than the Peace Corps. I understand that later in the debate there will be an effort made to cut back the Peace Corps from the amount requested in this bill.

What are the reasons we should be asking as to why the Peace Corps should not be given the room to move which the committee has suggested in the bill now before us? In answering that question to ourselves we should ask why has the Peace Corps not fulfilled its past commitment that they had made, of recruiting some 9,000 members by August of this year. What is the reason for this? I think if we examine carefully into the matter we will find that the Peace Corps raised the criteria for the selection of their people.

In other words, they specifically have changed from a training requirement of 140 hours in languages to 280 hours of training in languages. This has, in effect, resulted in a slowing-down influence on their recruitment. For this action, I think they should be commended. I do not believe that we in the Congress should be in a position of penalizing them for having tightened up and improved the criteria and quality of the members of the Peace Corps as they go about getting into this occupation.

Now, Mr. Chairman, in the minority report they say that they heard only from Sargent Shriver who is the head of the Peace Corps, in rather salutary terms. The minority report says that "against these accomplishments, by public relations, we have almost no evidence of accomplishment in fact."

Now, Mr. Chairman, I do not know of another committee in Congress that has been furnished more information about an activity of Government than we have in the Committee on Foreign Affairs with respect to the Peace Corps.

Mr. Chairman, I hold in my hand three volumes, "The Story of the Peace Corps Volunteers," and it was furnished every member of the Committee on Foreign Affairs. It has a long index. Under the index it reads "What We Were Told To Do" under the first heading. The next heading is "What We Achieved." The next heading is "Where We Propose To Go and What It Would Cost."

Now, Mr. Chairman, under each of those headings it is broken down so that anyone who really wanted to dig deeply into the Peace Corps would have adequate information at hand. That is only volume I. In volume II it goes into the geographic areas of the world and tells the story of what has happened in each area of the world.

So, Mr. Chairman, I submit that the statement in the minority views is incorrect because, certainly, there has been ample information that has been supplied.

Mr. Chairman, yesterday in the mail the Peace Corps received over 6,000 pieces of mail in 1 day. In conclusion, Mr. Chairman, let me point out that the method of recruiting volunteers has been substantially changed. During the last 3 years, they have been going to college campuses in the spring of the year in order to attract the graduates. The Peace Corps this year have changed that because they find most seniors have made up their minds as to where they are going to work prior to that time. So, they are beginning in the fall of this year to go out and now anticipate that of the 650,000 graduates of the colleges next year about 10 percent of them will be interested in the Peace Corps and that 1 percent of that 10 percent will be finally selected.

Mr. Chairman, these are statistics which have been compiled not by a partisan individual or group. Indeed, the figures were prepared by the former Comptroller of the General Services Administration, Mr. Max Medley, who was the Comptroller of the GSA during the Eisenhower administration. He is the man who is now statistical adviser to the Peace Corps. He has made the estimate that the Peace Corps will have 65,000 volunteer applications of which they expect to recruit approximately 10 percent.

Mr. Chairman, I think we should support the Peace Corps in this instance, and vote the authorization that was overwhelmingly approved by the Committee on Foreign Affairs.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from Hawaii [Mr. MATSUNAGA].

Mr. MATSUNAGA. Mr. Chairman, I rise in support of H.R. 9009.

Mr. Chairman, one of the greatest things that has come out of the Kennedy administration is the Peace Corps.

Several years ago, when Dr. Dana Farnsworth of Harvard University researched into the question of why our young men and women were turning to crime and delinquency, he came up with this conclusion: that our young men and women today are afflicted with one grave illness, a lack of purpose in living.

Mr. Chairman, the Peace Corps has given to our youth, and even to our elders, a new purpose in living.

I may sound more like a minister than a Congressman when I say this, but what greater purpose in life can we instill in our youth than to serve one's fellow man, regardless of race, color, or creed, toward the end of peace?

This is what the Peace Corps has done.

Besides, Mr. Chairman, the Peace Corps is the best and cheapest investment that this country has ever made in international good will.

Moreover, dollar for dollar, this expenditure has proven more effective in selling American democracy abroad than anything else we have ever done. The United States has spent many billions of dollars in military assistance and in direct expenditures in maintaining U.S. forces abroad for the sole purpose of our own national security, to guard against the further territorial expansion of communism. In South Vietnam, alone, we are spending a million and a half dollars a day.

The Peace Corps budget asked of Congress this year is puny in comparison. No money appropriated by this body was ever spent for a better purpose, or with greater efficiency in terms of the results obtained.

Last year the Peace Corps operated in 46 different countries. The demand for U.S. Peace Corps volunteers far outstrips the supply. At the beginning of this fiscal year, there were 4,393 volunteers serving overseas and 2,161 in training. Of these, 2,238 are in Africa or preparing to be assigned there. There are 2,194 in Latin America, 1,272 in the Far East, and 850 in the Near East-south Asia region. The unselfish services of these Americans have been greatly appreciated in every country they have entered. This is a true measure of achievement.

One of the most encouraging signs relative to our program has been the organization of Peace Corps units by other nations of the free world. The Netherlands, Denmark, West Germany, New Zealand, Norway, the United Kingdom, France, Belgium, and Switzerland have all started such programs. In addition, the International Peace Corps Secretariat is helping to create domestic Peace Corps units in a number of the nations where the United States and European Peace Corps units have already been at work.

The great work of the Peace Corps has been recognized by the various nations served, but the most definitive recognition has come from the Philippines, which awarded the Ramon Magsaysay Award, the Asian equivalent to the Nobel Prize, to Sargent Shriver, Director of the Peace Corps.

The Manila Evening News commented that the American Peace Corps volunteers who worked in that part of the world secured a verdict not before vouchsafed to any other foreign group, and that Peace Corps workers achieved in less than 2 years an understanding with Asian peoples that promises to pass all tests.

Mr. Chairman, I am proud to inform this body that many of the Peace Corps men who helped in winning this coveted award were trained in the State of Hawaii. Under the able leadership of Dr. John N. Stalker, Director of Peace Corps projects of the University of Hawaii, volunteers for the Philippines and for other Asian nations have been trained at the Hilo Training Center. The transition training program set up in Waipio Valley, Island of Hawaii, offers a realistic simulated environment for service in southeast Asia, complete with rice paddies, thatched huts, and even a team of carabao.

The Hilo Peace Corps Training Center has been highly praised even by those who at one time said the Peace Corps would not work. One of them, John White, now a Peace Corps official in Thailand said the Hilo Training Center is doing an "excellent" job and praised the atmosphere prevailing at the Hilo project.

Mr. Chairman, I have spoken with trainees at the Hilo Training Center. I have found them fired with enthusiasm and possessed of high ideals. They can only continue to bring credit and favorable reaction to the United States wherever they may serve. The Peace Corps program is one which ought to be continued and expanded.

I urge passage of H.R. 9009.

Mr. Chairman, I ask unanimous consent that the gentleman from Hawaii [Mr. GILL] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. GILL. Mr. Chairman, I would like to add my voice to others here today in support of H.R. 9009. I am in full accord with the majority views in the committee report on this bill and urge the Members of the House to support the measure.

The success of the Peace Corps in fulfilling its goals has been demonstrated many times over. More and more volunteers are requested by those countries that have had the opportunity to observe the Corps in action. While we hear many words of criticism of all aspects of our foreign assistance programs, it is significant that seldom do we hear words of criticism of the Peace Corps. Those who withhold their support of this program usually do so on other grounds.

It is noteworthy that this past summer the nearly 1,300 volunteers in 11 Asian countries were selected collectively to receive this year's Ramon Magsaysay Award in international understanding. Often called the Nobel Peace Prize of Asia, this award was conferred on the volunteers "for their contribution to work among people and service to the cause of peace and humanity in a direct and personal way." Usually given only to individuals and to Asians, the award is a signal honor and mark of achievement in the relatively short history of the organization. This, Mr. Chairman, attests to the impact the Corps has had in Asia.

I am especially proud to note that the State of Hawaii has had the privilege of contributing in some measure toward the success of the Corps in Asia. Our Hilo training facility has trained more than 25 percent of the total number of volunteers in five southeast Asian countries. We have had the opportunity to observe these spirited and eager volunteers undergo their rigorous training at Hilo, and have followed their work in Asia. We are proud of the opportunity we have in playing a small part in this tremendously important program.

The Peace Corps needs our support. It is a program that offers hope of achieving the goals of international understanding on a more personal basis. It serves the end that men and women of other lands will look on America as a nation of people, not dollars.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I feel the Peace Corps, if it is in any danger at all, it is in danger from its own supporters who are lavish in their pronouncements and their support and in their endorsement of all the press releases that we receive daily from the Peace Corps operations.

I prefer to use a few statistics which the public picks up rather than the complicated philosophy that we have in the House today. I would remind the Members that the Peace Corps was promoted 2½ years ago as a program for dedicated young crusaders who would struggle in the far corners of the world on a fantastic salary of $75 a month.

We are now told it costs $9,000 a year to keep this man in the field. In effect, this means 88 percent of the cost of keeping a Peace Corps man in the field is the cost of bureaucracy, and this huge bureaucratic expense is hardly a credit to the Peace Corps man.

May I refer to what the gentleman from New York said a few moments ago, and since I doubt his figures, I wish he would recheck them. I do not see how it is possible for the Peace Corps to receive 6,000 letters a day. I am told that the White House averages 5,000 letters a day, and I do not believe the Peace Corps has outshined the White House as the Great White Father of the Nation.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. BARRY. In fact, I said that more than 6,000 letters are received. The actual letter count yesterday was 6,625 pieces of mail.

Mr. DERWINSKI. Is this for 1 day?

Mr. BARRY. One day.

Mr. DERWINSKI. Then we should increase the authorization to allow extra millions to handle the mail.

Mr. BARRY. I would like to say that with respect to $9,000 for keeping a man in the Peace Corps, a great deal of this is in the training prior to his going into the field.

Mr. DERWINSKI. I realize that, and I also realize it is due to the cost of issuing press releases.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Iowa.

Mr. GROSS. If there is so much interest in the Peace Corps, why do they have recruiting teams running all over the country drumming up volunteers?

Mr. DERWINSKI. I hate to be facetious in answering the gentleman's question, but after all, the Marines, the Air Force, and Navy have recruiters, so there is competition for manpower.

The point I make is that according to the latest statistics we have available, there are approximately 7,100 Peace Corps men in the field. We maintain it is impossible for the Peace Corps to reach its goal of 11,300 by the end of this fiscal year, therefore they could not possibly need the $102 million.

The point therefore becomes: Rather than have the Peace Corps come in year after year with requests for funds they cannot possibly spend, we would do more to help the cause of its altruistic position by putting them on a realistic basis. We should supply the funds actually needed. We would not have to go through additional debate or concern about the motivation of the Peace Corps every year because it would be reporting to us with legitimate figures. As a Member of Congress who voted against the Peace Corps in the two previous opportunities, this is a painful vote to cast. I recognize the crusading spirit, I recognize the tremendous zeal that individuals carry into the field. But I also recognize that despite any number of booklets the Peace Corps itself may publish or any amount of press releases they produce, the Peace Corps is the great mystery of this era. We know nothing about the Peace Corps except that information which has been generated through a 99.5-percent favorable press. I do not believe that we as Members of the Congress should put ourselves in the position of giving a blank check year after year to a well-meaning but less than perfectly operated organization. For this reason I urge your careful consideration of amendments that will be forthcoming to give the Peace Corps a realistic sum of money that will not in any way hinder its operations and will permit it to continue serving the country.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. Reuss].

Mr. REUSS. Mr. Chairman, it is ironic that opposition to this bill is led by the gentleman from Illinois [Mr. Derwinski], the gentleman from Iowa [Mr. Gross], and the gentleman from Wisconsin [Mr. Thomson], three of my friends and colleagues from the Middle West.

It is ironic, I say, because if there is one area of the country whose heritage and tradition is in accord with the spirit of unselfish cooperation and working together of the Peace Corps, it is our Middle West. It was over our prairies that the wagon trains rode. It was our clearings that the neighbors helped to clear. It was our barns that the friendly people of the Middle West helped each other raise.

It was Abraham Lincoln of Illinois of history and Johnny Appleseed of legend who were the outward and visible signs of what the Peace Corps now stands for.

I am proud that 10 percent of the members of the Peace Corps, 625 young men and women, are from Iowa, Wisconsin, and Illinois. I was proud that when I saw the Peace Corps in Chile a year ago, a young woman from Green Bay, Wis., was there showing them how to be a dental technician. A young man from Iowa was showing animal husbandry to those poverty-stricken people. Another young man from the west side of Chicago was sharing his talents with them.

I hope the gentlemen from Wisconsin, Iowa, and Illinois will consider the bill this afternoon and see whether they cannot be sympathetic to it, so that the young people of Wisconsin, Illinois, and Iowa, who want to volunteer their services in the most unselfish effort of the age, and the young people from the other 47 States, can have an opportunity to do so.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Iowa.

Mr. GROSS. That frontier the gentleman is talking about out in the Middle West was the real frontier, not the theoretical frontier of the New Frontier and Kennedy.

Mr. REUSS. I am sure these Peace Corps people have the real spirit of the frontier.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Will the gentleman include me among those midwesterners, since I come from Michigan?

Mr. REUSS. Among the midwesterners who are for the Peace Corps principle?

Mr. JOHANSEN. Let me say I am deeply stirred by his description of this pioneer spirit. He only left out the most crucial point in describing it. It was not tax subsidized.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 7 minutes to the gentleman from Indiana [Mr. Adair].

Mr. ADAIR. Mr. Chairman, 2 years ago when we were first called upon to vote for the Peace Corps, I joined a very considerable number of our colleagues who did so with great reservation. Each year since that I have had the opportunity of voting for this bill, I have done so with a little more assurance. It is my intention to vote for it this year. This is not, Mr. Chairman, to say that the operation of the Peace Corps is perfect. On the contrary, there are many deficiencies. We could stand here and recite specific examples of things that have been done incorrectly. My file at the committee table contains instances in which money has been improvidently and improperly, in my opinion, spent. But on balance, I believe the program has been good. On balance I believe it is the best of the programs which may generally be grouped together under the heading of foreign aid—and I use that term in its broadest sense. It has been good in part because, as has been pointed out here earlier this afternoon, there has been a sort of missionary spirit connected with much of this program. That is fine and proper and it is as it should be.

On the other hand, I would not have my colleagues think that all people employed by the Peace Corps are employed at minimum wage levels. If you turn to the hearings on page 43, you will find a table of salaries. You will observe that in the Peace Corps there are 19 people who draw salaries between $18,000 and $20,000 per year. There are 35 people, if my memory serves me correctly, who draw salaries between $16,000 and $18,000 a year. What I am saying is that this program has been generally good. It has a great deal of the missionary, crusading spirit to which I have previously referred. But at the same time in many respects, it is not what one might designate in its entirety as a bare bones type of activity.

I now must pay tribute to Mr. Sargent Shriver and many of his staff. They have performed their duties in a diligent, and I think effective, manner. I believe they are to be commended upon the fact that they have turned back this year almost $4 million of the amount that was appropriated for the use of the Peace Corps in the last fiscal year.

As I said earlier, Mr. Chairman, I believe the Peace Corps should be supported again this year. But I think at the same time the amount of money provided in the bill is too great. This can be gone into in more detail later and I am sure it will be more fully discussed. But what I think this committee and this House ought to do today is to pass the bill with a reasonable reduction in the amount of dollars authorized for the continuation of this program next year.

One other point should be made, Mr. Chairman. That is in the original proposal there were very broad, sweeping provisions for the activity which we know generally as the International Peace Corps. There are activities of this sort afoot now. The headquarters is in connection with our Peace Corps.

The committee felt, very wisely, that if the Peace Corps is a good idea, if it is an American idea, it ought to be continued as an American project.

In modifying the original provisions and in setting a limit dollarwise of $300,000, we have done a good and a wise thing. I do not believe, Mr. Chairman, that we ought to permit the values which have been extolled here this afternoon of the Peace Corps as an institution of the United States, as a demonstration of the sentiment of our people—I do not believe we ought to permit that to become diluted and perhaps lose its identity as a part of an international peace corps.

Under the terms of the bill as now before us we may give knowledge and skills to countries which desire to set up their own peace corps establishments, but we have fixed a dollar limit and we have removed much of the sweeping authority originally requested for this purpose.

So, Mr. Chairman, I would conclude by urging my colleagues to support this bill and also to support a reasonable dollar reduction, which I do not believe will seriously hamper the proper operation of the program.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DON H. CLAUSEN. Mr. Chairman, the subject of the Peace Corps is receiving much attention here today as it has since its inception. The primary reasons for its acceptance, in my opinion, are twofold. First, the American people have recognized the failure of other types of foreign aid programs which have created a damaging image of America and are looking for a program that will have a longer range, more productive effect. Second, our people are beginning to realize the urgency of establishing a program that will initiate an ideological offensive of our own—an offensive designed to set the stage for winning the cold war against the U.S.S.R. and other advocates of the Communist doctrine.

There are, however, a few observations that I would like to make. Since 1955, I have participated in a program that provides various missionary services throughout the world—a program designed to promote self-sufficiency. This program is carried on with no tax support from the Federal Government. It has been our experience throughout the years, once a mission station is established and the native staffing is completed—the service continues to expand but the financial requirements of the sponsoring organization tend to decrease. In effect, the mission programs carried on by many denominations can be appropriately identified as private peace corps.

Where I strongly believe in the principle of the Peace Corps, I feel it is pertinent to point out that the requests for additional funds here today suggest an increasing financial commitment to the sponsor—the U.S. Government—the American taxpayer. With this in mind, I believe we should give more incentive and recognition to the efforts of organizations willing to carry out and expand the private peace corps concept—it would appear to be more efficient and truly provide the motivation for people best equipped to carry on the presentation of the American image.

The great struggle between ideologies continues on and will be with us for years to come. The ideological offensive of the Soviet Union advocates a program where the public sector, I repeat the public sector, provides all services to their population—directs their destinies and controls their opportunities. The American way of life is just the opposite—at least, it has been in the past—bringing this country to its present plateau, where we enjoy the highest standard of living. The American way of life advocates a minimal intervention in the life of the individual by Government. Our federal system of government was designed to provide the guidelines, under constitutional law and to create the environment for the private sector to advance and flourish, with a minimum of restrictions.

Quite frankly, I do not believe the full potential of our Peace Corps effort will be realized until the Committee on Foreign Affairs reconsiders the underlying philosophy of the program. Our philosophy should be reflected in all of our foreign aid programs—more emphasis in the private sector and less emphasis in the public sector. Let me make myself perfectly clear. I am for the Peace Corps concept—and will continue to support the cause. However, it will be my intent to do everything within my power to promote the philosophy that reflects the American system. In addition to current programs, I want to vigorously recommend that the leaders of our private enterprise system recognize a new responsibility of providing for our security. They must take the lead in projecting an ideological offensive truly representative of our private enterprise system—it is they who are the most qualified to lead. The Congress might consider broadening tax incentives to expedite the formation of such a program. Further, the creation of a Freedom Academy, sponsored by our private sector, staffed by qualified graduates of our private enterprise system is, in my judgment, the type of program we should advocate as the answer to the Soviet ideological offensive. A defensive posture, by itself, is no longer adequate to provide for our security in these rapidly changing times. The American people can be proud of their accomplishments thus far in history—let us show the developing nations throughout the world the American way—a program that positively reflects the American image—peace, security, and freedom with justice, under law.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. Pucinski].

Mr. PUCINSKI. Mr. Chairman, I rise in support of this legislation, and I would like to call the attention of the House to a very pleasant letter I received from one of my constituents, Miss Irene M. Kreuser, who is stationed in Asmara, Ethiopia. This letter points out, among other things, that—

> There is a great need for teachers in Ethiopia and, as a part of the university extension program, I am teaching philosophy and English in Asmara. The dearth of teachers is exceeded only by the dearth of books. This is difficult for me to do anything about unless there was a way to defray the expense of shipping books, which I could collect from generous contributors in Chicago. The climate is most agreeable here, but I have not yet experienced the rainy season in Ethiopia.

It seems this young lady is doing a most impressive job in Ethiopia in teaching people there the English language and teaching them about America. This young woman is a real credit to our Nation and I am sure she symbolizes all of the fine men and women who are doing such an excellent job for the United States in the Peace Corps.

I am particularly pleased to note that the legislation before us today makes provision to help ship the educational material Miss Kreuser mentions she needs in the form of books to make her efforts even more effective. This is the second letter I have received from my constituents who are part of the Peace Corps who have told about the inspiring work that the Peace Corps is doing under great difficulties. Making it possible to ship them books and other material, as provided in the bill, will make their work even more meaningful.

It would seem to me, Mr. Chairman, that those who would want to trim this program should give it another look. I think we can all agree we are all for economy. I have supported many measures here that would reduce Federal expenditures. It would seem to me, however, that here we have a program which really has shown some excellent results. It has been operating with the least amount of red tape and has been carrying the story of America and who we are and what we stand for right down to the grassroots level all over the world. I will gladly join those who want to support measures to reduce Government expenditures—but it would be my hope we do not begin here with the Peace Corps. It seems to me we ought to try to find ways to make this program even more successful than it is. I say this because I am sure many Members of Congress have received similar letters from their constituents, young people who are not looking for anything at all except a chance to serve their country overseas and to tell the glory of our freedom to people all over the world. I think this is a very worthwhile program. I supported it from the outset. It would be my hope that we do vote the committee's recommendation and leave this program intact. Mr. Sargent Shriver, who is a Chicagoan, has done an outstanding job in establishing the Peace Corps and make it a model Federal agency. I shall rely on the Committee recommendations in evaluating the legislation. The Committee has gone over every single item with Mr. Shriver and I am confident if either he or the Committee felt further economics would not impare the program, such economies would be reflected in the measure before us.

Mr. Chairman, I yield back the balance of my time.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania [Mr. Fulton] may extend his remarks at this point in the Record.

The **CHAIRMAN.** Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mr. FULTON of Pennsylvania. Mr. Chairman, I urge the Members of the House to support H.R. 9009 which further amends the Peace Corps Act.

Under its fine leadership, the U.S. Peace Corps has continued to expand its membership and service to all parts of the world. The original Peace Corps operation began in 17 countries and has now expanded to 46 countries, with more than 4,000 volunteers. I would also like to point out that all of the members of the Corps whom I have had the pleasure of meeting demonstrate a great responsibility and dedication toward promoting democratic ideals in all parts of the world.

The passage of this bill, will enable the Peace Corps to continue to review and revise its concepts of programing, selecting and training of volunteers to give more effective, efficient and economical operation, and better experienced personnel in aiding underdeveloped countries around the globe.

Therefore, Mr. Chairman, I am for the continuation of the Peace Corps because of the excellent work it has done throughout the world during the first 2 years of its existence. Therefore I am in favor of the passage of H.R. 9009.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. Pelly].

Mr. PELLY. Mr. Chairman, the very able and distinguished gentleman from Pennsylvania, Dr. Morgan, and other speakers earlier in the debate made reference to the number of Peace Corps volunteers and that the Peace Corps did not attain its objective of 9,000 volunteers by August 31, 1963.

I note that the Committee on Foreign Affairs has shown, on page 3 of the report on this legislation, that this delay in reaching its quota was due primarily to two causes—the high standards in selection and, secondly, to adjusting recruitment to specific needs.

I think perhaps there is a third consideration, although I do not have any statistics. However, recently I visited the University of Washington, and the president of the university, Dr. Charles E. Odegaard, mentioned that in the university's training program, he had observed that great care is used to weed out any individuals not properly suited to the work for which selected. By careful screening during the training period, potential misfits are eliminated just as soon as any evidence develops. This probably explains why there has not been much, if any adverse criticism about the program. Also this may have slowed down the achieving of a predetermined level of volunteers, but it is sound procedure. It is such a selective recruitment system that makes a program succeed, even though in this case the Peace Corps administration might run into criticism that it was not meeting its objectives.

I must say I have been pleasantly surprised at results of the Peace Corps. This is a foreign aid program that is successful. I support this program.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. HEMPHILL].

Mr. HEMPHILL. Mr. Chairman, in 1961 when this legislation was presented for the first time to the U.S. House of Representatives I happened to be sitting in the back of the Chamber, close to my late and beloved friend, John Riley, who was at that time a distinguished member of the Committee on Appropriations and who had long been a personal friend of mine. As we were talking about the legislation, the prospects for the future, and the good that this Nation might realize and that other nations might realize from it, he said, "I am going down to the well of the House and express myself on this particular legislation." And I will never forget what he said.

In effect, he said:

> I do not know what my generation has done for future generations. I do not know what we can say to them that we have done to assure their place in the sun. But I feel that the Peace Corps is their chance to take their place and do their part, and I am for the legislation. Let's give them that chance.

Mr. Chairman, I feel that he was right in his analysis and right in his prophecy. I have never voted for foreign aid but I urge support of this particular effort because I believe that this is the way—here is the way—to put people-to-people, heart-to-heart, and contact-to-contact in work and teaching other peoples less fortunate than we are.

Mr. Chairman, I think Director Sargent Shriver has done the best administrative job possible. When I read in the report such catching phrases about what we are trying to do as "eliminate unemployment, delinquency, and anti-American passions" in countries overseas, I know of no higher purposes in connection with any part of our foreign aid program.

For my part, I would much rather see us make the effort through participating in a baseball game in Venezuela than have to read in a book such as the one entitled "The Ugly American" of a cocktail party high on some hotel roof in some foreign country.

This is a program of the young people. This is a program of the generation to which tomorrow we hand this country and its responsibilities. This is the program which I think has had the finest measure of success of any program in which we have spent our money across the waters, to which I am usually diabolically opposed.

Mr. Chairman, I realize that they have made some mistakes. If they had made no mistakes they would not have the humanities we expect in a program like this. If they had made no mistakes, some of the Members of Congress would find much unhappiness in the fact that they made no mistakes. But when people have done a job that has caused bipartisan support on both sides of the aisle, certainly such a Peace Corps deserves our support.

I received a letter this morning telling me that some of my good friends here, men whom I admire very much, are going to try to cut the program. Ordinarily, I would be in favor of that. But then when I turned to the 1962 Peace Corps report and found out that in some countries they have so many people and they have other people in training for the country, then in other countries they have some people but they do not have other people in training, it came to me, with suddenness, that the efficiency of this administration is detailed in this report. If something otherwise were found and it were bad, certainly, they would not delineate between those countries which need other people and those countries which do not need the additional people.

Now, Mr. Chairman, I read further in this particular report something which again aroused my immediate interest. I read the phrase "tough and neglected people." Maybe our troubles in Latin America and South America are due to our neglect of people in those categories. The Peace Corps seems to me to be the answer.

I could scarcely believe my eyes when I read that a few of our colleagues believe the Peace Corps is in danger of becoming an enthusiastic crusade.

I could understand the Communists calling the Peace Corps a fetus of neocolonialism and a Trojan Horse—as they have recently done.

But to become concerned about the Peace Corps becoming too enthusiastic and possessing a crusading spirit—well, that, Mr. Chairman that is like saying the Nike-Zeus is too accurate, or Billy Graham and the Pope too religious, or Grace Kelly too beautiful.

Those of us who have had experience with Government agencies know too well how unenthusiastic the bureaucracy can be. We have all decried the redtape, the stuffness, the creeping pace at which some agencies work.

Now there comes along a program that in less than 3 years has captured the imagination of the world—a program which both George Gallup and pollsters report is supported by 75 percent of the American people—a program which has proved that Americans are not as flabby and soft as some of our critics say we were—a movement which denies Khrushchev's charge that American young people are nothing but "dissident good-for-nothings"—and what is the reaction?

That it is in danger of becoming an enthusiastic crusade.

Permit me to point out, Mr. Chairman, that the Communists are crusading to win the world. They are not ashamed to be enthusiastic or fervent or dedicated. It is not a secret that in Latin America the Communists and pro-Castroites are almost always better organized and harder working than anyone else. The Communists have learned that they do not have to be a majority group to exert excessive influence—they have learned that energy and devotion can win where numbers would fail. It is an open fact that among the hard-core Communist student leaders in Latin America the foremost requirements for leadership are zeal, hard work, and dedication.

So let us not be ashamed to support a program that is enthusiastic, that is crusading for democratic ideals and free institutions. Mr. Shriver, his colleagues on the staff, and volunteers in the field have combined with this enthusiastic spirit a tough-minded practical approach that deserves our admiration and our support. I say we need more enthusiastic crusades like it.

I support the Peace Corps and salute the efforts of those dedicated men and women who are making it work and live and produce all over the world.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Chairman, I rise in support of the Peace Corps legislation.

Mr. Chairman, few undertakings of the Federal Government have so established their value and importance so quickly and so obviously as has the Peace Corps during its first 2 years of existence.

The proof of this fact shines forth in the many remarkable achievements of this unique people-oriented agency, achievements which even the early skeptics now readily concede: the open and unabashed idealism and generosity which the Peace Corps program has unleashed among young Americans and guided into constructive channels; the enthusiastic reception Peace Corps volunteers have received in the countries which have welcomed them, and the growing number of new and repeat requests for their help; the continuing high caliber of the volunteers themselves and the maintenance of high selection standards by the Corps; the record number of applicants today, long after the bloom could be expected to have worn off a less substantial program.

The Peace Corps, Mr. Chairman, will not save the world for freedom, and its most dedicated people would never claim such an objective. The Corps knows its limitations as well as its strengths, but it is motivated by that highest of objectives: the desire to help the less fortunate of our fellow human beings.

In pursuing this modest but immeasurably important goal, the Peace Corps is not only doing its job but it is displaying your country and mine in its finest colors.

The House has the opportunity today to express its faith in the nobility of the Peace Corp concept and its support of a working program in which we can all take great pride.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Chairman and Members of the Committee, last Saturday I received an emergency telephone call from the district which I have the honor to represent, which is directly related to this bill. The purpose and the nature of the telephone inquiry prompts me to make inquiry of the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], to see if some solution can be arrived at of the problem with which I am faced.

However, Mr. Chairman, before I do that I wish to state that I originally voted against the original Peace Corps bill. I watched it develop for a year, and when I saw the good start that it made I voted for it the second time, and I shall vote for it again this time.

The problem I have is this, and the gentleman from Illinois [Mr. PUCINSKI], also raised it partially but got no answer.

The telephone call I received was from the Lion's Club in Superior, Wis., the largest city in my district. They received some pleading letters from a member of the Peace Corps in the Philippine Islands telling of the great admiration the rank and file people of the Philippines have for the United States. He stated that the greatest problem he was facing in his work as a Peace Corps member was lack of books. He pleaded with the people of his hometown to send him books.

So the Lion's Club got the students of the school system in the city of Superior to solicit the area and they came up with over 2,000 usable, first-class books. These books are all wrapped in the post office at Superior and have been there for approximately 10 days. The postmaster has served notice on the Lion's Club to either get the books to the Philippine Islands or out of the post office. We made inquiry of the Peace Corps officials and found out there are presently no funds available for the transportation of these books. I think this is an important area, and I would like to ask the chairman of the committee or anybody who can answer the question, particularly since $4 million has been turned back, which I greatly respect the Peace Corps officials for doing, is there provision in this appropriation bill for the important work and inexpensive work of getting these good, usable books to the areas where they are needed? If it is not provided for in this bill it ought to be.

Can the chairman help me in solving this problem that the people of Superior are having?

Mr. MORGAN. The gentleman may be assured that section 5 of this bill under consideration today will help with this problem. If the gentleman will read section 5 and follow it up in the report, section 5 amends section 10(a) he will be reassured. This authority will make possible the payment of transportation of books on a selective basis.

Mr. O'KONSKI. I can tell these people who made the telephone call to me that if this bill passes the problem will be solved, just hold the books in abeyance until the Peace Corps bill is passed. These books will be picked up and shipped by the Peace Corps. Am I correct?

Mr. MORGAN. Yes; the authority is provided by this bill. There may not be enough money to ship every book that may be donated in the future.

Mr. O'KONSKI. I thank the gentleman. This makes for a better bill.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. COHELAN].

Mr. COHELAN. Mr. Chairman, around the world today the peoples of the newly developing countries are struggling for economic and social progress. In a very real sense our freedom, and the future of the free world, depends on their success—on their ability to build stable, independent nations where men can live in dignity, liberated from the bonds of hunger, ignorance and poverty.

One of the great obstacles to the achievement of this mutually held and vital goal is, of course, the lack of trained men and women with the skill to teach the young and to assist in the operation of development projects—men and women with the capacity to cope with the demands of swiftly evolving economics, and to unleash the capacities of a nation for growth and progress.

To meet this critical need for skilled manpower, to meet the demand for workers with the ability to substitute modern for outdated and unproductive skills, we initiated the Peace Corps. The time since 1961 has been too short for thorough evaluation, but the immediate indications are that the program has been an outstanding success—that the hopes and confidences of the American people and the Congress have been justified.

As the committee has stated in its report on H.R. 9009, the countries in which the Peace Corps has operations have requested more volunteers. Additional countries are seeking Peace Corps assistance, and the number of qualified applicants is higher than ever before, despite the fact that entrance standards have been raised.

In Africa, volunteers have enabled many countries to increase vastly their school enrollments, to improve previously unmanageable pupil-teacher ratios, and to broaden and deepen curriculums.

In Latin America, a long list of vital public works projects have been initiated and completed with volunteers' assistance. In Colombia alone, as the Peace Corps' very able and hard-working Director, R. Sargent Shriver, has pointed out, this list includes the building of more than 100 schools and school kitchens, 30 aqueducts, 49 roads, and 14 bridges.

And in the Far East, the Peace Corps volunteers, serving in 11 nations, were the first non-Asian group to receive the Ramon Magsaysay Award—an award which has been called Asia's equivalent to the Nobel Prize. As the Manila Evening News stated in commenting on this unique recognition:

> In 22 months of quiet labor, Peace Corps volunteers have secured a verdict not before vouchsafed to any other foreign group. Peace Corps workers achieved in less than 2 years an understanding with Asian peoples that promises to pass all tests.

Mr. Chairman, the bill before us today calls for a modest, realistic increase in this program. And the experience to date indicates that the new funds will be used prudently and with restraint. The fact that the Peace Corps this last year, on its own initiative, turned back $3.9 million of unobligated funds to the U.S. Treasury, is strong evidence to this effect.

This is a program in which Americans can take pride. It is a program which by helping others to help themselves may truly be said to be in the best tradition of our country. It is a program which deserves our continuing support and encouragement, and I urge that this bill be approved as a further and practical step toward increasing the welfare of man and enhancing the cause of freedom.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, I rise in support of the pending legislation.

I would like to call the attention of the Members of the House to what I consider some very curious language in the minority views. I refer to the last paragraph, which states:

> It would be better for the Congress to continue the program in more modest dimensions that are built upon a solid basis than to allow some at home and abroad to pervert it to an enthusiastic crusade.

I do not know how jaded or cynical we can get, but I fail to see anything perverted about an enthusiastic crusade in the cause of democracy around the world. I am very happy that these are minority views, because if the day should ever come when it is the majority view of this Congress that an enthusiastic crusade is something to be sneered at, laughed at, or criticized, we will be in deep trouble.

I would like to ask the signers of these minority views if they really mean that an enthusiastic crusade in the cause of democracy around the world is anything to be ashamed of?

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. I yield to the gentleman from Iowa.

Mr. GROSS. I should not have to remind the gentleman he has probably voted for every enthusiastic spending crusade since he has been a Member of

Congress. He seems perfectly willing to vote all the money anybody ever asked for any project. So far as I am concerned, that is what I was alluding to in the overfinancing of this Peace Corps program.

Mr. JOELSON. I have not voted for every spending measure, but if I think something is an enthusiastic crusade for the best interests of America, the gentleman can be well assured I will support it. I think destructive criticism is what is so damaging to our country.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I am among those who were very skeptical when the Peace Corps was first suggested. We had had the year before an amazingly fine portrayal of a peace program by Walter Judd. When an almost identical program was brought before us by the Peace Corps it made me feel that the suggestion was good. Then as I watched the various possible roads to success I was skeptical. I voted for it, however. Every year since then I have done the same. I have watched it exceedingly closely. I have been in correspondence with many Peace Corps volunteers, some of them my friends, and children of friends, of course. I have had some expression of criticism of the way things were done. A number have felt it was not fair here and it was not fair there, and so forth. I have checked them all and have found that very few have held water.

There have been very few of the many who have gone over who have had to be sent back, many of those for reasons of health. I think that is a record of which we should be very proud. What it means, of course, is that they have been exceedingly careful in their screening of applicants. Now they are increasing that care. They are making it more difficult in every way. There are increasingly high standards, not only just physical standards, because the wear and tear is really something, but psychological standards, general capacity for work, desire for work, and then the personality of the individual.

We had one statement that there was a very fine Ph. D. who was very eager to serve but he was finally refused because of his personality. Work that is so close to the people of the country as is the work of the Peace Corps makes it exceedingly important that this principle be continued. I think we stand in no danger of its discontinuance.

I was interested this morning in reading a little squib in one of the inside pages of a paper that in one of the countries of east Africa, they are very, very critical of the teaching of English. They could not understand the English that the teachers were teaching. They happened to be American teachers. Their background of English had been British English. Of course American is difficult for them to get used to. We go to England and we do not always understand what they say, and they certainly do not always understand what we say when they come over here. But those are matters that work themselves out.

My colleague, the gentleman from Indiana [Mr. ADAIR], said that he had voted for it with some reservations. I think many of us did in the beginning but we have fewer reservations today. And surely we are willing to recognize the fact that the standards we use should be tightened. Of course we do not go over there to teach them democracy—but we do try to live democracy.

It may be that there is an area which the Committee on Foreign Affairs has not looked into sufficiently. Perhaps we have not compared Peace Corps members and funds with other organizations working overseas. We have not set the comparisons up in columns to see how well the Peace Corps really stacks up. For myself, I feel it stacks up very well. And I do know that those of us who have seen them at work and those of us have, as I have done many times, talked with them before they left and talked with them when they returned—and you know we have the first batch back this year—I, for myself, am going to watch those young people. How well do they do when they come back and what do they do? The next year we will have a background of what they have done and what this working overseas has done for them and what it can do for us and for the entire country.

Mr. Chairman, I am hoping very much that the House will see fit to pass this bill. Of course, we probably will have amendments. Those will be discussed. I should be very sorry if it were slashed too deeply because we know they return what they do not use. They are very careful. You know they look a little bit to me like Connecticut Yankees—like myself—they like very much to have the money used in the right way. When they cannot use it, they return it. I think that is a very valuable activity to have as a part of any Department of our Government.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. MURPHY].

Mr. MURPHY of New York. Mr. Chairman, the first wave of Americans we sent overseas in the Peace Corps 2 years ago are coming home. Virtually none of us will gainsay the fact that they have represented the American people with courage and dignity.

Mr. Chairman, I would like to answer a question raised by the gentlewoman from Ohio.

The Wall Street Journal recently pointed out that American industry is vying for their services. Blue chip firms such as IBM, Du Pont and the First National City Bank in New York are actively seeking to recruit these Peace Corps veterans. And well they should, for their mettle has stood the acid test for 2 years.

It may surprise some of us to learn, however, what they are doing now. Apparently these Americans take their idealism to heart. For they are more interested in continuing their public service than in taking the handsome rewards industry is offering. Of 413 returned volunteers, almost half are returning to study at the graduate level, most of these on scholarships and fellowships. Peace Corps volunteers, for instance, received 78 percent of the Ford Foundation fellowships offered to persons who wish to prepare for service in developing countries. Sixty are now employed by the Federal Government. Three hundred and thirty-one have filed for the Foreign Service officer examination, 63 for the U.S. Information Agency examination, and 54 for positions with AID. Fifty-two volunteers are already at work teaching in American schools.

We are doing much more than simply sending energetic Americans to work abroad in the Peace Corps. We are getting a steady stream of dedicated public servants back into the United States: Tested and tough, and imbued with the same kind of idealism that is at the very bedrock of our Nation.

Mr. MORGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. O'NEILL].

Mr. O'NEILL. Mr. Chairman, 1 year ago, while speaking on the rule, I read a letter I received from a Catholic priest, and I think it bears repetition because it is one of the greatest arguments I have ever heard for the bill. Father Tom Cronin, who is a native of my city and whom I have known since he was a boy, came from the Philippines and wrote me as follows:

> More than 300 Peace Corpsmen arrived recently in the Philippines. The impact of their arrival was greater than the impact of the 50-megaton bomb exploded by friend Khrushchev. And the fallout promises to be more effective still. This is the first time that a major power has crossed the ocean with books, not guns, brains not bombs, for peace in order to win a war.
>
> This is the greatest export the United States has ever made. Better than sewing machines, TV sets, refrigerators, tractors, or jeeps. All the world loves the Irish. And well they might. For years the Irish have been exporting the most popular commodity on the market. Real live human beings. Mostly priests and nuns, who in one capacity or another end up teaching people of every shade of color in the human spectrum. And now the United States is catching on. The best the United States had to offer formerly was a cowboy with his six-gun. He was a likeable guy. But he always did a lot of shooting. Out here 11,000 miles from Boston, people get impressions of America which are terribly unjust. For most of the people out here, America means "Al" Capone, "Billy the Kid," Marilyn Monroe, divorce, two cars in the garage, and one lonesome baby in an overstuffed cradle in a jumbo-sized house. They like us all right.
>
> A new image is taking shape. True, America has been helping people all over the world with food and clothing. But always, we send things. Now we are sending people, people whom the people of Asia can get to know as the real Americans. They will eat their food, they will sleep on mats in nipa huts, they will pet their babies. They will teach with their teachers, they will farm with their farmers, they will nurse with their nurses. One American living in a Philippine town is worth more than a whole boatload of corn. A boatload of corn is hard is digest, but a real live American, him they can love.
>
> The United States has finally realized that superiority in the realm of material things is useless without the corresponding superiority in things of the spirit. To my mind

nothing typifies that new attitude more than the Peace Corps. May their tribe increase.

Sincerely in Christ,

Father THOMAS J. CRONIN.

I hope that this bill for the Peace Corps increases through the years. To me I think this letter is a thing of beauty. I think it perfectly pictures the great job that the Peace Corps is doing in the various sections of the world.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, I strongly support that bill and I am very gratified to see it has such strong bipartisan support.

There is no part of the world where the Peace Corps is not acknowledged as representative of the best in our American life. There is no better weapon working for peace through bringing truthful understanding among the peoples of the world. Our Communist opponents have not been able to match it. The Honorable Sargent Shriver, as Director, has been able to set standards and "esprit de corps" unique in a nonmilitary organization. The record shows that if the money cannot be well spent, it just will not be spent. What a fine example. One must sometimes wonder what some of the "agins" would vote for. I commend those of my Republican colleagues who stand firm today in their full support of a great nonpartisan American success and achievement more needed today than when it was conceived by President Kennedy.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Chairman, I rise in enthusiastic support of this highly successful program.

In the 187 years since the signing of our Declaration of Independence, the American ideal of freedom and human worth has never burned more brightly than it does today. Believing that there is a universal desire for peace and believing that man's ancient adversaries must be removed from the earth, thousands of young Americans have taken this ideal into the darkest, most desolate corners of the earth. They daily show the less-fortunate people of the world that America is able and willing to help them. The Peace Corps affirms that the American Revolution was one for all mankind, for all time.

Because I believe the Peace Corps manifests the best in that ideal, I am speaking today in support of H.R. 9009, a bill to authorize $102 million for the Peace Corps for fiscal year 1964.

The Peace Corps began in 1961 with less than 500 volunteers working in 8 countries and operating on an annual budget of $30 million. By the end of the summer in 1962, the Corps had more than 3,500 volunteers in 38 countries. By the spring of 1963, there were more than 5,000 American men and women in 45 countries on 4 continents.

The Peace Corps has enjoyed remarkable success. The reports have been coming in now for 2 years, and the accomplishments have been most impressive. Men and women of the Peace Corps, in the true American revolutionary spirit, have, among other things: saved lives, grown rice, taught people of all ages how to read and write their own language, have created food industries, started farms, built roads, schools, and hospitals, planted forests and, more importantly, have created good will and friendship.

In short, much has been done in these 2 years, but what is most striking is what is yet to be done. Author Frank Laubach's comment in 1951 about the work of volunteer agencies could well apply to the Peace Corps in 1964—"Wake Up or Blow Up," Fleming H. Rewell Co., 1951, page 109:

> We must offer our technical skills, asking neither favor nor profit in return. We must show them how to get 10 times or a hundred times as much from their land as they get now. We must show them how to conquer those diseases and insects that kill their crops and animals and children. We must show them how to conquer malaria and hookworm, and dysentery and venereal disease and plague. We must help them as they struggle up out of their hell. We must go to their sides and help them. There is no substitute for the real, living, loving person rubbing elbow to elbow with the people who toil. We must have 100,000 technically trained men of unimpeachable integrity over the world, to help people help themselves. We must give or loan money when these technicians call for it.

It was with this kind of situation in mind that the Peace Corps was born, and it is recognition that much of mankind is still trying desperately to "struggle up out of their hell," that tells us the Peace Corps must be permitted to meet its new challenges.

When Congress established the Peace Corps on September 22, 1961, the objectives were clearly defined in the establishing act. Only after an exhaustive study did Congress appropriate the first dollars and approve the objectives of the Peace Corps. Today those objectives are still valid. Simply stated, those objectives are to make available to interested countries American men and women who will help their peoples improve their lives and in the process help them better understand the American people and their democratic ideals.

It has become increasingly evident even to the most cursory observer of world affairs that, if there is to be peace in the world, the people of the have-not nations must, I emphasize that word—must—be given the opportunity to achieve a life of dignity, opportunity, and emotional and spiritual well-being. The Peace Corps is giving such help.

President Kennedy, when he was a Senator, expressed what Americans had known for more than a century and a half; namely, that the desire to help the less fortunate springs from the American democratic philosophy and the ethical values of our society. The Congress must be aware that the idea of an operational Peace Corps has captured the imagination of the American people. This is heartening evidence that Americans have not evaded their responsibility and that the American ideal is still very much alive.

Mr. Chairman, much of the world is hungry, ill-housed, disease ridden. Americans in true revolutionary tradition are concerned about the less fortunate of mankind and man's irresistible drive for human dignity and individual freedom.

The Peace Corps represents the best in the American ideal because it helps the peoples of the world follow the American example of peacefully reordering their society within the philosophical concept that man is capable of determining his destiny.

The Peace Corps is a reflection of our diverse, pluralistic society. The peoples of Latin America, Africa, and Asia see young men and women of different color, different religious faiths, different economic and social backgrounds, and different geographic and cultural heritages, leave our shores with a common purpose—that somehow Americans must help the less fortunate of the world attain a higher degree of human dignity. To do less would be a travesty of the American ideal of which I speak today.

We must encourage this great work, not because the program must be sold. The Peace Corps is already sold to more American volunteers than the Peace Corps can train, and to more interested countries than the Peace Corps can supply with volunteers. In a word, the program can stand on its own merits and on its own record of success. The question before us is are we willing to permit the Peace Corps to carry out the historic mandate of the American tradition of helping others secure human dignity.

This bill, H.R. 9009, deserves the support of this body. America has a historic opportunity. How shall we meet it?

As Shakespeare put it in Julius Caesar:

There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows, and in miseries.
On such a full sea are we now afloat,
And we must take the current when it serves,
Or lose our ventures.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, I heard it stated at the outset of the debate that there were very few witnesses or not sufficient witnesses before the committee. Any witnesses who wished to appear were certainly welcome to appear. The fact of the matter was that there was not sufficient criticism of the program to warrant the criticism that was asked for by those who seemed to be unhappy at the fact that the program has been successful.

I would also like to point out to the Committee on Foreign Affairs that no Member of the Congress, either in this body or the other body, has sat through so many days of hearings or so many days of markups as has the gentleman from Pennsylvania, Chairman MORGAN, of the House Committee on Foreign Affairs. His dedication to duty should be an example to every Member of this body. Also there was a remark passed that the Peace Corps is fast becoming one of the large bureaucracies of the

Government. I would like to point out that in the fiscal year 1962, 33 percent of the Peace Corps budget was for administrative costs. This was reduced the following year to 28 percent, and in the fiscal year 1964 budget requirements will be down to 19 percent.

Similarly in 1962 there was one staff member for every four volunteers. There was 1 staff member in 1963 for every 7 volunteers and the Peace Corps estimates that this year there will be 1 staff member for every 10 volunteers. This is not just the result of statistical gamesmanship.

I would like to point out that the actual staff of the Peace Corps has declined in absolute as well as in relative terms in recent months. Some people see this as a question of tax advantages for corpsmen. Someone pointed this out earlier in the debate. I would like to point out that there are absolutely no special tax advantages that are given to any members of the Peace Corps in any respect whatsoever.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. Yes, I am glad to yield.

Mr. CURTIS. There are two specific tax benefits given the Peace Corps under a special bill passed out by the Committee on Ways and Means. The Peace Corps people, if they report a lump sum at the end of 2 years are permitted to pay the tax on the basis, not of receiving all that money in 1 year but according to the rates on half of it for 1 year and the other half in another year.

Mr. GALLAGHER. Let me answer that first. The gentleman is now talking about $75 that is given to the Peace Corps volunteers at the end of their service.

Mr. CURTIS. I am talking about whatever remuneration is given them.

Mr. GALLAGHER. The gentleman is talking about that $75 that is held up until they leave.

Mr. CURTIS. I am stating exactly what the situation is, whatever the amount may be. I am saying that the bill applies to whatever the remuneration is.

Mr. GALLAGHER. It is not in an area where it could be considered a great tax benefit.

Mr. CURTIS. That is not the point. The gentleman said that there was no tax privilege and I said that there was. The gentleman may say that it does not amount to anything.

Mr. GALLAGHER. That is exactly what I say.

Mr. CURTIS. But the privilege is there. The other privilege does amount to quite a bit; that is the allowances they are given during the time they are in training here.

Mr. GALLAGHER. Mr. Chairman, I cannot yield further. The gentleman had some time earlier and I have answered his question. I have been granted only 5 minutes and if I have additional time I will be glad to yield later.

They call this a benefit to these people, the $75 that is held up until these people finish their term of 2 years. If that tax benefit is viewed in this manner then it is a small advantage that these people are given. I think we ought to talk about some of the things that these volunteers have been doing. There have been six of these people who have already died for their country. There are Gold Star mothers of the Peace Corps, also, I might say. There were two people who died and their sisters took their place. These people are out in the boondocks. Some have contracted diseases that they will have for the rest of their lives.

Some are talking about managing an image. These people have created an image themselves so that it is not necessary for the able staff of the Peace Corps to manage an image. These people have created an image of the good American, like the good Samaritan, in place of the ugly American. The gentleman from Washington [Mr. PELLY] put his finger on this. We have been sending people out into the boondocks to represent the United States with faith, with devotion, with true patriotism. Whether they bring along their soap boxes or not, they are out there living Americanism.

Mr. Chairman, I am unable to see the wisdom of this amendment to reduce the Peace Corps authorization below $102 million.

For one thing, Sargent Shriver came before the House Foreign Affairs Committee and voluntarily cut his request from $108 to $102 million.

He did not have to do this. He could have done as other agencies do and leave in his request a little "fat," knowing that the committee and the House would reduce him. He would then be able to claim that he did not get all he wanted from us.

But once Mr. Shriver determined that he did not need $108 million, he took the initiative and requested the reduction to a figure he says is honest. If the House further reduces that amount, we will be guilty of perpetuating the old shell game whereby the executive branch asks for more than it needs because it knows the Congress is going to cut arbitrarily anyway. Once a man like Mr. Shriver, who has always dealt fairly with the Congress, revises his request on the line of actual need, I think we should accept his request in good faith.

One thing is certain, Mr. Speaker. The Peace Corps will return to the Treasury any funds that are not spent. It gave back almost $4 million at the close of the last fiscal year. How many of our colleagues have heard of an agency indulging in this kind of fiscal responsibility.

I think the Peace Corps should be congratulated for refusing to sacrifice quality for quantity. Mr. Shriver did not bring into service as many volunteers as he estimated last year he might do. Nor did he bring into service as many as he could have. Instead of reaching his estimate of 9,000 volunteers by August 31, he had on board on that date 6,634.

Two reasons account for this. One is simply that the Peace Corps deliberately applied higher standards to the selection of volunteers as the result of research and field experience showing what kind of person makes a successful volunteer. For example, greater stress is being placed upon language aptitude tests as a general predictor of success overseas. The Peace Corps doubled the amount of language training and raised standards of language competence. Standards were raised and made more stringent in matching skills to oversea needs.

Thus, Mr. Chairman, while the number of applicants has tripled, the Peace Corps is selecting proportionately fewer volunteers from the total input.

The second factor in the difference between the Peace Corps estimates and the present number of volunteers is the shortage of available people with the skills in highest demand overseas. Mr. Shriver had requests for more than twice as many mathematics and science teachers as we have sent abroad. The supply of trained agriculturalists also failed to meet what appears to be an insatiable demand. Other scarce skills are in great demand: Engineers, geologists, doctors, and nurses, to name only a few.

The Peace Corps could have chosen to respond to requests for programs with skills which are more easily filled than those which the countries particularly requested. Or it could have chosen to relax its selection standards. Either choice would have enabled it to meet on time the estimates made to the Congress last year. But neither choice would have produced the kind of Peace Corps Congress has supported enthusiastically the past 2 years. Mr. Shriver chose not to compromise. As a result, he turned money back to the Treasury and on his own initiative reduced his estimates for next year.

I think he should be congratulated—and supported.

Now we come to the argument being offered that the Peace Corps should be cut anyway—that it is growing too fast, that it is getting too big.

But what do we mean by "too big"? Too big for the need abroad? Too big in light of the poverty, illiteracy, and disease overseas?

Too big in the light of the intensity of communism's efforts overseas to project its image to the people of developing nations?

Too big in the light of America's need to express its basic principles on a people-to-people basis in the villages of the world?

No, I cannot believe it is getting too big.

Certainly you can vote to cut more money from the authorization. But let me point out some of the effects that such a cut would have.

First. In Latin America the forgotten rural villages, villages that official economic development plans have not included yet, would be forsaken if it were not for the Peace Corps. More than 300 volunteers will be returning from these obscure communities next summer after having helped these people—who were formerly considered helpless—take what has usually been their first step of progress: A town meeting, a public shower, a clean well, or just a new pair of rawhide sandals to protect against hookworm.

With the funds requested the Peace Corps must do more than just replace these volunteers. Over 700 more are included in the $102 million request. Each of these volunteers is in answer to hundreds of new requests for one volunteer. In Central America last week, a mayor from a town of 400 people found his way into the country's capital city—the first trip he had ever made. He had heard of the Peace Corps from a neighboring village and his townspeople petitioned him to ask for one for their community. He had to sign his request with an "X." The Peace Corps hopes to fill his petition from its expanded program next summer.

Second. Perhaps the greatest impact of the Peace Corps in Latin America has been through its work in the slums which ring almost every Latin city. Here misery is at its starkest, the downtrodden are most accessible to Communist propagandizing, the people are the most desperate and forgotten. The Peace Corps is unique in its work in these areas because the volunteers have not been afraid or ashamed to move in with the slum dwellers and share their problems. Volunteers are living as members of the Latin slum communities, often without plumbing, electricity, water, heat, or light. Where other programs give money or send people in from the outside to help by the day, the Peace Corps volunteers are inside, taking part in the total lives of the residents.

No program has caused more aggravation to the Communists than the Peace Corps. Agitators have threatened the volunteers to get them to move out; others have spread false propaganda among the people about them. In Arequipa, Peru, it was said that volunteers involved in a Public Law 485 school feeding program were poisoning the children; the reidents, who had been living and working side by side with the volunteers knew better. They awarded the Peace Corps the annual silver medal of the city for service to its residents. From Cuzco came another citation for "incomparable service."

The Peace Corps presently has more than 400 volunteers in urban slums working in Latin America and has plans to put in 489 additional volunteers mostly in new projects this spring and summer with the funds it requested. Any diminution of funds will mean a corresponding cut in this vital program.

The Peace Corps has just recently opened up the field of university teaching in Latin America to volunteer participation. It now has 137 volunteers in 40 universities in 7 countries—Venezuela, Colombia, Bolivia, Peru, Jamaica, Dominican Republic, and Costa Rica, plus 28 in training. There are 245 more firm requests for university teachers in this vital field of training tomorrow's leaders in Latin America, requests that could not be fully filled if the Peace Corps funds were drastically cut. The Peace Corps has been invited to send university teachers to Chile and more to Venezuela where crucial elections will be held during the coming year. Other requests come for first programs in Ecuador, Brazil, Guatemala, Honduras, El Salvador, and Panama, while requests for additional volunteers have come from Colombia, Bolivia, Peru, and, as mentioned before, Venezuela.

These Peace Corps university programs have demonstrated that they hit the Communists where it hurts, among the intelligentsia of the country. The Communists already tried unsuccessfully to organize a national student strike to remove the Peace Corps from the universities in Peru. The leftist tendency of the Latin American university populace is well known—it was students that spit on Vice President Nixon when he was in Peru. The opportunity to expose the Latin students to Peace Corps volunteers should not be lost for the saving of a few pennies.

Fourth. The Peace Corps has made a most dramatic impact on Bolivia. President Paz, during his recent visit to the United States, called the Peace Corps volunteers the most democratic and most warmly received Americans ever to arrive in Bolivia. He said that they are also the hardest workers. At present there are only 123 volunteers in Bolivia but the full funds requested will allow a growth to triple that number by next summer. The Peace Corps has undertaken a major health project and is also active in the fields of agriculture and university education. More are needed to continue this work. Additional volunteers are needed to continue the modernization of a leper colony. The activities of the Peace Corps have stimulated similar activities on the part of a Bolivian Peace Corps. Many future, joint activities have been planned. To curtail this work—which has been more productive both economically and socially than other projects in Bolivia costing far more money—would be foolhardy.

Fifth. Most of Nigeria's population of 40 million people are engaged in subsistence agriculture. Here is a country three times the size of Italy, well endowed with natural resources, which is still not feeding herself adequately. The Peace Corps has repeatedly received requests for volunteers to help in improving agricultural practices, but until now has had to restrict itself to the field of education.

This summer for the first time, the Peace Corps will attempt assistance in this field, which is so directly related to the welfare of Nigeria's people. Volunteers working in agriculture will meet and get to know a whole new section of the Nigerian people.

Nigeria has put the highest faith in America by welcoming volunteer teachers in increasing numbers into her secondary schools and universities. The Peace Corps now has an opportunity to confirm that faith by sharing America's agricultural knowledge with Africa's largest nation. To cut this program with its impact would indeed be false economy.

Sixth. For the past year and a half, 16 Peace Corps volunteers assigned to rural construction in Sierra Leone have pioneered the field of self-help community development in Africa. Working with the local chiefs and voluntary village labor, they have laid out roads, helped to build bridges and culverts, schools, and water systems. Their pilot project has been so successful that a Cabinet-level resolution has just been passed requesting that the number of volunteers be doubled and their activities greatly expanded from its base in the northern province to include all three provinces of the country. In conjunction with this, the rural development budgets in each of the country's 12 districts have been tripled. One provincial secretary made the significant point that Peace Corps teams work successfully in remote areas where private contractors will not even bid for jobs and where sorely needed rural development projects cannot otherwise be undertaken, even with the funds available.

In addition the first Peace Corps medical project in Sierra Leone was such a success that the Government of Sierra Leone has requested the Peace Corps to set up public health programs throughout the particularly underdeveloped sections of that country. It is a tremendous opportunity to make significant inroads against disease in that country.

Seventh. What will this proposed cut do to the Peace Corps in Thailand?

The Thailand malaria eradication program has reached a critical stage. The existing program is already losing ground to the disease due significantly to a lack of middle-level manpower at the village level. The Government of Thailand has asked the Peace Corps for 30 volunteers to assist in this program at a vital level, as field organizers and workers.

Through a house-to-house, person-to-person program, the volunteer, by spending 20 days of every month in the field, will be the keyman in field logistics, action, and followthrough.

The volunteer will be the only American in a team of Thai who work right in the villages. The United States is thus identified directly with the program and its results. Credit for U.S. participation in malaria eradication could easily be lost if our role was limited to supplying equipment and high-level technical advice.

Villages exist today where one or two members of every family are afflicted by the disease annually. There are areas where the incidence of the disease is on the increase. However, the urgency of completing the attack phase is not limited to measurement in medical terms. Emphasis on the program provides a demonstration of the Thai Government's interest in areas notably vulnerable to Communist ideologies originating north of the Mekong.

Eighth. What will a cut do to the Peace Corps program in Malaya?

The Government of Malaya has a program in progress to provide land to those who have never owned land. This homesteading project grew out of a realization during the Communist insurrection that landownership had a direct bearing upon stability and progress.

Thirty thousand acres have been set aside for this propose in 38 homestead schemes. Approximately 600 families are being resettled in each location. The settlers are provided with approximately 30 acres of land.

Full title passes to the settler after 7 years. Peace Corps volunteers have been assigned as assistant administrators in these projects. During the projected fiscal year the Government of Malaya has based its plans for opening new schemes upon the arrival of some 30 Peace Corps volunteers. If these volunteers are not sent to Malaya it is estimated that the homesteading could be reduced by 1,800 families during the next 2 years. This could have a disastrous effect on internal stability in that country.

In like manner, the Government of Malaya has planned to open new rural health centers on the assumption that some 30 volunteer nurses will arrive. Each of these health centers is scheduled to service a population of approximately 20,000. If the nurses do not arrive, the new health centers will not be opened. It is as simple as that—600,000 people will be deprived of even rudimentary medical care.

Ninth. A cut in the $102 million requested would jeopardize the program of providing 83 volunteers to work programs directly bearing on the success of the crucial land reform program in Iran.

In Iran the Shah's land reforms are at the head of his so-called revolution of peaceable progress for Iran. In this nation on the border of the Soviet Union, a vast land reform program is changing the age-old relationship of serf to landlord. For the first time in centuries, many Iranian peasants own the soil which they have hitherto tilled for others or sharecropped. The Shah in large measure has staked his personal future and that of his western-oriented regime on the success or failure of this program of land reform. However, there is an acute shortage of trained men, and of men with the basic practical know-how. To help in this crucial effort, the Government of Iran has requested Peace Corps volunteers to work in the following fields:

A pilot group of 30 volunteers to assist in the expanding community development program.

Sixteen volunteer American farm boys to demonstrate their skills and instruct in general agriculture, livestock, and poultry and farm mechanics.

Twenty-four volunteers to work as assistants to extension agents in two Provinces where the Iranian Government is putting on a concentrated campaign of agricultural betterment.

Thirteen volunteers to do demonstration work on experimental farms.

We cannot afford for these programs to be curtailed or dropped.

Tenth. After 2 years of constant scrutiny, and after carefully evaluating the performance of the Peace Corps volunteers, the Afghan Government has requested 20 teachers, a number of whom will be assigned outside Kabul in major provincial towns, to broaden the impact of the English secondary education program. They will teach Afghan students and work closely with Afghan English teachers to upgrade their skills. The proposed cut in funds might destroy this program and eliminate the tremendous opportunity to send American Peace Corps volunteers to outlying areas in Afghanistan.

The Government of Afghanistan has long been reluctant to allow westerners into that country, and especially into areas outside Kabul, the capital city. Peace Corps volunteers in other Asian and African countries so impressed the Government of Afghanistan with their skills and desire to serve that Afghanistan officials requested a small group of nine volunteers, nearly 2 years ago, to assist with its health, education, and mechanics programs in Kabul. After carefully observing these first volunteers for over 6 months, they requested about one hundred additional volunteers to work in printing, English teaching, engineering, public administration, and agriculture. Still, the Government remained reluctant to send volunteers into areas outside Kabul.

It has taken over a year for the Afghan Government to become convinced that the Peace Corps could make a substantial contribution to the growth of the country as a whole—not just the capital city. Now that Afghanistan has finally concurred, it could be disastrous for the entire future of the Peace Corps in that country if we were not prepared to respond to their request to move outside Kabul.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. MORGAN. Mr. Chairman, I yield 1 additional minute to the gentleman from New Jersey.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from California [Mr. Roosevelt].

Mr. ROOSEVELT. May I say to the gentleman that I was astounded to hear that what the Committee on Ways and Means did for the members of the Peace Corps was a special privilege to the members of the Peace Corps. It was to correct an inequity. It was not to give them a special privilege. It was simply to make it possible for them to be on the same basis as any other citizen of the United States and merely not to penalize them because they received a lump sum at the end of the year.

Mr. GALLAGHER. That is exactly right. I thank the gentleman for his comment. Instead of this being a special privilege, it is a small thing, in my opinion, that we could give to these people who are participating each day in a great drama throughout the world.

Mr. Chairman, through this program we are helping to eliminate poverty, at no great material reward to the members of the Peace Corps themselves. We are helping to eliminate disease and misery. These are the people who are the new image of the United States and who are projecting of themselves this image through dedication and through the faith that they have in the great system that we here are privileged to represent in this Congress.

So, Mr. Chairman, instead of asking about the great mystery of the Peace Corps, it is a simple thing. There is no mystery about it. They are living Americanism. They are showing people who never heard of America what democracy really means.

Mr. Chairman, I urge the adoption of the bill.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'Hara].

Mr. O'HARA of Illinois. Mr. Chairman, peace. We pray for it. Then comes the mention of war and we vote $49 billion without the blinking of an eye. Then comes peace again, the peace we pray for, and the shouting starts. Why? Why do some run away from that for which they pray?

Mr. Chairman, I hope there will be no misunderstanding of the position of the three Members who signed the dissenting minority report. They are against the Peace Corps, period. The Peace Corps bill came up in 1961. The gentleman from Illinois, my beloved friend [Mr. Derwinski], made a speech against it and said he was going to vote against it. He did vote against it. My beloved friend, the gentleman from Iowa [Mr. Gross], made a speech. He attacked the bill. He was against the Peace Corps. He voted against it.

At that time the great statesman from Wisconsin, my dear friend, the gentleman from Wisconsin, Governor Thomson, was not a Member of the House but since he has been I have noticed that he follows pretty closely the leadership of the great statesman from Iowa.

Mr. Chairman, I cannot answer the arguments of these distinguished Republicans as well as did another Republican of towering stature in this very well in September of 1961.

Mrs. Church served as a member of the Committee on Foreign Affairs for 11 years. She always voted against foreign aid. She was sincere in that. She believed in foreign aid. But she wanted a perfect type of foreign aid. So, every year she voted against the program. But when the Peace Corps concept was presented, Mrs. Church came into this well and in one of the most stirring, emotional talks to which I have ever listened she supported the bill. At last she had found in the Peace Corps what was to her foreign aid in the full blooming of perfection. She answered directly the gentleman from Iowa [Mr. Gross].

Mr. Chairman, may I read from the speech of Mrs. Church in this well on September 14, 1961, answering the gentleman from Iowa [Mr. Gross]?

> Mrs. Church. Mr. Chairman, it is not easy to follow the gentleman from Iowa [Mr. Gross] and to find one's self immersed in the aroma which he sheds upon those who support this bill. Neither is it easy to accept as a definition of what I believe to be a magnificent example of American youth, the appellation of "Kiddie Korps," the charge of the gentleman from Iowa [Mr. Gross].
>
> Mr. Chairman, this program is as American as Boston beans and apple pie. I would say to all those who call this a hairbrained scheme for a kiddie corps, you are doing the youth of America a great injustice. Yesterday, I heard someone say, "What could a hairbrained youngster just out of college do in the jungles?" I thought back, Mr. Chairman, to 1941 when an earlier generation of young boys proved that they could master the jungles where they died, in war. I want our generation of youth to go out

in the world and show their willingness to give, in living. American? Of course, it is.

Mr. Chairman, I would add just one more word. As the gentleman from Michigan indicated, there were indeed 10 crusades that failed of full or final accomplishment. I know that. I also know that 20 centuries, as he said, have passed since the words first were spoken: "Peace on earth, good will toward men." But despite all the failures, Mr. Chairman, the truth and hope remain—the dream of peace on earth and good will to men still exists. The crusades are still going on.

It means much to me in this day and generation that young people still have a dream; that American young people still have a willingness to sacrifice; and that we, in this country, have a chance to go out and proclaim our true selves to a world that sees us only as spending dollars for projects and guns; that sees us building up for ourselves a reputation for materialism that will be hard to dispel. As I say, Mr. Chairman, it means much to me that we have now a chance to go out and say, "Here is something new—here is what we really are." Let us say it to the world—and say it to ourselves. For all of that is involved—in the Peace Corps.

This was the answer, Mr. Chairman, of a great Republican Congresswoman to some of her fellow Republicans who opposed the Peace Corps in 1961, the same members of her party who still oppose the Peace Corps. The words of the Honorable Marguerite Stitt Church spoken in this well over 2 years ago are as current today as they were then.

The Peace Corps is America in her highest and noblest expression. I have the faith that the pending bill will be passed by an overwhelming majority and in the exact form reported out by the Foreign Affairs Committee, with just two dissenting votes.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. Gray].

Mr. GRAY. Mr. Chairman, I am interested in seeing the United States end some of its foolishness in Latin America and get down to some hard-core business. Castro and the Communists are working very hard in that area. They are blanketing the villages and towns of the region with agents who have in fact begun to twist the minds of local residents.

But there is one thing they did not reckon with. They did not expect that young Americans, Peace Corps volunteers, would be in the same villages and towns. They did not know that these Americans would be in the fields with the villagers showing them that man can do things for himself. Proving that the schemes and promises of the Communists are empty when one can learn to grow corn as a cash crop.

As one example, in a small Peruvian village the people were disillusioned. They were poverty stricken and very much willing to listen to local Communist leaders, but two young Peace Corps volunteers moved into the area as part of a community development program. They observed the natives weaving blankets for their own use. No one had thought of selling these crafts on a retail basis, and the volunteers, products of the free enterprise system, suggested it. They helped the local people to market a few blankets in the nearest city, and soon, through contacts the two volunteers had established, these villagers had a thriving business and were in fact exporting their wares to this country. The Communists cannot fight that kind of example. In fact they do not know what to do.

The Communists first reacted to the presence of Peace Corps volunteers by railing about them at every opportunity. The volunteers were called CIA spies, and undercover military men. These young Americans were harassed by the Communists in many areas of Latin America. But the volunteers did not back down They continued to work with the people. Such good will was established, that every time the Communists criticized the Peace Corps volunteers they were in danger of incurring the wrath of local villagers.

Mr. Chairman, this is the kind of program that makes the Communists look foolish. They cannot duplicate it because only a free society can make it work. They cannot criticize it too much any more, because the local inhabitants believe in the volunteers. Finally the Communist lies look ridiculous when a Peace Corps volunteer succeeds in showing his hosts how to help themselves.

This is the way to fight the Communists, and the people who are doing such a great service for their country deserve every bit of support we can give them. This is no time to cut back the Peace Corps. Their effect should be heightened. And this is exactly what Mr. Shriver and his staff intend to do. They are asking for more money to double the number of Peace Corps volunteers in Latin America. They want to put 5,000 of these Americans into that area. One American, Mr. Chairman, who lives in a Latin American village is well worth our investment in him. No effort to make developing nations self-sufficient has been quite so successful.

Let us not give Castro the key to every door in Latin America. The Peace Corps volunteers are slamming the door in his face.

I strongly urge the passage of this legislation today and commend my distinguished friend and chairman of the Foreign Affairs Committee, the gentleman from Pennsylvania [Mr. Morgan] and the members of his committee for their great work in this and other fields of our foreign affairs.

Mr. HALPERN. Mr. Chairman, I rise in enthusiastic support for this legislation, H.R. 9009, authorizing funds for an expanded program for the Peace Corps in fiscal 1964. I am privileged and proud to have been an early supporter of the Peace Corps, and to be a stanch advocate of its purposes, aims, and programs. I sincerely urge my colleagues to resoundly approve the legislation before the House today, not only in recognition of the difficult job remaining to be done in the future by the Corps, but also as a vote of confidence for the outstanding work this young agency has already achieved in contributing toward the improvement of world social and economic conditions and in the laying of a foundation for world peace.

Mr. Chairman, we have been hearing today about the notable accomplishments that the Corps has carried out abroad. We have heard of improved farms, schools, roads, health conditions, water, and sanitation facilities overseas. And I think it is only proper that we emphasize these splendid accomplishments, for they have truly enabled other nations to see this country in a new light, as one that not only talks about being a "good neighbor" but, more importantly, acts as a good neighbor in assisting other countries when they call on us for aid.

But I would like to place my emphasis on another aspect of the Peace Corps accomplishments, in addition to the acknowledged good it has done abroad. I would like to commend the Corps for its inspiring example of the vitality, imagination, and spirit of the young American volunteers. This is the part of the Peace Corps story that pleases and impresses me so greatly. All of us in Congress know the time and effort we spend in programs to aid our youth, the bills to fight juvenile delinquency, prevent school dropouts, provide job training, and other assistance. I recognize the value and need for such programs, and have always supported legislation of this nature. But today, in considering the Peace Corps program, it is like a breath of fresh air, and a heartening reassurance of the fine quality of our people, both young and old, who have made such a good record as volunteers in the Corps. I think it is most encouraging to note that this year there are three times as many applicants for Peace Corps work overseas as there were last year, and many of them are young people, in spite of the fact that a great number of available posts are "hardship" in terms of health, housing, social, and recreational benefits. This volunteer spirit for hard work truly makes me proud of our young people and our older volunteers, and it reaffirms my faith in the pioneer spirit of our people. It is heartening to know that the pioneer spirit in America is not confined to television presentations of days gone by when our country was young, but is still very much alive in the spirit of our people of today.

Mr. Chairman, I would like to see this legislation approved and the program of the Peace Corps expanded, until every oversea plea for for assistance can be met, and every dedicated, qualified American volunteer can be utilized. Each step in that direction, I believe, is desirable and proper, and thus the bill before us is worthy of our approval.

Let our critics take note, and let our Communist adversaries pay heed. No one is going to "bury us" and, indeed, our adversaries will find it difficult to even keep pace with us when we have the imagination, courage, energy, and spirit so amply displayed by our Peace Corps volunteers.

Accordingly, Mr. Chairman, I would like to see us approve this program with optimism, for it has proved itself a great benefit to our Nation in the difficult world conditions that we face today. This Peace Corps program is small in comparison to many that come before this body, yet it is big in past accomplishments and future goals. Let us by our affirmative vote today express our approval of these past accomplishments, and our confidence in an even more effective and far-reaching Peace Corps in the future.

Mr. MATSUNAGA. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts [Mr. Boland] may extend his remarks at this point in the Record and include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. BOLAND. Mr. Chairman, I rise in support of H.R. 9009, authorizing $102 million to finance the operation of the Peace Corps during fiscal year 1964. The opponents of this legislation claim they are uncertain of the accomplishments of the Peace Corps, but they are acutely aware that it is a burgeoning bureaucracy. I do not know what they want as proof of accomplishments. Newspapers throughout the United States and throughout the world have endorsed the Peace Corps and praised its members for their zeal, idealism, and accomplishments. I have inserted many of these editorials in the Record for my colleagues to read, over the last 2 years.

One of the outstanding and most glowing tributes to Peace Corps achievements was printed in the respected Times of London on the first anniversary of the Peace Corps. The article was by Alec Dickson, founder of the Voluntary Service Overseas, who traced the ideological thrust of the Peace Corps back to the British hopes of Carlyle and Ruskin a century ago, and to the self-sacrificing examples of the late Dr. Tom Dooley in southeast Asia, and the adventurous and courageous "Crossroads Africa" operation under the dynamic Negro pastor, Dr. James H. Robinson.

Mr. Chairman, it seems to me that one of the measures of success of the Peace Corps is that the countries in which the Peace Corps is in operation have requested more volunteers, and additional countries are seeking Peace Corps assistance. Also, the number of qualified applicants is larger than ever, even though the standards have been raised, and there have been no incidents which have made the conduct of our foreign policy more difficult. In the short period that has elapsed since its beginning, the Peace Corps has already made a significant contribution to the attainment of U.S. foreign policy objectives.

Mr. Chairman, as the Peace Corps operation has expanded and the number of volunteers has increased, the portion of the Peace Corps costs devoted to administration has declined. This does not point to a burgeoning bureaucracy. Remember there have been three times as many applicants this past year as a year ago for Peace Corps volunteers. If the level of funds requested in this bill, $102 million, is made available for fiscal 1964, it is estimated that only 19.9 percent, or $20,300,000, will be used for administration and the remainder will go to support volunteers. Last year, fiscal 1963, 28 percent of the funds available were utilized for administration.

Finally, Mr. Chairman, much of the credit for the success and achievements of the Peace Corps during its relatively short span of over 2 years of life must go to Sargent Shriver, the energetic and enthusiastic Director of the Peace Corps. Mr. Dickson wrote of Director Shriver in the Times of London:

> The Peace Corps may be a Government agency, but it is Mr. Sargent Shriver's strong personality, in a way an extension of the President's, that inspires and dominates the organization, unvitiated by considerations of what is administratively convenient.

Mr. Chairman, I think that the Peace Corps has been a success and has accomplished much by helping the peoples of underdeveloped countries meet their need for trained manpower, and by promoting a better understanding of the American people, and the objectives of American foreign policy. And I feel that Director Sargent Shriver is to be commended for these successes. I do not agree with the critics of the Peace Corps and I do not think that this legislation to authorize $102 million is excessive and unwarranted.

Mr. MATSUNAGA. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee [Mr. Fulton] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. FULTON of Tennessee. Mr. Chairman, I rise in support of the Peace Corps for one reason—it is giving the taxpayers their money's worth.

For example, four Peace Corps volunteers from my hometown of Nashville are serving as Peace Corps teachers in Africa and Latin America. They get $75 a month which is part of a readjustment allowance, and a small living allowance. I do not think their services can be duplicated at that price anywhere in the world. Moreover, all four are teachers and there is a better than even chance, according to a Peace Corps survey, that they will return to Nashville and enter the teaching profession. I consider that a bargain.

Some of our finest young men and women have gone to the far corners of the earth in the service of their country. I think they deserve every bit of support we are able to offer them. It is one thing to cut back on programs that have not worked out as intended, but here some very talented Americans have gone out, many times under very difficult conditions, to offer a living example of our way of life. They have done just that. They have impressed people around the world with the dynamic possibilities of democracy and the free enterprise system. I think we should emphasize this kind of effort. For a long time we have searched for the means to show developing nations throughout the world the inherent advantages of our way of life. The Peace Corps is doing just that in a manner that has exceeded all expectations.

Mr. Chairman, I, for one, want more of the same. I think this is the reason that the Gallup and Harris polls both show three out of four Americans enthusiastically supporting the Peace Corps.

Mr. REIFEL. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. Alger] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. ALGER. Mr. Chairman, insufficient information is no basis for almost doubling the Peace Corps funds. No public witnesses but one—and only administrators boasting of the program's success. Yet little specific data is given.

Basically, these efforts should be in the private sector, not Government. Evidently, few of the Peace Corps proponents recognize that private help through missionary and educational efforts is one thing and Government programs are another. Government effort at best becomes socialism; private help is not. Government-to-government help is socialistic in implementation. Neither can government extend charity. Charity is private, person to person, not by government aid.

The do-gooders, of course, have let their enthusiasm run away with their judgment. How much Peace Corps aid is going to Socialist countries, to countries that subjugate their people; as example, to those countries where there is no religious freedom; also freedom of speech, assembly, and press. Or are we not to question those with stars in their eyes over their visualized goals?

Where are those who know of the success of missionary and other private efforts? Why are we denied this information? The Committee on Foreign Affairs is ill prepared to give us the data we need.

The material in report and hearings does not give us the data we need—what the cost is by country, by workers, and the projects involved, the successes and the failure. All we have are glowing reports by those running the program.

Too much of the taxpayers' money has gone into publicizing the Peace Corps.

I commend the members who submitted the minority views. Their charges have not been rebutted; namely, first, uncertainty of accomplishment and the burgeoning bureaucracy; second, the self-praise without solid accomplishment; third, overly ambitious target projects; and, fourth, excessive authorization of money.

Finally, I cannot agree that Congress can sensibly approve such a program with so little actual information. For my part, the Peace Corps was and is an unwarranted intrusion into areas properly of the private sector. I hold such activity is unconstitutional, unnecessary, and self-defeating. We encourage Government planning, welfare statism, socialism, and godless materialism, all at the expense of capitalism and basic U.S. spiritual and moral values.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3(b) of the Peace Corps Act, as amended, which authorizes appropriations to carry out the purposes of that Act, is amended by striking out "1963" and "$63,750,000" and substituting "1964" and "$102,000,000", respectively.

AMENDMENT OFFERED BY MR. THOMSON OF WISCONSIN

Mr. THOMSON of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. THOMSON of Wisconsin: On the first page, beginning in line 6, strike out "$102,000,000" and insert in lieu thereof "$81,000,000".

Mr. THOMSON of Wisconsin. Mr. Chairman, to be consistent with the Members who have addressed this body today, I should preface my remarks by saying I rise in enthusiastic support of an amendment to reduce the dollar amount of the authorization in this bill, and with equal sincerity to the enthusiasm with which it is presented.

As everyone has pointed out, the only witness before the committee was the Director of the Peace Corps. He is a real sharp, polished, enthusiastic, suave and articulate individual for his cause. He has done a magnificent job in selling the Peace Corps. You have heard this afternoon all the accolades and eulogies about this Peace Corps program without taking the time to look at what it is costing the American people.

When it began it cost $3 million, with a Presidential directive. Next year it cost $30 million. The next year the authorization was $63 million with $59 million appropriated. This year the request is for $108 million.

I think it is correct to say that this is one of the fastest burgeoning bureaucracies in the Government. True, it is only 2.4 percent of what is being spent on foreign aid. Even with that 2.4 percent it is acknowledged to be the strongest part of the foreign policy of this administration.

But why do I say $81 million is adequate and all that is justified? It is simply this. There is no possibility of more than 9,000 Peace Corps volunteers being enrolled in the next fiscal year. One-half of the fiscal year has already gone. The appropriation will not be available. Six months of the year have gone.

Another thing I waited and listened for in this debate, the last speaker mentioned the fact that many of the Peace Corps members are now finishing their tour of duty. If you will look on page 3 of the testimony, the Director tells us that before next January 1 there will be 700 members of the Peace Corps who will have completed their tour of duty, and during 1964 there will be 3,000 more members who will be completing their tour of duty. I say to you that just replacing these 3,700 members of the Peace Corps will be a better average of enrollment than has been made so far in the history of this infant organization. They are not going to reach 9,000 members, to say nothing about 11,300 members.

Again quoting the Director, they have increased, they have doubled the amount of language training and raised the standard of language acceptance. They have extended the time from 8 to 10 weeks to 10 to 12 weeks, and it is going to take more time to train members of the Peace Corps.

The second reason I want to advance to you is another one given to us by Mr. Shriver, that they have been unable to find, there has been a shortage of available people with certain skills in high demand overseas. Mr. Shriver wants to have the finest kind of Peace Corps and create the best image possible overseas. So he is searching for these people in mathematics, in science, in agriculture, and in other scarce skills that are so badly wanted in these areas that we are proposing to serve throughout the world. So without regard to the praise that has been lavished here this afternoon on this organization, I think that simple prudence in finance dictates that we authorize no more than reasonably will be needed or used by the Peace Corps. Sure, they say they will return it, but I think proper fiscal policies and practices require that this body use a sensible approach, that we do not throw the bars down and open the floodgates for everything that is asked.

Mr. FARBSTEIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have listened attentively to the debate this afternoon and I have read the minority views. So far I have heard no serious objection to the Peace Corps. The only suggestion made here is perhaps we are authorizing a little more than what we should. Let us see whether that is so or not.

You heard earlier in the debate that recruitment has been a little bit difficult because they were seeking to recruit seniors from the various colleges. But that is now being changed and they are seeking to recruit men in the third year of college. Therefore, it is anticipated there will be a greater number of men and women who will join the Peace Corps.

Remember this is a young program. This is an expanding program. I do not think in view of the accolades we have heard here this afternoon that it is our intention to restrict it any more than absolutely necessary

If we had any evidence at all that there was any misappropriation or misuse of funds, then I could understand cutting down the authorization that has been requested. But we have not heard anything of that kind at all. There was only one suggestion—that $9,000 was being spent for bureaucracy.

I suggest to the gentleman who said something about the sum of $9,000 per recruit being spent for bureaucracy that he look at page 18 of the hearings and there he will see a list of the various items for which this $9,000 is authorized in this instance and subsequently appropriated.

The average cost for a recruit is as follows:

Average cost per volunteer

Postselection:	
1. Transportation:	
United States	$200
International	1,200
Travel allowance	33
"Home leave" allowance	60
2. Project equipment and supplies	780
3. Vehicles	$750
4. Housing	1,240
5. Medical kit	25
6. Personal supplies	25
7. Oversea orientation	100
8. Readjustment allowance	1,638
9. Settling-in allowance	125
10. Living allowance	2,625
11. Leave allowance	273
12. Clothing allowance	200
13. In-country travel	225
14. Medical care	315
15. Medical evacuation/emergency leave	210
Subtotal	10,024
Total direct cost for 2 years of service	13,336

So, Mr. Chairman, we know that there is no idea of anybody doing anything wrong in connection with the use of any of these moneys.

As a matter of fact, the minority views claim that there are no accomplishments and they claim that most of these accomplishments are by public relations, that we have no evidence of accomplishment in fact.

What accomplishments can we exhibit?

Do you want us to tell how many pupils are being educated in these various countries?

Do you want us to tell how many rows of corn have been planted in various countries?

Do you want us to tell you how many children have been taught farming or how to build or to do various other things that it is the purpose of the Peace Corps to do?

No, Mr. Chairman, I have not heard anything at all in opposition to the Peace Corps. I do not believe, in view of the history of the Peace Corps in turning back unused moneys that they have received, that we should in any way seek to restrict them in their effort to develop a good image of America. This has been best explained in the letter which was written by a distinguished Catholic prelate and read by the distinguished gentleman from Massachusetts [Mr. O'NEILL].

It seems to me that this is something we can be proud of, and something that we can throw our chests out about. We can thus show that by this people-to-people program we are creating an image of America that is certainly a wonderful image. If anything, it seems to me that we ought to grant them all that they want and even more rather than restrict them in connection with this authorization.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS as a substitute for the amendment offered by Mr. THOMSON of Wisconsin: On page 1, strike out lines 6 and 7, and insert in lieu thereof the following: "substituting '1964'."

Mr. GROSS. Mr. Chairman, my amendment would simply bring this bill back into financial perspective. It would provide for the authorization given to the Peace Corps last year—$63,750,000.

Someone referred to the fast expansion of this organization. In 1960, 3 short years ago, Congress appropriated $10,000 for the Peace Corps. In 1961, the Peace Corps was allocated $1,620,000. In fiscal 1962, $30 million and last year the Congress appropriated $59 million. Yet, we are asked here today to authorize $102 million—when the spending last year was $55,130,000 out of a $59 million appropriation.

Now what has the Peace Corps been doing in the way of spending since the beginning of the new fiscal year on July 1, 1963?

For the 4 months up to October 31, 1963, it has been obligating at the rate of approximately $19.5 million. This simply means they have been obligating under the continuing resolution at a rate of some $5 million a month. On a basis of 12 months that is $60 million. As the gentleman from Wisconsin pointed out in behalf of his amendment, 6 months of this fiscal year will have gone by before this bill is signed, and whatever appropriation is made to implement it. Six months of this fiscal year will have passed into history. Yet you ask here today for $102 million. How in the world can the Peace Corps possibly spend $102 million in 6 months? How can it spend even $80 million or $81 million, as the Thomson resolution would authorize? There is nothing in the RECORD that shows they could possibly do this, because, I say again, they are obligating today at the rate of less than $5 million a month.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes. I yield to the gentleman.

Mr. DOLE. Are there any countries which have accepted Peace Corps members not now receiving foreign aid? Do you know of any such country not receiving foreign aid, or for that matter do you know of any country, period, not receiving foreign aid?

Mr. GROSS. I do not know of any country either way.

Mr. DOLE. When Peace Corps men come home, are they permitted to purchase foreign cars to bring back to our country?

Mr. GROSS. I suppose if Members of Congress can purchase foreign cars while on foreign junkets, they can. I do not know. I cannot answer the gentleman's question as to whether they can import Mercedes-Benz automobiles or not. Members of Congress who have taken trips abroad and bought automobiles ought to be able to answer.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield? The places where these people go do not manufacture cars. In fact, they manufacture nothing.

Mr. DOLE. They may have an opportunity on the way to or from to buy foreign automobiles.

Mr. GROSS. They go through Paris and London, do they not, to and from their assignments?

Mr. GALLAGHER. No, they do not.

Mr. GROSS. Where do they go?

Mr. GALLAGHER. They go to Nigeria and Libya and Peru and Bolivia.

Mr. GROSS. And they also go to Africa.

Mr. GALLAGHER. Yes. They also go to Africa.

Mr. GROSS. And they go through Rome, do they not?

Mr. DOLE. What about the recruiters? I know last year there were stories about Norman Snead receiving $75 a day. It never transpired, but is there any extra payment for well-known recruiters in this program?

Mr. GROSS. I do not know about that, but I know they had a swimming coach hired on a consultant basis very conveniently during the months he was not employed at Alabama University. He was teaching Peace Corps members how to swim in Puerto Rico although they already had a swimming coach on the permanent Peace Corps payroll.

Mr. GALLAGHER. Will the gentleman yield further?

Mr. GROSS. I will yield to the gentleman, but do not take quite all my time.

Mr. GALLAGHER. No. I will take just about 2 seconds.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MORGAN. Mr. Chairman, I am not going to object to the request of the gentleman from Iowa, but if there are any further requests, I will be constrained to object.

The CHAIRMAN. Without objection, the gentleman from Iowa is granted 5 additional minutes.

There was no objection.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. GALLAGHER. Since the gentleman is making these charges by innuendo, I think it would be incumbent on him to produce the proof, if he has any, at this time about these Peace Corpsmen purchasing automobiles.

Mr. GROSS. The gentleman from Kansas did not say they did; he asked the question.

Mr. DOLE. I did not say they did.

Mr. GALLAGHER. The innuendo was they are profiting by their travels, and I think the United States is profiting by it as well as the participating countries and not them.

Mr. DOLE. If that is the inference the gentleman draws, it is his privilege; however, I am only seeking information. With reference to the Peace Corps generally, let us not forget we have troops all over the world and could properly refer to our young men and women in the Armed Forces as the heart of our Peace Corps. Certainly they also do good in the world, but it is often overlooked. It is difficult to find out anything except the public relations type material as set out in the second annual report to Congress. This is the type booklet we use in running for reelection. It contains everything good about the Peace Corps and little else. It is simply a campaign-type document. Almost every time you turn on the radio somebody is singing praises about the Peace Corps. Nearly every time you pick up a paper, there is a glorified story about the Peace Corps. When will the cost reach a billion dollars, or better yet, when will the committee thoroughly and objectively study the actual progress of this program? Popularity of a program, based on a massive public relations effort does an injustice to Peace Corps members and the general public.

Mr. MORGAN. Mr. Chairman, will the gentleman yield for a brief question?

Mr. GROSS. I yield.

Mr. MORGAN. Mr. Chairman, I have heard a lot of praise here, but very little specific criticism. If there is anybody who knows anything bad about the Peace Corps, here is the place to say it. If there are unfavorable facts to be cited they should be brought out and discussed.

Mr. GROSS. All right, I want to offer a little of that criticism here and now. I cannot for the life of me understand why we have a single member of the Peace Corps in Indonesia to help Dictator Sukarno. I cannot understand why the Peace Corps is in four British territories around the world. Why are we supplying Peace Corps representatives and paying them to help the British? Presumably they have their own Peace Corps; if they do not, they ought to have one. What are we doing in British territory? Why is the Peace Corps in Ghana with one of its largest contingents? Ghana is ruled by Nkrumah, a Communist-loving dictator. I have no words that would properly describe that tyrant.

Mrs. FRANCES P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Not at this time. His newspapers are constantly branding the Peace Corps members as spies and subversives. What business have we with any Peace Corp members in Ghana until that situation is straightened out?

The Peace Corps does not need all of this money. Let them take the Peace Corps out of countries and put them into countries, if this program must be continued, which have governments that are representative of the people.

There is also a Government-financed drive in this country to provide jobs for members of the Peace Corps when they return. I have yet to hear of any drive to provide jobs for volunteers in the Army or Navy or Marine Corps. Why spend money on a drive to provide jobs for members of the Peace Corps when they come home when we do not do this for members of the armed services? What makes members of the Peace Corps such special characters?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. GALLAGHER. I think there is a recruiting office in most of the cities of the country.

Mr. GROSS. Are they supplying discharged servicemen, who were volunteers in the armed services, with jobs? Can they go there to get jobs? You are setting up a machinery in this country to make sure that every returning Peace Corpsite who has served only 2 years will be helped to get a job.

Mr. GALLAGHER. I think these people have rendered a great service, and when they return to the United States, with the experience that they have, they are qualified for a job.

Mr. GROSS. Why do we not have a campaign to provide jobs for the volunteers in the military services, when they return home?

Mr. GALLAGHER. We have. I introduced a cold war Peace Corps bill to take care of that.

Mr. GROSS. Can the gentleman tell me where you have such a service; a special setup to provide jobs to armed services volunteers after their discharge?

Mr. GALLAGHER. Every city helps returning veterans to get jobs.

Mr. GROSS. Why not send the Peace Corps to the employment offices? Why a priority for them over a young man who has volunteered to fight and die for his country?

Mr. GALLAGHER. We are trying to keep down unemployment.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. JOHANSEN. Can the gentleman say whether there was any information provided the committee that if the full appropriation including the increase involved is granted, what will be the increase in the number of employees at the higher levels in the agency?

The CHAIRMAN. The time of the gentleman from Iowa [Mr. GROSS] has expired.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

In so doing, and in response to a criticism that was made earlier, I would like to include in the RECORD the factual side of certain allegations about volunteers purchasing foreign cars cheaply. The Peace Corps volunteers do not get the $75 per month until they return to the United States.

Mr. Shriver wisely urged that the pay be withheld so that they could not bring back a lot of purchases. They do however bring back an experience that will enrich our country.

Mr. Chairman, I have heard it alleged that the Peace Corps is just one more mushrooming administrative superstructure in the executive branch. As a longterm supporter of the Peace Corps, I must admit that I, too, was concerned about the possibility that it would become a victim of that disease which plagues so many agencies—burgeoning bureaucracy. As a result, I have watched its administrative development closely, and I am pleased to be able to point out that exactly the opposite appears to be the case.

The Peace Corps has done an outstanding job of controlling its administrative development and restricting what growth there has been to essential areas. A few historical examples should show what I mean. In fiscal year 1962, some 33.3 percent of the Peace Corps' total obligations were for administrative costs. In fiscal year 1963, this figure was reduced to 28 percent. And in the current fiscal year, administrative expenses constitute less than 20 percent of the total Peace Corps budget. This does not strike me as an example of mushrooming administrative costs.

I have also been impressed with the specific trends within this general picture. On June 30, 1962, there was one Peace Corps staff member to every four volunteers. One year later, there was one Peace Corps staff member to every seven volunteers. And the Peace Corps' estimates for June 30, 1964, anticipate a ratio of 1 staff member to every 10 volunteers. I doubt whether any other agency can match that record of increasing efficiency in administration.

Just in case anyone thinks that these comparisons are all the result of statistical gamesmanship, let me call your attention to one simple fact: The size of the Peace Corps staff has declined, in absolute as well as in relative terms, in recent months.

The Peace Corps has selected and trained over 7,000 Americans for service to their country and now supports their activities in 46 nations around the world. The global scope of its operations and the many problems which face an agency which is without precedent in the U.S. Government have made its task doubly formidable. Yet the Peace Corps chose to meet its challenges with imagination and dedication rather than to rely on the dubious technique of a large staff supported by a fat budget.

The Director of the Peace Corps is a businessman, and I am delighted that he is running his agency according to sound business principles. Under his direction the Peace Corps is serving as a shining example of efficient operation at minimum cost.

I want to refute the argument that the Peace Corps has improperly expanded since June 30, 1963, during the period it has been operating under continuing resolutions.

For fiscal year 1963 $59 million was appropriated for the Peace Corps. Between $43 and $44 million of this amount was available for program expenses, the operating portion of the Peace Corps' budget.

Under the continuing resolutions the Peace Corps may obligate funds at a rate for operations not in excess of the current rate.

As of the end of the first quarter of fiscal year 1964, the Peace Corps had obligated only $10.7 million for program expenses.

As of October 30, this had risen to $13.3 million.

If the Peace Corps continued to operate under continuing resolutions for the rest of fiscal year 1964 and to obligate funds at the rate indicated by the above figures, it would end up at the end of fiscal year 1964 having obligated about $40 million for operations, which is $3 or $4 million less than first, what was appropriated for this purpose for fiscal year 1963; and, second, what the continuing resolutions would authorize.

During the last quarter of fiscal year 1963, the Peace Corps obligated for operations almost $16 million of program funds. The actual figure is $15.7 million. Thus, its $10.7 million of program obligations for the first quarter of fiscal year 1964 is about 30 percent less than its rate for the last quarter of fiscal year 1963.

Administrative expenses for the first quarter of fiscal year 1963 were $4.5 million, roughly the same as for the last quarter of fiscal year 1964.

These are not just numbers. As of June 30, the Peace Corps had a total of 1,110 employees—755 of these were in Washington and 32 at its training site in Puerto Rico. By September 30, the number of employees in Washington had been cut by more than a hundred to 647, a decline of nearly 15 percent. The number of employees in Puerto Rico had been reduced by nearly 25 percent.

Overseas, the story is similar. The number of foreign employees—clerks, accountants and the like—declined from 158 to 141. The number of American staff rose slightly from 165 to 199. This increase, however, represents arrival overseas of employees whose employment commitments had been made during the last half of fiscal year 1963 in anticipation of the arrival overseas at the end of summer training of the additional volunteers the costs of whose entry into training were authorized and appropriated last year.

Mr. Chairman, this record of restraint is typical of the way the Peace Corps is administered. I think it demonstrates fully that the Peace Corps merits the confidence and respect which an overwhelming number of the Members of this body have for it.

Mrs. FRANCES P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentlewoman from Ohio.

Mrs. FRANCES P. BOLTON. I think it is interesting to note that the number of American staff members rose slightly 165 to 199, but the number of foreign employees fell from 158 to 141.

They do eliminate staffing when it is not needed.

Mr. GALLAGHER. I thank the gentlewoman for bringing out that very important point.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Ohio.

Mr. HAYS. I think the gentleman probably ought to make a point which is that Mr. Shriver in his testimony to the committee stated that the Peace Corps does not ship cars overseas or return them. That point should be made in response to the question which was previously raised.

Mr. GALLAGHER. Yes; that is right. I thank the gentleman for bringing that point out. I think it answers the innuendo that has been made about these dedicated Americans, that they may have some hidden motive for volunteering their services and their lives in doing a service that could materially affect their lives by exposing themselves to disease and living with poverty in the disease-ridden villages throughout the world.

Mr. Chairman, I would like to say this about what the Peace Corps does: Last month a mayor in a city of South America who had never been to his capital before, came down through the mountains with a petition signed by over 400 people saying that he heard from another villager that an American volunteer

Peace Corpsman was there helping them drill water wells. This was the first trip that he ever made to his capital. And, what he wanted was just one volunteer.

Mr. Chairman, the impact that these volunteers have made throughout the world has just been tremendous. This is the reason why we are now asking for a moderate increase in the number of volunteers, not the staff, so that the image of America can be further projected throughout the world with such credit to all Americans.

Mr. Chairman, I think the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] has brought out the fact that we are gradually reducing the number of employees in Puerto Rico. The training center has been reduced by 25 percent.

What we are trying to do and what the Peace Corps is trying to do is to reduce the number of staffing and increase the number of volunteers so that the benefit-cost ratio to the U.S. taxpayer will reflect that we could not have a greater or better investment.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I am delighted to yield to the distinguished majority leader.

Mr. ALBERT. The gentleman is making a very fine statement.

In my opinion Sargent Shriver is a dedicated public servant and one of the finest administrators in the Government.

Mr. Chairman, I heard Sargent Shriver say not long ago that he wanted to work these dedicated young men and women who have been volunteers into the administration of the Peace Corps and eliminate the "bureaucrats," as he calls himself.

I would like also to advise the House that the University of Oklahoma has trained and furnished some of the volunteers who have been sent to various places throughout the world. One girl went to Brazil and went high into the mountains to work among the Indians where the tuberculosis rate was extremely high. She herself contracted tuberculosis, but to this day has refused to come home and will not come home until she is ordered to do so by someone in higher authority.

Mr. GALLAGHER. I thank the majority leader.

Mr. BARRY. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, an enthusiastic supporter of the program from the beginning, I am more convinced than ever of the importance of the Peace Corps. Accordingly, I oppose the pending amendments.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I gladly yield to the distinguished gentleman from Illinois.

Mr. DERWINSKI. I think it would help the House if the gentleman would tell us what amendment he is objecting to.

Mr. BARRY. With pleasure. I am objecting to both amendments. I alluded to paragraph 1 of the minority report where the minority claimed they did not have any evidence of performance before them despite the three volumes received by every member of the Committee on Foreign Affairs. Three volumes that clearly set forth the record of the Peace Corps.

In paragraph 2 of the minority report, the impression is given that some sort of bureaucratic bungling forced a reduction in stated goals. Not so. Good administrators should set their sights as high as possible. Once you begin work, you adjust the program in the light of experience and reality.

Moreover, part of the reduction of the number of volunteers resulted from higher standards imposed by the Peace Corps. This is to its credit. Recognition of the need for higher standards is something we should applaud. Improved recruiting techniques will help to overcome the losses which occurred when standards were raised.

Paragraph 3 is just plain wrong. It talks about 100 volunteers for secretarial and clerical duty abroad which the Peace Corps can now take on.

The distinguished gentleman from Iowa [Mr. GROSS] is well known as a staunch defender of the public purse. However, this paragraph of the minority report if enacted would cost Uncle Sam money. In fact, it would prevent the saving of $250,000.

During the Peace Corps hearings I asked Mr. Shriver about the 100 clerical persons to be recruited. He stated that in Kuala Lumpur, for example, instead of having two American girls there who were paid secretaries, receiving from $5,000 to $6,000 a year, they would have two Peace Corps volunteers receiving the normal Peace Corps honorarium.

Then I asked Mr. Shriver what would be the estimated savings under this innovation. Mr. Shriver said, "If we do this, which I hope we can, we will probably save $250,000 of the taxpayers' money."

Yet the minority report appears to be against the hiring of 100 secretaries as volunteers.

Paragraph 4 has already been answered.

The last paragraph has already been alluded to by the gentleman from New Jersey. I can think we should be enthusiastic about programs that serve America well. Toward the end of this paragraph, the language is somewhat lurid. The remarks of former Congresswoman Church concerning enthusiasm in the Peace Corps is a point it would be well to pay a great deal of attention to.

In conclusion, Mr. Chairman, I would like to say to the distinguished gentleman from Iowa [Mr. GROSS] this: He mentioned members of the Peace Corps sent to Indonesia. Mr. Virgil M. Hancher, president of the State University of Iowa, of his beloved State, had this to say about the Peace Corps trainees. I quote:

> Along with the trainees, they are learning—learning how to teach languages in the new method, how to teach new languages, how to teach area studies better, and how to adapt old and test new methods. The project is deepening the international dimension of the State University of Iowa. This international dimension is being shared, in various ways, with the people of the State, the eastern area in particular.
>
> Experience is the best teacher, and the volunteers' experiences in the developing nations of the world will provide the platform for their education of how things really are.

Incidentally, the Peace Corps volunteers who are going to Indonesia are being trained at the State University of Iowa—a fact which should make the gentleman's chest swell with pride. At the University of Iowa, the Peace Corps volunteer will learn the language, politics, customs, culture, and traditions of the host country.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Iowa.

Mr. GROSS. I can argue with President Hancher as quickly as I can argue with the gentleman.

Mr. BARRY. Apparently the gentleman in his own State is not supported insofar as his views of the Peace Corps are concerned.

In conclusion, I should like to refer to a statement of Sargent Shriver which I think sums up exactly what the Peace Corps is to us:

> We, as a nation, were in danger of losing our way among the television sets, the supermarkets and the material abundance of a rich society. Our debt and gratitude to the developing and emerging nations of the world is that they have reminded us of our own traditions, and given us a treasured opportunity to sacrifice and work once more for those principles which created our own Nation. By letting us participate in their struggles they have given us a chance to find ourselves.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 4:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, I yield my time to the gentleman from Rhode Island [Mr. FOGARTY].

The CHAIRMAN. The Chair recognizes the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Chairman, I rise in opposition to both the amendment and the substitute.

Mr. Chairman, the leading paper in my own State of Rhode Island, the Providence Journal, recently summed up the basic character of the Peace Corps. It said that "unlike Topsy, the Peace Corps is not going to just grow."

The Journal knows that many Government agencies have a tendency to grow like Topsy, but they are also aware that the Peace Corps can be distinguished from the usual Government agency. First, Sargent Shriver and his staff turn back unused money from last year's appropriation to the Treasury, and then before the taxpayers recover from this unusual example of fiscal responsibility, Mr. Shriver comes to the Congress and says the Peace Corps will not need all the money asked for in its original budget. He says the Peace Corps wants to maintain its high standards and therefore will select fewer people. These are just two examples of how Mr. Shriver has made himself the taxpayers' best friend.

Mr. Chairman, the Peace Corps has established itself as the no-waste, no-nonsense agency. The people know that they are getting their money's worth from the Peace Corps. It is a sound investment. Now it would seem somewhat strange if we were to go to the people and say we no longer feel it necessary to invest your dollars in a wise manner. We are not going to invest more money in the big-return Peace Corps. That would not be good business.

We have a worthwhile product in the Peace Corps. More than 7,000 of our citizens are showing that American ingenuity is the key to success in the underdeveloped world. They are proving that the force that motivated earlier Americans is not dead; and they are showing us that same force can be the foundation for progress in other parts of the world.

We are not giving anything away in the Peace Corps. We are investing the initiative, adaptibility, and hard work of American volunteers in an effort to create stability in the areas of the world that are being shaken by social and economic revolution. It is in our interest to do so. The Peace Corps is an economical and efficient way to do it.

The Providence Journal says the Peace Corps owes its reputation to the quality of its performance. That is true. That is the only reason we support it. The Peace Corps is effective in carrying out the mandate Congress has given it. We should not obstruct the very purpose for which we created the Peace Corps. It seems the least we can do is to continue with even greater emphasis a program that has done exactly what we wanted it to do.

The Providence Journal calls the Peace Corps the pride of the United States and a marvel in the world. The people are not given to such love of Government programs easily. They know when they are getting their money's worth.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, as one of the coauthors of the minority report, I believe it practical to return this debate back to the point at which it originated. We have two amendments before us. I oppose the Gross amendment and support the Thomson amendment. As a matter of practical arithmetic, here is the situation. The Peace Corps is placing people in the field at the rate of 150 a month. At the present time there are 7,176 Peace Corps men in the field. In the 8 months remaining of the year, they could add 1,200. That would give them approximately 8,400 people. Multiplied by the $9,000 per man that we are told it would cost, they cannot possibly spend more than $75 million. The gentleman from Wisconsin proposes that we authorize $81 million—a substantial sum to meet any possible contingency. I would also like to point out instead of being criticized for having minority views, we ought to be complimented for constructive suggestions. We want to help the Peace Corps and serve the taxpayer by authorizing realistic sums. We want to help the Peace Corps by maintaining financial responsibility. There is no possible way that the Peace Corps in good or bad projects could spend $102 million. The only way they could do it would be to lower their standards and we do not want them to do that. An authorization of $102 million is practically a blank check. It does not take into account realistic manpower utilization. Furthermore, the proponents of the program must bear in mind that we have yet to receive a thorough inspection and appraisal of the entire Peace Corps operation. It would seem the cause would be benefited far more by careful scrutiny and congressional control than by lavish blind praise and dispensing of unlimited funds.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, that is a great idea. Save the Peace Corps by choking it to death. That is the plain intent of the amendments. A vote for the amendment is a vote to kill the Peace Corps. Mr. Chairman, a statement was made in the debate that a newspaper in Ghana was attacking the Peace Corps. Let me inform the gentleman from Iowa that the newspaper in Ghana he referred to recently carried a prominently displayed article calling the Peace Corps a godsend. I put it in the CONGRESSIONAL RECORD and I hope the gentleman from Iowa will look it up and read it.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CURTIS] for 1½ minutes.

Mr. CURTIS. Mr. Chairman, my concern is the level of these programs and the fact that in our entire society we do a great deal of this missionary-type work. The bulk of it has been done traditionally in the private sector. The question is, what is the relationship between the governmental sector and the private in doing missionary-type work. In the committee hearings and in the reports and in the debate one has no concept at all of how much is being done dollarwise or otherwise in the private sector and whether or not the Peace Corps itself is geared to encourage further efforts in the private sector. Let me illustrate. In regard to the student exchange program where I once had the details, we all hear about the Fulbright scholarships. One would almost think the only student exchange programs were through the Federal Government. For every one dollar in Federal Government student exchange programs there were $10 in the private sector, and I suspect the ratio is somewhat similar in this great missionary work. It is a problem of the use of such personnel as we have. The work is great, but the issue is how much should be done though the governmental mechanism and how much should be done through the private sector.

As I said during the debate on the rule, regrettably the committee has not the information presented to us to evaluate whether this program should be doubled or cut in half or whatever.

I think the matter should go back to the Foreign Affairs Committee so that we can get the kind of data we need to enable us to vote with intelligence.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. OLSEN].

Mr. OLSEN of Montana. Mr. Chairman, I rise in opposition to the amendment and in support of the committee bill.

Mr. Chairman, 40 Peace Corps volunteers from Montana are helping America to show the world that a free society can produce the kind of men and women, who by their own initiative, perseverance, and just plain hard work, can make the world a better place.

These Americans are proving in every corner of the globe that progress is the result of hard work. Through their example developing nations have seen that it is not American dollars which really do the job, but rather the ability to get down to the grassroots and do the work that needs to be done.

Mr. Chairman, it is not difficult to imagine the impact 7,000 Americans are having on the underdeveloped nations. In the words of a church official in the Philippines "one Peace Corps volunteer is worth a whole boatload of corn." One has to agree when he sees that a single Peace Corps volunteer in Pakistan saved a million-dollar rice crop. This single Peace Corps volunteer is costing the American taxpayers $75 a month in addition to a small living allowance. Certainly he is well worth the investment.

This great return on a small investment can be magnified many times in the areas of Latin America, Asia, and Africa where Communist lies fool millions every day. Peace Corps volunteers are serving in the very nests of the Communist agitators in these areas. By their presence alone they expose the fraud being perpetrated by the Communists.

Mr. Chairman, these Americans are our greatest asset in the pivotal area known as the developing nations. We are fortunate to have citizens such as these. We are fortunate they are willing to serve. And we are fortunate they are serving so well. I hope we give them the support they need.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin [Mr. THOMSON]. There are a few figures that I think are important. In 1961, in August—and I shall speak only in round numbers—there were about 500 members in the Peace Corps. A year later, in 1962, there were about 3,500 members. Again a year after that, in 1963, there were about 6,600 members. Today, in mid-November, there are about 7,200 members in the Peace Corps. If that progression is to be continued, and if we assume that a fair standard of cost is $9,000 per year per Peace Corps individual, then it is quite apparent that there will be enough money at the level proposed by the gentleman from Wisconsin, that is, $81 million, to carry on the program for the balance of this fiscal year.

If Members support the amendment of the gentleman, they will be granting an increase over expenditures in the last fiscal year of more than 40 percent, which is certainly a rather large increase for any program.

I am convinced after studying the matter carefully that the reduction proposed will not injure the program and will in fact tighten it and make for a more effective Peace Corps operation.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. Fascell].

Mr. FASCELL. Mr. Chairman, I have heard some very unusual discussions with respect to the pending matters. I am opposed to the amendment and the substitute and support the committee bill. It strikes me as somewhat unreasonable to say that the Peace Corps is doing a good job and because it is, it should not be expanded or should not be given the opportunity to expand and do a better job. It seems rather unreasonable to me to argue that because nothing can be said in criticism about the program that it should be cut down or discontinued.

I find it very difficult to understand the reasoning that says because taxpayers' money is not being spent fast enough by the Peace Corps in the first 6 months of this fiscal year, therefore this authorization should be cut down and the program not given an opportunity to expand or continue its good work. It has been implausibly argued that it is impossible to get people into the Peace Corps at a rate faster than that which they are now being recruited.

But there is given no evidence to support this allegation. I say the Peace Corps should be given the opportunity to recruit more.

There are almost 7,200 people in the program and the Peace Corps says the target is 11,340 people. The recruitment growth record of the Peace Corps is admittedly excellent. Progress under the program has been worthwhile and there are more pending applications than ever. In the nonmilitary, noneconomic area, this program has had a great effect and tremendous beneficial impact both for the host country and the United States. For these reasons we should give the Peace Corps opportunity to expand, by our action in voting down the amendment and the substitute, and voting for the committee bill.

Furthermore, and in conclusion, if people cannot be brought into the program all the funds authorized cannot be spent. Therefore I cannot see any reason why we should not support the amount of the authorization in the committee bill.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. Harvey].

Mr. HARVEY of Indiana. I follow rather closely the views of my colleague from Indiana [Mr. Adair]. I feel that this has been a good program. As one who has been as careful as any Member of the House, I believe, about the fiscal stability of our country—I yield to no one in that respect—I feel that this is one area where if you are a real economist, where if you want to get the most for your dollar, you should support this program.

I want to give a little personal illustration, if I may, and I hope you will pardon me for doing so. It happens that Mrs. Harvey and I were sponsors of one of the first sort of "guinea pig" students who came to Indiana, came to the United States, from one of the South American countries. This young man lived here with us during the year 1943–44. He has since gone back to his South American country and today I think is one of the great forces in that country for stability and survival of a representative form of government such as we ourselves believe in. He is a great and effective foe of communism. This young man has written to me and said in no uncertain terms that in his humble judgment this particular type of effort and program is the best that we could possibly support; we are getting more for our money, we are getting more in return than we could by any other way.

Mr. Chairman, I hope the House will support this program.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. Zablocki].

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment and to the substitute. I have tried to find the logic in both proposals. Apparently no one disagrees that the Peace Corps has been a success. As a matter of fact we point with pride to the unused funds that it has returned to the Treasury because this agency did not attempt to obligate all of its funds. Are we going to say that we will penalize the agency by cutting back its funds?

Both the amendment and the substitute minimizes the planning that has gone into the Peace Corps. Does the amendment intend to cut the amount back to $81 million and provide that none of that money shall be for administrative expenses? It is not clear to me where the reductions would be made as between operational costs and administrative costs. Further, does the gentleman from Iowa, in his substitute, intend that the Peace Corps should stand still and not progress, that it shall not have any planning?

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. Zablocki] has expired.

The Chair recognizes the gentleman from Michigan [Mr. Johansen] for 1½ minutes.

Mr. JOHANSEN. Mr. Chairman, let there be no misunderstanding. I opposed the Peace Corps originally and I oppose it now. I intend to vote for the substitute amendment, and if that fails, I shall vote for the amendment. In any event I shall vote against the passage of the bill.

We are engaged today supposedly in a conflict with world socialism. It is proposed by this Government-subsidized program to socialize missionary activity of the type that heretofore has been done by religious, lay groups, foundations, and other organizations.

Mr. Chairman, I associate myself on that score with the wisest remarks that have been made this afternoon, made by the gentleman from Missouri [Mr. Curtis].

If we were to believe some of this talk, international philanthropy on our part was originated by this administration, and youthful zeal and idealism is a creation of this administration.

Mr. Chairman, I reject both premises. I think it is particularly ironical that the comments offered by my very esteemed friend, the gentleman from Massachusetts [Mr. O'Neill], about the Philippine Islands should have been made. Why, 60 years before the New Frontier was ever heard of there was a job done over there. And, while it was done under the occupation of the American Government, it was done principally and primarily by the private sector of our Nation and of our people. That support of the private sector was encouraged and not disregarded by the American people and Government.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The Chair recognizes the gentleman from New Jersey [Mr. Frelinghuysen] for 1½ minutes.

Mr. FRELINGHUYSEN. Mr. Chairman, lest there be any possible misunderstanding of my own position, I feel that this is a deservedly popular program. It deserves our continued support. For that reason I rise in opposition both to the Gross amendment and to the Thomson amendment.

The Gross amendment, I think, would be particularly undesirable. It would imply not only that we disapprove of what we have been doing, but that we feel the existing level of volunteer effort should be cut back.

Mr. Chairman, I do not think a program that has proven as valuable as this one to our own country, and to the countries where we provide our help should be cut back.

Mr. Chairman, a more serious question is the Thomson amendment, which I believe also should be opposed. This amendment would provide money sufficient to maintain only 9,000 volunteers, instead of an amount sufficient to support 11,300 volunteers. Mr. Chairman, in my opinion there is a real possibility that we can find as many as 11,300 well-qualified volunteers. I think a cut of over 20 percent from the amount requested would be undesirable. It would be an indication that we have our doubts regarding the selectivity which will be used hereafter, even though we must generally concede that a good job has been done up to this point.

For these reasons, Mr. Chairman, I think we should oppose any cut in the authorization. We should positively oppose both amendments.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. Morgan] for 1½ minutes.

Mr. MORGAN. Mr. Chairman, I rise in opposition to both the Gross amendment and the Thomson amendment.

During the hearings, those who attended the hearings, heard a detailed justification for adding the additional volunteers to the Peace Corps. The original proposal was for 13,000 Peace Corps members. The reduction offered by the Director was down to 11,300.

Take a look at the report, on page 4. Members will note that the two areas of the world which are in greatest need of Peace Corps volunteers are Latin America and Africa. The additional funds are needed to send volunteers to those areas.

Mr. Chairman, those who say that these additional volunteers cannot be recruited cannot show me any evidence in the presentation made by the Peace Corps that indicates that they cannot be produced.

Mr. Chairman, I say again that the two areas where there is a crying need for volunteers are Latin America and Africa. Those who took the time to read the report written by the gentleman from Alabama [Mr. SELDEN], and his Subcommittee on Latin America after their visit to Latin America in 1962, will remember that they made a recommendation for an increased Peace Corps in Latin America.

Mr. Chairman, I say both of these amendments should be defeated. I think the Peace Corps has done a good job in turning back money at the end of fiscal year 1962 when they returned to the Treasury the sum of $1.9 million, and again in 1963 when they returned $3.9 million. They obligated only as much as could be used effectively and turned back the rest.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Chairman, for years Members have advocated, and I agreed with them, the proposition that more work should be done at the grassroots level in these underprivileged countries. That is where the Peace Corps works. It reaches the grassroots. It is doing a tremendous job and I hope both amendments will be defeated.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Iowa [Mr. GROSS] to the amendment offered by the gentleman from Wisconsin [Mr. THOMSON].

The substitute amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. THOMSON].

The question was taken; and on a division (demanded by Mr. THOMSON of Wisconsin) there were—ayes 94, noes 146.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On the first page, beginning in line 6, strike out "$102,000,000" and insert in lieu thereof "$92,000,000".

Mr. ADAIR. Mr. Chairman, the amendment which I propose here would reduce the amount of the authorization by $10 million. It would reduce it from $102 to $92 million.

In my opinion, and applying the best standards we have as to the cost of the program, this would make possible in the Peace Corps more than 10,000 people at the end of this fiscal year. This would make possible, Mr. Chairman, an increase greater than we have had in previous years.

As I pointed out a few moments ago, from 1961 to 1962 we increased from 400 to 3,500, from 1962 to 1963 we moved from 3,500 to 6,600. My amendment would still make possible a Peace Corps of over 10,000 people, an addition of more than any we have had in previous years, and, again having in mind that we are now speaking in mid-November, certainly more people than can be carefully added to the Peace Corps in the remainder of this fiscal year.

The Director, Mr. Shriver, has pointed out, and I applaud this, that the Peace Corps has been quite selective in the people that it has chosen to enroll. I hope this policy is continued and I believe it will be, but with this selectivity certainly 3,500 or more people to be added in this fiscal year gives more than enough leeway. Here is proposed less than a 10-percent cut in the program. If people believe in governmental economy, if they believe in economy which yet permits a good program to be carried forward at adequate levels, then this amendment ought to be supported.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the House has just acted on this issue. The arguments on both sides have all been given in the discussion of the Gross amendment and the Thomson amendment. I am sure everybody recognizes that the Adair amendment is just another cut of $10 million. I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 108, noes 124.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. GALLAGHER.

The Committee again divided, and the tellers reported that there were—ayes 120, noes 144.

So the amendment was rejected.

Mr. ALBERT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the great universities of this country that cooperate with this program are universally in favor of it. I am pleased to read the following item from the UPI ticker tape:

> WASHINGTON.—An official of the University of Oklahoma reported today the Peace Corps in Bolivia was a resounding success.
>
> Dr. Thurman White, dean of the university's extension service, made the report to the Oklahoma congressional delegation. Taking note of recent criticism that the Peace Corps was "long on public relations and short on accomplishment," he said the exact opposite was the case.
>
> Dr. George Cross, president of the university, called the Peace Corps one of the best programs to be initiated by the Federal Government.

Mr. Chairman, I would also like to take this opportunity to discuss briefly a few of the aspects of the Peace Corps which have particularly impressed me because they have been unexpected dividends. In supporting the Peace Corps when it was little more than an idea, I expected a great deal of it, but my expectations were confined to what I considered realistic levels and realistic areas. I expected that most of the Peace Corps volunteers sent overseas would be effective, well-motivated people who would make a small contribution to the development of other countries. I expected that their knowledge and understanding of the world we live in would be broadened and deepened and that the understanding of the United States on the part of the people with whom they came in contact would be enhanced. And I expected that these important, if limited, ends would be achieved at a lower cost than through most Government programs. If these expectations had been met, I would have been satisfied.

But instead, the Peace Corps has presented a far more striking picture. For one thing, it has appealed to the people of this country on a scale which I had not imagined. Many people felt that once the initial flood of applications had abated, the young people of this country—and the older ones as well—would continue to apply, but in a flow that amounted to little more than a steady trickle. But applications for Peace Corps service have been received at an increasing rate—over 20,000 in 1962, almost 30,000 so far in 1963 with over a month to go. And new records continue to be established.

These impressive figures on quantity are more than equaled by measures of quality. Of some 7,000 volunteers sent overseas by the end of last month only about 6 percent had been terminated early, and many of those had returned before the end of their term of service for reasons beyond their control. The Peace Corps is to be congratulated on its unprecedented achievement in developing so sound a selection process for dealing with such a large volume of people. And I am even more heartened to learn that selection standards are being tightened still further and that Mr. Shriver and his staff deliberately lowered their yearend goals for the past year in order to insure that the quality of the Americans sent overseas as Peace Corps volunteers was maintained or even increased.

I received more than I dared to expect, too, in impact of the Peace Corps, both in this country and overseas. Not only are the volunteers themselves enriched by the experience of Peace Corps service, but hundreds of communities throughout the United States have become deeply involved in their activities overseas. The activities of dozens of American universities have been broadened through the training of Peace Corps volunteers, and the families, friends, and organizations of the volunteers and are receiving new insights into ways of life quite different from ours.

Today, isolationism has become an anachronism, and the Peace Corps has done more than any other program I know of to remove its last vestiges from the most remote corners of this country.

The impact of the Peace Corps abroad has also been greater than I had imagined. The reputation of the volunteers at work has spread far beyond the people with whom they work directly, and even beyond the bounds of communities as a whole. A measure of their impact lies in the fact that the Ramon Magsaysay Award—the Asian equivalent of the Nobel Peace Prize—was given to the Peace Corps volunteers at work in 11 Asian nations. This was the first time this award has been given to a non-Asian group.

Finally, my expectations have been more than fulfilled in the economy with which the Peace Corps program has been implemented. In these days of rising costs, it is immensely gratifying to find that the average cost of a Peace Corps volunteer has remained at a level of $9,000 since the program began. It is even more gratifying to note that the proportion of the budget allocated to administrative expenses has declined steadily, and that the Peace Corps has been as good as its word in turning funds which were not clearly necessary—but which could certainly have been spent with relative ease—back to the Treasury.

These are just a few examples of areas in which the Peace Corps has more than justified the support of those of us who were enthusiastic in its initial stages. And I must say, Mr. Chairman, that it is not often in the course of my work that I get so much more than I bargained for. The Peace Corps clearly deserves to be authorized the full amount recommended by the Committee on Foreign Affairs.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 2. Section 5 of the Peace Corps Act, as amended, which relates to Peace Corps volunteers, is amended as follows:

(a) In subsection (b), insert the following sentence immediately after the first sentence: "Supplies or equipment provided volunteers to insure their capacity to serve effectively may be transferred to the government or to other entities of the country or area with which they have been serving, when no longer necessary for such purpose, and when such transfers would further the purposes of this Act."

(b) Strike out subsection (c) and substitute therefor the following:

"(c) Volunteers shall be entitled to receive a readjustment allowance at a rate not to exceed $75 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however,* That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of the Act of August 3, 1950, chapter 518, section 1 (5 U.S.C. 61f)."

(c) In subsection (f)(2), strike out "termination payments" and substitute therefor "readjustment allowances".

(d) In subsection (g), add immediately after "may determine" the following proviso: ": *Provided,* That not to exceed one hundred volunteers in the aggregate may be assigned to carry out secretarial or clerical duties on the staffs of the Peace Corps representatives abroad".

(e) In subsection (h), strike out "and for the purposes of" immediately after "tort liability statute," and substitute therefor "the Federal Voting Assistance Act of 1955 (5 U.S.C. 2171 et seq.), the Act of June 4, 1954, chapter 264, section 4 (5 U.S.C. 73b–5), and".

(f) Add a new subsection at the end of section 5 as follows:

"(k) In order to assure that the skills and experience which former volunteers have derived from their training and their service abroad are best utilized in the national interest, the President may, in cooperation with agencies of the United States, private employers, educational institutions and other entities of the United States, undertake programs under which volunteers would be counseled with respect to opportunities for further education and employment."

Sec. 3. Section 6(1) of the Peace Corps Act, as amended, which relates to Peace Corps volunteer leaders, is amended by striking out "termination payments" and substituting therefor "a readjustment allowance".

Sec. 4. Section 7(b) of the Peace Corps Act, as amended, which relates to the compensation of persons engaged in the United States in activities authorized by the Act, is amended by striking out "so" in the first sentence thereof.

Sec. 5. Section 10(a) of the Peace Corps Act, as amended, which relates to general powers and authorities, is amended by inserting immediately after "or otherwise" in paragraph (3) ", and transfer such property to the government or other entities of the country or area with which the volunteers are serving, when such transfers would further the general purposes of the Act".

Sec. 6. Section 13 of the Peace Corps Act, as amended, which relates to the employment of experts and consultants, is amended as follows:

(a) In subsection (a), strike out "Peace Corps" and substitute therefor "President".

(b) In subsection (b), strike out all that appears between "shall not" in the first clause thereof and "be considered" in the second clause thereof.

Sec. 7. Section 19 of the Peace Corps Act, as amended, which relates to the Peace Corps seal, is amended by striking out the short title and substituting therefor "Exclusive Right to Seal and Name", by inserting "(a)" before "The President may", and by adding a new subsection as follows:

"(b)(1) The use of the official seal or emblem and the use of the name 'Peace Corps' shall be restricted exclusively to designate programs authorized under this Act.

"(2) Whoever, whether an individual, partnership, corporation, or association, uses the seal for which provision is made in this section, or any sign, insignia, or symbol in colorable imitation thereof, or the words 'Peace Corps' or any combination of these or other words or characters in colorable imitation thereof, other than to designate programs authorized under this Act, shall be fined not more than $500 or imprisoned not more than six months, or both. A violation of this subsection may be enjoined at the suit of the Attorney General, United States attorneys, or other persons duly authorized to represent the United States."

Sec. 8. The Peace Corps Act, as amended, is amended to add after title II thereof a new title as follows:

"TITLE III—ENCOURAGEMENT OF VOLUNTARY SERVICE PROGRAMS

"Sec. 301. (a) The Congress declares that it is the policy of the United States and a further purpose of this Act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower, and to encourage less developed countries or areas to establish programs under which their citizens and nationals would volunteer to serve in order to meet their needs for trained manpower.

"(b) Not more than $300,000 may be used to carry out the purposes of this title in fiscal year 1964. Activities carried out by the President in furtherance of the purposes of this title shall be limited to the furnishing of knowledge and skills relating to the selection, training, and programing of volunteer manpower. None of the funds available to carry out the purposes of this Act which are used in furtherance of the purposes of this title may be contributed to any international organization or to any foreign government or agency thereof; nor may such funds be used to pay the costs of developing or operating volunteer programs of such organization, government, or agency, or to pay any other costs of such organization, government, or agency.

"(c) Such activities shall not compromise the national character of the Peace Corps."

Mr. MORGAN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to ask the chairman of the committee a question or two concerning the language on pages 5 and 6. On page 5 of the bill, beginning on line 19, it is stated:

> The Congress declares that it is the policy of the United States and a further purpose of this Act to encourage countries and areas to establish programs under which their citizens and nationals would volunteer to serve in order to help meet the needs of less developed countries or areas for trained manpower, and to encourage less developed countries or areas to establish programs under which their citizens and nationals would volunteer to serve in order to meet their needs for trained manpower.

I have no objection to that statement. I would like to see the other countries get into this program and get off our backs so that we might save the taxpayers of this country a little money. Then on page 6 it is stated:

> Not more than $300,000 may be used to carry out the purposes of this title in fiscal year 1964.

I shall not read the remainder of paragraph (b), but it stipulates that none of these funds shall be used for certain purposes.

Is it the understanding of the chairman of the committee that no part of this $300,000 is to be used to finance an international secretariat or to finance any of these international organizations that are presently in existence in foreign countries or that may be brought into existence? For what purpose will the $300,000 be spent?

Mr. MORGAN. None of these funds can be used to pay the salaries of any international secretariat. On line 7 it says: "furnishing of knowledge and skills relating to the selection, training, and programing of volunteer manpower."

We could furnish them Peace Corps personnel to help set up a program, but none of this money, as I read the language, may be allotted to pay the salaries of any international Peace Corps secretariat or contributed to an international organization for any purpose.

Mr. GROSS. I have an amendment; but with the assurance and the understanding of the chairman and other members of the committee that this money is not to be used to finance an international secretariat I will not offer the amendment; or to finance an international organization in a foreign country that is in existence or may be organized for this purpose. But I will say to the gentleman that as one member of the committee I am going to be very much interested in what happens to this $300,000 that is here earmarked.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. LIPSCOMB. Is it possible under this amendment for the Peace Corps to furnish to the international Peace Corps secretariat personnel and that personnel be paid out of the Peace Corps funds?

Mr. GROSS. I will say to the gentlemen from California that I do not like the section as it is, or the title as it is presently written. I will leave it to some other member of the committee to answer that question.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman from Iowa will remember that I first raised the question about this in the committee because I am just as opposed to having an international secretariat and an international peace corps as is the gentleman from Iowa. The gentleman will remember that I said I thought we ought to be able to do this on a bilateral basis. But I think in all fairness and all honesty, as the section is written, to answer the gentleman's question, and the section was written as a compromise as the gentleman knows, that we could furnish a man or two men to any organization which was engaged in what is set forth that we want to foster, up to the amount of $300,000.

Mr. GROSS. That is what concerns me. Why should we be financing people to go to foreign countries to organize so-called peace corps? Why do they not come at their own expense to this country and find out how this organization is set up?

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to further develop the question asked by the gentleman from Iowa [Mr. Gross], because I think this is important. I think both the gentleman from Iowa and I are driving in the same general direction.

If the gentleman will remember, the people did come from Puerto Rico and we did not send anyone anywhere else. Puerto Rico is presumably a part somehow of this country, a commonwealth associated with the United States.

Mr. GROSS. Unfortunately, we paid some of their expenses to get them to that middle level manpower meeting, as it was called.

Mr. HAYS. The gentleman from Iowa will remember that the objective is to try to get these people to set up peace corps of their own.

I think we understand some of this compromise language, that this is to be a 1-year, one-shot operation. At least, that is the way I understand it. We cannot pay their expenses under the language now. West Germany is setting up a peace corps. I had some conversations with some Germans about it. They are very enthusiastic about it.

I will assure the gentleman from Iowa that as far as I am concerned I am in general sympathy with the gentleman's objective and that I am considering this a one-shot operation in order to help some of these countries get started.

Mr. GROSS. And if the gentleman will yield, we will take a good, close look at it next year?

Mr. HAYS. I can assure the gentleman that we certainly shall, as far as I am concerned.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Natcher, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 9009) to amend further the Peace Corps Act, as amended, pursuant to House Resolution 565, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

TFX CONTRACT AWARD INVESTIGATION

Mr. STINSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. STINSON. Mr. Speaker, I would like to call to the attention of the Members of the House that the TFX contract award investigation is scheduled to resume early the week of November 18. As you are now well aware this investigation has been in progress since last February to attempt to ascertain if political influence was exerted in the awarding of this $6 to $7 billion aircraft contract. During the course of the investigation the possibility of conflict of interest has arisen, involving some of the highest officials of our Government. We have already witnessed the resignation of the Secretary of the Navy, Fred Korth.

I would also remind you of a promise made to the American people by Candidate Kennedy when he was seeking the highest office in the United States. In a speech on October 17, 1960, at Wittenberg College Mr. Kennedy said that he would impose "A single, comprehensive code on conflicts of interest—drawing a clearer line between propriety and impropriety—protecting the public against unethical behavior."

Candidate Kennedy continued:

> The next President must set the moral tone, and I refer not only to his language.

Mr. Kennedy was elected and was influential in imposing a single comprehensive code concerning conflict of interest which became effective in January of 1963.

I now urge the President to examine carefully the activities of Deputy Secretary of Defense Roswell Gilpatric in light of this new comprehensive code, title 18 U.S.C. 208, or for that matter the previous law—title 18, U.S.C. 434. I am confident that if Mr. Kennedy will carefully make such an examination, he will conclude that the "clear line between propriety and impropriety" has been violated by Gilpatric.

I would like to review for you, Mr. Speaker, the relationship between Mr. Gilpatric and the General Dynamics Corp. prior to his Government service and also some of the activities between Gilpatric, the Cravath, Swaine & Moore law firm and General Dynamics after he took a leave of absence and became Deputy Secretary of Defense. I feel confident that continued investigation by the Senate investigating committee will reveal an even greater degree of conflict of interest in this matter, and I urge that the committee pursue every facet of Gilpatric's participation in the TFX contract award, so all avenues of conflict of interest possibility will be revealed.

Mr. Gilpatric was a partner in the law firm of Cravath, Swaine & Moore. Mr. Gilpatric said in his testimony that the law firm had worked for both the General Dynamics Corp. and Boeing Co. This was refuted and denied by the Boeing Co. They said that all Mr. Gilpatric had ever done for them was appear as a witness in a court case and had received no attorney's fees whatsoever from the Boeing Co. Mr. Gilpatric was in charge of the General Dynamics account for his law firm. He intends to return to this law firm when he leaves Government service. But the interesting thing about the relationship between the law firm and the General Dynamics Corp., which was one of their largest accounts, was that they received in legal fees from 1958 to 1960 $126,000. In the period between 1961 and 1962 the law firm received $142,000. From the General Dynamics Corp. and in the first quarter of 1963 the law firm received $31,500. So it was a very lucrative account for Cravath, Swaine & Moore. When Mr. Gilpatric took a leave of absence from his law firm and became Deputy Secretary of Defense, Mr. Moore of that firm took over the General Dynamics account. Mr. Moore and the law firm were so highly thought of that General Dynamics made Mr. Moore a member of the board of directors of their company. Because of the closeness of the relationship between Mr. Gilpatric and the General Dynamics Corp., I doubt very much if he could render an objective judgment on any contract in which they might be involved. I do not think there is any doubt but what there is a clear-cut case of conflict of interest on the part of Mr. Gilpatric.

It is my opinion that not only should Roswell Gilpatric be fired—he should be prosecuted under the full terms of the United States Code.

Mr. Speaker, I would also call your attention to the fact that the General Dynamics bid was $415 million higher than the Boeing bid on the TFX contract. There is an amazing coincidence between this amount and the $425 million loss General Dynamics suffered on its jet transport venture.

AWARD TO CARL VINSON

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, next Monday will be a day in history. It will be the 80th birthday of the Honorable CARL VINSON, a great son of Georgia, a great and towering son of the United States.

Hubert F. Lee, for 34 years editor of Dixie Business, published at Decatur, Ga., has beaten the gun by declaring our beloved colleague the Man of the Year 1964. The editorial staff of the Dixie Business magazine has made a Great American Award since 1955, when Dr. Charles F. Kettering was so designated. In 1962 the award went to Lt. Col. John H. Glenn, Jr.

The following announcement has just been made by Editor Lee:

> Bernard M. Baruch and Representative CARL VINSON have been named "A Great American" for 1963 and 1964, respectively, by the editors of Dixie Business magazine.
>
> Mr. VINSON is announced a year in advance as he will have served a half-century of "distinguished public service" in the Congress in 1964.
>
> Mr. Baruch, in a letter, wrote Lee:
>
> "Thank you so much for the honor you bestow upon me by naming me the 'Great American' for 1963. As I look over the list I feel very pleased indeed, particularly to be between two such fine men as Colonel Glenn and CARL VINSON. VINSON has been a wonderful American, especially in the last trying years."

To all of which CARL VINSON's colleagues in the House will join in a chorus of "Amen."

DISCLOSURE OF ALL EVALUATIONS OF EMPLOYEE PERFORMANCE TO THE EMPLOYEE INVOLVED

Mr. BROYHILL of North Carolina. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina.

There was no objection.

Mr. BROYHILL of North Carolina. Mr. Speaker, today I have introduced a bill to require Federal departments and agencies subject to the Civil Service Act to disclose all evaluations of employee performance to the employee involved. In introducing this measure, I am joining with my colleague, the gentleman from Nebraska, Congressman GLENN CUNNINGHAM, in urging the enactment of such legislation. My bill is identical to H.R. 5178 which the gentleman from Nebraska [Mr. CUNNINGHAM] introduced some time ago.

This legislation is intended to eliminate the practice prevalent in some Federal agencies of basing promotions upon confidential supervisory evaluations hidden from the employee.

An instance of such a practice was recently called to my attention. In this case, a Federal employee apparently had been denied promotion for 3 successive years despite excellent evaluation reports in the employee's official file. Efforts by the employee to determine the reasons for the denial of promotion were unsuccessful. Through an administrator error, however, the employee was shown a confidential evaluation report which contradicted the official comments on work performance that were a part of the official file. When this confusing contradiction was called to the attention of the appropriate officials, it was explained that the employee "was not supposed to have seen this material."

It is my understanding that this practice of duplicity is followed in a number of Federal agencies and that, in fact, the U.S. Public Health Service has dignified it by issuing a printed questionnaire for the convenience of supervisory personnel.

Certainly, I believe the Congress has been correct in its efforts during the past several years to strengthen the quality of supervision in the Federal Civil Service. However, practices of this kind not only grossly disregard the rights of employees, but I feel, weaken the quality of supervision wherever they occur.

Candid, complete, and carefully considered performance evaluations are imperative in the interest of both the employee and for the efficient operation of the Federal office with which he is associated. It has been part of the sound administrative policy for many years for supervisors to counsel and advise employees concerning their work performance. In this way, more satisfactory performance can be obtained and the employee can be assured reasonable promotion opportunity. To foster any other system weakens the entire structure by discouraging honest and effective supervision. At the same time, it undermines employee morale when it is known that duplicity can be practiced with immunity and the right is denied employees to profit from or respond to critical evaluations of which they are unaware.

Mr. Speaker, I am convinced that this legislation would substantially strengthen the Federal service and would operate to the mutual benefit of employees and Federal agencies by restoring fairness in promotion evaluation. It is my earnest hope that it can be given congressional attention at the earliest possible time.

THE IMPORTANCE OF ARA

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. STAEBLER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. STAEBLER. Mr. Speaker, I would like to call to the attention of my colleagues the publication, recently, of a book entitled "Adjusting to Technological Change." Two of the three coeditors happen to be active citizens of my State, representing two vital forces in Michigan's economy and its community of leaders—Edward L. Cushman, of the American Motors Corp., and Nat Weinberg, of the United Auto Workers. As members of the highly respected Industrial Relations Research Association, they have worked together to assemble eight chapters written by distinguished experts on the problems and challenges of technological change.

Two of these chapters have been contributed by other Michigan analysts: one, on "Cooperative Approaches to Problems of Technological Change," by Charles Killingsworth, professor of labor and industrial relations, at Michigan State University. Professor Killingsworth discusses the resolution of conflict between management's desire for flexibility and labor's desire for job security, as affected by changes in technology in the auto, rubber, steel, longshoring, and railroad industries.

The other chapter is on "Technological Change and the Community," coauthored by Dr. Harold L. Sheppard, formerly with Wayne State University in Detroit, and the Area Redevelopment Administration. Dr. Sheppard recently joined the Washington staff of the Upjohn Institute for Employment Research, a foundation which is also based in Michigan.

Dr. Sheppard and his fellow author, Dr. Sar Levitan—formerly with the Legislative Reference Service of the Library of Congress—have provided a succinct portrayal of the role of a program such as the Area Redevelopment Administration, which unfortunately receives very little attention these days. I would like to cite a few aspects of this role.

First:

> Possibly the most significant element in the package of tools provided under the Area Redevelopment Act is the emphasis on motivating depressed communities to mobilize their resources to plan constructive development programs which help stimulate economic growth.

Second:

> In large part, the effectiveness of the area redevelopment program will depend upon the response of local communities to the opportunities and stimuli provided by the Federal Government. One vital response consists of the efforts of such communities to engage its key segments in grassroots research, discussion, analysis, and planning.

One example of this type of response can be found in the overall economic development program written and submitted by Detroit, in its striving to diversify that area's economic base. The need for Detroit is to generate enterprises in the nonmanufacturing industries, and the local leaders, from business, labor, education, and government, have pinpointed specific types of facilities not adequately available in Detroit that are needed to attract such nonproduction job-creating opportunities. Among these are:

First. Research campuses for the direct and indirect use of large and small firms in need of research facilities, and for attracting additional industries with similar needs.

Second. Development of port facilities, in coordination with the area's extensive expressway system and airport facilities.

Third. The redevelopment of the "core city" in order to allow Detroit to share in the country's growing tourist and convention business.

Without ARA, Detroit would not have had the necessary missing link to start that large area planning and acting to provide for such projects.

Without ARA, the area would not have created an industrial development corporation, with responsible representation from the large auto companies, the lending institutions, the utilities, the unions, and so forth.

Without ARA, the banks and participating businessmen would still be looking for the missing $1.8 million that was needed to build a $10 million hotel facility to help make Detroit a modern tourist convention center. The last big hotel built in Detroit was constructed about 40 years ago, and the existing room capacity did not include enough facilities of a quality necessary to put Detroit in a first-class category. Instead of being defensive and apologetic about such projects, Detroit—and ARA—should be boasting about their contribution to the expanding tourist industry of America.

Without ARA, Detroit would not now be submitting a proposal to analyze the feasibility of a research park, in line with its previously submitted overall economic development program—a proposal backed by such reputable authorities as Booz, Allen & Hamilton, local officials in planning, corporation officials in Detroit and elsewhere around the country, and by Theodore Levitt of the Harvard Business School. Willis Hawkins, of Lockheed Aircraft, in commenting on the potentials of Detroit in this field of activity, has said:

> In order to be effective * * * science must develop products or initiate services that will create employment.

Without ARA, an up-to-date study of the problem of Detroit's port facilities would not have been completed and acting as a catalyst to start some concrete, positive action on this problem.

Without ARA, the neglected challenge of launching a truly effective coordination of attacks on the "inner city" issue would never have a chance, not only in Detroit but elsewhere around the Nation.

And while it is a bit early to comment in detail, I am counting on ARA to pick up the suggestion of President Kennedy relating to the need for an interstate program for the upper Lake States to carry out a comprehensive attack on that region's economic development problems and opportunities. No other agency exists that can immediately pick up the ball to take bold ideas and get them off the dime.

AN ADDRESS BY HON. ROY A. TAYLOR, 11TH DISTRICT OF NORTH CAROLINA

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. Kornegay] may extend his remarks at this point in the Record and include an address.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. KORNEGAY. Mr. Speaker, on Veterans Day, our distinguished colleague, the gentleman from the 11th District of North Carolina, Hon. Roy A. Taylor, made a very timely and inspiring address to the Junior Chamber of Commerce of Asheville, N.C. The occasion was the honoring of the 22 million veterans who have fought to preserve the liberty and freedom of this great country but it should also serve as a challenge and inspiration for all good Americans. I am pleased to have the opportunity to insert it in the Congressional Record.

Veterans Day Speech by Congressman Roy A. Taylor

This is a day full of significance for the American people and I am deeply grateful for the honor which you have bestowed upon me by inviting me to speak on this occasion. This is the 45th anniversary of a memorable day in human history. We meet here on this Veterans Day to honor the memory of those young American citizens who gave their lives on the field of battle in defense of this country. We honor them by teaching our children that it is a privilege to wear our country's uniform. We honor them by preserving the principles of freedom and justice for which they fought. We honor them by developing a sense of national purpose and rededicating ourselves to American ideals. We honor them by making the light of liberty burn so brightly that it can be seen by the entire world.

Millions of people today are looking to America for leadership sufficient to stop communism, preserve freedom, and secure world peace. Some citizens have proposed that our chief aim today should be sheer national survival, but since America is the world's chief home and hope of freedom, survival alone is not an adequate goal. We cannot abandon lofty ideals for all mankind in favor of compromise of safety or of comfort. We need a renewed understanding and a new dedication to our national purposes.

Our forefathers stated the goals and purposes of America, "to form a more perfect Union, establish Justice, ensure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessing of Liberty."

To give these goals uniform application we should extend our vision to all mankind. In this day of big government and totalitarian states we must preserve and promote the private aspects of freedom, the right of men to choose their own ideas and pursuits and to be free from governmental interference, the right to do what they like with their own.

Also, we must promote the public aspect of freedom—that is, the obligation of the Government to help secure for all people rights of life, liberty, and the pursuit of happiness.

Today, America faces serious problems and we veterans should take the lead in finding a solution to these problems. The most alarming change since World War II has been the trend in social and economic thinking toward communism. We know that communism is wrong and ignoring it will not cause it to go away. The struggle is a struggle of ideas but the underlying issue is clear. The issue is whether individual man after groping his way through centuries of repression is to be thrown back into the grasp of totalitarian forces.

We wonder why communism has spread, but since World War II it has spread across China, Bulgaria, Albania, Czechoslovakia, Hungary, Poland, Rumania, Yugoslavia, and into the Middle East and into Africa and into Cuba, just off our shores.

Many other countries have been divided in the struggle of communism versus freedom. Today we have an East Berlin and a West Berlin; a North Korea, and a South Korea; a North Laos and a South Laos; an East Germany and a West Germany; North Vietnam and South Vietnam; West New Guinea and East New Guinea; Communist China and Nationalist China; a divided Pakistan, a divided Congo, a divided Arab Republic, and now a divided India.

These are indeed challenging times but we have survived great challenges before as the date November 11 indicates.

I am glad to report that the tide of the cold war is now turning in favor of the free nations. Communism is losing its appeal as more and more people understand its true nature and objectives. Its inefficiency is underscored by the inability of collective farming to produce food sufficient to feed the people of Russia and China.

Castro is no longer a symbol of popular demand for economic and social reform. The space gap is being closed and we are leading Russia in intercontinental ballistic missiles and rockets by about 5 to 1.

International communism is no longer a single coordinated world movement as its two leaders, Russia and Red China, are quarreling among themselves. We know that freedom has many difficulties and democracy is not perfect, but we have not had to string barbed wire or put a wall around America to keep our people from leaving. In fact, if it were not for immigration restrictions, people from all nations would flock to our shores.

Sometimes I receive a letter from a discouraged citizen who has lost faith in this country, its leaders, its people, and its future. He is no longer willing to trust anyone.

Now, I do not approve proposals made and many trends in our Government. As a Congressman, I reserve the right to say "No." I believe that we have traveled too far down the road toward centralization of power in the Federal Government. I agree with Woodrow Wilson that: "The history of liberty is the history of the limitation of governmental power—not the increase of it." To maintain liberty, we must work for it, fight for it, sacrifice for it, pray for it, pay for it, and vote for it. The job will never be finished.

But my faith in America is unlimited. Changes that need to be made will be made. The people will see to that. The rank and file of our citizens today live in better homes, have a higher per capita income, have more leisure time, greater opportunities for education, health, long life, happiness, and community service than at any time in the past.

It is faith in tomorrow which has carried this Nation forward. America is still the land of dreams and its possibilities are limited only by the breadth of our vision.

Mothers today all over the world are praying that their sons and daughters might have the opportunities which we take for granted in this country. The things that made America great are still with us. The last three letters in the word American are still c-a-n.

In closing, may we keep America free—a Nation fit for heroes—serene in the knowledge of its past—confident and strong and ready for the future.

CANAL ZONE CRISIS: PLAN FOR ACTION—SUPPLEMENTARY

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. FLOOD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. FLOOD. Mr. Speaker, in a statement to the House on October 22, I dealt briefly with relations between Panama and the United States under the title of "Canal Zone Crisis: Plan for Action." Nothing since then has happened to cause a change in those views, that I have repeatedly stressed that where there is responsibility there must be authority and that the Panama Canal enterprise cannot be successfully maintained, operated, sanitated, and protected with less authority than that provided in the 1903 treaty.

Despite the clarification that has been presented to the Congress and assertions by the Department of State that the long-range interests of the United States will be safeguarded, the pressure for a major revision of the 1903 treaty has been maintained in Panama by the President of that Republic, by its national assembly, and by former Panamanian officials.

In addressing the National Assembly of Panama on October 2, 1963, President Chiari revealed that the relations of his country with the United States had become a "permanent demand" by Panama for additional "benefits from the canal enterprise," called for immediate negotiations for a new canal treaty, and warned that delay would risk creating "delicate situations."

Later, on October 9, former Foreign Minister and treaty negotiator, Dr. Octavio Fabrega, emphasized that there are four basic points in the Panamanian treaty revision demands:

First. Revision of the scope of U.S. authority, power, and control over the Canal Zone;

Second. Elimination of the "perpetuity" provision in the 1903 grant of the Canal Zone Territory;

Third. Greater benefits for Panama from canal revenue, even if this involves an increase in transit tolls; and

Fourth. Retrocession to Panama of all lands and waters within the Canal Zone that have been proved unnecessary for the operation of the waterway.

In the course of his address, Dr. Fabrega disclosed that of the four major treaty revision demands, the one that has found least resistance on the part of the United States was return of lands and waters not needed for the operation of the canal. This, I suppose, explains the readiness of elements in the Department of State to transfer pier 6 and 7 at Cristobal and corridors across the zone, including the Thatcher ferry bridge, and its connecting highways, to Panamanian jurisdiction.

As to the demands for retrocession of parts of the Canal Zone considered by Panama as "unnecessary" for the operation of the canal, President William H. Taft, as long ago as December 5, 1912, declared in an Executive order that "all land and land under water within the limits of the Canal Zone are necessary" for canal operations. Moreover, the titles to all Canal Zone land was acquired by the United States from its owner through purchase. Nor, Mr. Speaker, should our officials overlook that under the conditions of modern warfare, our Government should not think of reducing the Canal Zone territory but rather of its extension, including the entire watershed of the Chagres River.

Mr. Speaker, the dangers threatening the position of the United States in the isthmus are understood by our citizens in the Canal Zone charged with the heavy burden of maintaining and operating the Panama Canal. They are not understood by the mass of our citizens in the United States because of the failure of the mass media and its publicists to deal with the problem either forthrightly or objectively. Instead, some of the mass media's widely read publicists, who have recently written from Panama, in their fallacious propaganda have descended so far as to condemn our Canal Zone citizens as "ugly Americans" and "bad-will ambassadors," to support the sinister influence in our Government that seeks to pacify through coddling Panamanian radicals, and to advocate further erosions of U.S. rights, power, and authority over the Panama Canal.

All the facts in the isthmian situation, Mr. Speaker, call for prompt action by the Congress as the only way to save the Panama Canal. To this end, I call upon the Committee on Foreign Affairs of the House for prompt and favorable action on House Concurrent Resolution 105, introduced by my distinguished colleague from Missouri [Mr. CANNON].

I urge passage by the Senate of H.R. 3999 to stop these giveaways. I ask the prohibition by statute of any public funds for the display of any flag in the Canal Zone other than that of the United States, and I urge adoption of House Resolution 451 reaffirming the Monroe Doctrine. These actions by the Congress and the House, Mr. Speaker, will be a start on the long road to a restoration of normal and indispensable conditions for meeting our treaty obligations for the maintenance, operation, sanitation, and protection of the Panama Canal.

As partial documentation for the foregoing, I include recent news stories from Panamanian newspapers and the Washington Post as part of my remarks:

[From the Panama American, Oct. 28, 1963]

MORE PANAMA FLAGS TO GO UP IN CANAL ZONE

Beginning November 3 more Panamanian flags are to be flown in the Canal Zone, side by side with the U.S. flag at the Gatun and Miraflores locks through which pass daily an average of 30 ships of many flags.

Twin flagpoles are being placed at the south end of Miraflores Locks and at the north of Gatun locks. More flagpoles are to be placed elsewhere.

The work, according to a Balboa Heights spokesman, "is being done as materials are available and as work forces can get at the jobs."

Reliable sources said the flags would be raised on November 3, although the Balboa Heights spokesman said that "no dates have been scheduled for the flags to be raised any place."

The spokesman said the additional Panamanian flags are being raised in accordance with the joint communique issued by the high-level Panama-United States Commission on January 10 last.

Today the Balboa Heights spokesman confirmed that "flagpoles are being placed, or are to be placed, at selected locations throughout the Canal Zone where it is appropriate for flags to be flown by civil authority."

The spokesman said the flags will be raised "routinely, as the flagpole work is completed.

"Some could go up tomorrow, some perhaps on November 3, some perhaps not until later. It all depends on the completion of the flagpole work," the spokesman said.

Meantime, efforts to prevent the flying of the Panamanian flag in the Canal Zone continue in the U.S. House of Representatives where a resolution barring the flying of any flag other than the U.S. flag in the zone is being studied.

At last report, the resolution, known as the Cannon resolution, through its sponsor, Representative CLARENCE CANNON, Democrat, of Mississippi, was being considered by the House Merchant Marine and Fisheries Committee.

The resolution is one of three submitted on the same subject. The other two were submitted by Representative DANIEL K. FLOOD, Democrat, of Pennsylvania, and Representative H. R. GROSS, Republican, of Iowa.

It is believed that the Cannon resolution would pass the House by a substantial majority but that it would encounter stormy going in the Senate. Should the Senate pass the resolution, it is believed that President Kennedy would veto it.

[From the Panama (Republic of Panama) Star & Herald, Oct. 2, 1963]

CHIARI CALLS FOR NEW CANAL TREATY NOW—BITTER DEBATE MARKS OPENING OF ASSEMBLY—OPPOSITION WALKS OUT AFTER LOSING OUT ON ELECTION OF OFFICERS; SESSION LASTS 4 HOURS

President Roberto F. Chiari called yesterday for immediate negotiations with the United States for a new treaty on the Panama Canal, saying "our two countries cannot delay the solution of their differences without risking delicate situations."

The President addressed the National Assembly at its installation session to report on his administration's accomplishments over the past 12 months.

On the domestic front, Chiari said the Government is tightening the belt to cut down a $7 million deficit appearing on the books as of August 31. He appealed for Assembly support of the administration's 1964 budget, which he said will be realistic.

Only slightly more than half the membership of the Assembly stayed to hear the President's message after a stormy installation session that culminated with a walkout by 22 opposition deputies, which left the floor to 31 pro-Government deputies.

What should have been a ceremonial session of about 90 minutes' duration, lengthened into almost 3 hours of acrimonious debate over the procedure to be followed in voting for officers of the Assembly. Diplomats, Government officials, and Canal Zone civil and military authorities who were invited to the session squirmed through the lengthy discussion. Then, after the issue had been decided in favor of the administration, came the President's message, which took 73 minutes.

The opposition called for secret balloting in the election of officers. The Government side insisted on a rollcall vote. Administration supporters said the opposition's strategy was that in secret balloting some of the Government deputies might cross party lines and side with the opposition's candidate for the Assembly chair, Alberto Arias.

The opposition fought tooth and nail over the issue, each of its members taking the floor to argue that the Assembly bylaws called for secret voting. The Government deputies held their ground and in the end a rollcall vote was approved.

The opposition walked out en masse.

From then on, the Assembly's business developed smoothly and Ricardo Arango, Demetrio Decerega and José G. Duque were elected President, First and Second Vice President, respectively.

Relations with the United States took two pages of the Presidential message.

President Chiari said:

"Our relations with the United States have developed in a plane of soundness and calmness in permanent demand for recognition of our rights to obtain fair benefits from the canal enterprise, better treatment for Panamanian workers and adequate solution of points which cause dissatisfaction.

"Panama knows of no other position, there being no intention on its part of harming the rights which the Government of the United States acquired for the construction, operation, maintenance and defense of the Canal.

"President Kennedy believed, in good faith, that with the creation of a high-level Commission, composed of representatives of both Presidents, a solution would be found to the problems affecting relations between the two countries. It turned out otherwise. The results, 1 year after its installation, afforded such little encouragement, that I took the decision to suspend the conversations and this was done by mutual agreement. Upon discontinuing the meetings of the Commission, both nations face, once again, the delicate problem of their relations arising from the existence of the Canal in Panamanian territory. Half a century of tireless efforts, which have failed to resolve our dissatisfactions, should serve as clear and precise indication of the need for utilizing means different from those already employed in order to attain an honorable solution.

"I believe sincerely, and I say so with utter frankness, realizing the responsibility of my words, that we have arrived at the point and hour when our two countries cannot delay the solution of their differences, without risking delicate situations. I have the deep conviction that if Panama and the United States set aside the interminable and even well-nigh fruitless discussions over what should be the correct interpretation of existing treaties, and decide to tackle the analysis of their discrepancies with realistic judgment and in the light of the principles and norms of international law, now universally recognized, they will find adequate means for resolving, once and for all, a stable relationship which will permit them to harmoniously fulfill the common destiny imposed upon them by the existence of the canal. A satisfactory formula must be found that will place the relations of the two countries on a plane of clear and fair understandings which will enable Panama to obtain the largest economic benefits, without lessening the rights accorded to the United States of America. Both nations made possible the Canal enterprise, both have common interests in its operation, and it is only fair that both should share in the fruits of their effort and of their contribution."

The President cited services taken over from the U.S. Economic Mission, the land reform program, the coming elections, and increased social security payments as factors contributing to a share rise in Government expenditures. A sharp curtailment of spending is the only way to cope with the situation, he declared.

"There is a limit to taxes," President Chiari told the Assembly, "and it would be a dangerous policy to resort to more and more taxes in order to balance expenditures."

The Chief Executive spoke with pride of his administration's accomplishments in the field of education. He pointed out that school enrollment in the country has increased from 174,000 students 3 years ago to 208,000 last July. Yet, he pointed out, 33,000 school-age children still have no classrooms.

In the agricultural field, Chiari singled out for special mention the recently launched agrarian reform program, which he said is slowly winning over the trust and confidence of peasants. He noted, however, that there are elements purposely working against the land reform activities.

Chiari reported also on Panama's Alliance for Progress program, covering the next 7 years. It won't be until February or March of next year, he said, when the first credits are expected to be made available for putting the economic and social development plan in motion.

The President's message was sprinkled with references to Alliance for Progress assistance, particularly in school construction.

One other topic of national interest was included in the Presidential message—the 1964 elections. Chiari renewed assurances that voters will go to the polls without hindrance from the Government and that his administration will respect and sustain the voters' will as shows at the polls.

In his comments on the national guard—which he said has his confidence "without reservations or limitations"—the President called for an increase in manpower.

Chiari concluded his message saying that he blamed his own shortcomings for the fact that "we have not been able to do more so that the Panamanian people may lead a better life," but he declared he is satisfied he has done all he could.

It was 2:40 p.m. when the President finished reading his state of the nation report. The Assembly meeting, which had started at 10:35 a.m., was adjourned immediately. The first of the working sessions, which will last 2 months, is scheduled for this afternoon.

[From the Panama Star & Herald, Oct. 10, 1963]

FABREGA: NEW TREATY "MUST"; ARNULFO ARIAS: PANAMA CANAL ISSUE "FALLACIOUS"

Two prominent Panamanians spoke out yesterday on the subject of Panama-United States relations, one to say that the full revision of the 1903 treaty is the only solution to differences between the two countries and the other to charge that the Panamanian Government is using the "fallacious canal issue" to hide its own ineptitude.

The pronouncements came from Dr. Octavio Fabrega, a former Minister of Foreign Relations and treaty negotiator, and Dr. Arnulfo Arias, a former President of the Republic who has all but announced he will run in the 1964 elections.

Addressing a joint meeting of the Rotary and Lions Clubs of Panama at the Hotel El Panama last night, Dr. Fabrega said there are four basic points involved in the revision of the canal treaty: (1) A once-and-for-all definition of the scope of authority, power, and control of the United States in the Canal Zone, which has become so "americanized" that the United States treats it as part of its territory; (2) elimination of the perpetuity feature of the canal concession; (3) fair distribution of the canal benefits, which might involve an increase in the transit tolls; and (4) the return to Panama of lands and waters within the Canal Zone which have proved unnecessary for the operation of the waterway.

Fabrega said that of the four revision issues, he has found the least resistance on the part of the United States toward the return of lands and waters not needed for the operation of the canal.

Reviewing the negotiations conducted recently by a joint Panama-United States commission on points of dissatisfaction between the two countries Dr. Fabrega blamed the lack of success of the commission on the "'fourth floor" of the U.S. State Department. This, he said, is where U.S. policy toward Latin America is handled. Fabrega said the "bureaucratic clique" that runs this section of the State Department has more power than the White House and the Congress because it "delutes" policy directives that come from the White House and the State Department.

On the question of revision—of the 1903 treaty, Fabrega said Panama's position is justified because the conditions which brought about that treaty have changed radically. The canal, he pointed out, no longer is a military adjunct but a commercial enterprise. It might have been justified to ask Panama to sacrifice itself for the sake of the common defense while the canal was purely a defense artery, but now that it has become a commercial enterprise there is no justification for a powerful nation to profit from this country's biggest natural resource: its geographical position, Dr. Fabrega declared.

He cautioned, however, that the treaty question should not be a banner for agitation on the Panama or United States side. As much harm to the cause of good relations is done by Panamanians who call for immediate nationalization of the waterway, he said, as by Canal Zone residents who argue that Panama is not entitled to benefits from the canal because had the United States not built the waterway this country would still be ridden by yellow fever.

But Dr. Fabrega insisted that the longer the revision issue is put off the bigger the risk that "grave situations" will develop which may not be subject to settlement, as in 1959, except by force.

Meanwhile, Dr. Arias, in his first formal campaign statement, said that Panama-United States relations should not be the subject of "street demagoguery or electoral opportunity."

He added: "It is a most grave mistake, for the Panamanian Nation, for the American Hemisphere, and even for the West, for the canal affairs and its feasible good-faith solutions be unscrupulously turned into carnival banners. All the more so, when those who are so acting seek not to be patriotically true to Panama, but to submerge in the canal waters the accumulation of ineptitudes, grafts, and squanderings of moneys during 4 years sadly wasted away. Four years of unfulfilled pledges; of successive and evident failures which have crowned, both on the national and the international planes, the record of the present administration."

Arias said political groups which have no popular support "do not hesitate to take recourse to the overused canal argument, trying in vain to put on the present Panama-North American contractual relationships the blame for responsibilities which are wholly attributable to the present administration."

He warned that this "anti-Yankee" campaign opens the door to subversive agents of Castro communism and Soviet imperialism.

"We say responsibly," Dr. Arias declared, "that with the resources available from the stipulations of the treaty in force with the United States over the Canal Zone—although this does not imply permanent acceptance on our part of the present status—Panama has been in a magnificent position to face and resolve most of its chronic national and social problems. Conversely, these problems have become considerably more acute since 1951, although, once in a while, the administrations in power have resorted to the familiar argument of monetary demands to the White House" (1951 was the year in which Dr. Arias was overthrown for the second time).

Dr. Arias' statement said the Panamanian people are fed up with "the canal tale."

"From 1951 on," he said, "there has been a lack of overall vision of our problems as fatherland, as nation, and as state. The ruling groups have waged against the United States and Zonians in general resentments which often are justified, but which not always are justly or patriotically set forth. * * * Our future progress will depend on the rational development of our great productive possibilities, beginning with what the canal and our geographic position provide for us economically."

Arias declared that President Kennedy's new Alliance for Progress policy is incompatible with the previous forms of concessions in perpetuity which still prevail in some aspects of Panama-United States relationships over the canal.

"The United States," the former President said, "is, in addition to our partner, our inseparable ally in hemisphere security in the specific understanding that the Panama Canal and the Panamanian people gain in importance as strategic-political objectives for Havana and the Kremlin."

The statement concluded: "Face to face against the dark forces of reaction, whether extremist or oligarchial, the Panameñista Party and Dr. Arnulfo Arias at the forefront as the legitmate spokesman for the ideals of the disillusioned majority of citizens, prepare to wage the decisive battle."

The "decisive battle," of course, is the 1964 presidential election.

[From the Panama American, Oct. 10, 1963]

NEW TREATY BEFORE HARMONY—FABREGA

Former Foreign Minister Dr. Octavio Fabrega said last night the complete revision of the 1903 treaty is the only solution to differences between Panama and the United States.

Speaking before a joint meeting of the the Rotary and Lions Clubs, the former treaty negotiator warned that the longer the revision issue is put off, the greater the risk that "grave situations" will develop which may not be subject to settlement, except by force.

Fabrega told his audience there are four basic points involved in the revision of the canal treaty:

A once-and-for-all definition of the scope of authority, power and control of the United States in the Canal Zone, which has become so Americanized that the United States treats it as part of its territory.

Elimination of the prepetuity feature of the canal concession.

Fair distribution of the canal benefits, which might involve an increase in the transit tolls.

The return to Panama of lands and waters within the Canal Zone which have proved unnecessary for the operation of the waterway.

Fabrega saw justification in Panama's position in regard to the 1903 treaty revision question, pointing out that conditions which led to that treaty have now changed radically.

Emphasizing that the canal was no longer a military adjunct but now a commercial enterprise, Fabrega declared it might have been justified to ask Panama to sacrifice itself for the sake of the common defense while the canal was purely a defense artery.

But now that it has become a commercial enterprise, he said, there is no justification for a powerful nation to profit from Panama's biggest natural resource—its geographical position.

The former Foreign Minister cautioned that the treaty issue should not be used as a banner for agitation on either the Panama or United States side.

As much harm, he warned, is done to the cause of good relations by Panamanians who call for immediate nationalization on the waterway, as by Canal Zone residents who claim that Panama is not entitled to benefits from the canal because the country would still be wracked with yellow fever if the United States had not built the canal.

Fabrega, who was one of the Panama representatives during negotiations carried out recently by a joint Republic of Panama-United States commission on points of dissatisfaction between the two countries, blamed the lack of success of the negotiators on the "bureaucratic clique" of the U.S. State Department.

Fabrega, who said the "clique" was located on the fourth floor of State Department where Latin American policy is handled, charged it was more powerful than the White House and Congress.

[From the Washington Post, Nov. 1, 1963]

UGLY AMERICANS

(By Rowland Evans and Robert Novak)

PANAMA CITY.—If anti-American sentiment in Panama ever reaches the point where it menaces the Panama Canal, Communist propaganda would be only partly to blame. The real culprits would be some strange American policies and the unknown ugly Americans who shaped them.

By the count of one U.S. diplomat, 99 out of every 100 Panamanians believe U.S. canal policy is grossly unfair. Given that beginning, a competent demagog could someday build animosity to the danger point.

Actually, Panamanians have displayed remarkable self-restraint so far, considering the way Uncle Sam forgets about the Alliance for Progress and reverts to big city imperialism here.

Why? Mainly because of inordinate influence wielded by some civilian employees of the canal, who must be ranked among the ugliest Americans anywhere.

The trouble stems from the 1903 treaty that gave the United States the 10-mile-wide Canal Zone under terms so favorable that it seemed a triumph of Yankee trading comparable to the purchase of Manhattan Island.

In fact, it is no such thing. The Panamanian Government of 1903, newly independent from Colombia after a revolution engineered by Teddy Roosevelt, was under Washington's thumb. It's understandable that Panamanians want substantial treaty revision.

Their biggest complaint concerns money. In view of nearly $60 million revenue produced by the Canal Zone last year and the U.S. defense installations jammed into the Canal Zone, Panama's $1,930,000 annual share of canal tolls is chicken feed. Panamanians rightly regard their country's unique geographical position as its one great national resource and resent getting shortchanged for it.

Questions of prestige are more subtle. Although a sovereign country seldom signs perpetual agreements, the 1903 treaty gives away the Canal Zone forever. Panamainians want a token time limit, perhaps 50 or even 99 years. By then, the canal probably would be abandoned.

The State Department would gladly grant such concessions except for anti-Panama sentiment in Congress. For instance, congressional opposition scuttled a modest concession to let Panama handle its own canal freight.

This congressional intransigence is the handiwork of the Zonians: U.S. residents of the Canal Zone, all canal employees, who operate one of Washington's most effective lobbies by playing on justifiable congressional fears about this vital waterway's security.

Moreover, the Zonians themselves are bad-will ambassadors, more irritating to Panamanians than official U.S. policy. At his worst, the Zonian brags about not understanding a word of Spanish and not crossing into the Republic of Panama for years on end.

That's not all. A U.S. employee of the canal receives 25 percent more pay than a Panamanian in the same job. Because of security, such high-paying jobs as canal pilot ($19,000 a year) are limited to U.S. citizens, and a U.S. employee gets 10 days more vacation annually than a Panamanian.

Apart from Canal problems, there's plenty to worry about here. Panama has Latin America's typical headaches—shantytown slums (called Hollywood in Panama City), an undeveloped interior, a ruling oligarchy wrapped up in moneymaking and petty politics. Topping this off is dependence on one "crop"—the canal.

Furthermore, Communists recently won student elections at the University of Panama and Communist-infiltrated labor unions are causing trouble on the banana plantations. U.S. Intelligence sources estimate that 200 trained Reds have slipped in from Cuba. If they ever launch a concentrated terror campaign, Panama's 3,000-man national guard would be hard put to contain it.

THE NEED OF A SHEVCHENKO FREEDOM SECTION IN THE LIBRARY OF CONGRESS

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Dulski] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. DULSKI. Mr. Speaker, on September 21, 1963, historic ground-breaking ceremonies were held in the Capital of our Nation for the Shevchenko memorial statue which will be unveiled next May 30. These ceremonies were unprecedented both in attendance and performance. Close to 3,000 Americans of diverse backgrounds participated in the groundbreaking at the Shevchenko site on P and 23d Streets NW. Washington had not seen such a ground breaking for decades.

MEMORABLE EVENT REPORTED WIDELY

Along with other Members of Congress, it was my privilege to participate in this unforgettable ceremony. The banquet which followed the groundbreaking ceremony overflowed in attendance and cultural presentation. The 1,000 people who attended the function at the Mayflower Hotel witnessed renditions in honor of Taras Shevchenko that also were impressively new and inspirational. The entire memorable event was reported widely, and as part of my remarks, I ask that the following indicative reports in the New York Times, September 21; the Washington Sunday Star, September 22; the Washington Post, September 20, 22; and the Buffalo Evening News, September 17, 19, 23, be printed here:

[From the New York Times, Sept. 21, 1963]

U.S. Paying Tribute to Ukrainian Hero

Washington, September 20.—A Ukrainian poet and national hero, hailed by Moscow as a prototype of Communism, will be honored by United States officials tomorrow as an Eastern European freedom fighter.

Congressmen, Government officials, and more than 2,000 Americans of Ukrainian descent will attend groundbreaking ceremonies for a $250,000 memorial to Taras Shevchenko, who died in 1861.

The ceremonies are expected to produce a sharp reaction in the Soviet press. Moscow has been fighting with Washington over Shevchenko's memory.

A statue of the poet stands in the city of Kiev in the Ukraine. Moscow holds that Shevchenko was a foe of imperialism and a Bolshevik before his time.

In the United States, however, he is portrayed as a 19th-century fighter against Russian tyranny.

In 1960 Congress held hearings on Shevchenko's life and works, and authorized the use of land for the memorial.

Donations from Americans of Ukrainian descent defrayed the cost of erecting the memorial, to be executed by Leo Mol, Ukrainian-born sculptor.

[From the Washington (D.C.) Star, Sept. 22, 1963]

Park in District of Columbia Dedicated to Ukraine Poet

Fourteen thousand square feet of Washington soil were dedicated yesterday to the memory of Taras Shevchenko, Ukrainian poet and 19th century fighter for freedom.

The tiny park at 22d, 23d, and P Streets NW., set aside by Congress as a memorial to the Ukrainian patriot, was dedicated in ceremonies attended by some 2,000 persons.

The ceremonies were conducted in English and Ukrainian.

Despite the sounds of an occasional accent, the audience was typically American in dress, in language and in outlook, but for two pretty girls in Ukrainian.

"This statue," said Dr. Lev E. Dobriansky, professor of Soviet economics at Georgetown University," will be a symbol of their early twenties selling souvenir buttons, conversed easily in freedom for the Ukraine and all the captive nations."

He told briefly of the life of Shevchenko, who died in 1861 at the age of 47 after a life in which he was a serf, a soldier, a prisoner of the Russians and only briefly a free man.

The decision by Congress to provide space for yet another statue in an over-statued city was a minor victory in the cold war, according to information provided by the public relations firm which represents the Shevchenko Memorial Committee of America, Inc. The Russians, according to the firm, have attempted to claim the poet and his writing for their own purposes—hailing him as a Bolshevik who died before his time.

However, the speakers at yesterday's ceremonies made clear that in their opinion Shevchenko had drawn his inspiration from the ideal of the West and particularly the ideals of the American Revolution.

Last night some 700 persons of Ukrainian descent attended a banquet in the Mayflower Hotel in which Shevchenko freedom awards were presented to 4 U.S. Senators, 5 Representatives and 1 former Representative.

Recipients of the awards were Senators Dodd, Democrat, of Connecticut; Javits and Keating, Republicans, of New York; and Scott, Republican, of Pennsylvania; Representatives Dulski, Democrat, of New York; Feighan, Democrat, of Ohio; Jones, Democrat, of Missouri; Lesinski, Democrat, of Michigan; and Madden, Democrat, of Indiana; and former Representative Alvin Bentley, Republican of Michigan.

[From the Washington (D.C.) Post, Sept. 20, 1963]

William Shust, who did so well by "The Egg" at Arena Stage, will join Philadelphia's Kobzar Choir for Saturday night's Ukrainian Congress Committee's banquet following ground breaking of the Shevchenko Memorial, 22d and P Streets NW.

[From the Washington (D.C.) Post, Sept. 22, 1963]

Ukrainian Poet Lauded at Ceremony

More than 2,000 Americans of Ukrainian descent gathered yesterday at ground-breaking ceremonies for the construction of a $250,000 memorial to Taras Shevchenko, a 19th century Ukrainian poet and freedom fighter.

The memorial, which will consist of a 14-foot statue of Shevchenko by Leo Mol, a Ukrainian-born sculptor, will be located on a plaza in a small triangular park bounded by 22d, 23d, and P Streets NW.

Schevchenko, who was born in 1814, spent only 9 of the 47 years of his life in freedom. Freed from serfdom in 1838, he was arrested 9 years later for being a member of a radical political society and spent the rest of his life either in penal exile or under strict police supervision.

In a speech at the groundbreaking ceremony, Senator Thomas J. Dodd, Democrat, of Connecticut, said that Shevchenko "belongs to all mankind. * * * We honor him as a fighter for freedom and as a champion of all the persecuted and oppressed." Dodd added that Shevchenko is regarded by his people with "something of the special reverence that we in America reserve for Thomas Jefferson and George Washington."

Dodd was one of four Senators, five Congressmen, and one former Congressman who received Shevchenko Freedom Awards from the Shevchenko Memorial Committee of America at a banquet after the ceremony.

Representative John Lesinski, Democrat, of Michigan, another award recipient, said that Shevchenko was "the greatest Ukrainian of his day," and Representative Michael A. Feighan, Democrat, of Ohio, noted that the poet "shared as well as sensed the sufferings of his countrymen under the oppressive yoke of Russian imperialism."

[From the Buffalo (N.Y.) Evening News, Sept. 17, 1963]

Dulski To Address Dinner Honoring Ukrainian Poet

Washington, September 17.—Representative Dulski, of Buffalo, will be main speaker at a banquet here Saturday in connection with ground breaking for the memorial statue to Taras Shevchenko, the Ukrainian poet and freedom fighter.

Erection of the statue in Washington was authorized by Congress in 1960 and Americans of Ukrainian descent have raised over $250,000 to cover the costs. Sculptor of the statue is Leo Mol, native of Ukraine who now resides in Winnipeg, Canada.

Between 2,000 and 3,000 Americans of Ukrainian descent from throughout the United States are expected to take part in the ground breaking and later attend the banquet.

Mr. Shevchenko was born in 1814 in serfdom, gained freedom and risked prison and exile to fight for individual liberty from serfdom and for Ukrainian independence from Russian imperialist rule. He died in 1861.

[From the Buffalo (N.Y.) Evening News, Sept. 19, 1963]

Dulski To Receive Ukrainian Award

Washington, September 19.—Representative Dulski, of Buffalo, and Senators Javits and Keating, of New York, are among nine Members of Congress who will be honored by Americans of Ukrainian descent on Saturday.

Mr. Dulski is main speaker at the banquet in connection with the ground breaking for the memorial statue here to the Ukrainian poet and national hero, Taras Shevchenko.

The legislators will be presented Shevchenko Freedom Awards given jointly by the Shevchenko Memorial Committee and the Ukrainian Congress Committee of America.

[From the Buffalo (N.Y.) Evening News, Sept. 23, 1963]

Dulski Proposes Library in Honor of Ukrainian Poet

Washington, September 23.—Representative Dulski, of Buffalo, has urged that a Taras Shevchenko library be established at the Library of Congress as an additional tribute to the Ukrainian poet and national hero.

Mr. Dulski made his proposal as he addressed a banquet here Saturday in connection with ground breaking ceremonies for the Shevchenko memorial statue, authorized by Congress in 1960. Americans of Ukrainian descent have raised more than $250,000 to finance the memorial.

RICH AMERICAN CONTRIBUTION

These events and the forthcoming unveiling of Shevchenko's statue represent a rich contribution to our American knowledge and understanding of the powerful forces for freedom in Eastern Europe and thus for the world. Our leaders, such as President Kennedy, former President Eisenhower, Members of Congress, and numerous other officials have in various ways acknowledged this contribution on the part of 2½ million Americans of Ukrainian background. The contribution brilliantly reflects the interests of all Americans who seek the liberation and freedom not only of Ukraine but of all the captive nations. Calculated slurs against the constructive efforts of imagined minorities and tiny groups are expressions of arrogant ignorance for which there is no room in our tradition.

THE COUNTERPART OF IGNORANCE IN THE U.S.S.R.

Arrogant ignorance by a few in this country as concerns the freedom stature and universal significance of Shevchenko has its ready counterpart in the distortions that have poured out of the Soviet Union since the 86th Congress took the initiative on this vital project. There can be no doubt that we successfully blunted the propaganda scheme of Moscow to exploit the Shevchenko symbol for its own colonial ends. For the edification of some, I request that these samples be printed at this point in the RECORD:

The American-German forgers of the works of Shevchenko and their hirelings, the Ukrainian bourgeois nationalists, are trying to prove the allegation that the great Ukrainian poet was a nationalist who condemned the union of Ukraine with Russia and denounced Bohdan Khmelnytsky. This is a shameless lie and a dirty slander on the ardent champion of friendship between the two brotherly nations.

The Ukrainian bourgeois nationalists, who are kept by the imperialists of the United States, are trying to prove that Shevchenko allegedly wished to see Ukraine after the pattern of the United States. To prove this, they cite his poem, "Yurodyvy," ("God's Fool") in which the poet wrote:

"Ah, you miserable
And cursed crew, when will you breathe your last?
When shall we get ourselves a Washington
To promulgate his new and righteous law?
But some day we shall surely find the man!"

In these words Shevchenko contrasted the reactionary, rotten, autocratic order of serfdom with the political order defended by George Washington. Today all the righteous laws in the United States have been buried; there exists a reign of the most highhanded reactionary social forces, a ruthless enslavement of the workers, and racial and national discrimination. The American reactionaries and their hirelings, the Ukrainian bourgeois nationalists, will never succeed in turning the poet-revolutionary into a partisan of the American bourgeois order. (D. Ostrianyn, Komunist Ukrainy, Feb. 2, 1961, Kiev.)

The clear meaning of his (Shevchenko's) poems has been distorted by Ukrainian bourgeois nationalists in order to make Shevchenko out to be an enemy of Russia rather than of Russian autocracy. The poet drew a clear distinction between the two Russias—one reactionary, the other progressive and revolutionary. He never joined the nationalists, thoroughly cognizant of the fact that the Ukrainian people could win national liberation only with the overthrow of the autocracy, and for this the union of all of Russia's progressive forces was necessary. (Yevgeni Kiriliuk, U.S.S.R. magazine, January 1961, Soviet Embassy, Washington, D.C.)

The peoples of the Soviet Union, and with them all progressive mankind, are getting ready for a worthy observance of the immortal memory of the genius lover of freedom. * * * But our enemies are not asleep. The American imperialists, relying on those docile servants * * * the Ukrainian nationalists * * * are planning to take advantage of the 100th anniversary for the monstrous, disgusting, and provocative purpose of slandering the homeland of Shevchenko, Soviet Ukraine, and our people with a flood of anti-Soviet insults, provocations, muck, lies, and distortions.

The nationalist scribes, of the breed of Zaitsev, Dontsov, and Dobriansky, are displaying an extraordinary adroitness in the matter of falsifying Shevchenko, and the blasphemous distortion of his works, attempting to present our great poet as some kind of advocate of the modern "American way of life."

This is the purpose of the brochure, "Europe's Freedom Fighter: Taras Shevchenko, 1814–61," published as official matter of the U.S. Congress.

The peoples of the world will firmly slap the dirty hands of the American politicians and nationalist Judases who are trying to besmirch the bright acme of pure human spirit, the spirit of truth and freedom, the spirit of goodness and anger, the spirit of generosity and eternity, the spirit, image, and word of Shevchenko. A great role in this noble act of defending the temple of mankind for the bourgeois speculators and blasphemers will be played by Soviet writers and literary experts. This is a fight, together with Shevchenko, against man-hating ideology of imperialism and nationalism. his is a fight which also exposes the deceit and falsehood of all talk of peaceful coexistence of two ideologies. (Mykola Bazhan, Literaturna Ukraina, Apr. 16, 1963, Kiev.)

THE MEANING OF SHEVCHENKO FOR THE UNITED STATES

Mr. Speaker, at the ground-breaking event and after, many addresses and articles have been presented on the meaning of this project for us Americans in the current, titanic struggle with Soviet Russian imperiocolonialism. At this time I should like to append as part of my remarks those made by our distinguished colleague, the Honorable JOHN LESINSKI, on the occasion of the Shevchenko ground-breaking ceremony. Mr. LESINSKI was responsible for the publication of House Document No. 445—"Europe's Freedom Fighter, Taras Shevchenko, 1814–61"—a valuable documentary biography of Ukraine's poet laureate and national hero. Also, I request that immediately thereafter the moving article written by Dr. Frederick Brown Harris under its original title "Wanted—Another Washington" be printed as part of my remarks. Dr. Harris' perceptive article appeared in the October 13 issue of the Sunday Star and in other papers:

REMARKS BY HONORABLE JOHN LESINSKI, U.S. REPRESENTATIVE FROM MICHIGAN, AT GROUND-BREAKING CEREMONIES FOR THE SHEVCHENKO MEMORIAL STATUE, SATURDAY, SEPTEMBER 21, 1963

Ladies and gentlemen, I deem it an honor and a privilege to join with you this afternoon in saluting Europe's freedom fighter, Taras Shevchenko.

It was also my privilege to participate in obtaining approval of the U.S. Congress of the resolution authorizing the placing of Shevchenko's statue in this great city of Washington toward which the world today looks as the symbol of freedom and democracy.

Taras Shevchenko was the greatest Ukrainian in his day, and one of the most famous in modern history of the Ukrainian people. He was distinguished as a man of letters, an eminent poet, and a fervent patriot of unblemished character. But more than that, he was a voice crying for freedom from the dark depths of slavery and serfdom. During his lifetime, the Ukrainian people were almost as severely oppressed by the Czarist Russian regime as they are today under the Russian Communists in the Kremlin. Today, as 45 million Ukrainians enslaved by the Russian Communists work unceasingly to obtain their freedom, they look to Taras Shevchenko as the symbol of true liberty and take inspiration and incentive from his life and works.

As we pay tribute to Shevchenko today, we remind the people of the Ukraine that we have not forgotten their unfortunate plight. And in so doing, we give hope and comfort to the people in the other captive nations who suffer the same fate of enslavement by Communist masters. While the winds of the cold war seemingly are becoming warm, we must constantly remember these unfortunate people and not let ourselves be deluded by empty promises and false hopes. As I mentioned during the observances of the Captive Nations Week, if the Kremlin masters truly seek peace in the world let them give the people of the Ukraine and the other captive nations their freedom to live under governments of their choice.

Tyranny and oppression can never still the desire for liberty nor can they silence a ringing voice of freedom, for so long as that desire for human liberty, a better life and the brotherhood of man remains alive and strong in the hearts of free people throughout the world, such voices will be heard through the years, as has been Shevchenko's. So that in dedicating this monument to Shevchenko, we give added volume to the voice of freedom.

I am pleased to have been able to participate with you this afternoon honoring this great patriot.

[From the Washington (D.C.) Star, Oct. 13, 1963]

SPIRES OF THE SPIRIT—ANOTHER WASHINGTON

(By Dr. Frederick Brown Harris, Chaplain of the U.S. Senate)

An outstanding Ukrainian poet who was a contemporary of Abraham Lincoln published a want ad that resounds across a hundred years. He died just after the man who saved the Union entered the White House to face black days. His name is Taras Shevchenko. His was, and is, the enduring voice of his valiant land in its agelong struggle for freedom. During his lifetime, most of which was spent in the slavery of serfdom, the Ukraine was bound by the shackles of Czarist tyranny. Shevchenko, in his inspired poetry, helped mightily to keep alive the dream of an independent Ukraine.

With volcanic anger, defying the Russian handcuffs, his eyes were riveted with hope upon the American rebels who had revolted against the unjust exactions of a royal master and by their victory inspired all who longed to breathe free. Against her oppressors Taras Shevchenko poured hot words that still roll like molten lava. Recalling hopefully what the rebellion under the calm leader from Mount Vernon had brought to pass, he cried out—

"Ah, you miserable and cursed crew,
When will you breathe your last?
When shall we get ourselves a Washington
To promulgate his new and righteous law—
But, some day we shall surely find the man."

Had the brave heart in the middle of the 19th century who penned those eloquent words known that in the middle of the 20th century even greater slavery than he had envisioned would fall upon his valiant land, as the ruthless Kremlin masters of deceit squeezed out for their own gain the very life blood of his noble people, who can doubt that Shevchenko would turn in burning wrath upon the modern descendants of Genghis Khan? Who can doubt that he would hurl at the most sinister conspiracy against human decency ever to plot for the domination of the planet the phrase he coined so long ago—"You miserable and cursed crew." And, who can question that he would hail the one free world power which has pledged its moral and material might that instead of bestriding the earth, the time will come on God's calendar when the Ukraine prophecy will come to pass and the vile tyranny will breathe its last—an inevitable day when the anguished query, "When shall we get ourselves a Washington?" will be answered as it becomes clear to all the earth that the Red tide is not the wave of the future.

A pledge already broadcast around the planet, that the flame of Shevchenko's faith will be kept blazing, is about to be reiterated in the form of a statue in Washington, Capital of the free world. In this city splendid a prominent site has been assigned for that purpose by the United States. It is a grassy plot, appropriately in close proximity to the worshipful tower and spire of a stately Christian church. There will rise in the months just ahead the sculptured likeness of this fiery patriot of freedom. Costing more than a quarter of a million dollars it is to be a gift of prophetic faith by Ukrainian Americans. The 86th Congress acted in the spirit of George Washington when it gave the green light for this project in spite of the bitter denunciation of today's despots, who have the unbelievable audacity to suggest that if the Ukrainian poet were living today he would join the marauders who mowed down the innocents in the streets of Budapest.

At the recent groundbreaking ceremony 2,000 people crowded the available open-air space to listen rapturously as some of the poet's winged words were recited and prayers offered, and messages brought by American leaders of the Ukrainian cause, representatives of the national churches whose fires of faith are kept burning in millions of lives in this land of the free and also by educators and U.S. Government officials. The joyous burden of all the utterances of that high hour was a Jubilate that here was to be erected a spire of the spirit tall enough to be seen by the whole world.

For the years to come this statue will be an altar of intercession for the emancipation of all the captive nations. It will be an impressive proclamation that America writes across the present fetters which now keep the nations of Europe from their own right of self-determination, the stern judgment, "temporary status." This statue will publish the fact that America is well aware that the U.S.S.R. is not a nation, but a colonial empire claiming sovereignty over non-Russians numbering more millions than there are Russians, including the Ukraine, an area greater than Poland and Yugoslavia combined. Today's attempt at accommodation with the free world and the lessening of tensions, can never erase the memory of atrocities heaped upon this land after the Bolsheviks rudely stopped the jubilant ringing of liberty bells following the revolution of 1917.

This significant addition to the monuments of this monumental city, where everything is in view of all America, will be a witness to the Republic's refusal to be deceived by the double talk of Communist jargon as it prostitutes even words to say one thing with a meaning just the opposite. The statue will point to the greatest historic hoax of all times as the Red regime flays the almost-dead body of Western colonialism while it plots to take over the world in the vastest and vilest colonial empire ever conceived. The statue will tell the truth regarding Soviet colonialism which makes its pious denunciations of the often-benevolent Western brand give an air of utter unreality to the United Nations. The lines of this monument, erected to one in whose heart the love of freedom flamed in an enslaved land, will go out to all the earth as millions come reverently to a spot henceforth forever sacred to lift a prayer that this torn and tortured world may be delivered from the abomination of abominations. Its unveiling this coming May will be the signal for a march on Washington by tens of thousands who, loving freedom and hating tyranny, and remembering their honored poet's ardent hope for another Washington, will cry with glad and grateful hearts—Shevchenko, we are here.

A MONUMENT AGAINST IGNORANCE

The Shevchenko statue will in every respect be a tower of progressive knowledge for many of our citizens; it will be a monument against ignorance regarding the U.S.S.R., Soviet Russian imperio-colonialism, the patriotic freedom forces of Eastern Europe, and the universal importance of the poet, Shevchenko. One newspaper has recently demonstrated in its erratic editorials a profound lack of knowledge concerning this all-important subject. Furthermore, it has acutely limited the publication of replies to its abusive charges. Representative of replies to these editorials is the one submitted by Dr. Lev E. Dobriansky, of Georgetown University, which was deleted in parts and which I quote in full as follows:

OCTOBER 19, 1963.

LETTER TO THE EDITOR OF THE WASHINGTON POST:

I trust you will afford me the same fair opportunity of replying to your October 18 editorial on "The Shevchenko Affair" as you did in July 1959, concerning an editorial on the Captive Nations Week resolution. Your opposition then was based on a medley of factual inaccuracies; bearing the same trait, your present opposition to the Shevchenko statue sounds almost desperately vindictive and, to say the least, is unbecoming to an organ of your reputation.

Two questions immediately arise after reading this misleading piece. One, why this editorial at this time? Second, how expert have your writers become on this project in the span of 3 weeks? The factual answers to these questions are sufficient to indicate the degree of editorial irresponsibility reflected in this self-indicting performance.

It is very easy to pontificate and hide behind juggled words after a given event. But where were your sheltered writers these past 3 years while the subject was widely reported and discussed in this country and in the Soviet Union? The New York Herald Tribune, the Evening Star, the Chicago Tribune, and many other papers satisfactorily covered the subject in 1960; and, as in the case of the Captive Nations Week resolution, for a period of 7 months the organs of Moscow and puppet Kiev registered a malicious opposition similar to yours now. In fact, it appears that your own writers don't bother to read the Post itself. Reports on the project and the open congressional hearing were published on April 2 and September 14, 1960; March 7, 1961; October 18 and 26, 1962. Where were your interest and comments then? If the element of dictated pressure has characterized anything, it certainly has this contradictory editorial.

As to the second question, it is actually amusing to compare this editorial with the one on "Poetic Injustice" that appeared in your September 23 issue. In the latter, the 3-week experts start out in this vein:

"We yield to no one in our esteem for the Ukraine and that country's poet and hero, Taras Shevchenko." They even admit that "we have never read a line of Mr. Shevchenko's verse." Three weeks later the reader is fed the supposedly studied and quite absurd conclusion that a "statue of Shevchenko would be a monument to disunity and recrimination among Americans." Earlier, Shevchenko was a "country's poet and hero"; now, he's "the pet of a small minority." With such capricious thinking, one can well imagine the abusive interpretations they've formed by references to his poetry out of historical context. Shevchenko scholars in the United States and Canada have devoted lifetimes to the historic works of this immortal freedom fighter; your writers, with brazen self-contradiction, have rendered their expert judgment—all distilled in 3 weeks.

If there is anything "offensive in various ways" to the intelligence of our American people and to their unity against the Soviet Russian threat, it is this brand of irresponsible editorializing. Your fictitious points on some "errant private passion" of certain Americans, the "misguided and careless reception" by Congress, and other specimens of groundless rhetoric not only violate available facts but have been openly exploded while your editorial writers slept these past 3 years. Solid reasons for the statue are clearly set forth and explained in House Document 445, which was circulated throughout the country and inspired worthy contributions for the statue from Americans of all backgrounds. What did you do with your copy 2 years ago?

On how to fight communism, the record of your notions is scarcely an enviable one. Taking just the two issues mentioned here, it is most revealing how, in fact, your protests have coincided with Moscow's. The reasons, of course, are different. Moscow is fearful of any outside support given to the powerful force of nationalism among its captive non-Russian nations in the U.S.S.R.; you've been too blind to understand this.

Thank God we have countless Americans who do. As just one among numerous examples, you might profit from reading Dr. Frederick Brown Harris' recent column in the October 13 Sunday Star, wherein he states: "For the years to come this statue will be an altar of intercession for the emancipation of all the captive nations. * * * This statue will publish the fact that America is well aware that the U.S.S.R. is not a nation, but a colonial empire claiming sovereignty over non-Russians numbering more millions than there are Russians * * *." The statue is obviously not for those who would appease Moscow by burying or distorting truths which are essential to our own national interest. In its wisdom Congress has recognized this; let us hope that in time and beyond consistent error you will, too.

LEV E. DOBRIANSKY.

RESOLUTION FOR A SHEVCHENKO FREEDOM LIBRARY

Mr. Speaker, in view of the growing and intense interest in the works of Shevchenko and the universal significance of the poet himself, we can perform a most valuable educational service in the national interest by establishing in the Library of Congress a section to be known as the Shevchenko Freedom Library. This section would contain all the essential works devoted to the struggles and aspirations of

Shevchenko's Ukraine and other captive non-Russian nations for freedom and independence. Such a concentrated library would greatly satisfy and advance the interest and knowledge of all Americans who have been inspired by what has developed since Congress authorized the statue in 1960; it would be a treasure of literary riches that base the President's own observation on Shevchenko:

> His work is a noble part of our historical heritage.

For these purposes and in our national interest—which is the interest of world freedom—I submit this joint resolution to establish a section to be known as the Shevchenko Freedom Library in the Library of Congress:

H.J. Res. —

Whereas in March 1961, President Kennedy declared: "I am pleased to add my voice to those honoring the great Ukrainian Poet Taras Shevchenko. We honor him for his rich contribution to the culture not only of Ukraine, which he loved so well and described so eloquently, but of the world. His work is a noble part of our historical heritage"; and

Whereas in March 1963, the President paid fitting tribute to the world-renowned Shevchenko Scientific Society in these words: "My congratulations on the 90th anniversary of the Shevchenko Scientific Society, and on your sustained program for support for distinguished scholarship. Among your members have been some of the great names in learning to whom the world owes an incalculable debt. May you continue to extend the frontiers of human knowledge in the years ahead"; and

Whereas in September 1960, President Eisenhower approved and signed a resolution of Congress providing for the establishment of a lasting memorial to Shevchenko's works in behalf of world freedom and justice; and

Whereas, with understanding and vision, the Eighty-sixth Congress of the United States honored this outstanding freedom light by authorizing the erection of a Shevchenko statue on public grounds in the District of Columbia; and

Whereas the initiative of Congress successfully nullified the exploitation of Shevchenko as an historic symbol by both Moscow and its colonial puppets, and the vehement attacks of the latter against these farseeing acts have clearly proven the wisdom of the United States Government in properly claiming Shevchenko as a towering beacon in the march of freedom; and

Whereas for our times and struggles the universal significance of this revered poet and national hero was permanently established in a galaxy punctuated by other luminaries of freedom, such as his contemporaries Abraham Lincoln, the Italian Mazzini, the Pole Mickiewicz, the Hungarian Petőfi and others from different nations and soils; and

Whereas for our time and beyond the supreme importance of Shevchenko's works rests in his early and heroic opposition to traditional Russian imperio-colonialism and in his courageous advocacy of the freedom of all captive nations in the Russian Empire, including the freedom of Jews and all peoples in bondage of suppression and slavery; and

Whereas our expanding American interest in the classic contributions of Shevchenko and their universal import can only receive full educational satisfaction by an accessible concentration of his voluminous works and all related studies at a facility of national convenience: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That a section in the Library of Congress be established and appropriately designated as the Shevchenko Freedom Library. This library section shall contain all the works written by Taras Shevchenko, both in the original and translations, and all volumes related to his immortal contributions and contents therein. The establishment of this section shall be effected with the expert cooperation of the Shevchenko Scientific Society. Appropriations shall be made for the accomplishment of these purposes.

A TRIBUTE TO AMERICAN SUBMARINE OFFICERS AND MEN

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER. Mr. Speaker, the Chief of Naval Operations conference room in the Pentagon this morning was the scene of a very moving and impressive ceremony.

Several weeks ago I received a letter from Mrs. Ollie (Martha) Saunders, of Huntington and Verdunville, W. Va., describing her feelings on watching the newscasts of the loss of the submarine *Thresher*. Mrs. Saunders was impelled to do something to honor the memory of the men lost on the *Thresher*, and also to pay tribute to all others who had sacrificed their lives at sea. She started to hand-crochet a huge American flag. When the flag was completed, she brought it to Washington to present it to the Navy to honor the memory of these brave men.

This morning, Mrs. Saunders, accompanied by members of her family, presented her crocheted flag, and it was received by Vice Adm. Lawson P. Ramage, Deputy Chief of Naval Operations in Charge of Fleet Operations and Readiness.

Under unanimous consent, Mr. Speaker, I ask that the substance of the remarks delivered at this ceremony be printed in the RECORD:

Representative KEN HECHLER. Admiral Ramage, and distinguished guests, as a Member of the House of Representatives, I take great pride in presenting to you Mrs. Ollie Saunders, of Huntington and Verdunville, W. Va.

Mrs. Saunders is the wife of Rev. Ollie Saunders, of the Verdunville Baptist Church, who would be here with us today were it not for the fact that he is in the hospital in Logan.

Here assembled are many members of the Saunders family, gathered to share in commemorating those dedicated men who served our country on the submarine *Thresher*. With us today is Mrs. Saunders' son, Homer Saunders, of Huntington, W. Va., who served in the U.S. Navy in World War II; Mrs. J. W. Casto, of Covington, Va., a daughter of Mrs. Saunders who worked for the Navy during World War II; Mr. Carl Little, Mrs. Saunders' son-in-law, who works in Huntington, W. Va., had four brothers in the U.S. Navy, two of whom were killed in action; and two of Mrs. Saunders' grandsons, Don Saunders, age 10, and Greg Casto, age 8½.

Admiral Ramage, you as a winner of the Medal of Honor know personally better than most of us the true meaning of the words "duty" and "sacrifice." You know full well the risks it takes to serve in line of duty on a submarine.

The year 1963 is the centennial year of West Virginia's admittance to the Union. We in West Virginia know and appreciate also the meaning of the word sacrifice, because West Virginia is up at the top of the list when it comes to war volunteers and men who have been killed and wounded in wars in defense of the United States of America.

Mrs. Saunders is a true West Virginian who understands dedicated service, and who has captured the spirit of the men who served on the submarine *Thresher*. She has with the loving effort of many hours of work crocheted this American flag, inspired by the news of the dedicated sacrifice of the men on the *Thresher*. There was a prayer in every stitch of this crocheted flag.

Admiral Ramage, I am honored to present to you Mrs. Ollie Saunders, of Huntington and Verdunville, W. Va.

Mrs. OLLIE (MARTHA) SAUNDERS. Admiral Ramage, I present to you this 50-star American flag in commemoration of the 129 brave men who lost their lives on the submarine *Thresher* and all who have lost their lives at sea, and also on behalf of all the men now in the U.S. Navy who are helping preserve peace in the world.

Vice Adm. LAWSON P. RAMAGE. Mrs. Saunders, on behalf of the Secretary of the Navy, and most especially the families of the men on the *Thresher* and all others in the Navy, we express our heartfelt appreciation for this wonderful flag. We appreciate the time, the effort, and your prayers which have all gone into the crocheting of this flag.

It is a great honor to have assembled here today many outstanding submarine officers of the Navy. This flag which you have presented to us will be placed in a special section devoted to the *Thresher* in the Naval History Display Center at the Navy Yard. It will stand there as a tribute to those great and gallant men who have gone down to the sea in ships and on ships.

All of us in the Navy will ever value this as a symbol of the love, affection, and abiding faith which we hold for our brave men of the Navy.

THE PRESIDENTIAL MEMORIAL CERTIFICATE

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LIBONATI. Mr. Speaker, again I rise, as earlier this year, to respond to the murmurs of criticism which I have heard in recent weeks, aimed at the present President of the United States—a disabled veteran of World War II—who it is claimed is trying to reap political advantage not only from his status as a veteran but also in sending to the family, a next of kin of a deceased veteran—the Presidential Memorial Certificate. It is fitting that I reiterate the statements given in my earlier address and include also such comment upon recent developments—critical of the issuance of the certificate.

There seems to be building up a resentment against the status of the President as a disabled veteran, his deep interest in veterans' affairs, and his feeling of closeness to our former fighting men and their families.

There seems to be implied in this undercurrent of carping a strange theory that somehow the President is making political capital of his veteran's status and his interest in their affairs.

This sniping reminds me of the sniping on the great battlefields of World War I. It was always the courageous fellow advancing in front of all the other soldiers who drew the heaviest enemy fire.

This seems to be happening now to the President.

Now it is undeniable that he is a veteran, and—a disabled veteran—others have called him a war hero. But never has he himself referred to his combat record as anything but that of a citizen doing his best, the same way most veterans regard their wartime contribution.

As evidence to support this outlandish political theory, it is pointed out that President Kennedy participated personally in the 1961 Veterans' Day ceremony at Arlington National Cemetery; that he has seen fit to honor the memory of deceased veterans by issuing a memorial certificate to the next of kin; that he twice proposed that Congress increase the compensation rates of the service connected; that, following enactment of this increase, the veteran received a notice with his check stating "President Kennedy has signed a law"—that veterans were similarly reminded of the President's role in the acceleration of insurance dividend checks.

It is undeniably true that President Kennedy has felt deeply his kinship with veterans. He was the first President to play an active part in the national observance of Veterans' Day. Not since 1954, when this holiday was so named, did a Chief Executive personally participate in the ceremony as he did in 1961.

Mr. Speaker, I honor the President for his personal participation in the Veterans' Day ceremony at Arlington National Cemetery, for by doing so he is relating service to one's country with the history of our Nation, with our national character, purposes, and present-day problems. This is a most fitting, a most proper usage of the prestige and power of the head of state.

I would say that his leadership of the national ceremonies did much to lift this great day of dedication out of the obscurity and apathy into which it had declined.

I would say that it is absurd to grumble and to point out that President Kennedy's predecessor did not do likewise.

Likewise, it is absurd to look behind the President's issuance of a memorial certificate for a political motive. This is a decent, thoughtful, human act. I am appalled to hear it referred to as a "politically inspired action."

The critics also mutter darkly about inserts mailed out with insurance dividend and compensation checks. The facts are simple. The insert used with the regular 1961 Government life insurance dividend said that the payment was "part of the President's program." This was done to clearly call attention to the fact that it was an advance payment made on the assumption that policy premiums would be continued for the entire year, or else an overpayment would take place. It was the first time dividends had ever been paid in advance. Normally, they are paid over an entire year at the anniversary date of each individual policy. At the time, the press was full of news about the President's program to advance the economy and of the part to be played by paying GI dividends ahead of time. Therefore, this wording was used to identify the checks, and so prevent needless, delaying queries from individuals.

Similarly, a notice went out with payment of service-connected compensation checks of October 1962, following enactment of the law which provided for an increase in the service-connected compensation rates. The purpose was to explain that the veteran's check was augmented by a 3-month retroactive increase, and to forestall a deluge of telephone calls, letters, and personal visits inquiring about the extra amount.

Again, press attention at the time had focused on the President's action in signing the compensation increase, a measure he had twice urged Congress to pass. The VA so identified the check. In effect, it was simply a quick, easily understood method of saying "this is the compensation increase you have been reading about in the newspapers."

The criticism of these inserts seems to be based on an unusual theory of the President's freedom of speech.

It is permissible, so this theory goes, for the President to talk to the American people on radio or television. He may also deliver a speech, address, or remark in person. It is acceptable for him to give interviews and be quoted extensively in newspapers, magazines, or books—both hard cover and paperback. The President may also direct a message to the public via posters or signs.

However, if a Presidential message—or even bare mention of his name or office finds its way into envelopes that are mailed to individuals or groups, then complaints are heard about "political motivation and partisan machinations."

May I add that the use of the name of the President of the United States in announcing actions of the Federal Government is common practice. The President, after all, is the Chief Executive. Illustrative of this practice is the enclosed announcement to all Federal civilian employees. It mentions a new low-cost group life insurance plan "developed as a part of the program of this administration." It bears the personal signature of President Eisenhower:

GROUP LIFE INSURANCE FOR FEDERAL CIVILIAN EMPLOYEES

THE WHITE HOUSE,
Washington, D.C., August 17, 1954.

To Federal Civilian Employees:

As a result of favorable action by Congress, we are now able to provide the benefits of low-cost group life insurance to Federal employees. The proposal to provide this protection to employees through private insurance companies, with Government assuming a portion of the cost, was developed as a part of the program of this administration to improve the Government's personnel system.

I urge all eligible employees to give serious consideration to this worthwhile program which will help provide economic security for their families.

DWIGHT D. EISENHOWER.

THE PLAN AT A GLANCE

What are the benefits?

Life insurance at low cost without requiring a medical examination.

Payment of double indemnity for accidental death.

Payment for accidental loss of one or more limbs or eyesight (dismemberment).

Life insurance after retirement at no cost to you.

Free insurance if you are 65 years of age or older.

Am I eligible?

Yes, unless you (1) are a noncitizen employed overseas, or (2) fall within the small group of employees excluded because of the nature and type of employment, such as part time, seasonal, or intermittent employment.

Who pays for the insurance?

You pay 25 cents per $1,000 of insurance each biweekly pay period by payroll deduction until you reach age 65. If you are paid on other than a biweekly basis, the cost is proportionate. (See table following.)

The Government helps to pay the cost of this insurance by contributing half as much as you do.

How do I become insured?

If eligible, you will be automatically insured unless you fill out standard form 53 (waiver of life insurance coverage) which is available at your personnel office.

For how much will I be insured?

The amount of insurance depends upon your annual basic salary. (See table following.)

You may not choose a lesser or greater amount of insurance.

If you are 65 years of age or older, or when you become age 65, the amount of your insurance will be reduced by 2 percent for each month you are over 65 until a reduction of 75 percent is reached. The remaining 25 percent stays in effect.

Must I name a beneficiary?

No. Your life insurance will be payable in the following order: (1) widow or widower, (2) children, (3) parents, (4) estate, (5) next of kin. Your personnel office will have the proper form for you to use if you wish to change this order or name someone else.

What if I retire?

Your life insurance is provided without further cost, if you retire on an immediate annuity either for disability or after at least 15 years of creditable service, at least 5 years of which are civilian. Your double indemnity and dismemberment protection stops.

What if I leave Government service?

Your life insurance continues in effect 31 days during which you may buy, without a medical examination, an individual life insurance policy at standard rates.

May I cancel my insurance under this plan?

Yes, at any time.

Insurance schedule

If annual basic salary—	Amount of insurance	Amount of deductions per pay period			
		Weekly	Biweekly	Semi-monthly	Monthly
Is not more than—					
$1,000	$1,000	$0.13	$0.25	$0.27	$0.54
$2,000	2,000	.25	.50	.54	1.08
$3,000	3,000	.38	.75	.81	1.63
$4,000	4,000	.50	1.00	1.08	2.17
$5,000	5,000	.63	1.25	1.35	2.71
$6,000	6,000	.75	1.50	1.63	3.25
$7,000	7,000	.88	1.75	1.90	3.79
$8,000	8,000	1.00	2.00	2.17	4.33
$9,000	9,000	1.13	2.25	2.44	4.88
$10,000	10,000	1.25	2.50	2.71	5.42
$11,000	11,000	1.38	2.75	2.98	5.96
$12,000	12,000	1.50	3.00	3.25	6.50
$13,000	13,000	1.63	3.25	3.52	7.04
$14,000	14,000	1.75	3.50	3.79	7.58
$15,000	15,000	1.88	3.75	4.06	8.13
$16,000	16,000	2.00	4.00	4.33	8.67
$17,000	17,000	2.13	4.25	4.60	9.21
$18,000	18,000	2.25	4.50	4.88	9.75
$19,000	19,000	2.38	4.75	5.15	10.29
Is above $19,000	20,000	2.50	5.00	5.42	10.83

A FINAL WORD ABOUT THIS INSURANCE PLAN

This plan will provide an added measure of family security at low cost. It is, however, term insurance and does not carry cash surrender or loan privileges. You should not look upon this plan as a substitute for regular individual insurance policies purchased through your own insurance agent.

This leaflet outlines the principal features of the plan for your general information only. Each insured employee will receive a certificate outlining in more detail the benefits and terms of this group insurance.

SPECIAL DIVIDEND, 1961

The enclosed check or statement is a special dividend on your Government life insurance policy. This dividend is an extra one being paid in 1961, and represents your share of gains and savings in the insurance fund.

VETERANS' ADMINISTRATION.

Always keep your choice of beneficiary up to date.

(VA form 9–5976 (NR), May 1961.)

NOTICE SENT TO INSURED TO HAVE DIVIDENDS LEFT ON DEPOSIT

The VA is paying ahead of schedule the 1961 dividend on Government life insurance as part of the President's program for advancing the economy. These advance payments are made on the assumption that your premiums will continue to be paid for the remainder of your policy year. If premiums are not so paid, this dividend will constitute a partial overpayment which will become an indebtedness against your insurance.

VETERANS' ADMINISTRATION.

(VA form 9–5974 (NR), February 1961.)

NOTICE

President Kennedy has signed a law increasing service-connected compensation rates for disabled veterans. The increase is included in the enclosed check. This check also includes a retroactive payment equal to a 3-month increase as provided by the new law unless special action is necessary. In that case you will get your adjustment check in the near future.

The table on the back of this notice shows some of the new wartime rates. Compensation based on peacetime service is paid on approximately 80 percent of the amounts shown.

Degree of disability	Old rate of payment	New rate of payment [1]
10 percent	$19	$20
20 percent	36	38
30 percent	55	58
40 percent	73	77
50 percent [2]	100	107
60 percent [2]	120	128
70 percent [2]	140	149
80 percent [2]	160	170
90 percent [2]	179	191
100 percent [2]	225	250

[1] The amount payable for all checks received after the first one.

[2] Veterans disabled 50 percent or more may receive an additional allowance for dependents. The law does not change the amounts paid for dependents.

[U.S. SEAL]

THE UNITED STATES OF AMERICA
HONORS THE MEMORY OF

——— ———

This certificate is awarded by a grateful nation in recognition of devoted and selfless consecration to the service of our country in the Armed Forces of the United States.

——— ———,
President of the United States.

Mr. Speaker, at the State level in Illinois a certificate of grateful appreciation is issued to each draft board member—signed by the secretary of state, for their patriotic services to the State and Nation.

Mr. Speaker, in view of the foregoing facts, it is not necessary to defend the President against his critics, but rather to apologize to him and to the thousands of widows and children of deceased veterans who have received from the President a memorial certificate honoring the memory of their loved ones. I am appalled to think that partisan politics and mudslinging are being indulged in in an attempt to sully this patriotic program attesting to the gratitude of a grateful nation through its President.

Before presenting the facts about the memorial certificate, I would like to call attention to an article that appeared on the first page of the Houston Chronicle on Thursday, August 1, 1963, entitled "Yes, Adrienne, It Is Indeed a Story—A Big, Big Story."

(By Bill Porterfield)

To the BUREAUCRAT UNKNOWN:

For you it was a routine clerical procedure, repeated, no doubt, thousands of times a year. The checking of records, the printing of the name on a form certificate stamped with the President's signature, the mailing to the widow or the mother. You did it with machine-like precision, and with just about as much feeling as a computer crackling out statistics on birth and death rates.

You didn't wonder or weep over it. No matter.

It arrived at its destination—a tiny house at 4111 Basil in North Side Houston—and performed its magic.

Adrienne Lloyd, 71, took it from the mailbox, noted the White House return address, and opened the envelope with trembling hands. She read the citation:

"THE UNITED STATES OF AMERICA HONORS THE MEMORY OF EARL E. LLOYD

"This certificate is awarded by a grateful nation in recognition of devoted and selfless consecration to the service of our country in the Armed Forces of the United States.

"JOHN F. KENNEDY."

Earl Lloyd was her husband. He never fired a shot at the enemy, never left his country. He died in Veterans' Administration hospital here 11 years ago, at 60, of natural causes.

But he was Adrienne's bugler boy, her stateside sergeant when she was young and blonde and beautiful and danced the tango at the Khaki Club in Fort Worth. She was touched that, after all these years, the President would remember an ordinary doughboy of 1918.

Her life was once full. But for years now, with her dogs and cat and boarder, it was virtually empty. But this. Wasn't it wonderful?

Adrienne did something she never has done before. She got up her courage and called her newspaper. Would they be interested to know about her late husband's commendation from the President? Would a reporter want to come out and talk with her about it? Or was she wasting the editor's time? Perhaps it was a small thing, but she was so proud. Was it worth a story?

"Profumo, Race Riots." "Communist Threat." "Nuclear Threat." "Overkill." "Buddhist Revolt." "Stocks Rise." "Stocks Fall." "Auto Crash." "Police Brutality." "Lost Dog." "Drowned Child."

Yes, Adrienne, yes.

I am impressed with a program that touches a lonely widow's life with the rich remembrance of things past. I am impressed, too, that a tough-minded editor, awash in a sea of cold facts and hard news, also saw this program as a warm human interest story—one big enough for his front page.

But now, Mr. Speaker, I am depressed to see this program being criticized. I can only conclude that the critics—if they are sincere—simply do not have the facts.

For given the facts, the only criticism that can be leveled against this program is, "Why did not someone think of it sooner?" The fact that President Kennedy began this program is a tribute to his humanity and his sense of identification with people.

The Veterans' Administration assists in this program by identifying the next of kin eligible to receive the certificates. These are mailed from Washington in White House envelopes.

How does the Veterans' Administration actually identify these eligible next of kin?

There are actually three methods:

First, in deaths occurring after March 1962, notices are normally received in one of VA's regional offices, which in turn checks the next of kin from the veteran's records. A certificate is then mailed without any action on the next-of-kin's part.

Second, in deaths occurring before March 1962, a certificate may be issued upon request of the next of kin.

A third method was later developed because of the widespread interest in the President's program, and because of the growing volume of inquiries from relatives of veterans who died before March 1962.

At the White House and at VA offices throughout the country people wanted to know how they could receive a certificate honoring the memory of their loved ones. The VA decided to let these thousands of widows know how they could apply for a certificate.

How was the VA to do that, however? Take full page advertisements in newspapers? Buy time on radio and television?

It seems to me that the Veterans' Administration showed good sense by doing neither. Instead, it made arrangements with the Treasury Department for a letter and an application card to be inserted with compensation and pension checks mailed to persons receiving death benefits. Such a mailing is being made to next of kin. The mailing is scheduled a few States a month to even out the clerical workload.

This method has the advantage of being directed to those people most likely to be interested; that is, the next of kin of deceased honorably discharged veterans.

In addition, the President of the American Gold Star Mothers, Inc., recently expressed her appreciation for the initiation of the memorial certificate letter, and asked that her entire organization be "blanketed into" the program without waiting to apply via a VA letter in a benefit check.

Mr. Speaker, as so often happens, when a critic is caught off base, he is caught way off base. This is one of those times. Not only has the VA come up with a good idea, they have also come up with an inexpensive idea.

Should VA be deluged with requests for certificates in the form of letters and telephone calls, it would be very costly indeed. Each one would have to be individually checked out to see that the deceased veteran was eligible and that the next of kin was eligible, and so forth. Records would have to be searched, correspondence dictated, and so forth. In all, it would cost about $2.50 per request.

The method used by the VA relies upon automatic data processing equipment, for the applications are on punchcards. It has the cooperation of the Treasury and Post Office Departments. It eliminates the need for dictation of letters and search of records, and it cuts the cost to 22 cents, versus $2.50 per application.

Mr. Speaker, I do not wish to take up any more of the Members time in answering the political attacks upon this Presidential Memorial Certificate.

I would only hope that these carping critics could see some of the letters—many of them from their own constituents—that have come to the President and the Administrator of Veterans' Affairs. In all, more than 480,000 certificates have been issued. The favorable response has been overwhelming. The universally expressed sentiment is that this is a document that will be treasured.

Exposed to the genuine and deep appreciation of these widows and children and other next of kin, I am convinced that these critics would see the memorial certificate program as one that should be above politics and political smears. I would hope they would see it as in the best tradition of American gratitude toward those who served, a program that should be continued under all administrations.

WATER SUPPLY AND SEWERAGE DISPOSAL IN URBAN AREAS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey [Mrs. DWYER] may extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. DWYER. Mr. Speaker, I have introduced for appropriate reference a bill, H.R. 9078, which is designed to encourage greater cooperation and efficiency in the planning and construction of community water systems and to improve the adequacy of water and sewerage systems in urban areas. It would amend the National Housing Act in several important respects, and in view of the severe drought which recently plagued many parts of the country, including my own State of New Jersey, I would urge upon our colleagues the importance of taking constructive action along these and other lines to strengthen our water systems, especially in heavily-populated urban areas.

Title I of this bill would remove the population restrictions upon communities seeking assistance under the public facilities loan program in the case of loans for water and sewerage projects. Currently communities of 50,000 population or more, or communities whose combined population exceeds 50,000 joining together to provide sewer and water facilities on a joint or cooperative basis, are not eligible for such loans. This title would also grant adequate authority to the Housing and Home Finance Administrator to defer, more effectively than at present, the interest payments on public facility loans for projects planned to meet anticipated growth needs.

Title II of the bill would provide that individual or subdivision development housing projects authorizing individual wells and septic tanks be ineligible for FHA or VA insurance or loans in areas where the installation of public or community water and sewerage systems is economically feasible.

The provisions of title III would authorize a program of FHA mortgage insurance for land development costs, including costs of providing adequate community water and sewerage systems. The objective of this additional mortgage insurance coverage would be to stimulate private investment in well-planned and sound land development and to reduce the use of private wells and septic tanks by residential land developers and builders.

The proposed legislation is based on a detailed and well-documented report entitled "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas," which was adopted last year by the Advisory Commission on Intergovernmental Relations, of which I am a member representing the House. The Commission directed its attention to the problems of achieving satisfactory water supply and sewerage disposal services in urban areas and the need for adjusting governmental policies and practices to accommodate current and anticipated increases in population and water use in these areas. The Commission focused attention on the problems of inadequate investment, uneconomical water utilities development and fragmented responsibility. Among its findings was the fact that public investment in water and sewer facilities is inadequate, but sewerage treatment and water quality are more pressing problems than water supply and distribution.

Water problems were found to be most critical in the suburbs. It was found that a large part of the difficulty arises from reliance on individual water supply and waste disposal systems. The indiscriminate use of wells and septic tanks encourages urban sprawl, often endangers public health, and rarely provides a permanent solution to the problem of obtaining and disposing of water.

Local communities seeking to provide adequate sewerage and water systems find that they cannot get Federal public facility loans to supplement other sources of financing if the population is over 50,000—or 150,000 in area redevelopment areas. The community also finds that loans are not available when it joins with other communities to build a sewerage or water system serving a total population greater than the prescribed limit, even if its own population and the population of the other cooperating communities are individually within the existing legislative limitation.

The present 50,000 population limitation of the public facility loans program has several major disadvantages with respect to meeting governmental responsibilities for water supply and sewage disposal in metropolitan areas. First, it directly discriminates against communities of 50,000 population or more by not permitting them to receive public facility loans. Second, it encourages fragmentation, duplication, and inadequate long-term facilities by prohibiting bond action under the Federal loan program by a number of communities within a metropolitan area to meet water and sewer needs.

Congress has agreed that the public facility loans program should be used to assist communities to provide public facilities which have growth capacity sufficient to supply the services that will be needed by the increased population of the community in the foreseeable future. At present, the Housing and Home Finance Administrator has authority to postpone repayment of the principal on financial assistance extended under the public facility loans program. Section 501(c) of the Housing Act of 1961 authorized the Housing and Home Finance Administrator to defer payment of interest on 50 percent of a public facility loan for a period of up to 10 years if the loan does not exceed 50 percent of the development cost of the project financed by the loan, and if the Administrator determines that the applicant for the loan will experience above-average population growth. However, in its present form this deferred interest provision has been inoperable and has not been utilized since it was enacted.

To make the use of this deferment of interest provision feasible and effective, section 202 of the bill I have introduced would remove the present provision that interest can be deferred on only 50 percent of the loan made under the public facility loans program, and would remove the requirement that 50 percent of the development cost of the project be financed by private borrowing or other means. In addition, the requirement that the Housing and Home Finance Administrator find that the applicant will experience "above average" population growth has been modified to require that the applicant will experience "substantial" population growth. Let me emphasize that these amendments would not in any way undermine the financial soundness of the loan. All of the existing requirements and standards in the public facility loan program for approval of loans would remain in full effect. Further, there would be no subsidies or additional costs involved. Any payments that would be deferred would have to be repaid, but over a longer period of time.

The Federal housing program as presently administered goes far toward encouraging provision of service by public or other adequate community water and sewerage systems, wherever such systems are available or economically feasible. In some areas, however, local laws and ordinances do not authorize the construction of public or adequate community systems, though the construction of such systems is made both desirable and economically feasible by the existing or anticipated population. In such circumstances, the Federal housing officials have been unable to assure the provision of public or adequate community water and sewerage systems to properties they insure despite the desirability and economic feasibility of providing such facilities. The enactment of this bill would stimulate the construction of public or adequate community systems, where such systems are economically feasible, by requiring the Federal Housing Commissioner and the Administrator of Veterans' Affairs to refuse assistance to new housing unless such housing will be served by public or adequate community water and sewerage systems.

Under present Federal laws, a builder who takes the trouble to install community water and sewer systems to serve his houses finds that his extra expenses cannot be financed under FHA insured lending. With the anticipated major demand for suburban building sites in the next decade, it is imperative that an adequate supply of satisfactory new building sites be available at reasonable prices to individuals and small builders as well as to site developers. The sites should be supplied with essential utilities and community facilities and be efficiently planned for orderly urban development. They should also be planned and developed in the context of the community or area in which they are situated so as to insure protection of other neighborhoods in the area and to promote sound and better coordinated community growth. To help stimulate private investment in proper land development and reduce use of private wells and septic tanks, this bill would authorize FHA insurance for site preparation and development, including costs of water and sewer lines and systems.

Although the public facility loan and FHA programs have stimulated the provision of adequate facilities for water supply and sewage disposal in many communities in the past, the limitations I have described prevent their full potential from being realized. The bill I have introduced would remove these limitations. Enactment of this legislation would help greatly to discourage uneconomical and unsatisfactory investment in water and sewerage systems in our growing urban areas. The modification of existing Federal programs to better meet the needs of our growing urban areas should contribute to more coordinated policymaking and economical investment in community water and sewer services and to the more orderly growth of our suburban communities.

The specific objectives embodied in this bill have received the specific endorsement of the American Municipal Association, the U.S. Conference of Mayors and the National Association of Counties.

Under unanimous consent, I include the text of the bill at this point in my remarks:

H.R. 9078

A bill to amend the National Housing Act with respect to water and sewerage facilities and mortgage insurance for land development

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—COMMUNITY FACILITIES

SEC. 101. The last sentence of paragraph (4) of section 202(b) of the Housing Amendments of 1955 is amended by inserting after "project" the following: "(1) for the storage, treatment, purification, or distribution of water, (2) for the provision of sewerage, sewerage treatment, or sewerage facilities, or (3)".

SEC. 102. The second paragraph of section 202(b) is amended to read as follows: "No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years. Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of all or a portion of the interest on financial assistance extended to an applicant under this section for a period up to ten years where it is determined by the Administrator that such applicant will experience substantial population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance: *Provided,* That in the case of any financial assistance on which payment of all or a portion of the interest is deferred, there shall be pledged for the repayment of one-third of the amount of such assistance the full faith and credit of the municipalities or other political subdivisions to be served by the project for which such financial assistance is provided: *Provided further,* That the guarantee required by the first proviso in this paragraph shall be in addition to any other security received for the financial assistance extended."

TITLE II—PROVISION OF WATER AND SEWERAGE FACILITIES

SEC. 201. (a) Title II of the National Housing Act is amended by adding at the end thereof a new section as follows:

"Water and sewerage systems

"SEC. 325. Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of this section) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided,* That this limitation shall be applicable only to property which is not served by a system approved by the Commissioner pursuant to title X of this Act and which is situated in an area determined by the Commissioner to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: *Provided further,* That for purposes of this section the Commissioner shall determine the economic feasibility of establishing such public or adequate community water and sewerage systems without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

(b) Section 1804 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(e) No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Federal Housing Commissioner pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter if such property is not served by a public or adequate community water and sewerage system and is located in an area where the Administrator determines that the establishment of such systems is economically feasible. For purposes of this subsection, the Administrator shall determine the economic feasibility of establishing public or adequate community water and sewerage systems without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies."

TITLE III—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

SEC. 301. The National Housing Act is amended by adding at the end therof the following new title:

"TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

"SEC. 1001. The purpose of this title is to secure experience for, and demonstrate the feasibility of, a program of mortgage insurance which will assist in the provision of sites for residential and related uses in neighborhoods which are properly planned and improved to provide a suitable living environment, maintain property values, and contribute to sound and economic community growth.

"SEC. 1002. As used in this title—

"(1) the term 'mortgage' means a lien on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not being limited to advance during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments;

"(2) the terms 'mortgagee', 'mortgagor', and 'State' shall have the same meaning as when used in section 207 of this Act;

"(3) the term 'improvements' means water lines and water supply installations, sewer lines and sewage disposal installations, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses; and

"(4) the term 'development' means the process of making and installing improvements in undeveloped or partially developed land.

"Sec. 1003. (a) The Commissioner is authorized to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances in such mortgage during development) in accordance with the provisions of this title and to make commitments for the insurance of such mortgage prior to the date of its execution or disbursement thereon; but no mortgage shall be insured under this title after June 30, 1968, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for mortgage insurance under this title a mortgage shall—

"(1) be executed by, and cover property held by, a mortgagor approved by the Commissioner and have been made to and be held by a mortgagee approved by the Commissioner;

"(2) cover the land developed and the improvements made with the assistance of the mortgage insurance unless they are in public ownership;

"(3) involve a principal obligation in an amount satisfactory to the Commissioner but in no event to exceed 75 per centum of the estimated value of the security as of the completion of the development to be financed with assistance under this title;

"(4) have a maturity and contain repayment provisions satisfactory to the Commissioner, and bear interest (exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner) at a rate satisfactory to the Commissioner, but not to exceed 6 per centum per annum on the amount of the principal obligation outstanding at any time; and

"(5) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(c) The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage on such terms and conditions as he may prescribe.

"(d) No mortgage shall be accepted for insurance under this title unless the Commissioner finds that—

"(1) the insurance would represent an acceptable risk to the Land Development Insurance Fund, as established by subsection (g) of this section, giving consideration to the experience to be obtained from, or demonstration effected by, the undertaking and to the expected contribution of the land development to sound community growth;

"(2) the land to be developed will meet the housing and related needs of moderate income families or will contribute to the orderly development of a well-planned residential neighborhood which will meet such needs;

"(3) the improvements will comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner; and

"(4) the land will be developed in accordance with a plan which—

"(A) provides reasonable assurance that the land will be part of a well-planned residential neighborhood which will (i) have a long economic life, (ii) be protected against undesirable traffic patterns and other adverse physical conditions, and (iii) be served by public systems for water supply and sewerage, and such school, playground, shopping, recreational, and other facilities as the Commissioner deems adequate: *Provided*, That where the Commissioner finds that a public system for water supply or sewerage is not feasible, he may approve an adequate privately owned system regulated with respect to user rates and charges, capital structure, methods of operation, and rate of return, or an adequate cooperatively owned system; and

"(B) has been determined by the Housing and Home Finance Administrator to be consistent with a comprehensive plan for the area in which the land is situated meeting criteria established by the Administrator for such comprehensive plans.

"(e) The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and shall make such additional charges as he may deem reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1968, the Commissioner shall make a report to the Congress concerning premium rates and additional charges under this title which he estimates would be adequate to protect the solvency of the Land Development Insurance Fund and to provide income sufficient for the program established by this title to be self-supporting on a continuing basis.

"(f) The provisions of subsections (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p), of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) all references therein to the Housing Insurance Fund or the Housing Fund shall be deemed to refer to the Land Development Insurance Fund, (2) all references therein to section 207 or section 210 shall be deemed to refer to this title, and (3) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate.

"(g) There is hereby created the Land Development Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title. The Commissioner is authorized to transfer to the Fund the sum of $1,000,000 from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration under this title may be charged to the Land Development Insurance Fund.

"Sec. 1004. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"Sec. 1005. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

"Sec. 1006. The Commissioner is authorized to make such rules and regulations as he may deem necessary or desirable to carry out the provisions of this title, including regulations with respect to user rates and charges, capital structure, method of operation, and rate of return of private utility companies operating utilities financed with assistance under this title. As an aid to such regulation, the Commissioner may make such contracts with, and may acquire for not to exceed $100 such stock or interest in, the utility company as he may deem desirable.

"Sec. 1007. The Commissioner shall adopt such regulations or procedures as he deems necessary reasonably to assure that the outstanding balance of any mortgage insured under this title shall not at any time exceed 75 per centum of the aggregate amount of (i) the value, as estimated by the Commissioner, of the mortgagor's interest in the land before development and (ii) the actual costs of development, as such aggregate amount is allocated by the Commissioner at the time to the property remaining under the lien of the insured mortgage. For this purpose, the Commissioner shall require the mortgagor to submit from time to time during development of the land, and upon completion of such development but prior to final endorsement of the mortgage, the actual costs of development. Such certifications shall be accompanied by such data and records as the Commissioner shall prescribe. Upon the Commissioner's approval of a mortgagor's certification, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor. As used in this section, the term 'actual costs' means the costs exclusive of rebates or trade discounts, to the mortgagor of the improvements, including amounts paid for labor, materials, construction contracts, land planning, engineers' and architects' fees, surveys, taxes and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and allowance for contractor's profit deemed reasonable by the Commissioner if the mortgagor is also the contractor as defined by the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner."

Sec. 302. Section 219 of the National Housing Act is amended by inserting "the Land Development Insurance Fund," after the "Apartment Unit Insurance Fund,".

Sec. 303. The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the last sentence the following new sentence: "Notwithstanding the limitations and restrictions in this section, any national banking association may make loans for site preparation and development which are secured by mortgages insured under title X of the National Housing Act."

Sec. 304. Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this section and to such extent as the Board may by regulation permit, any such association is authorized to invest in loans for site preparation and development which are secured by mortgages insured under title X of the National Housing Act."

Sec. 305. Section 212 of the National Housing Act is amended by inserting after the third sentence of subsection (a) of such section the following new sentence: "The provisions of this section shall also apply to insurance under title X with respect to laborers or mechanics employed in land development financed with the proceeds of any mortgage insured under that title."

INCREASED INCENTIVE FOR ECONOMICAL AND COMPREHENSIVE SEWAGE TREATMENT FACILITIES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey [Mrs. DWYER] may extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mrs. DWYER. Mr. Speaker, as a companion measure to H.R. 9078, I have also introduced a bill, H.R. 9080, to amend the Water Pollution Control Act, as amended, to increase the ceiling on grants for the construction of necessary sewage treatment works and to provide financial incentives for constructing projects which conform to comprehensive plans.

This bill, too, was first proposed by the Advisory Commission on Intergovernmental Relations in its report, "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas." The report recommends Federal, State, and local action to obtain more satisfactory water supply and sewage disposal services in urban areas. H.R. 9080, together with H.R. 9078, would carry out major commission recommendations at the Federal level in this important intergovernmental effort to assure our people adequate supplies of clean water in the years ahead. The Commission's leadership in this regard has been most encouraging.

First, let me point out that the Commission concluded against recommending the establishment at this time of any new general program of Federal grants-in-aid for water supply and distribution comparable to the existing sewage treatment grant program. It reached this conclusion because local communities must provide water to survive and do not need Federal stimulation to act in this field. However, sewage disposal is quite another matter. The Commission found that the current Federal program of grants for sewage treatment construction has provided a significant incentive for increased investment at the local level and has spurred rather than stifled State and local initiative. However, it concluded that the Federal grant program does not provide adequate incentive for more economical and comprehensive sewage treatment facilities in metropolitan areas.

As presently authorized, a grant for a single project may not exceed 30 percent of the reasonable construction cost or $600,000, whichever is less. In the case of a joint project in which several communities participate, the ceiling is $2,400,000. These ceiling limitations are unrealistic when applied to the considerably greater expenditures which communities in larger urban areas must bear in installing necessary treatment works. In application, these grants approximate as little or less than 10 percent of the costs involved, and thus they fail to achieve what is at once a primary and necessary objective in efforts to control water pollution. The bill, which I introduce today, would bring these amounts more in line with the equities and purposes involved by increasing a single project grant maximum to $1 million and a joint project meeting the needs of a number of communities to a grant maximum of $4 million.

Federal sewage treatent grants can be an important tool for shaping a better metropolitan community. However, the Federal aid program does not provide sufficient incentives for more economical and comprehensive waste disposal development in metropolitan areas. Federal policy should actively promote the development of sewage treatment systems on a scale consistent with sound investment and planning practices.

At the present time there is no requirement, either legislative or administrative, that grants in metropolitan areas be denied to crisis-oriented, shortsighted, and uneconomical solutions to pollution abatement. As an incentive to more economical and coordinated waste disposal development, this bill would authorize an additional 10 percent grant to be made for those projects that are certified by an official State, regional, or metropolitan planning agency as being in conformity with an areawide plan of development. This would be an economical investment both for the Federal Government and the communities concerned because a single larger facility can usually be constructed at a lesser cost than several smaller ones. Similar incentives or, more commonly, legislative requirements, are now provided in the Federal open space, mass transportation and urban renewal programs of the Housing and Home Finance Agency, and the loan and grant programs of the Area Redevelopment Administration.

I believe that this legislation would greatly assist Federal and State officials responsible for implementing the Federal grant program for sewage plant treatment construction, in promoting areawide planning and the development of economical sewage treatment facilities.

Mr. Speaker, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

H.R. 9080

A bill to amend the Federal Water Pollution Control Act, as amended, to increase grants for construction of municipal sewage treatment works and provide financial incentives for construction projects conforming to comprehensive plans

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) clause (2) of subsection (b) of section 6 of the Federal Water Pollution Control Act (33 U.S.C. 466) is amended by striking out "$600,000," and inserting in lieu thereof "$1,000,000,".

(b) The second proviso in clause (2) of subsection (b) of such section 6 is amended by striking out "$2,400,000," and inserting in lieu thereof "$4,000,000,".

(c) Section 6 is further amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provisions of this section, the Secretary may increase the amount of a grant by 10 per centum for any project which has been certified to him by an official State, metropolitan, or regional planning agency empowered under State or local laws or interstate compact to perform metropolitan or regional planning for a metropolitan area which has been defined by the Bureau of the Budget as a standard metropolitan statistical area and within which the assistance is to be used, or other agency or instrumentality designated for such purpose by the Governor (or Governors in the case of interstate planning) as being in conformity with the comprehensive plan developed or in process of development for such metropolitan area."

TRADE WITH SOVIETS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. QUIE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. QUIE. Mr. Speaker, I wish to call the attention of the House to a newspaper dispatch from London, dated November 12, which appeared in the November 13 edition of the Washington Post.

The headline states, that a NATO meeting is set to discuss trade with the Soviets. The dispatch goes on to say that Allied leaders of the NATO nations have called a meeting in Paris for early next week—the week of November 17—to seek a settlement of their differences over East-West trade policies.

Americans cannot help but be cheered by this announcement. It is especially good news to a group of us here on the Republican side of the aisle, who called on the President of the United States back on October 4, urging him to call such a meeting.

I would like to enter in the RECORD the statement which the Republican House task force on NATO unity, a subcommittee of the Republican House policy committee, sent to the President on October 4:

STATEMENT ASKING THE PRESIDENT OF THE UNITED STATES TO CALL A TOP-LEVEL NATO MEETING ON ECONOMIC UNITY

The recent Canadian-Russian wheat deal and a possible United States-Russian wheat deal point up the need for greater NATO unity. Both deals developed on a bilateral basis and apparently without due regard to their broad implications on free world security.

The Communists use trade as a weapon in the cold war, not merely in the commercial manner common among businessmen. They use trade to divide and conquer, create dissension among the free nations, make individual nations dependent and therefore vulnerable, as well as to fill their own strategic shortages.

In order to deal effectively with this problem and with similar problems in the future, we urge that the authority of NATO be increased so that it would have the responsibility and the authority to strengthen and develop free competitive practices in world commerce and to resist any monopolistic state-dominated trade warfare of the Communists.

NATO is united in moral purpose. It must also be united in economic power.

Article II of the original NATO treaty states that the NATO countries will "seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them." Canadian Prime Minister Lester B. Pearson was the author of this important provision.

We urge the President to issue a call for an immediate top-level NATO conference to give considerations to these proposals.

Mr. Speaker, nowhere does the article in the Washington Post state whether the call for this meeting in Paris next week was issued by the President, or if it came from some other Allied leaders. However, it is certainly in the spirit of the statement which our Republican subcommittee issued back on October 4, and it is good news to us.

However, there are some portions of the November 13 article in the Washington Post which are not so encouraging. Some recent events, especially regarding the proposed sale of U.S. surplus wheat to the Soviet Union, are also discouraging.

I now offer for the RECORD the full text of the Washington Post article, so that we may proceed from this point to discuss putting our own house in order before attempting to assume a role of leadership at this up-coming meeting of NATO Allies:

> BALL VISITS ERHARD—NATO MEETING SET ON SOVIET TRADING
>
> LONDON, November 12.—Allied leaders have called a meeting in Paris early next week to seek a settlement of their differences over East-West trade policies, authoritative diplomatic sources said today.
>
> The United States wants to unify the West's credit terms in dealing with the Soviet bloc. Some allies fear such a move will lead to a loss of sales to the Communist nations.
>
> The meeting, scheduled for next Monday, will be held within the framework of the North Atlantic Treaty Organization, which has been keeping an eye on trade with the Communist bloc.
>
> Under Secretary of State George Ball, now in West Germany on his tour of European capitals for preliminary interallied trade talks, was expected to attend the Paris meeting.
>
> MEETS WITH ERHARD
>
> Ball met today with Chancellor Ludwig Erhard. He will travel to London this week, where he is expected to ask the British to refrain from granting excessively favorable credit facilities to the Russians.
>
> Specifically, he is expected to seek greater formalization of a "gentleman's agreement" now in force, under which Britain's Export Credits Guarantee Department refuses to insure credits of more than 5 years, except in unusual circumstances.
>
> The Department already has felt justified in extending the limit to 7 years in the case of aircraft exports, after learning that the American Export-Import Bank has agreed to extend 7 years' credit to purchasers of American aircraft.
>
> Ball is also expected to seek an assurance that the British will not sidestep this gentleman's agreement by allowing the Guarantee Department to arrange what are known as special financial guarantees for big Iron Curtain orders.
>
> NONE YET GRANTED
>
> For the last 2 years the Department has given financial guarantees to private banks that have lent money to exporters to finance large capital goods orders. It says that no such financial guarantees have yet been granted for Iron Curtain orders.
>
> Thus Ball's action appears designed to guard against possible future action of this kind in support of a big jump in exports to the Soviet Union.
>
> The American move at this time is understood here to be inspired by the fear that America's allies in Western Europe may use the American-Russian grain deal as an excuse for stepping up their own trade with the Soviet Union."

Mr. Speaker, there are two portions of this dispatch to which I would like to call special attention.

The first is the proposed trip of Mr. Ball to Great Britain to "seek a greater formalization of a gentleman's agreement now in force, under which Britain's Export Credit Guarantee Department refuses to insure credits of more than 5 years, except in unusual circumstances."

To this point should be added for consideration the further statement that the British Department has felt justified in extending credits to 7 years, because the United States has done so. And, we should take into consideration the statement:

> Ball is also expected to seek an assurance that the British will not sidestep this gentleman's agreement by allowing the Guarantee Department to arrange what are known as special financial guarantees for big Iron Curtain orders.

The second major point of this dispatch to which I call your attention is the statement:

> The American move at this time is understood here to be inspired by the fear that America's allies in Western Europe may use the American-Russian grain deal as an excuse for stepping up their own trade with the Soviet Union.

Mr. Speaker, it is obvious that the vacuum of leadership which has developed in the area of foreign policy under the Kennedy administration has set up a guideline for policy in dealing with our allies that can be summed up in the old cliche: "Do as we say, not as we do."

Here we are, faced with the prospect of the Under Secretary of State of the United States, visiting a foreign capital to urge a long-standing ally not to extend the "special financial guarantees" which we are, ourselves, about to extend to the enemies of the free world. This does not seem to me to be a very trustworthy and equitable manner of dealing with our allies, nor of meeting the threat of international communism.

To illustrate my point, I refer you to an article in the Washington Post of November 11, under the byline of Mr. Vincent J. Burke.

Mr. Burke says:

> The Federal Government has decided to underwrite all the credit risks for American banks engaged in financing sale of $6 million worth of surplus U.S. corn to Communist Hungary.
>
> It is expected that similar credit guarantees will be extended to the pending $250 million sale of wheat to the Soviet Union.

These guarantees, writes Mr. Burke, will be extended by the U.S. Export-Import Bank, a governmental agency roughly paralleling the British Export Credits Guarantee Department.

Says Mr. Burke:

> Actually, it is customary for the Export-Import Bank, a Government agency, to guarantee one-half of the short-term credit extended by private commercial banks on sale of big shipments of American goods abroad. The agency's chief purpose is to promote foreign sale of American products.
>
> Departing from its usual 50-50 practice, the Export-Import Bank has agreed to guarantee all the short-term credit extended by banks to finance the sale of corn to Hungary. This was done after the commercial banks refused to take the risk required under the agency's normal practice.

Mr. Speaker, may I suggest that what we are proposing to do is to extend 100-percent credit to a dead-beat government that may steal the whole granary?

It seems strange to me to be extending such preferential credit to a nation which has disdainfully refused to pay us back the lend-lease aid we granted it nearly a quarter century ago, and which is also today far in arrears in its payments to the United Nations.

Mr. Speaker, this Export-Import Bank credit means that:

First. If the Hungarians, or the Russians if these special credits are extended to the Soviets as Mr. Burke says is expected, should default, it will be the U.S. taxpayer, through the Export-Import Bank's funds, who will pick up the bill.

Second. The U.S. Government is ready and willing to take a credit risk that private bankers in the United States refuse to take.

Third. We have already granted preferential treatment to the Soviets, exactly the thing that Mr. Ball is going to London to try to prevent the British from doing.

Fourth. We are extending to the Communist government of Hungary, and perhaps will extend to Russia, 100 percent credit guarantees, while we will extend only 50 percent guarantees to our allies.

Mr. Speaker, I think my point is clear in this regard, and I will not belabor it further, except to refer the Members of the House to the excellent speech, given on the floor of the Senate on November 12, by the distinguished Senator from South Dakota, Mr. MUNDT, which appears on pages 21573 to 21576 of the CONGRESSIONAL RECORD. In it he explores several matters regarding our sale of wheat to the Soviet Union and extension to them of unusual credit arrangements, in much depth and with excellent insight.

Among other things, Mr. MUNDT says:

> I do not know what our free world friends think about a proposal that has now become a fact, whereby we are now selling American surplus grains to the Communists at a cheaper delivered price than that at which we are selling it to our friends in the free world.

I shall now move on to the second point of the Washington Post dispatch of November 13, which I called to special consideration—that it is now feared by the administration that our allies may use our wheat deal with the Russians to justify stepped-up trading of their own with the Soviet bloc.

It seems strange to me that these fears should be so late in coming. For the announcement of the deal was, in the first place, a reversal of what was assumed to be the U.S. policy, that is, to attempt to limit exports from the free world to the Iron Curtain.

On September 30, on the floor of this House, I said that the United States needs to clearly state its trade policy toward the Soviets. I pointed out that "any expansion of trade with the Communist nations must be based on a reasonable assumption that it is to our best interests in winning the cold war," and that "it is not enough to merely expand trade with the Soviet Union in a vague hope unsubstantiated by fact that it will relieve tension."

I suggested that a complete revaluation of our trade policy with the Communist bloc be undertaken and that we be sure that the sale of every commodity to the Soviets is aimed at strengthening, not weakening, ourselves and the free world.

Thus, I am greatly heartened by news of the NATO trade meeting to take place in Paris, but we must be consistent in what we say and what we do.

Bear in mind, in light of these U.S. credit concessions to the Communists, the words of the President of the United States on October 10 when he announced the possible sale of wheat to the Soviet Union.

President Kennedy said it would be sold "by private dealers for American dollars or gold, either cash on delivery or normal commercial terms."

Now, only a matter of a few weeks later, we see newspaper reports of a Government agency ready to guarantee 100-percent credit for the Communists. That, too, Mr. Speaker, is a reversal of avowed policy.

During the past 3 years we have consistently told our NATO Allies one thing and done another. Let me mention just a few more cases.

The Washington Post, of October 20, printed a news analysis written by Staff Reporter John G. Norris. Mr. Norris said, in part:

> Pentagon leaders have decided to seek a showdown with America's principal allies on a long-stalemated split over fundamental NATO strategy. . . . For although often overlooked among the other issues dividing Western Powers, NATO has been split over military strategy ever since the Kennedy administration proposed two major changes in 1961. One is called the forward strategy and the other the graduated strategy.

Mr. Norris goes on to explain that "forward strategy" is the idea of building up troops to meet any Soviet attack in West Germany, where they could fight a "forward battle"—presumably in Soviet satellite territory. The "graduated response" means that we would meet conventional force with conventional force as far as possible and withhold use of tactical nuclear weapons until required by the course of war.

We have held this position almost alone. Our allies did not think that Communist aggression would necessarily be confined to ground warfare—conventional warfare. Our allies of NATO felt a sharing of nuclear power necessary to meet aggression from the East.

The fact is that the United States is now forced to consider reducing its huge land forces overseas, because of the increasing expense of maintaining a huge military machine in West Germany.

Our NATO Allies have not completely fulfilled their earlier commitments to maintain these huge land armies. This has not been only because of the expense, but also because they are not convinced that the Soviets will strike in conventional means and feel free world resources might be better used to build a nuclear force.

For, as Arthur Krock of the New York Times pointed out on October 15:

> The Soviet ballistic missile system aimed at Western Europe is substantially increasing each year. The Soviet Union from time to time has found it convenient to threaten use of these missiles in an attempt to gain political objectives. The bombardment forces directly under NATO command are for the most part composed of manned aircraft which are becoming obsolete. Six years ago the United States offered to cooperate in the ballistic missile field with its NATO allies. The offer has only been partially fulfilled in the sale to the British of Polaris missiles and the supply of Thor and Jupiters to Turkey and Italy. These latter have been phased out because of obsolescence.

Mr. Norris again, reports in the October 2 issue of the Washington Post:

> Behind top Pentagon plans to cut back the Navy's aircraft carrier program are some little known military factors—which under current political realities make some reduction in the U.S. Fleet inevitable.

Mr. Norris writes that a cutback in U.S. Navy forces is anticipated because Polaris submarines and Minuteman ICBM's have now increased our striking power, making even the present level of our surface-fleet strength unnecessary.

Consider, Mr. Speaker, that again, in the military field, we are telling our NATO allies to do one thing and then are doing, for ourselves, another. At the very moment we are considering cutting back our own land forces in Europe out of the necessity of the drain on our gold supply, we are chastising our NATO allies for failure to build up their land forces. At the very time we were urging our allies to accept an expensive surface-vessel fleet of 25 vessels, we were considering reducing our own surface fleet.

The reason we can consider such moves for ourselves is because we have increased our nuclear long-range striking force. It is the same type of striking force our allies in NATO desire to obtain. It is the same type of striking force we promised our allies 6 years ago, but which we have made no attempt during the past 3 years, to deliver.

A rebuff came from our NATO Allies last week at the meeting of the NATO Parliamentarians' Conference. That Conference handed down its opinion that a mixed-man surface fleet of NATO nuclear vessels, such as urged by the United States, is "militarily wasteful."

At the same time we have been telling our NATO Allies to "do as we say and not as we do," we have been entering into bilateral agreements with the Soviet Union which are equally harmful to NATO unity.

We have entered into the hot-line agreement with Soviet Russia, which entirely excludes our NATO Allies. We have negotiated the nuclear test ban treaty, which excluded all other NATO members except Great Britain, from the negotiations. We have now reversed our avowed policy and entered into the wheat deal and other trade negotiations with Communist satellites.

All of this, Mr. Speaker, must leave a strange impression of us in the minds of our NATO Allies, who have been asked to trust us implicitly for 15 years, but in whom we show no similar trust. It seems that our recent policies have been aimed at weakening our allies and their trust in us and thus weakening ourselves.

Mr. Speaker, there is nobody who would be happier than my colleagues of the Republican House task force on NATO unity, and myself, to see something tangible and constructive emerge from the meeting of NATO alliance partners next week in Paris.

Something tangible and constructive to the peace and freedom of the free world and the world as a whole will be achieved, if out of that Conference comes a realization throughout the Western World that trade is an economic weapon in the cold war which the Communists wield successfully as a heavy club and which we should recognize as an equally potent weapon in our hands.

But I must seriously question how much good can come out of the NATO Conference if the United States goes into the negotiations still laboring under the misconception that we can demand one thing of our Allies and do the opposite ourselves. We must accept our NATO Allies as equal partners in the defense and preservation of freedom in the West, or face further rebuffs and growing disunity among the members of the Atlantic Community.

The NATO Economic Conference in Paris should be used to work out a mutually acceptable program for all the members of NATO, and not be used merely as a sounding board from which we attempt to manipulate our Allies.

Mr. Speaker, I call on the administration to examine its position and to realize, as it goes into these vital Paris discussions, that we must be willing, ready, and able to honor our obligations to our Allies, to make no more demands on them than what we are willing to impose on ourselves and to realize that the Communists are still our enemies.

They have amply demonstrated that fact on the Berlin autobahn, in Cuba, in Vietnam, and through subversive activities in South America.

Let this meeting in Paris be the beginning point of a new era of NATO unity and cooperation. Let the lines again be drawn clearly between friend and foe and let our policies be again clearly defined with the end of strengthening our Allies and winning the cold war.

IMPORTATION OF MEATS INTO THE UNITED STATES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. BROMWELL] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BROMWELL. Mr. Speaker, the report in this morning's press of an investigation of a connection between Bobby Baker and an American-owned packing plant in Haiti again dramatizes the acute need for this body to direct its attention to the question of importation of meats into the United States. The report discloses that before 1961 Haiti had not exported meat to the United States or Puerto Rico. There was not even a modern slaughterhouse in Haiti prior to 1959. In fiscal year 1962, United States and Puerto Rican imports from Haiti were 1,609,886 pounds and in 1963 there were 2,703,968 pounds from that source.

The swift rise of meat imports in the past 3 years to a point where imported beef now represents 10 percent of U.S. beef consumption, the elevation of tariffs on pork and pork products by the Common Market nations, the depressed state of the American livestock industry and the subsidization of feed grain production in the United States are elements of a problem swiftly becoming critical to a vast productive and still uncontrolled segment of American agriculture.

With the facts as they are it is most difficult to believe that any case at all can be made for the importation of Haitian beef whether the authority for such transactions was obtained through the intervention of Baker or someone less notorious.

The time is long past for close attention to this matter by the House.

PUBLIC ACCOUNTING BY MEMBERS OF CONGRESS

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Maine [Mr. Tupper] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. TUPPER. Mr. Speaker, we hear and read a great deal these days of the need for a statute requiring Members of Congress to give a public accounting of sources of outside income as well as a list of securities owned by them.

I am inclined to believe that we should do this individually without compulsion. While in most other walks of life this would be strictly a private matter, Members of Congress have a unique relationship with those they represent, probably like no other. This relationship would seem to carry with it an obligation to be entirely frank about outside financial interests, if any.

The Congress—as an institution of Government—depends upon the respect of the American people. They must be confident in the knowledge that individual Members vote in accordance with what they deem is best for their district, State, and Nation, and without regard to any conflicting personal interest. If a majority of the people of this country came to believe otherwise—no matter how erroneous their conclusion might be—our system of government would be threatened.

For the record, I take this opportunity to state that my income is solely from that as a Member of Congress, and that I own no stocks, bonds, or other securities.

MORE MANAGED NEWS?

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Barry] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BARRY. Mr. Speaker, in today's Washington Post on page 1 there is an article entitled "Economy Pledge Called Unattainable by Ribicoff." The article refers to the distinguished gentleman from Connecticut and his questioning of Mr. Walter W. Heller, Chairman of the Council of Economic Advisers.

In general, the gentleman from Connecticut attacked New Frontier spending as being too high. Such remarks, coming from a Democratic Senator, can hardly be called partisan politics. I commend this article to my colleagues as another instance of managed news. I quote:

ECONOMY PLEDGE CALLED UNATTAINABLE BY RIBICOFF

(By Frank C. Porter)

Senator Abraham A. Ribicoff, Democrat, of Connecticut, said yesterday the administration is "painting itself into a corner" by making economy pledges it may not be able to keep.

Ribicoff, former Secretary of Health, Education, and Welfare, who supports the White House on most matters, said Government witnesses have been less than candid in urging passage of President Kennedy's $11.1 billion tax cut program before the Senate Finance Committee.

In offering assurances that Government spending will be held down, Ribicoff said, these administration officials "are playing right into the hands" of Chairman Harry F. Byrd, Democrat, of Virginia, and other committee members critical of the tax bill.

Byrd has consistently held that taxes should not be cut until the budget is balanced.

Ribicoff's remarks came during questioning of Walter W. Heller, Chairman of the Council of Economic Advisers and an early advocate of tax cuts to spur economic growth and reduce unemployment.

Heller disputed Ribicoff's contention that the administration is offering the tax bill as a panacea or economic cure-all. He said he supports a "balanced program" of which the tax measure is only a part.

Under a barrage of hostile questioning by Byrd, Senator John J. Williams, Republican, of Delaware, and Senator Wallace F. Bennett, Republican, of Utah, Heller stoutly maintained his thesis that the Federal budget can be balanced best through expansion of aggregate demand by tax cuts even if it means further temporary deficits.

While he's in favor of "prudence in Government expenditures," Heller explained, reductions in Federal spending equivalent to the tax cut would cancel out the stimulative effect of the program.

This brought a left-handed compliment from Byrd. "You are the first Government witness to be frank enough to say you don't want to decrease expenditures," the chairman told Heller. "You actually want to increase them."

Heller said he saw little inflationary danger either in the tax program or in recent scatter price increases. He did, however, issue an oblique warning about so-called administered price increases. The American public would have little sympathy, he said, for arbitrary price increases in the face of still higher sales and profits resulting from a tax cut.

"We have had several direct indications from major industrial executives * * *." Heller continued, "that they expect a tax cut to bring about volume increases and unit-cost reductions that will make it easier to hold current prices or even reduce them."

In another hearing, International Business Machines Corp. Chairman Thomas J. Watson, Jr., told the Senate Subcommittee on Employment and Manpower that passage of the tax bill would help to reduce jobless rolls.

He also suggested possible shortening of the workweek—a measure opposed by the administration and almost all businessmen—as well as the strengthening of area redevelopment and manpower retraining programs, earlier social security retirement benefits and worker relocation allowances.

It is good to note that Mr. Heller now considers puritan ethics as something he can live with. Personally, I agree with the gentleman from Connecticut, I would rather be a puritan than a heller.

The distinguished Senator from Connecticut deserves credit for putting country above party.

PRESIDENTIAL MEMORIAL CERTIFICATES

Mr. REIFEL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Devine] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. DEVINE. Mr. Speaker, last week my colleague from Kansas [Mr. Dole] made some interesting disclosures concerning the political aspects of the program of the Veterans' Administration to place the President's name in the homes of all deceased veterans of all wars.

Last August I had received a number of complaints from irate families of deceased veterans—some of whom had been gone 15 to 20 years—concerning the program. I made inquiry through the Comptroller General of the United States and received most revealing information, as follows:

Comptroller General of the
United States,
Washington, D.C., October 31, 1963.

The Honorable Samuel L. Devine,
House of Representatives.

Dear Mr. Devine: Further reference is made to your letter of August 31, 1963, requesting information on the cost and date of initiation of the Veterans' Administration program for providing certificates honoring the memory of deceased members of the Armed Forces.

The program was initiated by the Veterans' Administration as a result of a suggestion made by Mr. Benjamin B. Belfer, secretary-treasurer of the Minneapolis Joint Veterans' Council. As part of its implementation of the program, the Veterans' Administration designed a suitable certificate which was later approved by the President. Under the broad eligibility requirements established by the Veterans' Administration, the next of kin, relatives, or friends of deceased veterans of the Armed Forces with records of honorable service may obtain memorial certificates.

The first certificates were issued in March 1962 and were in memory of those veterans whose deaths were reported to the Veterans' Administration in March 1962. Since April 1962 the Veterans' Administration procedures have provided for certificates to be automatically issued to eligible next of kin, upon receipt of notification of the death of a veteran. Notices of such deaths are normally received in one of the Veterans' Administration regional offices which identifies the next of kin from the veterans' records and notifies the Veterans' Administration central office.

In April 1963, the Veterans' Administration expanded the program to include veterans of World War I, World War II, the Korean conflict, and peacetime veterans who died prior to March 1962. The Veterans' Administration arranges to notify the next of kin by having the Treasury Department insert an appropriate letter of explanation and an application for a certificate with the compensation and pension checks mailed to dependents of deceased veterans. Such letters and applications have already been mailed to about 434,000 next of kin residing in 11 States. The Veterans' Administration plans to mail an additional 841,000 applications, during the period October 1963 through April 1964, to those next of kin residing in other States and the District of Columbia.

From March 1962 to September 30, 1963, 478,635 memorial certificates were issued—250,820 were issued in memory of those veterans whose deaths have been reported since March 1962 and 227,815 were issued in memory of those veterans whose deaths occurred prior to March 1962 when applications were received from the next of kin under the expanded program. The cost of issuing memorial certificates during this period was about $160,000, or an average cost of 33.5 cents for each certificate.

For the remainder of fiscal year 1964, an estimated 627,000 memorial certificates will be issued, of which about 437,000 will be in memory of veterans who died prior to March 1962. The cost of the program for the remainder of the fiscal year is estimated at about $138,000, or about 22 cents for each certificate.

Memorial certificates are issued honoring the memory of deceased veterans who served during wartime and peacetime. Since the number of individuals who will serve in the Armed Forces in the future is not known, the total number of memorial certificates that will be issued cannot be determined. However, on the basis of the number of veterans who have served in the Armed Forces during wartime, the Veterans' Administration predicts about 19 million veteran deaths from fiscal year 1965 through 2010. Assuming that the program will be continued until the end of fiscal year 2010 and that memorial certificates will be issued, about $4.2 million will be expended to honor these wartime veterans.

The above costs have been estimated on the basis of information supplied by the Veterans' Administration and include the cost of printing, supplies, and postage and the salaries for clerical personnel to type and process the certificates. The costs do not include the cost of special typewriters—about $7,000—or other costs which are not readily determinable, such as applicable salary cost of high-level agency personnel and the cost of office space, searching the veterans' records for next-of-kin information, and certain processing involving automatic data processing equipment.

No specific appropriations have been made to defray the cost of the memorial certificate program. Expenditures to carry out this program are being made from funds appropriated by the Congress to the Veterans' Administration for general operating expenses for fiscal years 1962, 1963, and 1964 (75 Stat. 357, 76 Stat. 732, and 77 Stat. 74).

The certificate enclosed with your letter of August 31, 1963, is returned herewith.

Sincerely yours,

Joseph Campbell,
Comptroller General
of the United States.

PROF. FREDERICK CHARLES BARGHOORN

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. Pucinski] is recognized for 10 minutes.

Mr. PUCINSKI. Mr. Speaker, the American people in general and the academic community in our own country in particular and throughout the free world were shocked to learn yesterday that the Soviet Union has arrested Prof. Frederick Charles Barghoorn on a charge of spying.

It is my hope that this Congress will not sit idly by and watch this scandalous conduct by the Soviet Union with impunity.

There is no question in my mind that the arrest of Yale University Professor Barghoorn, who was visiting the Soviet Union as a scholar to assemble material for his new book, is nothing more than Soviet retaliation to our Nation's long-overdue move yesterday to restrict the travel of Communist officials from Soviet satellite nations in the United States.

Mr. Speaker, we cannot view the so-called thaw in American-Soviet relations with any confidence when the Soviets violate the basic precepts of civilized behavior by arresting American citizens like Professor Barghoorn.

As a member of the House Committee on Education and Labor, I have today introduced a resolution which would suspend all cultural exchange programs between the United States and the Soviet Union forthwith if the Soviet Union does not either release Professor Barghoorn by Monday or spell out a bill of particulars for his alleged violations and give him immediately the right to consult with the American Ambassador in Moscow.

Professor Barghoorn has been closely associated with the cultural exchange program as a member of the National Executive Committee of the Inter-University Committee on Travel Grants.

It is my hope the Soviet Union will not force Congress to act on this resolution because there are many fine aspects in the cultural exchange program which offer hope for a better understanding between our two nations. For instance, I saw the Moscow Circus a few days ago and thoroughly enjoyed it. But I, for one, do not intend to sit idly by while the Soviet Union talks out of both sides of its mouth.

The arrest of Professor Barghoorn is symbolic in that it threatens every single American who would go to the Soviet Union for whatever may be the reason. I think the time has come when we here in Congress should serve notice on the Soviet Union that if we are to deal with Soviet officials, they must adopt a code of ethics which befits civilized behavior. It is an established fact that whenever the United States has cause to arrest a Soviet citizen on charges of spying, the Soviet Ambassador is permitted to communicate with such a person under American arrest and a bill of particulars is immediately presented to a U.S. Commissioner during the arraignment.

It is not my intention to dictate to the Soviet Union how it is to operate its internal affairs, but certainly we are not asking too much when we demand that American citizens arrested in the Soviet Union must be advised forthwith of the charges on which they are held.

I think that every effort should be made to let the American Ambassador in Moscow meet with Professor Barghoorn right now before the Soviets succeed in breaking down his will and applying the devlish technique of forcing him into a false confession.

STATES RIGHTS

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. Bruce] is recognized for 60 minutes.

Mr. BRUCE. Mr. Speaker, on November 9 of this year, the Honorable Gene Snyder, of Kentucky, addressed the Governmental Affairs School of the Indiana Junior Chamber of Commerce at Madison, Ind. Because of the importance of his remarks, I wish to make his address available to all the Members by insertion in the Record.

The address follows:

ADDRESS BY THE HONORABLE GENE SNYDER, OF KENTUCKY, BEFORE THE GOVERNMENTAL AFFAIRS COMMITTEE OF THE INDIANA JUNIOR CHAMBER OF COMMERCE, AT MADISON, IND., NOVEMBER 9, 1963

I appreciate the honor that is mine by your asking me to come and speak to you today. I am particularly interested in the subject which you have chosen for this meeting and which you have directed me to attempt to discuss to some extent. The subject of "States rights" which you have chosen for your discussion topic for this meeting—is a subject which means a lot of things to a lot of people. For example, to our Negro friends the issue of States rights connotes segregation. I do not share this thinking, and, of course, the best that I can do today is to try to discuss with you as best I can what States rights means to me.

During my short political career, I have been called upon to speak many times and on many of these occasions I have touched upon this issue of States rights but I do not believe that I have ever been called upon to discuss this as a sole issue—and so as I attempt to do so today, I ask for your indulgence with me, for, in this respect, this constitutes a new experience for me.

A little less than 200 years ago, our Founding Fathers formed a government. This was perhaps the only Revolution in all history that did not exchange one set of rules for another. Our Founding Fathers formed a government and they bound it with a Constitution—and I might say incidentally they intended that the Constitution was to be a watchdog over man's freedoms—not a cow to be milked. The several sovereign States then existing decided that it was for their best interest that they should form a compact, or a contract together, delegating some of the powers that then existed within each of the sovereign States to a Federal or central authority, which would be for the mutual best interest of all of the several States. In this connection, they delegated to this

Federal Government, which they set up, certain powers and authorities and reserved to each of those sovereign States all of the powers that they did not so delegate. Therefore it follows, I think, that the division of powers between the Federal Government and the several States must be controlled by the contract that was entered into between the States and the power of the Federal Government limited to this extent.

Realizing that the United States is a federation of States, bound together under a constitutional contract that established a balance of powers between this Federal Government and the sovereign State governments, I think it therefore becomes evident that the concept of balance is essential to the preservation of the form of government that was established by our Founding Fathers. I think it becomes obvious that if we allowed too much of the power to remain in the respective State governments that the union that was formed by the constitutional contract would become ineffective and disintegrate. But on the other hand, if the central government should acquire too much power, then the States would lose their authority and eventually their identity, and the central government would be the controlling monolithic type of State that we have seen develop—come and go—throughout all history. The kind of government that has not long existed in our civilization without being overthrown or toppled from stresses and strains within or without.

I do not think that the balance is necessarily a static sort of a situation and obviously history would indicate to us that it has not been static at all because we know that the Federal Government grew in power and authority from its institution until about 1800. Then I think the pendulum rather swung and the power movement was back toward the States until the Civil War. However, since the Civil War, that is, the past 100 years, we have seen the pendulum of governmental power swing again toward Washington, and at a vastly accelerated rate since about 1930.

As a consequence, we now have a Federal Government that is so big that it cannot be effectively managed, governed, or controlled by any one man, or group of men, regardless of their political astuteness; regardless of their knowledge; regardless of their ability; and regardless of their overall competence. Today, the size of the Federal Government, and the power that is exerted by the Federal Government, and the increasing power that is attempted to be exerted by the Federal Government threatens the very fundamental principles, the very fundamental nature of our Republic by undermining the sovereignty of the States—the sovereignty which existed prior, to the Constitution and which but for the relinquishment of some of this sovereignty and power, there would be no Federal Government. Second, the cost of this great mass in Washington, which I prefer to call the puzzle palace on the Potomac, has gotten to the point where it impedes the economic growth of our country by imposing an excessive burden of taxation on the economic resources that must support both the people and the Government and, third, the enforcement by the Federal Government of its policies which are now suggestive of the police state, violate both the spirit of the Constitution and the guarantees of personal freedom that we find therein.

I happen to be one of those who believe that the whole picture of government could be more properly brought into focus and within the concept of the Constitution if we would bring closer to home—that is, to our local, State, and city and county governments, those governmental services and functions that should properly be performed by our local government, but which have already been swept into this great mass of bureaucratic entanglements that we now see in Washington.

Let us consider for a few minutes, if we can, the perhaps major influences that have promoted the great growth of Federal power.

I think that in the beginning the usurpation of the rights of the States by the Federal Government was in some areas that did not directly affect so many people, and, as a consequence, this rather slow movement toward Washington went unnoticed and unaided by the States. They were not so jealous of their sovereign right as perhaps they should have been—and, of course, the Civil War and the Reconstruction days damaged the States rights concept in the thinking of so many people. The trend toward a central government proceeded at a most moderate pace after the Civil War, but, of course, was stepped up immensely as a result of two World Wars and the necessary change that must be brought about under such great global conflicts—but I think there are probably some other more practical and ideological reasons for this great growth.

You know, there is an old story that says you cannot kill a frog by dropping him in boiling water—he reacts so quickly to the sudden heat that he jumps out before he is hurt. If you will take that same frog and put him in cold water, and warm it up gradually, he never decides to jump until it is too late. But then he is cooked. And this is what we have seen transpire during the years; men being just as foolish as the frog who is put into cold water—men who have had their fundamental freedoms taken away from them by the Central Government which, if you had attempted to take away all of these freedoms, all of these rights of the local government, if you please, overnight—you would have gotten into a violent revolution. But under the so-called liberal concept, we have seen these rights being taken away from the States gradually under the guise of security or peace or progress, and we may well be at the point where we could paralyze an entire generation.

You see, because of the economic conditions which existed in the early 30's, a very practical development occurred which was the initiation on a large scale of Federal grants and aids or subsidies whereby the Federal Government took over and assumed full or partial responsibility for many services and activities, the performance and financing of which had been always within State and local administrative and fiscal capacity. Once we embarked upon this project, there were pressures from the various groups who were to profit or benefit from these various types of grants and aids to continue and increase such projects—and, of course, this device was appealing to the large majority of people who began to believe that somebody else was providing the money and it certainly was most appealing to State and local officials who were able, through political manipulation, to acquire these various emoluments, benefits, improvements and so forth for their own communities, to their own credit, without the necessity of taking that very dangerous political step of raising taxes or going into debt.

In other words, the Federal Government has literally bought its way into the area where State and local governments should function and these acts of purchase, if you please, of vote buying, if you please, have seldom been questioned by the Supreme Court who has construed the term "general welfare" as broadly as they wanted to so as to include everything in the area of government—thereby leaving the Federal Government free to move into almost any area that they so desired to spend money and exercise control.

In passing, let me say this—regardless of how many people may say to you that there are certain areas where you can receive Federal financing without Federal control—and regardless of how many people say it is written into the law, let me assure you that nobody in Washington really believes this. As a matter of fact, in the case of *Wichard* v. *Filburn*, decided in 1942, the Court said in effect that it was not only the right of the Federal Government to control those things which it finances, but that it was its duty. I agree with this very thoroughly, that it is utter fiscal irresponsibility for the Federal Government to spend your tax money and not control how it is to be spent. We only have to think back a few billion dollars to the time that the farmer was told that Federal subsidies to the farmer would not mean Federal control.

Then, too, there has been the ideological development throughout the past few years where it was popular to be considered a liberal—for I think so many people connote from the word "liberal"—liberty—when in truth and in fact the current application of this definition is a total distortion of our concept of liberty and reminds me so much of certain countries behind the Iron and Bamboo Curtains who refer to a people's democracy.

The 19th century liberal advocated liberating individuals from restrictions and controls of government whereas the 20th century liberal, quite to the contrary, advocates more controls and more government—not less government—advocates more regimentation of the people and business—not less support of the people by the government.

The Constitution is very dear to me and I think very positively that it was drawn to combat the centralist theory and to create a reasonable working balance between Federal and State powers and responsibilities. The Constitution very specifically delegates certain of the powers of the States to the Federal Government and very specifically reserves all of those rights which are not delegated to the sovereign States. Basically the Constitution delegates to the Federal Government those truly national tasks which can be performed only by and at the Federal level of government, such as national defense and foreign affairs and, second, certain other functions which, though they could be performed by the States, it would be adverse to the interests of all of our citizens generally if they were so performed. Examples of this would be the establishment of a national system of weights and measures, a currency system, a postal system, rules and regulations dealing with the commerce between States and commerce with foreign nations, procedures in regard to bankruptcy and naturalization and immigration. These matters were reserved to the Federal Government—to the Congress—not because they could be dealt with only at the Federal level, but because of the chaotic condition that we would find ourselves in if they were left to the several States.

And as I have said, the Constitution specifically provides for reserving to the States, that is, to the people—all powers not delegated to the Congress nor prohibited to the States. Let me say that this makes more sense today and it appears to me to be more necessary today than it was in 1787.

As a result of our permitting the Central Government to assume jurisdiction over and responsibility for functions which should belong at the State and local levels and which in truth and fact have been reserved to the States under the Constitution, we have seen the Federal Government get entirely out of hand in regard to size, as I mentioned earlier. Today 1 out of every 6 workers in the United States is employed by some branch of Government, either Federal, State, or local, and 1 out of 22.1 is employed by the Federal Government or some instrumentality or agency thereof. Of all spending for goods and services in the

United States, Government accounts, Federal, State, and local, for $1 out of every $5. But Federal Government spending alone accounts for $1 out of every $8.59.

Workers on public payrolls number 12.3 million. Fifteen years ago there were 7.1 million. The Federal Government's employees account for 5.3 million of these and, as a matter of fact, under the present administration, we have seen employment in the Federal Government—civilian employees—increase at the rate of 4,000 each and every month.

Taxes and other Government receipts amount to 35 percent of the total national income. The Federal Government is now collecting $107.1 billion a year in all of its various funds as opposed to all local and State governments' income of only $52.6 billion. One dollar out of every $4.50 of personal income in the United States is accounted for by direct Government payments, with $1 out of every $8.56 by direct payments by the Federal Government. Of the total outlays for construction in the United States, the Government accounts for $1 out of every $4—with $1 out of $9.37 being the Federal Government. Spending by public agencies, Federal, State, and local, total $165 billion a year, of which $104.9 billion again is Federal Government agencies spending.

Another consequence of permitting the Federal Government to assume jurisdiction over the proper functions of the State governments is the fact that the Federal Government has its attention diverted from the truly national tasks. During the 1st session of the 88th Congress, we have seen so many examples of both the President and the Congress devoting their time to relatively small matters. We have bills that take up days of debate that involve strictly local and sectional issues; such as feed grains legislation, bills to control the raising of peanuts that are used for boiling, urban renewal matters, so-called depressed areas bills, mass transit bills, juvenile delinquency, and waste treatment. We pay a terrifically large price for the administrative and congressional time that is devoted to these matters which should be handled by local governments to the neglect of truly national matters which should take 100 percent of the time of the Federal Government. After spending over a $100 billion to combat and contain communism around the world, we have allowed the Communists to take over Cuba. We have seen our relations get bad with Canada, France, England, Latin America. We have seen the situation deteriorate in Korea, Vietnam, Laos, the Congo. We have had some unpleasant experiences with Sukarno in Indonesia.

Everyone admits that defense costs are excessive, that there is waste because of insignificant matters such as the three branches of the Government failing to get together on the size of the belt loops. There is a sharp difference between the experts over the best defense and the debate continues today over missiles, manned bombers, and other matters—but we are making these truly national tasks a part-time job when they should be important enough as to require the full attention and energy of the Congress, the administration and all of those at the Federal level of Government. In the United States we have the abilities, the talents, the capabilities for competent national leadership—and our attention at the Federal level should be directed to these types of matters and not wasted on matters which are not really Federal business.

Under the big central government theory, it is necessary to retain punitive tax rates or go bankrupt. Under the big central government theory, the doctrine is advocated that government must support the people and this required an ever-widening array of benefits that these political theorists are saying that the Federal Government should provide. In effect they say that the people are too stupid to buy for themselves. It is obvious that the only income of the Federal Government is the resources of the Nation and the resources of its people, but somehow or other, it seems politically advantageous to foster the illusion that somebody else is paying. As a matter of fact, it has even gotten to the point that certain of our political theorists in high positions no longer feel that taxes are for the purpose of raising revenue, but rather are for the purpose of redistributing the wealth.

And while I am touching upon taxes, I want to commend the Junior Chamber of Commerce for the position which it has taken at its national conventions in recent years in support of the Herlong-Baker-type tax reduction which definitely ties the tax reduction to a balanced budget. This approach is the approach of sound and sensible people.

There is another consequence of the permission of big central government. It is the technique of promoting centralism by asserting the imminence of crisis which requires Federal intervention. It has been a very useful tool in the hands of those who advocate big central government for a good many years now. Many times the crisis is not real and apparently one that is fiction serves just as well to support the theory that the Federal Government knows what to do, is ready to do it, and able to act in the alleged emergency—and further supports the theory that the States are unwilling or financially unable to act. In recent weeks we have seen the House and Senate pass the aid to higher education bill. If you read the CONGRESSIONAL RECORD, you will find the debate on this issue—which involves subsidies for the construction of buildings on college campuses—to center basically around the very urgent need for assistance in this area. You would think from reading and hearing this debate that the institutions of higher education across this country are paupers and unable to construct a single building over and beyond a simple toolshed. However, if you will examine the debate in the House of Representatives, you may notice that during the colloquy between myself and the gentleman from Connecticut [Mr. GIAIMO], I very specifically asked the gentleman if he could point out to me any structure built on a college campus within the last 10 years that gives the appearance of having been built under an austerity budget. As I explained then, I am sure that there are some but I know they must be in the minority for every building that I have seen that has been erected on a college campus in the past few years, at least since the Second World War, does not give the appearance of an austerity budget and my request that some of these be named still remains unanswered.

The inaction on the part of local people is usually due to their realization that there is no emergency. We recently had testimony before the Select Subcommittee on Labor of the House Education and Labor Committee of which I am a member, in regard to the Manpower Development and Training Act. As this bill was originally enacted, it provided for the Federal Government to pay the full financial load for the first 2 years and thereafter for the program to be handled on a 50–50 matching basis with the States. Only about five States considered it of sufficient priority to enact the necessary legislation in their State legislatures to participate in the program after it became a 50–50 program. A witness from the State of California indicated in direct response to some of my questions that it was necessary for the Federal Government to continue 100 percent financing of this program because we in the Federal Government knew what was better for the people of California than the local legislature did—and further that it would be impossible or virtually impossible to get any appropriation out of the California Legislature for such a program because as he stated it, "In California you have to support your request for appropriations with facts." An obvious reference to the fact that so many people feel that you do not have to support the request for an appropriation with facts when you are dealing at the Federal level.

Another very serious consequence of permitting the Federal Government to assume the responsibility for local projects and allowing the Federal Government to grow so large is the fact that the Federal Government begins to extend its operations far beyond the scope of public functions into the field of private business. The Government competes on very unequal terms with its taxpaying citizens who are in private business. Private business must supply the capital and sustain the losses of its ventures whereas in the Government operation, there is no incentive of making a profit and as a consequence, losses are inconsequential. The Treasury supplies ban funds at interest rates below its own cost of borrowing in many instances. REA borrows money at 2 percent less than the Federal Government pays for borrowing this same money.

The framers of our Constitution thought that we could handle our own affairs but we have been constantly granting to big Federal Government more and more authority. It is obvious that the Government is a lousy businessman. It is obvious that the Government is an incompetent manager. It is obvious that Americans are good businessmen and excellent managers. Where we get the idea that Government can do it better—big government—the Federal Government—baffles me. All evidence is to the contrary. In this area of Government encroaching upon private enterprise, we find political theorists today that say that the public sector is destitute and the private sector is filthy rich. The public sector means government—and the private sector means individual enterprise. A high Government official says: "The choice our Government must make is a choice between the public interest and private comfort."

Another Government planner says: "We have not provided the public sector with enough money to keep up with the private sector. People are spending their money on pleasures and gadgets and automobiles that they do not need." In other words, the Government must take from the people the money they are unwisely spending and spend it for them, wisely. Senator HARRY BYRD, chairman of the Senate Finance Committee, says the combined debt of all Federal Government agencies and instrumentalities is $1,242,000,000,000—6,642 for every man, woman, and child—or 27,500 for every family of four. Is the public sector which has incurred that much debt underprivileged? Consumer debt in the private sector is only $56 billion or a little less than $3,000 per capita—or less than $12,000 for each family of four. The Federal Government's income has increased by about 20 times since I was born. The private sector's income only about four times. Whatever is or is not wrong with public services, it cannot be said that they have been deprived of money.

The big difference is that businesses operating in the private sector have two important incentives: one, they must compete and, two, they must have a profit. Take away these two necessities and you have a listless organism. The Government need not make a profit and it need not compete.

I would like to commend to your attention an article appearing in the September 9 issue of U.S. News & World Report entitled "Big Government In United States Getting

Too Big?" This article very aptly points out that with increased spending goes a rise in the power over business and over the lives of our individual citizens. It points out how the present administration is asking that the vast spending power of Government be used to coerce communities and corporations into doing what the Government demands and the increasing demands on the part of bureaucrats is for still more power to be lodged in the Federal Government involving new programs, calling for new spending and new tasks for the Federal police to carry out.

Today the Federal Government is seeking the power to police all race relations, the power to investigate and hail into court all businessmen whose customers complain of discrimination, the power to grant or deny billions of dollars annually to projects and communities depending upon how they accept or fail to accept the rules laid down in Washington, the power to take away deposit insurance of banks or mortgage guarantees if Federal wishes are not complied with, the power to use the FBI in policing activities once considered local, the added power to regulate the stock market, the power to set up a youth corps to work in cities, the power to set up a conservation corps to work in the countryside, the power to aid mass transit plans in cities—all of this is in addition to the existing powers that include, among others, the power that goes with cash spending of $120 billion every year; the power to enforce minimum wages and maximum hours of work; the power to police labor relations; the power to support farm prices and restrict output; the power to grant or deny subsidies in a wide range of fields; the power to grant or deny loans for many purposes; the power to condemn private property for an increasing range of Federal projects; the power to police private business practices in many areas; the power to regulate transportation and communications.

Today the Government, under the Area Redevelopment Act, has the money and the power to help local communities. This power can be used to help some communities while overlooking the plight of others—and so it is with these other projects that I have mentioned—Domestic Peace Corps, Youth Conservation Corps, mass transit, and all of these other various projects that they are looking for.

Under the conditions which we live today, every individual, every businessman, every corporation runs into the long arm of the Federal Government at nearly every turn. The Justice Department and the Federal Trade Commission are constantly on the alert to detect evidence of mergers or pricing practices that the Government might think is illegal. The Federal Trade Commission polices advertising, labeling of products, and other activities of business. There is a proposal now before the Congress to create more power in supervising the design of packages. The National Labor Relations Board supervises union elections for bargaining power, keeps an eye on union contracts with employers. There is another agency to enforce the payment of minimum wages that I made reference to and to see that prevailing wages are paid in various regions by Government contractors. There is now legislation pending before the Congress to amend the Davis-Bacon Act to include certain fringe benefits in figuring prevailing wages. Rates of numerous kinds are regulated by the Federal Government—railroads, electric power companies, pipelines, interstate truckers, bargelines—you name it—and the Government is telling us where the airplanes can fly and they can pay or withhold the subsidy to the airline companies as they see fit. Radio and television stations operate under Government license and cannot turn a cold shoulder to a power-hungry Federal Government. Shipping lines and shipbuilders quite often operate under Federal subsidy. About a third of the country's agriculture operates under Government controls in one form or another with price supports for an equal share of the farm community. Production controls are applied to many of the crops that are price supported.

The Government is involved in banking, with over a third of the home mortgages guaranteed by the Federal Housing Administration or the Veterans' Administration. The bank deposits are guaranteed and supervised by the Government and building and loan associations are supervised by a different agency. We have the Export-Import Bank that makes direct loans to finance exports and various sorts of insurance guarantees for exports made by American firms.

Some of these are obviously proper Government functions—but many of them are not. If we stop and think for a few minutes, we will find that there are very few areas of our daily lives that are not now within the scope of the all-powerful Federal Government. Programs are piled on top of programs. Workers are retrained under the Manpower Development and Training Act. They are retrained under the Area Redevelopment Act. There are provisions under the Trade Expansion Act for the retraining of workers. Vocational education is given under the Vocational Education Act, under Smith-Hughes, under George-Barden—and I was told by a Member of Congress the other day, who has done some research into this area, that he has already found over 13 different programs under which a worker can be retrained and he believes that there are about 10 more. Obviously the answer is not the retraining of workers. The answer is jobs. So you retrain a worker under all 13 of these programs and without jobs, you have only trained him so that he knows what kind of work he is out of. But this gets us away from the point that I have tried to make in this discussion with you. I know that I have talked too long and perhaps rambled on away from the subject to some extent—and for this I apologize.

I am one of those who believes we are destroying the people we are trying to help in turning so many of our freedoms and liberties over to the Federal Government. I mean that when a farmer is paid for not farming, we are encouraging idleness, indigence, apathy, and decay. I mean that when any American gets sick and counts on the Government to pay, that there is no inducement for him to work and save for the rainy day. I believe that when shipbuilders and airline operators can always rely on a Federal subsidy that there is no reason for them to try for efficiency and improvement. This list could be expanded on and on and on—but I say that Washington's deepening intrusion into our daily lives is nobody's fault but our own. We keep asking the Federal Government to take over and do for us those things which traditionally we have been doing for ourselves. We make a lot of Fourth of July speeches but we still vote for Santa Claus. We seem to forget that government to perform increasing services has to get bigger and bigger and bigger—and we spoon fed, overtaxed and overweight get weaker and weaker and weaker.

The road that we are traveling with a big Central Government, with a welfare state, is the road of a dependent people. This great country is going in the direction of having so many of its people become dependent upon it.

The average age of the world's great civilizations is 200 years. The nations progressed through this sequence:

From bondage to spiritual faith; from spiritual faith to great courage; from courage to liberty; from liberty to abundance; from abundance to selfishness; from selfishness to complacency; from complacency to apathy; from apathy to dependency; and from dependency back again into bondage.

In 13 years our United States will be 200 years old. This cycle is not inevitable—but I say that it depends upon our determination to keep a proper balance between the rights of our local governments and the rights of our Federal Government—and to keep the maximum amount of authority on a local level where it can be dealt with more efficiently, more economically, and nearer the people whose future it controls.

I thank you.

INTERNATIONAL MACHINERY FOR THE SUPERVISION OF DISARMAMENT AND THE MAINTENANCE OF PEACE

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 15 minutes.

Mr. HALPERN. Mr. Speaker, I call to the attention of the House the resolution introduced by a number of our colleagues and myself—my resolution being House Concurrent Resolution 219—requesting the President to explore the development of an effective international machinery for the supervision of disarmament and the maintenance of peace. An identical resolution has been introduced by Senator JOSEPH S. CLARK and a number of his colleagues in the other body.

An old proverb tells us that a journey of a thousand miles is started with a single step. Our Nation has taken the important first step by supporting the test ban treaty. The treaty alone cannot insure a just and lasting peace but if the leaders of the major nations of the world press for such a peace with honesty and diligence we can achieve the goal of a warless world.

Recognizing that the potential for destruction has attained frightening proportions, the United Nations General Assembly at its 14th session unanimously adopted "the goal of general and complete disarmament under effective international control."

President Eisenhower stated to the 15th General Assembly:

> Thus, we see as our goal, not a superstate above nations, but a world community embracing them all, rooted in law and justice and enhancing the potentialities and common purposes of all peoples.

Subsequently, President Kennedy has affirmed:

> Our primary long-range interest is general and complete disarmament—designed to take place by stages, permitting parallel political developments to build the new institutions of peace which would take the place of arms.

Mr. Speaker, we must wage peace as diligently as we once waged war. We must explore every avenue, and direct our energies along those paths which promise a reduction of world tensions and mutual distrust. We must take the leadership in creating a climate for peace.

To implement our avowed goal of a permanent peace, we are requesting the President to consider whether the development of effective international machinery for the supervision of disarmament and the maintenance of peace may best be achieved by revision of the Charter of the United Nations, by a new treaty, or by a combination of the two. Such machinery might include, first, an International Disarmament Organization; second, a permanent World Peace Force; and, third, world tribunals for the peaceful settlement of international disputes, or such other international institutions as might be necessary for the enforcement of world peace under the rule of law.

This is not a "peace at any price" proposal. Rather, it is a logical and calculated step. Constant attention must be given to effective and adequate inspection and controls, and aggression in any form must be contained and eradicated.

The road to a peaceful world has indeed been a rocky one, and its pitfalls have frequently trapped the unwary. The mistakes made by gullible European leaders in the 1930's—sins committed in the name of peace—led not to peace, but to war.

We do not propose to make the same mistakes.

Mr. Speaker, I urge that this body take the leadership in the quest for a lasting and effective peace. A long step in that direction would be the adoption of the resolution I discuss here today. I fervently trust it will win committee and floor approval before this session of the 88th Congress adjourns.

U.S. FOREIGN POLICY IN THE PACIFIC AND SOUTHEAST ASIA AREAS

The SPEAKER. Under previous order of the House, the gentleman from Delaware [Mr. McDOWELL] is recognized for 30 minutes.

Mr. McDOWELL. Mr. Speaker, I am convinced that we have a great deal at stake in countries such as South Vietnam, Laos, Malaysia, and the Philippines. Many Americans share this view today.

Our interest in the Pacific is of rather recent origin. It is always hazardous to point to a single event as a special turning point in history. But I will take the risk and point a finger at Pearl Harbor. The surprise bombing of our naval installation there did more than catapult us into the Second World War. It seems to me that it marked the beginning of a new era of American involvement and responsibility in the Pacific. It was not that we had had no prior contact with that part of the world. Rather it was that before the Second World War our interest in the Pacific had been somewhat casual and sporadic.

The limited contact we had with the countries of the Pacific was mostly cultural and economic. These were more important than our political activities. Other countries such as Great Britain, France, and the Netherlands established colonies. The United States, with the exception of the Philippines, was not inclined to build up a large oversea empire. Instead, as one writer has aptly described it, we introduced Christianity, Concord grapes, and cash registers. Our traders returned to the American shores with silks from Japan, jade from China, and tea from Formosa. In spite of growing commerce, the Pacific was a long distance away. It was a strange and unfamiliar region where the languages and religions and characteristics of the people were completely different.

We did not make any great effort to learn about the Pacific. Our attention was focused for the most part on this country and its ties with the West. This orientation encouraged us to look across the Atlantic rather than the Pacific. We followed our ancestry back to the Greeks and the Romans and studied the history of Europe. The usual college student, it is probably safe to say, knew more about the distant moon than he did about Korea, and more about ancient Rome than he did about the China of his own day. It was to be many years before the Pacific would be more than a remote exotic region to the United States, and before the countries in the area would present as they do now some of the most vital of the foreign problems of our times.

The foreign policy of the United States in the Pacific during pre-World War II years was somewhat vague and, at its best, fragmentary in its application. We were primarily concerned with trade opportunities. It was an outlook that was reflected in the diplomatic efforts of the time. The very first contacts of this country with the Pacific were the trading voyages to Canton in the earliest years of our history. In 1853 Commodore Perry paid his famous visit to Japan and opened the islands to the commerce of the world. The United States long maintained an interest in China, and we tried to keep the door open to that vast land. We took possession of the Philippines in 1898, but assumed the responsibility with some misgivings. At the time of the Boxer Rebellion in 1900 we sent a small military force to rescue and protect Americans in China. President Theodore Roosevelt played an important role in the Japanese-Russian peace in 1905. He aroused the enmity of the Japanese because they felt the provisions of the treaty favored Russia. We were hosts in 1922 to Great Britain, France, Italy, and Japan at the Washington Conference which set up a formula on the limitation of navies. However, it really was not until the late 1930's that the Pacific began to assume a position of major importance in American foreign policy. It was then that we became concerned over the expansion of Japanese power in the Pacific.

The Second World War had profound consequences. In the Pacific the positions of the former colonial powers, Great Britain, France, and the Netherlands were seriously weakened. They never regained the influence they enjoyed before the war. On the other hand, the United States found itself involved more completely than ever in this area. We had shouldered the greatest part of the war effort in the Pacific and, when victory came, American influence was predominant. We were in China helping to sustain the tottering Nationalist Government of Chiang Kai-shek; we had regained possession of the Philippine Islands; and after the Japanese surrender we became the occupying power in Japan. The United States suddenly found itself in a position of unrivaled leadership in the Pacific.

There were those who believed that the efforts of the Second World War should prove to have been only a temporary involvement in the affairs of the Pacific. These people were hopeful that at the end of the war we might return to our preoccupation with America and the West. But it was not to be the case. Not only had modern means of transportation invalidated the idea that the Pacific was the Far East and far away. More important, the new global responsibilities of the United States made it impossible to disregard this key area of the world. Today, it is safe to say, Pacific affairs rate equally with European affairs in the attention it receives by our Government.

It seems to me that there are at least four basic reasons why the Pacific is important to us. In the first place, almost 60 percent of the people of the world live in the area of the Pacific, and we cannot afford to ignore such a large proportion of the world's population. Second, the Pacific is an area of turmoil and unrest, a fertile breeding ground for communism. It is worth while to remember that people are fighting small wars in the Pacific. Third, the Sino-Soviet split and rivalry has intensified the brash aggressiveness of the Communist Chinese, and they pose a serious threat to the independent countries in the Pacific. And, fourth, the development potential of the Pacific is tremendous. Japan has the world's fastest growing economy, and even the so-called backward countries are beginning to stir. These countries have a rich potential in human and material resources that we cannot risk losing to the forces of communism.

In this context, the tasks of U.S. foreign policy in the Pacific have been two. First, we have been helping to deter aggression and to maintain peace. We have worked to prevent threats to the independence of free countries in the Pacific. The United States has been willing and ready to respond to crises that may require our military power. Second, we have been assisting the peoples of the Pacific in their process of nation building. The military might of the United States has been a means and not an end. Its power has been used to protect the right of the countries of the Pacific to develop freely. And in this struggle for national development we have contributed generously in funds and material.

This, then, is the substance of the U.S. policy in the Pacific. The chief source of danger to our efforts on this front is communism, in particular Communist China. Compared to any of the other countries of the Pacific, Communist China is a strong military power. It has a very large army. The leaders seem to care little for human life. They have shown a tendency to embark on reckless and even desperate ventures. They preach a doctrine that appeals to the disillusioned and downtrodden. Though the Communist camp has suffered a serious split, we cannot rule out the possibility that at some future time Peiping and Moscow will draw together again.

Turning to the other Communist countries in the Pacific, we find North Korea and North Vietnam driven dangerously by the same aggressive forces. They are small countries and not nearly so powerful as Communist China. Yet we see that North Vietnam has been able to mount campaigns of subversion and terrorism in Laos and South Vietnam. These attempts to undermine and destroy the independence of Laos and South Vietnam are a direct threat to the free world. The United States is firmly committed to oppose this threat and it has taken steps to see that aggression will not succeed in the Pacific.

We have been greatly concerned with the situation in South Vietnam. I recently spent a few days there. The United States is undergoing one of its severest tests in this small country. South Vietnam has been the major recipient of our assistance in the Pacific. The recent events there make it fitting that we examine the American policy toward South Vietnam. In order to put South Vietnam in the proper perspective, I think it is important to look back on its recent past. Vietnam was divided in 1954, after 8 years of terrible civil war. At the time there were very few who thought that South Vietnam had much chance of survival. It was beset by many problems. There were the armies of the rival religious sects; the economy was in complete ruin; and a flood of almost 800,000 destitute refugees had descended from the north. But South Vietnam was able to survive, and, in many ways, its recovery was miraculous.

South Vietnam, led by its President, Ngo Dinh Diem, effectively integrated the vast influx of refugees into its society; the armies of the rival religious groups were overpowered; major agrarian and educational reform plans were carried out; food production was increased impressively; and in general South Vietnam was making progress at a rate that would have been respectable even for a country enjoying peace. It was probably this very progress that brought on a sudden intensification of the guerrilla war directed from North Vietnam. In 1960 this campaign to reduce South Vietnam to ruin was openly announced from Hanoi. The response of the United States to the Communist challenge was immediate. We substantially increased military and economic assistance to South Vietnam. Throughout we have stressed the equal importance of political and social measures if victory was to be achieved. There were no illusions. It was understood that a quick and spectacular victory could not be expected and that it would take persistent effort by the Vietnamese and ourselves over a long period of time. Here I might make the very observation that we have not been disappointed in the expectation.

To be frank, the war in South Vietnam was being lost in 1961 when we decided to begin our aid buildup. The attacks of the Vietcong guerrillas were increasing in frequency and intensity. Government officials were being assassinated in the countryside at the appalling rate of eight each day. And there was considerable fear that the Communists would soon be able to gain firm control of some of the more remote areas and set up a seat of government which the Communist bloc could recognize and aid.

The U.S. decision to intensify its support of South Vietnam quickly led to an improvement in the situation. We provided additional military equipment, technical advisers, and substantial financial help. By 1962 attacks by the Vietcong guerrillas declined steadily. Roads and rail lines were once again opened to traffic. Officials were no longer so vulnerable to attempts on their lives. And perhaps most important there were no areas where the Vietcong were immune to government penetration. There were many indications of progress, and there seemed to be reason for optimism.

Then suddenly the situation in South Vietnam took a sharp turn for the worse. I am speaking, of course, of the Buddhist crisis. The conflict between the government of President Ngo Dinh Diem and the Buddhists and their sympathizers placed a tremendous stress on a country that was already involved in a critical war with the Communist enemy. It was a very serious matter, and yet President Diem did not take the proper steps to eliminate the problem. He thought he could stamp it out. We made ourselves abundantly clear about our view of the situation. In its official statements the United States stood firmly for religious freedom in its foreign policy as well as in its domestic life. It expressed its deep concern about the Buddhist issue in South Vietnam, not only because of our belief in the ideal of freedom but also because the dispute could only help the Communist Vietcong guerrillas.

We hoped that this issue could be promptly and justly resolved. President Diem, however, did not take the necessary measures to defuse the highly explosive situation. The result was that on November 1 a sudden coup d'etat swept President Diem from power. A new provisional government was set up, headed by a military junta under Gen. Duong Van Minh. During the rebellion President Diem met with a violent and ignominious death. There is something tragic about that because, at one time, he had been a national hero who fought with courage against great odds.

The fact that the government of President Diem has been overthrown does not mean that the problems that existed have now suddenly disappeared into thin air. The provisional government of South Vietnam, however, gives every appearance of offering the kind of leadership the South Vietnamese people want—greater personal freedom and liberty and more vigorous prosecution of the war against the Communists. It is of course too early to be absolutely certain, but the new government seems extremely conscious of the failures of the preceding regime of President Diem and is taking steps to correct them. The new government has vowed to guarantee fundamental liberties, in particular, freedom of religion and freedom of opinion. It has also promised to rewrite the constitution and pave the way for free elections within the next year. We have been encouraged by such expressions of intent.

We also recognize, however, that South Vietnam remains a country with few democratic traditions. There is the risk that the new leaders will drift toward dictatorial rule. The experiences in other countries where the military have taken over the reins of power should make us view the ruling junta in South Vietnam with caution. And aside from this uncertainty the problem of the Vietcong guerrillas still exists. These dedicated Communists remain very strong and very determined. It appears, in fact, that they have stepped up their attacks in recent days. There is no sign that the Communist bloc is faltering in its support of the Vietcong. We are dealing with an enemy that is patient and that is willing to suffer adversity. There still is going to be a long, hard struggle ahead in South Vietnam before we achieve a final victory.

There are good reasons to be optimistic but cautious about the future. The Vietnamese have demonstrated their capacity for sacrifice and their determination to survive as a free people. In South Vietnam the Communist attempt to dominate the Pacific area has been halted. To appropriate a phrase that President Kennedy used in his state of the Union message, the spearpoint of Communist aggression has been blunted in South Vietnam. It is a statement with an optimistic ring to it, and I think we are justified in feeling hopeful about the situation there. We enjoy an advantage which the Communists have not been able to match. In South Vietnam and in the Pacific area as a whole we are working in free association with free peoples. There is no stronger basis of relationship between countries. It seems to me that the American commitment in the Pacific is essentially a wise one, and it deserves our continuing support.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. KING of California (at the request of Mr. ALBERT), for today and tomorrow, on account of official business.

Mr. JOHNSON of Wisconsin (at the request of Mr. BURLESON), for the balance of the week, on account of official business.

Mr. ROOSEVELT, for November 14 and 15, 1963, on account of official business in Los Angeles.

Mr. WEAVER (at the request of Mr. HECHLER), on account of official business.

Mr. KARTH (at the request of Mr. HECHLER), on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PUCINSKI, for 10 minutes, today.

Mr. BRUCE (at the request of Mr. REIFEL), for 1 hour, on November 13.

Mr. SIBAL (at the request of Mr. REIFEL), for 1 hour, on November 21.

Mr. HALPERN (at the request of Mr. REIFEL), for 15 minutes, today.

Mr. DERWINSKI (at the request of Mr. REIFEL), for 15 minutes, on November 14.

Mr. MCDOWELL (at the request of Mr. MATSUNAGA), for 30 minutes, today, to revise and extend his remarks, and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. STEED the remarks he made earlier today and to include a tabulation.

(The following Members (at the request of Mr. REIFEL) and to include extraneous matter:)

Mr. BARRY.

Mr. CURTIS.

(The following Members (at the request of Mr. MATSUNAGA) and to include extraneous matter:)

Mr. COOLEY.

Mr. LEGGETT.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2073. An act to authorize the Secretary of the Interior to convey certain submerged lands to the Governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 3488. An act to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana;

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes; and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union.

ADJOURNMENT

Mr. MATSUNAGA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p.m.) the House adjourned until tomorrow, Thursday, November 14, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1363. A letter from the Administrator, General Services Administration, transmitting a report on the progress of the liquidation activities of the national defense, war and reconversion activities of the Reconstruction Finance Corporation as of the period ended September 30, 1963, pursuant to Public Law 163, 83d Congress and Reorganization Plan No. 1 of 1957 (22 F.R. 4633); to the Committee on Banking and Currency.

1364. A letter from the Acting Secretary of Agriculture, transmitting a draft of a proposed bill entitled "A bill to amend 18 U.S.C. 1114, relating to assaults and homicides, and for other purposes"; to the Committee on the Judiciary.

1365. A letter from the Secretary of the Interior, transmitting the report on the study of the causes and prevention of injuries, health hazards, and other health and safety conditions in metal and nonmetallic mines conducted pursuant to the act of September 26, 1961, Public Law 87–300; to the Committee on Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DULSKI: Committee on Post Office and Civil Service. H.R. 10. A bill to extend the apportionment requirement in the Civil Service Act of January 16, 1883, to temporary summer employment, and for other purposes; with amendment (Rept. No. 897). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 898. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. MORRISON: Committee on Post Office and Civil Service. H.R. 8986. A bill to adjust the rates of basic compensation of certain officers and employees in the Federal Government, and for other purposes; without amendment (Rept. No. 899). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRABOWSKI:

H.R. 9104. A bill to provide Federal assistance for projects which will demonstrate or develop techniques and practices leading to improved methods of education of students with epilepsy in public and private schools and institutions of higher learning; to the Committee on Education and Labor.

By Mr. JOELSON:

H.R. 9105. A bill to amend title II of the Social Security Act to extend the period within which (in certain cases) the adoption of a child by the surviving spouse of an insured individual will entitle such child to benefits on such individual's wage record; to the Committee on Ways and Means.

H.R. 9106. A bill to establish a Commission on Congressional Reorganization, and for other purposes; to the Committee on Rules.

By Mr. KNOX:

H.R. 9107. A bill to amend the Internal Revenue Code of 1954 to provide a 10-year net operating loss carryover for losses arising from expropriation, intervention, or confiscation of property by governments of foreign countries and to specify the tax treatment of the recovery of such losses; to the Committee on Ways and Means.

By Mr. MACDONALD:

H.R. 9108. A bill to amend title VII of the Public Health Service Act so as to extend to qualified schools of optometry and students of optometry those provisions thereof relating to student loan programs; to the Committee on Interstate and Foreign Commerce.

By Mr. MATHIAS:

H.R. 9109. A bill to prohibit interference with the free exercise of religion; to the Committee on the Judiciary.

By Mr. SCHWEIKER:

H.R. 9110. A bill to provide for the health care of senior citizens through a program of voluntary medical and hospital insurance and tax credits, and for other purposes; to the Committee on Ways and Means.

By Mr. STAEBLER:

H.R. 9111. A bill to amend the Small Business Act to authorize loans to small-business concerns injured by their inability to process and market certain products because of disease or toxicity in such products; to the Committee on Banking and Currency.

By Mr. BROYHILL of North Carolina:

H.R. 9112. A bill to grant officers and employees subject to the Civil Service Act of January 16, 1883, the opportunity to examine and reply to certain evaluations of their promotion qualifications, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MARSH:

H.R. 9113. A bill to amend section 620 of the Foreign Assistance Act of 1961 to prohibit the furnishing of economic assistance to any country which does not grant to the United States most-favored-nation treatment with respect to the admission of our exports; to the Committee on Foreign Affairs.

By Mr. COHELAN:

H.R. 9114. A bill to provide a method for collection of certain erroneous payments of water rents in the District of Columbia; to the Committee on the District of Columbia.

By Mr. EDWARDS:

H. Con. Res. 235. Concurrent resolution relative to planning for peace; to the Committee on Foreign Affairs.

By Mr. SMITH of California:

H. Con. Res. 236. Concurrent resolution expressing the sense of the Congress that the President should instruct the U.S. mission to the United Nations to bring the Baltic States question before that body with a view to obtaining the withdrawal of Soviet troops from Lithuania, Latvia, and Estonia; the return of exiles from these nations from slave-labor camps in the Soviet Union; and the conduct of free elections in these nations; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAREY:

H.R. 9115. A bill for the relief of Georgious Kaloides; to the Committee on the Judiciary.

By Mr. EDWARDS:

H.R. 9116. A bill for the relief of Prof. and Mrs. Evangelos Moustakas; to the Committee on the Judiciary.

By Mr. FASCELL:

H.R. 9117. A bill for the relief of Dr. Rafael L. Fernandez Rivas; to the Committee on the Judiciary.

By Mr. McDADE:

H.R. 9118. A bill for the relief of Ernest J. Carlin; to the Committee on the Judiciary.

By Mr. STINSON:

H.R. 9119. A bill for the relief of Agaram K. Sreekanth; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

450. The **SPEAKER** presented a petition of Charles W. Winegarner, legislative secretary, Citizens Congressional Committee, Los Angeles, Calif., to take the initial steps necessary to bring about an amendment to the Constitution of the United States which will forever guarantee the protection of our Christian traditions and the right of our people to pray and honor Holy Scripture in their institutions, which was referred to the Committee on the Judiciary.

SENATE

WEDNESDAY, NOVEMBER 13, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Eternal God, in whose peace our restless spirits are quieted: From the flickering torches of our own understanding, into Thy holy light we would lift the difficult decisions of the public service which are focused within these walls. In the brooding silence of this still moment may the open windows of faith flood our darkness with the radiance of the eternal, that in Thy sunshine's blaze this toiling day may brighter, fairer be.

We give Thee thanks for all interpreters of Thy mind who, with brush or pen or winged words, bring even one more syllable of reality, one more gleam of the truth which makes men free. Clothe our failing flesh with Thy renewing grace, as now we bring our incompleteness to Thy completeness. Grant us inner greatness of spirit and clearness of vision to meet and match the large designs of this glorious and challenging day, that we may keep step with the drumbeat of Thy truth which is marching on.

In the dear Redeemer's name we pray. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 13, 1963.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, November 12, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 2073. An act to authorize the Secretary of the Interior to convey certain submerged lands to the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 3488. An act to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana;

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes; and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nominations of Col. Alfred Carlisle Harrison, Col. Erwin Case Hostetler, Col. Robert Louis Stevenson, and Col. Thomas Roberts White, all of the Adjutant General's Corps, for appointment as Reserve commissioned officers of the Army in the grade of major general, which nominating messages were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations submitted:

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service:

One hundred and sixty-six postmaster nominations.

By Mr. MAGNUSON, from the Committee on Commerce:

Otto E. Graham, Jr., to be a member of the permanent commissioned teaching staff of the Coast Guard Academy, as an associate professor with the grade of commander; and

William R. Gill, and sundry other persons, for appointment in the U.S. Coast Guard.

The ACTING PRESIDENT pro tempore. If there be no further reports of committees, the nomination on the Executive Calendar will be stated.

FEDERAL TRADE COMMISSION

The Chief Clerk read the nomination of Philip Elman, of Maryland, to be a Federal Trade Commissioner for the term of 7 years, from September 26, 1963.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

CONGRATULATIONS TO NATIONAL ACADEMY OF SCIENCES AND THE NATIONAL RESEARCH COUNCIL

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 619, Senate Resolution 218.

The motion was agreed to; and the resolution (S. Res. 218) conveying to the National Academy of Sciences and the National Research Council congratulations for its contributions to science and technology was considered and agreed to, as follows:

Resolved, That the Senate hereby joins with the President and people of our Nation in conveying to the National Academy of Sciences and the National Research Council of such Academy congratulations and appreciation for the many outstanding contributions made by the Academy during the past one hundred years, and in expressing high confidence that the Academy will continue to serve the best interests of this country and all mankind.

The preamble was agreed to.

TRANSACTION OF ROUTINE BUSINESS

The ACTING PRESIDENT pro tempore. Under the order previously entered, morning business is in order.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Appropriations, with amendments:

H.R. 8747. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1964, and for other purposes (Rept. No. 641).

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service, with amendments:

S. 1561. A bill to amend the Federal Employees Health Benefits Act of 1959 (Rept. No. 642).

By Mr. SPARKMAN, from the Committee on Banking and Currency, without amendment:

S.J. Res. 129. Joint resolution to amend section 702 of the Housing Act of 1954 to increase the amount available to the Housing and Home Finance Administrator for advances for planned public works (Rept. No. 643).

REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL STOCKPILE INVENTORIES

Mr. BYRD of Virginia. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit a report on Federal stockpile inventories as of July 1963. I ask unanimous consent to have the report printed in the RECORD, together with a statement by me.

There being no objection, the report and statement were ordered to be printed in the RECORD, as follows:

FEDERAL STOCKPILE INVENTORIES, JULY 1963

INTRODUCTION

This is the 44th in a series of monthly reports on Federal stockpile inventories. It is for the month of July 1963.

The report is compiled from official data on quantities and cost value of commodities in these stockpiles submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures by the Departments of Agriculture, Defense, Health, Education, and Welfare, and Interior, and the General Services Administration.

The cost value of materials in inventories covered in this report, as of July 1, 1963, totaled $13,821,993,372, and as of July 31, 1963, they totaled $13,756,165,745, a net decrease of $65,827,627 during the month.

Different units of measure make it impossible to summarize the quantities of commodities and materials which are shown in tables 1, 2, 3, 4, and 5, but the cost value figures are summarized by major category, as follows:

Summary of cost value of stockpile inventories by major category

Major category	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Strategic and critical materials:			
National stockpile [1]	$5,816,508,200	$5,813,052,400	−$3,455,800
Defense Production Act	1,499,504,900	1,496,434,900	−3,070,000
Supplemental—barter	1,338,072,033	1,340,697,172	+2,625,139
Total, strategic and critical materials [1]	8,654,085,133	8,650,184,472	−3,900,661
Agricultural commodities:			
Price support inventory	4,715,435,333	4,652,255,144	−63,180,189
Inventory transferred from national stockpile [1]	127,608,991	126,990,583	−618,408
Total, agricultural commodities [1]	4,843,044,324	4,779,245,727	−63,798,597
Civil defense supplies and equipment:			
Civil defense stockpile, Department of Defense	36,568,627	35,470,752	−1,097,875
Civil defense medical stockpile, Department of Health, Education, and Welfare	187,671,055	189,727,955	+2,056,900
Total, civil defense supplies and equipment	224,239,682	225,198,707	+959,025
Machine tools:			
Defense Production Act	2,208,600	2,208,600	
National Industrial Reserve Act	90,108,500	90,108,500	
Total, machine tools	92,317,100	92,317,100	
Helium	8,307,133	9,219,739	+912,606
Total, all inventories	13,821,993,372	13,756,165,745	−65,827,627

[1] Cotton inventory valued at $128,409,100 withdrawn from the national stockpile and transferred to Commodity Credit Corporation for disposal, pursuant to Public Law 87-548, during August 1962.

Detailed tables in this report show each commodity, by the major categories summarized above, in terms of quantity and cost value as of the beginning and end of the month. Net change figures reflect acquisitions, disposals, and accounting and other adjustments during the month.

The cost value figures represent generally the original acquisition cost of the commodities delivered to permanent storage locations, together with certain packaging, processing, upgrading, et cetera, costs as carried in agency inventory accounts. Quantities are stated in the designated stockpile unit of measure.

Appendix A to this report, beginning on page 19, includes program descriptions and statutory citations pertinent to each stockpile inventory within the major categories.

The stockpile inventories covered by the report are tabulated in detail as follows:

Table 1: Strategic and critical materials inventories (all grades), July 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month).

Table 2: Agricultural commodities inventories, July 1963 (showing by commodity net changes during the month in terms of cost value and quantity).

Table 3: Civil defense supplies and equipment inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity).

Table 4: Machine tools inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity).

Table 5: Helium inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity).

New stockpile objectives

The Office of Emergency Planning is in the process of establishing new objectives for strategic and critical materials. Table 1 of this report reflects the new objectives for 12 materials.

Appendix B contains excerpts from the Office of Emergency Planning statement setting forth the new policy with respect to objectives for strategic and critical materials.

TABLE 1.—*Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)*

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective [1]	Excess over maximum objective
Aluminum, metal:									
National stockpile	$487,680,600	$487,680,600		Short ton	1,128,989	1,128,989			
Defense Production Act	437,587,600	435,124,700	−$2,462,900	do	866,581	861,710	−4,871		
Total	925,268,200	922,805,300	−2,462,900	do	1,995,570	1,990,699	−4,871	[2] 450,000	1,540,699
Aluminum oxide, abrasive grain:									
Supplemental—barter	14,112,607	14,129,453	+16,846	do	47,305	47,639	+64	([3])	47,369

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)*—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective [1]	Excess over maximum objective
Aluminum oxide, fused, crude:									
National stockpile	$21,735,100	$21,735,100		Short dry ton	200,093	200,093			
Supplemental—barter	22,747,400	22,747,400		do	178,266	178,266			
Total	44,482,500	44,482,500		do	378,359	278,359		200,000	178,359
Antimony:									
National stockpile	20,488,000	20,488,000		Short ton	30,301	30,301			
Supplemental—barter	12,245,709	12,501,785	+$256,076	do	21,072	21,483	+4,11		
Total	32,733,709	32,989,785	+256,076	do	51,373	51,784	+411	70,000	(4)
Asbestos, amosite:									
National stockpile	2,637,600	2,637,600		do	11,705	11,705			
Supplemental—barter	6,325,124	6,468,914	+143,790	do	25,600	26,239	+639		
Total	8,962,724	9,106,514	+143,790	do	37,305	37,944	+639	45,000	(4)
Asbestos, chrysotile:									
National stockpile	3,356,200	3,356,200		Short dry ton	6,224	6,224			
Defense Production Act	2,102,600	2,102,600		do	2,348	2,348			
Supplemental—barter	3,934,500	3,934,500		do	5,532	5,532			
Total	9,393,300	9,393,300		do	14,104	14,104		11,000	3,104
Asbestos, crocidolite:									
National stockpile	702,100	702,100		Short ton	1,567	1,567			
Supplemental—barter	7,161,157	7,236,190	+75,033	do	27,203	27,438	+235		
Total	7,863,257	7,938,290	+75,033	do	28,770	29,005	+235	(3)	29,005
Bauxite, metal grade, Jamaica type:									
National stockpile	13,925,000	13,925,000		Long dry ton	879,740	879,740			
Defense Production Act	18,168,000	18,168,000		do	1,370,077	1,370,077			
Supplemental—barter	89,245,063	89,353,258	+108,195	do	5,773,494	5,780,590	+7,096		
Total	121,338,063	121,446,258	+108,195	do	8,023,311	8,030,407	+7,096	2,600,000	5,430,407
Bauxite, metal grade, Surinam type:									
National stockpile	78,552,500	78,552,500		do	4,962,706	4,962,706			
Supplemental—barter	45,326,200	45,326,200		do	2,927,260	2,927,260			
Total	123,878,700	123,878,700		do	7,889,966	7,889,966		6,400,000	1,489,966
Bauxite, refractory grade:									
National stockpile	11,347,800	11,347,800		Long calcined ton.	299,279	299,279		137,000	162,279
Beryl:									
National stockpile	9,768,400	9,678,400		Short ton	23,230	23,230			
Defense Production Act	1,425,800	1,425,800		do	2,543	2,543			
Supplemental—barter	22,788,000	22,788,000		do	11,321	11,321			
Total	33,982,200	33,982,200		do	37,094	37,094		23,100	13,994
Beryllium metal:									
Supplemental—barter	14,253,383	14,253,383		do	123	123		(3)	123
Bismuth:									
National stockpile	2,674,300	2,674,300		Pound	1,342,402	1,342,402			
Defense Production Act	52,400	52,400		do	22,901	22,901			
Supplemental—barter	5,540,200	5,540,200		do	2,506,493	2,506,493			
Total	8,266,900	8,266,900		do	3,871,796	3,871,796		3,000,000	871,796
Cadmium:									
National stockpile	20,606,600	20,327,700	−278,900	do	10,496,794	10,354,727	−142,067		
Supplemental—barter	12,327,700	12,327,700		do	7,448,989	7,448,989			
Total	32,934,300	32,655,400	−278,900	do	17,945,783	17,803,716	−142,067	6,500,000	11,303,716
Castor oil:									
National stockpile	51,290,600	51,290,600		do	196,035,582	196,035,582		[2] 22,000,000	174,035,582
Celestite:									
National stockpile	1,412,300	1,412,300		Short dry ton	28,816	28,816			
Supplemental—barter	102,353	225,646	+123,293	do	2,693	5,416	+2,723		
Total	1,514,653	1,637,946	+123,293	do	31,509	34,232	+2,723	22,000	12,232
Chromite, chemical grade:									
National stockpile	12,288,000	12,288,000		do	559,452	559,452			
Supplemental—barter	21,766,349	21,766,349		do	699,654	699,654			
Total	34,054,349	34,054,349		do	1,259,106	1,259,106		475,000	784,106
Chromite, metallurgical grade:									
National stockpile	264,674,600	264,674,600		do	3,797,409	3,797,409			
Defense Production Act	35,879,900	35,879,900		do	985,646	985,646			
Supplemental—barter	224,671,600	224,671,600		do	1,543,114	1,543,114			
Total	525,226,100	525,226,100		do	6,326,169	6,326,169		[2] 2,970,000	3,356,169
Chromite, refractory grade:									
National stockpile	25,149,300	25,149,300		do	1,047,159	1,047,159			
Supplemental—barter	5,578,370	5,039,000	−539,370	do	198,624	179,775	−18,849		
Total	30,727,670	30,188,300	−539,370	do	1,245,783	1,226,934	−18,849	1,300,000	(4)

See footnotes at end of table.

Table 1.—***Strategic and critical*** *materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of* ***cost value and quantity****, and excesses over maximum objectives in terms of quantity as of the end of the month)*—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	**End of month, July 31, 1963**	Net change during month	**Unit of measure**	**Beginning of month, July 1, 1963**	**End of month, July 31, 1963**	Net change during month	Maximum objective [1]	Excess over maximum objective
Cobalt:									
National stockpile	$169,238,700	$169,238,700		Pound	76,725,545	76,725,545			
Defense Production Act	52,074,600	52,074,600		do	25,194,122	25,194,122			
Supplemental—barter	2,169,000	2,169,000		do	1,077,018	1,077,018			
Total	223,482,300	223,482,300		do	102,996,685	102,996,685		19,000,000	83,996,685
Coconut oil:									
National stockpile	13,432,800	12,706,400	−$726,000	do	88,639,435	83,841,206	−4,798,229	(3)	83,841,206
Colemanite:									
Supplemental—barter	2,636,400	2,636,400		Long dry ton	67,636	673.36		(3)	67,636
Columbium:									
National stockpile	23,919,200	23,919,200		Pound	7,487,499	7,487,499			
Defense Production Act	50,238,900	50,238,900		do	8,222,684	8,222,684			
Supplemental—barter	799,100	799,100		do	388,877	388,877			
Total	74,957,200	74,957,200		do	16,099,060	16,099,060		1,900,000	14,199,060
Copper:									
National stockpile	522,743,000	522,727,200	−15,800	Short ton	1,008,313	1,008,273	−40		
Defense Production Act	60,111,000	59,918,400	−192,600	do	107,167	106,812	−355		
Supplemental—barter	8,150,100	8,150,100		do	12,382	12,382			
Total	591,004,100	590,795,700	−208,400	do	1,127,862	1,127,467	−395	[2] 775,000	352,467
Cordage fibers, abaca:									
National stockpile	37,740,900	37,740,900		Pound	149,736,028	149,736,028		150,000,000	(4)
Cordage fibers, sisal:									
National stockpile	42,766,900	42,779,500	+12,600	do	315,983,593	316,123,573	+139,980	320,000,000	(4)
Corundum:									
National stockpile	393,100	393,100		Short ton	2,008	2,008		2,000	8
Cryolite:									
Defense Production Act	7,092,000	7,092,000		do	25,683	25,683		(3)	25,683
Diamond dies:									
National stockpile	483,600	488,100	+4,500	Piece	16,057	16,201	+144	25,000	(4)
Diamond, industrial, crushing bort:									
National stockpile	61,609,500	61,609,500		Carat	31,113,411	31,113,411			
Supplemental—barter	15,456,700	15,800,500	+343,800	do	5,523,748	5,550,579	+26,831		
Total	77,066,200	77,410,000	+343,800	do	36,637,159	36,663,990	+26,831	30,000,000	6,663,990
Diamond, industrial, stones:									
National stockpile	100,501,500	100,501,500		do	9,315,183	9,315,183			
Supplemental—barter	186,668,300	186,324,500	−343,800	do	15,452,658	15,425,827	−26,831		
Total	287,169,800	286,826,000	−343,800	do	24,767,841	24,741,010	−26,831	18,000,000	6,741,010
Diamond tools:									
National stockpile	1,015,400	1,015,400		Piece	64,178	64,178		(3)	64,178
Feathers and down:									
National stockpile	37,505,000	37,505,000		Pound	9,052,886	9,052,886		[2] 3,000,000	6,052.886
Fluorspar, acid grade:									
National stockpile	26,167,500	26,167,500		Short dry ton	463,049	463,049			
Defense Production Act	1,394,400	1,394,400		do	19,700	19,700			
Supplemental—barter	33,528,800	33,528,800		do	673,232	673,232			
Total	61,090,700	61,090,700		do	1,155,981	1.155,981		280,000	875,981
Fluorspar, metallurgical grade:									
National stockpile	17,332,400	17,332,400		do	369,443	369,443			
Supplemental—barter	1,508,100	1,508,100		do	42,800	42,800			
Total	18,840,500	18,840,500		do	412,243	412,243		375,000	37,243
Graphite, natural, Ceylon, amorphous lump:									
National stockpile	937,900	937,900		do	4,455	4,455			
Supplemental—barter	341,200	341,200		do	1,428	1,428			
Total	1,279,100	1,279,100		do	5,883	5,883		3,600	2,283
Graphite, natural, Madagascar, crystalline:									
National stockpile	7,056,200	7,056,200		do	34,233	34,233			
Supplemental—barter	221,143	221,143		do	1,907	1,907			
Total	7,277,343	7,277,343		do	36,140	36,140		17,200	18,940
Graphite, natural, other, **crystalline:**									
National stockpile	1,896,300	1,896,300		do	5,487	5,487		2,100	3,387
Hyoscine:									
National stockpile	30,600	30,600		Ounce	2,100	2,100		2,100	(4)
Iodine:									
National stockpile	4,082,000	4,082,000		Pound	2,977,648	2,977,648			
Supplemental—barter	1,066,000	1,066,000		do	994,920	994,920			
Total	5,148,000	5,148,000		do	3,972,568	3,972,568		4,300,000	(4)

See **footnotes at end of table.**

TABLE 1.—*Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)*—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective [1]	Excess over maximum objective
Iridium:									
National stockpile	$2,525,800	$2,525,800		Troy ounce	13,937	13,937		4,000	9,937
Jewel bearings:									
National stockpile	4,055,500	4,110,500	+$55,000	Piece	51,270,565	51,387,563	+116,998	57,500,000	(4)
Kyanite-mullite:									
National stockpile	803,100	798,800	−4,300	Short dry ton	9,289	9,239	−50	4,800	4,439
Lead:									
National stockpile	319,298,100	319,298,100		Short ton	1,050,370	1,050,370			
Defense Production Act	1,696,600	1,696,600		do	4,479	4,479			
Supplemental—barter	78,398,600	78,398,600		do	327,998	327,998			
Total	399,393,300	399,393,300		do	1,382,847	1,382,847		[2] 0	1,382,847
Magnesium:									
National stockpile	130,826,200	130,600,300	−225,900	do	180,208	179,896	−312	107,000	72,896
Manganese, battery grade, natural ore:									
National stockpile	21,025,500	21,025,500		do	144,485	144,485			
Supplemental—barter	14,089,898	13,621,900	−467,998	do	142,351	137,700	−4,651		
Total	35,115,398	34,647,400	−467,998	do	286,836	282,185	−4,651	50,000	232,185
Manganese, battery grade, synthetic dioxide:									
National stockpile	3,095,500	3,095,500		Short dry ton	21,272	21,272			
Defense Production Act	2,524,700	2,524,700		do	3,779	3,779			
Total	5,620,200	5,620,200		do	25,051	25,051		20,000	5,051
Manganese, chemical grade, type A:									
National stockpile	2,133,300	2,133,300		do	29,307	29,307			
Supplemental—barter	7,898,600	7,898,600		do	117,607	117,607			
Total	10,031,900	13,031,900		do	146,914	146,914		30,000	116,914
Manganese, chemical grade, type B:									
National stockpile	132,600	132,600		do	1,822	1,822			
Supplemental—barter	6,683,300	6,683,300		do	99,016	99,016			
Total	6,815,900	6,815,900		do	100,838	100,838		53,000	47,838
Manganese, metallurgical grade:									
National stockpile	248,240,300	248,240,300		do	5,851,264	5,851,264			
Defense Production Act	176,474,400	176,474,400		do	3,056,691	3,056,691			
Supplemental—barter	233,672,555	236,271,711	+2,599,156	do	3,431,592	3,504,706	+73,114		
Total	658,387,255	660,986,411	+2,599,156	do	12,339,547	12,412,661	+73,114	6,800,000	5,612,661
Mercury:									
National stockpile	20,039,500	20,039,500		Flask	129,525	129,525			
Supplemental—barter	3,446,200	3,446,200		do	16,000	16,000			
Total	23,485,700	23,485,700		do	145,525	145,525		[2] 200,000	(4)
Mica, muscovite block:									
National stockpile	27,631,200	27,631,200		Pound	11,621,211	11,621,211			
Defense Production Act	40,857,700	40,857,700		do	6,456,251	6,456,251			
Supplemental—barter	5,024,690	5,100,741	+76,051	do	1,517,150	1,536,182	+19,032		
Total	73,513,590	73,589,641	+76,051	do	19,594,612	19,613,644	+19,032	8,300,000	11,313,644
Mica, muscovite film:									
National stockpile	9,058,100	9,058,100		do	1,733,083	1,733,083			
Defense Production Act	633,300	633,300		do	102,681	102,681			
Supplemental—barter	1,000,049	1,001,362	+1,313	do	102,514	102,614	+100		
Total	10,691,449	10,692,762	+1,313	do	1,938,278	1,938,378	+100	1,300,000	638,378
Mica, muscovite splittings:									
National stockpile	40,598,300	40,598,300		do	40,040,294	40,040,294			
Supplemental—barter	6,225,800	6,225,800		do	4,826,257	4,826,257			
Total	46,824,100	46,824,100		do	44,866,551	44,866,551		21,200,000	23,666,551
Mica, phlogopite block:									
National stockpile	303,600	303,600		do	223,239	223,239		17,000	206,239
Mica, phlogopite splittings:									
National stockpile	2,580,500	2,580,500		do	3,079,062	3,079,062			
Supplemental—barter	2,257,672	2,379,579	+121,907	do	1,911,482	1,971,397	+59,915		
Total	4,838,172	4,960,079	+121,907	do	4,990,544	5,050,459	+59,915	1,700,000	3,350,459
Molybdenum:									
National stockpile	84,528,100	84,196,200	−331,900	Pound	79,816,730	79,513,992	−302,738	59,000,000	20,513,992
Nickel:									
National stockpile	181,986,100	181,978,100	−8,000	do	334,296,915	334,272,028	−24,887		
Defense Production Act	102,577,400	102,162,900	−414,500	do	107,535,369	107,050,155	−485,214		
Total	284,563,500	284,141,000	−422,500	do	441,832,284	441,322,183	−510,101	[2] 100,000,000	341,322,183
Opium:									
National stockpile	13,661,700	13,661,700		do	195,757	195,757		[2] 141,280	54,477

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)*—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective [1]	Excess over maximum objective
Palladium:									
National stockpile	$2,079,000	$2,079,000		Troy ounce	89,811	89,811			
Defense Production Act	177,300	177,300		do	7,884	7,884			
Supplemental—barter	12,170,200	12,170,200		do	648,124	648,124			
Total	14,426,500	14,426,500		do	745,819	745,819		340,000	405,819
Palm oil:									
National stockpile	4,598,000	4,509,500	−$88,500	Pound	25,545,593	25,053,989	−491,604	(3)	25,053,989
Platinum:									
National stockpile	56,879,900	56,879,900		Troy ounce	716,343	716,343			
Supplemental—barter	4,024,500	4,024,500		do	49,999	49,999			
Total	60,904,400	60,904,400		do	766,342	766,342		165,000	601,342
Pyrethrum:									
National stockpile	415,100	415,100		Pound	67,065	67,065		66,000	1,065
Quartz crystals:									
National stockpile	69,060,700	69,060,700		do	5,601,481	5,601,481			
Supplemental—barter	3,128,700	3,128,700		do	232,352	232,352			
Total	72,189,400	72,189,400		do	5,833,833	5,833,833		650,000	5,183,833
Quindine:									
National stockpile	2,010,900	2,010,900		Ounce	1,743,377	1,743,377		1,600,000	143,377
Quinine:									
National stockpile	3,622,600	3,622,600		do	5,727,732	5,727,732		(3)	5,727,732
Rare earths:									
National stockpile	7,134,900	7,134,900		Short dry ton	10,042	10,042			
Supplemental—barter	5,713,182	5,748,920	+35,738	do	7,251	7,492	+241		
Total	12,848,082	12,883,820	+35,738	do	17,293	17,534	+241	5,700	11,834
Rare earths residue:									
Defense Production Act	657,800	657,800		Pound	6,085,570	6,085,570		(3)	6,085,570
Rhodium:									
National stockpile	78,200	78,200		Troy ounce	618	618		(3)	618
Rubber:									
National stockpile	766,068,300	764,548,400	−1,519,900	Long ton	990,822	988,855	−1,967	750,000	238,855
Ruthenium:									
Supplemental—barter	559,500	559,500		Troy ounce	15,001	15,001		(3)	15,001
Rutile:									
National stockpile	2,070,100	2,070,100		Short dry ton	18,599	18,599			
Defense Production Act	2,725,100	2,725,100		do	17,410	17,410			
Supplemental—barter	1,061,300	1,061,300		do	11,632	11,632			
Total	5,856,500	5,856,500		do	47,641	47,641		65,000	(4)
Rutile chlorinator charge:									
Defense Production Act				do	7,038	6,817	−221	(3)	6,817
Sapphire and ruby:									
National stockpile	190,000	190,000		Carat	16,187,500	16,187,500		18,000,000	(4)
Selenium:									
National stockpile	757,100	757,100		Pound	97,100	97,100			
Supplemental—barter	1,070,500	1,070,500		do	156,518	156,518			
Total	1,827,600	1,827,600		do	253,618	253,618		400,000	(4)
Shellac:									
National stockpile	8,621,900	8,605,400	−16,500	do	17,197,814	17,165,033	−32,781	7,400,000	9765033
Silicon carbide, crude:									
National stockpile	11,394,500	11,394,500		Short ton	64,697	64,697			
Supplemental—barter	26,802,700	26,802,700		do	131,805	131,805			
Total	38,197,200	38,197,200		do	196,502	196,502		100,000	96,502
Silk noils and waste:									
National stockpile	1,723,500	1,607,900	−115,600	Pound	1,293,010	1,219,013	−73,997	970,000	249,013
Silk, raw:									
National stockpile	486,600	486,600		do	113,515	113,515		120,000	(4)
Sperm oil:									
National stockpile	4,775,400	4,755,400		do	23,442,158	23,442,158		[2] 23,400,000	42,158
Talc, steatite block and lump:									
National stockpile	496,800	496,800		Short ton	1,274	1,274		300	974
Talc, steatite ground:									
National stockpile	231,200	231,200		do	3,901	3,901		(3)	3,901
Tantalum:									
National stockpile	10,992,700	10,992,700		Pound	3,420,478	3,420,478			
Defense Production Act	9,734,400	9,734,400		do	1,531,366	1,531,366			
Supplemental—barter	21,100	21,100		do	8,036	8,036			
Total	20,748,200	20,748,200		do	4,959,880	4,959,880		2,420,000	2,539,880

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), June 1963 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)*—Continued

Commodity	Cost value			Quantity					
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Maximum objective [1]	Excess over maximum objective
Thorium:									
Defense Production Act	$42,000	$42,000		Pound	848,354	848,354			
Supplemental—barter	17,411,129	17,486,238	+$75,109	do.	8,400,250	8,440,675	+40,425		
Total	17,453,129	17,528,238	+75,109	do.	9.248,604	9,289,029	+40,425	(3)	9,289,029
Tin:									
National stockpile	816,241,000	816,070,600	−170,400	Long ton	335,692	335,622	−70		
Supplemental—barter	16,404,000	16,404,000		do.	7,505	7,505			
Total	832,645,000	832,474,600	−170,400	do.	343,197	343,127	−70	[2] 200,000	143,127
Titanium:									
Defense Production Act	176,463,100	176,463,100		Short ton	22,415	22,415			
Supplemental—barter	32,097,700	32,097,700		do.	9,021	9,021			
Total	208,560,800	208,560,800		do.	31,436	31,436		(3)	31,436
Tungsten:									
National stockpile	369,127,300	369,127,300		Pound	120,071,339	120,071,339			
Defense Production Act	318,813,900	318,813,900		do.	78,186,563	78,186,563			
Supplemental—barter	18,651,400	18,651,400		do.	5,774,827	5,774,827			
Total	706,592,600	706,592,600		do.	204,032,729	204,032,729		50,000,000	154,032,729
Vanadium:									
National stockpile	31,567,900	31,567,900		do.	15,730,893	15,730,893		2,000,000	13,730,893
Vegetable tannin extract, chestnut:									
National stockpile	11,932,800	11,932,800		Long ton	42,770	42,770		30,000	12,770
Vegetable tannin extract, quebracho:									
National stockpile	49,194,400	49,188,200	−6,200	do.	198,828	198,803	−25	180,000	18,803
Vegetable tannin extract, wattle:									
National stockpile	9,826,900	9,826,900		do.	38,962	38,962		39,000	(4)
Zinc:									
National stockpile	364,353,200	364,346,400	−6,800	Short ton	1,256,866	1,256,848	−18		
Supplemental—barter	79,588,200	79,588,200		do.	323,896	323,896			
Total	443,941,400	443,934,600	−6,800	do.	1,580,762	1,580,744	−18	[3] 0	1,580,744
Zirconium ore, baddeleyite:									
National stockpile	710,600	710,600		Short dry ton	16,533	16,533		(3)	16,533
Zirconium ore, zircon:									
National stockpile	202,200	189,400	−12,800	do.	3,416	3,201	−215	(3)	3,201
Total:									
National stockpile	5,816,508,200	5,813,052,400	−3,455,800						
Defense Production Act	1,499,504,900	1,496,434,900	−3,070,000						
Supplemental—barter	1,338,072,033	1,340,697,172	+2,625,139						
Total, strategic and critical materials.	8,654,085,133	8,650,184,472	−3,900,661						

[1] Maximum objectives for strategic and critical materials are determined pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h). The Office of Emergency Planning is currently in the process of revising stockpile objectives. (See app. B, p. 21.)

[2] New objective. (See app. B, p. 21.)

[3] No present objective.

[4] Not in excess of maximum objective.

Source: Compiled from reports submitted by the General Services Administration and the Department of Agriculture.

TABLE 2.—*Agricultural commodities inventories, July 1963 (showing by commodity net changes during the month in terms of cost value and quantity)*

Commodity	Cost value			Quantity			
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Price-support inventory:							
Basic commodities:							
Corn	$603,676,644	$601,698,233	−$1,978,411	Bushel	492,124,265	490,441,161	1,683,104
Cotton, extra-long staple	4,350,336	4,350,336		Bale	15,865	15,865	
Cotton, upland	714,465,702	647,367,508	−67,098,194	do.	4,135,721	3,749,501	−386,229
Peanuts, farmers' stock	740,938	10,262	−730,676	Pound	6,936,808	104,707	−6,832,101
Peanuts, shelled	11,461,601	11,725,345	+263,744	do.	66,944,036	68,707,457	+1,763,421
Rice, milled	139,012	139,012		Hundredweight	14,029	14,029	
Rice, rough	9,562,709	9,754,016	+191,307	do.	1,796,161	1,831,950	+35,789
Wheat	2,167,741,439	2,159,184,221	−8,557,218	Bushel	1,082,464,091	1,077,964,550	−4,499,541
Bulgur	263,643	263,638	−5	Pound	4,854,112	4,854,112	
Total, basic commodities	3,512,402,024	3,434,492,571	−77,909,453				
Designated nonbasic commodities:							
Barley	40,632,360	43,174,088	+2,541,728	Bushel	46,975,637	49,981,957	+3,006,320
Grain sorghum	695,687,394	689,693,879	−5,993,515	do.	633,412,519	627,204,171	−6,208,348
Milk and butterfat:							
Butter	220,836,783	230,980,899	+10,144,116	Pound	379,845,971	397,333,261	+17,487,290
Butter oil	72,189,754	75,812,629	+3,622,875	do.	90,958,731	95,623,479	+4,664,748
Cheese	19,299,616	20,227,826	+928,210	do.	51,420,373	53,861,359	+2,440,986
Ghee	1,751,446	1,751,446		do.	2,169,883	2,169,883	
Milk, dried	104,267,892	109,755,986	+5,488,094	do.	706,775,691	744,533,582	+37,757,891
Oats	11,150,720	11,465,445	+314,725	Bushel	18,623,062	19,129,773	+506,711
Rye	1,619,826	1,701,701	+81,875	do.	1,563,326	1,641,719	+78,393
Total, designated nonbasic commodities	1,167,435,791	1,184,563,899	+17,128,108				

TABLE 2.—*Agricultural commodities inventories, January 1963 (showing by commodity net changes during the month in terms of cost value and quantity)*—Continued

Item	Cost value			Quantity			
	Beginning of month, Apr. 1, 1963	End of month, Apr. 30, 1963	Net change during month	Unit of measure	Beginning of month, Apr. 1, 1963	End of month, Apr. 30, 1963	Net change during month
Price-support inventory:							
Other nonbasic commodities:							
Beans, dry, edible	$8, 773, 377	$8, 628, 998	−$144, 379	Hundredweight	1, 167, 649	1, 142, 699	−24, 950
Cottonseed oil, refined	220, 364	290, 040	+69, 676	Pound	1, 267, 537	1, 739, 132	+471, 595
Flaxseed	15, 793, 357	16, 059, 077	+265, 720	Bushel	5, 327, 184	5, 415, 584	+88, 400
Soybeans	7, 435, 749	5, 234, 345	−2, 201, 404	do	3, 181, 807	2, 219, 134	−962, 673
Turpentine	433, 546	45, 240	−388, 306	Gallon	826, 233	86, 209	−740, 024
Vegetable oil products	2, 941, 125	2, 940, 974	−151	Pound	17, 362, 311	17, 362, 311	
Total, other nonbasic commodities	35, 597, 518	33, 198, 674	−2, 398, 844				
Total, price support inventory	4, 715, 435, 333	4. 652, 255, 144	−63, 180, 189				
Inventory transferred from national stockpile: [1]							
Cotton, Egyptian	103, 874, 843	103, 256, 435	−618, 408	Bale	122, 955	122, 223	−732
Cotton, American-Egyptian	23, 734, 148	23, 734, 148		do	47, 188	47, 188	
Total, inventory transferred from national stockpile.	127, 608, 991	126, 990, 583	−618, 408	do	170, 143	169, 411	−732
Total, agricultural commodities	4, 843, 044, 324	4, 779, 245, 727	−63, 798, 597				

[1] Transferred from General Services Administration pursuant to Public Law 85-96 and Public Law 87-548. (See app. A, p. 20612.)

Source: Compiled from reports submitted by the Department of Agriculture.

TABLE 3.—*Civil defense supplies and equipment inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity)*

Item	Cost value			Quantity			
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Civil defense stockpile, Department of Defense:							
Engineering equipment (engine generators, pumps, chlorinators, purifiers, pipe, and fittings)	$10, 015, 517	$10, 019, 829	+$4, 312	10-mile units	45	45	
Chemical and biological equipment	1, 816, 557	1, 814, 233	−2, 324	(1)			
Radiological equipment	24, 736, 553	23, 636, 690	−1, 099, 863	(1)			
Total	36, 568, 627	35, 470, 752	−1, 097, 875				
Civil defense medical stockpile, Department of Health, Education, and Welfare:							
Medical bulk stocks, and associated items at civil defense mobilization warehouses	144, 150, 887	146, 525, 451	+2, 374, 564	(1)			
Medical bulk stock at manufacturer locations	5, 415, 928	5, 305, 582	−110, 346	(1)			
Civil defense emergency hospitals	37, 444, 461	37, 371, 677	−72, 784	Each	1, 930	1, 930	
Replenishment units (functional assemblies other than hospitals)	659, 779	525, 245	−134, 534	(1)			
Total	187, 671, 055	189, 727, 955	+2, 056, 900				
Total, civil defense supplies and equipment	224, 329, 682	225, 198, 707	+959, 025				

[1] Composite group of many different items.

Source: Compiled from reports submitted by the Department of Defense and the Department of Health, Education, and Welfare.

TABLE 4.—*Machine tools inventories, June 1963 (showing by item net changes during the month in terms of cost value and quantity)*

Item	Cost value			Quantity			
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Defense Production Act:							
In storage	$21, 400	$21, 400		Tool	7	7	
On lease	2, 144, 300	2, 144, 300		do	103	103	
On loan	42, 900	42, 900		do	7	7	
Total	2, 208, 600	2, 208, 600		do	117	117	
National Industrial Reserve Act:							
In storage	79, 933, 300	79, 933, 300		do	7, 193	7, 193	
On lease	27, 500	27, 500		do	1	1	
On loan to other agencies	2, 176, 600	2, 176, 600		do	225	225	
On loan to school programs	7, 971, 100	7, 971, 100		do	1, 916	1, 916	
Total	90, 108, 500	90, 108, 500		do	9, 335	9, 335	
Total, machine tools	92, 317, 100	92, 317, 100		do	9, 452	9, 452	

Source: Compiled from reports submitted by the General Services Administration.

Table 5.—*Helium inventories, July 1963 (showing by item net changes during the month in terms of cost value and quantity)*

Item	Cost value			Quantity			
	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month	Unit of measure	Beginning of month, July 1, 1963	End of month, July 31, 1963	Net change during month
Helium:							
Stored aboveground	$268,008	$219,629	−$48,379	Cubic foot	21,800,000	19,700,000	−2,100,000
Stored underground	8,039,125	9,000,110	+960,985	do	905,400,000	1,065,800,000	+160,400,000
Total, helium	8,307,133	9,219,739	+912,606	do	927,200,000	1,085,500,000	+158,300,000

Source: Compiled from reports submitted by the Department of the Interior.

Appendix A

Program Descriptions and Statutory Citations

STRATEGIC AND CRITICAL MATERIALS

National stockpile

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h) provides for the establishment and maintenance of a national stockpile of strategic and critical materials. The General Services Administration is responsible for making purchases of strategic and critical materials and providing for their storage, security, and maintenance. These functions are performed in accordance with directives issued by the Director of the Office of Emergency Planning. The act also provides for the transfer from other Government agencies of strategic and critical materials which are excess to the needs of such other agencies and are required to meet the stockpile objectives established by OEP. In addition, the General Services Administration is responsible for disposing of those strategic and critical materials which OEP determines to be no longer needed for stockpile purposes.

General policies for strategic and critical materials stockpiling are contained in DMO V–7, issued by the Director of the Office of Emergency Planning and published in the Federal Register of December 19, 1959 (24 F.R. 10309). Portions of this order relate also to Defense Production Act inventories.

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration is authorized to make purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale, in order to expand productive capacity and supply, and also to store the materials acquired as a result of such purchases or commitments. Such functions are carried out in accordance with programs certified by the Director of the Office of Emergency Planning.

Supplemental—Barter

As a result of a delegation of authority from OEP (32A C.F.R., ch. I, DMO V–4) the General Services Administration is responsible for the maintenance and storage of materials placed in the supplemental stockpile. Section 206 of the Agricultural Act of 1956 (7 U.S.C. 1856) provides that strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural products, unless acquired for the national stockpile or for other purposes, shall be transferred to the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)). In addition to the materials which have been or may be so acquired, the materials obtained under the programs established pursuant to the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956 (50 U.S.C. App. 2191–2195), which terminated December 31, 1958, have been transferred to the supplemental stockpile, as authorized by the provisions of said Production and Purchase Act.

AGRICULTURAL COMMODITIES

The price-support program

Price-support operations are carried out under the charter powers (15 U.S.C. 714) of the Commodity Credit Corporation, Department of Agriculture, in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1442), the Agricultural Act of 1958 and with respect to certain types of tobacco, in conformity with the act of July 28, 1945, as amended (7 U.S.C. 1312). Under the Agricultural Act of 1949, price support is mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco—and specific nonbasic commodities; namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that act, price support is mandatory for barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, through the marketing year ending March 31, 1966. Price support for other nonbasic agricultural commodities is discretionary except that, whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations and, in the case of wool and mohair, through incentive payments based on marketings. The producers' commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgage collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

The major effect on budgetary expenditures is represented by the disbursements for price-support loans. The largest part of the commodity acquisitions under the program result from the forfeiting of commodities pledged as loan collateral for which the expenditures occurred at the time of making the loan, rather than at the time of acquiring the commodities.

Dispositions of commodities acquired by the Corporation in its price-support operations are made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), title I of the Agricultural Act of 1954, title II of the Agricultural Act of 1956, the Agricultural Act of 1958, the act of August 19, 1958, in the case of cornmeal and wheat flour, and the act of September 21, 1959, with regard to sales of livestock feed in emergency areas.

Inventory transferred from national stockpile

This inventory, all cotton, was transferred to Commodity Credit Corporation at no cost from the national stockpile pursuant to Public Law 85–96 and Public Law 87–548. The proceeds from sales, less costs incurred by CCC, are covered into the Treasury as miscellaneous receipts; therefore, such proceeds and costs are not recorded in the operating accounts. The cost value as shown for this cotton has been computed on the basis of average per bale cost of each type of cotton when purchased by CCC for the national stockpile.

CIVIL DEFENSE SUPPLIES AND EQUIPMENT

Civil defense stockpile

The Department of Defense conducts this stockpiling program pursuant to section 201(h) of Public Law 920, 81st Congress, as amended. The program is designed to provide some of the most essential materials to minimize the effects upon the civilian population which would be caused by an attack upon the United States. Supplies and equipment normally unavailable, or lacking in quantity needed to cope with such conditions, are stockpiled at strategic locations in a nationwide warehouse system consisting of general storage facilities.

Civil defense medical stockpile

The Department of Health, Education, and Welfare conducts the stockpiling program for medical supplies and equipment pursuant to section 201(h) of Public Law 920, 81st Congress, as delegated by the President following the intent of Reorganization Plan No. 1, 1958. The Department of Health, Education, and Welfare, plans and directs the procurement, storage, maintenance, inspection, survey, distribution, and utilization of essential supplies and equipment for emergency health services. The medical stockpile includes a program designed to preposition assembled emergency hospitals and other medical supplies and equipment into communities throughout the Nation.

MACHINE TOOLS

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration has acquired machine tools in furtherance of expansion of productive capacity, in accordance with programs certified by the Director of the Office of Emergency Planning.

National industrial equipment reserve

Under general policies established and directives issued by the Secretary of Defense, the General Services Administration is responsible for care, maintenance, utilization, transfer, leasing, lending to nonprofit schools, disposal, transportation, repair, restoration, and renovation of national industrial reserve equipment transferred to GSA under the National Industrial Reserve Act of 1948 (50 U.S.C. 451-462).

HELIUM

The helium conservation program is conducted by the Department of the Interior pursuant to the Helium Act, approved September 13, 1960 (Public Law 86-777; 74 Stat. 918; 50 U.S.C. 167), and subsequent appropriations acts which have established fiscal limitations and provided borrowing authority for the program. Among other things, the Helium Act authorizes the Secretary of the Interior to produce helium in Government plants, to acquire helium from private plants, to sell helium to meet current demands, and to store for future use helium that is so produced or acquired in excess of that required to meet current demands. Sales of helium by the Secretary of the Interior shall be at prices established by him which shall be adequate to liquidate the costs of the program within 25 years, except that this period may be extended by the Secretary for not more than 10 years for funds borrowed for purposes other than the acquisition and construction of helium plants and facilities.

This report covers helium that is produced in Government plants and acquired from private plants. Helium in excess of current demands is stored in the Cliffside gasfield near Amarillo, Tex. The unit of measure is cubic foot at 14.7 pounds per square inch absolute pressure and 70° F.

APPENDIX B

NEW STOCKPILE OBJECTIVES

The Office of Emergency Planning is in the process of establishing new objectives for strategic and critical materials. Table 1 of this report reflects the new objectives for 12 materials: Aluminum, castor oil, chromite (metallurgical grade), copper, feathers and down, lead, mercury, nickel, opium, sperm oil, tin, and zinc. The new objectives for chromite (metallurgical grade), mercury, nickel, and sperm oil appear in the July report for the first time.

The following excerpts from OEP statements dated July 11 and 19, 1963, set forth the new policy with respect to objectives for strategic and critical materials:

"The Office of Emergency Planning is now conducting supply-requirements studies for all stockpile materials which will reflect current military, industrial, and other essential needs in the event of a conventional war emergency. On the basis of recently completed supply-requirements studies for the foregoing materials, the new stockpile objectives were established with the advice and assistance of the Interdepartmental Materials Advisory Committee, a group chaired by the Office of Emergency Planning and composed of representatives of the Department of State, Defense, the Interior, Agriculture, Commerce, and Labor, and the General Services Administration, the Agency for International Development, and the National Aeronautics and Space Administration. Representatives of the Bureau of the Budget, the Atomic Energy Commission, and the Small Business Administration participate as observers.

These new objectives reflect a new policy to establish a single objective for each stockpile material. They have been determined on the basis of criteria heretofore used in establishing maximum objectives, and reflect the approximate calculated emergency deficits for the materials for conventional war and do not have any arbitrary adjustments for possible increased requirements for other types of emergency.

Heretofore, there was a "basic objective" and a "maximum objective" for each material. The basic objectives assumed some continued reliance on foreign sources of supply in an emergency. The former maximum objectives completely discounted foreign sources of supply beyond North America and comparable accessible areas.

Previously, maximum objectives could not be less than 6 months' normal usage of the material by industry in the United States in periods of active demand. The 6-month rule has been eliminated in establishing the new calculated conventional war objectives.

The Office of Emergency Planning also announced that the present Defense Mobilization Order V-7, dealing with general policies for strategic and critical materials stockpiling, was now being revised to reflect these new policies. When finally prepared and approved, the new order will be published in the Federal Register.

New conventional war objectives for the remaining stockpile materials are being developed as rapidly as new supply-requirements data become available. They will be released as they are approved.

The Office of Emergency Planning is also making studies to determine stockpile needs to meet the requirements of general nuclear war and reconstruction. Stockpile objectives for nuclear war have not previously been developed. Some commodity objectives may be higher and others may be lower than the objectives established for conventional war.

After the nuclear war supply-requirements studies are completed, stockpile objectives will be based upon calculated deficits for either conventional war or nuclear war, whichever need is larger.

The Office of Emergency Planning stressed that any long-range disposal programs undertaken prior to the development of objectives based on nuclear war assumptions would provide against disposing of quantities which might be needed to meet essential requirements in the event of nuclear attack. While the disposal of surplus materials can produce many problems which have not heretofore arisen, every effort will be made to see that the interests of producers, processors, and consumers, and the international interests of the United States are carefully considered, both in the development and carrying out of disposal programs. Before decisions are made regarding the adoption of a long-range disposal program for a particular item in the stockpile, there will be appropriate consultations with industry in order to obtain the advice of interested parties.

STATEMENT BY SENATOR BYRD OF VIRGINIA

The cost value of Federal stockpile inventories as of July 31, 1963, totaled $13,756,165,745. This was a net decrease of $65,827,627 as compared with the July 1 total of $13,821,993,372.

Net changes during the month are summarized by major category as follows:

Major category	Cost value, July 1963	
	Net change during month	Total, end of month
Strategic and critical materials	−$3,900,661	$8,650,184,472
Agricultural commodities	−63,798,597	4,779,245,727
Civil defense supplies and equipment	+959,025	225,198,707
Machine tools		92,317,100
Helium	+912,606	9,219,739
Total	−65,827,627	13,756,165,745

These figures are from the July 1963 report on Federal stockpile inventories compiled from official agency data by the Joint Committee on Reduction of Nonessential Federal Expenditures, showing detail with respect to quantity and cost value of each commodity in the inventories covered.

STRATEGIC AND CRITICAL MATERIALS

So-called strategic and critical materials are stored by the Government in (1) the national stockpile, (2) the Defense Production Act inventory, and (3) the supplemental-barter stockpile.

Overall, there are now 94 materials stockpiled in the strategic and critical inventories. Maximum objectives—in terms of volume—are presently fixed for 76 of these 94 materials. Of the 76 materials having maximum objectives, 61 were stockpiled in excess of their objectives as of July 31, 1963.

The Office of Emergency Planning is in the process of establishing new objectives for strategic and critical materials. This report contains pertinent agency explanation and reflects the new objectives for 12 materials, 4 of which—chromite (metallurgical grade), mercury, nickel, and sperm oil—appear for the first time in July.

Increases in cost value were reported in 16 of the materials stockpiled in all strategic and critical inventories, decreases were reported in 19 materials, and 59 materials remained unchanged during July.

National stockpile

The cost value of materials in the national stockpile as of July 31, 1963, totaled $5,813,052,400. This was a net decrease of $3,455,800 during the month. The largest decreases were $1,519,900 in rubber and $726,400 in coconut oil.

Defense Production Act inventory

The cost value of materials in the Defense Production Act inventory as of July 31, 1963, totaled $1,496,434,900. This was a net decrease of $3,070,000. The largest decrease was $2,462,900 in aluminum.

Supplemental barter

The cost value of materials in the supplemental-barter stockpile as of July 31 totaled $1,340,697,172. This was a net increase of $2,625,139. The largest increase was in manganese.

OTHER STOCKPILE INVENTORIES

Among the other categories of stockpiled materials covered by the report, the largest is $4.8 billion in agricultural commodities. Major decreases in agricultural commodities during July were reported for cotton and wheat, partially offset by increases in milk and butterfat.

Inventories of civil defense supplies and equipment showed increases in medical stocks; the machine tools inventories showed no change; and the helium inventories showed a net increase during July.

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated October 29, 1963, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BURDICK:

S. 2303. A bill to provide for a highway bridge across the Missouri River between Bismarck, N. Dak., and Mobridge, S. Dak.; to the Committee on Public Works.

By Mr. TOWER:

S. 2304. A bill to extend for 3 years Public Laws 815 and 874, 81st Congress, providing assistance for schools in areas affected by Federal activities; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. TOWER when he introduced the above bill, which appear under a separate heading.)

By Mr. SCOTT:

S. 2305. A bill to provide for the establishment of the Allegheny Portage Railroad National Historic Site and the Johnstown Flood National Memorial in the State of Pennsylvania, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 2306. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon certain claims of Arlene Coats, a partnership consisting of Sidney Berkenfeld and Benjamin Prepon; to the Committee on the Judiciary.

By Mr. KEATING (for himself and Mr. JAVITS):

S.J. Res. 132. Joint resolution for the relief of certain aliens; to the Committee on the Judiciary.

EXTENSION OF IMPACTED AREAS LEGISLATION VITAL

Mr. TOWER. Mr. President, I rise today to introduce a bill incorporating legislation already passed this session by the Senate. My purpose in making such an unusual introduction is to call to my colleagues' attention an emergency that is developing swiftly and is threatening to overtake more than 4,000 school districts across our Nation.

The emergency lies in the failure of the Congress yet to enact an extension of the impacted areas program of assistance to local education. Some 2 million pupils are involved; more than $2½ million.

The Senate, of course, approved a 3-year extension of the impacted areas program as a part of H.R. 4955 as amended by the Senate Committee on Labor and Public Welfare. I felt that the strategy of including impacted areas legislation in a bill embodying other more controversial provisions might lead to an unnecessary delay. I know that a number of my colleagues shared that view.

For whatever reason, that delay is now upon us. The conferees have not been able to reach agreement on the bill, and thus extension of impacted areas assistance is tied up for an indefinite period.

The bill I introduced today embodies the section of H.R. 4955 applying to impacted areas. The language is identical to that already approved by the Senate. It is my hope that, handled as a separate matter, this bill can be swiftly considered and sent to the other body. Although there are differences between the houses on this extension, I hope that by concentrating on this single program the distinguished conferees will be able to reach quick agreement allowing the program to continue.

Mr. President, impacted areas assistance has been on the lawbooks since 1950. In that time a total of $1.426 billion has been appropriated under Public Law 874, and a total of $1.087 billion under Public Law 815. These figures show how extensive the program has become; how vital it is for the educational system; how important it is that the Congress act promptly.

More than 4,000 local school districts are being placed in the impossible position of being unable to complete budgets for the fiscal year. Without budgets they do not have any idea how large an educational program they can attempt—how many teachers to hire, what salaries to pay, what additions to undertake.

In short, by delaying approval of this program, the Congress is tampering with the education of millions of American pupils.

As the Senate knows, impacted-areas legislation simply calls for Federal subsidization of schools in areas where there are Federal defense establishments such as Air Force, Army, and Navy bases, and where an undue and unusual load has been placed on the local school system because of the Federal installation.

It is well known that I am opposed to Federal aid to education through grant and loan programs, but when the Federal Government places an undue burden on a local school district, and when the local district does not have compensating tax revenue sources, then I think it is the responsibility of the Federal Government to provide funds for relief of the critical situation it has created.

Federally impacted areas have problems that other communities do not have to face. First, there is the sudden impact of an accelerated population increase. This in turn creates the problem of increasing all public services—schools, roads, water supplies, transportation. All this creates an abnormal drain on local resources that cannot be met by the normal solution of raising local tax rates. And, we must remember that because the population of many of these areas fluctuates and because the Federal activity often is unstable, there is less investment in these areas in permanent residential and commercial property.

For all these reasons, extension of impacted-areas legislation is imperative.

Because more than 4,000 school districts are marking time awaiting a decision on this legislation, the Congress must act now.

Therefore, I send to the desk this bill embodying a simple 3-year extension of impacted-areas legislation, and I ask unanimous consent that it lie at the desk before printing through the close of business, Friday, November 15, so that other Senators may join as cosponsors if they so desire.

And, Mr. President, I ask unanimous consent that there be printed in the RECORD at this point in my remarks two tables setting forth the current data on the allocation of funds under each of the applicable statutes.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie at the desk as requested, and the tables will be printed in the RECORD.

The bill (S. 2304) to extend for 3 years Public Laws 815 and 874, 81st Congress, providing assistance for schools in areas affected by Federal activities, introduced by Mr. TOWER, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The tables presented by Mr. TOWER are as follows:

I.—*Public Law 815: Federal funds reserved, for local educational agencies and Federal installations, for construction*

State	Total	
	1951–62	1962
Total	$1,069,873,115	$71,820,859
Alabama	21,659,507	435,336
Alaska	29,283,725	3,173,420
Arizona	37,838,304	3,118,460
Arkansas	15,000,595	755,299
California	172,446,297	10,133,191
Colorado	20,527,133	1,814,642
Connecticut	12,214,944	2,377,916
Delaware	3,053,067	------------
Florida	29,813,885	4,591,787
Georgia	36,088,738	1,651,914
Hawaii	18,853,589	------------
Idaho	8,022,211	1,326,068
Illinois	14,872,973	136,645
Indiana	9,094,915	------------
Iowa	2,274,377	16,520
Kansas	19,041,365	772,763
Kentucky	15,746,397	33,000
Louisiana	7,003,264	86,135
Maine	7,631,699	1,660,000
Maryland	53,818,029	4,607,407
Massachusetts	13,143,167	1,040,896
Michigan	46,312,077	2,874,702
Minnesota	3,985,029	45,381
Mississippi	8,152,070	30,080
Missouri	19,924,415	296,124
Montana	11,197,637	2,302,433
Nebraska	7,887,801	2,107,063
Nevada	9,234,886	1,573,650
New Hampshire	1,719,954	------------
New Jersey	13,828,991	1,093,052
New Mexico	39,782,535	1,522,471
New York	20,209,688	1,279,310
North Carolina	20,242,802	1,143,730
North Dakota	4,624,311	869,990
Ohio	24,776,954	1,406,598
Oklahoma	30,184,745	1,962,928
Oregon	4,159,318	16,675
Pennsylvania	4,549,996	44,010
Rhode Island	4,311,395	116,000
South Carolina	17,458,233	785,655
South Dakota	9,145,125	2,283,430
Tennessee	8,954,714	19,090
Texas	65,788,334	3,624,247
Utah	12,025,862	1,094,329
Vermont	185,111	------------
Virginia	73,693,183	6,035,453
Washington	47,751,320	934,943
West Virginia	243,148	75,000
Wisconsin	2,013,328	248,990
Wyoming	2,327,548	48,056
Guam	2,818,373	------------
Puerto Rico	4,583,180	130,320
Virgin Islands	------------	------------
Wake Island	372,871	125,750

II.—*Public Law 874: Appropriations, fiscal year 1962*

Category and State	1962 (1)
Appropriations	$247,000,000
Total entitlements	[1] 246,633,498
Net entitlements:	
Alabama	5,349,576
Alaska	6,808,231
Arizona	5,189,876
Arkansas	1,428,031
California	42,033,957
Colorado	7,163,724
Connecticut	2,457,392
Delaware	259,832
Florida	6,215,166
Georgia	5,592,672

[1] May be changed on basis of additional information.

II.—*Public Law 874: Appropriations, fiscal year 1962*—Continued

Category and State	1962 (1)
Net entitlements:	
Hawaii	$4,938,280
Idaho	1,918,609
Illinois	4,352,845
Indiana	1,282,105
Iowa	832,826
Kansas	5,838,375
Kentucky	1,472,530
Louisiana	964,454
Maine	2,062,810
Maryland	9,461,446
Massachusetts	7,131,493
Michigan	1,918,719
Minnesota	501,835
Mississippi	1,840,855
Missouri	2,724,784
Montana	2,186,652
Nebraska	2,757,568
Nevada	1,569,402
New Hampshire	1,320,536
New Jersey	5,974,390
New Mexico	5,172,539
New York	6,058,625
North Carolina	2,781,324
North Dakota	916,227
Ohio	5,615,602
Oklahoma	7,490,344
Oregon	1,176,678
Pennsylvania	5,096,775
Rhode Island	2,218,765
South Carolina	3,809,630
South Dakota	2,425,471
Tennessee	2,511,403
Texas	13,981,061
Utah	2,257,324
Vermont	57,533
Virginia	15,559,386
Washington	9,911,802
West Virginia	141,120
Wisconsin	702,584
Wyoming	931,349
Guam	188,432
Virgin Islands	71,150
Payments to Federal agencies	13,379,770

AMENDMENT OF SMALL BUSINESS ACT—AMENDMENTS (AMENDMENT NO. 318)

Mr. HART (for himself, Mr. HUMPHREY, Mr. MCCARTHY, Mr. MCNAMARA, Mr. NELSON, and Mr. PROXMIRE) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 1309) to amend the Small Business Act, and for other purposes, which were ordered to lie on the table and to be printed.

FEDERAL SERVICE PROCUREMENT—ADDITIONAL COSPONSORS OF BILL

Mr. BENNETT. Mr. President, since my bill on Federal service procurement (S. 2254) was printed, eight additional Senators have asked to be included as cosponsors of the bill. I ask unanimous consent that at the next printing of the bill the names of Senators HRUSKA, PROUTY, RIBICOFF, BAYH, MILLER, JAVITS, JORDAN of Idaho, and THURMOND be added as cosponsors of the bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AWARD OF MEDAL TO DR. GORDON S. SEAGRAVE—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Under authority of the order of the Senate of November 5, 1963, the names of Mr. LONG of Missouri, Mr. PELL, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH were added as additional cosponsors of the joint resolution (S.J. Res. 131) to authorize the President of the United States to award a medal to Dr. Gordon S. Seagrave, introduced by Mr. HART (for himself and other Senators) on November 5, 1963.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6868) making appropriations for the legislative branch for the fiscal year ending June 30, 1964, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 14, 33, and 39 to the bill, and concurred therein, and that the House receded from its disagreement to the amendment of the Senate numbered 32 to the bill, and concurred therein, with an amendment, in which it requested the concurrence of the Senate.

VETERANS DAY TRIBUTE TO THE NATIONAL GUARD AND THE RESERVE

Mr. WALTERS. Mr. President, it befits us here today to reaffirm our allegiance to those hallmarks—patriotism and readiness. Today our guardsmen and reservists are indelibly stamped with these principles which have motivated the men of our Nation to meet the many threats to the safety and well-being of our homes and families and to our Government, over the years. To me, the citizen soldier is a manifestation of a spirit essential to our existence as a free and democratic nation—the spirit which has been demonstrated by their voluntary service in peace and war against any element that would harm our people.

The hardy and self-reliant pioneers of Tennessee as a State and territory descended from some of the best fighting strains in the world—Anglo-Saxon, Scotch-Irish, Huguenot, and Welsh. Tennessee is known as the Volunteer State. As we well know, the Declaration of Independence was adopted by the Continental Congress in 1776. Four years later we were still fighting to hold the independence which that historic document declared. The first recorded call for volunteers in Tennessee history is found in the records of Col. John Sevier, Washington County, Tennessee Territory, who on March 19, 1780, issued a call for 100 good men. Two hundred answered. He and the militiamen he commanded did their part to insure our independence.

But it was not until the war with Mexico that Volunteer State became the byword for Tennessee. Congress called for 50,000 volunteers. Tennessee's quota was 2,600. When the volunteers were counted, there were more than 26,000 from Tennessee alone. Balloting was used to determine which of the original volunteers would be accepted, and the campaigning for this privilege of volunteering was conducted as sharply and as seriously as a race for high political honor today. Before the end of the War of 1812, when Andrew Jackson was ready to march to New Orleans over the Natchez Trace to fight the British under Lord Packenham, opportunities to enlist were so eagerly sought that men paid for the privilege of volunteer service.

During World War II, seven draft boards never had to draft a man because volunteers filled Tennessee's quotas.

Tennessee's guardsmen have participated with force, fervor, and fame in our Nation's wars, starting with the Revolution.

While we desire to pay tribute to past achievements, the enormity of the present-day challenges compels us to consider the future. Our Constitution is designed to discourage a large permanent Army. On the other hand, the shrinkage of time brought about by supersonic transportation and instant communications systems makes it impossible to wait until the danger is imminent to train our manpower. There are those who argue that we really do not have so much need for our Reserve components—that war has changed so materially that we should have an Army continuously large enough to meet any conceivable crisis. I can assure you Mr. President, that I do not agree with them. Crises come and go, and we are strengthened considerably by this large pool of trained manpower who have volunteered to serve and be called when needed. Our Reserve components must, however, be ready as never before, and must also fit into the war plans of the "one-Army team."

With a strength of only a little over 960,000 men and women, the Active Army provides the key part of the forward line of defense of the free world. With U.S. military assistance advisory groups and military missions established in over 40 countries of Europe, Asia, and South America, the Army assists in training nearly 200 ground combat divisions in countries of the free world. Also, it maintains a strategic reserve of combat divisions capable of reinforcing immediately our oversea theaters or of coming with limited war anywhere.

One of the Army's most important capabilities is that of being ready to undergo full-scale expansion in the event of a general war. This capability is the key to the success of our one-Army concept, and our Reserve components are essential with their paid drill strength of approximately 700,000 stationed in communities throughout the country.

In the event of full-scale mobilization, the Reserve component units expanded to full combat strength would increase the size of our Active Army many times its present strength. The combat units have some of the latest equipment in the Army's inventory, and continued emphasis is being given to acquiring more up-to-date equipment for them. The 30th Armored Division is a part of the immediate Reserve. As such it is authorized to maintain a high percentage of its full organizational strength, and will be given preferential treatment in the allotment of available equipment.

Continued emphasis is being placed on programs bringing the Reserve component units to the highest possible state of mobilization readiness. Probably the best test of whether these programs are paying off is the amount of time it will take after mobilization to prepare the Reserve components for their post mobilization roles. The Berlin crisis in the fall of 1961 was an actual test of the mobilization readiness of our Reserves. This partial mobilization revealed a number of deficiencies which the Defense Department has since been working diligently to correct. Plans are also under way to shorten the period required for units to become fully combat ready.

We came through World War II with the biggest bomb in the world, the "blockbuster," which had the explosive equivalent of 6 tons of TNT and 1 ton of TNT was a good unit of measurement.

It is easy to see that the Defense Department is in the time business. No longer can we count on adequate warning of either an impending or an actual attack. We cannot afford to take chances, because in the 5,000 years of mankind's history time has been compressed.

For over 4,900 of the 5,000 years of this history, the speed of man's progress was measured by the speed at which he could travel. That speed was the speed of the horse and the oxcart, which never exceeded a few miles a day. Man could go only as fast as a horse could carry or pull him. Rich man, poor man—both could travel only as fast as the oat burner could carry him.

In the time of Paul Revere, American history was made only as fast as a horse could gallop.

In 1830 man broke the oat barrier with the iron horse.

In 1910 we bought the first military plane, and it reached the incredible speed of 42 miles per hour. By World War I, we were getting speeds of 100 miles per hour on the automobile racetrack and with some aircraft, and toward the end could boast of 150 miles per hour in the air. At the beginning of World War II we were at 200 miles per hour and ended at about 470 miles per hour, which was top secret. And then came the break through the sound barrier. Now we glibly talk about 18,000 miles per hour. Few people can realize how quickly we have progressed from the oat burner to the atom burner, but in 1956 the pilot of a Navy plane fired his guns, then the plane overtook its own bullets and shot itself down.

Now one can fly from coast to coast in seemingly less time than it takes him to get his baggage after he gets there.

The atom bomb changes all that. We invented the word "kiloton," meaning a thousand tons of TNT; but for the H-bomb we invented "megaton," measuring 1 million tons. And how big is a megaton? It would fill a string of boxcars, stretching for over 200 miles, and would roughly equal 166,000 blockbusters of World War II.

In World War I we talked of ranges around 20,000 or 30,000 yards, and in World War II of maybe 80,000 yards. Then yards as a measure of range became obsolete; so now we talk of thousands of miles.

Technology is the machine that multiplies a man's strength a billion times. To think that the world is 25,000 miles around is like thinking of money in terms of 1914 dollars. But even the mile has shrunk more than the dollar.

Already in our lifetimes we have seen more technological change than in all the previous history of the world. The little world in which we were born and educated is not here any more.

If there is anything we can learn from history, it is that man seldom profits by it, even when he could. One thing we can learn, that the newer anything is, the more complex it is, and the more complex it is, the sooner it becomes obsolete.

There was a time when war was very simple and a bunch of guys went out into the field and battered each other's brains out while the rest of the people went on living as though nothing much was happening. In such a war the artillery lent the only dignity to what was otherwise just a disgraceful brawl.

Now war has gone technological. A Nike missile system contains 1.5 million parts, 217,000 feet of conductor wire, 2,000 feet of coaxial cable, 2,000 electron tubes, 12,000 resistors, 5,000 capacitors, 460 relays, 1,250 coils, plus numerous other items.

Clubs were good weapons for thousands of years. And then the complicated bow and arrow was invented, but they did not last as long as the club. Then we had the new ultimate weapon, but today's will not last as long as the bow and arrow, because it is more complicated.

Technology is a peculiar thing—it has no morals; it may be used for good or evil. It has no nationality; it may be used by friend or foe; it can eliminate polio or people; and it has no feelings. It can be used to create a hell or paradise.

Some people say we are not prepared for war. Somebody is going to ask if we are planning for a long war or a short war. Ask the fire department if it is planning for a big fire or a small one.

We do not plan on starting any wars. But we must recognize that we have potential enemies. There may be no timely warning of any impending or actual attack. So we hope that the precautions of being well prepared will cause our enemies to hesitate and think before starting a war. Nonpreparedness invites war. We will have little or no time to prepare after the enemy attacks.

I believe that preparedness does deter aggression. I believe that if you are prepared, and conspicuously prepared, you are not likely to get into a fight. I never heard of anyone picking a fight with a guy unless he thought there was a chance of beating him.

In our time things are exploding. If you are 20 or 30 months behind the time, you are further behind than being 20 or 30 years behind in your father's time. If we fail to maintain the pace we can be only a second-class nation. War is that peculiar game in which no medals are awarded for second place.

It has been said that if we build up our defenses and they are not needed, we lose only dollars. If we do not have them, and they are needed, we lose our country.

But remember, regardless of all of the technology we have now, and the great weapons we have produced, the centuries-old hunt for the ultimate weapon reveals that man himself is the ultimate weapon, and will always remain so. But the only place where the ultimate weapon can come from is the community. The ultimate weapon is the soldier, guardsmen, and reservists who make the sacrifices necessary to attain the victory. This contribution of the community demonstrates the spirit of a great State and Nation. This is your great privilege, your responsibility, your job as Americans.

OPEN MARKET FINANCING FOR REA

Mr. LAUSCHE. Mr. President, pending in the Agriculture Committee of the Senate is a bill introduced by me which, if enacted, will substantially change the terms, conditions, and the rate of interest under which loans made by the Rural Electrification Administration are authorized. I introduced this bill because it is apparent that the original purpose for which the REA was created has been achieved—at present practically 98 percent of the farmers of the Nation being served with electricity; moreover, that there was no justification for the U.S. Government lending money to rural electric cooperatives at 2-percent interest when the Government in borrowing the money with which to make the loan had to pay a rate of interest of about 4 percent; also that our efforts of keeping Government out of business would be greatly hampered and the tax revenues of the Federal Government adversely and seriously impaired if the Government perpetuated a tax situation under which rural electric cooperatives paid 3.2 cents of their annual revenues in taxes while private power companies paid 22.8 cents.

When the REA law was passed the rate of interest was fixed at 3 percent and in 1945 lowered and then pegged at 2 percent deliberately to aid the rural electrics to establish themselves and to be able to serve the farmers. It was believed, and in all probability it was so, that the moneys could not be borrowed in the open public market at a rate of interest that would have enabled these rural electrics to survive. That situation, however, in the course of time has completely changed. Money can now be borrowed in the open market at a rate of interest that will enable these rural electrics to expand if they so desire.

A good example of what the lending capacity of the open market is has been revealed by the encouraging experience in Ohio. In my State 30 rural cooperatives formed a supercooperative called the Buckeye Power Co. This combination of 30 rural cooperatives operating under the name of the Buckeye Electric Power Co. has joined forces with a subsidiary of the investor-owned American Electric Power Co. to set up a new $125 million generating plant. This combination of 30 rural electric co-ops in putting up its share of the money to construct the generating plant is not borrowing it from the Rural Electrification

Administration of the Federal Government but has gone into the open market to raise their share of the capital by borrowing from general institutional lenders.

The powerplant which is being built with a combination of capital provided by the private power companies on the one hand and the 30 rural electric co-ops on the other will have the largest power generating capacity of any plant under one roof in the world. The ability of rural cooperatives to borrow in the open market rather than from the Federal Government is clearly demonstrated by this Ohio experience. It constitutes substantial proof that the laws of the Federal Government on rural electrics need modification.

ACCOMPLISHMENTS OF THE SENATE LEADERSHIP

Mr. AIKEN. Mr. President, I call attention to the fact that remaining on the Senate Calendar are only 20 bills or resolutions, and they include House bill 7885 which now is before the Senate. Of these 20, only 8 can be considered controversial in any sense of the word; the other 12 would take perhaps 30 minutes to dispose of.

Mr. President, the condition of the calendar, with virtually no work for the Senate on it, is in itself the greatest tribute to the leadership of this body which can be found.

Mr. MORSE. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. MORSE. I join in the statement of the Senator from Vermont. I suggest that in the next day or two a compilation of the legislative accomplishments of the Senate at this session be prepared and printed in the RECORD, because it also will buttress and fortify the observation of the Senator from Vermont as to the effectiveness of the leadership of the Senate in proceeding with the legislative program which awaits our attention.

The Senator from Vermont is quite correct in saying that on the calendar there are only 20 bills or resolutions. If he does not object, I shall ask unanimous consent that the Senate's Legislative Calendar be printed at this point in the RECORD, because I believe it is a complete rebuttal to the statements of those who seek to give the impression that the Senate has been dragging its heels, insofar as the floor work of our leadership is concerned. That is not so.

Even of the eight measures on the calendar which the Senator from Vermont has said might be considered controversial, I do not believe any one of them would be classified by any of those of us of long experience in the Senate as being major.

Mr. AIKEN. Yes.

Mr. MORSE. Yet we continue to be charged in some quarters in the press and elsewhere as not doing our job.

Certainly it is not our fault if some bill is not reported from a committee; and it may not be the fault of the committee, either. Certainly it is not our fault that a civil rights bill is not pending in the Senate. The Senate is waiting for that bill to be passed by the other body. In the past 24 hours, I have checked on that situation; and I think the sources in the other body which I questioned are utterly reliable. They have said, "Senator, you will not get a bill on civil rights in another 2 weeks." Those are realities of the legislative process. But I do not see why the leadership of the Senate should be held up to unfair criticism because the roadblocks are elsewhere and not on the floor of the Senate.

Mr. President, I ask unanimous consent that the calendar of the Senate for today be printed at this point in my remarks.

There being no objection, the calendar was ordered to be printed in the RECORD, as follows:

General orders under rule VIII

Order No.	Number and author of bill	Title	Reported by
305	H.R. 4214	An act for the relief of the Stella Reorganized Schools R-I, Missouri. ($1,500)	June 27, 1963.—Mr. Eastland, Committee on the Judiciary, without amendment. (Rept. 331.)
319	S. 5, Mr. Yarborough and others.	A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period.	July 2, 1963.—Mr. Yarborough, Committee on Labor and Public Welfare, with amendments. (Rept. 345.) (Minority views.)
449	S. 1540, Mr. Magnuson	A bill to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.	Aug. 28, 1963.—Mr. Monroney, Committee on Commerce, without amendment. (Rept. 473.)
451	S. 1033, Mr. Magnuson	A bill to establish a uniform system of time standards and measurements for the United States and require the observance of such time standards for all purposes.	Aug. 30, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 475.)
462	H.R. 82	An act to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.	Sept. 11, 1963.—Mr. Bartlett, Committee on Commerce, without amendment. (Rept. 486.) (Minority views filed.)
483	S. Con. Res. 1, Mr. Clark and others.	Concurrent resolution to create a joint committee to study the organization and operation of the Congress and recommend improvements therein.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with an amendment. (Rept. 504.) (Individual and supplemental views filed.)
485	S. Res. 111, Mr. Church and others.	Resolution amending rule XXV of the standing rules relative to meetings of committees while the Senate is in session.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, without amendment. (Rept. 506.) (Individual views filed.)
486	S. Res. 89, Mr. Pastore and others.	Resolution providing for germaneness of debate under certain circumstances.	Sept. 19, 1963.—Mr. Hayden, Committee on Rules and Administration, with amendments. (Rept. 507.) (Individual views filed.)
502	S. 927, Mr. Magnuson	A bill to amend title 12 of the Merchant Marine Act, 1936, in order to remove certain limitations with respect to war risk insurance issued under the provisions of such title.	Sept. 24, 1963.—Mr. Bartlett, Committee on Commerce, with an amendment. (Rept. 523.) (Individual views filed.)
546	S. 2100, Messrs. Magnuson and Jackson.	A bill to continue certain authority of the Secretary of Commerce to suspend the provisions of sec. 27 of the Merchant Marine Act, 1920, with respect to the transportation of lumber.	Oct. 17, 1963.—Mr. Magnuson, Committee on Commerce, with amendments. (Rept. 568.) (Minority views filed.)
566	H.R. 7885	An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.	Oct. 22, 1963.—Mr. Fulbright, Committee on Foreign Relations, with an amendment. (Rept. 588.)
570	S. 2265, Mr. Morse	A bill to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.	Oct. 29, 1963.—Mr. Morse, Committee on Labor and Public Welfare, without amendment. (Rept. 592.) (Minority views filed.)
572	S. 1396, Mr. Fong	A bill to consent to the institution of an original action in the Supreme Court for the adjudication of the claim of the State of Hawaii to certain land and property situated within that State.	Oct. 29, 1963.—Mr. Fong, Committee on the Judiciary, without amendment. (Rept. 594.)
602	S. 689, Messrs. Long of Missouri and Symington.	A bill for the relief of Lila Everts Weber	Nov. 1, 1963.—Mr. Long of Missouri, Committee on the Judiciary, without amendment. (Rept. 624.)
609	H.R. 7431	An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1964, and for other purposes.	Nov. 6, 1963.—Mr. Byrd, of West Virginia. Committee on Appropriations, with amendments. (Rept. 632). Calendar called Nov. 8, 1963.
614	H.R. 6001	An act to authorize the conveyance to the Waukegan Port District, Illinois of certain real property of the United States.	Nov. 7, 1963.—Mr. Randolph, Committee on Public Works, without amendment. (Rept. 637.)
615	S. 432, Mr. Ribicoff and others.	A bill to accelerate, extend, and strengthen the Federal air pollution control program.	Nov. 7, 1963.—Mr. Muskie, Committee on Public Works, with amendments. (Rept. 638.)
616	H.R. 6518	An act to improve, strengthen, and accelerate programs for the prevention and abatement of air pollution.	Nov. 7, 1963.—Mr. Muskie, Committee on Public Works, without amendment.
617	S. 298, Mr. Sparkman and others.	A bill to amend the Small Business Investment Act of 1958	Nov. 8, 1963.—Mr. Sparkman, Committee on Banking and Currency, with an amendment. (Rept. 639.) (Minority views.)

General orders under rule VIII—Continued

Order No.	Number and author of bill	Title	Reported by
618	S. 1309, Mr. Sparkman	A bill to amend the Small Business Act, and for other purposes	Nov. 8, 1963.—Mr. Sparkman, Committee on Banking and Currency, with an amendment. (Rept. 640.) (Minority views.)
619	S. Res. 218, Mr. Humphrey	Resolution conveying to the National Academy of Sciences and the National Research Council, congratulations for its contributions to science and technology.	Nov. 8, 1963.—Mr. Hill, Committee on Labor and Public Welfare, without amendment.

Mr. AIKEN. The Senator from Oregon has made an excellent suggestion that the calendar be printed at this point in the Record. This is my 23d session of the Congress. I have never known a session in which the work which has been presented to the Senate has been kept cleaned up as promptly as has been the case at the present session. As the Senator from Oregon has said, it is not the fault of the Senate that there are not more bills before it. I shall not go into that subject again today because I went into it yesterday.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. LAUSCHE. Mr. President, for some time I have desired to comment about our majority leader. I am of the belief that if it had not been for his guidance and his fairness of treatment of other Senators, with the controversial bills that have been pending this year, chaos would be dominant on the floor of the Senate.

It was only through this extraordinary leadership that the vigorous crosscurrents that were incident to those bills did not go into violent operation, splitting the Senate with hatreds and animosities. At least during the period that I have been in the Senate—7 years—there has not been a year in which so many important and controversial bills came before the Senate.

Some bills have not been passed. Complaint has been made that Senators have been dragging their feet. Do any of those who complain think of the fact that probably among those bills are proposals that ought not to be passed? Why should the presumption be indulged in that all the bills that have been introduced should have been passed? Many people throughout our country believe that if we had passed fewer of the bills that have been passed, the taxpayers would generally be better off. But in any event I give credit to the Senator from Montana [Mr. Mansfield]. He has guided the Senate with extraordinary effectiveness. A different type of leadership might well lead to chaos in the Senate.

Mr. AIKEN. Mr. President, I yield the floor.

RUSSIAN TRADE AND U.S. WHEAT

Mr. YOUNG of North Dakota. Mr. President, I was greatly honored and pleased to have the editor of the Bismarck Tribune, published at Bismarck, N. Dak., Mr. John Hjelle, use a considerable part of one of my recent newsletters in his November 7 editorial entitled "Russian Trade and U.S. Wheat." Mr. Hjelle ably and effectively sets forth his views on this wheat transaction.

Mr. President, I ask unanimous consent that this editorial be printed in the Record as a part of my remarks.

Mr. President, I also ask unanimous consent to have another editorial by Mr. John Hjelle, appearing in the November 8 issue of the Bismarck Tribune and entitled "Agriculture's Budget Share" printed in the Record as a part of my remarks. In this editorial Mr. Hjelle again illustrates his knowledge and deep interest and concern for agriculture, which is by far the biggest industry in North Dakota.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Bismarck Tribune, Nov. 7, 1963]

Russian Trade and U.S. Wheat

The fallacy in refusing to sell American wheat to Soviet Russia is pointed out by Senator Milton Young in his current newsletter, in which he also discusses wheat prices and recent wheat export history.

Says the Senator on the question of selling wheat to Russia:

"Our trade with Russia has been limited. However, it is interesting to note that during the past 11 years we bought $92 million more from Russia than they bought from us. Thus they have had 92 million extra dollars to help spread communism throughout the world. There is no magic to the Communist economic system. Their resources and the amount of money they can spend on their war machine and for other purposes is limited. Even the gold they export to better their balance of payments with the rest of the world costs them about twice as much to mine as they can get it for on the world market. Russia would have less money to spend for war purposes if we trade some of our wheat for their limited supply of gold or dollars."

This is, or should be, fundamental even to the most ignorant of the self-styled experts who have condemned the sale of surplus American wheat to Russia on grounds that to sell them our wheat will aid the Red cause. Yet the opposition continues, to the detriment of America's best interests.

The North Dakota Senator also digs into another aspect of the wheat export question. He writes:

"Until Public Law 480 was passed in 1954 our normal yearly wheat exports were around 300 million bushels. Since then they have gone as high as 700 million bushels. Drought in European countries and elsewhere will increase these exports to 800 million bushels or more. Even without any Russian sales, exports could reach 900 million bushels.

"The truth is that if we did not sell to Russia, she and her satellites would obtain much of their wheat and flour requirements through the backdoor approach. In the past, sizable amounts of our wheat—sold at bargain prices to our allies—have been transshipped as either flour or wheat to Communist countries. Actually, it boils down to a question of whether we want to sell directly to Russia at world prices for dollars or gold, or whether we want to let our allies reap sizable profits as the middleman. The United States is the only nation in the world which places any restriction on the sale of wheat to Russia."

Russia, of course, would much prefer not to have to buy U.S. wheat. It is the market for our wheat only because it has been unable to produce what it needs at home. It would, obviously, rather be an exporter than an importer. This fact in itself is plain proof that to sell, for dollars or gold, will be to U.S. advantage.

The proviso that the sale be for dollars or gold, with prompt payment, is, of course, the crux of the proposition. In this case we happen to be the able but not anxious seller, and Russia is the unwilling but anxious buyer, forced into this position, we are told, by climatic conditions beyond its control. If these are, indeed, the facts, it is hard to see how the sale could be anything but to the advantage of the United States, cold war or not.

[From the Bismarck Tribune, Nov. 8, 1963]

Agriculture's Budget Share

The Department of Agriculture, which is one of the biggest spending units of the Federal Government, is also one of those units most subject to criticism for its spending.

But according to Senator Allen Ellender, of Louisiana, the Democrat who heads the Senate Agriculture Committee, what the Department spends is not out-of-line with spending by other branches of the Government.

Ellender's thoughts along these lines are quoted in the newsletter of the National Association of Soil and Water Conservation Districts. He says:

"The budget of the Department has increased from year to year, as has the budget of every other Government agency. But it should be remembered that the Department still requires only 5 or 6 percent of the Federal budget each year to operate all of its needed and desirable programs. These programs include such things as meat inspection, disease and pest control, research and extension work, the protection of our resources, and many others. Its budget represents only about one-twelfth of what we spend each year on national defense, and is almost exactly the yearly amount spent for research to send a man to the moon.

"On the basis of national population, the agriculture budget represents an expenditure of about $8 per person to insure the production, inspection, and marketing of the finest meats, vegetables, and other foods at the lowest cost to the consumer of any nation on earth. Also, this money helps to provide school lunches for our children, food for our needy, and aids in developing and maintaining our national resources for unborn generations yet to come.

"Agriculture is a primary source of new wealth in our country. It is the main provider of basic raw materials which support all segments of business and industry. Reliable estimates indicate that each dollar of wealth taken from the soil generates $7 of income throughout the rest of our economy.

"It can easily be seen that the Department fills a very great need in our national life. Though its programs and budget have increased greatly in the 100 years since it was created by President Lincoln, I have little regret about the money spent in this direction."

IMPACT OF WORLD TRADE ON NEW HAMPSHIRE

Mr. McINTYRE. Mr. President, discussions now in progress will result in a foundation for the Kennedy round of tariff negotiations in 1964. The United Nations will convene a world conference on trade shortly before those negotiations begin. Today the countries of the European Common Market began a series of critical negotiations aimed toward the achievement of a common agricultural policy. I hope that the Congress will consider the means by which the public shall be kept informed of decisions made during these negotiations and the issues they pose for us all. Senator HUMPHREY has proposed a Joint Committee on Trade which could consider many of the broad problems posed to public policy by the rapid growth in world trade throughout this critical period. I should like to draw the attention of my colleagues to a thorough study of our foreign trade problems, with particular reference to my home State of New Hampshire, written by Mr. James D. Ewing, publisher of the Keene Evening Sentinel. The issues he raises deserve our continued attention. I shall shortly address the Senate on the particular needs of our vital woolen textile industry, which I have been studying for some time. Many other matters will merit our attention, from balance of payments problems to proposals for expanded trade between East and West. Mr. Ewing's articles are thoughtful, comprehensive, and based on a wealth of interviews and firsthand information. I ask unanimous consent that the four articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Keene (N.H.) Evening Sentinel, Nov. 5, 1963]

IN LONG RUN EVEN TEXTILE AND SHOE FIRMS BENEFIT BY FOREIGN TRADE

While two of New Hampshire's largest industries plead for curbs on competing imports a special E Award flag flies over a Keene plant with 300 employees, presented in behalf of the President for outstanding contribution to the Nation's export expansion program.

Here is the paradox of foreign trade as it affects the economy of the State: Jobs and profits threatened by imports; jobs and profits created by exports. And always there is the knowledge that to sell abroad a Nation must buy abroad.

The State's textile and shoe industries are being hurt by imports. There have been layoffs; there is talk of mill closings. Almost without exception imports are blamed. It's not surprising, therefore, that foreign trade has become virtually a dirty word in parts of the State.

But to focus on the undeniably serious problems of these two industries is to distort the trade picture as a whole. Even from the point of view of New Hampshire's economy, there is a bright side to the story.

For the Nation as a whole, it's brighter still. The latest estimates are that the United States will have a $5 billion trade surplus in 1963.

GOVERNOR'S CONCLUSIONS

Gov. John W. King, in a statement prepared for this series of articles, summed up the Granite State situation this way.

"I believe," he said, "that the field of foreign trade presents a great opportunity and a great challenge to New Hampshire business. On the one hand, we have virtually untapped opportunity to expand our markets through exports. On the other hand, some of our most important industries are seriously threatened by competition from low-priced foreign imports."

King's two words—"opportunity" and "challenge"—indicate the contradictions of foreign trade. For example:

Referring to imported textiles, George A. Dorr, Jr., president of Dorr Woolen Co. of Newport, said last month: "We have an intolerable situation. * * * We have impossible competition. * * *"

At almost the same time, David F. Putnam, president of Markem Machine Co. of Keene, which received the E Export Award, told a reporter: "The world is our market. * * * Our target is to get 50 percent of our orders from overseas."

SENATORS PROTEST

In August, New Hampshire's Senators COTTON and MCINTYRE joined 31 colleagues in a plea to the President to check "the avalanche of cheap (imported) shoes which are flooding the Nation, making the future "dark indeed for this important segment of our economy."

Meantime, Donald D. Davis, treasurer of Miniature Precision Bearings, Inc., with 700 employees in Keene and Lebanon, said: "The success of MPB's international division has demonstrated the desirability of developing foreign markets. We expect continued growth."

CHICKS BUSINESS IMPROVES

While poultry processors in the South have made an international issue of increased tariffs on frozen chickens from the United States, the same tariff increase has boosted sales to Europe of baby chicks and breeding stock for American breeders, including Hubbard Farms in Walpole.

Governor King has supported efforts to halt the flow of shoe and textile imports; he has also just appointed a State Council on Foreign Trade to help promote the export of Granite State products.

In short, much is heard—understandably—about the import threat to New Hampshire jobs, but very little is heard about the jobs which depend, directly or indirectly, on the export sales.

No nation on earth is completely self-sufficient. All must buy from other nations and sell to them. And no nation these days can have it all one way: if it wants to sell to others, it must buy from others.

The United States must import huge quantities of vital minerals—tin, zinc, aluminum ore and nickel. Without these imports our economy would be close to collapse.

SOME JOBS DEPEND ON EXPORTS

Though it may sound strange to a New Hampshire shoe or textile worker, whose very job may be threatened by imports, the truth is that far more Americans benefit from imports than are hurt by them. Moreover, many more Americans hold jobs which depend on exports than are seriously threatened by imports.

Three out of every four newspapers are printed on imported paper. The coffee you drink in the morning is imported; so is the tea, if you prefer that. Half the sugar you put into your cup is imported.

Many of the appliances in your house probably contain components made abroad. Some of your wife's clothing, and yours too, may be made of imported yarn or cloth. You and your kids probably use some imported sporting goods.

There are few factory parking lots which don't contain foreign cars. And anyone from Detroit will recall vividly the way those imported cars forced the huge auto industry to bring out the "compacts."

So even if you work in a shoe factory or textile mill, you're benefiting from imports. Perhaps it's a product we don't produce at all in America. Perhaps, as has often been the case, the imported products sell for less. As a consumer, you benefit in both cases.

Or, perhaps foreign competition has forced the American manufacturer to increase his efficiency and find other ways to lower his prices. Again, it's to your advantage as a consumer.

American manufacturers also benefit from imports. They often buy needed raw materials abroad, and they use much foreign-made machinery.

Even the textile industry, so hard pressed these days, is using imported machines to improve efficiency, and more than half its wool comes from overseas.

BURLAP FROM INDIA

A large textile firm in the southwestern corner of the State, Troy Mills, has carried the process even further. One of its most profitable products is based entirely on burlap imported from India.

Thus, competing imports may be a dagger aimed at the heart of some of our textile and shoe companies, but other imports are providing substantial benefits to every New Hampshire citizen, including those in import-threatened industries.

THREE MILLION IN EXPORT JOBS

The export picture is different. The United States is the world's largest exporter. We sell far more to other countries than we buy from them—by an estimated $5 billion this year. Roughly, we expect to export about $22 billion worth of products and to import about $17 billion worth.

In 1960, according to official estimates, more than 3 million American jobs were supported by exports. And, suprisingly perhaps, nearly another million were supported by imports. That would mean a total of about 4 million jobs dependent on foreign trade. Today the figure is undoubtedly higher, as both our imports and our exports have increased.

There are no reliable figures on the number of jobs which have been lost or are directly threatened by imports. But there's no doubt whatever that the number is far smaller than those dependent on exports.

Figures for New Hampshire are sketchy. It's no secret that a good many thousands of jobs are in the shoe and textile industries, some of which are threatened by imports.

But no figures are available on the number of jobs which depend on exports. John F. Rowe, Commissioner of Resources and Economic Development, has estimated the State's industries are directly exporting nearly $75 million worth of goods a year. But no one knows how many more millions of sales are indirectly related to exports.

A machine tool, for example, may be shipped to Detroit to help make cars, and Detroit exports millions of dollars worth of vehicles every year. A component for a guided missile, a plane, a typewriter, or a special machine may be made in New Hampshire, shipped to another State for assembly, and the end product may land in Germany or Japan. No one knows how many New Hampshire jobs or how many dollars are thus involved in foreign trade. But the figures would be impressive.

Governor King's statement said this about exports from New Hampshire: "There is opportunity of almost unlimited scope in the export field. There is almost nothing produced here in New Hampshire which does not have a potential market abroad."

But there's a hooker. If we expect to sell abroad, we have to import from abroad.

It's going to be a little hard to tell the Italians, for example, that we want them to buy plenty of goods in the United States but we don't want them to sell their shoes and textiles here.

Those two products, which are now hurting two important New Hampshire industries, account for about 25 percent of Italy's total sales to the United States.

And if Italy can't sell her products here, she won't have the money to buy from us, and that would hurt a good many other American businesses.

[From the Keene (N.H.) Evening Citizen, Nov. 6, 1963]

STATE'S TEXTILE MEN FIGHTING IMPORTS, ARE ADOPTING NEW PRODUCTION METHODS

In mid-August a petition was sent to the White House, signed by more than 1,000 people from the Enfield area of New Hampshire. It "earnestly" asked the President to take immediate action to limit imported woolen fabrics.

The State's woolen industry "is threatened with destruction by foreign competition," Gov. John W. King said in a statement prepared for this series of articles.

A special subcommittee of the U.S. Senate, of which Senator NORRIS COTTON is a member, called upon the President in June to take unilateral action, if necessary, to check "the unrestrained flood of imports."

Representative JAMES C. CLEVELAND of the State's Second District has charged the Kennedy administration with "callous disregard for the plight of hardworking citizens" in the industry.

Meantime, similar pleas are being made in behalf of the shoe industry, the State's largest employer.

Like the textile industry, it is calling for quotas on imports by agreement with other countries if possible; by U.S. action alone if necessary.

Citing a 600-percent rise in imports and a 38-percent drop in exports since 1955, a group of Senators from shoe-manufacturing States, including Senators COTTON and MCINTYRE of New Hampshire, issued a demand for quotas last summer.

"If this situation continues—and there is nothing to indicate that it will change," the statement said, "it is easy to see that the future is indeed dark for this important segment of our economy and the thousands of workers it employs."

COTTON and MCINTYRE said New Hampshire's shoe industry, which has 18,000 employees, "must be protected from the avalanche of cheap shoes which are flooding the Nation."

But serious though the situation is for the shoe industry, it's worse for textiles. Shoe imports amounted to about 9 percent of American production on 1962. Imports of woolen textiles last year equalled nearly 22 percent of domestic production.

From the statements quoted, and others like them issued frequently in recent months, the conclusion might be reached that New Hampshire's woolen and worsted industry, which employs some 10,000 people, was at death's door—and that imports alone had put it there.

The industry does have plenty of trouble, but it is not all due to imports, although George A. Dorr, Jr., president of Dorr Woolen Co. in Newport, said imports could be "the straw that breaks the camel's back" for some mills.

By this he meant that competing imports could take just enough of a New Hampshire mill's market to make it impossible to operate it profitably.

Since World War II there has been a spectacular nationwide decline in employment and in the number of mills in the woolen and worsted industry. But imports haven't been the only—or even the most important—cause. Indeed, the worst shakeout occurred prior to 1958, when imports were not nearly so great as today.

In addition to competition from imports, the industry has had to do battle with other materials, especially synthetics, and other manufacturing processes.

Even 10 years ago, for example faced ever-increasing competition from the giants of the industry—and the giants have been getting bigger. They have the resources to shift product lines more easily, bring more weight to bear in marketing and spend more money for research and development.

Finally, mills have closed and jobs have disappeared simply because domestic and foreign competition has forced a stepup in efficiency. New methods and new machinery—much of it imported—have meant increased productivity per worker. In fact, productivity has nearly doubled in the industry since 1947.

For these reasons, although industry employment and number of mills in operation declined, total production actually increased and so did the total amount of woolens sold in this country—up 27 percent from 1958 to 1962.

But here's where the rub of imports was felt. A large shore of the increased market was captured by imports, which zoomed nearly 150 percent in the same period, and are still increasing. Today imports claim nearly 25 percent of the U.S. market.

The major reason for the spectacular rise in woolen and worsted imports is a simple one: price. Most of our toughest foreign competitors not only have highly efficient machinery, but their wage rates are far, far lower than ours.

Even after paying transportation, tariffs and other costs, they can undersell U.S. producers on many items. Under the circumstances, it's a tribute to American companies that the situation isn't far worse than it is.

How are they competing? By taking a variety of steps to offset the low-wage advantage of foreign producers. They have invested boldly in better equipment. They have adopted more aggressive selling and marketing methods. They have sought maximum efficiency. They have emphasized better design and styling. They have shifted product lines, and some have diversified by manufacturing entirely new items only remotely related to wool.

Troy Mills, Inc. of Troy, N.H., looked ahead some years ago and saw not only rugged domestic competition but also import pressure. So it embarked on a program of diversification which required heavy financial outlays, plus courage and imagination.

Today, Troy's woven product lines are radically different from those of even 10 years ago. Perhaps more significant, it is also turning out things like industrial filters, automobile trunk linings and plastic automobile seat covering. In a woolen mill such products were unheard of a few years ago.

This kind of vision has paid off; it may even have saved the company and the town which depends upon it. For, in a declining industry, Troy Mills' employment is close to what is was a decade ago, although it has been forced to make some layoffs recently.

Two other examples: Homestead Woolen Co. in West Swanzey and Dorr Woolen Co. in Newport have also adjusted to the new realities of the industry. Again it has been a case of courage, capital and ingenuity. Where Troy Mills shifted much of its production to entirely new types of products, Homestead and Dorr stuck with woven fabrics.

But they have aggressively sought out products which a New Hampshire mill could produce and still compete. They have emphasized fabrics in which design and styling gave them an edge over the domestic giants and the foreign producers.

They sell hard; they take advantage of the best machinery they can obtain. They try to stay one jump ahead of the competition.

But the managements of these and other Granite State woolen companies are deeply concerned about the rising volume of imported fabrics.

Dorr, as chairman of the Northern Textile Association, has assumed a leading role in the woolen industry's battle to curtail imports. Paradoxically, he believes in free trade and opposes Government interference in business, as do many other woolen men. But he argues that unless some sort of restrictions are placed on imports (by agreement if possible, unilaterally if not), the casualty list in the industry will get pretty long. If it does, New Hampshire won't escape unscathed.

So he has joined the effort to pressure the Kennedy administration to seek a worldwide agreement for what are called "orderly marketing" arrangements. In reality this is a quota system, limiting imports into countries which cannot absorb them without seriously damaging domestic producers.

Although this is the very opposite of free trade, since it would curtail it instead of freeing it, such an agreement is already in effect for the cotton industry.

The woolen industry says it wants the same treatment. So does the shoe industry. And there are other industries, including even the giant steel industry, waiting to see how woolens make out.

Unlike any of the others, the woolen industry holds a sort of I O U from the administration. The President himself and various other administration officials have virtually promised to do for woolens what they did for cotton.

At the moment, however, they seem to be doing their best to forget their earlier statements. Though no one within the administration will say so for publication, in off-the-record conversation they indicate why they are unenthusiastic.

First, they argue that the whole concept of international quotas is contrary to the policy of free trade which every administration since Franklin Roosevelt has supported and which they (along with many businessmen) believe is the key to future growth of the American economy.

Second, they say that if woolens get such treatment, shoes will demand the same, and others will be standing in line at the door. Where, they ask, would this process stop? And if it didn't stop, we would soon have a shrinking instead of an expanding economy.

Administration officials seem convinced that, at least for the present, steps to restrict woolen imports would be more dangerous to the economy as a whole than continued or even increased imports.

For New Hampshire and other States which rely heavily on the woolen industry this means a rough road ahead; perhaps some mill closings.

But significantly, most New Hampshire woolen men aren't rolling over and playing dead. The instinct for survival is powerful. And behind them they have the rugged experiences of the postwar, industrywide crises which they weathered successfully.

One of them, Saul Greenspan of Manchester's large Waumbec Mills, was quoted in late August as saying:

"The survivors are mainly the strong firms which have kept up with the times. They should be able to make good progress in the future."

[From the Keene (N.H.) Evening Citizen, Nov. 7, 1963]

ENTERPRISING FIRMS IN STATE FIND PROFITABLE MARKETS ABROAD

"The world is our market," the president of a Keene company said recently—and his firm is acting accordingly.

Markem Machine Co., whose 300 employees produce machinery, type, and inks to mark and identify just about any product imaginable, has always been interested in selling abroad. But about 5 years ago, President David F. Putnam said an intensified program for increased foreign sales was launched.

At that time about 5 percent of the firm's orders came from outside the United States and Canada. This year the figure will be about 25 percent—and the target for the years just ahead is 50 percent.

The company has received a special Presidential E Award for its contribution to the country's export expansion program. Only one other New Hampshire firm has received the award.

Markem has established a British company and another in Holland. They are responsible for sales and service in most of Western Europe. Markem distributors are responsible for merchandising in the rest of the world.

"Business abroad is not restricted to the giants," Putnam told a special congressional Committee on Small Business.

"In general," he said, "there is a vast market available to firms which will investigate the potential. * * * In the final analysis, sales do develop and more sales are available if one accepts the challenge and is willing to take advantage of these many opportunities (overseas)."

BEARINGS PLANT LOOKS AHEAD

Another manufacturer looking abroad is Miniature Precision Bearings, with plants in Keene and Lebanon. About 3 years ago MPB created an international division, with its own vice president.

Starting almost from scratch, according to Treasurer Donald D. Davis, the company established offices in England and Holland and staffed them with sales and service personnel.

Selling MPB's line of bearings, plus related products of other American manufacturers, the company has watched overseas sales climb steadily. Foreign business, Davis said, has become a significant part of the company's gross sales and the company expects further growth.

CHICKS GO TO BELGIUM

Breeding chicks is not manufacturing, but the product can be exported. Hubbard Farms in Walpole, N.H., is now shipping about 25,000 day-old chicks a month to Belgium. Another 10,000 go to other points abroad.

A shipment of chicks hatched in Walpole on Wednesday will be on a Hubbard Europoultry farm outside Brussels early Friday afternoon.

Hubbard plans to push its export sales harder. Its officials, according to William Phipps who handles exports, are convinced there is a sizable untapped market abroad, and Hubbard intends to get its share. "Export is the most profitable part of our business," Phipps said.

Not only are oversea sales adding to the company's profits, but last year increased foreign business helped the company weather a slump in domestic sales.

Ironically Hubbard has benefited from the recent transatlantic "chicken war." When the European Common Market boosted the tariff on frozen poultry meat which was being shipped there by processors in the South, the demand for chicks from the ECM promptly rose.

European farmers are now increasingly interested in raising broilers to take advantage of the market our southern processors established but in which they cannot now compete effectively because of the higher tariff.

Thus the South's loss has been Hubbard's gain. It would be difficult to provide a better illustration of the strange ways in which world trade tends to balance itself off.

There are no reliable statistics on the number of New Hampshire jobs which, directly or indirectly, depend on exports. John F. Rowe, commissioner of the department of resources and economic development, has estimated that direct exports from the Granite State amount to nearly $75 million a year.

But that figure does not reflect the volume of business which is indirectly dependent on the Nation's exports. It is known that many State firms manufacture components or production machinery for products which are assembled in other States and then shipped abroad.

It is also probable that for some companies export business may be a small percentage of total sales, but may in fact represent the firm's profit margin.

ENCOURAGED TO SELL

U.S. Government officials, along with industry organizations, a number of States and even some municipalities, are mounting a nationwide campaign to convince American business that it can sell abroad in far larger volume than ever before.

The Federal Government, according to Paul G. Carney, director of the Commerce Department's Boston office, offers a wide range of free services to any business which wants to boost its oversea sales or enter foreign markets for the first time.

These services, Carney said, range from exhibit space in various trade centers, to detailed confidential market surveys. Moreover, the Government maintains commercial attachés in almost every country, whose primary job is to assist American business.

But, Carney added: "Our services are being used mostly by larger companies, which need them the least. Smaller companies tend to assume they cannot export, but very often they could, if they'd just try."

A Department of Commerce official in Washington echoed Carney's views. "When it comes to exporting," he said, "too many American manufacturers have a negative attitude. They think of the difficulties of langauge, tastes, transportation, and procedures.

"Time after time it's been proved that American products can compete, even against low-wage competition, because price isn't everything."

He said American products have a reputation for good quality and design, and often American productivity and know-how can more than match the advantages of a foreign manufacturer's lower wage costs.

This view is shared by Putnam and other Granite State manufacturers who have entered foreign markets.

American manufacturers who want to sell abroad, especially in Europe, have other factors helping them, and their European competitors are well aware of them.

First, the tradition of European craftsmanship is not as strong as it used to be. Younger workers have less pride in the quality of their work.

Second, with European living standards rising and with full employment almost everywhere, many employees are not working as hard as in the past.

Third, these trends are coupled with rising foreign wages and fringe benefits so that the gap between U.S. payroll costs and those abroad is steadily narrowing.

Finally, the prestige of American products is rising overseas. We have established a reputation for quality which often offsets a somewhat higher price tag.

Some New Hampshire manufacturers have entered world markets other than by shipping abroad directly from the Granite State.

Adopting the philosophy of joining 'em if you can't lick 'em, some firms have made licensing agreements with foreign manufacturers to produce and sell the American product, paying a royalty for the privilege. Royalties add to profits here.

OVERSEA SUBSIDIARIES

Other companies have established subsidiaries overseas. And still others have gone into joint ventures with foreigners. Hubbard Euro-Poultry, for example, is owned half by Hubbard Farms and half by Belgians. Under either arrangement, all or part of the profits can come back to New Hampshire.

It is undoubtedly true that not every Granite State product can be sold successfully abroad. But Gov. John W. King believes "there is almost nothing produced here in New Hampshire which does not have a potential market abroad."

To help stimulate efforts to exploit this potential, King has appointed a council on foreign trade. It is expected to get to work soon.

One thing seems very clear. Governments of the free world, with the support of most (though not all) industry, are trying to unshackle world trade by reducing the protective tariffs and other restrictive devices of the past. This will intensify worldwide competition. It will also open up vast new markets for producers everywhere.

How the industries of the United States and of New Hampshire will respond is not yet clear, but American business has always prided itself on accepting tough challenges and seizing new opportunities. The future pattern of world trade is likely to give it a chance to do both.

[From the Keene (N.H.) Evening Citizen, Nov. 8, 1963]

TRADE ISSUE: EXPANSION VERSUS PROTECTIONISM

Pleas for governmental protection against foreign competition are voiced by certain industries in Europe as well as in New Hampshire and other American States. They ask for high tariffs, import quotas or other devices designed to erect barriers against imported goods.

Often, but not always, these voices get a rather unsympathetic hearing. The basic reason is that Western Europe's industrial economy is, for the most part, geared to foreign trade.

"If an industry gets Government protection, it doesn't have to meet world competition, and often it doesn't try," a Danish pharmaceutical manufacturer, O. Hubner, told a reporter last month.

"The Dutch attitude is that if a company cannot compete, it might as well go out of business," according to Pierre Schloesser, a former member of the Dutch parliament who is now a high official of the European Common Market.

TARIFF POLICY

These and similar remarks indicating opposition to tariff barriers and other trade restrictions appear to reflect a general attitude. But like other generalizations, they can be misleading.

European countries do have tariffs and on some goods they are quite high. They have a variety of other restrictive devices as well. There are sharp variations in these devices from country to country, and commodity to commodity.

One of the objectives of the European Economic Community (the Common Market) is to agree on a single set of tariffs for the six member countries—France, Germany, Italy, Belgium, Holland, and Luxembourg.

Meantime, however, the development of the Common Market has provided a clear lesson for many industries of how freer trade can stimulate growth by opening new markets and of how international trade competition can spur increased productivity and thus permit higher wage countries to compete successfully with lower wage countries.

TRADE OR FADE PHILOSOPHY

Some small nations, like Belgium, Holland, and Denmark, have always had to "trade or fade," to use one of President Kennedy's phrases. They have lacked the resources and the manpower to survive except by trading.

But France was at the opposite end of the scale. Before she joined the Common Market, France was not a major trading nation.

Her industries manufactured mostly for the French market and her farmers produced mostly for it. She had a history of protectionism, and when the Common Market began in 1958, her wage levels were generally the highest of the six member nations.

For these reasons, French industry was not enthusiastic about the Common Market plan of cutting internal tariffs. The program called for progressive tariff reductions within the ECM until they were abolished after 15 years.

ENTHUSIASM REPLACED SKEPTICISM

But within a couple of years, according to Andre Colombier, an official of the French Federation of Industries, business skepticism changed to enthusiasm.

The reason is not hard to find. Between 1958 and 1962, French exports to her five ECM partners jumped 140 percent, and her imports from them rose 105 percent.

The figures for the other countries are not quite as spectacular as France's and Italy's, but all have shown tremendous increases despite (or perhaps because of) the fact that during the same 5 years tariffs were slashed by 50 percent. Today they are down 60 percent and will probably reach zero by 1970, 3 years ahead of schedule.

These trade gains were achieved because the reduction in trade barriers opened up vast new markets for manufacturers in all the ECM countries. Consumers benefitted through lower prices, a wider choice of products and better design.

Moreover, French industry found that, contrary to its expectations, it could compete with lower wage countries like Germany. The imperatives of competition spurred French manufacturers to sharpen up their methods, install new machinery and increase their efficiency.

PAYROLL COST GAP NARROWED

At the same time, the rapid improvement in business throughout the ECM, coupled with a manpower shortage, stimulated rises in wage levels in other countries. Today the gap between French payroll costs and German, for example, is much smaller than it was 5 years ago.

In the field of consumer goods, rising standards of living and increased purchasing power throughout the ECM also increased the total market for all manufacturers.

There have been some casualties. In certain industries, notably the same two causing so much distress in New Hampshire—shoes and textiles—manufacturers in some countries have been hard pressed, especially by Italian competition.

But the overall picture is bright, and the Common Market is hungry for still more trade, especially with outside nations, including the United States.

The ECM hopes to come to the world trade bargaining table in Geneva next year with a unified program and to speak with one voice. This in itself would be no mean accomplishment, but Common Market officials in Brussels believe it can be done.

Europe knows the United States will be a tough bargainer, but the ECM appears willing to make reciprocal concessions, provided, as Colombier put it, there is true reciprocity of sacrifice.

European officials are aware of the powerful groups in the United States which view the prospect of freer trade with alarm and argue that there are a number of American industries which must be exempted from tariff-cutting negotiations because they cannot compete "with cheap foreign goods," or "low wage countries."

THE SPECIAL EXCEPTION ISSUE

But the Europeans argue that they could make a good case for treating some of their own industries as special exceptions, especially their agriculture.

Moreover, they are not unduly impressed by American pleas of inability to compete because of higher wage levels. They say the wage gap is narrowing steadily, and also that advanced American technology has given this country a method of overcoming its wage disadvantage.

They invite Americans to look at the record since the Common Market began in 1958. Imports from the United States have shot up nearly 60 percent. In 1962, America had a favorable trade balance with the ECM of a whopping $2 billion.

Some of the country-by-country figures are impressive. The ratio in favor of the United States in trade with Germany in 1962 was about 2 to 1; with France and Italy, slightly less than 2 to 1; and nearly 3 to 1 with Holland.

One further example: Germany imports 60 percent more machinery from the United States than she exports to this country, according to Dr. Karl-Heinrich Rieker, chief economist of the Institute of German Industry. In fact, Dr. Rieker said, automobiles are the only major category of manufactured goods in which Germany sells more to the United States than she buys from us.

Meantime, progress is being made in preparation for next year's scheduled world trade negotiations in Geneva. They will be held under the General Agreement on Tariffs and Trade (GATT), to which 53 nations subscribe. In trade jargon, they will be known as the "Kennedy round" of discussions.

PRECEDENT-SHATTERING EVENT

They will be precedent shattering so far as the United States is concerned. Apart from a handful of products exempted by law, President Kennedy has proposed that the entire list of American tariffs be laid on the table for negotiation of reductions of up to 50 percent of existing levels.

Before the final talks begin in Geneva, more products may be added to the list of exceptions. But the administration clearly intends to hold the list to a minimum.

This policy is being vigorously opposed by various American industries, including the hard pressed shoe and textile groups. They are arguing for more protection from import competition, not less.

But this far, the administration's position is stanchly in favor of freer trade. In this it has the support of major segments of American industry.

Washington appears convinced that the future growth of the American economy requires greater access to world markets; that substantially more businesses will prosper by trade expansion than will be hurt by it; and that American consumers will benefit through lower prices and greater choice of goods as a result of international competition.

THE ADMINISTRATION POSITION

The administration is taking the position that American industry can, in fact, compete successfully with less protection than it now has, provided always that other countries lower their barriers to an equivalent extent to give our products greater access to their markets.

For industries like textiles and shoes, so important to New Hampshire, the prospect of less protection is a nightmare.

Their determined efforts to see that the nightmare doesn't become a reality may be successful. It is too early to tell.

The choice facing the administration is this: If the United States wishes to get the tariffs of others lowered for our goods, we're going to be obliged to reciprocate—and some industries on both sides of the Atlantic and elsewhere in the world are going to be hurt.

DOUGLAS CREDIT CONTROL BILL

Mr. SIMPSON. Mr. President, the controversial truth-in-lending bill continues to misrepresent itself to the American public even though it has never cleared even the subcommittee to which it has been assigned.

The proposal was recently the subject of a press release by the Illinois Retail Merchants Association, an organization which "uses credit as a constructive force for essential volume."

These merchants, all of whom conduct their business in the State represented by the Senator who is principal backer of the misnamed truth-in-lending bill, have labeled the measure "the most mischievous current example of the effort for further Federal control" over the Nation's leading institutions.

In presenting a plaque and other awards to Illinois Attorney General William G. Clark, the Merchants Association scored the "mischievous control of credit by Federal agencies as contained in the Douglas credit control bill."

In that quotation, Mr. President, I suggest can be found a more appropriate title for a bill which is directly concerned with neither truth nor lending but which is directed primarily at Federal control of the credit which is so vital to American business.

I ask unanimous consent, Mr. President, that the press release of the Illinois Retail Merchants Association, dated November 6, 1963, be printed in the RECORD.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

DOUGLAS CREDIT CONTROL BILL

Top Chicagoland merchants who use credit as a constructive force for essential volume, today noon—November 6—honored William G. Clark, attorney general of Illinois, for his success in setting up a Consumer Fraud Bureau, at a luncheon held at the Mid-American Club, Chicago, under the auspices of the Illinois Retail Merchants Association, a major legislative backer of the essential statute.

In presenting a plaque and other awards to the attorney general on behalf of the merchants, John Barr, chairman of the board of Montgomery Ward & Co., and chairman of the event, struck hard at the "mischievous control of credit by Federal agencies as contained in the Douglas credit control bill."

His complete remarks are as follows:

"I am happy to recognize and salute the young, energetic, imaginative and personable attorney general of the State of Illinois. Bill Clark is the type of public servant who deserves contemporary applause and recognition—and, Bill, we are happy to have an opportunity to extend our share of both.

We, at our shop over on Chicago Avenue, are convinced that sales volume diverted from the channels of misrepresentation and fraud means more present and repeat business for all of us who attempt to conduct our businesses as merchants, in every good sense of that good word. We are particularly grateful, General Clark, for your Consumer Fraud Bureau which by making all proper efforts to protect the consumer, also protects the reputation of the good merchant, and means more sales for the honest retailer.

We are pleased, also, with your efforts to retain at the local and State level the responsibility for fighting and defeating the cancerous evils of fraud and deceit. Such local efforts inevitably must lead to less pressure for more control at the national level, for further federalization of our lives and our businesses.

The most mischievous current example of this effort for further Federal control undoubtedly is the so-called but mislabeled "truth-in-lending bill" being sponsored by the junior Senator from Illinois.

We appreciate, General Clark, that you and the Senator are members of the same political party. But I hope you won't mind our telling you that what you have done, and what you are doing, and what you plan to do to protect the consumer public of our great State is more practical and far more helpful to and protective of our people than any so-called truth-in-lending bill could ever hope to be. We, as merchants dedicated to serving our customers fairly and honestly, have a desire and a responsibility to clean our own house to the fullest possible degree. And to the extent that governmental help is necessary, we want that help at the local and State levels where bureaucratic costs can be held to a minimum and where the responsibility for protecting the good and for developing the wholesome growth of this great industry is more keenly felt and can be more closely watched over.

Finally, your efforts not to duplicate, but to augment the excellent work of our Better Business Bureau and our crowded courts, is leading to better cooperation on all sides. Our desire is to have Government and business and enforcement agencies working together as a team to create a more wholesome, productive atmosphere for the building of needed sales volume with the help of sound credit.

Illinois and Chicago are the consumer credit capitals of the world. We must protect the good name of credit. We need to fight, unsparingly, against those who would misuse and abuse credit, against those who, by their sharp and shady practices, are inviting impractical legislation which would make the extension of credit unprofitable for all of us who seek only to make this service available to our customers on an honest and legitimate basis.

The Illinois Retail Merchants Association invited, as participants in this evidence of regard for General Clark's program, a number of agencies who cooperated both in getting legislative acceptance of the fraud bureau statute and in continual efforts to protect the Chicagoland public against victimization. The guests included top executives of Chicago's daily newspapers, Ely Aaron, chairman of Mayor Daley's Human Relations Commission, Judge Benjamin Schwartz, formerly associated with the attorney general's office, and officers of the Chicago Better Business Bureau and the Credit Bureau of Cook County.

THE GOOD SHIP "SEQUOIA"

Mr. SIMPSON. Mr. President, on November 6 I dispatched a letter to the Secretary of the Navy requesting a list of the names of passengers aboard the Navy's pleasure yacht *Sequoia* during the time Mr. Korth was Secretary of the Navy.

I also requested this information by telephone, but I have yet to receive even confirmation of receipt of my letter.

It seems obvious now that the information I have requested will not be forthcoming through normal channels even though the *Sequoia* is not a ship of the line—unless it might happen to be the "party line."

Mr. President, I fail to perceive any valid reason for the administration's reluctance to divulge the identity of passengers aboard the *Sequoia*. It is not a fighting ship—it is a Government pleasure boat, fueled and furnished by the American taxpayers.

I ask unanimous consent, Mr. President, that my letter to the Secretary of the Navy be printed at this point in the Congressional Record with my remarks in the hope that its appearance on these printed pages will prove an inducement to the release of the information I have requested.

There being no objection, the letter was ordered to be printed in the Record, as follows:

November 6, 1963.

The Secretary of the Navy,
The Pentagon,
Washington, D.C.

Dear Mr. Secretary. Recent events have made it necessary that I request from you a list of the names of all persons who have been taken aboard the Secretary of the Navy's yacht, the *Sequoia*, during the time Mr. Korth was Secretary of the Navy.

It is my understanding that by necessity the Navy keeps a list of the names of all the guests who have been entertained on the yacht. This is a simple request and should be complied with quickly. It is important that I have the complete list by Monday, November 11, 1963.

Sincerely yours,

Milward L. Simpson,
U.S. Senator.

JOSE FIGUERES AT HARVARD

Mr. HUMPHREY. Mr. President, Harvard University and the United States are indeed fortunate to have my good friend Dr. Jose Figueres, a former President of Costa Rica, devote several months of his valuable time and wide experience to the teaching of Latin American affairs in this country. As a visiting professor at Harvard, Dr. Figueres has initiated a course which has been met with great enthusiasm by a body of sophisticated and critical students.

Dr. Figueres recently granted an interview to Bertram B. Johansson of the Christian Science Monitor. I ask that this incisive question-and-answer session be printed in the Record.

There being no objection, the interview was ordered to be printed in the Record, as follows:

[From the Christian Science Monitor, Oct. 23, 1963]

A VOICE FOR DEMOCRACY

(When a constitutional government in Latin America, which the United States has supported to the hilt, is overthrown by a military government defying the constitutional situation, what should U.S. policy be? Should it cut off foreign aid? Should it let conditions deteriorate and ripen for anarchy, communism, chaos? A Latin American examines the issues.)

(By Bertram B. Johansson)

José (Pepe) Figueres often describes himself with pride as a ropemaker and a farmer. His pride in being an artisan—he also is an engineer of note—is his way of being completely modest about his accomplishments as a former President of Costa Rica, a tough leader in the fight against Communists in actual battles in the late 1940's in Costa Rica, and now in the ideological battle throughout the hemisphere.

Dr. Figueres is recognized as one of the hemisphere's deep political thinkers and statesmen, and one who has had an influence on the gradual formation of democratic thinking and morality in Latin America, far beyond what many observers have yet acknowledged.

He has often been a consultant to Latin American chief executives and to American Presidents, including Presidents Eisenhower and Kennedy. When his advice has been followed, which isn't very often, it has produced good results.

Dr. Figueres raises coffee and sisal, the latter for his own rope and burlap bag factory over which he exercises a fond and meticulous supervision, guiding the complicated weavings, turnings, and twistings necessary in the manufacture of rope so that it will come out of the twisting machines twisted in such a way that it will lie straight.

WHO NEEDS CHESS?

I once asked Dr. Figueres whether he played chess, thinking that he might, with such an inquisitive mentality able to cope simultaneously with the current specific moves and the faroff grand plan. He replied:

"Why do I need to play chess when I have my complicated ropemaking procedures and the snarls and intricacies of Latin American politics?"

This fall semester, Dr. Figueres is a visiting professor on Latin American affairs at Harvard University. Students often applaud his lectures, which is unusual at Harvard on any sustained basis.

His talent is such that while he can describe the hemisphere as going up in flames at one moment and prophesy Cassandra warnings of doom if the hemisphere does not wake up to the Communist threat, he still can forcefully and logically affirm his strong belief in democracy, and convince others of its strength.

He is a short-range pessimist on affairs in Latin America, but a long-range optimist. One of his worries is that there might be some people in the U.S. Department of State who don't believe democracy can work in Latin America.

During the height of the Dominican Republic crisis of late September, when President Bosch was overthrown by a military coup, Dr. Figueres received phone calls from the Dominican Republic, from Presidents Betancourt and Orlich of Venezuela and Costa Rica, from Gov. Luis Múñoz Marín of Puerto Rico, talked with members of President Kennedy's official family in Washington, and was in touch with many figures in the moderate liberal movement in Latin America, pressing for the principle of not recognizing illegal and military governments, and supporting constitutional juridical principles.

Dr. Figueres, who usually reserves the last 10 minutes of his Harvard lecture periods for a brisk question-and-answer period, willingly submitted to an interview, a synthesis of which follows:

Question. Dr. Figueres, how do you feel about the military coups in the Dominican Republic and Honduras and the overthrow of President Bosch?

Answer. This is a serious setback in the march of democracy in Latin America—one more setback.

The first Dominican communique from the military said they had seized control because "incapacity was the order of the day, and unemployment, too." This phrase is very significant in Latin American affairs. The military often finds that incapacity is the order of the day.

UNEMPLOYMENT CAUSES UNREST

And unemployment, unfortunately, is an indication of the real causes of today's unrest in Latin America. Today's unrest is mainly economic. The political events, the social tensions are only consequences of a sick economy.

The trend of the moment in Latin America, I am sorry to say, is toward more military coup d'etats. I have been saying this in my articles in the last few months. I am very sorry every time a democratic and civilian government is overthrown, but I expect more to fall.

This is a wave in a long movement of the currents of democracy within history. This is an unfavorable wave. We have to expect it. We musn't be too disappointed.

The juridical system of democracy will eventually flourish, but for the time being the weakness of the Latin American economy is such that these things are bound to happen.

Question. How can you be so sure that democracy eventually will flourish, and that the problems are not insurmountable?

Answer. The problems are by no means insurmountable. I have been dealing personally with these problems of government by democracy and totalitarianism for a lifetime. And I have come to the conclusion, which is not wishful thinking, that democracy is not only acceptable but desired by most people, or by all people.

I would say that freedom is a luxury all human beings like to enjoy, that the capability of education is universal with the human being, that it is utterly pessimistic and negative to assume that some people, some countries, cannot live in liberty, or do not wish to live in liberty. You will hear this said, many times, that some peoples do not want, or do not deserve, or are incapable of handling freedom.

This is not true. There is a question of degree. The Anglo-Saxons may have a little more ability for adjusting themselves to order and freedom, but judging from what I have seen throughout the world, maybe more than from what I have read, because I want to use my personal experiences, these values are universal.

HEMISPHERIC COMPLETENESS

Question. How would you describe the importance of Latin America to the United States, and vice versa?

Answer. The Western Hemisphere—and I mean Canada, the United States, and Latin America—is destined to be a great factor in human history, and the sooner we are able to integrate in some manner, the sooner mankind will be benefited.

It is interesting to see, by means of a world map, the geographical as well as the historical importance of the Western Hemisphere. The Western Hemisphere is by far the most complete geographical area.

It is in the zones near the tropics that many of the products that are indispensable to civilization are produced. And it is only the Western Hemisphere as a whole that possesses both northern and southern regions, or temperate zones, and a wide tropical zone rich in sugarcane, coffee, cocoa, rubber, and other articles indispensable to our civilization.

Question. After a decade of dictators falling in Latin America, what would you describe as the reasons for this new wave of military governments in Latin America?

Answer. This is due to two causes.

Many people have been scared by the advance of the Communist revolution, especially since the Cuban experience in 1959 with the advent of Fidel Castro. This is one of the reasons there seems to be an encouragement toward military dictatorship again, both by the conservatives of Latin America and of the United States.

The second cause, which may possibly be even more serious, is the Latin American depression, a depression of which you do not read in this country in your newspapers because it does not affect the United States or Western Europe, but a depression which in some aspects is as bad as the depression of the 1930's.

STABLE PRICES CALLED NEED

Latin America, after a certain boom, or relative boom of prosperity, caused partly by the economy of the Korean war, went into a depression caused by the dropping of the prices of Latin American exports, particularly of coffee, which is its main export and the second export article in the world. It comes after oil.

And this affects directly at least 14 Latin American countries and indirectly all of them, and also affects all sectors of the economy, even though they may not be directly concerned with coffee.

It is incredible how much economic harm has been done to Latin America by allowing the prices of primary commodities to drop. And when I say "by allowing" I mean by the lack of international means of stabilization at fair levels of prices.

Question. What do you think of the $10 billion Alliance for Progress aid program in Latin America, which requires the cooperation of both continents in the hemisphere?

Answer. I think that if the Alliance for Progress—which is a good concept that I support—that if the alliance had paid more attention to raising prices of Latin American exports and raising wages within each country, this would have been better than relying too much on long-range plans of development and diversification. If prices of exports and if wages are not raised, we are going to have a decade of great economic difficulty.

The recent world coffee agreement is a good beginning. Unfortunately it came too late, and started at too low a level of prices.

The most important step in social improvement in poor countries is raising wages, and the most important step toward international economic justice is raising export prices.

Foreign financing of the capital deficit, and long-range planning, should be the complement of a basically sound relation with the developed countries.

LABOR URGES BUSINESS TO JOIN STRUGGLE IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, in the wake of the keen disappointment I felt when the House cut $150 million in Inter-American Alliance funds, it was reassuring to learn that the American labor movement is maintaining its program in Latin America and seeks to broaden its impact by urging American businessmen to do likewise.

Recently AFL–CIO President George Meany told the Chicago Executives' Club that organized labor, in a spirit of brotherhood and enlightened self-interest, is spending fully 25 percent of its entire income in its international program. This includes operation of training schools in Washington and elsewhere for Latin trade unionists as well as their support for a period of time after they return home to pass along their new knowledge.

Meany urged American business firms to help strengthen democracy in Latin America by learning to recognize the rights of the people and their unions. A private enterprise economy in which only the rich get richer, is inviting a Communist takeover, Meany stated.

Business apparently is seeing merit in the role labor is playing. David Rockefeller suggested recently a privately financed business counterpart of the Peace Corps.

It is entirely possible that in this vital battleground south of the border American labor and American business will forge a unity of purpose and action that will aid in freedom and economic advancement for the entire Western Hemisphere.

These facts alone should be evidence that we are being pound foolish in our foreign aid program at a time when the struggle is intensifying—not abating.

I ask unanimous consent that this speech by AFL–CIO President George Meany before the Chicago Executives' Club on September 20, 1963, be inserted into the RECORD. Also, to be printed in the RECORD two news stories relating to Labor's activity in Latin America and a transcript of a radio broadcast centering on the Alliance for Progress.

There being no objection, the speech, news stories, and transcript were ordered to be printed in the RECORD, as follows:

TEXT OF AN ADDRESS BY AFL–CIO PRESIDENT GEORGE MEANY TO THE CHICAGO EXECUTIVES CLUB IN THE CONRAD-HILTON HOTEL ON SEPTEMBER 20, 1963

I welcome this opportunity here today to discuss the program of the labor movement in the field of international affairs, because I am convinced it is one of our most important undertakings—possibly, in terms of the future of the world, the most important of all.

Let me point out at the start that this is not a new field for us. The proceedings of the second convention of the American Federation of Labor, held in 1887, included a report by the resolutions committee—duly adopted—that "friendly relations with European trades unions . . . be continued and encouraged." Obviously those relations had already been established.

Originally, I suppose, this grew out of our common heritage with Western Europe. Many of the early union leaders in the United States had come from Great Britain or Germany, where Marxist trade unionism had its beginnings. Although our labor movement developed along different lines, the old ties have remained strong. For instance, all through this century, and back into the 19th century, we have exchanged fraternal delegates with conventions of the British Trades Union Congress.

But there is another common bond among workers that is even stronger. The man who works for wages has a great deal in common with all other men who work for wages, whether they are in France or Japan or in East Africa. The wage levels, the conditions of life, may differ from place to place, but the basic circumstances are very much the same. If you work for wages you still need some kind of organization, some kind of common effort, to protect and advance the common interests of all. This was the beginning of the American labor movement's interest in other countries—as they phrased it in the last century—improving the lot of the workingman. And that was what we concentrated on, here and in other countries, almost to the exclusion of everything else.

In one sense this is still our basic goal. This is still the basic objective of a trade union. But in order to work toward that objective, we have had to broaden out. We have had to keep abreast of the tide of world events.

When that resolution was passed in 1887, the world was a much simpler place. At least it looked that way. The old A.F. of L. could concentrate on the condition of the workingman, because the framework of a free society was more or less taken for granted.

Yes, there were some restrictions on the freedom of American workers; but it was generally felt that they could be corrected in time, since there was freedom in the Nation as a whole. Yes, there was a czar in Russia, a Kaiser in Germany, and a great many kings and emperors in other countries. But only a few of them were absolute monarchs; most of them allowed some form of union organization, and besides, for almost two centuries prior to that, democracy had been cutting down the remaining citadels of royalty.

In short, it was possible to believe that if the labor movement just concentrated on improving the condition of the workers, it could, in a reasonable time, correct most of the shortcomings in human society. Freedom was on the march; labor only needed to catch up and keep up with the advance.

But then the tide began to turn. The Bolshevik triumph in Russia led to a regime that made the czar seem like Father Christmas by comparison. Mussolini's Fascists turned Italy into a police state. Hitler took power in Germany. Spain fell to Franco. And in small countries, a whole assortment of local strong men did away with democracy.

This was only the beginning. Through subversion and war, Hitler's Nazis crushed free societies in virtually every nation in Europe. After the war, "liberation" had barely been celebrated when the Soviets, in their turn, imposed an iron dictatorship on all of Eastern Europe from Latvia to Bulgaria.

For 25 years democracy gave way on one front after another, in one country after another, to totalitarianism of every kind—communism, fascism and some tinpot military dicatorships. The comfortable illusion of the past, that the triumph of democracy was inevitable and would take place of its own accord, was shattered. It was now obvious that democracy would not even survive unless it was vigorously defended—not just on the battlefield, but within the social structure of every country on earth.

These lessons were not lost on the labor movement. Far from it. We watched what was going on, not only as trade unionists, but as Americans, and this is what we saw.

In every nation which fell to a dictator—whether Communist or Fascist—the first objective of the dictator and his party was to destroy the nation's labor movement. Lenin did it; Stalin did it; Mussolini did it; Hitler did it.

And very recently, having stopped pretending to be a democratic reformer and showing his true colors, Fidel Castro did it in Cuba.

The very nature of a dictator requires that he must control the means of production in his country. You can't dictate to any country, whether the dictatorship is of the right or of the left, unless you control the means of production and this means controlling labor, and it means the destruction of free trade unions, because you cannot control labor if it is free to join one with another and create and use the trade union instrumentality.

Now, of course, American union members would be opposed to totalitarian governments in any case, simply because we are Americans. But their education has been advanced by the realization that trade unions can exist only in a free society. I think this helps to explain why American labor is anti-Communist, despite the Communist claim from the very beginning that they had set up a workers' state. American labor took the very simple position that there could not be a workers state if workers themselves are not free.

There is another side to this, which the entire business community ought to realize. Just as there are no free trade unions except in free, democratic nations, there is no such thing as a free, democratic nation without a free labor movement. Not today; not in any country that has been transformed by the industrial revolution. So, if some people are tempted to wish that unions would disappear, they should pause for a second thought. If our freedom is destroyed, it is inevitable that other segments of the community will disappear as well.

Let me emphasize that the labor movement did more than merely observe while all this was going on. The AFL–CIO, which were then separate organizations, both gave generous help to refugees from Hitler's terror—just as the AFL–CIO has done, in the last few years for the Cuban refugees.

When the war in Europe ended, AFL–CIO representatives and experts were among the first on the scene, seeking out the surviving trade union leaders—most of them were in concentration camps—and helping to rebuild democratic trade union movements. With the exception of the Marshall plan and the aid given by that plan, this was probably the most vital factor in saving Western Europe from a complete Communist takeover.

In 1946, for instance, after liberation found the French trade union completely in the hands of the Communists, a new movement was started known as "Force Ouvriere," and this movement and the financing of it was started by the American Federation of Labor. The appropriation was made to start the French movement as a break away from the Communist-controlled labor movement, and this is fundamental in our philosophy, when the Communists get control of the movement, get control of its machinery, there is no such thing, then, as trying to fight from within. You have to break it up.

Another contribution was made in 1947–1948, when our people were on the scene. In fact, the Mayor of Chicago was the major representative of American labor, and Joe Keenan who is quite well known here and is a vice president of the AFL–CIO, spent the better part of 4 years in Germany seeing to it that the German trade unions recovered their property which has been taken from them by Hitler, seeing to it that they developed their trade union movement along the lines which we felt would be most effective in fighting the Communist threat. And, whereas previously in Germany, as a historic fact, there had always been three divisions of the trade union movement, the so-called Christian movement, the Protestant movement, and the so-called social-democratic movement, through the efforts of American labor, through the efforts of the people we sent to Germany—and we even reached into the clergy in order to increase our influence—we created in Germany in 1949 the Western German Federation of Labor which embraces all of these various segments of the trade union movement.

Actually, the same thing happened in Italy in 1948 and 1949 where we took two rival socialist groups and we were able to get them to join with the leading Christian-Democratic group to form the Italian Federation of Labor. Here was another case where the Communists had infiltrated at the time of liberation and had taken over the machinery of the traditional old Federation of Labor.

The AFL–CIO, of course, cooperated in 1949 in the formation of the International Confederation of Free Trade Unions, which links democratic labor organizations in all the world's democracies. The ICFTU Solidarity Fund, to which the AFL–CIO is the major contributor, helps to create and maintain unions in the new underdeveloped nations of Africa and Asia. Affiliated unions of the AFL–CIO are active in the international trade secretariats, which bring together unions in the same industries or occupations throughout the world.

Twenty-five percent of the AFL–CIO's national income—plus a great deal more from our various affiliates—goes into these international activities. And the only reward we want, the only reward we seek, is the advancement of democracy in these various areas of the world.

I have given this background in order to demonstrate that our interest in other nations is of long standing, and is solidly built upon enlightened self-interest as well as our concern for workers everywhere. We take the position, under the democratic system in this country, the free trade union movement has been able to advance—advance to a greater degree than has labor in any other country on earth. This doesn't mean we are satisfied. We are never satisfied. We keep on trying to improve. But, under this system here in the United States, we have made greater advances for American workers than have the workers of any other land, and we want for that very selfish reason, if you please, to preserve this system, to preserve a system under which it is possible to have the instrumentalities of a free trade union working on behalf of the workers.

So, when we speak of working overseas, we do so, not out of a spirit of charity but out of a spirit of brotherhood and a spirit of enlightened self-interest, because if democracy is destroyed any place in the world, that very fact represents a continued menace to the preservation of democracy here in the United States.

In other words, if all Latin America were to go the way of Castro, moving right up to our borders on the south, would that not, in a sense, be a menace to the preservation of American democracy and of the American system?

This is the reason we are active overseas, because we seek the preservation of democracy throughout the world. We see it as something that is meaningful to the preservation of democracy here, just as we see countries going behind the Iron Curtain representing a menace to the preservation of our free society.

Now, let me turn to a specific project, one in which we take a great deal of pride and satisfaction, the American Institute for Free Labor Development.

Stated in its simplest terms, the purpose of this institute is to train young trade union leaders from Latin America and the Caribbean areas. Train them in the functions of a trade union, how to make it more effective; and train them, also, and this is most important, in the role that trade unions can and must play in building a free, democratic, and prosperous society.

This was our idea, but we are not carrying it out singlehandedly. The institute is a three-way operation. It is supported in almost equal shares by industry, labor, and the Federal Government.

This is very encouraging to us, this participation of business in this enterprise. You may wonder why, for example, a man like J. Peter Grace, president of the W. R. Grace Co., should serve as chairman of the institute's board of trustees. Presumably, stronger unions in Central America would mean tougher collective bargaining problems for the Grace Co.'s operations.

But we have come a long way from the days of the banana republics, when American companies, out of necessity sometimes rather than of choice, made their deals with local tyrants, without regard for the welfare of the population. Mr. Grace and others like him are well aware that the choice today is between democracy and Castroism in Latin America; and that, if democracy is to win, it must meet the needs and the desires of the people, starting with a higher standard of living.

Oh, I don't mean that the whole business community with interests in Latin America should become converted to trade unionism. For that matter, the whole labor movement is not yet converted to the idea of engaging in a joint endeavor with business. Shortsightedness is not confined to any one segment of our soicety, or to any particular calling or profession.

However, as I have indicated, the widespread acceptance of the institute idea has been very gratifying. And so have been the results.

Let me expand on that brief description of the institute I offered a moment ago.

The operation is centered around a school in Washington, which, since it opened in June 1962, has trained 150 young labor leaders from 19 different countries. These young men and women have come in groups of about 35 each for a 3-month program covering such subjects as the U.S. Government and democratic institutions; labor history; labor education techniques; collective bargaining; threats to unionism and democracy, such as communism and corruption, labor economics and the economic problems of industry and agriculture; special Latin American issues, such as the Alliance for Progress and probably the most important of all, the role of unions as an integral part of a modern democracy.

But even more significant is the school's multiplier effect. Resident training centers or seminar programs in Ecuador, Venezuela, Peru, Colombia, Brazil, Bolivia, Chile, Uruguay, and the Dominican Republic have already trained some 1,300 fighters for democracy. Additional programs are scheduled for the Argentine, Central America, Mexico, Jamaica. Much of the teaching is done by institute graduates who are supported by the institute for another 9 months, after graduation, if this is necessary, after their return home.

Meanwhile, another institute operation, its social projects department is rounding out the picture by aiding unions in building housing projects for their members, establishing credit banks and consumer cooperatives and other community institutions. This department is currently working on some 80 projects submitted by some 50 Latin American and Caribbean unions that represent some 15 million workers.

The first housing project under the Social Progress Division was in La Lima, Honduras, and was dedicated on August 24. New homes in this workers' project can be purchased for a little over $2,000.

We are devoting this particular attention to our southern neighbors because they are so clearly vital to this country's security. In that respect, Castro and Khrushchev may have done the United States a favor, and Latin America, too by bringing this infiltration of communism to the Western Hemisphere. Assistance to these people in the Caribbean and in Central and South America, can no longer be shrugged aside.

Actually, the bare facts about the physical operations of the institute cannot do it justice. These young people are not engaged in mere academic exercises. They are on the firing line—sometimes literally—in the struggle to turn back a well-organized Communist attempt to seize the labor movements in their own countries.

Let me give you just a few incidents.

Two of our graduates in Honduras have taken the Standard Fruit Co. union away from total Communist control after a 9-month battle, in which they were attacked in the Communist-controlled press and radio—and had their very lives threatened.

Several months ago, the AFL–CIO inter-American representative went to Honduras and suggested to one of the graduates that he, being faced with the daily threat of violence, might want to be moved to another job.

He said, "Don't worry about me. The Communists wouldn't dare kill me—I am too well known now. If they killed me they would just be making a martyr of me."

And he went back to work and won his fight by giving this union a free democratic leadership.

Six Institute graduates also played an important part in bringing about a popular victory in British Guiana against the Cuba-oriented Government of Cheddi Jagan.

Only 10 days ago we received a letter from a graduate who was evacuated and was returned to British Guiana in late August, after completing our most recent course in Washington. Let me quote from that letter.

"The trouble we are facing here you are well aware of. Already members of the Parliament in the British Guiana Government are attacking me at public meetings. However, I want to assure you that their threats, abuses and attacks will only propel me faster in the fight against any form of totalitarianism or dictatorship in the trade union movement."

The American Institute for Free Labor Development gives men like these a conception of the role they can play in obtaining the benefits due to them as workers, and in carrying their unions forward into full participation in the economic life of their countries, toward a free and better future.

Just a few days ago, David Rockefeller, president of the Chase National Bank, appeared before the International Management Congress in New York and advocated what he calls a businessmen's peace corps. This sounds like a good idea to me, and I hope he follows through and I hope it becomes a reality. As I interpret his remarks, his main idea is to export American business know-how, in order to promote the American way of life. This means, in a sense, he is trying to export democracy. This is what we are trying to do in our role and we certainly welcome an expansion of this effort on the part of American business.

This is the point at which a discussion of international programs—whether they are Government or private—runs into the question of free enterprise.

We think our position is very simple and very logical. We assert without reservation that the private enterprise system has served this country very, very well. We suport it; we are a part of it. It is true that we are sometimes accused of being socialists because we favor programs like hospital care for the aged under social security, or better minimum wages, or a 35-hour week. But these programs are not socialism; they are social welfare programs, and this of course is quite a different thing.

The American trade union movement is not interested in Government ownership of the means of production—which is what Marxist socialism means. We want to improve the American economic system, but we don't want to replace it with a different system; we want a better life for people who work for wages but we don't want to destroy the organization that pays those wages.

We like this system, and we are going to continue to like it until some better system is devised; and, up until now, all the efforts made over the centuries on the question of government, there is no system that has been produced that shapes up to the American system.

We heard, a few years ago, about the wave of the future; communism was the wave of the future. And we heard about the 5-year plan, and the second 5-year plan, and the third 5-year plan and so on and so forth. We heard Khrushchev say he was going to get more food for the Russian people. They were going to have more butter and more vegetables, and more meat than the American people. We have heard all of these things, and this under the system which is supposed to bring the millennium to humanity.

And what are the results? After 40 years of Communist rule, what do we see back of the Iron Curtain? Anyone who thinks that there is some real mature benefits under the Communist system that are not present under our American democratic system, let them go back of the Iron Curtain. They will need nothing more. Let them go just through the wall of East Berlin or through the gate, and they will see the difference. You will see the reason why the American labor movement has long recognized that the so-called dictatorship of the proletariat was nothing but plain, simple bunk.

However, in working with these other countries, I think we must realize and recognize that this country cannot build other nations exactly in the image of the United States. Their circumstances are undoubtedly different, their resources are different, and their problems are different, and their heritage, although it differs from ours, is just as important to them as ours is to us.

In one country, the most popular approach may be for a government to own public utilities. After all, plenty of local, county, State governments own public utilities in this country, or even the transportation system, or even, as in the case of India, it may be necessary for the government to own a steel mill to get their production up to where it might be meaningful. This is something that people in each country have to decide for themselves, on the basis of the best possible advice, for their own best interests.

We in the AFL–CIO do not even try to influence the structure of the labor movements in other nations. We teach the fundamentals of union operation, but how the pieces are put together is up to the people involved.

Our interest—and I repeat, we believe it should be the interest of all Americans—is in promoting free, democratic societies. If the people of a nation freely choose certain political and economic forms, and remain free to change them, we should not be concerned about the forms themselves. For they have the essential quality of democracy—self-determination. That, of course, rules out the antidemocratic totalitarian systems.

Now, I happen to believe that any country is likely to be better off with a large measure of private enterprise—and that applies to the workers as much as anyone else. There may be instances where a greater mixture of government enterprises is desirable, but in general, private enterprise has proved to be the most effective road to progress.

But we cannot just say "private enterprise" and let it go at that. The system has to work for the benefit of the people as a whole. In Latin America, as elsewhere, this means that the owners of business and industry have to learn to recognize unions, to bargain collectively and to accept the right of workers to strike. A private enterprise economy in which only the rich get richer is inviting a Communist takeover.

If Mr. Rockefeller's business peace corps can teach that kind of know-how, as well as industrial techniques, it will strike a telling blow for freedom.

However, I am not minimizing the traditional role of the business community, foreign investment. I would like to see more foreign investment in the underdeveloped countries, such as those where our Institute graduates are striving to build a better life for their people. Dollar for dollar, private money has a way of producing more results than government money in such undertakings.

Moreover, although I spoke a few moments ago about the probable need for more government ownership in underdeveloped nations, I have no sympathy for the expropriation of such investments once they are made. If a government decides it needs to own a facility built with American capital, it should pay a fair price for it—or be cut off from any further American aid of any kind. On this, I do not believe there can be any kind of compromise.

At the same time, American companies investing in these nations should be free from the spirit of "dollar imperialism." They have every right to expect a reasonable return; but they have no right to expect anything more than that, such as special protection against legitimate union organization.

What is needed are the kind of businessmen who have joined with us and with the Government in the American Institute for Free Labor Development—men who see that progress must be shared by all if it is to deserve the name. And, because they see this, they recognize the importance of a free, democratic, and effective labor movement in every free nation.

Since this is a wholly nonpolitical occasion, perhaps I may use a nonpolitical quotation from a man who is, among other things, a political figure—the President of the United States. He said in a message to the students at our most recent Institute class:

"The destruction of the free trade union movement has been a prime target of the Communist movement. Once the free trade union movement is controlled by a totalitarian state, permitted only to endorse the purposes of the state, the trade union movement is destroyed, and so is democracy."

This is what we believe; this is what we are determined to prevent, through the Institute and all our other international programs. And in this we invite the active help and cooperation of American business.

For after all, while unions and management may quarrel over the terms of a contract; while the AFL–CIO and business spokesmen may be deeply divided on a wide range of domestic issues, from fiscal policy to Federal housing, they should stand together in the great struggle of our times, the struggle that will determine the future and perhaps the survival of mankind.

There are times when management and labor may differ on the details of freedom—when each of us feels the other is taking some of his freedom away. But our devotion to freedom itself, and to its finest expression, the democratic way of life, is identical.

Therefore, what we in the AFL–CIO are doing, in Latin America and around the world, is in the best interest of American business as well as that of American labor; so we are doing it not for ourselves alone, but for the cause of human freedom all over the world.

[From the New York Times, Sept. 17, 1963]

Role of U.S. Labor Grows in Latin-Aid Program—13 Million in Loans Approved by AFL–CIO To House Workers in Three Countries

(By Tad Szulc)

Washington, September 16—The U.S. labor movement is playing an increasingly important role in assisting the Alliance for Progress in Latin America through direct cooperation with local trade unions.

The effort is still little known in this country. According to its sponsors, the American Federation of Labor and Congress of Industrial Organizations, it is making a noticeable impact, turning Latin workers away from Communist leadership and helping them develop their own welfare projects.

The movement, which uses both funds and technical assistance, operates through the American Institute for Free Labor Development. It also works closely with the office of the U.S. Coordinator for the Alliance for Progress.

The institute was created in 1960, but its social projects department has been fully operative for only a year. It is administratively financed in equal parts by the AFL–CIO, the U.S. Government and the business community. George Meany, head of the AFL–CIO, is president and J. Peter Grace, president of W. R. Grace & Co., is chairman of the board.

The social projects department reported that in the year ended last month the American labor movement committed about $13 million in direct loans for workers' housing in Mexico, Peru and El Salvador.

The loans, coming from AFL–CIO welfare funds, carry a 100 percent guarantee from the Administration for International Development.

In Mexico the labor movement has obligated $9,569,000 for a housing cooperative for the Graphic Arts Workers Union in Mexico City. The Government has guaranteed full repayment in dollars. The Mexican Government has also donated land for the 3,104-dwelling project in the Balbuena district of Mexico City.

In Peru, where the institute has assisted in the creation of a Workers Democratic Alliance for Cooperative Housing, the AFL–CIO has committed $3 million. The U.S. Government is supplying $6 million in addition through the Alliance for Progress.

In El Salvador the labor movement is contributing $400,000 toward a $1 million workers' housing project directed by the Alliance for Progress.

William C. Doherty Jr., director of the social projects department, said today that the labor movement was prepared to lend an additional total of $15 million for workers' housing in Argentina, Chile, Colombia, Uruguay and Ecuador under the U.S. Government guarantee.

In some instances, labor is matching U.S. and local funds. In others, it will cooperate with the Inter-American Development Bank.

The AFL–CIO is also seeking to develop savings and loan cooperatives among the workers in Latin America. The institute insists that a benefiting worker put into savings at least 5 percent of the total value of his home; that the land represent only 25 percent of the value of the home and its improvements, and that the worker pay a maximum of 25 percent of his regular family income toward the home.

The institute is also assisting unions in Latin America with the development of housing blueprints and the preparation of loan applications to the aid agency in Washington.

Mr. Doherty said workers in several unions had deposed Communist leadership after the institute had advised them that no assistance would be forthcoming so long as they were led by nondemocratic elements.

[From the New York Mirror, July 3, 1963]

How U.S. Labor Aids Alliance for Progress

(Before Victor Riesel left on a news-gathering tour of South America, he asked AFL–CIO President George Meany what he believed to be the most exciting development in Latin America. Here is Mr. Meany's answer.)

(By George Meany)

Washington, July 2.—The one most persuasive reason why I agreed to be a guest columnist for Victor Riesel this year is the area he is visiting on his annual oversea trip.

Latin America occupies more than half the Western Hemisphere. The southern tip of Texas barely dips below the 26th northern parallel; from there to the equator, and the whole stretch from the equator to land's end at Tierra del Fuego, is Latin territory.

Latin America is not only vast in size but, because of its location, if for no other reason, obviously of vast importance to the United States. Yet, until comparatively recent years, our country made no real effort to make friends of our southern neighbors on a basis of equality and mutual respect.

It would take the space of many columns to review that unhappy story. Rather than do that—or even to recite the better record of the labor movement—let us look at the more promising present.

Through the Alliance for Progress program the United States is at last making a comprehensive effort to create the economic, social, and political conditions that will make stable, democratic societies possible in Latin America. The program is far from faultless, but it deserves the interest and support of us all.

There is another Latin American program underway as well—one that is in some ways more dramatic. It is being conducted by the American Institute for Free Labor Development, now slightly more than a year old.

This institution was conceived by the AFL–CIO and is supported by funds from labor, business, and government. As its own statement of purposes declares, it is "dedicated to the strengthening of a free society through the development of free and democratic trade unions in the Americas."

In the narrow sense the Institute is a school. The students are young, freedom-loving Latin American trade unionists, carefully chosen by their own labor organizations in consultation with the Inter-American representatives of the AFL–CIO. They are brought to Washington, 35 or 40 at a time, for a 3-month course that embraces both union techniques and the successful practice of democracy. Those who graduate are then supported for 9 additional months, back in their own countries, to assure them of a chance to begin putting what they have learned to good use.

This is not a brainwashing operation, intended to dictate a course of action. Each applicant for admission must first have devised a project he hopes to carry out. Thus the Institute's role is to assist these young Latin Americans to do more effectively what they had already decided should be done.

Three classes have been graduated thus far, and a fourth is now underway. But the real story is not what goes on in Washington. The real story is what your touring columnist, Victor Riesel, will discover on the Latin American scene, both on the mainland and in the Caribbean islands.

He will find some 120 young men, the first three classes graduated by the Institute, creating and strengthening free, democratic unions where they had never before existed.

He will find them locked in battle against the Communist infiltrators trained in Castro's Cuba.

He will find them, preaching and teaching the democratic way of life, holding classes where their countrymen can learn how a union works, what democracy means, how to spot and smother Communist tactics, how to guard against dictators and demagogs from the right or the left.

He will find trade union training schools, schools for democracy, in Venezuela, in Peru, in Panama, and half a dozen other nations. He will learn that the "multiplier effect" of Institute graduates, 35 or 40 of them every 4 months, is likely to alter the whole course of history in Latin America.

Nor is this a static operation. The day is in sight when all the primary training will

be done in the Latin American schools, manned largely by Institute alumni.

To me, this is one of the most exciting undertakings in the history of the labor movement, for the future of more than half a hemisphere depends upon it.

LATIN AMERICA IN DANGER

Participants: President John F. Kennedy (report to the people on foreign aid); Teodoro Moscoso, U.S. Coordinator for the Alliance for Progress; Moderator: Harry W. Flannery.

Mr. FLANNERY. "Washington Reports to the People." President Kennedy on the House cut of half a billion dollars in foreign aid:

"President Kennedy: Under the terms of this bill, hopeful social and economic progress in Latin America will be stalled and our shield against Communist aggression in this hemisphere will be weakened. It will mean that the Soviet Union will be giving almost as much assistance to the small island of Cuba as the United States is to the whole of Latin America. This is no way to defeat communism in this hemisphere."

Mr. FLANNERY. What about the effects of the cut on the Alliance for Progress? The U.S. Coordinator of the Alliance for Progress, Teodoro Moscoso, answers for this radio station and the American Federation of Labor and Congress of Industrial Organizations. The interview is in Mr. Moscoso's office in the Department of State here in Washington. Your reporter, Harry W. Flannery. Mr. Ambassador, if the Senate went along with the drastic House cuts in foreign aid, would the Alliance for Progress be seriously affected?

Mr. Moscoso. Well, it has already been affected, psychologically speaking, of course, by the cut in the House, in Latin America. We are getting reports on editorial comment from prominent Latin American newspapers to the effect that there is a degree of disenchantment setting in with regards to the Alliance and to the creditability to the promises that the United States made at Punta del Este back in August 1961. I think that we can recoup and our image can be restored if the Senate gives us back a substantial amount of the cut made by the House.

Mr. FLANNERY. Is it true, Mr. Ambassador, as the Clay Committee indicated, that the Alliance couldn't use all the money originally requested?

Mr. Moscoso. One of the reasons why some of the Members of Congress believe that we cannot use these funds, and I believe the same reason applies to General Clay's statement is that last year we did not use a little over $50 million of our appropriation. We didn't use it because we didn't think we could use it prudently. Now, I think that when a program is being administered in such a way as to get the utmost effect out of the taxpayer's dollar there should be confidence in the people who are administering the program and instead of cutting the funds for the next year, the funds that have been requested should be approved.

Mr. FLANNERY. I suppose the recent military revolts in Latin America haven't helped the situation?

Mr. Moscoso. No, they certainly haven't. They have set us back, politically. Hopefully, we again may be able to come out of this very bad setback in such a way that we not only can recover but obtain some advantage from this experience. For instance, I can see where the democratic forces in Latin America will probably rally to the call of danger to the threat that democracy may disappear from the hemisphere unless those who believe in it defend it. I think that since the Alliance for Progress precisely encourages democratic forces, this is the time for the Congress to approve the funds which will permit the Alliance to move forward at utmost speed.

Mr. FLANNERY. Mr. Ambassador, is it true that foreign aid really means jobs and it also means the prevention of the spread of Castroism in Latin America?

Mr. Moscoso. Well, there is no doubt that a very substantial number of jobs are created by the aid program right here in the United States; approximately 50,000 jobs are pretty much dependent on the aid program because we do not send dollars to Latin America—dollars do not help Latin America or the rest of the underdeveloped world. We send machinery, equipment, commodities of all kinds and, obviously, in the production of these commodities and of this equipment and machinery and so forth, Americans are employed. Now, to say that the program, insofar as the Latin American part of it is concerned, addresses itself to destroying Castroism, I think we are putting the cart before the horse. I think what we are trying to do is create independent Latin American nations and, as a byproduct, we will, undoubtedly, reduce the appeal of Castro-communism.

Mr. FLANNERY. Might not a very effective appeal also be, Mr. Ambassador, the fact that this is a moral responsibility of the United States?

Mr. Moscoso. Well, yes. I think that both things should be done. I must say that a moral appeal is being made in this country in the good traditional democratic manner by private groups. I think there is hardly a community in the United States where some civic group hasn't come out for foreign aid and has supported it for humanitarian reasons.

Mr. FLANNERY. Tell us about some of the conditions in the urban slums, Mr. Ambassador, if you can take a few examples.

Mr. Moscoso. Well, in the case of some of the cities of Latin America, a rim of huts which are given rather picturesque names, depending on what country you are talking about, surrounds these capital cities. In many instances, no water is available, the death rate is very high, the average lifespan is very low, the literacy rate is also very low and, in general, a feeling of desperation permeates the atmosphere of these slum areas. That is why, even from an economic point of view, housing may be a low productivity investment. We are interested in helping Latin American countries begin to attack this problem of slums. We have a very strong program in Latin America of housing construction, both the AID agency and the Inter-American Development Bank have put up close to $250 million in the past 2 years to assist Latin America in beginning to solve this problem.

Mr. FLANNERY. Has the American Institute for Free Labor Development, Mr. Ambassador, been a help in the progress of the program in Latin America?

Mr. Moscoso. Yes. The Institute has been working very closely with the AID agency and with the Latin American countries in two major ways: First, of course, the Institute runs a series of training centers, both here in the United States and in the major countries of Latin America to train democratically oriented labor leaders. About five groups have already been graduated from the U.S. center, and a new building is going to be dedicated within the next few days to house the Institute. We now have branches of this training center in five Latin American countries and, hopefully, we will get branches in other countries. Now, the second major thrust of the Institute's effort is in the social service field, primarily in assisting democratically oriented labor unions in putting together housing developments for the members of the democratic labor unions in that area.

Mr. FLANNERY. Has there been a change, Mr. Moscoso, in the attitude of the wealthy class in Latin America? Many have opposed reforms, as we know, and some had even lacked a national spirit so much that they were sending their money over to Swiss banks.

Mr. Moscoso. We have evidence of a number of very wealthy Latin Americans beginning to recognize their social responsibilities, which come with great wealth, and not only are they no longer, in many instances, opposing reforms but, in some instances, they are espousing reforms or leading them. Now, hopefully, as the program progresses and as these more privileged classes realize that it is in their self-interest to see that the masses of the people get a better break, we are going to see an increasing response of the wealthy classes to the social needs of their country and a greater participation and even the providing of more leadership on their part for the undertaking of reforms.

Mr. FLANNERY. One of the needed reforms is tax reform. Has this been accomplished to some extent?

Mr. Moscoso. Over 11 countries already have very substantial tax reforms either on their way or about to be undertaken. We should give them credit for having initiated so strongly and so well tax reform programs in some of their countries.

Mr. FLANNERY. Mr. Ambassador, you are suggesting that the Alliance for Progress has made considerable progress. Is this the case?

Mr. Moscoso. Well, I would say that it has made a lot more progress than the people who criticize the program are willing to concede. The ability is there now—140,000 houses have been built, 8,000 schools, 12,000 miles of road, we are now conducting school-lunch programs and other child-feeding programs among some 15 million people in Latin America. Even more important than that, I think that the Alliance is starting to take psychologically—it is starting to penetrate. It is becoming the object of sometimes acrimonious debates but that is all right; that is fine. I think that it is good that a program of this impact and of this dimension be debated and those who are against it have every right to say so, but those who are in favor are now coming out and defending it. And that is one way of making a program of this type well known.

Mr. FLANNERY. What is the hope for the next several years, Mr. Ambassador?

Mr. Moscoso. Well, in the first place, I hope that a greater degree of political stability will be achieved by the knowledge that the Government of the United States will not give economic assistance to military governments that unseat a democratically elected government. I think that with a greater degree of political stability, it will be able to perform much more rapidly in the economic and social field. Many countries will have introduced reforms within the next few years and many of them will have finished their national economic and social development plans, and it will be much easier then for our Agency and other credit agencies to finance these programs as they are embodied in these long-term plans.

Mr. FLANNERY. Thank you, Teodoro Moscoso, Coordinator of the Alliance for Progress. This interview was in Mr. Moscoso's office in the Department of State here in Washington. This is Harry W. Flannery inviting you to listen each week at this same time for this public-service program, brought to you by this radio station and the AFL–CIO—"Washington Reports to the People."

CHALLENGE IN LATIN AMERICA

Participant: Joseph A. Beirne, president, Communications Workers of America.

Moderator: Harry W. Flannery.

Mr. FLANNERY. As we see it.

Mr. BEIRNE. The American people are getting tired of carrying the burden of foreign aid, so we slash by $500 million off Latin America. The result will be that 15 years from now we can carry the burden of the war that will go on, of the troops that will be necessary.

Mr. Flannery. Joseph A. Beirne, president of the Communications Workers of America, and secretary treasurer for the American Institute for Free Labor Development. In his talk to the 36th annual conference of the Catholic Association for International Peace on "The Christian Challenge in Latin America," Mr. Beirne called upon the Congress and the American people to preserve and continue the Alliance for Progress. Mr. Beirne warned that without action in the United States and reform in Latin America, Latin America will go Communist. For this radio station of the ABC network and the AFL-CIO, he declared:

Mr. Beirne. It was in the days of Franklin Roosevelt that we made famous the good neighbor policy. What is the good neighbor policy? To shake somebody's hand and say, "Go ahead starve, fellow. I am with you. I am your friend. I am here today and gone tomorrow. I will come visit you once in a while. I will eat your food and compare it with mine and tell you how lousy yours is." Is that a good neighbor policy? To me it's not. To me the significance of Latin America in the U.S. affairs has not come home to our political leaders.

One of the greatest things that has received a boost was Kennedy's declaration of the Alliance for Progress. What do you think is the result, when people see that only 2 years later the politicians of America got tired of Latin America and are not going to provide any more money?

This is really no coordination; those in the AID program, like Ambassador Moscoso, are trying desperately to do a job, but are frustrated at every turn of the game. And by what? Basically by the apathy of the American people. It all starts there. Those fellows in Congress just reflect what they have found out, in whatever way it is that they find out what you and I think, and their judgment so far this year has been that the American people want the Congress to do nothing. The American people are getting tired of carrying the burden of foreign aid, so we slash $500 million off Latin America. We began something here for, it is my belief, that every American has an obligation and responsibility to do his part in the whole world scene, as well as Latin America but particularly in Latin America because we are connected to the continent. We have the obligation to sacrifice, and I mean sacrifice the way in which, at times, it hurts us, not the lipservice that is so often given by too many who are in a position to give more than lipservice.

Mr. Flannery. The secretary treasurer of the American Institute for Free Labor Development told of the beginning of the institute.

Mr. Beirne. We have got workers who are leaders—some 16 of them—from 12 countries. From our own resources we trained them for 3 months in the fundamentals of democratic trade unionism, the responsibility that goes with leadership and that goes with what they call power. Having trained them for 3 months, we carried them for 9 months on our payroll and had them go back to their own native lands to transmit to their own colleagues that which they retained from 3 months of training.

Our experiment worked. Of those 16 men—15 of them stuck it out—for they had to leave their homes and their families to come up here for 3 months and when they returned they had to stay away from their homes and their families as they traveled throughout their country, not on fast jets and planes and 19-foot cars—like we have in the United States—but sometimes on the backs of mules, sometimes hoofing it—walking it all the way—20 miles, 30 miles, 40 miles, living in the fields. They made the sacrifice of staying away from their homes to teach their own colleagues. And we were greatly impressed with what was revealed as the capacity of those men—people down there—to sacrifice in carrying out the philosophy, the words and the ideas of free men.

So, a few years later, with a grant from the executives council of the AFL-CIO, securing the services of a professor from the University of Chicago, we studied the whole problem of setting up an institution, a continuing institution to carry out this kind of work. For the last 18 months to 2 years, we have such an institution. It is called, as your program suggests, the American Institute for Free Labor Development.

It's an organization in which the American labor movement, through the AFL-CIO was able to convince certain enlightened business leaders, certain men in the public domain, certain professors in North America and in South America, to join together in a board of trustees for the purpose of raising money to carry out, on a continuing basis, the education, the work attached to carrying the message of free institutions under law.

I am happy to be able to tell you that the pattern is the same as I outlined in our first experimental class 3 months ago here in the United States. Likely candidates have been sent to Israel and to Germany for 3 more months to pursue studies of certain aspects of movements that can be carried out in Latin America like the cooperatives, the credit unions. They had their further studies and then spent the balance of their time on internship, paid for by the American Institute for Free Labor Development, to carry out their work in their own country.

We have had four such courses up here in Washington. One hundred and fifty-one people—mostly men, some 11 women—spent their 3 months up here and are now down doing the job in Latin America of reaching others in their own native lands. We have a class that starts this Monday morning, right over here on 19th Street, off Connecticut Avenue, for those who come from Washington, in the old John Hopkins School for International Studies—the American Institute has taken over one of their buildings—and Monday morning, 31 more will be going through the fifth class for 3 months.

At the same time, we established institutes down in Latin America; we have some 11 already in operation in 11 different countries. through those 11, we have already trained 1,682 men and women. What are we teaching there? We are trying to teach them that which is lacking in the curriculums of Latin America. Not only how to set up free institutions, not only how to fight to maintain them and continue them, but also that which has been lacking in Latin American life, the responsibility that goes with leadership—responsibility to an organization, responsibility to people, responsibility to a nation, responsbility toward the carryng out of an idea.

We remember reading in our newspapers here a few years ago about Richard Nixon, when he was Vice President. He went to Latin America and was stoned and spit on. Well, it took us, through our own means, about a month to determine that there were only four people—none of whom came from the nation—who organized that whole demonstration. Four Communist-trained men. And they were able, in a short period of time, to get hundreds of people, who didn't know who Richard Nixon was any more than they know what constitutes the powers of a nuclear warhead, but who were ready to spit at, ready to throw stones at him, as we remember seeing on our television and in our newspapers. Four Moscow-trained agents.

Now, the American Institute for Free Labor Development has only been in existence, as I say, operating for about 18 months or 2 years. The Communists have been there for 10 years. Thousands of men were taken to Warsaw, to Moscow, some used to go to Peiping before the big split, trained not for 3 months, trained for a year, trained for 2 years. What will be one of our big problems in Cuba? Two years ago, 3 years ago, the whole fourth grade of the public schools—practically every child—was shipped over to Moscow to go to school. Many of them haven't come back yet. Now, when they come back, and they go to the schools in Cuba today, you and I should both know that when they grow up and reach the age of 16, 17 or 18 they will be dyed-in-the-wool Communists of the type that you can't touch. They have so many trained already that they are exporting them to other parts of Latin America.

Our universities in the United States have been doing a lot of things, but not enough. What we are doing is not enough.

Mr. Flannery. Joseph A. Beirne, president of the Communications Workers and secretary-treasurer of the American Institute for Free Labor Department, cosponsored by the AFL-CIO and American business leaders, in a talk at the 36th annual CAIP conference at the Sheraton-Park Hotel in Washington.

This is Harry W. Flannery, speaking for the AFL-CIO and inviting you to be with us next week at this same time for "As We See It." This program, a presentation of ABC public affairs, has been brought to you by the ABC radio network and the affiliated station to which you are listening.

LATIN AMERICAN INTEGRATION

Mr. HUMPHREY. Mr. President, the Alliance for Progress represents, as I have stated earlier in this debate, the most important part of our foreign aid program. In the continuing struggle for political and economic improvement now going on in Latin America, there are many problems to be solved in this crucial area and one of the foremost is the problem of economic integration.

The President of the Inter-American Development Bank, Mr. Felipe Herrera of Chile, a man well acquainted with the problem of economic integration in Latin America, recently discussed the problem in a lecture at the University of Chile.

With the notable exception of the Central American common market, the 20 separate nations of Latin America have thus far had little success in coordinating economic and political decisions essential to the process of development. The discouraging and frustrating effects of this unsatisfactory arrangement have been felt here in the United States as well. In carrying out development programs such as the Alliance for Progress, we have been hampered in our efforts by the lack of cooperation and coordination among the states of Latin America. It is a grave error to imagine that such programs can achieve maximum results under the existing situation. As Mr. Herrera says:

> This is the error of believing that it is possible for a country as expansively developed as is the United States (which in effect is an integrated nation comprised of 50 States) to have a relationship without frustrations and mistrust with each of the 20 disunited countries of Latin America.

Both interested Americans and Latin American development leaders realize that only through integration can Latin America become an equal partner in the Alliance for Progress.

Several organizations in Latin America have begun to lay the groundwork for the first necessary steps toward integration. These groups are working to coordinate monetary and fiscal policies and to attract more private investment in Latin American development programs. An attempt is also being made to encourage freer trade among the nations of Latin America. This program would utilize the experience of the Common Market nations of Europe to establish a Latin American common market, an arrangement which I have advocated on the floor of the Senate.

The Inter-American Development Bank has acted as a central coordinator for all agencies interested in Latin American integration. A concerted effort is now being made to obtain maximum use of the technical resources of each agency in order to attain the common objective of integration. These measures represent only a beginning of the solution of the problem of Latin disunity.

This whole problem of Latin American economic integration is being discussed this week at the meeting of the OAS Inter-American Economic and Social Council in São Paulo, Brazil. I hope that out of this conference will come some guidelines for hastening economic integration on the South American Continent. It is time for South America to catch up with its Central American neighbors.

I ask unanimous consent that Mr. Herrera's address, "The Financing of Latin American Integration," be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

The Financing of Latin American Integration

(Address delivered by Mr. Felipe Herrera, President of the Inter-American Development Bank, at the University of Chile, May 22, 1963)

Mr. President, ladies and gentlemen, President Gómez Millas was perfectly right when he said that it is pleasurable and rewarding to rise to positions of responsibility so that one may be able, even if partially, to realize the dreams of one's youth. Therefore, I am deeply grateful to all of you who have shown a willingness to listen to me this afternoon here at the University of Chile, my alma mater, where on so many occasions we, the men of my generation, discussed our dream of Latin American unity. True, it was not a dream of our own making, for it had also been cherished earlier by the generation of 1920 under the leadership of Santiago Labarca, with the same impassioned faith with which the youth of today continue to cherish it in these same halls. The only difference is that today the events of history have provided positive steppingstones toward giving tangible form to those ideals, to such an extent that in this momentous period in the life of Latin America, we are talking concretely of the unification of our countries.

As I look back and think of the ideological inspiration of those past generations; as I recall the times, not so long ago, when the necessity of our integration was nothing more than a theory advanced in the lecture room; as I compare that situation with the position today, when we can meet to discuss in concrete terms "the financing of Latin American integration," I cannot help but urge you to ponder on the tremendous process of acceleration that has occurred.

THE UNIVERSITY'S TASK: GIVE INTEGRATION PHILOSOPHICAL AND POLITICAL SUPPORT

Aside from these personal reasons which are so dear to me, I am also happy to have this opportunity to meet with you here, because in my travels through Latin America I have made it a habit to visit the universities. I believe that in these turbulent times, these times of heated debate, of the violent clash of ideas, doctrines, and attitudes, it is in the Latin American university that we still are able to communicate. Tolerance must be protected there where the unceasing restlessness of the young people is combined with the positive accomplishments of the more mature generations.

In that always significant and fruitful dialogue that I have been holding with Latin American university groups, I have noted that, along with the pragmatic concepts of integration, there is a desire—a desire not yet expressed in so many words—to nourish those technical schemes with a philosophical and political line of thought that will endow integration with the sense of cohesion it now lacks. We want a kind of integration that will go beyond that based on the concepts of the common market, regional planning, coordination of monetary policies, customs agreements, and other such arrangements. What is urgently needed is an overall design that will bind together Latin America's materials needs with clearly defined philosophical and political concepts such as will give meaning to the unitary solution. I should like to make my words forceful enough to encourage not only the young students but their teachers as well, so that through their thinking, through their intellectual processes, we, the men of Latin America, might be able to find that philosophical and political content so sorely needed in the present-day life of our hemisphere. Such a synthesis is essentially a task of the university. It is the inspiring task which the universities of Latin America have today within their grasp.

TOWARD A HEMISPHERIC NATIONALISM

It is from such perspective that we can speak, as indeed we are speaking, of a hemisphere nationalism in Latin America; a nationalism that comes, not as it did in times gone by, from dismemberment, from atomization, from the proliferation of frontiers, but from a concept and process of reintegration.

I had occasion some months ago to outline these ideas at the University of Bahia, when I said that "Latin America is not 20 nations; it is 1 great dismembered nation." It may be added that there are many cases in history where the tendency toward national identity has been nourished not by the idea of separation or the desire for individualization but rather by a tendency toward association, a movement toward a new rendezvous with a historic destiny clearly indicated by centuries of time but lost from sight or thrown off course by events. If one seeks a current example, one need only look at the process of reunification now at work in the old Arab world which in recent centuries had been fragmented.

However, we must make it very clear that this hemispheric nationalism cannot be a mere emotional concept based on the spiritual ties and mutual interests of our countries. It is not the old nationalism—bound by the traditional canons that identify the people who comprise a state by their similarity of origin and custom and by their common love for the land lying within the national borders—it is not that type of nationalism that should be translated to the hemispheric level, simply by exchanging narrow borders for wider ones. We must be able to give the new concept of integrated nationalism a dimension in depth that will cause the process of integration to produce a genuine impact on the great masses of the Latin American people, on their welfare. Otherwise the idea of integration will be nothing more to those people than theoretical discourses from the study halls, far removed from their interests and their prospects.

The integration of Latin America must not be looked upon as an alternative to the urgently needed structural transformation which, to a greater or lesser extent, should be initiated, carried out, or completed in our countries. Integration must not be regarded as the remedy that will make it possible to overcome the present crisis without facing up to the integrating task itself from within, from its very roots. We must not forget that despite all the progress made by our hemisphere in the process of acculturation, in its effort to bring great groups of marginal populations into civilized life, Latin America still has an illiteracy rate of 40 percent; that is, 40 percent of the people still have not been integrated into the scale of ideas and values that determine the trends of public opinion among the more culturally advanced groups. Let us not forget that there are still some 20 million Latin Americans who live under the most primitive conditions, equivalent to those that prevailed among the indigenous precivilizations that antedated the more developed ones found by Columbus and those who followed him. To them, clearly enough, this recovery of Latin America through its process of integration has and will have no meaning if at the same time they are not incorporated into the cultural and material way of life that will identify them with and bring them into the more developed sectors. Integration must simultaneously have both depth and breadth. The mystique of hemispheric nationalism will create fraternal bonds among the Latin American masses when they become fully aware that integration is not only going to give them a common market but will also widen their horizons toward well-being and hope.

It is certain that without integration there will be no economic development in Latin America. But I would venture to say with equal emphasis that if at the same time we fail to create the social conditions appropriate to development; if our countries fail to transform their structures; if they do not achieve a better distribution of national income; if they do not expand the benefits of education; if they do not improve welfare and health conditions, we shall likewise have no integration.

It is dangerous to distort the meaning of integration—as certain groups, by definition its enemies, are seeking to do—by claiming that the process of integration can be turned into an alternative for the responsibility that is incumbent upon modern governments to satisfy the demands and needs of the great masses who aspire to something better than their present situation. It is necessary to insist that if on the one hand we shall find the solution for many of our problems only through integration, on the other hand it is imperative that the benefits of integration be distributed and spread out among all levels of Latin American society.

INTEGRATION AND THE ALLIANCE FOR PROGRESS

What I have just said is closely related to two topics that have come up in practically all the conversations I have had in Chile in the course of this official visit as President of the Inter-American Development Bank, whether with high Government officials, with outstanding representatives of private enterprise, representatives of labor and cooperatives, men from the various regions of the country, with the authorities, or with the faculty and students at the universities. These two topics are the Alliance for Progress and the Latin American Free Trade Association. And obviously there are concepts and opinions about them that merit analysis.

The Charter of Punta del Este, which set the legal framework for the Alliance for

Progress, attempts to lay out the common paths by which the Latin Americans may advance to find new horizons. Thus, there is clearly a connection between the Alliance and the concept of integration that I have defined.

In the conversations which I mentioned, the attitude of my questioners has been the same in essence although cast in different molds: "The program of the Alliance is not working out, or it is working badly, or it is a failure, or we have no faith in its results."

At first glance, and from the way in which the problem is brought up, it is not difficult to appreciate the reason for such opinions. And still further, if the program of the Alliance is regarded as a unilateral decision of the United States to provide assistance to the countries of Latin America through bilateral arrangements with each of them, one can perfectly well explain the feeling of frustration to be noted on all sides.

If the program of the Alliance for Progress were of that ilk, it would not be worth the trouble it took to formulate it. The Alliance would have no reason for being, had it not been conceived as it was, that is, as an inter-American program. It would not be worth the time spent on discussing its effectiveness if the entire plan of Punta del Este were to develop into a series of isolated bilateral actions of the United States with each Latin American country. But on the contrary, if we look upon the Alliance as a program of Latin America in which the United States participates, then the Charter of Punta del Este and the whole plan it outlines have meaning. It is imperative, then, for us to Latin Americanize the Alliance for Progress. And to do that, it will be sufficient for us to recover that regional sense which is the very essence and basis of the Charter of Punta del Este.

In fact, anyone who reviews the charter will note that it brings together aspirations toward which Latin America has been struggling through many long years, to which the United States and Europe had so far given no response, and with regard to which not even we, the Latin Americans ourselves, had been able to come to agreement. The charter speaks of the need of achieving the economic and social development of Latin America and the right of the people to enjoy the benefits of that development; it points out the urgency of having greater public and private investment and guarantees the minimum external assistance required for development; it emphasizes that there can be no solution to Latin America's problem if a formula is not found to insure stability of export earnings and fair prices for our raw materials; and finally, the charter states that economic development will not be enough if, at the same time, there are no social development and social reforms, and that consequently governmental investments should not be confined exclusively to the fields of production but must also help to provide homes, education, and good health.

It is a Latin American program to which the United States has pledged to give financial assistance and support to help solve the problems of greatest concern to our countries, provided the program takes on meaning for us, the Latin Americans.

What is happening, as I have said before from other platforms, and I repeat it today here, in my own alma mater, is that within the program of the Alliance, the same error is being committed that has been repeated over and over in inter-American relations throughout our history. This is the error of believing that it is possible for a country as expansively developed as is the United States (which in effect is an integrated Nation comprised of 50 States) to have a relationship without frustrations and mistrust with each of the 20 disunited countries of Latin America.

Therefore, I believe that the program of the Alliance can have meaning only if Latin America comes to agreement within itself, sets itself up as a regional bloc, and thus established, agrees on common and reciprocal action with the United States in order to attain the objectives of the Charter of Punta del Este. Western Europe has already shown the way and we can also see it today in the new states of Africa which, boldly and without hesitation, are laying the political foundations of the Pan African process.

The program of the Alliance—under that name or any other—is not a program for the United States. It is a program for us, and nobody is going to make it for us if we do not make it ourselves. Chile, our country, has an important role to fulfill in that program and I am sure that you, and all of the other responsible and representative sectors of this Nation, so understand it.

INTEGRATION AND THE LATIN AMERICAN FREE TRADE ASSOCIATION

The activities of the Latin American Free Trade Association are being judged in terms similar to those used in criticizing the Alliance. It is not functioning, or it is functioning timidly, it is said. This policy of traders, of simply negotiating the removal of duties on exports and imports, is not enough, it is added; it is necessary to do something more, something deeper and more far reaching.

Obviously, no one can deny that those who think this are right. But they forget that what the Latin American Free Trade Association is doing today is carrying out the terms of reference which the countries that comprise the Association set for it in 1958, that is, less than 5 years ago. In that short time we have advanced so much that what we approved only yesterday now seems insufficient to us. We should congratulate ourselves on this, because it is clearly a sign that a conscious feeling for integration is taking shape at a much faster pace than even the most optimistic would have dared to think.

What happened in 1958 when the Association was established was the same that had happened to us so many times in the past. As on other occasions, we Latin Americans were attracted by the results that Western Europe was obtaining through its process of integration. But, as had also happened so many times in the past, we erred in imitating. Instead of drawing from the approach of the "Inner Six," with their Rome Treaty, their Common Market, their administrative and technical integrating agencies set up in Brussels, we went only halfway and followed the more restrained arrangement of the "Outer Seven," as adopted by those countries that were not in a position boldly to join a common market, which presupposes not only many reciprocal relinquishments and, consequently, immediate sacrifices, but also the maintenance of common policies in the principal aspects of economic activity and even of social advancement.

We copied badly and it should not surprise us that the Latin American Free Trade Association is having to cope with the limitations that we ourselves imposed upon it. Because of our cautiousness, we copied badly, as so many times in the past. And we did so because, unfortunately, our decisions are still influenced by the timid, by those who believe that to move quickly is dangerous, who think that we can take a long view of these processes over a 50-year period: Those who will say to me, "How interesting your speech was, but what a pity that we shall have to wait 40 to 60 years, at least, to see your ideas materialized."

I believe that those persons are unaware of the fact that the pace of our times is much faster than the rate of improvement in science and technology. For many years a very great imbalance could be observed in this respect; the physical, mathematical, and biological sciences were progressing much more rapidly than the processes of social organization. But today I would venture to say that perhaps the processes of adjustment, readjustment, and revolution of our contemporary society are trying to make up for the long delay, or even to forge ahead at uncontainable speed, as compared with the advance of the sciences and of their application that became so marked beginning in the 19th century.

So I feel, my good friends, that I am not addressing myself to tomorrow, to our children or our grandchildren. I am talking, we are talking, on behalf of ourselves, on behalf of those of us who today have the responsibility of shaping the destiny of Latin America. If we Latin Americans ignore the urgency of the situation, we shall remain outside the margin of history. We shall see history pass us by, offering opportunities to other men, to other nations, to other regions that will not waste them through timidity, through cautiousness, through fear of the future, through conformism.

Ours is the time of integration. In a document that has made history in our era, the projections of which are bound to reach out through the course of all time to come—the last encyclical of the late Pope John XXIII, Pacem in Terris, Peace on Earth—it is most profoundly pointed out—and I believe that it is not by chance that this encyclical is related in large part to the last Ecumenical Council—that mankind is inevitably and irrevocably moving toward a process of unification of political doctrines, of ways of life, of regional blocs.

I am convined of the reality of that approach and therefore I believe that if Latin America proves incapable in the next 10 to 15 years of bringing itself together into a political bloc of its own, our countries will find it necessary, perhaps individually and disjointedly, to form part of some sort of world integration. In other words, the usual thing would happen to us: a hemisphere apparently full of prospects would lose the opportunity to bring them to fruition because it was waiting for the right time, like those young girls of marrying age who let marriage, which would complete their lives and carry them into the future, pass them by because they are waiting for the ideal husband, one who can give them security. That ideal prospect is the one who quite generally never appears.

I repeat that I believe that the time for action in Latin America is today, not tomorrow. And I sense, I divine this same conviction in your unanimous uneasiness, in your interest in these subjects, in your presence at this conference. It is apparent, too, in our governments. Good proof of this is the significant declaration recently signed by Presidents Alessandri and Goulart. I believe that the proposal to convene a meeting of Ministers of Foreign Affairs to consider a new approach to the need of institutionalizing the slow process of our economic integration may well have very important outgrowths.

The Foreign Ministers of the Latin American Free Trade Association countries may find a good example right here in Latin America. The five countries of Central America were more daring, less cautious than the members of the association. They are creating a genuine common market. Their organs of consultation, working on a continuous basis, are accelerating the process day by day. Very appreciable and concrete benefits are already being felt. They were not content in Central America with talking about economic integration. They are integrating. A new spirit of integration has taken hold of the people of Central America and they are confident that after all the present obstacles and limitations have been overcome, they will see the development of an integrated nationalism having both breadth and depth—which is exactly what we should like to see projected throughout all of Latin America.

The process of Latin America's integration requires political decisions that will encourage, work out, execute, and make possible the implementation of the plans of the technical experts. The technicians can plan and study integration, but it is the governments, as the leaders of public opinion in each country, that will have to put it into effect.

THE RAW MATERIALS PROBLEM

Before beginning to consider and analyze the machinery for financing economic integration, we must make this point very clear: such machinery by itself, no matter how efficient we make it, is not going to solve certain basic problems of our present regional economic situation. These problems existed before we began to make an effort to establish intraregional organizations, and their solution cannot be found exclusively within our own community.

Regional financing is very important; in this respect, although I am an interested party, I believe that the establishment and functioning of the Inter-American Bank are of paramount significance. The stimulation of Latin American exports within our own area represents a positive advance; in fact, great importance may be attached to all the various mechanisms of this type that we have established, and many others that we have not yet set up, which I shall discuss later on. But there are essential aspects of our financial situation that must be given priority if we wish to make regional development possible.

Such is the case of the problem, foremost in importance, of our raw materials. It is utopian to think that Latin America will be able to emerge from its underdevelopment if the present international trade structure, in which the facts seem to say that the countries producing raw materials are condemned to stagnation, is maintained.

At the close of World War II it was honestly believed that the advances in technological development, in a climate of international understanding that then seemed very simple to preserve, were going to be spread throughout the world, making it possible, thanks to that technological progress, for the more backward countries rapidly to rise to the levels of the more advanced countries. The real situation, as you know, has been otherwise.

The backward underdeveloped countries have been and continue to be relegated perhaps to a greater distance behind the others today than they were yesterday. In the final analysis and reduced to its least complex terms, the explanation is very simple. They are countries which continue to sell cheap and buy at constantly higher prices. This definition may seem elementary, but essentially it is correct. Worse still, this equation shows no immediate possibilities of change. It seems that there are factors inherent in the relationship between industry and the production of raw materials that determine this situation—an intrinsic relationship between manufacturing productivity and the production of raw materials that will always work to the advantage of the former and to the detriment of the latter.

In the face of this situation, one of the principal concerns in the economic policy of many countries of the world, beginning with the most advanced ones, has been precisely this problem of balancing the returns from the labor of the raw-material producing sectors against industrial productivity. This has been and continues to be so in the United States, in Western Europe, in the Soviet Union, and in Communist China. The United States has traditionally upheld the system of free prices; nonetheless, we see that throughout its history, particularly in the last 30 years, agriculture in the United States has continuously been receiving a subsidy; that is to say, it has required a policy of income redistribution in order to enable those who engage in the production of these primary products to have a level of purchasing power similar to that created by industry or services.

Today efforts are being made to find an international equivalent to this domestic search for a measure of balance between the production of primary commodities and industrial productivity. Fortunately for Latin America, there are men who are currently studying these problems and working to find progressive solutions. Within a short time—at the beginning of next year—a World Conference on Trade and Development will be held for the declared purpose of dealing with this very important question. The very name of that conference is most expressive, because in fact the idea of development without a prior study of trade relations would result in these times in nothing but artful dodgery. Dr. Prebisch has just officially terminated his duties with ECLA—which he has inspired and guided for 15 years—to make his experience and his broad knowledge of Latin America available in a wider field, the organization of this conference.

Let us hope that to that meeting, which may well have a decisive effect on our future, Latin America will come united, forming a bloc capable of bearing the combined weight of our region and of making its intrinsic importance felt in world trade. The day when we Chileans can place our copper on the balance along with the coffee of Brazil and Colombia, Bolivia's tin, the wool and meat of Argentina and Uruguay, the sugar and fishmeal of Peru, and similarly with all the Latin American countries, we shall really have advanced toward a solution of our raw materials problem. Otherwise, suspicion among us is again going to darken the outlook for the common interest. If we arrive disunited at this forthcoming world conference, the chances are that we shall return from it lamenting once again the lack of understanding of the other blocs and then we shall continue to repeat our complaints about the increasingly more serious deterioration in our terms of trade.

The inexorable facts, as shown by hard statistics, urgently call for action on our part. Latin America's share in world trade is decreasing in significant proportions. Looking at the last 30 years, we see that Latin America's share in world trade, which generally used to fluctuate around 10 percent, has fallen since 1955 to 6 percent, with no signs of recovery.

LATIN AMERICA'S GROWING INDEBTEDNESS

There is one direct consequence of the crisis in the terms of trade, which is not always borne in mind or immediately noted, but the incidence of which is evidenced every day at the Inter-American Bank and in other international financial organizations.

This evidence is as follows: The loan applications submitted by our countries are increasing daily, and year by year the volume of external indebtedness of our region grows larger. What is the reason for this? Is it only an old incurable readiness to go in debt as the easiest way to obtain funds that can immediately be applied to tangible works? We at the Inter-American Bank do not believe that is the reason.

The answer lies in the raw materials problem to which I was just referring. Deterioration in the prices of our exportable basic products generates these now so familiar balance-of-payments crises. The more difficulties a country has in its balance of payments, as its available foreign exchange declines and its internal rate of growth decreases from the effects of these crises in its foreign trade, the more that country will have to move toward international indebtedness.

This is a situation that we find not only in Latin America but in general in all underdeveloped countries. Figures were submitted at a recent meeting of the Development Assistance Committee,[1] at which the representatives of 12 capital-exporting countries expressed concern at the fact that the annual service on the debt of the countries in the process of development has more than doubled during the last 5 years, having reached an annual sum of $2.5 billion.

In the case of Latin America, the external public debt of the member countries of the Inter-American Development Bank increased from $3.7 billion in 1955 to $9.2 billion at the end of 1962. And services on that debt increased from approximately $550 million in 1955, equivalent to 7.4 percent of the value of these countries' exports that year, to an annual average of almost $1.2 billion in 1961–62, which is equal to 14.5 percent of the average value of their exports in those 2 years.

I have tried not to overload this presentation with figures, but I think it is imperative to cite these in order to give a clear picture of the financial consequences of the raw materials problem. Let us look at these figures and measure their importance: 7 years ago, out of each $100 that Latin America obtained for its exports, $7.50 were used to pay international debt; today almost $15, double the earlier amount, must be allocated to that same purpose. In my opinion this is due basically to the fact that Latin America has been unable to find through ordinary channels and the natural sources of its foreign trade the external resources it needs to promote its internal development.

THE PROCESS OF CAPITAL FORMATION

Without discounting the decisive influence of foreign trade in the process of capital formation, there is, of course, another, autonomous form of capital formation in our countries. Such capital is derived from two sources: Domestic savings and investment, and investments from abroad.

In this respect, it is well to remember that the process of capital formation in Latin America has depended fundamentally on its own domestic effort. Proof of this is found in the fact that in the 10-year period 1951–60, almost 90 percent of capital investments came from domestic sources. This explains why, despite critical balance-of-payments problems, the relatively more developed Latin American countries have been able to accelerate their domestic growth.

Of course, in order to build up domestic savings and their subsequent investment in the country itself, it becomes necessary to adopt a fiscal and monetary policy that will stimulate savings and investment instead of discouraging them. On this point one cannot lay down rigid rules, that will act like a straitjacket, but it must be understood that a sound fiscal policy, joined with an equally sound monetary policy that will protect the internal purchasing power of the savings, can create conditions that will stimulate the dynamic process of investment.

The fact that we recognize the importance of domestic sources of capital does not mean that we deny the importance of investments coming from foreign sources. We do not think, as unfortunately many people in Latin America do, that our process of development can be financed only with a stream of dollars poured in from abroad. This line of thought is as uninformed and childish as the other extreme, which many Latin Americans also uphold: that is, that foreign aid or foreign investment should be rejected because in themselves they are harmful. Both extremes, the ingeniousness of those who expect everything from abroad and the prejudice against foreign capital, are equally wrong and injurious. The realistic and constructive course is to admit that investments obtained from foreign sources are necessary to accelerate the process of capital formation, but in the full knowledge that everything cannot depend on such external assistance but basically must depend on domestic effort appropriately encouraged by wise fiscal and monetary policies.

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[1] A specialized agency of the OECD whose function is to coordinate the action of the capital-exporting countries.

INTEGRATION, CAPITALIZATION, AND PLANNING

Having thus described the factors affecting capital formation, let us project these concepts from the national level, where they are now developing, to the regional level, through the process of integration. I will tell you right now that I am among those who are convinced that integration is bound to expand the opportunities for profitable investment, both internal and external.

To demonstrate this, it will suffice to outline the mechanics of economic growth that would operate. There cannot be the least doubt that, as we expand markets, our industries will have broader opportunities for growth. They will be able to sell more and to improve their earnings, as well as those of their shareholders and their workers; consequently, tax revenues will increase without its being necessary to encumber the capacity for savings, investment, and capitalization. On the contrary, the capacity for both public and private investment will expand.

It is no mere coincidence that the smaller a country, economically speaking, and the smaller its volume of trade, the smaller will be its capacity for investment or capital formation. Thus, the small countries that have wanted to advance economically have had to export, because with limited production intended solely for domestic consumption they would not have been in a position to produce capital goods; they would not have had sufficient capacity to finance the cost of the investment required for their development. Switzerland, Sweden, and New Zealand may be cited as typical cases.

Fortunately this lesson now appears to have spread to Latin America. Among representative sectors in our countries there is currently an awareness of the close relationship between this complex process of capital formation and the expansion of production which can be attained through reciprocal exports within a common market.

In this respect, allow me to make a brief aside. One thing that has impressed me most keenly in this visit to Chile is the new mentality that can be observed among our industrialists and businessmen, intent on projecting Chile outward. I recall that only 10 years ago one could not have said the same. At that time, as Minister of Finance in the previous Government, it devolved upon me to sign two decrees, both with the force of law, for the development of fisheries and the iron industry, waiving taxes for both, allowing them to secure foreign exchange at the most favorable rates, and giving them other incentives which at that time it was possible to grant. Certainly there was no absence of warning voices, predicting the failure of the measures advocated by "that young Minister, full of theories, who wants to apply techniques that will yield no results and whose decrees will not even be put into force."

Today, when I read the statistics, when I fly over the national territory, and when I learn that the fishery industry has become a flourishing reality through the exportation of fishmeal and other items; and when I also see that iron exports are compensating the decline in nitrate exports, I am deeply gratified to see that in this country also, when incentives for work are created, new forces emerge as if they were springing from the desert or from the rocks. Because the Chilean has extraordinary creative capacity and perception; so much so that many times the lightly stimulating touch of a legislative measure is enough to release that dynamic impulse that has only been awaiting propitious conditions to manifest itself.

I have experienced equal satisfaction—even greater, in fact, because the Inter-American Bank is connected with the process—in observing the unusual development of the paper and pulp industry, which in its time also had to overcome the skepticism of the Jeremiahs who rushed forward to predict that we would never be able to compete with the Canadian or Finnish producers. Nonetheless, it fills one with pride today to go to the presses of the great newspapers of Buenos Aires, Mexico, or Lima and find there on the great rolls of newsprint the words, "Made in Chile."

Chile has learned the lesson to which we were referring a few moments ago, and that is why it is now one of the Latin American countries that best understands the advantages of and the need for a common market.

And now, my friends, let us go on with the analysis of the problems of financing integration. We have already spoken of the role of external contributions in the process of capitalization. We now may say that external financing can also have a decisive function in the process of integration, as the European experience has eloquently demonstrated.

In the course of my activities in the Inter-American Bank I have devoted a good part of my time—and I believe that it has been time usefully spent—in traveling through the United States attempting to present a true and realistic image of Latin America, an image that will dissipate many misunderstandings. I have found in both the businessman and the man on the street in the United States a very deep interest in reaching terms of understanding with Latin America. What happens is that they do not know how to build up that understanding.

It is very interesting to observe how in cities or in communities where the concept of Latin America is very general and even confused, there is, nevertheless, a genuine interest among businessmen in the possibility of expanding our markets.

This should not be surprising because—despite what many narrowminded people maintained following the end of the last war—the industrialist and the investor of the United States also benefited from European recovery, because the industrial growth of Europe has been promoted jointly by foreign investments, basically from the United States, and by its own investments.

I believe that in our hemisphere we can repeat such an experience. Of course I think that in Latin America private investment must be supplemented by international public investment because there are fields and circumstances that require a special kind of financing, over a long period of time and under very flexible conditions, that cannot be asked of private financing.

It is also essential that our countries have development programs very clearly setting forth the objectives sought and the sectors that predominantly require external investment. Investment just for the sake of investment, or borrowing just for the sake of borrowing, not only will not insure development; it can often pile up fatal results. Not exactly for foreign investors, but for ourselves. Available foreign resources are always limited; therefore, if we do not use them well, if we do not encourage and channel them wisely through sensible programs and plans, we shall be impairing our borrowing capacity and squandering the external investment.

It is gratifying to note Chile's judiciousness in preparing the 10-year plan now in force. It is equally gratifying to observe how in Latin America, especially since the Charter of Punta del Este, most of the countries are following the same course.

Suffice it to say that in a little more than 2 years, 10 countries have set up their national planning agencies and 6 of them have embarked on the execution of new national development programs, while a number of other countries are engaged in establishing their planning agencies and preparing their plans.

Nevertheless, I cannot conceal a certain concern stemming from a knowledge of our Latin tendency to give theoretical and formal replies to problems, forgetting that the statement of the problem and its solution is not enough; the essential thing is that the plans be fulfilled, carried out, implemented. I remember my former professor of constitutional law, Gabriel Amunátegui, when he used to say that the institutional strength of Chile in the 19th century was largely the product of the good sense of the Chilean people, who did not believe that simply because a constitution had been adopted and put into force, all the problems of the country's institutional and political organization were going to be miraculously solved. As all of you very well know, the determining factors in Chilean institutional stability were the creative ability and perseverance of Portales, the good sense of the subsequent governments, the influence of our intellectuals, the increasing maturity of the people. Thus the foundations of our democracy were laid. Had those factors not existed, it would have been impossible, even with the best constitution in the world, to have built up the institutional life of which we are today so justifiably proud.

There were countries that in the last century adopted splendid constitutions, which in a short while they replaced with others theoretically even more elegant, as if the mere change from one to the other would be sufficient to organize the civic life of the nation or to give consistency to its institutions. Similarly there are countries that today prepare elaborate programs which they publish in attractive booklets, filled with graphs and charts—often the product of the zealous and exhaustive work of competent and well-meaning technicians—and they believe that in this way they have provided the answers to the problem of their development. They forget that a plan, however perfect it may be, cannot produce the results expected of it or achieve the goals proposed in it, if the creative ability of the people, the mystique of work, the sense of common cause within the community, are not applied to the attainment of those goals and those results.

TOWARD A COMMON FINANCIAL MARKET

Up to this point, we have been analyzing what we might call the constants of Latin American financing, or in other words, general financial aspects which, while they certainly have different overtones in the various countries, still have basic common denominators. Now I shall refer—and I shall do it briefly, because I know that the technical problems of financing are less attractive than the general theses on integration—to the basic machinery that is needed for the financing of integrated regional development. To summarize, I might mention the four following points:

First, expansion of the Inter-American Bank's function as an integration bank.

Second, the establishment of a system for coordinating our monetary policies, which as I have ambitiously ventured to propose—

and not because I am an old central banker at heart—might be projected in the future toward the establishment of a hemispheric central banking system.

Third, the adoption and maintenance of common policies and practices that will make it possible to draw upon the great international currents of private investment.

Fourth and last, the projection of national development plans to the regional level.

Let us examine, at least from the more general standpoint, the operation and the role of the mechanism just enumerated.

THE INTER-AMERICAN DEVELOPMENT BANK AS AN INTEGRATION BANK

As far as the Inter-American Bank is concerned, we must remember that when it was established a little more than 3 years ago, the idea of integration was not yet regarded as the urgent and undelayable undertaking that it is judged to be today by the more discerning groups in Latin America. Thus, the Bank, while it was not, strictly speaking, created as an institution to meet the financial problems of integration, problems which at that time were barely glimmering on the horizon, has had to begin adapting its policy to these new demands.

Fortunately, the agreement establishing the Inter-American Development Bank allows this adaptability, because article I clearly assigns to the Bank the task of accelerating the development of the member countries, individually and collectively. On the basis of this provision, which puts upon the Bank the responsibility of contributing to the economic and social development of the countries, not just individually, but collectively, we are transforming the institution into an integration bank, without for a moment ceasing to be the development bank which the founders wished to establish, for, as I have said before, we believe that full development cannot come about in Latin America without the economic integration of the region.

At the risk of seeming immodest, I can truly say that the Inter-American Bank has already accomplished a great deal in this endeavor of encouraging the integration process. I might mention, for example, the direct stimulus we have provided in Central America through our assistance to the Central American Bank for Economic Integration, which was set up to promote the development of regional or economically complementary industries and projects. We likewise helped in the direct financing of certain multinational projects in other regions of Latin America. I have just come from the Republic of Uruguay where, with the assistance of one of our loans, work has been started on Route 26, which crosses Uruguay from one extreme to the other, from the border with Brazil to the border with Argentina, and which connects at the two borders with national highways of the two neighboring countries, thus constituting an international route that will facilitate trade and communication among the three countries, and which will make possible, first, economic complementation, and subsequently, economic integration.

And right here in Chile, only 4 days ago, I was present at a meeting in Valparaiso, where a proposal of the same sort was brought up. It concerns the construction of a modern highway to join the port of Valparaiso with the Argentine city of Mendoza. A mere glance at the map brings out the economic importance that such a route has for Valparaiso, and the benefits that such a highway could bring to the Cuyo region and the trans-Andean region. Naturally, these appraisals of the proposal will have to be confirmed by the technical experts, and in addition to the advantages that the respective provinces of the two countries might obtain, consideration will have to be given to the importance of a route of that type as a means of facilitating trade within the free trade zone as it is now established, or within the common market which we should like to see established soon.

In addition to this kind of direct financing for projects connected with integration, our Bank also helps indirectly through its operating policies or the effects of its loans. I shall try to explain this by giving some examples.

When an application comes into the Bank from one of the member countries to establish, let us say, an iron and steel plant, the first thing our staff does is to make a study to ascertain not only whether the industry to be established signifies development within the country, but also whether, because similar plants exist in a neighboring country that would be capable also of supplying the applicant country, it might be more desirable for the latter to use the resources that the Bank might provide for some other industry of perhaps greater priority. Naturally, no such judgment can be imposed upon the countries, but our experience in this respect has been highly favorable. Generally, we have found great understanding of the fact that economic development is not really favored when similar industries are established in countries whose markets are small or where less favorable conditions prevail for the development of certain industries than those in other neighboring countries. Such investments would very soon have to be protected artificially, with protective tariffs or other similar measures. On the other hand, those same countries may very well offer ideal conditions for the establishment of other types of industry, toward which the investments should be encouraged.

With respect to the effects of our loans which indirectly play a catalytic role in integration, I can mention a very representative case. Some months ago, during a trip through Central America, I visited a housing project that was being built with funds provided by our Bank. It was a project of great importance to the city of San Salvador, because it involved the construction of more than a thousand homes, which, not to mention the social benefits to the future inhabitants of those homes, was making a great economic impact on all sectors concerned in the construction industry. It was being carried out by a group of very competent engineers, one of whom made a comment to me, the great significance of which I need not emphasize to you. "Just consider," he said, "if this project had been undertaken 5 or 6 years ago, we should certainly have had to import all of the basic materials from the United States. But today we are getting from other Central American countries whatever is not produced in El Salvador. For instance, we produce the cement ourselves but the sanitary equipment is made in Costa Rica and all the lumber comes from Honduras." This example graphically illustrates how our resources, lent to a specific country, are indirectly benefiting industries in other Latin Amerian countries, thus opening the way for integration.

Beginning this year we shall be contributing from another angle to these efforts. At the meeting of our board of governors held last April in Caracas, we were instructed to begin a system of financing, somewhat on the experimental side, of intraregional exports of capital goods. We shall set up a fund, drawing at first on part of our own ordinary resources, to assist the Latin American countries that produce capital goods in the marketing of those goods in other countries of the area. They are unable to do this at present because they lack the financial assistance that producers of the same goods in other regions enjoy, which makes it possible for the latter to offer their products to Latin American importers on better terms, not of product quality or price, but in regard to periods of repayment and interest on the loans.

Of course, the Bank would have preferred to create a new fund specifically designed for this new financing activity which it is now going to undertake. But appreciating the difficulties and limitations that would have been encountered in trying to get the necessary resources, I believe that in any event the step taken offers great possibilities. However, it must be emphasized that in using this mechanism for the promotion of exports of capital goods, the Bank will never lose sight of the fact that it is an investment bank, a development bank, and not a foreign-trade bank. Therefore, our action in this field will be in the nature of a supplement to the effort made in the first instance with national resources, and we shall never forget that this is not a question of financing transactions just because the transactions are there to be financed, but rather of assisting in the exportation of capital goods in those cases where the Latin American country that is to receive the exports has a genuine need for the goods concerned. The same applies to cases where the exporting country may be enabled to strengthen its economic structure and develop sound industries if it has the incentive of this system of export financing.

If we were to proceed otherwise, we should fall into the paradoxical situation of sponsoring exactly what we have so often criticized in certain suppliers' credits, who often require our countries to accept imports that are not the most desirable, but which they must accept or else do without the credit.

Finally, with reference to the impact of the Inter-American Bank's action on the process of integration, we shall mention only the technical assistance and promotion work we are doing in this field. In close harmony with the Latin American Free Trade Association and other agencies operating within the inter-American system, we are attempting to coordinate efforts to make the best possible use of the technical resources of each agency in order to attain the common objective.

COORDINATION OF MONETARY POLICIES

Let us now consider the second mechanism we believe to be necessary in order to advance toward a common financial market. This concerns the coordination of the monetary policies in the region.

At this very time events are taking place that demonstrate the need for such coordination. Someone said to me last week in Uruguay, in connection with the criticism that had been voiced about that country for having adopted restrictions on imports, including those from countries of the Latin American Free Trade Association (the restrictions being the consequence of the unfavorable financial situation from which the country has been suffering): "We are being censured because of this reduction in imports, but there are other countries in the Latin American Free Trade Association which, although they have not adopted quantitative restrictions, have on the other hand altered the value of their currency. In that way, by indirect means, they are really obstructing our exports."

Here in Chile this remark was made to me: "If there is to be a genuine regional market, the reduction of customs tariffs is not enough; we need a common currency." This conclusion, expressed by businessmen who have reached it on the basis of their experience in foreign trade, is indisputable. To be able to trade, we must have a constant unit of currency because if, in the course of transactions, we are going to alter the value of that unit, sometimes for competitive reasons and, to put it frankly, without warning, in order to gain an advantage over another country, we will find it impossible to create a climate of mutual respect and confidence, so necessary for the full development of trade within our region.

I believe, however, that there is no need for a common currency in the literal sense, in which all the coins would be the same and all the paper bills identical. What we need is what has been done in Europe: a monetary agreement under which the Common Market countries reciprocally respect the comparative terms of value that they have given to their currency. Thus, for example, when a few years ago the Federal Republic of Germany wanted to revalue its currency, as an expression of its prosperity, it did so in consultation with the other associated countries. And we might even say that not only did Germany do this in consultation, but that pressure was put on her by the Common Market members, in order not to accentuate the maladjustments that were already apparent between the situation of Germany and that of the rest.

We need a scheme of this type in Latin America. What form of institution should be adopted? It could be any one that would ensure the coordination of the various monetary policies, but in my judgment we should move toward the most ambitious plan; that is to say, the creation of a regional central bank, similar to that which Monet has proposed for Europe and which I believe is bound to come into being in the future, once the difficulties that at present stand in its way have been overcome.

Under such a plan not only would the coordination of monetary policies be sought, but at the same time international reserves would be built up. We must not forget that despite all its foreign trade difficulties, Latin America at this moment has available $2.5 billion in reserves, and furthermore, these reserves are showing a tendency to increase. Nevertheless, as a rule every country in Latin America really has to run the gauntlet and submit to all kinds of conditions imposed from outside when, in order to handle momentary imbalances, it has to resort to stabilization loans of $10 or $15 million.

If Latin America were to make a single fund of its reserves, which would mean a volume as important as the reserve of the sterling area, our region would have an extraordinary negotiating power. We should perfectly well be able, too, to manage intraregional imbalances among ourselves. And if at some time we should have difficulties and require additional resources for our common reserve fund, we would be able to negotiate lines of credit, or expand them, bringing the weight of the great mass of our operations to bear.

Therefore, I say firmly that it is not only because of outside attitudes unfavorable to our region that we have not found an adequate answer to our problems in this respect. I venture to say, rather, that the responsibility of finding that answer is essentially ours. Let us unite, let us integrate, and then in these and all other problems that afflict us today we shall be in a much better position to stand up for our interests, just as other regions of the world do.

COORDINATED ATTRACTION OF PRIVATE INVESTMENT

We have already pointed out the importance to be attached to private investment in the process of integration. It is imperative that Latin America standardize its policies for attracting such investments when they are required from abroad. To demonstrate the desirability of such coordination, it will be sufficient to describe what our present situation is.

What is happening today? Through the process of fragmentation that we have suffered historically during the last 150 years, we have accustomed ourselves to compete among ourselves. And we have projected that competition outward, often trying to present a better image of our own country, to the detriment of the image of some other country or countries of our own region.

The same thing is happening with respect to foreign private investment. So far we have witnessed in Latin America a process of competition, in which each country attempts to offer better conditions to international capital, each struggling to solve its investment needs on its own account.

If, on the contrary, we were to decide to create a single set of rules for the foreign investor in this region; modern rules in which the incentives for encouraging the flow of capital would be reconciled with a system of mutual guarantees, by which the investor who placed his capital in any of our countries would have a hemispheric guarantee for his investment; if we were to achieve such coordination, we should certainly have made an unprecedented advance in our efforts to attract the external resources we so greatly need. And above all, by this multilateral approach, we should eliminate the friction that is inevitable in all financial relations of the bilateral type, wherein one country needs the resources and the other provides them.

FROM NATIONAL TO REGIONAL PLANS

I shall conclude this part of my paper by referring to the necessity of coordinating our various national development plans at the regional level. Today this no longer seems like heresy—which shows once again that despite all obstacles, we are advancing. Up to a few years ago, to speak of planning, even at the national level, was to lay oneself open to all manner of criticism. Today we hear and read frequent appeals for planning, or for the coordination of plans on a hemispheric scale.

However, I believe that in this process we must be very realistic and not pretend that theory will take us farther than the actual situation advises us to move. In this respect I should like to recall what has happened in Chile. Here in this auditorium there are two distinguished professors, colleagues of mine in the economics department, with whom I had the opportunity of teaching for many years. They will remember that one of our reasons for criticizing Chile's Corporación de Fomento, was that we felt it had failed to comply with the mandate of formulating a "general plan" for the development of production. Like the inexperienced persons we then were, we reproached the CORFO for not having complied with what we thought should have been its first obligation. As I look back now I can say that fortunately this agency did not try from the very start to prepare a national plan for the development of production, which in the best of cases might have been very well presented but which might have been only a masquerade of a plan. In 1939 or 1940, Chile was in no way equipped technically nor did it have the other prerequisites for development that were necessary to enable it to work out the plan which is now in force, 20 years later.

I believe that the wise and sensible course was the one that was followed, with that pragmatic judgment with which so many decisive problems in this country have been faced, almost always with competence. Development by sectors was started, with priorities for the basic ones.

A beginning was made with electric power and steel, and then, as experience was acquired, a realistic picture of the development plan, of possible goals that could be attained, of the actual amount of investment required, began to take shape. In short, CORFO kept its feet on the ground, reconciling aspirations with actual possibilities.

So, in my judgment, we must use the same pragmatic approach in Latin America. It would be ideal to be able to prepare and implement a regional development plan, or even to coordinate the plans of some countries with those of others. But that can be achieved only step by step, with practical measures. We are already working in that direction at the Inter-American Bank.

A few months ago we inaugurated a program of technical assistance for industries that wished to plan their requirements and their perspectives at the hemispheric level. And to our great satisfaction, within a few weeks we received a request from the Latin American Iron and Steel Institute to provide it with funds that would enable it to make studies concerning the establishment of a sort of Latin American Iron and Steel Community.

I do not want to magnify the importance of this latter aspect, but I ask you to note that European integration was built up on a similar basis. Let us remember that the Treaty of Rome, concluded in 1956, stemmed basically from the plan of Monet and Schumann which some 6 or 7 years earlier had created—for reasons of European political balance and in large part through fear of a new rise of German militarism—that great economic community unifying the coal and steel industry, which is plainly the basic industry of Europe.

Naturally, we know Latin America does not have an iron and steel industry of comparable importance, but it is obvious that we must inevitably move toward its development, because as you well know, economic progress essentially involves sources of power and the use of steel. That is why all countries—including ours, of course—tend to have their own iron and steel industry, unfortunately in many cases in an artificial form. As I have noted directly in my travels, there are iron and steel plants in Latin America that are not functioning, either because production costs have turned out to be too high, or because the industry was not properly planned. Therefore, it is highly necessary to encourage or sponsor the idea of coordinating the various national development plans at a regional level and, if possible, to attain a sound expansion of the iron and steel production of the region as a whole, making optimum use of the heavy investments that such development requires.

This is not the only example. In the matter of sea and air transport we have what is perhaps an even clearer proof of the necessity of combining our efforts. All of us can note as we travel around our hemisphere how every country wants to extend its own airlines or its own merchant marine beyond its own borders. This is the reflection of a nationalism, easy enough to explain, that has been part of our recent historic development. Unfortunately, the individual effort of each country is insufficient to build up those air or maritime enterprises enough to make them count to any appreciable extent in the broad international field of transportation.

Other nations, showing more practical sense, have followed a different course and have prospered in this field; the Scandinavian countries, for example. Up to a few years ago, Norway, Sweden, and Denmark each had its own airlines, until the time came when they suddenly noticed what was obvious: that by integrating into one large regional company they would have much greater prospects of competing with the powerful international companies. Today SAS, the company established in common by the Scandinavian countries, occupies a distinguished place in the field of world air transport, with much greater profits for Sweden, Norway, and Denmark than they would ever have been able to obtain had they continued, each with its own resources, to support their isolated national airlines. It seems to me that this is a field that the countries of Latin America ought also to explore. However, we must not be satisfied with only a study, as has happened before; decisions must be taken that will make it possible for a great Latin American airline to occupy the central counters of the airports, instead of the secondary places where the offices of the various airlines of our countries are at present scattered.

Latin America sends hundreds of millions of dollars out of the hemisphere to pay for the services of foreign merchant ships. I am convinced that the day the countries of Latin America decide firmly to negotiate among themselves the possibility of common action in this field, as occurred, in part, with the negotiations that led to the Gran Colombiana fleet—we shall be helping to strengthen our region in a sector of the greatest importance to us.

Other examples could be mentioned, but I believe that those offered are enough to give a clear idea of the situation. In order to arrive at the regional planning stage in Latin America, we can begin by coordinating sectors in certain industries and activities where such coordination is immediately feasible. Thus we shall begin to advance, and at the same time we shall be laying a solid foundation for the Latin American integration of the future.

TOWARD POLITICAL INTEGRATION

Judging by the close attention with which you have been following these ideas, I get the impression that you are in agreement with them and that they seem logical and sensible to you. But I am sure that these questions have come into your minds: How are we going to accomplish this? What steps must we take? How can we set in motion all those things that the new study groups and the new technical reports recommend?

All of us, the technicians as well, are asking ourselves the same questions. In reply I venture the idea that, along with our work in the direction of economic integration, we must begin to think of the necessity of advancing toward political integration.

This may seem risky or ambitious. But if we look at things realistically, it is evident that we are not going to be able to coordinate monetary policies, or adopt common standards to attract investment, or establish regional merchant fleets, if we do not bring ourselves into accord politically. That is why, with all due respect for the technicians, I believe the time has come for action at the political level; that is, by those who have the supreme responsibility of legally representing our people and their hopes for real progress.

I have also taken the liberty of voicing the idea of Latin American assembly or parliament, in which the agreements signed by our countries at regional conferences could be ratified multilaterally. Because, my friends, Latin America is plagued with unratified agreements, agreements negotiated by the technical experts, who take them back to their countries to obtain legislative ratification that does not always come.

Of course, the Latin American parliament that I am imagining must reflect a genuine expression of public opinion; that is to say, it must be representative not only of the political sectors that govern the countries but also of the diverse dynamic forces that exist within each national community. Such a deliberative body might even serve as a model whose mere presence and example could influence those countries of our hemisphere where true democracy does not yet prevail. It would be a clear practical demonstration of what a truly representative system should be, for within it the various doctrinal trends—call them right, center, left, or however you want to distinguish them—would alternate. Such is the case in the European parliament of Strasbourg, which so greatly has influenced the political course by which the Old Continent is opening its way toward the future and which, furthermore, makes it possible to bring into the open the predominant trends of each country, thus preventing the breeding of antagonisms because of the lack of discussion or knowledge of the various ideas and possible discrepancies.

That parliament is perhaps one of the major factors in the achievement of the present political solidarity among the countries of the European Community.

I know that many people will say that this type of political integration is possible in Europe because of its greater cultural, economic, and technical development and its experience more recently acquired in two frightful wars. But we can reply that if European integration has been accomplished in spite of the 30 million victims sacrificed on the battlefields and in spite of the ancestral hatreds that long divided the now integrated nations, we have no reason to magnify our own differences. On the contrary, among our countries there are historic bonds of solidarity more powerful than any motives for disagreement. But let us not consider Europe alone; let us pause a moment and see what is happening in other regions which certainly have not reached the degree of development found there. We might mention India, for example. When the subcontinent became independent, it luckily had the political talent of a Gandhi and a Nehru, who accomplished the miracle of holding together a community of 400 million people, conciliating the local interests of the various groups that comprise it, whose diversity can be succinctly indicated by the mere fact that they speak 80 or 90 different languages and dialects.

What would India's fate have been if the small provincial interests had prevailed? It can easily be imagined. To emerge from its underdevelopment India must overcome many staggering problems, all of them infinitely more complex and more difficult to solve than those that preoccupy us in Latin America. Beyond a doubt there are more ethnic, religious, social, economic, language, and other such differences among the states of India than among the countries of Latin America. The task of development for India is of course extremely difficult. But obviously it would have been far worse if, instead of being integrated, the country had been broken up into dozens of independent states.

Let us look also at Indonesia, that new state, spread out over 3,000 islands, with many tongues and races, lacking the preliminary requirements for development, and with only a few technicians when it came to independent life. However, Indonesia did have the necessary political leadership, and it was able to establish a community of 100 million people which today, despite the immediate serious financial and economic problems, is undeniably taking its place in the world scene.

Then there is the Arab world which—whether or not we like the method by which it chooses to work for reunification—is a reality that is making itself felt more and more on the world map. For despite the difficulties that we read about in the newspapers every day, the Arab nation—or rather, the group of nations that form it—is advancing toward integration, and plainly the Middle East is coming to the fore as a new focal center of growing importance in the scheme of forces now existing in the world.

And now, Africa. Right before our eyes, day by day, we can see the emergence and consolidation of pan-Africanism. We all know that there is no single Africa but rather hundreds of peoples, who do not even have the apparent racial unity that people commonly think they have, but on the contrary represent the coexistence of widely diversified forms of political, economic, and social organization.

A few days ago representatives of all the autonomous countries of the African Continent met in Addis Ababa, capital of Ethiopia. The majority of those states have just come into being, and therefore they might have clung to a strictly introverted kind of nationalism. But instead, the new African states have embarked vigorously on a plan for integration. They are setting up regional organizations of a political type, much more advanced than ours. The thing is that despite the underdevelopment with which almost all of them are afflicted, they have leaders who are availing themselves of the experience of others in order to move forward rapidly and avoid errors.

We have evidence of this process at the Inter-American Bank. A year ago a mission of several African bankers came to our headquarters in Washington and asked us to permit them to observe how our institution operated, because the African countries wished to establish a regional bank similar to ours. Naturally we were pleased to open our doors to them and to offer them the benefits of our experience, as part of our mission of projecting the Latin American image into other latitudes. Later we sent officials to Africa who renewed this stimulating contact. Today the bases for the Pan African Bank have been established, and so likewise the bases of the African common market, the political organs of consultation, and finally, a series of economic and technical mechanisms that will all work toward integration. In other words, in these few years Africa has not only profited by the experiences of our own bloc but is taking much more far-reaching steps. And all of this has come about, I repeat, despite their differences of structure, tradition, mentality, culture, language, beliefs, and race; differences which, by contrast, make our countries seem more than ever a single nation.

THE PLURALISM OF THE WORLD TODAY

These processes of integration or reunification of great regional blocs should not be surprising to anyone who follows the course of world events. It is evident that the world is moving toward what we might call pluralism of the international type.

It cannot be said today that the world gravitates only between two points, Washington and Moscow. In the socialist world, Peiping now makes its own weight felt; and Belgrade offers another alternative, with obvious influence in its sphere.

In the field of the Western democracies, Old Europe is steadily recovering its historical stature. In the Middle East, Cairo is beginning to show an entirely new look. We have already witnessed how Africa in Addis Ababa today, in some other capital tomorrow—is also standing up on its own two feet.

I ask myself, my friends, where is Latin America? What picture do we present of ourselves as a hemisphere with a voice, with a destiny, with a call to progress?

Therefore, I emphasize the urgency of Latin American political integration. And I believe, Mr. President and my esteemed friends, that Chile has a very important part to play in this task. Let us remember that despite the poverty in which it began its independent life, Chile made bold to project its message in the direction of other Latin American countries. True, the projection was not so clearly drawn as the 19th century advanced. But in the 20th century, happily—and it is sufficient to look at this country's foreign policy in recent years, under various administrations—Chile has again found its great Americanist projection, that feeling for integration that was quiescent in the thinking of Bello, Montt, and other great statesmen, who always held in their minds and hearts the idea of and attachment to association with the other American countries.

Chile must continue to advance along this path, as it has been doing at inter-American meetings in recent years, where it has consistently introduced or supported proposals of Americanist scope. I believe that not only are those thoughts present in the minds of our political leaders, in the concern of our technicians and our businessmen, but that they also form part of the very sentiments of the Chilean people. They are present also in the universal voice of our poets, and of these there is no better voice than that of the great woman whose love for her land and its people reached out to all the confines of this America of ours. This America, which Gabriela Mistral loved with the same tender affection she bestowed upon her own beautiful and cherished land, of which she wrote, while in Europe, in 1930:

"Born under the sign of poverty, with few resources and a meager population, the nation understood that it had to be frugal, hard working in full measure, and peaceful in its civil life. If one were to give descriptive names to our countries, one might say: Brazil, or horn of plenty; Argentina, or universal fellowship; Chile, or the will to be. This stubborn will to exist has sometimes had an aspect of violence, and to some it appears out of proportion for 5 million people. But I, having no shred of Nietzscheanism, I like to think of it, to keep watch over it, and to stir up its guarded embers, because the southern continent may one day have need of that will, and it might both serve and save at some critical moment of continental solidarity. Countries that radiate little energy or feeling for mankind, countries that are not dynamic, are small, no matter how large they may be; small, very small countries that breathe outward in great spheres of influence grow steadily larger and may even reach the infinite. Their depths cannot be sounded, no one knows how far they reach, because their potentials are the same as the potentials of the individual soul; that is, they are immeasurable."

Thank you very much.

ENERGETIC EFFORTS TO STIMULATE COAL EXPORTS REQUIRE ASSISTANCE OF TRANSPORT AND TOLL COST CUTS

Mr. RANDOLPH. Mr. President, the productivity and the prosperity of the coal industry is so important to the economy of West Virginia and several other States—especially in the Appalachian region—that we are stimulated to express gratification for the efforts of Government and the industry to increase coal's markets abroad. But these efforts need the assistance of transportation cost cuts and reductions in Panama Canal tolls.

In West Virginia, although Statewide unemployment has dropped from a level of about 12.5 percent in 1961 to 7.5 percent at this time, the jobless rates in the coal producing counties, especially in the southern part of the State, remain inordinately high.

In spite of more outmigration from the labor force in some West Virginia communities than from most others of the State, here are a sampling of the prevailing unemployment figures for the predominantly coal economy counties: Fayette, approximately 16.1 percent; McDowell, near 15 percent; Logan and Boone, close to 14.7 percent; Raleigh, about 10.7 percent; and Mercer, slightly over 10 percent.

It is apparent, therefore, that increased coal production and carloadings of the high-grade metallurgical and steam coals of the area are needed to stimulate reduction of the unemployment rate.

Gov. W. W. Barron, of West Virginia, during earlier trade mission visits to Japan and later this year to Europe, emphasized the quality, the availability, and the stability of the mine-mouth price of the State's bituminous coal.

Under the energetic leadership of Hon. John M. Kelly, Assistant Secretary of the Interior for Mineral Resources, various ways in which the Nation's coal industry could increase its sales to foreign markets have been studied. They were discussed by spokesmen for industry and Government at a mid-September Washington conference sponsored by the Department of the Interior.

Assistant Secretary Kelly has pointed out that, during the past decade, energy consumption in America's principal foreign coal markets—Western Europe, Canada, and Japan—increased 25, 45, and 115 percent, respectively. He said that recent information on trends abroad indicates that "a tremendous additional market is emerging—enough to absorb U.S. exports of up to 125 million tons of coal by 1970."

But he emphasized:

> The great potentials for our metallurgical and steam coals will not be realized automatically; a substantial share of the growing energy market will be captured only if we are willing to work for it.
>
> The Department of the Interior is convinced that with abundant reserves of coal available to meet virtually any requirements, and a demonstrated ability to keep costs remarkably stable, the domestic coal industry has opportunities for significant increases in coal sales throughout the world. The industry's strengths are reinforced by already apparent means for increasing efficiencies in coal mining and preparation, by railroad and port facilities that could easily handle much larger exports, and by new and more economical transportation concepts now emerging.
>
> The gains already made in some of these areas have given U.S. coals economic advantages over indigenous coals in many of the world's important markets.
>
> With so many important factors in our favor—

He said—

> a substantial expansion of our foreign coal markets in a relatively short time can be assured by the determined action and cooperation of industry and Government.

Officials of the larger coal producers and exporters—especially those of Consolidation Coal Co., Eastern Gas & Fuel Associates, and Island Creek and Valley Camp Coal Cos.—have been active abroad throughout the year, particularly in Japan.

George H. Love, chairman of the board and J. W. Kepler, administrative sales vice president of Consolidation Coal Co.; were in Japan the second week of September to talk with steel company officials and to examine at close range the potential market for U.S. coals.

In commenting, Mr. Love said:

> We were tremendously impressed by Japan's growing economy and the determination of their leaders to increase Japan's share of the world market. Their optimistic plans for the expansion of their steel industry seem to have the real probability of success if we are to judge by the progress made so far. If coal from the United States is to share in the growth of steel, as we certainly hope it will, it must remain competitive. We came away convinced by their sincerity that everything possible must be done to further reduce the delivered cost of coal in Japan. Opportunity to effect additional reductions lies primarily in transportation charges and we in Consol intend to do all we can to help the Japanese achieve such reductions and thus strengthen U.S. coal's position in the export market.

Executives of Eastern Gas & Fuel Associates, the operations of which last year produced and exported 3 million tons of coal—a million tons of that amount to Japan from its West Virginia mines, spent several weeks in that country last spring. Now, we are informed by the press, the Eastern Gas & Fuel group, again headed by Eli Goldston, president of the parent firm, and William B. Ross, president of a principal subsidiary, are embarking on a worldwide tour to study how to increase the sale of American coal abroad. This is a further gratifying manifestation of aggressive market research and salesmanship.

Concerning this trip and coal markets abroad in their relationship to the West Virginia and national economies, Mr. Ross is reported to have said:

> The possibility of increased tonnage abroad will not only aid the industry and West Virginia, it is an extremely important factor in a better export-import balance for the Nation. The entire coal industry has been gratified by the administration's vigorous action in offering practical high level assistance to stimulate coal exports.

As was pointed out earlier in remarks attributed to Assistant Secretary of the Interior Kelly, coal sales to European markets increased by 25 percent during the past decade—those to Japan at a sensational rate of 115 percent. Japan, although far away, is today second only to Canada as the best foreign customer of our domestic coal.

It is reported that nearly 500,000 man-days of work in U.S. bituminous coal mines were required to produce the coal exported to Japan in 1962. Directly and indirectly, these shipments are declared to have been responsible for more than 7,200 jobs—approximately 2,300 of them in the mines. We are grateful in West Virginia for the part these exports contributed to our much-needed employment and economic stimulation.

We are aware of the hazardousness of the occupation of coal mining. We share with Japan the sorrow visited on so many of its families and its government by the very recent and tragic coal mine disaster. No less tragic, of course, and likewise a reason for our extending sympathy to the Japanese people and government, was the catastrophic train wreck on the same fateful day as the coal mine explosion.

Many of our citizens' lives have been lost in their pursuit of mining and transporting coal. Many more are subjecting themselves to jeopardy daily in the production of coal both for the domestic and foreign markets. They deserve our respect and our admiration, as well as our dedicated efforts to help improve the safety of their places of labor. They likewise deserve the aggressive efforts which are being made to preserve existing markets and to find new ones.

Mr. President, the United States-Japan Trade Council declares that if the United States succeeds in maintaining its present share of the Japanese markets for coal, this country can expect to have an annual 16-million-ton trade with Japan by 1970.

We certainly should strive mightily to share in such a market participation and growth, but it becomes more obvious as time and competition march on that we must reduce the delivered price of coal at the points of destination in Japan. We must especially seek to reduce Panama Canal tolls if we are to succeed in attaining a 16-million-ton trade with Japan or anything close to that order of magnitude.

In a recent communication to the Honorable Frederick G. Dutton, Assistant Secretary of State for Congressional Relations, I wrote that coal mined in West Virginia and exported to Japan is a subject of vital concern to West Virginians. I added that there are disturbing indications that shipping costs, including Panama Canal tolls, are disadvantages which must be overcome if our markets in Japan are not to be taken over by Australian, Canadian, Communist Chinese, or Soviet Union suppliers.

I requested a copy of a report prepared by the U.S. Embassy staff in Tokyo, discussing problems of Japanese imports of coking coal from the United States.

In transmitting a copy of the report, Assistant Secretary Dutton made this important observation:

> In looking into the question of possible steps to facilitate coal exports to Japan, the Department [of State] has learned from a Panama Canal official in Washington that the average tool per ton of coal is considerably less than the amount (about $1) mentioned in the attached report. Ships transiting the canal are charged on the basis of 90 cents per measurement ton. However, coal ships carry on the average a much larger amount of coal than indicated by the theoretical measurement tonnage capacity. As a result, the average toll per ton of coal actually carried was 44½ cents in fiscal 1962, according to Panama Canal calculations.

With the admonition that references in the report to Panama Canal tolls be evaluated with Assistant Secretary Dutton's note of explanation in mind, I ask unanimous consent, Mr. President, that portions of a July 19, 1963, report by the American Embassy in Tokyo to the Department of State, subject: "Prospects for U.S. Coking Coal Exports to Japan," be printed in the RECORD following my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

PROSPECTS FOR U.S. COKING COAL EXPORTS TO JAPAN

INTRODUCTION AND SUMMARY

Coking coal is one of the principal Japanese imports from the United States. In 1962, the steel and gas producing industry imported 5.3 million metric tons valued at approximately $110 million, c.i.f. Japan from the United States. However, while imports of coking coal from the United States have been rising over the past 5 years, the proportion of the total imported from the United States has been falling. In 1958, imports from the United States were 79.6 percent of the total and this proportion fell to 55.9 percent in 1962.

Over the past 5 years, Australia has enjoyed the greatest increase in exports of coking coal to Japan, rising from 7 percent of the total in 1958 to 27 percent in 1962. Imports from Canada have also shown significant increases.

Japanese steel industry and trading company representatives visited the United States in January and February 1963 and negotiated price reductions with U.S. coal producers and also held discussions with railroad and U.S. Government officials in efforts to obtain reductions in U.S. inland freight and Panama Canal toll charges with apparently little immediate success.

Officials of the Eastern Gas & Fuel Associates of Boston, one of the largest exporters of U.S. coking coal to Japan, visited Japan for several weeks in May and June 1963 to discuss sales prospects with the Japanese steel industry and the Embassy. The Embassy arranged a discussion at which some of the major problems involved were aired. The steel industry representatives made clear at this and subsequent discussions that further reductions in the landed price of U.S. coking coal were necessary if the U.S. industry is to remain competitive with some of its rivals. The principal rivals are the Australians and Canadians who offer medium volatile coal at attractive enough prices to induce the Japanese industry to develop technology permitting greater substitution of coals from these countries for the admittedly higher quality (but higher priced even when quality differences are discounted) U.S. coal. The U.S.S.R. is a direct competitor with the United States in that it has been selling low volatile coking coal approximately matching the U.S. coal in quality at considerably lower prices.

The Eastern Fuel representatives noted that they had reduced their prices to the minimum and that any further reductions would have to be achieved by reductions in transportation charges. They felt that negotiations with the railroads were proceeding satisfactorily and that some reductions in freight rates might be achieved. They, and the Japanese steel industry representatives, asked that the U.S. Government also cooperate in this effort by examining the possibility of reducing Panama Canal charges.

In further discussions with representatives of the steel industry in July, the Embassy was told that with present price trends, long-range prospects for the U.S. coking coals are distinctly unfavorable. The industry sources stated that there will always be a market for U.S. coals because of their high quality and the fact that the United States is a dependable source of supply. However, the U.S. coal industry faces the prospect of losing out completely on the growth of the metallurgical coal market in Japan as increasing substitutions for high quality coals are made and the Japanese industry cautiously increases its imports of high quality coal from the U.S.S.R.

BACKGROUND

Coking coal imported from the United States has in the past been of both medium and low volatile types. Within recent years, the U.S. producers lost out on much of the growing market for medium volatile coal in Japan to Australia primarily because of price. Australian coal, according to data made available to the Embassy by the Japanese steel industry, is currently priced at between $13.10 and $13.76 per metric ton, cost and freight, Japan. Price quotations on similar U.S. coal of medium volatility given the Embassy range between $16.65 and $17.35 per metric ton, cost and freight, Japan. The Canadians have been marketing a medium volatile coal at $15.54 per metric ton, cost and freight, Japan, this year, but a recent sale of 100,000 metric tons was made at $13.50 and the Canadian supplier reportedly indicated that this price could be met on future deliveries as well.

The low price Australian and Canadian medium volatile coals are not only cutting into the sales of U.S. coal of similar quality but encourage the Japanese to find ways of substituting these coals for U.S. low volatile coal which sell for $13.50 per metric ton, cost and freight, Japan, currently.

An additional consideration is the low price of Soviet Kuznetsky "K–10" low volatile coal which is currently being sold at the cost and freight price of $14.75.

The Embassy understands that this coal is mined in the Urals, must travel about 4,000 miles by railroad to a Pacific port and is quoted f.o.b. Soviet port at $11.95 per metric ton which would seem to be hardly enough to cover the cost of inland freight alone. One steel company executive categorized the Soviet prices as "political" and said the Japanese industry recognizes that it cannot consider this source of supply as dependable. Nonetheless, the industry believes it can increase its dependence on this source somewhat over the present level (a little less than 10 percent of metallurgical coal imports).

STEEL INDUSTRY COAL MISSION VISIT TO THE UNITED STATES

In January and February 1963 the heads of the raw materials purchasing departments of four leading Japanese steel companies visited the United States in the company of several trading company representatives primarily to discuss price reductions with U.S. coal exporters. They also talked with the Norfolk & Western and Chesapeake & Ohio Railroads and visited Washington in the company of Stephen F. Dunn, president of the National Coal Association, and Mr. W. B. Ross, senior vice president of Eastern Gas & Fuel Association. The four Japanese steel industry officials present were Mr. T. Wagatsuma, director and manager of purchase department, Yawata Iron & Steel Co.; Mr. S. Tanabee, manager of raw materials department, Fuji Iron & Steel Co.; Mr. O. Murata, manager of raw materials department, Nippon Steel Tube Co. (Nippon Kokan); and Mr. H. Shio, manager of raw materials department, Kawasaki Steel Co.

The Japanese steel industry representative reportedly emphasized the necessity for obtaining reductions in Panama Canal rates in order to maintain the competitiveness of U.S. coal in the Japanese market.

The results of the trip to the United States were a reduction in the price of coal from at least some of the U.S. exporters, some progress in obtaining serious consideration by the U.S. railroads to reduce freight rates to tidewater, but (according to the Japanese steel executives) little hope in obtaining changes in Panama Canal rates. On the contrary, they understand that canal tolls may soon be revised upward.

EASTERN GAS AND FUEL ASSOCIATES VISIT TO JAPAN

For several weeks in late May and early June, Mr. Eli Goldston, president, and Mr. William B. Ross, senior vice president of Eastern Gas & Fuel Associates of Boston, visited Japan to discuss coal exporting problems with the Japanese steel industry. They visited the Embassy several times and explained the problems they were having in maintaining and increasing their sales in the Japanese market. They noted that Eastern now sells approximately 1 million tons of coal to Japan and that it is considering the opening of a new mine in West Virginia at an investment of about $9 million which is expected to be able to produce about 1 million tons annually. In order to make the new mine a paying proposition, Eastern believes it must have reasonable assurances of being able to export about half of the mine's output to Japan. They are consequently looking for new long-term contracts with

Japanese consumers for 400,000 tons annually.

The Eastern executives observed that their plans correspond with two important U.S. Government objectives: (1) the export promotion program and (2) the program to economically rehabilitate West Virginia. They expressed the hope therefore that the U.S. Government would provide assistance to Eastern's efforts in those areas where the Government can properly do so. They felt there were two ways in which this could be done. In the first place, the Embassy could be of assistance in holding a conference with the Japanese steel industry representatives who had visited the United States several months earlier with the objective of giving their case a sympathetic hearing and, most importantly, providing by this action a symbolic indication of the interest of the U.S. Government in promoting this important export to Japan.

The second area in which the Eastern executives felt the U.S. Government could properly be of assistance is to give serious consideration to the possibilities of reducing the Panama Canal toll charges which currently amount to about $1 per ton of coal moving through the canal. They noted that canal charges are based solely on weight which unfairly discriminates against bulk cargoes. They thought that if the matter were given serious study, bearing in mind the advantages that could accrue to the United States and the canal authorities through the potential increase in bulk cargo movements to Japan following toll reductions, a solution might be found.

EMBASSY CONFERENCE WITH JAPANESE STEEL EXECUTIVES

On June 4, 1963, the economic counselor hosted a meeting with the four steel company executives who had visited the United State earlier in the year. Present were the two Eastern executives, the Deputy Chief of Mission, the Commercial Attaché and the reporting officer. The discussion was very frank and centered on the competitiveness of Soviet K-10 coal with the U.S. product. The steel executives agreed with the contention of the Eastern representatives that they could not reasonably expect further significant reductions in the price of coal from the U.S. producers. They felt, however, that the railroads should cut their inland freight rates and observed that inland freight rates from mine to tidewater for coal destined to U.S. east coast markets are considerably lower than those for coal destined abroad. They mentioned the Panama Canal toll problem but felt that this was one of primary concern to the United States.

Embassy representatives questioned the value of canal toll reductions since, in total cost and freight price of coal landed in Japan, these rates amount to only $1 approximately of the $18.50 total price. The Japanese steel representatives replied that they did not expect, even with the most sincere effort on the U.S. part, to achieve reductions in the cost and freight price of coal down to the level in which it would be directly competitive with Soviet coal. They felt strongly, however, that the U.S. side must bring the price down to a level somewhat closer to the Soviet political price if they were to be able to continue to justify buying U.S. coal in the future. By implication, they indicated that even a small reduction in the Panama Canal rates would be helpful in this regard.

In discussing the possibilities of increasing imports of Soviet coal, the steel executives made clear that they understood the dangers of becoming overdependent on that source. It was for that reason, as well as the traditional friendliness toward the United States, that they will continue to buy U.S. coal even though it is several dollars higher in price than Soviet coal of similar quality.

EMBASSY COMMENT

Neither the Japanese steel executives nor the Eastern representatives indicated that U.S. coking coal exports to Japan are likely to be reduced significantly in absolute terms as the result of more attractive alternative offers being received from other sources. Steel industry representatives have on a number of occasions told the Embassy that they value the dependable source of supply of this commodity provided by the United States. We believe, however, that the U.S. coal industry does run the risk of losing out of its share in the market growth for imported coking coals in Japan.

The Japanese steel industry hopes to achieve a production of 48 million tons of crude steel by 1970 and will, therefore, require ever-increasing quantities of imported coking coals. (Domestic production is limited and mostly of fairly poor quality.) Imports of coking coal in 1962 amounted to about 9.6 million tons. These are expected to rise to almost 15 million tons by 1970. In the meanwhile, over the past several years, imports of U.S. coking coal appear to have plateaued out at slightly over 5 million tons. While changes in technology which require lesser amounts of high quality coals for blast furnace charging may be responsible for part of the relative reduction in demand for U.S. coking coals, more attractive (in terms of price) alternative opportunities for importing coal have probably played an important role in the development of these processes which require less of the U.S. coals.

While it is not likely that Soviet low volatile coking coal would ever completely replace U.S. coal in the Japanese market, the price advantage offered by the Soviets increases the possibility that the Japanese steel industry will give the Soviets a greater share of its increased demand than might be the case if the price differential were not so great. One steel company executive thought that the industry may be willing to increase its imports of Soviet and Communist China coking coal from the present 11.5 percent of total metallurgical coal imports to 20 percent in the near future.

While the Japanese industry representatives have talked much of the direct competition between Soviet and U.S. coal, the indirect competition with medium volatile Australian and Canadian coal is at least as important. The Japanese have become accustomed to using U.S. coking coal and find generally that it mixes best with the lower quality Japanese varieties. They are reluctant to shift to other varieties of coal but have been doing so to an increasing extent over the past several years because of the price advantages offered by these alternative sources.

Direct price comparisons are difficult to make since even among coals which are generally similar, differences in ash, sulfur and volatile matter can have considerable significance. Japanese industry sources have been reluctant to discuss the price reductions required to make U.S. coal more competitive with similar varieties elsewhere but one trading company representative stated that U.S. coals, depending on variety, can be priced from 5 to 20 percent above Canadian and Australian coals and still be competitive. The head of the raw materials purchasing department of a major steel company said it was his personal opinion that a reduction of $1 to $2 per ton in the landed price of U.S. coal should be adequate to maintain competitive status.

OPEN SPACES LAND GRANTS IN NATIONAL CAPITAL AREA

Mr. BREWSTER. Mr. President, it is my understanding that the Independent Offices Subcommittee of the Senate Appropriations Committee has reported language on open spaces land grants which would continue the eligibility for grants under this program to Maryland and Virginia communities contiguous with the District of Columbia. These areas had been singled out by the House committee as no longer eligible for assistance because they had already received substantial grants under this program.

In the statement which I made before the Senate subcommittee, I rejected completely the idea that the National Capital area should be penalized because of its ability to qualify quickly for Federal assistance, and to expend substantial sums of its own money for open space lands. I urged the subcommittee to take action to set aside the direction contained in the House committee report.

If allowed to stand, the language of the House committee report would have had a most serious and unfortunate effect not only on Montgomery and Prince Georges Counties in Maryland, but also on the entire National Capital area.

I am pleased that the report of the Senate committee specifically bars the unfair and discriminatory exclusion of a significant geographic area from a law meant to apply equally throughout the country.

The area between Washington and Baltimore is one of the fastest growing regions of the country. The urban population in Montgomery County increased 136 percent between 1950 and 1960. In Prince Georges County, the increase was 112 percent. Clearly this increase in population results in many thousands of acres of once open space land being lost to homes, streets, shopping centers, and parking lots. I am proud to say that the Maryland counties in the National Capital area have been foresighted in providing the necessary local funds to match Federal contributions, thereby acquiring fast disappearing undeveloped land for urgently needed park, conservation, and historic purposes.

I urge all communities to take advantage of this important program, and ask unanimous consent that the article by Ernest Baugh appearing in the Monday edition of the Baltimore Sun be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

WASHINGTON AND BALTIMORE: PATUXENT GREENBELT AS BUFFER

The Maryland State government, through a 1961 act of the general assembly, is committed to the development of an open strip or greenbelt along the Patuxent River from Frederick County to tidewater. So, too, are the counties bordering the river: Anne Arundel, Calvert, Charles, Howard, Montgomery, Prince Georges, and St. Marys.

The reasons for that commitment are increasingly urgent. The Baltimore and Washington metropolitan areas are expanding rapidly and threaten to merge into each other. Planning experts are in agreement that the areas should be kept separated for the good of each and that the place for division is the Patuxent, a natural open-space separator and reserve.

The preamble of the 1961 act is quite specific. It reads in part:

"The legislature finds that the Patuxent River and the land bordering thereon constitute some of Maryland's most scenic natural or esthetic assets, and that rapid growth and spread of urban development is encroaching upon or eliminating many of these bordering lands.

* * * * *

"It is the intent of the legislature to provide means whereby the State department of forests and parks with [the seven counties] may cooperatively provide for the protection of the said Patuxent River and for the acquisition and use of the lands bordering thereon, so that the harmful effects of flooding, silting and erosion by the expansion of urban development may be discontinued or eliminated.

"The legislature declares that it is necessary * * * to expend or advance public funds for, or to accept by, purchase, gift, grant, bequest, devise or lease, the fee or any lesser interest or right in real property to acquire, maintain, improve, protect or limit the future use of lands bordering on, and within, the Patuxent River watershed."

The State's general improvement loan of 1961 carried an appropriation of $150,000 for the purchase by the State of property along the Patuxent or for contributions toward such purchases by the participating counties. The general improvement loan of 1963 carried two similar appropriations amounting to $500,000. Several of the counties either have money available for land acquisitions or are taking steps toward that end.

But to be realistic, the money on hand or in sight is insufficient. Development of the envisioned greenbelt is a big undertaking, involving as much as 40,000 acres of land and maybe more. Because of the lack of sufficient money in sight, there is no timetable for the fulfillment of the project.

However, there is, as noted, the statutory commitment by the State and the seven counties and there are signs that progress is accelerating. The most promising sign was last week's approval of a general Montgomery-Prince Georges plan to acquire 18,000 acres of land, all of it, of course, within the boundaries of those two counties or, to put it another way, only on the Washington side of the river.

The major portion of that tract (16,000 acres) would be in Prince Georges County and would be in a continuous strip running downriver from Laurel to almost the Charles County line. The 2,000 acres in Montgomery County would be along streams tributary to the Patuxent, primarily the Hawlings.

Another promising sign of accelerated progress also came last week when the Senate Independent Offices Subcommittee wrote into the $15 million Federal open-spaces bill a provision making Maryland, the District of Columbia and Virginia eligible for grants under the measure. A bar against eligibility for the three jurisdictions had been raised in the House on the ground that they had been given more than their share of open-space money under a current appropriation. If the House accepts the Senate action, Federal money for the Patuxent project will be available.

Unfortunately, the State has been moving slowly with its share in the greenbelt development. It is supposed to buy a total of about 8,500 acres, including a large tract along the upper reaches of the river above the Triadelphia Reservoir, a smaller tract between that reservoirs' dam and the Rocky Gorge Reservoir and a relatively narrow strip to carry the greenbelt through the Laurel area. State work to date has involved surveying in the main.

To refer to the two reservoirs is to refer to the one really bright spot in the whole greenbelt plan. The reservoirs are the base of the water supply system for Montgomery and Prince Georges Counties and are under the Washington Suburban Sanitary Commission. About 5,700 acres of open land surrounding the reservoirs are owned by the counties and so are within the public domain and reserved for greenery.

Howard County is just beginning to tackle its share in the big project. Anne Arundel County is lagging. The southern Maryland counties below Anne Arundel and Prince Georges seem to be doing nothing. All of which suggests that the foresighted and active Montgomery and Prince Georges Counties can't do the job by themselves. If we are to have that highly desirable greenbelt to prevent Baltimore and Washington from colliding, there will have to be early determinations at the State House and county courthouse levels.

CONVERSION OF WAR INDUSTRY TO PEACE—RESOLUTION

Mr. McGOVERN. Mr. President, the Industrial Union Department of the AFL–CIO has sponsored a resolution calling for the conversion of the nuclear industry to constructive peaceful purposes. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Since 1942, the United States has spent over 33 billion dollars to develop atomic industry. Over 95 percent of this sum has been spent on military application of this science. The stockpile of nuclear weapons has reached the stage of overkill with some estimates as high as twelve times the maximum needed to knock out all potentially military bases.

Senate ratification of test ban treaty and the filling of all possible military requirements poses the question of continued use and the very existence of the industry established to develop nuclear science. Capital investment in plants and structures alone exceed $10 billion. This large investment is threatened with disuse and potentially destruction unless it is converted soon to effective peaceful uses.

The same nuclear force which creates military destruction can under proper controls be used to provide energy to meet mankind's needs. The present first tentative uses of nuclear energy for production of electric power are uneconomic. They are uneconomic in part because of the artificially high costs which have been established for uranium and the custom-built plants in which the atoms of uranium are split to produce energy to turn the wheels of generating plants. These economic problems can be solved with the traditional methods of mass production and production line techniques which have been the boon to American industry: Therefore be it

Resolved, That the Industrial Union Department, AFL–CIO, calls for conversion of nuclear industry as a forerunner, and as proposed by Senator MCGOVERN in the establishment of a National Economic Conversion Commission (S. 2274), of conversion of the military industries generally through the use of modern production line techniques to build nuclear powerplants and help light the underdeveloped world through the production of 1,000 power reactors established in the areas of greatest need to produce electricity, and 1,000 reactors especially designed to use the energy of the atom to produce fresh water from the ocean for arid areas throughout the world.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to amendment No. 317, proposed to the committee amendment in the nature of a substitute, as amended. This amendment was proposed by the Senator from Alaska [Mr. GRUENING] as a substitute for lines 1 through 17, on page 50, of the committee amendment, as amended, relating to interest rates on development loans.

Mr. CHURCH. Mr. President, we are fortunate in having some columnists who understand the reasons and justification for current congressional efforts to reduce foreign aid. Such a balanced and objective observer is Arthur Krock, of the New York Times. In an article which appeared in the November 12 issue of the Times, Mr. Krock points out the legitimacy of current congressional concern over the foreign aid program. Although I cannot agree with the article in all particulars, it generally states a case worthy of our notice and approval. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CONSTITUTION KEEPS GETTING IN THE WAY

(By Arthur Krock)

WASHINGTON, November 11.—The Secretary of State, who is a man mild of manner and speech but—as they say in his native State of Georgia—"sot in his ways," last week supplied one of the two reasons for Congress' sharp reduction in the foreign aid budget when he said he doesn't "understand it."

Merely by reading the Senate speeches of the self-named liberals who are leading the fight for the budget cuts the Secretary could readily discover the first reason. It is, that the executive proposes to give President Nasser of Egypt the aid which pays for the military force he is using to back his refusal to withdraw his troops from Yemen; and to continue to provide aid to President Sukarno of Indonesia, who is sworn to destroy the new state of Malaysia, and to Brazil, where President Goulart is dissipating the aid by failing to control inflation. The second reason is that the only effective means Congress has to show disapproval of executive policies it disapproves is through the appropriating powers that the Constitution reserves exclusively to Congress, foreign policy not excluded.

The Senate, led by the Members who have been the stanchest supporters of foreign aid, simply has turned to the use of this means to impose on the executive budget for the next fiscal year the revision and rationalization of the foreign aid program that long has been overdue. Rusk's statement to his November 8 news conference that he disapproved of this "tendency to legislate foreign policy" is not at all surprising. What is surprising is his other statement that he doesn't "understand" the why and wherefore; and seems not to realize that with this assertion he was furnishing the general explanation of the situation he "does not understand."

Until and unless the President and the Secretary of State comprehend, if they really do not, what is so clear, the part of Rusk's news conference that states a sound principle of Government will not have the desired beneficial effect on Congress. This principle the Secretary phrased as follows:

"I am very much concerned about the tendency in the Congress to legislate foreign policy as it might apply to specific situations or specific countries.

* * * * *

"It is not possible for the Congress to anticipate * * * what the circumstances are going to be in any given situation. * * * These are responsibilities carried by the President [who is] the one the country will hold responsible if things go wrong."

FLEXIBILITY IN DISUSE

But support in Congress of this sound precept in foreign policy is impaired when the Executive continues disuse of the flexibility in judgment it admonishes Congress not to impede—by perpetuating aid programs, such as those for Egypt, Indonesia, and Brazil. These are automatically self-defeating of the plain and declared objective of foreign aid. The eventual consequence, as is now being demonstrated, is that Congress will go too far in its efforts to restrain Executive flexibility.

An example was the Senate vote denying aid to any nation interfering with American fishing vessels in what the United States unilaterally decrees to be international waters. Diplomatic negotiation is the proper means, instead of legislation requiring other nations to accept U.S. charting of the seas. And only the Executive, not Congress, can conduct diplomatic negotiations.

Congressional foreign policy support by appropriation is also impaired when the Executive assumes leadership for this Government in coercing another to yield to military blackmail, and in violation of the United Nations Charter. Yet the administration, in concert with Secretary General Thant of the U.N., did precisely this to assure the success of Indonesia's threats of seizure of west New Guinea from the Netherlands.

This helped to build up the revolt in Congress. And in furthering the revolt Congress, of course, is using its constitutional power to cut authorizations and grants from the revenues contributed by American taxpayers. Thus again the Constitution annoys one arm of the truine Federal Government by getting in its way.

Yet though this constitutional power, and the reasons for the tendency to invoke it, are plain, strangely enough the Secretary of State "doesn't understand it."

Mr. GRUENING. Mr. President, the amendment now pending before the Senate is my amendment No. 317. In order that there may be a full attendance of Senators for debate on the amendment, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 228 Leg.]

Aiken
Allott
Anderson
Bartlett
Bayh
Beall
Bennett
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ellender
Ervin
Fong
Fulbright
Goldwater
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McGovern
McIntyre
McNamara
Mechem
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Walters
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

The PRESIDING OFFICER (Mr. NELSON in the chair). A quorum is present.

The Senator from Alaska has the floor.

Mr. BEALL. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. Mr. President, I shall be happy to yield to the Senator from Maryland, with the understanding that I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, the foreign aid debate during the past 2 weeks has generated a great deal of editorial comment. On November 10, 1963, the Washington Sunday Star, in an editorial entitled "Tired of It All," expresses what I believe to be the sentiment of the American people on the subject of foreign aid.

I am confident that the bill which the Senate approves will reflect the demands of the American people that our tax dollars be expended with greater care and discrimination.

I now read the editorial, entitled "Tired of It All," for the RECORD at this point:

TIRED OF IT ALL

President Kennedy, in accepting a distinguished service award from a Protestant group, got in the following plug for his foreign aid program:

"I think the American people are willing to shoulder this burden. * * * Some say they are tiring of this task, or tired of world problems, or tired of hearing those who receive our aid disagree with our diplomacy. But what kind of spirit is that? Are we tired of living in a free world? Do we expect to make it over in our own image? Are we going to quit now because there are problems not yet solved?

The implication here is that the American people (who have been lugging the foreign aid load for 17 years) are ready, willing, and happy to keep on lugging it. Some other President, 17 years in the future, may be saying pretty much the same thing. But we dissent.

It is our belief that the American people, or most of them, are sick and tired of foreign aid. They are fed up with doling out billions in American tax dollars to people who couldn't care less about what we in this country like to speak of as "the American way of life." They are bored to tears with the threadbare argument that the Communists will take over the world unless we pay the bills for countries which don't know or care which team they are playing on, assuming that they are willing to play on any team. Mr. Khrushchev can't even feed his own people. Why not let him try this foreign aid load for size?

To sum up, we think the American people, as far as foreign aid is concerned, have just about had it. And we haven't the slightest doubt that it is this more than anything else which underlies the attitude of Congress—an attitude which the President either can't or won't understand.

This Congress, of course, will pass a foreign aid bill. But the appropriation will be sharply cut back. And it should be. The 88th Congress will go down in history (with applause) if it begins the quick phasing out of foreign aid. And we do not believe that the rest of the world, without the Yankee dollar, will go either to pot or to the Communists.

I concur with what is written in the editorial. It certainly expresses my opinion. I believe it expresses the opinion of a majority of the American people.

I thank the Senator from Alaska for yielding to me.

CAN LAWS MAKE MEN EQUAL?

Mr. MILLER. Mr. President, one of the most scholarly and thought-provoking articles that I have read in a long time appears in the November 18 issue of U.S. News & World Report. It is written by Dr. Walter R. Courtenay, minister of the First Presbyterian Church of Nashville, Tenn.

I believe that the readers of the CONGRESSIONAL RECORD and others will find the article worthwhile reading, and I therefore ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAN LAWS MAKE MEN EQUAL?—A MINISTER'S ANSWER

(By Dr. Walter R. Courtenay, minister of the First Presbyterian Church, Nashville, Tenn.)

(NOTE.—"Equality"—That's the battle cry now, in the United States and around the world. But what does it really mean? Are all men actually equal? Can they be made equal by laws or by other government action? Does liberty necessarily provide equality? Can democracy guarantee it? This problem of "equality," says a Nashville, Tenn., minister, "may be in many ways the greatest problem of our day." In a sermon that has attracted widespread attention, this minister discusses the whole question of individual rights—also of individual and governmental responsibility.)

During the past summer the air was filled with the raucous sounds of conflict in Birmingham, Chicago, New York, and Danville. It was also redolent with discord within the United Nations, and within the backward countries demanding recognition. Accompanying these was the endless struggle of labor and capital, and the seemingly endless drain of our resources into the giveaway programs at home and abroad. The air was charged with social electricity as individuals, groups and nations fought for new status under the banner of equality.

Equality has intoxicated the modern world. Men walk starry-eyed through streets and halls dreaming of new days and improved status. The whole world seems in a pep-rally mood, and the bonfires grow larger and burn more fiercely, even as the songs, chants, and shouts of the participants become louder and more fervent. In a thousand tongues men scream their demands for equality, for place, for recognition, for rights, for privileges.

As one listens, he frequently hears the words, "All men are created equal, and are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness." But the words never end there, but hurry on to declare that it is the responsibility of government to make all men equal and to maintain equality amongst men. Still other words are heard, declaring that democracy has failed to establish equality, and that man, therefore, must now turn to socialism and communism.

In my summer setting, close to nature, I looked around for evidences of equality in nature, and found none. Trees and hills are not the same in breadth and height. Rivers and lakes are not of uniform size. Not all animals and birds are swift and beautiful. The lion does not recognize the equalness of the antelope, nor the fox the rabbit. Some fields are fertile and others sterile, and clouds and puddles are not the same, though both are water created. In nature inequality seems to prevail, and yet the inequalities of nature produce the beauty we admire.

As I thought of it, the same seemed to be true of history. Nations and races do differ in size, wealth, prestige, power, creativity, and vision. Some soar like eagles. Some build like beavers. Some grow like vegetables and weeds in the garden called the earth. Between individuals, races, groups, and nations there are broad differences, and equality is not a characteristic of either nature or human nature.

Having reached this point, my mind asked the question, "Can we have both freedom and equality?" Someone has said, "Freedom without equality tends to become license. Equality without freedom tends to produce stagnation." How can these great objectives be secured without damage to the highest social system men have yet devised—democracy?

Looking back across history, I realize: that the Jews preached concern for the poor, but not equality. The Greeks preached democracy, but not equality. The Romans preached justice under law, but not equality. The Middle Ages in Europe preached Christ, but not equality. In fact, not until the French Revolution did men openly affirm that "Men are born and always continue free and equal in respect to their rights," and not until our declaration declared that "All men are created equal" did the world come alive to the possibilities of equality. These two events placed a new chemical in the cup of life, and the contents of that cup are changing men.

Here I paused to rethink the words, "All men are created equal." Are they? I could see that all men are created equally helpless, equally ignorant, equally inexperienced, equally sin touched, but I could not see how they could be said to be created equal in any other sense. Men do not begin life with an even start for all. Their beginnings are marked by differences in pedigrees, health, educational and moral levels, economic strength, social status, and personality potentials. There are broad differences in temperament, talents, drives, and desires. They do not begin life on a common line.

And what of the so-called unalienable rights, such as life, liberty, and the pursuit of happiness? Life is the gift of God, and so are liberty and happiness—in a certain sense. But being born is never enough. Getting here alive is only a beginning. In order to really live, one needs medical science, proper nutrition, adequate care, and a chance to become educated and equipped for adult responsibilities. As to liberty, it is not something that comes with birth. Liberty is man created, man achieved, and man maintained. God approves it, but man must win it.

Happiness is a byproduct of a way of life rather than something granted us by birth. It, too, is something we achieve by effort. It depends on many things: employment, purpose, personal development, and the right use of the opportunities and duties of life. Life God gives, but liberty and happiness we must achieve.

Having reached that state of mind, I wondered why men ever thought that government could make men equal and keep them equal. How can mere laws produce equality among men on a heart level? How can coerced fellowship ever become real fellowship?

WHAT GOVERNMENT MUST DO

That government has a role to play in the mighty, moving drama of man's progress is not to be denied. Our Constitution and our Bill of Rights stand to affirm it. It is the function of government to state the conditions of liberty, equality, and responsibility, but unless it is the will of the people to give life to the law, it will not work. The prohibition era proved that beyond our contesting.

Then why do we believe and state in our legal documents that "all men are created equal," and have "unalienable rights"?

I presume it is because we must find some means of limiting the powers of the powerful and of protecting the rights of the weak. Great power, unpoliced, tends to become destructive power. The rights of the weak tend to be lost in a land where only the strong prevail.

We all understand this, even as we all realize that the clamor for equality is always a push from below rather than a pull from above, although it has often been both in these United States. Slaves have never enjoyed being slaves. The poor have never enjoyed being poor. The exploited have never been happy with exploitation. Those who fail have never been proud of their shortcomings, and the employed have always felt that it would be better if they were the employers.

It is from this level of life that the hunger for equality rises. It is here that Utopia displays its broad green fields and still waters. It is from here that the valley of Shangri-La appears as the answer to all the ills of man. It is the hopelessness of the masses that provides the soil for hope in those who will not surrender to the accidents of birth and environment, and it is well that it is so.

And yet, one must face facts. In any classroom of pupils only a few qualify under the letter A. Below these leaders of the class are the B students, and then the C's, and then the D's, and then the F's. Some, by ability and effort, rise to the top, while others, because of lack of ability or application, take their places on the descending curve of scholarship.

In every nation it is the same. Only a small percentage of people have the ability, the desire, the drive, the willingness to work and sacrifice, to foresee and prepare for success in any realm. The people who struggle to succeed are never interested in equality, but in superiority. Their goal is never the level of the masses, but a level above the masses. They endorse and espouse liberty because it creates for them a favorable climate in which to think, plan, create, work and achieve according to their abilities and desires. They never pace themselves by the speed of the mediocre, but by the speed of the best. They are never satisfied by crumbs; they want half loaves and whole loaves.

PEOPLE WHO MAKE PROGRESS

It is such people who made America possible, and who have always led men in the upward climb. They are, in truth, the benefactors of the race. It is their ideas and creativeness that establish businesses and industries, thereby providing employment for others, and the taxes that make community and national progress possible. They furnish our best leadership, and give to the Nation our best guarantee of security. It is because of them that progress is produced in all areas of life—the intellectual, the artistic, the economic, the governmental and the social. While they did not build America alone, they provided the means whereby our Nation came into existence and has continued on its upward way.

Looking critically at such a line of thought, I suddenly realized that the success of the few creates the inequalities that loom large in the minds of the many. The haves highlite the have-nots. It is the successful who outlive the failures and all others who take their places on the curve of life as it sweeps downward.

During my summer days it seemed to me that:

It is the nature of some men to succeed, and others to fail.

It is the nature of some men to get by, and others to achieve.

It is the nature of the have-littles to want more.

It is the nature of the successful to seek to dominate.

It is the nature of those who are unsuccessful to resent it.

It is the nature of the poor to envy.

It is the nature of the wealthy to assume unjust privileges.

It is the nature of those who inherit wealth to use it well, to misuse it, or to feel guilty because they have it.

It is the nature of the intellectuals who receive their compensation from taxes or the gifts of the economically successful to advocate a change of system in order to get one wherein the intellectuals will be generously rewarded as business executives under free enterprise.

It is because men are unequal in ability and drive, in opportunities for recognition and advancement, in rewards for work done and services rendered that people become restless socially. It is the inequalities of humanity that create the crusaders for equality. In the 18th century men looked to democracy as the answer to the inequalities amongst men, and now in the 20th men look toward socialism and communism.

Democracy, as we have tried to shape it in America, has been heavily impregnated with the Ten Commandments of Judaism and the spirit of Jesus. Because of this, we are suspicious of any system that advocates the big lie, covetousness, greed, the stealing of property, the destruction of life, and the taking away of liberties. Democracy condemns without reservations the confiscation of private property and capital by the state and the regimenting of human beings like animals on a farm. Our democracy is not perfect. Imperfections exist, but its virtues exceed those of any other system mankind has tried.

These observations moved me then to reach certain opinions concerning American democracy:

1. Democracy was never created to be a leveler of men. It was created to be a lifter, a developer of men.

2. Democracy was created to let the gifted, the energetic and the creative rise to high heights of human achievement and to let each man find his own level on the stairway of existence.

3. Democracy was created to help men meet responsibilities and shirk no duties. That is why our Nation has been concerned about the honest needs of its citizens. We lead the world in justice, even though justice does not always move with prompt alacrity. Our Nation has been noted for the size of its heart, and not merely for the size of its pocketbook.

4. Democracy demands that the Nation be governed by the capable, the honorable, the far-seeing, the clear-seeing, and not by mediocre men. In the beginning, it was so. May it be so again.

5. Democracy demands more from men than any other system in the realm of self-discipline, dependability, cooperativeness, industry, thrift, and honor. Democracy will not work when party politics are not guided by basic ethical principles. For a party to foster class consciousness, class conflict, misrepresentation, covetousness, violence, theft, and an open defiance of established law is to breed anarchy.

6. Democracy must give to all its people the following rights:

The right to equal learning.
The right to equal employment.
The right to equal treatment.
The right to equal justice.
The right to adequate housing.
The right to vote.

The meditations of the summer convinced me that governments of themselves cannot make men equal or remake men into the beings they ought to be. That is a spiritual venture, not an economic and political one. A change from democracy to either socialism or communism, or a change from private capitalism to state capitalism, will not solve the basic problems of mankind; it merely shifts the areas of power.

I am disturbed, therefore, when church leaders and church groups seem to advocate socialistic means and objectives as the answer to the problems of democracy, and especially the problems of equality. This is especially true when certain leaders voice slogans that appear logical and Christian, but are not. Let me name four:

1. "The world owes every man a living." No, it doesn't. Christian ethics have never said so, and I have never known any man worth his salt who has claimed special rights under such a slogan. It is the cry of the lazy, the inept, and the failures. Such a slogan is a far cry from our meeting the needs of the needy, which, of course, is our duty.

2. "Production for use, and not for profit." That sounds good, but it is as phony as a Russian promise. It is profits that have produced the blessings of our Nation and enabled her to be a blessing to the nations of the world. Profits are essential to the general well-being of society. When the state takes over under the slogan of "use, not profits," men lose their liberties and their standard of living. Such a switch merely augments the insatiable appetite of the state.

3. "Human rights, not property rights." As I look out over the world, one thing is clear: Where there are not private property rights, there are no human rights. Private property rights form the seedbed in which human rights mature. As long as private property rights are clear, human rights will flourish.

4. "The end justifies the means." According to Christian ethics the statement is not true. It was just such a statement that produced the crucifixion of Jesus, the torture of the martyrs, the burning of witches, and the denial of life and liberty to the inhabitants of current communistic lands.

Churchmen, whether lay or clerical, who seek to solve the problems of our society through socialistic processes, rather than democratic ones within the free enterprise system, are heading down a road that leads toward darkness. Only by encouraging Christians to envy, to covet, to be class conscious, to foster class conflict, and to approve stealing and even murder, can such objectives be attained. To realize them would bring about a broad denial of law and order and the orderly handling of social problems. Whenever we as a church, an educational system, or a Supreme Court encourage people to misrepresent facts, to use force wrongfully, to flout law and order and to stimulate bitterness and hatred, we depart from logic, Americanism and Christianity.

BLAMING THE PROSPEROUS

I unhesitantly oppose the use of socialistic and communistic methods in the solving of the problems of our free enterprise democracy. Our problems are problems of human nature rather than of economics and sociology. The man who has two cars is not preventing another from having one. The man who earns $50,000 a year is not robbing him who receives $300 a month. The man who owns a good house does not thereby force another man to dwell in the slums. And the people who prosper under our system cannot be blamed for the problems that plague the lives of those who compose the lower 25 percent of the Nation. The so-called privileged are not always a credit to either church or state, but they are not, in the main, parasites on the body politic. We are, therefore, wrong when we damn the successful, the wealthy, the enlightened, and the patriotic in order to gain what we call equality.

Having said that, let me hasten to add that the redistribution of wealth will not solve the human problem that plagues us. Wealth is not fairly distributed in any land under the sun; it never has been and, I presume, never will be. Nor do we solve social predicaments when we blame the top 20 percent of our people for the inequities that seem to mark the 80 percent.

Nor is it logical for our Government to be forever emphasizing the neglected duties of the employers, while ignoring almost totally the neglected duties of the rest of us. The wealthy have many sins to confess, but so do we. And when we come to the advocacy of moving from private capitalism to state capitalism, and the listing of the sins of democracy while ignoring its multiple virtues, and assuming that virtue resides in the have-nots, but not in the haves, I can only shake my head at the presumed wisdom of such positions.

Let no one hearing my voice conclude that I am speaking as a have or a defender of the haves. Let no one believe that I am unconcerned about those in our midst whose rights are often ignored and whose status is questioned. I am not blind to the sins of the privileged any more than I am the sins of the underprivileged. The business leaders do not need my voice to defend their position; they are strong defenders of themselves. But I have walked the roads of life with men of all classes, and have reached one conclusion: "There is none righteous, no, not one." We are all bearers of the telltale gray of selfishness. The 5 o'clock shadow is on all our faces.

The Lord I love and serve was not overly optimistic about humanity. He knew man as he is, and worked with him for what he could become. He ministered to the multitude, teaching, healing, feeding, encouraging, comforting, but he never assumed that equality was part of the human scene. He talked of love and neighborliness, but not equality.

Perhaps that is why the New Testament puts the emphasis on brotherhood and not equality. It emphasizes responsibilities, not privileges. It stresses love toward God and love toward neighbor. It seeks to create a church that will be brotherly within, and concerned for those without. It urges men to find the God-way to selfhood, success and happiness, and offers a heat-treated cell to all who misuse life, be they rich or poor.

Paul, in his letter to the Church of Corinth, denounced the lack of brotherhood within the church, and urged men to be concerned for one another, but he did not assume equality to be one of the "must" characteristics of Christianity. It was not a matter of love without differences, but love in spite of them.

The church, as someone has said, learned a long time ago that it is easier to create liberty than it is to establish equality. It has always known that equality can only be had by a loss of certain liberties. If men want equality above all else, they may best find it in communism. If men want liberty and a fair portion of equality, they must turn toward democracy.

What the world needs is a change of heart, a change of climate born of faith in God, a reaching up that there may be a reaching out, a confession that produces a new dedication. This governments and laws cannot create, for governments and laws are but the reflection of the standards of a people.

Everything in social Christianity depends on the wise use of possessions, time and talents, and only when we, Christian members of a democracy, become good stewards of the things that bless life do we begin to move in the direction of righteousness and justice, peace and true prosperity.

LIBERTY FIRST—THEN EQUALITY

The problem of equality may be in many ways the greatest problem of our day. We cannot solve it by government, and we shall not solve it en masse. Only when we as Christians take seriously the teachings and example of Jesus shall equality and liberty exist without detraction or subtraction. Only when we stand before God confessing our needs shall we be empowered to meet the needs of others.

If I must choose between liberty and equality, I must choose liberty and then hope and work for equality, for such seems to me to be the Christian's way.

ANTI-SEMITISM IN THE SOVIET UNION

Mr. KEATING. Mr. President, November 9 marked one of history's most tragic anniversaries. Twenty-five years ago, on November 9, 1938, Hitler's storm troopers turned on the German Jewish community, murdering and injuring large numbers of men, women, and children, and arresting 20,000 who were sent to concentration camps. Hundreds of synagogues were set on fire; thousands of shops and homes were looted and destroyed. So much glass was broken that the night has been described as "the night of the broken glass." The Jews had to pay for the destruction of their own property and, in addition, were shouldered with a collective fine of 1 million Reichsmarks.

This was the beginning of the campaign of organized terror and destruction that did not stop until the Nazis were defeated in the worst war of all times, and until millions of Jews were slaughtered.

Now, 25 years later, 3 million Jewish survivors of Hitler's Europe are being hounded by the Soviet Government that seeks to blame Jews for its moral and economic failures. Persecution of Jews is on the increase; the outlook is ominous. Jewish leaders are being executed following widely publicized show trials.

The press, radio, and TV are heaping insult and slander on Jews, branding them as spies and swindlers. Synagogues are being closed, and Jewish cemeteries are being desecrated. This is a continuation of a policy begun by Stalin, and never repudiated by Khrushchev.

State sponsored anti-Semitism is often a successful solution to the problems of the state, functioning to direct public attention away from these problems, while projecting the blame to a defenseless scapegoat. This is a phantom solution, however, leaving the real problems unattended and out of sight where they grow undisturbed. The ensuing desperate situation breeds tyrannical leaders and predisposes to reckless explosions of international violence.

Mr. President, on the 25th anniversary of the beginning of the Nazi extermination program, we are reminded that the preservation of the liberties of all, and of peace itself, depend on the refusal of the civilized world to accept minority group persecution as state policy. We hope and pray that the Soviets will relent in this increasing campaign of anti-Semitism as required by minimum standards of human justice, and as so prominently expressed in their own constitution.

NATIONAL COMMITTEE FOR THE SUPPORT OF THE PUBLIC SCHOOLS

Mr. KEATING. Mr. President, the National Committee for Support of the Public Schools was formed in January 1962 by a bipartisan group of national leaders in business, labor, agriculture, and the professions. Their goals are to promote an increase in financial support of public schools at all levels of government and a reorganization of school finance in order to develop a coordinated, fair and effective system of school support.

Mrs. Agnes E. Meyer, whose efforts on behalf of worthy causes I need not enumerate for my colleagues, is the chairman of the National Committee. Mrs. Meyer addressed the Great Neck Education Association of Great Neck, N.Y., on October 23, and because her speech is so timely and thoughtful, I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

IT PAYS TO EDUCATE

(By Agnes E. Meyer, chairman, National Committee for Support of the Public Schools)

That may sound like a materialistic title. But the plain fact is that our public school system has always been and still is the principal source of America's high per capita productivity. In the modern technological world—a world that is headed toward a new historical era in which our place amongst other nations will be a question of brains rather than brawn—education has assumed such importance that the country which does not value a first-rate system of public schools is doomed.

And yet we find growing resistance to the approval of school budgets and bond issues. This has happened in Great Neck and other communities. In some communities battles over school expenditures have left scars on the body politic. Nor can we look upon these contests as a struggle between the angels of light and darkness. Rather, the financial difficulties of the public schools derive mainly from these factors:

1. High taxation generally and especially at the Federal level.

2. Lack of realization by many citizens that the improvement of the public schools is a matter of high, if not of first, priority.

3. Our attempt to meet the mounting, and necessarily mounting, costs of public education by means of an archaic system of financial support.

The American public school system was built on a financial structure keyed mainly to the local property tax. A century ago this tax was an acceptable measure of fiscal capacity. This is no longer true. Yet we continue to pay most of the cost of a vastly increased public school bill by a tax on property. In innumerable villages, towns, and cities this traditional source of support for the schools has reached the maximum which it can bear. The real estate tax cannot be increased in many local communities without endangering the economic security of many households.

If factors such as those described have caused difficulties in Great Neck, one may readily imagine the problems encountered in the vast majority of communities which are far less favorably situated.

The States now recognize the necessity of State support for public schools. However, this support is curiously uneven, ranging from 90 percent of local school expenditures in one State to a paltry 12 percent in another. Furthermore, in most States the tax systems which provide the funds for schools and other State undertakings are frequently a hodgepodge and take little account of modern sources of fiscal ability.

Federal funds are now expended for literally hundreds of educational activities totaling $2.2 billion in 1961–62. However, only a fraction of this amount directly aids the public schools in the localities.

Moreover, the Federal Government increases the difficulty in securing adequate State funds for public schools by the practice of making substantial grants to the States for several purposes, such as highway construction, on a matching basis. Lacking such matching grants, the schools often are placed on a low priority when State legislatures appropriate funds.

There are a few fortunate and conscientious communities such as yours that spend $1,250 a year per pupil. There is a far greater number that spends less than one-quarter of this amount per pupil, some because they are indifferent to education, others because they literally cannot afford a higher per capita expenditure. This inequality of opportunity for self-development is not only a grave injustice; if it is allowed to continue it will be a serious threat to the future of our Republic for it will result in an ever increasing illiterate, semieducated, ill-trained proletariat—and by the designation proletarian is meant people having no stake in the welfare and progress of our Republic. By starting the schools in our city and rural slums we condemn the poor to continuing poverty.

How extensive is poverty in our country? Far more than most well-to-do Americans realize. It is officially recognized that one-fifth of the American people are living in extreme destitution. Above this poverty-stricken group are about 39 million people who fall short of what is considered in our country a modest subsistence. The chief cause of poverty in our affluent society is ignorance—the fact that these people happen to be born in localities where good education and training are not provided as a normal part of life. These lowest income groups are inarticulate and lacking in leadership. Thus most well-to-do Americans are unaware of their plight. I regard it as an important manifestation that the Negro is now voicing a protest against continued economic and educational neglect. It should help arouse the general public to the obvious truth that our underprivileged millions, whether black or white, must be given equal opportunity for self-development if our society is to maintain its former rate of productivity and progress. Nor is our democracy entitled to be called such, if we develop a class society in which three-fifths of the population is prosperous and two-fifths struggling to keep body and soul together.

In short, the whole muddled and varied methods of tax support for public education call for analysis, if we are to keep pace with the new and far more costly needs of a school system that will educate our children so that each and every one of them can develop his maximum capacities—we must have a system that can prepare our children to live in a changing world whose frontiers of knowledge are expanding at a frightening pace. Under the new economic, social, and scientific demands upon education, such schools will be very costly.

How can we pay for so expensive a system of public education? Realizing that even some of our most enlightened citizens are baffled by this fundamental problem, a National Committee for Support of the Public Schools has been formed by a bipartisan group of citizens from every State in the Union. What brings us together is our belief that survival and progress of the United States depend as never before upon the full development of our human resources. To pay for our schools is a difficult task, especially in a period when far too many Americans are appalled by the financial strain of military security and foreign aid, to say nothing of social security and unemployment insurance. But our national committee is convinced that better public education for all will contribute vitally to the solution of these problems by raising the rate of national productivity, and by producing the trained personnel that is more important to the security of our country than the atom bomb. If we are strong here at home we shall be better prepared to maintain the world leadership that has been thrust upon us. And, assuredly, we can influence foreign nations, whether friend or foe, far better through our own exemplary performance than through the exhortations and promises of our statesmen.

What then is the program of our National Committee for Support of the Public Schools? We are not a lobbying group. As a committee we are neither for nor against any legislation for support of education, though our members are free as individuals to do as they please. Our program is educational. We are convinced, both the Republicans and Democrats, among our membership, that a much stronger national determination to improve the scope and quality of public education is urgently needed, is in fact the Nation's major problem.

To awaken people to the fact that this must be a nationwide concern and a nationwide movement, we invited our entire membership last April to a 3-day conference of which the Saturday Review of Literature stated: "At its first national conference the committee put on as impressive a display of blue ribbon talent from industry, government, communications, and education as the Nation's Capital has seen in many years." It was attended by 300 community leaders from 48 States, all of whom paid their own way, put aside important professional, business, and personal obligations because they are, one and all, people who put education at the top of their priorities. Our speakers made it clear that we are engaged in a second industrial revolution that will be more prolonged, more severe, more complex and thus creating more human misery than the first industrial revolution that gave us Karl Marx, unless we develop the educational statesmanship that will rapidly adjust our public schools to the needs of a new era. We have made a summary of the speeches in a booklet called "Light A Fire", a title taken from my farewell message to the committee members, in which I said: "Because of the size of America and its present apathy the individual citizen feels his own effort is often insignificant and even futile. But the secret of the fight for education is that it can be won by each individual committee member working steadily and intelligently in his own community. On Main Street, in the city hall, in the capitals of our States, we members of the national committee must each light our fires. They will spread from the States to Congress once the fire begins to burn brightly in the grassroots."

The program of our committee is different from that of any previous national committee to improve the educational system. It is specifically dedicated to a single aim: to stimulate more adequate financial support of public education. This entails, however, that we make it crystal clear why and how education must now be transformed without delay. We are not in competition with organizations having similar aims who are already in the field. On the contrary, we work in close cooperation with organizations at the grassroots level, the State and local citizens committee, the PTA's, the League of Women Voters, and other large women's and men's clubs.

The National Office in Washington (1424 16th Street NW.) acts as a clearinghouse of information on school problems and school financing. But we fill in the gaps of knowledge on such subjects by original research and factual studies because we are convinced that the people themselves will act to improve their schools when they are fully informed of the obstacles in the path of speedy progress.

The committee's first effort to stimulate understanding and organized action was to publish a report entitled "Changing Demands on Education and Their Fiscal Implications" compiled and written by the distinguished professor of education, John K. Norton; copies can be purchased from our Washington office. The report is concerned primarily with the interrelation of education and economics as they affect the well-being of the individual and of the Nation. If you will read this report you will find a statement of the main objectives of our national committee:

1. To publicize individual and social benefits which accrue from investment in the right kind and amount of public education.

2. To focus public attention on individual and social problems associated with inadequate schooling of a considerable percent of citizens.

3. To point out areas of educational policy and action essential for full development of human resources.

4. To identify fiscal action essential to adequate financial support for effective public education at all levels from kindergarten through grade 14.

We have not gone beyond grade 14 in our calculation since the public schools at present do not envisage an education beyond the age of 16, or of 18 years, if the community has a junior college. But let us not forget that the high school population skyrocketed when the opportunities for employment of unskilled youngsters disappeared. Now that automation calls for people of ever higher skills, it may well be necessary to keep those boys and girls who do not go to college in school until they have been prepared, through work and study programs, to fit into the changed and constantly changing economic structure. We cannot turn our children on the streets and leave them unprotected against the work hazards of today. The evils of unemployment afflict all age groups in our labor force. But the rate is highest among teenagers, especially among Negroes and other minority groups. It is clear that we shall have to continue suitable education until the time comes when the individual is prepared to find his place as a productive worker—perhaps until he is 20 or 21. To ask ill-prepared youngsters to shift for themselves before or even after high school will only mean a still greater increase in crime and delinquency. We have a choice of keeping all youth in newly planned programs in our schools or keeping them on relief. Certainly the former is more humane; no human being can be happy without work. At the same time such work and study programs would be economically more constructive.

The provisions for continuing education would have to be adjusted to the geographical problems involved, namely the regions of the country which have more precarious problems than others. We must not forget the indigenuous problems which confront rural youth of this age in education, training, and job opportunity.

Economists have searched for some factor, hitherto imperfectly recognized, to explain the economic advance of western society. It is in human resources, properly trained, that they have found a major factor of economic growth. Dr. Schultz, of the University of Chicago, has calculated that not less than 30 percent (and perhaps as much as 50 percent) of the unexplained increase in income in the Western World is attributable to the additional education of workers. The investment in education, he maintains, returns as much or more than the investment in physical capital. And Dr. Eli Ginzberg, of Columbia University, puts it this way: "Our economic system is misnamed. Capitalism suggests that the key factor in development is capital; actually it is the values, aspirations, and skills of people."

If we consider the world scene we find an answer to the belief that the Western nations first became prosperous and that this prosperity made it possible for them to have good schools. A careful international study as to whether prosperity came before education has led to the conclusion that, in the advanced Western nations, education has been the precursor rather than the follower in the table of progress. Brazil has extensive natural resources, limited educational development, and a per capita income of $230. Denmark with almost no natural resources but high educational development, has a per capita annual income of $750. The comparable figures for Mexico and Switzerland are $220 and $1,010, respectively. Japan, with the best school system in Asia and with the highest rate of literacy in the Orient, has also the highest per capita income in the Far East.

These are some of the plain facts concerning education and productivity that must be explained to the American people if we are to overcome their lethargy concerning the need for better public schools and willingness to pay the costs.

One reason for poorly financed schools is the failure of school programs to match the economic changes in other areas. For example, 30 years ago the U.S. Government collected about one-fifth of all taxes, Federal, State, and local. Today the Federal Government gets over two-thirds of all the tax revenues. Yet it pays only 3.6 percent of the school bill whereas the local communities pay 39.4 percent. Our school finance patterns have not reflected that very important shift. They are still bogged down in the outmoded belief of a preindustrial age that local real estate taxes can foot most of the bill.

Failure to recognize this change in the tax structure has resulted in an inflexible attitude toward school expenditures.

Whether the necessary funds to strengthen education will be forthcoming depends on whether the American people understand the social and economic importance of education. Do they understand that education as investment is an economic fact and not a mere figure of speech? Do they understand the outmoded fiscal policies which block the achievement of sound school finance patterns? Do they recognize the penalties, present and future, that attend the failure to provide first-class schools for all our citizens?

Let me digress for a moment so that you may see the revolution we face in education, as I see it. This Nation is headed for serious trouble. The people who know this keep still about it. Most people do not know it because they are lulled to sleep by a pervasive affluence.

The heart of the trouble is our sluggish economy. The famous Swedish sociologist, Gunnar Myrdal, says flatly in his last book, "Challenge to Affluence": "The most important problem in the world today * * * is that America shall succeed in getting out of the rut of slow economic progress." He is not concerned because of any particular love for us. He argues that a nation which cannot solve its own economic problems can scarcely assert the leadership it should have in international affairs. Failure here at home is bound to produce lack of respect even among friendly nations. For on America's economic recovery, says Myrdal, depends not only the well-being of our own citizens but to a great extent the well-being of the whole world.

Our economic problems are aggravated by the rapid expansion of automation by which we maintain and expand production with a fraction of the former working force. Charles C. Killingsworth, professor of labor and industrial relations at Michigan State University, estimates that our real rate of unemployment is not 6 percent, as reported by the Labor Department, but 8.8 percent, an alltime high since the great depression. The number of unemployed youth between 16 and 22 is anybody's guess since many of the unskilled Negroes and whites do not even bother to register. The problem is aggravated by prejudice against the Negro. Bad as the employment outlook for youth is now, it will grow worse without decisive action. On July 12 Secretary of Labor Wirtz said: "There will be 5,500,000 coming into the labor force in the next 32 months and unless we do something 2 million of these could be headed for the scrap heap." In our automated industries there will be less and less room for the untrained worker. At the first conference of the National Committee for Support of the Public Schools, Secretary Wirtz told us: "I suggest that automation demands that the educational system, in one form or another, must assume the responsibility of seeing to it that nobody leaves school until he or she is prepared to do the kind of work that is available."

There is one aspect of the revolution in education that confronts us. Emphasis on the need for new insights and prompt action in education of the disadvantaged in no way diminishes the need for better education throughout the public schools for all children, including those who are able to benefit by a college education. But the million or more young people who are at present neither at school nor at work, and the fact that this group may be increased to a dangerous extent year after year makes it imperative that we take prompt and effective action so that all youths up to the age of 21 will be in school, be employed, or have their time occupied by a combination of schooling and employment.

I am in sympathy with the present drive for excellence provided it does not result in a rat race for marks rather than an interest in learning. We must not only give superior training to the obviously talented. We must institute a nationwide search to identify and develop talented youth. What is more, much talent could be found among the neglected groups, if our guidance experts were sufficient in numbers and in alertness. But I see the most insidious danger to the civil order and the future of democracy in educational indifference to the underprivileged whether in our city slums or the poorer States whose schools, especially in the rural areas, are a disgrace to a nation which boasts of equal opportunity for all its citizens. As I have said, our sluggish economy is not only a menace to our domestic social progress but to prestige throughout the world. I am not an economist. But I do know that our public schools have always been a major source of our economic leadership. I am convinced, therefore, that if we now have the courage to create a totally new educational system which develops every child's capacities to the utmost, and makes that youngster productive, however humble the job may be, we shall increase the buying power of the Nation and start our economy on an upward trend. There are indications that the expansion of the public school system is already having this effect. The Labor Department has just reported a sharp unexpected increase for the month of September in school employment, the only field except the automobile industry which has improved during that month. "The increase in school employment," said the Labor Department experts "reflects a trend toward more educational services, and has long-term economic significance." This trend will increase in significance for our economy as we improve our educational system at a period when industrial jobs will be limited due to more automation.

Furthermore, the failure to educate results in rejection for military service, in low earning capacity, unemployment, and an appalling expenditure for relief. Thus we all pay for educational neglect.

The U.S. Assistant Secretary of Health, Education, and Welfare testifying before a congressional hearing in 1962 stated: "There are 7¼ million persons in our affluent society receiving welfare payments today. Total annual Federal, State, and local expenditures for this purpose exceed $4.5 billion. Forty-five percent of all families with less than $2,000 annual income have a head of the family with less than an eighth-grade education. These families, in turn, constitute the source from which the public welfare rolls develop, when an individual becomes unemployed or sick or some other hazard occurs to him."

Now, in conclusion, let me answer those who cry: "Money isn't everything." The facts which I have presented tonight prove that improvement of our public schools cannot develop our human resources without the expenditure of huge additional sums. It is costly to provide schools in every community able to meet the changing demands of a technological age. It will be costly to develop the varying talents of all youths—the gifted, those of average ability, those of low scholastic aptitude. It will be costly to eliminate illiteracy not only among the young but among older persons. Above all, it will be costly to meet the needs of nonacademic youngsters who will have to be kept in school or in other training until they can find a job. It will cost huge sums to pay the higher grade of teachers for whom Dr. Conant has made such a strong appeal. It will cost a staggering amount just to build the schoolbuildings, the laboratories, and other necessary facilities for an ever mounting school population. To be sure, money isn't everything. But the evidence is clear that there is a correlation throughout our country between the quality of schools and their level of expenditure. The increased sums needed were estimated to be between $7 and $8 billion per year in 1958 as cited by Dr. Conant, to $13 billion per year in 1961 as estimated by former President Eisenhower's Commission on National Goals. A calculation for the National Committee for Support of the Public Schools estimates that the minimum increase in current public school expenditures, between the 3 years 1962–63 and 1965–66, should be $16.9 billion.

The Rockefeller Bros. Fund made a report on this question of needed expenditures: "It will not be enough to meet the problem grudgingly or with a little more money. The Nation's need for good education is immediate, and good education is expensive. That is a fact which the American people have never been quite prepared to face.

"Perhaps the greatest problem facing American education is the widely held view that all we require are a few more teachers, a few more buildings, a little more money. Such an approach will be disastrous. We are moving into the most demanding era in our history. An educational system grudgingly and tardily patched to meet the needs of the moment will be perpetually out of date. We must build for the future in education as daringly and aggressively as we have built other aspects of our national life in the past."

The National Committee for Support of the Public Schools will underpin such general statements with factual studies of State tax structures, with fact sheets that go out to its membership every month by which our members can measure the educational achievements and the fiscal support they give their school systems in comparison with other States. We are confident that the American people want better schools. We are confident that our affluent country can pay for them, provided the obstacles to local, State, and Federal support are removed. By dint of hard work achieved by our distinguished local representatives in our States, cities, and townships, we are confident that we can publicize what the penalties of failure to provide good education will be for the future prestige and well-being of our Nation. By contrast we hope to inspire the American people with a vision of what community life, what our national development, economic, social, and cultural would become; how our status among nations would be enhanced as the reward of providing excellent schools everywhere in the United States.

You here in Great Neck who are struggling so valiantly for good education in your community should realize that you are setting standards for the rest of the country, and that the rest of the country needs the kind of effort you can make, enlarged to a national scale. When your children and the children of every other American family are guaranteed an education of quality from the time they are 6 until the time they are ready to take on the tasks of their society, we will have the education this great democracy deserves and the one it must have if it is to carry out its historic mission of raising the hopes and the capacities of all men everywhere.

TO RULE SPACE: LAW OR MIGHT?

Mr. GRUENING. Mr. President, our able colleague, Albert Gore, senior Senator from Tennessee, has written an excellent article on the legal and other aspects of the space age and man's entry into this infinite new area so challenging to man's imagination and effort and so full of potential for good or ill.

Last Sunday's New York Times magazine published this article under the heading: "To Rule Space: Law or Might?" with the subheading: "The Day Is Coming When the Far Beyond Will Be a Fairly Busy Place, and It Is About Time for the Nations To Agree on Who's Allowed To Do What, Where."

This is an important presentation and perhaps the first serious discussion by an experienced student of international affairs of some of the unresolved aspects of space penetration by man to be published in an organ of national circulation. It deserves the widest reading and adds one more of the constructive approaches to national and international problems which characterize Senator Gore's distinguished career of public service.

I therefore ask unanimous consent that the article be reprinted in the Record at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

To Rule Space: Law or Might?

(By Albert Gore)

(Note—Albert Gore, Senator, Democrat, from Tennessee, gained a close acquaintanceship with international space issues when he was a member of the U.S. delegation to the U.N.)

Washington.—Recent spectacular achievements in the effort to conquer outer space have seized the imagination of men everywhere. And perhaps for good reason. After all, most of the drama-producing elements surround the race into space: danger, adventure, and the added excitement of a determined contest between two great world powers.

But the conquest of space involves considerably more than the excitement of a Buck Rogers-type adventure. Enormous military and economic consequences obviously would accrue from a proven ability to transport men and machines freely in outer space. Furthermore, there are important technical and social benefits to be considered.

The United States is clearly committed to a policy of development of outer space for peaceful purposes with the widest possible dissemination of the fruits of that effort. But if development is to proceed under a rule of law rather than a rule of might, all nations must agree upon and accept international rules of behavior governing space activities.

These international rules of behavior, if they are to be fully effective, must relate to the conduct of both nations and individuals. When developed and accepted, these rules will become space law.

Some may question the need for "law" and its application in outer space, an environment in which man is now taking only his first experimental steps. Already, however, certain practical legal questions, though they have not yet arisen as judicial controversies, can easily be forseen.

The basic question, fundamental to solution of all others, is: Where does space begin and national sovereignty end? The member nations of the U.N. have tentatively agreed that no nation may assert sovereignty in outer space, but they have not agreed on where above the earth's surface this injunction takes effect.

Usually we think of space as the area beyond the earth's atmosphere. But the atmosphere does not just end all at once. It simply gets thinner and thinner until finally there isn't any to speak of.

This presents a problem. For even on the surface of the earth there is often disagreement among nations about the geographical limits of national sovereignty. This is true, for example, with respect to the law of the sea. Some nations, including the United States, subscribe to the traditional theory that national sovereignty extends seaward a distance of 3 miles from shore. This "rule" came into being many years ago when 3 miles happened to be about the maximum range of weapons then in existence. But some nations insist that sovereignty should extend to 12 miles seaward from the shoreline. Quite a bit more is involved in this controversy than questions of national defense. For example, a nation may control fishing rights within the area of its sovereignty, but not in international waters.

But when legal questions arise in the settlement of disputes involving international waters, there is at least a body of international law that can be applied. Why, then, cannot there be general agreement that the basic principles of the law of the sea would also apply to outer space?

This would appear logical, but the problem is hardly that simple. The subject is complicated, among other reasons, because of the existence of the cold war and the fact that the United States and the U.S.S.R., the leading space powers, are also the chief antagonists in the cold war.

Moreover, within the framework of the tensions of the cold war it is often difficult or even impossible to differentiate between questions that are legal and those that are political. Even where the distinction can be made, agreement on international legal questions is obviously often influenced by international political considerations.

Both the United States and Russia have joined other member states in support of a United Nations resolution passed unanimously relating to peaceful uses of outer space. Among other things, this 1961 resolution commended to member states of the United Nations two important principles—first, that international law, including the United Nations Charter, applies to outer space; and, second, that outer space and celestial bodies are free for exploration and use by all states and are not capable of appropriation by any state.

It will be noted that this resolution reflects agreement "on paper" that international law applies in outer space. The resolution does not, however, purport to reflect agreement on what the law is, or ought to be, other than incorporating by reference the provisions of the United Nations Charter. I need not remind the reader that more often than not there is disagreement between East and West concerning the application of United Nations Charter provisions to specific facts or circumstances.

Significantly, there is not even agreement on what constitutes "peaceful use" of outer space. It seems obvious enough that arming this new environment with weapons of mass destruction for aggressive purposes would not be a "peaceful use." And the United States has clearly and repeatedly stated its policy of not placing nuclear weapons in orbit unless forced to do so by action of the Soviet Union—while at the same time making clear our determination to take every legitimate step necessary to preserve our security and that of our allies. A United States-Soviet agreement not to orbit weapons of mass destruction has now been followed by a unanimous U.N. General Assembly resolution to the same effect.

But if "peaceful use" precludes launching H-bombs from outer space, what about orbiting observation satellites? The argument about so-called "spies in the sky" serves to illustrate how military-political issues act as roadblocks to progress in reaching agreement on practical legal questions.

In supporting the United Nations resolution of 1961 on the application of international law to outer space, the Soviets endorsed the principle that no nation could claim sovereignty over space or any celestial body. (There are some indications that they may have had second thoughts about the wisdom of this position, but they are clearly on record in support of the principle.) The law of the sea recognizes the free right of transit of international waters by the ships of any nation, including warships. Similarly, the use of the air space above international waters by military aircraft is perfectly legal and is generally accepted as a peaceful operation. At least, in the absence of some aggressive action, such transit is generally not characterized as nonpeaceful.

If space is to be really international territory, then its use by vehicles which have both military and civilian purposes would appear to be wholly permissible. But the Russians denounce the use of observation satellites as espionage, and seek to declare their use to be an invasion of sovereignty, on the grounds that the mechanical eyes of such satellites might look through the atmosphere above the terrestrial area over which a nation exercises sovereignty.

This Russian contention is somewhat novel from the standpoint of legal theory. If it is a violation of international law to observe any activity in a nation from a point outside that nation's border, then it would be a violation of law for anyone standing on a ship outside the 3- or 12-mile limit to look at the shore. If this is a violation of international law, then it surely is frequently violated.

In fact, this Russian contention is based more on political considerations than on legal considerations. It is probably influenced by their conviction that we are well ahead of them in the development of this type of satellite. The Russians frequently condemn something someone else has and they do not have.

It is also quite possible that Russian opposition to observation satellites is really a reflection of their fear of penetration of the secrecy upon which their society is built. If the Russians dared to open up their society as ours has always been open, the thought of mechanical eyes looking across hundreds of miles of air space would not be disturbing to them. But then, if the Communists really did open their society, it would constitute such a basic change in the nature of the Communist way of life that the whole course of the cold war would be changed anyway.

The fact is that observation satellites can serve both civilian and military purposes. They can measure solar and stellar radiation, observe the atmosphere or observe the earth and thus add significantly to the science of geodesy. Any major scientific or technological breakthrough in space development inevitably has both civilian and military applications. It would be impossible to eliminate the military implications of space research, and it would be foolhardy to ignore them. If the Russians persist in seeking to declare illegal any use of space which might have some military application, little progress can be expected in the development of space law.

The orbiting of nuclear weapons and the possible use of space vehicles for military purposes generally are not really legal issues at all. They are political issues. I do not think it realistic to expect that space can be isolated and dealt with just as though the political issues of the cold war did not exist. Neither East nor West will voluntarily abandon an advantage they believe themselves to possess, and all the talk about what is "legal" and what is not "legal" is often nothing more than propaganda.

But failure to resolve political issues need not mean that no progress at all can be made in reaching agreement on the application of international law in outer space. There is hope for progress through the approach of concentrating on the areas where political considerations are not dominant. The policy of the U.S. Government in seeking to emphasize specific legal topics (rather than propagandistic political pronouncements) in the discussions in the United Nations is fully consistent with this approach.

An example of a problem that should be susceptible to legal solution is this: What rule should govern financial liability for injury or damage to persons or property caused by a space vehicle accident? It is not beyond possibility that two space vehicles might collide. Perhaps likely to occur sooner is a space vehicle landing by accident or mistake in a country other than that from which it was launched.

In the latter eventuality, is there any obligation on the part of the state to provide assistance to astronauts who may land in their territory unexpectedly? What about the return of the astronauts and the space vehicle to the country from which the vehicle was launched? As of now, there are no agreed rules concerning the obligation of states to provide such assistance or the terms upon which they should do so.

The list of questions that might arise is almost endless. It is conceivable, to take another example, that before many decades a crime may be committed aboard such a vehicle in space. If so, what nation would invoke jurisdiction to investigate the crime and to punish the offenders? Would it be the nation above whose territory the incident occurred, or would it be the nation from which the vehicle was launched?

Again, we are hearing already about trips to the moon and back. If colonization of the moon or some other celestial body should become feasible, what rules will govern the ownership of property there? By what process will rights, if any, be established?

These are the types of questions on which the beginnings of a body of space law might gradually be built.

The law of the sea was not developed overnight. In fact, it is still in the process of elaboration and refinement and there is still disagreement about what the law is. That is one of the things that keep international lawyers busy.

The law of outer space will take some time to develop, too.

It must be remembered that international law is effective only to the extent that it is accepted by nations through their accession to a treaty or convention or through custom and practice over a period of years. A resolution adopted by a substantially divided vote in the U.N. General Assembly on a controversial cold-war issue will not be accepted as law by those nations which vote "no," and it will not have the force and effect of law.

On the other hand, it would appear wholly reasonable to expect the world community to agree, for example, on the rules for assessing liability, damages and means of collection should there be damage to property or persons arising from an accident associated with space research. Other topics that are primarily legal in nature should be equally capable of resolution. If agreement can be reached on this type of question, perhaps the formula by which it was reached can be successfully applied to broader questions relating to the conduct of nations in a world community within the framework of law.

There is some basis for encouragement in the fact that we have achieved an agreement for cooperation with the Russians in space research experiments. The bilateral agreement was an outgrowth of an exchange of letters between President Kennedy and Mr. Khrushchev which was followed by talks between Dr. Hugh L. Dryden of the National Aeronautics and Space Administration and Dr. Anatoli Blagonravov of the Soviet Academy of Sciences. The agreement was announced during the United Nations debate on outer space last fall. It provides for joint United States-U.S.S.R. experiments in mapping the earth's geomagnetic field, in meteorology and in space communications.

This agreement, though limited in nature, is significant if for no other reason than that it indicates there are some areas in which our two countries have found it possible to cooperate in outer space development. If successfully implemented it can, perhaps, lead to other and broader agreements. The Dryden-Blagonravov agreement relates to scientific and technical matters. It was achieved despite political differences. Similarly, agreement should be possible on some legal questions if we can isolate those questions from political considerations.

Perhaps if we can build on these small areas of agreement an escalation of the arms race into outer space can be avoided. It is conceivable that science and technology, so often in history energized by the threat or event of war, may, through space research and development, pave the way for removal of the barriers erected by hate, fear and suspicion.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. GRUENING. Mr. President, I offer my amendment 317, and ask that it be read again.

The **PRESIDING OFFICER.** The amendment has already been read and appears in the CONGRESSIONAL RECORD.

The question is on agreeing to the amendment offered by the Senator from Alaska [Mr. GRUENING] to the committee amendment in the nature of a substitute.

Mr. GRUENING. I should like to have the yeas and nays. Apparently there is not a sufficient number of Senators in the Chamber. Therefore I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask uanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, the bill before the Senate makes a minor but, I believe, an important reform in the terms by which development loans are made under our foreign assistance program.

Last week I suggested that the borrowing rate be precisely the same as that which the United States is required to pay, which is in the neighborhod of 3¼ to 4 percent. By a small margin the Senate, in its wisdom, defeated my amendment to accomplish that purpose.

The present amendment is designed to make the interest rate a flat 2 percent. The present Senate version of the bill provides three-fourths of 1 percent for 5 years, and then 2 percent. I can see no reason for that unusual and unsound combination. Loans should be loans and loans with a concealed grant. If the rate were made as modest as 2 percent, I do not see how anyone could seriously object. Two percent is also the rate in the House version of the bill. If both Houses could agree on that rate, we would have obviated a possible long wrangle which might take place in conference. We want to pass a foreign aid bill. It has been a long time coming. This is a wise, sound amendment. I can think of no reasonable objection to it. I can see no reason why any Senator should object to exacting a modest 2 percent on foreign development loans.

I hope the amendment will be adopted.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield to the Senator from Oregon.

Mr. MORSE. Does not this amendment provide the same rate as is provided in the House bill?

Mr. GRUENING. It is identical with the rate in the House bill. If it were adopted, it might obviate a long wrangle and possible deadlock in conference. It would remove one area of conflict. For that reason alone, in addition to its saving of funds, the amendment should be adopted.

We want to move along with the foreign aid bill. It has been greatly improved in the past 10 days. When it goes to conference, there should be eliminated as many areas of conflict as possible. If this modest amendment, which would make the interest rate a straight 2 percent, were adopted, there would be no conflict with the House over this issue, because this provision is identical with the House provision.

Mr. MORSE. Mr. President, I hope the Senate will adopt the amendment. We have reached the time in our foreign aid program when the so-called giveaway feature of our loans must be terminated. The interest rate ought to be more than 2 percent. It ought to be a rate which would cover the cost of the use of the money. However, such a proposal has been rejected.

The House has proposed a 2-percent interest rate. That would bring to an end the three-fourths of 1 percent rate, which hardly covers more than the bookkeeping cost of the loan.

Furthermore, we are not buying friends with the three-fourths of 1 percent loan program. We are not developing in those countries a satisfactory judgment concerning the use to which the money is put, as would be the case if the interest rate were 2 percent.

Also, the 2-percent interest rate would have a salutary effect on the nature of the projects with which those countries would finally initiate.

More important, raising the rate to 2 percent would have great psychological value. It is important to impress upon the recipient countries that the era has passed when the United States will give away its taxpayer dollars. We are willing to lend money to them for sound projects. To help them to compete longer by way of what amounts to a combined loan and grant program, we will offer a 2-percent interest rate, which is less than the cost of the money.

Furthermore, we should think in terms of what is fair to the taxpayers. It is interesting to observe that other countries, when they enter into any foreign aid program, by and large—there are some exceptions—charge an interest rate in excess of the rate we charge. Sometimes we find ourselves in the position of making loans at low rates of interest, only to learn that some of the money is used to pay off loans that have come due in other countries at a much higher rate of interest. That is not fair to the American taxpayers. It is not only the calamity howlers we hear on this point. Some are howling, but to increase the interest rate would not bring the program to an end. There would still be a strong demand for loans at 2 percent. Stronger projects would result. It seems to me that we have a duty to charge a minimum of 2 percent in fairness to the taxpayers.

Mr. FULBRIGHT. Mr. President, the committee bill contains a provision on loan terms that the committee worked on at some length. The bill now provides a rate of three-fourths of 1 percent for a maximum of 5 years, and a rate of 2 percent thereafter. This is quite a stepup from the administration of the present law, which has included a 40-year limitation and whatever interest terms the President may determine, which have been three-fourths of 1 percent. This is the minimum, of course, throughout the period.

As reported by the committee, the bill retains some discretion for the President, and some flexibility for the new, underdeveloped countries. It is believed to be important that they be given a chance to start with the minimum burden upon their requirements for foreign exchange. In other words, it is desired to enable projects in the newly developing countries to be started without creating a serious problem in the servicing of the loans.

This is not a moneymaking proposal; no one pretends that it is. We are not operating a pawnbroker's shop. This program is strongly influenced by U.S. foreign policy considerations, as distinguished from the operations of the International Bank and some of the other international financial institutions, or the Export-Import Bank. The program is designed to provide for really needy countries. It was never intended, and is not now intended, to make money, but to afford the developing nations an opportunity to get on their feet.

The ultimate repayment, which is the important part, would be promoted by the terms of the committee bill. I believe they would ease its administration.

I hope the Senate will not accept the amendment.

The **PRESIDING OFFICER** (Mr. NELSON in the chair). The question is on agreeing to the amendment of the Senator from Alaska [Mr. GRUENING] to the committee amendment, as amended, in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr.

Hayden], the Senator from Louisiana [Mr. Long], the Senator from Minnesota [Mr. McCarthy], the Senator from Oregon [Mrs. Neuberger], the Senator from Georgia [Mr. Russell], and the Senator from Mississippi [Mr. Stennis] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia [Mr. Byrd], the Senator from Michigan [Mr. Hart], the Senator from Arizona [Mr. Hayden], the Senator from Oregon [Mrs. Neuberger], and the Senator from California [Mr. Engle] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. Long] is paired with the Senator from Minnesota [Mr. McCarthy]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Minnesota would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. Cooper], the Senator from Colorado [Mr. Dominick], and the Senator from Vermont [Mr. Prouty] are detained on official business.

On this vote, the Senator from Colorado [Mr. Dominick] is paired with the Senator from Kentucky [Mr. Cooper]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 41, nays 47, as follows:

[No. 229 Leg.]

YEAS—41

Allott
Bartlett
Beall
Bennett
Bible
Burdick
Byrd, Va.
Cannon
Cotton
Curtis
Dodd
Eastland
Ellender
Ervin
Fong
Goldwater
Gruening
Hruska
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Long, Mo.
McClellan
Mechem
Morse
Mundt
Pearson
Proxmire
Robertson
Scott
Simpson
Symington
Talmadge
Thurmond
Tower
Walters
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—47

Aiken
Anderson
Bayh
Boggs
Brewster
Carlson
Case
Church
Clark
Dirksen
Douglas
Edmondson
Fulbright
Gore
Hartke
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Keating
Kennedy
Kuchel
Lausche
Magnuson
Mansfield
McGee
McGovern
McIntyre
McNamara
Metcalf
Miller
Monroney
Morton
Moss
Muskie
Nelson
Pastore
Pell
Randolph
Ribicoff
Saltonstall
Smathers
Smith
Sparkman
Williams, N.J.

NOT VOTING—12

Byrd, W. Va.
Cooper
Dominick
Engle
Hart
Hayden
Long, La.
McCarthy
Neuberger
Prouty
Russell
Stennis

So Mr. Gruening's amendment to the committee amendment, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendment to the committee amendment, as amended, was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to reconsider.

Mr. GRUENING. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the motion of the Senator from Arkansas [Mr. Fulbright] that the Senate reconsider the vote by which the Gruening amendment to the committee amendment, as amended, was rejected.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I offer my amendment No. 316, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The Legislative Clerk. On page 33, line 2, it is proposed in lieu of "$225,000,000" to insert "$220,000,000".

On page 40, line 5, it is proposed in lieu of "$400,000,000" to insert "$350,000,000".

Mr. MORSE. Mr. President, before I turn to the amendment, I wish to comment on a statement made last night by the committee chairman which appears on page 20531 of the Record, dealing with my contingency fund amendment. The Senator from Arkansas [Mr. Fulbright] said:

> Mr. President, I wish to take only 2 or 3 minutes to say that I believe the amendment would be a very serious setback to the Alliance for Progress program. All loans are directly or indirectly made for the purpose of supporting the balance of payments. The main purpose of the whole program, whether it be in Latin America or anywhere else in the world, is to provide the means by which the recipient country can import materials which it cannot produce. This is particularly true of Latin America. It is very difficult for me to think of loans which would not come under the prohibition of the pending amendment, particularly with regard to the balance of payments.

The theses of my argument were that there existed many loans that would not come under the amendment. The AID officials themselves so admit. They know what loans would not come under it, contrary to the views of the chairman of the committee.

The Senator from Rhode Island [Mr. Pell] had printed in the Record a table which he obtained from AID. The table lists the loans, and, of course, it lists the classifications that would come under my amendment. The list is as follows:

> 1. Development project loans and grants, percent of total.
>
> 2. Development program loans, percent of total.
>
> 3. Balance-of-payment financing, percent of total.

That is what came under my amendment.

> 4. Budget support loans and grants, percent of total.

That is the other classification that came under my amendment. The first two groups—development project loans and grants and development program loans—did not come under the amendment. They could not come under the amendment. AID recognizes this fact. They maintain their own category of differentiation. I merely wished to put that statement into the Record because I knew whereof I spoke when the amendment was offered and knew the distinctions among such loans.

AMENDMENT NO. 316

I turn now to the consideration of my amendment No. 316. The amendment would combine and revise my earlier amendments numbered 256 and 257. Those amendments may be offered separately later with different figures.

The material on page 33 of the bill deals with both the grants and is section 212 of title II. My amendment would reduce the figure of $225 million proposed by the Foreign Relations Committee to $220 million, thus bringing it closer to the House figure of $217 million.

Mr. President, I am being very considerate when I propose a cut of only $5 million in the program. I am not proposing more because the program does deal with projects, although great savings could be made and great waste could be eliminated in some of the project loans.

The material on page 40 of the bill deals with supporting assistance, and is chapter 4 of the program. My amendment would reduce the $400 million proposed by the Foreign Relations Committee for supporting assistance to $350 million. That is a small amount. It could very well be much larger. Yesterday I indicated, and wish to indicate now, that I hope some understanding can be reached during today, tomorrow, the next day, or next week—the earlier the better—whereby the cut in the Senate would be $500 million, which would leave a Senate version of $3,700 million and a House bill of $3,500 million. It is impossible to say what the conference would do, but I do not think it would do much better than split the difference. But why delude ourselves? I do not believe that there is a Senator who believes that the final appropriation will be any considerable amount, if any, over $3 billion. When the two Appropriations Committees go into conference, they will probably be compromising between approximately $2.7 billion and $3 billion.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. We speculate on the total amount of the bill, but, as I have proposed, the bill should be examined country by country. Today in the news we read that another country has eliminated itself voluntarily from our aid. Cambodia has said that it does not want our aid, either economic or military.

Mr. MORSE. Unless we take her dictation.

Mr. GRUENING. It does not want our military aid nor our economic aid. It wants us to get out. Cambodia is one of the so-called dominoes in the Far East that we do not want to see fall. But this has now become Cambodia's choice and decision. Cambodia is a middle domino which has taken itself out voluntarily.

Will our foreign aid administrators go to Cambodia and insist that it must take our money? Obviously not. At least I assume not. So there is approximately $18 million or $20 million which we can take off the total.

As I said on the floor the other day, we should go through the list of countries one by one. We should determine the countries that would be eliminated by the Church amendment. They are the countries that are prosperous, made so by U.S. aid—France, West Germany, the United Kingdom, the Netherlands, Belgium, Spain, and Japan. We should take out the aggressor nations which have been barred by specific amendments, such as Egypt and Indonesia. We should take out the countries that have been dropped from the program—more or less as they should be—because they have received enough aid. I refer to such countries as Israel, Lebanon, and Greece. We should consider Taiwan. If we would do so, we would arrive at a figure which is much more reasonable than that which is now being discussed.

Though it is all very proper to make them. I do not believe in blanket cuts. I think we should approach the question in a scientific, scholarly, studious, and detailed manner. We should consider the program country by country and find out what the countries have been doing. In the past 2 days we have had ample confirmation of the fact that Argentina and Brazil do not qualify under the rules established by mutual agreement of the American Republics at Punta del Este. These two, Brazil and Argentina, do not want any part of that program. They do not want to revise their economy. They make no effort to stop inflation. They shy at making the needed reforms. President Goulart has said as much. He said that the Alliance program is no good. Although we have poured $2.5 billion into Brazil, he did not have the courtesy to mention our generous contributions. Argentina has rebuffed Secretary Harriman's efforts to obtain a square deal for the American oil companies and to abide by agreements made with them. There goes the Argentine.

As we debate, we may find that more and more countries will drop out for one reason or another either because they "want out" or because they are obviously disqualified. So I believe the estimates which the Senator from Oregon makes are very generous. It is much more likely that the program will be cut further, and the cuts will improve the program, because they will enable us to concentrate on the countries which are qualified and are trying to do their part in self-help, which wish to "play ball" with us, by establishing a program that will be fiscally sound and make the necessary reforms. So I invite the attention of Senators to the fact that as every day passes this country-by-country approach seems much more logical, reasonable, and proper.

Mr. MORSE. Does the Senator from Alaska propose to have the article published in the New York Times on Cambodia printed in the Record?

Mr. GRUENING. Yes. Mr. President, I ask unanimous consent to have printed in the Record an article published in the New York Times of November 12, 1963, entitled, "Cambodia To End U.S. Aid—Says Troops Must Go," with the subheading "'We Will Be Poorer, But More Independent,' Prince Says." That is Prince Norodom Sihanouk.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Nov. 12, 1963]

CAMBODIA TO END U.S. AID—SAYS TROOPS MUST GO—"WE WILL BE POORER, BUT MORE INDEPENDENT," PRINCE SAYS—CHINESE COMMUNISTS TO BE ASKED FOR ASSISTANCE

Pnom Penh, Cambodia, November 12.—Prince Norodom Sihanouk renounced today U.S. military and economic aid as of January 1, 1964, and said French and American troops must leave his southeast Asian kingdom.

There was no indication that the neutralist head of state would renounce the aid he has been receiving from the Soviet Union, Communist China and other Communist countries. He said he would call in five Chinese Communist experts to help organize state control.

Only yesterday the Prince announced the nationalization of import and export business here and the nationalization of Cambodian banks as of the end of next June. He called the moves part of his program of advanced socialism.

Prince Sihanouk, who stepped down as king so he could rule more firmly as chief of state, has received about $365 million in U.S. aid since his country became independent in 1955. At that time French Indochina was divided into Laos, Cambodia, and North and South Vietnam.

The Cambodian leader has tried to maintain a strictly neutral role in southeast Asia. In announcing his decision to give up American aid he said at a news conference that "by this measure we will be poorer but more independent."

There was no sign that Prince Sihanouk planned to abandon his neutrality in the cold war. But in recent years he has been increasingly annoyed with the United States for the vast military aid given to neighboring Thailand and South Vietnam.

Border clashes have been frequent with South Vietnam, and on August 20, 1962, the Prince asked the 14-nation group that wrote the cease-fire agreements for the civil war in Laos to meet again to guarantee Cambodia's neutrality.

Most of the Communist countries agreed, but the United States and Britain were lukewarm. President Kennedy suggested that interested countries reaffirm their respect for Cambodian integrity and independence.

Prince Sihanouk said this was not enough. He later threatened to ask Peiping to send in enough forces to discourage aggression.

U.S. OFFICIALS CONCERNED

Washington, November 12.—Officials expressed concern today over the announcement by Prince Sihanouk.

Cambodia, which is about the size of Utah, has a strategic importance in the cold war that overshadows its dimensions. The United States keeps about 60 men there to oversee the military aid program, which last year totaled $10.4 million. Economic aid was put at $18.8 million in 1963.

Some officials were disturbed by the possibility that Prince Sihanouk might draw Cambodia closer to the Communist bloc, particularly Communist China.

Cambodia is bordered by South Vietnam, Thailand and Laos. If she shifted away from her nonalinement policy she could drive a wedge between Thailand and Vietnam, creating a serious situation for the United States on the Indochina peninsula.

Mr. MORSE. We are dealing with a kingdom.

Mr. GRUENING. Yes.

Mr. MORSE. This great democrat in Cambodia is a monarch. If we read the article, it is clear that if we should surrender to his dictation he might condescend to take more American aid, but on his terms, of course. That is what is wrong with much of the foreign aid program.

I am glad the Senator made mention of the so-called domino theory. It has always been highly fallacious, but as the Senator says, Cambodia is not the end domino but a middle domino. It will merely withdraw from the line.

One of the great fallacies is that we require the so-called domino countries for the defense of American interests in the Pacific. That is complete nonsense. It has always been nonsense. The American position in the Pacific and the defense of those countries as well happen to be dependent upon the U.S. 7th Fleet, the American air armada, and the thousands and thousands of American boys in uniform scattered throughout the Pacific.

In most of those countries, 10 Boy Scout troops could lick their armies. In many of those countries there is no will to fight. Yet we continue to pour into those countries heavy dosages of military aid, and we pay their armies out of the pockets of American taxpayers, as a sort of employment program.

They are most remarkable armies. They go into battle and come out either with no casualties or no wounded or only a few scratches, because they have no will to fight. We have been "taken for a ride" in this entire program in that part of the world. As one Senator, I am not going to vote for it.

I was opposed to our going into South Vietnam, and I am opposed to staying there and do not intend to vote to murder American boys in South Vietnam. We are not going to get any effective military fighting out of the South Vietnamese. We should pay attention for it may be only a few years before they will be making a deal with the North Vietnamese, anyway.

I am for protecting American interests in the Pacific, but I am for protecting them with American forces—the American naval, air, and land forces. Any time those countries want to offer to go along with a program of sound foreign aid, in which they will agree to help themselves and get off the American dole, I will begin being interested in some foreign aid in that part of the world.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. Does not the defection, if we can call it that, of Cambodia, from our foreign aid program, in the judgment of the Senator from Oregon, necessarily give us pause for consideration of a revision of our military policy in southeast Asia?

Mr. MORSE. Of course, I believe there should be a revision of our military policy in South Vietnam. There is an article in this morning's press about one of our generals who has been in charge of the American military program in South Vietnam, who is reported to be not in the best of grace with the new regime. So, I suppose we will once again surrender to that group of politicians. I do not know what the outcome will be, but we should not downgrade American generals and American military forces anywhere, including South Vietnam.

Mr. GRUENING. Is it not also obvious that, although our military assistance program has not been materially modified in recent years, strategic considerations have very greatly changed, as demonstrated by the success of the great airlift, which has proved that in a matter of a few hours we can transport the troops necessary to any given point?

Why must we support standing armies in all kinds of little countries, in some of which as the Senator from Oregon has said, there is not even the will to fight?

Mr. MORSE. All the world—including, incidentally, West Germany—knows that protection of freedom is dependent upon U.S. nuclear power. All Europe knows that if Russia makes an offensive move against a NATO ally, under our commitments she will be confronted with American nuclear power. The sad and awful thing about it is that we, too, will be confronted with nuclear power. That is the terrible gamble and risk mankind is running.

I do not propose to vote to weaken the greatest defense weapon we have, the American economy, which makes possible our nuclear power, until that glorious day of peace, when all mankind comes to its senses and recognizes it must have an enforcible disarmament program that will bring an end to this insane nuclear armaments race. That probably will not happen in the Senator's time or in mine; but we cannot justify continuing to undermine the American economy, as we are doing, with so much of this foreign aid program—the President's speech in New York last Friday to the contrary notwithstanding.

I reiterate by reference at this moment to the criticisms I made of that speech yesterday on the floor of the Senate. In my judgment, it was not a sound speech.

With respect to what Europe knows and what we have demonstrated by the airlift program, as to how fast we could move men to Germany, if we wish to move men—we will not be using many men in a nuclear war—that airlift was a great demonstration of American military efficiency, might, and power.

But, what did our Secretary of State do? In spite of that demonstration, he assured Erhard that we will not bring our American boys home. We should bring home four divisions. That would have a terrific effect on the American balance-of-payments problems. It would have a great effect on the American economy. I know that is political heresy for a Democrat to utter on the floor of the Senate. I do not mind being a heretic, when I know I am right, and when I know I am supporting the best interests of the American taxpayers, as the American taxpayers are going to make perfectly clear in the months ahead. A good many persons are not thinking ahead as to what the position of the American people will be.

Mr. GRUENING. I am confident that when the bill, in its vastly bettered form, is passed by the Senate, there will be almost universal approval in our country of the improvements that have been made under the leadership of the Senator from Oregon. If any criticism is to be made, it may be that we have not gone far enough.

Mr. MORSE. We have not gone far enough.

Mr. GRUENING. But that is not because of any lack of enthusiasm or energy on the part of the leaders or of Senators who have sought to improve the bill.

Mr. MORSE. I do not know about that; all I know is that we have not had the votes. A majority should have stood with us.

Mr. GRUENING. That is correct.

Mr. MORSE. For example, last night, in connection with the contingency fund, we tried to end a misuse by the President of the United States of the taxpayers' dollars in a contingency fund, whereby the President and his predecessors poured millions of dollars into balance-of-payments and budget support programs in Brazil, the Argentine, Ecuador, and, of all places, Indonesia, and other countries in the world. But the American people do not know such ugly facts. They do not know that Congress has voted the President of the United States unchecked discretion to spend, at his will, without obtaining prior approval of the Congress for the specific amount of money he wished to pour into some country's "slipping" money, or budget support money.

We must inform the American people in the months ahead. I am convinced of the sound judgment of the American people once they grasp an understanding of the abuse of Presidential power.

Under our system, I do not think any Congress can justify voting to give any President such unchecked discretionary power to take, at his will, millions of dollars of the American taxpayers' money and say to the President of Brazil, "You can have it for budget balancing, for budget support," when we in this country have a serious deficit, running into billions of dollars, and when we have such a serious balance-of-payments problem that some of our leading economists are very much concerned about the American gold supply.

When will there be a stop to the raiding of the U.S. Treasury? When will there be a stop to the raiding of the pockets of the American taxpayers? I will tell Senators when—when the American taxpayers obtain the facts and enter that great citadel of freedom, the voting booth, and hold officials to an accounting for such malpractices.

I thank the Senator from Alaska for his contribution.

Speaking of the pending amendment, I fully appreciate that taken together, these changes would reduce the pending bill by only $55 million. To some, it would appear that to discuss figures amounting to less than $100 million is to waste the time of the Senate.

But $55 million is not chickenfeed. If we add the 5's and the 10's and the 25's and the 50's, a careful pruning of the bill adds up to a substantial accumulated saving for the American taxpayer. That is the objective of the Senator from Oregon and my wonderful colleagues who have stood with me in this fight in the Senate to bring about, at long last, some reforms in the shocking foreign aid program.

I consider such a saving to be important because it deals with grant programs. Supporting assistance is, in particular, a source of concern to me for the reason that, if we are ever to get foreign aid on a loan rather than a grant basis, we will have to see the end first of supporting assistance.

"Supporting assistance" is a deceptive phrase. We must watch the State Department when it uses such phrases. It uses genteel words that have a tendency to lull public opinion. They act as opiates. Explanation is in order for the record as to what "supporting assistance" involves.

Supporting assistance is most frequently the category used for political purposes. It is the most frequently used to enable other nations to balance their budgets, a goal that we are willing to go into deficit financing in order to help others achieve. Supporting assistance is nonproject grant aid.

Supporting assistance is nonproject grant aid. No forensic weeping should be heard on the floor of the Senate, from any of the spokesmen for the President, about any interference, in this amendment, with project aid, for in connection with supporting assistance there is not a project involved. What is involved is an attempt to stop American support of the Brazilian budget. Even if the President of Brazil had not made his attack yesterday on the United States, I would say this. Why should we grant a dime to the President of Brazil to shore up his budget, when the President of Brazil has made an economic record as worthless as an infertile goose egg? If anyone can tell me anything more valueless than an infertile goose egg, I would like him to tell me what it is.

The President of Brazil has done nothing about inflation in that country. He has done nothing to carry out the the commitments his Finance Minister made in Washington a few months ago—the so-called austerity reform Brazil was supposd to inaugurate, and the great program in the field of fiscal reform Brazil was to inaugurate, if she could get only a few more million of dollars for budget support, for supporting assistance.

We are taken for a bunch of suckers in conference after conference. Our State Department falls for it, and the American taxpayers are rooked. The press does not like that word. It has criticized me for saying that the American taxpayers are being rooked. The American people know what it means, and the press knows what it means. But if the press engaged in a Pravda line of supporting the administration on the foreign aid giveaway program, it does not like specific language that leaves no room for doubt as to what I mean.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Iowa.

Mr. MILLER. In connection with the comments on Brazil, it might be well to show at this time that for the fiscal year 1963 Brazil received $67,200,000, in development grants and loans, and $61 million in assistance under Public Law 480.

I point out further that while this was going on Brazil was unable to pay $287,000 in back assessments to the United Nations for 1961 and prior years.

The point I am making is that one wonders why, with $61 million in Public Law 480 assistance and $67,200,000 in development loans and grants, somehow or other Brazil was unable to become current in its payment of assessments to the United Nations.

Mr. MORSE. I thank the Senator very much for bringing out those facts While those are startling enough, I shall cite even more startling figures as to what Brazil has been getting.

The amendment is offered not only on behalf of the Senator from Oregon, but also the senior Senator from Louisiana [Mr. ELLENDER].

He is known familiarly and affectionately in the Senate as the "Little Giant." So far as I am concerned, he is a big giant. I wish to pay my respects to him. He has been far ahead of us for many years in connection with the need for reform in foreign aid. When some of us were still engaged in the luxury of wishful thinking and hoping that the State Department would bring about some needed changes in the foreign aid program, and when year after year in the Foreign Relations Committee I participated in the debate, and when we pleaded with the State Department to do something about it, the Senator from Louisiana [Mr. ELLENDER] year after year stood on the floor of the Senate and forewarned us of many of the things which now have become known as facts to all Senators.

It has been a long time coming. I thank the Senator from Louisiana publicly for the privilege that I have had of working with him on the bill this year and standing shoulder to shoulder with him as we fought on amendment after amendment to try to protect the interests of the American taxpayer.

I had made the point that supporting assistance was nonproject grant aid. In that respect, it is far more deserving of elimination than development grants, because development grants go into specific projects that may be in the nature of education, health, or some similar social improvement that does not repay itself on a scheduled basis, but which nonetheless can be evaluated for its impact upon the welfare of the people.

The small amount that I am recommending in development grants is much smaller than what really should be offered, but the amendment makes a package, along with the $50 million proposed cut in supporting assistance of $55 million. I repeat that it is not true that supporting assistance goes into projects. For the most part it goes into budget support in countries which have not been willing to adopt reforms that they ought to adopt, in order to settle their own budget problems. The Senator from Iowa [Mr. MILLER] and the Senator from Alaska [Mr. GRUENING] have been pointing out the great deficiencies which have prevailed in Brazil. Yesterday we were treated to an anti-American speech by the President of Brazil, whose country has been the recipient of millions of dollars of supporting assistance and contingency fund assistance from the President of the United States, but who is opposed to any arrangement being arrived at in São Paulo for a multilateral group to study and evaluate the Alliance for Progress programs. Apparently he is a "go-along-alone-er." He is the President of a country which has been the beneficiary of millions of dollars of misused presidential contingency fund money, unknown at the time to Congress or to the American taxpayer.

It is never safe in a democracy to give any administrator of government—President, Senator, Congressman, sheriff, constable, or anyone else—unchecked discretionary power. That is when abuses develop. A procedure that permits abuse is a bad procedure, and restrictions ought to be written into it that will check the abuse.

Last night I gave the Senate an opportunity to write restrictions. That was a vital rollcall. The voters of America should pay attention to that yea-and-nay vote, for that vote shows that the majority of this body is willing to let the President of the United States continue with unchecked discretionary power.

We cannot reconcile that procedure with our representative form of government. We cannot reconcile it with our system of checks and balances, which is so essential to maintain and preserve and protect the freedom of the American people.

We are dealing with support assistance, which ought to be checked. Support assistance is the American dole to countries that refuse to initiate reforms. Support assistance is a dole to the President of Brazil, for the runaway inflation that has gone over 100 percent, to the president of a country that refuses to adopt economic reforms which are necessary to stabilize the country, to a president of a country whose wealthy oligarchs make money from American foreign aid and sink it in New York and Swiss banks, not in the future of the economy of their country.

That is the problem we are dealing with.

Mr. President, after a series of conferences, I announce a modification of my amendment No. 316, by striking out lines 1 and 2 of the amendment. This modification of my amendment would eliminate from consideration any cut in the development grant program.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The Senator from Oregon will state it.

Mr. MORSE. Is it true that I have the parliamentary right to modify my amendment?

The PRESIDING OFFICER. The Senator from Oregon has the right to modify his own amendment.

Mr. MORSE. I thank the Chair.

I announce that at a later hour amendment No. 257 shall be called up, which deals directly with development grants. Several Senators have told me they will support that part of my amendment which deals with support assistance, but they find it difficult to support a cut in development grants. In order to separate the two issues, I have modified my amendment accordingly.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CHURCH. I am pleased to learn that the Senator from Oregon has chosen to modify his amendment by striking from it that part which would reduce the technical aid program. I ask the Senator whether this leaves the amendment in such form as to be limited to defense support exclusively?

Mr. MORSE. That is correct.

Mr. CHURCH. Does the amendment now provide for a reduction in the defense support program from $400 to $360 million?

Mr. MORSE. To $350 million.

Mr. CHURCH. To $350 million?

Mr. MORSE. It would be a $50 million cut.

Mr. CHURCH. I should like to support the Senator in his objective. He knows that I have long felt that the program of military support assistance is open to very serious question, because this is the kind of aid we are giving some countries that receive an excessively large slice of the American aid "melon." Therefore, I believe the amendment would reach through to some of the countries the Senator and I discussed yesterday in the course of our colloquy in the Chamber. I feel that we need to take into account the action which has already been taken in the other body, where this particular item was reduced to $380 million.

If the Senate were to approve the amendment offered by the Senator from Oregon in its present form, it would mean that the Senate would reduce this item $30 million below the House figure. In view of the large cut that has already been approved in the House, I am not prepared to cut this item below the House figure.

If the Senator from Oregon were willing to modify the amendment and substitute the House figure of $380 million, the result would be to effect another $20 million cut and reduce this item to the same level as the House figure. If the amendment were so modified, I would support it. In fact, I would like to join the Senator in offering the amendment in such modified form.

Mr. MORSE. I appreciate the suggestion of the Senator from Idaho and shall give it careful consideration. I am not in a position at the present time to accept the suggestion, because of my commitment to other Senators and because of another problem I frankly presented to the Senator from Idaho and other Senators.

This is one place where the House could have cut the item more than it did and left us a sounder foreign aid bill. The Senate could take $50 million off the authorization for supporting assistance and

have a much sounder bill. But I have suggested to some of the proponents of the bill that we ought to face the reality of what the final appropriation is likely to be. In my judgment, it will not be more than $300 million, and probably not that much. If we are to have a conference with the House, it would be well to have figures below the House figures, at least for consideration.

Be that as it may, I had hoped that some understanding could be reached on an additional $40 million cut. It would bring the total cut in the Senate to $500 million. It stands at $460 million now. Although we could save more money, so far as I am concerned that would be a pretty workable figure to take to conference. It would save much time because, unless we can arrive at what we think is a workable figure, we shall have to continue to try to cut the authorizations in the bill amendment by amendment, which will involve a list of amendments providing for cuts country by country.

I have said that I do not believe that defeating those of us who believe this cut should be greater by yea and nay votes—which will continue to show, I am sure, a substantial number in this body who are fed up with the bill and the programs it represents—is helpful to obtaining ultimately good foreign aid support in this country. But if that is the way the administration wants to operate, it is all right with the Senator from Oregon. I will not be deterred by what probably was a very unsound speech of the President in New York City the other night. The President himself, or his secretary ought to be in consultation with us on this subject. We have no intention of stopping the fight. We are going to give the Senate an opportunity to work its will amendment by amendment.

I thank the Senator from Idaho very much. I am not rejecting his suggestion and shall go into consultation with other Senators about it later. However, this is the place where the administration could agree to take another $40 million cut and have a stronger bill, because if there is one area which we ought to reform, it is in connection with supporting assistance.

Supporting assistance is the payroll on which we put nations all over the world that are unwilling to put their economic houses in order and unwilling to live within their means.

We offer to make up the difference between the scale on which they want to live and the scale on which they can afford to live, and we do it with supporting assistance, at the expense of the American taxpayer.

Supporting assistance goes into a nation's budget and is forever lost to the sight of the American taxpayers whose money it was. Wherever there is a country in the world receiving supporting assistance, there is a country that wants a military machine that it cannot support, or maintains inefficient socialized industries that are really used to give jobs to the unemployed, or a country that is simply thought to be important to us for political reasons.

In my opinion, none of these reasons justifies our giving them supporting assistance. I invite Senators to come to my desk and inspect the list I have prepared of major recipients of aid around the borders of the Communist bloc, which shows how much supporting assistance they are down for in fiscal 1964.

I cannot read the figures, because they are marked "top secret." They should not be top secret. There is no reason why the American taxpayer should not be informed of these figures. I can put in the RECORD, and I shall, the figures for fiscal 1963, 1962, 1961, and 1960, and from the beginning of the support assistance program, but we must not disclose to the American people the figures for 1964. Such a procedure cannot be justified. I wonder why we cannot disclose the figures. All the reasons given are fallacious. It is argued that if we disclose this information, some of the countries that do not receive as much as others will request more, on the ground that they are being discriminated against. That is more nonsense.

It is argued that we should not disclose information that would be of use to our potential enemies. Does anyone believe that Russia does not know that we give substantial support to certain countries? Of course she does. I am more inclined to think that we canot make the figures public because the Government does not want the American citizen to know, because the American citizen might not be kind about it. I hope the American people will not be kind about the program itself, and will be more unkind because their Government will not take them into its confidence. I am not going to support that kind of government by secrecy. There is little I can do about it, because my lips are sealed, as a member of the Foreign Relations Committee, by the "top secret" label. I do not propose to engage in any improper course of action. Let Senators take a look at the millions of dollars that it is proposed to give to countries which ought to be told, "Your Santa Claus period is over. It is not going to be Christmas for you 365 days a year any more, with Uncle Sam putting on the attire of Santa Claus. You must stop it."

All my present amendment proposes to do is to make a cut of $50 million. That is long overdue. I hope that the Senate will adopt the amendment. None of the reasons given justifies our giving supporting assistance. That is why I invite Senators to inspect the list I have prepared of major recipients of aid around the borders of the Communist bloc, which shows how much supporting assistance they are scheduled to receive in fiscal 1964. The figures show a total far under the $350 million I am proposing. One of the arguments of the State Department is, "We must give this supporting assistance to countries on the periphery of the Communist bloc." The total indicates that many countries which are not on the periphery of the Communist bloc are to receive millions of dollars of support assistance. That is why I say that the figures show a total far under the $350 million that I am proposing in my amendment so far as countries on the periphery of the Communist bloc are concerned.

Even so, the supporting assistance to many countries should be drastically cut, even if they are on the periphery of the Communist bloc. Supporting assistance to nations in Latin America, which are not included on the chart, should probably be eliminated altogether.

We have agreed to a $10 billion Alliance for Progress program for the next 10 years for Latin America. We have entered into two agreements with Latin American countries, the Act of Bogotá and the Act of Punta del Este. They are signed agreements, in which commitments were made by our Latin American friends that they would submit plans, which were to be submitted in advance of approval for Alliance for Progress funds. Such plans would outline the program of economic reform and other reforms essential in those countries if there is to be any hope of their becoming stable economies.

Only eight countries have submitted plans, and many of those plans need drastic revision, because the mere submission of a plan which is not sound and feasible does not entitle the particular country to Alliance for Progress funds. However, certain countries have circumvented the Acts of Bogotá and Punta del Este by obtaining funds from other sources.

A major source is supporting assistance funds. We are not going to make the Alliance for Progress program work if we are to give these countries an escape hatch which they can use to walk out on their obligations under the Alliance for Progress program.

Brazil and Argentina are two notorious examples. That is why I say that for Latin American countries supporting assistance money should be cut off entirely, and we should say to them, "Keep the commitments you have made in exchange for our proffer to cooperate with you in the Alliance for Progress program."

When we permit Latin American countries to obtain money from the supporting assistance program, we are a party to defeating the Alliance for Progress program.

I put into the RECORD yesterday the article written by Tad Szulc of the New York Times at São Paulo, Brazil, showing the stagnation in the economies of one Latin American country after another, and pointing out that, instead of the situation improving, it is growing worse. We do not have enough money in this country. We could pour all the wealth of the United States into Latin America and it would all go into a sinkhole, and not stabilize those countries. The leaders of those countries and the people of those countries must be willing to reform their economic and political systems.

The President can say all he wants to say in New York City about the rich helping the poor. Having only 6 percent of the world's population, the United States cannot solve the problems of poverty throughout the world.

Furthermore, we had better take a look at some of our own domestic needs. The President makes a nice sounding, plausible, emotional argument when he talks about this program being a moral issue. Some basic moral issues are involved in the fight over the foreign aid bill. One of them is that it is about time this Government started treating the American taxpayers fairly and stopped sinking millions of American taxpayers' dollars into sinkholes on the basis of some political slogan to the effect that the rich must help the poor.

When countries in which millions of poverty-stricken people live are willing to reform themselves, we will then go in on the basis of sound economic projects and be of assistance to them. But the rich of Brazil, the rich of the Argentine, the rich of Ecuador, and the rich of every other Latin American country must stop making huge profits out of the American foreign aid program in Latin America, and depositing such profits in New York and Swiss banks, while American taxpayers, through their Government, through their support of the assistance program, and through the Presidential contingency fund, pour millions upon millions more of American taxpayer dollars into Latin America.

I yield to no other Senator in my capacity as chairman of the Subcommittee on American Republics Affairs, in my desire to make the Alliance for Progress work. Together with many others, I worked hard to help bring the program into being in the first place. But some of the fiscal policies being followed by our Government may defeat the Alliance for Progress, and this is one of them. We cannot justify a dollar of supporting assistance to Brazil, Argentina, or Ecuador, so long as those countries' governments take the position, which they have taken to date, of not fulfilling their commitments under the Alliance for Progress.

Yesterday the United States was the subject of an insulting speech by the President of Brazil, who raised the question as to whether American aid is really of any value to Brazil. That is gratitude. How long shall we take it? How long will this administration take it? How many more millions of dollars will the President, through his contingency fund, pour into Latin America? I have tried to give the Senate an opportunity to check it. I gave it that opportunity last night. I shall figure out other parliamentary ways of giving the Senate another opportunity before the debate is concluded, for that hole must be plugged.

The Senate cannot justify allowing millions of dollars of supporting assistance funds be spent in this manner. Funds spent this way defeat some of the most precious objectives of the American foreign policy. One of them is the objective of a workable Alliance for Progress. That is why I have said in this speech that, in my judgment, all supporting assistance to Latin America probably should be stopped, and the Latin American countries told that we have a program to help them, the Alliance for Progress, but that, of course, it creates obligations upon them to do something to help themselves. They must reform the system that has brought them into the stagnation that Tad Szulc reported in the previously mentioned article.

The main reason why the Latin American economy is stagnate is that our Latin American friends, in country after country, are refusing to adopt the economic changes that are essential if they are to have a stable, growing, expanding economy, instead of a stagnating, degenerating one.

Ever since the closing years of the Eisenhower administration, we have been told that American foreign aid is now more than 60 percent loan and less than 40 percent grant. That figure relates only to economic aid; if it took into account military aid, which is all grant, the percentages would be reversed. The statistics of the State Department are inaccurate, in the sense that what they include as loans do not meet the definition of loans in the terminology of the American taxpayer. A loan at three-fourths percent interest, with from 40 to 50 years to pay and a 10-year grace period in which not a cent has to be paid, is not a loan.

Furthermore, I ask Senators to put it down in their memory, for future recollection, that the largest percentage of those loans will never be repaid. It will be only a few years until speeches will be made on the floor of the Senate urging the forgiveness of those loans because the countries have not made a move to repay them. It will be argued that we must not play the part of Shylock. It will be argued that the failure to repay is creating friction, misunderstanding, and problems; and that therefore, in our great generosity, we ought to forgive those loans. That is the way this game is played.

It is time to write a new rulebook for the State Department, and to say, "You must play from now on in accordance with the rules of this rulebook. You will no longer have the opportunity to filch from and milk the taxpayers of this country in a program that is so economically unsound as the program involving, for example, supporting assistance."

Mr. DOMINICK. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Colorado.

Mr. DOMINICK. In connection with the Senator's point as to whether loans will be repaid, an interesting table appears on page 712 of the hearings, to which I referred yesterday. As to the repayment of loans, the table shows that for Alliance for Progress loans, which have been in effect for only a few years, $13,858,789.97 has been disbursed. Under the heading "unrepaid balance," the identical amount is shown. There has not been a single instance of repayment of such a loan.

Secondly, as to the overall loan disbursements, the table shows that we have disbursed over a long period of years $6,517,974,743.06, while $5,728,534,659.28 is still owed to us. In other words, about 90 percent of the total amount that has been loaned in the program through the years is still owed to us.

Mr. MORSE. It is my opinion that at least 50 percent of the money will never be repaid under this kind of unsound fiscal policy.

Mr. DOMINICK. I agree.

Mr. MORSE. To devise a loan program that is actually a loan program, we should say to the borrower, "These are the terms and conditions on which the loan will be made. You will have to undertake certain obligations to obtain the loan. You will have to pay an interest rate that will cover the cost of the use of the money to the American taxpayers. You will pay for the service rendered."

Then the borrowers will pay some attention to their investment of that money, and will put it into economic projects which will do economic good for the mass of the people. They will be projects which will pay out. That is what I call exporting economic freedom, and that is what we should be exporting, because until there are established in those countries systems of economic freedom based upon sound fiscal policies, the people of those countries never will be saved from poverty and degeneration.

It is interesting to note that the Foreign Relations Committee in its unsigned report made a good many criticisms similar to mine, but the committee "passed the buck" to the administration; the committee slapped the administration on the wrist, and said, "Next year, bring us a program which will take into account some of these criticisms." But the committee cannot "pass the buck" insofar as its responsibility to the American people is concerned, for if all the things the committee has said all along are wrong with the program are wrong with it—and there are also many other things about it that are wrong—the committee had an obligation in writing the bill to proceed to correct all the wrongs it knew about in the program. If the committee had done that, we would not have had to turn the Senate into a Committee of the Whole to proceed to rewrite the bill paragraph by paragraph, section by section. But the committee gave us no alternative, if the opponents to the bill are to carry out our commitments to our constituents.

It matters not to me how inconvenient that process may be to certain Senators. They were elected to serve in this body, and they should adjust their convenience to their job.

I have done my best to try to reach a fair negotiated settlement of our differences, and it still is possible to do so. But until such a settlement is reached, I shall continue to offer amendment after amendment and, with each amendment, to make a record for future reference as to what is wrong with the parts of the program to which my amendments are addressed.

When the administration claims that the foreign aid bill is now 60 percent loans and less than 40 percent grants, I point out that those statistics are "phony." In the first place, they deal only with the economic side; in the second place, they do not tell the true story about the nature of the loans, which in effect are in large measure grants concealed by a veil of semantics; but if we take a long look, we can see through the veil. Thus it is that I say that if the administration's own statistics took into account military aid, which is grant money, the percentages would be reversed.

Moreover, the economic aid program itself has remained rather stationary at the proportion of roughly 65 percent loan to 35 percent grant. That proportion should become one of 90 percent loan and 10 percent grant for economic aid. Supporting assistance is the major roadblock to attainment of that objective. It bears no relationship to any given project or program. It is extended, not on the basis of the sound financial undertakings of the recipient, but on a political basis.

The $400 million proposed by the Foreign Relations Committee for this category of aid is only $35 million less than the amount carried in the original bill. If Congress is going to steer the administration down the path of true and meaningful reform in foreign aid, we must reduce further this huge source of nonproject grant money, as provided in my amendment. We can do it by reducing supporting assistance to $350 million, as provided in the amendment.

Congress has tried over the years to reduce this category of aid. Our effort has not been notable for the cooperation it has received from the executive branch, which is another reason for my loss of faith in the ability of the executive branch to recast its anachronistic foreign aid structure.

My colleagues know that we on the Foreign Relations Committee have made many attempts to compel the executive branch to recast the foreign aid program into a manageable one, with specific goals and objectives. We have tried to promote an examination of a basic philosophical premises about foreign aid, and, indeed, to find out whether such fundamental tenets actually exist. Prominent among such efforts has been the "Mansfield amendment."

Mr. President, before I discuss the Mansfield amendment, I note the presence in the Chamber of the Senator from Ohio [Mr. LAUSCHE], a member of the Foreign Relations Committee. I am perfectly willing to submit him as a witness to the statement I now make, and then let him deny it if it is not true. Again this year in the committee discussion in regard to supporting assistance, which goes into supporting the military forces of a good many other countries, it was alleged that they are not able to support by themselves military forces of the size we seek to have them maintain, and there was discussion about countries such as South Korea. In the course of that discussion, several Senators expressed perplexity and a lack of understanding as to why we should continue to pour so much money into South Korea, and they asked whether that was one place where some money could be saved. Mr. President, my amendment would do that to the extent of at least giving the administration an opportunity to cut back our supporting assistance in Korea.

Taiwan is another example.

The American people are maintaining there the army of Chiang Kai-shek; and, as I have said before in this debate, Chiang Kai-shek maintains more generals than the total number of generals in the entire U.S. Military Establishment—and at high salaries, too; and the American taxpayers are paying the bill. But if anyone believes Chiang Kai-shek's army is worth a tinker's dam to the United States, in connection with the defense of the Pacific, I point out that that is far from the fact. If an attempt ever were made to land that army on the mainland of China, I am of the opinion—on the basis of many reports I have ever seen in regard to the military efficiency or lack of efficiency of that army—that it would trample itself to death in the process of retreat.

I repeat that neither Taiwan nor South Korea is of support to the American defenses in the Pacific. The support of American defenses in the Pacific depends upon thousands of American troops who are stationed throughout the Pacific area, on the 7th Fleet, and in the U.S. Air Force.

Mr. President, we are spending too much money in South Korea, in Taiwan, and elsewhere in that area, in supporting assistance; and I am asking that it be cut back $50 million.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. In the Foreign Relations Committee the subject of the amount of money which should be allocated for supporting assistance was discussed, and it was stated that probably a cut could be made.

I submitted written questions to Secretary McNamara in an endeavor to find out how many troops were in the Armies of Vietnam, Thailand, the Republic of China, Korea, Greece, Turkey, Iran, and Pakistan. I desired to know how many troops might be available in those foreign countries if we became involved in trouble. If Senators will look at page 217 of the hearings before the Committee on Foreign Relations of the Senate during June and July of 1963, they will find the answers to the several questions which I asked. The answer to the particular question which I have described was as follows:

> Answer. The total number of troops maintained by the 8 nations mentioned is 2,793,623.

My recollection is that the answer also identified the number in each of those nations, but the number was deleted because supposedly the information was classified.

I then asked how much it cost to maintain a military man in the U.S. Army and how much it cost in the respective countries identified on page 218 of the hearings. Senators will note that in 1962 it cost $3,948 to maintain a man in the U.S. Army, not including paraphernalia and equipment. The cost in the other countries is listed. In Belgium the cost is $1,571, Denmark $2,107, France $1,966, Germany $1,689, and Italy $878.

I shall not mention each nation individually, but the cost to maintain a military man in Korea is $247; in the Republic of China—Taiwan—$177. I desired that information for the purpose of determing whether financially we were not better off by having those nations provide military men at less cost than the cost to the United States of providing military men from among its citizens.

In round figures, for every military man that we in the United States can provide at a cost of $3,948, the Republic of China can provide 23 military men, because the cost of maintaining a military man in Taiwan is only $177 per man. The Republic of Korea can provide about 15 men for every 1 that we provide.

I am not making an argument one way or the other. I am merely stating the figures. I could not wait until the Senator from Oregon had concluded his questions. I submitted written questions. I feel that the questions and answers are deserving of reading and study.

I have the following issue to decide in my own mind: Would we profit by reducing the number of Korean military men and the number of military men in Taiwan, with the probable consequence that we would have to increase the number of our own military men? I should like to hear what the Senator from Oregon has to say on that question.

Mr. MORSE. I am delighted to reply. What the Senator has stated is typical Pentagon fallacious propaganda. Its major premise is erroneous. Its major premise is that maintaining a Chinese Army in the large number Chiang has on Taiwan is some help to the defense of the United States.

Mr. LAUSCHE. That is the argument made.

Mr. MORSE. It is not a valid argument. If there is to be an invasion of Formosa, the Senator from Ohio knows what would stop it. It would not be Chiang's army. It would be the American 7th Fleet and the American air armada.

What the Senator has been told is merely a house of cards that McNamara has built up in order to justify pouring out wasteful support assistance.

Let us consider South Korea. Does the Senator know what ought to be done with most of the members of the army in South Korea? We ought to be put them to work building roads. We ought to put them to work on irrigation projects. We ought to put them to work in civilian jobs, because South Korea will not be defended by that army. South Korea should have an army, but its size should be greatly reduced to the point at which the economy of the country could support it. South Korea knows that if Red China should make a move toward South Korea, again we shall go into action with the 7th Fleet. We will not be wasting the lives of free American boys on the basis of thinking that we can win a conventional war against the Red Chinese with South Korea's army.

(At this point Mr. INOUYE took the chair as Presiding Officer.)

Mr. MORSE. We know that we could not whip them in that manner. We could greatly reduce their numbers. The argument is made by the Pentagon that we could go around the periphery of the Communist bloc and maintain the native armies for less money than we can maintain the American army.

The point is that we would not have to substitute an equal number of American boys for that army, because we would not be fighting that kind of war if we had to fight a war over there.

We ought to be demobilizing a great many of the soldiers in those indigenous populations and putting them to work rehabilitating the country, serving clear notice that we would not weaken their defenses and would not encourage any invasion of Formosa. The Red Chinese know the 7th Fleet and the air armada are present. The Red Chinese have heard the announcement of the United States, for it is known to all the Communist world, "You make an attack on an ally of freedom and you have had it." That is the only check we have against war, and not Chiang Kai-shek's overaged army.

Has the Senator seen the statistics on the military efficiency of the South Korean Army? They could be whipped with Boy Scout troops.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. The record shows also that our Government has been insisting upon the utilization of the troops in those countries in the very projects that the Senator from Oregon has recommended. I agree with him entirely.

Mr. MORSE. To a minutia degree they pay lipservice to the program. They say, "We have this little project going. We have that little project going." What they ought to have is an overall program of putting the armies to work on a civilian basis in keeping with the great record of the U.S. Army Corps of Engineers.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I should like to have printed in the Record a transcription of the questions which I asked and the answers given. They appear on pages 217, 218, and 219 of the hearings before the Committee on Foreign Relations on the bill, S. 1276, in June and July 1963.

Mr. MORSE. I am delighted to have them in the Record.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have printed at this point in the Record the portion of the hearings to which I have referred.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

The Chairman. I wish to submit, Mr. Secretary, or to your aid, some written questions that Senator Lausche asked me to submit to you. He had to go to another meeting.

Secretary McNamara. Surely. I will be very pleased to answer them, Mr. Chairman.

The Chairman. Please answer them in writing. Senator Lausche had to attend the Committee on Interstate and Foreign Commerce this morning.

QUESTIONS AND ANSWERS ON MILITARY ASSISTANCE PROGRAM

The following questions were submitted in writing by Senator Lausche with answers to be provided as inserts for the record:

Question. It is my understanding that over 60 percent of the total military assistance program will be allocated to eight key countries in south Asia, the Far East, and the Near East. They are Vietnam, Thailand, the Republic of China, Korea, Greece, Turkey, Iran, and Pakistan. Is that correct?

Answer. That is correct; 62 percent to be exact.

Question. Can you supply for the record, if such information is not classified, the respective number of troops that are maintained by these eight nations?

Answer. The total number of troops maintained by the eight nations mentioned is 2,793,623.

[Deleted.]

Question. What is the present cost per year of maintaining each military man in the field in the United States?

(See table below.)

ANNUAL PER CAPITA MILITARY PERSONNEL COSTS

Cost estimates for countries receiving military assistance shown below are confined to pay, allowances, subsistence and individual clothing. They do not include operation and maintenance expenditures, as no meaningful comparisons could be made due to differing weapons systems and technologies.

For comparative purposes, figures are included for 1961. Principal reasons for changes, where available, are indicated. Changes are primarily due to either new exchange rates, increased pay and allowances, or the proportion of personnel in the lower pay grades.

Cost to maintain a soldier

	1961	1962	Net change 1962 versus 1961	Remarks
United States	$4,014	$3,948	-$66	
Belgium	1,571	1,571		
Denmark	1,650	2,107	+457	Increase due mainly to higher pay and bonuses.
France	1,788	1,966	+178	Increase due to higher pay and allowances.
Germany	1,689	1,689		
Italy	960	878	-82	
Luxembourg	1,486	1,486		
Netherlands	832	771	-61	
Norway	1,706	1,985	+279	Increases in all services.
Portugal	435	837	+402	Increase due to higher pay and allowances.
Spain	466	522	+56	Do.
United Kingdom	2,332	2,495	+163	Increase due to higher pay and reduced numbers in lower grades.
Ethiopia	375	483	+108	Increase due to increase in number of students attending schools CONUS and promotions in higher ranks.
Greece	385	389	+4	
Iran	501	564	+63	Increase due to greater number of junior officers and increase in Government retirement contribution.
Libya		670		
Pakistan	437	438	+1	
Turkey	404	427	+23	Increase due to higher pay and allowances.
Korea	219	247	+28	Different exchange rate and small pay increases for noncommissioned officers.
Cambodia	829	842	+13	Increase due to promotions, longevity, and a slight strength increase.
Thailand	406	417	+9	
Vietnam	1,049	651	-398	Decrease due to more realistic exchange rate.
Republic of China	174	177	+3	
Philippines	742	527	-215	Decrease due to decontrol of peso.
Japan	818	850	+32	

Question. It is my understanding that it is your belief that the military assistance program should be continued because in addition to other advantages to the United States, the program insures "our continuing access to oversea bases and installations which are still essential to full deployment of our military strength." If we must still have continuing access to oversea bases and installations, why did we after last October 22 give up the Turkish base?

Answer. Recent actions involving replacement of Jupiter missile squadrons in Turkey (and Italy) did not result in any significant change in existing U.S. base rights. Thus, access to oversea bases and facilities required to support U.S. oversea deployments was not affected by the Jupiter replacement action.

Utilization of oversea bases and facilities by the United States and allied forces is subject to almost constant change as new weapons systems enter the operational inventories of these forces and as the overall strategic situation varies. One such change, involving modernization of NATO forces, was replacement of the Jupiter missiles. These missiles, originally provided under the military assistance program, were replaced by U.S. manned Polaris submarines. The submarines are now operating in the Mediterranean and are assigned to SACEUR, as were the Jupiter squadrons they replaced.

Replacement of Jupiter missiles was initially taken under consideration in 1961, primarily as a result of a report by the Joint Congressional Committee on Atomic Energy, entitled "The Study of U.S. and NATO Nuclear Weapons Arrangements," dated February 11, 1961. Secretary McNamara testified at length on this report, and subsequent actions relative to Jupiter missiles, in February and March of this year before the Senate Committee on Armed Forces. Appropriate passages of this testimony appear in the published record of hearings on military procurement authorizations, fiscal year 1964 (pp. 7, 8, 147, 312, 313, 314, 349, and 350).

Question. What direct payment do we make respectively to Spain and Portugal for the bases which we have there?

Answer. We do not make any direct payment, in the sense of rental, to Spain for the bases jointly used with the Spanish. We have provided military and economic assistance to Spain in accordance with bilateral military assistance and economic assistance agreements.

We do not make any direct payment, in the sense of rental, to Portugal for our use of the base facilities in the Azores. We have provided military assistance to Portugal in accordance with a bilateral military assistance agreement.

Question. It is my understanding that in addition to the direct payments for the right to have the bases, we grant other military and economic aid?

Answer. As mentioned in the answer to the previous question, we do not make any direct payments, in the sense of rental, to either Spain or Portugal.

In the 1953 defense agreement between the United States and Spain, the United States agreed to support Spanish defense efforts for agreed purposes by providing military end-item assistance to Spain during a period of several years to contribute to the effective air defense of Spain and to improve the equipment of its military and naval forces.

In the same agreement, Spain authorized the United States to develop, maintain, and utilize for military purposes, jointly with the Government of Spain, such areas and facilities in territory under Spanish jurisdiction as may be agreed upon.

[Deleted.]

Since 1953 the United States has provided Spain a total of approximately $500 million in military assistance and a total of $1.4 billion economic aid in the form of defense support, technical assistance, Public Law 480, and Export-Import Bank and development loan funds.

In the 1951 Defense Agreement on the use of facilities in the Azores, as specified by the Defense Agreement of 1957, Portugal granted the United States certain rights in the Azores. We also have a Mutual Defense Assistance Agreement with Portugal. Since 1950 Portugal has received $328 million in military assistance to assist in maintaining forces to meet NATO commitments. Portugal has not requested or received any U.S. economic asistance since fiscal year 1951, except surplus agricultural products under Public Law 180.

[Deleted.]

Mr. LAUSCHE. Finally, I feel a bit of comfort in the knowledge that in those countries there are 2.8 million men in military uniform. I cannot vouch for their efficiency, but I feel much better to know that they are there than I would feel if I knew they were not there.

Mr. MORSE. I would have them working for the rehabilitation of the economies of their countries, rather than sitting around in Army uniforms on American payrolls. I am satisfied that they would not be of any effective assistance in time of war.

Mr. President, the statistics deal with the amount of money required to maintain some of the foreign soldiers in Taiwan, South Korea, and elsewhere. In addition to the arguments that I have already made against supplying supporting assistance, I stress the point that those countries cannot support such armaments. Their economies will not support them. We are supporting them. It is better for the defense of the United States and of those countries that they support armaments only large enough to be supported by their own economies, and that we help them build up their economies so that they in turn can build up their defenses. We should make loans to them for economic projects.

By maintaining these arms with supporting assistance we are putting their whole economy on the American dole. It is degenerating and dissipating, and it has not encouraged them to build themselves up, but, rather, as a type of international beggar, really, made them rely upon us. Furthermore, I point out that in time of war they would be of little help to us, because in addition to our own war effort, we would have to maintain them completely, by an additional war subsidy to them. That might turn out to be a real disadvantage to the United States. It is much better to have them maintain the arms that their economy will support and have us, under a foreign aid program, come to their assistance in the economic field, to help strengthen their economy, so that their economy will expand, and in that way put them in a better position to protect themselves.

Mr. President, I shall now discuss the Mansfield amendment of several years ago, because the subject matter covered in the amendment has been under discussion in the Foreign Relations Committee for a number of years.

In 1959 the distinguished senior Senator from Montana took the fine initiative of securing the acceptance of section 503(c) in the Mutual Security Act of 1954, as amended. This section directed the executive branch to present concrete plans for reducing and terminating bilateral grants of economic aid in the defense support and special assistance categories.

For those who have lost their way in our decade-long game of semantics, I should note that these categories have since joined together under the title of supporting assistance; when the latter is combined with military aid the two are entitled strategic assistance.

The greatest phrasemakers imaginable are in the State Department and the Pentagon. To a greater extent than any other group I have ever met, they can coin new phrases to disguise meaning and conceal programs not in the public interest.

Now just where do we stand, 4 years after the notable initiative of our respected majority leader? I fear the answer is: In pretty much the same old place.

CHANGES SINCE 1960

Both reports delivered in response to section 503(c) are depressing reading, and I shall spare my colleagues the pain and boredom of having to hear lengthy quotations from the unclassified version. Suffice it to say that much of the latter is devoted to a pedestrian defense of grant aid—although the Mansfield amendment contemplated no such evasion in directing that a specific plan be made for ending that aid in recipient countries. That is what the Senator from Montana was after, an ending of it, not a reshuffling and a continuation of it under a new semantic label of "supporting assistance."

Thus we read, for example, that:

> Against this background, the overall purposes of the defense support and special assistance programs are sound. * * * To reduce or end the requirements for grant aid by altering or abandoning the goals of such aid is a conceivable but not an acceptable approach.

In other words, it is all right for the Congress to have conceptions, but the executive branch in its majesty and wisdom does not have to pay particular attention to them.

The mistake we made in the Mansfield amendment was putting in the words "insofar as practicable" when we asked that specific plans be worked out for ending supporting grants.

In a blaze of honesty, the unclassified report of 1960 revealed that AID had no real intention of eliminating the defense support aid to the five countries which received about 75 percent of that aid in 1960. It comes as something of a shock, therefore, to discover that two of the five are not receiving supporting assistance today. But there are many other categories of assistance, and our two friends together are scheduled to receive a total approaching half a billion dollars in the coming fiscal year, not including the Public Law 480 program.

After virtually excluding 75 percent of the economic grant program from serious consideration, the executive branch report of 1960 grudgingly saw a possibility of ending grant aid over a 5-year period in 10 countries receiving something over half the remaining 25 percent. Here there has been some progress: Nine were on the list for this aid in fiscal 1962; this year only four are getting these grants. I think there is some reason gratefully to ascribe this progress to the change of administrations downtown.

Next, we turn to the list of eight countries which the executive branch considered as being subject to reductions. We find that five of the eight are still firmly entrenched in the supporting assistance category. In short, we were not promised much in 1960, and we have not gotten much reduction today.

The executive branch scarcely bothered to think about specific reductions in small grant programs. Despite its unwillingness to contemplate change, changes did occur, and six of nine listed areas are not now on the supporting assistance list. On the other hand, new candidates have appeared to vitiate the meaning of this development. Indeed, the executive branch unclassified report forecast this in noting:

> Moreover, new needs for grant aid are likely to arise. The grant method of economic assistant * * * has been an essential instrument of foreign policy and, in an uncertain world, promises to remain so.

We were thus told that foreign aid administrators expect to give grant aid as long as the world situation remains uncertain. Under such circumstances, the American taxpayer might start looking to the Almighty for relief, since he would be unlikely to get it on this earth.

I do not want to minimize the importance of the Mansfield amendment. Without it I daresay we would have made no progress at all. And we have made some small progress.

On the face of it, we seem to have reduced the total of that assistance quite substantially. In fiscal year 1960, the actual appropriations for defense support and special assistance totaled $940 million. In contrast, the appropriation for supporting assistance in fiscal year 1963 amounted to $395 million. That looks like real, if slow, progress.

CONGRESS MUST GO FURTHER

But stop a moment and consider the end result. By the time the executive branch completed its normal mystifications—including recoveries, carryovers, transfers, and uses of contingency funds—the total for supporting assistance in fiscal year 1963 had risen to roughly $550 million. Moreover, the request for this supporting assistance category for the forthcoming fiscal year has gone up to $435 million. The bookkeepers give and they take away in a dazzling display of paperwork.

The central question is where we are heading, and my answer is that we do not really know. To the degree that supporting assistance has declined in amounts, we have turned to the categories of development grants and loans. The latter category appears to fulfill the desire of the Congress and the American people for a program of recoverable loans. Yet all indications are that the loans in time will turn out to be grants. Meanwhile, the token interest charges—almost uniformly less than the cost of the money to us—do little to satisfy my concern over the direction the program is taking.

Mr. President, I frankly doubt that the present means of distinguishing categories in the foreign aid bill amount to very much at all. The bill reminds me of a half-inflated balloon: We squeeze one spot and another bulge appears. The time has come to apply the needle to the balloon, to collapse it, and to build a better structure with better materials.

Our experience with foreign aid makes it overwhelmingly clear that the executive branch bureaucrats will always perform marvels in evading the intent of Congress so long as they are given any latitude whatsoever. Four years have passed since the Mansfield amendment, and we still find ourselves being asked to authorize close to half a billion dollars of a kind of aid we had every right to believe would have disappeared by now. The time has come for the Congress to flex its flabby muscles and create the kind of program it believes the President should carry out.

A further reduction in this category of grant money is a necessary element in such a program.

So I close my argument on my amendment, subject to later rebuttal, by announcing again that I have modified my amendment. Lines one and two have been stricken, which dealt with development grants. This amendment is limited to support assistance alone. I ask that it be reduced from $400 to $350 million—a $50 million reduction. In my judgment, it is a small one indeed in comparison with what we really could be justified in reducing it to.

I renew my suggestion to this administration, through its spokesmen in the Senate, that it ought to take a long look at the opportunity which it now has, and suggest that the $40 million reduction be added to the cut already made, which is $460 million. That will be a total of $500 million. It would greatly expedite the handling of the bill in connection with the money-cut amendments.

I yield the floor.

MEDICAL CARE FOR THE AGED

Mr. JAVITS. Mr. President, I have the great privilege of announcing to the Senate a report which I think will bring to the fore once again to the Nation the need for a health care bill for the aged. Today we have witnessed a most extraordinary and constructive development. A task force which was formed on the basis of a suggestion which I made after the Anderson-Javits bill was defeated in this Chamber by a vote of 48 to 52 has been functioning in this field for a year.

Arthur Flemming, former Secretary of Health, Education, and Welfare, became chairman of the task force, which was named the National Committee on Health Care of the Aged. The other members of the committee are among the most distinguished members of medical profession, hospitals, Blue Cross, insurance, and business authorities in the country concerned with the problem of medical care for the aged. Also included is Marion Folsom, a former Secretary of Health, Education, and Welfare.

Not only has the task force a distinguished membership, but it was given aid in a very material way for its legal drafting by Henry Foster, one of the professors of New York University Law School. Assistance was also furnished by a medical economist, Howard Bost, who is assistant vice president of the University of Kentucky as its study director.

The committee issued its report this morning. This report is the rock upon which a successful measure for health care for the aging can be built.

Many of the aspects of the committee's report follow the provisions which the Senator from New Mexico [Mr. ANDERSON] and I had the honor to establish in our bill, but the departures are significant and of the greatest moment, and lend themselves to implementing legislation of a character and quality which I think will make the difference between success and failure.

This morning the task force reported that there is need for a basic Federal law based upon social security financing which would give fundamental hospital and nursing home care to those over 65. That will include all persons over 65, whether or not they are social security beneficiaries. However, once that is done, once that basis is laid, the report recommends a tremendous program of insurance for the risks of health care above the basic minimum hospital and nursing home care. It is estimated that hospital care cost is about one-third of the total of the annual medical bill; that one-third is attributable to physicians, surgery and similar emergency care; and that the other one-third if made up of numerous other, but generally less urgent, types of medical care.

This proposal deals with two-thirds of the medical care needed, one-third being hospital and nursing home care and the other one-third being emergency health and surgical services; the first third to be on a Government plan based on social security financing, the second third to be covered by private insurance, but on a nonprofit, tax-exempt pooled basis, very much like the plan now being so successfully carried out in Connecticut and New York, which is known as the 65 extended health insurance program.

There is no desire or design on the part of the task force to invalidate the Kerr-Mills law. They are perfectly content to have Kerr-Mills. It has a place, but that place is in a welfare program for welfare clients. It is not insurance and it does not in any way perform the service which needs to be rendered for the rank and file of older people who are covered by the terms of this report.

I hope Members of the Senate will read the committee's report with the greatest care.

I ask unanimous consent to have printed in the RECORD a press release which covers the particular report. The report itself is quite extensive, consisting of 79 typewritten pages. Copies may be obtained upon application to me or to Winslow Carlton, of New York, who has functioned as a member as well as secretary of the task force.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

NEW FORMS OF PUBLIC-PRIVATE HEALTH INSURANCE FOR THE AGED PROPOSED IN POLICY STATEMENT ISSUED BY NATIONAL COMMITTEE ON HEALTH CARE OF THE AGED—MAJOR ROLE SEEN FOR PRIVATE INSURANCE

WASHINGTON, November 13.—A major policy statement on financing health care of the aged through governmental and private insurance plans was issued here today by the National Committee on Health Care of the Aged.

The committee is an ad hoc group of leaders from medicine, education, industry, and insurance. The report of its work, entitled "Financing Health Care of the Aged—Guiding Principles for a National Program of Complementary Public and Private Action," is intended to help shape public policy on what has become the perennial domestic issue of the decade.

The report's basic thesis is that the health needs of the aged can be financed best through complementary but separate Government and private insurance plans. The proposed Government plan would be limited to covering the costs of hospitalization and skilled nursing home care under an insurance plan financed independently by an increase in the social security tax. The aged population, relieved of the burden of major hospital bills, would then be better enabled to purchase private insurance policies for other large medical expenses. The committee advocates congressional action that would permit private insurance organizations to develop tax-free, low-cost special insurance plans to complement the publicly financed coverage. Legislation would be required to allow private insurers to join in concerted efforts for selling and risk pooling, and certain advantages would accrue to plans that meet regulatory standards.

Citing the abnormal health care burden of the aged as a group, caused by greater usage and higher costs of services while receiving lower incomes, the committee urges a shift in emphasis in Government action from relief measures to social insurance. The committee sees insurance as a key measure to prevent dependency and points out that current public assistance programs are designed to deal with dependency after it occurs rather than preventing loss of independence due to illness.

MEMBERS OF THE COMMITTEE

Officers of the National Committee on Health Care of the Aged are Arthur S. Flemming, its chairman, the University of Oregon president who served as Secretary of Health, Education, and Welfare during the Eisenhower Administration; Russell A. Nelson, M.D., vice chairman, who is also director of

Johns Hopkins Hospital; and Winslow Carlton, its secretary, who is chairman of the board of Group Health Insurance, Inc., of New York. The members of the committee are James P. Dixon, M.D., president of Antioch College; Marion B. Folsom, also a former HEW Secretary and currently a director of the Eastman-Kodak Corp.; Russel V. Lee, M.D., director of the Palo Alto Clinic; John C. Leslie, chairman of the Committee on Aging, Community Service Society; Vernon W. Lippard, M.D., dean of the Yale Medical School; Dickinson W. Richards, M.D., nobel luareate in medicine from Columbia University's College of Physicians and Surgeons; Thomas M. Tierney, director of Colorado Hospital Service (Blue Cross); Hubert W. Yount, former senior vice president of the Liberty Mutual Insurance Co., and Arthur Larson, director of World Rule of Law Center, Duke University, and former Under Secretary of Labor.

DETAILS OF PUBLIC INSURANCE PLAN

The public segment of the proposed dual insurance program would be limited to coverage of institutional services provided in hospitals or skilled nursing homes during the acute period of an illness, but would not pay for long-term or custodial care. Although the report was not explicit in describing the number of days the plan should cover, the committee indicated that the rough national average of 70 days of hospitalization insurance among the younger population would be desirable for the aged as well, in view of the report's stated goal of offsetting "substantially the abnormal burden that results from greater use and higher cost of services required in old age." Relatively short-term hospitalization is the most frequent major health expense of the aged, most of whom have severely reduced incomes. Worry over the "shock-loss" of such costs, which cause a sizable number of aged dependency cases, frequently prevents persons from seeking medical care until a sickness is very serious, usually resulting in longer, more expensive hospitalization. By having the Government plan cover the kinds of health care that most frequently result in concentrated expense, the committee would seek to break the circle of anxiety worsened sickness and encourage private financing of other medical costs, particularly physician care.

FINANCING THROUGH SOCIAL SECURITY

The report calls for the public insurance plan to be financed by an increase in the social security tax, with the increase deposited in a separate trust fund. The amount of the increase would depend on the scope of the plan's benefits and thus was not determined by the committee. Benefit payments under the plan would be limited to receipts from the additional tax, however, to keep the plan self-financed. The public plan would protect all persons aged 65 or over, irrespective of their financial condition, without further tax payments or means tests.

ADMINISTERING THE PUBLIC PLAN

The committee also recommends that legislation establishing the public plan place administration in the hands of the Secretary of HEW. The Secretary's responsibility would include authority to contract with existing voluntary agencies for provision of benefits or performance of administrative services.

In addition, the administration of the plan is intended to stimulate progressive improvements in the quality of medical care purchased. High quality standards would be established at the outset, with reasonable time allowed for currently substandard facilities to meet the program's standards.

CONGRESSIONAL ACTION FOR PRIVATE INSURANCE

In the committee's opinion, the Government insurance plan would pay for about one-third of the total health care costs of the aged. An additional one-third, or an equal portion, should be financed by special private insurance plans, leaving the balance to be paid for independently, either through ordinary insurance or out of personal income or savings. The special private insurance coverage, designed to complement the public plan, is the subject of half of the committee's statement.

Calling for private insurance organizations to assume responsibility for protecting the aged against costs not covered by the public plan, the committee urges that Congress remove impediments to concerted action in the private sector. The statement advocates exemptions from State premium taxes and antitrust and anticompact laws for basic complementary policies meeting certain regulatory standards. In addition, it recommends official public endorsement of acceptable plans, including establishing a national symbol to identify them. The legislative action would result in mass enrollment opportunities because of large-scale pooling of risks and nationwide promotion, and in the lowest possible premium costs by allowing high-volume operations.

STANDARDS FOR PRIVATE INSURANCE PLANS

In the view of the committee, social security coverage of hospitalization (a major insurance risk of the aged) would make it possible for private insurance companies and nonprofit health plans to develop better insurance protection. Although any insurance organization could sell aged health care policies, the tax exemptions, and legal benefits would apply only to those that meet national minimum standards. Among the standards advocated by the committee are: open enrollment of all persons in their 66th year without restrictions or penalties because of condition of health; limited administrative costs; and nonprofit operation. The committee suggests that the "State 65" consortiums, now operating in a number of States, provide the precedent for such insurance, but that the recommended principles will extend the value of concerted effort and protect the participating insurance companies from the threat of adverse risk selection, a major problem of the "State 65" plans to date.

PROCEDURE FOR PRIVATE INSURANCE PLANS

The committee recommends that private insurance organizations propose plans for intended coverage to the Secretary of HEW and the National Advisory Council on Health Insurance for the Aged. If the proposals, in the view of the Secretary and the Council, provide a sound balance of health care for the aged when combined with the public plan, and if an approximately equal share of the total health care costs would be covered, then the proposed private insurance plan would be endorsed officially and allowed to operate under the special Federal legislation. The committee's opinion is that many private insurers would compete to develop bold new insurance policies, once the burden of hospitalization coverage has been removed.

INSURANCE ANNUITIES URGED

A distinguishing feature of the proposed private plan is the recommendation that the cost of private health insurance after retirement be prepaid as much as possible during working years. The committee suggests that prepayment could be accomplished through the purchase of health insurance annuities, which would be vested with the individual and would transfer during employment shifts. The annuities would be applied toward the purchase of private health insurance after age 65. The committee argues that such prefunding of private insurance during working years would bring the costs of protection within the ability of most people to pay. The statement also recommends increased continuation of group insurance for retired members of employed groups and their dependents.

ADVISORY COUNCIL RECOMMENDED

Finally, the committee recommends forming a National Advisory Council on Health Insurance for the Aged. The Council would be charged with advising the Secretary of HEW on policy for the public plan and reporting through the President to Congress on the combined public-private program to solve the aged's health-care problems. In the public plan, the Council would respond to queries from the Secretary and issue recommendations to him at its own initiative.

NEED FOR PUBLIC ASSISTANCE REDUCED, BUT NOT ELIMINATED

The committee concedes that its principles for combined action, if carried out, would not eliminate the need for public assistance measures. By covering the major causes of dependency due to illness, however, the statement declares that the load on relief resources would be reduced substantially. The committee does not discuss the value of current assistance programs, beyond pointing out that some individuals will continue to need such assistance regardless of the success of its proposals.

COMMITTEE FORMED IN 1962

A bipartisan, nonpolitical task force, the National Committee on Health Care of the Aged, was formed at the suggestion of Senator JACOB K. JAVITS, of New York, following debate of the Anderson-Javits "medicare" bill in the Senate in July of 1962, in order to get a fresh and independent review of the issue. The committee is not responsible to Senator JAVITS, nor is he bound by its recommendations.

The committee's study director is Howard L. Bost, Ph. D., a medical economist who is assistant vice president of the University of Kentucky. Dr. Bost was previously a staff member of the Committee on Financing Hospital Care.

Prof. Henry Foster of New York University Law School served as legal consultant to the committee.

The committee's work was financed by private benefactors.

Mr. JAVITS. I also ask unanimous consent to include in the RECORD a statement hailing the work of this task force, issued by Nelson H. Cruikshank, director of the Department of Social Security of the AFL–CIO.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COMMENTS BY NELSON H. CRUIKSHANK, DIRECTOR, DEPARTMENT OF SOCIAL SECURITY, AFL–CIO, ON THE REPORT OF THE NATIONAL COMMITTEE ON HEALTH FOR THE AGED

The report issued today by the National Committee on Health for the Aged has, in our opinion, made a real contribution to the public understanding of the problem of health care for the aged which is still very much with us. This committee, chaired by Dr. Arthur Flemming, formerly Secretary of Health, Education, and Welfare, and made up of distinguished citizens all of whom have expert knowledge in the field of medical care and methods of financing such care has obviously made a careful and thorough study of the problem and approached its solution with imagination and courage.

We in the AFL–CIO are pleased that the report recommends the social security method for the basic institutional health care. The report also indicates how social insurance and private insurance can complement each other in meeting the problems of financing health care for the aged.

The proposals made by this distinguished committee, which was originally organized by Senator JAVITS, of New York, merit thorough study by all those interested in this vital problem. Its recommendations should certainly be included in the proposals to be examined in the hearings on the King-Anderson bill beginning next week in the Ways and Means Committee.

Mr. JAVITS. The thanks of the Nation should properly be given to the chairman and members of the National Committee on Health Care for the Aged, which was formed at my suggestion in September 1962, for their dedicated and most important work in developing and making public this report.

This report is the most significant development in the field of health care for the aged since July 1962, when the Senate turned down the Anderson-Javits bill by the vote to which I previously referred. The report should serve to put this issue once again in the forefront of national consideration, where it rightfully belongs.

From my preliminary review of this report, it seems to me to establish an excellent basis, in fact, for implementing legislation for health care for the aged. I shall study it further and invite our colleagues to join with me in the introduction of new legislation, and I shall also invite the prompt attention of the executive department and the appropriate congressional committees to this report.

It is my urgent hope that I may be able to join the Senator from New Mexico [Mr. ANDERSON], our colleagues on his side of the aisle, and colleagues on my side of the aisle, in sponsoring immediately the legislation which I am now engaged in drafting.

This report brings a Federal program of health care for the aged measurably closer to realization.

This issue, which seems to have been shoved off the boards, has been brought back to the front and center of the stage by the report.

For the information of Senators, I shall read into the RECORD the names of the distinguished gentlemen who gave of their time and attention to bring to the country a meaningful analysis of such a program:

Arthur S. Flemming, chairman, University of Oregon president, former Secretary of Health, Education, and Welfare.

Russell A. Nelson, medical doctor, vice chairman, director of Johns Hopkins Hospital.

Winslow Carlton, secretary, chairman of the board of Group Health Insurance, Inc., of New York.

The members of the committee are:

James P. Dixon, medical doctor, president of Antioch College.

Marion B. Folsom, former HEW Secretary, and presently a director of the Eastman-Kodak Corp.

Russell V. Lee, medical doctor, director of the world-famed Palo Alto Clinic.

John C. Leslie, chairman of the Committee on Aging, Community Service Society.

Dr. Vernon W. Lippard, dean of the Yale Medical School.

Dr. Dickinson W. Richards, Nobel laureate in medicine from Columbia University's College of Physicians and Surgeons.

Thomas M. Tierney, director of Colorado Hospital Service—Blue Cross.

Hubert W. Yount, former senior vice president of the Liberty Mutual Insurance Cos.

Arthur Larson, director of the World Rule of Law Center, Duke University, and former Under Secretary of Labor.

I extend the gratitude of many millions of Americans to these extraordinarily able and distinguished Americans who, I trust, will have measurably forwarded this historic proposal of providing adequate medical care for our aging citizens.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment No. 316, of the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute.

Mr. ELLENDER. Mr. President, I support the amendment of the Senator from Oregon. I earlier presented a similar amendment, No. 284, affecting supporting assistance, in which I sought to reduce the amount by $75 million from $400 to $325 million. I do not know of any program in the entire bill that has been more abused than the so-called supporting assistance program, which at one time was known as the defense support program. Supporting assistance is really economic grant assistance pure and simple. The funds provided under the title of supporting assistance are supposed to be used to assist countries such as Korea and South Vietnam, which have to sustain large armies.

Last year, Congress appropriated $395 million for this purpose, but the amount actually programed was $548,969,000. This increase was possible because of augmentations from the contingency fund. As I stated in a previous speech in the Senate, the amount of money needed to make up the difference between the amount made available and $548,969,000 came from the contingency fund. The Foreign Relations Committee justifies the $400 million it provided for supporting assistance on page 21 of its report, which I quote:

> Most of the supporting assistance funds are intended to strengthen the military-economic positions in Vietnam, Korea, and Thailand. The program in Vietnam is designed to supply essential imports and to advance rural relief and development activities including the strategic hamlet program. Supporting assistance programs for Korea are intended to finance raw materials and capital goods imports which maintain current production and contribute to long-range economic development. In Thailand, the United States and Thai Governments have agreed to a 50-50 cost sharing project for strengthening internal security forces and improving both military and civilian mobility in the threatened northeastern part of the country.

Mr. President, the same reasons were advanced last year to justify supporting assistance, but what happened after Congress made funds available? Korea, was programed to receive $125 million last year. But under the revised program, Korea received $90 million. Vietnam was programed to receive $140 million, but this amount was reduced to $120 million under the revised program.

So in order to take care of these two countries during the previous fiscal year, the sum of $210 million, was required.

It is my contention—and I am sure it is that of the distinguished Senator from Oregon [Mr. MORSE]—that if $350 million is provided there will be $140 million in excess of what was needed to provide the supporting assistance that is so important, according to our military leaders, in South Vietnam and South Korea.

As I previously pointed out, last year Congress appropriated $395 million, but the administrators programed $548,969,000 by taking moneys from the contingent fund and other parts of the bill in order to augment the program. I should like to show how some of that money was used.

For example, let us consider Tunisia. When the AID made its presentation for fiscal year 1963, no funds were programed for supporting assistance to that country. But the revised program included $6,813,000. The agency stated in its fiscal 1964 presentation that this money was necessary to provide nonproject commodities in the amount of $6.7 million and disaster relief in the amount of $100,000. Yet we are told that this sum is to be used in order to assist countries that have huge armies to maintain.

In justifying this action, the agency states that fiscal year 1962 funds programed for Tunisia were deobligated because of technicalities—because the 1963 appropriation act precluded reobligation of prior years' funds, the agency approved the use of the 1963 contingency fund rather than reobligate the prior years' funds. Thus AID got around the letter of the law by violating the spirit of the law.

Another example may be found in the case of Egypt, where $10 million of the contingency fund was used, not directly from that fund, but through the supporting assistance fund. The amount was transferred from the contingency fund to the supporting assistance fund.

It is interesting to note that the agency reduced its supporting assistance program in only one area of the world; namely, the Far East. Yet when a plea was made by the agency for a restoration of the amount asked last year, the reason given was that the Far East needed it. As I stated a while ago, the agency reduced that amount, but used the money in other areas.

In that connection, I point out some of the areas where it was used. The money could not have been obtained from Congress if the purposes for which it was desired to use it had been stated. In Latin America, a total of $41,535,000 was added to the amount appropriated by Congress; there was added in the Near East, a total of $9,113,000; and in Africa, $10,462,000 was added—for a total increase from the original program of $17,719,000. But in the areas where it was intended to be used to the greatest extent, upon which was based the argument for an increase last year, the program was cut back. These cuts were made in South Vietnam and Korea.

Now the same arguments are being made in connection with the claim that this amount should be increased, because, it is said, it is badly needed in South Korea, in South Vietnam, and elsewhere in southeast Asia. But I contend that if the authorization for this fund is cut to $350 million, South Vietnam and Korea will receive the same amounts that they received last year, and the administrators will have a surplus of $140 million to spread around as they may desire.

Again, I point out where some of this money was used last year. While reductions were being made in the Far East, Indonesia—a country which continues to play "footsie" with the Reds—had its supporting assistance program increased from $2,500,000 to $21,900,000—an increase of 776 percent. How can such deception be tolerated? A program is justified for countries that have the sympathy of Congress and of the American people, but the funds are used in a country which tries to play both sides against the middle. In this connection, the Clay Committee said, in its report about Indonesia:

> We cannot leave this area of the world without special reference also to Indonesia. Because of its population, resources, and geographic position, it is of special concern to the free world. However, we do not see how external assistance can be granted to this nation by free world countries unless it puts its internal house in order, provides fair treatment to foreign creditors and enterprises, and refrains from international adventures.

But, Mr. President, Indonesia has not done that.

I read further from the Clay committee's report:

> If it follows this path, as we hope it will, it deserves the support of free world aid sources.

But, Mr. President, Indonesia has not done so. I would not be at all surprised to find that much of the supporting assistance funds in the amount of $20 million which was made available last year to Indonesia was used to grab certain islands or parts of islands which formerly belonged to our friends in Europe and in other parts of the world.

It is my judgment that an authorization in the amount of $350 million, as proposed by the Morse amendment, will be entirely sufficient to take care of the areas which must be cared for, according to our military leaders.

So I hope the modified amendment of the Senator from Oregon to the committee amendment, as amended, will be adopted.

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). The question is on agreeing to amendment No. 316, as modified, as proposed by the Senator from Oregon [Mr. MORSE] to the committee amendment, as amended, in the nature of a substitute.

On this question, the yeas and nays have been ordered.

Mr. FULBRIGHT. Mr. President, I shall say only a few words, because very little is left to be said about the amendment.

This item has already been cut severely, as have all the other items. The supporting assistance item has been decreased from $917 million, in 1961, to the requested authorization of $445 million, this year; and in the committee it was cut to $400 million.

I do not know that anything further remains to be said in this case.

I hope the Senate will not adopt the modified amendment of the Senator from Oregon to the committee amendment, as amended.

Mr. SALTONSTALL. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. As a member of the Appropriations Committee, it has always seemed to me that after we provide military assistance, we must provide some supporting assistance, because after we help a country to develop its military forces, we have to assist in their support through local agencies and local people in view of the fact that a certain number of people are thus taken away from their normal occupations. So it has always seemed to me that supporting assistance is a valuable and necessary part of military assistance.

Mr. FULBRIGHT. The Senator from Massachusetts is entirely correct. With a few exceptions, that is the major use of supporting assistance—in cases in which a major military effort is made—for example, in Turkey, which has already been referred to. There is also the critical situation in the Congo, particularly in Leopoldville, which is in desperate need of assistance for stabilizing purposes. The countries in these areas are threatened with serious problems, both external and internal. This general situation has been explored; and both the Senator from Louisiana and the Senator from Oregon have spoken extensively on what is involved in this case.

But the amount has already been greatly reduced until it is now quite small. In pursuance of what was called the Mansfield amendment—which was adopted in 1961, I believe, and which called for a reduction of this item—the administration has followed the advice of Congress, and in my opinion has done a very good job in that connection.

So I hope the Senate will reject the pending amendment, as modified, to the committee amendment.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. Can the Senator from Arkansas state how this fund will be used, and can he also state what countries will receive it?

Mr. FULBRIGHT. That information is classified. However, what is proposed is shown in a list which I have before me. The Senator from Louisiana can examine it if he wishes to do so. The past figures in connection with this item are not classified; but, as the Senator from Louisiana knows, there is a very good reason for classifying this material in connection with the pending bill, for after the appropriations process is engaged in, the amounts are always altered. So it is obviously undesirable to permit this information to be issued at this time, for if it were issued now, perhaps it would be bandied about by those interested in these programs. Clearly, there is always a certain amount of adjustment to be made before the appropriations are voted and are made available.

Mr. ELLENDER. But I should like to have Senators see that statement or list.

Mr. FULBRIGHT. They can do so; but it should not be printed in the RECORD. There is nothing new about the situation in that connection.

Mr. ELLENDER. I understand that. However, is it not true that last year, as I have pointed out, there was programed and justified for Korea not less than $125 million, but the administrators gave that country only $90 million?

Mr. FULBRIGHT. As I have said, when a certain amount is proposed, but when thereafter the amount proposed is severely cut, obviously the amount finally provided will be less than the amount originally proposed. What else could be done? The administrators say, "If you grant us *x* dollars, we propose to use it in this way." But if the proposed amount is cut by 20 or 30 percent, obviously they cannot spend the amount which they had proposed.

Mr. ELLENDER. As I pointed out—and I should like to be corrected if I do not have the correct figures—last year $395 million was provided for supporting assistance but there was programed $548,969,000.

Mr. FULBRIGHT. The Senator has stated the estimate before any cuts were made.

Mr. ELLENDER. No, I have stated the amount of the program. The appropriation was only $395 million.

Mr. FULBRIGHT. Yes.

Mr. ELLENDER. That is what was demanded.

Mr. FULBRIGHT. What would the Senator expect the agency to do if the program changed and a cut were made in the amount below the program estimate? Would the Senator have it spend more than the amount which was authorized?

Mr. ELLENDER. No. If the money appropriated last year had been used for countries such as South Vietnam, Korea, and Southeast Asia that, it was said, needed the money so badly, they would have had enough money. But they increased the programs in Indonesia and other countries that should not have received the money. That is what happened.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MORSE. I hope that Senators will announce to the latecomers that my amendment has been modified by omitting lines 1 and 2, which involved the development grants, and the amendment is now limited entirely to a proposed $50 million cut in supporting assistance. It has nothing to do with developing grants. I may offer an amendment in relation to development grants later.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. Morse] as modified, to the committee amendment, as amended. On that question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Cannon], the Senator from Louisiana [Mr. Long], and the Senator from Mississippi [Mr. Stennis] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further anounce that, if present and voting, the Senator from Mississippi [Mr. Stennis], and the Senator from Nevada [Mr. Cannon] would each vote "yea."

On this vote, the Senator from California [Mr. Engle] is paired with the Senator from Louisiana [Mr. Long]. If present and voting, the Senator from California would vote "nay," and the Senator from Louisiana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. Cooper] is detained on official business, and if present and voting, would vote "nay."

The result was announced—yeas 43, nays 52, as follows:

[No. 230 Leg.]

YEAS—43

Beall
Bennett
Bible
Burdick
Byrd, Va.
Cotton
Curtis
Dodd
Edmondson
Ellender
Ervin
Goldwater
Gruening
Holland
Hruska
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Magnuson
McClellan
McGovern
Mechem
Morse
Mundt
Nelson
Neuberger
Pearson
Pell
Proxmire
Randolph
Ribicoff
Robertson
Russell
Simpson
Symington
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—52

Aiken
Allott
Anderson
Bayh
Bartlett
Boggs
Brewster
Byrd, W. Va.
Carlson
Case
Church
Clark
Dirksen
Dominick
Douglas
Eastland
Fong
Fulbright
Gore
Hart
Hartke
Hayden
Hickenlooper
Hill
Humphrey
Inouye
Javits
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McCarthy
McGee
McIntyre
McNamara
Metcalf
Miller
Monroney
Morton
Moss
Muskie
Pastore
Prouty
Saltonstall
Scott
Smathers
Smith
Sparkman
Walters
Williams, N.J.

NOT VOTING—5

Cannon
Cooper
Engle
Long, La.
Stennis

So Mr. Morse's amendment, as modified, to the committee amendment, as amended, was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. McCLELLAN. Mr. President, since the foreign aid bill now under consideration is being debated at great length, I should like to state briefly why I shall vote against it. As the Record will show, I have not voted for any foreign aid spending since 1954. I do not mean by that statement to imply that I have not felt that some judicious spending might not be to our benefit. However, I concluded, about that time, that we were spending at least $2 for every $1 that was necessary to carry out our program that we had in mind and for which we envisioned a need for our assistance.

Prior to 1954 I voted for foreign aid bills designed to implement the Marshall plan, because I believed the situation was such that there was some prospect of achieving some kind of results. I was willing, and I thought it proper, and I believe it was well justified, that we should help rehabilitate the war devastated countries. That we did.

Looking back, I believe most people would agree that our assistance since under the Marshall plan achieved a significant and quite satisfactory result. When it became clear that the proponents of foreign aid intended to make it permanent, with large scale programs of exorbitant expenditures aimed at the achievement of what I conceived to be impossible, unrealistic, or questionable goals, I concluded that I could no longer in good conscience support the program.

I have observed that since I quit voting for the program in 1954, the number of nations receiving aid has increased, I believe, from 71 countries that were receiving aid then to approximately 111 which are now receiving our assistance.

The amount of funds appropriated increased from $2,712 million in fiscal 1956 to $3,929 million in fiscal 1963. The current request for funds maintains the trend toward ever larger authorizations and appropriations. This year the President submitted an original budget request for $4,945 million. Later he reduced his request for fiscal 1964 to $4,529 million. The House further reduced the amount to $3,502 million in the bill now before the Senate.

Since July 1, 1945, the United States has spent or committed more than $103 billion for economic and military assistance. We have made available about $45 billion to Europe; $24 billion to the Far East; $20 billion to the Near East and southern Asia; $7 billion to Latin America; $2 billion to Africa and $5 billion on a nonregional basis. Both the obligation authority and expenditures for economic assistance and military support have been steadily increasing in recent years with no indication as to when or where this merry-go-round will slow down or come to a halt. With only about 6 percent of the world's population, the United States has attempted to conquer poverty, illiteracy, disease, and oppression throughout the world. We have aided our foes as well as our friends.

What achievements can we point to as a result of this monumental expenditure of funds? I submit the results are not too gratifying; indeed, they are extremely disappointing. It is unnecessary at this time to describe again and in any detail instances of waste and wretched administration in the foreign aid program. Through the years, Members of this body, the press, commentators, and other sources have cited countless examples of shortcomings and spectacular failures in the program. Even the friends of foreign aid apparently concede that the program has been completely unsatisfactory or, at the least, that it is most unsatisfactory in its present state of operation and that the program must be revamped or completely changed. Only the other day, the Washington Post stated that "few can deny that the present program is beset by contradictory policy objectives and occasionally by wretched administration." The Committee on Foreign Relations has indicated that it gave serious consideration to ending the program as presently constituted in 1965. In my judgment, even that period of delay is not acceptable. A complete list of the specific instances of corrupt, shortsighted, or inefficient administration of the program would fill volumes.

The fallacies and shortcomings in our foreign aid program have been rather thoroughly exposed during the debate on this bill. Senators have presented detailed examples and many valid generalizations which reflect true conditions respecting our foreign aid program.

I shall not attempt to go over the same ground, but will merely summarize my own views in this area.

One of the more serious shortcomings in the program is the lack of clarity in our goals. We have often undertaken projects with no clear objective in mind. When we have pursued particular goals, they have often been either contrary to our national interest or unrealistic and impossible to achieve. In many instances, we have pursued contradictory policy objectives. While attempting to solve each problem which arises in the world, we often forget what we are trying to accomplish and why we are concerned with the problem at all. Until such time as we clarify our goals, any foreign aid program which we undertake will not be fully effective.

As the Senator from Alaska [Mr. Gruening] has so ably pointed out in his report to a subcommittee of the Government Operations Committee, of which I have the honor of serving as chairman, there has been far too great a tendency on the part of our administrators to proceed on the assumption that any nation in the free world not only should, but is entitled to, receive U.S. foreign economic aid. I do not agree that all nations of the free world are entitled to or should receive economic assistance from us. An indiscriminate outpouring of aid results in a waste of public funds and often does more harm than good.

Our assistance to underdeveloped nations in many instances has created envy and hatred instead of friendship. Our projects in many countries result in a flaunting of our great wealth and prosperity before the eyes of people whose situation almost inevitably causes them to react with envy and resentment, if not with outright hatred. Furthermore, since no consistent yardstick exists for an equitable distribution of aid, some nations inevitably feel that they are being discriminated against. We also generate resentment each time we turn down an applicant for our aid. The initial receipt of aid creates the expectation of continued aid and produces adjustments which often make such a continuation imperative. Thus, after a nation becomes dependent upon this aid, its reduction or elimination causes understandable frustration and anger.

Our aid program often encourages the development or perpetuation of socialism, which, I believe, in turn impedes the growth of an underdeveloped country. Tremendous amounts of aid are granted directly to foreign governments. By doing so, we are, in many instances, subsidizing the political career and often the financial enrichment of those in power. In too many cases, these political leaders are lovers of power and big government, and they are contemptuous of the businessman and his everyday concrete reality. The planners and leaders in these nations are often concerned with the displacement of the market mechanism when the improvement of this mechanism is what is most needed. Moreover, some of those administering our aid program appear to be hostile to those institutions in our society most responsible for our own growth and development—free enterprise and limited government.

In Turkey, for example, we have been financing government industries for 16 years. We are indebted to the Senator from Oregon [Mr. MORSE] for calling to our attention a report by a U.S. expert on investment laws, Mr. Norman Littell. Mr. Littell pointed out that the history of Turkish confiscation of foreign enterprises and the fact that these enterprises have been run for years by the state have been the chief trouble with the Turkish economy. Mr. Littell also points out that he was informed by people in a position to know that the average Turkish citizen realizes full well that private operations are far more efficient than public operations but is still reluctant to take the leap from public to private ownership. It would seem, therefore, that little, if anything, has been done to educate the citizens of Turkey on the dynamics of private enterprise and the benefits it can bring to the employees in a depressed and underdeveloped area.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Arkansas has mentioned the work of Norman Littell. He is one of the best versed and informed men on the problems of Turkey who is available to the Senate. I have conferred with him at great length. I believe the Senator from Arkansas has conferred with him.

He has pointed out that the aid we have given to Turkey has had many unfortunate results, not the least of which is the socialization of its industry and the operation of many industries by the Government, at great waste, with those industries' payrolls actually being a form of unemployment insurance, in that they have many times the number of employees needed.

Mr. McCLELLAN. In other words, they are engaged in made work.

Mr. MORSE. And they are paid by means of the American dollars that Government receives. In that sense, we are pouring into Turkey a great deal of aid which is unneeded.

Littell also pointed out that we are not supporting democracy in Turkey, and that the situation there is a far cry from the situation in a land of freedom. Yet we continue to pour our money into Turkey.

I shall offer some amendments which will specifically deal with Turkey, and in that way I shall try to end much of the waste which has crept into our foreign aid program.

Mr. McCLELLAN. I thank the Senator from Oregon. I pay tribute to him for the highly valuable service he has rendered in the Senate at this session.

In the past 8 years, although I have not voted for this program, yet I have not made an all-out fight against it on the floor of the Senate, for that seemed to be useless. In the early stages I thought I might be mistaken, but I had to vote my convictions.

I see no end to this program; there is no prospect of reaching an end to it. It will be a continuing and growing program, unless we meet our responsibility, and thus stop it. But as I view the situation—and I have been around a little, even though perhaps I have not traveled abroad as much as some Senators have—we are not striking at the root of the troubles. We are merely handing out doles to those temporarily in power in these countries, and those donations are not of benefit to the average citizens in those lands, and do not result in making resources available to them in order to help them build up an improved livelihood, or in amounts sufficient to enable to lift themselves out of the poverty in which so many of them are enmeshed. Instead, we aid them to live from day to day, but no improvement is being made. One of the difficulties is that the program is not organized correctly. Apparently we do not have a proper conception of what needs to be done, and we do not have in the AID enough people who know differently and know how to reach the problem and how to deal with it adequately.

Mr. GRUENING. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Alaska?

Mr. McCLELLAN. I am glad to yield.

Mr. GRUENING. I thank the Senator from Arkansas.

First, I thank the Senator for his very kind reference to my report. I believe it is the first investigation in depth of this subject that has been made in the Senate, and I believe it was long overdue.

I share the concern the Senator expresses. I felt that when the foreign aid program carried out the Marshall plan, it was a great success. It was specific in purpose, limited in scope, directed at countries that were qualified to receive such aid, and accomplished its objectives; and if we had adhered to similar procedures and standards in connection with the program subsequently we would not have had the errors and the waste that have characterized the foreign aid program which we are now trying to reform.

I do not wish our foreign aid to be eliminated; but I believe it must be curtailed and reduced until it is sound and sane and until it is based on fundamental principles, such as the willingness of the countries we aid to help themselves, to administer honestly and effectively the funds we give them, and to reach a termination point in the program. As the Senator has said, we cannot continue this program indefinitely. Furthermore, it would be fantastic for the United States with about 6 percent of the world population to attempt to eliminate poverty everywhere in a world of more than three billion persons. As the Clay report stated, we have attempted too much too rapidly.

I wish to refer also to the commendation by the Senator from Arkansas and the Senator from Oregon of Norman Littell, a very experienced and able attorney, a former Assistant Attorney General and a man of unblemished reputation. I am not particularly familiar with the work he has done in Turkey, but I know of his excellent work as attorney for the Navajo Tribe. He has held that position for the last 15 or 16 years; he has served those Indians of the Southwest with great devotion and ability, and I am glad to join these Senators in expressing our appreciation of his excellent work and in paying tribute to him for his accomplishments, his valuable services both while in the Federal service and in private practice, his integrity, and his fine public spirit.

Mr. McCLELLAN. I thank the Senator from Alaska. It would be most desirable for us to have in that country more men of ability who manifest a sincere desire to do something effective about the needs which exist there. Under such circumstances, I think the program might be quite helpful. But at present, waste, extravagance, and indifference characterize the program there; instead of taking positive steps, there seems to be only a desire to get rid of the money we send there and—in short—to attempt to buy friends. Such a program makes no sense to me, and certainly it is the grossest kind of governmental folly.

I wish to pay tribute to the Senator from Louisiana [Mr. ELLENDER], who has traveled most extensively. When I entered the Chamber a few minutes ago, I think the Senator from Oregon was referring to him. I join in the sentiments I heard the Senator from Oregon express.

Following each trip the Senator from Louisiana has made abroad—they have not been junkets; they have been journeys in the course of which he has obtained large amounts of valuable information about our program, the policies followed, the method in which the expenditures were being handled, and the results being obtained—he has made a detailed report to the Senate. I think it most unfortunate that the Senate and the House of Representatives have not earlier heeded some of the reports he has given us and have not acted upon them. I believe we are now reaching the point where there is some hope; apparently, judging from what has happened in the last 2 weeks, there is now some hope that Congress will begin to measure up to its responsibilities in this field, and will either stop the entire program for the present or will reorganize it in such a way that it will accomplish something worth while.

Mr. MORSE. Mr. President, will the Senator from Arkansas yield again to me?

Mr. McCLELLAN. I am happy to yield further to the Senator from Oregon. First, let me say that I believe I have supported almost every amendment he has offered in recent years in the attempt to reduce this program in size and to make some necessary corrections in it, even though until now we have not been particularly successful in such attempts. I am gratified that we are now making some progress in that direction; and among the outstanding Senators who have led that fight are the Senator from Louisiana [Mr. ELLENDER], and Senator from Alaska [Mr. GRUENING] and the Senator from Oregon [Mr. MORSE]. Again I commend the Senator from Oregon, because he has performed a most valuable service. At this time I am glad to yield to him.

Mr. MORSE. Mr. President, on behalf of the Senator from Alaska, the Senator from Louisiana, and myself, I thank the Senator from Arkansas very much. He has stood shoulder to shoulder with us as we have tried to bring about necessary reforms by means of making necessary changes in the bill.

In view of the fact that the Senator from Arkansas paid tribute to Norman Littell—and his tribute was followed by the tribute paid to Mr. Littell by the Senator from Alaska [Mr. GRUENING]—and in view of the fact that the Senator from Alaska stated that for a great many years Mr. Littell has been legal counsel for the Navajo tribe, in which work he has performed distinguished service, I ask unanimous consent to have printed in the RECORD at the conclusion of the speech of the Senator from Arkansas an editorial, written by Josephus Daniels, editor of the Raleigh, N.C., News and Observer, at the time when Mr. Littell was Assistant Attorney General. The editorial is entitled "Would Be Knighted," and is in high praise of this great lawyer and distinguished American.

I read only the first sentence:

> If public men who render distinguished and patriotic service in America were knighted, the highest decoration would go to Norman M. Littell, Assistant Attorney General.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD following the speech of the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McCLELLAN. Mr. President, it is too often forgotten that the developed countries of the world achieved their greatest development under relatively laissez faire conditions. Massive government intervention was adopted by the West only after a century of development. The underdeveloped countries of the world are attempting to start with extreme versions of policies adopted by the nations of the West after they had already achieved their period of greatest growth.

It is argued that the underdeveloped nations of the world cannot afford to wait for gradual development and hence feel constrained to hasten development through government enterprise. We must accept such policies, it is said, because to do otherwise would be an undue interference in the domestic affairs of these nations.

I do not desire to interfere in the affairs of other nations, but when they expect us to pay their bills, I wish to have something to say about those affairs. So long as a nation attends to its own business, it can have whatever dictators, inflation, or whatever else it wishes—if it does not know better. But when such nations come to us and present the bill and ask us to finance those things I have enumerated, then I am ready to interfere or cut off the money When I say "interfere" I do not mean that I would force anything on them but I wish to know that their policies and their programs will result in some benefit and that some benefit will be derived from the assistance that we give to them. But have the results of such efforts indicated that this approach is the most effective way of securing the desired development? I think not. Our experience to date has not proved that to be true. For that reason we now find opposition to the program, and some of us are trying to bring about certain changes in the program and organize it so that it will be effective and function efficiently.

Not being subject to automatic correction through individual trial and error, such efforts require a miracle of planning and coordination. Failures tend to be numerous and large in scale. All too often, the net result is massive inflation resulting from an overexpansion of the governmental apparatus, the support of expensive armies, massive wage increases ordered by governments or enforced by government-sponsored trade unions, and attempts to invest capital at too fast a pace for orderly development.

Mr. President, we have examples of that in the Latin American countries. We have poured out a great deal of assistance to countries in Latin America. Conditions become worse all the time, according to the reports we receive. Private capital is flowing away from the countries of Latin America as fast as we provide American dollars to try to stabilize conditions in those countries. We cannot save any country under conditions like that. There must be a reasonable effort on the part of the nations themselves—on the part of the people and their governments. We are very foolish to undertake programs until we get some cooperation and effort on the part of those countries to help themselves.

At the same time, the changed political climate operates to discourage foreign investment capital from coming into the country. When foreign investors must reckon with inflation, exchange control, price control, confiscation, and nationalization of industries, they often conclude that the possibilities for profit are outweighed by the hazards involved. So they do not invest. The underdeveloped nations are thus deprived of what could be a major source of capital for their development. It is foolish for us to encourage and subsidize such policies. I do not believe that the United States or the recipients of our aid will in the long run benefit from a continuation of our current approach to this problem. A change should be made before we appropriate more billions for such expenditures.

The hopes and rising expectations of 90 percent of the peoples of the world cannot be realized with American dollars but only with American ideals and experience which are far more valuable. In only 150 years our forefathers transformed a wilderness into the most productive, most powerful, most considerate civilization known to the history of man. The manner in which this was accomplished is the real American wealth. The rest of the world can go and do likewise if it will only recognize and carry out the essential actions prerequisite to our way of life. We on our part must recognize that money alone will solve few problems; that money is only a tool useful to those who know how to use it. The greatest gift we can give the developing countries and peoples is our knowledge and experience in the fields of government, technology, and commercial enterprise. With all of our wealth and the best of intentions we cannot help other countries and peoples unless they are willing to recognize, accept, and act on the principles we have developed from hard experience.

In all too many instances, our aid does not go to the people of the nations receiving our assistance. When aid is turned over to those in power, they often convert it into personal gain. At best, it is filtered through the existing power hierarchy whose members or supporters derive all or most of the benefits therefrom.

The United States has, in effect, forced foreign aid upon countries in some instances. We insist upon giving them aid which they are not equipped by training or background to handle.

It is a common occurrence for the United States to furnish substantial sums of money for a project and then receive no recognition for it whatsoever. For example, in recent weeks, the newspapers carried accounts of the dedication of a highway in Indonesia which was constructed with U.S. aid. President Sukarno issued an ultimatum that no U.S. flags could be flown during the dedication.

One of the most puzzling parts of the foreign aid program to me has been the assistance given to avowed Communist countries. Moreover, we have given such aid in staggering amounts. Yugoslavia alone received about $2.4 billion during the period from July 1, 1946, through June 30, 1963. Approximately $696 million went for military assistance, and this amount is misleading when we realize, for example that the United States gave, sold, or contracted for the sale of 683 military planes for a few million dollars that today would cost close to half a billion dollars.

Our balance-of-payments deficit must also weigh heavily in our consideration of this bill. There is no need to dwell at length on this matter, for we are all aware of the seriousness of the problem. Suffice it to say there seems no question but that our foreign aid program is a major factor in the creation of the balance-of-payments deficit.

In my judgment, we are mistaken in assuming that the military aid furnished to many nations is responsible for keeping them from falling behind the Iron Curtain. The nuclear arsenal and military might of the United States is the real deterrent to Communist aggression against these nations, not the military assistance which we provide.

There are other criticisms which I could make, but the foregoing are sufficient to illustrate to some extent my dissatisfaction with the foreign aid program.

In answer to the criticism of foreign aid, its proponents always argue that we only need to improve the administration of the program. We have heard this same argument and excuse each time during the past 10 years that this issue has come before the Congress. We are continually promised that changes will be made. But they have not yet been made, and the evidence that they will be is not at all convincing. I see no reason to believe that the money authorized by this bill will be utilized any more effectively than the money authorized by past bills and the many billions heretofore expended. Expenditures may well be improved by reason of some amendments that have been adopted by the Senate, provided the amendments are retained when the bill becomes law. The whole thrust and emphasis of our program is, in my judgment, misguided, so I have no alternative but to continue my opposition until such time as it appears that these exorbitant expenditures have some chance of achieving much better results than they have in the past.

In concluding, I should like to go back into history for an analogy to our present situation. The rulers of Byzantium sought always to impress less fortunate peoples with the wealth and prosperity of Constantinople and used lavish foreign aid as their diplomatic instrument. Money was regarded as an irresistible argument and was used indiscriminately and sometimes unwisely.

I am glad to say that we have not yet reached the point of failing to maintain our military posture. We have not maintained it as well, perhaps, as some of us would like, but it is an expensive necessity. At least, I believe we have sufficient military strength today to provide a deterrent to a would-be aggressor.

The result? Lulled by a false sense of security, they failed to maintain their own military and economic strength. When the Turks threatened, friends purchased by money proved to be false friends. If we were threatened today, I wonder where Mr. Tito would be? And there are others we could mention. I can say one thing: They would not be with us. The once resplendent Eastern empire shrank to a hollow shell and ultimately collapsed without a struggle.

We should never forget that the real bulwark of freedom in the world is a strong and growing United States. If our Government continues its present course of useless and wasteful spending in a so-called foreign aid program, and continues to spend billions each year in excess of its income in wanton disregard of sound fiscal policies and governmental integrity, we, too, may someday have to answer for our folly. That "someday" may well be nearer—sooner than we think.

Let us stop this folly, conserve our resources, balance the budget, live within our income and strengthen America from within. When we do that, we will have greater resistance to and defense against any danger that may lurk from without, or may ever threaten us from without.

EXHIBIT 1

[From the News and Observer, Raleigh, N.C., June 27, 1943]

WOULD BE KNIGHTED

(By Josephus Daniels, editor)

If public men who render distinguished and patriotic service in America were knighted, the highest decoration would go to Norman M. Littell, Assistant Attorney General, whose wisdom and courage compelled the annulment of the illegal, invalid, and indefensible lease of the naval oil reserves in California to the Standard Oil Co. Any official who stands against the exploitation of national reserves by the greed of monopolists is entitled to honors that go only to those who render service beyond the call of duty. When Mr. Littell uncovered the fact that the contract made last fall was worse for the Government than the one Fall made with Doheny, he knew what he might expect from the Standard Oil lobbyists and henchmen. The Associated Press story of yesterday of the hearing before a congressional committee had the following disclosures of methods which shocked the American people.

Norman M. Littell, Assistant Attorney General who originally labeled the contract "illegal," told the Lands Committee that he had been subjected to considerable personal attack on the basis of his qualifications to pass judgment on the transaction.

Littell, who was requested to make the study by the White House, said a lobbyist of the Standard Oil Co., of California, had sat in the committee room all morning, smiling and smirking at his remarks.

This same person, Littell said, had damned him last night before other people for posing as an oil expert.

Littell said Ralph K. Davies, assistant petroleum administrator and vice president of Standard Oil of California, had offered him a retainer of $6,000 annually some years ago following Littell's service in administering oil problems under the National Recovery Administration (NRA) code.

"I declined it," stated Littell, "because I did not want to defend the old NRA code they were maintaining."

Representative ELLIOTT threatened to call to the witness stand the "lobbyist" to whom Littell referred, and said he himself had been accused by this unidentified person of making unfair statements against Standard Oil of California. ELLIOTT told the committee members that they would have the unidentified person before them for questioning before this is over.

Littell's report termed the contract "a masterpiece of equivocation" that was "illegal and invalid" not only under the Oil Conservation Act of 1938, but also under the war powers acts. Its terms, he said, called for a pooling of approximately 8,300 acres of land owned by Standard Oil with approximately 35,175 acres owned by the Government, without taking into consideration that water seepage into Standard's share had impaired the value of the company's holdings.

From the day the Wilson administration blocked the attempt to grab oil reserves, the oil men have resolved by hook or crook to own or control the naval oil reserves. First, they threatened to open their offset wells and drain the naval reserves of their oil. That threat was met by the Secretary of the Navy, who declared that if that sort of looting was attempted, the Navy would play the same game and double the offset wells. During the World War, the California Chamber of Commerce sought to compel the exploitation because unless the naval reserve oil was made available the war work on the Pacific coast would be halted. That false plea was exposed and defeated. Then Colorado exploiters sought to get a lease of Teapot Dome but the Wilson administration refused to consider it. As soon as the Harding administration was inaugurated, the scandalous and corrupt deal was made by Fall (with a $100,000 bribe) to turn over the Navy oil reserves to Doheny. That deal drove Denby, Secretary of the Navy, out of the Cabinet and likewise changed Fall from a Cabinet portfolio to residence in a prison cell.

Again, hoping in the stress of war to obtain the long-coveted naval oil reserves, the Standard Oil Co. of California managed to secure a contract worse for the Navy than the one Fall made with Doheny. While this contract, now annulled, was attended by no $100,000 or other bribe, the general public which heard about it only when a congressional committee uncovered it, thought it was a plan that would benefit the Navy. It turned out to be better for the Standard Oil Co. than the contract Fall made with Doheny, and therefore worse for the Navy.

Mr. MORSE. I thank the Senator from Arkansas very much for the able and penetrating speech he has made in opposition to the bill. I shall stand shoulder to shoulder with him in his continued opposition to the bill.

Mr. SIMPSON. Mr. President, I call up my amendment No. 308 to the committee amendment, as amended, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 48, between lines 7 and 8 in the committee amendment, it is proposed to insert the following:

> (a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: "In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs."

On page 48, lines 8 and 22; page 49, line 5; page 50, line 1; and page 51, line 10, it is proposed to redesignate subsections (a) to (e) as (b) to (f), respectively.

Mr. SIMPSON. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. SIMPSON. Mr. President, the purpose of this amendment is to bring uniformity to the Foreign Assistance Act. The amendment would utilize the efficiency of our private enterprise system in giving aid to foreign countries. It would emphasize the role of private enterprise rather than enlarging upon the activities of the Federal bureaus and agencies which become a drain on our economy.

I compliment the Foreign Relations Committee on its attempts to utilize private enterprise in developing and aiding the other countries of the world. In the Foreign Assistance Act of 1961, Congress stressed the importance of free enterprise in part III of that act, which is entitled "Encouragement of Free Enterprise and Private Participation."

The Foreign Relations Committee has recognized that private channels must be used to the greatest extent practicable. This year the committee has recommended three changes in the act to further encourage and facilitate participation by private enterprise.

One change which was adopted by the House of Representatives and is in the bill recommended by the committee would improve and strengthen the role of private enterprise in the field of foreign aid. In part III, section 601(b) the act states:

> In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall * * * (6) utilize whenever practicable the services of United States private enterprise (including, but not limited to the services of experts and consultants in technical fields such as engineering.)

I believe that the committee has acted wisely in recommending this language. I endorse it completely.

I find that the bill is not consistent with this approach and have offered as an amendment to the bill a provision which would bring uniformity. Section 621 of the Foreign Assistance Act of 1961 states:

> In providing technical assistance * * * the head of any such agency or such office shall utilize to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibility for domestic programs in such fields.

This contradicts the purpose of the committee's recommendations regarding section 601. My amendment is technical and would bring harmony to the act.

My amendment would strike the conflicting sentence of section 621 and insert in lieu thereof the following:

> In providing technical assistance under this Act, the head of any such agency or such office shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

I am confident that there will be little, if any, objections to this amendment, because the President has stressed the importance of stimulating our economy and a need for the balance of payments. Our economy can be stimulated if we will use American private enterprise in giving assistance to foreign countries.

We are at a period in our history when our approach to world affairs should be reoriented, particularly in regard to the administration of our foreign aid. If the purpose of our lending assistance to other nations is to encourage freedom, promote the betterment of the people, and establish an economy founded upon private enterprise, then we should do it in a manner in keeping with these principles.

Private enterprise and initiative has been the dominant factor in the development of the United States, and if we are to expect other nations to follow in this philosophy we must utilize these basic principles to the fullest extent in the implementation of our assistance programs.

The foreign aid program is supporting a bureaucracy within our own Government and correspondingly encouraging the recipient countries to do likewise. Domestic Federal agencies have been encouraged to offer their services to foreign governments, subagencies, and individuals.

They have been given increased appropriations to obtain additional personnel, equipment, and office space in which to carry out their new functions. They have become so involved in providing these services that their primary domestic responsibilities are often set aside.

While it is true that we have an interest in seeing that the moneys we spend are spent wisely, on technically sound projects and programs, there are ample people in private enterprise who could be engaged to aid in this area.

America has a highly developed business of providing technical services for foreign projects as well as domestic ones. Competition from Federal bureaus threaten to take over a large part of this market. The Foreign Assistance Act of 1961 stimulates Government competition with private enterprise. That should not be so. The committee has wisely tried to change this. My amendment brings uniformity to the act.

There can be little question regarding the capabilities of the technical and scientific community in this country. We now possess the world's most extensive, flexible, versatile, and capable source of technical knowledge and services for project development in our history. And instead of encouraging them to go outside our borders and demonstrate to the world, on a personal basis, how Americans work, we discourage them and send arms of our Federal Government whose interest is not always in a job well done, but, rather, just another job.

This problem of Government bureaucracy in our foreign aid program has become so acute in recent years that several professional associations representing segments of our private industry have called my attention to cases of wasteful spending, duplication, and outright discouragement of private interest in foreign aid.

The Legislative Council for Photogrammetry, representing the mapping industry of this country, has informed me of an agreement between the AID and the Corps of Engineers that will ultimately result in no further work for private businessmen in the location and development of natural resources of Latin America.

This agreement, known as the Participation Agency Service Agreement, or PASA, as it is more commonly referred to, has resulted in complete control, by the Corps of Engineers and its subagency, the Inter-American Geodetic Survey, of the natural resource development in Latin America.

Instances have been reported of officials of Latin American countries being told by U.S. officials not to utilize the services of U.S. firms but to ask the U.S. Government to perform these projects under the guidance of the Inter-American Geodetic Survey.

The Consulting Engineers Council, representing the engineers of America, has added still further instances of Government competition with private engineers. Just this past month they reported that the Agency for International Development completed an agreement with TVA for consulting services in connection with a feasibility study for the proposed $150-million Yaque del Sur irrigation project in the Dominican Republic. This not only is competition from a governmental source but competition from a source not even experienced in the irrigation field. Upon inquiry of the matter, agency officials admitted one person on TVA's staff had had some previous experience in the irrigation field. TVA officials were scheduled to go to the Dominican Republic on September 28 but a revolution intervened, resulting in a termination for the time being, of economic aid to that country.

Another example was an agreement between AID and the Department of Agriculture in which the latter enters the engineering business to prepare drawings and specifications for construction of facilities in Trinidad, British West Indies. The Bureau of Public

Roads is another agency rendering engineering services throughout the world, although it has a big enough job with the mammoth road construction project here in the United States.

When a Federal engineering agency takes an assignment from AID, then it harms private enterprise both in the United States and in the recipient country. This can be particularly harmful to the fledgling private enterprise sector of emerging economies.

My amendment proposes to change some of these inequities and place the basic principles of our country at the forefront of our AID policies and administration.

Government agencies are established and organized for governmental purposes. For providing technical services, their organizations are cumbersome. They lack the incentive of competition for economic survival to provide rapid and efficient services. Private enterprise has the greatest incentive and facilities for rapid and efficient completion of contract services. When a contract has been completed and the project for which it was intended finished, the company and its personnel go off the Government's payroll, but much of the fruit of their labor goes into the Treasury of the United States in the form of taxes.

The adoption of this amendment will be of great assistance to our American private enterprise system and will clearly demonstrate to the world that we use the free enterprise system which we are attempting to establish in the underdeveloped countries.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the Senator from Oregon.

Mr. MORSE. I congratulate the Senator on his speech. I had read it before he delivered it. I was very favorably impressed with it then. I am even more favorably impressed with it now that it has been delivered.

I think the proposal is in line with what the Senator from New York [Mr. Javits], the Senator from Minnesota [Mr. Humphrey], and other Senators have been trying to work for; namely, a greater contribution in the administration of the foreign aid program by the private segment of our economy. Speaking for myself, when people have asked me what I was trying to do in this connection, I have said: "I am trying to move the bureaucrats out and the entrepreneurs in."

That is the objective of the Senator's amendment. Perhaps some Senators have questions to ask in regard to it, but I believe that wherever possible private industry should be used to carry out a program which, for the cogent reasons expressed by the Senator from Wyoming in his able speech, can be done by it. That is the answer. Private industry must be brought in. It should be brought in, because we are not exporting a government to the underdeveloped areas of the world. We should not be. We are not exporting bureaucracy. I thought we were trying to export economic freedom. I thought we were trying to export the processes of a private enterprise system, its technologies, its profit motive, its incentives, and its stimulation.

The amendment seeks to accomplish that end. The amendment ought to be accepted, with whatever clarification may be asked for, and taken to conference.

Mr. SIMPSON. I thank the Senator from Oregon for his observation.

Mr. AIKEN. Mr. President, may I ask the Senator a question or two?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Vermont?

Mr. SIMPSON. I am glad to yield to the Senator from Vermont.

Mr. AIKEN. First, the Senator's objective in offering the amendment appears to be a good one. However, it provides:

> In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

The Senator does not intend, does he, to limit the fields to education, health, housing, and agriculture?

Mr. SIMPSON. No; I did not intend such a limitation.

Mr. AIKEN. Did the Senator intend that the wording of his amendment would preclude temporary assistance from the Army Engineers, provided that a private engineer were available, although it may be at greater cost?

Mr. SIMPSON. No; and in that connection I call the attention of the Senator from Vermont to the fact that the Javits amendment called for an advisory report. My amendment would implement that provision by establishing an area in which selection could be made.

Mr. AIKEN. I thank the Senator. I thought these points should be made clear for the Record.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, about 2 years ago, I believe, I offered an amendment to the foreign aid bill, which is now section 621 in the act. That section calls upon the AID agency to utilize the so-called domestic agencies of Government in so far as it is practicable to do so in carrying out the programs of technical assistance. My objective then was to preclude the possibility of the AID administration building up, for example, a large housing section, when a housing section already exists in the Housing and Home Finance Agency which could meet these responsibilities; also, asking the AID agency to utilize the U.S. Public Health Service, with reference, for example, to some of its health programs, because there are competent health personnel in the U.S. Public Health Service.

The Humphrey amendment of 1962 was designed to implement the AID administrative structure, with the AID administration actually making contracts with an established department of Government of cabinet status, such as the Department of Agriculture or the Department of Health, Education, and Welfare, to perform certain functions with available on-the-job technicians; in other words, dealing with people who were already on the Government payroll, so that it would not be necessary to build up a whole new array of Government personnel with a new bureau.

As I understand the Senator's amendment, the Senator does not propose that such services should be dispensed with but that where the private instrumentality or private enterprise sector could provide trained and competent personnel to do the required work, as well as or better, they should be called upon, on a contract basis, to perform a particular service, such as, let us say, in the development of a savings and loan association, or in the development of a veterinary college in a country, or in aiding housing construction. As I understand, the Senator's amendment emphasizes the private sector as a part of the AID program, and would utilize the private sector to the maximum extent possible. Is that correct?

Mr. SIMPSON. The Senator is correct.

Mr. HUMPHREY. If, for example, the cost involved were heavy, and far beyond what could be obtained through the utilization of existing Government personnel, for example, cost would be a factor which could very well work against the hiring of a private group. Is that correct?

Mr. SIMPSON. That is entirely correct, I believe; I would subscribe to that statement.

Mr. HUMPHREY. I believe the Senator's amendment is within the spirit of what some of us have been trying to do, namely, bring more fully into the foreign assistance program the great resources of the United States which are found in the private sector of our economy. That is our real strength. It is not only Government that represents that strength.

Mr. SIMPSON. Yes. I thank the Senator very much.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I should like to ask the Senator whether the words in lines 7 and 8 "on a contract basis" are words of art. What does the Senator have in mind? Is he trying to invoke some part of Federal law to prescribe how contracts shall be made?

Mr. SIMPSON. Several Senators have discussed that point thoroughly. There was some contention with respect to the use of those words. The feeling was that the private enterprise sector would in all instances enter into a particular field on a contract basis.

Mr. JAVITS. Does the Senator feel that the words "on a contract basis" represent what he is trying to accomplish?

Mr. SIMPSON. I do not know. It occurred to me that, quite conceivably, a company might not be allowed to enter into a field without a contract, and, as a result of that feeling we used the words "on a contract basis." However, the language makes sense without those words.

Mr. JAVITS. I would appeal to the other lawyers in the Senate; but to me it seems that "on a contract basis" could mean that a Government official could interpret what was meant by those words, and the language might prove restrictive instead of expansive.

Inasmuch as the Senator did not have in mind using those words as words of art, it occurs to me that perhaps the Senator's intention could be carried out by the statement which he now has made, without the use of those words. I did not want to assume it without some explanation from the Senator as to why the words were used.

Mr. SIMPSON. I would agree to the deletion of those words, because I believe it is a very good amendment without the use of those words. As I said, the thought was that it would be done on a contract basis. We understand that a Government function in working on the basis of a contract, or in delineating specifications for it, could do a disservice to our country. I would be willing to accept the deletion of those words, because I believe the amendment would still remain a strong amendment without them.

Mr. JAVITS. Perhaps other lawyers in the Senate would like to examine the amendment. I notice that the Senator has made some changes in the sentence which he strikes out in section 621. A rather hasty reading indicates that the changes made include striking out the preliminary provision with respect to providing technical assistance under the act relating to such fields as education, health, housing, and so on. It provides:

> In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when—

Then, instead of "to the fullest extent practicable," the Senator provides "shall be utilized when such facilities are particularly or uniquely suitable to technical assistance."

Unwittingly we may be creating a vacant place. If we wish private enterprise utilized to the fullest extent practicable, and there is no private enterprise in a particular specialty available, or it is too expensive, the Senator states that in that case it is not practicable.

Now to move into the field of Government enterprise, or another department. In that connection the Senator says: "when such facilities are particularly or uniquely suitable for technical assistance."

Suppose the facilities are suitable, but it is still impracticable to buy from private enterprise what it is desired to buy. Does that mean that the amendment would set one up, and thus cause us to make the same mistake that we are trying to avoid?

I ask the Senator whether it might not be possible to obtain everything he wants by starting the last sentence of the statement: "consistent with the foregoing."

And then to continue and complete the sentence exactly as it is now. These are words in the law that are well understood. They have been interpreted by the Department. In short, if the Senator's primary idea is to have everything bought from private enterprise that is practicable, the Senator might say: "consistent with the foregoing."

That is, buy everything from private enterprise that is practicable; use everything in government that is practicable; then the agency would have to do it itself.

I am merely asking questions, because, as the Senator properly says, his proposal fits in exactly with what I have tried to do in the Committee on Finance. May not that give the Senator a pattern of legislation, a pattern of enactment, which is precisely what he wants? I do not know; I am only asking the Senator a question.

Mr. SIMPSON. The difficulty with the experience there was in the absolute exclusion from section 621, which is the area that the Senator has just described.

That was the reason for saying "are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs."

We felt that that was a qualifying of section 621, to bring it into closer accord with section 601(b)(6).

Mr. JAVITS. I shall support the Senator's amendment, no matter what he does about the language. I say that for this reason: All these questions can be unraveled in conference. But it is extremely important, if we are to support the Senator, that we have an understanding of what he has in mind.

When the Senator from Arkansas [Mr. FULBRIGHT] and his colleagues rewrite the language in conference, if the Senator from Arkansas has voted with the Senator, then certainly they would wish to rewrite the language by dealing with the situation in a substantive way as the Senate intended it. I am trying to learn the Senator's intention, so that we may know what he intends.

Mr. SIMPSON. I have great regard for the Senator from New York. Probably I should have consulted with him in preparing the language of the amendment, because I think his suggestion is perhaps better.

Mr. JAVITS. The Senator is very kind.

Mr. FULBRIGHT. Mr. President, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. FULBRIGHT. I should like to have the Senator explain, along the lines suggested by the Senator from New York, the real meaning of the language "shall utilize, to the fullest extent practicable." Let us assume that an engineering problem arises. The Army Corps of Engineers has some outstanding experts, and we have faith in their ability. Would the Senator say that under his amendment the agency would have to hire private engineers, whose services might cost twice as much as those of the Army engineers, to serve on a consultant basis?

Mr. SIMPSON. I would not.

Mr. FULBRIGHT. Consider a private university as against a land-grant university. Suppose the agency needed, as it sometimes does, services in the field of technical assistance, services that could be performed by a university. Would the Senator say that the agency would have to use the services of Harvard instead of those of the University of Minnesota?

Mr. SIMPSON. God forbid the former.

Mr. FULBRIGHT. Harvard is a private enterprise as opposed to the University of Minnesota, which is a public one. Does the Senator mean that services of the University of Minnesota could not be utilized?

Mr. SIMPSON. No. The Senator's suggestion is very helpful.

Mr. FULBRIGHT. Highway maintenance is another example. Problems arise in that field. The Government has what it believes to be an efficient Bureau of Public Roads. The Senator would not say, would he, that his amendment means that the agency would have to hire private engineers if Government engineers were available for the particular work involved?

Mr. SIMPSON. No; I would not. I thank the Senator from Arkansas for his observation. These are difficult problems to be included in language to be interpreted. At the same time, I agree with the Senator that it would not be my intention to require private services when public services could be obtained.

Mr. FULBRIGHT. With that interpretation—if the agency could use the services of public experts in this field—in the field of technical assistance, which is particularly where they might do a good job, I would have no objection to the amendment. With that interpretation, I think it is a matter of slight rewriting and a placing of a little different emphasis from what is contained in the bill. If that is the way the Senator means the language to be applied, I see no objection to the amendment.

Mr. JAVITS. Mr. President, will the Senator yield, to allow me to have this question clarified?

Mr. FULBRIGHT. Mr. President, does the Senator from Wyoming propose to strike out the words "on a contract basis"?

Mr. SIMPSON. I would be agreeable to that. That phrase does circumscribe the language in such fashion that there might be some difficulty in interpretation.

Mr. JAVITS. The Senator would have to obtain unanimous consent to modify his amendment, because the yeas and nays have been ordered.

We now have the Senator's intention. Let us forget the language that is in the amendment. Let us talk about his intention. The Senator has defined the word "practicable" and has had colloquies about it with the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Arkansas [Mr. FULBRIGHT]. Wherever it is practicable to obtain goods and professional or other services from private enterprise, or private technical assistance, under this act, the Senator's amendment means that the agency shall proceed in that way.

Mr. SIMPSON. Yes; it does.

Mr. JAVITS. Clearly so. Second, if that were impractical, as the Senator has defined that word in his colloquy, the next step would be to move to Government agencies which could provide such service.

Mr. SIMPSON. That is correct.

Mr. JAVITS. Lastly, if it could not be done in either of those two ways, under those priorities—priority No. 1 being Government, and priority No. 2 being other government, in the third place, the agency might do it itself.

Mr. SIMPSON. There would be no other choice.

Mr. JAVITS. Instead of trying to wrestle with the language, I think that is the intent of the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MORSE. Senators are making a good legislative history as to the meaning, but perhaps we had better pause a moment and consider the language "on a contract basis" and make certain that we want to drop it. When the amendment reads," to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis," how could one possibly make use of those services except on the basis of some contractual relationship with the Government. I think we have made the record clear that we do not mean "contract basis" in any narrow sense; but we certainly want the Government to enter into contracts with businesses and private entrepreneurs whenever it is found that it is practicable to have them do specific work. How else would they do it except on the basis of a legal arrangement with the Government? We could not find a better term than "on a contract basis."

Mr. JAVITS. Mr. Chairman, will the Senator from Wyoming yield?

Mr. SIMPSON. I yield.

Mr. JAVITS. I was concerned about the words "on a contract basis" as being words of art. The Senator has explained that they are not words of art.

Mr. MORSE. They are not.

Mr. JAVITS. We are standing here, somewhat ad hoc, and assuming that that is so. What concerned me was that when the Government lawyers interpreted the language, they might say, "We are sorry, but these words, in this section, mean so and so." Therefore, I was trying to make clear the Senator's intention, so that when the bill went to conference, and assuming the amendment was approved, the conferees would understand what the Senate intended—that we were not running afoul, and, therefore, could reach an agreement.

Mr. MORSE. I believe the legislative history has been established. My only difficulty was concerning the elimination of "on a contract basis." I did not know what the Government lawyers might assume that to mean. They might say that it did not leave them any modus operandi or any vehicle, since we had eliminated "contract basis"; therefore, their interpretation might be that they could not enter into a contract.

What is intended is to enable the Government to enter into a contract, but not in the limited, artistic sense to which the Senator from New York just referred. I think we have cleared that point in the legislative history.

My recommendation would be to leave the language "on a contract basis" in the amendment and let the legislative history speak the intent.

Mr. SIMPSON. I thank the Senator from Oregon. The feeling was that there would have to be a legal arrangement; and, of course, these are not words of art, as has been disclosed. The feeling is that whatever legal arrangement was made, it would naturally have to be on a contract basis. I suppose nothing would be gained by leaving the phrase out or in; but, by the same token, I would want to have in the amendment words that the committee would sanction.

Mr. FULBRIGHT. With this history, I do not see that the amendment is objectionable. Certainly some kind of agreement or contract would be needed. "Contract" used in that sense is a broad term, whether it be reduced to formal writing or be a verbal contract.

The main point I wished to make was that the agency would not be forced to pay twice as much to get an expert to advise it or to prepare a design for an irrigation or reclamation project, when one was available in the Government.

Mr. SIMPSON. I assure the Senator from Arkansas that my intention was the same as that of the committee—merely to bring unity into the act.

Mr. FULBRIGHT. Some of the scandals which have occurred in the past and which came to the attention of Congress arose, unfortunately, from contracts with American contractors, as in Saigon, and other places. The contracts did not reflect much credit upon the private contractor. They are not always without blame; they take advantage of the Government abroad as well as at home. So this amendment would not be a cureall for the whole program.

However, with the explanation that has been made, I am perfectly willing to accept the amendment. I think the Senator is emphasizing a point which is agreeable with the sentiment of the committee.

Mr. BENNETT. Mr. President, if the chairman is willing to accept the amendment, should a request be made to withdraw the order for the yeas and nays?

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, are we to understand that when the amendment uses the words—beginning in line 11, on page 1, and continuing in line 1, on page 2—"are not competitive with private enterprise," the Senator from Wyoming construes them to refer to the phrase "to the fullest extent practicable," in regard to the use of private enterprise, as he has defined it?

Mr. SIMPSON. Yes.

Mr. JAVITS. Because otherwise the word "practicable" would not be effective in that connection.

Mr. SIMPSON. I fully agree.

Mr. JAVITS. I thank the Senator from Wyoming.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 308 of the Senator from Wyoming [Mr. Simpson] to the committee amendment, as amended, in the nature of a substitute.

The amendment to the committee amendment, as amended, was agreed to.

QUALITY FOCUS ASKED IN AID

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the Record an article in regard to the foreign aid bill being considered by the Senate. The article, which was written by Godfrey Sperling, Jr., and was published in the Christian Science Monitor, deals with an interview with Mr. Eugene R. Black, formerly president of the International Bank. The article is pertinent to this debate, and I ask unanimous consent to have it printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Black Airs Views: Quality Focus Asked in Aid

(By Godfrey Sperling, Jr.)

New York.—Eugene R. Black, one of the architects of the Clay advisory report on foreign aid, says "there is too much emphasis on quantity, the amount, and not on quality in foreign aid."

By "quality," the long-time president of the World Bank and now with Chase Manhattan as a director, means "making certain the aid is used for the proper project, that the project is selected because of priority of need, that the project is carefully engineered and studied before money is advanced."

However, he adds, "it would be very unfortunate if the amount (being asked for foreign aid by the administration) is reduced below what the Government asked for."

"Aid should not be given a country," he said in an interview, "when it is not willing to put its financial affairs in order." He continued: "A country should be willing to take steps to control inflation, undertake tax reform—to do its part."

The interview covered a wide variety of subjects, including how to speed collection of United Nations assessments, the balance-of-payments problem, and the domestic economy. Mr. Black is financial consultant to U.N. Secretary General U Thant.

AN EYE ON CONGRESSIONAL DEBATE

"Foreign aid, at best," he continued, "is only part of the effort to solve the problem of economic development. Countries, through their own efforts, must do much of the job themselves. They can't unless they put their financial affairs in order."

Here, undoubtedly with an eye on the current debate in Congress, Mr. Black said:

"We would find less difficulty in getting foreign aid passed if we put the emphasis on quality."

He said that "most of the talk" in the past, in furnishing reasons for foreign aid, has centered on "preventing the spread of communism and making friends with nations." This approach, he says, "hasn't worked." Instead, he said, the focus should be primarily on doing a qualitative job.

This qualitative objective, he said, "can best be achieved through multilateral aid. I was happy to see that the Senate Foreign Relations Committee recommended that more aid should be channeled through multilateral organizations."

INTERNATIONAL APPROACH FAVORED

Mr. Black said that as much aid as possible should come through international organizations like the World Bank:

"That is the way to really do a job in developing the country—not [restricted] by political or commercial motives.

"If the World Bank makes a loan to a country, the country can ask for bids and make its own decision on who will do the work." This decision, he said, can be made without reference to what country gave the aid—but just on what bidder is best qualified to undertake and complete the project at the lowest cost.

"The primary objective of an international organization in giving aid," he emphasized, "is developing a country—not in selling goods of any one country or in political motives."

"As you know, there is quite a discrepancy between the House and Senate (in the foreign aid amount). It will be too bad if the findings of the Senate Foreign Relations Committee are reduced in any substantial way."

What of his job as financial troubleshooter for the U.N., where he was selected as special financial consultant last spring to speed collection of assessments from lagging U.N. members?

"What I've been doing is this," said Mr. Black. "I've made a very careful survey of the status of the different countries.

"I've been trying to collect from those in arrears, and there has been some success.

"However, I haven't come up with a solution to put the United Nations in good shape."

He said the main problems are political, the unwillingness of the Soviet Union and France to pay for the Congo operation, the unwillingness of the Arab countries to pay for the Gaza strip operation that followed Suez, and so on.

"This is not a lack of ability to pay assessments," he said. "It is political."

"However," he said, "I've been working at it (collecting). When money is due or overdue and not overdue because of political aspects, I am having some success."

Focusing on his collection problems, he said: "The trouble is * * * in the U.N. Charter * * * you don't have any punitive powers * * * only if a nation's arrearages amount to 2 years of accumulative assessments."

Detailing his problem, he said:

"Take a golf club: You don't pay dues for 2 years, and they would put you out of the club before the 2 years is out. Not in the U.N., you don't have to pay for 2 years. When arrearage amounts to 2 years' assessments, then this is what can happen:

"The nation will lose its vote in the General Assembly. But it won't lose its vote in the Security Council. It won't be thrown out of the U.N. And it still can talk all it wants.

"Also a country with quite a lot of accumulative arrearage can pay only a very little just before the amount reaches 2 years—and then stay in (the General Assembly).

"If the U.N. could change this—so nations would have to pay up right away—it would provide a powerful [leverage]."

Referring to the $200 million in bonds, Mr. Black said: "$140 million have been sold * * * if the rest could be sold, it would be helpful in terms of the U.N. deficit." Of the U.S. agreement to match purchase of the bonds up to $100 million, he said: "The other nations have only bought about $70 million."

On other subjects, Mr. Black had this to say:

BALANCE OF PAYMENTS

"I think the Government is doing some constructive things to ease this problem. It is a serious problem. The Government is aware of that. It is employing various ways and measures in solving it. The Government must always be careful to watch the soundness of the dollar. I think this is one of the things to watch—the expenditures of the Government, how much you spend. Spending over our head will dilute the soundness of the dollar and aggravate the balance-of-payments problem.

"We must do everything possible to encourage exports. We have to, for we are in a competitive position. There can be a labor problem here, too: If labor is not willing to cooperate, we cannot be in a competitive position with the rest of the world when it comes to exports."

DOMESTIC ECONOMY

"The economy looks very favorable. An important factor, the auto business, is very fine. * * * people are optimistic about its continuing for a while.

"I think a lot of people feel if this business climate is to be sustained, a tax cut is important. * * * There has been so much talk about a tax cut, that, from a psychological standpoint, it would not be good if there were no cut.

"I think there will be a tax cut, perhaps this year, certainly by the next session of Congress.

"But [along with it] I think there should be a very determined effort to hold down on Government expenditures."

Financial study for projected supersonic commercial jetliner (for which Mr. Black was recently appointed special financial adviser to President Kennedy): "I haven't made up my mind. * * * It is proving an exhaustive study. * * * We have been calling on aircraft manufacturers, engine manufacturers, airline corporations, and various agencies in Washington. I am supposed to make a report to the President * * * but I haven't crystallized things yet. There are a whole lot of very serious problems in connection with this, money and other aspects. * * * The report may come from the President when it is made public. * * * It may come in the next month or so."

THE TAX BILL

Mr. FULBRIGHT. Mr. President, the tax bill now being considered by the Senate Finance Committee is one of the most important economic measures to come before the Congress in recent years. Since it is a matter which eventually will receive the serious attention of each Member of the Senate, I wish to call attention to a recent speech by the Honorable Henry H. Fowler, the Under Secretary of the Treasury. He began by asking three fundamental questions, which are basic to consideration of the proposed legislation. The questions he asked are:

> First, is the national interest served by the enactment of a law substantially reducing the rates of Federal income taxes?
>
> Second, should this rate reduction be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives?
>
> Third, is the early enactment of the tax program likely to be more beneficial to the national economy than a later one next year?

I think the points Mr. Fowler brought out in answering these questions are very persuasive, and deserve careful consideration by all Senators, regardless of their views on the tax bill.

In connection with the tax bill, we have heard much discussion of the problems of controlling Federal expenditures. It is my conviction, and I am sure it is also Mr. Fowler's, that expenditure control will be far easier to achieve and maintain if we act promptly to reduce the level of Federal income taxes, which will, in turn, stimulate a better rate of economic growth. Mr. Fowler, in his speech, dealt with the need for prompt action. He also dealt specifically with the administration's record and the administration's intentions for controlling spending.

On this point, I wish to quote from an editorial which was published in the November 2 issue of Business Week magazine. I commend the full editorial to Senators and other readers of the Record as a thoughtful treatment of a problem that concerns all of us. The editorial reads in part as follows:

> There should be no mistake about one thing, however: The good intentions of the administration (and of Congress) on expenditure control cannot survive unless Congress passes the bill to reduce taxes. Secretary Dillon has been perfectly frank—and correct—in explaining why: If this country begins to slide down into a recession, the political pressures upon the Government to do something about high unemployment will compel Congress and the administration to increase expenditure programs. Inevitably some considerable part of these increases will become permanent fixtures in the budget. It is pointless to say this is a hypothetical argument; exactly that has happened time and again, under both Democratic and Republican administrations.

I ask unanimous consent that Mr. Fowler's speech and the Business Week editorial be printed at this point in the Record.

There being no objection, the speech and the editorial were ordered to be printed in the Record, as follows:

Remarks of the Honorable Henry H. Fowler, Under Secretary of the Treasury, at the 23d Annual Symposium on Accounting and Taxation of the North Carolina Association of Certified Public Accountants, the Carolina Inn, Chapel Hill, N.C., Sunday, November 3, 1963

There is pending before the U.S. Senate the most significant piece of economic legislation in the last 15 years—the proposed Revenue Act of 1963. This bill passed the House of Representatives by a substantial majority on September 25. It embodies the principal recommendations of a tax reduction and revision program recommended early in January by President Kennedy to meet the leading economic problems of the past 6 years—chronic unemployment, under utilization of industrial capacity, inadequate growth, and continuing deficits both in our international balance of payments and in our Federal budget.

The bill would foster a more prosperous economy by loosening the constraints which the present Federal tax system imposes on our private enterprise system. Through a top-to-bottom reduction in the high income-tax rates imposed during wartime to restrain less essential consumption and investment, accompanied by some structural revision to broaden the tax base and remove some inequities, this bill is designed to release and encourage the inherent expansionary forces in our great private market economy. Instead of seeking to gratify particular groups of taxpayers with special tax preferences, the objective of this tax bill is to achieve the increases in jobs, wages, salaries, profits, consumption, investment in the United States, and Federal tax revenues that an invigorated private economy can provide.

Out of the debate of this legislative proposal three fundamental issues have emerged which I should like to discuss here tonight. They are:

1. Is the national interest served by the enactment of a law substantially reducing the rates of Federal income taxes?

2. Should this rate reduction be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives?

3. Is the early enactment of the tax program likely to be more beneficial to the national economy than a later one next year?

I

The first issue, whether the national interest is served by the substantial reduction of Federal income tax rates, is more realistically confronted in the perspective of both a backward and a forward look, before the last 6 months and beyond the next 6. Much more is at stake in deciding this question than a temporary economic pickup or averting an early recession. Our goal must be a sustained economic expansion which will produce jobs, income, profits, and tax revenue at a significantly higher level over the long-term future. What is at stake is the achievement of a higher normal level of economic activity than that which characterized the last 6 years.

Some will ask why must we do anything? They will say we seem to be doing fairly well, particularly in the last few months. The gross national product and industrial production and people employed are at an alltime high—along with the stock market, profits, plant and equipment expenditures and many other indexes of prosperity.

It is true that the short-term view is a somewhat pleasant one. Many individuals and businesses are comparatively well off, particularly if the situation is measured against some of the dark and uncertain periods of recent years. It is true that there is a clear prospect into the first months of next year for continuing upward movement, even after 32 months of expansion. This outlook is based upon such favorable factors as increasing business investment in plant and equipment, increasing consumer spending, in spite of a drop in retail sales in September, rising Government outlays in the fourth quarter, and a balanced and reasonable relationship between inventories and sales.

But the issue we are considering is not answered by a look at our particular personal or business picture of the outlook for some temporary additional improvement. The hard fact is that, even with the current economic advance setting new records in terms of gross product, sales and other similar categories, its pace and scale leaves the national economy with too many unemployed, too much unused capacity, too little investment and growth, a continuing imbalance in our international payments and Federal budgets, and a large and ever increasing gap between potential and performance. The truth is that our national economy has not been performing adequately, and as a nation we must do better.

Let us review the past and look into the future.

Unemployment has varied from 5 to 7 percent for more than 5 years, averaging 6 percent. Today unemployment has been reduced to 5½ percent. But that happened earlier in this economic expansion, and we have had to work hard to get back down to the present level. Five and a half percent is too high, and we must do substantially better. Today around 4 million Americans who are actively looking for work are unable to find it. During the year which ended last June 30 more than 1 million workers were added to the labor force, but 1 out of every 6 also joined the ranks of the unemployed. As the postwar baby boom hits the labor market, and it is just beginning to do so, the pressure to create more new jobs will increase with a flood tide of new young people entering the labor force. In addition we need to provide at least a million jobs a year for those workers idled by technological advances. An additional million or more jobs will be required to bring unemployment down to our interim goal of 4 percent.

This problem is of great concern to the leaders of labor, to our mayors and governors, to our legislators and to business. W. P. Gullander, president of the National Association of Manufacturers, has estimated that if our economy keeps on producing jobs only at the level of recent years, by 1970 unemployment could rise to a staggering 12.7 percent. If there were no other consideration at all, the need to create additional jobs would make the tax program a matter of compelling urgency.

But there are other vital considerations as well. Our international balance of payments has been a cause for concern ever since 1957. The persistent large deficits in our balance of payments have led to a marked drain on our national gold stocks. This situation must not be allowed to persist because ultimately it could threaten the value of the dollar, which is the base for the free world monetary system. President Kennedy recently announced a new series of measures to cope with the balance of payments. He made it abundantly clear that the tax program is the vital element in any long-range solution of this problem. For a tax cut is needed both to sharpen American ability to compete with foreign goods in markets abroad and at home and to make the United States a more attractive place for the investment dollar to stay and be joined by a stream from abroad. These are the two means we should depend upon primarily if we are to bring our international payments into balance, without relinquishing our responsibilities for leadership in assuring free world security and development.

A third measure of our inadequate economic performance over the past 5 or 6 years is the deficit in the Federal budget. The Federal budget has had five deficits in the past 6 years—deficits which averaged $6.3 billion a year. Those deficits were clearly the result of the failure of our economy to perform at its higher potential. Consequently, tax revenues failed to reach adequate levels, and a deficit occurred.

Only an economy, enabled by a new tax policy for growth to operate at or near full employment, with a rate of growth substantially exceeding the record of the past 6 years and the adoption of a firm national policy to hold down increasing Federal expenditures can wipe out this pattern of deficits and lead to a new era of balanced budgets and surpluses.

Finally, our national growth rate of barely 3 percent since early 1955 compares unfavorably with regular rates in Western Europe of 4 to 6 percent, and even with our own 4 percent trend in much of the period before 1955.

By almost any measure you choose, our economic performance over the past 5 or 6 years has been far from adequate. With the exception of the depression, no period in this century has witnessed such a persistent underutilization of productive resources in the United States.

The time is ripe for a wave of U.S. economic expansion closer to the recent rapid pace in Western Europe than to our own slack performance since 1957. Many long-term factors for growth are more favorable today than they have been in almost a decade. But, some determinative elements of long-term national policy remain to be fixed. It is quite clear that the unemployment and unused plant capacity and inadequate growth rate that have marked our recent past, and which we can expect in the period ahead if some new decisive initiative is not undertaken, will cause the country to take some kind of action. This Nation is determined to move boldly and forcefully toward an economy with a more rapidly rising level of activity. We must choose how and when to do it.

Faced with a balance of payments problem that seriously limited the possibility of relying upon sharply decreased interest rates and greatly increased supplies of money and credit, President Kennedy in January offered his program of tax reduction and revision as the key element in the administration's economic program for the years immediately ahead.

This program and the 7-percent investment tax credit enacted in 1962 together with the administrative liberalization of depreciation were a package designed to eliminate an unduly heavy tax drag on purchasing power and demand—to provide new tax incentives for more investment and increased effort—to encourage the utilization of new technology and the provision of new facilities that would add to aggregate demand, capacity and competitive efficiency. It involves a basic restructuring of our tax system, a restructuring to be achieved mainly through the single most important tax reform—reduced rates. The adoption of this policy would be a giant step toward a tax structure which interferes as little as possible with the operation of the free market mechanism while supplying the revenues necessary to our national security and national public needs.

Chairman Mills in opening the debate on the proposed Revenue Act of 1963 in the House of Representatives put the issue squarely. He said: "I am convinced that there are two roads the Government can follow toward the achievement of this larger and more prosperous economy. I believe we are at the fork of those two roads today. One of these is the tax reduction road. The other is the road of Government expenditure increases."

There is a vital difference between these two routes. To depend upon massive increases in Government expenditures as the primary reliance for a higher level of economic activity is to expand the role of Government in making and carrying out economic decisions. An ever larger proportion of the Nation's labor and money will be used directly by the Government. The Government's activities as a buyer, lender or donor will determine in larger and larger part the use of labor and capital even in the private sector of the economy.

The Federal Government has many appropriate functions in dealing with problems of employment and unemployment. For example, there is great need for both governmental action—Federal, State, and local—as well as private action, to meet the problems of structural unemployment—the fact that the locations, skills, education and training of available workers do not match the needs of employers. The Manpower Development and Retraining Act and the Area Redevelopment Act are responsive to this need.

But the declaration of policy in the Employment Act of 1946 directs that the Federal Government, in promoting maximum employment, production, and purchasing power, shall coordinate its plans, functions, and resources for creating and maintaining these conditions "in a manner calculated to foster and promote free competitive enterprise and the general welfare." I believe we all share the conviction voiced by President Kennedy last year when he said: "The free market is not only a more efficient decisionmaker than even the wisest central planning body, but even more important, the free market keeps economic power widely dispersed. It thus is a vital underpinning of our democratic system."

In any choice of fiscal policy between a primary reliance on massive increases in Government expenditures or a private economy invigorated by new tax measures as the way to a higher level of economic activity, we as a nation prefer to rely primarily on a more prosperous and efficient private economy initiating a larger and larger volume of economic activity under the stimulus of generalized tax incentives. The President in his tax message in January made his clear and unequivocal choice saying: "I do not favor raising demand by a massive increase in Government expenditures. In today's circumstances, it is desirable to seek expansion through our free market processes—to place increased spending power in the hands of private consumers and investors and offer more encouragement to private initiative. The most effective policy, therefore, is to expand demand and unleash incentives through a program of tax reduction and reform, coupled with the most prudent possible policy of public expenditures."

The passage by the House of Representatives of the proposed Revenue Act of 1963 is a firm, positive assertion of its preference for the tax reduction, private enterprise, Federal expenditure control road to a bigger, more productive economy.

If the opportunity to move down that road by enactment of that bill is passed up, then the likelihood is greatly increased that the economic problems of the past decade—which are the economic problems ahead for the sixties—will be met by a National Government that takes a role in our economy on a scale and a dimension never before undertaken by it except in times of all-out war or crash buildup for one.

There must be and is full recognition that, if the tax program is to attain its objectives, it must be carried forward as a part of a sound and consistent overall financial program. In particular, that program has two main elements: first, a substantial net reduction in Federal taxes, through a meaningful lowering, in several stages of tax rates on individual and corporate income from "top to bottom", and; second, as the tax cut becomes fully effective and the economy expands in response, the allocation of a substantial part of the resulting revenue increases each year toward eliminating the transitional deficit.

The tax program, with related policies of expenditure control, debt management and monetary affairs, seeks to establish a financial environment suitable for the sixties, so that we can take full advantage of the gathering forces for economic progress inherent in our growing labor force, our unprecedented expansion in research and development, and the new market opportunities that exist at home and abroad.

The Joint Economic Committee of Congress has estimated that a $10 billion tax reduction such as the President proposed would increase our gross national product by approximately $40 billion in the years just ahead over what it would be under the present tax structure. It would add an extra layer of growth onto what we could expect from existing arrangements.

It has been estimated that such an addition would create somewhere between 2 and 3 million new jobs.

Increased job creation will be a continuing, rather than a single-shot effect of the tax program designed as it is to create a healthy environment of sustained demand and investment incentives conducive to a full employment economy. Through the interaction of investment, demand, and profits, the tax program will foster an upward spiral of economic activity which will generate new and sustained vitality. The result will be not merely 3 million jobs but a continuing high level of job production resulting from an economy operating at full potential.

The early enactment of a law substantially reducing the rates of Federal income taxes has been strongly endorsed by a broad cross section of the leaders of business and labor, by financial leaders at home and abroad, some 42 Governors, and by a long list of the most distinguished economists in our universities. After months of public discussion in the press and other media, the proposed Revenue Act of 1963 was approved by a very substantial majority of the House of Representatives.

In sum, there is a national consensus that the national interest is served by the enactment of a law substantially reducing the rates of Federal income taxes.

II

This brings us to our second issue: namely, should the tax rate reduction program so widely endorsed be a balanced one designed to increase both consumer purchasing power and direct investment incentives or be predominantly aimed at only one of these objectives.

You all know the poem about the different descriptions given by six blind men each of whom had grabbed hold of a different part of an elephant. The public discussion about the kind of a tax cut contained in the bill as it passed the House is like that: you'd never think people were talking about the same tax bill. This is particularly true of the issue of how the tax reductions should be divided. Some think low income taxpayers get too much, others too little. Some think the upper income taxpayers should get more, others less. Many who argue that the low income taxpayers should get a larger share of the reductions say that tax cuts for corporations and individuals in the upper and middle income brackets are wasted because the way to increase investment and jobs is to increase consumer purchasing power. Conversely, many who argue that upper or middle income taxpayers and corporations should get a larger share say that tax cuts for those in the low income brackets are wasted or will provide only a one-shot simulus and that the way to increasing growth is to increase direct incentives to investment.

One of the chief virtues of the tax bill now before the Senate Finance Commitee is that it incorporates the constructive advice of both sets of critics but rejects their "whole hog or none" approach. The result is that it is a soundly balanced bill—one purposefully designed to provide both additional consumer purchasing power and direct investment incentives.

The short answer to these critics of the mix of tax reduction in the bill is that both approaches interacting together will achieve a more dynamic and healthier economy than would result from a reliance upon one method to the virtual exclusion of the other.

The bill provides a subsantial stimulus to consumer purchasing power. Of the reductions to individuals, amounting to $8.9 billion, it is reliably estimated that about $8 billion will be spent on additional consumption. These expenditures will set in motion the familiar economic process in which money circulates throughout the economy and ultimately increases consumer spending by several times the amount of the initial tax cut—the so-called multiplier factor. That strong and sustained rise in consumer demand—and thus in markets and profits for industry—will further bolster the direct tax incentives to investment.

The estimated difference between the amount individuals receive and consume, approximately $900 million, will go into investment or savings. This sum and a $2.2 billion reduction going to corporations, when added to last year's investment credit and revised depreciation guidelines which reduced tax liabilities of corporations and unincorporated businesses by $2.5 billion, constitute a substantial program of direct incentives to investment totalling $5.6 billion per annum. Much of this amount will be invested. Besides, the incentive of lower tax rates is likely to draw additional moneys from other savings into investment in job producing facilities and services. Thus the operations of these direct investment incentives will add to the total of consumer purchasing power in the hands of additional jobholders, suppliers, et cetera. This process adds what the economists term an accelerator effect to the processes of growth that will flow from the tax program.

The interaction of these two facets, with the one aiding and abetting the other, is of vital importance.

This balance of $8 billion of tax reduction for consumption and approximately $5.6 billion for direct investment incentives was adjudged to be appropriate by the House Ways and Means Committee after hearing most of the same witnesses now appearing before the Senate Finance Committee make the same points. This two-pronged character or balance in the tax program is perhaps the most important and most overlooked aspect. It is likely to be the decisive factor in assuring that the program finally adopted will not substantially alter the balance arrived at and will include both a stimulus to consumer purchasing power and direct investment incentives.

To those critics of the present bill who would eliminate or sharply reduce tax cuts for taxpayers in the relatively lower income brackets—say below adjusted gross incomes of $10,000—the answer must be that they account for close to 85 percent of all taxable returns and are likely to put a large part of their tax savings into the spending stream. In other words, this is where the customers live. Under the current bill they get nearly 60 percent of the overall individual reduction, with their share of the load being decreased from 50 to 48 percent.

To encourage investment in job producing facilities, strengthening of consumer demand is required. The purchasing power of the consumer must be increased to utilize present productive capacity fully so that additions to productive capacity will be worthwhile. Of course if the economic situation were different—if all of our economic resources were fully employed—strengthening of consumer demand might not be as important as it is today. But we do not have a full employment economy and we are not utilizing existing productive capacity to make sufficiently inviting the provision of additional capacity for old products or the new capacity for new products that would make for a more dynamic economy.

For example, even though the Nation is enjoying a recovery and expansion that has already lasted 32 months, average operating rates in manufacturing have not reached a point of providing either the rate of utilization that would trigger the scale of expansion we need or the rate of profits that would invite it. In that time average operating rates for manufacturing have gone from 77 to 87 percent of capacity but production is substantially below the 92-percent average rate considered as normal by business itself.

Most of the increase in capacity utilization occurred in 1961, with very little improvement since the beginning of 1962. From the first quarter of 1962 to the third quarter of 1963 the average rate of utilization of plant and equipment in manufacturing rose from about 85 percent to about 87 percent of capacity. Although after-tax profits have risen approximately 40 percent, from $19.2 billion to $26.8 billion in this recovery, they are still short of the $30 billion a year that would be earned if the Nation's present facilities were operating at what would be considered normal capacity utilization.

But consumer demand is not the whole story. A direct stimulus to investment is also needed. While it is true that if a sufficiently strong increase in consumer demand is provided this will increase investment through "demand pull," it is equally true that a more dynamic and healthy expansion in investment will come from a combination of increasing consumer demand and direct investment incentives.

Characteristically, those who are critical of the inclusion of a corporate tax cut and reductions in the rates of those whose adjusted gross incomes exceed $10,000 per annum argue that business has plenty of cash and credit available today and there is no need for more direct investment incentives.

This prompts a closer examination of why it is desirable to provide direct incentives to investment through tax reductions in addition to those reductions which provide a significant increase in consumer demand. Let us consider for a moment the problem of an individual, a partnership, or a corporation deciding whether to make an investment in new plant or equipment or the provision of services.

Anyone facing an investment decision considers two things above all: First, the nature and period of risk involved in the investment; and second, the likelihood of a favorable return. The decision of a board of directors will not be determined merely by consideration of the extent to which total personal income next year is likely to exceed the current figure. Certainly demand will be important to them, for no one expects to invest in order to produce when there is no expectation of having a market for one's products. And certainly the effect of demand on the overall economic outlook is a matter which will be given serious consideration in making such a decision.

But one of the vital factors in any marginal investment decision is the rate of return—the increase in after-tax income in return for a given outlay in investment. This is where the direct stimulus to investment provided in the current tax program will play an important part. In combination with last year's 7-percent investment credit and depreciation reform, the proposed reduction in the corporate tax rate from 52 to 48 percent, together with the liberalization of the credit, would increase the after-tax profitability of new investment in 10-year assets, for example, by an estimated 35 percent. That, I submit, is a fact which will weigh very heavily in any investment decision. These considerations apply not only to expansion of capacity to make standard products and new capacity to make new products, but also to the modernization of existing facilities to provide existing products on a more efficient basis.

In 1956 and 1957 business fixed investment averaged 11 percent of total output. Since that time it has fallen to roughly 9 percent. Since 1957 the rate of increase in our stock of business plant and equipment has risen by less than 2 percent a year, compared to 4 percent a year in the first postwar decade. Furthermore, there has been a disturbing rise in the proportion of our machinery and equipment which is more than 10 years old. Corporate profits and the ratio of expenditures on plant and equipment to gross national product have been below previous postwar levels. Our rich store of research and development has not been joined to capital and labor to produce the explosion of new products, services, and jobs of which the Nation is capable.

Moreover, critics of the tax bill on the score that it includes direct incentives for investment when business has adequate or more than adequate funds to finance new investment ignore several important points. The tax bill does not afford a cash flow increase to much of the corporate sector. Simultaneously with the rate reduction it requires corporations with incomes in excess of $100,000 to initiate a tax payment schedule whereby they will be making their tax payments current by 1970. In the interim, although their tax liabilities will be reduced as a result of the corporate rate reduction, these larger companies will not have the benefit of an increased cash flow as a result of the corporate rate cut.

More significantly, the critics ignore the fact that despite the general availability of money in corporate treasuries and credit in the capital market for large companies for investment needs, many small firms simply are not in a position to take advantage of investment opportunities by borrowing. These smaller companies must finance their expansion and modernization for new ventures out of their own internal financial resources. They very much need the increased cash flow of the rate reduction for corporations.

Indeed, they need more than the mere reduction of the overall corporate rate from 52 to 48 percent provided by the bill. For that reason the new bill contains a provision providing immediate and substantial investment incentives to smaller corporations. For 1964 the present normal tax of 30 percent, applicable to the first $25,000 of taxable corporate income would drop to 22 percent. Thus an immediate tax reduction of almost 27 percent would be provided for 467,000 small corporations in the United States with earnings of less than $25,000 per year. The entire tax program including this change would provide a 17.9 percent reduction in an additional 54,000 corporations whose incomes were less than $50,000 and a 9.5 percent reduction for the 25,000 companies whose incomes were less than $100,000.

The critics of reductions in individual tax rates of those with adjusted gross incomes in excess of $10,000 should remember that of the 11 million businesses in the United States, 10 million are sole proprietorships or partnerships and many are established and operated by individuals in these higher brackets. These are the people who would be most likely to invest tax savings in the business or businesses which they are operating, which in turn might provide more jobs or facilities.

A second major reason for direct investment incentives is the characteristic lag of indirect investment stimulus resulting from "demand pull." In other words, demand has to make itself felt in the economy and in the particular sector of the industry in question before it will significantly affect investment decisions. Then, there is the further delay for investment decisions to be translated into reality. If there were any possibility of inflation in the tax program reducing the stimulus to investment would greatly exaggerate it. Price increases are most likely to occur when demand outstrips production and the utilization of efficient capacity. If production and the quantity of efficient capacity expand to keep pace with demand, the danger of inflation is kept at a minimum.

Third, direct tax incentives will affect favorably our balance of payments. To the extent they encourage modernization and new products they enhance our ability to compete at home and in the export market and thereby maintain or expand our trade surplus. It is equally important to our balance of payments to increase the attractiveness of investment opportunities in the United States. These are important because capital outflows for long-term private investment abroad represent a significant part of our balance-of-payments deficit.

Finally, one of the most overlooked aspects of creating a sustained economic expansion is the need to utilize the fruits of new technology in the form of new products or the adaptation of existing products to new markets. Increasing the profitability of new investment is the most effective way to make more attractive the investment decisions which are not being taken today. It is the most effective way to make the submarginal project of today the supermarginal project of tomorrow. It is the most effective way to maximize the benefits of the tremendous technological, educational, and human resources of the United States. As new techniques and new products are developed and as new markets are opened up new demand will be created, new investment will be fostered, and new jobs will be available that would never have been available otherwise.

This then is the crux of the situation. We must have a stimulus to expansion that is continuing, self-sustaining, and self-reinforcing. Neither direct investment incentives nor increased consumer demand will do the job alone as well as the two joined together. A combination of the two will interact in such a fashion as to foster an acceleration of economic activity, which should continue for years to come to produce jobs and raise output more effectively than the same amount of tax reduction devoted solely to either investment or consumer demand.

III

This brings us to the third issue—whether the early enactment of the tax program is likely to be more beneficial to the national economy than a later one next year.

Many favoring tax reduction in the abstract feel that it should be enacted only in the context of fiscal responsibility, and deferred until there is convincing evidence of accomplishment in the control of the increase in Federal expenditures and the reduction of deficit financing.

In fact an effective program of expenditure control is well underway and convincing evidence of accomplishment is already at hand:

1. According to the Director of the Budget, the need for continuing expenditure increases for defense has just about ended and will soon taper off on space programs, which together with interest on the debt, have accounted for more than 70 percent of the budgetary increase from fiscal 1961 through fiscal 1964.

2. Since proposing the tax program in January the fiscal 1963 deficit has declined from an estimated $8.8 billion to an actual $6.2 billion—and two-thirds of that decline resulted from lower expenditures.

3. In proposing the tax program last January, the President budgeted less for the civilian sector of the 1964 budget (excluding defense, space and interest) than in the previous year—only the third time that has been attempted in 12 years, during a period in which population has increased and State and local government spending has grown at a rate averaging more than 15 percent a year.

4. Fiscal 1964 expenditures are currently estimated at $1 billion below last January's estimate. In the first 3 months of the fiscal year 1964 (July through September) expenditures in the civilian sector of the Federal budget were $107 million less than the same quarter last year.

5. This September there were 242 less regular civilian Federal employees on the payroll in the executive branch than in September last year.

6. Chairman CANNON, of the House Appropriations Committee, has observed that new appropriations may aggregate less than last year's total—the first time that will have been done in some years.

7. As for the fiscal year 1965 and following years, the President has assured the Congress that he intends to maintain a tight rein on expenditures and that a substantial part of the tax revenues from economic expansion will be used to reduce the budgetary deficit until balance is reached.

8. On this basis—and barring an unforeseen slowdown of the economy or international contingency—the President expects to submit a budget for fiscal 1965 with a deficit less than presently forecast for fiscal 1964, despite the fact that the second stage of the tax reduction will have gone into effect and that the revenue loss from tax reduction in 1965—before feedback—will be $5 billion greater than in 1964.

9. The House of Representatives has emphasized these factors by specifically including in the bill as section 1 a declaration of policy which reads as follows: "It is the sense of Congress that the tax reduction provided by this act through stimulation of the economy, will after a brief transitional period, raise (rather than lower) revenues and that such revenue increases should first be used to eliminate the deficits in the administrative budgets and then to reduce the public debt."

The President endorsed this statement before the vote.

These facts, plus the even more fundamental one, that expenditures can never exceed the amounts actually appropriated by the Congress—which controls the Nation's purse strings—makes it difficult to justify postponement of a final Senate vote on the tax bill for an alleged lack of evidence of an expenditure control policy.

This is particularly true in the light of the cogent reasons for an early and prompt disposition of this particular piece of legislative business.

The economy is still expanding, but there is still a large gap of unused manpower and capacity. The economic climate is good. In this setting the enactment of the tax program now would maximize its effectiveness in achieving its initial purpose—to move the economy to full employment and a more effective utilization of all our resources—particularly our increasing human resources.

To wait until some later time and risk joining the tax cut to a receding or leveling economy is to put it to its appointed task under adverse circumstances. The overriding purpose of the tax program is not to arrest a recession but to move an advancing economy into a scale and pace commensurate with its responsibilities and our national needs.

If the tax program is an effort to remedy the withdrawal from the private economy of too much of the Nation's substance in the form of taxes, to lift the tax drag, and to restore some needed incentives for job-creating investment, the sooner the remedy is applied the better.

If, in addition to its long-term objective, the enactment of the tax program is viewed as antirecession insurance, the time is ripe for taking out that insurance. The patient is well and insurable, but he is moving into a vulnerable period of his life. By next April 1, it will have been 37 months since the end of the last recession. If the economy is still advancing, it will be the longest peacetime recovery in the century with the exception of the 1933-37 pullout from the great depression.

So on either premise—that the economy will continue to expand or begin to contract—the earlier the enactment of the tax program the better.

Another time factor is the need to achieve, as soon as possible, an equilibrium in our international balance of payments. Continued deficits in our payments situation, with their potential drain on our gold supply and threat to the role of the dollar as the principal reserve currency, provide a compelling reason for prompt action on the tax program. The net outflow of long-term investment ($2.5 billion) in 1962 was the single biggest source of disequilibrium. A rapidly expanding economy, sustained by a tax cut, would attract investment dollars from domestic and foreign sources, sharpen our competitive edge and opportunity for an increasing trade surplus, and free up our monetary tools for use in event interest rate differentials trigger further outflows.

Delay in the passing of the tax bill may mean more than missed opportunities; it may do positive harm. The tax program has become the leading psychological factor in the world of business and finance. It is viewed, rightly or wrongly, as the touchstone for progress and the element of promise for the long-term future. Business expansion and consumer buying in a large measure reflect confidence in the future. Expectations of the enactment of the tax program have become a built-in factor in the hopes and aspirations of the business and financial world. To frustrate those expectations by delay and doubts as to the future passage of the bill entail serious economic risks that may ensue from diminished confidence.

The answers to the three questions with which we began, then, are:

Yes, the national interest would be served by the enactment of a law substantially reducing the rates of Federal income taxes.

Yes, this rate reduction should be a balanced one designed to increase both consumer purchasing power and direct investment incentives.

And, yes, the national economy is far more likely to be benefited by an early enactment of the tax program than by a later one next year.

You may well have anticipated these conclusions. To me, they seem to be compelled by the fact that tax rates are too high, by the logic of the economic situation, by the need for expansion and long-term growth to meet the needs of our people, by our fiscal circumstances with budgetary deficits resulting from inadequate economic performance, by our determination to control Federal expenditures, and by the discipline of our balance-of-payments deficit. I trust that you will be persuaded by this logic of events and circumstances that has moved the administration to these conclusions and that you will agree.

[From Business Week magazine, Nov. 2, 1963]

SPENDING CONTROL AND THE TAX CUT

Four months of fiscal 1964 have already gone by, and Congress still hasn't finished work on this year's budget. Meanwhile, the administration is deep in the toils of working out the fiscal 1965 budget, which the President must submit in January.

In order to increase congressional support for its program to cut taxes, the administration has committed itself to a course of intensive expenditure control. But a number of key Senators insist that they want to wait to see the actual numbers in the administration's fiscal 1965 budget, before they will consent to go along with the $11.1 billion tax cut bill (to take effect over a 2-year period) that has already cleared the House.

To the administration's credit, it should be said that it is making a genuine effort to hold a tight lid on expenditure increases. The current, fiscal 1964 budget will probably wind up with expenditures totaling some $97.7 billion, more than $1 billion lower than was estimated last January. The fiscal 1965 budget—which Treasury Secretary Dillon had estimated only a couple of months ago would reach $102 billion—now promises to be a couple of billion dollars lower.

This new emphasis on economy in the Government is thoroughly healthy. It is high time the administration got serious about checking the growth of Federal spending and recognized that big annual boosts in Government outlays may be inimical to the national interest rather than synonymous with it. The holddown in Government spending is compelling the administration to make some choices, however painful that may be, on which programs are really essential to the Nation's security and welfare and which are expendable.

The holddown will force the administration to restudy and cut back programs that may have some vote-catching virtue but no other; it may force officials to run desirable programs more efficiently; and it will compel the administration to rethink certain programs that have run on inertia—as in the case of foreign military and economic programs—though international circumstances have changed profoundly since the programs were launched.

After 4 years of big annual boosts in Federal outlays—years that have seen budget expenditures climb by more than $20 billion from $76.5 billion in fiscal 1960—it is more than time to curb the growth of total outlays and carefully rework the composition of the Federal budget. This now seems a good prospect for the coming year.

There should be no mistake about one thing, however: The good intentions of the administration (and of Congress) on expenditure control cannot survive unless Congress passes the bill to reduce taxes. Secretary Dillon has been perfectly frank—and correct—in explaining why: If this country begins to slide down into a recession, the political pressures upon the Government to do something about high unemployment will compel Congress and the administration to increase expenditure programs. Inevitably some considerable part of these increases will become permanent fixtures in the budget. It is pointless to say this is a hypothetical argument; exactly that has happened time and again, under both Democratic and Republican administrations.

THE REAL CHOICE

It has been difficult for Secretary Dillon to make this point without seeming to forecast an imminent recession, which he has not done. His critics keep making what they think is a bright point. "Do you want this tax cut for growth or do you want it to stop a recession?" they ask. This is not so smart as it sounds. There is no either-or about wanting the tax cut both to stimulate more rapid economic growth, and as protection against frequent recessions. Any reading of our recent economy history will show that growth has been too slow (hence we have had chronic unemployment) and our progress has been broken by too frequent business dips.

The proposed tax cut is not a one-shot antirecession needle. On the contrary, it constitutes an important reform of our fiscal structure. The trouble with that structure—as economists as politically diverse as Walter W. Heller and Arthur F. Burns agree—is that it siphons off too much money to the Federal Government as business expands, tending to check and slow down the growth (of cause abortive recessions) before we achieve full employment.

The tax structure and the expenditure side of the budget must be weighed together. Changing the tax structure in its relation to that level of Federal spending that the Nation really needs will remove hobbles from growth and simultaneously lessen the likelihood of recessions. The tax bill should be passed before Congress adjourns, lest it get fouled up in election-year politics next session—and lest (this does remain a possibility) it come to late to forestall the next recession.

At the same time, Congress should get busy and complete its action on the expenditure side of the budget. It cannot solve the expenditure control problem by Fabian tactics of delay or by passing the buck back to the administration. If Congress will simply use its head—and make up its mind—the United States can have the budget and fiscal program it needs for a sustained run of prosperity. This means both expenditure control and a tax cut.

IMPORTANCE OF THE UNITED NATIONS

Mr. PROXMIRE. Mr. President, I wish to refer briefly to an article on the United Nations which was published today in the Washington Post. The article was written by Roscoe Drummond.

Many Senators have received anti-United Nations letters. The sentiment in my State is far from unanimous in support of the United Nations.

In the article, Mr. Drummond has pointed out that the Soviet Union has been far from winning one victory after another in the United Nations. I quote briefly from this fine article:

> Bear this fact in mind above all others: The United States has never been on the losing side of a single substantive U.N. resolution except when the Soviet Union and the United States were voting the same way. The Soviets have lost most of the time.
>
> On the United States and world leadership—no successful American political leader suggests that the United States can retreat into isolationism and let the world go hang. They know we'd hang with it. Nor can the United States pull out of the U.N. and expect to pull down the U.N. with it. This would do nobody any good except the Communists.

Mr. President, I ask unanimous consent that the entire article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OPPOSITION TO THE U.N.: SOME FACTS ARE OVERLOOKED

(By Roscoe Drummond)

MINNEAPOLIS.—There is a bright British musical revue playing in New York with the wistful title: "Stop the World, I Want to Get Off."

Quite an attractive idea, if it would work.

During the past 10 days I have been talking to—and with—a number of different audiences in the Midwest and it is evident that quite a few Americans would like to stop the United Nations so that the United States could get off. Or, to put it another way, would like to see the United States get out of the United Nations in the hope that this action would bring the U.N. to a stop.

I am not suggesting that most Americans want to see the United States leave the United Nations or want the U.N. to leave the United States. But there are enough questions which suggest approval of the the idea to make it useful to look at the premises on which the question is based.

The premises appear to be these:

That the personnel of the U.N. is dominated by Communists.

That the Communist nations are able to use the U.N. for their purposes far more effectively than we can use it for our purposes.

That the United States could do better if we quit and left the U.N. to its own devices.

What are the facts?

On personnel—The authority of the Secretary General in carrying out the voted decisions of the U.N. is decisive. No subordinate official can veto his actions. The only Communist official at a high level of the U.N. is the Under Secretary for Security Council Affairs, Mikhail Suslov. The Under Secretary for Political Affairs is Ralph Bunche, an American. Each of the big powers has a veto over any Security Council affairs.

The Communist nations actually have fewer nationals in U.N. civil service than their representation justifies because they do not offer qualified people to fill them. The Birchites, for example, circulate a memorandum showing the number of Communists working for UNESCO, but overlook the fact—if they know it—that the Communists have half the number to which they are numerically entitled—for fewer than the United States or Britian.

On U.N. policy—from the the U.N. defense of South Korea to the latest resolution on Angola and Portugal, the Soviet Union has continuously failed to mold U.N. policy to suit the Kremlin.

It opposed the election of Dag Hammarskjold as Secretary General—and lost. Initially it opposed the election of U Thant. When it finally had to accept Mr. Thant, Premier Khrushchev sought to impose a Soviet troika-veto on the independence of the Secretary General—and lost.

Many times the Soviet Union has sought to take over the leadership of the African nations at the U.N. in order to use them for Kremlin purposes—and has lost.

Bear this fact in mind above all others: The United States has never been on the losing side of a single substantive U.N. resolution except when the Soviet Union and the United States were voting the same way. The Soviets have lost most of the time.

On the United States and world leadership—no successful American political leader suggests that the United States can retreat into isolationism and let the world go hang. They know we'd hang with it. Nor can the United States pull out of the U.N. and expect to pull down the U.N. with it. This would do nobody any good except the Communists.

The United States would lose much of its influence nearly everywhere in the world, including the nations which have received their independence since the end of the war. We would simply be throwing many of them into the arms of the Kremlin.

DANGER OF AID TO RUSSIA

Mr. PROXMIRE. Mr. President, there was published this morning in the Washington Post an interesting article by the distinguished columnist Joseph Alsop. The article is entitled "The Big Non-Events." In the article, Mr. Alsop points out that it was anticipated, on the basis of many statements and developments, that this year in Russia there would be a curtailment of the use of resources for military purposes, combined with a release of resources for investment in the economy, particularly in agriculture; but he points out that these events have not occurred, and that, quite the contrary has occurred. He points out that the heating up of the situation in regard to Berlin is about the last thing Russia would do if she were about to curtail her armed forces budget.

Therefore, I believe the officials of our Government should think long and hard about the wisdom of selling American products at subsidy prices to the Soviet Union—whether they be wheat or dairy products.

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BIG NON-EVENTS

(By Joseph Alsop)

What has not happened in Moscow is suddenly being discussed with mounting interest in the small community of professional students of the Soviet Union.

The point is that last summer, for once in a way, the immediate direction of Soviet development seemed to be quite easily predictable. A great though still obscure political crisis in the Kremlin, undoubtedly marked by challenges to Nikita S. Khrushchev's authority, had ended in the spring with Khrushchev more firmly in the saddle than ever before.

Khrushchev had then used his authority to enforce acceptance of a nuclear test ban, on terms the Soviets had always before refused with loud indignation. His primary motive, beyond doubt, had been to create an atmosphere of relaxing tension, and thus to prepare the way for the revision of investment priorities—less resources for the armed forces and more for agriculture, for instance—which had been one of the subjects of dispute in the winter crisis.

Hence two kinds of development were being forecast last summer with much more confidence than usual. First, changes in the Soviet Defense Ministry, perhaps even including the dismissal of the Defense Minister, Marshal Rodion Malinovsky, were considered as all but inevitable.

Malinovsky was known to have been one of those who challenged Khrushchev in the winter crisis. In the Soviet Union, unsuccessful challenges of this type have their almost automatic penalty. And the need was obvious, too, for Khrushchev to bring the military heirarchy under more absolute control, in order to prepare for the second widely forecast development.

This was the radical revision of investment priorities, which the Soviet leaders so obviously need to make, in order to improve the declining Soviet rate of economic growth and "get Russia moving again." The main bottleneck being agriculture, the massive release of resources for investment in agriculture was the obvious first step. And no such release was possible, except at the expense of the armed forces.

During the summer Khrushchev himself virtually spoke of the revision of investment priorities as an accomplished fact. He positively boasted that he was withdrawing from the race to put men on the moon. More important, he talked quite openly of his intention to increase Russian artificial fertilizer output from the present level of about 16 million tons per annum to the staggering total of 35 million tons per annum.

By now, however, these crucially significant, universally expected developments were beginning to look like the big non-events of 1963. Some time ago, dates were actually being given in Moscow for a special plenum of the Central Committee of the Soviet Communist Party, to discuss the fertilizer program, and for a second plenum to discuss the general problems of Soviet agriculture.

Dates are no longer being given, however, and there are no signs to indicate that the first plenum will surely be held, as originally suggested, at the end of November. Concurrently, there are no signs of the kind of preliminary reductions in Soviet defense spending, which might be expected prior to a sharp shift in the investment pattern.

Indeed, the recent incidents on the approaches to Berlin point in another direction. You do not heat up the political climate again, as the Soviets have now done, if you are just about to cut your defense budget rather massively. Nor do you talk about the altered political climate in the bellicose terms Khrushchev recently used when he received an American business group in Moscow.

All this means, rather plainly, that the decisions which seemed to have been firmly taken last summer are instead still under discussion—and probably under quite bitter discussion—in the Kremlin. It may be that the discussion will be abruptly terminated, and the Central Committee plenum will take place as originally scheduled before November ends.

Yet the mere fact that the debate is apparently continuing is significant in itself. It highlights the extreme painfulness of the choice the masters of the Soviet Union could no longer avoid. On the one hand, in order to achieve an adequate rate of economic growth and to solve their food problem, they must break decisively with the sacred tradition of absolute first priority for the armed forces.

On the other hand, if they put the sacred tradition ahead of their practical needs, they must prepare for a gradual return to conditions resembling those that prevailed in the time of Stalin.

SUPPORT OF DAIRY LEGISLATION

Mr. PROXMIRE. Mr. President, the Wisconsin Agriculturalist & Farmer—one of the finest agricultural publications in the country, and it has a national circulation, and is widely read by agricultural experts—enthusiastically supports the dairy bill which was passed by the Senator, and also supports the McCarthy amendment to that bill, which I hope will be adopted.

I ask unanimous consent that an editorial entitled "We Support These Dairy Bills," which was published in the Wisconsin Agriculturist of September 7, 1963, be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

WE SUPPORT THESE DAIRY BILLS

Two dairy bills in the Senate deserve careful study. The dairymen's excess base plan would apply to Federal market order areas. The bill was introduced by Senator WILLIAM PROXMIRE, Democrat, of Wisconsin.

The program would work like this. A majority of producers in a milk order area would have to approve the plan. If approved, each producer would get a base.

The base would be the producer's historical average percent of the class I (bottle milk) market. The last 3 years average is being talked about now. Newer milk order areas would have to be based on fewer years.

A producer could sell any amount of milk. He would be paid class I price for his class I base. There would be no more blend price.

The producer would get a lower price for milk in excess of his base. At present this would be at about support level.

WOULD DISCOURAGE EXCESS MILK

Purpose behind the program is to discourage excess production. At first producers who have been expanding rapidly might get a little less total for their milk than now. But as the plan discouraged excess production, it should soon mean bigger milk checks for all dairymen.

There's another big advantage to the program. It wouldn't add any additional tax load to taxpayers.

The plan deserves full support; we're for it.

The second bill was introduced by Senator EUGENE MCCARTHY, Democrat, of Minnesota. The McCarthy bill would also set class I milk bases for each producer in Federal market orders. Then the Secretary of Agriculture would set a quota for each producer. The quota might be more than the class I base for producers in order areas. It couldn't be less.

Compliance would be voluntary. If a producer kept to his quota, he would receive 50 cents a hundred Government payment. If he reduced production below his quota, a producer would get $2.50 for each hundred pounds he reduced his sales.

MCCARTHY says that his dairy bill would cut the surplus in half, save $37 million in taxes to support milk prices and raise farm income $150 million.

No question that most dairymen would be better off taking the $2.50 and reducing production.

The McCarthy bill uses much the same idea as the present feed grain program. It is a sound approach.

The two Senate programs are not opposed to each other. They could work hand in hand. The first would put milk pricing on a more realistic basis. It would give price discouragement for overproduction.

Paying dairymen to cut back production has a great deal of merit. It could help dairymen outside of the milk order areas as much as those in order areas. And it would give dairy producers a great incentive to get milk production in line with demand.

COMBINE DIRECT PAYMENTS, NEW PRICING

A dairy bill has been introduced in the House by Representative LESTER JOHNSON, Democrat, of Wisconsin. JOHNSON'S bill would combine a direct payment plan—somewhat like MCCARTHY'S program—with new Federal order pricing.

If approved by dairymen in an order area, producers would be given allotments based on market requirements and reserve needs. They would be paid a higher price for needed milk. They would get a lower price for surplus milk.

This part of JOHNSON'S program would work similar to the Proxmire bill.

Congress should approve the dairymen's excess base plan for milk marketing order areas. And there should be a program that would pay dairymen to cut back production, both in and out of milk order areas.

AGRICULTURE YEARBOOK CITES SENATOR LAUSCHE'S BRILLIANT OHIO CONSERVATION RECORD

Mr. PROXMIRE. Mr. President, it is probable that many Senators have noted the excellent contribution of Mr. H. P. Quadland, well-known conservationist, to the Yearbook of Agriculture for 1963.

For the benefit of those who may not have seen this item, I call attention to the article, "Let the Country Sing With Beauty," beginning on page 552 in which Mr. Quadland points to the great progress made throughout our country in reforestation and city and countryside beautification through organized tree and shrub planting programs. He specifically cites examples of outstandingly successful programs in 15 different States.

I call particular attention to the author's reference to a highly successful statewide campaign as a part of Ohio's Sesquicentennial in 1953, headed by our colleague, the senior Senator from Ohio FRANK J. LAUSCHE, who then was Governor of that State. The program initiated by Senator LAUSCHE in 1953 was continued in 1954, 1955, and 1956 with great success. In each year, more than 20 million seedlings were planted.

Mr. President, I feel that this particular article is very pertinent and of wide public interest, in that it should lend more encouragement to the citizenry of our Nation in keeping America beautiful.

I ask unanimous consent that the article be printed in the body of the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

LET THE COUNTRY SING WITH BEAUTY

(By H. P. Quadland)

Nature, if left alone, probably would make most land beautiful in time. Man largely is responsible for making land ugly. But man also can make land sing with beauty, if he wishes to help it flower—whether it is a tiny yard, a street, suburban plot, a farm on the plains, a cutover area in need of reforestation. Ugliness and growth need not be synonymous.

Economic and social benefits come from planting and beautifying the land. Sound conservation practices cannot end at the city or town line without helping to foster slums and endangering the future of the Nation.

I believe that love of our land is necessary for our survival. We will not love our land unless we care for it, and a growing population, which inevitably becomes further removed from the land, tends to turn aside from natural beauty toward the vulgarities of life.

In cities and suburbs, beautifully planted spaces are needed if urban renewal programs are not to run into the same trouble in the future that cities have run into in the past. One of the biggest threats to the permanency of completed urban renewal projects is the failure of communities to provide for planted and beautified space.

It is preferable if the plantings become part of the long-range improvement of cities rather than temporary expedients. Urban renewal presents a great opportunity for planted, open space that is a vital need in many cities.

I see no reason why we should ruin the land in order to build the houses in a subdivision. Often trees that have taken years to grow are destroyed by bulldozers in a day. Emphasis in housing by lending authorities has been on the house; the lot may be ignored.

Some housing developments have become slums in a decade because little thought is given to yards and streets. Other developments, well landscaped, remain livable indefinitely.

An example is the plant America program, sponsored by the American Association of Nurserymen. It offers a pattern for making our land more productive, beautiful, and livable.

The program was launched on January 5, 1950, in New York by representatives of national organizations.

An outline of the original plant America program, offered in 1950, is applicable today. I quote parts of it:

"The program is predicated on the premise that the land is our most precious heritage. It is believed that the objective of the program in its entirety can only be accomplished by replanting our forests, our farms, our cities, our roadsides, our church and school, or home and factory grounds wherever the need lies.

"For the first time in history our farm population generally is prosperous. But much still needs to be accomplished for a more fruitful and abundant farm home life. Landscaping and improved design of farm homesteads, farm home fruit gardens, landscaping and planting of grange halls, rural schools and rural communities in general are needed.

"Most of our cities and towns have blighted areas that can be made green and beautiful by planting trees, shrubs, and flowers. Much has been accomplished by civic authorities, civic planning groups, park executives, and garden clubs. But here, too, we are just awakening to the task ahead. A consciousness of the fact that the land is our most precious heritage is sorely needed by the general public * * * for its own good. Open spaces, beautifully planted, seriously are needed in all metropolitan areas for recreational as well as conservational purposes; in fact, just for us all to look at, in order to fill our souls with beauty.

"Safety, conservation, beauty as well as happier motoring and recreation enter into the proper development of our roadsides. Despite the great achievements of highway officials and others, general public awakening is needed to prepare for and provide the most efficient use of these roadside facilities for all.

"Beautiful church and school gardens are rare rather than commonplace. Churches and schools can be made more beautiful and inspiring cultural centers through cooperation of educational groups, community improvement groups, garden clubs, parent-teacher associations, etc., in landscaping. This work easily can be accomplished at small expense if public consciousness is awakened to the task.

"Changes are developing in home landscaping and planting. Plantings are more natural, for better living. Outdoor living rooms, indoor-outdoor living on the home property, home fruit and rose gardens, climate control by planting to increase both inside and outside home comfort, are coming to the fore to enable a more enjoyable family home life. There is practical therapy in green growing things—pleasure and health combined. Plant America requires individual as well as group and community cooperation. We need to develop all our land for living, not just the house alone.

"Landscaped and planted industrial sites are important from the viewpoints both of community and employee relations, as well as increased value of the land.

"Plant America—for more natural living will help to conserve the land and the well-being and health of people. By instilling in the public mind a consciousness of the fact that 'the land is our most precious heritage' and by action in planting in accordance with both need and the proper design not only will plant America give Americans greater satisfaction in living, but it will make them more proud of their homes, their factories, their communities, and their country."

What has been accomplished?

Governors in 39 States have issued proclamations calling for more planting in their States.

The first was issued by Chester Bowles, then Governor of Connecticut.

It stated: "Land in the past has been abundant. Man in those days was able to ravage the land and move on to virgin territory. This lead to abuse. * * * Most of these blighted and barren areas can be made green and beautiful if all citizens fully realize their moral obligations to others in the ownership of private, civic, or State land. * * * Much of the future progress of our State and its rare natural beauty rests upon the extent to which we replant and care for all the land. Our State can produce more if we strive to make and keep it beautiful. Everyone will benefit in equal measure."

A highly sucessful State campaign was conducted in Ohio, as part of the State's sesquicentennial activity. Some 22 million forest seedlings and more than 3 million ornamental trees and shrubs were planted in a year by homeowners and organized groups.

The sesquicentennial's "greatest tribute to the past," Gov. Frank J. Lausche pointed out, "would be wise planning for the future." He added: "In this connection, tree planting for reforestation, beautification, and recreation, is of vital importance. The program encourages farmers to plant waste land; homeowners to plant ornamental and shade trees; municipalities to plant trees and shrubs; establishment of school forests, as well as other local programs featuring the plant Ohio project."

The program in Ohio was efficiently organized. All State departments and 65 private organizations were represented on the plant Ohio committee, under the direction of an executive committee, which was headed by the Governor and comprised representatives of the Ohio Department of Natural Resources, the State chamber of commerce, Ohio Nurserymen's Association, forestry associations, garden clubs, the Agricultural Extension Service, and the federation of soil conservation districts. County and local committees were formed to work on publicity, school and community forests, beautification of factory sites, planting of trees and shrubs around homes, public plantings, industrial reforestation, rural reforestation, and sources of planting materials.

Many community plantings grew out of the effort in Ohio. A plant Columbus program was a forerunner for that city's establishment of a large municipal rose garden.

In a natural course of events, the plant America program expanded into plant (State, county, and city or town) programs.

The plant America program includes the dissemination of information that will help homeowners upgrade the values of their properties by landscaping and beautifying them. It includes standards for nursery stock and a guide for home landscaping. A movie was produced, "Basic Technique for Home Landscaping." Materials on the pleasures and values of garden living are made available for use in newspapers, magazines, radio, and television.

In relation to cities, schools, highways, and factories, the program attempts to do much the same within the limits of a small budget.

An industrial landscaping competition is conducted with awards for "achievement in industrial and institutional landscaping and beautification contributing to employee and civic pride in our American heritage."

Among the 200-odd winners of awards are the Reader's Digest, Pleasantville, N.Y.; General Motors Corp.; the Washington Water Power Co. in Spokane; the Board of Water Supply, Honolulu; church groups; the little St. Cyprian School in River Grove, Ill.; the Shelburne Museum in Shelburne, Vt.; and the Boscobel restoration, Garrison, N.Y.

Some striking benefits of industrial landscaping have come to light.

A cement company found that trees and shrubs helped to hold down dust and reduced absenteeism.

Some restaurants have reported that good landscaping increases patronage. Banks, department stores, and shopping centers use landscaping to attract and win the approval of customers.

The plant America movement took cognizance in 1950 of the need for roadside landscaping. Meetings were arranged with landscape authorities and engineers to find economical methods for functional landscaping. The outgrowth was an illustrated booklet, which outlined 10 purposes of highway landscaping:

To screen out, where necessary, blinding headlight glare of cars in opposing traffic lanes; stop fast-moving cars with little or no damage to their occupants at dangerous intersections; relieve monotony and lessen fatigue; delineate curves and serve as directional traffic guides; restore natural beauty; reduce traffic roar and serve as buffers to adjacent residential areas; screen off unsightly, distracting views; serve as natural snow fencing; control erosion on slopes; and make rest areas.

One development seems particularly interesting. In Tuscaloosa County, Ala., all home grounds bordering on a highway were landscaped to enhance the beauty of the route. The plan has possibilities in improving and beautifying secondary and rural roads after the manner of azalea trails, dogwood trails, and other trails, which attract tourists.

When the plant America program first was visualized, contact was made with the National Education Association. A great deal of attention is devoted to instruction in planting.

The American Association of School Administrators advises sound recommendations for landscaping and planting school grounds. Annual Arbor Day tree plantings are performed on some school grounds. There is great need, however, for more widespread planting and landscaping of school grounds. It is incongruous that students are taught principles of land conservation and planting, while many of their school grounds and athletic fields are bare, eroded, and ugly.

The planned planting of school grounds affords a basis for practical instruction in the conservation of land and in plantlife. Well-landscaped and planted schools encourage school pride among pupils and teachers. Beautiful school grounds encourage community pride and greater support for education. Landscaped and planted schools afford a more pleasing recreational environment and are a facility for recreation in themselves.

Landscaping and planting should be a requirement along with the construction of all new schools, as recommended by educational administrators. Where this has not been done, it should be accomplished by local cooperation, along with education by teachers of the reasons behind caring for the land by planting and conserving it.

The Chicago Community Trust gave $10,000 to the Chicago Horticultural Society to encourage schoolchildren to take up gardening: "We think gardening will make a good long-range hobby that the children will benefit from all their lives. More immediately, we think it will curb vandalism. People who learn to grow things are less likely to destroy trees and flowers or other people's property."

The first community planting project under the plant America banner was carried out in Grandby, Conn., in August 1951, during Plant Connecticut Week. All public grounds in the town were landscaped and planted, including schools, churches, and the firehouse. Local groups cooperated to serve luncheon to the planters and the nurseryman who supplied the plants. Since this project was completed, the nurserymen each year have landscaped and planted grounds of a public building to commemorate a Plant Connecticut Week.

Another planting project, in Stow Village, Mass., was sponsored by community groups, a garden club, the extension service, and New England nurserymen. The grounds of three churches, two schools, the town hall, and the library were landscaped.

Some of the subsequent activities include the planting of dogwood trees given to Morgantown, W. Va., to start a planting project; a tourist arboretum in Tennessee; sample highway plantings in many States; the establishment of municipal rose gardens; and 71 planting projects in Iowa towns through the cooperation of garden clubs, 4–H, Future Farmers of America, Boy Scouts, and others.

Los Angeles planted 296 trees in a 10-block area in downtown streets in 1962. The Textile Association of Los Angeles has a goal to plant 300 trees in the garment area. Living flowers in containers also add color to the area.

New York City's Salute to the Seasons program, in which thousands of trees, shrubs, and bulbs have been donated by business firms, is another example.

The New York City Commerce Department issued a booklet that said: "Massed plantings along major thoroughfares * * * are intended to alleviate this hunger (for green growing things) by bringing greater beauty to our city * * * to make New York a pleasanter place in which to live and work * * * a more attractive place to visit."

Along Lincoln Boulevard in Miami and in Kalamazoo, Mich., where a central mall has been planted, and in other cities, the results of such plantings have been strikingly beneficial. Where they have been made a part of the permanent planning of the city, they have been most successful. Where temporary, they sometimes have failed. Good maintenance is necessary.

A successful program was carried out in Spartanburg, S.C., a city of 45,000 population, in 1962. Banks, industrial firms, and retail firms cooperated with the Men's Garden Club, the sponsor of the project. In various projects there have been planted: 210,000 bulbs, 200,000 azaleas, 1,600 rose bushes, 50,000 pansies, and 6,000 petunias. Some of the plants are in a garden in which citizens can choose labeled varieties for their home grounds.

In North Carolina, Charlotte and Winston-Salem have planted roses and trees in expressway medians. Greensboro has appointed a city beautification coordinator.

A Plant America Award for landscaping was presented in 1962 to Mayor Melvin T. Matlock for the town of St. James, Mo. Many local trees had lost their vigor in an extended drought. The citizens, helped by the James Foundation, planted 4,000 sweetgum, flowering crabapple, and holly trees. These plantings gave this small town new beauty and new spirit. Townspeople talk about "the new St. James" and plan to develop a three-block-long strip in the center of town into a central plaza, to be planted with grass, shrubs, and trees.

Various community projects have been taken up at times, as recommended in the plant America program, such as establishment of community gardens; street tree plantings; landscaping and planting around public buildings, including airports; plantings around tourist accommodations, such as gasoline stations and motels and hotels; plantings of highway entrances to the community; developing local parks; cleanup and planting of the banks of local streams; establishment of community forests for recreation; and the planting of flowering plants, or trees, in order to make the city or town known for spectacular azalea, rose, dogwood, lilac, flowering crabapple, cherry, or similar plantings.

As every municipality grows, a long-range program for planting and beautification of land, including acquisition of new park lands, becomes necessary.

Planting America is an extremely rewarding goal for all—individual, community, State, and Nation. With needed and widespread cooperation, our country almost everywhere can be made to "sing with beauty."

Mr. LAUSCHE. Mr. President, I appreciate very much the statements made by the Senator from Wisconsin in calling attention to the article beginning on page 552 of the Agricultural Yearbook. It describes a program adopted in Ohio in 1953. The program was named "Plant a Tree in 1953, the Sesquicentennial Year of Ohio." It is a good program, and it would be well if it were followed in many other States, too.

In that year of the Ohio sesquicentennial celebration, there were planted in Ohio 22 million forest pine seedlings and 3 million ornamental trees. They were planted without expense to anyone, except the very low price charged for the seedlings which were delivered.

The program was followed in 1954, 1955, and 1956. In each year the planting of grasses, flowers, shrubs, trees, and legumes was encouraged through a centrally directed program, followed identically in each of the 88 counties of the State. In each of those years more than 20 million trees were planted. I make the statement, not critically, but regrettably, that the program was allowed to die in 1957. My hopes are rather poignant that the program will be reestablished in Ohio, because if there is anything we need, it is covering the ground with vegetation and trees at a time when concrete seems to be the covering everywhere.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, on behalf of myself, the Senator from Idaho [Mr. CHURCH], and the Senator from Louisiana [Mr. ELLENDER], I call up my amendment No 256 to the committee substitute.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 40, line 5 in the committee amendment, it is proposed, in lieu of "$400,000,000" to insert "$380,000,000".

Mr. MORSE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, the colloquy this afternoon will show that the amendment is the one which the Senator from Idaho [Mr. CHURCH] suggested that I consider in case my proposal to make a $50 million cut in supporting assistance were defeated. The Senator advised me that he would like to join me in the amendment after the vote on the proposed $50 million cut.

The amendment would cut the supporting assistance program $20 million, to the House figure. It would be an important $20 million saving. It would be an important saving from the standpoint of the merits of the amendment itself in regard to the foreign aid program. We ought to be willing to take $20 million out of that bloated program, for it is a highly inflated program.

In my judgment, it is very much in the interest of the taxpayers of this country to take the House figure of $380 million, but it is important also from the standpoint of the parliamentary situation in the Senate in regard to which conversations are still in progress. The road ahead to a final vote on the bill can be a very long one. We shall do our best to make a fairly substantial cut in the bill. But, as I have said before, the Senate should try to take another $40 million out of the bill and then devote its attention to policy changes in the bill. That is the position of the senior Senator from Oregon, although he cannot speak for others, and would not purport to do so. But so far as my money amendments are concerned, I would not be offering them, but I would be free to vote for any that any other Senator would offer, if some were offered.

We must face the fact that there is not a chance, in my opinion, of obtaining a final appropriation of more than $3 billion for foreign aid. The administration forces do not like to face that prospect, but I think they will discover it to be a fact. Furthermore, if we go to the House with a conference situation between $3.7 billion and $3.5 billion, Senators know as well as I do where the compromise will come. But it is up to the Senate to work its will. It can have it any way it wants it. The Senator from Oregon, of course, will continue to exercise his parliamentary rights.

The amendment before the Senate is one which the Senator from Idaho [Mr. CHURCH] and the senior Senator from Oregon offer on its merits. We also accept the House figure, which is $380 million.

Unless some other Senator wishes to speak, I intend to suggest the absence of a quorum to bring the Senator from Idaho to the Chamber, for he desires to speak on the amendment. He is on his way to the Senate Chamber at present.

Mr. LAUSCHE. Mr. President, will the Senator withhold his suggestion?

Mr. MORSE. I am glad to yield the floor.

Mr. LAUSCHE. I would not venture to speak, except that the Senator from Idaho is coming to the floor of the Senate.

Mr. MORSE. I yield the floor.

UNESCO AND NATIONALISM

Mr. LAUSCHE. Mr. President, I have a letter from a constituent pointing out the context of a resolution adopted by UNESCO. The constituent states that UNESCO Publication No. 356 makes the following statement:

> As long as a child breathes the poisoned air of nationalism, education in world mindedness can only produce rather precarious results. It is frequently the family that infects the child with extreme nationalism. The school should use means to combat family attitudes that favor Jingoism. We shall presently recognize in nationalism the major obstacle to development of world mindedness and world peace.

That statement is contained in a document issued by UNESCO. I assume that UNESCO has forwarded to the United Nations that fantastic conclusion which it reached about the evil to the people of the world caused by persons being taught to be nationalists. I suppose that when the suggestion comes before the United Nations it will not be adopted. I am sure that if it ever came before the Foreign Relations Committee or the Senate, the proposal would be vigorously rejected. However, I feel that Senators and Representatives ought to be acquainted with what UNESCO advocates. It tells the people of the United States, "Do not teach your children to be patriotic or nationalistic. Teach them to be internationally minded, because with national mindedness there will never be world peace."

I wish to offer only one word of advice to these modern, sophisticated, socialistically minded advisers. I do not care how many resolutions are adopted by UNESCO nor what the United Nations does, or what the Congress does. The nationalistic and patriotic attitude in the hearts of Americans and their feelings toward their country will not be extinguished.

I have asked the Foreign Relations Committee to check into the actual situation as it prevails in UNESCO, to find out what nations voted for the resolution, and whether our country subscribed to this policy. Later, I shall speak again on this subject.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. CHURCH. Mr. President, I am pleased to join in cosponsorship of the pending amendment, which would cut $20 million from the military support feature of the foreign aid bill. The effect of the amendment would be to reduce the committee figure to that already approved by the House.

As the Senator from Oregon knows, I was unable to support his earlier amendment because I felt that this feature of the bill should not be cut below the level already approved by the other body. However, I feel military supporting assistance is the best place to effect a further cut from the Senate committee figure, because it is in connection with military support that we are extending aid to those countries which get the lion's share of American aid—countries which, in my judgment, are getting a disproportionately large slice of the American aid melon. I believe the $20 million cut can easily be made, without impairing the aid going to any of these countries. I also believe that if the Senate should approve this amendment, it would be taking a step toward resolving some of the difficulties, some of the barriers still to be surmounted if we are to bring the bill to a final vote.

Adoption of the amendment would expedite the resolution of further difficulties and help Senators to reach an early vote on a measure which has now been debated for nearly 2½ weeks.

For these reasons, I hope Senators will see fit to join in support of the amendment.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. PROXMIRE. I should like to ask the distinguished Senator from Idaho, as cosponsor of the amendment, if the proposed reduction in supporting assistance would bring the level of supporting assistance in the bill more closely in proportion to the military assistance reduction than otherwise? As I understand, the committee recommendation for military assistance has been reduced from $1.3 billion to $1 billion.

Mr. CHURCH. The Senator is correct.

Mr. PROXMIRE. The amendment, I take it, would reduce the supporting assistance amount closer to that same ratio. I assume that the administration and the committee computed some kind of relationship. As I understand supporting assistance, it is to provide economic assistance to countries suffering under a heavy burden of armaments, to keep them from being crushed under the burden. If we reduce military assistance, it makes sense to reduce it in proportion to the military support. Is that not correct?

Mr. CHURCH. That is correct. This feature of the bill lies outside the so-called "powerhouse" amendment, which involved a cut of $300 million in military assistance. This amendment would effect a somewhat proportionate cut in military support, which would be consistent with the action already taken with respect to military assistance. This is still another reason why adoption of the amendment would result in a better balanced program, overall.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE], for himself, the Senator from Idaho [Mr. CHURCH], and the Senator from Louisiana [Mr. ELLENDER], to the committee amendment in the nature of a substitute, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr WALTERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. COOPER] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 51, nays 41, as follows:

[No. 231 Leg.]

YEAS—51

Allott
Bartlett
Beall
Bennett
Bible
Burdick
Byrd, Va.
Cannon
Carlson
Church
Cotton
Dodd
Dominick
Eastland
Edmondson
Ellender
Ervin
Goldwater
Gruening
Hill
Holland
Hruska
Jackson
Johnston
Jordan, Idaho
Long, Mo.
Magnuson
McClellan
McGovern
McIntyre
Mechem
Miller
Morse
Mundt
Nelson
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Simpson
Symington
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough
Young, Ohio

NAYS—41

Aiken
Anderson
Bayh
Boggs
Brewster
Byrd, W. Va.
Case
Clark
Dirksen
Douglas
Fong
Fulbright
Gore
Hart
Hartke
Hayden
Hickenlooper
Humphrey
Inouye
Javits
Keating
Kennedy
Kuchel
Lausche
Mansfield
McCarthy
McGee
McNamara
Metcalf
Monroney
Morton
Moss
Muskie
Neuberger
Pastore
Saltonstall
Scott
Smathers
Smith
Sparkman
Williams, N.J.

NOT VOTING—8

Cooper
Curtis
Engle
Jordan, N.C.
Long, La.
Stennis
Walters
Young, N. Dak.

So the amendment offered by Mr. MORSE, for himself and other Senators, to the committee amendment in the nature of a substitute, as amended, was agreed to.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HICKENLOOPER obtained the floor.

Mr. ELLENDER. Mr. President, will the Senator yield so that I may modify my amendment?

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that I may yield to the Senator from Louisiana for the purpose of having his amendment laid before the Senate, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I call up my amendment No. 244. I ask to modify the amendment in line 6, page 1, by changing the figure "1963" to "1964."

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana, as modified, to the committee substitute, as amended, will first be stated.

The LEGISLATIVE CLERK. It is proposed, on page 41, in the committee substitute between lines 8 and 9, to insert the following:

(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) Notwithstanding the provisions of section 614(a) of this Act, the value of grant programs of defense articles for African Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed $25,000,000.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African Republics.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. HICKENLOOPER. Mr. President, I should like to offer a few comments on recent developments in Argentina, and I select this country for two reasons. First, I think it is generally agreed that Argentina has probably the best potential for development into a stable and self-sufficient free country in its part of the world.

Mr. MORSE. Mr. President, the Senator is delivering a very important speech. I would like to have the Senate hear it.

The **PRESIDING OFFICER**. The Senate will be in order.

Mr. **HICKENLOOPER**. I may say parenthetically that the general principles which I shall attempt to develop in my remarks apply to any other countries in Latin America which are engaging in or planning to engage in expropriation of American property, and to any countries in any other part of the world which are engaging in or planning to engage in the expropriation of American property.

Argentina has many advantages not generally shared by most other South American countries, among which are a highly literate population which is predominantly European in stock, the absence of vast land reform problems, plus the possession of natural resources which are considerable.

My second reason for selecting Argentina is that what is happening there has a direct relationship to some of the difficulties our foreign aid efforts are facing in other areas.

On the basis of such measurements as per capita gross national product, number of telephones and radios, miles of railroads and highways and the like, Argentina is already one of the most highly civilized and advanced countries in South America. Its major challenge is to achieve stability of government and to put into practice sound economic policies which can eliminate the effects of years of mismanagement, inflation, a wasting of assets, decline of agriculture, and deficits both in its budget and its balance of payments.

The plight of the Government-run railroads provides a good example of the kind of economic chaos which has been allowed to develop. The volume of freight carried has fallen from 60 million tons in 1942 to less than 30 million tons; yet in the same period, the number of railroad workers has climbed from 90,000 to over 225,000. The result is an annual deficit of some $300 million which the Government is forced to cover.

Such examples can be found in nearly every sector of the economy. In fact, over recent years there has been only one bright spot of any consequence in the whole picture, and this is in the petroleum industry. For years, imports of oil had been steadily rising, in spite of the fact that there is oil within the country. By 1958, Argentina's total annual oil production amounted to only 36 million barrels, and the nation was forced to import some 65 million barrels to meet its needs. Oil was in fact the largest import item, and cost roughly the Argentines $220 million a year in foreign exchange.

Looking back over the painful history preceeding them, the Government at that time decided that a different approach might be worth a try. For almost half a century, the control of oil operations had been in Government hands. Foreign capital and experience had been largely excluded. But faced with such a phenomenal deficit in the balance of payments from a single source, the Argentine Government decided to try a new approach.

It invited outside capital and assistance to supplement the state's own efforts, and the results have been dramatic. In the long decades preceeding this event, petroleum production had been built up gradually to 36 million barrels a year, against imports which had climbed to 65 million barrels, as I have noted.

In the 4 years following the time the Argentine Government opened the doors to assistance from private enterprise, the production of oil nearly tripled, while the amount the country has to import has been reduced by roughly 70 percent. In 1962, production had reached nearly 100 million barrels, while imports had shrunk to less than 20 million.

I believe when we get the accurate figure at the end of 1963, it will be even more startling. In terms of foreign exchange, Argentina's expenditures for buying petroleum or oil products were cut from $220 million a year to $75 million, and the goal of self-sufficiency was in sight. There was even talk of an exportable surplus.

Behind this tremendous accomplishment lie some interesting facts. In general terms, what it took to make the job possible was a combination of capital, technology, and efficiency—in all of which the Argentine Government had been lacking. These key elements were supplied by American oil companies, in competition against each other, who came in, negotiated contracts running up to 40 years, and proceeded to supply the money, personnel, equipment, and techniques which turned the tide.

To date, these companies have invested an estimated $300 million in Argentina since 1958. Their experiences have varied. Several companies have spent close to $50 million in largely unsuccessful exploration efforts. Another company, which has developed production, brought in some $60 million in capital and reinvested another $40 million from the sale of the oil in further exploration and development activities. In general terms, these companies have continued to invest money in Argentina, without any significant return thus far.

This kind of confidence in the country's future has also bred confidence. In addition to the direct investment in exploration and development, there has been the predictable economic fallout in other areas, bringing additional outside investment in transport, refining facilities, and petrochemicals—which together have been estimated at close to another $100 million, added to the economy.

If we add to this the further stimulation to the economy in terms of royalties to the provinces for oil and gas produced within their territories, plus the very basic fact that the oil industry has provided a growing number of jobs for nationals over a period in which nearly every other segment of the Argentine economy has been stagnant, we recognize that here is a very substantial contribution to the development of the country.

This has been done with private enterprise, private investment, and private venture.

I should note that it has also been a real contribution to the pocketbook of the American taxpayer, since here is something approaching a half-million dollar shot in the arm to a country we want to help, but which did not have to come out of U.S. foreign aid, the International Monetary Fund, the World Bank, or any other of the many organizations to which we so largely contribute.

One could be pardoned for assuming that the Argentine Government would also recognize the magnitude of this contribution to the welfare of its people. Unfortunately, this does not appear to be the case. There is now a new government in office in Argentina, and one of its major articles of political faith seems to be a determination to abrogate the contracts or to nullify them to use their own language, negotiated by the previous government with the U.S. oil companies.

While it is perhaps not too difficult to appreciate the political charm of sloganeering about "throwing out Yankee imperialists" during a Latin-American election campaign, it is very hard indeed to discern any semblance of rationality in such an action in this instance. In practical terms, this would amount to a frontal attack on the only really sound and hopeful economic development that has occurred in that country in the last decade.

The reasons expressed by the new government for this extraordinary proposal have been rather nebulous thus far, consisting mainly of charges that the contracts are illegal and uneconomic. The only argument which the government has advanced regarding their legality, to my knowledge, is that the contracts were not submitted to the Argentine Congress for ratification.

While I am no expert on Argentine constitutional procedure, I cannot help but be impressed by the logic of some of the comments which the oil companies have made in this regard. As they point out, the agreements merely put them in the position of hired contractors. They have engaged to spend a good deal of money, time, and effort in trying to find oil—but any oil found becomes automatically the property of the government. The companies do not have title to it. They cannot export it. All they can do with it is deliver it to the government at a previously agreed upon price. Both legally, and in effect, they are simply contractors hired by the state oil agency to help do a job which that agency had neither the capital nor the ability to do itself.

If the state oil agency has to get the approval of congress to hire a contractor, then presumably the state-run railroad would have to get congressional approval to sign a contract to repair freight cars. The oil companies assert that there is no such precedent in Argentine law, or anywhere else for that matter, so far as anyone knows, and I find this quite believable. Any country which operated along these lines would have to keep its congress in session 24 hours a day.

Aside from this is the interesting fact that everyone accepted the contracts as legal and binding, and both parties attempted to live up to their terms for about 5 years, until a new government come in. I say "attempted to live up to their terms." The U.S. companies actually overfulfilled their contractual obligations. They drilled more wells and found more oil than even the Government had hoped at the time the agreements were made. While the country is still not self-sufficient in oil, it has gotten a good deal closer than anticipated in such a short period.

The Argentine Government's performance is not quite so good, not so much because it did not try but because of the general fiscal chaos which has existed within the Government. The state oil agency, to which the U.S. producing companies are obliged to deliver the oil, has not been able to pay for the oil. It is currently behind in its payments to the tune of tens of millions of dollars.

One American oil company alone is owed more than $28 million for oil it has produced with its own capital and know-how, and has delivered it to the Argentine Government agency. It is holding the sack for that amount of oil, to say nothing of any recoupment on its investment. Other oil companies are owed comparable amounts, in keeping with the extent of their operations and contracts.

As for the Government's other charge—that the contracts are uneconomic—it is unlikely that the oil companies would disagree with this assertion. They have clearly been uneconomic for the companies thus far, since the companies have continued to invest, and reinvest, and are left at the moment with not much to show for their effort except overdue bills.

Just why the contracts are uneconomic to the Argentine Government is difficult to see. As I have noted, they have saved the Government millions of dollars in desperately needed foreign exchange. As to the price the Government pays the companies for the oil—and this is quite apart from any considerations of sanctity of contract—it appears to be considerably less than the cost of oil of comparable quality imported from Venezuela, the Middle East, or anywhere else in the free world. The former Secretary of Energy and Fuels recently testified that the oil supplied by the contracting companies costs between 20 and 50 percent less than similar types of imported crude.

That is the testimony of Argentine officials themselves. The witness pointed out that this represents oil which the Government was in no financial or technical position to find oil and develop it itself.

Not only have the U.S. companies been supplying oil at lower rates than it could be imported; under their contracts they are also charging less for a barrel than the Government oil agency can produce it through its own efforts, on the basis of cost estimates submitted to the Congress by that agency. And on the basis of the Government's own per-barrel valuation, the value of the oil already delivered by one company exceeded the price charged by some $20 million. To put it another way, the Argentine Government has received oil for a price $20 million less than it would have cost to produce it itself, according to its own figures. Yet the Argentine Federal company has not even paid for all the oil.

When we add to these considerations the fact that, at the end of the contracts, the Government will receive free of charge all permanent facilities installed by the companies—including pipelines and other expensive installations—it is perplexing, to say the least, to find that Government calling the contracts uneconomic.

It is also appropriate to wonder what lies ahead. In order to find and produce the quantity of petroleum required to meet Argentina's growing needs over the next 9 years, it is estimated that an investment of some $1.7 billion will be required. This is an average of nearly $200 million a year, and it would be interesting to know where a deficit-ridden government and a bankrupt state oil agency would propose to get capital funds on this order, particularly if they pursue their presently announced course.

Abrogation of the oil contracts would, to a very considerable extent, succeed in drying up outside capital funds from all quarters and for all purposes. If a contract made with one government is likely to last no longer than the inauguration of the next government—particularly in South America—then the whole concept of long-term investment can no longer apply either, a conclusion which will be speedily drawn by potential investors everywhere.

From reports coming out of Argentina, it appears that some of the politicians there profess to see a solution by simply having the state oil agency take over all oil operations. That such a course would be naive in the extreme is rather obvious. The record indicates that the U.S. companies have done more to increase oil production in 4 years than the state had accomplished in half a century, and it took a large amount of capital in addition to know-how.

Moreover, Argentina simply does not have the financial capabilities to pay the costs of taking over the U.S. operations. Beyond this, it does not have the funds to commit to needed further oil development.

About the only foreseeable consequences of this cavalier course would be to render any contract with the Argentine Government next to worthless in international circles, while hastening the Argentine oil industry down the road its railroads have already gone.

One other alternative has been hinted at—that Argentina might make up its oil deficiency by importing Russian oil. It is no secret that the Communists would be delighted to see this happen. With the tragic example of Cuba before them, I doubt that a majority of Argentine citizens would care to follow that course, since they value freedom highly.

As I said at the start of these remarks, what is happening in this particular situation typifies some of the dilemmas facing our foreign aid program in a number of areas. It is my understanding that our viewpoint is that we wish to do whatever we can to assist freely elected governments throughout the world, where we can assist, with the necessarily rather imprecise goal in mind of advancing the cause of human freedom, in which we believe.

I have no quarrel with this objective; I support it. But at times it is hard to see how to go about it. Take the case in point. Here is a country which is emerging from the shadow of years of dictatorial rule which left a legacy of bankruptcy and economic decline. The Argentine people apparently want stability and economic growth, under an elected government. Since these are goals which we support, we have been trying to assist in this undertaking, with funds exacted from the American taxpayer and through freely made private investment.

But developments such as those in regard to the oil contracts are enough to give anyone pause. So far as foreign aid is concerned, we must recognize that we are dealing with a sovereign government, and that it is neither proper nor desirable on our part to presume to tell that government how to conduct its affairs.

When such a government proposes to follow a course, however, which is clearly designed to compound its financial difficulties—and damaging bona fide private American interests in the bargain—we had better ask ourselves how long we can continue to underwrite such experiments. We have no mandate from the American taxpayers to continue to pour their income down bottomless pits, and they appear to exist all over.

It is one thing to love thy neighbor as thyself, as the Bible enjoins us; but this is becoming a pretty large neighborhood. American aid just about blankets the globe. If every sovereign government on earth wishes to dig its own economic grave, it has a sovereign right to do so, I presume; but the American Government also has a sovereign right to refuse to pay the cost of excavation. Indeed, we could not do so even if we wanted to; there is simply not that much money in America, or anywhere else in the world, for that matter.

I think it might be helpful if this fact could be slightly better appreciated by some of the many countries which look to us for support. It might as well be understood that while the United States is willing to continue to contribute to the cause of freedom throughout the world, it does not plan to bankrupt itself in the process, and thus sacrifice its own freedom, leaving the field to the enemies of freedom.

To make this understood, I think we had better start today. One way to do this is to make it plainly understood that the U.S. Government is not prepared to give money, goods, or services to countries which will not even honor their obligations to U.S. citizens and corporations. Unilateral abrogation of such obligations by other countries should be understood to be synonomous with unilateral cessation of aid from this country.

Mr. MORSE. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. McINTYRE in the chair). Does the Senator from Iowa yield to the Senator from Oregon?

Mr. HICKENLOOPER. I have a number of newspaper articles, communications, and so forth, which I wish to discuss and to have printed in the RECORD, but I can do that a little later. They are in further reference to the amendments we adopted last year and to those we adopted this year in regard to these items.

I am happy to yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to ask about these amendments. The Senator from Iowa and I have held conversations, not only in regard to what is happening in Argentina, but also in regard to what is happening in other Latin American countries. The Senator from Iowa knows that I am very much concerned about the application of the Hickenlooper amendment to these situations. In fact, some of us considered trying to broaden the Hickenlooper amendment; but after my discussion with the Senator from Iowa, I am inclined to agree with his view that probably no other amendment is needed, if there is clear agreement as to what the Hickenlooper amendment already encompasses.

So far as the situation in Argentina is concerned, our proper course is very clearly indicated by the facts in that case. If the Argentine Government nullifies those oil contracts and refuses to follow the procedures of international law which the Hickenlooper amendment encompasses, and if the Argentine Government expects to share in any way in the economic assistance provided by the United States, our State Department must notify the President of the Argentine that the Hickenlooper amendment will be applied, and that there will be no "maybe" about it.

So my first question is—in dealing somewhat with a hypothetical case, but also relating to the situation in the Argentine—if the President of Argentina proceeds to nullify these oil contracts, is it the opinion of the Senator from Iowa that the Hickenlooper amendment will apply and the U.S. Government will be obligated to carry out its provisions, which, if a satisfactory adjustment of these claims is not made by the Argentine Government, will result in the cessation of our economic aid to Argentina?

Mr. HICKENLOOPER. In my opinion, the answer to that question is "Yes." I believe the amendment of last year—the provision now in the law—could be extended, by proper interpretation, to cover such a situation of nullification of contracts, as compared with expropriation or seizure of physical property. But certainly under the amendments we have adopted and under the additional amendment which now is before us, which specifically refers to nullification and to action which has the effect of destroying the property rights of individuals, I think there is no question that it applies and that it would have to be applied not only to nullification of these oil contracts, which have been in effect since 1958, but also to the fruits of them, of which Argentina has taken advantage. The latter point raises a further question, for this is not a question of nullification of contracts after they were entered into, but before performance was had under them—although under some legal concepts, damages might be due in that situation. On the contrary, in this case performance has been had, and the oil has been delivered under the provisions of the contracts, and up to this time the contracts have been consummated in full good faith. Therefore, at this time nullification would amount to a direct seizure of property rights, and the amendment will apply.

Mr. MORSE. The Senator from Iowa and I have talked with other members of the committee and other members of the subcommittee—because both of us are members of the Subcommittee on Latin American Affairs; these members are very much concerned about whether the nullification amendment applies to this year's bill. I said to them that I think it does. However, this is a good time to clarify that situation and to leave no doubt about that matter.

Will the Senator from Iowa take time to refer to the Hickenlooper amendment of last year and also to the proposed changes in it, as contained in this year's bill. In my opinion this supports his contention, in which I join, that the Hickenlooper amendment, as it will be in existence after the enactment of this bill, will cover the Argentine oil contract nullification case.

Mr. HICKENLOOPER. I shall be very happy to do so; and I think it should be made part of this record.

I call the attention of the Senator from Oregon and the attention of other Senators to the report of the Foreign Relations Committee on House bill 7885, dated October 22, 1963, at page 67, and to the item on that page beginning with "(e)". I ask unanimous consent that this portion of the report be printed in the RECORD.

There being no objection, the excerpt from the report (No. 588) was ordered to be printed in the RECORD, as follows:

> (e) The President shall suspend assistance to the government of any country to which assistance is provided under this *or any other* Act when the government of such country or any [governmental] *government* agency or subdivision within such country on or after January 1, 1962—
>
> (1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or
>
> *(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or*
>
> [(2)] *(3)* has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, *or has taken other actions,* which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,
>
> and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such [action or after the date of enactment of this subsection, whichever is later] *action or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received*) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including [equitable and] speedy compensation for such property in convertible foreign exchange, *equivalent to the full value thereof,* as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be [.]*;* and such suspension shall continue until [he] *the President* is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.
>
> *Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection) the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.*

Mr. HICKENLOOPER. Mr. President, the amendment of last year provides as follows:

> (e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any agency or subdivision within such country on or after January 1, 1962—
>
> (1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or
>
> (2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

Then it provides the methods of determination, arbitration, and so forth.

I have read the language down to that point, as contained in the present law. Now I read the additions which were made in the committee this year, in strengthening that language.

The present law reads as follows:

> (e) The President shall suspend assistance to the government of any country to which assistance is provided under this—

And this year we added—

> or any other.

The words "or any other" were added this year. So the language would then read:

> (e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other act when the government of such country or any—

And we substituted for the word "governmental" the word "government"—

> government agency or subdivision within such country on or after January 1, 1962—

Paragraph (1), which I read a while ago, would remain the same.

Then we added (2), a paragraph which reads as follows:

> (2) has taken steps to repudiate or nullify existing contracts or agreements with any

> United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or—

Then we pass to the new (3), which was the old (2), which would read—

> (3) has imposed or enforced discriminatory taxes or other exactions or restrictive maintenance or operational conditions—

And then we would insert the words—

> or has taken other actions—

Continuing to read the section—

> which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

One of the reasons for inserting the words "or has taken other actions" is that that language would give a direction to the President to use broad discretion in determining the rights and interests of American property abroad. We name it as specifically as it is reasonably possible to do so. The language "or has taken any other action" would have that effect. The President would have the responsibility and the discretion to determine when American property is being seized.

The present law provides, in effect, that those provisions would go in effect if "such country, government agency or government subdivision fails within a reasonable time—not more than 6 months after—such action or after the date of enactment of this subsection, whichever is later."

The law passed last year provided "to take appropriate steps," and so on. This year we have inserted the language that where the country, Government agency or Government subdivision has failed to take, "within a reasonable time—not more than 6 months after such action or"—I am now reading the insertion—"action or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than 20 days after the report of the Commission is received."

We added that language because there is a new addition calling for a referral to the Foreign Claims Settlement Commission, for the reason that that Commission has machinery and legal history to set up for evaluation foreign held properties as a result of their experience in settling foreign claims, at least especially following World War II.

All of what I am talking about will be in the RECORD.

Another provision provides for the President to request the Foreign Settlement Claims Commission to evaluate such property. He would then make a determination as to whether or not the valuation set on the property abroad would be a reasonable valuation or not. If it is considered to be unreasonable or unfair, he must withhold aid. If it were a fair evaluation, it would be up to the owners either to take it or leave it. If they should prefer not to take it, and the determination should be that the valuation was a fair valuation, then, of course, they would be left to their own devices within the countries to fight it out in any way they might desire.

Mr. MORSE. Mr. President, I thank the Senator from Iowa for joining me in making the legislative history. The language from the old act, with the previous Hickenlooper amendment, plus the new language in the bill that has come to the floor of the Senate from the committee, leaves no room for doubt that it covers nullification of contracts in which property values, as well as outright expropriation of property, are involved. The American business concerns that have expressed such great concern to the Senator from Iowa and to the Senator from Oregon ought to appreciate the fact that the Senator from Iowa sought to draft language that would protect them in connection with almost any possible contingency that could develop if a foreign government should seek, by one means or another, to expropriate the value of the property or nullify contractual relations that would have a bearing upon the value of the property.

As the Senator knows, the Kennecott Copper Co. has extensive copper mining holdings in Chile. So does Anaconda Copper Co. I have met with officers of the Kennecott Co., as has the Senator from Iowa. I have told them that I know nothing about the merits of their case, just as I know nothing about the merits of the case of the American oil companies in the Argentine. It is not for me to pass judgment on the merits of the case, however. It is a Senator's duty, as I see it, to make certain that procedures are established under which these companies would have an opportunity to establish the merits of their case and under which they would be protected from unfair discriminatory practices against them on the part of any foreign government because they are American concerns.

As the Senator knows, it is alleged by the Kennecott Copper Co.—and they have made more than a prima facie case in support of their allegation—that the Chilian Government is following a discriminatory tax policy that is aimed at the Kennecott Co. It may discriminate against other companies. But there is no doubt about the fact that it discriminates against the Kennecott Co. if the allegations are accurate, and they appear to be.

The result is that the Kennecott Co. cannot operate its mining properties, and not being able to operate its mining properties, it is suffering great loss even in trying to maintain the companies. It looks upon this move on the part of the Chilean Government as an effort to finally force Kennecott either to dispose of its property in Chile for an unfairly low price or to abandon it and give up even trying to maintain it, which would thereby make it possible for the Chilean Government to enter into what would amount to a form of expropriation of the property.

Mr. HICKENLOOPER. It is situations of that kind which the words "or any other means" in this year's bill are intended to cover, by way of giving the President discretion to determine that those so-called "any other means" are in effect a denial of property rights, or the destruction of the rights of American owners in foreign countries, and would therefore call for the operation of this amendment. There is a responsibility on the administrator to use his discretion.

Mr. MORSE. Plus the language, now, in the new subsection (3), which was the old subsection:

> (2), has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

Mr. HICKENLOOPER. That is correct. There was a provision against discriminatory taxes in the amendment which we put in the bill last year, but we wish to add the words, "or has taken other actions." It is a fine distinction, when one comes to argue with some of the "legalistic" people in foreign countries.

Suppose the Government owns a part of the mining industry, and private operators own some other portion of the mining industry. The Government could very well conduct its own mining without regard to taxes, but could levy taxes upon the one or two other privately owned businesses in an amount great enough to drive them out of business.

The Senator referred to the company in Chile. The company has had imposed upon it, according to my information, a tax of 87 percent of net profits, leaving only 13 percent. I do not have the details, but the government refused to allow what are recognized in this country as the ordinary expenses of doing business. They toss items into "net profits" which are not net profits at all, but are current operating expenses. The company is going backward all the time. The government is proposing new requirements for expansion—new buildings; new this, that, and the other thing—which are beyond the capacity of the company, if it is to keep its nose above water. It cannot operate in that kind of situation.

Those are discriminatory taxes. Those are excessive requirements, which are, in effect, a confiscation of the property of Americans.

Mr. MORSE. They seek to impose requirements for expansion on the company and force it to operate at a loss, apparently in the hope that forcing it to operate at a loss will also force it to sell its properties for a song, and get out of Chile. There are other copper companies that could very well find themselves in the same position, if they do not watch out.

Mr. HICKENLOOPER. The Senator is correct. The threatened oil property expropriation in Peru, is in many ways patterned after the Argentine proposal.

Mr. MORSE. That is correct.

Mr. HICKENLOOPER. In northwestern Peru along the desert area and the ocean, many millions of dollars were spent by American and other oil companies in an attempt to develop oil fields. The program did not develop too successfully. There is a geologic promise of oil in the Iquitos area, the area back of the mountains. It has cost millions of dollars to fly in equipment and American engineers and technicians to cover the jungle. People have been living in the jungle for years. Private companies have put up their money, exploring on behalf of the Government of Peru under contracts and agreements.

I now understand that there is good promise of oil fields being discovered after years of effort and the expenditure of millions of dollars. But now that oil fields have probably been discovered the proposal is made that Peru expropriate them, to take advantage of all the expenditures made. Such a seizure would be a repudiation of contracts and obligations.

Mr. MORSE. We must beware of such situations all over Latin America, if we let these precedents be set.

I have one final question. Will the Senator turn to section (e) on page 67 of the committee report, which reads:

> The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

Does the things listed thereafter. Does the Senator agree with me that the language "under this or any other Act" would prohibit the President of the United States from using his contingency fund to be of assistance to one of these countries, if it were determined the country had violated the terms and conditions of the so-called Hickenlooper amendment?

Mr. HICKENLOOPER. I believe it would. I believe it is broad enough to do that. It is the intent to cut off aid, bounty, gifts and assistance to countries which not only are using such for their own ulterior purposes but also are defrauding, in effect, American investors whom they have invited to come to those countries. There is one exception. We agreed to an amendment yesterday exempting the Peace Corps.

Mr. MORSE. And the cultural exchanges, also.

Mr. HICKENLOOPER. Yes; the cultural exchanges, as well. I voted for that exemption for various reasons. I believe that humanitarian operations probably have a little different complexion. It is my understanding and my intention—and I believe that of other Senators who voted for the amendment—that if the abuses are great enough, it is within the discretion of the President even to halt those operations.

Mr. MORSE. We made it very clear yesterday, in the legislative history, that the amendment did not put the Peace Corps in the position where it could not be taken out.

Mr. HICKENLOOPER. That is correct.

Mr. MORSE. Or that the cultural exchanges could not be stopped. That will fall within the discretion of the President.

Mr. HICKENLOOPER. We made that very clear.

Mr. MORSE. I should like to make another point clear, I completely agree with the statement of the Senator from Iowa about the situation in Chile or in Argentina. If it should be found after analysis of the merits of the positions of the companies involved, that those governments are following a course of action—Chile in regard to the Kennecott Copper Co., and Argentina in regard to the nullifying of contracts of these oil companies—in flagrant violation of the Hickenlooper amendment, the President would be prevented also from using the contingency fund to get around the Hickenlooper amendment.

Mr. HICKENLOOPER. I believe the Senator has correctly stated the case. I should like to invite attention to another contingency. There are problems of patent rights which were acquired and exist under law in those countries. Patent rights are not physical, tangible rights.

They are intangible rights, but rights, nevertheless. Many countries are threatening to seize American patent rights, to abrogate them and to destroy them, even though they were granted legally under the laws of the country, or under treaties or agreements, and have a limited time to run, as is the case in our own country.

Those rights are undoubtedly rights, just as tangible property rights are.

Mr. MORSE. Lastly, I spoke recently on the Chilean situation. Tomorrow I shall put in the RECORD, in support of legislative history being made tonight, further data dealing with the Chilean tax discriminatory policy in connection with American companies in Chile.

I say most respectfully to my President, "You had better prod your State Department to action, because Chile is proceeding with a course of action that cannot be reconciled with granting her any aid, until she changes her discriminatory policy against American business."

The paradox is that Chile, along with the Argentine and many other Latin American countries, has been pleading and begging to get foreign investors to come in. Foreign investors have been offered inducements to come into those countries. That fact places those countries under an obligation to follow a nondiscriminatory policy in respect to those investors—the same policy that is followed with respect to domestic investors.

There is an election campaign in progress in Chile, and candidates are vying with one another to see who can make the strongest anti-American statements; but we cannot let Chilean politics do irreparable damage to American investors, who, in my judgment, must be recognized as having some international law rights.

The State Department ought to be told to "get on the ball" so far as the Chilean and Argentinean situations are concerned, and make perfectly clear to those governments that if the merits of the cases substantiate the allegation that they are in violation of the Hickenlooper amendment, aid will be stopped.

It is our money. If they are going to take it, they ought to take it subject to reasonable terms and conditions that we are seeking to lay down in the foreign aid bill.

I thank the Senator for joining me in making the legislative history. The legislative history being made tonight will not be the last time we shall hear about the subject. We are making legislative history tonight that will arise again and again, and will cause some questions to be asked of the State Department—for example, "What have you done with respect to the Argentine and Chile, or any other country that follows a policy or takes steps that discriminate against American investments in those countries, when they are not protected? What have you done to put the Hickenlooper amendment into full force and effect?"

Mr. HICKENLOOPER. I thank the Senator for his contribution. To button this matter up, I shall put in the RECORD evidence of expropriation and seizure policies. I want to appear in the RECORD in connection with this discussion one thing about which the Senator well knows, because we have discussed it. The Foreign Assistance Act already contains a provision as to the announced and adopted policy of the United States, in section 601, part III, chapter 1, under the head of "General Provisions." For ready reference, this language is contained in the report of the Committee on Foreign Relations on the pending bill, which I referred to earlier in my remarks. I read from page 60 of the report:

> Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions—

After referring to several other activities, the paragraph continues—

> and to encourage the contribution of U.S. enterprise toward economic strength of less-developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this act.

And so forth. We have announced that it is our policy to encourage these very people to go into those countries with American private capital, private enterprise, private ingenuity and money, whether it be in agriculture, mining, or electrical development, or other development. We have encouraged that with one hand, and with the other hand we have failed to stand up and protect the claims of those investors, and the equity of their rightful claims.

Mr. MORSE. The Senator from Iowa is correct.

Mr. HICKENLOOPER. That is all we are trying to reach. I think the sentiment of Congress is pretty well developed in that respect.

I call the attention of the Senator to an announcement which is very interesting. It is stated in a bulletin dated November 12, published by the Alliance for Progress: "U.S. Firm Studies Argentine Investment." It calls attention to the fact that Alcan Pacific Co. of Sacramento, Calif., an Alaskan corporation—and the Senator from Alaska should take note of this—with diversified experience in construction contracting is going to conduct a survey in the Argentine, and proposes to make an initial investment of about $1 million on some kind of development project. As the bulletin states, the company expects to obtain about one-half of this amount, equal to $900,000, in pesos and dollars from public and private lending sources. The Alliance for Progress is putting out further encouragement and announcements.

The constituents of the Senator from Alaska had better be very careful before they put any of their own money into that area by way of private investment, unless we make clear to those countries that American property will be equitably protected, one way or another, once it goes into that country with the authority and approval of the government that invited it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MILLER. First, I commend my able colleague for his very thorough and timely speech. I should like to ask a couple of questions with a view to adding something to the legislative history which was just discussed by the Senator from Iowa and the Senator from Oregon.

On page 67 of the report of the Committee on Foreign Relations, to which the Senator from Iowa just referred, I invite attention to the fact that subsection (e) reads:

> The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

Does certain things. Subsection (2) under subsection (e) has been added by the committee this year.

Is it the intention that any actions taken, as described in subsection (2), from January 1, 1962, on shall have the results that have been described with respect to the other items that were listed in the act last year?

Mr. HICKENLOOPER. That is the exact intention of the amendments. They refer back to January 1, 1962. It is the intention to have the amendments which we are adding to the present law become retroactive to January 1, 1962. I think that is pretty well understood by the State Department.

Mr. MILLER. So if an oil company had a contract repudiated after January 1, 1962, but prior to the date of the enactment of this act this year, it could seek relief under this act?

Mr. HICKENLOOPER. That is correct.

Mr. MILLER. I have another question——

Mr. HICKENLOOPER. Before the Senator goes to his next question, I point out that in the discussions in the committee and with Members of the Senate in connection with these amendments—I am sure I speak without fear of contradiction by committee members in connection with the intent of this legislation—it was believed that, if there should be any technical legal failure of any kind in connection with these amendments, there is still enough discretionary power in the Chief Executive to accomplish the objectives; and we expect the administration to do so, even though there may be some legal question under which someone may attempt to crawl in an attempt to avoid the conditions of this provision.

There is broad discretion in the act. We are merely trying to button it up doubly and triply.

Mr. MILLER. The Senator would like to have the administration take action about the way in which he would expect them to take action with respect to their own personal property or money in a similar situation. Is that correct?

Mr. HICKENLOOPER. I hope they do not handle their personal property in the way in which they handle Government property. Therefore, I do not know whether the comparison is quite apt. However, the Senator's observations are well taken.

Mr. MILLER. I should like to ask one or two more questions.

Mr. HICKENLOOPER. I yield.

Mr. MILLER. On page 67 of the report it is stated that if the foreign government, the recipient of our foreign aid, does any of these acts, and if "such country, government agency, or government subdivision fails within a reasonable time to take appropriate steps to discharge its obligations under international law toward such citizen or entity," and so forth.

I suppose that refers to the confiscation of property, and means that an appropriate payment should be made; and we provide further that it be made in convertible foreign exchange.

My question is with respect to the situation described in subsection 2 regarding the nullification of existing contracts?

We do not have the taking of property as such, but we do have damages. Is it the intention behind this provision that under international law damages which may arise from actions taken to repudiate or nullify existing contracts shall also be paid in convertible foreign exchange?

Mr. HICKENLOOPER. Yes.

Mr. MILLER. Equivalent to the full value of the damages?

Mr. HICKENLOOPER. Yes; there is a body of international precedent and law and agreement that has been built up. I am not quite sure what international law is. I know what it is said to be. I am not quite sure what it is, however. It is a hodgepodge of itinerant agreements, treaties, international agreements, and this, that, and the other thing. We could probably go back to the days of Genghis Khan, and pick up old parchments to seek out what international law is. However, there is a generally recognized procedure and form and system of evaluation, to the effect that we must give value for property seized. That principle is pretty well recognized.

Mr. MILLER. In other words, we want that procedure to apply with respect to damages which arise under a nullification of a contract.

Mr. HICKENLOOPER. Yes.

Mr. MILLER. I invite my colleague's attention to the wording of the act, about 10 lines from the bottom on page 67 of the report, where it is provided:

> To take appropriate steps, which may include arbitration, to discharge its obligation under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange.

We do not include speedy compensation for such property or damages.

Mr. HICKENLOOPER. No; I believe it was the intent of the committee that under our concept and the concept of most jurisdictions which have a system approaching ours, and even under international law, damages apply when a contract is subject to cancellation or nullification. I believe damages are included.

Mr. MILLER. When the Senator refers to speedy compensation for such damages, he means for such property in a broad sense, including not only personal property, but also property rights under contracts. Is that correct?

Mr. HICKENLOOPER. Yes. Damages under any view include property rights. That may have to be determined by hearing.

Mr. MILLER. The reason why I am asking these questions is that I am afraid that our experience has been that some interpreters of what we do in Congress like to play games with words; and we wish to make it clear that we are covering all reasonable contingencies, so that there will not be any confusion or any excuse that they did not understand what we intended, after they read the report.

My last question relates to the next item, in which reference is made to a failure to take steps designed to provide relief from such taxes. There are two ways to interpret that language. One would be that relief from such taxes would mean not imposing them in the future. That is a form of relief. At least we would not get hit a second time. I suggest—and I would like confirmation from my colleague—that the intention is not quite that easy, but that we intend, as I interpret it, that if discriminatory taxes have been imposed, the relief would relate to the imposed taxes, as well as any future taxes of like kind.

Mr. HICKENLOOPER. It most certainly is the intent, if discriminatory or confiscatory taxes have been imposed, that they be reexamined and readjusted on the basis of equity and fairness, and that, of course, under the law would be the responsibility of the Administrator to determine, or in such other forum as may be properly set up to determine that question.

Mr. MILLER. I thank my colleague.

Mr. MONRONEY. Mr. President will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MONRONEY. I compliment the distinguished Senator from Iowa for his very illuminating and thorough study and presentation of this issue. It strikes me if our aid is to mean anything it will have to be used to make a country self-sufficient. The Senator gave us a graphic illustration when he said that a foreign exchange drain that cost Argentina $220 million a few years ago has been cut to $75 million by the great assistance that has come from American oil companies.

It is my impression that these contracts were arranged at the convenience of the Argentine Government, knowing their fetish for preserving for themselves their mineral rights, and that in order to accommodate the Government of Argentina, the oil companies said, "We will contract with you. We will find the oil, if we can find it, and then we will deliver it to you at a price that will be far below the market price." That price was far below the price of the state-owned oil company.

Mr. HICKENLOOPER. Yes; the Senator is absolutely correct. However, it really goes beyond that. The state-owned oil company had been attempting for years to develop oilfields. They had developed a little oil here and there, but they did not have the money, and they did not have the techniques or the know-how or the competence to do it. They invited the American oil companies to come in and look over the field. They then entered into a contract which was in all probability one of the most advantageous oil contracts ever entered into. I happened to be down there after the contract had been in effect for 2 years. I talked with Argentine officials and with private individuals. Everyone was delighted with it. They were getting oil cheaper than they could produce it themselves.

Mr. MONRONEY. And they were saving foreign exchange.

Mr. HICKENLOOPER. Yes; they were saving foreign exchange. I have tried not to be extravagant in my statement in connection with what I have said. I have tried to underplay, rather than overplay it, but there is much competent authority which declares confidently that if the Argentine Government had met its commitments and had paid for the oil as it was received, probably at the end of this year it would have been self-sufficient in oil.

Mr. MONRONEY. Reinvestment of the payment for the American-produced oil to find new sources——

Mr. HICKENLOOPER. And new development.

Mr. MONRONEY. That is correct.

Mr. HICKENLOOPER. The Argentine oil fields—the Senator from Oklahoma represents, in part, an oil-producing State, so I will not attempt to tell him how an oil field is operated—are in a peculiar situation, so I am told. The oil fields and wells require constant attention and highly skilled know-how. It is not like putting a hole down in the ground and from then on not paying much attention. Oil wells require constant attention. Oilmen could probably describe the situation in more detail; I cannot. But that was one of the troubles. The Argentine Government did not know how to handle the wells. The wells are now producing oil, but the Government is not paying for it. They allowed American capital and know-how to be invested to the extent of $200 or $300 million, and are now proposing to confiscate and talk about settlement later.

Mr. MONRONEY. Is that not worse than expropriation? Labor, know-how, techniques, and machinery have been moved into Argentina, at the invitation and request of that country, is now taken without any alternatives being offered in the way of compensation. Argentina land, previously worthless, might now be worth millions of dollars, yet these oil companies would receive no compensation?

Mr. HICKENLOOPER. The land itself probably is not owned by the oil companies. I think the operations are on an employment or contractual basis, as I tried to point out; and under the agreements, at the end of the leasehold or contractual period, the property would eventually revert to the Argentine Government.

Mr. MONRONEY. The producing well would be left intact for the benefit of the country that had invited the oil company to come in. The oil company would be paid for its labor. The arrangement would be a labor contract.

Mr. HICKENLOOPER. That is correct.

Mr. MONRONEY. It would extend for several years, to compensate the company not only for its risk investment, but also for its labor and machinery.

Mr. HICKENLOOPER. It is a production contract.

Mr. MONRONEY. The companies took the greatest risk, it seems to me. The Senator is absolutely correct. The amendment seems sufficient to cover this situation, but does it apply to the Alliance for Progress loans as well as to other aid which is purely and exclusively American?

Mr. HICKENLOOPER. It does. It applies to any act under which we operate.

Mr. MONRONEY. Even though the act authorizes the placement of investments within a consortium such as the Alliance for Progress?

Mr. HICKENLOOPER. That is the intent.

Mr. MONRONEY. I think this is important. Even if a court should perhaps say that it is not, the Senator knows, and it is cited in the earlier reports concerning the act that it is our desire to assist countries by making them self-sufficient, but the act imposes upon the Chief Executive of the United States the obligation to take action of his own accord when there is a violation of the spirit of foreign aid, which we have so hopefully extended to so many nations of the world.

Mr. HICKENLOOPER. The Senator is correct. The President has power to do that in his discretion.

Mr. MONRONEY. There is no question about it.

Mr. HICKENLOOPER. Two interesting things have begun to develop.

When people begin to scheme how they can take the property of someone else, they develop some interesting theories.

The Argentine Government is now attempting to say—this was a political maneuver in their political campaign—that the contracts which were entered into in 1956 and 1957 were illegal; that therefore, the companies have no rights in them, and that the Government can nullify the contracts. The word "nullification" is used.

However, at the same time, the Government exercised the sole right of taxation on their property and said that it would retroactively tax the property under contract. That was illegal. Of course, if the contract was illegal, the taxes are illegal. There is no provision for taxes. But it depends on whose ox is being gored, as they cast their eyes upon the interpretation of the contract.

Mr. MONRONEY. Can the Senator from Iowa assure the Senator from Oklahoma and other Members of the Senate that even if the language in the amendment does not specifically include the Alliance for Progress, it is the intention of the Senate, in referring to any other law, that those laws authorizing our investment in the Alliance for Progress would be affected, and that the amendment would not only empower, but would in fact be a direction to the Chief Executive that under this set of circumstances the refusal to honor a just debt would bring into force the full effect of the Senator's amendment, even though it involved direct American aid?

Mr. HICKENLOOPER. The Senator is correct. The amendment refers to the AID programs; and the Alliance for Progress is a part of the aid program complex of the United States. It refers to the Alliance for Progress just as much as it does to any other aid program which is in operation anywhere in the world.

Mr. MONRONEY. I thank the Senator from Iowa and compliment him on his fine presentation.

Mr. HICKENLOOPER. I thank the Senator from Oklahoma for helping to develop the basis and effect of the amendment.

Mr. CARLSON. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. The Senator from Kansas is a member of the Committee on Foreign Relations. He can testify in his own right as to the intent, because he, too, labored on the amendment.

Mr. CARLSON. The Senator from Oklahoma raises an interesting point as to whether the Alliance for Progress might not be a part of our foreign aid program and therefore not be covered by the amendment on which the distinguished Senator from Iowa has worked not only at this session but in previous sessions.

The truth is that title VI of the act is the Alliance for Progress. There was never any question in committee that the Alliance for Progress was covered in the Senator's amendment.

Mr. HICKENLOOPER. There can be no question that the Alliance for Progress is an integral part of the entire international aid or assistance program.

Mr. CARLSON. If there had been any question, it would have been well taken care of because, as the Senator from Iowa has stated—and I want the RECORD to be clear—there was no division of opinion in the committee, among any of its members, as to what we thought was the meaning of the language; and what we wrote into the language is what is known as the Hickenlooper amendment. We wanted it to be all inclusive. We wanted it to be administered on that basis.

I pay my compliments to the distinguished Senator from Iowa for his continuing efforts in behalf of protecting American investors who, we hope, will go into other foreign countries and help to develop them on a private industry basis. The Alliance for Progress is one of our finest programs, and this is the type of amendment we need to protect private industry, and we hope it will.

Mr. HICKENLOOPER. I thank the Senator from Kansas. It is not my intention to protect any one individual from any other individual. What concerns me, and I am sure what concerns the Committee on Foreign Relations and the entire Senate, is that American investors who are invited to go into other countries and are encouraged to develop land by contributing their own capital, know-how, and risk, and will do other things which will add to the basic expansion of those countries that are less developed, will receive fair, equitable, honorable treatment, by any kind of moral and legal standards which we all recognize as just. We want equitable treatment for them.

The amendment is not an attempt to guarantee profits to any company. It is not an attempt to obtain for any American company any undue concessions. It is merely an attempt to guarantee that their investments, their property, their efforts, their techniques and know-how, will not be permitted to be used in a country under the guise of a fair contract or a fair proposition, and once they have developed something that is worthwhile, have the government of that country, under the claim of a taking for government purposes, take the creation of those people without adequate and full compensation.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. As the Senator from Iowa knows, I also am a member of the Foreign Relations Committee; and it is my conviction that in the drafting of this section, with the amendments which have been offered to it at this session, it was the intention of the Foreign Relations Committee to provide protection to American investment: first, against expropriation; second, against unlawful violation of contracts; and third, against indirect expropriation through the imposition of taxes or other exactions and excises by foreign governments. I think a reading of subsection (e) will disclose that to be the fact.

I know that the Senator from Iowa, in attempting to make this provision all-embrasive, insisted upon including, as new language in the bill, the following, which has pertinence to what the Senator from Oklahoma has said: "or any other act."

That addition and the others will make this part of the act read as follows:

> (e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—
>
> (1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or
>
> (2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or
>
> (3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned.

I concur in the statement of the Senator from Iowa that if by chance this language is not found adequate to reach the Alliance for Progress, the committee intended that it should be reached and that the President should not extend aid either directly to countries or indirectly to countries through the Alliance for Progress.

Mr. HICKENLOOPER. Yes.

There has been some rumor—although I do not allege this to be a fact, because I do not know—that certain Government officials in handling the program have been thinking about a device under which our aid funds would be put into an international pot, and when that international pot distributes the money, it will not be affected by expropriation within a certain country, and in that way an attempt might be made to avoid the impact of this amendment.

I say I do not know that is the case, and I do not allege that it is; but I have heard rumors that that is one device which has been discussed as a means of getting around this so-called Hickenlooper amendment and still getting the money to some of these countries, through an international intermediary or pot or account.

I merely wish to say to all and sundry in the Senate and in the State Department and elsewhere that of course that would be a most inexcusable subterfuge and avoidance of the clear intent, not only of this legislation, but also of the will of the Senate itself, in my judgment. I do not say that anyone in the State Department is attempting to do that; but those rumors have been going around.

Mr. LAUSCHE. I hope that is not true.

Mr. HICKENLOOPER. So do I.

Mr. LAUSCHE. I believe the provisions we have written into the bill contemplate aiding the countries to which we are sending help and contemplate insuring the doing of justice to the American investors whom we are encouraging to make investments abroad.

I should like to have a discussion with the Senator from Iowa about another point. He has pointed out the bankrupt condition of the Argentine economy because of the governmental ownership of the railroads and the oil mineral mines since 1958.

Mr. HICKENLOOPER. And also the telephones.

Mr. LAUSCHE. Yes, also the telephones and other public services. In the statement the Senator from Iowa made a few minutes ago to the Senate, he said:

> The plight of the Government-run railroads provides a good example of the kind of economic chaos which has been allowed to develop. The volume of freight carried has fallen from 60 million tons in 1942 to less than 30 million tons; yet in the same period, the number of railroad workers has climbed from 90,000 to over 225,000. The result is an annual deficit of some $300 million which the Government is forced to cover.

Mr. HICKENLOOPER. That is the inevitable result that has so frequently come from government takeovers and government operation of what should be private enterprise and private business.

Mr. LAUSCHE. Am I correct in understanding that in 1942, 90,000 workers handled 60 million tons of freight, but after the Government there took over the railroads, the number of railroad workers increased to 225,000, but they handled only 30 million tons of freight?

Mr. HICKENLOOPER. That is correct, according to information which I have received and which I believe correct. That is a fantastic situation, but it is stated to be the case.

Mr. LAUSCHE. It is said by certain labor leaders that unless certain things are done in the United States, our Government should take over the U.S. railroads. I wonder what would happen if that were to be done in the United States. In my judgment we would follow the same course—led by the devil—that has been followed in countries that have tried to socialize the public utility services.

Mr. HICKENLOOPER. In almost every instance—and I know this occurred not only in Argentina, but also in a great many other countries—when the governments took over those businesses, political pressures on the legislative bodies and the other political bodies in those countries forced an increase in the number of jobs in those industries. It was said, "Put this man to work" or "Put this political henchman to work"; and thus the employment rolls became filled with political henchmen, until the result was as in the case of the Argentine railroads, on which the volume of freight has decreased from 60 million tons in 1942 to less than 30 million tons, although in the same period the number of railroad workers there increased from 90,000 to more than 225,000 who now handle only a little more than one-third of the amount of freight formerly handled by the much smaller number of employees. A similar development has occurred in very many places in the world; and it seems that, inevitably, when the government takes over, the political pressure to create a job for "good old Joe who worked for us down in the third precinct" has its effect, and employment is thus increased greatly, but inefficiency also develops.

Six or seven years ago, when I was visiting in one of the countries of Latin America, I talked with the president of that country, which 4 or 5 years theretofore had taken over the railroads and the telephone system. He said he was trying then not only to have some kind of compensation paid to those companies, but also to get the railroad companies and the telephone company to take back their utilities and operate them again, because his government could not operate them satisfactorily, and was swamped by the burden of making the attempt to operate them, because of the inability of the government to operate them efficiently. So that is the situation which develops again and again.

Mr. LAUSCHE. Mr. President, in that connection I should like to point out that the International Monetary Fund and World Bank has, as a prerequisite to the granting of financial aid to Argentina, insisted that the overstaffed labor force of the railroads there be reduced by at least 60,000. I refer to that as corroboration of the position taken by the Senator from Iowa in regard to what has happened in Argentina, through its panacea of governmentally operated railroads.

Mr. HICKENLOOPER. Yes, indeed.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield further to me?

The PRESIDING OFFICER (Mr. BREWSTER in the chair). Does the Senator from Iowa yield further to the Senator from Ohio?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. Mr. President, will the Senator yield? I should like to get to the subject of mining of oil by the Argentina Government.

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. I understood the Senator from Iowa to say that by 1958, although Argentina was supplied with an abundance of oil in the ground, the nation was importing oil and was not able to supply its own needs.

Mr. HICKENLOOPER. I must take some exception to the Senator's statement that Argentina found itself supplied with an abundance of oil. The trouble was that Argentina thought there was oil there, but they had been unable to develop it in sufficient quantities anywhere nearly to meet their needs. They could not bring out the oil. They thought the oil was there. That is why they brought in American companies and asked them to enter into contracts to try to develop the oil that they hoped was there. Some was being developed, but not very much.

Mr. LAUSCHE. The oil mining companies were governmentally operated?

Mr. HICKENLOOPER. They had been for many years.

Mr. LAUSCHE. According to the statement of the Senator from Iowa, by 1958 Argentina's total annual oil production amounted to only 36 million barrels of oil, and the nation was forced to import approximately 65 million barrels to meet its needs?

Mr. HICKENLOOPER. The Senator is correct.

Mr. LAUSCHE. Oil was, in fact, the largest import item and cost roughly $22 million a year in foreign exchange?

Mr. HICKENLOOPER. The Senator is correct.

Mr. LAUSCHE. After the government called in the American companies and gave up its own proclivity toward governmental operation, what was the experience in producing oil in Argentina?

Mr. HICKENLOOPER. The experience was that the American companies went into Argentina under contracts with the Argentina Government and began to develop the oilfields and explore for new deposits. The Senator will note that there was only about a 4- or 5-year period in which not alone American know-how, techniques, and machinery were used, but also American capital went in there. It was private money and not government money. By 1962 production had risen to about 100 million barrels.

From approximately 36 million barrels the production had risen to 100 million barrels. Imports went down from 65 million barrels to 20 million barrels. Meanwhile the population of Argentina had gone up. The number of automobiles in Argentina had risen. The use of oil had gone up. So they needed a great deal more oil in 1962 than they did in 1958.

One or two automobile factories were started in Argentina. The need for oil was expanded. The production of the American companies with American capital and know-how had reduced the import necessity and increased the production.

This year they owe one company about $28 million for oil that had been produced and handed over to them. They have not paid for it all, and they owe some other companies millions of dollars. It is freely predicted that had Argentina gone ahead in an unrestricted operation under the contracts, by the end of 1963 Argentina would have been practically self-supporting in oil. In another 2 or 3 years Argentina could have been a net exporting nation of a substantial amount of oil.

Mr. LAUSCHE. Mr. President, it is my understanding that the record shows that in Argentina the state-owned petroleum industry was opened to private enterprise in 1958. American and European companies are now operating throughout the country. Although approximately $280 million of foreign exchange is saved yearly, and Argentina is virtually self-sufficient in oil, the national oil monopoly has dissipated its earnings and requires budget support from the central government. Is that in substance the understanding of the Senator from Iowa?

Mr. HICKENLOOPER. It is my understanding that that is the evidence which we have.

Mr. LAUSCHE. I should like to get down to what the Senator from Iowa is urging. Argentina asked foreign capital to come in and operate the industry privately.

Mr. HICKENLOOPER. Contracts were made with the companies involved.

Mr. LAUSCHE. They went in in 1958. Now Argentina is threatening to breach the contracts——

Mr. HICKENLOOPER. To nullify them.

Mr. LAUSCHE. The amendment which the Senator from Iowa has offered contemplates an avoidance of that purpose and effort?

Mr. HICKENLOOPER. Not exactly. We recognize the sovereignty of a sovereign nation to do almost anything it desires to do within its own boundaries. We reserve the right of sovereignty here.

What we would say is that if the Government seizes American property which is lawfully there under an agreement without full compensation for the damages and the loss caused and for the property they have seized, we reserve the right to determine what we will do with our aid money. We would withdraw our aid money. We would not attempt to superimpose our ideas of sovereignty upon Argentina or upon any other country, but we would reserve the right to say what we will do with the money of the taxpayers of our country. We would withdraw aid from them and give them no more aid, if they proposed to play that kind of game.

Mr. LAUSCHE. Mr. President, will the Senator yield further?

Mr. HICKENLOOPER. I yield.

Mr. LAUSCHE. I should like to conclude my participation in the present discussion. Several months ago I read in an article that one could travel 60 kilometers in Argentina for the amount of pesos which would be equal to 2¾ cents of American money. I could not believe the statement. I had an investigation made. The report was that in Argentina, for the equivalent of 2¾ cents, one could travel 60 kilometers on the governmentally operated transportation system.

Mr. HICKENLOOPER. Thirty-six miles.

Mr. LAUSCHE. That is the charge. The amount was not adequate to liquidate the costs. For that reason, the Argentine Government is in the distressing position in which it now finds itself. That is why practically all the socialistically operated countries are likewise attempting to meet such conditions as I have described.

Mr. HICKENLOOPER. The example stated by the Senator from Ohio could be applied to quite a number of countries. I have in mind one particular small Latin American country in which the government owns the telephone system. Theoretically, one could talk from one side of the country clear across to the other side for the equivalent of about 22 cents. Why? Because the government owns the system and the government is afraid of political reprisals at the polls if the rates are raised to the point at which the system would be at least halfway self-supporting. They pour more money into the operation and thus subsidize it heavily. The net result is that unless the average person pays a handsome sum for a telephone, he cannot get a telephone without a 6- or 7-year wait. He might not get through on the long-distance telephone lines anyway, but if he could, the cost would be about 22 cents. That is the rate for a call clear across the country. Political pressure will not permit them to charge a realistic and practical rate to pay the necessary costs and provide a decent or proper telephone service.

Mr. LAUSCHE. I commend the Senator for his contribution.

Mr. HICKENLOOPER. Mr. President, I had not intended to take this long this evening, but I believe a great many points have been cleared up.

I should now like to read a letter which came into my office last Saturday. I have given it my attention last night and this morning. It is a letter from a man who is quite conversant with Latin America. I do not know him personally, but I have talked with him on the telephone. His name is Eric N. Baklanoff, director of the Graduate Center for South American Studies, at Vanderbilt University in Nashville, Tenn.

I believe this letter is quite pertinent and makes some very telling points. Mr. Baklanoff has specialized in Latin America, its development and its economics. I have permission to use his letter.

The letter is dated November 6, 1963:

> DEAR SENATOR HICKENLOOPER: I should like to commend you on the provision which you have attached to the foreign aid bill to safeguard the legitimate interests of U.S. citizens and corporations abroad.
>
> In respect to the current investment climate in Latin America, U.S. investors have been disengaging themselves from the area for good reasons. Brazil has expropriated $145 million of U.S.-owned utilities without compensation and nationalist politicians there are casting hungry eyes upon the largely Canadian owned $600 million Brazilian Traction Co. The recently enacted profits remittance law penalizes the reinvestment of profits by foreign companies in that country and in the current year the flow of private foreign capital to Brazil is a tiny fraction of the high levels sustained in the period 1956–61. Creeping expropriation of foreign-owned utility companies has been commonplace throughout Latin America as utility rates were frozen by official decree during the course of inflationary rises in money costs and prices. The consequence, of course, has been a squeeze on profits, failure of new investment in this key sector, and poor service. Government-induced shortages and inadequate service then becomes the "grounds" for nationalizing the foreign firms to put an end, once and for all, to their allegedly "exploitative" and "abusive" practices.
>
> In Venezuela and Peru Castro-Communists have with impunity sabotaged U.S. property valued in the millions. In Chile, the U.S. copper companies have been paying taxes to the Chilean National Government equal to 85 percent of net profits—

As I said a while ago, I believe the latest figure is 87 percent of the net profits. That is my best information—

> and expropriation of their holdings is a credible possibility after the next presidential election in that country. Meanwhile, the new Argentine administration is moving to unilaterally break its contracts with the foreign oil companies to the disadvantage of the latter although it is recognized that these companies, by making Argentina self-sufficient in petroleum, have saved that country roughly $300 million annually in foreign exchange resources.
>
> The suggestion, increasingly advanced in our country, that the U.S. Government should insure private firms against expropriation by Latin American governments is not a satisfactory answer. The reason for this is elementary: public funds committed by us to the Alliance for Progress would increasingly be used to bail out private American companies rather than for the social and economic development of Latin American countries.
>
> In the absence of totalitarian police state rule in Latin America, which would extract capital from workers and peasants as well as provide the requisite industrial discipline, it becomes necessary, if economic development is desired, to rely heavily on a structure of incentives among which the monetary factor is necessarily important. If our premise is correct, then it would appear that the proper procedure for our Government would be to do everything in its power to remove as many of the political uncertainties which currently face private investors south of the Rio Grande.
>
> One answer, I believe, is power politics—less at home and more abroad: penalize unacceptable behavior, reward that which is acceptable to us; differentiate between trusted allies and uncommitted opportunist states to the benefit of the former. For example, if country B in Latin America threatens to "go Communist" because of a short-fall in U.S. public assistance, let's put that threat to the test.
>
> In short, we are a great power (some like to call us the "Colossus of the North") among nations. For a change, let's act like one.
>
> Sincerely,
>
> ERIC N. BAKLANOFF,
> *Director.*

In closing, let me point out that we have discussed Argentina today at great length, but the same principle applies to Chile, Peru, or any other country in Latin America. It applied to Honduras, when that country threatened to expropriate American property several months ago. It would apply to any Latin American country which attempted to expropriate and seize the property of Americans, legitimately invested in those countries with the prior approval and agreement of those countries. So, I do not wish it to be understood this evening that we are talking about only Argentina. We are also talking about a possible wave of expropriation and seizure which might sweep across the Latin American continent because it may be "easy money" to seize the property of the "Yankees to the north."

It also would apply to any other country in the world.

It already has applied to Ceylon, and it will apply to any other country in the world that wishes to get something for nothing from "Uncle Bountiful," who has been quite generous during the past 15 to 20 years in his largess. The countries which really need our aid should take advantage of the opportunity to stabilize themselves, to advance themselves, to live with the family of nations, a status to which they aspire and which we hope they will attain.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the following articles and editorials:

An article published in the Christian Science Monitor of October 21, 1963, entitled "Oil Contracts in Argentina Threatened."

An article published in the New York Herald Tribune of November 10, written by Barnard L. Collier, entitled "Fury Impends Over Argentina—U.S. Oil Firms To Be Dealt Out."

An article printed in the Christian Science Monitor of November 11, 1963, written by Isaac A. Levi, and entitled "Argentina Rules Out Renewal of Oil Contracts."

An article from the Wall Street Journal of November 12, 1963, entitled "U.S. Envoys Fail To Convince Argentina To Keep Pacts With Foreign Oil Concerns."

An Associated Press article published in the Washington Post for November 12, 1963, entitled "Argentina Reaffirms Oil Annulments."

An Associated Press article published in the Washington Star for November 11, 1963, entitled "Latins Seeking Greater Voice on U.S. Aid."

An article published in the New York Times of November 12, 1963, written by Edward C. Burks, and entitled "Argentina Bars Oil-Pact Accord."

An article published in the New York Times of November 13, 1963, written by Juan De Onis, and entitled "Latin Leaders See Crisis in Alliance for Progress."

An article written by Mr. Edward C. Burks, and published in the New York Times for Wednesday, November 13, 1963, entitled "Argentina Hints Oil Pacts Won't Be Continued."

An article published in the Christian Science Monitor for November 13, 1963, written by Bertram B. Johansson, and entitled, "Argentina: U.S.-Aid Crisis."

An editorial published in the Washington Post of November 11, 1963, entitled "The Alliance Founders."

An editorial published in the New York Times for November 13, 1963, entitled "Cracks in the Alliance."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HICKENLOOPER. I could fill the RECORD with clippings and news stories from across the seas and in other areas, but I put these numerous clippings in the RECORD to show that this is a movement that has received considerable attention, and that there is a great basis for apprehension.

I ask unanimous consent to have printed following my remarks a study which I have had made, entitled "Creeping Expropriation"; as well as another result of a little research, which is entitled "Some Recent Instances or Threats of Creeping Expropriation," with the specification at the top of the paper that they are only examples, and it is not an exhaustive listing, referring to such countries as Brazil, Mexico, Venezuela, Colombia, Canada, Ceylon, and France, showing various stages of seizure of American property and expropriation.

The PRESIDING OFFICER. Without objection, the material will be printed in the RECORD.

(See exhibit 2.)

Mr. HICKENLOOPER. Mr. President, I also ask unanimous consent to have printed at the conclusion of my remarks a statement contained in the report of the Foreign Relations Committee on the bill, under the heading "Major Instances of Expropriation of Property Belonging to U.S. Nationals Since World War II." This study was developed as of early 1962. It merely indicates that the problem has been with us a considerable time. I refer to pages 93, 94, and 95 of the committee report.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 3.)

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. FULBRIGHT. The Senator from Iowa has taken the lead in the committee in the introduction and perfection of what is commonly called the Hickenlooper amendment, which I believe, and I am sure the committee believes, would apply to situations such as he has described in Argentina and in other countries.

I think that in fostering this amendment he has rendered a great service and that it is a great improvement in the bill.

I do not believe there is any doubt that the amendment applies to the situation in Argentina. If the officials of that country have any respect for or hope in the Alliance for Progress, they will find a way to comply with the provisions of the amendment. In other words, if they insist on expropriation, they will find themselves in a process of decompensation, as provided for by the amendment.

Mr. HICKENLOOPER. I thank the Senator from Arkansas, the very able chairman of the Foreign Relations Committee, who has been helpful in obtaining an objective study of this matter in the committee, and who has contributed valuable suggestions as to how to best approach a difficult situation.

It is not my feeling, and I think it is not that of members of the committee, to impose conditions or situations which are so oppressive that they will not work. We want, in fairness, equity, and decency, to assist other countries to establish themselves on a basis of stability and progress. That is what we are searching for. But I am sure most of us are of the opinion that for them to continue along the lines which they have been following will lead to nothing but economic chaos and destruction—from which we hope we can lift them, if our aid counts for anything. If it does not, and they are not able to take advantage of the bounty which American taxpayers are supplying them, we had better pull out and see what will happen.

I hope we can work out with those countries a basis of equity, fairness, decency, and appropriate concepts of property and moral rights, such as their own citizens have, and that we can make progress. I rely upon the State Department to be cooperative in using its vigor, authority, and great influence in accomplishing this objective.

That concludes my remarks, Mr. President. I appreciate the patience of Senators in listening to my remarks, but I believe this is a record which we have made for a firm understanding by countries of the world that there is an end to our gullibility or our unrequited bounty, and that while we are, I am sure, willing to go far in our assistance to other countries, there is a limit beyond which we will not go. Other countries had better understand this quickly, not only for their own general progress, but for the good of the common goal of the advancement of human liberty and economic development.

EXHIBIT 1

[From the Christian Science Monitor, Oct. 21, 1963]

OIL CONTRACTS IN ARGENTINA THREATENED

BUENOS AIRES.—The newspaper La Nacion says that contracts between the Argentine Government and private oil companies soon will be annulled by presidential decree.

La Nacion gave no source for its information. It merely said the contracts with private oil companies "will, according to our best references, be declared null and void by an executive branch decree" to be issued in the near future.

Meanwhile, it added, President Illia's new cabinet is consulting various government agencies and experts on the subject.

According to La Nacion, once annulled, both the contracts and the new decree scrapping them will be submitted to Congress for consideration.

Most of the contracts involve American companies. They were negotiated and signed in 1958 at the start of deposed President Frondizi's government in an effort to boost Argentina's oil production.

Argentina, at the time, spent about $250 million importing oil from abroad to make up its production deficit. All phases of production were monopolized by a state agency.

Since, Argentina has become nearly self-sufficient in oil and even has some small surpluses for export. Experts claim the enormous boost in production was brought about by the contracts, which still left full title of the oil extracted to the state.

President Illia's Peoples Radical Party (UCRP) won this year's special general elections with "annulment of oil contracts" as the main plank in its campaign.

The UCRP and other parties have repeatedly criticized the oil contracts of the Frondizi administration as "illegal" on the premise that Mr. Frondizi never submitted them to Congress for consideration.

Critics also say the contracts enable the companies to overcharge for the oil. They assert that better terms, much more favorable to the government could have been negotiated.

[From the New York (N.Y.) Herald Tribune, Nov. 10, 1963]

FURY IMPENDS OVER ARGENTINA, U.S. OIL FIRMS TO BE DEALT OUT

(By Barnard L. Collier)

In spite of all the U.S. bellowing and cooing to get him to change his mind, Argentina's newly elected President Arturo Illia is stuck. He is going to keep his campaign pledge and nullify the 6-year-old contracts with eight U.S. oil companies.

The move is likely to come soon—probably within a week. It is unlikely that even Under Secretary of State W. Averell Harriman's chat with Mr. Illia last week, in which "that touchy subject" was so carefully broached, will alter the plans for cancellation.

And just as sure are the repercussions the Argentine decision will provoke. An enormous fuss is imminent in the U.S. Congress; the majority of the oil companies involved are set to attack the "ultra-nationalist blunder." The State Department will fret. And again the Alliance for Progress concept will be endangered.

CAN'T BACK DOWN

But 63-year-old President Illia, a country doctor turned politician, who wooed a lot of nationalistic Argentine votes last July by promising to annul the controversial contracts, is in no position to back down. The realities of Argentine politics and the chauvinistic passions oil arouses in Argentina would make reversal tantamount to jumping off the Casa Rosada Presidential Palace roof.

"Therefore," says a high Argentine diplomatic official, "the thing must be done, the furor allowed to pass over. Then some coolheaded negotiating can take place."

That is the optimistic viewpoint. What bothers many observers both in the United States and Argentina, is whether the matter will explode into such a messy issue that the prospects for negotiation will evaporate in the white heat of nastiness and invective on both sides.

At the moment this is a strong possibility. The first shock waves of the contract cancellation are sure to be felt in the U.S. Senate, which is in no mood these days to cater to the whims of foreign governments when it comes to tampering with U.S. investments legally made.

FOREIGN AID

Most disturbing is the amendment to the foreign aid bill put up by Senator BOURKE B. HICKENLOOPER, Republican, of Iowa, which would make statutory a suspension of economic aid to any country which decides to "repudiate or nullify existing contracts or agreements" with U.S. citizens or corporations.

If Dr. Illia goes through with the oil cancellations, Senator HICKENLOOPER's provision would directly apply to Argentina—a grim prospect for a country trying to recover from almost 3 years of total economic chaos.

If aid to Argentina is cut off under the Hickenlooper measure, a good many people will agree that the Argentines are getting just what they deserve. Foremost among these are several oil company men who pressed Senator HICKENLOOPER into tacking on the amendment which the Senator describes as a "shock treatment" to make it clear that Congress takes seriously treatment of U.S. industry abroad.

The oilmen contend that when the contracts were signed with the regime of former President Arturo Frondizi back in 1958, everything was done in good faith.

"We stuck our necks out to invest in Argentina," says one oil executive, "and we produced more than anyone could have hoped for. The contracts were and are perfectly legal and binding. Now that we stand to make some profit, the Argentines are reneging."

Unquestionably, the U.S. oil companies which were given contracts to drill, produce and sell oil to the Argentine oil monopoly Yacimientos Petroliferos Fiscales (YPF) did a remarkable job.

In 1958, the Argentine economy was sagging under a $250-million-a-year foreign trade deficit because it was forced to import the bulk of its oil products. Within 3 years after the contracts were signed, the nation was virtually self-sufficient in oil and the debt was wiped out.

The contractors were given areas for exploration (not land concessions) by YPF, and took the risk of finding or not finding oil there. At least three of the oil companies found few gushers; others struck oil quickly and under the contracts delivered all that was pumped to YPF for a predetermined price ranging from $1.75 a barrel to $1.59 a barrel. The standard import price for oil to Argentina before the contracts, according to the oilmen, was $2.60 a barrel.

In all, U.S. oil companies invested and reinvested nearly $350 million in their Argentine operations—one of the largest injections of private capital ever made in Latin America. "Sure, we stood to make profits commensurate with our risks—we invested nearly $100 million in wildcatting and development on an if-come," said one oil spokesman.

"But all our equipment is now the property of YPF and we found oil and pumped it—which is something YPF could never have done," he added.

NATIONALISTIC FEVER

Although most knowledgeable Argentines agree that YPF had a difficult time finding oil in a crankcase, they are now in the grip of a nationalistic fever that according to State Department sources—and also the oilmen—has ruled out any effective negotiation on the matter so far.

In previous statements, Dr. Illia has said firmly that the contracts would be annulled but would immediately be renegotiated on terms more acceptable to Argentina. The new terms would most likely include a reduction in sale price to YPF, more Argentine representation in operations, and an end to tax benefits for the oil companies.

But the U.S. oil men are worried that an upsurge of even stronger nationalism might rule out Dr. Illia's "honest good intentions" in renegotiating the contracts and result in outright confiscation.

If the companies are indeed expropriated there would be no way—the pie-in-the-sky schemes of some Argentine nationalists notwithstanding—to reimburse the companies with anywhere near the amount to which they are legally entitled.

SILLY PLANS

Says one Argentine businessman: "There are silly plans to pay off the companies out of profits YPF would make over the next 4 years or so. This is absurd. First, YPF is not capable of making a profit; second, it needs all the funds it can get for already accrued debts. Like it or not, Argentina must find some way to get along with the oil companies—but the oil companies must also realize that they must compromise."

At the moment, it appears that unless one side or the other grows childishly rash or irate, a compromise can be worked out.

According to many oil men, the companies are ready to sit down and negotiate new contracts if Dr. Illia will only give assurances that he can get a green light on doing so. Up to now, the oil men claim, they have not tried to press the renegotiation issue because the Illia government, caught up in the nationalist tide, has merely repeated over and over that the nullification will take place to soothe the national conscience.

The nationalists continue to raise the issue of the contracts alleged illegality, charging that the Frondizi regime violated the constitution, harmed the economy, and agreed to pay far too much for the oil the contractors pumped.

SILENT MEN

The Argentine press gives these charges large play and, not wanting to indulge in an all-out battle now, most Argentine businessmen—even those opposed to the nullification—have kept silent on the matter, hoping for a cooling-off period.

For their part, the U.S. oil men, constantly peppered by implications that too many payoffs were made to get the contracts, have been content to postpone any really hard negotiations and merely say: "The contracts are good. There was no hanky-panky."

If both sides stick to a hard line after the cancellations, most observers agree that the result can only be a catastrophe for Argentina and a blow to the Alliance for Progress. Unless quick action on renegotiation is taken, the flight of foreign capital from Argentina and the rest of Latin America is almost certain to be swift and devastating.

If the Hickenlooper amendment is put into effect, the reaction in Argentina and the rest of the hemisphere is sure to be unanimously anti-United States—a fact which even the oil men who pushed for the amendment admit. State Department officials break into a cold sweat just thinking about it.

What is needed now, says one Latin American diplomat, is a period of calm that isn't going to come.

"Dr. Illia will annul the contracts and there will be the storm. But neither side can forget that the annulling isn't the end. There must be voices of reason who will see the political implications on both sides and realize that Argentina and the United States—two mature nations—can certainly work out this matter without a break that would be pitiful for all concerned."

[From Christian Science Monitor, Nov. 11, 1963]

Argentina Rules Out Renewal of Oil Contracts

(By Isaac A. Levi)

Buenos Aires.—Oil company executives are showing concern at a statement by the Argentine undersecretary of power and fuels that their contracts with the Government—once canceled—will not be renegotiated.

The undersecretary, Juan Sabato, told newsmen the Government's special oil study commission "has absolutely discarded all possibility of renegotiating these contracts."

Oil company executives refused to be quoted by name, but many of them expressed concern privately at Mr. Sabato's statement. Word had been going around the oil industry this week that some of the contracts—once annulled—would be renegotiated.

CONTRACTS CHALLENGED

Annulment was a main plank in the election campaign platform of President Arturo Illia's Peoples' Radical Party (UCRP).

The party maintains the contracts are illegal because they were not subjected to congressional approval when signed by President Arturo Frondizi's government in 1958–59.

The UCRP platform also charges they are harmful to Argentina's interests and detrimental to Yacimientos Petroliferos Fiscales (YPF), the Argentine state oil concern.

Mr. Sabato is the Government's foremost advocate for canceling the contracts. He said the study commission has already drafted the necessary decrees and submitted them to President Illia for his approval and signature.

"The situation is [now] in the hands of President Illia," he said. President Illia is expected to call a full-dress cabinet meeting—probably within a few days—before final action on the measure.

HISTORY TRACED

Oddly enough, the contracts—about 10 in all—were negotiated and signed by Mr. Sabato's younger brother, Arturo, an emphatic proponent of allowing the oil companies to continue working here unhampered.

Arturo was President Frondizi's personal delegate to YPF, and as such was directly responsible for negotiating the contracts—most of them with U.S.-owned companies.

That was in 1958. At that time Argentina imported 65 percent of its oil for a total value of about $200 million. Since then, Arturo asserts private companies have made Argentina nearly self-sufficient.

The combined investments of the U.S. oil companies alone total an estimated $397 million. Statements by various Government officials about the possibility of indemnification are conflicting.

Some Government officials indicate the companies would be indemnified. Others, however, have told reporters there will be no compensation.

[From the Wall Street Journal, Nov. 12, 1963]

U.S. Envoys Fail To Convince Argentina To Keep Pacts With Foreign Oil Concerns

Buenos Aires.—U.S. negotiators apparently failed in their attempt to deter Argentina from canceling foreign oil contracts in this South American land.

Hardly had Under Secretary of State W. Averell Harriman left Buenos Aires Sunday than the Argentine Government leaked a communique announcing its "sovereign and irrevocable decision" to annul the contracts this week.

The communique had been designed as a joint United States-Argentina statement after Mr. Harriman completed his talks with President Arturo Illia and other Government leaders. But a high Government source said Mr. Harriman "understandably, didn't want to sign."

President Illia and Mr. Harriman firmly stated their positions in conversations Sunday, informed sources said.

ALLIANCE FOR PROGRESS THREATENED

An authoritative U.S. source said "failure by the Argentine Government to act within the concept of the U.S. position can harm this climate (for foreign capital) and with it the Alliance for Progress."

Argentina, it was understood, has promised to act within the law and to compensate the foreign companies if the contracts are annulled. The communique, however, made no mention of indemnification. The United States has demanded just and immediate compensation be paid.

U.S. Ambassador Robert McClintock is known to have planned a trip to Washington later this month to report on Mr. Illia's new administration. Now he may be called home earlier.

In his successful campaign for the Presidency, Mr. Illia assailed the legality of the 1958 foreign oil contracts because he charged Arturo Frondizi, then Argentina's President, signed them without authorization from the Argentine Congress. Mr. Illia restated his views in his inaugural address last month.

Under the disputed contracts, the foreign companies are allowed to explore and develop oil reserves in areas assigned to them by the Argentine oil agency, YPF. Any oil found, however, doesn't belong to the companies. It must be delivered to YPF, which compensates the companies for their expenses at a predetermined rate. For some of the producers, the compensation amounts to $1.59 to $1.70 a barrel.

COMPANIES INSIST CONTRACTS ARE LEGAL

The foreign oil companies, mostly U.S. concerns, insist the contracts are legal and that under this assumption they have invested $397 million since 1958 in developing Argentina's oil industry.

The Government, informants said, hopes that much of the work done by the foreign companies can be taken over by the state oil agency, now undergoing reorganization at Mr. Illia's order.

More information about Argentina's plans are expected to be announced today in a television and radio address by Facundo Suarez, president of the Argentine oil agency.

The affected companies include: Esso (Argentina), Inc., a subsidiary of Standard Oil Co. (New Jersey); Tennessee Argentina, S.A., a subsidiary of Tennessee Gas Transmission Co.; Pan American Argentina Oil Co., a subsidiary of Standard Oil Co. of Indiana; Transworld Drilling Co., a subsidiary of Kerr-McGee Oil Industries, Inc., and units of Continental Oil Co., Cities Service Oil Co., Marathon Oil Co., the Royal Dutch-Shell Group, Southeastern Drilling Co. and Ente Nazionale Idrocarburi of Italy.

[From the Washington (D.C.) Post, Nov. 12, 1963]

Argentina Reaffirms Oil Annulments

Buenos Aires, November 11.—Despite U.S. warnings, the Argentine Government reaffirmed today its sovereign and irrevocable decision to annul oil contracts with foreign companies, most of them American.

A high Government source said the Argentine position was made clear to W. Averell Harriman, U.S. Under Secretary of State for Political Affairs, in talks with Government leaders last weekend.

Informed sources had reported Harriman warned that cancellation of the oil contracts without just compensation could harm the program of U.S. aid to Argentina as embodied in the Alliance for Progress program.

President Arturo Illia emphasized in his talks with Harriman and U.S. Ambassador Robert McClintock that the Government would move in a legal and nonviolent manner, the Government source said. Indemnification also was promised "within the just rights of a company as determined by law," the source added.

However, there was no mention of indemnification in a communique leaked by the Government. The communique was to have been issued Saturday as a joint statement by Argentina and the United States. This communique announced the decision to annul the contracts and said the action will be taken this week.

"Harriman, understandably, did not want to sign," said the source. "That was when the compromise communique was issued which merely referred to the oil issue in vague terms."

Argentina insists the contracts are illegal because they were never submitted to Congress but were entered into by a decree issued by Arturo Frondizi when he was President.

Major oil company representatives met with Harriman yesterday before he left for São Paulo and an important meeting of the Alliance for Progress. They told him that they too had been unable to dent the Argentine attitude on the contracts.

[From the Washington (D.C.) Star, Nov. 11, 1963]

Latins Seeking Greater Voice on U.S. Aid

São Paulo, Brazil, November 11.—A hot ministerial debate is looming over a proposal to give Latin members of the Alliance for Progress a bigger voice in the administration of Washington's multi-billion-dollar program.

The plan, already approved by U.S. and Latin technical experts, came before top-level representatives of the 20-nation Alliance at a conference of the Inter-American Economic and Social Council opening today. U.S. Under Secretary of State W. Averell Harriman was expected to endorse the plan.

The idea behind the proposed change is to minimize the program's Yankee overtones in an effort to make it more palatable to the recipients. The Alliance, developed under President Kennedy's administration, has met stiff resistance from the dominant conservative class in most countries because it calls for reforms that would curtail their privileges.

CLEARINGHOUSE URGED

The technical experts recommended that the Council establish a permanent agency called the Inter-American Committee for the Alliance for Progress. It would act as a clearinghouse for Alliance projects.

The agency, with headquarters in Washington, would consist of seven members selected by the Inter-American Economic and Social Council.

Brazil was reported opposed to the proposed new setup.

Several nations suggested that Brazil—which has received more than $752 million in foreign aid but has little to show for it—is afraid the other Latin American nations will be less sympathetic to her perennial plight than the foreign money sources she has cultivated.

Also on the Council agenda were resolutions dealing with foreign trade and economic integration.

NO ASSURANCES ON OIL

Mr. Harriman came to São Paulo after conferences in Argentina on that nation's plan to annul oil contracts of U.S. and other foreign firms.

Authoritative sources in Buenos Aires said Mr. Harriman left without assurances that the contracts would not be canceled. An American source there said:

"We did not even find out in our talks with Government officials exactly why Argentina objects to the contracts.

"It was made very plain to Argentina that it would not make much sense for the U.S. Government to make loans to governments which would abrogate contracts and then would seek to do work that could be done adequately by private firms."

[From the New York (N.Y.) Times, Nov. 12, 1963]

Argentina Bars Oil Pact Accord—Harriman Mission Is Called Failure—Aid Says U.S. Companies Owe Taxes

(By Edward C. Burks)

Buenos Aires, November 11.—Argentine newspapers said today that W. Averell Harriman, Under Secretary of State for Political Affairs, had failed in his mission to persuade Argentina to soften her stand against U.S. oil companies.

Hints that the American companies involved might get relatively little compensation when Argentina took them over were also printed.

The leading afternoon paper La Razón quoted Antulio Pozzio, Fuels and Energy Secretary, as having said the companies owed a huge amount of back taxes.

The compensation to them would thus be sharply reduced when they are taken over. The Argentine Government intends to cancel the contracts under which the American companies have been working here soon, probably this week.

COMPENSATION IS AT ISSUE

The major point of dispute is whether the companies will receive prompt and adequate compensation. They say they have invested more than $200 million here and that Argentina's State Petroleum Authority owes them more than $100 million for delivered oil.

The dispute has caused the severest strain in United States-Argentina relations in years.

There are reports that both the Italian State Oil Authority and the Russians are active trying to enter petroleum production in Argentina when the Americans leave.

The issue has taken on highly nationalistic tones in a number of newspapers.

SIGNED WITH FORMER REGIME

The companies involved signed contracts with the government of President Arturo Frondizi to drill wells and produce oil here for the State Petroleum Authority, and in one case to operate a distribution system including service stations. The Government contends that the contracts are illegal, having gone into effect without ratification by Congress. The Frondizi government put the contracts into effect by executive decree.

But Mr. Pozzio and others go further and maintain that since the contracts are illegal, the tax-exemption clauses in them are, too.

Mr. Pozzio has been quoted in the press as having said it is now a question of "who owes whom."

Mr. Harriman left yesterday after having warned Argentine officials that cancellation of the contracts without adequate and prompt compensation would severely impair Argentina's prospects for aid under the Alliance for Progress.

Mr. Harriman is heading the U.S. delegation to the Inter-American Economic and Social Council Conference at São Paulo, Brazil.

The press here is printing articles to the effect that the American companies knew the severe risks they were taking in signing the contracts with the Frondizi government.

The companies say Dr. Frondizi was a legally elected President and that the procedure for the contracts was legal.

President Illia has said the companies will receive "just compensation under Argentine law. Mr. Harriman, however, seemed to be dissatisfied with what he heard from Government officials on compensation or the possible renegotiation of the contracts.

Since the American and other foreign companies began their operations in 1959, Argentine oil production has nearly tripled and the country has almost attained economic self-sufficiency.

But there were many complaints from Argentine officials that the country had to pay too much.

Government sources were quoted today as having said that Dr. Illia had succeeded in getting a high-level Washington negotiator like Mr. Harriman to come here, whereas Dr. Frondizi, despite all his friendly overtures to the United States, had never had such success.

[From the New York (N.Y.) Times, Nov. 12, 1963]

Peril to Alliance Funds Seen

Washington, November 11.—Administration officials suggested today cancellation of Argentina's contracts with United States and European oil companies could upset efforts to get Congress to vote more funds for the Alliance for Progress.

The Argentine proposal and a similar one in Peru strike at the heart of the administration's policy to encourage private capital, in both the United States and Western Europe, to supplement Government financing of Alliance programs.

Aware of the trend toward nationalization, the Senate is considering a provision in its foreign aid bill that would require the President to suspend economic assistance to any country that decides to "repudiate or nullify existing contracts or agreements" with American companies.

Senator Hubert H. Humphrey, of Minnesota, the majority whip, who last week led a drive to restore $75 million to bring Alliance funds back to $525 million, was dismayed at the developments in Argentina.

"Congress is no longer in a mood to give lending authority to the administration so that the money can be used by our Latin American friends to expropriate private American properties."

President Kennedy can be expected to express this concern in Miami next weekend to Argentina's Vice President, Carlos Humberto Perette, diplomatic officials disclosed today.

Mr. Kennedy is scheduled to attend the annual convention of the Inter-American Press Association. Mr. Perette will be in Miami for an Argentine Friendship Week.

Diplomatic sources said it was virtually certain that the President would take advantage of Mr. Perette's presence in Miami to emphasize the administration's problems as a result of the proposed Argentine action.

Mr. Perette is considered to be among those advising President Illia to assume an intransigent attitude on the cancellation of the contracts. The Vice President has denounced the contracts as unconstitutional and harmful to the Argentine economy.

It is understood that the Vice President and a group of officials in the recently inaugurated Argentine administration would like to turn over the assets of the private companies to the Government Petroleum Authority. To keep payments for compensation to a minimum, the officials were said to have suggested that the companies pay heavy retroactive taxes for the 5 years they have been in operation.

Under the administration of President Arturo Frondizi, the companies were promised special tax concessions and participation in profits.

[From the New York (N.Y.) Times, Nov. 13, 1963]

LATIN LEADERS SEE CRISIS IN ALLIANCE FOR PROGRESS

(By Juan De Onis)

SÃO PAULO, BRAZIL, November 12.—Latin America's economic leaders agreed unanimously today that there was a crisis in the Alliance for Progress.

The need for powerful new measures to activate economic growth in Latin America was posed before the second annual review meeting of the Alliance for Progress here. There was more criticism of U.S. aid policies and of international trade conditions than there was of Latin American failings.

The assembly of delegates from 20 countries, including the United States, engaged in the Alliance for Progress, heard José Antonio Mayobre, executive secretary of the United Nations Economic Commission for Latin America, Felipe Herrera, president of the Inter-American Development Bank, and Raul Prebisch, secretary general of the United Nations World Conference on Trade and Development.

"What is apparent before the eyes of the world," said Dr. Mayobre, "is that after 2 years of this program we are far from attaining the minimum goals set by us and that in many countries stagnation, economic retrogressions and the inflationary spiral are the predominant situation."

He attributed the problem to the deterioration in recent years of Latin America's share of world trade and a growing inability to pay for imports vital to development. This, he said, has led to indebtedness beyond bearable limits.

Dr. Mayobre said that on the basis of United Nations figures, the net influx of capital into Latin America, excluding Cuba, between 1955 and 1961 was $8 billion.

"The contribution of foreign capital has barely served to compensate, in incomplete form, for the losses occasioned by the deterioration of prices," Dr. Mayobre added. He said that "in the present condition, foreign financing has not signified a satisfactory substitute for foreign trade."

Mr. Herrera, whose Inter-American Bank has loaned more than $600 million in Latin America since it was founded in 1961, said that it was "a tangible fact that recent contributions of foreign private investment in the continent show a notorious declining rhythm."

As a result, he said, the Alliance for Progress expectations for foreign private investment had not been fulfilled.

The Alliance for Progress, as proposed by President Kennedy and adopted at the Punta del Este, Uruguay, meeting of American finance ministers in 1961, forecast $20 billion in foreign investment over 10 years, of which half was expected to come from private sources.

Dr. Prebisch, who is organizing the major United Nations World Conference on Trade Relations Between the Industrial and Underdeveloped Countries, placed Latin America's foreign income problem in the larger framework of all the less developed countries.

The prominent Argentine economist said that if present trends were not reversed the underdeveloped countries would as a whole be $20 billion in debt to the industrial countries by 1970.

He added that it was impossible for the underdeveloped countries to carry such a debt and that the consequence would be a reduction in their internal rates of development, highly dependent on imports.

"Unless there is a new formulation of world trade," Dr. Prebisch continued, "the underdeveloped countries of Latin America will not be able to fulfill the target of an annual increase of 2.5 percent per capita in gross national product called for by the Alliance for Progress."

He said a compensation fund should be created by the wealthy nations to offset price declines.

Both Mr. Herrera, a Chilean, and Dr. Mayobre placed heavy emphasis on the political and psychological difficulties posed by an impression that the Alliance for Progress was a U.S. aid program and not a cooperative effort.

The U.S. delegation, led by W. Averell Harriman, Under Secretary of State for Political Affairs, has recognized this Latin American criticism, and is supporting the creation of a predominantly Latin American coordinating committee for the Alliance for Progress.

There is still considerable division of opinion among Latin Americans on what the powers and framework of this proposed seven-man committee should be, with Brazil in open dissent.

Dr. Mayobre, in an open reference to the U.S. Congress, said that such a committee would be doomed to failure in Latin American eyes, if its launching coincided with "the reduction of aid funds, with unilateral conditions imposed on the granting of loans, and the failure to adopt bold decisions to improve the circumstances of our foreign trade."

[From the New York (N.Y.) Times, Nov. 13, 1963]

ARGENTINA HINTS OIL PACTS WON'T BE CONTINUED—OFFICIAL SAYS COUNTRY CAN PRODUCE WITHOUT HELP OF FOREIGN CONCERNS

(By Edward C. Burks)

BUENOS AIRES, November 12.—Facundo Suarez, new president of the Government's Petroleum Authority, indicated in a speech today that the petroleum authority could carry forward Argentina's oil-production program on its own.

This was interpreted by some oil men as an indication that Argentina would not renegotiate the contracts of U.S. companies once these contracts were canceled.

The U.S. companies have been working directly for the petroleum authority.

The government of President Arturo Illia says that the contracts, signed with the Government of President Arturo Frondizi, are illegal because they were put into effect by executive power, without congressional ratification.

Foreign Minister Miguel Zavala Ortiz, in another attack on the disputed contracts, said that Argentina must rid herself of a feeling of dependency. He addressed the Foreign Press Association today. Mr. Zavala Ortiz said: "We Argentines have to affirm confidence in ourselves." He said that the Government's policy was one of peace and friendship with all and of solidarity with the free world.

A major contention of the new Government is that President Frondizi violated democratic procedure by approving contracts detrimental to the economy without getting competitive bids.

NO FORMAL COMPLAINT MADE

The Government has made no formal complaint about the contracts to the U.S. companies. "They have not told us what's wrong," an executive of one company said today. "We have had no chance to explain our position."

When American and several other foreign companies began operations here in 1959, Argentina was spending $250 million a year—20 percent of her total import expenditure—to import petroleum.

The U.S. companies point out that the Government Petroleum Authority, working without foreign help, had been unable to produce more than one-third of the country's oil needs.

After the foreign concerns began operations, Argentine production nearly tripled by the end of 1962.

Mr. Saurez, the president of the Petroleum Authority, said today that there had been an attempt to run down the abilities of the authority and to cause an inferiority complex here at the time the contracts were signed.

He said the Authority had thus delivered to the U.S. companies large sums of money that it could have used for its own development.

An American executive said that the companies, working to explore for oil and to develop oilfields, had invested a total of $237 million and by July of this year had only received a return of $132 million.

Argentine officials deny this.

Mr. Saurez charges that the American companies moved into areas where the state Petroleum Authority had already proven the existence of large quantities of oil. He continued that the state Authority now produced 70 perecnt of the country's oil, while the private companies working under contract here accounted for only 30 percent.

Official figures show that for 1962, one-half of Argentina's oil was produced either by foreign companies working for the Petroleum Authority or from wells drilled by foreign concerns. Mr. Saurez expressed confidence that Argentina could produce 96 percent of her present petroleum need.

[From the Christian Science Monitor, Nov. 13, 1963]

ARGENTINA: U.S.-AID CRISIS—SEIZURE TEST

(By Bertram B. Johansson)

In the short range, what the Kennedy administration is concerned about in the Argentine petroleum expropriation issue is the reaction it could create in Congress handling of the foreign aid bill.

Expropriation at a time when Alliance for Progress funds are pouring in could sour the foreign-aid bowl of cream even further.

One of the many riders attached to the foreign-aid measure is an amendment filed by Senator BOURKE B. HICKENLOOPER, Republican of Iowa, which would cut off aid to any country expropriating American oil companies.

CURB ON CEYLON NOTED

This is a refinement of an earlier foreign-aid amendment, passed last year and also sponsored by Senator HICKENLOOPER, that cuts off foreign aid to any country expropriating U.S. shareholder-owned properties without prompt and adequate compensation.

The 1962 measure already has been applied in Ceylon where the United States suspended aid in February 1963. The Ceylon government had taken over American-owned Esso and Caltex petroleum installations in June 1962, and had not come forward with compensation.

The compensation issue is of extreme interest in the United States, especially since the Castro government expropriated some $1 billion of U.S.-owned properties in Cuba without coming forward with effective compensation.

Premier Castro's charges of a U.S. economic blockade against Cuba, in the opinion of many persons whose property was expropriated by the Castro government, sound hypocritical. Much of the U.S. isolation policy is based on the fact of the Castro expropriations as well as his deep alinement with the Communist camp.

PAY ACCENTED

In the Argentine instance, where W. Averell Harriman, Under Secretary of State for Political Affairs, has attempted to impress the Illia government of the advisability of providing for just compensation, the petroleum companies have helped bring the country to the point of self-sufficiency in petroleum. In fact, Argentina now exports petroleum, and saves some $300 million in foreign exchange it formerly spent to import petroleum.

Contracts for oil well drilling, extraction, and, in some instances, for distribution of Argentina's rich petroleum resources were made during the Frondizi administration. President Illia now contends the contracts were not legal because not approved by the Argentine Congress but only by executive decree.

Even if there are differences between the Illia government and the petroleum companies on the amount the American firms should be receiving for their work, the raising of the whole issue at this time tends to discourage other private investment in Argentina.

In the meantime, President Goulart of Brazil, in an address to the opening of the second annual review conference on the Alliance for Progress, stressed two main points:

The necessity for Latin American countries to solve their own problems.

LIMELIGHT SOUGHT

And the need for adjusting the imbalance of low prices for raw materials that Latin-American countries sell while having to buy machinery and manufactured products from the United States at high prices.

In the total Latin-American text, British Guiana's Cheddi Jagan sought his share of the limelight by calling on his red-hatted progressive youth organization to "fight imperialism as Castro has done."

He said, "We stand here and support the Cuban revolution and the Cuban people," as he criticized Britain's having put off the colony's independence date.

[From the Washington (D.C.) Post, Nov. 11, 1963]

THE ALLIANCE FOUNDERS

The sound and fury emanating from Buenos Aires and Sao Paulo signify that the Alliance for Progress is in deep trouble, all the more serious because the Latin Americans themselves do not know what they want to do. It is sad that the President of Argentina feels he must make foreign oil holdings an exacerbating issue. It is no less distressing that the President of Brazil finds it easier to blame everyone but his own government for the economic sickness that afflicts the largest and most populous country of Latin America.

The source of the difficulty was mordantly analyzed by Felipe Herrera, president of the Inter-American Development Bank. Addressing the ministerial meeting in Sao Paulo, Dr. Herrera calculated that the region's annual growth rate has barely reached 1 percent—far below the target of 2½ percent set by the Alliance for Progress. Public investment has increased, he added, but private investment has declined.

Latin America urgently needs capital. But the political instability arising from stagnant economic conditions abets a capital flight—which in turn abets further extravagant attacks on foreign investors. When even so essentially moderate a president as Dr. Illia feels impelled to threaten nullification of oil contracts as the first order of his nation's business, then the depth of Latin America's malaise is evident.

In his speech at the Sao Paulo gathering, Mr. Goulart expressed exasperation without offering any plausible program for action. The Brazilian president is unhappy with the United States; he is disappointed in the Alliance for Progress; he blames inflation on the need for imports combined with falling export prices. But his prescription seems to be some form of hemisphere treaty that would put the Alliance on a new juridical basis.

Latin Americans have a sovereign right to be touchy about foreign capital. But surely they cannot at once lament the absence of investment while attacking those businesses that do venture into Latin America. They need to be reminded that there is another way of accumulating capital—by taxing their own wealth and restraining wages. This is a prescription that most Latin American countries find highly unpalatable; it is much easier to blame the Alliance for Progress for all that is wrong.

No doubt Under Secretary Averell Harriman may be disconcerted by the confusion of tongues at Sao Paulo. But like all of us, he must learn to live with disorientation of the Latin American mind. These are troubled times in the hemisphere, and things may indeed get worse before they get better.

[From the New York (N.Y.) Times, Nov. 13, 1963]

CRACKS IN THE ALLIANCE

Brazil and Argentina, according to the annual report of the Alliance for Progress, are showing the slowest rate of growth in South America. Yet these two major Latin American powers appear to be making the Alliance the scapegoat for their own failures. Brazil's President João Goulart has called on the Latin nations to establish a solid front against the industrialized nations. And Argentina's new President, Arturo Illia, is intent on canceling the contracts made with U.S. oil companies, which have invested over $200 million in developing production facilities in Argentina.

Attacks on Yankee imperialism and the Alliance are nothing new. They have demonstrated political appeal in almost every nation of Latin America, particularly in countries suffering slowdowns in growth. But Brazil and Argentina are exceeding the usual bounds of demagogy for domestic consumption. While they speak boldly of going it alone, they are evidently hoping that the threat of an inflow of new foreign capital from Western Europe or the Soviet Union will force Washington to continue to provide funds for development. They also may be banking on the administration's desire to make a success of the Alliance, which would be destroyed if its two largest South American members defected.

However, the economies of Brazil and Argentina would be hurt even more than the Alliance if they repudiate their contracts. For other governments or private foreign investors are unlikely to make funds available in view of the cavalier attitude that both Argentina and Brazil have adopted. Argentina's new government has a right to renegotiate or renounce the contracts made under previous regimes. But it cannot expect to attract new investment if it refuses reasonable compensation.

It would be a mistake to cajole the nations of Latin America into maintaining the Alliance by yielding to Brazil or Argentina. At the same time, little would be gained by an immediate cutoff of aid. Such action would only confirm the suspicions of ultranationalists, who despite their vocal strength remain a minority throughout Latin America.

Both Brazil and Argentina may still recognize the danger in cracking the Alliance and in repudiating foreign obligations. Economic independence and fair treatment of foreign investment are not irreconcilable. Intelligent self-help and greater cooperation within the Alliance can, in fact, lead to an increase in foreign capital needed for development. The choice is not between independence and foreign domination, but between stagnation and growth.

EXHIBIT 2

CREEPING EXPROPRIATION

Recent instances or threats of "creeping expropriation" of American investments have been brought to our attention. In some cases, the foreign government threatens to strangle a company by cutting off essential imports of products, parts, or machinery. In another case, the threatened action is not technically "discriminatory" since the American investor owns and operates the only business to which the action would be applicable; nevertheless, the action manifestly would have the effect of expropriating the enterprise, within the meaning of section 620(e). In another case, the foreign government threatened to prohibit the sale of certain American products under their recognized international trademarks, unless the company also agreed to sell below cost identical products without trademarks.

The congressional intent to cover all expropriatory actions, overt, or creeping, is emphasized in the committee report. The language in section 620(e) concerning "creeping expropriation" covers all actions which "have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of the property." The proposed additional language—"or has taken other actions"—appears in AID's specimen contract guaranteeing equity investments against expropriation risks. The contract defines "expropriatory action" to include any action "which is taken, authorized, ratified or condoned" by the foreign country and which "results in preventing the foreign enterprise from exercising substantial control" in the "use and disposition of its property". Under the AID contract, such action is expropriatory if it "has caused or permitted a dissipation or destruction of the assets of the foreign enterprise as a going concern." The AID Investment Guaranty Handbook declares that the contract "will usually be written to treat as a total loss expropriation either of all the assets of a foreign enterprise or a portion sufficient to destroy its value as a going concern."

Since 1950, the Foreign Claims Settlement Commission of the United States (and its predecessor agencies) have been interpreting the meaning of "creeping expropriation" in the context of international law and of various international claims agreements to which the United States was a party. In such agreements, the phrase "other taking" is generally used in conjunction with "nationalization" or "compulsory liquidation." The most recent examples are the U.S. agreement with Bulgaria dated July 2, 1963, and the agreement with Poland dated July 16, 1960. The latter agreement includes, in addition to "nationalization or other taking," the appropriation or the loss of use or enjoyment of property under Polish laws, decrees, or other measures limiting or restricting rights and interests in and with respect to property."

In the legislative history of the International Claims Settlement Act, approved March 10, 1950, the Senate Committee on Foreign Relations laid down the following broad standards for the interpretation of the phrase "other taking":

MEANING OF "OTHER TAKING"

"The term 'other taking' in the Yugoslav claims settlement agreement of 1948 is understood to be used in a broad generic sense. 'Nationalization' is in fact a specific form of 'taking' of property. 'Other taking' is designed to include all other deprivation or divesting of property rights for which compensation is properly allowable under the principles of international law, justice, and equity. The Commission is not required narrowly to construe any portion of the proposed act, nor the term 'other taking.'

"It is known that some property owners were effectively deprived of property rights by Yugoslav authorities without formal nationalization. 'Nationalization' under Yugoslav law called for compensation to be paid in accordance with Yugoslav law. Property and property rights have also been confiscated without compensation by Yugoslav authorities, placed under informal or formal sequestration, held under administration, or put in the possession or control of others. Actual transfer of title in a normal sense may not have occurred, yet holders of property may have been effectively deprived of ownership rights. Since the Yugoslav agreement covers the period of September 1, 1939, to July 19, 1948, the intent was undoubtedly to encompass all actual deprivation of property.

"Variations of 'other taking' are many—too many and too complicated to enumerate. The problem is essentially judicial. The most difficult and important legal issues before the Commission will doubtless arise as to the phrase 'other taking.' It is believed that consistent with the intent of the Yugoslav agreement, the specific application of 'other taking' should be left to the Commission. Prejudgment, either administrative or legislative, should be avoided in justice to all claimants." (S. Rept. 800, 81st Cong. 1st sess. p. 10 (1949).)

The Commission has applied these principles in numerous decisions, published in GPO volumes including the following: "Settlement of Claims by the FCSC and its Predecessors 1949–55" (Yugoslav claims); "Tenth Semiannual Report of FCSC for Period Ending June 30, 1959" (Rumanian, Bulgarian, Hungarian, and Soviet claims); and "Fourteenth Semiannual Report of FCSC for Period Ending June 30, 1961" (Czech claims).

These principles embody standards of international law made applicable by act of Congress even where no agreement is signed by the expropriating government, as in the Czechoslovak claims program concluded in 1962 (under title IV of the International Claims Settlement Act, 22 U.S.C., sec. 1642 et seq.) and the Balkans claims program concluded in 1959 (under title III of the act, 22 U.S.C., sec. 1631 et seq.). In the Czechoslovak program, for example, the FCSC recently issued an award to the American owner of a particular type of real property, although he retained record title, on the ground that such owners "are precluded from the free and unrestricted use of their realty and the fruits of such realty. To all intents and purposes, owners of such property, despite the fact that they have remained the record owners, lost all control over the property and were little more than collecting agents for the Czechoslovak Government. In view of the foregoing, the Commission has concluded that improved real property having a gross rental income of 15,000 Czechoslovak crowns or more per year is considered as constructively taken by the Government of Czechoslovakia as of January 1, 1953." (Fifteenth Semiannual Report of FCSC, p. 17 (1962).)

Some Recent Instances or Threats of Creeping Expropriation

Only examples, not an exhaustive listing:

1. Brazil: An American mining and manufacturing company is threatened with imposition of prohibitive license fees for importation of essential machinery. The proposed license is nondiscriminatory on its face but is applicable only to the particular company and situation and would have expropriatory effect if imposed as threatened.

2. Brazil: Another American mining company is litigating in Brazilian courts the validity of administrative interpretation of a particular clause in their mining concession. The decree gave the contract an extreme effect not intended or covered by its terms. The company fears that affirmance of the decree on appeal, and the failure of the administrative authorities to correct the manifest error originally made, would have expropriatory effect. International law clearly holds the national government responsible in such cases for the judicial or administrative acts of subordinate governmental subdivisions or states. This responsibility includes conduct deemed to be "within the scope or functions of the agency or agent" if it falls within the general area of responsibility, though outside the actual authority of the agent or agency, whether national or local.

3. Mexico: Mining concessions were recently subjected to the retroactive requirement that they sell 51 percent of their stcok to Mexicans within 25 years or lose their concessions. Under a 1962 decree this basic requirement of Mexican law was amended to require that coal mining companies, including one major American company, must "Mexicanize" by May 31, 1963. The American company is suing in the Mexican courts to enjoin enforcement of this decree. For more than 2 years it has unsuccessfully sought a basis for Mexicanization acceptable to the government. Among other difficulties is the fact that the required amounts of Mexican capital simply are not available for investment in the heavily-taxed coal mining industry. (Wall Street Journal, Sept. 21, 1962; New York Times, Sept. 20, 1962.)

4. Mexico: Recent Mexicanization decrees include requirements that American-owned manufacturing and assembling plants cease importing parts from the United States by a particular date or purchase a major percentage of such designated parts from Mexican manufacturers by a particular date. One American automobile manufacturer, owner of a Mexican plant, was forced to close its doors and offer the plant for sale, putting 850 Mexican workers out of jobs. (Wall Street Journal, Feb. 27, 1962.)

5. Mexico: Under Mexican decrees, requiring sale of a majority of shares to Mexicans by a particular date, American companies are finding it extremely difficult to obtain buyers from Mexican investors willing to pay prices for the stock. Mexican Government bonds pay 10 percent interest and Mexican investors are unwilling to buy equity shares that pay anything less. Mexican investors traditionally demand profits as high as 20 percent per year while growth-conscious U.S. investors favor smaller dividends and larger reinvestments. Another American-owned manufacturing company was unable to obtain buyers for its shares among Mexican investors, individual or corporate, although its offering price yielded 11 percent at the current dividend rate. (Wall Street Journal, Feb. 27, 1962.)

6. Venezuela: An American-owned sulfur company is suing the Venezuelan Government in local courts for a claim of expropriation of its property. The corporation, engaged in exploiting sulfur deposits, discovered and developed underground steam deposits for use in generating the electricity. After making major investments and obtaining Government concessions, the company was offered a price for the electricity under a Government contract which the company announced would make it impossible to recover all its investments. The claim, totaling $20 million, includes the value of facilities already constructed and the cost of dollar loans undertaken in good faith on the basis of previous Government contracts in developing the deposits. (New York Times, Sept. 11, 1962.)

7. Colombia: Several American drug manufacturing and importing companies were recently subjected to decrees prohibiting the sale of trademarked drugs unless they complied with Government orders for the sale of equipment and nontrademarked drugs at 50 percent or less of the regular sales prices.

8. Canada, France: Various American companies are threatened with discriminatory taxes on American-owned shareholders above minority interests or with requirements of the sale of shares in the business to local private investors by particular dates. Such requirements obviously discourage or preclude further investments in the particular countries. When such requirements are imposed retroactively they raise strong possibilities of creeping expropriation of existing investments which may be strangled by a lack of normal additions to working capital contributed by the American owners of the business.

9. Ceylon: The Government announced last year a program of nationalization of particular installations owned by American and British oil companies which had been engaged for some years in the sale of their products imported from abroad. The Government selected for nationalization less than half of the installations, but only those which were profitable, leaving to private ownership the more numerous stations which were operated at a loss for the convenience of the Ceylon people and the development of the national market. The Government then proposed to compensate the companies only for the profitable stations nationalized and on a valuation basis limited to the net book value of those net value stations. After extensive and unsuccessful negotiations, the United States suspended certain foreign aid programs under the Hickenlooper-Adair amendment. The Ceylon government thereupon proceeded with the compensation procedures under its domestic statute, in violation of international law standards of valuation embracing the total investments and the total worth of the property on a going concern basis.

The Ceylon government recently took another significant step in its campaign of overt and creeping expropriation by refusing licenses for the necessary foreign exchange to import oil products for resale by the remaining stations under private American ownership. The reason for this expropriatory action was the refusal of the companies to reduce their prices to the unfair level of the Soviet oil products imported under other Government licenses for sale by the Government-owned expropriated properties and stations.

10. France: American, British, and Dutch oil companies are contesting in the courts a recent decree reducing their share of the French market in favor of a government-dominated company. A recent French decree reduced the import quotas allowed these foreign-owned companies under longstanding laws and agreements and gave a higher quota to a corporation recently formed under Government decree and control. Such decrees, under particular aggravated circumstances, made expropriatory effect in whole or part. (New York Times, May 5, 1963; Washington Post, Mar. 24, 1963.)

11. Various countries have imposed compulsory exchange controls blocking or freezing regulations limiting or prohibiting the repatriation of earnings and otherwise restricting freedom of management and control of many American-owned enterprises in those countries. Although such controls may not have expropriatory effect when issued and imposed, their continuation for an indefinite period obviously may strangle particular enterprises and have the effect of expropriation under particular aggravated circumstances varying from business to business.

In the case of public utilities, and particularly in Latin America, the refusal of the state governments to approve rate increases and change depreciation schedules, have resulted in the companies involved being unable to extend services as required by franchise.

12. Brazil: An American public utility, denied necessary rate increases, was forced to cancel all plans for expansion and was unable to maintain its existing plant. A deterioration in service makes the company ripe for expropriation.

EXHIBIT 3

MAJOR INSTANCES OF EXPROPRIATION OF PROPERTY BELONGING TO U.S. NATIONALS SINCE WORLD WAR II

Like the United States, most countries maintain procedures for nationalization or expropriation of property for governmental or other public purposes. Where property of U.S. nationals is subjected to such procedures abroad, the Department of State would not ordinarily become involved unless the taking or provision for compensation did not comply with international law standards, and the adversely affected U.S. national complained. Consequently, a number of expropriation actions are not reported at all or, if reported, are not recorded for purposes of compilation nor collected for ready reference. So far as is known, no complete list is maintained by any U.S. Government agency.

Subject to the foregoing qualification, the list below does include the major instances of expropriation in the period since the end of World War II. A case-by-case breakdown could not be prepared without extremely extensive and time-consuming research.

YEARS 1945–50

Eastern Europe: General nationalization of land and business properties including U.S.-owned property in Yugoslavia, Poland, Czechoslovakia, Bulgaria, Rumania, and Hungary.

Settlement:

Claims agreement between United States and Yugoslavia, July 19, 1948—lump sum settlement.

Claims agreement between United States and Rumania, March 30, 1960—lump sum settlement.

Claims agreement between United States and Poland, July 16, 1960—lump sum settlement.

Claims of U.S. nationals against Czechoslovakia, Bulgaria, and Hungary have been paid in part out of vested assets of respective countries in United States by legislation: International Claims Settlement Act of 1949, as amended, title III (Public Law 285, 84th Cong.—Hungary, Bulgaria, Rumania) and title IV (Public Law 85–604—Czechoslovakia).

Communist China: General nationalization of land and business properties, including U.S.-owned property. United States does not maintain diplomatic relations.

Settlement: None concluded.

OCTOBER 31, 1952

Bolivia: Nationalized tin mines including the Patino interests of which one company was partially owned by U.S. stockholders. None of nationalized companies incorporated in United States.

Settlement: Interim payments pending final settlement made to U.S. stockholders out of proceeds of tin sales under agreement between Bolivia and Patino interests in 1953, renewed in 1956. Final settlement now under negotiation between company and government.

MARCH 5, 1953

Guatemala: Expropriation of 234,000 acres of subsidiary of United Fruit Co. for purposes of agrarian reform.

Settlement: United States submitted formal claim against Guatemala after company exhausted local remedies, but expropriation was rescinded by new government which took power in 1954.

JULY 26, 1956

United Arab Republic: Nationalization of Suez Canal Co. which had some U.S. stock ownership.

Settlement: Compensation agreement signed July 13, 1958, by United Arab Republic and representatives of stockholders. International Bank afforded good offices in negotiations between United Arab Republic and stockholders.

JULY 7, 1958

Argentina: Municipal government of Toberia in Buenos Aires Province expropriated subsidiary of American & Foreign Power Co. (ANSEC).

Settlement: Overall settlement between Government and company for this property and other properties expropriated, seized and intervened previously by local governments in Argentina made November 28, 1958, with all American & Foreign Power electric facilities in Argentina transferred to Argentine Government. Settlement contract called for court evaluation of properties which was issued April 26, 1961, and accepted by company.

DECEMBER 26, 1958

Yugoslavia: Nationalization of urban dwellings, business premises and underdeveloped building lots, including U.S.-owned property.

Settlement: United States and Yugoslavia have agreed to begin negotiations soon for settlement of claims arising after 1948.

MAY 11, 1959

Brazil: Governor of Rio Grande de Sul issued order expropriating American & Foreign Power Co. holdings in state.

Settlement: Case now pending in Brazilian courts.

JUNE 3, 1959

Cuba: Agrarian reform law provided for expropriation of estates over a certain size including U.S.-owned sugar plantations. U.S. note to Cuban Government protested inadequate provision for compensation.

Settlement: None concluded to date.

JULY 5, 1960

Cuba: Law authorized nationalization of all U.S.-owned properties to be carried out as applied to particular properties by subsequent decrees. Law was in specific retaliation against United States cutting Cuban sugar quota. Probably all or nearly all U.S.-owned property in Cuba has been taken under this or other expropriation law. Several U.S. notes to Cuban Government protested discrimination and inadequate provision for compensation.

Settlement: None concluded to date.

YEAR 1962

Brazil: Governor of Rio Grande de Sul expropriated International Telephone & Telegraph properties in that state.

Settlement: Presently under negotiation between company and Government.

Ceylon: Requisition of certain assets of oil companies, including American.

Settlement: Formal note from Ceylon Government received stating its intention to make prompt and effective compensation for all assets requisitioned.

YEARS 1945–62

Mexico: From time to time Mexico expropriates U.S.-owned, and other, property under its agrarian reform program.

Settlement: While there has been no overall settlement of claims, there have been isolated instances of individual settlements.

Mr. ELLENDER. Mr. President, earlier in the debate I called up my amendment No. 244, which is now pending. In the last few moments I discussed the amendment with the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT]. He stated that if I would modify the amendment in certain respects, he would accept it. I have agreed to do that.

The modifications are as follows:

On line 2, strike out: "Notwithstanding the provisions of section 614(a) of this Act".

The next word "the" would have a capital "T".

There is a further modification on line 4 to strike out "Republics" and insert in lieu thereof "countries."

There is a further modification, on line 3, page 2, to strike out "Republics" and insert in lieu thereof "countries."

So the amendment, as modified, will read:

The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed $25,000,000.

The rest of the amendment remains as is, with the exception of the last word "Republics", which becomes "countries."

The PRESIDING OFFICER. Since the yeas and nays have been ordered on the amendment, is there objection to the request for modification?

Mr. ELLENDER. Mr. President, in view of the fact that the distinguished Senator from Arkansas has stated he will accept the amendment as modified, I was about to ask unanimous consent to withdraw the order for the yeas and nays.

The PRESIDING OFFICER. Is there objection to withdrawing the order for the yeas and nays? The Chair hears none, and it is so ordered.

The amendment offered by the Senator from Louisiana is modified according to his statement.

Mr. FULBRIGHT. Mr. President, with those modifications I think the amendment is quite acceptable. I have no objection to it. I shall be glad to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Louisiana [Mr. ELLENDER] to the committee amendment in the nature of a substitute, as amended.

The modified amendment was agreed to, as follows:

On page 41 between lines 8 and 9, insert the following:

"(d) SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—(a) The value of grant programs of defense articles for African countries, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with fiscal year 1964, shall not exceed $25,000,000.

"(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for African countries."

Mr. ELLENDER. Mr. President, I call up my amendment No. 250 to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 53, beginning with line 6, it is proposed to strike out through line 4 on page 54, as follows:

SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 (et seq.)), is amended as follows:

(a) Section 104(e) is amended as follows:

(1) Strike out "25 per centum" and substitute "50 per centum".

(2) Insert after the words "such firms" a comma and the words "and cooperative enterprises,".

(3) Strike out "United States agricultural products" and substitute "United States agricultural and industrial products".

(b) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

(c) The amendment made by subsection (b) of this section shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

Mr. ELLENDER. Mr. President, I wish to modify my amendment by striking out, on line 1, the figure "6" and inserting in lieu thereof the figure "9"; and on line 2, strike out the figure "4" as well as "on page 54" and insert in lieu thereof "16."

The PRESIDING OFFICER. The Senator from Louisiana has that right. The amendment is so modified.

The amendment, as modified, is as follows:

On page 53, beginning with line 9 strike out through line 16, as follows:

"(a) Section 104(e) is amended as follows:

"(1) Strike out '25 per centum' and substitute '50 per centum'.

"(2) Insert after the words 'such firms' a comma and the words 'and cooperative enterprises,'.

"(3) Strike out 'United States agricultural products' and substitute 'United States agricultural and industrial products'."

Mr. SALTONSTALL. Mr. President, I believe the Senator from Kansas [Mr. CARLSON] has an amendment to subsection (b).

Mr. CARLSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield?

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state the parliamentary inquiry.

Mr. ELLENDER. The modified amendmend I have just offered could be adopted, and thereafter the distinguished Senator from Kansas could offer an amendment to the remainder of the amendment of the Foreign Relations Committee.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the committee amendment in the nature of a substitute.

Mr. CARLSON. As I understand, the Senator from Louisiana proposes to strike out the language on page 53, beginning with line 9, down through line 16 in the committee amendment; the remaining portion, from line 17 to line 24, would be left in the committee amendment.

Mr. ELLENDER. That language would remain.

Mr. CARLSON. I should like to make this short statement. It was my amendment that increased the 25-percent figure now permitted to be used under Public Law 480 funds to 50 percent. I favor that provision. I hope the Senator from Louisiana does also. I understand that he has agreed to make a thorough study of the entire use of Public Law 480 funds sometime early next year.

Mr. ELLENDER. The committee will hold hearings on Public Law 480, with a view toward revising the entire act. The committee will take into consideration, of course, the provision that the Senator from Kansas has referred to.

Mr. CARLSON. Mr. President, I have great confidence in the distinguished Senator from Louisiana, because he has worked on this problem for many years. I am sure he will make a thorough study of it.

Subsection (b) is now the subject of amendment. I have no objection to including fish products in the foreign aid program. As a matter of fact, on page 41 of the committee report there appears this language:

> There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I wish it definitely understood that I have no objection to it. My one concern is that there has been some effort to include a product that is known as fish flour under the designation of fish products. I believe that to be a misnomer.

I ask the distinguished Senator from Massachusetts if he would be willing to accept as an amendment on line 20, following the word "product", these words: "not including fish flour". I would be happy to support such an amendment.

Mr. SALTONSTALL. Mr. President, I am glad to accept that amendment.

At the present time, the Federal Government has underway several projects involving fish flour and its acceptability. The FAO mission has also begun a program of acceptability testing and development of commercial production of fish flour in Peru to which it is contributing $300,000 during the next 3 years. The National Academy of Sciences has given fish flour a clean bill of health. The Bureau of Commercial Fisheries is continuing its research under funds appropriated last year. The Food and Drug Administration has indicated that it will not move from its position unless ordered to do so by the courts or by congressional action.

In view of these circumstances, although we in Massachusetts and I believe in Alaska and elsewhere—including the Senator from Illinois [Mr. DOUGLAS]—feel very strongly that fish protein is a proper fishfood, under the circumstances, it is felt wiser not to insist on that product being included in the act.

Therefore, as one who is interested in fish and fish products, I am willing to accept the amendment of the Senator from Kansas.

Mr. CARLSON. Mr. President, I would like to offer my amendment.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Is not the Ellender amendment now pending?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment in the nature of a substitute.

Mr. FULBRIGHT. I understand that the substitution of the 50 percent is quite agreeable. I have no objection to it. I have no particular objection to the second part, other than that the Senator from Minnesota [Mr. HUMPHREY] was very much interested in this particular program, and I would like to have him given an opportunity to come to the floor and at least discuss the matter with the Senator from Louisiana before accepting it.

This involves authority to use the so-called Cooley amendment in the use of Public Law 480 funds. I do not believe the Senator from Louisiana considers it an improper objective, but he does not like it to be inserted in this manner, and wishes to handle it in his own committee.

Mr. ELLENDER. That is correct. We would have no objection to it, but since the Committee on Agriculture and Forestry will undertake a full study of Public Law 480 next year, the whole matter will be dealt with at that time.

Mr. FULBRIGHT. The Senator from Minnesota should have an opportunity to say something on this subject before the amendment is adopted.

Mr. HUMPHREY. As I understand, this matter relates to the Cooley amendment for the use of Public Law 480 funds for the development of American institutions. We are making available some of these funds in those areas where they are needed and can be used for cooperative enterprises.

Mr. ELLENDER. Next year, we will study Public Law 480 in its entirety, and the uses of the funds generated. The committee may adopt what we are discussing today, but it is my judgment that we ought to have hearings on it, and it ought to be considered by the Committee on Agriculture and Forestry.

Mr. HUMPHREY. This does not relate particularly to Public Law 480, except the use of the money that it generates. The question of that use is not a prerogative of the Committee on Agriculture and Forestry. It is a matter that relates to commerce and foreign policy. Under those circumstances, all we are doing is spelling out what has been interpreted under the Cooley amendment to be a fact already; namely, that a cooperative enterprise which can borrow money which is repayable with interest qualifies as a part of our private economy.

I say most respectfully it is only a matter of placing in the law what some people believe is already in the law; but I thought we ought to spell it out precisely.

Mr. ELLENDER. Public Law 480 does spell out how this money is to be used. The Senator appeared before the Committee on Agriculture and Forestry several times in an effort to make certain that some of the money was used abroad. I contend that the manner and method in which the Public Law 480 money is to be used should be considered by the Committee on Agriculture and Forestry. Since we plan to study the entire bill next year, there will be time enough for us to consider this very proposal.

Mr. HUMPHREY. It is not a matter of great consequence. The funds are available. It is not as if we were obtaining new money. We say that a percentage of the funds set aside for the use of American enterprises in that category shall be available to cooperatives. After the words "such firms" will appear "and cooperative enterprises," because they are private enterprises. They will repay the loans exactly as do John Deere or Parke Davis, companies which presently use funds under existing laws.

Mr. ELLENDER. I understand the interest of the Senator from Minnesota in cooperatives, and I share his views. But this matter ought to be considered by the Committee on Agriculture and Forestry. That committee should determine, after hearing the evidence, why the percentage should be increased from 25 to 50 percent. There may be other uses to which the money could be put.

Mr. HUMPHREY. The provision for 50 percent was, I believe, offered by the distinguished Senator from Kansas [Mr. Carlson]. I am sure he has already explained it. I am not arguing whether the amount should be 25 percent or 50 percent. I would be perfectly willing and content to have it 25 percent—the same formula. But the funds were accumulating under this part of Public Law 480 in what is known as the Cooley fund. It seemed to me that they ought to be put to use. They are foreign currencies and lose much of their productivity and purchasing power by inflation. Enough money has already been wasted under Public Law 480 by inflation to have perhaps paid for the program once again.

We have permitted this to happen in Spain, where the currencies could have been used to build houses. It has happened in other countries. I believe the funds ought to be put to work.

Mr. ELLENDER. It may well be that the funds could be better used in other ways than the Senator has suggested. The only way to determine that is to hold hearings.

Mr. HUMPHREY. We have a 1-year program, and one-half of the year has already passed. I doubt whether the use of the funds would shake the financial solvency of the Government of the United States, or that Public Law 480 would be basically destroyed if the provision were in or out of the law. I believe it would be a good idea to have it in. A number of other Senators also have an interest in this fund.

The PRESIDING OFFICER (Mr. Brewster in the chair). The question is on agreeing to the amendment offered by the Senator from Louisiana to the committee amendment as amended. [Putting the question.]

The amendment to the amendment was rejected.

Mr. ELLENDER. Mr. President, I ask for a reconsideration of the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I respectfully suggest that I ought to insist on a live quorum, so that all Senators will be properly notified.

The legislative clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. GOLDWATER. I object.

The legislative clerk resumed the call of the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I have discussed the matter with the chairman of the committee [Mr. Fulbright] and the Senator from Louisiana [Mr. Ellender]. The Senator from Louisiana feels that he should move to reconsider the vote by which the amendment was rejected. I have no objection.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion to reconsider.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. DIRKSEN. Mr. President, I cannot address this inquiry to the Chair; I think I must address it to the distinguished Senator from Minnesota: Has a compromise been reached?

Mr. HUMPHREY. Yes; I have discussed the matter with the chairman of the committee [Mr. Fulbright] and with the Senator from Louisiana [Mr. Ellender]. In the light of our discussion, I think we have reached an understanding.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee substitute, as amended.

The amendment to the amendment was agreed to.

Mr. BARTLETT. Mr. President, I wish to express my sincere appreciation to the Senator from Louisiana and also to the Senator from Arkansas and to the entire Foreign Relations Committee for having incorporated the fish provision in the bill.

Mr. FULBRIGHT. I appreciate that very much; but the amendment of the Senator from Kansas [Mr. Carlson] has not yet been acted upon.

Mr. CARLSON. Mr. President, my amendment is at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Kansas to the committee amendment, as amended, will be stated.

The Legislative Clerk. In the committee amendment, as amended, on page 53, in line 20, after the word "product", it is proposed to insert: "not including fish flour."

Mr. CARLSON. Mr. President, after discussing this amendment with the chairman of the committee, the Senator from Arkansas [Mr. Fulbright], and the Senator from Massachusetts [Mr. Saltonstall] and the Senator from Louisiana [Mr. Ellender], I have agreed to support this amendment without reservation.

Mr. FULBRIGHT. Mr. President, I accept this amendment to the committee amendment, as amended.

Mr. PASTORE. Mr. President, first, I wish to know why the Senate is considering fish flour as a surplus commodity.

Mr. FULBRIGHT. This amendment to the committee amendment will except it—take it out.

Mr. PASTORE. But will it then be shipped abroad?

Mr. FULBRIGHT. No.

Mr. PASTORE. But that is the point. Many people in Rhode Island and in Massachusetts are interested in this product. In fact, the distinguished Senator from Illinois ate some of the fish flour while he was standing on the steps leading to the Food and Drug Administration building on Connecticut Avenue; but by means of this proposal we would in one stroke except fish flour, to the prejudice of those who are interested in it.

Mr. CARLSON. Mr. President, I wish to state to the Senator from Rhode Island that the producers of this commodity can still sell all of it that they may wish to sell abroad, but not by using Public Law 480 funds to do so.

I am not opposed to the sale of fish flour, but I am in favor of prohibiting the use of Public Law 480 funds for the sale of fish flour abroad at this time. I am not opposed to the sale of fish products; but the committee report on this item is very plain, as follows—page 41:

> There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus.

And I call the following to the attention of the Senator from Rhode Island:

> The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I think the amendment is fine. I supported it in the committee, and I support it now; and I hope we shall not have to have long debate and a rollcall vote on this amendment, which I have offered in regard to a food product that has not been approved by the Food and Drug Administration for sale in the United States. Why should these funds be used to sell this product to foreigners when we will not permit this product to be sold in the United States?

Mr. PASTORE. Because for a long time we have been appropriating funds for research work in an attempt to develop this product as a food. I realize that it has not been approved by the Food and Drug Administration, but I wonder what the repercussions or effect of this provision will be. First of all, this product is not in surplus; so I do not believe it will fall within the purview of this provision, to begin with. But the mere fact that we are earmarking it or "flagging" it at this point makes me wonder whether such a provision would discourage the work on the development of this product. We have already authorized funds for research in regard to the development of this product; and I wonder why a Senator who is much interested in the sale of wheat flour is going out of his way this evening to except fish flour. I am naturally suspicious; that is all.

Mr. CARLSON. Whenever this product is approved by the Food and Drug Administration, that will be different.

Mr. PASTORE. Then why not say so in the amendment? If the amendment contains such a provision, I will agree to accept the amendment. But I hope the Senate will not proceed tonight, at 8 o'clock, to accept, out of order, such an amendment even though many of us have been fighting for a long time because of our view that if this product proves out, it should be used. The Government has spent many thousands of dollars on research on it; but this amendment would say all that work is now off.

Mr. SALTONSTALL. Mr. President, as one who is just as much interested in fish flour and fish protein as is the Senator from Rhode Island, I would go along with the amendment of the Senator from Kansas, because I believe it is of the utmost importance that domestically produced fish products be included as part of the surplus products to be shipped abroad. I do not think there is a great deal of fish to be shipped as surplus, but I think it important to include it.

Although I am strongly in favor of the use of fish protein, so-called, instead of fish flour, I think it advisable not to have a fight in the Senate over whether fish flour should be included in the bill—for the following reason:

At the present time the Federal Government has underway several projects involving fish flour and its acceptability. The FAO mission has also begun a program of acceptability testing and development of commercial production of fish flour in Peru, to which it is contributing $300,000 during the next 3 years. The National Academy of Sciences has given fish flour a clean bill of health. The Bureau of Commercial Fisheries is continuing its research under funds appropriated last year.

The important point is that the Food and Drug Administration has indicated that it will not move from its position of opposing the use of fish flour in this country unless ordered to do so by the courts or by congressional action.

This amendment would make available surplus fisheries products as designated by the Secretary of the Interior for purchase by friendly nations under the food-for-peace program. Occasionally we do harvest more of a particular species than the market can handle.

I think this is a very simple step, one which could prove extremely valuable to emerging nations where bread alone cannot solve the problem of undernutrition.

Already we permit the sale of wheat, rice, eggs, poultry, butter, cheese, milk, pork, variety meats, lamb, onions, potatoes, dates, canned peaches, and beans.

We cannot sell any of these items where they will compete with products from other friendly nations; so the effect of this amendment will be limited, but it would assist our beleaguered fishing industry, and I believe that, more importantly, it could serve to alleviate malnutrition and starvation in many areas of the world.

Mr. President, there are still some ghosts which have not been laid to rest with regard to fish protein concentrate. I am afraid that many of my colleagues are frightened by the term "fish flour" which is applied to this product. It is a misleading name, applying only to its appearance, not to its use. We never could make a loaf of bread with fish flour. It is in essence only a protein additive. Many countries of the world cannot obtain for their people a diet sufficiently high in protein. This product would answer that need by supplementing largely carbohydrate diets.

I think we would be in a bad position if we shipped such products abroad although at the present time we do not permit them to be sold to the people of the United States, and although two research programs in regard to them are being conducted.

Therefore, I am agreeable to accepting the amendment of the Senator from Kansas to the committee amendment, as amended.

Mr. PASTORE. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. PASTORE. Will the Senator from Kansas accept a modification of his amendment—by adding after the words "not including fish flour," the words "until approved by the Food and Drug Administration"? If that modification is made, I shall be perfectly satisfied.

Mr. CARLSON. Of course I would not be in a position to oppose the sale of any product that is approved by the Food and Drug Administration of the United States. I still have questions about this product; but I shall be willing to accept that modification, in order to have the amendment taken to the conference between the House and the Senate.

Mr. PASTORE. I thank the Senator from Kansas.

The **PRESIDING OFFICER.** The question is on agreeing to the modified amendment of the Senator from Kansas. [Putting the question.]

The modified amendment to the committee amendment, as amended, in the nature of a substitute, was agreed to, as follows:

> On page 53, line 20, after the word "product", insert "not including fish flour until approved by the Food and Drug Administration."

Mr. ELLENDER. Mr. President, since subsection 403(a) has been stricken out, it will be necessary to strike out, in line 17, on page 53, the letter "(b)", and to insert in lieu thereof "(a)"; and on page 54, in line one, to strike out "(c)" and to insert in lieu thereof "(b)". I ask that these modifications or corrections be made.

The **PRESIDING OFFICER.** Without objection, the necessary corrections or technical changes in the lettering of sections and subsections will be made by the Secretary of the Senate.

AMENDMENT NO. 245

Mr. ELLENDER. Mr. President, I call up my amendment No. 245 to the committee amendment.

The **PRESIDING OFFICER.** The amendment of the Senator from Louisiana to the committee amendment, as amended, in the nature of a substitute will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 35, beginning with the word "and" in line 18, it is proposed (amendment No. 245) to strike out through the words "as amended," in line 22.

On page 36, line 14, before the period, insert a comma and the following: "except that so much thereof as may be necessary shall be used for the immediate redemption of any outstanding notes issued under section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, or section 413(b)(4)(F) of the Mutual Security Act of 1948, as amended".

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the amendment would not cut from the bill any of the dollar amounts already authorized. On the contrary, it would merely simplify the bookkeeping of the investment guarantee fund and remove from the bill a method of backdoor financing. In addition, it will help to make clear, and place emphasis on the provision included in the bill by the Foreign Relations Committee; namely, that all guarantees "shall be considered contingent obligations backed by the full faith and credit of the United States of America." And finally, it will place the Investment Guaranty Fund on the same authorization-appropriation basis as the other items contained in the pending bill.

As of June 30, 1963, the Investment Guaranty Fund had reserves totaling $268,585,915.01. These reserves are composed of the following:

Borrowing authority from Treasury	$199,071,521.50
Transfers from DLF appropriated funds	27,747,863.42
Fees collected	12,417,917.88
Proceeds from sale of assets	16,161.07
Fiscal year 1963 appropriations	30,000,000.00
Subtotal	269,253,463.87

I point out that the investment guarantee fund has been in operation now for 15 years. In the course of the 15 years only 2 losses have been sustained. Those losses amount to $667,548.86, thereby leaving in available reserves $268,585,915.

I submit, Mr. President, that since Congress has legislated to provide that the full faith and credit of the United States stands behind all investment guarantee contracts, the reserves presently set aside in this fund are far in excess of needs and should be reduced to a reasonable amount, and that backdoor financing of this fund is no longer necessary. To reduce the reserve to a reasonable amount, my amendment would rescind the amount of borrowing authority presently contained in the total reserves, an amount totaling, as previously mentioned, $199,071,521.50, and make the total reserves of the Investment Guaranty Fund $69,514,393.51. This amount should be more than adequate to take care of any losses the fund may sustain in any particular year, and if future replenishment of the fund ever becomes necessary, Congress could replenish the fund through the appropriation process.

To buttress my opinion, I would like to cite language from the Agency's own justifications which was submitted to Congress to back up its budget estimates, and which appears on page 156 of these justifications:

> Since investment guarantees are obligations of the United States, there is no basis for doubting that Congress would provide the necessary moneys to discharge proper claims promptly as they fall due. The history of claims to date in the past 15 years of the program's operation indicates that the present reserves are probably more than adequate to take care of claims that could be anticipated as maturing in any given fiscal.

Mr. President, I fear that if the excess reserves are allowed to remain in the bill, it is only a question of time when either the Senate or probably the House will desire to make use of the fund for one reason or another.

If this amendment is not adopted, then raids on the excess reserves can be expected. The House Foreign Affairs Committee has rejected the first raid that has already been tried, and here I make reference to the attempt to use the fees collected from guarantees to hire personnel. On pages 17 and 18 of the report of the committee on the Foreign Assistance Authorization Act of 1964, the following appears:

> PERSONNEL
>
> In addition to the program delays required for the development of policies and procedures, others have apparently occurred due to shortages of personnel. It came to the committee's attention during consideration of the bill that AID has on board only 15 people to handle the present specific risk investment guarantee workload, although the Agency estimates at least 46 employees are required. The committee gave serious consideration to an amendment to allow fee income from investment guarantee operations to be used to pay the cost of the Agency's operation of this program. This would have allowed, in addition to the management and custodial costs incurred with respect to currencies or other assets acquired under guarantees made, the payment of direct and indirect personnel, travel, communications, and other expenses involved in the processing and issuance of guarantee contracts.
>
> Although it rejected authority to use fee income for the employment of personnel and the payment of other costs, the committee recognized the need for increased emphasis on the proper staffing of this important program, and believes that early attention should be given to this problem. Further, the committee believes that the necessary personnel can be provided without any change in existing law if AID gives greater attention to the processing of the investment guarantees. In the view of the committee the importance of encouraging the participation of private enterprise in our development efforts warrants the assignment of the very highest priority to meeting the needs of this program within available administrative appropriations and personnel ceilings.

Mr. President, I repeat that the amendment would in no manner reduce the dollar amounts in the bill but would merely return to the Treasury the now unneeded borrowing authority which was put into the law many years ago.

If my amendment is adopted I repeat that there will be almost $70 million in available funds which may be necessary to pay losses that may be sustained under the investment guarantee fund.

Mr. President, I hope that the amendment will be adopted.

Mr. President, I ask unanimous consent to modify my amendment, on line 8, to change the year figure from "1948" to "1954".

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I am glad to yield.

Mr. DIRKSEN. The reserves are piled up under this guarantee program. Does the distinguished Senator from Louisiana feel that they have reached the point where some of them should be covered back into the Treasury—at least the amount to pay off notes under the old Marshall plan, in the aggregate sum of about $200 million?

Mr. ELLENDER. That is right; $199 million-plus.

Mr. DIRKSEN. That is the substance of the amendment?

Mr. ELLENDER. That is all it involves.

Mr. DIRKSEN. Then why can we not vote upon it?

Mr. ELLENDER. I am ready.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. Is it not true that these reserves will be reduced to approximately $70 or $69 million?

Mr. ELLENDER. The reserves will be reduced to $69 million, but I hasten to point out that in 15 years the losses have been only $667,000.

Mr. HUMPHREY. We are greatly expanding the investment guarantee program. Under this bill that is the only way we will get the private sector of the economy involved in any of these activities.

Mr. ELLENDER. I understand that and I agree the private sector should be encouraged. Last year we appropriated $30 million for that purpose. This year no request was made.

Mr. HUMPHREY. That is because there was a substantial carryover of reserves.

Mr. ELLENDER. But the situation has changed from that prevailing under the original legislation. Originally reserves of 100 percent were required. It will be recalled that a ruling was asked of the Attorney General as to whether the full faith and credit of the United States is behind the investment guarantees, and the answer was in the affirmative. Furthermore, the U.S. Government is contingently liable to the extent of approximately $746 billion on veteran's housing, FHA housing, retired military pay, veterans pensions and benefits, and other commitments. There are not any reserves to cover this large liability.

Mr. HUMPHREY. Yes; that is correct.

Mr. ELLENDER. In order to make this certain, the bill contains a provision which explicity states that the full faith and credit of the United States is behind the guarantees.

Mr. HUMPHREY. I am not particularly opposed to the amendment of the Senator from Louisiana. I rise to make some legislative history on the question of the investment guarantees, which is of such importance to the private sector of the American economy that we cannot deal with it lightly.

One of the problems brought to my attention by a private firm relates to the promptness of payment. With reserves, they get the money. When the investment goes bad, and the guarantee requirement is brought into play under the "full faith and credit" of the U.S. provision, they are guaranteed the money but get the money rather late. That, of course, does not suffice to meet the business needs of a corporation.

Mr. ELLENDER. Whenever the faith and credit of the United States backs up any claims, they have always been paid.

Mr. HUMPHREY. Yes, I agree that they have been paid.

Mr. ELLENDER. There will be a reserve as I said, of almost $70 million for that purpose, if this amendment is adopted. If this guarantee fund should get lower, there is no doubt that the Congress would do what was done last year, when we appropriated $30 million. That money is still available.

Mr. HUMPHREY. I merely wished to raise a warning flag on this question. I am not in any position to object. The chairman of the committee is temporarily away from the Chamber.

Since we have greatly expanded the investment guarantee program, since we have written into the bill half a dozen amendments about private enterprise participation, and since many speeches have been made on the importance of private enterprise investing in foreign countries—particularly in South American countries, so as to aid the Alliance for Progress—considering what knowledge we have of the political and economic instability in these countries, I believe it might be a little risky to tamper in any way with what we call the guarantee program. I understand that the full faith and credit of the United States is pledged. I understand we can always appropriate additional moneys. I also understand a little about the necessity for having reserves. The reserves are minor compared to the amount ultimately to be guaranteed.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. DIRKSEN. I believe the Senator is correct in stating that it would take Congress only a few days, either by a deficiency or a supplemental appropriation, to provide the necessary money to sustain the full faith and credit item. I respectfully suggest to the Senator that he withdraw the order for the yeas and nays and let the Senate vote.

Mr. MORSE. We should have the yeas and nays. Then in conference our position would be strengthened. It will not take long.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. SPARKMAN. As I understand this proposal, it would effect no reduction in the program, no saving. It would not worsen the Treasury position, and it would not better the Treasury position. The amendment would reduce the reserves by canceling the Treasury notes never called upon.

There are some arguments against doing that. We virtually doubled the guarantee program this year, from $1.3 to $2.5 billion. This is a new proposal. It was not submitted to the committee.

I would suggest that the Senator from Louisiana obtain unanimous consent to withdraw the yeas and nays. We are willing to take the amendment to conference.

Mr. HUMPHREY. And support it.

Mr. SPARKMAN. And we will support it, subject, of course, to such additional information as we may obtain between now and then.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the yeas and nays on my amendment may be withdrawn.

The PRESIDING OFFICER. Is there objection to the request for rescinding the order for the yeas and nays? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment of the Senator from Louisiana [Mr. Ellender], as modified, to the committee amendment in the nature of a substitute, as amended.

The amendment, as modified, was agreed to.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. HUMPHREY. I ask unanimous consent to have printed in the Record the position of the executive branch relating to the amendment.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Arguments Against Amendment Proposed by Senator Ellender Required Immediate Redemption of Any Notes Issued Under the Economic Cooperation Act of 1948 and the Mutual Security Act of 1954 in Connection With the Investment Guarantee Program

1. No new notes can be issued to the Treasury under the investment guarantee authority of the Foreign Assistance Act. The effect of the amendment, however, would be to deny AID the right to draw against notes already issued under prior statutes, which are now part of the reserves for the payment of claims.

2. By depleting existing reserves, it breaks faith with U.S. business firms who hold investment guarantees. Firms taking out guarantees have and will continue to rely on there being a sizable reserve available to assure prompt payment of their claims without waiting for an appropriation. While the full faith and credit of the United States is assurance to investors that they will be paid, it is equally important to them that payment be made promptly and that they not have to wait for appropriations. Investors have understood that the reserves will minimize or eliminate the risk of such delay. To deplete this reserve by reducing it from $268 million to $69 million would be a direct repudiation of the understanding.

3. This is not "backdoor financing," which avoids the appropriation requirement. No new notes can be issued to increase the reserves. In 1962 the Appropriations Committees reviewed the investment guarantee reserve in deciding how much new money to appropriate for that reserve. They took these funds into account and reduced the appropriation from the $180 million requested by the executive branch to $30 million to maintain a reserve level which included the $199 million.

4. The funds represented by these notes are not part of our national debt.

Mr. ELLENDER. Mr. President, I call up my amendment No. 287 to the committee substitute, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 38, line 22, after the word "shall" it is proposed to strike out all through the word "Act" on line 24.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ELLENDER. I am glad to yield.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Mr. President, do I correctly understand that during my absence from the Chamber an amendment was added on page 53, line 20 of the committee amendment dealing with the use of fish under Public Law 480, and that the modified amendment added was as follows: "not including fish flour until approved by the Food and Drug Administration,".

Am I correct in stating that this was made a part of the bill?

The PRESIDING OFFICER. That amendment was adopted.

Mr. DOUGLAS. Mr. President, may I ask if any motion to reconsider the vote by which the amendment was agreed to was made at that time?

The PRESIDING OFFICER. No such motion was made.

Mr. DOUGLAS. Then a motion to reconsider would be in order?

The PRESIDING OFFICER. Such a motion is in order.

Mr. DOUGLAS. Mr. President, I wish to serve notice that at an appropriate time I shall move the reconsideration of the vote by which the amendment was agreed to.

I believe it is well known that I am deeply interested in this amendment. I was not notified of the action to be taken by anyone. It is very hard to watch the proceedings constantly, considering the multitude of things going on and the multitude of obligations under which a Senator is involved, and I knew nothing about this until a few minutes ago.

I believe this amendment is equivalent to killing the inclusion of fish flour so long as George B. Larrick is head of the Food and Drug Administration. Mr. Larrick has declared his opposition to fish flour over and over again, despite the fact that it has been approved by the National Academy of Sciences and is known to be extremely beneficial, to be 85 percent protein, with absolutely no toxic effect whatsoever. Mr. Larrick objects on the alleged esthetic ground that it is made from the whole fish, although it is subject to many washings both in water and in alcohol, and is completely pure.

As I demonstrated the other day, Mr. Larrick has this esthetic objection to fish flour, while he approves for distribution fried silkworms, chocolate covered bees and ants, rattlesnake meat—a regular chamber of horrors. He has no esthetic scruples against those, but he draws the line against fish flour.

This may seem to be a somewhat laughable incident, but it is of practical importance, because in tropical areas where refrigeration is lacking, it is virtually impossible to keep milk and fish without their rapidly disintegrating and becoming contaminated. It is precisely in this area of the world where we are trying to build up the health of the people. The fish flour, with very high protein, can be produced at 14 cents a pound. And that is precisely where it is needed.

I serve notice that Mr. Larrick is not going to clamp down on the health of either the American people or people in the tropics.

At an appropriate time—and I shall have to be the judge of what the appropriate time will be—I shall offer a motion to reconsider, and I shall be prepared to debate the subject, not with the ability, but with some of the persistence, customarily displayed by the distinguished Senator from Oregon.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. The Senator from Kansas, who was interested in this amendment—I am also interested in it—is not present. I have sent for him. I do not know whether he has left the building or not. My suggestion to the Senator from Illinois is that he not persist in his motion to reconsider this evening, but hold it up until the Senator from Kansas reaches the Chamber. I am personally interested in fish flour, but I am also interested in getting other fish products included.

Mr. DOUGLAS. They are not inconsistent. I shall do this at an appropriate time. If the motion will be in order tomorrow, and there will not be a previous motion to reconsider by one of Mr. Larrick's proteges which will be defeated because of a vacuum which had developed on the floor, I shall do so. I do not want my abstention used as an excuse to get a rush vote to reconsider, which will be voted down, and which will result in anchoring this language into the bill.

Mr. SALTONSTALL. If the Senator is willing to do that, he can bring it up tomorrow. I shall try to get in touch with the Senator from Kansas and other Senators interested in the subject.

Mr. DIRKSEN. Mr. President, does the Senator from Louisiana [Mr. ELLENDER] have an amendment to offer?

Mr. ELLENDER. Yes; that is the last one.

Mr. DIRKSEN. I understand there is a fair chance that it will be accepted.

Mr. ELLENDER. I understand it will be.

Mr. DIRKSEN. May I suggest to the Senator from Louisiana that he present his argument in capsule form—say 60 seconds—and have the Senate act on it?

Mr. ELLENDER. Mr. President, I call up my amendment No. 287 to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 38, line 22, after the word "shall" strike out all through the word "Act" on line 24, as follows: "notwithstanding the provisions of section 612 of this Act or the provisions of any other Act."

Mr. ELLENDER. Mr. President, the bill as now drafted, authorizes and provides $25 million a year to be used by the President in lending to cooperatives. The purpose of my amendment is merely to leave the authorization in, but it provides that those who seek to borrow any of these moneys must obtain them through the appropriations process.

This, in a nutshell, is what the amendment does.

Mr. President, prior to the action taken by the Senate Foreign Relations Committee on this bill, section 253 provided that:

> All receipts in United States dollars from moneys made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter II of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

This language, Mr. President, established a revolving fund for loans made under the Alliance for Progress provisions of the Foreign Assistance Act of 1961, as amended, and for loans made from the Development Loan Fund under the Mutual Security Act of 1954, as amended. It simply provided that the repayments from these loans are available for relending.

Mr. President, I originally opposed the establishment of such a revolving fund because its operation would weaken the control of Congress of Federal expenditures in that it would permit moneys to be reloaned without congressional approval or consent. I have always felt that Congress should have the opportunity to vote on the uses to which the taxpayers money is put, and the establishment of such a revolving fund prevented Congress from perfoming that function. Needless to say, notwithstanding my opposition, the revolving fund concept was written into the Foreign Assistance Act.

Be that as it may, I am hopeful that when the Foreign Relations Committee revamps the foreign aid program next year, it will not write into the foreign aid bill any provisions which would tend to circumvent congressional control. All receipts from loans should be paid into the Treasury and each year's loan program should be reviewed and approved by Congress.

Last evening, the Senate took a step in the right direction when it adopted the amendment of the distinguished junior Senator from Colorado [Mr. DOMINICK]. His amendment provided that loan receipts could not be reloaned unless reappropriated by Congress. However, I would like to go a step further by reiterating that loan receipts of the development loan program and the Alliance for Progress program should be taken into the general receipts of the Treasury.

When the committee recently considered the Foreign Assistance Act it adopted an amendment to section 253 which would broaden the revolving fund already established by this section. I understand that the amendment the committee adopted was offered by our distinguished majority whip, Senator HUMPHREY, from Minnesota. It expanded section 253 by extending the revolving fund concept to include in addition to dollars, the foreign currencies our Nation receives from the sale of surplus commodities and from other sales. The amendment reads as follows:

> All receipts in foreign currencies from loans made under this title or from nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall, notwithstanding the provisions of section 612 of this Act or the provisions of any other Act, be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of any other Act, reserve such currencies in such amounts (not to exceed $25,000,000 in any fiscal year) and for such periods as he shall determine to be necessary to provide for the programs authorized by said subsection (g).

The subsection (g) referred to in this amendment was also adopted by the Committee at the behest of our distinguished majority whip, and it reads as follows:

> In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.

Now, Mr. President, I am not opposed to assisting the cooperative movement in Latin America, but I feel that any assistance we may grant should only be given with the full approval and consent of the Congress functioning through the sound processes established by the Congress. We should not authorize and appropriate at the same time, yet this is done in the Humphrey amendment to section 253.

Section 612 of the Foreign Assistance Act provides that, and I quote:

> Foreign currencies so received, which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

The Foreign Assistance Act provides in section 612 that foreign currencies are authorized to be made available for any of the purposes authorized in the Foreign Assistance Act, but it also provides that these moneys must be appropriated in an act passed by Congress.

The amendment to the Foreign Assistance Act which was offered by our distinguished majority whip, and which was adopted by the committee, would waive the provisions of section 612, and thereby result in a further dilution and weakening of congressional control since it would no longer require that foreign currencies be made available in an appropriation act. In effect, we give the President a blank check and bypass the orderly appropriation process prescribed by Congress.

I submit, Mr. President, that such a weakening of congressional control of expenditures is not only not desirable, but it is unnecessary. Thus, in my amendment to the amendment of the distinguished majority whip, I have merely urged the deletion of that language that would make the provisions of section 612 inapplicable. If my amendment is adopted there would still be $25 million of foreign currencies authorized in any one fiscal year for assisting and promoting the organization, implementation and growth of the cooperative movement in Latin America, but before this money could actually be expended, it would be necessary for it to be appropriated in an act passed by Congress.

If my amendment is not adopted then it would mean that Congress, in this authorization bill on foreign assistance, will be both authorizing and appropriating $25 million of foreign currencies for the purposes enumerated in section 251 (g) of the act. This, I do not believe Congress wishes to do and, therefore, I urge that my perfecting amendment, because that is exactly what it is, be adopted.

Mr. SPARKMAN. Mr. President, acting for the chairman of the committee [Mr. FULBRIGHT], we shall be pleased to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the committee amendment in the nature of a substitute, as amended.

The amendment to the amendment was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment to the amendment was agreed to.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I should like to address myself to the Senator from Alaska for a moment. Does the Senator from Alaska wish to offer his Latin American military aid amendment now, before I offer mine?

Mr. GRUENING. Mr. President, I wish to call up my amendment No. 235, and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Alaska, for himself, and other Senators, to the committee amendment in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed to insert between lines 8 and 9 on page 41 the following:

> (d) Section 505(a) of the Foreign Assistance Act of 1961 (Public Law 87-195) is hereby amended by changing the period at the end thereof to a comma and adding the following proviso: "*Provided*, That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country."

Mr. DIRKSEN. Mr. President, may I ask the majority leader and the sponsor of the amendment, which involves a rather broad policy, whether it is proposed to consider and dispose of this amendment tonight?

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished senior Senator from Oregon may possibly have an amendment pending. If that is the case, it is the intention of the leadership to move to have the Senate adjourn until tomorrow at 12 o'clock.

Mr. MORSE. Mr. President, the amendment offered by the Senator from Alaska opens up the entire issue of military aid to Latin America. The Senator from Alaska offers this amendment in keeping with his long-expressed conviction on the floor that he thinks military aid does more harm than good, that there is a great deal of money in the pipeline anyway, and that he would eliminate such aid.

There are other amendments on the same subject pending, depending on the disposition of this amendment. Although I do not think it will call for too long a debate, it will be discussed in some detail, because we are dealing with a very serious matter in connection with the Alliance for Progress program. I suggest that this amendment be made the pending amendment, and that we proceed to discuss the whole question of military aid to Latin America, using this as the basic amendment, tomorrow.

Mr. MANSFIELD. That is satisfactory with me. I thought I had understood the Senator from Oregon to ask the Senator from Alaska whether he was going to withdraw the amendment which he asked to have read. I may have misunderstood him. That is why I made the statement I did.

Mr. MORSE. The Senator either misunderstood the question, or I misspoke. There had been a discussion of which amendment was to be called up first. I asked him whether he wished to bring up his amendment before I offered my amendment, on this general subject. I judge he wants to offer his amendment first. If his amendment is defeated, I shall offer another amendment. There are several amendments on the subject.

Mr. MANSFIELD. That explains the situation.

I now ask unanimous consent that the Senate stand in recess until 12 o'clock tomorrow morning——

Mr. DOUGLAS. Mr. President, will the Senator withhold that request?

Mr. MANSFIELD. I withhold that request.

MOTION TO RECONSIDER

Mr. DOUGLAS. Mr. President, I enter a motion to reconsider the vote whereby the amendment of the Senator from Kansas [Mr. CARLSON] to the committee amendment on page 53, line 20, was agreed to.

I shall call this motion up at a time satisfactory to the Senator from Massachusetts or the Senator from Kansas.

Mr. MANSFIELD. Mr. President, I withdraw my request. I understand the Senator from Maryland [Mr. BREWSTER] desires to make a speech.

For the information of the Senate, there will be no further votes tonight, only speeches and remarks.

Mr. BREWSTER. Mr. President, the Senate has now been considering the 1963 foreign aid authorization bill for 11 days.

This debate is the culmination of the most searching review of the program since its inception with the Marshall plan in 1948.

The intensive study was first undertaken by the distinguished Committee under Gen. Lucius Clay. The report of this Committee suggested certain guidelines be established for future aid spending. It argued that we have been attempting too much for too many with too little concern for quality and too much for quantity.

This report prompted a reduction of the budget request by almost $420 million.

Extensive hearings and study by the Foreign Relations Committee under the distinguished leadership of Senator FULBRIGHT produced an aid bill which we are now debating.

I have consistently advocated the fullest participation of the United States in international affairs. I continue to believe that the United Nations is our best hope for improving relations among nations—for providing moral leadership and peacemaking, peacekeeping machinery in times of crisis. The U.N. has saved inestimable American lives and dollars since its inception.

Our system of alliances and our mutual security program are equally vital to our national interest.

We are the world's most powerful nation—the custodian of freedom for our own people and for others throughout the world. This irrefutable fact imposes upon our Government awesome and burdensome responsibilities.

There can be no serious thought of abrupt withdrawal from our basic commitments, both military and economic. We must continue our effort to shape and enlarge the free world into an ever stronger and more cooperative economic, military, and political unit.

It is clearly in our interest—our selfish interest if you must—to do so. In so doing, we continue to thwart Soviet economic and military expansion while at the same time we broaden the oversea markets for the goods and services of the American economy and strengthen our allies' military resistance to communism.

For these reasons, I shall vote for a continuation of our aid program on final passage.

In the meantime, I shall continue to appraise the many amendments offered to this bill in accordance with the constitutional responsibility of the Congress to determine broad policy, and in accordance with what I believe to be in the best long range interest of the United States and its allies.

Foreign aid can, when handled wisely, succeed in doing what it sets out to do. When the program is mishandled, unrealistic, administered without policy direction and clearly defined goals, it is an unwarranted and unwise burden. The pocket of the American taxpayer must not be an international grab bag.

Our sincere and genuine desire for freedom and liberty for all people should not be thwarted by corrupt and dictatorial governments of the peoples we seek to help. We cannot continue to invest in countries whose leaders will make no effort to affect the land and social reforms essential to a climate of growth.

Recent events in South Vietnam give graphic credence to the allegation that we have too often supported despotic, authoritarian regimes which are constantly—and for good reason—threatened by internal revolt.

These convictions have formed the basis for my votes on the amendments thus far considered.

I have voted to improve the climate for private investment opportunities in countries receiving our aid.

I have voted to lower the authorization for the Development Loan Fund and to require annual reconsideration of this program. The language in both the Clay report and the Foreign Relations Committee report indicates the necessity for a continual review of this program with major reorganization and reorientation.

Such a revamping cannot be assured unless the Congress withdraws its blanket authorization for succeeding years and makes clear its desire that future aid programs be more selective and rely more on the facilities of multilateral agencies such as the International Bank for Reconstruction and Development. The United States cannot be expected to continue to bear the total aid burden nor continue to assist nations now economically prosperous.

I have voted to restore $75 million of the original cut in funds for the Alliance for Progress. I did so, firm in my conviction that the unusual importance of this area to American security demands a long term venture of extraordinary complexity and scope.

I have supported amendments barring aid to countries engaged in or supporting aggression against the United States or nations receiving American assistance. I have joined with a unanimous Senate in barring aid to Communist countries.

While I have refused to grant to the President discretionary authority on these two matters, I have refused, and will continue to refuse, to tie the hands of the Chief Executive in other areas where freedom to act and to act quickly—to adjust policy to circumstances—is surely in the interest of the United States.

In accordance with my conviction that the best hope for reduction of American aid lies in the expansion of American trade, I have voted to extend most favored nation treatment to Poland and Yugoslavia. These governments do not now receive American aid, but the improvement of trade relations with these nations continues to serve our interest.

The primary justification for the tremendous investment that American taxpayers make in foreign assistance is the safety and security of the United States. As an arm of American policy, this program serves us best when it clearly serves our interest. I hopefully predict that our deliberations and votes will produce a final bill which does precisely that.

I further hope that our final vote may come soon so that we may turn our attention to the other pressing matters which must be acted upon before the end of this session.

JOINT ECONOMIC COMMITTEE'S KEY ROLE IN SOLVING U.S. BALANCE-OF-PAYMENTS PROBLEM

Mr. PROXMIRE. Mr. President, yesterday, the Joint Economic Committee had before it two of the outstanding economists in the world on the subject of balance of payments. One was Prof. Friedrich Lutz, professor of economics at the University of Zurich; the other was Prof. Arthur Bloomfield, professor of economics at the University of Pennsylvania.

Both of these men indicated that the balance-of-payments problem, which was so serious in the second quarter of this year—probably more serious than ever in our history—and which was at an annual rate of about $4 billion a year or more, stated that the reason for the vast improvement in the third quarter was primarily due to the administration's announcement of its interest equalization tax proposal, and that this had a very distinct and immediate effect on the outflow of capital.

I believe that the country and Members of the Senate should be aware of this conclusion by these two eminent economists, and should recognize that the balance of payments may be improving sharply and may now be within the control of the administration.

I say this because, as a member of the Joint Economic Committee, I am proud of the fact that the proposal for the interest equalization tax was first made at a meeting of our committee on February 1 of this year by the newly appointed member, at that time, of the Federal Reserve Board, George W. Mitchell, who is superbly qualified as a monetary specialist.

Mr. Mitchell said at that hearing before the Joint Economic Committee:

> The United States has the largest and most accessible capital market in the world, and it ought to be kept free of exchange restrictions. It is proper and desirable that capital-poor developing countries should utilize this market to meet a portion of their enormous needs for foreign capital. It is not so clear, however, that it is either necessary or desirable for advanced countries, with balance-of-payments surpluses, to have recourse to our capital market on the recent large scale while they restrict and hamper entry of outside borrowers to their own capital markets. If these countries are unwilling to open their capital markets, possibly we should look toward tax measures that might help to remedy this unbalanced position. In general, we need to explore the possibilities of various tax measures that might, consistent with our obligations as an international good neighbor, and with the status of the dollar as a world reserve currency, discourage capital movements that appear to flow uphill to countries that are already capital rich.

Governor Mitchell had this conception, and I believe that it is certainly one reason why the administration has made the very wise proposal of an interest equalization tax, which has had such a profound effect on our balance of payments.

I should like to call the attention of the Senate to the fact, if the interest equalization tax does have the effect of discouraging capital outflow and does really solve our balance-of-payments difficulties, it will be particularly incumbent upon the money managers of our economy to use their new freedom to follow a monetary policy that will encourage economic growth and economic development domestically.

The fact is that interest rates have been kept at a relatively high level, in spite of the fact that we have heavy unemployment. The speculation of many outstanding financial experts has been that in the event we have a tax cut and the economy is stimulated, the Federal Reserve Board and the Treasury will follow policies which will have the effect of pushing interest rates up and keeping the economy under some restraint.

Many of us feel this would mean that the two principal Government economic weapons would be in opposition to each other. Fiscal policy would be used to expand the economy, and the monetary policy would be used to contract it. In other words, one would be stepping on the gas, and the other would be putting its foot on the brake, and the tax cut which is supposed to stimulate the economy would be limited.

A number of economists have made studies of the many tax cuts that we have had in this country, and they have found that when these tax cuts have been coupled with monetary ease, they have been expansionary, and that when the tax cuts have been coupled with monetary restraint of the kind the Federal Reserve Board indicates it will follow, then the result has been that a tax cut has not been stimulating, but has resulted in a deficit.

The reason why I call this subject to the attention of the Senate is that many of us sometimes feel that our nonlegislative committees, which have a primarily investigative function—whether it be the Select Committee on Small Business or the Joint Economic Committee, or some other committee—have very little influence. It seems to me that if the Joint Economic Committee had never done anything else, the fact that it was an instrumentality in giving birth to an apparent solution to our very serious balance-of-payment problem makes the work of the committee very worthwhile and makes its contributions most important.

RECESS TO 12 O'CLOCK NOON TOMORROW

Mr. MORSE. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 45 minutes p.m.) the Senate recessed until tomorrow, Thursday, November 14, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 13 (legislative day of October 22), 1963:

IN THE ARMY

The Army National Guard of the U.S. officers named herein for appointment as Reserve commissioned officers of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be brigadier generals

Col. Alfred Carlisle Harrison, O311380, Adjutant General's Corps.

Col. Erwin Case Hostetler, O336226, Adjutant General's Corps.

Col. Robert Louis Stevenson, O343589, Adjutant General's Corps.

Col. Thomas Roberts White, Jr., O348796, Adjutant General's Corps.

CONFIRMATION

Executive nomination confirmed by the Senate November 13 (legislative day of October 22), 1963:

FEDERAL TRADE COMMISSION

Philip Elman, of Maryland, to be a Federal Trade Commissioner for the term of 7 years from September 26, 1963.

WITHDRAWALS

Executive nominations withdrawn from the Senate November 13 (legislative day of October 22), 1963:

IN THE ARMY

The following officers of the Army National Guard of the United States for appointment as Reserve commissioned officers of the Army in the grade of major general, which were sent to the Senate on July 18, 1963:

Col. Alfred Carlisle Harrison, O311380, Adjutant General's Corps.

Col. Erwin Case Hostetler, O336226, Adjutant General's Corps.

Col. Robert Louis Stevenson, O343589, Adjutant General's Corps.

Col. Thomas Roberts White, Jr., O348796, Adjutant General's Corps.

EXTENSIONS OF REMARKS

The Cotton Bill: A $500 Million-Plus Gain for American Consumers

EXTENSION OF REMARKS

OF

HON. HAROLD D. COOLEY

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. COOLEY. Mr. Speaker, on Friday last, November 8, the gentleman from Illinois, Representative FINDLEY, charged, in a statement entered into the RECORD of the House that H.R. 6196—the cotton bill—provides multimillion-dollar payments to textile mills. He contended that the bill provides for such payments as subsidies to the mills. I ask the indulgence of the House to set the record straight.

H.R. 6196, now awaiting action in the House, does not subsidize domestic cotton mills. It simply makes American cotton available to our own mills at the same price as American cotton is sold to foreign mills, and thereby removes a Government-imposed cost disadvantage under which our own mills have been agonizing since 1956.

Mr. Speaker, the greatest benefactor under this legislation will be the American consumer. Americans will enjoy lower prices for American-made cotton goods, at savings amounting to more than $500 million a year.

Moreover, the legislation will revitalize the whole cotton industry, in which more than 10 million Americans are associated in the production of cotton on the farms, in ginning, marketing, transporting, milling, and in the manufacture and merchandising of cotton goods.

This legislation will protect the livelihood of the millions of people who work with cotton.

Mr. FINDLEY is a member of the House Committee on Agriculture and accurate information is available to him. For some reason unknown to me he has chosen to oppose the cotton bill, and has refused to avail himself of the facts or to attempt to understand the purposes upon which this legislation is proposed.

He apparently has not read the committee report.

Had he listened to the testimony before the committee and had he studied the report it would be evident to him in a way that denies contradiction, that the American consumer of textile goods—not the textile mills—will be the great beneficiary in bringing the cost of raw cotton to American mills down to the price that is paid for American cotton by competing mills in other countries.

For it was shown to our committee that a rise or fall in the cost of cotton is almost invariably and completely accompanied by a rise or fall of the same degree in cotton cost prices. The Department of Commerce established this as a fact in the hearings of our committee.

I am not addressing my remarks today particularly to the farm problem, because we all know that a reduction in consumption of cotton in the United States means contracting acreage allotments and disaster in the cotton growing areas of the country. I am directing my remarks primarily to what it means to consumers and to all of those people in the highly populated areas of the country who are dependent upon the textile industry for their livelihood.

Our price support program has resulted in American cotton being higher priced than foreign grown cotton. To preserve our export markets, the Government since 1956 has made American cotton available to foreign mills at prices far below the domestic price. Currently, cotton is sold for export at $42.50 a bale less than it can be bought by domestic mills. The American mill must pay one-third more for American cotton than its competitor in Hong Kong or in any other foreign land. Since 1939, American mills have been prohibited from buying foreign grown cotton in excess of 30,000 bales a year—less than the amount consumed by U.S. mills in 1 day.

What will H.R. 6196 do to correct this situation? It will make cotton available to American mills at the same price it is made available for export to foreign mills. It is beyond me to see how any fairminded person could possibly object to giving the same treatment to an American industry which we accord to its foreign counterpart. It is absolutely impossible for an American mill to be competitive with foreign-made goods when it is forced by its government to pay one-third more for its raw material on top of a substantially higher wage scale.

Laws, which the Congress of the United States passed, have created what President Kennedy so aptly has called this unique burden. The President himself has asked for the elimination of the grossly unfair cost disadvantage which has been legislated on this American industry. H.R. 6196 would do away with the cotton cost difference between U.S. and foreign textile producers.

A subsidy to the textile industry. This is utter nonsense. Such a charge is completely irresponsible. Mr. FINDLEY's statements in the RECORD purported to show how much money some of the larger firms would receive.

A private research firm conducted a study of the relationship of the price of cotton to the price of cloth. Its findings are on pages 8, 9, and 10 of the committee report. I urge you to read it all. I especially urge Mr. FINDLEY to read the report. Over a period of 38 years—including war and peace—depression and prosperity—cotton cloth prices have gone up and down with raw cotton prices. Let me read to you just one sentence from the report:

> When consideration is given to the long span covered, the varying political and economic conditions during this time period, the great and minor depressions, the two wars and the two postwar periods, this record verges upon the unbelievable.

Certainly those of us who believe in the private, competitive, free enterprise system will agree that competition among the 5,000 companies which manufacture textiles in the United States will force an immediate and comparable reduction in cotton cloth prices when the price those companies pay for cotton is reduced.

Any person who says the textile industry will be subsidized or receive a windfall under H.R. 6196 either does not know the facts or refuses to accept them.

H.R. 6196 in addition to great benefits to consumers and millions of off-form wage earners will do the following things directly for cotton:

First. On the domestic market it would remedy a price disadvantage which is largely responsible for a competitive loss of 1,700,000 bales in annual rate during the past 3 years—a loss which is now continuing with no end in sight.

Second. It would eliminate the two-price system and thereby remove the main cause of rising cotton textile imports which have reached the equivalent of 693,000 bales in annual rate during the first 7 months of 1963. These imports are delivering our domestic market to foreign cottongrowers and, in addition, they are generating powerful opposition to the export subsidy upon which our whole export market now depends.

Third. It would remove the necessity, otherwise inevitable, of reducing the statutory minimum acreage allotment below 16 million acres, possibly even in the next Congress. This season, even under the optimistic offtake estimates of the Department of Agriculture, the minimum allotment is producing 1.2 million bales more than can be sold, and the carryover will reach 12.4 million bales next August 1.

Fourth. It would protect the income of the farmer.

Fifth. It would remove such imminent risks as the following:

The loss of a great source of foreign exchange;

The creation of new depressed areas all over the Cotton Belt;

The impact of acres diverted from cotton upon the markets of other farmers;

Conversion of more cotton plants to synthetic fibers, and construction of large new rayon plants, by managements which are now waiting to take their cue from the decision of Congress on H.R. 6196.

Civil Rights: Dr. Haldane Reviewed

EXTENSION OF REMARKS

OF

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. LEGGETT. Mr. Speaker, a segregationist colleague of mine from Texas inserted material a few weeks ago into the CONGRESSIONAL RECORD pointing up his opposition to civil rights legislation on the basis that men are only equal in the eyes of God and that civil rights legislation is erroneously premised on the basis that all men are physically identical in ability and intelligence. Prof. J. B. Haldane is the authority cited supporting the basic thesis that races are different and unequal.

With the major civil rights bill expected to reach the House floor the first half of December, I thought I would make a further effort to see if we could not get our facts straight before the debate.

PROFESSOR HALDANE REVIEWED

I researched Dr. Haldane's 1938 work on heredity and politics. He there points out very clearly that on most intelligence tests the Asiatic peoples do as well as Caucasians. On the other hand, the averages of Indian and Negro peoples are below. Haldane points out that it is obviously nurture or environment and not nature or heredity that accounts for the difference. He points up that in the Army intelligence tests, Negroes tested below Caucasians in both the North and the South, but on the average northern Negroes tested equal to or higher than southern whites.

Haldane concludes:

> My own view is that probably there would be slight differences found in the results of intelligence tests if all peoples were brought under a precisely similar environment, but I would hesitate to say in which direction they would be found, except to suggest that as the intelligence tests have all been devised by whites, they would be likely to show a certain superiority of whites over Negroes * * * it is quite likely that Negro examiners could design tests on which their own race could beat the whites.

Haldane suggests that we could learn something from the racetrack where horses of many colors are rated exclusively on their performance.

This week Capt. Edward Dwight, command test pilot, graduate aeronautical engineer cum laude, boxing champion who nearly tied the world 100-yard track record—a Negro American—was named to the exclusive astronaut club. On this man we will pin our hopes—black and white—for national prestige in the lunar probe.

Nobody means to say that all Negroes are astronauts—nor whites—and perhaps percentagewise there is scientific evidence to infer that potentially more Caucasians possess this inordinate ability. The Germans and the Swedes might on the average outperform the Italians and Latins. Reasonable men of goodwill, however, do not conclude that you accentuate these differences by educating, employing, housing, and accommodating only the very able.

RIGHT EQUALITY NOT IDENTITY

The American Anthropoligical Association at its 1962 meeting, I believe, enacted a resolution which should lay this issue to rest:

> *Be it resolved*, That the American Anthropological Association repudiates statements now appearing in the United States that Negroes are biologically and in innate mental ability inferior to whites, and reaffirms the fact that there is no scientifically established evidence to justify the exclusion of any race from the rights guaranteed by the Constitution of the United States. The basic principles of equality of opportunity and equality before the law are compatible with all that is known about human biology. All races possess the abilities needed to participate fully in the democratic way of life and in modern technological civilization.

I will support the bipartisan civil rights legislation among other reasons because I think it basically unjust that counties like Jefferson County, Miss., with a census population of 1,666 white persons and 3,540 Negroes have a voter registration of 1,643 white—98.6 percent—and zero Negro; and like Greene County, Ala., having a total of 1,649 white persons and 5,001 Negroes with a voter registration of 1,979 white—120 percent—and 275 Negroes—5.5 percent. The pending legislation is not aimed at establishing identity of races but merely equality of legal rights.

Compassion and simple fairness dictate that the sovereign States of Mississippi and Alabama yield to the interests of a better America on this issue.

Al Reid, Newspaperman With a Heart

EXTENSION OF REMARKS

OF

HON. ROBERT R. BARRY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. BARRY. Mr. Speaker, Mr. Al Reid, distinguished writer and correspondent of the Home News & Times in Yonkers, N.Y., has been leading a worthwhile effort to help the Cross Country Hospital in Yonkers and the Lawrence Hospital in Bronxville.

He calls this effort "Operation Trading Stamps." Under this charitable plan, people send their trading stamps to Al Reid who then uses them to buy items such as toys and games for the two hospitals.

Al Reid says, "I licked every stamp." To date, this amounts to over 50,000. This is certainly a highly original idea. Moreover, it is one that other communities can use in order to bring comforting items to the children and adults in our hospitals.

Activities of this type are making Al Reid known as "the newspaperman with a heart."

Fiscal Policy: Debt and Taxes

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. CURTIS. Mr. Speaker, it is not often that I put speeches of mine in the RECORD. Recently, though, I have made several speeches on Federal fiscal policy which express my views on the subject of tax reform and the Revenue Act of 1963. With unanimous consent, I wish to place in the RECORD at this time the speech I made before the annual conference of the National Tax Association on Tuesday, November 12, in Milwaukee, Wis.:

FISCAL POLICY: DEBT AND TAXES

(By the Honorable THOMAS B. CURTIS, Republican, Second District of Missouri)

It is my belief that the purpose of taxation is to obtain the revenues necessary to pay for the goods and services we wish to receive through the mechanism of political government. I think that tax policy should be as neutral as we can possibly make it in its economic impact. I hold that to deliberately use a tax system to produce economic results by indirection damages the tax system in attaining its primary objective and damages the very process of representative government.

Likewise, I feel that the purposes of government debt which, in essence, is deferred tax collection should be spelled out directly. And debt should not be used indirectly to achieve other economic results.

We have great latitude in governmental decisionmaking to produce the economic results we seek directly, through expenditure policy. Here is where policy can be made after forthright public debate. Why should we shy away from the direct way of doing things, to act by indirection, unless those who are in charge of running the Government are seeking to confuse the process of government decisionmaking?

President Kennedy stated that the proposed Revenue Act of 1963 was the most important measure to face the Congress in the past 15 years. I countered by stating that if the economic and political philosophy underlying this proposed Revenue Act prevailed, it was probably the most important measure that has faced the Congress in its 177 years of existence.

Surely it has now become clear to the general public that the fate of the Revenue Act of 1963 is wrapped up in a major and revolutionary theory of fiscal policy called planned deficit financing, rather than in the details, important as they may be, of the tax bill itself.

This is not just a matter of the soundness of the economic theory that cutting tax rates already insufficient to produce the revenues needed to meet our Federal expenditures will stimulate the economy to greater economic growth. It goes to the basic question I posed at the beginning of my remarks. Should tax policy be used to achieve these kinds of economic purposes?

In one sense, what I seek to point out may seem to be quibbling. There is little question that our present Federal tax structure has gone beyond the point of diminishing returns and is slowly eating away the very base upon which it relies for its future revenues. In other words, our tax structure is creating considerable economic impact, and of the wrong kind, just in trying to do its indisputed job of collecting revenues to meet our ever increasing and seemingly insatiable Federal expenditures.

Furthermore, when tax rates are high, however one alters any specific in the tax code one is bound to produce considerable economic impact as a byproduct, for good or for ill. However, I contend this is no quibble. There is considerable difference in the end product in writing tax laws to gain revenues as efficiently as possible with the minimum amount of impact upon the economic decisions in the marketplace and to deliberately interject Government economic decision into the marketplace through the use of the tax structure.

Indeed, I still have my doubts about how long the neo-Keynesians are going to stay in agreement with the neutralists on the theory that our Federal income tax rates are so high they are creating economic damage. To use tax policy for economic purposes most effectively, one needs to have high rates to start with. Otherwise, the differentials written in the tax laws are ineffective in forcing economic decisions.

The neo-Keynesians have joined the neutralists only recently in urging rate reduction, and I am not at all sure it was not forced upon them for practical political considerations necessary if they were to surplant our traditional policy of tax neutrality with that of using it as a major economic tool. After the principal has been established, they can then increase the rates again.

Burning in my mind is the phraseology used by the President in his message to the Congress first advocating tax rate reduction. He said that if releasing spending power to the private sector through tax reduction did not produce the economic growth he sought, increased Government spending was the alternative. The objective is to increase total spending, Government plus private; if the private sector does not do the spending, then Government must.

When one grasps this line of thought, it is not difficult to understand why President Kennedy has fought so bitterly the attempts of some of us in the Congress to tie the tax bill to expenditure reform by deeds rather than words.

The President won a temporary victory in the House when an intent of Congress was put in the tax bill in lieu of a requirement that the expenditure rates be cut.

It is important if we are to carry forward the debate on this fundamental fiscal policy to understand where the areas of agreement and disagreement lie.

I find the President and Dr. Heller, the Chairman of his Council of Economic Advisers, have created a series of straw men which they have been attacking with great vigor.

While they do battle with these straw men, however, they carefully avoid the real opponents. The success they have achieved is essentially one of getting their story to the public and preventing their opposition from being heard. They have the microphone, as it were, of the national news media so that their arguments and their version of the battle done against the straw men is heard around the country. The microphone is jerked away when we who differ on this matter speak, and so our arguments have not been heard.

Let me establish a basic point of agreement. Hoarding is the real enemy of economic growth. If people, and that includes the people's servant—government—do not spend, economic activity indeed will decline. It is very important to emphasize that investment money is money spent—not hoarded money. Investment money is spent for capital assets, and training and gathering together manpower. Investment money comes only from savings. The savings can be generated internally or externally. Use of external savings is borrowing someone's else savings.

The President's statement that his opposition is opposed to all borrowing—all debt, whatever its kind or source, is untrue. As a matter of fact, I have been seeking for sometime, without success, to have a full study in the Joint Economic Committee on the economic aspects of Federal debt to establish what aspects are economically desirable and what are not, and particularly what criteria should we establish to determine the proper levels of Federal debt.

Why have the President and Dr. Heller avoided a straightforward discussion of the economic part the Federal debt plays in our society? I think it is fair to suggest it is because the present level of Federal Governmental debt is the real villain in our economic picture right now and any further increase in this debt through further deficit financing, as the President would have us engage in, would make our unemployment picture and our balance of international payments situation worse. If this happened, the great economic growth we have been experiencing in spite of poor fiscal policy in the post-World War II decades would be seriously hampered, not enhanced. The President and his advisers have failed to identify the tremendous economic growth going on under their very noses because they have been using incomplete aggregate economic statistics never designed to measure true economic growth. They call our economy, which is suffering from serious growing pains—we have been growing so fast—tired, lethargic, and in need of a shot in the arm.

They identify obsolete, inefficient, and unwanted plant equipment as idle plant capacity, as if it could be put to good economic use if we only had more purchasing power. They identify the unemployed, concentrated as they are among the obsolete skilled, unskilled, and semiskilled people, as manpower available for immediate economically meaningful employment. They count on the inefficient, unwanted, and obsolete plant capacity and the obsolete skilled, unskilled, and semiskilled manpower to sop up the increased purchasing power they would inject into our economy through tax cuts accompanied by increased Government expenditures so no additional inflationary forces will be let loose. This is whipping the sea for following its tides.

They ignore the fact that corporate liquidity and consumer purchasing power are at all time highs and that today the question of spending vs. hoarding is related to the motivation for spending, not to the capacity to spend. Why are our corporations not investing in their own endeavors here in the United States to the extent that they have the power to do so? Why are personal and corporate funds increasingly being sent abroad for investment, so that the administration now asks Congress to impose an excise tax on these investments to keep them at home? To encourage them to be idle—to be hoarded?

I think it is about time we looked into the question of what makes men hoard by being idle themselves and letting their money and their assets be idle. I suggest that it has directly to do with what return they expect to receive for the discipline they exercised in saving and the risk they take for the saved dollar they invest. What sort of confidence do they have in their own personal and business economic future? People hoard if they are uncertain, and the greater the uncertainty, the greater the tendency to hoard. A governmental fiscal and monetary policy has more to do with hoarding than any other factor.

A government policy which says it will spend if its people are too stupid to spend and then seeks to finance the increased Government spending, not through taking the savings of the people, through increased taxes (which, of course, would create problems of its own), but through selling more Government bonds, is only going to aggravate uncertainty and encourage an ever greater incident of hoarding. This would set off a dangerous spiral all of its own, even if an inflationary spiral did not accompany it. Indeed, at a certain point, a deflationary spiral might set in and this could only be broken by massive Government intervention, which would deprive us of the right to call ourselves a free society.

Debt, whether corporate, personal or government, is related to two things. Assets to secure the debt and earning capacity to pay off the debt. Innovation, which is the sole source of economic growth, is financed by savings largely of one's own, not of someone else. The financing can be a mix of partly one's own savings and partly the savings of someone else. The more risky the venture is, the greater the part of the savings will tend to be one's own. Also, the more risky the venture, the higher the return must be for the borrowed dollars. So, the greater the innovation, the greater is the economic benefits to the society. So we must encourage not deter risk taking if we are to have maximum economic growth.

Debt backed up by physical assets tends to be less risky than debt backed up by anticipated earnings.

President Kennedy and Dr. Heller have sought to relate Federal Government debt to personal debt, to corporate debt and to local and State governmental debt. They do this to allay the fears of our people about the Federal debt.

This is a fair subject for debate. Then why do they pose the analogy and then refuse to discuss it? Indeed, we might well relate the assets and anticipated income behind these various kinds of debts to see how they stack up. A cursory examination of the composition of the Federal debt reveals that it comes off a very poor also ran. It doesn't even make the finish line.

The bulk of our Federal debt, just as the bulk of Federal spending, is for the defense of our country. And this is as it should be. But defense expenditures create little or no capital assets and what assets there are certainly produce little or no earnings. Military hardware must go on the books at $1. Most military buildings, being single purpose buildings, must also be listed at a very low value. Most of that small portion of the Federal debt which has created wealth or earning power has resulted from the Federal expenditure policies which are under the most controversy. Indeed, there is a great deal to be said for the point that if the purposes of the expenditure is to create wealth and earning power the matter should be handled in the private sector and not the governmental sector. Government is not the partner of the people. It is the servant.

Local and State governmental debt, it is to be noted, almost invariably relates to specific wealth creating expenditures, for highways, schools, sewers, community facilities, etc., and is often reflected in sinking fund and revenue bonds. This kind of debt, aside from reflecting the creation of real wealth, is also a device for spreading the cost of the capital improvement over its lifetime so that those who benefit from the facility over this period of time pay for it.

Let me read from a speech I delivered on the floor of the House on August 5, 1963, at the time I was discussing the balance of international payments problems. I went into this problem of the Federal debt from several angles:

"The Kennedy administration has sought to allay the concern of the people over the rising Federal debt by a series of specious arguments.

"First. The administration hides and dissembles over the increase in the rate of annual debt increases which its fiscal theories have produced and refuses to estimate the further increases in the debt which will result from its planned deficits into the future.

"Second. The administration relates the Federal debt as a ratio of gross national product and calls attention to the fact that this ratio has declined since 1946. Note the year 1946 is selected as the basis for this relation. Should the ratio of the year 1946 be the goal of our fiscal debt policy? Certainly no reasonable man would seriously advance such an argument—1946 is the year immediately following World War II when perforce the results of the overwhelming deficit financing we resorted to in financing this war reached their peak. Does the 54-percent ratio of GNP to debt in 1962 compare favorably to the percentage ratio of GNP to the national debt during other peacetime periods in the 20th century? It does not. In 1909 the ratio was 3.4 percent and this declined to 2.5 percent by 1916—a period during which GNP increased by 44 percent or about 6 percent a year. This is in relation to an overall growth rate from 1860 to 1960 of about 2.9 percent. In 1919, after World War I's deficit financing, the ratio stood at 30 percent. This declined to 16 percent by 1929. The ratio increased during the depression of the thirties and reached 43 percent in 1940—a period which incidentally showed a zero increase in gross national product. This should make people pause to reflect whether debt helps economic growth. In 1946, immediately after World War II, the ratio was 128 percent and it has now declined to 56 percent as of June 1962—debt $298.6 billion, GNP $553 billion.

"It should be noted that 70 percent of the decline in the ratio of the debt in the 15 years from 1946 to 1962 occurred in the first 5 years after 1946. In 1951 the ratio had declined by 51 percentage points, or 10 points a year, to 77 percent. This decline was largely the result of the serious devaluation of the purchasing power of the dollar which occurred during these years. Hardly a course to emulate or to praise. The debt, of course, remained in the constant dollar figure of 1946, while the GNP went up because it was measured in terms of the inflated dollar. Since the Federal Reserve-Treasury accord of 1951 which largely stopped this monetary inflation the ratio has declined only 21 points in these 11 years from 77 to 56 or 21 points a year. Even some of this decline is the result of further dollar devaluation rather than real economic growth. Since 1960 the ratio has dropped less than a whole point from 56.8 to 56. If the estimate of GNP for 1963 reaches $578 billion the administration anticipates and the debt goes to around $318 billion as the administration projects, there will be only another fraction decline to 55.2 percent. At this rate it will take 6½ years to reach a 50-percent figure and another 10 on top of that to even equal the peacetime high mark of 43 percent in 1940. This will be the year 1980.

"Certainly this leaves little resiliency for these 17 years ahead of us in our fiscal posture in the event that we should have another major war or depression forced upon us.

"Third. The administration relates the Federal debt to State, local, and private debt and points out that these debts have risen faster than the Federal debt. Again, what is the year of reference? A peacetime year? A year we would choose as our goal for an optimum? No, 1946 is again taken as the year, the year which reflects the 'high water mark' of extraordinary Federal deficit financing, as the result of World War II; 1946 is also the 'low water mark' of State and local expenditures because of our national desire to divert as much of our resources as possible to the effort of World War II. So in this instance the selection of the year 1946 as a benchmark is doubly deceptive.

"Parenthetically, I would remark that the Kennedy administration continues to show an abnormal inability to distinguish between an economy based upon war and one based upon peace in this matter as well as in other matters of economic and fiscal policies which require the use of economic statistics and the understanding of the basic laws of economics.

"What are the ratios over a period of time of State and local governmental debt to Federal debt?

"In 1946 which reflects the war expenditures the ratio rose to 94.4 percent Federal and declined to 0.8 percent State and 4.8 percent local. In 1960 that ratio had shifted to 80.5 percent Federal, 5.2 percent State, and 14.3 percent local. In 1962 the Federal ratio had further declined to 78.7 percent and State and local totaled 21.3 percent.

"The balance which formally existed between the three tiers of government during the periods when this Nation prospered the most are far from being reached in this ratio heavily weighted to the Federal Government. In 1902 the ratio was 35.9 percent Federal, 7 percent State, and 57.1 percent local. 1922 reflected the shift resulting from the massive Federal debt of World War I—69.4 percent Federal, 3.4 percent State, and 27.1 percent local. In 1927 the ratio had balanced to 55.4 percent Federal, 5.9 percent State, and 38.7 percent local. In 1932, 50.4 percent Federal, 7.3 percent State, and 42.3 percent local. The 1930 depression years show a shift to the Federal tier and by 1940 the ratio was 67.9 percent Federal, 5.7 percent State, and 26.4 percent local.

"The Federal programs set forth in the most recent budget of the Kennedy administration will hamper the shift back to the ratios of pre-World War II peacetime years. The balances that existed during the first 140 years out of our total 170 years social and economic development seem to be out of question today. However, if we are to match the growth rate of these 140 years in the ensuing decades, I believe we would be wise to set our sights in the direction of this kind of balance. Certainly setting our sights on the balances of the year 1946 is the height of folly.

"The argument that we need not worry about the Federal debt today because it is a less ratio to the State and local governmental debt in 1946 is out of context. It is designed to mislead. Sixteen years after the war instead of a 78.7-percent Federal ratio which we have in 1962, we should be much closer to a 50-percent Federal ratio. The most alarming decline which occurred during World War II, of course, is the local government ratio. The State and local debts must increase more rapidly than the Federal debt, or better still the Federal debt should be declining much more rapidly if we are to get back to the peacetime ratios when our Nation had its greatest growth.

"Fourth. The Kennedy administration seeks to compare the Federal debt to private and State and local government debt in order to suggest a point which is untrue, that a large part of the Federal debt goes for capital investment against which there are marketable and economic capital assets.

"It is true that most of the private corporate debt goes for capital investment against which there are offsetting capital assets. It is true that a good bit of consumer debt goes for capital expenditures, which remain as a capital asset securing the debt, such as homes and consumer durables. It is also true that almost all of the local governmental debt is for capital improvements, roads, schools, sewers, public buildings, and so forth. Indeed, most local debt is limited by law to these kinds of capital expenditures. Much of the State debt also goes for capital improvements. Some State constitutions require this of both State and local debt. Indeed, most debt other than Federal debt is tied to capital improvements and so can be directly related to economic growth and remains a security against the debt.

"The Federal debt on the other hand, just as Federal expenditure, is almost all related to other than capital investment. Even today the bulk of the Federal debt is for past and future wars, for military expenditures, and the $10 billion interest we pay annually on the debt must be largely charged to military expenditures. Military assets must go into any economic accounting books at $1 value.

"The limited areas where the Federal debt can be said to relate to true capital assets and the areas the Kennedy administration seeks to enlarge are exactly the areas which cause the gravest political disputes today of whether these are constitutional and desirable, let alone efficient functions of the Federal Government. To wit, grants-in-aid to States and local governments, the TVA, and other public power projects, and the various other Government corporations, particularly lending institutions, like FNMA and CCC which would up capital assets. The traditional and constitutional public works of rivers and harbors and reclamation projects and the Post Office are about the only undisputed capital expenditures the Federal Government makes and these make up a very small part of today's $108 billion budget. Be this as it may, the ratio of the Federal debt which has been spent for capital assets is less than 10 percent of the total outstanding Federal debt. Ninety percent of the Federal budget expenditures are unrelated to capital assets and we have no capital assets to show for them.

"Fifth. The Kennedy administration is resorting to an argument I thought was discredited in the 1930's; namely, the size of the Federal debt makes no difference because we owe it to ourselves. This is probably the most specious and dangerous of all arguments advanced by the administration to justify its extravagance. First, we do not owe it all to ourselves. Foreign holdings amount to $15.3 billion. Second, the $55.6 billion of bonds in Government invested accounts are moneys deposited by civil service employees for their retirement—$12 billion; moneys to back up the social security payments—$18 billion, and so forth; and $68.8 billion of bonds are held by individual and corporate pension funds for the benefit of employees for their retirement. Sizable sums are in sinking funds earmarked by businesses and individuals for building homes, factories, stores, and other plants from whence come the jobs for our people. Many of our people own U.S. savings bonds. Their savings do not belong to their less provident fellow citizens; $97.3 billion of bonds are in the commercial and Federal Reserve banking system to back up the purchasing power of everyone's dollar as well as earmarked for the million and one different programs the ultimate owners of these assets have in mind.

"The most certain way to destroy the entire base of our society is to destroy the allocation of ownership of the debt securities in our society, private and governmental. Certainly we can have a complete redistribution of wealth by Government fiat or a military coup based on the economic concept that the debt is owned to ourselves without regard for the savings and efforts and planning that lies inherent in the present allocation of the ownership of the debt. This is what political scientists refer to as a revolution. Is this what the Kennedy spokesmen wish to suggest in behalf of their constituency from whom they seek votes by their profligate spending programs?

"And certainly, the debt can be lowered as a ratio of gross national product as was done by the Truman administration by devaluing the dollar—cutting into the purchasing power of the consumers. This redistributes wealth, mostly from the poorer to the richer, however. This is the process that destroys jobs and economic growth. This does not enhance it."

Now, having made these points in August, I find the administration spokesmen still reiterating what they said then. They have not sought to discuss the economic or any other aspects of the Federal debt. They merely fight strawmen of their own creation.

The structure of our monetary policy is based to some degree upon our Federal debt. After World War II we used the Federal Reserve System, not to have monetary policy neutral to make it serve its basic function as a weight and measure, a measure to evaluate goods, services, labor and savings, but to encourage economic growth by keeping interest rates low. This policy was proving so disasterous that in 1951 the Federal Reserve-Treasury accord was reached and this policy was reversed. This action brought to an end the massive devaluation of the dollar we experienced from 1946 to 1951.

Now the President, listening to this same economic school, would create planned Federal deficits and make them greater by the tax cut and have them financed by the Federal Reserve System buying the bonds. (If the bonds were sold to the private sector, this would take away the total purchasing power they were seeking to enhance.) This is designed to create more money, not from savings, but from the printing press. So, the essence of the administration's new theory is to expand the volume of money. This is to be done through tax policy, reducing tax revenues, and replacing these lost revenues with the proceeds derived from the sale of Government bonds to the Federal Reserve System. According to this theory, we come out with a balanced budget perhaps in 1972.

My concluding remarks are these. You can see from this speech how the use of the tax structure for purposes other than raising revenue as efficiently as possible has diverted the attention of the tax writer from the details of the tax laws. This can only result in a poorer Federal tax system, not an improved one.

The proper reform is to cut Federal expenditures so they do not exceed the revenues that can be raised from a sound tax structure which does not erode its own base. This is the Puritan ethic.

Business Committee Has Dual Objectives of Tax Reduction and Expenditure Control

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1963

Mr. CURTIS. Mr. Speaker, the position of the Business Committee for Tax Reduction in 1963 has been frequently cited by the administration in support of its program to cut taxes. While the administration and press have played up the Business Committee's belief that a tax cut is desirable now, less attention has been paid to the committee's belief in firm Federal expenditure control.

I am happy to see that the cochairmen, Stuart T. Saunders and Henry Ford II, have unmistakably linked the need for a tax cut with expenditure control in a statement before the Senate Finance Committee on November 4.

As Mr. Saunders said in his opening paragraph, speaking for himself and Henry Ford:

> We are here to support the dual goals of this organization—prompt, across-the-board tax reduction for individuals and corporations, and restraint in Federal spending.

Mr. Saunders went on to say that in order to obtain the benefits of tax reduction:

> Strict control of Federal expenditures and appropriations by both the executive and legislative branches of Government is essential.

He also pointed out that the executive committee of his organization on May 28 called for a reduction in the 1964 budget and said that it "believes that there is no situation foreseeable which would necessarily require the 1965 and 1966 budgets to increase over that proposed for 1964."

This precise statement of the Business Committee's policy will, I hope, clear up once and for all the confusion that has been created by those who stress the committee's desire for tax reduction and largely ignore its position on Federal spending.

HOUSE OF REPRESENTATIVES

THURSDAY, NOVEMBER 14, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Ephesians 4: 1: *I beseech you to walk worthy of the vocation wherewith ye are called.*

Almighty God, grant that in these days of turmoil and confusion, we may be inspired with a greater faith in the power of righteousness and above all with a greater faith in Thy divine providence.

We are confident that our beloved country will never go down in defeat or lose its national identity if, as citizens of this great Republic and as leaders in the affairs of church and state, we continue to put our trust in Thee.

Show us how this dear land of ours may be delivered from those immoralities and those evils of crime and graft and corruption which are a blight upon our national character and a disgrace to our body politic.

Wilt Thou bless our domestic and foreign policies and may the spirit of unity prevail as we accept the challenge to build a world community ruled by the Prince of Peace.

In His name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

PUBLIC WORKS APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a report on the public works appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. JENSEN reserved all points of order on the bill.

APPROPRIATIONS, DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES, 1964

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 6754, making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi? The Chair hears none, and appoints the following conferees: Messrs. WHITTEN, NATCHER, CANNON, HORAN, and MICHEL.

APPROPRIATIONS FOR MILITARY CONSTRUCTION, FISCAL YEAR 1964

Mr. SIKES. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations have until midnight tonight to file a report on the bill making appropriations for military construction for the year ending June 30, 1964, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. JONAS reserved all points of order on the bill.

SUBCOMMITTEE ON ELECTIONS, COMMITTEE ON HOUSE ADMINISTRATION

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Elections of the Committee on House Administration may sit while the House is in session this afternoon during general debate.

The **SPEAKER**. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CBS FEATURE BROADCAST

Mr. **RHODES** of Pennsylvania. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The **SPEAKER**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. **RHODES** of Pennsylvania. Mr. Speaker, I rise to express commendation of the Columbia Broadcasting Co. for their great service to our Nation and to the cause of commonsense and common decency which they rendered last night in presenting a feature broadcast entitled "The Case History of a Rumor."

It had to do with creating fear and frustration due to a fantastic rumor that grew out of plans by the United States for a military maneuver in Georgia. Many were led to fear an invasion by barefoot African and foreign troops.

The broadcast portrayed one of the great dangers which confronts the United States today and the growing threat to representative government. It exposed the fanatical hate groups which spread these rumors and believe our Government is the enemy of the people and that any legislation to improve the lot of the average citizen is communistic and will lead the Nation to bankruptcy and disaster.

I want to include the senior Senator from California in expressing my commendation. He is not of my party but his service to our country has been tremendous.

I wish, however, that the program would have included the major sources of funds that feed these hate groups. The American people should know that they are really paying for this campaign that creates confusion, hate, distrust, and disunity, and for the organized efforts of these groups against programs that the people and the Nation need.

The American people are paying for the tax privileges which benefit big oil monopolies and those individuals who finance, not only these hate groups but other efforts to destroy the social gains our people have won in the past generation.

NEED FOR INTERNATIONAL INSTITUTIONS

Mr. **EDWARDS**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. **EDWARDS**. Mr. Speaker, now that the limited test ban treaty is a reality, representing a tiny but encouraging step toward a warless world, it is our duty to make preparations for the next step. To do less, or to do nothing, is to ignore the most important matter on our agenda. All of our citizens are united in their abiding hope for a world free from the scourge of war and the burdens of armaments.

I am aware that there are serious disagreements on how to proceed, on what can be done now, that will not jeopardize our security. The present peacekeeping machinery of the United Nations is inadequate, and in the face of that inadequacy, no nation will feel secure without its own arms. It is for this reason that I strongly support the resolution sponsored in the Senate by Senator CLARK and 17 other Senators, and already introduced in the House by my good friend, the gentleman from California, Congressman GEORGE BROWN, and other Members of this body. This resolution recognizes the need for international institutions capable of keeping the peace. It seems to me that there is nothing to lose and much to be gained, to begin now to develop, through the United Nations, some first blueprints of a responsible and powerful peacekeeping machine. It will be a long and arduous task, but begin we must. As the President has so appropriately put it, in referring to the tree that took 75 years to mature, "Then we better plant it this afternoon."

DEPARTMENT OF JUSTICE INTERVENTION

Mr. **ANDREWS** of Alabama. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER**. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. **ANDREWS** of Alabama. Mr. Speaker, I have always thought that a good jury was one of the most essential and useful organizations that functioned under our system of government. Several days ago the grand jury in Selma, Ala., started an investigation and issued subpenas for certain witnesses some of whom were employees of the Justice Department. The Justice Department went into the Federal district court in Mobile, Ala., and asked for an injunction to enjoin the grand jury from making an investigation. The district Federal court in Mobile, in my opinion, correctly refused such an injunction. The Justice Department went from there to the circuit court of appeals in New Orleans and obtained a writ directing the Federal district judge in Mobile to stop the grand jury in Selma, Ala., from making an investigation.

So far as I know, that is the first time in the history of this country that a grand jury has been enjoined from investigating crime. Somebody has something to hide. I do not know why the Justice Department is opposed to a grand jury in Alabama investigating anything.

This is a most dangerous precedent, and could lead to the destruction of our system of law enforcement.

A man cannot be prosecuted for a felony unless indicted by a grand jury. A grand jury cannot indict without an investigation, and if the Justice Department stops investigations by grand juries, the criminals of this country will have a field day.

I have just discussed this very serious matter with my colleague, the gentleman from Alabama [Mr. JONES], and he concurs in my statement.

USE OF THE NAVY YACHT "SEQUOIA"

Mr. **GROSS**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER**. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. **GROSS**. Mr. Speaker, in a letter to Defense Secretary McNamara, dated October 24, I asked to be provided with records showing the number of times former Navy Secretary Fred Korth used the Navy yacht, the *Sequoia*, to entertain his associates from Continental National Bank in Fort Worth and extra good customers of the bank. I also asked for the names of all Continental officials and customers so entertained.

It took 3 weeks to receive the following one-paragraph reply, hand delivered to my office, signed by David E. McGiffert, assistant to the Secretary:

> This is in reply to your letter to Secretary McNamara of October 24, 1963, concerning the *Sequoia*. It is my understanding that the *Sequoia* does not have a log or other official records which indicate all the persons aboard on any given occasion.

What kind of shoddy business is this where no records are maintained in the operations of a naval vessel?

By what authority are the Navy Secretary, other high-ranking Government officials, and their special friends entitled to the taxpaid luxury of a floating bar and restaurant, with no accounting to those who pay the bills—the American people?

Mr. Speaker, the time is long overdue for the *Sequoia* to be scrapped. It is safe to say that no one but a chosen few in Washington's ruling dynasty would mourn her passing.

LEGISLATIVE DELAYS

Mr. **CEDERBERG**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. **CEDERBERG**. Mr. Speaker, I read with interest yesterday that a distinguished Member of the other body inferred that the reason for their inactivity was somehow the fault of the House of Representatives. Also that he talked to a Member over here regarding the civil rights bill and stated that it would not be out for 2 weeks and they would not be able to act on it because of that. I know of no reason why the other body cannot act on civil rights any time it wants to. Furthermore, I would like to submit to them that we have had over there—our appropriations for the Departments of State, Justice, Judiciary and Commerce—for 6 months, and there has not been any action on it as yet.

I understand from the news stories that I read that regardless of what happens with the tax bill or the civil rights bill the other body does not intend to take them up this year anyway. So I submit that what we ought to do is to take care of the necessary authorizations and the appropriations now. We have done a pretty good job in getting legislation over to the other body. If they would do as good a job as we have done, we could get out of here, not for Christmas, but for Thanksgiving.

LEGISLATIVE SITUATION

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, once again exercising my prerogative as a member of the minority, and as the majority leader is on the floor, I would like to ask him what we are going to do in the next couple of weeks. Are we just going to be asked to go back and forth and sit 1 or 2 days a week and then push legislation off to the following week? I would like to know now. I would like to spend Thanksgiving with my family, and spend some time in my district, talking to my constituents.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. BECKER. Of course, I yield.

Mr. ALBERT. I do not know what the gentleman is going to do. I think I am going to work.

Mr. BECKER. Fine, then let us have something to work on. The gentleman cannot tell me that what we have been doing here these past weeks is work. We have had legislation only 1 or 2 days a week. What about Thanksgiving week? I understand the House will probably be off that week. Is this true? I would like to know now so that I can make arrangements. Why do we have to act as puppets at the end of strings operated by the puppeteers—the Democratic leaders—and come here for 1 day or 2 days a week? Why not have all this legislation in 1 week and let us get it done with? Why can we not know today what we are going to do a week from now?

I think the majority leader ought to answer those questions now. This is no way to conduct the House, after being in session for almost 11 months. The Democratic majority has not even brought up all appropriation bills that should have been passed before last June 30.

LEGISLATIVE BUSINESS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS. Mr. Speaker, I listened to the remarks made by the gentleman from New York [Mr. Becker]. I know that we are having considerable discussions here about pay and other matters. As far as I know our pay goes on every day in the year and as far as I know the people want us to be here doing our duties and not back in New York or Louisiana or Oklahoma as long as there is work to do.

Mr. BECKER. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from New York.

Mr. BECKER. Certainly I am getting paid just the same as the gentleman from Louisiana. That is why I want to work. I do not want to have to be here just 1 day a week and have a bill pushed off to next week. Why not have these bills in in 1 week and let us work on them, if we have got work to do?

Mr. BOGGS. What the gentleman means by work is being here on the floor. I suppose he does not consider work in the committee and in his office as part of his work.

Mr. BECKER. I am in committee every day; and I am also here on the floor.

Mr. BOGGS. There is work in the committee, work on committee reports, and executive meetings of committees. There is the work of study and research, and so forth. We can talk about logs on a ship, as the gentleman from Iowa [Mr. Gross] has done. I think that is all work. I am glad the gentleman is doing all that, as well as being here on the floor and making very good speeches.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. Certainly.

Mr. GROSS. I heard what the gentleman said about pay. Was the gentleman referring to the pay increase bill?

Mr. BOGGS. I think we will get to that. We will consider that before we finish. We have gone a long time here. I am happy to be here and to discharge my duties the best way I can. I am sorry the gentleman from New York complains about being here. The gentleman must not like it here. He wants to be here about 10 hours a week.

Mr. BECKER. I can be here all year, if there is work to do. I like my district and the people in it, therefore, with the way this Congress has been wasting time, I could do better work by being back in my district seeing and discussing affairs with my people. The legislation that we bring up now, is of little value to our people and only imposes more and more restrictions and more and more spending.

THE FACTS OF LIFE ABOUT SOVIET RUSSIA AND INTERNATIONAL COMMUNISM

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, apropos of the remark of the gentleman from Louisiana [Mr. Boggs] to the effect that this is the capital of the free world, I am not sure that the professor of Yale University who is now a Soviet prisoner in Moscow is completely convinced of that fact at this moment.

Mr. Speaker, I rise to offer the comment that perhaps some good can come even from the evil of the Soviet arrest of Professor Barghoorn of Yale University if it serves to educate some of the educators as to the facts of life about Soviet Russia and international communism.

Further good might even be accomplished if the incident served to educate some of the heads-in-the-clouds striped-pants boys in the State Department.

On the latter count, I must add that I am not too optimistic.

It is incredible to me that there should be even a momentary hesitation about canceling the U.S. mission to Moscow to negotiate renewal of the United States-Soviet cultural exchange program.

Instead, there ought to be an instantaneous termination by the United States of all travel exchange between the two countries.

The blunt truth is that any American who sets foot on Soviet soil is now a potential hostage to be used by Mr. Khrushchev in blackmail bargaining for the release of Soviet spies apprehended in this country.

I note with particular interest the following statement by New York Times Washington correspondent, M. S. Handler, in today's New York Times:

> In preliminary conversations the Soviet Government sought unobstructed access to private American groups, organizations and persons without offering the equivalent opportunities to the United States.
>
> The Russians are interested (in) technical delegations, particularly for the study of the oil and gas industries, chemicals, computers, electronics, and automation. The United States is more interested in the area of general studies.

I suppose that prudent parents in America still warn their children against accepting rides from strangers.

I hope to see the day come when those responsible for our foreign policy will put an end to international communism taking both our country and our citizens for a ride.

INTERNATIONAL COFFEE AGREEMENT ACT OF 1963

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 559 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8864) to carry out the obligations of the United States under the International Coffee Agree-

ment, 1962, signed at New York on September 28, 1962, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. **GROSS**. Mr. Speaker, I make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

Mr. **ALBERT**. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 198]

Abele
Ashley
Avery
Ayres
Barrett
Barry
Battin
Bolling
Brock
Brown, Calif.
Burkhalter
Burton
Byrnes, Wis.
Cahill
Cameron
Celler
Clancy
Clawson, Del
Corman
Cramer
Dague
Davis, Tenn.
Dawson
Diggs
Dorn
Duncan
Everett
Fino
Fogarty
Ford
Foreman
Fulton, Tenn.
Fuqua
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hanna
Harding
Hawkins
Hays
Healey
Hoeven
Hoffman
Holifield
Johnson, Wis.
Karth
Kee
Kelly
Keogh
Kilburn
King, Calif.
Kluczynski
Knox
Laird
Landrum
Latta
Long, La.
McCulloch
McDade
McMillan
Madden
Mailliard
Martin, Mass.
Martin, Nebr.
Mathias
Miller, Calif.
Milliken
Minshall
Morris
O'Brien, Ill.
O'Brien, N.Y.
Pilcher
Powell
Quillen
Rains
Randall
Rivers, Alaska
Rodino
Roosevelt
Roybal
St Germain
St. Onge
Saylor
Schadeberg
Scott
Selden
Shelley
Sheppard
Short
Sickles
Thompson, La.
Thompson, N.J.
Thomson, Wis.
Tollefson
Udall
Utt
Wallhauser
Watson
Weaver
White

The **SPEAKER**. On this rollcall 330 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

INTERNATIONAL COFFEE AGREEMENT ACT OF 1963

Mr. **DELANEY**. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 559 provides for consideration of H.R. 8864, a bill to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes. The resolution provides an open rule with 2 hours of general debate.

The purpose of H.R. 8864 is to authorize the procedures required in order that the President might carry out the obligations of the United States under the International Coffee Agreement which was ratified by the Senate on May 21, 1963.

The bill would authorize the President to require all coffee entering U.S. markets and all exports of coffee from the United States to be accompanied by a certificate of origin or a certificate of reexport, to limit imports of coffee from nonmember countries, to require the keeping of certain records, statistics, and other information, and to take such other action as he may consider necessary to implement the obligations of the United States under the treaty. The bill also authorizes appropriations necessary to carry out the obligations of the United States under the treaty.

Mr. Speaker, I urge the adoption of House Resolution 559.

Mr. **BROWN** of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill, if I can cut it down to size so that we can all understand it, is primarily designed for one purpose and one purpose only. That is to give economic aid to certain Latin American countries which produce a great deal of coffee, by restricting the exporting, and also limiting the imports, of coffee in and out of the United States.

Mr. Speaker, this whole thing was started a year or so ago by our State Department, which joined in a meeting in New York City, as the gentleman from New York [Mr. DELANEY] has explained to the Members of the House, to see what could be done to help some of the coffee-producing nations of Latin America by having some sort of an international agreement as to the amount of coffee those countries might ship into the United States and which we, in turn, might export in small amounts to other countries. Most of our exports of coffee as I understand it, that is, from the United States, are actually made up of powdered coffee and of other special coffees, and not of the usual coffees that you and I know.

But, Mr. Speaker, if the Members of the House will read the report on this bill, they will see that the main reason why it is here is the fact, as a result of this conference in New York in the fall of 1962, that on May 21, 1963, the Senate ratified a treaty legalizing our participation in that agreement, thus committing us through a treaty, which, of course, under the Constitution only the Senate, passes upon, ratifies or refuses to ratify. The House of Representatives was not even consulted or contacted about the matter until after the treaty was ratified. Then, of course, after the treaty was ratified, the matter came before the Committee on Ways and Means. The administration spokesman told the committee, "Now we have to have this special legislation so as to provide and permit the U.S. Government to carry out the provisions of the treaty," which provisions have been explained in condensed form by the gentleman from New York [Mr. DELANEY]. But, actually, what this bill does if one will read page 2 of the commitee report—and the Committee on Ways and Means has been very frank in this report and in the discussion of the bill—the legislation will support the price of coffee, or maintain the price of coffee, at least at the 1962 level, as far as American consumers are concerned.

That does not mean coffee will be sold at the 1962 price level. It means it will not be sold below that 1962 average price level in this country, which, by the way, was higher than it is now. It does not prevent coffee prices from going way above the 1962 level.

Of course, the publicity that had been put out in connection with this legislation—I have read some of it—is to the effect there was some frost, and some freezing of coffee trees, down in Brazil and one or two other Latin American countries that might produce a coffee shortage, but there is still "an awful lot of coffee in Brazil," as the old song goes.

The real reason, as frankly stated on page 2 of the report, is to maintain coffee prices in order to help the economy of the coffee producing Latin American countries south of the border. That is the only reason the bill is here.

We have an Alliance for Progress program that was supposedly effective down in Latin America. There have been some questions about its effectiveness in the last few months. This is a new way to give economic assistance to the people of Latin America, especially those nations that are producing a great deal of coffee, and to maintain coffee prices in this country at the 1962 level, or above if the price should go higher. Of course, if there should be any real coffee shortage the price would go higher. But there is no evidence there will be a shortage any time soon.

What the bill actually does is to put the United States of America as a partner in sort of an international cartel dealing with coffee, all for the benefit, presumably, of the economies of the coffee-producing countries in Latin America. But instead of helping those countries with their economic problems through the foreign aid program, and the Alliance for Progress program, which is seemingly being continued, we are going to do so by raising the price of coffee or holding up the price of coffee in the United States at the expense of the American housewife.

As far as I am concerned I am not too enamored of this legislation. Yet we find ourselves in the peculiar situation, the bad situation, where another body has ratified a treaty that our State Department first helped to initiate in the form of an agreement, to be later ratified as a treaty. The Committee on Ways and Means of necessity has brought in this bill so that the United States can carry out, or find it possible to carry out, the pledges, the promises, and the agreements made under this treaty already ratified.

The first agreement in New York was entered into by representatives of our Government without the advice and consent of the House, so far as I know, then ratified by the Senate under the provisions of the Constitution, without anybody in the House knowing about it, or being consulted, or their advice or consent sought, of course. So here we are saying, "all of these things have been done and, Mr. House of Representatives, you pick up the responsibility and see to it that the American people help to carry the cost of this new program, this new arrangement that has been made, presumably, as the report says, to help the people of Latin America and, especially, of course, the coffee-producing governments."

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Iowa.

Mr. GROSS. I certainly agree with my friend from Ohio; this will stabilize coffee prices at the expense of the American consumers. It stabilizes them up, it puts a floor under coffee prices.

Mr. BROWN of Ohio. Yes.

Mr. GROSS. Does not the gentleman agree the only way this bill could possibly be made acceptable is to put a ceiling on coffee prices?

Mr. BROWN of Ohio. As I read the legislation, and understand it, it does provide for a floor under coffee prices at the 1962 level, but does not place any ceiling upon the price that coffee may be sold for in the United States.

It is sort of a cartel arrangement. You remember the cartels that existed under Hitler and under some of the dictatorships of other nations a few years ago that we complained about a great deal. Now we are in a cartel of our own, presumably to help our friends south of the border. I thought we arranged to give them $20 billion, or something like that, not long ago, at the expense of all American taxpayers, not just the people who use coffee.

Mr. GROSS. Can the gentleman give me any possible explanation why the Brazilians are selling coffee to Russia at $38.68 per 120-pound bag, while the price to U.S. purchasers is $41.50?

Mr. BROWN of Ohio. If that is correct, and I assume the gentleman is correct because he is always correct in his statements, it indicates the Russians are just a little bit sharper traders than the American people. Or at least those who speak for the Russian Government may be a little more clever than some of the representatives of this Government in dealing with some of these foreign nations, and in the handling of foreign products. But that is neither here nor there. The question is, What are you going to do now about this particular rule?

Mr. DELANEY. Mr. Speaker, I yield 3 minutes to the gentleman from Hawaii [Mr. Matsunaga].

Mr. MATSUNAGA. Mr. Speaker, I rise to establish legislative history for the record so that the International Coffee Agreement now before us for implementation will not include restrictions on the export of coffee from the State of Hawaii to any foreign nation.

Mr. Speaker, Hawaii is the only State in the Union which grows coffee. Hawaii's famous Kona coffee is known the world over for its flavor and aroma. Much of it is exported to European countries. While Kona coffee has commanded premium prices above those of the high quality coffee of the Central American countries, its price is necessarily controlled by the price levels on the world market. The implementation of the International Coffee Agreement will mean that the coffee industry of the world will be stabilized by international coordination of production and marketing policies. It should, therefore, be of benefit to the Kona coffee growers in my State of Hawaii.

Earlier this year I studied the International Coffee Agreement and together with Senator Daniel K. Inouye and the gentleman from Hawaii, Congressman Gill, both of the State of Hawaii, held a conference with the State Department to determine what effect this would have on the export of coffee from Hawaii to foreign countries. At that time we asked for a legal memorandum, which was received and inserted in full into the Congressional Record on May 20, 1963, at page 9030, by Senator Inouye during the Senate debate on the agreement now before us. This legal memorandum submitted by the Department of State and dated April 8, 1963, states that the agreement will not impose restrictions on the export of coffee from Hawaii, for the reason that the export quotas established in the treaty are applicable only to exporting members, and the United States is named only as an importing member.

Mr. Speaker, I make this statement for the purpose of establishing legislative history which cannot in any way be misinterpreted. I urge the enactment of this implementing legislation for the International Coffee Agreement on the basis of this understanding: that Hawaii's coffee industry, including its exports, will in no way or manner be affected or burdened by this legislation.

Mr. DELANEY. Mr. Speaker, I have no further requests for time. I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

IN THE COMMITTEE OF THE WHOLE

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8864) to carry out obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8864, with Mr. Flynt in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. Mills] will be recognized for 1 hour, and the gentleman from Tennessee [Mr. Baker] will be recognized for 1 hour.

The Chair recognizes the gentleman from Arkansas [Mr. Mills].

Mr. MILLS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, contrary to the usual legislation emanating from the Committee on Ways and Means, we bring to you today a rather simple bill—not technical in any respect—and not amending provisions of law that are voluminous and also very technical. We have brought the bill to you under an open rule which provides for 2 hours of general debate and then an opportunity for any Member who desires to do so to offer amendments.

Why, Mr. Chairman, is this so different from the usual run of legislation from the Committee on Ways and Means? We are faced here with a very simple proposition, as I see it, and as I think the members of the Committee on Ways and Means saw it when we had this matter before the Ways and Means Committee.

As has been stated by others during the consideration of the rule, this country saw fit to join other countries of the world in the establishment of an International Coffee Agreement which is a treaty requiring ratification by the other body. The matter was submitted to the other body for its approval earlier this year. In May of this year the Senate did ratify this agreement in the form of a treaty. We, therefore, Mr. Chairman, are not primarily responsible to any degree or extent for the terms of the treaty itself. We are not in a position to change the terms of that treaty. The membership of the Ways and Means Committee treated the matter on the basis of having no jurisdiction whatsoever over the treaty itself and faced up to the question of whether or not this agreement, being in effect, and the treaty being in force, we would pass legislation out of that committee and recommend to you acceptance of legislation that would permit those in the executive branch of the Government to have the tools necessary to perform the obligations that are required of the United States under this treaty.

Now let us understand, however, before we talk in terms of what the particular bill does just what it is that we are committing ourselves to under that treaty.

Though we do not have jurisdiction over the matter, we are thoroughly justified in looking to see what our commitments are under the treaty. In the first place, the United States is the largest coffee-consuming nation in the world, consuming about 50 percent of the coffee consumed by the importing nations of the world. The United States along with other nations constituting about 90 percent or more of the consumption of coffee, joined with the nations of the world that produced coffee—about 97 percent of the total production of coffee in the world is in these nations—in this agreement.

Now, what did we say we would do under the agreement? We never said that we would only buy so much coffee. We never said we would buy just so much coffee from any nation of the world producing it. What we said is that we would under this agreement trade primarily with those countries of the world which are members of the agreement. Therefore, we will limit our purchases of coffee under this agreement from the countries of the world that may be producing the other 3 or 4 percent of the coffee which is produced in countries that are not members of this agreement. That does not harm us in any way. The coffee-producing countries which are a party to this agreement have said that they would impose quotas upon themselves—the amount of coffee that they would ship in world trade or that they would export. Brazil, for instance, commits itself to a basic quota under this agreement of 18 million bags of coffee per year. The other countries have lesser amounts. And the notable thing about it all, Mr. Chairman, is this: The total of the coffee that can be exported will be in keeping with the total of the coffee that the importing nations of the world say they proposed to import. So that there is really no restriction whatsoever or no cutback anywhere here in the amount of coffee that can come into the United States. We can buy all of our needs from Latin American countries. We can buy all of our needs from Colombia and Brazil, say, if we want to buy our coffee from them, or we can buy our coffee from all of the countries that are a party to this agreement on some percentage basis if we want to do it. The Government is not placing any restriction whatsoever upon any importer of coffee in the United States except that we want our importers of coffee to limit their coffee purchases from countries which are not a party to this agreement.

Now, those are the terms of the treaty. What are the safeguards within that treaty?

The quotas cannot be changed by this council unless we and one other consuming nation, a party to the agreement, agree to such a change.

Mr. GROSS. Mr. Chairman, on that last point, will the gentleman yield?

Mr. MILLS. I will be glad to yield to the gentleman from Iowa.

Mr. GROSS. I notice in the report a letter signed "John Kennedy." I assume this is John Fitzgerald Kennedy.

Mr. MILLS. Yes. That letter was asked for by the committee because we wanted to know exactly whether or not the things that had been said to us by some of the people in the State Department also represented the thinking of the President of the United States.

Mr. GROSS. So this John Kennedy is the President of the United States?

Mr. MILLS. That is my understanding of it.

Mr. GROSS. There is no "John F." here, so I just wanted to make sure that this is the President of the United States speaking.

Mr. MILLS. That is my understanding.

Mr. GROSS. And he says in the letter:

> Probably the most important safeguard in the agreement is that our votes, plus those of any other single consuming country, are sufficient to insure that export quotas will not be set below the level of estimated demand.

Mr. MILLS. That is right.

Mr. GROSS. My question to you is: What single country, other than the United States, has 101 votes?

Mr. MILLS. That is not necessary. The gentleman misunderstands the whole operation.

Mr. GROSS. This is what the President of the United States says.

Mr. MILLS. No. You misunderstand it. If you will let me explain it to you, I will be glad to do it, but the gentleman misunderstands how it operates. The President is exactly right. The treaty itself is in exact conformity with what the President has said there. We consume 50 percent of the coffee in the world.

We have 40 percent of the votes within this Council. England can join us; any other consuming country can join us. We have a controlling vote within the Council in determining whether or not these quotas will be fixed or whether adjustments should be made within them. That is the fact. That is the way it works. So that the gentleman may be completely assured that there is no intention with respect to this—in my opinion, there is no possibility under this, with the safeguards in it; it only goes for 2 years, remember, is applicable to the 1963-64 crop year and the 1964-65 crop year—that prices to consumers are going to get out of line. There is no justification whatsoever for feeling that there is anything within this agreement that is not going to make it possible for the roasters of coffee in the United States to get all of the coffee that is necessary for their use here in the United States, just because of this agreement. It is entirely possible without this agreement or with this agreement that prices of coffee could go up. I do not deny that. They could go up for many reasons.

First of all, you could have the complete elimination of a crop in Latin America; and this Hurricane Flora almost took out the crop in the Caribbean very recently. You could have frost; you could have drought; you could have any other natural event to occur in these countries that would eliminate a year's production of coffee, let us say. If that is the case then we have got to fall back on the reserves of coffee. Are there reserves of coffee? I will say to my friend from Iowa, the country of Brazil has in its warehouses millions of bags of coffee in storage.

Mr. GROSS. Surely, they do.

Mr. MILLS. They have 22 million bags of coffee from previous crops, of the kind of coffee that we buy and consume here in the United States. If they had the complete loss of a crop—our consumption is around 22 to 23 million bags of coffee a year—they have in storage enough of our kind of coffee for us to get what we want.

The gentleman said something about Russia getting coffee for $36 when we pay $41. It is not that they are smarter traders than we are. It is just what my friend from Iowa would suspect. We have just a little bit richer appetitie for coffee in the United States. We do not import the kind of coffee that Brazil sold to Russia. We could get it for $35 or $36. But our people do not want that kind of coffee. That is what they want in Russia. It is an inferior grade, just as their system is inferior to our system here.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Yes, if the gentleman has another question.

Mr. GROSS. The gentleman was not responsive in his answer to my previous question.

Mr. MILLS. I was responsive; but perhaps I did not make myself clear.

Mr. GROSS. But will the gentleman yield?

Mr. MILLS. Yes, I yield.

Mr. GROSS. Five hundred and one constitutes a majority, does it not? The President says, according to the committee report, that the United States with any other one country has the majority vote.

Mr. MILLS. That is right.

Mr. GROSS. I ask the gentleman to name the one country that has 101 votes which might join with the United States to make a majority of the total of 1,000 votes?

Mr. MILLS. I told the gentleman that that was right; it could be any other country that is an importer, that is a party to the agreement. All the countries of the world that consume coffee except for perhaps less than 10 percent of total consumption, or 7 percent, or something like that, of total consumption, are not parties to it. They may be by next year; I do not know. I gave the gentleman an example. If the gentleman would listen to my explanation of what the treaty provides—and nobody is going to contradict it, because that is what we were told in the Committee on Ways and Means, our country and one other country—you name it, any country——

Mr. GROSS. Well, you name it. You tell me the name of the single country that has 101 votes which, with the 400 votes of the United States, would make a majority.

Mr. MILLS. They do not have to have 101 votes. That is where the gentleman is off base. I tried to get the gentleman straight on it but the gentleman will not let me explain it. It is not 101 votes. We have 40 percent of the votes ourselves.

Mr. GROSS. Four hundred votes we have?

Mr. MILLS. I am not talking about votes. We have the votes which we need. We have 400 votes; the gentleman is right.

Mr. GROSS. All right.

Mr. MILLS. Now we can veto any quota arrangement, if we want to.

Mr. GROSS. Yes.

Mr. MILLS. We can do that.

Mr. GROSS. How do we do that?

Mr. MILLS. The agreement provides, the agreement itself, that we must have one other country voting with us. It does not matter how many votes that country has. That is where the gentleman is missing the point. If one other country joins us, that is all that is necessary.

On the other hand, let me point out to the gentleman that we have more than one-third of the votes. In order to impose any quota at all it takes two-thirds of the total vote.

If the gentleman will listen to me I want to make this point clear.

Mr. GROSS. I am listening.

Mr. MILLS. It takes two-thirds of the total vote to impose or adjust export quotas. As the United States has over one-third of the total votes, we have enough votes ourselves to veto any imposition of a quota that we want to. It is only necessary that one other country vote with us. That is the point.

There is nothing in this bill to disturb the gentleman from Iowa. I drink about as much coffee as anyone does. I do not have to pay any more for it. But I do think we are justified in this instance in going along with an existing treaty. I do not want to be a party to a repudiation of a firm commitment made by the United States and approved and confirmed by the other body under the Constitution and then say, because we may have some artificial, drummed-up fear about something that cannot be substantiated, but just something that we imagine, that we ourselves, acting here, will repudiate a firm commitment made by the United States, and I do not care what administration is in power.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MILLS. I yield myself 2 additional minutes, Mr. Chairman.

A commitment is a commitment, and if we have any respect in the world for our commitments, we will see to it that the commitments made by the United States are carried out. We will not follow the same path of some countries for whom we do not have such respect and for whose word we have very little confidence. But, Mr. Chairman, all in the world we are suggesting here is that we permit the President and those in the executive department to have the machinery to carry out the treaty. That is what it is—requiring an import certificate so that we have a statistical control to see whether or not the coffee comes from a country which is a party to this agreement. That is all we are asking for. This information, in turn, is sent to the Council, and other countries that belong—these other countries send in the same information into the Council. There we can see whether or not the other countries are living up to their part of the agreement.

Mr. Chairman, I have previously said that this is only for 2 crop years. We have a right to get out of it at any time within that period of time. If it does not work as I am telling you it is intended to work and as I think it will work, you know good and well this Congress is not going to go forward with it beyond this 2-year period.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I shall be glad to yield to the gentleman from Tennessee.

Mr. BAKER. The gentleman was approaching the very point which I would like for him to further elaborate upon and that is with reference to the safeguard, the provision which is article 68, which provides that any member may withdraw on 90 days' notice.

Would the chairman enlarge upon that and state what effect that would have on the sale of coffee?

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. I yield myself 3 additional minutes, Mr. Chairman.

Let me get the benefit of the gentleman's own response to that question, if I may.

Mr. BAKER. Well, my thought on the subject is that that is the most effective safeguard of all. If prices got very much out of line, the United Sttaes could, by giving 90 days' notice, withdraw from the treaty. A withdrawal of the United States from the treaty would mean the end of the treaty. Am I correct in that statement?

Mr. MILLS. Absolutely; because there cannot be any treaty without the United States being a member.

The gentleman from Tennessee [Mr. BAKER], who has always been very helpful, is aware of the fact that there has been some increase in recent months, not attributable in one iota to this arrangement—but there has been some increase in average import prices and in retail prices after a decline in these prices in coffee in the early part of the year. So that the price level is back to approximately what it was before prices went down.

Now, Mr. Chairman, our Government is proceeding next week to go to the Council meeting in London to make such suggestions to the Council that will have the effect of checking any more advances in these prices in the future.

Our representative at this conference will ask for an increase of around a million bags of coffee in the quotas of some of these countries that can be made available. There is no doubt the Council will agree to it because this price advance cannot go forward. We can prevent it from becoming a permanent operation. The coffee agreement was to stabilize prices and not to cause a precipitous increase in prices. We placed a 2-year limit on this legislation.

In this connection I will insert here a price table:

United States: Average annual retail and import prices 1953–62

[U.S. cents per pound]

Year	Retail [1] (regular coffee) (in can)	Average import price—all coffees [2] (green coffee)
1953	89.2	52.7
1954	110.8	65.7
1955	93.0	52.2
1956	103.4	51.2
1957	101.7	49.8
1958	90.7	43.9
1959	78.0	35.6
1960	75.3	34.3
1961	73.6	32.4
1962	70.8	30.4
August	71.3	31.6
1963:		
January	69.2	29.6
February	69.1	29.9
March	68.7	29.1
April	68.7	30.3
May	69.0	29.8
June	69.5	29.1
July	69.6	30.2
August	69.8	30.7
September	69.6	------------

[1] Bureau of Labor Statistics, U.S. Department of Labor.

[2] U.S. Department of Commerce.

After the agreement was negotiated in 1962, coffee prices continued to decline, and during the first 9 months of 1963, the price of Brazilian coffee moved down into the 33-cent range from its 1962 average level of 34 cents. As a result, wholesale prices in the U.S. market were reduced early in 1963. However, in the past few months, a combination of natural disasters has severely affected coffee crops in Latin America. Brazil has suffered especially severe frost, sustained drought, and extensive fire. At the same time, Hurricane Flora has caused extensive damage to coffee plantations in the Caribbean. As might be expected, the market has reacted to these reports. Prices for Brazilian coffee, which were exceedingly weak until the middle of September of this year, firmed and are now quoted at 37¾ cents a pound. However, Brazil has sufficient marketable stocks on which she can draw to meet the demand.

The price for African coffee, used largely for making instant coffees, has also been rising as a result of strong demand, political disturbances in the Congo and Angola, late crops in a few African countries, and a shift in marketing by African producers.

Mr. GILL. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Hawaii.

Mr. GILL. Hawaii is the only coffee-producing State in the Union. Our production is about 1 percent of the world production. We sell most of our coffee abroad. We have a lot of it going to West Germany at this particular time. We are sure this particular treaty will not affect us in any way, shape, or form. I would like to have the gentleman verify that.

Mr. MILLS. The gentleman is completely correct because the United States is a member of this agreement not as an exporting nation of coffee, but as an importing nation. While the exporting nations have agreed to place restrictions upon their exports, we, being an importing nation, have not agreed to place any restrictions on the export of coffee from the great State of Hawaii. The more I hear about the gentleman's State, the more diversified I find it to be.

Mr. Chairman, I should also like to direct the Committee's attention to a provision which the Committee on Ways and Means included in this part of the bill. You will note that section 6 contains a limitation with respect to the amount of the contributions of the United States to the International Coffee Organization. This limitation provides that the amount of the contributions of the United States to administer the agreement for any period shall not exceed 20 percent of the total contributions assessed for the period to administer the treaty.

Mr. OSTERTAG. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New York.

Mr. OSTERTAG. I have followed the discussion of the gentleman. It has been very interesting. I believe the gentleman from Tennessee raised a question with regard to the treaty. I believe I know the answer, but I would like to have the gentleman say in the event the treaty is cancelled out, in other words, phased out, would this implementing law remain in effect?

Mr. **MILLS**. This is only for 2 years. This legislation is only implementing the treaty for 2 years.

Mr. **OSTERTAG**. I understand that.

Mr. **MILLS**. It will then have to be extended.

Mr. **OSTERTAG**. You can withdraw from the treaty in 90 days.

Mr. **MILLS**. If you withdraw from the treaty the need for this legislation is gone, because implementation is only to enable us to carry out our commitments under it.

Mr. **OSTERTAG**. I understand the need is no longer there, but would the force and effect of this remain if we withdrew after 90 days?

Mr. **MILLS**. The full force and effect of it would be gone because it merely authorizes the President to do something during the existence of the treaty, or not to exceed 2 years.

Mr. Chairman, in closing let me urge the House to accept this implementing legislation, not that I like it any more than the gentleman from Ohio may have liked the proposition or the treaty itself. I have some question about it, as I know many of you have, but I have taken occasion to satisfy most of the doubts I have had. I believe the Committee on Ways and Means viewed this matter more or less as nothing in the world but enabling us to best cope with an arrangement or treaty we have entered into. Without this we are not in a position to carry out our firm agreement.

Mr. **BAKER**. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I wish to join the chairman of the Ways and Means Committee in support of H.R. 8864. I do this without attempting to pass on the merits of the International Coffee Agreement of 1962.

The President in signing the treaty, and the Senate in giving its advice and consent to ratification, necessarily concluded that the agreement was in the best interest of the United States. I must accept that decision for purposes of this legislation. Time will only tell whether or not the agreement will prove effective in stabilizing the price of coffee.

H.R. 8864 authorizes the procedures required in order that the President might carry out the obligations of the United States under the International Coffee Agreement of 1962, and the procedures provided for in this bill are reasonably intended to serve that purpose. No objection was made to these procedures on behalf of the importers of coffee, who will principally be affected by the bill.

I am advised that efforts were made in the past by the producing nations to control the amount of coffee which came into the world market. Through a lack of self-discipline, these efforts proved unsuccessful. There must be some enforcement procedures.

The International Coffee Agreement of 1962 seeks to impose restraints on the coffee-producing countries by making the consuming countries, such as the United States, parties to the agreement. Quotas will be established for each of the producing countries. The United States accounts for about one-half of the world consumption of coffee. So long as the United States is willing to cooperate in the enforcement of adherence to quotas, the agreement may succeed. If the United States should withdraw, the agreement will become inoperative.

It is indeed regrettable that agreements such as these have been found necessary. However, there is a "glut" of coffee overhanging the world market. Neither Brazil nor any of the other coffee-producing countries, acting alone, is able to cope with the disastrous depression which this oversupply exerts from time to time on the price of coffee. I would hope that some day in the not too distant future the production of coffee will be brought more nearly in balance with the demand so that agreements such as this will no longer be resorted to. The coffee agreement itself should be regarded solely as an experiment, which may or may not be successful.

At this point I might interpose that when this was being originally considered by the Ways and Means Committee, after we had listened for half a day or a day I raised the question with some of the witnesses, and especially with the chairman, Why should the Ways and Means Committee be dealing with coffee? We went into it rather carefully. The heart of this bill is the imposition of quotas. Otherwise you would not have the Ways and Means Committee bringing in a bill having to do with the importation of coffee. May I ask the chairman if I am correct in that statement?

Mr. **MILLS**. In part, but let me amplify it. It is not just because these coffee-producing countries are placing this quota on their exports that brings it to our committee, but the conditions set forth in the bill that must be complied with, such as reporting having to do with importation of goods into the United States and the records of the customs service, which is within the jurisdiction of the Ways and Means Committee. It is interesting, too, if the gentleman will permit me to point it out, that the International Wheat Agreement, as I remember, and the implementation of it, at least, came through the Banking and Currency Committee, and the International Sugar Agreement and its implementation came from the Committee on Agriculture of the House.

Mr. **BAKER**. I would be glad if the chairman would answer this question to clarify the matter. Is not the heart of this implementing legislation the establishment of quotas or restraints upon the exportation of coffee from producing nations to consuming nations such as the United States?

Mr. **MILLS**. Let me answer this way. The implementing legislation before us does not involve quotas on the exports of coffee. That matter is the subject of the treaty itself. The implementing legislation authorizes us to limit imports from nonmember exporting countries, it authorizes certificates of origin to show the source of the coffee purchased so that the Council can ascertain that the exportive countries have not exceeded their quotas in world trade.

Mr. **BAKER**. I think this would be a matter of interest to the Members. We had testimony in the committee that there are nations in other parts of the world that until fairly recently were not considered as large coffee-producing nations, such as those in Africa. Am I correct in that?

Mr. **MILLS**. The gentleman is correct.

Mr. Chairman, will the gentleman yield further?

Mr. **BAKER**. I would like for this to be presented to the committee: If speculators obtain large quantities of coffee from those that are not parties signatory to this agreement—what effect could that have in raising the price of coffee? There was testimony to that effect. I yield to the gentleman.

Mr. **MILLS**. The gentleman is asking now whether or not there is coffee produced by countries not signatory to this agreement that could be purchased by the United States?

Mr. **BAKER**. No; this would prevent the purcase.

Mr. **MILLS**. That is the point. It would enable us to limit purchases from nonmembers.

Mr. **BAKER**. That is the point, and the chairman did not enlarge on that in his opening statement.

Mr. **MILLS**. Now I understand the gentleman's question, may I try to answer the gentleman.

There are some countries in the world that produce coffee, which countries are not parties to this agreement. They are very few in number, however. It is my understanding that these countries that produce the coffee that meets our taste are parties to the coffee agreement. Most of the coffee we get into the United States comes from the Western Hemisphere. It is the type of coffee that we roast and prepare to make drip coffee and so on. The coffee that comes in from Africa is not used for that purpose. That coffee is used in the making of instant coffee or something of that sort. It is not ground in the same way to meet the taste of the American people as South American coffee and Latin American coffee is, which is where we get the bulk of our coffee that most of us drink in the morning. I should add that the African coffee producing countries as well as the Latin American coffee producers are members of this agreement.

Mr. **BELCHER**. Mr. Chairman, will the gentleman yield?

Mr. **BAKER**. I yield to the gentleman from Oklahoma.

Mr. **BELCHER**. Am I to understand from this colloquy that the Committee on Ways and Means has jurisdiction over imports into the United States?

Mr. **BAKER**. I yield to the chairman for his answer to that question.

Mr. **MILLS**. Yes, I am sure that the gentleman from Oklahoma knows that we deal with tariffs and duties in the committee.

Mr. BAKER. And quotas.

Mr. MILLS. Yes.

Mr. BELCHER. Here is the point, I agree that the United States should back up its commitments or agreements whatever administration may be in power, but at the same time do I understand that what this bill does is to stabilize the price of coffee by preventing excessive imports into the United States?

Mr. MILLS. No, sir. Would the gentleman from Tennessee yield so that I may answer the gentleman?

Mr. BAKER. I yield to the gentleman.

Mr. MILLS. Let me make it very clear, as my friend, the gentleman from Tennessee understands, under this agreement the United States is making no commitment at all that it will purchase only so much coffee. There is nothing binding the United States one iota as to what we could import into the United States so long as we import it from countries that are signatory to this agreement. This has to do with the exportation of coffee from coffee-producing countries. They are binding themselves.

Mr. BELCHER. Then what is the purpose of the legislation?

Mr. MILLS. The purpose of the legislation, I think, was pretty well stated by the gentleman from Ohio [Mr. BROWN] initially. This legislation is merely to implement a treaty, the purpose of which is to bring a degree of stability to the price of coffee that has not previously existed in the hope of bringing a stability to the economies of the Latin American countries and other countries that produce coffee, which of course is very important to us and in which we manifest a great interest by the appropriation of vast sums of money every year for this purpose.

Mr. BELCHER. I agree that the stabilization of the price of coffee which affects the economy of the countries of South America is important to this country. But I do not think it is a bit more important than the importation of beef into this country, which we do produce, and at the present time 68 percent of the processed beef that is used in the United States is now being imported into the United States and is not being processed in this country. I do not know why the Committee on Ways and Means or the President of the United States would not have the authority to look into that matter. But while we are worrying about the economy of South America, I think it might be well if we worried about the beef producers of the United States to see if we cannot make up some kind of treaty and to see if we cannot work out some kind of agreement whereby the Committee on Ways and Means might implement such an agreement or treaty to give the President of the United States the power to stabilize beef prices in this country.

Mr. BAKER. Mr. Chairman, I would say this. I have certain misgivings about this bill. I am certainly not a believer in cartels. There is a difference between beef and coffee. We produce quality beef in the United States, but we do not produce any coffee, except for Hawaii.

I will say this, though, in line with the statements of the gentleman from Ohio [Mr. BROWN] in discussing this matter. Apparently, the basic thing in this agreement is to stabilize this part of the economy of the coffee-producing nations. For many of those nations coffee is just about the only cash crop. As has been said in the report, there are 12 million persons whose livelihood depends upon it. It is lots better to do it that way, if we can do it in that way and still protect the consuming public in the United States. I hope we can do it that way rather than do it by economic aid or by doles or gifts or something else, because it is of tremendous importance that we have unity in the Western Hemisphere. Coffee is to the people of Brazil, Colombia, and other nations what tobacco or cotton is to some parts of the United States as a cash crop.

Mr. Chairman, I conclude with this statement. This treaty is an experiment. There is no question about that. It may or may not be successful. We in the Ways and Means Committee only present the mechanics of the treaty which is an accomplished fact. The United States is a party to this treaty by Presidential action and by constitutional ratification by the Senate. We feel in the committee that the procedural aspects, the mechanics, the tools we have presented to you are the best that we could devise, and on that basis we present the legislation. This agreement is for 2 years and, as I said in my earlier colloquy with the chairman of the committee, I think that the most effective provision we have in here to protect consumers in the United States is that we can give 90 days notice and withdraw. That ends the whole thing. The treaty would no longer have any effect.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. BAKER. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. HALL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 199]

Abele
Auchincloss
Avery
Ayres
Barrett
Barry
Bass
Battin
Beermann
Bolling
Bonner
Brock
Brown, Calif.
Broyhill, Va.
Burkhalter
Burton
Byrnes, Wis.
Cahill
Cameron
Celler
Clancy
Clawson, Del
Cramer
Dague
Davis, Tenn.
Diggs
Dorn
Duncan
Everett
Fino
Fogarty
Ford
Foreman
Fulton, Tenn.
Fuqua
Gathings
Goodell
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hanna
Harding
Harsha
Harvey, Ind.
Hawkins
Hays
Healey
Hébert
Hemphill
Hoeven
Hoffman
Holifield
Jensen
Johnson, Wis.
Karth
Kee
Kelly
Keogh
Kilburn
King, Calif.
Kluczynski
Knox
Laird
Landrum
Langen
Latta
Long, La.
McClory
McCulloch
McMillan
Madden
Mailliard
Martin, Calif.
Martin, Mass.
Miller, Calif.
Milliken
Minshall
Morse
O'Brien, Ill.
O'Brien, N.Y.
Olson, Minn.
Pilcher
Powell
Quie
Quillen
Rains
Randall
Rodino
Rogers, Tex.
Roosevelt
Roybal
St Germain
St. Onge
Saylor
Schadeberg
Scott
Selden
Shelley
Sheppard
Short
Sickles
Smith, Calif.
Taylor
Teague, Tex.
Thompson, N.J.
Thomson, Wis.
Tollefson
Udall
Utt
Wallhauser
Watson
Weaver

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. FLYNT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, H.R. 8864, and finding itself without a quorum, he had directed the roll to be called, when 318 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. When the point of order of no quorum was made, the Chair had recognized the gentleman from Missouri [Mr. CURTIS].

The gentleman from Missouri [Mr. CURTIS] is recognized for 10 minutes.

Mr. CURTIS. Mr. Chairman, the chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS], has adequately and very correctly stated the situation that confronts us. We are in a situation where a treaty has been enacted and the Committee on Ways and Means is being asked, and our report to the House is, to implement this treaty. In other words, those of us who may feel that there is an economic crime of violence involved here are confronted with the fact that that policy to go ahead and commit this act of violence, that is economic violence, has already been agreed upon and we are merely being asked to aid and abet it. I do think it is proper for the House to consider the full aspects of this matter.

One question that I think we can properly ask ourselves is, Why did the executive use the technique of a treaty to implement what is really a matter in the field of trade and economics which more traditionally we have handled through agreements which require a majority approval of both the House and the Senate? Of course, that is true of the Sugar Act. Both the House and the Senate act upon the Sugar Act. I think it is quite important that in matters of economics and trade, the Congress being closer to representing the people be fully a part of the decision process. And in the Constitution it spells out that the Congress has control over foreign and interstate commerce, and this matter is really in the area of foreign commerce—I think that is the reason why, in the judgment of our constitutional forefathers, this authority was vested in us. I feel this way at any rate, and I think if we reason it out, it is because trade matters and matters of economics deal with the daily actions of individuals and individual groups and are not the kind of high policy which requires diplomacy which we expect to be present in treaties. Of course, treaties sometimes do and frequently do relate to economic factors. They sometimes relate to economic factors, but it is only incidental in the treaties. It has been traditional, I think, when we are talking about agreements which involve carrying out economic principles, that both bodies of the Congress should exercise their judgment upon them.

Mr. PEPPER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Florida [Mr. PEPPER].

Mr. PEPPER. Mr. Chairman, I was interested in the gentleman emphasizing, as I understood him to do, that this is sort of an international agreement which requires the concurrence of both the Senate and the House; that is, the other body and this body. I am wondering if the able gentleman might share my opinion that the time may well have come when all matters of international significance vitally affecting this country, whether they be called treaties or executive agreements or international agreements, might not also be the subject of consideration by this body and the other body on equal terms, just as they consider other matters which are for the benefit of the country.

I propose to offer a constitutional amendment, as I did when I was a Member of the other body, to that effect.

A good example of this is the nuclear test ban treaty which the other body was no more particularly or peculiarly qualified to pass on than this body. Certainly this matter is vitally concerned with a subject of public significance. So I wondered about the historical reason for vesting in the other body the exclusive privilege of ratifying or advising and consenting to treaties and wondered if that had ceased to exist and if modern demands do not require that both bodies pass on treaties and on international agreements.

Mr. CURTIS. I want to applaud the gentleman for his contribution, because he is certainly directing this debate right along the lines I sought. I would like to emphasize this one point, that certainly in economic affairs the traditional technique is to use agreements rather than treaties and thereby permit this House as well as the other body to interpose its judgment—while the utilization of treaties eliminates the House of Representatives. However, the chairman of the Committee on Ways and Means and our ranking member, the gentleman from Tennessee, Congressman BAKER, have pointed out that in the House today we are confronted with a situation where this has already happened. That is the thing. The thing that caused me to have my views—and I want to call attention to them, as additional views rather than minority views—was because I could not quite come to the point where it would be my recommendation as a member of the committee, to the House, that we turn this bill down. It does carry this proposition that the United States properly and constitutionally has entered into this treaty, and our problem here is the question of implementing it.

It does provide us an opportunity of making the point that I have already made, whether it should be this way, and then get into some degree of the substance that is involved here.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the chairman.

Mr. MILLS. There is much to be said for the gentleman's point. I think really that I would prefer, myself, that the House could be consulted about some of these matters and not always and forever be, as we were in connection with the International Coffee Agreement of 1940, the wheat agreement and the sugar agreement and in other instances, in the position of finding ourselves implementing something that has already transpired. But the facts are, as the gentleman points out, that the Constitution has been followed.

I wish the gentleman, before he gets to the details of this that disturb him as they do all of us, would comment briefly on what his reaction might be toward us in the United States if we fail to implement an agreement or a treaty to which we are a party. Our word has been given; we have made a commitment. I know those things concern the gentleman. I wish he would address himself to that point.

Mr. CURTIS. The gentleman in his very able fashion and wisdom has pointed his lance directly at the real chink in the armor of one who would oppose this measure that is before us; because that is true. My own view is only an additional one. I did vote this out of the committee and I think my judgment would lead me, for the very reasons the gentleman has stated, to acquiesce and probably vote for this bill, but not until I have set forth what I regard as being a very grave economic crime, and not before I point out the fact that the President of the United States has been talking one way, as is so often the case it seems, and acting in another.

And hopefully, by pointing some of these things out, the arbitrary power that still remains in the executive branch to implement this international coffee cartel will be directed more toward the area of economic freedom.

Mr. HOSMER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from California.

Mr. HOSMER. Mr. Chairman, I am disturbed over the gentleman from Arkansas' mention of the embarrassment that might be caused from the failure of the Congress to implement an agreement made by the administration. As a matter of fact, in connection with the test ban treaty we were told that Congress should not even discuss the matter until the treaty was negotiated. Then there would be the opportunity in the other body to discuss it fully in connection with ratification, obtaining the consent of the Senate. Here we do not even have a treaty subject to ratification; we have an agreement.

Mr. CURTIS. No; this is a treaty.

Mr. HOSMER. This is a treaty?

Mr. CURTIS. That is the point; it has been properly signed and ratified.

Mr. HOSMER. In many cases that is not the case and discussion is necessary where you do have a treaty.

Mr. CURTIS. Mr. Chairman, I would like to get to the substance of this matter, if I may.

Mr. HOSMER. Mr. Chairman, I thank the gentleman. So whether or not it is in treaty form or in agreement form, the Constitution of the United States places upon the legislative branch of our Government an equal responsibility to determine what in fact are the best interests of the United States and to take those actions that are required in pursuance thereof.

Mr. CURTIS. I might say to the gentleman that we might review the words of the Constitution, "advise and consent." This business of making the deal ahead of time and then just coming up for "consent," does not satisfy the requirement of "advise."

I think, Mr. Chairman, we might well pay attention to that.

Mr. MILLS. Mr. Chairman, will the gentleman yield at that point?

Mr. CURTIS. Yes, I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from Missouri and the gentleman from Arkansas were not speaking in terms of something prospective. We were speaking in terms of something that has already transpired. Advice and consent have been given to the treaty.

Mr. CURTIS. That is correct.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, in addition to the problem of gaging reaction from abroad if we should turn down this act, for example, I think we ought to give some consideration to the reaction of the people here at home. I wonder what the gentleman's comment would be on the reaction of the American consumer if as a result of the agreement coffee prices should seriously jump up?

Mr. CURTIS. That is what I wanted to go into. Before we went into the Committee of the Whole and during the debate on the rule here, I requested unanimous consent to put in the RECORD additional matter, and I am going to put in the additional views which will be found stapled in the back of the committee report. In these additional views I pointed out three things, or tried to point out three things which I considered to be of importance.

First, that the overall policy in treating with trade matters is very bad. It is going toward a more regressive trade technique rather than freeing up trade. Instead of freeing up, we have been going to the international cartel technique, which is the worst approach we could use. We are going further away from the marketplace which is the traditional method in our society for trying to reach economic decisions.

Mr. Chairman, this in my opinion—and it is only a part of this administration's entire approach and I tried to point it out in just a brief paragraph—is just one of the instances of the operations of this administration which is moving away from the utilization of the marketplace as the method of reaching economic decisions and moving further toward the point where it can be done through political bureaucracy of not only this country but of other countries. That is where the deals can be made.

Mr. Chairman, the second point and one which the gentleman from Illinois mentioned a moment ago and which I think should be stressed is this: What about the American consumer? This is one of the ways where I think the President talks out of one side of his mouth and acts the other way. In the very letter that the chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS] received from the President, which is in the report, he starts out with the expression that "the purpose is to check the disastrous decline in coffee prices by holding a floor under the prices." On the next page he states that "the result would be a beneficial and progressive increase in the coffee earnings of producing countries as coffee exports increase with rising world consumption."

Mr. Chairman, who is going to pay for this? The American consumer, of course.

The point that I make in addition is that there is no benefit that the consumers in this country derive from increased productivity in the raising and distribution of coffee which the marketplace device would give to us. This is just the opposite approach to solving economic problems which has been traditional in our country. It is bad for the consumers.

Then, finally, Mr. Chairman, I point out in my last paragraph that it is bad for the producers.

In the long run we do a disservice to the coffee-producing countries by these shortsighted cartel setups. This tends to keep them tied to a one-product economy instead of to encourage them in the development of a diversified economy from which comes sustainable economic growth and increased standard of living.

I think there is very little question about that. I would say that if we had had the wisdom to look into Cuba as a one-crop economy, one essentially based on sugar, and sought through our policies, to the extent we could to properly encourage them to diversify, we, perhaps, would not have the situation in Cuba today, nor would we have had the situation of Batista who preceded Castro.

Mr. Chairman, this is exactly the kind of foreign policy that produces and sustains the dictatorships in these countries. This is against the doctrine in which we believe of self-determination for peoples abroad.

ADDITIONAL VIEWS OF THOMAS B. CURTIS AND BRUCE ALGER ON H.R. 8864

During the public hearings on the Trade Expansion Act of 1962, I raised the question of whether the administration policy was truly one of freeing up international trade or whether indeed it was not moving toward more restrictions by substituting licensing and quota arrangements for tariffs.

The present coffee treaty is just one more action in a series of actions taken by the Kennedy administration which lend support to this position. It is true that coffee like sugar and other raw commodities has been the subject of Government-sponsored cartels instead of the more liberal trade regulator, the tariff, for some time. However, there are no indications of a disposition on the part of the Kennedy administration to break loose from this most regressive of all techniques to regulate trade to move toward a freer marketplace. Where there were tariffs and no cartels, we now find cartels. Where there were cartels, we find more regressive cartels negotiated. Where there were no regulators, we find the administration advocating tariffs as in the proposal to impose an excise tax on American investments in foreign securities.

President Kennedy in his special letter to the committee to reassure it in its concern for the American consumer talks one way and yet acts another. The coffee agreement is admittedly to keep up coffee prices; how then can the President argue that it is to assure the American housewife the lowest price for coffee? Nothing is said in the Presidential letter about passing on to the consumer in lower prices any benefits that may be derived from future increased efficiencies and increased productivity in the growing and distribution of coffee.

Finally, I would observe that in the long run we do a disservice to the coffee-producing countries by these shortsighted cartel setups. This tends to keep them tied to a one-product economy instead of to encourage them in the development of a diversified economy from which comes sustainable economic strength and increased standard of living.

THOS. B. CURTIS.

I share these views.

BRUCE ALGER.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the distinguished gentlewoman from Missouri [Mrs. SULLIVAN].

ABUSE OF AGREEMENT CAN AND MUST BE PREVENTED

Mrs. SULLIVAN. Mr. Chairman, as one who tries to keep the consumer interest uppermost in the consideration of legislation which affects the budget of the average household, it would be an easy thing for me to oppose this bill. I have always been suspicious of the price-raising efforts of some of the coffee-producing nations, and have exposed and opposed those efforts on frequent occasions here in the House when they appeared to be based on misleading or false information about alleged shortages.

As a matter of fact, one of the most publicized speeches I ever made in the House occurred nearly 10 years ago, in my first term in Congress, when I reported that the spiral in coffee prices in late 1953 and the first few weeks of 1954 was apparently based on a downright hoax—a fake shortage. A subsequent Federal Trade Commission investigation confirmed this suspicion, and spelled it out in great detail, attributing the spiral to excessive speculation in coffee futures, manipulation in the coffee exchange, and a lot of hoarding, all growing out of deliberately misleading propaganda about crop disasters in Brazil.

Naturally, therefore, I am not enthusiastic about any plan or program to restrict the amount of coffee which can come into the United States from our major suppliers. If the supply is limited too severely, it will inevitably lead to a soaring price of coffee for the American housewife in the grocery store.

MANY FACTORS TO BE CONSIDERED

However, there are other factors which we must also consider here today. The decision to have the United States participate in an international program to limit world marketings of coffee has already been made. It was made for us in an international agreement negotiated by the executive department and ratified by the Senate last May. The House played no part either in the negotiation of the agreement or its ratification. If the House had considered the agreement, I would probably have supported it—I saw more reasons to approve it than to oppose it. Primarily, I do not believe it is to the advantage of the United States, or of our consumers, to try to beat down the world price of coffee to the lowest possible level. I have often said that the cup of coffee so many of us love to drink would taste bitter indeed if we knew it came to us out of the misery of those who owe their livelihood to the growing of coffee. We believe in a fair price for what we buy as well as for what we sell to others. And this applies to coffee, too. Furthermore, starvation prices for coffee would eventually discourage production and thus lead to much higher prices later.

So I think it was proper for the United States, as the world's largest consumer of coffee, to join in efforts under the United Nations to help the major producing nations to overcome the problems of huge surpluses, unrestricted marketings, and the possibility of disastrously low prices for green coffee. The International Coffee Agreement is aimed at such objectives.

UNITED STATES HAS POWER TO ASSUME ADEQUATE QUOTAS

If it achieves its announced goals, it will achieve the stabilization of coffee prices—through quota restrictions—to the general level of prices in 1962. No one in this country would object to a stabilization of coffee prices at the 1962 level. My fear, however, is that the agreement may be permitted to succeed too well—by the establishment of quotas too low to meet demand at fair prices. If that happens, then the American consumer will pay a heavy price, indeed, for our generosity in wanting to help friendly Latin American neighbors, and other coffee-producing nations, to stabilize their shaky economies.

The point is, however, that abuse of this agreement does not have to happen. It will not happen if the American representatives on the International Coffee Council never lose sight of their obligations to American consumers as well as to foreign producers in the operation of the agreement and in the setting of policies under the agreement.

When the agreement was being negotiated, I raised numerous questions about the degree of protection to be accorded the American consumer against unwarranted increases in price. Under unanimous consent, I will place in the RECORD at the conclusion of my remarks my letter to the Department of State and the reply I subsequently received—a statement of official policy which later became an important exhibit in the Senate debate on ratification.

This exchange of correspondence established the fact that under the agreement we do have significant powers in holding the price line through our position in the International Coffee Council. Nevertheless, when this bill to implement the agreement went before the Committee on Ways and Means—the legislation now before us—I submitted a statement which, for purposes of the record, I am going to insert under unanimous consent at this point in my remarks.

Statement by Congresswoman Leonor K. Sullivan, of Missouri, Submitted to the Committee on Ways and Means on H.R. 8378, a Bill To Carry Out U.S. Obligations Under the International Coffee Agreement, October 15, 1963

Chairman Mills and members of the Committee on Ways and Means, many persons familiar with the fight I waged in 1954 against unconscionable increases in coffee prices to American consumers as a result of an alleged but nonexistent shortage of coffee supplies were surprised this spring that I did not oppose Senate ratification of the International Coffee Agreement. I explained, however, that I was not opposed to any reasonable effort and reasonable machinery to stabilize prices for the producers of green coffee, just so long as such a program did not lead to sharp increases for consumers in case the chronic condition of oversupply should suddenly turn into a shortage—either a real shortage, or the fear of shortages such as occurred in 1954.

While the agreement was still being negotiated, I wrote to the Secretary of State on September 13, 1962, and expressed my concern on this point. I wanted to know what safeguards were being written into the agreement to protect American consumers in case the price should begin to skyrocket.

A reply from Assistant Secretary of State Frederick G. Dutton, dated October 3, 1962, advised me that the purpose of the agreement, as it was being drafted, was to assure that "the general level of coffee prices does not decline below the general level of such prices in 1962." In other words, if the green coffee price could be held, roughly, to the 1962 average price—which was not an excessive one—the purposes of the agreement would be served.

Mr. Dutton's letter described some of the features of the agreement which he said could be utilized to prevent marked upward changes in green coffee prices, and also noted that the United States, in effect, had a veto on any quota decisions which could cause unconscionable increases. As a last resort, he said, we could withdraw at any time, after 90-day notice, and our withdrawal would cause the agreement to collapse, since the United States is the world's largest importer of coffee.

Mr. Dutton's letter was an important State Department exhibit in the discussions in the Senate on ratification of the treaty in May. When I saw the letter to me reprinted in the Senate ratification debate in the Congressional Record of May 20, I then placed in the Record the next day the full exchange of correspondence, and the misgivings which had prompted me to write to the State Department while the agreement was being negotiated.

Now, in considering legislation to implement the agreement, I think we must make absolutely certain that the program, in actual operation, protects the interests of American consumers fully. Once the agreement is in full operation, I don't think we would want to withdraw from it hastily, or veto the decisions of other participating countries, because of the consequences of such steps on our relationships with friendly nations. But I think the Government of the United States has to be provided with strong congressional guidelines which will enable our representative on the International Council to speak forcefully, when necessary, to express his concern for American consumers on any policies proposed under the international agreement.

Such guidelines, I believe, should be included as a part of this bill, H.R. 8378, which requires that the United States enforce the quota restrictions set by the International Coffee Organization for coffee imported into this country.

For one thing, the bill should carry a clear statement of congressional intent that the quotas which this country will be asked to help administer should and must be large enough under normal circumstances to assure adequate supplies at fair prices for American consumers.

In addition, the legislation should also provide for immediate increases or readjustments in coffee quotas in case of any increases in consumer demand.

There is another important problem here. The coffee-producing nations have been experiencing great carryover stocks from year to year, and annual production surpluses almost every year in relation to demand. But if the International Coffee Agreement really works effectively to cut down production and to reduce surpluses, then any sudden disaster—such as the great fire in Brazil this year following a serious drought, or a great hurricane, or a crop failure for any reason—would immediately set off a kind of panic in the world's coffee markets, and the American consumer would find the price going up the very next day in the grocery stores. Even with the huge surpluses in Brazil, the recent fire was cited as a reason for price increases.

Furthermore, a political upheaval in any of the large producing countries, could also set off a wave of speculative frenzy, if surpluses were reduced. Instead of being satisfied with stabilizing prices at the level of 1962, the producing nations, I am sure, would much rather see the level of 1954 regarded as "normal." The 1954 price was an unconscionably high one, based on fake shortages, manipulation, and excessive speculation in the commodity exchange, and vast hoarding of supplies in fear or expectation of further increases in price. This was brought out in the Federal Trade Commission report on the 1954 coffee spiral.

If we are going to put the full majesty of the Government of the United States behind a program to limit the amount of coffee we can bring into the country, so as to help producers abroad, then we must show equal concern for the protection of the American consumer against natural disasters, political upheavals, or other developments in coffee-raising areas which could bring a return of the 1954 experience.

Therefore, I believe that this bill, intended to require us to carry out our obligations under the international agreement, should also contain language making it clear that the producer countries have obligations to us under the agreement which must also be carried out.

We cannot use this bill as a device to amend the treaty, of course, but we can certainly tie our performance in enforcing the quotas under this bill to a clearly expressed congressional mandate (1) that the quotas must be adequate to meet the needs of our consumers at fair prices; (2) that the quotas be readjusted promptly if consumer demand in this country should rise; and (3) that some effective sanction—perhaps monetary damages or else a suspension of the quota enforcement machinery—be provided at any time U.S. import quotas are not met under the agreement.

I leave to the experts on this committee the technical problem of drafting language to carry out these obligations of the United States to the American consumer as part of a bill "to carry out the obligations of the United States," under a treaty designed primarily to help coffee producers abroad.

MUST NOT BE "BACK-DOOR FOREIGN AID"

I felt that the Congress must definitely and unequivocally go on record as insisting that the American representatives in the operation of the international agreement should and must speak affirmatively and effectively on behalf of the American consumer. And here is why I felt so strongly on that point:

The Department of State is deeply and properly concerned about the economic stability of friendly nations, and particularly those which are menaced constantly by communism. Under the Department's overall direction, we pour out billions of dollars in military and economic aid to such nations. The aid program is constantly under attack in Congress and in the press and elsewhere. It is not now, and it never was, a popular program. We know that it has been generally effective, but it is costly.

On the other hand, an increase of a few cents in the price of green coffee imported into the United States means a hundred million dollars or more in dollar exchange to Brazil and other coffee-exporting nations. From the State Department's viewpoint, this would be a painless transfusion of financial aid without being reflected in any appropriation bill. It would be reflected only in "a few cents a week" in the budget of the average household. How simple—and how easy.

But how unfair to the American consumer it would be if the representatives of our own Government were to lend themselves to an attempt to artificially raise coffee prices as a backdoor device for aiding the economies of other nations. Unlike our aid programs, we would have no means of assuring that the financial help actually went to the countries and to the groups within those countries which needed our help. And, frankly, there have been numerous occasions when higher prices for green coffee paid by the United States, and passed on to American consumers, meant no improvement whatsoever in the living standards of those who grew the coffee—instead—the extra money went to speculators and to the already very rich in those countries.

A LOOPHOLE IN BILL ON PRICE INFORMATION

Hence, Mr. Chairman, my statement to the Ways and Means Committee, and the suggestions I made for improvement of the legislation, were based on a desire to guide our own American policy—to give it a clear and unequivocal American orientation—in our participation in the agreement. I am more pleased by the manner in which the committee attacked the problem—and the long consideration it gave to this matter. I could not ask for a fairer review. The letter from President Kennedy to the chairman of the Committee on Ways and Means makes it clear that the administration will be guided by the considerations I asked be stressed. I also have State Department assurance on that point. If for any reason the agreement leads to excessive prices, we have a way out—withdrawal after 90 days' notice and we can reconsider the entire matter in the next Congress in any event when this bill expires. Under the circumstances, I am willing to go along.

But this bill still leaves a loophole which I intend to close through an amendment I will propose when the bill is opened for amendment. As a result of the committee's consideration, the bill has been amended to require the President to report annually on the operations of the agreement, particularly with regard to the general level of coffee prices. Under another section of the bill, he is empowered to require the submission to him of relevant information by the coffee trade on the importation, distribution and consumption of coffee. But while he has the obligation to report to Congress on the general level of prices of coffee, he is not specifically given the authority to require the submission of this information to him by all those in possession of important information on prices. My amendment will add this clear-cut authority. I shall explain the need for it in more detail when the amendment is offered.

The correspondence referred to above is as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., September 13, 1962.
The Honorable DEAN RUSK,
Secretary of State,
State Department,
Washington, D.C.

DEAR MR. SECRETARY: Ever since I raised an alarm over runaway coffee prices in the United States in 1954, setting off a Federal Trade Commission investigation which disclosed widespread evidence of speculative price excesses and futures trading irregularities, I have been attempting to keep in touch with developments in this field which might foreshadow possible gouging once again of the consumer. Just recently, I called the attention of the House, and of the housewives of the country, to a news report from Brazil implying that some frost damage to the new crop would, or might, result in higher coffee prices in the United States. I warned that any wholesale or retail price increases based on such a scare story would be utterly unjustified, in view of the tremendous stocks of coffee on hand.

My purpose in writing to you is to do two things: First, to assure you and your aids that my concern is directed primarily at unwarranted increases in coffee prices based on false reports and speculative excesses, rather than on any opposition on my part to any reasonable international program for stabilizing coffee prices at prices which are fair to both producers and consumers; and, secondly, to ask what safeguards are being written into the proposed international agreement which would serve to protect the American consumer in case crop controls and other measures should result in inordinately high prices to the American consumer.

We have long followed a policy in this country of encouraging reductions in farm production when prices are ruinously low, so I do not subscribe to the idea that any attempt to stabilize coffee prices for Latin American producers is necessarily a disservice to the American consumer, particularly if it should mean any substantial improvement in incomes and living conditions for the people of Latin America, and thus a reduction in the amount of aid we would have to give there.

On the other hand, it has been the sad experience of the American consumer in both World War II and Korean war days that after having gladly cooperated in building a floor under farm prices, the consumer was denied any effective ceiling over those same prices once inflation became virulent. I fear that if a stabilization program should be adopted for coffee, it would require our consumers to support the idea of a floor under coffee prices, but would give them no protection over excessive increases if unexpected circumstances should precipitate sharp increases in price.

Perhaps this matter has already received departmental consideration, and the necessary safeguards have been included in the draft agreement. If so, I would be glad to know about it. If not, I certainly trust some proviso is included to permit reasonable restraints on excessive price rises as well as on excessive price declines. Since we are the biggest customer-country involved in the negotiations, and since the American consumer will largely pay for the international stabilization program in terms of higher prices for coffee in the stores, I think our consumers are entitled to the kind of consideration I have outlined.

May I have your thinking on this.

Sincerely yours,
LEONOR K. (Mrs. JOHN B.) SULLIVAN,
Member of Congress,
Third District, Missouri.

DEPARTMENT OF STATE,
Washington, October 3, 1962.
The HONORABLE LEONOR K. SULLIVAN,
House of Representatives.

DEAR MRS. SULLIVAN: I want to thank you for your letter of September 13, 1962, addressed to the Secretary, with regard to the new International Coffee Agreement which is now before governments for consideration. I am sorry that our reply is somewhat tardy; our workload in the closing days of this Congress has been exceptionally heavy.

At the beginning I want to say that the officials of this Department concerned with the coffee problem are sincerely appreciative of the constructive view you have taken in this matter. Accordingly they want me to assure you that they have been mindful throughout the long negotiations with foreign governments that our first duty is to protect the American consumer. The advisory committee appointed by the National Coffee Association to work with the State Department during the negotiation of the new coffee agreement has, of course, always maintained that the U.S. consumer must be protected in any coffee agreement. Toward this common objective we have managed to secure a number of provisions in the new agreement which should fully protect our interests.

Before describing these specific provisions, it is noteworthy that the tremendous stocks of coffee now held by Brazil and Colombia would seem adequate assurance that no substantial advance in green coffee prices could be sustained in the foreseeable future. Stocks are also building up in some African countries, and present productive capacity everywhere is in excess of any likely demand over the next 5 years. Thus the supply-and-demand situation as presently known argues against any marked increases in coffee prices.

The new International Coffee Agreement does not have any specific price objective in the sense that it will endeavor to maintain prices for the various kinds and qualities of coffee at certain cents-per-pound figures. It does provide that through the fixing of quotas, the members agree on the necessity of assuring that the general level of coffee prices does not decline below the general level of such prices in 1962. We consider this price objective a realistic one in view of the burdensome stocks overhanging the market. In the light of the price trend it is also a reasonably modest one, as coffee prices have been declining steadily in recent years. During the first 8 months of 1962 the price of Brazilian coffe averaged about 34.3 cents a pound, compared with 36.6 cents in 1960 and 48.4 cents in 1958. The decline set in immediately after 1954, when you will remember the severe frost damage in Brazil resulted in prices averaging 78.7 cents per pound.

Consumer protection against any unwarranted price increases is assured by a number of specific provisions in the agreement. Probably the most important are the provisions relating to the establishment and adjustment of export quotas. Export quotas are intended to control the amount of coffee that may be made available to the market by the producing countries during a given period, and thus they directly influence the price. The agreement provides that all decisions on the establishment and adjustment of export quotas shall be taken by a distributed two-thirds majority vote; i.e., a concurrent two-thirds majority of the importers and exporters voting separately. As the United States has 400 votes, this, in effect, gives us a veto power over decisions of the Council. We would, to make the veto effective, need only one other importing country voting with us. The number of votes held by it would be of no consequence as we alone have more than one-third, but it was felt desirable to provide that one country alone could not exercise a veto. We cannot conceive of any situation in which the United States advocated a veto where we could not persuade at least one other importer of the merit of our position.

In addition to the voting provisions of the agreement with regard to export quotas, two other provisions are noteworthy, in that they specifically recognize the undesirability of marked changes in coffee prices for whatever reason, and provide for corrective action under voting procedures which are easier to attain than the standard procedure of a distributed two-thirds majority. These two provisions are quoted below for your information:

"(5) All members recognize that marked price rises or falls occurring within brief periods may unduly distort underlying trends in price, cause grave concern to both producers and consumers, and jeopardize the attainment of the objectives of the agreement. Accordingly, if such movements in general price levels occur within brief periods, members may request a meeting of the Council which, by distributed simple majority vote, may revise the total level of the quarterly export quotas in effect.

"(6) If the Council finds that a sharp and unusual increase or decrease in the general level of prices is due to artificial manipulation of the coffee market through agreements among importers or exporters or both, it shall then decide by a simple majority vote on what corrective measures should be applied to readjust the total level of the quarterly export quotas in effect."

In the unlikely event that unforeseeable circumstances might arise in the administration of the agreement which would operate against the interests of our consumers or our coffee trade, the United States could always withdraw from the agreement. It is provided that any government, after September 30, 1963, may withdraw by giving written notice, such withdrawal to be effective 90 days after notification. As the agreement would collapse without our participation, this possibility is the final assurance that our views on the operation of the agreement must be respected.

If I can be of any further assistance in furnishing information please do not hesitate to let me know.

Sincerely yours,
FREDERICK G. DUTTON,
Assistant Secretary.

Mr. MILLS. Mr. Chairman, would the gentlewoman yield?

Mrs. SULLIVAN. I yield to my distinguished colleague, the chairman of the Committee on Ways and Means.

Mr. MILLS. First, Mr. Chairman, I want to congratulate the distinguished gentlewoman for the intensive study she has made of this overall matter and to thank her for the suggestions she made to the committee while this particular bill was under consideration by the committee. I know of no one who has spent more time than the gentlewoman from Missouri in trying to protect the housewife against undue consumer price increases.

Mr. Chairman, if the gentlewoman would continue to yield, I had thought that the matter she would like to have inserted in the bill was already, perhaps, covered in paragraph (3) of section 2 of the bill where we say:

> (3) To require the keeping of such records, statistics, and other information,

We have not referred to statistics involving prices. Because this is important and because it should, perhaps, be set forth specifically, so far as I am concerned I am going to, when the gentlewoman offers her amendment, say that I have no objection to it and ask that it be accepted.

However, I would like to point out just one thing in connection with it which I am sure is agreeable to the distinguished gentlewoman and that is that it is not intended by her amendment to authorize the publication or release of confidential business information from the private records of individual firms in the coffee business in the United States. We would not want to go that far; would we?

Mrs. SULLIVAN. That is right. I thank my distinguished colleague. I do want to put this amendment in its proper place.

The CHAIRMAN. Under the unanimous consent previously obtained in the House, the correspondence and other material referred to by the gentlewoman from Missouri [Mrs. SULLIVAN] will be included at the appropriate place.

The Chair recognizes the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Chairman, I realize in view of the debate today that it is necessary that I give what now appears to be a minority report. I wish I had it to do over again—I would have written such a report. I presume, because it has come before us, even though there is a treaty which was ratified and which we must implement, the very fact that it is before us means we must have the right legislatively to disagree. I know of no other way to disagree, despite the fine speeches, than to so cast my vote, as I shall do today.

The chairman has said that this is a simple bill, and relatively speaking it is, indeed, compared to the normal trade bill that we bring before you.

But this is far reaching and it is one of the things that caused me to take the floor so futilely last year on the Trade Assistance Act of 1962 to point out that we were walking into the trap of cartels and quotas and limitations on trade, which would not free up trade but, rather, tighten it. As I stated, that was the duplicity in the President's statements on the Trade Assistance Act last year in 1962.

Now, specifically I want to mention several things and try to be most brief in pointing out rather categorically another viewpoint and quite a different view than the ones that have been presented here today. It is true, I join with the gentleman from Missouri in the additional views that you will find in the back of the report, but I would like to go further and state what this bill is, as I see it, compared to what we should have in six or seven categories.

First, this bill is international control rather than the competition that should exist between people who import and export freely in a free market. This presumes that there is not such a market in the world and that governments must control internationally. I categorically reject that viewpoint and do not want to be a part of such an arrangement.

Secondly, this bill is trade by governments agreement—one government and another. We have the votes and all of the other mechanisms set up to make this agreement work, including our own withdrawal, which, of course, is a necessary protection, in 90 days. Instead of having the market agreements between governments, we ought to have, as I see it, the market forces of supply and demand at work. I know this is very old-fashioned, but I thought that was what free trade was or what freer trade was directed toward. Freer trade means the free interchange of exports and imports with possibly only somewhat restrictive tariffs. But tariffs permit the flow of goods, and we try to lower those tariffs when we can. This bill today, of course, is much the contrary. It is much tighter control by quotas.

Thirdly, this bill is price control. I know no one who can contradict that. I happen to believe in fluctuating prices set by the market forces of supply and demand.

I would like to call attention to the report, on page 2, in which it says:

> The purpose of the treaty is not to raise coffee prices but to prevent those prices from declining below the general level prevailing in 1962.

Oh, what a subtle way to put it. No, they are not going to raise prices, but as our background material will show us this legislation is intended to arrest any downward trend. In other words, you can count on there being no price reduction, and that is another way of saying prices will be higher than they might have been to a form of raising prices, of course. To me it is a little too subtle a way to put it. Of course it is a price control bill, and I happen to believe in free pricing, as to reflect the free market operation at least, with the forces of supply and demand.

Then we find on page 3 of the report in the President's letter—and here I accuse the President of duplicity in this letter, and I want that clear, even if I am solely responsible for saying that, because he says:

> The purpose of the agreement, which I fully endorse, is to check the disastrous decline in coffee prices that began in 1955, by holding a floor under these prices at the general level prevailing in 1962.

And on the next page he says:

> I want to assure you this administration intends to protect fully the interests of the American consumer.

My colleagues, you cannot do both. Yes, you can put a floor under prices and hold them where they are, but you are not protecting the consumer if the prices otherwise were to drop. You cannot have it both ways. At least, that is my view and I believe I am entitled to it.

Next, as to the matter of imports, I am sure you realize you have to have certificates of import as to the coffee being brought in. I happen to be for freer trade. This is not freer trade. So again categorically I must reject this concept of freer trade. It is not freer trade. It is rigid control.

Now, as to foreign aid—and foreign aid again subtly enters into this bill—we were told several times in committee——

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman from New York.

Mr. BECKER. I want to congratulate the gentleman from Texas, and agree with him.

While the gentleman is talking about foreign aid, I would like to call his attention to a statement the President made in his news conference today. The President said that he did not feel it was wise to use the threat of withdrawing foreign aid too frequently. He said if threats of withdrawing foreign aid are used too often, there would be a great temptation on the part of the recipients to say, "Go ahead and cut it off."

Will the gentleman say this would be bad?

Mr. ALGER. I think it would be very refreshing if we suggested the withdrawal and they took us up on it and reaffirmed their self-respect, which they must surely lose when they take our money. Of course, they have been shaking Uncle Sam's money tree to get something for nothing. I wish some of the foreign countries would tell us to keep our money.

Mr. BECKER. Let me say that I agree with the gentleman.

Mr. ALGER. As to foreign aid, we have been told that we are going to have to spend more money in foreign aid if we do not pass this bill. We have to be for this, we are told, or else we have to be for more foreign aid. I reject that categorically. It just is not so. I hold it to be just the reverse. The $100 billion plus a few billion given away since World War II has not solved the problems. It has created and increased our problems. We are giving it all away and failing to accomplish our goals. I am for less foreign aid, not more. I do not want this bill to be used as a blackjack or as coercion to make me go along with bad legislation. I am not in favor of giving them more foreign aid.

They tell us that this bill will increase South American income and provide a higher living standard. We are all for that. This bill will not do that. We can do it through my next point, which is capitalism. Why can we not rely, for a change, after so many decades of welfare statism, on the capitalistic market, the free flow of goods, instead of this eternal Government planning? Government planning is part and parcel of socialism-communism, which is our dedicated enemy. And I think that needs to be said, because under any quota system, you would be going along with those people who believe in Government control rather than free trade. And Government trade is exactly what the Socialists and the Commies are doing all the time.

Finally, there is the matter of administrative cost that is involved. This is another Federal program involving increased administrative cost. I happen to be for less administrative costs, not more.

As to the matter of foreign policy, we are threatened that if we do not take this, we might indeed be undercutting our State Department and the agreement that they have worked out. For myself, I think it would be salutary and not too dangerous if we expressed ourselves here, as the representatives of the people, as in disagreement with our State Department and the various treaty arrangements that we have had in recent months, because they are not working in the best interests of the United States. I know there are a great many people in this country who feel the way I do, and I would like us to check on this foreign policy of our country. To me it does not look as though the State Department officials have been trying to look after America, but rather, trying to look after everybody else in the world at U.S. taxpayers' expense.

In other words, I do believe I am among those who feel that this is unwise legislation, even if it is to implement a treaty. I do not think it is right. Therefore, I am so stating and shall so vote.

Here I want to include some background material from our Ways and Means staff research which supports the views I have stated:

Background of International Coffee Agreement

1. ECONOMIC SIGNIFICANCE OF COFFEE AGREEMENT

The agreement is essential to arrest the persistent downward trend in coffee prices. Since 1955 the average price of Brazilian coffee has declined from 57 cents a pound to 33 cents, a decline of 42 percent. Current prices are at their lowest point since 1949. The decline has cut sharply into export earnings of the 35 coffee-producing countries of Latin America, Africa, and Asia which depend on coffee earnings to finance their economic development. Coffee exports account for more than 70 percent of Colombia's export earnings, 60 percent for Guatemala and El Salvador, more than 50 percent for Brazil, and 25 percent on the average for the 15 Latin American coffee-exporting countries. Five African countries obtain more than 40 percent of their foreign exchange earnings from coffee. In Latin America more than 12 million persons depend on coffee for their livelihood, and perhaps 20 million for the world as a whole. The overwhelming majority of coffee farms in the world belong to small farmers cultivating less than 5 acres of land. It should be noted that a 1-cent drop in the price of green coffee means a decrease of about $50 million in the foreign exchange receipts of the Latin American countries. In fact, the virtual stagnation of Latin American export receipts (from $9.3 billion in 1956 to $9.6 billion in 1961) during the last several years of rapid expansion in world trade resulted largely from deterioration in world coffee prices. Since 1955, Latin American coffee exports increased about 12 percent in quantity but fell by almost 30 percent in value from approximately $2 billion to less than $1.4 billion.

The disequilibrium between coffee production and coffee consumption is so great that it can be corrected only by international cooperation. To rely on normal market forces alone would mean a disastrous drop in prices, bringing panic in its train. In fact, the situation had reached the point where cutthroat competition, injurious to all producing countries, threatened the market.

2. POLITICAL SIGNIFICANCE OF COFFEE AGREEMENT

Our efforts to help the low-income countries help themselves are frustrated by adverse developments on world commodity markets, and losses from declining prices often more than offset our development aid. In announcing the Alliance for Progress, the President assured the countries of Latin America of our full cooperation in efforts to correct on a case-by-case basis the instability and price erosion of recent years. We repeated this assurance at Punta del Este. The Latin American countries want to be able to earn their way through trade and not rely on aid alone. Through participation in the coffee agreement, we can help sustain Latin America's export earnings, revitalize and strengthen the Alliance for Progress, and give concrete substance to our assurances. Coffee, as the single most important agricultural commodity in the trade of the developing countries is a test case. The good faith of this administration and the credibility of our efforts to help the low-income countries raise their living standards is involved.

3. WHAT THE IMPLEMENTING LEGISLATION IS FOR

The Senate has recognized the economic and political significance of the coffee agreement and has given its advice and consent to ratification. The agreement, however, is not a wholly self-executing treaty. Two provisions of the agreement require implementing legislation: (1) An obligation placed on importing members to require that all coffee be accompanied by a certificate of origin as a condition of entry into their markets, and (2) an obligation to limit imports of coffee from nonmember countries. The implementing legislation now before the Congress provides the necessary authorization. The initial authorization is limited to a period of 2 years to assure congressional review after a reasonable period of experience with the operation of the agreement.

4. PROTECTION OF DOMESTIC CONSUMERS AND INDUSTRY

The domestic coffee industry worked closely with the administration in developing the coffee agreement and fully supports the agreement. The stated price objective of the coffee agreement is a modest one: To stabilize prices at a general level no lower than that in 1962 when they were lower than at any time since 1949. One would be hard put to find other items in the housewife's budget that cost less today than 14 years ago. Moreover, the U.S. consumer is protected against unwarranted price increases not only by the existence of tremendous stocks of green coffee, equal to approximately 1½ years exports, now held in Brazil and Colombia, and by the fact that current production is running approximately 25 percent ahead of consumption, but also by provisions in the agreement. Under the agreement, the level of export quotas controls the amount of coffee that may be marketed and that directly influences price. All decisions on the setting and adjustment of export quotas require a distributed two-thirds majority vote; i.e., a concurrent two-thirds of the importers and exporters voting separately. Since the United States has 400 out of 1,000 votes held by the importers, we have virtually a veto power over decisions affecting quotas. (To make the veto effective, we would need only one other importing country voting with us because the agreement provides that one country alone cannot exercise a veto.) Other provisions of the agreement provide for protective action in the event of marked price rises or falls within a brief period. Finally, in the unlikely event that the agreement operated against the interests of the U.S. consumer, the United States could withdraw from the agreement by giving written notice. Such withdrawal would become effective 90 days after notification. The agreement could not operate without U.S. participation.

5. IMPORTANCE OF IMPLEMENTING LEGISLATION

The agreement entered into force provisionally on July 1, 1963, when an adequate number of importing and exporting countries had signified their intention to seek ratification or had deposited their instruments of ratification.

The United States signified its intention to seek ratification after the U.S. Senate gave its advice and consent on May 21, 1963. The U.S. letter of notification states that implementing legislation will be necessary and that until such legislation has been enacted, "the United States does not assume any of the obligations for which such legislation is necessary."

The agreement will expire on December 31 of this year if it has not been fully ratified by an adequate number of participants (20 exporting countries having at least 80 percent of total exports in 1961 and 10 importing countries having at least 80 percent of total imports in that year). It is urgent, therefore, that implementing legislation be enacted so that the United States can deposit its instrument of ratification and so that other governments which have deferred action until the United States ratifies can similarly deposit their instruments before the end of this year.

Mr. BAKER. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I would like at the outset to ask the chairman of the committee how many witnesses were heard with respect to this legislation?

Mr. MILLS. We had no public hearings on the bill.

Mr. GROSS. I am asking the gentleman how many witnesses were heard by the committee.

Mr. MILLS. We had no public hearing. All information sent to the committee was made available in executive session. There were no witnesses who were heard. The National Coffee Association wrote us in behalf of the bill, for example. They did not request to be heard.

Mr. GROSS. Let me say to the gentleman that I have a letter in my files from one who knows the coffee trade and who says he asked to be heard on this legislation, and was denied that opportunity.

Mr. MILLS. I have no recollection of anyone being denied the opportunity to be heard.

Mr. GROSS. The gentleman's committee had no witnesses at all?

Mr. MILLS. We had no public hearings.

Mr. GROSS. You had no State Department and no Treasury Department witnesses?

Mr. MILLS. Oh, yes; we had some Government officials in executive session.

Mr. GROSS. You did have the bureaucracy in, but nobody, who might have spoken in behalf of the consumers of this country. Mr. Chairman, I am not here today to give lip service to the consumers as are some people. This bill is going to increase coffee prices, make no mistake about it. The International Coffee Agreement has already increased coffee prices.

Mr. Chairman, this entire proceeding would be amusing if it were not so serious. "The purpose of the International Coffee Agreement is to stabilize the world coffee market and thereby avoid the major fluctuations in price which have occurred in recent years," according to the committee report accompanying the bill.

Who around here today is interested in the fact that the farmers of Iowa and elsewhere in the Nation are getting less than $15 a hundred for their hogs? Their prices are fluctuating and down. How about the cattle producers over the country? Their prices have fluctuated down to about $20 for good cattle, good fed cattle. What about the lamb and wool producers in this country? Whose hearts are bleeding today for the agricultural producers in this country? Oh, no, there are no bleeding hearts for American farmers. Instead you initiate here today another and new foreign giveaway program. This foreign giveaway program is to be financed by American consumers. It is to be piled on top of the millions upon millions of dollars that go into Latin America every year through the Alliance for Progress and other such programs and devices.

You want to compound the felony of the giveaway program. You now propose to go to the consumers of this country and nick them for some more foreign aid through higher coffee prices.

Mr. Chairman, I would like to ask the chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS], who and what is the Council to which he refers on page 2 of the committee report, at the bottom of the page? There is to be found the statement that the treaty will be administered by a Council. What is this Council and where is it located?

Mr. MILLS. If the gentleman will yield, is that page 2 of the report?

Mr. GROSS. That is right, at the bottom of the page.

Mr. MILLS. It is the International Coffee Council.

Mr. GROSS. That would be the Coffee Council located in London, England; is that correct?

Mr. MILLS. Yes, it is that Council; that is true.

Mr. GROSS. All right. So our coffee prices are fixed in London. I do not like that particularly.

Mr. MILLS. No. Will the gentleman yield further?

Mr. GROSS. Yes.

Mr. MILLS. There is nothing in this agreement and there is nothing in this implementing legislation fixing the prices of coffee. There is nothing to that effect. There is an agreement to fix the exports of coffee, but not the prices.

Mr. GROSS. All right. Just a minute. Please bear with me.

I have information to the effect that one of the first resolutions of the coffee council in London a few weeks ago was to fix the volume of export quotas for all producing countries at 1 percent below the estimated world consumption.

Does the gentleman deny that?

Mr. MILLS. Will the gentleman yield to me at that point?

Mr. GROSS. Certainly.

Mr. MILLS. The coffee council did fix export quotas 1 percent below the total basic quotas held by all exporters, but this was still 2 percent above the estimated world demand, that is, consumption of coffee, for the year.

Mr. GROSS. All right.

Mr. MILLS. If we do not implement it by December 31 then the agreement cannot become effective.

Mr. GROSS. I have the further information that fixing the volume of export quotas for all producing countries at 1 percent below the estimated world consumption was enough to start a strong movement of price increases, ranging from 1 cent to 10 cents a pound.

Mr. MILLS. I do not know where the gentleman is getting his information.

Mr. GROSS. I am getting this information from the coffee trade in New York.

Mr. MILLS. From the coffee trade?

Mr. GROSS. Yes, who I am sure know a great deal more about this proposed cartel than most anyone I have heard talk about it today.

Mr. MILLS. If the gentleman will yield further, who in the coffee trade? Would the gentleman mind telling me?

Mr. GROSS. The gentleman had an opportunity to get this testimony before his committee.

Mr. MILLS. We considered all information that was drawn to our attention.

Mr. GROSS. The gentleman has the name of this gentleman in his files.

Mr. MILLS. The committee considered all the information and communications which we received on this subject.

Mr. GROSS. Just a minute.

Mr. Chairman, I do not yield any further at this time.

Now, then, on top of this, 1 to 10 cents per pound increase since this international coffee agreement was set up, you provide in this bill a sop in the form of section 5. This provides that the President report to Congress on January 1, 1965, and in the meantime, for a full year, the defenseless consumers of this country are going to be exploited. Believe me, they are going to be exploited. They are already being exploited. So, you propose to give another full year for these operators to take the hide right off the consumers in this country.

Why do you not in this bill, if you want to be fair, put a ceiling on coffee prices?

Mr. Chairman, I bought a 2-pound can of coffee the other day and paid $1.40. This was selling not so long ago at 65 cents a pound.

Mr. MILLS. No.

Mr. GROSS. Oh, yes.

Mr. MILLS. No; I have before me, if the gentleman will yield further——

Mr. GROSS. Yes.

Mr. MILLS. I have the average coffee prices for 1963, by month, from January.

Mr. GROSS. I am not talking about 1963 alone. I am talking about what has happened to coffee prices in the last few years.

Mr. MILLS. There was a time when the gentleman paid $1.80 for his coffee.

Mr. GROSS. And under this bill and the international cartel that is in the making, American consumers will again be paying through the nose.

Mr. MILLS. I may say I have bought coffee for 19 cents that went up to $1.20.

Mr. GROSS. If this bill means anything, it means higher prices. I am not here to give lip service to the consumers.

Mr. MILLS. I have the figures here by years and by months, since 1953.

Mr. GROSS. There is not one provision in this bill to prevent coffee prices from going to any level the traffic will bear.

Mr. MILLS. That is the reason why it is not price fixing.

Mr. GROSS. Oh, you put a floor under it, and that is price fixing.

Mr. MILLS. No, we have not put a floor under it.

Mr. GROSS. I say that is the effect of this legislation and the agreement.

Mr. MILLS. No, we do not.

Mr. GROSS. If that is true then this bill is not worth the paper it is written on. If you have not put a floor under prices how is it proposed to take care of 12 million foreigners engaged in coffee production? This legislation is meaningless unless coffee prices are stabilized at the present level or higher.

Mr. MILLS. Would the gentleman tell me what the floor price is in this bill?

Mr. GROSS. You tell me. The gentleman is the author of the bill.

Mr. MILLS. We are saying we hope to be able to stabilize the price at the 1962 level. That is one of the lowest levels in recent years for the price of coffee.

Mr. GROSS. Prices have already been raised from 1 cent to 10 cents a pound, and a 1-cent-per-pound increase means taking about $30 million out of the hides of consumers in this country.

Mr. MILLS. I do not have the retail prices for the month of November yet, but in January the retail price for coffee was 69.2 cents, according to the statistics I have. In September it was 69.6 cents. In the meantime it had been down to 68.7 cents in March. It dropped some in March and April. But this is one of the lowest price levels we have had since World War II.

Mr. GROSS. Is the gentleman telling me he is going to stabilize the price at the present level?

Mr. MILLS. That is the purpose of the legislation.

Mr. GROSS. I do not care what you say is the purpose. It was the purpose of the original foreign aiders to end the so-called Marshall plan in 5 years—in 1952. I am asking you if you will say here and now on the floor of the House that coffee prices are going to be stabilized at the present level?

Mr. MILLS. So far as this legislation is concerned——

Mr. GROSS. I am asking the gentleman a question.

Mr. MILLS. Will the gentleman let me answer?

Mr. GROSS. Certainly.

Mr. MILLS. So far as this legislation is concerned, the purpose and the intention and the expected result is to stabilize prices at that level.

Mr. GROSS. Yes. I have heard that story from others, so many others, but it does not work out that way, and the gentleman knows it.

Mr. Chairman, I say again that this is a brandnew foreign aid program that is to be financed out of the pocketbooks of housewives and consumers. We have again heard the old, old story this afternoon of "what do you think the foreigners will think of us if we refuse to pass this bill." I hope the day will come soon when the citizens of this country will tell Congress in words and deeds that they have had enough of this dancing to the tune of foreigners, whether in South America or elsewhere. I am opposed to this bill because I will not approve the organization of an international cartel. I am opposed to this bill because of the violence it does to the citizens of this country.

Mr. BAKER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. DEROUNIAN].

Mr. DEROUNIAN. Mr. Chairman, I am opposed to this legislation. While we are discussing the price of coffee, I recall when Mr. Brodie from the Department of State was testifying before our committee in closed session, the newspapers that morning announced increases in the prices of both regular ground and powdered coffee.

Unlike some Members of this body, I do not have coffeegrowers in my district, but we grow a lot of consumers and, like some previous speakers, I owe a duty to them, and that is why I am here today opposing this bill.

We have been told we must pass this legislation because not to do so would be casting aside a treaty that was signed by the United States.

I am getting a little bit sick and tired of some of our executive branch going to foreign countries and committing us in advance—like Secretary Dillon did to the extent of $10 billion for the Alliance for Progress—and then coming back to us and saying "Take it. We need it, you have to do it."

It would be wise, in the future, to have these executive representatives come to the appropriate committees of Congress to get our feelings and suggestions before they go to these foreign countries.

What would happen if we did not pass this legislation today? Catastrophe? Of course not.

Henry Brodie, Director of the Office of International Resources, Department of State, who was the principal witness before our committee, said that if this implementation were not passed then we could not deposit our instrument of ratification by December 31, 1963, which would mean this agreement would then expire, because apparently we have a provisional agreement in force, effective as of July 1, 1963, which, if not ratified by the proper percentage of the nations, would expire December 31. Then we could negotiate anew, bearing in mind the consumer interests of the United States.

I asked Mr. Brodie, who came before our committee, whether or not, if Chase & Sanborn, Maxwell House, Savarin, and other coffee companies had entered into an agreement, with the powers we are to give the President under this legislation, that would be a violation of law, and he said, "Yes." In other words, Bobby Kennedy is prosecuting companies for doing what the President of the United States is to be given the power to do under this legislation.

Then Mr. Brodie in his statement had a very warming sentence on page 2, where he said:

> The political and economic significance of the agreement, its bearing on the success of the Alliance for Progress, and its meaning in human terms for the millions of families who depend on coffee for their livelihood cannot be overstated.

I asked Mr. Brodie this: "I am interested in the peasant in Latin America who picks the coffee bean. Can you assure me that if we pass this bill his income would be increased?" And he very frankly said no, he could not.

So what is going to happen? The peasant is still going to be a peasant with low income. The coffeegrower is going to get richer and the coffee manipulators around the world are going to get richer. Why are they going to get richer? Because the President can with his own authority, as is indicated in the bill, regulate the entry of coffee for consumption, or withdraw coffee from warehouses for consumption. In other words, he turns the faucet on or turns it off, and speculators have ways of knowing when it is going to be turned on and off.

We hear a lot about the President's letters. This is getting to be a favorite gimmick in the New Frontier. We all recall President Kennedy's letter on the tax bill. He said, "Yes, the administration was dedicated to holding down expenditures." Just yesterday before the Senate Finance Committee Dr. Heller, the Chief Economic Adviser, had to admit to Senator BYRD that the expenditures were going to be much higher next year, that spending was going to be much higher next year, despite the fact that we were going to be reducing taxes at the same time. So I do not put too much faith in letters from President Kennedy.

For all of these reasons I am opposed to this bill, because it does not play fair with the American consumer, who pays high taxes and who pays high prices under our farm programs, and is expected to pay higher prices for coffee under this legislation.

Mr. PELLY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington.

There was no objection.

Mr. PELLY. Mr. Chairman, this bill to authorize procedures under the International Coffee Agreement in essence is foreign aid legislation. It sets a quota on the importation of coffee and it is difficult to accept the statement that the result will not be an increase in the cost of coffee to the housewives of America.

Of course, there is overproduction of coffee in certain countries including Brazil and Colombia, and I am not opposed to a program of trying to help stabilize the economies of certain countries who depend mostly on coffee to sustain their economies. An international agreement with such an objective, if it does not raise prices to the consumer, might well invite support.

However, Mr. Chairman, once again we find our Government actively engaged in implementing a program to help foreign peoples. Here we impose a quota on imports to benefit other nations.

When it comes to a quota to help a segment of our own American economy, however, it is a different matter. For example, our fishing interest is suffering from foreign imports. But does the administration support a quota system for the benefit of the American fisherman? To the contrary, we continue to allow unrestricted imports of low-cost foreign fish products.

Mr. Chairman, through the Trade Extension Act, our State Department has moved toward reducing tariffs on substandard low-wage fish products from other nations.

I would point out that always we practice charity abroad while American citizens must suffer under a policy of indifference for our own people.

Mr. Chairman, I urge legislation to put a quota on imports of fish if we are going to enact legislation along the lines of this coffee bill. Meanwhile let me assure the Members of this House that the fishermen in the First Congressional District of Washington State will be drinking plenty of imported coffee and I hope under this bill the price of this coffee will not go up under legislation such as this.

Mr. BAKER. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TAFT].

Mr. TAFT. Mr. Chairman, as I have been sitting listening to this debate many questions have arisen in my mind that certainly have not been answered. At the same time that we are considering taking action here which apparently is designed to strengthen the economies of our neighbors in Latin America, and indeed this is a most worthy objective, we read in the papers that numerous of them are considering without any proper compensation confiscating some of our own interests in this area.

We read also the balance-of-payments situation in which the United States finds itself today is continuing to be a serious one. We have heard no discussion of what effect this might have on the balance of payments if we continue to raise or keep high our coffee prices and thereby cause ourselves additional foreign exchange.

But, particularly there is one question that I have really taken this time today to discuss. There is one question which I certainly had a lot of doubt about in my mind as the chairman of the committee talked first on the bill. This is the point which was made by the chairman relating to the treaty obligation in effect and the argument that we would be going back on our obligation if we did not go ahead and enact this legislation. Yet, I read in the report apparently that the treaty obligation itself is conditioned, and I think it properly should have been so conditioned, upon the passage of this very legislation which is before the Congress. Now I would like to know if the chairman of the committee would be so kind as to comment on it; do we have a treaty obligation here which is forcing us to vote for this legislation or do we not?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. TAFT. I am glad to yield to the gentleman.

Mr. MILLS. The formal instrument of ratification of the agreement has not been deposited. That has to be deposited by the end of this year. It has not been deposited because it is necessary for us to be able to require certificates of origin, and so forth in order to carry out the commitments we have made under the treaty. The treaty itself is not conditional, but our participation is provisional—provisional on us having the capacity to carry out our commitments and that is what is involved in this legislation. But our word has gone out and the Senate has ratified that word.

Mr. TAFT. Am I correct in understanding then that the treaty document itself contains no reservation which makes our participation dependent upon the action on this legislation before this body today?

Mr. MILLS. I am sorry, but let me see if I can answer the gentleman's question in this way. The arrangement has been made—advice and consent to ratification has been given. Everything has been done with respect to that treaty except our final handing over of our instrument of ratification to Council. That has not yet taken place and it is not done until a country is fully qualified in all respects to carry out its part and its commitments. This involves our ability to do the things we commit ourselves to do; namely, limiting imports of coffee from the countries that are signatory to this agreement. Now we have to keep records in order to know that; and that is what is involved here.

Mr. TAFT. Do we or do we not have a treaty obligation at this time?

Mr. MILLS. Oh, yes, we have a very definite treaty obligation and that is what the gentleman from Missouri and I talked about earlier. We here have our commitment. If we do not carry through on our commitment, I do not know what the consequences may be in our relations with other peoples.

Mr. TAFT. Is our commitment, however, not conditional upon the enacting of the bill or the legislation before us here today?

Mr. MILLS. Our commitment is not conditional. Our ability to carry out our commitment is, of course, conditional upon us having the machinery with which we can carry it out. But our commitment is not conditional.

Mr. TAFT. What does the report mean then by saying, we are party to the treaty as a provisional member upon enactment of appropriate legislation?

Mr. MILLS. We are a provisional member until we finally do this last thing—of signing and depositing the instrument of ratification with the Council.

Mr. TAFT. Well, the word "provisional" to me, in my language, means that there is a condition and that condition has not been met so we are not bound by a treaty.

Mr. MILLS. There is no condition with respect to our commitments under the treaty; there is none.

Mr. TAFT. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BAKER. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee [Mr. QUILLEN] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. QUILLEN. Mr. Chairman, I join with my colleague from Tennessee and a member of the Committee on Ways and Means [Mr. BAKER], in urging passage of the bill before us today, H.R. 8864, to carry out the obligations of the United States under the International Coffee Agreement of 1962. The President and the Department of State have given assurances that the purpose of the treaty is not to raise prices of coffee but to assure an adequate supply. I trust H.R. 8864 will be approved by the House.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield 2 minutes to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, I want to get a question to the chairman of the committee, because there is so much confusion about this. At one point we say we have an agreement to which we are obligated because we have ratified it, and this legislation is implementing that agreement. At the same time, the chairman, in answering the gentleman from Iowa [Mr. GROSS], said there is no price fixing involved in this. Yet in the President's letter here to the gentleman, the chairman of the committee, he does state that this will put a floor under prices and will permit the growers of coffee to increase their earnings. If that statement of the President is not plain English, I do not know what is. Will the gentleman please answer the question?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BECKER. I yield to the gentleman from Arkansas.

Mr. MILLS. My own interpretation of this is quite simple and it is very clear in my own mind, let me say to my friend from New York. There is no price fixing in this whatsoever. What is being attempted, through this arrangement—this international agreement—is to set up machinery that will bring stability and knock out the peaks and knock out the valleys and try to bring as much stability as possible at the 1962 level into the price of coffee. We have no assurance, however, that that can be done. We frankly do not know. We do not know what may transpire from this. As people have said, we think we know, but we cannot be sure.

The gentleman knows this is for a 2-year period, this implementation. The people who are producing coffee, I want to make it eminently clear, are on trial in this 2-year period that they not try to take advantage of the American consumer. If they do, we will not continue the agreement. You know that and I know it. Our own people who are administering this program are on trial in that they must see in this 2-year period we are not taken advantage of and that our consumers are not required to pay more than reasonable prices for coffee.

Mr. BECKER. Let me say that I have the greatest respect for and trust in the gentleman I am addressing now, the chairman of the Committee on Ways and Means, but the President in his letter to the committee, to you, states that he is putting a floor under the ceiling.

Mr. MILLS. Would the gentleman yield further?

Mr. BECKER. I yield.

Mr. MILLS. I did not write the letter. I would not have said we are putting a floor under coffee prices, because I do not think we are. I think what we are trying to do is to prevent disastrous price declines and certainly at the same time we have to prevent disastrous price increases, and through this process of preventing the declines and increases bring about stability.

Mr. BECKER. Then, the gentleman is not subscribing to the statement in the President's letter where he says we are putting a floor under these prices?

Mr. MILLS. I do not subscribe to the statement that we are trying to put a floor under a price at all. No, sir.

Mr. BECKER. This is what the letter from the President said to the gentleman.

Mr. MILLS. What I subscribe to is that we are trying to balance supply and demand with the purpose of preventing prices from falling below the general level prevailing in 1962—to the extent this is possible. That is all it is.

Mr. BECKER. May I say the carrying out of this agreement, its implementation, will be in the hands of the President and the State Department, and it is his position, which is contrary to the position of the gentleman, as he has just stated it.

Mr. MILLS. The President is always charged with the responsibility of carrying out treaties, as my friend knows, but I do not want to say for the record if you vote for this legislation you have accomplished the objective of putting a floor under the price of coffee. I do not think we can say that any more than I think the other gentlemen who made the point are right that it means an increase in the price of coffee. I do not think that is the situation. What we are trying to do is avoid these disruptive ups and downs. There will be fluctuations over a period of 12 months because of the way coffee comes in and because of the way coffee is made available in world trade. It may be higher one month than it is the month afterward, but on the average what we are trying to do is average this thing out in relation to the 1962 prices.

Mr. BECKER. I appreciate the kindness of the gentleman.

Mr. BAKER. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I take this time to state that so far as I am concerned, and I believe it is the opinion of the Committee on Ways and Means and this Congress, this bill should not be used as a device to permit an unreasonable increase in coffee prices, but just the contrary should be taken into account in administering it.

Mr. Chairman, I have no further requests for time.

Mr. MILLS. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I want to agree completely with the final statement made by the gentleman from Tennessee [Mr. Baker]. I think that the objective the gentleman announced must be achieved; that every effort must be made not only by the people here who are to represent us in this International Coffee Council, but the people who produce coffee throughout the world must recognize that we are not in this business to bring about the gouging of the American consumer by any artificial operations that they may engage in to bring about higher prices for coffee. We do want to be of such assistance as we can to bring to their economies perhaps a greater degree of stability than has existed in the past, but we are not going to do it through a process of allowing them to gouge us here at home.

For 2 years I think we are perfectly justified in taking this program and in seeing what happens to it, because everybody is on notice about how it must work and what we expect of it. If at the end of that 2-year period this turns out to be not in the best interests of the American people this Congress will not extend this implementing legislation and if it is not extended at that time we cannot participate in it and we would have to get out of the treaty.

I think the gentleman from Tennessee would agree also with my statement and join me in expressing the hope that the House will pass this legislation, for I doubt that any of us want to be in the position of saying that we do not want at least to make this genuine effort within this period of time to accomplish these purposes.

Mr. Chairman, I yield to the gentleman from Tennessee [Mr. Baker].

Mr. BAKER. Mr. Chairman, I thoroughly agree with the Chairman that this bill must not be considered or taken by the administrating parties as a vehicle to permit increases in coffee prices; but on the contrary to protect our American consumers as well as to help stabilize the economy of these Latin American countries.

Mr. MILLS. Mr. Chairman, I agree with my friend from Tennessee completely.

Mr. Chairman, I yield back the balance of my time.

Mr. VANIK. Mr. Chairman, I oppose the provisions of H.R. 8864 because it would establish an international cartel which would limit the amount of coffee produced. Production controls would provide price controls. Furthermore, the managers of the cartel would have the power to exercise further restrictive authorities on coffee producers such as arbitrary quality controls which could operate in favor of the large producer and ultimately force the small producer out of business.

Since the International Coffee Agreement would most certainly result in higher coffee prices to the American consumer, it seems ridiculous for Congress to sanction agreements which could victimize the American household.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Coffee Agreement Act of 1963".

Sec. 2. On and after the entry into force of the International Coffee Agreement, 1962, and for such period prior to October 1, 1965, as the agreement remains in effect, the President is authorized, in order to carry out the provisions of that agreement—

(1) To regulate the entry of coffee for consumption, or withdrawal of coffee from warehouse for consumption, including (A) the limitation of entry, or withdrawal from warehouse, of coffee imported from countries which are not members of the International Coffee Organization, and (B) the prohibition of entry of any shipment from any member of the International Coffee Organization of coffee which is not accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency in such form as required under the agreement.

(2) To require that every export or reexport of coffee from the United States shall be accompanied by a certificate of origin or a certificate of reexport, issued by a qualified agency of the United States designated by him, in such form as required under the agreement.

(3) To require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, and consumption of coffee as he may from time to time prescribe.

(4) To take such other action, and issue and enforce such rules and regulations, as he may consider necessary or appropriate in order to implement the obligations of the United States under the agreement.

Sec. 3. As used in section 2 of this Act, "coffee" means coffee as defined in article 2 of the International Coffee Agreement, 1962.

Sec. 4. The President may exercise any powers conferred on him by this Act through such agency or officer as he shall direct.

Sec. 5. The President shall submit to the Congress an annual report on the International Coffee Agreement, 1962. Such report shall contain full information on the operation of such agreement, including full information with respect to the general level of prices of coffee. Such annual report shall be submitted not later than January 15 of each year. The first such report shall be submitted not later than January 15, 1965.

Sec. 6. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the provisions of this Act, including the necessary expenses and contributions of the United States in connection with the administration of the International Coffee Agreement, 1962. The amount of the contributions of the United States to administer the agreement for any period shall not exceed 20 per centum of the total contributions assessed for such period to administer the agreement.

Sec. 7. The joint resolution of April 11, 1941, entitled "Joint resolution to carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for other purposes" (19 U.S.C. 1355 and 1356) is repealed.

Mr. MILLS (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

AMENDMENT OFFERED BY MR. MILLS

Mr. MILLS. Mr. Chairman, I offer a committee amendment which is entirely clerical in nature.

The Clerk read as follows:

Committee amendment offered by Mr. Mills: On page 2, line 12, strike out "or origin" and insert "of origin". And on page 2, lines 15 and 16, strike out "satistics" and insert "statistics".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MRS. SULLIVAN

Mrs. SULLIVAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. Sullivan: On page 2, line 17, after the word "distribution" insert "prices".

Mr. MILLS. Mr. Chairman, will the gentlewoman from Missouri yield?

Mrs. SULLIVAN. Yes.

Mr. MILLS. Mr. Chairman, during the course of the general debate the gentlewoman from Missouri pointed out the fact that she would offer the amendment at the appropriate time. I advised the gentlewoman then, as I recall, that I would have no objection to the amendment and that I would urge it be adopted.

Mrs. SULLIVAN. I thank the gentleman from Arkansas.

Mr. Chairman, as I explained during general debate on the bill, H.R. 8864, as reported, calls upon the President to report annually to the Congress on the operation of the International Coffee Agreement, including, and I quote, "full information with respect to the general level of prices of coffee." Such reports are called for in order to give the Congress a basis on which to decide whether continued U.S. participation in the international agreement is to our national interest, and whether the consumer is being properly protected against unwarranted increases in prices.

Elsewhere in the legislation, in section 2, paragraph 3, the President is authorized to require the coffee trade to keep such records, statistics, and other information, and to render to him such reports, relating to the importation, distribution, and consumption of coffee as he may from time to time prescribe. However, it should be noted that whereas the President "shall" submit to the Congress a full report each year on all aspects of the operation of the agreement, including full information with respect to the general level of prices of coffee, the section of the bill giving him authority to require the rendering to him of relevant information by the trade does not make any mention of his right to require information on prices. Certainly he should have that express authority if he, in turn, is to report to the Congress on this vital phase of the agreement's operations.

The international agreement is intended to achieve a stable floor under prices at about 1962 levels. However, we have a right to fear that under unforeseen circumstances, quota restrictions could also lead to a sharp rise in prices well above 1962 levels. So we have a right to know—the President has a clear duty to find out—what is happening to prices at any time during the life of our participation in the agreement.

Now the question might be asked, Mr. Chairman, why it should be any problem for the President or any one else, to ascertain the prices of coffee. Presumably any one could find out by reading the financial journals each day, or looking at the published daily information from the New York Coffee and Sugar Exchange. But it is not that simple.

As my Subcommittee on Consumer Affairs of the House Banking and Currency Committee has learned in connection with our study of sugar, the published daily spot price of a volatile commodity is not necessarily—not at all necessarily—the actual price at which importers are buying the commodity. The spot price represents only the price at which some sugar, for instance, comes into the country on a particular day—or will come in some weeks or months hence. But huge quantities are purchased on a fixed price basis which just does not show up in the published daily quotations.

Coffee futures are gyrating now in response to rumors, expectations, possibilities, and a great deal of speculative fever. A seat on the Coffee and Sugar Exchange sold a few days ago for $8,500, up $1,400 from the last previous sale. Futures speculation can certainly influence price—as we found out earlier this year in sugar—but it does not necessarily set the price at which most of the commodity is actually sold. Incidentally, this is not a federally regulated exchange.

Mr. Chairman, in carrying out his responsibilities to Congress and to the American people under the International Coffee Agreement, the President of the United States should have the clear-cut authority to obtain full and exact information, rather than be restricted to the bits and pieces of price information which may be fed out by the trade to suit its own purposes. This amendment gives him that authority. I urge its adoption.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask the gentlewoman from Missouri [Mrs. SULLIVAN] or the chairman of the committee, the gentleman from Arkansas [Mr. MILLS], what is meant by "general level of prices"?

And, let me add to that by saying, Who is going to decide what prices are fair to the consumers, and this with respect to each and every one of the nearly 300 different types of coffee?

What is meant, first, by "general level of prices"?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from Arkansas.

Mr. MILLS. Where does the gentleman find that language? Is it in the report or in the bill?

Mr. GROSS. It is in the bill at line 10 on page 3.

Mr. MILLS. It is the general commercial usage that we intend to apply here. It is the general level of prices of coffee; that is, the general prevailing level of prices of coffee, as that term is understood in the trade.

Mr. GROSS. Who is going to decide that?

Mr. MILLS. What we are talking about in that connection, if the gentleman will yield, is the requirement that the President submit to the Congress an annual report. In that report he must set forth certain information, including information with respect to the general level of prices of coffee.

Now, the Department of Commerce—the Bureau of the Census—and the Department of Labor and, perhaps, some other department of Government, presently accumulate information of that sort.

Mr. GROSS. Who did the gentleman say accumulates this information?

Mr. MILLS. The Department of Commerce does, and it is my information that the Department of Labor does also.

Mr. GROSS. If you are going to rely on the Department of Commerce, you should have had some testimony from that source as to how provisions such as this will be carried out, and whether the price formula to be established will be based on the pricing of every one of the 300 different types of coffee.

Mr. MILLS. We are not imposing this burden on the Department of Commerce. We are saying in our report that the President has to give us the information.

Mr. GROSS. How is the President going to get it?

Mr. MILLS. We do not spell that out. It is left to his discretion as to where to obtain it.

Mr. GROSS. He is going to get it from sources that you should have heard from before you brought the bill to the floor of the House. This bill ought to be recommitted or it ought to be defeated, and in the interim, before bringing new legislation to the House, the President ought to appoint a committee or use qualified personnel in the Department of Commerce to go down to South America and find out how much surplus coffee there is there and other pertinent information before trying to sell us this bill of goods.

When the Finance Minister of Brazil was before the Inter-American Subcommittee of the Committee on Foreign Affairs, I asked him why it was not possible to trade U.S. wheat for coffee. We are giving wheat to them, or peddling it to them for their currency which we cannot take out of the country. He threw up his hands and said that this would not work at all. The answer, in effect, was: "We have got to have your dollars. We cannot trade our coffee for your wheat."

I say again, Mr. Chairman, by this legislation you are compounding a felony on the American consumers who are also American taxpayers. I plead with the House to either recommit or defeat this bill.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Missouri.

Mr. CURTIS. Mr. Chairman, the gentleman is making a very fine point. I would add to that I regret our hearings were not broad. They were quite limited. Perhaps there should be a little airing of this, and we should have some witnesses come before us.

Mr. MILLS. The gentleman asked the gentlewoman from Missouri or the chairman to answer his question. The gentlewoman from Missouri calls my attention to the fact that the Bureau of Census does gather figures on coffee prices, both retail and wholesale. They are available to the President. The Bureau of the Census is in the Department of Commerce.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN].

The amendment was agreed to.

Mr. HALPERN. Mr. Chairman, I offer an amendment.

AMENDMENT OFFERED BY MR. HALPERN

The Clerk read as follows:

Amendment offered by Mr. HALPERN: Page 2, after line 23, insert the following: "In connection with the exercise of the authority granted to him by this Act, the President shall take such action as may be necessary to protect domestic consumers of coffee against undue increases in the price of coffee and to insure that the general level of coffee prices does not rise to a point higher than 5 cents a pound above the general level of such prices in 1962. If the general level of coffee prices rises above such point, the President shall immediately notify the Congress of that fact and shall also inform the Congress of the steps which he has taken and proposes to take (whether by voluntary withdrawal from the International Coffee Agreement, 1962, or otherwise) to protect the domestic consumers of coffee."

Mr. MILLS. Mr. Chairman, I reserve a point of order against the gentleman's amendment.

Mr. HALPERN. Mr. Chairman, I rise to propose an amendment to this bill which I think will solve a difficult problem which has been much discussed ever since the world coffee agreement treaty was first before the Senate for ratification. I refer to the problem of protecting the American consumer from excessively high prices as a result of the operation of the coffee agreement.

This problem of a lack of definite protection for the U.S. consumer was discussed when the treaty was before the Senate for ratification, and I believe that a number of our colleagues in the other body, who normally support legislation to assist our friends in Latin and South America, voted against the treaty because they felt our American consumers were not adequately protected.

My amendment, Mr. Chairman, would protect the American consumer by setting a reasonable ceiling on the price of coffee under the agreement, just as the basic agreement protects the Latin American, Asian, and African coffee producers by proposing a floor under the coffee price.

Now, Mr. Chairman, we have two interests here which are both desirable, but somewhat in conflict. That is the interest of our Latin American friends in keeping coffee prices from falling disastrously, and the interest of the consumer in America from having the price rise disastrously.

We certainly want to assist the economy of South America. Accordingly, we have signed this world agreement setting a floor under coffee prices, which floor is based on the 1962 world price. This guarantees that coffee prices will not drop too extremely for our Latin American friends and allies.

So we have taken care of half the coffee price problem—the half that concerns the world producers.

But what about the other half of the problem—protection of our U.S. consumers, the housewives whose purchase of coffee is an important part of their food budget.

Here I believe the basic agreement is deficient, and I believe my proposed amendment will cure this deficiency. The basic treaty, and the bill before us contains no ironclad protection for the American consumer. The closest it comes is in giving this country a near-veto, but not a complete veto against decisions of the World Coffee Board in London. Also, the agreement provides that we can withdraw from the arrangement on 90 days' notice, and the entire plan would then collapse, since we consume over half the world's coffee exports.

But, the important thing is that no standard is placed in the agreement or the bill to guide the President in deciding when we should exercise our near-veto, or right to withdraw. In short, even though the agreement says that the price of coffee should not drop below the 1962 world price, there is nothing in the agreement or bill that tells the President what to do if the price of coffee should rise to double or triple the present market price.

I propose that we remedy this situation by putting a standard in the bill, and directing the President to act if the standard is violated.

The standard which I propose is a ceiling price on coffee which would be 5 cents per pound higher than the 1962 world price, and my amendment calls on the President to take action if the world prices rise above this level. The amendment says that the President shall take such action as is necessary to protect the consumer against unreasonable price rises, which are defined by a definite standard of 5 cents per pound above the 1962 world price.

Should the price rise above this ceiling, the President is not only directed to take whatever action may be necessary to bring it down, including possible withdrawal of the United States from the agreement, but is directed to immediately notify Congress of the situation and the steps he is taking.

Mr. Chairman, I think this is a good amendment. The whole purpose of the coffee agreement is to prevent the wide fluctuations in coffee prices which have in the past ruined Latin American growers.

The agreement and bill proposes to end these wide fluctuations by setting a floor under the price of coffee. I suggest that a price ceiling is just as necessary as a floor if we are really going to prevent fluctuations and protect both the producers and the consumers in this country.

My amendment establishes this ceiling, and accordingly I recommend it to my colleagues.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, having had the opportunity to read the amendment, I will not press the point of order that I had reserved against the amendment.

The CHAIRMAN. The point of order is withdrawn.

Mr. MILLS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this bill, as I pointed out, and as others who have spoken on it have pointed out, is not a price fixing and a rationing type of bill and it does not involve those aspects of the coffee business. But, Mr. Chairman, if we do adopt the amendment such as the gentleman from New York proposes, unnecessary as it is—because appropriate action can be taken whether the amendment is in the bill or not—the amendment leads to a chain of undesirable events and consequences because it does mean a ceiling on wholesale as well as retail prices here in the United States. It means the type of controls, not only to protect against increases to the consumer, but to provide against windfall profits that might otherwise occur to the industry. Then it means probably a rationing of supplies here in the United States to those people who are in the coffee roasting business. It means, in addition, if it is carried to its ultimate, that we perhaps will ration the supplies of coffee to the consumer. This is all unnecessary because there is within the legislation before us the implicit direction to the President and to those who administer the program to protect us against precipitous price increases and unreasonable prices for coffee. I would remind my colleagues again that this program we are talking about here is for 2 years and the people who administer it as well as those people in foreign lands who produce the coffee are going to be called to account if they try to gouge us and take advantage of us and if they do not fully protect our American consumers.

Mr. Chairman, I say that this amendment is not necessary for the accomplishment of the very objective that my friend, the gentleman from New York, has in mind. Rather its injection into this bill can lead to a lot of other results and consequences that none of us would want because those who say that this is too much control already ought to be very cautious about bringing into this industry complete control from the time that the coffee enters the United States until it is consumed by the American people.

Mr. Chairman, I urge the defeat of the amendment.

Mr. ALGER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I believe that the gentleman while certainly well motivated in trying to prevent the price levels from rising, indeed, points out the very sickness of this legislation. I am among those who are not for price control at all. This, of course, would be definite price control at the level of no more than 5 cents above present prices. Indeed, I would think the gentleman could have rephrased his amendment if he believed we should put some limit on this by just simply replacing the floor by the word "ceiling" and not giving any increase above 1962 level of prices.

But my appeal to my colleagues is that you cannot have any Government price control at any level without actually taking away the finest price arrangement of all which is the result of the interplay of the free market. In this way there is a chance to lower prices rather than to make them higher. I think the gentleman's amendment, commendable though it is, to try to hold down the price level is telegraphing a punch by suggesting an increase in price of 5 cents a pound. This, of course, is more of the same control that some are interested in bringing about; but is contrary to the gentleman's intent of protecting the consumer. I believe that lower prices can be brought about by free competition and not by Government control.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman.

Mr. GROSS. This would mean, it seems to me, almost automatically a $150 million increase in the cost of coffee to consumers of this country based upon 5 cents a pound increase.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman.

Mr. MILLS. I appreciate the remarks of the gentleman from Texas on this point, which he makes quite well and very forcefully.

I take it that if we put this in, we open the door and say, "All right. Our consumers can take an increase of 5 cents a pound more in coffee without anything being done by us."

Mr. ALGER. Amazingly enough, I find myself in total accord with the chairman on this point.

Mr. HALPERN. Mr. Chairman I repeat that this amendment is extremely desirable for the protection of American consumers from rising coffee prices. It is the crux of every important point made here today. The contentions made against this amendment are entirely erroneous. I emphasize, it protects the consumer. It is a device to keep prices from rising. If speculation causes a fluctuating market, the price will not be permitted to go down under the act, but what assurances do we have that they cannot go up? There is no protection in this act to prevent a spiral. That is why I am offering this amendment. It provides a brake—a warning signal. It does not fix prices and it does not authorize a rise of a single cent. To the contrary, it is the only assurance we will have to keep prices down. And, it sets forth a definite standard for us to pull out of this agreement if a decisive rise develops. It would nip it in the bud.

Mr. Chairman, let me be sure we all understand this point. In the interest of the American consumer, the President, under this amendment, would have a specific criterion to exercise his near-veto authority or to withdraw the United States from the pact if it turns out that the Coffee Council in London uses its control over export quotas to cut the supply to the United States to such a point that coffee prices soar. I trust the amendment will prevail, and for the sake of the American consumer, I fervently urge its adoption.

The **CHAIRMAN**. The question is on the amendment offered by the gentleman from New York [Mr. HALPERN].

The amendment was rejected.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been entertained by the debate. I have felt at times that it has gone into the mountain and at times it has gone into the valley, and at times the real issue had been buried in the mud. I would like to simplify the matter by asking the chairman a few questions.

Do I understand that this is an agreement between the coffee-producing nations and the consumer nations?

Mr. MILLS. The gentleman is correct.

Mr. O'HARA of Illinois. How many nations produce coffee, roughly?

Mr. MILLS. I have a list of the countries that exported coffee in 1961, and there are about 45 countries.

Mr. O'HARA of Illinois. Does that include the coffee-producing countries of Africa as well as Latin America?

Mr. MILLS. Oh, yes. This is 100 percent of the coffee which is exported that I read here. Some 45 countries.

Mr. O'HARA of Illinois. And how many coffee-consuming nations are there?

Mr. MILLS. There are more than that. The list is available here. I have it in front of me.

Mr. O'HARA of Illinois. It is a large list. How many nations consume or import coffee?

Mr. MILLS. This must be close to 100 nations.

Mr. O'HARA of Illinois. Then, do I understand that this is merely an agreement that the coffee-producing nations will establish a quota of imports from the producing coffee countries and that the importing nations will abide by that quota?

Mr. MILLS. It takes two-thirds of the votes of the council to establish an export quota for any country, so that some of the consuming countries must of necessity agree to the quota as well as the exporting countries before it can go into effect. We have 40 percent of the total vote, I might say, so that no quota could be imposed with respect to the export of coffee that did not meet with our approval. We, alone, have more than one-third of the votes.

Mr. O'HARA of Illinois. Then it merely provides for an equitable distribution of the imports of coffee-producing countries to the coffee-consuming nations?

Mr. MILLS. What we tried to do, again, is adjust the quotas through this council to practically equal the demand that the consuming nations have said they would have for coffee during that same period of time. Our representatives are right now in the process of going to London through the council to get an increase in the quotas of coffee of about 1 million bags and that will be obtained sometime next week or the week after, because some countries have not quite been able to export as much as they were entitled to export.

Mr. O'HARA of Illinois. Then, may I ask the chairman, is there one iota of price control in this legislation?

Mr. MILLS. Not at all. Not at all, I assure the gentleman.

Mr. O'HARA of Illinois. I thank the gentleman, and I yield back the remainder of my time.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. FINDLEY: On page 3, line 19, after "1962" strike the period, and add a semicolon and the following: "*Provided, however*, That no sums may be appropriated under this Act until the President, by publication in the Federal Register, first certifies that the International Coffee Agreement will not result in increased coffee prices to the United States consumers."

Mr. FINDLEY. The U.S. consumer can with good justification be concerned over the language of the communication from the President in which he stated that one of the purposes of the International Coffee Agreement was to prevent a sharp drop in coffee prices. As we are an importing nation for coffee, the consumer certainly has something at stake here.

I am mindful of the fact that an agreement has been concluded, but I am also mindful of the fact that the drafters of the Constitution never intended that the House of Representatives be completely separated from foreign policy or from the development of agreements or treaties. We should fulfill our constitutional responsibility. We have such a responsibility before us today in the form of an authorization bill. It is quite proper that we consider amendments to an authorization bill which will protect the interests of the consumers. This amendment of mine would simply require that the President clarify by publication in the Federal Register his judgment the International Coffee Agreement would not result in increased coffee prices for U.S. consumers.

Mr. MILLS. Mr. Chairman, I rise in opposition to the amendment.

First let me say to the gentleman from Illinois that we on the Committee on Ways and Means certainly can understand the gentleman's concern and desire to do what can be done through this legislation or otherwise to protect the American consumers from unreasonable price increases, not only for coffee but for any other commodity that is necessary for them to purchase. I join the gentleman in that expressed desire and hope.

But let me point out to the gentleman just how impossible it would be for the President to operate under the amendment that he suggests. In the first place this organization will expect about 20 percent of its total operating cost to come from the United States, and we so limit the use of Federal funds to not to exceed 20 percent. That would not be in excess of $100,000 a year for each of these 2 years.

The gentleman says that we cannot make that appropriation for that purpose until the President first certifies by publication in the Federal Register that the International Coffee Agreement will not result in increased coffee prices to U.S. consumers.

I do not know whether you mean, and I do not know whether he would know whether you meant increased prices for 1 day, or 1 month, for 2 months, or a general increase, or an average increase, or is intended you mean under this, because, as I read it—and I think he would have to take it this way literally—if the price of coffee went up one one-hundredth of 1 percent per pound to the consumer, or he knew, or thought, it was going to, or there was any possibility that it was going to, he could not afford to certify that it would not go up. I think that the gentleman has drawn too tight a rule here for application to the President or to the Congress in providing for this appropriation.

Certainly I could not, if I were the Chief Executive, certify to the Congress that under this, in the course of a year for which this appropriation applied, make a flat certification that it would not go up or down one-half of 1 cent or any such amount. You cannot do that, and because you cannot do it you cannot certify it to the Congress and you cannot make the appropriation. Maybe the organization could operate without the U.S. 20-percent share, and maybe somebody would say that this would be a pretty good deal because we paid more than our share in some other organization; I do not know. But certainly I do not expect that we could make an appropriation here for this purpose next year if this particular amendment were agreed to. I do not believe we would want to put any Chief Executive in the position of being required to certify to something in advance that neither he nor anyone else can appropriately predict. Here we are saying, "Certify that there will be no increase, not even one one-hundredth of 1 cent in the price of coffee."

No man can make that certification about coffee or about anything else whether you have this international agreement or do not have it.

I would urge, Mr. Chairman, that the amendment of the gentleman be defeated because on the basis of the price to consumers in this year, if you took the price level of coffee in March at 68.7 cents, that price has risen between then and September to the consumers, by less than 1 cent, to 69.6 cents.

Now, those are fluctuations that occur any and every year. Perhaps, if one will look at the situation between 1954 and 1962, one will find a drop in the import prices of green coffee from 65.7 cents down to 30.4 cents. That is not just a small fluctuation.

But, Mr. Chairman, what I was talking about initially are fluctuations in price that occur every year in the prices of coffee, regardless of whether you have an agreement or not. Here under this amendment you are requiring the President to certify to something that he or no other human being can possibly predict.

Mr. Chairman, I urge the defeat of the amendment.

Mr. CURTIS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I rise in support of the amendment.

I would like to point out that the amendment relates to prices as a result of the International Coffee Agreement. This bears on the point that the gentleman from Iowa [Mr. Gross] was trying to bring out that the Committee on Ways and Means did not—and I think this is proper criticism—avail itself of the knowledgeable people in the coffee field in an effort to gain information as to what these price levels might be.

Now, in the President's letter which is set out on pages 3 and 4 of the committee report, the President refers to putting a floor under these prices at the general level prevailing in 1962. Now, we know what those are. We also have a pretty good idea of how much coffee is in stock in the warehouses. It is considerable. It is certainly within our judgment capabilities to estimate prices in 1963. If this coffee agreement is to do what the President says he wants to do, to try to stabilize prices, and to some degree I suspect it would because it is putting a control over supply, then indeed the President has some judgment or can exercise some judgment with intelligence as to whether the International Coffee Agreement would or would not result in increased coffee prices to the United States consumer, relating to his letter and the prevailing prices in 1962.

Mr. Chairman, I think this is good discipline to put in the act and I hope that we will adopt it and in a small way we will have insured some protection to the consumer.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Illinois.

Mr. FINDLEY. I appreciate the remarks of the gentleman from Missouri very much.

Mr. Chairman, I want to reiterate that I am not by this amendment seeking to get the President to certify that coffee prices themselves will not go up. They certainly will fluctuate even under the most carefully controlled market.

What I am asking for is that we certify that the effect of this agreement will not result in higher prices to American consumers. There is an important distinction here and I do not believe it is an unreasonable judgment for us to expect the President to make in advance when he seeks the appropriation to carry out this authorization.

Mr. CURTIS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Findley].

The question was taken; and on a division (demanded by Mr. Findley) there were—ayes 59, noes 81.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Flynt, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8864) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, pursuant to House Resolution 559, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. ALGER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ALGER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ALGER moves to recommit the bill to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

Mr. SPEAKER. The question is on the passage of the bill.

Mr. ALGER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 181, nays 145, not voting 107, as follows:

[Roll No. 200]

YEAS—181

Abernethy
Addabbo
Albert
Anderson
Andrews, Ala.
Ashmore
Aspinall
Ayres
Baker
Baldwin
Beckworth
Bell
Bennett, Fla.
Blatnik
Boggs
Boland
Brademas
Brooks
Burke
Burleson
Byrne, Pa.
Cannon
Carey
Casey
Chelf
Clark
Clausen, Don H.
Cohelan
Collier
Cooley
Curtis
Daddario
Daniels
Davis, Ga.
Davis, Tenn.
Delaney
Denton
Dingell
Donohue
Downing
Dulski
Edmondson
Edwards
Elliott
Evins
Farbstein
Fascell
Feighan
Finnegan
Fisher
Flood
Flynt
Forrester
Fraser
Frelinghuysen
Friedel
Gallagher
Garmatz
Gary
Gathings
Giaimo
Gilbert
Gill
Gonzalez
Grabowski
Grant
Gray
Griffin
Hagan, Ga.
Hagen, Calif.
Halleck
Hansen
Hardy
Hébert
Hechler
Hemphill
Herlong
Holland
Horan
Hosmer
Huddleston
Hull
Ichord
Jarman
Johnson, Calif.
Jones, Ala.
Jones, Mo.
Karsten
Kilgore
Kirwan
Lankford
Leggett
Lesinski
Libonati
Lloyd
McFall
Mahon
Matsunaga
Matthews
May
Mills
Minish
Monagan
Moorhead
Morgan
Morris
Morrison
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Murray
Natcher
Nedzi
Nix
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
O'Neill
Passman
Patman
Patten
Pepper
Perkins
Philbin
Pike
Poage
Price
Purcell
Rhodes, Pa.
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Roberts, Tex.
Rogers, Colo.
Rogers, Tex.
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Ryan, Mich.
Ryan, N.Y.
Schneebeli
Secrest
Senner
Shipley
Sibal
Sisk
Slack
Smith, Iowa
Staebler
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Teague, Calif.
Teague, Tex.
Thomas
Thompson, La.
Thompson, Tex.
Thornberry
Toll
Trimble
Tuten
Ullman
Van Deerlin
Vinson
Waggonner
White
Whitener
Whitten
Wickersham
Willis
Wilson, Charles H.
Wright
Young
Zablocki

NAYS—145

Abbitt
Adair
Alger
Andrews, N. Dak.
Arends
Ashbrook
Auchincloss
Baring
Bates
Becker
Beermann
Belcher
Bennett, Mich.
Berry
Betts
Bolton, Frances P.
Bolton, Oliver P.
Bow
Bray
Bromwell
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Bruce
Cederberg
Chamberlain
Chenoweth
Cleveland
Colmer
Conte
Corbett
Cunningham
Curtin
Derounian
Devine
Dole
Dowdy
Dwyer
Ellsworth
Findley
Fountain
Fulton, Pa.
Gibbons
Glenn
Goodell
Goodling
Gross
Grover
Gubser
Gurney
Haley
Hall
Halpern
Harrison
Harvey, Ind.
Harvey, Mich.
Henderson
Horton
Hutchinson
Jensen
Joelson
Johansen
Jonas
Kastenmeier
Keith
King, N.Y.
Kornegay
Kunkel
Kyl
Langen
Lennon
Lindsay
Lipscomb
Long, Md.
McDade
McIntire
McLoskey
McMillan
MacGregor
Marsh
Martin, Nebr.
Mathias
Meader
Michel
Montoya
Moore
Morton
Mosher
Nelsen
Norblad
O'Konski
Osmers
Ostertag
Pelly
Pillion
Pirnie
Poff
Pool
Pucinski
Quie
Reid, Ill.
Reid, N.Y.
Reifel
Reuss
Rhodes, Ariz.
Rich
Riehlman
Robison
Rogers, Fla.
Roudebush
Rumsfeld
St. George
Schenck
Schweiker
Schwengel
Shriver
Sikes
Siler
Skubitz
Smith, Calif.
Snyder
Springer
Stafford
Stinson
Taft
Talcott
Taylor
Tollefson
Tuck
Tupper
Vanik
Van Pelt
Weltner
Westland
Whalley
Wharton
Widnall
Williams
Wilson, Ind.
Winstead
Wydler
Wyman
Younger

NOT VOTING—107

Abele
Ashley
Avery
Barrett
Barry
Bass
Battin
Bolling
Bonner
Brock
Brown, Calif.
Buckley
Burkhalter
Burton
Byrnes, Wis.
Cahill
Cameron
Celler
Clancy
Clawson, Del
Corman
Cramer
Dague
Dawson
Dent
Derwinski
Diggs
Dorn
Duncan
Everett
Fallon
Fino
Fogarty
Ford
Foreman
Fulton, Tenn.
Fuqua
Green, Oreg.
Green, Pa.
Griffiths
Hanna
Harding
Harris
Harsha
Hawkins
Hays
Healey
Hoeven
Hoffman
Holifield
Jennings
Johnson, Wis.
Karth
Kee
Kelly
Keogh
Kilburn
King, Calif.
Kluczynski
Knox
Laird
Landrum
Latta
Long, La.
McClory
McCulloch
McDowell
Macdonald
Madden
Mailliard
Martin, Calif.
Martin, Mass.
Miller, Calif.
Miller, N.Y.
Milliken
Minshall
Morse
O'Brien, Ill.
O'Brien, N.Y.
Pilcher
Powell
Quillen
Rains
Randall
Rodino
Roosevelt
Roybal
St Germain
St. Onge
Saylor
Schadeberg
Scott
Selden
Shelley
Sheppard
Short
Sickles
Smith, Va.
Thompson, N.J.
Thomson, Wis.
Udall
Utt
Wallhauser
Watson
Watts
Weaver
Wilson, Bob

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Latta for, with Mr. Bob Wilson against.

Mr. Quillen for, with Mr. Miller of New York against.

Mr. Fulton of Tennessee for, with Mr. Utt against.

Mr. Fallon for, with Mr. Martin of California against.

Mr. Sickles for, with Mr. Hoffman against.

Mr. Karth for, with Mr. Cahill against.

Mr. Duncan for, with Mr. Wallhauser against.

Mr. Fuqua for, with Mr. Minshall against.

Mr. Long of Louisiana for, with Mr. Clancy against.

Mr. King of California for, with Mr. Del Clawson against.

Mr. Corman for, with Mr. Short against.

Mr. McDowell for, with Mr. Fino against.

Mr. Rodino for, with Mr. Laird against.

Mr. Cameron for, with Mr. Knox against.

Mr. Bonner for, with Mr. Avery against.

Mr. St. Onge for, with Mr. Kilburn against.

Mr. Sheppard for, with Mr. Schadeberg against.

Mr. Holifield for, with Mr. Foreman against.

Mr. Hanna for, with Mr. Derwinski against.

Mr. Dorn for, with Mr. Cramer against.

Mr. Dent for, with Mr. Hoeven against.

Mr. Ashley for, with Mr. Milliken against.

Mr. Jennings for, with Mr. Battin against.

Mr. Kluczynski for, with Mr. Burton against.

Mr. Roybal for, with Mr. Weaver against.

Mr. Macdonald for, with Mr. Thomson of Wisconsin against.

Mr. Thompson of New Jersey for, with Mr. Harsha against.

Until further notice:

Mr. Keogh with Mr. Abele.

Mrs. Kelly with Mr. Saylor.

Mr. Celler with Mr. Mailliard.

Mr. Healey with Mr. Ford.

Mr. Powell with Mr. Morse.

Mr. O'Brien of New York with Mr. Martin of Massachusetts.

Mr. Buckley with Mr. Byrnes of Wisconsin.

Mr. Barrett with Mr. Brock.

Mr. Madden with Mr. Dague.

Mr. Miller of California with Mr. McCulloch.

Mr. Rains with Mr. Barry.

Mr. Green of Pennsylvania with Mr. Selden.

Mr. Hays with Mr. Shelley.

Mrs. Griffiths with Mr. Pilcher.

Mr. Fogarty with Mr. Watson.

Mr. Burkhalter with Mr. Diggs.

Mr. Brown of California with Mr. Landrum.

Mr. Randall with Mr. Watts.

Mr. Roosevelt with Mr. Bass.

Mr. St Germain with Mr. Dawson.

Mr. Udall with Mr. Abbitt.

Mr. Everett with Mrs. Green of Oregon.

Mr. Harding with Mr. Hawkins.

Mr. Harris with Mr. O'Brien of Illinois.

Mr. Johnson of Wisconsin with Mrs. Kee.

Mr. Scott with Mr. Smith of Virginia.

Mr. TAYLOR changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. MacGregor. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Findley] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. FINDLEY. Mr. Speaker, on my amendment offered to H.R. 8864—an amendment intended to protect the U.S. consumer—it was my observation that the division vote showed solid support on the Republican side of the aisle. I watched carefully during the chairman's count, and I did not observe a single Member on the Democratic side rising in support of my amendment.

My amendment would have required that the President certify that the International Coffee Agreement will not result in higher coffee prices for U.S. consumers before appropriation of sums for this legislation can be authorized.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may be permitted to extend their remarks in the Record within 5 legislative days on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. ARENDS Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, I take this time to ask the majority leader if he will advise us as to the program for next week.

Mr. ALBERT. Mr. Speaker, we have completed the legislative business for this week and it will be my purpose to ask unanimous consent to go over until Monday following the announcement of the program.

In response to the inquiry of the distinguished minority whip, Monday is Consent Calendar Day.

There are six bills to be considered under suspension of the rules, as follows:

H.R. 2512, clarifying the status of members of the National Guard while attending or instructing at National Guard schools, and for other purposes.

H.R. 3005, to remove the requirement that an alien must make a declaration of intention to become a U.S. citizen before he may be enlisted or appointed in a Reserve component.

H.R. 2988, participation by Armed Forces in international sports activities.

Senate Joint Resolution 129, to increase the amount available to the Housing and Home Finance Agency for advances for planned public works.

H.R. 8135, providing for the establishment and administration of public recreational facilities at the Sanford Reservoir area, Canadian River project, Texas.

S. 1868, amending the Adult Indian Vocational Training Act.

On Monday the 1964 appropriation bill for military construction will be called up for consideration.

On Tuesday the Private Calendar will be called and also the 1964 public works appropriation bill will be considered.

On Wednesday and the balance of the week, S. 777, to amend the Arms Control and Disarmament Act, which will be considered under an open rule with 2 hours of general debate.

This announcement is made subject to the usual reservation that conference reports may be brought up at any time and any further program may be announced later.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

BETTER LITERATURE FOR YOUTH WEEK

Mr. RYAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RYAN of Michigan. Mr. Speaker, in Michigan, there is a movement among citizen groups and individuals to drive out the disseminators of obscene literature by promoting parent interest and strong enforcement of antiobscenity statutes.

These Michigan citizens realize that there are unscrupulous Americans who would sell out the youth of our Nation for their own personal gain.

Realizing the immensity of the pornographic problem, the Metropolitan Detroit Council on Better Youth Literature has announced plans for Better Literature for Youth Week throughout the State of Michigan from November 10 to 16.

During this week, public attention will be focused on the menace of salacious material. Parents will be asked to encourage their children to read better literature.

As the father of five children, I fully sympathize with the efforts and strong determination of these Michigan parents, and other interested adults, to win the battle against smutty propagators of filth.

But the problem does not stop at the Michigan State line. Vice experts operate nationwide and on a full-time basis. They seek to demoralize the youth of our country and subject the high standards of our society to contempt and ridicule.

The amazing part of this whole situation is that many parents are often apathetic or unaware of this deplorable condition. While they sit at home lecturing their young sons and daughters on the advantages of high moral standards, the "smut men" creep up to their doorsteps and leave their vile garbage in the family mailbox.

Recently, there has been a tremendous increase in the sale of pornographic material. Literature, marked "for adults only", is being purchased by our teenagers, indicating a breakdown in home life and an inadequate environment. This squalid material glorifies crime and rebellion. It is no coincidence that the crime rate and the sale of pornographic material are rising together—and at an alarming rate.

The problem can be solved in three ways: First, a strong interest on the part of parents; second, strong legislation, and third, strong enforcement.

I would like to commend the many civic groups and citizens who are working to protect the moral welfare of American youth. Parents in Michigan and other States are asking police, legislators, and judges: "why should I not be protected in the right to keep filth and poison from the hands of my children?"

Many Detroiters remember the father whose little 6-year-old daughter was assaulted and slain by a man. Greatly bereaved, he said, "I can't blame the man as much as the society which produced him. It's a society that allows its young people to read and distribute the worse sort of pornography."

Thank God there are concerned citizens—concerned about the vagueness of our statutes, the lack of strict enforcement, the apathy of the American public. They are calling for personal and community action.

American parents should respond to this appeal by following this five-point program for the annihilation of the smut program:

First. Create a healthy home life and encourage good reading habits.

Second. Keep your eyes open for salacious material—report offenses to police.

Third. Back your local police department when it tries to enforce the obscenity statutes.

Fourth. Support realistic penalties and strict local ordinances.

Fifth. If you receive salacious material, report it to the Post Office Department because the Department has to have a complaint before it can initiate action against the filth merchants who are using first-class mail privileges.

It is my hope that this positive action will be undertaken by all Americans. Total cooperation is necessary if we are to wipe out this menace to society.

The youth of our Nation must be prepared to operate the country's schools, businesses, government, and other institutions with a moral understanding and a high sense of decency. We must reinforce the high principles of our society through good literature, and we must advocate tasteful, educational, and cultural reading habits for all Americans.

I salute the men and women in Michigan who are responsible for "Better Literature for Youth Week" because, through their positive action, the public will become aware of the horrors of pornography.

GOVERNMENT CONTROLS AND SUBSIDIES

Mr. ROSENTHAL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, there has been much discussion of late concerning the freedom from Federal controls of many of the products of our agricultural economy, the highlight of such discussion being the allegation that in particular the livestock industry has been the most successful of all farming to remain "free from Government control and subsidy."

Mr. Speaker, while the livestock industry has been free of control, the record does not show it free of subsidy. And, if that industry has historically been opposed to Government help, it is currently in the process of rewriting history, because it is asking for Government help. Growers and feeders of beef cattle are petitioning the legislative and administrative branches of Federal Government for a supply management-price support program. They would achieve it through governmental action in cutting back imports of beef.

For many years cattlemen have been held up as shining examples, by themselves and others, as the undefeated champions in the area of resisting assistance from the Federal Government. The cattlemen have cited their virility and versatility and courage as virtues that might well be copied by others in resisting the siren song of subsidy. They are on record with consistent opposition to Government programs affecting other areas of agriculture like those for feed grains and wheat—and on record against the shift of land from row crops to new uses, like grazing.

But now the growers and feeders of beef want Government interference with a law they have treasured ever since they chased sheepherders down the old Chisholm Trail—the law of supply and demand. They want the Government to reduce the supply of processed beef in order to increase demand for what obviously is an oversupply of fed beef.

We are not, it appears importing filets or sirloin steaks or pot roasts from abroad for the Nation's dinner tables and outdoor grills. What we are buying from abroad in increasing volume is the type of beef that goes into processed meats, like frankfurters—and these imports are related in substantial degree to the fact that we do not produce a sufficient supply of that type of beef here at home to meet the demand.

I can by no stretch of imagination pose as an expert on production distribution, feeding, slicing and sale of beef. If I qualify at all as a beef expert it is at the household budget and taste levels, as a buyer and consumer. This is a classification held by the majority of my fellow citizens.

It is in behalf of the millions of housewives who seek to give their families varied and nutritious diets within the framework of often-limited budgets I express the hope that before any administrative or legislative action is taken to limit the total supply of beef in our markets, the impact of such action upon our consumers will be given thorough study.

The "let-'em-eat-cake" philosophy expressed by some representatives of the beef cattle industry—those who contend consumers will turn to more steaks and roasts if there is a cut in the supply and a boost in the price of processed beef—does not impress me. The family on a used-car budget does not buy a new Cadillac just because there are no second-hand cars available at reasonable prices.

I repeat: If the Government is to seriously study action in relationship to restriction of imports, let the study include the effect such action would have on our Nation's consumers.

Frankly, I have not shared the beef cattle industry's opposition to, or fear of, a cooperative role for Government in agriculture or in any other area where Government can help people reach worthwhile objectives they cannot achieve alone.

At the same time, I have not been able to accept without question the claim made by many outspoken representatives of cattlegrowers and feeders that they have been able to get along just wonderfully up to now without any Government help.

Under the Federal program now known as the agricultural conservation program the taxpayers of the United States, since 1936, have invested more than $5 billion in soil and water conservation practices on privately owned farms and ranches. Around 60 percent of this total, or better than $3 billion, has gone into financing conservation practices applicable to livestock farms and ranches.

I realize conservation has achieved a status in our society comparable to motherhood, childhood and togetherness—and I have no objection to such status for conservation. It is, indeed, a good thing. And I know that farmers and ranchers match from their own pockets most of the subsidies they receive from the Federal Treasury for carrying out soil and water conservation practices. Neither do I need to be told these practices are an investment in the Nation's future, guaranteeing well-maintained natural resources and food production potential for our great-great-grandchildren.

But let us face it, with the hope that cattlemen will start facing it, too: There are immediate benefits from this type of Federal subsidy in terms of more profitable production. And I think it would be nice if the cattlemen would say thanks to the taxpayers for $3 billion instead of saying they neither receive nor want Government help.

What have taxpayers done to make a better life for people and for cows on farms and ranches?

In the period 1936–62 taxpayers have helped construct 207,000 wells for livestock water on farms and ranches at a cost of $76,423,000. They have helped construct 1,414,000 reservoirs for livestock water at a cost of $254,744,000. They have helped pipe livestock water over distances totaling 49,095,000 linear feet at a cost of $12,737,000.

There are other practices on privately owned lands in which costs have been shared by the Federal Treasury over the 1936–62 period, such as $50,949,000 worth of improvement of cover on rangeland and $4,076,000 worth of tillage operations on pasture and range and $2,547,000 worth of stocktrail construction running 40,649,000 linear feet.

Since the establishment of the U.S. Department of Agriculture and the various State departments of agriculture, billions of dollars in tax funds have been expended in research and action programs related to eradication and cure of livestock diseases—and in research leading to increasing the efficiency, and profits, of livestock producers.

The 1964 budget proposal of the U.S. Department of Agriculture called for more than $18 million to finance research in animal husbandry and animal diseases and parasites, and another $34 million for animal disease control and eradication.

Not long ago taxpayers put $15 million into the construction of the world's best animal disease laboratory at Ames, Iowa.

Naturally, the livestock industry could not have done these things for itself—such research and action programs are logical, worthwhile responsibilities of State and Federal Governments. Furthermore, consumers have benefited and will benefit in terms of more and better foods—foods that are free of many health hazards faced by earlier generations of Americans. But these State and Federal expenditures have brought economic advantages to beef producers, too, and as such represent Government help.

Along with the interests of producers and consumers, I believe our national posture in relationship to foreign trade in agricultural products should get a hard look before action is taken to restrict imports.

How would we look waging a "chicken war" with the Common Market for freedom in trade that will permit greater exports of one farm product while conducting a "cow war" with other nations aimed at limiting trade in another farm product. Maybe a reconciliation can be achieved proving to everyone's satisfaction that what is good for the wishbone is bad for the T-bone and, in order to avoid achieving a ridiculous picture of our trade aims, I certainly hope so.

We need a vigorous, profitable beef cattle industry in the United States and if Government has to lend a hand to meet that need I am for Government help.

I am in favor of a fair and full hearing of the industry's case for Government help in the beef import area.

I only want our consumers to have a hearing, too, along with those who value consistency in our foreign trade policies.

To this I would add the hope the cattlemen will, in the days ahead, demonstrate a little more understanding, a little more compassion, as they look at the requests of other groups for Federal aid—and show a little more appreciation for the contributions they have received from State and Federal taxpayers.

FOREIGN AID AND FOREIGN POLICY

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, if a student had to sum up U.S. foreign policy from the year 1945 through today, he could research his assignment by merely reading the records of our so-called foreign aid program.

Our foreign policy has been foreign aid and foreign aid has been foreign policy.

Occasionally, we have been temporarily diverted by a brushfire crisis which, as likely as not, was ignited or at least fanned by foreign aid itself. But the one constant factor in U.S. foreign policy during all these years is foreign aid.

In underwriting this policy the American Government has given away our rapidly depleting natural resources and our priceless and irreplaceable human productivity to the tune of $120 billion.

Thus we have clumsily tried to reward our friends.

Thus we have sought to placate our enemies.

Thus we have attempted to influence neutrals.

Thus we have created and sustained new nations, many of whom criticize and condemn us and vote against us in world forums.

Our foreign aid foreign policy has been singularly unsuccessful except in isolated instances of such rarity and relative importance as to make them hard to recall.

Neither political party must bear the blame alone, for they are equally responsible for this one-track-mind foreign policy. The present administration is continuing the policies of the Eisenhower administration which adopted those of the Truman administration.

The countless disillusionments and failures of foreign aid have been recited in recent debates. There is no need to repeat them now. But we shall have another chance to call a halt to this anemic foreign policy when the conference report on the foreign aid bill comes to the House, and I sincerely hope that we kill it for good.

Foreign aid foreign policy has got to go if the United States is to achieve initiative and leadership in world affairs.

I am, of course, aware that our Constitution grants to the President virtually sole responsibility in the conduct of foreign affairs. The Senate has very limited "advise and consent" authority and the House holds the purse strings, however loosely.

But it seems to me that in our free society and under our form of government it behooves every Member of the House and every Member of the Senate, and private citizens as well, to apply themselves and their best thinking to national problems of major importance. The development of new foreign policy for our country is not merely important; it is imperative. We cannot continue indefinitely to drift down the shallow stream of foreign aid foreign policy, without permanently and perhaps fatally damaging our future.

Mr. Speaker, my proposal is twofold:

First. Phase out foreign aid at the end of this fiscal year, June 30, 1964.

Second. In the meantime, put our best minds and best efforts to work toward developing a new, imaginative foreign policy aimed at regaining American initiative and leadership in world affairs.

OUR WATER RESOURCES IN THE NATIONAL DEFENSE

Mr. PEPPER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include an address.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PEPPER. Mr. Speaker, a very able address covering the whole subject of our water resources in the national defense was delivered by an outstanding student on the subject of waterways in the country, the Honorable Henry Holland Buckman, of Florida, president of the National Rivers and Harbors Congress.

I think it would be highly profitable for my colleagues in the Congress to read

this very informative and interesting address.

OUR WATER RESOURCES IN THE NATIONAL DEFENSE

(An address delivered before the 30th Annual Convention of the Inland Empire Waterways Association at Portland, Oreg., Nov. 5, 1963, by Henry Holland Buckman, president, the National Rivers and Harbors Congress)

"What would this city be without the river?" The question might be fairly asked of Portland, of Jacksonville, of St. Louis, of London, or of most of the larger cities of the world. But, as a matter of fact, so far as the historical record goes, it was first asked with respect to the city of Babylon on the Euphrates. The time was the year 539 before Christ, and the man who asked the question was the Persian conqueror of Mesopotamia, Cyrus the Great.

His chief of staff had just assured him that the fortifications of the city were such that they could not be stormed, and had dwelt at some length on the tremendous resources which the regent, Belshazzar, had at his command within the walls; men and armament, and supplies sufficient to withstand an indefinite siege.

"And yet," said Cyrus, "What would this city be without the river?" And he set his conquering troops in motion, and arriving at a point some distance upstream from Babylon, he directed his engineers to excavate for the river a bypass channel around the city. Then the river flowed around and away from the city instead of through it as formerly. And within a matter of days Babylon surrendered without fighting, and thus passed forever from history as the mightiest city of western Asia.

I have recited this bit of history in order to invite your attention to the essentiality of the full development and use of our water resources with a view to their employment in defense, the pragmatic recognition of which has been too long delayed.

Your convention this year is dedicated to the theme: "Thirty Years of Leadership." And well may it be. The leadership of this organization and its sister groups in the Northwest has set a shining mark for the rest of the United States. With your support such men as Herb West, Marshall Dana, and a host of others have made your accomplishments in the basins of the Columbia and the Snake enviable throughout the land.

Today, by your leave, I summon that splendid leadership to new endeavor—the planned relation of the use and conservation of our water resources to the defense of our country.

We have stumbled across the threshold of a new age of mankind. The faint shadows outlined on the photographic plates of Madam Curie by that small bottle of uranium salt 50 years ago have spread and darkened the entire world, and "we see through a glass, darkly." The unlocking of the atom has definitely conditioned the future of the race, and possibly its end. But the instinct for self-preservation may yet prevent the terminal nuclear war. And while this possibility exists, it behooves us to consider the inevitable continuation of recurrent war and the effect of atomic power upon such warfare.

Outside of scientific and military circles, our people have focused their attention almost exclusively on that potentiality of atomic power to devastate great areas and populations. The military men and the engineers, however, while giving that aspect of the new energy source its full share of recognition, are very much alive to the fundamental changes in the nature of warfare and the meaning of strategy which are even now nascent in our first attempts to harness these forces of hitherto undreamed of magnitude. It is just possible that the object of war may continue to be submission rather than destruction.

This organization has been well named the "Inland Empire Waterways Association." I say "has been" because the great area of which your membership is representative is no longer "inland" in the strategic sense of the word. The Polaris-firing type of submarine has moved you as near the coast as any of the seaside towns of Washington and Oregon. There is not a square mile of your tributary basins in Wyoming, Montana, Idaho, Washington, or Oregon that is not an easy target for a Polaris-type missile fired from a submarine hundreds of miles out in the Pacific. However, such craft could not consistently operate against this area were they not driven by nuclear power. And here there is revealed an early demonstration of the indirect use of nuclear power to subdue rather than to destroy an enemy. Its implications as to the place of seapower in world politics are far reaching. Its implications for the policy of your organization are hardly less so. No longer can you prudently allot to ocean water resources a secondary place in your programs. Upon the ability of you and all of us to effectively use this resource for defense can well depend our survival.

Let me digress briefly to set forth some of the salient facts with respect to the meaning of the nuclear-powered submarine. Today, the most reliable authorities report Russia as having operable upward of 450 submarines including an unknown number which are driven by nuclear power. Our own fleet is reported to be inferior in numbers, although we have no reason to believe that our nuclear-powered craft are not equal or superior to those of the Russians. At the period of their greatest strength in World War II, the Germans were able to keep on patrol less than 150 submarines. These had an average cruising period of no more than a few weeks, and an average underwater speed of less than 15 knots. Contrast this with the modern nuclear-powered submarine with a cruising period of many months and an underwater speed of 30 knots or more. And yet the comparatively inferior German U-boat came so near to winning the Second World War that the issue hung in the balance for some time. In the short space of 90 days after Pearl Harbor it sank substantially our entire merchant fleet in the gulf-Atlantic lanes, some 167 tankers and cargo vessels. This forced the coastwise traffic overland, all but crippled our railroads, and imposed petroleum rationing throughout the East.

Since that time our Navy has devised new and improved weapons and tactics for combating the submarine. But no informed source will dismiss the tremendous threat posed by the Russian submarine fleet, especially as it is increasingly brought up-to-date by nuclear-powered replacements. We cannot prudently overlook the possibility that eventually surface craft, both battle and cargo, can become obsolete. Such an eventuality is not at all unlikely. Until the advent of the nuclear-powered cargo-carrying submarine or the nuclear-powered cargo-carrying airplane, the supply of a large oversea expeditionary force may become impossible. We can move men overseas on a limited scale by airlift, but we cannot supply 200 divisions in Europe or Asia by fuel-powered planes. If and when large-scale occupation becomes impossible, the attack will take the exclusive form of bombing, and this will lead inevitably to the nuclear debacle. Thus transport may be the key to survival.

Nine years ago the National Rivers and Harbors Congress constituted a special committee to study the feasibility and advisability of plans for converting the Panama Canal to a sea-level waterway in order to remove the possibility of its closure by enemy action against the locks or the Gatun Dam. The committee consisted of three engineers, a former chairman of the House Committee on Rivers and Harbors, and a retired admiral of the U.S. Navy. After 2 years of study, the committee found the plans feasible and advisable, and sent its report to Congress. This is House Document 446, 84th Congress, 2d session. I commend it to your attention. And yet, I am bound to say that I would not have signed that report had I then known of the subsequent development of the modern submarine. For it has now become a debatable question whether, in a future world war, cargo surface vessels will be able to reach either end of canal, regardless of whether or not it can be kept open. You may recall that during the period of German ascendancy in North Africa during World War II, the British were never able to get a supply ship within hundreds of miles of the northern end of the Suez Canal. Until the defeat of Rommel, they could not supply Crete without staggering losses to their convoys. In some cases these ran to more than 90 percent.

The record of World War II in America shows that 40 percent of all supply to the Pacific Coast States had to move via Panama, the railroads having reached the limit of their capacity on hauling the remaining 60 percent. In the East, at the beginning of the war 90 percent of the petroleum for the Atlantic States supply was moving (as it does today) by tanker via the ocean route between Cuba and Florida. When this movement was almost immediately denied us by enemy submarines, as much of this tonnage as possible had to be moved overland, and we did without the rest to the serious detriment of the civilian war effort even with the help of rationing.

You in the Pacific coast area are threatened also with a supply crisis through the cutting of your rail connections with the midcontinent. There are only six junction points between the Canadian and Mexican borders through which must pass the entire rail traffic to and from the west coast. All of these are within easy range of Polaris-type submarine attack from far out in the Pacific. The closure of the Panama Canal or the inability of surface cargo vessels to reach that waterway would create a critical situation in your area. The concurrent rupture of the greater part of those rail junctions could mean disaster.

I think I have dwelt sufficiently upon this matter of transportation to warrant my inviting your very serious consideration of a policy which will recognize the necessity for (a) the fullest practicable development of our inland waterways for navigation, and (b) a more comprehensive and accelerated effort to produce practicable nuclear powered underwater and aircraft cargo carriers.

Of equal and even more basic importance to our defense is, of course, the development of our water resources to meet wartime demands arising from biological and industrial needs. The obvious fact of the need for adequate water to sustain animal and vegetable life requires no comment beyond the reminder that the concentration of pollution in our surface waters from both industrial and organic waste is increasing faster than the existing supply of available potable water. We must reverse this trend before too long a time, or see a definite weakening of our defense potential.

Less evident, but equally real is the necessity for increasing our capability to supply increased amounts of water for power generation and industrial use in wartime. The manufacture of woodpulp and the chemical industries are only two examples of users of enormous amounts of water. A single industrial plant can in many cases require as much clean water as a city of a million inhabitants. Aside from water used by industry for heat exchange, industrial use ordinarily results in significant pollution. In general, the largest industrial users of water are the basic industries. With the advent of war their requirements expand almost overnight.

Finally, there is the essential need for reserve storage of water sufficient to meet defense requirements for hydroelectric power in wartime. On the face of available statistics our situation in this respect appears to be fairly good. But this aspect is misleading. Currently the country is generating per month a grand total of approximately 81 billion kilowatt-hours including both public and privately owned plants, both fuel and water power. Of this total about 15½ billion, or 19½ percent is hydroelectric power. Under normal conditions of rainfall our combined storage represents an output capability of about 20 percent in excess of this.

However, this is not a comprehensive view. The current capability of our reservoirs is computed on the basis of normal rainfall. The demand is computed on the basis of the current operating hours of the consumer plants. The advent of a world war would very greatly increase this demand, probably by more than 25 percent. The increase would be limited only by the labor, material and power available. Plants normally working one shift would, so far as practicable go to two- or three-shift operation. With our reserve storage wiped out, any widespread decrease in normal rainfall would correspondingly reduce our overall production capacity. We should have more reservoirs.

In view of all of the foregoing, it may astonish many of you to learn that in the executive branch of our Government the law has created no agency charged with the responsibility of determining and regularly reporting to Congress the probable wartime need for facilities for transportation, water supply or hydroelectric power in addition to those now existing or planned. In other words, these chinks in our armor are officially nobody's business. We have a number of agencies and departmental bureaus whose responsibility it is to plan for the most efficient wartime use of facilities now in existence. But that responsibility does not extend to the duty of recommending to Congress additional facilities in the fields here under discussion. And we cannot reasonably expect any bureau or agency to move beyond the bounds of its prescribed functions.

There is a difference between defense planning and defense preparation. We should have a permanent, legally instituted Office in the Department of Defense whose duty it will be to initiate and submit regularly to Congress through the Secretary information and recommendations with respect to provision for such transportation, hydroelectric power and other water resources, conservation and development facilities the creation of which that Office may have determined to have significant value in the national defense. Nothing can be accomplished without a definite objective. We must know not only what legislative provisions are needed, but the practicability of their application. We are under no delusion as to the difficulties to be overcome. We must know not only how far we have to go, but whither we are going.

In my hometown of Jacksonville there is told a story of an old colored man who was a witness in an automobile accident case. The lawyer conducting his examination asked him:

"Can you read?"

"Well suh," answered the old man, "I kin and I caint."

"What do you mean by that?"

"Well suh, hit's like dis. When I drive my mule along de road and come to one o' dese signs de road department puts up, I kin read how fur, but I caint read whar to."

We must know not only how far, but where to.

I wish to emphasize that I am not suggesting nor do I propose to suggest any change whatever in the powers, duties or functions of the Corps of Engineers or the Bureau of Reclamation both of which are doing splendid work. But they are not and cannot be appropriately vested with the authority needed in this instance. The existing organization of the Military Establishment indicates that this authority and this responsibility should be lodged in the Office of the Secretary of Defense.

The National Rivers and Harbors Congress proposes to make an earnest effort to inspire legislation designed to constructively achieve the objectives I have indicated. It is my hope that your organization will do likewise.

But we shall not succeed if we fail to keep uppermost in our thoughts those far more precious resources of the spirit which are our heritage. We must not forget that courage and sacrifice often go hand in hand. We must not permit our yearning for peace to weaken our determination to fight to defend our country and our kind. We shall do well to bear in mind those words of Garibaldi to his faltering troops when asked what he could promise them. He answered—"I promise you long marches, hunger and cold, battle, sudden death—and liberty."

IMPORTANCE OF SCHOOL PRAYER BAN

Mr. MacGregor. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. Keith] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KEITH. Mr. Speaker, we hear a great deal today about juvenile delinquency, about young people without a purpose in life, and about irresponsible, uncaring youth. We hear far too little of that very large and responsible group of youngsters who do indeed care and who are committed to assuming leadership positions in a great free country. I would like to call Ronny Swift's letter to the editor of the Boston Herald to the attention of my colleagues. Ronny is only 13 years old but he speaks with the authority of a national tradition and for a very large number of American citizens who are determined to keep this Nation "under God."

School Prayer Ban's Importance

To the Editor of the Herald:

You must look into the future. The Supreme Court decision about not saying prayers in school isn't hurting much now, but in the future kids will think that prayer isn't a part of everyday life—but it is. Then they'll feel that God isn't a part of everyday life. Then they'll get to the point where they won't go to church. They'll stop worshiping God and that's when communism will start preaching its filth and lies. They'll start with the people who don't care about God and they'll work on them. Then communism will be stronger and they'll work on other people and then this Nation will fall.

In the pledge of allegiance it says: "One nation, under God." The two words "under God" have been added fairly recently, but now some people are talking about taking them out. Why should we take them out? For one thing, we just added them. For another thing, this Nation is under God, the whole world is under God, literally, the whole universe is under God. But God is not only above the country, he is within it. He is within the people, government people, and the public too. This Nation was started with God as a basis. It was started for freedom of religion, not freedom from religion. God was and is the foundation of this country, but if it gets to the point where people stop worshiping God, and eventually forget about Him, the foundation will start to crumble and the country will go kaput. Then communism will seep in and replace the old foundation, then take over the Government and then pow, we're a Communist country and then communism will take over the world.

These people who don't believe in God have stood up and said what they wanted to. Now I think the people who do believe in God should stand up and fight against these other people. I'm saying what I believe and I hope many more people stand up and say what they believe.

Ronny Swift.

Bridgewater.

WAS DIEM MURDERED?

Mr. MacGregor. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Barry] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. BARRY. Mr. Speaker, on September 28, 1963, the Saturday Evening Post carried an article entitled, "The Edge of Chaos" by Stanley Karnow. This article was an excellent review of the political situation obtaining in South Vietnam prior to the coup against Ngo Dinh Diem.

On page 36 of this issue of the Saturday Evening Post appears the headline, "Some Generals Talk of Killing Diem To Save Nation." One paragraph of this article is especially pertinent, I quote:

> The rise to power of the feared and detested Ngo Dinh Nhu helped to crystallize the many military elements that have long plotted against the government. Until now they have hesitated to act, because they lacked cohesion, because they were uncertain of getting U.S. benediction and because they feared the Communists would profit from a coup. There are several generals among these potential insurgents, and they even include men close to Diem's family. "But you've known Diem and the Nhus for years," I asked one of them. "How could you kill them in cold blood?" My friend shrugged sadly. "We must choose between a few people and a nation."

From the foregoing it may be seen that the Saturday Evening Post had reason to believe in September that Ngo Ninh Diem might be killed by his own military. Accordingly, South Vietnamese statements to the effect that President Diem was murdered while resisting arrest do not necessarily hold water. I commend the Saturday Evening Post article to my colleagues, because it suggests that the shooting of President Diem was premeditated.

THE WAR IN VIETNAM

Mr. MacGregor. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. Shriver] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER**. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. **SHRIVER**. Mr. Speaker, this week Americans paid special homage to the veterans who fought so valiantly in all of the wars in which the United States has been engaged to preserve our heritage of freedom.

Since the triumph over fascism in the mid-1940's our Nation has been involved in what is called the cold war with international communism. However, in certain parts of the world it is not a cold war, it is really a hot war.

Although a state of war has not been declared, Americans are being fired upon. Americans have been killed or wounded and some are missing. Americans are dying in such far-off places as Vietnam and Korea to protect our way of life from those who would bury us.

On November 8, 1963, 1st Sgt. William Joseph Everhart, the 32-year-old son of Mr. and Mrs. Frank L. Everhart, of Canton, Kans., which is in my congressional district, died of wounds suffered under fire from a hidden Communist machinegun nest near the Cambodian border of Vietnam.

Sergeant Everhart was an Army veteran of 15 years. He had earned the Bronze Star fighting the Communists in Korea. He saw service in Germany, and had been in Vietnam over 2 years.

He is exemplary of American military men who throughout our history have made the supreme sacrifice to guarantee freedom and liberty. Lest we forget, the war in Vietnam is very much a hot war. The Department of Defense, as of November 4, 1963, listed 77 Americans dead, 360 wounded or injured, and 5 missing.

Mr. Speaker, we have a solemn responsibility, and a huge debt, to these men—and to all those who are on the front lines in the fight against communism. Let us think of these Americans and their personal commitments to the cause of freedom when our leaders sit down with the Communists to talk of peace and relaxing tensions. Let us remember Communist tactics in Vietnam and Korea and Berlin and Cuba. Let us remember the common objectives of international communism when we consider trade expansion and foreign aid to Communist-led or Communist-oriented lands.

Under the leave to extend my remarks in the RECORD, I include an article written by Sue Gilmore, a staff writer for the Wichita Eagle, which vividly illustrates the unselfish devotion to duty and the American way of life practiced by Sergeant Everhart:

DEATH IN COMBAT ENDS HOPE OF SOLDIER'S RETURN HOME

(By Sue Gilmore)

CANTON.—Mr. and Mrs. Frank L. Everhart didn't expect their son home for Christmas. He hadn't spent Christmas Day with them since he joined the Army 15 years ago.

William Joseph Everhart, 32, died Friday under fire from a hidden Communist machinegun nest near the Cambodian border of Vietnam.

Joe was a first sergeant and planned to retire in 5 years. After 20 years in the service, he hoped to return to his home here.

He won't return. A telegram at 11:30 p.m. Friday from Washington, D.C., informed his parents of his death.

Joe was the 75th American to die in combat in South Vietnam, where he had been the past 2 years.

He died in the desolate Darlac Plateau, 170 miles northeast of Saigon, around the world from his Kansas homeland.

Joe was born July 24, 1931, in Canton. His family moved to the country and he started school in Roxbury. He attended high school in Gypsum and Canton.

Joe wanted to join the Army. He enlisted at 17, before he finished high school, and was sent to Camp Pope in Louisiana for basic training.

Joe saw a lot of country in 15 years.

"I can't remember all the places he has been," his sister, Mrs. Max Ek, McPherson, said. "But he was in Germany a long time. He spent 3 years there once. He was in the Korean conflict."

While Joe was in Korea, he was awarded the Bronze Star. The honor came to him for saving a man's life. He "brought a man back to safety under fire," his sister added.

But Joe never wrote much about his activities.

"He was not the type of person to write home about anything like Korea. He didn't worry the folks with details," Mrs. Ek said.

After Korea, Joe went back to Germany for awhile. He returned to the States until he was sent to Vietnam, "a little over 2 years ago."

Joe's last letter came 2 weeks ago. It was like all the rest—he was more interested in Canton, Kans., than in worrying his family about conflict in Vietnam.

The most things he did write home about were about the family. He wrote often, considering where he was, Mrs. Ek said.

Joe's whereabouts were a constant worry to his parents, Mrs. Ek admitted, but Mr. and Mrs. Everhart never said much about their concern.

"We talked about Joe an awfully lot at home. But when he was home, we didn't talk about Korea or the service. Because he would rather not."

Mrs. Ek doesn't recall ever having Joe home for Christmas since he enlisted. "We had Christmas early about 5 years ago, so he could be with us before he went back."

The ministers of two Canton churches, the First Methodist and the Canton Christian, delivered the telegram Friday night to the family.

Joe's family—he wasn't married—mostly lived in McPherson County. There are three brothers, Lawrence D., Canton, Charles R., Herington, and Richard, McPherson. He has two sisters, Mrs. Ek and Mrs. Adam Opat, also of McPherson.

The telegram told them of Joe's death. "We received no contact as to what arrangement will be made," Mrs. Ek said Sunday. "If possible, we'll bring the body back here for burial.

"Joe had only 5 years before he could retire with 20 years. Last we knew he was going to come back here to live," Mrs. Ek added.

FUNDRAISING PARTY FOR DEMOCRATIC SENATOR

Mr. **MACGREGOR**. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER**. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. **BOW**. Mr. Speaker, I insert at this point in the RECORD a news story carried on the Scripps-Howard newswire yesterday. It involves an interesting campaign fundraising party to be held in this city tonight and about which the Honorable OLIVER P. BOLTON has made previous comment relating to a potential conflict of interest involving a member of the President's Cabinet:

WASHINGTON, November 13.—Labor Secretary W. Willard Wirtz conceded today his name has been used in mail urging lobbyists who do business with his Department to attend a $100-a-head fundraising party for a Democratic Senator.

Wirtz said invitations to the party for Senator HARRISON A. "PETE" WILLIAMS, JR., of New Jersey, went to "25 to 40 persons connected with trade associations" in Washington.

These invitations were mailed out without his knowledge, Wirtz said.

He declined comment on a followup letter asking the lobbyists to attend the party because "Pete needs your help, needs it badly—and needs it now.

"I hope you will let us have the pleasure of telling Bill Wirtz that you will be able to join him on the 14th," the letter says.

This letter is signed by John H. Sharon, an attorney in the law firm of Clark Clifford, who is prominent in national Democratic circles.

The party will be held Thursday night at the Sheraton Carlton Hotel. Wirtz is officially listed as host but the invitations request that checks for $100 per person be made out to the "Washington Friends of HARRISON A. WILLIAMS, JR.," of which Sharon is listed as chairman.

The affair first received publicity 2 weeks ago when Representative OLIVER P. BOLTON, Republican, of Ohio, denounced it as "a new low" in fund-raising tactics.

At that time, however, Sharon insisted the invitation list had been carefully screened to remove lobbyists, representatives of trade associations and any other persons whose activities might involve either Wirtz or WILLIAMS in potential conflicts of interest.

It has now been learned, however, that the invitation and followup letter went to a number of persons whose business dealings could be affected both by the Secretary and the Senator.

Among the recipients, informed sources said, were representatives of the National Association of Real Estate Boards, the National Association of Home Builders, the National Housing Conference, the American Trucking Association, the Association of American Railroads, Esso Research (a division of Humble Oil Co.) and a group known as "Keep America Beautiful" which is concerned with conservation.

Just how their names got on the list remains something of a mystery.

Walter Gardner, Jr., administrative assistant to Senator WILLIAMS, said there was "absolutely no effort" to include lobbyists or trade association representatives when the original invitation list was made up.

"The effort went the other way," Gardner said. "Every reasonable effort was made to eliminate them. In fact, we eliminated a lot of WILLIAMS' friends because somebody thought they might be so classified."

Among those eliminated was Robert G. (Bobby) Baker, former Senate majority secretary whose business affairs are now under investigation, Gardner said.

Sharon could not be reached for comment.

The invitations which went out under Wirtz's name list J. Edward Day, former Postmaster General, as treasurer of the "Friends of WILLIAMS."

Some sources have reported that Wirtz is angry over the incident and considers that he was doublecrossed in the way his name was used.

Wirtz, however, denied reports he might not attend the 2-hour reception. "I will be there," he said. "I have to fly back from New York (where he will address the AFL–CIO convention) for it."

The letter signed by Sharon is dated October 19—4 days before the first stories were published about the invitations.

It reminds the recipient he has "received an invitation from Secretary Wirtz" to attend the party.

"I hope you can accept and thus assure that this occasion will be a triumphant one for a grand person and a great Senator," the letter says.

"New Jersey will be a key State in 1964. There the President won by the narrowest of margins in 1960. There the opposition is aggressive and well financed."

It then goes on to say how badly "Pete needs your help" and concludes with the second reference to Wirtz.

INTERNATIONAL COFFEE AGREEMENT ACT OF 1962

Mr. MacGregor. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Anderson] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ANDERSON. Mr. Speaker, I should like to set forth for the record the reasons that I feel will impel me, albeit somewhat reluctantly, to cast an affirmative vote for H.R. 8864, the International Coffee Agreement Act of 1963. I shall do so for two principal reasons.

First of all, it seems to me that Senate ratification on May 21, 1963, of the treaty known as the International Coffee Agreement of 1962 has, under the Constitution of the United States, already essentially decided the question of whether or not we should unite with other major coffee-producing and coffee-consuming nations in a collective effort to attempt to stabilize the international coffee market. Mention has been made here on the floor today by the gentleman from Florida [Mr. Pepper], the gentleman from Missouri [Mr. Curtis], and others, that it would be eminently desirable to have a constitutional amendment which would require the advice and consent of the House of Representatives to treaties as well as the advice and consent of the Senate. I would agree that such an amendment might be highly desirable. Nevertheless, we are faced here today with the fact that under existing constitutional law it is quite clear that it was the Senate alone which had the power to give its assent to the International Coffee Agreement of 1962 and that it has done so. Therefore, I am impressed with the argument that has been made that for this body to now repudiate the action taken by the Senate would in essence be offensive to our constitutional procedures and an act of poor faith on the part of the House.

Secondly, I shall vote affirmatively for this measure because it has as its announced intention the stabilization of the world coffee market in order to avoid major and disastrous price fluctuations. The report accompanying this bill points out that in Latin America alone, more than 12 million persons depend on coffee for their livelihood. It has been pointed out by other sources that a 1-cent-a-pound decrease in the price of coffee results in an estimated loss of $70 million in the foreign exchange earnings of the 35 African, Asian, and Latin American coffee growing nations.

Earlier this year when the Foreign Assistance Act of 1963 was on the floor of the House, I was among those who voted to reduce the authorization for aid under that bill. I voted to reduce the amounts that the administration sought to make available under the Alliance for Progress. The actions of such countries as Brazil and Argentina in recent days have only served to confirm my belief that foreign aid, particularly so-called supporting assistance, which is nothing more or less than a "bail-out" to countries which are living beyond their means is not proving effective. Having thus voted to reduce the amounts of such aid that would be made available to these countries, and I refer particularly to the coffee-producing countries of Latin America, I do feel that we should make every effort that we can to enable these countries to earn sufficient amounts of foreign exchange so that they will not be faced with a continually recurring deficit in their balance of payments. I will vote for this bill in the fervent hope that it will enable these countries by virtue of their ability to obtain more stable prices for the basic commodities which they export, in this case—coffee, to put their financial houses in order. I think that to the extent that commodity stabilization agreements are an alternative to massive handouts of foreign aid, they do deserve our support.

Despite the reasons I have enunciated above, I would not vote for this bill were it not for the fact the next Congress will have an opportunity to review what steps have been taken pursuant to the International Coffee Agreement. If I am a Member of the next Congress and I find this agreement has redounded to the injury of the American consumer, then I shall feel no compunction whatever in refusing to give my further assent to this type of effort to stabilize international commodity markets.

FEDERAL AVIATION AGENCY

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. Gonzalez] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, last Wednesday, November 6, 1963, I made a speech from the floor of this House in which I discussed the three-way agreement between the Federal Government, United Airlines, and Trans World Airlines in connection with the mid-air collision over New York City of December 16, 1960, when 134 persons were killed. By this agreement the Government agreed to pay 24 percent of whatever damages are fixed in lawsuits growing out of the crash. This agreement represents a reluctant about-face on the part of the Government because it had been previously offered by the airlines involved in the crash, only to be vetoed by the Administrator of the Federal Aviation Agency. Seven months, 15,000 pages of depositions, and more than $100,000 later the Attorney General overruled the decision of the Administrator and entered into the three-way agreement.

The Administrator has at all times maintained that the FAA did nothing to cause the accident and that it was in no way responsible. The facts apparently lead to the opposite conclusion. From the testimony elicited during the depositions it is clear that FAA personnel made a number of departures from the rules on how air traffic should be handled, and FAA procedures were not adequate. This testimony is in direct conflict with the internal report of the FAA which states that there were no departures and air traffic control procedures were adequate.

As I have stated, this difference between the stubborn position of the Administrator and the facts has cost the American people more than $100,000. Perhaps the Administrator's behavior is a classic example of bureaucratic inflexibility and callous disregard for the human beings involved. But it seems that the Administrator does not represent the attitudes of all high Government officials, nor the public policy. The following editorial from the Washington Star, Sunday, November 10, 1963, comments further on this facet of the case:

Matter of Conscience?

In an unprecedented decision the U.S. Government now has agreed to pay a large part of whatever damages are awarded in lawsuits resulting from the fearful collision of two airliners over New York City on December 16, 1960. The decision overrules Najeeb E. Halaby, head of the Federal Aviation Agency, which runs the air traffic control system.

It has been Mr. Halaby's contention that the tragedy—costing 134 lives and involving an off-course United Air Lines jet and a Trans World Airlines piston-engined plane—was in no way attributable to negligence on the FAA's part. He has therefore argued that the damages should be paid solely by United and TWA. However, while emphasizing that the action does not constitute an admission of legal liability, the Justice Department has indicated, without spelling it out, that there is ample reason why the Government should share the burden of the costs, which probably will run upward of $10 million. Perhaps this is a matter of Federal conscience. Although Mr. Halaby has made out a strong case for his position, there has been testimony that FAA traffic controllers departed from some of the rules of the book and that they might have been able, otherwise, to prevent the collision.

In any case, under the three-way agreement, United will pay 61 percent of the damages, TWA 15 percent, and the Federal Government 24 percent. This should eliminate protracted court proceedings and speed up awards to the survivors. Beyond that, of course, it sets a precedent that is obviously significant for the future of commercial aviation.

SHEVCHENKO—A MONUMENT TO FREEDOM

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. DERWINSKI] is recognized for 15 minutes.

Mr. DERWINSKI. Mr. Speaker, over the past few weeks we have been patiently witnessing in this city a performance of editorial inaccuracy that only confirms our convictions about the Shevchenko statue as a monument to freedom. I am proud to join my colleagues in this solid contribution to freedom and enlightenment. I take this occasion to refute the misinformation published by the Washington Post. In fact, by reading the editorials in their successive entirety even a person unfamiliar with the subject can detect their inconsistencies and contradictions.

MOSCOW AND POST OPPOSE STATUE

Before presenting this surprising spectacle I should like to point out that the Post was one of the few papers in this country which also opposed the Captive Nations Week resolution in 1959. It was joined by Moscow in denouncing that act of Congress. Unfortunately we find it sharing the same position with Moscow and its puppets in their opposition to the erection of a statue in honor of Taras Shevchenko. In reading the editorials again even the unfamiliar cannot but sense that the issues involved are far broader than just a statue in Washington. They involve the captive nations.

I would not stain our record with reproductions of all the bitter attacks made these past 3 years against the action of our Congress in approving a Shevchenko statue. Permit me to cite just these few examples. In Sovietskaya Kultura, December 24, 1960, supposedly a top periodical on culture, an article lambasts us for honoring Shevchenko as a patriot. Another in the Kommunist, March 1961, depicts Congress' work as one of "the most incredible and filthy distortions." The Literaturna Gazeta, March 21, 1961, sees it as a "filthy whimsical invention," Kommunist Ukrainy, February 1961, fulminates against us and lies that "Shevchenko as an implacable enemy of Ukrainian bourgeois nationalism." Bourgeois nationalism throughout Eastern Europe means the spirit of national freedom and independence. One could go on and on, but my colleagues will cite others, including more recent ones. The crowning point is that this Shevchenko project stung both Moscow and its puppets, since they know its significance.

The Post editorials unfortunately in their opposition do an injustice to all of us, including the President. In both 1961 and 1963 the President extolled Shevchenko's freedom works to the world and praised the work of the Shevchenko Scientific Society, with which Albert Einstein and other world figures have been associated. Internationally, for example, the Canadian Prime Minister John Diefenbaker had this to say of Shevchenko:

> What he sought for them he sought no less for the oppressed everywhere in the world.

Thus others, too, are being slandered by the malicious and intolerant contents of these editorials. As another example of understanding the meaning of Shevchenko, the Governor of Michigan issued a Taras Shevchenko Year Proclamation in 1961. The great poet is not unknown in this country as the Post's editor would have us believe. One could go on and on with these examples, but in this bipartisan achievement my colleagues will cite others.

A RECORD OF CONSISTENCY

Mr. Speaker, I introduce the first editorial on "Poetic Injustice," which misses the whole point of the Shevchenko statue project by injecting Shakespeare. In the light of a later erroneous reference to anti-Semitism, it is interesting that the editorial overlooked Shakespeare's well-known character:

[From the Washington Post, Sept. 23, 1963]

Poetic Injustice

We yield to no one in our esteem for the Ukraine and that country's poet and hero, Taras Shevchenko. Yet, like most Americans, we have never read a line of Mr. Shevchenko's verse, in Ukrainian or otherwise, and like most Americans were unaware of his existence until ground was broken last Saturday for a plaza and 14-foot statue consecrated to a distant national idol who died in 1861. A choice site—the triangular plot bounded by 22d, 23d, and P Streets—will henceforth bear witness to Mr. Shevchenko's memory and to the potency of Ukrainian political pressure.

Yet, without belittling Mr. Shevchenko, some murmur of wonder is in order from those of us who harbor an incorrigible prejudice in favor of poets closer to our own tradition. Next year will be the 400th anniversary of Shakespeare's birth. That the city has found precious space for the Ukraine's national poet and not yet found room for some comparable token to Shakespeare's genius is really remarkable.

Mr. Speaker, for a more balanced view I submit the article by the Post's staff reporter, Stephen S. Rosenfeld on "A Ukrainian Poet Gets Statue Billing," September 29. The contradictions now appear even between the Post's own writers:

A Ukrainian Poet Gets Statue Billing

(By Stephen S. Rosenfeld)

Next Memorial Day, if 40,000 people assemble for a ceremony on a small triangular park at P, 22d, and 23d Streets NW., in Washington, no one who knows Lev E. Dobriansky will be surprised.

An ordinary man—one who did not speak in the name of a small but solid ethnic minority—would never have believed that the U.S. Congress could be induced to authorize erection of a statue of Taras Hryhorovych Shevchenko, a Ukrainian and a poet at that.

An ordinary man—one without a keen appetite for cold war—would not have imagined that a regional figure of the last century could be converted into the cutting edge of a propaganda campaign against the Soviet Union today.

Lev E. Dobriansky of course is no ordinary man. He is a 44-year-old Georgetown economics professor, born in New York of Ukrainian parents, who has energetically pursued twin careers as a dispassionate scholar and a passionate anti-Communist devoted to the Ukraine.

He is also the 14-year president of the Ukrainian Congress Committee of America (which includes perhaps 100,000 of the estimated 2 million Americans of Ukrainian descent), an adviser on nationalities to the Republican Party, and an expert in ethnic leverage on American politics.

Add to this a persuasive intelligence and a winning manner and you have the principal reason why, next May, a 14-foot, quarter-million-dollar bronze statue of Taras Shevchenko will be unveiled at a choice Washington location.

Shevchenko was identified as the Ukraine's "poet laureate and national hero" in a glowing tribute printed as a House document in 1960.

This description does him no injustice. He is not just the most—perhaps the only—distinguished poet in more than a millenium of Ukrainian history; he is a most distinguished Ukrainian.

For his poetry, Ukrainians both under and beyond Soviet rule adore him. Two non-Ukrainian Washingtonians familiar with his work speak of him as "Pushkin and more," "ah, a Shakespeare." Few others know him and there is only one incomplete American edition of his poems, published privately in 1945.

Born a serf in 1814, Shevchenko had his freedom purchased by his artist patrons in St. Petersburg at age 24. Nine years later, for his part in a society of radicals and Ukrainian patriots in Kiev, he was sentenced to 10 years of imprisonment and exile. He died, under police supervision, 4 years after that in 1861.

He belonged to the fermenting, freedom-minded Russian intelligentsia of the mid-19th century and he was an ardent Ukrainian patriot. These elements, expressed both in his life and his poetry, caught fire and made him a regional celebrity in literate circles of his time.

The Ukraine was then controlled by Czarist Russia; it has known only fleeting intervals of independence from either Russia or Poland in its long history. Shevchenko sang of the exploits of Ukrainians and Cossacks against both of these nations. He also spoke for the oppressed serfs.

His poetry reflected, too, popular feelings about Jews, who had been persecuted in the Ukraine for several centuries—partially because of their enforced economic role as middlemen and their questioned loyalty to the Ukraine.

In his poems, he sometimes referred to Jews in the vernacular ("pig," "miser") and his epic "Haydamaki" glorified the Ukrainian band which murdered thousands of Jews—and Poles.

In person, Shevchenko once signed a petition against anti-Semitism, a brave act for the time. This episode, related in the House document about the poet in order to blunt possible criticism, helped reassure those Congressmen who had qualms on this score.

Shevchenko's various themes and his enduring stature in the Ukraine have since led to a vigorous contest for his spiritual kinship between Ukrainians abroad and Soviets at home.

The Soviets encouraged and then crushed a Ukrainian independence movement after the Russian Revolution of 1917. The Ukraine is now a constituent republic of the Soviet Union.

Moscow treats Shevchenko as a latent Bolshevik who strained for brotherhood with the Russian people while opposing the oppressions of Czarism.

Ukrainians in the Dobriansky camp see Shevchenko as a fighter for human freedom and Ukrainian nationhood, with a built-in anti-Soviet passion.

Anticipating Moscow's celebration of the centenary of the poet's death in 1961, he determined to head it off. In 1959 various Congressmen began to learn of their constituents' interest in a statue for Shevchenko.

Dobriansky was already well known on Capitol Hill for pushing through the Captive Nations resolution of 1959—he considers the Ukraine "the largest non-Russian nation behind the Iron Curtain." He now became a virtual fixture.

There developed not only an awe for Dobriansky's devotion but a sympathy for the anti-Communist aims of the statue project. Even the skeptics thought it harmless and no one wished to be against it. As Dobriansky said in an interview, the goal was not just to venerate the poet but to "educate" Americans about communism and to use Shevchenko as a "psychopolitical cold-war weapon."

Senator Jacob K. Javits and his fellow New York Republican, Senator Kenneth B. Keating, found themselves sponsors of a 1959 Senate resolution for the statue. A more florid House resolution, written by Dobriansky, was offered by then Representative Alvin Bentley, Republican, of Michigan, in 1960.

The Senate's resolution was tabled after the Interior Department protested that there were too many statue claimants and too few policy guidelines for selection.

But Dobriansky, who gives much credit to Representative Paul C. Jones, Democrat, of Missouri, saw the House resolution past Interior's shoals.

In June 1960, a resolution proudly submitted by Representative John Lesinski, Democrat, of Michigan, authorized the House's printing of the 45-page "biographical documentary of the life and character of Taras Shevchenko." Dobriansky wrote the foreword.

His monumental efforts were crowned with success on September 13, 1960, when President Eisenhower signed the House resolution into law. It authorized erection of a Shevchenko statue "on public grounds in the District of Columbia * * * without expense to the United States."

Details remained: collection of about $250,000 for the statue; approval of Leo Mol's design by the Fine Arts Commission, and selection of the site by the National Capital Planning Commission. The NCPC balked a bit and again Dorbriansky had to patiently minister to doubts.

Last July, Associated Public Relations Counselors of 1028 Connecticut Avenue NW., began to put out publicity for the ground breaking.

The publicity made much of a poem in which Shevchenko had asked for a Ukrainian George Washington "to promulgate his new and righteous law." This particular passage was embellished by at least four of the speakers at the ground breaking last Saturday.

The Congressmen honored at that occasion included all those so far named, plus Senators Hugh Scott, Republican, of Pennsylvania and Thomas J. Dodd, Democrat, of Connecticut, and Representatives Michael A. Feighan, Democrat, of Ohio, Ray J. Madden, Democrat, of Indiana, and Thaddeus J. Dulski, Democrat, of New York.

At Dobriansky's request, Dulski has submitted a House resolution to honor Shevchenko with a champion of liberty stamp next year when the statue is unveiled.

Dobriansky reports that the 200 people at the ground breaking made up the largest such crowd in the 40-odd years of Washington history recorded by the Board of Trade.

And that is why those who know Lev Dobriansky do not doubt that the multitude he envisages for the unveiling will be there.

Following this, we now read the first controversial editorial titled "The Shevchenko Affair," October 18. By the Post's own admission, a heavy volume of mail criticizing this editorial for its tone and errors has been received. Up to this time few have been published and at that I understand with careful deletions. Along with the editorial I submit in full text the letter written by Dr. Lev E. Dobriansky of Georgetown University, from which references to House Document No. 445 and Dr. Frederick Brown Harris' article on Shevchenko were deleted, and also an unpublished letter by former Congressman Charles J. Kersten:

[From the Washington (D.C.) Post,
Oct. 18, 1963]

The Shevchenko Affair

The Shevchenko statue should never have been approved by Congress. There is no legitimate reason why a 19th century Ukrainian poet, a cipher to the vast majority of Americans and an object of intense manipulation by the few who know him, should be honored with a statue at an enviable location in the Nation's Capital. Ground has been broken for the statue but it is still not too late to call the whole affair off.

There are two reasons why the project has gone this far and neither is good. The first is the efforts of a tiny group of Americans of Ukrainian birth or background who managed to convert an errant private passion into a public cause. The second is the misguided and careless reception given the statue proposal by Congress, which allowed itself to be swept along in order to please some insistent constituents.

The Ukrainian-American sponsors conceive of the statue as a blunt weapon in a fierce cold-war propaganda campaign against the Soviet Union. They are using it to advance their own peculiar notion of how to fight communism and their own implausible goal of Ukrainian nationhood.

Many people feel that Shevchenko was a fine poet, but his artistry is of no moment to the statue sponsors. If it were, the statue would still be objectionable, simply because as a poet Shevchenko has no universal significance for Americans. He is the pet of a small minority, whatever his poetic merit.

It has not been possible to assess the rivalries and suspicions which have foamed up around the edges of this project. It is perhaps enough to say that both in the writings of the poet and in the efforts to exploit him there are elements which are offensive in various ways to Americans of Russian, German, Polish, Catholic, Jewish, Orthodox, and even Ukrainian background. A statue of Shevchenko would be a monument to disunity and recrimination among Americans.

The Congressmen who were persuaded to support the Shevchenko statue—Senators Javits and Keating, Representatives Lesinski, Paul Jones and others—should at once act to reverse their earlier error.

Letter to the Editor of the Washington Post, October 19, 1963

I trust you will afford me the same opportunity of replying to your October 18 edition on "The Shevchenko Affair" as you did in July 1959, concerning an editorial on the Captive Nations Week resolution. Your opposition then was based on a medley of factual inaccuracies; bearing the same trait, your present opposition to the Shevchenko statue sounds almost desperately vindictive and, to say the least, unbecoming to an organ of your reputation.

Two questions immediately arise after reading this misleading piece. One, why this editorial at this time? Second, how expert have your writers become on this project in the span of 3 weeks? The factual answers to these questions are sufficient to indicate the degree of editorial irresponsibility reflected in this self-indicting performance.

It is very easy to pontificate and hide behind juggled words after a given event. But where were your sheltered writers these past 3 years while the subject was widely reported and discussed in this country and in Soviet Union; The New York Herald Tribune, the Evening Star, the Chicago Tribune and many other papers satisfactorily covered the subject in 1960; and, as in the case of the Captive Nations Week resolution, for a period of 7 months the organs of Moscow and puppet Kiev registered a malicious opposition similar to yours now. In fact, it appears that your own writers don't bother to read the Post itself. Reports on the project and the open congressional hearing were published on April 2 and September 14, 1960; March 7, 1961, October 18 and 26, 1962. Where were your interest and comments then? If the element of dictated pressure has characterized anything, it certainly has this contradictory editorial.

As to the second question, it is actually amusing to compare this editorial with the one on "Poetic Injustice" that appeared in your September 23 issue. In the latter, the 3-week experts start out in this vein:

"We yield to no one in our esteem for the Ukraine and that country's poet and hero, Taras Shevchenko." They even admit that "we have never read a line of Mr. Shevchenko's verse * * *." Three weeks later the reader is fed the supposedly studied and quite absurd conclusion that a "statue of Shevchenko would be a monument to disunity and recrimination among Americans." Earlier, Shevchenko was a "country's poet and hero"; now, he is "the pet of a small minority." With such capricious thinking, one can well imagine the abusive interpretations they've formed by references to his poetry out of historical context. Shevchenko scholars in the United States and Canada have devoted lifetimes to the historic works of this immortal freedom fighter; your writers, with brazen self-contradiction, have rendered their expert judgment—all distilled in 3 weeks.

If there is anything offensive in various ways to the intelligence of our American people and to their unity against the Soviet Russian threat, it is this brand of irresponsible editorializing. Your fictitious points on some errant private passion of certain Americans, the misguided and careless reception by Congress, and other specimens of groundless rhetoric not only violate available facts but have been openly exploded while your editorial writers slept these past 3 years. Solid reasons for the statute are clearly set forth and explained in House Document No. 445, which was circulated throughout the country and inspired worthy contributions for the statue from Americans of all backgrounds. What did you do with your copy 2 years ago?

On how to fight communism, the record of your notions is scarcely an enviable one. Taking just the two issues mentioned here, it is most revealing how, in fact, your protests have coincided with Moscow's. The reasons, of course, are different. Moscow is fearful of any outside support given to the powerful force of nationalism among its captive non-Russian nations in the U.S.S.R.; you've been too blind to understand this.

Thank God we have countless Americans who do. As just one among numerous examples, you might profit from reading Dr. Frederick Brown Harris' recent column in the October 13 Sunday Star, wherein he states: "For the years to come this statute will be an altar of intercession for the emancipation of all captive nations. This statue will publish the fact that America is well aware that the U.S.S.R. is not a nation, but a colonial empire claiming sovereignty over non-Russians numbering more millions than there are Russians." The statue is obviously not for those who would appease Moscow by burying or distorting truths which are essential to our own national interest. In its wisdom Congress has recognized this; let us hope that in time and beyond consistent error you will, too.

Lev E. Dobriansky.

Milwaukee, *November 1, 1963.*

Attention Editor, the Washington Post,
Washington, D.C.

Gentlemen: Your recent editorial, "The Shevchenko Affair," was a sad commentary on how dangerously far we've drifted from the American political philosophy of the right of self-determination of nations.

You oppose the erection of a statue of Shevchenko in Washington, D.C., when Shevchenko represents the right of self-determination of Ukraine, a nation of over 40 million people and the largest non-Russian nation of the Soviet empire.

In the 83d Congress, I had the honor to be the chairman of the House Select Committee on Communist Aggression which documented the Communist takeover of the captive nations, including Ukraine. The nine members of our committee—four Democrats and five Republicans—held the common belief that no nation should be subjected to outside domination against its will, either by Russian, Soviet or any other form of imperialism.

These are sorry days when our foreign policy experts seem to be considering such things as a European nonaggression pact, acquiescence of Moscow domination of Cuba and a general alinement that legalizes Soviet domination of a large number of captive nations.

Among the writings of Shevchenko, in one of his poems he cries for a George Washington of the Ukraine to lead his nation to independence.

Your editorial would forever stifle that cry and it does dishonor to the spirit of Washington and of the American Declaration of Independence.

Sincerely,

CHARLES J. KERSTEN.

What has been truly characterized as a literary monument to ignorance is the third editorial, titled a "Monument to Ignorance"—November 1. It is noteworthy that whereas in the preceding editorial concern is expressed about a "fierce cold-war propaganda campaign," in this one there is fear about Khrushchev laying a wreath on the memorial. Moreover, the reader is introduced to additional absurdities such as the poet being an "idol of the Communist Party" and that Shevchenko's flaming nationalism is "an affront to members of the Polish minority." Also the employment of the anti-Semitic issue continues, although on page 32 of House Document No. 445 Shevchenko's early indignation against exploitation of whatever type is clearly pointed out. I request that, following this editorial, the unpublished reply by Dr. Dobriansky also be printed, along with a supporting Post report of March 7, 1961, on "Reds Decry Ukrainian's Statue Here":

[From the Washington (D.C.) Post, Nov. 1, 1963]

MONUMENT TO IGNORANCE

Objections of this newspaper to the proposed memorial to the Ukrainian poet, Shevchenko, have inspired a great many letters. The writers of these letters seem to have overlooked the real occasion for our opposition to the statue of Taras Shevchenko.

It is not just that Shevchenko said many anti-Semitic things that are an affront to the Jewish community of this country—in this he was a product of his time and shared the antipathies of his class and his region. Moreover, he did oppose Jewish persecution on one occasion. It is not just that the poet is the idol of Communist Party members who have caused the Soviet Union to flower with libraries, collective farms, plants, villages, and memorials to his name. It is not just that his very name is, by reason of his flaming nationalism, an affront to members of the Polish minority, which also is a very large one in this country.

These reasons, to be sure, make one wonder why gullible Senators and Representatives should have approved such a memorial, when all of the offended minorities are among their constituents. The larger reason, however, is simply that Shevchenko is neither a universal poet nor a national poet of this country entitled to recognition in the United States. It is inconceivable that a statue would be dedicated to him in Tel-Aviv or in Warsaw, for example. The only tenuous connection he has with American nationalism consists of a single overworked quotation voicing the wish that the Ukraine had a George Washington.

As a practical matter, during this period of thaw, a memorial to a favorite poet of the Communist world may be in the spirit of the times. If Khrushchev should visit us again, he could lay a wreath on this memorial. But the climate may change and it seems premature to consider a permanent memorial to detente.

Let us make it clear that we are not asking that any of the memorials to Shevchenko in the Soviet Union be torn down, or that his memory in any way be defiled. It just seems to us very doubtful wisdom to place in the midst of a city that knew him not, a memorial to a poet who knew nothing of this land and who spoke neither to its past nor its present generations. The Congress ought to reverse a decision that can be explained only on the grounds of ignorance.

NOVEMBER 4, 1963.

To the EDITOR OF THE WASHINGTON POST:

Regarding the forthcoming erection of the Shevchenko statue, it is obvious from the evidence at hand that a distinction must be drawn between the neurotic output of the editor—meaning Mr. Wiggins—and that produced by other writers of the Washington Post. The contrast is one of night and day, between fumbling falsities and approximate accuracy, between a base motivation and an attempt at honest objectivity.

Your November 1 editorial is genuinely a "Monument to Ignorance." In fact, all three editorials on the subject so far constitute a literary monument to ignorance. From an educational viewpoint, this series of monumental ignorance well justifies additional constructive projects in honor of Shevchenko on the 150th anniversary of his birth next year. The editorials will serve as prime evidence for the need of such educational endeavors.

Despite your calculated deletions of my October 19 letter, there was no oversight of the real occasion for your opposition to the statue. In your demonstrated ignorance you well described the occasion by the one consistent strand that infuses some intelligibility to the three editorials; namely, imagined "Ukrainian political pressure" and your ludicrous attempt to counter it by inciting a hoped-for Jewish and Polish antagonism against the statue project. Russian despots have long used this technique, but one would never have dreamed that an editor of a reputable American newspaper would sink to this level.

As a 4-week expert on Shevchenko you're really going from bad to worse. Like Shakespeare, Dickens, and numerous other expressionists, Shevchenko put into verse and prose what he sensed among the people at the time. Only a small measure of historical perspective, not to say honest intellectuality, is needed to understand this. Your brazen attempt now to associate the poet with whatever prejudices prevailed then among segments of the Ukrainian nation is not only morally despicable but also plainly insulting to the intelligence and stature of Americans of Polish and Jewish backgrounds. For your education you had better bone up on free world developments in close Polish-Ukrainian and Jewish-Ukrainian relations against despotic Russian domination and suppression. We Americans strongly support these relations and, contrary to your fables, Shevchenko by his own convictions did, too.

In your editorial of ignorance the height of garbled nonsense is reached when in the same paragraph, Shevchenko is painted as "the idol of Communist Party members" and also a flaming nationalist whose patriotic trait is supposed to be offensive to a "Polish minority" here. Again, for the beginning of your education on this, you might start with the report in the Washington Post issue of March 7, 1961, captioned "Reds Decry Ukrainian's Statue Here."

My previous letter pointed out the puerile contradictions between your first two editorials. Now your "Monument to Ignorance" contradicts "The Shevchenko Affair." In the latter, you stressed the "peculiar notion" of conceiving "the statue as a blunt weapon in a fierce cold war propaganda campaign against the Soviet Union." Now the reader is told the memorial conduces to a detente with Moscow, and Khrushchev "could lay a wreath" on it. Surely a greater respect could be shown toward your editorial readers. The joke circulating about town today is "What's the Post's latest view on Shevchenko?"

For one who only 4 weeks ago "never read a line of Mr. Shevchenko's verse" and, in this time, doubtless hasn't perused the dozen and more volumes of his works, you display an intellectual arrogance beyond cultured expression in your crude brushoff of Shevchenko as a universal poet or as not being uniquely related to our great American tradition. Once again, for the commencement of your education you might look into Clarance Manning's introductory work "Taras Shevchenko" and, after considerably more reading, perhaps in time you will come to understand Shevchenko's stature not only as a universal poet but also as a powerful East European spirit of freedom who was inspired in many ways by our own tradition. If you knew something about the harsh suppressions in the Russian Empire in mid-19th century, you wouldn't denigrate the poet's call for a Washington.

Clearly, among its many other purposes, the Shevchenko statue in the capital of both our Nation and the free world will serve as a beacon of enlightenment for the ignorant and uncultured among us. In the current struggle we could ill afford their presence, particularly where a public medium is abused to vent the ignorance of a supposed opinionmaker.

Our request for the names of the "scholars" who regard the poet as "minor" and the "grumbling" local planning officials, allegedly quoted in the Post's belated October 25 article, has not yet been satisfied. Again, let's not hide behind irresponsible words and opinions. Indeed, out of respect for our many informed legislators and officials supporting this project, are you liberal enough to open up your medium for an article by one of the Shevchenko scholars in our country?

LEV E. DOBRIANSKY.

[From the Washington (D.C.) Post, Mar. 7, 1961]

REDS DECRY UKRAINIAN'S STATUE HERE

The Soviet press has jumped with both feet into the campaign to limit the monumental statuary of Washington.

Translations of Moscow and Kiev publications received here show that they have devoted major articles to oppose plans of the Ukrainian Congress Committee of America to erect a monument to Taras Shevchenko, Ukrainian poet and national hero.

A principal target is Lev E. Dobriansky, professor of Soviet economy at Georgetown University, who was described in one article as being one of the "political intriguers and criminal renegades" backing the statue.

Dobriansky was one of the main backers of legislation last year authorizing the monument. He predicted at the time that the Russians would try to "claim this historic figure as one of theirs," and said that the poet actually belongs to the Western tradition of freedom.

The Moscow publication, Soviet Culture, contended that Shevchenko would not be popular in the United States, because in one of his writings he "favorably mentioned George Washington, who is not now at all popular in the well-known [House] Committee on Un-American Activities."

Mr. Speaker, after reading of this controversy it is necessary for us to view this vitally important project with candor, balance, and perspective. Two among many presentations excellently provide the necessary view. I refer to Robert J. Lewis' article on "The Status of a Statue" which appears in the November 10 issue of the Sunday Star and the address on "Human Destiny" delivered by the Honorable **Michael A. Feighan** on the day of the Schevchenko ground-breaking ceremonies, September 21. I include both the article and address at this point:

[From the Washington (D.C.) Star, Nov. 10, 1963]

THE STATUS OF A STATUE

(By Robert J. Lewis)

On March 25, 1961, President Kennedy sent a telegraphic message to the Shevchenko Scientific Society in New York, as follows:

"I am pleased to add my voice to those honoring the great Ukrainian poet, Taras Shevchenko.

"We honor him for his rich contribution to the culture not only of the Ukraine, which he loved so well and described so eloquently, but of the world.

"His work is a noble part of our historical heritage."

The object of this presidential praise was a Ukrainian nationalist hero who was born a serf on February 25, 1814, and who died 47 years later, on February 26, 1861, as a much-respected poet and symbol of Ukrainian patriotism and aspirations for freedom from Russian domination.

The Shevchenko symbolism has continued to inspire the Ukrainian people down to the present day.

His name also has become a weapon in the cold war on both sides of the Iron Curtain. Both the Soviet Union and nationalist Ukrainians claim him as their own because his life and work were so valuable in their symbolism and so exemplary in their dedication to freedom.

It is for a statue of this man that Congress authorized the use of public grounds in Washington, in a resolution passed by both Houses and approved September 13, 1960, by President Eisenhower.

The obvious and proper objective of honoring this man as a symbol of the hope for freedom was to demonstrate, once again, to the world and to the Ukrainian people, that the cause of liberty is one which this country can always be depended on to champion.

In the congressional resolution approved 3 years ago, the Secretary of the Interior was authorized and directed to select an appropriate site upon which to erect" the Shevchenko statue.

Acting in accordance with these directions, Secretary Udall had his representatives go before the National Capital Planning Commission on October 25, 1962, with site recommendations.

At that session, the Planning Commission voted to defer action, but on December 6, it approved a small triangular site at 22d, 23d and P Streets NW. as the spot for the statue.

On April 4 this year, the Planning Commission approved the site plan and design for the small landscaped park and Shevchenko statue. The Fine Arts Commission likewise approved the program.

On September 22, 1963, the 14,000-square-foot plot was dedicated to the memory of Taras Shevchenko—102 years after his death. More than 2,000 persons attended the ceremonies.

Last week—to complete the record—a motion was made in the National Capital Planning Commission that approval of the site be rescinded so that a statue cannot be erected to Taras Shevchenko.

Whatever the merits of the reasons for this action—which failed but which may bob up again—the effect would be negation of the will of Congress by an agency which does not have the right to do so.

Withdrawing a site at this late date also could constitute an affront to many Ukrainian-Americans and others who have raised nearly $250,000 to pay for this memorial.

Frustrating this effort also could well have cold-war consequences, since killing the memorial doubtless would be seized on by Soviet propagandists as evidence the U.S. Congress was not sincere in its desire to honor a freedom-loving Ukrainian.

A sense of perspective and understanding would seem to dictate the proper course. If such a course is followed, Washington will be graced by a memorial to a significant figure in the continuing battle for liberty. It will also have cause to rejoice that human brotherhood and understanding once again have affirmed the cause of freedom.

HUMAN DESTINY

(Address of Hon. Michael A. Feighan, U.S. Representative, 20th Ohio District)

The curtain was lifted today on an epic chapter in the great book of human freedom which for too long has remained closed to the Western mind.

That is the real meaning of the dedication ceremonies which took place today in connection with the memorial to Taras Shevchenko, soon to take its rightful place among the monuments to freedom which grace our Nation's Capital.

For Taras Shevchenko was a unique champion of full freedom for all men and independence for all nations, just as he was an avowed enemy of tyranny, despotism, and imperialism.

Shevchenko stands among that small but select group of gifted men whose toils and sacrifices over a lifetime have won them a lasting place of honor in the annals of their native lands.

He shared as well as sensed the sufferings of his countrymen under the oppressive yoke of Russian imperialism.

He sensed as well as shared with moving convictions the aspirations of his countrymen for a life of freedom and human dignity.

He was able to see beyond the travail of his own people and the despotism of their oppressors and thereby to understand the spirit of the new hope which had been lighted up across the seas by George Washington.

With gifted pen he recorded all these things and communicated them to his people in a style which won for him the enduring role of poet laureate of Ukraine.

A century has passed since the death of Shevchenko.

But the message of his literary works burns more brightly today in the hearts of his countrymen.

The reasons for this are all too obvious. Ukraine remains a victim of Russian imperialism and her people now suffer the tyranny and exploitation of the Red czars.

During the century since the death of Shevchenko much has happened and much has changed in the affairs of men and of nations.

The autocratic czars, who felt the literary barbs of Shevchenko and who put him to exile and prison for his efforts, have met the fate he predicted for them.

The empire over which the hated czars ruled crashed and was broken in 1917 and 1918 by the power of the national independence movements, unleashed by the circumstances of World War I.

Ukraine won its national independence, as did more than a score of other non-Russian nations long submerged by an evil concert of empires.

Petrograd, the seat of despotic Russian power, temporarily rid itself of a corrupt aristocracy when the chains of its historic imperialism were broken.

The world, so it then appeared, was on the threshold of a new era of peace in which freedom and the independence of nations long submerged was assured.

This illusion of peace was short lived. The vacuum of imperial power in Petrograd was soon filled by a new batch of despots, who sailed under a red banner and called themselves revolutionary Marxists.

They were not long at the task of fixing their dictatorial power over the Russian nation—who Shevchenko called the Moskals.

These so-called social revolutionaries were unable to reform or contain the chauvinism or the imperial spirit of the Moskals.

But they did manage to change the name of the Russian nation from Muscovy to that of Russian Federated Soviet Socialist Republic and to make Moscow the permanent seat of imperial power.

Wars of subversion and aggression were soon launched by the Red Moskals against all the newly independent non-Russian nations—in an effort to reconstruct the Russian empire.

By 1923 the Red Moskals had destroyed the national independence of Ukraine, along with that of Byelorussia, Georgia, Armenia, Azerbaijan, Turkestan, Cossackia, Idel-Ural, and the Republic of Siberia.

But the theories of Marxism were embarrassed by the dominance over the practice of those theories exercised by historic Russian imperialism.

So the Russians solved this embarrassment in 1924 by announcing the establishment of the Union of Soviet Socialist Republics.

The formerly independent nations recolonized by the Red Moskals were labeled "Union Republics."

This served and continues to serve as a propaganda cover for the reconstructed empire of the Russian czars.

Lenin, the oracle of Russian Marxism, recognized before he died that the theories of Marx and Engles had become the victim of Russian despotism and imperialism. He made this deathbed prophesy in 1923: "There can be no doubt that the insignificant percentage of Soviet and sovietized workers will drown in the great Russian sea of chauvinist riffraff like a fly in milk."

The 40 years since his death have proved Lenin's prophesy to be correct.

World War II restored by force of arms the former imperial Russian colonies of Estonia, Latvia, and Lithuania to the U.S.S.R. and added a new crop of Russian colonies, called peoples republics or socialist republics.

While the new crop of colonies were not forcibly incorporated into the U.S.S.R., the spirit and national life of these colonies are imprisoned by imperial Russia.

It is proper, therefore, to observe that while much has changed in the affairs of men and of nations during the century since the death of Shevchenko, Russia, the Russians, and their empire have not changed in substance.

They are little different today than they were in the days of Shevchenko. Some alterations in form and tactics have been forced upon the Russians by the pressures of time and change, but the rock bed substance of Russian national life and purpose remains as imperialist and chauvinist.

Nevertheless, I am convinced time and the unchangeable aspirations of the common man in the captive, non-Russian nations will yet make Shevchenko, a prophet among his people.

The signs are many that imperial Russia will soon again be forced to meet powerful currents of change within and without her empire.

If we look calmly and objectively at the roots of the dispute between Moscow and Peiping we will discover that alleged disagreements over Marxist theory are nothing but a camouflage for the real issue.

The real issue is Chinese nationalism versus Russian chauvinism within the ranks of the international conspiracy.

Peiping is openly charging Moscow with "great power chauvinism" by which they mean Russian chauvinism and imperialism.

In reply the Russians are charging Peiping with inciting "racism" by which they mean nationalism.

Moreover, it is an old Russian trick to brand anyone who exposes Russian superrace practices as a "racist."

But Peiping is as accurate today in its charges on Russian chauvinism and imperialism as Lenin was 40 years ago in his deathbed prophecy on this issue.

This struggle within the international conspiracy between Chinese nationalism and Russian imperialism has its geopolitical counterpart in the central east European area of the Russian Empire.

The captive non-Russian nations throughout that vast area are under siege of the spirit of nationalism, that is, the spirit of national independence.

None of them are able, on their own, to regain their national independence. That was the prime lesson learned from the Hungarian freedom revolution of 1956.

A symphony of revolutionary actions by all of the captive nations would, however, bring down the Russian Empire into a state of total collapse.

That was the second or afterthought lesson of the Hungarian freedom revolution.

It is certain that the pressures of Chinese nationalism in the Far East have added encouragement and strength to the forces of nationalism in the captive European nations.

Some of the Communist regimes in the captive European nations recognize this reality of life and are beginning to respond to these pressures by trying to shake off their assigned role of subservient tools of Moscow.

While it must be recognized that those regimes are thus taking out life insurance against the coming political storm. This must not distract from an objective evaluation of the growing power of nationalism in those countries.

Desperation politics makes for strange bedfellows, particularly when a well identified common enemy is involved.

Should Peiping decide on action to recover ancient Chinese territory annexed by the Russian czars in the past, this would confront the Russians with an insolvable problem.

If Moscow moves its elite guard Russian troops to the Far East in the numbers required to meet the Red Chinese threat, this would present the captive European part of their empire with an open invitation to a symphony of revolts.

Moscow does not have enough dependable military force at its command to meet this double-barreled geopolitical challenge.

It has often been said that 90 million Russians cannot long hold control over their vast Eurasian Empire—stretching from the Baltic Sea to the Pacific Ocean.

The proof of that observation is now in the making.

These facts urge in the strongest possible language that the United States stay out of the dispute between Peiping and Moscow.

If they—the Russians and the Red Chinese—want to bury each other that is their business and certainly not ours.

If Peiping seeks to recover Chinese territories from Imperial Russia, that is none of our business.

If Peiping seeks allies among the Communist regimes of central-east Europe in an effort to break up the Russian superrace practices within the international conspiracy—that is likewise none of our business.

The Communist Dictator Tito has finally pried his entry into the United States and will soon be, I regret to say, an unofficial guest of our Government.

There is well-founded feeling that the real purpose of Tito's mission is to convince our President that the United States should side with the Russians in their growing conflict with the Red Chinese.

Tito will advocate a nonaggression pact between NATO and the Warsaw Pact nations in order to free Russian imperial hands to meet problems of the empire in the Far East.

And, incidentally, he will be looking for another handout for himself.

A Russian propaganda campaign has been underway in the United States and in much of the free world based upon a so-called yellow peril.

The objective of that propaganda is to spread fear that a new Genghis Khan has arisen in the East and that soon his hordes will be sweeping the entire world.

It is all too obvious the Russians expect to generate sufficient false fears in the West to make their proposed nonaggression pact an easy choice between two evils.

We must never forget that it is the Russians who are the full inheritors of the despotic system of Genghis Khan and that they have preserved that heritage intact for 500 years.

The Chinese people were the victims of Genghis Khan—their ancient and advanced civilization was a prize coveted by all the khans who ruled from Ulan Bator.

Moreover, the Chinese people sought for centuries to live at peace with their neighbors, but after Russian ideology gained a beachhead in Peiping, the Chinese engaged in organized aggression.

Hence, the only meaningful nonaggression pacts possible in this situation are pacts between the Red Moskals and the people of every captive nation within the Russian empire.

These pacts should be exchanged for the freedom and national independence of each and all of those captive nations.

Such pacts with Moscow could be entered into only by free and independent governments empowered to guarantee that their people would not attack the Russians if they became engaged in a conflict with the Red Chinese.

Those are the only kind of nonaggression pacts the United States should take an interest in—and no others.

Those are the only kind of nonaggression pacts that can further the cause of peace worthy of the name.

That is the only kind of peaceful coexistence the United States should be advocating and supporting throughout the world.

The poet patriot whom we honor here tonight raised this question in one of his most famous poems: "When will we receive our Washington, with a new and righteous law."

That question remains unanswered for over 40 million Ukrainians who now inhabit the land of Shevchenko.

But hundreds of millions of other non-Russian people behind the Iron Curtain would welcome an answer to that burning question.

Our world is sick of tyranny and human slavery.

The nature of man deserves a destiny which accords to all the fullness of freedom and human dignity, without which mankind will soon cease to exist.

Fulfillment of that destiny must become and remain the goal of all civilized men.

Mr. Speaker, the Achilles heel of the Soviet Union and its Communist empire is the nationalism that is still maintained by the captive peoples. This is true in the Ukraine and in other parts of the Soviet Union, in which they are held in similar captivity, and in the satellite nations of Eastern Europe.

As an American of Polish extraction, I am aware of the historic clashes that have marred Polish-Ukrainian relations, but have noted the consistent erosion of tensions between Polish and Ukrainian groups. They recognize that although differences have separated them in the past and might still exist, they are far overshadowed by the common enemy of their people—communism. This same principle holds true for other historic tensions where the common good—the restoration of freedom in the face of Communist tyranny—overshadows points of conflict that are minor in comparison.

The Ukraine represents the largest single anti-Communist nationalistic force within the present boundaries of the Soviet Union, and congressional support of the monument to Shevchenko represents a psychopolitical blow against the Soviet Union and its insidious propaganda operation.

It is my hope that the editors of the Washington Post will carefully reappraise the situation, take into account the completely involved issue, and give support to congressional action authorizing the Shevchenko statue.

UNEMPLOYMENT IN EASTERN KENTUCKY

The SPEAKER. Under previous order of the House, the gentleman from Kentucky [Mr. PERKINS] is recognized for 30 minutes.

Mr. PERKINS. Mr. Speaker, I would like today to report to my colleagues on the status of conditions in eastern Kentucky and specifically the Seventh Congressional District which I am privileged to represent.

From time to time in considering specific legislation which I have advocated or sponsored, I have called my colleagues' attention to the grave economic plight of many eastern Kentucky counties which have suffered high unemployment rates ranging from 10 percent to as high as 50 percent for 10 or more years. I bring these matters to the attention of the U.S. House of Representatives at this time because I have gotten the impression from some Members that there is a belief that the Area Redevelopment Act and the accelerated public works program are the complete and sole solution to unemployment problems in the Nation. While these programs have been of great value to many of the communities in my district, it must be kept in mind that eastern Kentucky and other portions of the Appalachian Mountain region in the words of the President are "one of the most severely distressed areas of the Nation." Breathitt County, Ky., for example, in 1961 had an unemployment rate of 44.9 percent.

Most of my colleagues are familiar with the serious problem of an unemployment rate of 6 percent, but it is difficult to imagine or convey in words the despondency and the great human need that is found in an area where half of the work force is unemployed. I might observe at this point that no finer citizens can be found in the United States than those in Breathitt and the other counties in my district. In World War I not a single man had to be drafted from Breathitt County because the volunteers more than adequately filled all quotas. These are proud, intelligent, and resourceful people who would scorn relief for hard work if it had been or were in sight, but the effect of long-sustained and extremely high unemployment is a dreadful social malady which can undermine all of the activities of a community. It reduces, and virtually eliminates in many instances, the ability of local governments to finance the repair or the maintenance of schools, roads, streets, sewers, and water systems—much less construct new ones.

Many of these communities now lack basic community facilities, lack modern streets and roads, public buildings, parks, recreational facilities, and flood control. Under these circumstances the development of local industry or the attraction of expanding newly developed industry is a hopeless cause.

Federally aided public works programs—for example, Federal Aid to Highways Act, Water Pollution Control Act, impacted areas legislation—worthy as these programs are, do not fully reach these communities. Because of the criteria for Federal assistance under these programs roads, sewage treatment facilities, and schools are built where the traffic is the heaviest—where the wealth is the greatest, thus generating more traffic and accentuating the disparity of the underdeveloped areas. Flood control projects are a good example of this.

Under criteria employed by the Corps of Engineers, dams and reservoirs are constructed where there are the greatest concentrations of development and wealth. In the Appalachian region, by the nature of the formula employed by the Corps of Engineers, economic cost ratios are going to be lower than elsewhere—depriving this region of essential flood protection. For the first time in many years, I am pleased to say we are making headway on flood control and water resource development for eastern Kentucky although much remains to be done. Surveys now in progress on the Big Sandy River, the Kentucky River, and the Licking River Basins will pave the way for additional flood control projects and reservoirs which are essential to the sound economic development of the communities involved. At the present time we have under construction in the upper Big Sandy River, the North Fork of Pound Reservoir, the John Flanagan, and the Fishtrap Reservoir. The completion of these reservoirs will enable people in Pike County and other Big Sandy communities to plan and develop economic enterprises and make investments in the area that were not possible under the constant threat of floods.

In this connection the Corps of Engineers has scheduled a public hearing in Pike County for November 22 as a final step in the preparation of its flood control report on the Big Sandy. The corps will invite discussion on proposals to construct other Big Sandy reservoirs. For example, Yatesville, in Lawrence County, the Paint Creek Reservoir in Johnson County, and Haysi on the Russell Fork in southwest Virginia. I am hopeful that the Corps of Engineers will find favorable economic cost-benefits ratios on all of these reservoirs as well as endorse local flood control protection projects for Rockcastle Creek in Martin County, Ky., on the Tug Fork, South Williamson in Pike County to protect the UMWA Hospital, on Pond Creek also in Pike County, on the Right Fork of Beaver Creek above Martin in Floyd County, on Beaver Creek both above and below Martin in Floyd County, a local flood control project for Meta on Johns Creek in Pike County.

These are but a few of the local flood-control projects and reservoirs under consideration by the corps which are essential to the future economic growth and prosperity of the Big Sandy area. I am hopeful that we will be able to persuade the Corps of Engineers to develop other local flood-control projects in the Big Sandy Basin. For example, they should deepen and widen Blackberry Creek in Pike County and construct upstream reservoirs above Williamson on the Tug Fork.

A similar situation is developing in the upper Licking River where the corps has under study flood protection for the community of Salyersville and where the Cave Run Reservoir is in the advanced stages of preconstruction planning.

Looking at the Kentucky River Basin, it is essential that the Carrs Fork Reservoir be constructed at the earliest possible date. Planning funds now in the President's budget assure progress toward this target. Additional flood protection for the community of Hazard, Ky., seems to require an additional reservoir above Hazard which the corps has under study as well as the Walkers Creek Reservoir which is extremely important to the communities of Beattyville and Jackson. The Grayson Reservoir obtains a construction start for this fiscal year. This reservoir is extremely important to the entire Carter-Greenup-Elliott County area of eastern Kentucky and in connection with this project as well as soil and water conservation and natural resources development a great tribute should be given to the distinguished Representative from Ohio, the Honorable MIKE KIRWAN, who has fought long and hard for the preservation of our Nation's natural resources and the construction of water resources development projects which will be of lasting benefit to our country.

As I have said, existing programs have been of assistance—the accelerated public works program, the Area Redevelopment Act, the food stamp plan, the regular Federal aid highway program, including the construction of Interstate Highway 64, the Water Pollution Control Act, the Public Housing Act, the urban renewal program, and other Federal programs. One program which could be of tremendous value in eastern Kentucky which has been tried out in numerous States as a result of enabling amendments to the Social Security Act of 1962, is the program to aid families with dependent children in the case of children of unemployed parents. This legislation permits the development of community work and training programs enabling the parent who is unemployed to receive wages from work on projects designed to upgrade his old skills or furnish him with new ones. For example, under this program of work relief, a forestry project could be initiated, a project to build rural roads or pave a highway, clean up our streams that are now polluted, widen and deepen stream banks to protect communities from flooding, flood control works, public buildings, and projects of this type. Such wages could be matched as assistance payments are matched under the standards set by the State agency. The implementation of this program in eastern Kentucky will require legislation by the State.

The Federal aid highway program and the Area Redevelopment Act have made a substantial contribution to the financing of eastern Kentucky Mountain Parkway, a modern superhighway, initiated by Governor Combs, which is an example of the type of access road construction necessary for the proper development of eastern Kentucky. In addition to the Mountain Parkway development, highways are desperately needed to connect the upper Big Sandy and Kentucky River communities with the Ashland-Greenup-Huntington-Ironton industrial complex. Additional modern east-west and north-south routes are essential for the region. There is an immediate need for the completion of the 70-mile stretch of I–64 a point 10 miles west of Ashland to just east of Mount Sterling, the completion of which will furnish eastern Kentucky with an interstate connection to Louisville, Ky., on the west, and Charleston, W. Va., on the east. The Grayson Reservoir construction, due to start within the year, requires the relocation of several miles of S–7 and this would be an ideal time to build a modern highway connecting the Mountain Parkway from a point between Campton and Salyersville through West Liberty and Sandy Hook to I–64, between Grayson and Carter Caves with an eventual extension on to U.S. 23 along the Ohio River. In addition U.S. 119 in Kentucky and West Virginia, U.S. 23, and U.S. 460 in Kentucky, Ky. 80, and other feeder roads should be brought up to modern standards.

Both in connection with flood control, highway construction, and public works construction—a massive national program is essential for eastern Kentucky and the Appalachian region—a program that does not depend upon economic benefit-cost ratios for the construction of needed public works—a program which recognizes the inability of the local government to finance roads and other public works and permits 100-percent Federal cost participation—a program which is concentrated in a short period of time so as to make flood control and good access over modern highways a reality in the immediate future.

I am very hopeful that we will be able to get the administration's Appalachian legislative program through the Congress during this coming year. In the meantime this Congress should approve the request of President Kennedy to appropriate the remaining $45 million under the Accelerated Public Works Act already authorized. Likewise, I am hopeful that the Congress will again extend the accelerated public works program for another year in order that we may construct modern highways in eastern Kentucky, sanitation projects, water systems, public buildings, and other needed public works which will be of immediate assistance to the whole of eastern Kentucky as well as the remainder of the Nation that have this unfortunate unemployment rate.

TERMINATION OF AID TO THE UNITED ARAB REPUBLIC

The **SPEAKER**. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 10 minutes.

Mr. HALPERN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER**. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HALPERN. Mr. Speaker, I know that Members of this House and the Senate will be surprised to hear that they are actually Israel agents who have sold their names, country, and fame to the devil because they supported provisions in the foreign assistance bill to terminate aid to the United Arab Republic. That is the allegation made against Members of Congress by the Government radio service of the United Arab Republic.

The Cairo Domestic Service, broadcasting on transmission facilities which the American taxpayer helped provide, speaks of Members of Congress and says that "dishonest personal interests alone are the main incentive for their behavior and tricks."

The Egyptian Government, speaking with the authority of President Nasser, said that Senators who voted last week for the amendment on Egyptian aid were paid "agents" whose voices and votes were bought by some international Zionist conspiracy.

If there had been any doubt in my mind of the reckless totalitarianism and wild irresponsibility of the Nasser regime, the broadcasts by Cairo resolve any question. I am including them in the CONGRESSIONAL RECORD for the guidance of Members.

Mr. Speaker, it is unnecessary for us to attempt to answer this calumny from Cairo. The reasons why we must sever aid to the United Arab Republic speak for themselves. We should cut off all aid and keep it cut off until the Egyptians stop diverting their own resources for purchase of Soviet arms, until they abide with the United Nations agreement to withdraw their aggressive forces from Yemen, until they cease their preparations for aggression against Israel including the hiring of German ex-Nazis to build rockets, and until they cease such new aggression as intervention of the last few days on the Algerian side in the fighting against Morocco.

The American people must not and I hope will not subsidize such threats to peace by the United Arab Republic. I call upon the President of the United States to implement the provisions of the Foreign Aid Act and cut off all aid to the United Arab Republic. It would be absurd and against our national security interest to give Nasser another dime.

U.S. FOREIGN AID

The press review broadcast by Cairo Domestic Service in Arabic, 0600 G.m.t., November 11, 1963, carried three articles denouncing the U.S. Senate restrictions on foreign aid. Al-Jumhuriyah deals with what it calls the Zionist inclinations of certain Senators and politicians who are always ready to betray America for the sake of Israel, and asserts that these inclinations harm America more than any other country.

Writing on the same subject, Al-Jumhuriyah Editor Nasir ad-Din an-Nashashibi said that if America believes that peoples' dignity and freedom can be sold and bought according to their need for aid and loans and that if the United States views itself as the only rich and great country in the world and as a result believes that all other countries are subject to its whims, then let it pursue the "mad policy formulated by a number of U.S. Senators who have sold their names, country, and fame to the devil."

CAIRO SUSPECTS MOTIVE OF U.S. SENATORS

(Samir Karam commentary)

The U.S. Senate has issued a decision banning U.S. aid to any state which carries out or prepares any military operations against the United States or any state receiving U.S. aid. In this form, the decision is susceptible to debate, scrutiny, and refutation.

However, it is more liable to questions because it has been accompanied by statements from some U.S. Senators and newspapers indicating that it is directed against the United Arab Republic. Naturally, it is understood that what this means is the United Arab Republic attitude toward Israel, the archenemy of our nationalism.

* * * * *

Certainly, none of the U.S. Senators who drafted this decision or supported it can find a logical reply to any of these questions. Nor do we doubt that those who led the campaign of defending Israel and attacking the United Arab Republic inside the U.S. Senate are agents whose voices were bought by the influence of Zionist funds in the United States. This same influence had earlier bought the votes which enabled them to enter the U.S. Senate. The group of Senators who disregard their country's international interests and the legitimate right of an entire people to work for the restoration of their land and for international understanding among the peoples of the various areas—this group cannot have any principles. Dishonest personal interests alone are the main incentive for their behavior and tricks.

The Israeli agents—members of the U.S. Senate—have forgotten that their plotting against the Arab national issues and interests cannot change the Arab national aims, foremost of which is the wresting of the Palestinians' right and the destruction of Israel.

SOVIET ANTI-SEMITISM

The **SPEAKER** pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 5 minutes.

Mr. HALPERN. Mr. Speaker, a delegation described by the Soviet Embassy here as "the most representative delegation of public figures in the history of Soviet-American relations" has arrived in Washington. One of these so-called representative public figures is Aron Vergelis, who has seen sent by the Kremlin to try to obscure the truth about the mounting crescendo of Soviet anti-Semitism.

Aware that this Congress and the American people are concerned about Soviet harassment of the Russian Jewish population, the Soviet authorities have sent their operative, Vergelis who calls himself a Jewish poet and who is the puppet who edits the Soviet Union's only Yiddish-language magazine, Sovetish Heimland, a blatant propaganda instrument which operates against true Jewish interests.

Mr. Speaker, this Nation should know the hypocrisy of Vergelis' depiction of himself as a Jewish literary personage concerned about the fate of Jewry when he is actually a Communist Party hack assigned to cover up by propaganda smokescreen the rising tide of Soviet anti-Semitism. He is a disgrace to the faith of his fathers and I hope he deceives no one.

Another member of the group, Boris Polevoy, a writer of Jewish birth, has betrayed his own people by flagrantly misrepresenting the truth about the persecution of those Russian Jewish writers and artists who suffered for their devotion to Judaism and freedom.

I might add, Mr. Speaker, that responsible observers have found elements of suspicion in the role of Vergelis in the Soviet persecution and even liquidation of Jewish writers and artists.

Mr. Speaker, I favor cultural exchanges but I feel that the "exchange" should be real and authentic. A distinguished American professor of political science, Dr. Frederick Barghoorn, of Yale University, has been thrown incommunicado into a Soviet jail. I agree with the President and the State Department that we should cancel new cultural exchange negotiations. I also feel the State Department is correct in asking American institutions to refuse a forum to such frauds at Vergelis. I am glad to see that Georgetown University has today canceled his apparance on its campus and I hope this gesture will impress on the Soviet Union the desire of the American public for decency by the Soviet Government—whether in its treatment of our professors or its own citizens of Jewish faith.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ST GERMAIN (at the request of Mr. ALBERT), for today, on account of personal business (birth).

Mr. KARTH (at the request of Mr. WAGGONNER), for today, on account of official business (Science and Astronautics Committee).

Mr. WEAVER (at the request of Mr. WAGGONNER), for today, on account of official business (Science and Astronautics Committee).

Mr. Gibbons for Monday, November 18, on account of business in district.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Finnegan, for 60 minutes, on Monday, November 18.

Mr. Dent, for 30 minutes, on Monday, November 18.

Mr. Perkins, for 30 minutes, today.

Mr. Halpern (at the request of Mr. MacGregor), for 10 minutes, and to revise and extend his remarks and include extraneous matter.

Mr. Halpern, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mrs. Sullivan and to include extraneous matter while in Committee of the Whole on H.R. 8864.

Mrs. Sullivan and to include extraneous matter.

Mr. Curtis to include extraneous matter in his remarks on H.R. 8864.

Mr. Alger to include extraneous matter in his remarks on H.R. 8864.

Mr. Mills the remarks he made in Committee today and to include tables and extraneous matter.

(The following Members (at the request of Mr. MacGregor) and to include extraneous matter:)

Mr. Findley.

Mr. Martin of Nebraska.

Mrs. Dwyer in two instances.

Mr. Ashbrook.

(The following Members (at the request of Mr. Gibbons) and to include extraneous matter:)

Mr. Murphy of New York.

Mr. Rogers of Florida.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on November 13, 1963, present to the President, for his approval, bills of the House of the following titles:

H.R. 2073. An act to authorize the Secretary of the Interior to convey certain submerged lands to the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 3488. An act to provide for the striking of medals in commemoration of the 150th anniversary of the statehood of the State of Indiana;

H.R. 5244. An act to modify the project on the Mississippi River at Muscatine, Iowa, to permit the use of certain property for public park purposes; and

H.R. 7193. An act to provide for the striking of medals in commemoration of the 50th anniversary of the founding of the first union health center in the United States by the International Ladies' Garment Workers' Union.

ADJOURNMENT

Mr. GIBBONS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 32 minutes p.m.), under its previous order, the House adjourned until Monday, November 18, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1366. A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1964 in the amount of $45 million for public works acceleration (H. Doc. No. 173); to the Committee on Appropriations and ordered to be printed.

1367. A letter from the Acting Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the National Aeronautics and Space Administration Authorization Act for the fiscal year 1963 (76 Stat. 382, 383); to the Committee on Science and Astronautics.

1368. A letter from the Deputy Assistant Secretary of Defense, transmitting the report of Federal contributions program-equipment and facilities for the quarter ending September 30, 1963, pursuant to the Federal Civil Defense Act of 1950, as amended; to the Committee on Armed Services.

1369. A letter from the Comptroller General of the United States, transmitting a report on unnecessary costs incurred by leasing, rather than purchasing, electronic data processing equipment at White Sands Missile Range, N. Mex., by the Department of the Army; to the Committee on Government Operations.

1370. A letter from the Secretary of Commerce, relative to providing war risk insurance and certain marine and liability insurance for the American public, and upon request for any department or agency of the United States for the period as of September 30, 1963, pursuant to the Merchant Marine Act of 1936, as amended; to the Committee on Merchant Marine and Fisheries.

1371. A letter from the Chairman, Federal Maritime Commission, transmitting a draft of a proposed bill entitled "A bill to amend the provisions of section 15 of the Shipping Act, 1916, to provide for the exemption of certain terminal leases from penalties"; to the Committee on Merchant Marine and Fisheries.

1372. A letter from the Secretary of the Army, transmitting an unfavorable report dated September 4, 1963, from the Chief of Engineers, Department of the Army, together with accompanying papers and an illustration, on a letter report on the Bon Secour River, Ala., pursuant to section 107 of the 1960 River and Harbor Act; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ASPINALL: Committee on Interior and Insular Affairs. H.R. 3846. A bill to establish a land and water conservation fund to assist the States and Federal agencies in meeting present and future outdoor recreation demands and needs of the American people, and for other purposes; with amendment (Rept. No. 900). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHEPPARD: Committee on Appropriations. H.R. 9139. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1964, and for other purposes; without amendment (Rept. No. 901). Referred to the Committee of Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAKER:

H.R. 9120. A bill to amend Title I—Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962, to correct certain inequities in the classification and duty provided for certain aluminum products and television picture tubes; to the Committee on Ways and Means.

By Mr. BONNER:

H.R. 9121. A bill to require the inspection of certain towing vessels; to the Committee on Merchant Marine and Fisheries.

H.R. 9122. A bill to authorize the transfer of certain Canal Zone prisoners to the custody of the Attorney General; to the Committee on Merchant Marine and Fisheries.

By Mr. CLEVELAND:

H.R. 9123. A bill to amend the Internal Revenue Code of 1954 to provide a 20-percent credit against the individual income tax for certain educational expenses incurred at a institution of higher education; to the Committee on Ways and Means.

By Mr. HÉBERT:

H.R. 9124. A bill to amend title 10, United States Code, to vitalize the Reserve Officers' Training Corps programs of the Army, Navy, and Air Force, and for other purposes; to the Committee on Armed Services.

By Mr. JENNINGS:

H.R. 9125. A bill to amend Title I—Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962, to correct certain inequities in the classification and duty provided for certain aluminum products and television picture tubes; to the Committee on Ways and Means.

By Mr. ROGERS of Florida:

H.R. 9126. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted each year without deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. ST. ONGE:

H.R. 9127. A bill to amend the Federal Water Pollution Control Act, as amended, to establish the Federal Water Pollution Control Administration, to provide grants for research and development, to increase grants for construction of municipal sewage treatment works, to authorize the issuance of regulations to aid in preventing, controlling, and abating pollution of interstate waters, and for other purposes; to the Committee on Public Works.

By Mr. SCHWEIKER:

H.R. 9128. A bill to provide an elected mayor, city council, and nonvoting Delegate to the House of Representatives for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. STAEBLER:

H.R. 9129. A bill to establish a Great Lakes Resource Development Commission to promote the development of the regions contiguous to the Great Lakes in the States bordering on the Great Lakes; to the Committee on Public Works.

By Mrs. SULLIVAN:

H.R. 9130. A bill to require the inspection of certain towing vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. TALCOTT:

H.R. 9131. A bill to amend title 38 of the United States Code with respect to the basis on which certain dependency and indemnity compensation will be computed; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (by request):

H.R. 9132. A bill to amend section 107 of title 38, United States Code, to provide that the benefits authorized therein shall be at a rate in pesos as is equivalent to $0.50 for each dollar authorized, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ASPINALL:

H.R. 9133. A bill to authorize the disposition of certain property at Hot Springs National Park, in the State of Arkansas, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. STRATTON:

H.R. 9134. A bill to amend the Agricultural Marketing Agreement Act of 1937 with respect to the procedure for amending orders; to the Committee on Agriculture.

By Mr. SHEPPARD:

H.R. 9139. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1964, and for other purposes.

By Mr. CHAMBERLAIN:

H.J. Res. 802. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. ROONEY of Pennsylvania:

H.J. Res. 803. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. KUNKEL:

H. Con. Res. 237. Concurrent resolution providing for the printing of additional copies of certain opinions of the Supreme Court of the United States in cases involving the offering of prayers and reading from the Bible in public schools; to the Committee on House Administration.

By Mr. BUCKLEY:

H. Res. 566. Resolution to provide for the further expenses of the studies, investigations, and inquiries authorized by House Resolution 56; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 9135. A bill for the relief of Salvatore LoIacono; to the Committee on the Judiciary.

By Mr. HOLLAND:

H.R. 9136. A bill for the relief of Maria Giurlani; to the Committee on the Judiciary.

By Mr. MORGAN:

H.R. 9137. A bill for the relief of Carina Barthow; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 9138. A bill for the relief of Gerardo Rubino; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were land on the Clerk's desk and referred as follows:

451. By the SPEAKER: Petition of Rev. Forrest L. Knapp, general secretary, Massachusetts Council of Churches, Boston, Mass., relative to expressing opposition to legislation making public funds available, whether by grants or loans, to sectarian institutions for the construction of facilities, and supporting, in any event, the substance of the Ervin amendment; to the Committee on Education and Labor.

452. Also, petition of Henry Stoner, General Delivery, Worland, Wyo., requesting that a set of books or volumes be printed showing all laws of the United States now in force; to the Committee on the Judiciary.

SENATE

THURSDAY, NOVEMBER 14, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

Rev. C. Hoke Sewell, D.D., pastor, First Methodist Church, College Park, Ga., offered the following prayer:

Eternal God, our gracious Heavenly Father, we thank Thee for this land of ours. We thank Thee for the opportunities it offers us and for the hope it holds up to the entire world. We recognize that we need Thy help. We turn our minds and hearts unto Thee for strength for this day. We are trusting Thee for guidance. Our responsibilities make it necessary that we be strong. We ask that the Holy Spirit help us provide leadership, that we may serve Thee and our fellow men to the very best of our knowledge and ability. May Thy spirit help us to act wisely. Help us, O God, that we may always do what is right. May our actions be in the best interests of all who depend upon us for leadership at home and around the world.

O God, help us to give ourselves to the highest we know. Help us to keep humble and at the same time be strong enough to give our all in Christian service.

We pray in the Master's name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, November 13, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6754) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1964, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Whitten, Mr. Natcher, Mr. Cannon, Mr. Horan, and Mr. Michel were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 9009) to amend further the Peace Corps Act, as amended, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 9009) to amend further the Peace Corps Act, as amended, was read twice by its title and referred to the Committee on Foreign Relations.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. Mansfield, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. Mansfield, and by unanimous consent, the Internal Security Subcommittee of the Judiciary Committee was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. YOUNG of Ohio. Mr. President, from the Committee on Armed Services, I report favorably the nominations of seven rear admirals for permanent appointment in the Naval Reserve, two temporary promotions to the grade of rear admiral in the Naval Reserve, one permanent appointment to the grade of major general in the Marine Corps Reserve, and two permanent appointments to the grade of brigadier general in the Marine Corps Reserve. I ask that these nominations be placed on the Executive Calendar.

The PRESIDENT pro tempore. The nominations will be placed on the Executive Calendar.

The nominations are as follows:

Harry R. Canaday, and sundry other officers, for permanent promotion to the Naval Reserve;

Richard D. Adams and Edward H. Gessner, for temporary promotion in the Naval Reserve; and

Walter A. Churchill, Richard A. Evans, and Robert B. Bell, for permanent appointment in the Marine Corps Reserve.

Mr. ERVIN. Mr. President, from the Committee on Armed Services, I report favorably the nominations of 25 flag and general officers in the Army, Navy, Marine Corps, and Air Force. I ask that these nominations be placed on the Executive Calendar.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

The nominations are as follows:

Vice Adm. William R. Smedberg III, U.S. Navy, for appointment to the grade of vice admiral on the retired list;

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, for appointment as Chief of Naval Personnel;

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, for commands and other duties determined by the President, for appointment as vice admiral while so serving;

Rear Adm. Leonidas D. Coates, Jr., U.S. Navy, for reappointment as Chief of Naval Research;

Lt. Gen. Troup Miller, Jr. (major general, Regular Air Force), U.S. Air Force, to be placed on the retired list in the grade of lieutenant general;

Maj. Gen. Hewitt T. Wheless, Regular Air Force, to be assigned to a position of importance and responsibility designated by the President, in the grade of lieutenant general;

Lt. Gen. Robert William Porter, Jr., Army of the United States (major general, U.S. Army), for appointment as senior U.S. Army member of the Military Staff Committee of the United Nations;

Maj. Gen. Leonard F. Chapman, Jr., U.S. Marine Corps, for commands and other duties determined by the President, for appointment to the grade of lieutenant general while so serving;

Maj. Gen. Victor K. Krulak, U.S. Marine Corps, for commands and other duties determined by the President, for appointment to the grade of lieutenant general while so serving;

Rear Adm. Wallace M. Beakley, U.S. Navy, for appointment to the grade of vice admiral on the retired list; and

Brig. Gen. Robert Howard York, Army of the United States (colonel, U.S. Army), and sundry other officers, for temporary appointment in the Army of the United States.

Mr. **ERVIN**. Mr. President, in addition, I report favorably 187 nominations for appointment and promotion in the Army in the grade of lieutenant colonel and below, and 494 nominations for appointment in the Air Force in the grade of major and below. Since these names have already appeared in the Congressional Record, in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

The nominations ordered to lie on the desk are as follows:

Gordon L. Smith, and sundry other officers, for promotion in the Regular Army of the United States;

Ralph J. Richards, and sundry other persons, for appointment in the Regular Army;

William M. Redmond, and sundry other persons, for appointment in the Regular Air Force; and

Robert F. Allen, and sundry other distinguished military students of the Air Force Reserve Officers' Training Corps, for appointment in the Regular Air Force.

The **PRESIDENT** pro tempore. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The **PRESIDENT** pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

U.S. COAST GUARD

The Chief Clerk proceeded to read sundry nominations in the U.S. Coast Guard.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The **PRESIDENT** pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The **PRESIDENT** pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. Mansfield, the Senate resumed the consideration of legislative business.

REPORT ON CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

The **PRESIDENT** pro tempore laid before the Senate a letter from the Secretary of State, transmitting, pursuant to law, a report on the operations of the Center for Cultural and Technical Interchange Between East and West, for the fiscal year 1962, which, with the accompanying report, was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

S. Res. 219. Resolution to print as a Senate document, with illustrations, a document entitled "United States Astronauts," and ordering additional copies printed (Rept. No. 644); and

S. Res. 225. Resolution authorizing additional expenditures by the Committee on Appropriations.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, TO REDUCE INDIVIDUAL AND CORPORATE INCOME TAXES—AMENDMENT (AMENDMENT NO. 319)

Mr. **HARTKE** (for himself, Mr. Randolph, Mr. McCarthy, and Mr. Javits) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 8363) to amend the Internal Revenue Code of 1954 to reduce individual and corporate income taxes, to make certain structural changes with respect to the income tax, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

CONSTRUCTION OF BUILDING BY BUREAU OF WATER RESOURCES—ADDITIONAL COSPONSOR OF BILL

Mr. **DOMINICK**. Mr. President, at its next printing, I ask unanimous consent that the name of the Senator from Arkansas [Mr. McClellan] may be added as a cosponsor of the bill (S. 1610) to authorize the Secretary of the Interior to set aside certain lands within the National Capital Parks System in Washington, D.C., for construction of a building by the Bureau of Water Resources of the National Rivers and Harbors Congress, and for other purposes, introduced by me on May 27, 1963.

The **PRESIDENT** pro tempore. Without objection, it is so ordered.

NOTICE OF OUT-OF-TOWN HEARING ON S. 750, THE TRUTH-IN-LENDING BILL

Mr. **DOUGLAS**. Mr. President, as chairman of the Production and Stabilization Subcommittee of the Senate Committee on Banking and Currency, I wish to announce the date and location of the fourth field hearing on S. 750, the truth-in-lending bill, which would require the full disclosure of finance charges and interest rates in connection with the extension of personal credit.

The out of town hearing will be held on Friday and Saturday, November 22 and 23, 1963, at the Federal Post Office and Court House Building, Post Office Square, Boston, Mass., at 10 a.m. each day.

All persons who wish to appear and testify on this bill in Boston are requested to notify Mr. Jonathan Lindley, staff assistant, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, Washington, D.C., telephone Capital 4-3121, extension 3921, as soon as possible.

CANDIDACY OF SENATOR SMITH OF MAINE

Mr. **AIKEN**. Mr. President, in reading the report on the President's news conference, I noted that he said that if he were a Republican candidate running in New Hampshire and were opposed by the senior Senator from Maine [Mrs. Smith], he would be very much concerned.

Perhaps the President should be advised that if he were a Democratic candidate running for office in New Hampshire and were opposed by the senior Senator from Maine, he would have reason to be even more concerned.

Furthermore, I do not believe his concern should be confined to the State of New Hampshire, because I am sure that should our beloved colleague the senior Senator from Maine become a candidate for national office, she would sweep not only New Hampshire, but also the neighboring States of New England like a breeze, as the capable lady she is, should sweep them.

However, it is noticeable that interest in the potential candidacy of the senior Senator from Maine for national office is not confined to New Hampshire or Maine; and in this connection I shall ask unanimous consent to have printed in the Record, as a part of my remarks, two editorials. One was published in the Washington Evening Star on November 12, and is entitled "God Bless 'Em." This editorial writer for the Washington Star has a tendency to be a bit facetious in writing the editorial, but I am sure that as time goes on, if the senior Senator from Maine becomes a serious candidate for national office, the facetiousness will wear off and the editorial writers for the Star will realize that it is serious business.

The second editorial is entitled "A Woman President?" This editorial is very thoughtful and well written, and was published on November 9 in the Philadelphia Inquirer.

I ask unanimous consent that both of these short editorials be printed at this point in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Washington Evening Star, Nov. 12, 1963]

God Bless 'Em

"Women are irrational; that's all there is to that. Their heads are full of cotton, hay, and rags."

The voice was the voice of Henry Higgins, but the words are the words of wisdom. Never more so than now when a woman is presenting herself as a candidate for President.

Never mind that the woman is Margaret Chase Smith. Never mind that Mrs. Smith is one of the ornaments and lights of the Senate, which for that matter, isn't saying as much as it once would have been. There is principle involved. She's a woman, and women are not, never have been, and never will be, suited to an office like the Presidency.

Mrs. Smith to one side, women are irrational. They make lefthand turns from righthand lanes. They are incapable of grasping the elementary principle of maintaining some remote relationship between income and outgo. They eat pineapple and cottage cheese for lunch. There isn't one of them who has ever found out how to put the cap back on a simple, ordinary tube of toothpaste.

Can the American electorate be so bereft of sense that they really want one of these people for Chief Executive?

Certainly not.

The Founding Fathers, in their profound wisdom, anticipated just such an emergency. To form a more perfect union and to insure domestic tranquillity, the Constitution, speaking of the President, says that he shall hold his office for 4 years.

Clearly, no she can be a he. The whole idea is unconstitutional.

[From the Philadelphia Inquirer, Nov. 9, 1963]

A Woman President?

Senator Margaret Chase Smith has added the woman's touch to the coming Presidential campaign by preparing to enter some Republican primaries next spring.

A woman President is not an impossibility in the United States. There is no law against it and, considering the caliber of some of the past male holders of the office, there is even a great deal to be said in favor of it. It may not be easy for masculine egos to accept the picture of a madam President standing eyeball to eyeball with Premier Khrushchev, or throwing out the first ball at the start of a major league season, but there was a time when lady wrestlers weren't envisioned either.

In any list of women mentioned as possible presidential aspirants, Mrs. Smith's name must stand fairly high, on her record of 23 years' service in both Houses of Congress. Her refreshingly modest—and self-written—biography in the Congressional Directory reads merely: "Margaret Chase Smith, Republican." There is a Democratic Congressman from Brooklyn who requires 52 lines in the directory to tell his story.

There have been hints that what the woman Senator from Maine is really seeking is the vice-presidential nomination, and this, to most political minds, seems to make more sense.

By entering a few selected presidential primaries, she can test her strength as a vote-getter outside her own State and perhaps convince the ultimate winner of the top place on the ticket that a woman named Margaret Chase Smith is just the person he needs for a running mate. She has nothing to lose in such a venture, and—who knows?—she might end up as the first Vice President of her sex in America.

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. MANSFIELD. There is an old saying to the effect that variety is the spice of life. I am delighted that now the Republican Party has at least three potential candidates in the field. I hope there will be many more.

So far as the distinguished senior Senator from Maine is concerned, she graces her party with dignity and honor. It is about time that the women began to exert themselves and be recognized in the field of politics. Such recognition is long overdue.

Mr. AIKEN. It certainly is; and I am glad to join the President and the majority leader and other leaders in both parties in taking seriously the possible candidacy of the senior Senator from Maine, who would lend not only grace but also distinction and resoluteness to any office she might hold.

PRESIDENT SUKARNO OF INDONESIA

Mr. MORSE. Mr. President, this morning's edition of the Washington Post carries a very interesting article which states that yesterday the Ambassador from Indonesia called upon the Secretary of State and protested a speech which I made on the floor of the Senate the other day, in paying my disrespects to Sukarno.

The article reads as follows:

Indonesian Envoy Protests "Slander"

Indonesian Ambassador Zairin Zain protested to Secretary of State Dean Rusk yesterday what he termed the "slander" of Indonesia and President Sukarno by Members of Congress.

Zain handed Rusk a written protest in a 15-minute meeting at the State Department.

Among those who criticized Indonesia was Senator Wayne Morse, Democrat, of Oregon, who charged during debate on the foreign aid bill that Sukarno was corrupt.

Zain said he was wondering and stupified that this would happen in a civilized country.

The envoy said the United States has the right to sustain or curtail its aid to Indonesia.

"But when you give aid," he said, "you do not have the right to slander other nations and chiefs of state."

I do not know what the Secretary of State told the Ambassador, and I am not particularly interested in what he said, although I hope the Secretary of State explained to the Ambassador that the United States is a democracy. Of course, that word "democracy" would not be understood in Indonesia. I hope the Secretary told him that a democracy in the United States operates under our constitutional separation-of-powers doctrine. Apparently the Indonesian Ambassador does not know that there is nothing the Secretary of State could do, even if he would, about what I say on the floor of the Senate whenever I think it is in the interest of the country to say whatever needs to be said.

Not only do I repeat, by reference, every disrespect I paid in my speech the other day to Mr. Sukarno, the tyrant of Indonesia, but I wish to add that I consider him not only a corruptionist, but also a threat to the peace of Asia. He is a dangerous aggressor. I believe the United States should cut him off at the pockets, because I do not think there is the slightest justification for giving aid to this aggressor.

MINE SAFETY IN METALLIC AND NONMETALLIC MINES

Mr. METCALF. Mr. President, during the 84th Congress, the Honorable Graham Barden, of North Carolina, chairman of the House Committee on Education and Labor, created a special Subcommittee on Mine Safety in Metallic and Nonmetallic Mines.

I was privileged to act as chairman of that subcommittee, which included the gentleman from Alabama [Mr. Elliott], the gentleman from Georgia [Mr. Landrum], the gentleman from Arizona [Mr. Rhodes], and the gentleman from Montana, Mr. Fjare.

I ask unanimous consent that the report of that subcommittee, dated December 11, 1956, and printed as part of voluminous hearings, which included testimony from mine workers, operators, and owners, and experts from the U.S. Bureau of Mines and the Public Health Service, be printed at this point in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Report of Subcommittee on Mine Safety (Metallic and Nonmetallic Mines)

The Subcommittee on Mine Safety in Metallic and Non-Metallic Mines of the House Committee on Education and Labor has studied safety conditions in those mines by field inspections and observations in Virginia, Hibbing, and Duluth, Minn., in Butte, Mont., and Ouray, Colo., and has held 3 days of hearings in Washington where witnesses from the mining industry, labor, the U.S. Bureau of Mines, and the U.S. Public Health Service were heard.

Based upon these on-the-spot investigations and observations by the subcommittee members and upon the formal hearings, the subcommittee is of the unanimous opinion that the overall subject of safety in the Nation's metallic and nonmetallic mines should be given further study, and that additional investigations should be made in Michigan, Alabama, Colorado, the tristate area of Kansas, Oklahoma, and Missouri, and such other places as a subsequent committee might find necessary.

The subcommittee recommends to the chairman and to the full Committee on Education and Labor of the U.S. House of Representatives that a new subcommittee be appointed in the 85th Congress, and that the hearings mentioned above, plus such other hearings as may be indicated, be held to the end that the subject of safety in metallic and nonmetallic mines be thoroughly explored.

Respectfully submitted.

Mr. METCALF. Subsequent legislation, which became Public Law 87-300, authorized the Secretary of the Interior to conduct a study and make recommendations for improving safety and health standards in the metallic and nonmetallic mining industry.

Secretary Udall chose to do so by creating the Mine Safety Study Board, headed by Mr. Paul Boyajian. Ably assisted by Mr. Thomas Shepich, Mr. Boyajian directed a 2-year study of 800 mines, quarries, and mills. The complete and comprehensive report, based on data collected by the Bureau of Mines, was released today. I ask unanimous consent that the press release describing it be printed at this point in the RECORD.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

UDALL RECOMMENDS CHANGES TO IMPROVE SAFETY STANDARDS IN THE METAL MINING INDUSTRY

Recommendations for improving safety and health standards in the Nation's metallic and nonmetallic mining industry have been submitted in a report to Congress by Secretary of the Interior Stewart L. Udall, following an intensive study authorized in 1961 under Public Law 87-300.

The recommendations would affect over 200,000 workers throughout the Nation and are contained in a two-volume report, covering all mineral mining activity, except coal and lignite. Secretary Udall said there were over 10,000 lost-time injuries and more than 200 fatal accidents last year in the industries covered by the report.

Secretary Udall's major recommendations call for:

Establishment of advisory committees on which representatives of labor and management would serve to assist in the development of health and safety codes applicable to mineral mining and related operations.

Institutions of formal health and safety inspections and reports in mineral mines and related plants in accordance with developed codes of health and safety, as well as investigation of fatal accidents.

Provision for accurate and timely employment and injury reports on mineral and mining activities.

Secretary Udall also strongly urged that improved safety education programs for employees, supervisors, and operators be developed throughout the mineral industry.

The report was prepared by a Mine Safety Study Board headed by Mr. Paul Boyajian who guided the 2-year study, and the Department's Bureau of Mines.

Field teams staffed by the Bureau of Mines conducted health and safety studies at 800 mines, quarries, and mills which comprised a representative sample of metal mining activities. In addition, investigations of as many as possible of the fatal accidents during the 2-year period were conducted by field teams.

Board Chairman Boyajian said that a welcome and significant improvement should result from congressional adoption of Secretary Udall's recommendations.

"The study has shown us what the major causes of injuries and fatalities are," he said, "and it has indicated a need for positive action. The Secretary's recommendations propose programs under which management, labor, and State and Federal agencies can cooperate to help make the Nation's metal and nonmetal mines safer places in which to work."

Copies of the report are available for inspection at the Mine Safety Study Board, room 5546, Department of the Interior, Washington, D.C.

Mr. METCALF. Neither regulations nor legislation will eliminate mine accidents. But this excellent report and its recommendations aim at the heart of the problem areas of safety and health. If carried out, the recommendations will go a long way toward reducing deaths and serious injuries in the industry.

CHEMICAL PESTICIDES

Mrs. NEUBERGER. Mr. President, it is now more than 1 year since Rachel Carson pierced the appalling veil of ignorance and indifference which had shrouded this Nation's massive misuse of chemical pesticides for over a decade.

It is now 6 months since President Kennedy's Science Advisory Committee acknowledged the potent hazards inherent in the undisciplined and unregulated application of chemical pesticides.

During this interval the Senate has acted, and acted wisely, following the lead of the determined and enlightened junior Senator from Connecticut, to eliminate the unconscionable practice of protest registrations. This practice now permits a manufacturer to market without warning a pesticide which has been declared hazardous as long as the manufacturer is appealing the Department's decision.

The Ribicoff bill, S. 1605, is a needed first step. A rational second step now awaits action by the Senate Commerce Committee: S. 1251, to require that pesticide labels inform the user of the product's potential hazard to fish or wildlife.

Last week, Carl W. Buchheister, president of the National Audubon Society, made a strong and reasoned plea for the enactment of this legislation.

Speaking to the society's 59th convention in Miami, Mr. Buchheister protested the failure of the Department of Agriculture either to respond appropriately to the evidence of the misuse of pesticides or to support S. 1251:

> Why doesn't the farmer, or the gardener, or the timber grower have a right to know if, by using a certain chemical he will endanger the birds that frequent his fields or woods?
>
> One farmer may choose to use this chemical, anyway, but at least he has a right to know. Another farmer, the one who values his wildlife, may choose a less toxic chemical, or turn to an alternate method of insect control.

A question put to the convention by Mr. Buchheister is a question well worth repeating here: "Why doesn't the Department of Agriculture want the consumer to have the facts?"

It is my sincere hope, Mr. President, that before the close of this year the Department of Agriculture will see fit to exercise its responsibility not only to the pesticide manufacturers but to every American who is concerned for the conservation of our fish and wildlife resources and that the Department will see fit to endorse S. 1251.

If too many future winters pass unattended, we shall yet live to witness the coming of the "Silent Spring."

I ask unanimous consent that the New York Times account of this speech be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES IS ASSAILED OVER PESTICIDES—CONSUMER IS NOT PROTECTED, AUDUBON HEAD CHARGES

(By John C. Devlin)

MIAMI, November 9.—The Agriculture Department was accused today of being more interested in helping to sell pesticide chemicals than in protecting the consumer's rights and welfare.

Carl W. Buchheister, head of the National Audubon Society, made the accusation. He also criticized the Department as having opposed "a bill in Congress which would require a warning to be printed on the package if a chemical pesticide is toxic to wildlife."

Mr. Buchheister spoke at the society's 59th convention in the Everglades Hotel.

Earlier, Interior Secretary Stewart L. Udall urged that the United States should set an example for the world in the field of conservation and related problems affecting man's environment.

Mr. Buchheister said that conservationists were cheered last May when President Kennedy's Science Advisory Committee issued a strongly worded report that only confirmed Miss Rachel Carson's warning (in her book, "Silent Spring," against indiscriminate use of chemical pesticides).

SEES WARNING UNHEEDED

The Committee, he said, also called for drastic changes in Government policies and controls affecting pesticides.

"I am afraid," he said, "some of us may have been lulled into complacency by that report. For, surely, if a White House Committee makes such recommendations, one would expect the executive bureaus to take heed. Such has not been the case.

"Despite the strongly worded recommendations, and the unmistakable English of the President's Committee, agencies of the Department of Agriculture have continued to use DDT, dieldrin, aldrin and other highly toxic and highly persistent insecticides in many of their spraying programs.

"They have continued to promote and recommend the same residual poisons to farmers, timber growers, and gardeners.

"Here and there, where the public protest was sufficiently angry, a somewhat safer insecticide, such as malathion or sevin, has been substituted for DDT in a forest-spraying operation."

DESCRIBES BILLS

"If this were not so," he said, "the branch would not oppose, as it has opposed, the bills introduced in Congress by Congressman JOHN DINGELL, Michigan Democrat, and Senator MAURINE NEUBERGER, Oregon Democrat.

"One of the Dingell-Neuberger bills would merely require that if a given pesticide chemical is toxic to wild animals, and if hazards to fish and wildlife were involved in the outdoor use of that chemical, those facts should be printed on the package.

"Why doesn't the farmer, or the gardener or the timber grower have a right to know if,

> by using a certain chemical, he will endanger the birds that frequent his fields or woods?
>
> "One farmer may choose to use this chemical anyway, but at least he has a right to know. Another farmer, the one who values his wildlife, may choose a less toxic chemical, or turn to an alternate method of insect control.
>
> "Why doesn't the Department of Agriculture want the consumer to have the facts?"

SHORTAGE OF HORSEBREAKERS

Mr. SIMPSON. Mr. President, a young lady from Casper College in Casper, Wyo., has taken strong exception to a remark by my friend and colleague, the Senator from Montana [Mr. METCALF] that the rugged men of the West are gone. It seems that one of the Senator's constituents, a rancher, could find no one in Montana to break horses.

I assure my colleague that it "taint necessarily so." In the words of my friend from Casper, "the rugged men of the West are going to Casper College."

Mr. President, I should like to quote briefly from a letter written by my Casper correspondent, Miss Jean Ann Dunn:

> "We are mighty proud of the fact that we have the national intercollegiate champion rodeo team, and all the boys work on ranches in the summer to earn money for school. Casper College was the only 2-year institution in the Nation to enter a team in the finals, and they not only walked away with the team trophy but claimed two individual champions, bulldogging and bull riding.

I suggest most respectfully to my colleague from Montana that his locution on the demise of the cowboys in western America is perhaps applicable to Montana, which may be devoid of such rugged individuals. They are still legion in the Equality State.

This was readily substantiated by the national intercollegiate rodeo finals seen on ABC's "Wide World of Sports," November 2. Three of the boys in that program are in Casper, Wyo., this year, and will be defending their titles in 1964.

For my colleagues who witnessed the November 2 showing, I would hardly need to expound on the qualities of the cowboy's performance. The team captain for the event was Dick Claycomb, who was also student body president at Casper College. He is now at the University of Wyoming at Laramie. Another rodeo participant, Bill Henry, is head of the Agriculture Department at Casper College, and is also a university graduate, so is Dale Styles, team coach.

I understand that Bill Henry has written the Senator from Montana to assure him that Casper College does have some real first-class horsebreakers, rugged men of the West with good horsesense, so I say to my colleague that if his State, which has the distinction of lying immediately north of Wyoming is bereft of cowboys and the personalities which are traditionally associated with the West, he might ask his constituent, who needs cowboys, to correspond with the good people of Casper College. There can be found the rugged western cowboys Montana needs to staff her many beautiful ranches.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. SIMPSON. I am happy to yield to the Senator from Montana.

Mr. METCALF. I am glad that the junior Senator from Wyoming has praised Casper College. Casper College deserves the praise of all of us in the West for the rugged boys and girls who go there and participate in rodeos.

I remind the Senator that a letter from a constituent of mine stating that he was unable to hire a competent horse wrangler and broncpeeler in Montana gave rise to the discussion which we are having today. He said that he would have to have the Department of Labor declare that there was a shortage of such broncpeelers in Montana.

That statement resulted in the statements I previously made on the floor of the Senate. Some comment was made on the subject in the Saturday Evening Post. I ask unanimous consent that that article which was published in the Saturday Evening Post be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

> SAY NEIGH, SENATOR, SAY NEIGH
>
> Way out West, where men used to be men, a sad, sad thing has happened. Not a man on the old frontier can bust a bronc. At least that's what Senator LEE METCALF, of Montana, reported to his colleagues recently.
>
> A rancher near Helena, in need of hired help recently, was unable, it seems, to hire a competent horsebreaker or trainer. The rancher finally found a horsebreaker in Australia who agreed to come to Montana. But before the Australian could enter this country, the Department of Labor had to certify that qualified horsebreakers were unavailable in the United States.
>
> Alas, the Labor Department did so certify. No broncbusters were available. The global implications of such an admission were recognized by Senator METCALF. "Mr. President," he said in the Senate, "what will the American image be abroad if it becomes known that the Nation of cowboys and Indians, which exports hundreds of western movies, where even former Presidents read western novels, has to import a horse wrangler from the other side of the world?"
>
> What, indeed? We share the Senator's sorrow. Of course, as he explained, Montana is not to blame. Montana's horsebreakers, as the Senator noted, "are busy picking up top money in rodeos in other States."
>
> But this is a national problem, bigger than any State. American manhood has been sullied. The national pride has suffered a grievous wound. It shows what can happen to a nation while it sits around watching westerns on TV.

Mr. METCALF. Since I made my speech I have heard that there are competent horsebreakers in Pasadena. From New South Wales I have received a letter in which an Australian has written that he not only would come to Montana to break horses but would also bring a friend along.

In this morning's mail I have a letter from a former Montanan who is now in Nebraska. He says that he would like to come back and break horses in Montana.

But the problem in Montana is the same as the problem in Wyoming. The horsebreakers of Montana are out competing in rodeos. We are winning the Calgary Stampede and the Madison Square Garden Rodeo. Yes, indeed, we are even winning in the Frontier Days down in Cheyenne, Wyo.—in the State which the Senator represents. We have the incomparable Lindermans, the great Benny Reynolds, and the Greenoughs. They are making so much money competing in rodeos around the country that they cannot do their job at home breaking horses.

I believe that the Senator will find that those wonderful boys and girls at Casper College are just like the ones at Montana State College who had previously won a national rodeo contest. They are so interested in becoming chemists, physicists, and economists that they are going to give up the business of horsebreaking after they leave college, and intend to go into some other trade that is a little more lucrative.

I have written to the president of Casper College and suggested that he give me the name of anyone who desires to come up and work for my constituents. They will see that he gets a job.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The time of the Senator has expired.

Mr. METCALF. Mr. President, I ask unanimous consent that the Senator from Wyoming may have an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. MORSE. I am delighted to listen to the testimonials about these wonderful rodeos in Montana, Wyoming, Texas, and in all the other Western States. They are wonderful rodeos. I have attended some of them. They are great shows. However, I should like note to be taken of the fact that the majority of them are put on by the Christian Bros. Rodeo of Eugene, Oreg. They have become the greatest promoters of rodeos in the country. We owe them a great debt of gratitude for keeping the old frontier alive in Montana, Wyoming, and other States. They certainly are great performances.

Mr. METCALF. We are delighted that the Christian Bros. are part of these rodeos, which give the cowboys and cowgirls in Wyoming and Montana an opportunity to perform.

Mr. SIMPSON. Having lived in Montana and having worked in the coal mines at Red Lodge, I know the Greenoughs very well. The Greenoughs are a fine family, as the Senator from the great Treasure State of Montana well knows. I suppose we must reach the conclusion that many of the cowboys and cowgirls of today are going to college.

ARCTIC RESEARCH—ITS IMPORTANCE AND PROSPECTS AT THE UNIVERSITY OF ALASKA

Mr. GRUENING. Mr. President, in this shrinking planet which we inhabit—shrinking by virtue of man's inventiveness and his accelerating discoveries in the multiple fields of science—the polar regions are coming in for increased attention and study. Population explosion inevitably evokes greater interest in the long unexplored and still unsettled regions of the earth. Of these, the most conspicuous are the arctic and subarctic, which are bordered exclusively by seven nations—the United States, Canada, Soviet Russia, the three Scandinavian countries, Norway, Sweden, and Denmark—with its Greenland outpost—and Finland. It is fair to say that these nations include the most civilized people on earth. It includes those who have made the greatest progress in scientific research and scientific accomplishment.

The United States, whose front on the Arctic is embodied solely in Alaska, the 49th State, has, regrettably, lagged in arctic and subarctic research. It has lagged behind Soviet Russia, which occupies the longest arctic and subarctic front. In some respects the United States has lagged behind the free peoples of Scandinavia.

However, I am happy to report that this important area of our earth—important actually and potentially—is now due for increased and accelerated attention. The focus of this attention and new effort is naturally the University of Alaska. It is our farthest north institution of higher learning. It is a land-grant college established during the administration of President Woodrow Wilson, through the efforts of Alaska's Delegate in Congress in 1915, James Wickersham. For many years it was an undernourished and half-starved institution known as the Alaska Agricultural College and School of Mines. It became the University of Alaska in 1935. It owes its survival during those lean years largely to the dedication and determination of its first president, Charles Ernest Bunnell, who held that office for a quarter of a century.

The entry of the University of Alaska in the field of research began 17 years ago, when, in the administration of President Harry Truman, Alaska Delegate E. L. Bartlett, now my colleague in the Senate, secured an authorization and appropriation for the Geophysical Institute.

Now, under the dynamic leadership of President William R. Wood, the university is moving to take advantage of its geographical position as the obvious and indeed the only center under the American flag where arctic and subarctic research can be carried on. For the University of Alaska and its 2,250-acre campus, 4 miles west of Fairbanks, lies only 120 miles south of the Arctic Circle. The importance of having the United States become knowledgeable and expert in this vast area is clear. It is important to our national security. It is important that we catch up with the Russians, who have made the greatest advances in familiarizing themselves with all matters concerned with living in the Arctic and developing its resources. It is important in connection with the exploration of space.

Living in the Arctic has its special problems just as does living in the Tropics. Now that mankind, the greater part of whose population has long lived predominantly in the temperate zones, is moving to occupy these previously less inhabited areas of the globe, much more knowledge about them is needed. That is particularly true of the Arctic, which has in the very last few years become a great flyway between the three continents of the Northern Hemisphere. The University of Alaska therefore has a great role and a great destiny, which is not merely of national but of worldwide significance.

An excellent article on the university's immediate prospects and purposes was written for the New York Times, by Lawrence E. Davies, its west coast correspondent. I ask unanimous consent to have this article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Alaska To Push Arctic Research—Work on $44 Million Center To Start Next Spring

(By Lawrence E. Davies)

College, Alaska, November 9.—On a magnificent hilltop site 4 miles outside of Fairbanks, the University of Alaska is preparing to begin construction of the first unit of a proposed $44 million Arctic Research Center.

As viewed by its planers and put into words by Elmer Rasmuson, an Anchorage banker who heads the university's board of regents, "the University of Alaska will become the center of arctic and subarctic research for a free world."

The concept is similar to that which led to the creation of the Soviet Union's great research center, with a heavy concentration of scientific talent, at Novosibirsk on the Trans-Siberian Railroad.

The university's officials point to continued emphasis on research in Antarctica by this country, but they hold that American efforts in the arctic and the subarctic "have been less satisfactory."

They note that the Russians have taken different view. Both the Soviet Union and Canada, in their opinion, show greater realization of the importance of their northern regions than the United States has exhibited toward its own.

Dr. William R. Wood, the university's president, enthusiastically pointed out the site this week, on the 2,250-acre campus, of a biological sciences research building. Alaskans, last fall, approved a $3.5 million issue of general obligation bonds for it. Construction is scheduled to start next spring.

The site for the center is 100 miles south of the Arctic Circle.

SUPERIOR LOCATION

This week, in zero weather, with the sun setting at around 3 p.m. on a snow-blanketed landscape, the aurora borealis, or northern lights, offered a spectacular evening show in the Fairbanks area. It emphasized the university's superior location for the study of aurora phenomena involving charged particles ejected from the sun.

According to Dr. Victor Hessler, whose color photographs of aurora have attracted worldwide attention among scientists, more work has been done on optical aurora studies here than elsewhere on the North American Continent.

The university is one of 11 world data centers for observations made during the International Geophysical Year, 1957–58.

The aurora studies, along with those of magnetic storms, polar blackouts, and glaciology plus a rocket program, have been pursued by the university's Geophysical Institute established by Congress in 1949.

Keith B. Mather, an Australian physicist recently appointed head of the Institute by joint action of the university and the National Academy of Sciences said activities were being initiated in the fields of seismology and volcanology.

"At a later stage," he added, "we may go into oceanography. We can do unusual things up here because of the complete cover of arctic ice. And the Navy is extremely interested in the Arctic for submarine activities."

U.S. AID EXPECTED

Dr. Kenneth M. Rae, vice president of the university for research and advanced study, a Scottish-born oceanographer who has directed the university's Institute of Marine Science since its creation by the State legislature in 1961, said the $44 million figure advanced for the Arctic Research Center would cover buildings and "modest logistic support" during a 7-year period.

The Federal Government is counted upon for a considerable part of the funds, especially since Federal agencies such as the Public Health Service plan buildings in the center area.

The Arctic Research Laboratory at Point Barrow, directed by Dr. Max Brewer, is operated by the university for the Office of Naval Research.

A new Institute of Arctic Biology has been set up, under the direction of Dr. Lawrence Irving an early director of the Barrow laboratory, to study how man and animals adapt to meet the rigors of the arctic environment.

The university's research activities also embrace those in an Institute of Economics and Government.

THE OTEPKA CASE

Mr. DOMINICK. Mr. President, a few days ago the distinguished Senator from Connecticut [Mr. Dodd] brought the Otepka case to the attention of Senators and pointed out the very difficult position Senate committees would find themselves in if it continued to be held that the executive branch could prevent any of its employees from coming before Senate committees, either by threatening them with dismissal or by verbally preventing them from testifying under that threat.

Mr. Richard Wilson wrote an extremely good article published in the Washington Star last night, entitled "The Firing of Otto F. Otepka," which I believe brings out the facts clearly. He points out specifically that Mr. Otepka is a fine security officer, and that the complaint is that he conformed to the statute which permits employees of Federal agencies to testify before Senate committees on request, rather than covering up and taking care of the rules and regulations of the Secretary of State, Mr. Rusk.

I believe this is sufficiently important and of sufficient interest to warrant being brought to the attention of those who read the Congressional Record, and I ask unanimous consent to have this article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Firing of Otto F. Otepka: Security Officer Called Foe of Trickiness and Laxity and His Discharge Shabby

(By Richard Wilson)

Otto F. Otepka, who has been fired by Secretary Dean Rusk, is described as the last old-line security officer holding a top position in the Department of State. In other words, there has been a housecleaning of personnel security officials in the Kennedy administration to remove the last traces of the tougher policies of previous administrations.

Mr. Otepka was a Government employee for 27 years, pursuing the perilous career of investigating and evaluating the loyalty, stability, and integrity of applicants for Federal employment. He was rated excellent by those who judge the efficiency of Government employees. He received the Meritorious Service Award from Secretary of State John Foster Dulles.

Mr. Otepka was fired for telling the truth to the Senate Internal Security Subcommittee on sloppy and tricky practices in the enforcement of personnel security regulations in the State Department. He undercut his superiors, the unforgivable sin of Federal bureaucracy.

This he did under the protection of United States Code, title 5, paragraph 652 (DC), which states that the right of a civil service employee to give information to Congress shall not be denied or interfered with.

Without guile, Mr. Otepka, frankly and openly and in defiance of his superiors, cooperated with counsel for the Internal Security Subcommittee to furnish further support for the subcommittee's conclusion that the enforcement of personnel security in the State Department is lax and dangerous.

For this, Mr. Otepka was accused of giving the subcommittee secret or restricted information—information, by the way, which was so innocuous and trifling in its security content as to be laughable.

To pin the goods on Mr. Otepka, his associates in the State Department tapped his telephone. They locked him out of his office and denied him access to his files. They riffled through his wastebasket and explored his "burn bag," a container into which telltale scraps of paper must be dumped for burning. He was openly humiliated before other employees.

Mr. Otepka got worse than he ever gave to any applicant for Federal employment, for he was widely known as rational and careful in this highly sensitive business.

The conclusion cannot be escaped that the worst offense this rational and careful employee committed was to have been connected with the more strictly applied security regulations of the past. He was connected with former officials whose memory is hated in some State Department quarters. And when he saw laxity and trickiness developing in personnel security he would not be stilled by any fear of losing his job or the condemnation of his superiors.

Mr. Otepka denies the specific charges brought against him, mainly of clipping off the classification stamps on the documentary evidence he supplied the Senate subcommittee.

He did not do it, he says, and it will be very hard to prove that he did, for the evidence as presented is flimsily circumstantial. What Mr. Otepka does not deny is that he testified before the committee in response to its request and helped counsel for the committee frame questions that would show the lax practices of his associates and superiors.

In the process of getting rid of Mr. Otepka, one State Department employee is accused of higher venality than Mr. Otepka himself. This employee is charged with lying under oath in denying the tapping of Mr. Otepka's telephone.

The whole business is unsavory and shabby in some of its aspects, and no more so than in the basic doctrine behind Mr. Otepka's discharge. For this, and little else in the Otepka case, Secretary Rusk must bear responsibility. He placed the matter of employee loyalty, operating through channels and playing on the team ahead of the more important matter of the efficiency and effectiveness of Government policy.

Now there is to be a transparently meaningless process of appeal on Mr. Otepka's discharge in which Mr. Rusk and President Kennedy will pass on their own decisions.

The Otepka case probably never will become a flaming public issue, and this is too bad because it so aptly illustrates the Kennedy administration technique of diversion and counteraction when it comes under supported criticism. This was the case in the Billie Sol Estes scandal, in the TFX investigation, in the resignation of Navy Secretary Korth, and now once again when a strong case has been made against the personnel security policies of the State Department.

WHEAT GRADING STANDARDS

Mr. DOMINICK. Mr. President, over a period of time, I and many other people have asked the Agriculture Department to do something about tightening up our standards for wheat. At present, it is perfectly apparent that because of the broad gradations between various standards of wheat, the quality of our wheat which is used for export does not match the quality of similar standards of wheat from Canada, or even from the Argentine.

I have asked the Agriculture Department to impose standards which would give us a competitive situation with other countries in the world.

A very good article was published in the Denver Post recently in respect to this problem. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHEAT GRADING STANDARDS ATTACKED

(By Dick Prouty)

A Colorado farmer harvests top quality wheat and delivers 10 truckloads of it to a country elevator.

According to the U.S. Department of Agriculture, it contains less than a pound of undesirable material—dirt, broken kernels, pebbles—per 60-pound bushel.

Then the wheat is moved to a larger terminal elevator, where, according to USDA grading standards, it may contain more than 8 pounds of undesirable material and still qualify as top-grade wheat.

So the 10 truckloads are mixed with 1 truckload of corn, corncobs, milo, plastic pellets, or other handy refuse.

It still qualifies as top-grade wheat, but now instead of 10 truckloads of wheat, there are 11 eligible for Government subsidy at the rate of 14 cents a bushel.

PAY FOR RUBBISH?

If the ratio holds for the 1.2 million bushels of America's surplus wheat, then the taxpayers, including the farmer who grew the grain, are paying $16.8 million a year for storing 120 million bushels of rubbish.

But the story doesn't stop there, says Herbert Hughes, Imperial, Nebr., wheat farmer, elevator operator, foreign trade expert, member of the Nebraska Wheat Commission, and chairman of a committee on grain standards for a farmer's organization, the Great Plains Wheat, Inc., of Garden City, Kans.

The deliberate adulteration is costing the United States millions of dollars in wheat sales in Europe, South America and Asia, Hughes believes. Those sales would help offset the U.S. foreign trade deficit, and help the farmer, he said.

It has also let some grain elevator operators reap tremendous profits—$142,793,700 will be paid for wheat storage this year, according to the USDA. The C-G-F Grain Co., Salina, Kans., alone received $24.6 million in 1962, Government reports show, Hughes said.

FARMS STORE LITTLE

On-farm grain storage by the farmers themselves accounts for only a small percentage of the $142.7 million total, he said, noting $120.4 million of 1962 payments amounted to $500,000 or more, "hardly an on-farm type operation."

"The present grain grading standards are so broad as to be virtually meaningless," Hughes said. "No one questions we ship the dirtiest wheat in the world—we can prove that we do, and who wants to pay $1.79 a bushel for dirt, plus the freight charge?"

To help correct these situations several wheat farmer organizations have petitioned the marketing service of the USDA to revise the grain grading standards—specifically limit undesirable materials to 3 percent—less than a pound a bushel.

Naturally, the elevator operators, especially the ones who store great quantities of grain, are against the proposed changes because their profits would be reduced.

Jimmy H. Dean, general manager of the Farmers Cooperative Community Co., Hutchinson and Wichita, Kans., on August 29 wrote in the company Farmers News Digest that tighter quality control would hurt farmers where it hurts most—in the pocketbook.

"The net result (of a change in grade standards)," he wrote, will be "a lower price to the wheatgrower, headaches to elevators * * *" and he warned of discounts to be charged farmers if the changes are implemented.

Farmers Cooperative received $3.6 million in storage payments last year.

Hughes, who has traveled abroad to find out firsthand about grain marketing, listed these advantages of the tightened standards, if they are approved and put into effect next May:

Foreign buyers would order increased amounts of wheat for cash with the immediate twofold result of decreasing the amount of grain in storage and reducing the Nation's foreign trade deficit.

"Of course, as we are able to increase exports, the co-ops which are big storage centers would lose storage fees from the Commodity Credit Corporation, which has title to all the surplus grain," Hughes said.

"It helps to realize that a profit on a sale to a foreign buyer is less than a cent a bushel," he said.

EXPORTERS MUM

Hughes said the exporters have pretty well stayed "on the sidelines" of the grading controversy.

"The effect of revised standards," he said, "would not be only to decrease Government payments for handling (5 cents a bushel) and storage of surplus wheat, at a savings to the taxpayers, but also to increase cash income to the country."

"Most of all, if foreign demands for wheat can be met competitively, the farmer can begin to look for increased acreage—he can grow more and thus gain in the long run," Hughes said.

A farmer now receives about $1.80 a bushel for top grade wheat, depending upon local conditions.

Currently only a third of the 650 million bushels of wheat exported annually is paid for in cash, Hughes said. The remainder is paid for with foreign currencies, which the United States must spend within the purchasing nation.

ONE BILLION INCREASE

The gross export figure could be raised to 900 million or a billion bushels, the difference being new dollars, Hughes believes.

On October 14, 1960, after a 30-day inspection tour of European grain centers Dean reported:

"We must exert every effort to keep cleanout (undesirable materials) at a minimum if we are to effectively compete [for foreign wheat markets]," Dean said, in a published account of his trip.

The fate of the proposed grade standard changes is uncertain, but after a series of State wheatgrowers association conventions in November and December in Colorado, Kansas, Nebraska, Wyoming, Montana, Texas, Oregon, and Washington, the issue is expected to be discussed widely.

A formal stand on the proposal is expected at the convention of the National Association of Wheat Growers in Amarillo, Tex., January 7–10.

Other conventions will be November 23, Akron, Colo.; November 6–7, Dodge City, Kans.; November 14–16, Alliance, Nebr. (includes Wyoming association); December 5, Wichita Falls, Tex.

THE BIRCH SOCIETY

Mr. FULBRIGHT. Mr. President, there has come to my attention an interesting and penetrating analysis of certain aspects of the opinions and principles of Robert Welch and his disciples in the Birch Society. This is in the form of the letter to the editor of the Santa Barbara News-Press, written by a friend of mine and former editor of the Arkansas Gazette, Mr. Harry Ashmore.

I ask unanimous consent that the letter be printed in the body of the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SANTA BARBARA, CALIF.,
November 1, 1963.

To the EDITOR,
Santa Barbara News-Press,
Santa Barbara, Calif.

DEAR SIR: The issues raised by the John Birch Society have been brought into clearer focus by the coincidence of:

1. Robert Welch's public reiteration of his previous semiprivate charges that President Eisenhower is a traitor, and that the late John Foster Dulles was an active Communist Party member from 1919 forward.

2. Senator BARRY GOLDWATER's belated public letter to T. M. Storke, of the Santa Barbara News-Press, in which he expressed disagreement with Mr. Welch but said he would not turn his back on the John Birch Society because this would brand honest conservatives with guilt by association.

3. The anguished open letter to Mr. Welch by Morrie Ryskind, the Los Angeles Times columnist and former JBS member, in which he characterized Mr. Welch's public statement as a "foul blow to conservatism"—"wickedly unfair," not to Messrs. Eisenhower and Dulles, but to the Birchers because "like it or not, you speak as the head of JBS and thus brand your members with the same beliefs."

Mr. Ryskind defines Mr. Welch's most serious error as violation of a tenet of the Birch faith, which holds that "only a damned fool provides ammunition to the enemy."

It seems to me a grave injustice is being done Mr. Welch by his sometime followers and coideologists.

Consideration of Mr. Welch's charges against Messrs. Eisenhower and Dulles necessarily begins with the question of whether or not Mr. Welch believes them to be true.

If he has knowingly made false charges for political effect he is, of course, a scoundrel beneath contempt.

But I do not think this is the case. I think Mr. Welch does believe that not only a distinguished career soldier who became a Republican President, and his Secretary of State, were conscious Communist conspirators, but that many if not most of the other key American leaders of this generation are equally guilty. This being the case, it is Mr. Ryskind who is guilty of a "foul blow." A patriotic citizen who is convinced that his government is riddled with treason cannot be called a damned fool for saying so; on the contrary he would be a poltroon if he did not respond to the clear moral obligation to sound a warning from the housetops. The possible discomfiture of his associates is not a valid consideration.

Nor do I believe that Mr. Welch's charges can be called illogical (balderdash was Mr. Ryskind's word) by anyone who accepts the premise upon which he has founded the John Birch Society. Indeed, it seems to me that Mr. Welch's conclusion is the only possible one for any loyal Bircher, and that it is not only proper to associate the leader's views with that of the membership, but that it is logically impossible to disassociate them.

The basis of the John Birch action program—which includes impeachment of Chief Justice Warren, withdrawal from U.N., etc.—is the JBS estimate of the extent of "Communist control" of the nations of the world. This has been set forth in the Scoreboard of American Opinion magazine, an official publication of the John Birch Society, with findings as of June 1, 1963.

American Opinion rates the various nations on a scale which estimates the Communist influence, as a percentage of "Total Control" (capitalization American Opinion's, as reprinted in Facts About UNICEF). In the case of avowedly Communist states, such as Russia, Poland, Byelourussia, etc., the rating is naturally 100 percent.

On this scale no place on earth is immune; the lowest rating is Ireland's at 0 to 20; Nationalist China is at 10 to 20; Spain rises to 20 to 30; and such a presumed anti-Communist bastion as Pakistan shows up with 30 to 50 percent.

On the Birch scale the United States is around the bend, with a rating of 50–70 percent Communist total control. American Opinion compares this total control figure with an estimate of actual Communist Party membership in the United States, which it places at a mere 10,000.

The point of this is inescapable. No one could assume that 10,000 Communist Party members could exert 50 to 70 percent total control over a democratic republic the size of the United States. Such control could only be exercised at the very top echelons of government, by conscious Communist conspirators who have duped virtually the whole of the American people in a series of free elections. It must further be assumed that these conspirators have deluded or subverted the FBI and our other internal security agencies, which have either rejected or are deliberately concealing the facts as revealed by American Opinion to the John Birch membership.

Since I assume Mr. Welch's integrity, I cannot doubt his patriotism, nor that of the members of his society. The fundamental question, then, is whether or not the John Birch estimate of the extent of Communist control of the United States is wholly, or even substantially, correct. This is the issue Mr. GOLDWATER has not faced in his effort to disassociate himself from Mr. Welch, the society's leader, while retaining the support of the society's membership.

If Communist control has risen past 50 percent we are, as Mr. Ryskind says, at Armageddon, and self-preservation demands that we look upon our elected Government as a nest of vipers. In this light the Birch demand for mere impeachment of Chief Justice Warren is an act of moderation. But if we do not accept the Birch estimate, the society's concentrated propaganda campaign against the leading figures of both our political parties, with treason as its recurring theme, can only be viewed as grossly irresponsible, dangerously divisive, and bound to incite the violence that is already marring a good many public gatherings.

This is the issue on which all of us, Mr. GOLDWATER included, have to decide whether we are for or against the John Birch Society. A sincere patriot might wind up on either side, but, as I think the Birchers would agree, neutrality is unthinkable.

Sincerely,

HARRY S. ASHMORE.

PROPOSED EXTENSION OF IMPACTED AREAS LEGISLATION

Mr. PEARSON. Mr. President, I am pleased to join the distinguished Senator from Texas [Mr. TOWER] in the sponsorship of a bill S. 2304, providing for a 3-year extension of the impacted areas assistance program.

Yesterday, when my distinguished colleague introduced this bill, he clearly and concisely set forth the problem wherein the impacted areas assistance program as a part of House bill 4955 continues to be considered in conference while more than 4,000 local school districts, involving approximately 2 million pupils throughout the Nation, find it impossible to complete their budgets and plan their educational program for the fiscal year.

Mr. President, the primary objective of the impacted areas assistance program is to provide financial assistance for the maintenance and operation of schools in local school districts upon which the Federal Government has placed added financial burdens by reason of the fact that federally acquired real property has been removed from the tax roles while, at the same time, Federal agencies or installations have provided a substantial increase in the number of pupils which a local district must accept and provide education. One-third of all Kansas counties have estimated 1962–63 entitlements under Public Law 947 in the amount of $6,173,421.43.

Mr. President, Kansas, at both the State and the local levels, has rightly gained a reputation for conducting its governmental affairs with great financial responsibility. The two pillars upon which this reputation for financial responsibiltiy is based are the State's statutes, popularly called the cash basis, and the budget laws.

Very briefly, these statutes provide that a local governing unit may not expend money for any purpose unless that purpose is provided in the budget and unless the local treasury has on hand unencumbered cash for immediate payment. Because the local school districts must adhere to these statutes and because of the delay of congressional action, it is critical for our school districts that Congress move ahead as quickly as possible.

The introduction of this separate bill should provide the means of solving a substantial and pressing problem now facing the local school districts in Kansas and throughout the Nation.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PEARSON. I yield to my colleague

Mr. CARLSON. I commend my colleague from Kansas for calling to the attention of the Senate his presentation of proposed legislation that would care for a problem that is resulting in a very difficult situation in the educational system not only in Kansas but throughout our Nation. The areas which are termed the impacted school districts; that is, districts in which children are being educated in impacted areas of defense installations and others, have been in need for assistance. It needs that assistance now. I sincerely hope that we can get early action on the proposed legislation. I commend the Senator.

Mr. PEARSON. I thank my colleague.

ADMINISTRATION'S INDECISION ON THE HAGUE PROTOCOL MAY BE TRAGIC FOR AMERICANS

Mr. COTTON. Mr. President, I wish to call the attention of the Senate and the country to a unique and baffling situation which I believe must be corrected without delay.

For the first time in our history, the U.S. Government through willful inaction is in the position of placing a lower value on the lives of its citizens than almost any other major nation. Whether it is from vacillating indecision or callous indifference on the part of the administration, the result is that, in the usual situation, the life of an American today is worth only half as much as the life of a Frenchman, an Italian, a German, a Russian, or a Mexican.

This situation arises because of our failure to take any action on the Hague protocol to the Warsaw Convention of 1929.

In 1934, the United States ratified the Warsaw Convention of 1929, a treaty relating to international transportation by air. The convention provides for a limitation of liability on the part of air carriers in respect to passengers, baggage, and cargo moving in international transportation. Its most important provision is a limitation of liability for personal injury and death to passengers of approximately $8,300. Without going into the finer legal points of the convention, its provisions generally mean that a person on an international flight who is killed in an airline accident cannot recover more than $8,300 in damages from the airline.

Because this amount is unreasonably and unjustifiably low by our standards, the U.S. Government and other nations met in The Hague in 1955 to seek an increase in the limitation amount. They agreed on what is called the Hague protocol which set a new limitation, double the amount of the old one. The Hague protocol was signed by the United States, and submitted to the Senate for its advice and consent in 1959 by the previous administration. The Democratic controlled 86th Congress failed to act.

The present administration has undertaken what might be called an agonizing reappraisal of the Hague protocol, but it has made no decision. No recommendation has been made to the Senate. No steps have been taken to withdraw the protocol. No move has been made to safeguard the interests of the thousands of Americans who travel on international airline flights. They have just allowed the situation to drift in a leaderless vacuum.

In the meantime, the required 30 nations have ratified the Hague protocol and its higher limits on liability have gone into effect. The 30th nation submitted its ratification on May 1, 1963, and the higher limits of the Hague protocol went into effect on August 1, 1963.

As a result of our Government's inaction, U.S. passengers today, seated side by side with citizens of ratifying countries on many international flights are denied that benefits of increased liability. The air carrier is liable for $16,600 in the case of death to such foreign passengers, but only $8,300 in the case of most American passengers.

The confusion has been compounded as to the airlines of any country on flights to or from the United States. For example, passengers originating and terminating their flights in a ratifying country, with an intermediate stop in the United States, receive the benefits of the increased, $16,600, Hague limits. Even those passengers who originate and terminate in a single ratifying country a round trip to the United States, receive the benefits of the increased Hague limit. But their fellow passengers who originate or terminate a one-way trip to or from the United States, or who originate or terminate a round trip to anywhere else from the United States are limited to the $8,300 limit in the old Warsaw Convention. These inequitable and frustrating results are attributable to the U.S. failure to act.

This confusion, indeed discrimination, now plagues international commercial aviation. The bulk of international world travel involves transportation to or from the United States. But it is this very moment—to and from the United States—which is largely excluded from the Hague benefits because of the U.S. failure to act.

Furthermore, it should be noted that even if the United States ratified the Hague protocol tomorrow, its higher values would not be effective, with respect to the United States, for 3 additional months under the terms of the convention.

Mr. President, one of the potentially tragic aspects of this whole situation involving the limitation of the air carriers' liability is the fact that a vast majority of passengers are totally unaware of the existence of such a limit, and certainly not aware of the fact that the limits are lower now for travel from the United States than from most other countries.

Under these circumstances, the Government has an increased responsibility to make sure that the limit on the liability is not unreasonably and foolishly low.

In this connection, I was pleased to note the recent action of the Civil Aeronautics Board in approving new regulations which will require airlines to specifically and clearly inform passengers of the existence and the amount of the limit on their liability, thus putting passengers on notice, in appropriate cases, of their potential need for additional insurance. This is the only step the Board can take in the present situation, but their action may be helpful in throwing the whole situation into the light of public awareness.

Let me say, at this point, that it is not my intention to suggest that ratification of the Hague protocol is the only course of action open to us. Other steps might be taken to improve and increase the protection afforded Americans who travel on international airline flights, and I think they should all be explored without delay.

Mr. President, the legal limits on liability now are fixed at $8,300 with respect to international flights which originate or terminate in the United States but are increased to $16,600 with respect to flights in most other areas of the world.

This is inexcusable. It is indefensible. The administration must bear the full and terrible weight of the consequences for its failure to act in this field.

Furthermore, the Senate itself has a responsibility. Even if the administration is unwilling or unable to recommend any action, the Senate can act. The Hague protocol is still before it, pending in the Foreign Relations Committee, and available for ratification.

We cannot delay any longer. Tragic consequences may be the only reward of further delays.

AMERICAN EDUCATION WEEK

Mr. FONG. This week we are observing American Education Week at a significant point in this Congress. Both the Senate and the House of Representatives have before them a number of measures for the welfare of our schools and colleges.

Several major education bills—more, probably, than in the normal course of one session—have come to the floor for our consideration. As a strong supporter of our Nation's school system, I am pleased to note the progress that has so far been made in advancing the various school bills in this Congress.

The Health Professions Educational Assistance Act of 1961 was passed by this Congress and has now been signed into law.

The Senate has also approved proposals for: Strengthening and improving vocational education; extending and expanding the National Defense Education Act; and expanding the impacted areas laws.

These proposals have been consolidated into H.R. 4955, now in a Senate-House conference committee.

The Senate has received for its action a conference report on H.R. 6143, to provide financing for higher education facilities, already approved by the House.

The Senate has on its agenda a bill to expand the Library Services Act; a similar bill is pending before the House Rules Committee.

While the response of this Congress to these education bills has been encouraging, it remains to be seen whether these bills will finally be enacted, and in what form.

With the progress made to date and with another session ahead, there is good reason to believe that this Congress can make a substantial record in education. That is certainly my hope.

The pending education bills are the means for helping to upgrade the quality and quantity of our Nation's schools and colleges. They fit into the general theme for American Education Week—"Education Strengthens the Nation." For, in a very real sense, we strengthen our Nation when we fully support our schools.

Today it is apparent that, if America is to compete successfully with other lands who respect and encourage educational attainment, we must increase the opportunities for our young people to acquire knowledge and skills to the utmost of their ability.

In a world of 3 billion people, America numbers only 180 million, 6 percent of the world's population. What we lack in numbers we must make up in quality, and that quality can only come with the best educational facilities we can afford our people. This we must always do.

It has been said accurately that our Government cannot function unless education is widely and soundly based. How else except through general public education can an entire people become capable of shaping their own future through a representative government?

Speaking of my own State—the newest in the Union—I can personally testify to the role of public education in the development of this mid-Pacific community. Here were brought together peoples of many races and cultures from the Orient and the Occident. Most of the original immigrants came from non-English-speaking backgrounds. Yet, over the years, through the marvelous workings of free public education, new generations of American-born youths have come forth. In speech, attitudes, and outlook, they are as modern Americans as youths in any mainland community. More than any single influence, public education in the American tradition made them what they are today. I am proud to count myself as a product of this public education system.

In observing American Education Week, we pay tribute also to the role of the private schools. They deserve our commendation for they have made outstanding contributions to the progress and advancement of our society.

In reviewing the history of public education in the United States, we are reminded that the development of our schools has come a long way. Over many years, this development has taken place step by step, State by State. Our schools have had to grow and change along with the Nation and the times. With new needs have come new ideas to meet them.

It is for us, in this national legislative body, to fit the solutions to the new challenges facing our schools. In one House or the other, there are a number of pending education bills to which I referred earlier.

American Education Week is a timely reminder that Congress should complete this unfinished business as soon as possible.

On this occasion I wish to commend the national sponsors of American Education Week: the National Education Association, the American Legion, the U.S. Office of Education, and the National Congress of Parents and Teachers.

In Hawaii, local groups of these national organizations have arranged special programs for Education Week observance, in conjunction with similar events in other States.

Through their farsighted and vigorous efforts, these national and local organizations have called public attention to the importance of education in our free society. They have also encouraged many other groups to participate in the observance of this annual event. All of them deserve the heartfelt thanks of Americans everywhere.

AMERICAN TRADE UNION COUNCIL AND THE HISTADRUT

Mr. McGOVERN. Mr. President, on yesterday evening it was my privilege to address a dinner meeting at the Hilton Hotel in Rockefeller Center in New York City honoring a distinguished American businessman, Mr. Jerome Brody, and a highly regarded U.S. labor leader, Mr. Julius Press.

The dinner was sponsored by the American Trade Union Council in cooperation with the Israeli labor movement—the Histadrut. Proceeds of this testimonial banquet will provide urgently needed recreational and cultural facilities for the Ed S. Miller Youth Center, nearing completion in a low-income section of Tel Aviv.

Mr. Miller who served as honorary chairman of the dinner and for whom the youth center is named has had a long-time interest in the progress of the Histadrut.

In preparation of my remarks for the New York dinner, I asked the Library of Congress Legislative Reference Service to prepare a memorandum on the accomplishments of the Histadrut.

I ask unanimous consent that the memorandum be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

THE HISTADRUT IN ACTION

Histadrut is a name which is synonymous with the State of Israel. For today 70 percent of all Israel agricultural production is the work of Histadrut's collective or cooperative settlements; 90 percent of the bus transportation belongs to a Histadrut cooperative; the second largest bank and the biggest insurance company belong to the Histadrut. Furthermore, 30 percent of the retail and wholesale trade is controlled through its cooperatives while 30 percent of Israel industry is affiliated with the Histadrut. Figures such as these clearly show the importance of this largest labor organization in Israel.

Forty-three years ago, when it was first founded by representatives of three Jewish Workers' parties whose total membership was approximately 4,000, Histadrut's basic aim was to serve as a central organization in which all workers could participate and promote their common interests. Zionist in outlook, this organization was to assist in the building of the National Home, thereby insuring that the State would develop as a workers' commonwealth. As is shown in its first policy statement: "The Histadrut considers it its duty to create a new type of Jewish worker, and to see to it that while settlement is being fostered, the Jewish worker who comes into being as a result of this process, shall be assured the place he deserves. It regulates all matters concerning the working class in the fields of trade union activities, settlement, and education, with the aim of building a Jewish community."

As the organization grew in number, its functions expanded to encompass all the activities of a Jewish worker and his family. The Israeli worker looked upon his union not only as a bargaining agent for improved wages and working conditions, but also as a part of his everyday social and intellectual life. The Histadrut began operating in four major fields: trade union activities; social and cultural activities, such as sports, newspapers, films, and women's organizations; economic enterprises, which included cooperatives, agricultural settlements, financial institutions, and industries; and semipublic activities, such as an educational system, savings funds, medical services, and labor exchanges.

As a trade union organization, the Histadrut has been able to provide for the Israeli worker a standard of living comparable to the industrial nations of Western Europe and the United States. As a union to which 75 percent of all Jewish workers belong, the Histadrut supplies the lobbying power to enable greater benefits and to protect the worker from undue government restrictions. To this central labor organization belong university professors and street cleaners, doctors and factory workers, farmers and white-collar workers, manual laborers and academicians, each participating and sharing in the benefits assured them by the Histadrut.

The social and cultural activities of the Histadrut cover practically every facet of the nonworking hours of the laborer and his family. Several labor magazines and newspapers are published to keep its members informed of the activities of the organization and the state. There exists in every cooperative and settlement, clubs, and cultural centers and libraries where the members may relax after work. Music, folk dance, drama, painting and sculpture groups have been organized to provide mutual enjoyment and entertainment. Women's clubs provide a worthwhile outlet for the energies of the wives of the Histadrut members. In these clubs arise topics and suggestions which have and will benefit the community and the state.

The economic enterprises of the Histadrut fall generally into four categories. There are the large industries owned and operated by the Histadrut; companies owned partly by the parent organization in partnership with others, notably the government; cooperatives whose capital is owned by their own members but whose control is exercised by the Histadrut which provides such aid as credit facilities, technical advice, and legal and political protection; and those undertakings which are owned wholly or in part by the member cooperatives and which enjoy the same control and assistance as their central enterprises. Today the total of Histadrut projects constitute an empire directly employing over 170,000 people and having an annual turnover of over $2 billion. It is difficult to realize that 43 years ago there were only 4,000 members, pooling their meager resources and talents to form a union which would become one of the great powers in the State of Israel.

The fourth field of operation with which the Histadrut is concerned, that of semipublic activities, has enabled the state to grow to the heights by which it is recognized in the world. Levi Eshkol has stated that the Histadrut is the backbone of Israel. Golda Meir acclaimed that without the Histadrut, the State of Israel would not have come into existence, that it did the work of the state before the state existed. As a product of Zionism, it fostered the immigration of the Diaspora to the Jewish homeland. As each new settler arrived in the land of milk and honey, the Histadrut provided the necessary attention to enable the refugee, the settler, the persecuted one to begin a new life. The Kupat Cholim was organized to provide medical assistance to all its members. By means of a medical insurance system, the worker and his family may be treated in one of a thousand clinics set up throughout the country in which are employed 10,000 medical personnel.

The newcomer has been able to acquire learning by means of the various educational facilities provided by the Histadrut. Hebrew, the official language of the state, is taught to those of the Diaspora who have been unable to attain a proficiency in the language of their ancestors. The Histadrut Workers College, a residential school in Tel Aviv, provides leadership training programs for the various labor organizations. From these students come the labor leaders of tomorrow.

The Histadrut has also a correspondence school for its members in which are taught secondary school subjects and agricultural, clerical, technical and labor studies. In conjunction with the correspondence school, the Histadrut has recently inaugurated a Radio University, whereby the student participated in classroom work via the radio. With the advent of television, it is envisioned that the executive council of the Histadrut will also inaugurate television classrooms.

Another educational school which the Histadrut affords for its laborers is the Absalom Institute for Israel Studies. In this school, the student learns of the geography and topography of Israel, its flora and fauna, and the historical association of each place of importance in the state by combining Biblical studies, archeology, and natural history together with a study of modern developments. The function of this institute is to help and direct the many amateur circles and to sponsor exploration and research in their respective interests. The tourist business also receives a boon from the Absalom Institute since courses for guides are offered.

Other semipublic functions include a network of banks, insurance funds, and credit institutions which furnish credit to the cooperatives and agricultural settlements and to industrial enterprises which wish to expand.

Because of its diverse and all-encompassing functions, the Histadrut, in its early years before the Jewish state was proclaimed, was a training school for parliamentary life. Within the organization there developed political parties, representing the various factions within the Jewish community. The Mapai and Mapam both had their beginning within the framework of the Histadrut. As the Central Government was formed in 1948, it is interesting to note that the various parties represented on the executive council of the Histadrut similarly were represented in the government and in a like ratio. Whereas the Mapai dominated the Histadrut, it now controls the leading bloc of votes in the Knesset, the Israeli Parliament. The Histadrut, therefore, functioned as a transitional organization and a stabilizing factor in the establishment of Israel, and, according to David Ben-Gurion, will continue to do so in the future. He said: "Histadrut has become a pillar on which the structure of Israel's democracy will rest for many years to come."

As an organization which gave unity and a common interest to its founders and which, during its short history, provided a refuge for Nazi escapees, provided active participation through the Jewish brigade in World War II, channeled the unions' human and economic resources into the war of liberation, provided active assistance in the absorption of new immigrants, and developed a strong national economic position for the State of Israel, the founders of the Histadrut are able to look with pride at their accomplishments. Throughout Israel, Histadrut subsidiary organizations enable the Israel population to enjoy facilities comparable to those of Western Europe. Solel Boneh, the largest construction contracting company in the Middle East, has built the settlements to which the immigrants came to begin life anew. El-Al Airlines and the Zim Navigation Co. are owned jointly by the Histadrut and the Government. Virtually all bus transportation and water distribution is controlled by Histadrut subsidiaries. The wholesale purchasing and distribution industry of necessary supplies serves approximately one-half the state and also assures the exportation of the major portion of agricultural produce to Europe. The mutual faith of the Histadrut and the Government has enabled this labor organization, during the first decade of Israel's statehood, to invest over $600 million in the nation's economy. This is indeed a proud record of achievement.

The development of Israel, though, is certainly not the result of one organization. Without assistance from abroad, particularly the United States, Israel's economy might have faltered along the way. Even the Histadrut has been given assistance by its fellow labor unions here in the United States. Throughout Israel, there are Histadrut projects and institutions which have been abetted by American labor organizations; foremost among these are the Beersheba Hospital, the Cultural Center in Haifa, rest homes, libraries, children's homes, cultural centers, and youth clubs. This international cooperation between labor groups has created a friendly feeling between the nationals of the two states, a mutual respect for each other's democratic institutions and a common front against world communism.

From the position of a borrower, Israel has now become a lender of capital, ideas, and personnel. As the African and Asian states gained their independence, it was necessary for them to achieve economic development and stability as rapidly as possible. Although the United States, Russia, and the other industrial nations of the world were capable and, indeed ready, to help these newly emerging states, their names carried with them the stigmata of imperialist, colonial power, or subversive state. Israel, encircled by hostile states, looked further afield for markets and friends and offered its services, too. Because Israel is a small country and cannot be suspected of imperialism, because the new states hoped for sympathy and understanding from a country which had recently undergone similar experiences for independence, because the schemes offered were on a small scale, more adaptable to the smaller states than were the grandiose and huge development projects on display in Russia and France, for example, and because Israel possessed an abundance of what the African and Asian nations needed most, that of trained personnel, response was immediate and positive. To Israel came the various missions to study the ideas, experiments, and fulfillments which made Israel a viable state. From Israel went the technicians, instructors, and capital to establish shipping lines, build roads and factories, set up government training centers and labor movements. The Histadrut, through its sundry organizations and companies, has provided for a majority of the work and personnel in the countries requesting assistance. In Sierra Leone, the Parliament Building was constructed by Solel Boneh. Solel Boneh also helped to establish the National Construction Co. in Ghana, lending 40 percent of the needed capital. Furthermore, teams went to Ghana to train a construction staff, of whom 10 have been sent to Israel for additional and intensified instruction. In Nigeria Solel Boneh participated in the establishment of the Nigerian Construction Co. and the Nigerian Water Resource Development Co. In fact, Solel Boneh has built numerous military installations for the United States in the Middle East and operates in a dozen countries where it has executed approximately $100 million worth of construction undertakings in the last 6 years.

The Zim Navigation Co. has also expanded its operations in several Afro-Asian countries. It has been instrumental in establishing the Gold Star Co. in Hong Kong, the Five Star Line in Burma, and the famous Black Star Line in Ghana, a model for all future shipping projects.

Wherever their assistance is needed and requested, medical, engineering, and construction teams are sent by the Overseas Operations Development Office of the Histadrut. Such assistance has been gratefully received by Burma, Thailand, Ethiopia, Nepal, Mali, and numerous other countries.

Perhaps the foremost work of the Histadrut in the international field is the inauguration of the permanent Afro-Asian Institute of Labor Studies and Cooperation in Israel. Founded in 1960 this institute, within 2 years, had received representatives from 24 countries. These trainees at the school are taught to be labor leaders in their respective countries. Each year, two courses are held; the first from January through April is taught in English; the second, from September through December, in French. The course combines the theoretical studies in the economics of development with personal observations of cooperative enterprises and labor organizations at work. It shows how the development of a new state can profit from applied methods of agriculture and industrial cooperation, and how principles of trade unionism may be constructively applied in laying the foundations of statehood, as was done in Israel.

The Afro-Asian Institute teaches that the labor movement in the newly emerging states is the promoter and agent of industrialization, whose struggle is not only for a better share of the rewards, but also for building the tools, factories, and means of communications of the state; as opposed to the basic idea of the labor movement in the United States and Western Europe whose labor movements developed only to curb industrialization's worst abuses and to secure for the laborer a greater share of its benefits. Ghana has adhered to the principles of the Histadrut and has declared that its labor movement will be based on its principles. Labor leaders in Pakistan, India, and Burma also adhere to these ideas and are striving to achieve this end.

The Histadrut today is undergoing a change in organization and outlook. David Ben-Gurion stated in March 1956: "Histadrut today must be guided by two aims: to shape the social character of the state so as to realize evermore fully its guiding vision and to sponsor and pioneer all those things which cannot be accomplished by the power of compulsion or of law. And these include some of the most important and difficult of our tasks: to disperse the population more uniformly through all parts of the country; to reclaim the desert and waste lands; to increase unity between all sections of the population." The growth of the state, however, has enabled the government to take over many of the functions once considered as the dominion of the Histadrut. Emphasis is being placed on the cities in Israel rather than the agricultural settlements. Furthermore, the numerous enterprises within the parent organization have begun to fragment rather than to pull together, each one striving to gain more for its own members. Wage parity among all classes of laborers has also caused much dissension. Yet the leaders of the Histadrut believe that the future of their organization is secure, that their labor movement will weather these current storms and emerge as the continuing stabilizer of the state.

Through the efforts of the Histadrut, Israel rightly lays claim to the title of the most developed nation in the Middle East and, as such, the strongest defender of democracy in the area. Through the efforts of the Histadrut, cooperation and friendship has arisen between Israel and the Afro-Asian countries, a cooperation by which the tenets of democracy and freedom have been spread. Furthermore the close cooperation between our labor unions and the Histadrut has enabled a genuine respect to grow and bear fruit, as is shown in the several projects sponsored by American labor groups in Israel

> Its record of achievement is to be envied. As a pioneer of international cooperation, its future is unlimited. It is with pride that I am able to pay tribute to the "backbone of Israel," the Histadrut.

HEALTH CARE FOR ELDERLY

Mr. WILLIAMS of New Jersey. Mr. President, next week the House Ways and Means Committee will start public hearings on President Kennedy's hospital insurance proposal for the aged, commonly referred to as the King-Anderson bill. This necessary humanitarian piece of legislation would extend the social security system to provide a foundation of health care to the nearly 18 million older people of our Nation.

On two occasions—when similar legislation has been considered by the Senate—I voted for it. Next year, I am sure, there will be an opportunity again to consider the President's proposal and I intend to support it again. And, when the vote comes next year, I believe it will pass.

One major reason I believe it will is that it is now clear that the alternatives to the proposal cannot solve the problem of providing the necessary hospital care at a price our older people can afford to pay.

The legislation is not only vital to today's men and women 65 and over. It is a necessity for the security of millions of working men and women who will eventually retire. This great country can no longer ask its older people—or its younger people—to face their sixties, seventies, and eighties without the assurance of dignity in sickness as well as in health.

The urgency of providing a basic program of hospital insurance for our older people is obvious. The income of most of today's aged is low, and the likelihood of a serious, costly illness is high. They are likely to be hospitalized three times as often as younger people, but their income is less than half for people under 65.

For the average older person living alone has an income today of about $20 a week. The average person living with a son or daughter or some other relative has only about $9 a week in income. And, the average older couple has an income of less than $50 a week.

This kind of income leaves no room for a serious illness. Yet, one in six can expect to be hospitalized in the next 12 months. Those who are hospitalized can expect to be in the hospital 15 days, the stay costing more than $900.

How is a single older person, for example, going to pay for a $900 illness with a $20 a week income?

One major alternative suggested by the opponents of the King-Anderson bill is private health insurance coverage—either through Blue Cross-Blue Shield or the commercial insurance companies.

I am sure the House Ways and Means Committee members will be inundated by so-called proof from the American Medical Association, the Health Insurance Association, the Blue Cross and Blue Shield organizations, and the American Hospital Association that private health insurance is—or will shortly—be doing all that is really necessary.

I do not mean to prejudge their case. But the past is the only record we have to go by. The past shows that private health insurance industry cannot do the job; that there is no evidence to show that it will ever be able to do it.

Before going into why I believe this to be true, let me make this point clear: Private health insurance—including the coverage provided by Blue Cross-Blue Shield—will be a valuable supplement to the benefits provided by a basic social security program. It will be possible, once the problem of insuring hospital and nursing home care is resolved by placing it under social security, for many older people to use private insurance to help pay for the doctor bill and other health services not provided in the King-Anderson bill. This is a big role for the insurance industry to play and I am sure they then will be able to do it—and I hope do a good job at it.

But the present health insurance schemes cannot provide the basic necessary coverage and do the rest of the job, too. Policies offered to the aged by the commercial companies are either too costly or else too limited in there benefit structure. The Blue Cross and Blue Shield claim, however, that they perform better than the commercial companies, and that they can handle this whole job.

Two of the major reasons why I am sure the present health insurance industry cannot provide the necessary coverage for older people are these:

First. The way in which the Blue Cross Association has conducted itself in the past several years. Keep in mind that nearly half of all the claimed coverage for people 65 or over by the private insurance industry is provided by the Blue Cross-Blue Shield organizations.

Second. The cost of the Blue Cross-Blue Shield plans—if they provide anything close to adequate benefits—is out of reach of most of our older citizens.

The first point—that is, the conduct of the Blue Cross Association in recent years—is extremely important because it reflects on the good or bad intentions of the organization. And, it reflects on the seriousness with which they approach the problem of solving the medical care difficulties of our older citizens.

I regret to say that the Blue Cross Association appears to be more interested in keeping the King-Anderson bill from passing, than in providing health insurance for our aged. The leaders of the organization are playing politics with the health and welfare of millions of older people. They have been for the past 2 years.

Let me point out that my interest in the way the Blue Cross organization is operating is not new. A year ago I protested the role that the National Blue Cross Association was attempting to play in the congressional campaign over the issue of health care for the elderly.

I again ask Members of the Senate to look at the record:

Nearly 2 years ago, the National Blue Cross Association announced its so-called Blue Cross national open enrollment program for the elderly. This announcement received widespread publicity and many favorable comments from newspapers. It was hailed by some as the real answer to the problem of providing health care.

Yet, as I said in my speech last year, no national plan ever appeared.

They failed to get agreement of the local Blue Cross plans to their idea of a national plan.

And one would think that, in the public interest, they might have said: "We are sorry. We were wrong. We cannot offer a nationwide program with the comprehensive benefits we announced."

Instead they quietly shelved the great nationwide program. But they were not so quiet about what they did next.

The next blast from Blue Cross came out, all across the country—conveniently timed just before the congressional elections. Up went the hopes of the aged once again.

In Life, Look, Newsweek, Time, the Saturday Evening Post—half-page advertisements.

In newspapers everywhere, large display advertisements. What did they have to say? They said:

> Here is a senior citizens program available to you right here in your own Blue Cross area.

They implied: "Here is the solution to your health cost problem."

What they did was make available 73 different programs, in 73 different areas. But what they all add up to is very little.

They add up to further truth that the national Blue Cross, by promoting a second publicity barrage prior to last year's elections, jeopardized its reputation by throwing itself into a political arena where it did not belong.

We now have the results of these "amplified programs" for the aged. These were the plans that the national advertisements had proclaimed just before the 1962 elections—in which hospital care of our elderly was a major issue. These were the plans that were not available when the public announcements were made.

At the time the national advertisements advised readers to write or telephone their local Blue Cross for full details of the programs for senior citizens in their area. Well, calls were made to 33 different Blue Cross local plans in that period before the elections. And very few of them had a program for the aged to offer at that time.

But let us take a look at what has happened since then. Let us see whether, when the elections were over, the various Blue Cross local plans were really able to do anything about helping the aged with their hospital and health care costs. We now have some information on the accomplishments of that second well-publicized Blue Cross program.

When the national program died, the National Blue Cross Association said to the local plans:

> **Very well, we will not offer a national program for the aged. But you offer a program on the local level during the fall and winter. We recommend to you that your local program meet the following set of standards:**
>
> **Two hospital contracts—a 70-day and a 30-day program, at least 30 days of coverage per year of mental illness and tuberculosis,**

> some nursing home benefits, some visiting nurse benefits (but these last two do not have to be provided until 6 months after the other benefits). We realize what we are asking you to offer is not as good as we told the people we would offer in the national program, but if your local program is to be any good, you must at least offer this as a minimum.

That was it. That was what was recommended to the 77 local plans. Between October 1962 and the end of January 1963, 73 of them actually did make some sort of nongroup contract available to the aged. But only 30 provided the traditional Blue Cross type of service-benefits in semiprivate accomodations. The rest did not. Only 27 met the reduced standards set by the Blue Cross Association. The rest did not.

I do not wish to belabor this point, because I feel there is one important gage of the effectiveness of these plans and I shall rely on that.

How many older people actually signed up for these 73 different plans?

If we have the answer to that, we shall have the best indication of what role, if any, all of these different plans are playing in solving the problem of the health costs of our elderly.

Precise information is unavailable on the number of people who actually enrolled for these plans. But we do know it is a minuscule number.

The Blue Cross Association itself has recently provided information as to the number of aged enrolled in all of its plans as of December 1959, November 30, 1961, and January 1, 1963.

The Blue Cross says there were 4,300,000 people 65 and over enrolled in December 1959; 5,100,000 on November 30, 1961; and 5,313,771 on January 1, 1963.

In the 2-year period before it offered all of these great plans for the aged, the Blue Cross says its enrollment of aged people increased by 800,000. But in the 13-month period that includes all of these offerings, their enrollment of the aged increased by less than 214,000. Before the galaxy of plans, the average monthly increase of aged persons covered by Blue Cross was 35,000. And during a period which included all of these offerings, the average monthly increase of aged persons it covered was less than half—16,000.

The latter figure cannot be taken as the number who signed up for the special, much-publicized programs. In fact, it would appear that the 16,000-per-month increase was made up largely of people who became 65 during the period in question and simply retained their existing Blue Cross coverage. More than 21,000 people each month became 65 during the period.

In sum, these politically motivated plans have been a dismal flop.

Aside from the lessons they provide about how to avoid the worst public relations practices I have witnessed in a long time, these figures testify once again to a fundamental truth.

The truth is that an elderly retired couple cannot afford to spend $224 a year, which was the median cost of the Blue Cross plans made available, for hospital insurance which, even under the better of the 73 programs, and combined with Blue Shield, covers only half of their health costs.

Some subscription costs went as high as $438 a year for a couple for the combined Blue Cross and Blue Shield coverages. Some of those that were offered at lower-than-average costs might as well have been stillborn like the national plan, since the benefits they provided were so limited.

Forty-six of the combined Blue Cross-Blue Shield plans had subscription rates exceeding $250 a year for a couple, and in 13 plans the rate exceeded $350. I know of few people, even among those in their younger, more productive, years who can afford such large costs for health insurance.

The Blue Cross plan in New Jersey—one of the best in the Nation—has attempted to offer a program of meaningful benefits to the older citizens of my State. Unfortunately, the annual cost for a couple for the Blue Cross coverage—not including Blue Shield—is $208. And, it is a fair assumption that these already high rates will be raised even further beyond the reach of older New Jerseyites as the costs of hospital care continue to soar.

JACK DOW WINS SAVINGS BOND CITATION

Mr. HRUSKA. Mr. President, the Treasury Department yesterday presented its Minuteman Award to an Omaha business leader for his role in a unique U.S. savings bond campaign which has had such remarkable success in Nebraska that it is being considered for adaptation throughout the Nation.

The award went to Mr. Jack Dow, president of Savage-Dow, Inc., an Omaha advertising firm, for his efforts as publicity and advertising chairman of the Nebraska farm and ranch bond drive.

The campaign is directed at Nebraska's farmers and ranchers during this season when they are receiving cash income from the sale of their livestock and grain crops. Using the theme, "Put Your Stock in Bonds," the drive is unique in that Nebraska is the only State to direct a bond-selling campaign directly to farmers and ranchers. The slogan is illustrated by a husky Hereford steer, wrapped in a $100 series E bond.

The idea is an enlargement upon previous efforts headed by the Nebraska Stock Growers Association, the Sandhills Cattle Association, and the Nebraska Cow Belles, an organization of ranch wives. Largely through the campaigns spearheaded by these groups, Nebraska has attained the No. 1 position in America in per capita volume of savings bond sales.

Mr. Dow's firm has done the advertising and public relations work for the farm and ranch bond drive as a public service and it has had the support of such groups as the Farmers Union State Exchange, a cooperative farm supply organization, which awards highway flares as premiums for the purchase of bonds.

The splendid success of the bond campaign in Nebraska is, of course, the result of the work of many people. Mr. W. B. Millard, Jr., chairman of the board of the Omaha National Bank, is State chairman of the Nebraska Savings Bond Committee. State Senator Elvin Adamson, of Nenzel, president of the Nebraska Stock Growers Association, and Ralph Baker, of Valentine, past president of the Sandhills Cattle Association, serve as cochairmen of the farm and ranch drive, and Mrs. Richard Phipps, of Mullen, president of the Nebraska Cow Belles, is women's activities chairman.

These people, working with the capable State director of the savings bond division for Nebraska, Neville "Bud" Phillips, have achieved an enviable record of accomplishment. They deserve the grateful thanks of their State and their Nation.

The PRESIDING OFFICER. Is there further morning business?

Mr. YOUNG of Ohio. Mr. President I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of Ohio. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 235, proposed by the Senator from Alaska [Mr. GRUENING], for himself and other Senators, inserting certain words on page 41, between lines 8 and 9, of the committee amendment in the nature of a susbtitute, as amended.

Mr. YOUNG of Ohio. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield with pleasure to the Senator from Ohio, with the understanding that I do not lose the floor.

FOREIGN ASSISTANCE MUST NOT BECOME BOTTOMLESS PIT

Mr. YOUNG of Ohio. Mr. President, our foreign assistance program is vital to the security of the free world and should help promote the cause of peace. However, foreign aid must not become a bottomless pit. I cannot in good conscience support foreign assistance as a no-strings-attached handout to any and all governments. My vote has been cast in favor of some amendments drastically reducing the spending of our taxpayers' money to countries not needing or wrongfully using foreign aid funds.

My votes will continue to be cast for such amendments. The fact is that American aid today goes to 107 countries. Only eight countries in the free world did not receive some kind of direct subsidy from the United States. Many of these governments frequently act in direct contradiction to our announced policy and what we consider to be in the best interests of the free world. Other aid recipients in Western Europe and elsewhere are now economically solvent and prosperous.

I refer to such countries as West Germany and the Netherlands, for example. They are able to give foreign assistance rather than in need of receiving it. However, we continue to send them taxpayers' money. This must be ended.

Other countries receiving economic and military assistance have time and again failed to institute the needed economic and social reforms to meet the criteria of political stability and democratic practices necessary to any real progress in economic development. I assert we should not provide financial or military assistance to such nations. The dictatorial regimes of Franco in Spain and Duvalier in Haiti are examples. In fiscal 1963 a total of $6.2 million was poured into Haiti, while Dictator Duvalier instituted bloody purges and wrecked the constitution of his country.

The current foreign assistance bill is swollen with provisions for unjustifiable handouts such as these. This must be corrected, and some abuses have been. During the debate, we have trimmed the bill considerably. I am hopeful that we shall continue to examine all provisions of the bill and vote for a clearly defined and outlined program to provide needed foreign aid but end waste of our money. The current foreign assistance—or, as it was improperly termed during the Eisenhower administration, mutual security—must not become, as I have said, a bottomless pit.

The total expenditure of American dollars abroad far exceeds the total expenditure for foreign aid. Clearly, many programs abroad are in the nature of foreign assistance. Consider the Peace Corps, on which we spend millions of dollars, the food-for-peace program, involving hundreds of millions of dollars, and, of course, the high costs of maintaining our Armed Forces abroad. These programs should be kept in mind when considering our total involvement overseas. Viewing the entire picture, I am convinced that it is possible, practical, and sensible to cut the appropriations for foreign assistance even more than we have to date.

Mr. President, we must also live up to our democratic principles in determining the recipients of American assistance. I have repeatedly spoken out against military assistance to Spain's Fascist dictator, Franco. Today I reiterate that opposition. We should not enrich the coffers and strengthen the iron grip of dictatorships whether of the extreme left or the extreme right. I urge passage of an amendment to the Foreign Assistance Act of 1963 which would specifically bar any military assistance to the Franco regime.

Generalissimo Franco is the sole and absolute ruler of Spain. Spain is as totalitarian a state as are the Soviet Union and Red China. Under the Franco regime, the people of Spain are denied every fundamental civil, political, and religious liberty, freedom of speech and press. Some thousands have been imprisoned without trials. The fact that Franco is a self-avowed Fascist rather than a Communist does not change these facts.

The story of Franco's rise to power is a story of violence and ruthlessness. During the Spanish Civil War, from 1936 to 1939, he led rebel forces against the republican Government of Spain. This brutal war saw hundreds of thousands killed in battle, whole cities destroyed, industries and agriculture wrecked.

With the full military and financial support of Hitler and Mussolini, Franco emerged as absolute ruler of Spain. He has since maintained his power by suppressing all opposition. It is estimated that 6,000 political prisoners are now languishing in Spanish prisons. Thousands more have died in concentration camps or have been executed without legal trials. The notorious Isle of Pines prison trials and executions, which first exposed Castro as the tyrant he is, differed little from the practices of the Franco regime.

No matter how convenient it may have been and may be for our country to deal with a dictator like Franco, it is all wrong. In the end it will be proved to have been a mistaken policy, because finally the people will throw out their oppressors—in this case, the ruthless dictator, Franco. It has always been so in the history of the world.

Mr. President, we went to war with Nazi Germany and Fascist Italy. We have refused to recognize Communist dictatorships in Red China and Cuba. On the other hand with regard to Franco, we negotiated for military bases in Spain and signed military aid agreements with him, thereby giving international respectability to his Fascist regime. This was culminated by the visit of President Eisenhower to Madrid in December 1959.

The argument is often made that the realities of the cold war necessitate our dealing with such regimes so long as they are opposed to communism. We needed air and naval bases in the Mediterranean. Therefore, we did business with a Fascist dictator. Today, however, in view of our tremendous missile power and far-ranging atomic-powered Polaris submarines, the need for these bases may be subject to review. At any rate, we must not give Franco military assistance to strengthen his hold on the Spanish people. It is time to wake up from our siesta in Spain. The fact is that our military and economic assistance to Franco profoundly affect the status of the Spanish people.

Our great democratic ideals have not changed. We abhor the outrageous practices of this Fascist regime. Let us stop aiding and abetting tyranny.

In the past, we did have need of NATO air bases in the Mediterranean area. However, recent changes in weapons and technology have now changed our defense needs and those of our western allies. It may no longer be as necessary for us to maintain bases in Spain. Even if we retain these bases, we should not give armaments directly to the tyrannical regime.

Our need for NATO bases is, in the final analysis, a matter for the determination of our military experts. Today, a base in Spain would be valuable mainly as a maintenance port for our atomic submarine fleet. At present our Mediterranean submarines must travel all the way to Holy Loch, Scotland, for servicing and repairs. It was with this in mind that last September we negotiated the renewal of our base rights in Spain for 5 years.

Dictator Franco was well aware of our needs. He tried to use these bases as blackmail to extort from us planes, weapons, and equipment for his armed forces, costing between $200 and $300 million over 5 years, in addition to our help in bringing Spain into NATO. Happily, Franco's attempted blackmail failed. However, regretfully, the new agreement for continuation of the bases was signed—and, I might add, signed without the needed provision for use of one Spanish base by Polaris submarines. There was no mutual benefit involved. We gave. Franco got. My view is we should have rejected his ultimatum and if he did not abandon his demands withdraw our forces, depriving his country of the benefits of the spending of our servicemen.

Since the first year of the Eisenhower administration—1953—we have poured more than $1.3 billion into Spain.

I like the Spanish people. I have been to Spain a number of times. I feel sorry for them. The $1,300 million that we poured into Spain has enriched the group around Franco and has helped him to retain his power. It has done little or nothing for the great mass of the Spanish people.

Three major Strategic Air Command bases and two naval air bases have been built there at a cost of $400 million. These bases provide protection for Spain as well as the rest of Western Europe against Communist aggression from the Soviet Union, but not protection against Fascist oppression from Franco. Yet we are forced to pay heavily for them in military armaments for Franco's Forces.

Mr. President, I would never advocate any measure which would weaken the military security of our country. I do suggest that we end military aid to strengthen fascism. Without such aid, Franco implies that we will be kicked out of Spain. I doubt this. Let us call his bluff. If we removed our bases, it would not materially weaken our strength in Europe or the defense of the free world, but it would definitely weaken Franco's hold upon his people.

I have argued earlier that our foreign assistance program must be trimmed even further than it has been. Waste can and must be eliminated. All Americans recognize the necessity for assistance to governments struggling against Communist infiltration, and to underdeveloped nations with a real desire to "pull themselves up by the bootstraps." Such assistance is clearly in the best interests of the free world. However, aid to a dictatorship of the right is no more in the interest of freedom than aid to a dictatorship of the left.

This year's foreign assistance bill wisely provides that no aid shall be given to any country in the Alliance for Progress "in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections." This provision applies specifically to Latin America. The principles behind it have more than regional significance. It is in our interest, it is in the interest of the entire free world, that democratic practices be encouraged and nurtured. It is clearly not in our interest that tyrannical rule—whether in Latin America, in Europe, or in the Far East—be approved by or abetted by the United States. The economic and social goals toward which U.S. assistance is aimed can hardly be achieved in an atmosphere of religious, political, economic, and social suppression.

Military assistance should be denied to Fascist Franco and others like him. Let Franco and the world know that we are interested in more than cold war victory. We are interested in freedom and social justice. I find the practice of paying many millions of dollars to Franco's government abhorrent.

Let us act boldly against dictatorship in any form. Let us act wisely to support the common people held in bondage in Spain rather than the ruling class swollen with wealth and privilege while the common people are subjects practically in chains. The U.S. presence is more than adequate protection for Spain against Communist aggression. Further military assistance is unnecessary. Therefore, I strongly urge that the foreign aid authorization measure be amended specifically to exclude any military assistance whatever to Spain, or to any other country ruled by a dictator, whether it be Red China or Soviet Russia, or Duvalier's Haiti, or Franco's Spain.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. YOUNG of Ohio. I yield.

Mr. GRUENING. I commend the Senator from Ohio for his excellent, forthright presentation. I fully agree with the point of view he has expressed. It may have been true, as in the earlier days of the cold war, that it was desirable to build a great chain of military establishments in Spain—Army and Air Force bases and naval bases. But I see no reason why, at the same time, we should also have poured economic aid to the tune of hundreds of millions of dollars into that Fascist country.

Now we are told that military fashions have changed; that the old weaponry and methods have become obsolete; that we are going into the missile age. Yet it is amazing that we have not materially revised our position in regard to Spain.

I notice with some surprise that the Spanish dictator has declined to allow us to use our naval base in that country for certain types of our submarines. Why such restrictions were imposed, I do not know. It would be useful to have the State and Defense Departments, which negotiated the continuation of our generosity toward Franco, determine why such restrictions were imposed.

Even if it is necessary to maintain our bases there, I see no reason why we should pay so lavishly and generously to implement the Spanish economy, and why our economic aid to Spain should continue. It is obvious that our economic aid has contributed greatly to the prosperity of Spain. But our assistance has not enlarged the liberty of the Spanish people in any degree. They are still without freedom of press, freedom of assembly, freedom of speech; and, in the case of other than the state religion, with a limited freedom of worship.

Mr. President, it is unfortunate that we continue to pamper dictators with our foreign aid. Whether they be Fascist or Communist, both are objectionable.

I hope that the wise remarks of the distinguished Senator from Ohio [Mr. YOUNG] will bear fruit. It is not easy to change encrusted thinking along these lines in certain sections of our Government. However, it seems to me the time has come, when we are taking a new look at the entire program of foreign aid, that the new look should include a reappraisal of the generous assistance we have given to Spain, to determine whether it may longer be necessary to yield to what, in effect, the Senator from Ohio has called blackmail—for that is what it amounts to, pretty much. We provided economic aid to Spain in exchange for permission to build our bases there at a cost of something over a billion dollars. If Franco is as anti-Communist as he is supposed to be, he should have welcomed our presence there without charge; but we were obliged to provide him with all kinds of economic assistance. I hope the time will come when such assistance will cease.

The Senator from Ohio is to be commended for discussing this subject in so forthright and impressive a manner.

Mr. YOUNG of Ohio. Mr. President, I thank the distinguished Senator from Alaska. I compliment and praise him for the fine leadership he has manifested at all times during his service in the Senate, and particularly during the past 2½ weeks, when the foreign assistance program has been debated in the Senate. The leadership of the Senator from Alaska in behalf of the taxpayers of the country, who have been paying tremendous sums for so-called foreign assistance, is highly commendable. Much of this money has been wasted on countries such as Spain and Haiti, where dictators of the extreme right are holding sway and are ruthlessly suppressing the civil liberties of their people.

Mr. GRUENING. In the course of the discussion of my amendment to bar military aid to Latin America, I shall list the amounts of money we have given to those countries for military aid. The Senator from Ohio has mentioned Haiti. I find that we have given Haiti $5,800,000 for military aid under our foreign assistance program. What has been the result? The result has been identical, more or less—a difference in degree, perhaps—with what has happened as a result of our providing military aid to other Latin American countries. It has not promoted the security of those countries. It has not guarded them against invasion, because they were in no danger of invasion. It has not strengthened their internal security; in fact, their internal security has actually been upset by the arms, tanks, machineguns, and airplanes we have provided them. So the Senator's point is well taken.

The amendment which I shall discuss today deals only with military aid to Latin America. Latin America has certain characteristics and qualities that are unique or different from other parts of the world. But in a general way, the motivation for the amendment applies also to other countries. Our aid to Franco—whatever else it has done—has enabled him to strengthen his dictatorial hold on the people of Spain. We have heard rumors lately that there are to be reforms. Those rumors start and gain currency about the time when the aid agreement with Spain is about to be renewed. These alleged promised reforms are held out as a little bait: "If you—the United States—give us some money, we will grant a little more freedom to our people." However, although agreements have been concluded, no real changes have been made by Spain.

Mr. President, the amendment which I have proposed and which is now before the Senate is cosponsored, I am proud to say, by the distinguished senior Senator from North Carolina [Mr. ERVIN], the distinguished junior Senator from Wisconsin [Mr. NELSON], the distinguished senior Senator from Wisconsin [Mr. PROXMIRE], the distinguished junior Senator from Nevada [Mr. CANNON], the distinguished junior Senator from South Dakota [Mr. MCGOVERN], the distinguished senior Senator from Oregon [Mr. MORSE], and the distinguished junior Senator from Florida [Mr. SMATHERS]. The amendment provides:

> That, except (1) to the extent necessary to fulfill prior commitments and (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.

This amendment would bar military assistance to Latin American countries unless, first, the aid is given to fulfill prior commitments or, second, the President finds that such aid is necessary for the security of the United States.

Most Senators will readily recognize that this amendment is little more than a sense-of-the-Congress amendment, since the authority given the President is very broad. However, if enacted, it will stop blanket military aid to Latin American countries, and will require justification by the President to the Congress in such individual cases as are permitted his discretion. The amendment would permit the President to give arms to Latin American countries for internal security purposes, to prevent or to put down internal insurrection. It can be argued at any time that the sending of arms there is not only of aid to their security, but also is useful and beneficial to the security of the United States.

Moreover, the amendment would not in any way prevent the United States from continuing to sell arms to Latin America. The amendment would not prevent the United States from keeping any prior commitment to supply military assistance to Latin America. I have little doubt that some such commitments—either expressed or implied, explicit or implicit—may have already been made. But the amendment would require that the Congress be specifically informed of each case.

However, this amendment, if adopted and enacted into law, would have one very salutary effect. It would cause those in charge of the military assistance program to pause and ponder before continuing to provide military assistance to every Latin American nation. What I object to is the existing policy that each Latin American nation is presumed to be eligible to receive our military assistance as a matter of course. That is what this amendment is designed to stop.

So far as I can determine, there has been no discrimination in the administration of this military assistance program in Latin America—and I use the word "discrimination" in its more favorable connotation, although the word has acquired an unfavorable connotation in connection with civil rights matters and other discrimination associated with any unfair practices. But in this case I use the word "discrimination" in the sense of meaning the use of good judgment and selectivity. Such selectivity has obviously not existed in our military aid program to Latin American countries. We have wished it on all of them.

So there has not been the use of good judgment in connection with our military aid program for the countries of Latin America. All of them have received our military assistance—including one enlightened small country which has abolished its military forces by constitutional amendment and does not want to reinstitute them. Even so, it, too, has received our military assistance. Too often we have pandered to the pride of military dictators there and have given them sophisticated armaments, to enable them to "keep up with the Joneses." In effect, we have contributed our share to a military buildup and armaments race in Latin America. Think of it, Mr. President. Although our professed purpose all over the world is to work for peace, we have, in effect, contributed our share to a military buildup and armaments race in Latin America.

I ask Senators to consider the feelings of U.S. fishermen who have been illegally taken from their fishing vessels while fishing on the high seas and have been transported to a Latin American country in a vessel which was given to that country by the United States under its military assistance program. We should consider the feelings of such fishermen who are taken from their vessels—whether by Ecuador, Peru, or Chile—and imprisoned and fined, although the vessels used to arrest them illegally and take them to prison were given to those nations as a part of our military aid program. Is not that ironical—not to use a stronger word?

Last week there was considerable debate in the Senate on an amendment sponsored by the two distinguished Senators from California [Mr. KUCHEL and Mr. ENGLE]. Unfortunately, the junior Senator from California [Mr. ENGLE] was unable, because of illness, to be present in the Senate on that occasion. We are delighted with the good news that he is recovering rapidly. In any event, carrying the ball on that occasion for the two California Senators was the distinguished minority whip [Mr. KUCHEL], who pointed out that our fishermen who were fishing in international waters there were arrested, and he pointed out that one American fisherman was arrested by the crew of a patrol boat which we are told was formerly a vessel of the U.S. Navy, and another was arrested by the crew of an Ecuadorian vessel, also aboard a former U.S. naval vessel.

But the able Senator from California did not specifically point out, and I am not sure he was aware of it, that those vessels—gunboats, and cruisers—were given to certain Latin American countries as a part of our military aid program. What a fine situation that is. We give them the vessels for purposes of defense against some fancied foe, but they use them to arrest American fishermen and drag them to jail, where some of them were kept for several weeks. What a spectacle that is. I would hardly have imagined that that would happen, but it did happen. It is something for Ripley. American naval vessels given to those countries under our military aid program are used to arrest American fishermen, and take them to jail, and they are fined. I am curious to know what possible defense could be made of that application of our military aid program.

This amendment relates to the situation in connection with the countries of Latin America. Of course it is not a new subject.

In August 1962, I made an extended address to the Senate on this subject, and at that time I pointed out that, in my judgment, military aid to Latin America was defeating the purposes of the Alliance for Progress, and I documented it fully with the results in half a dozen countries were the arms the United States had given them had resulted in military overthrows, in military dictatorship and in instability—thwarting economic progress, social reform and peaceful development.

It might be apropos if at this time I quoted from the speech I then made in the Senate, because at that time, more than a year ago, I prophesied the development of this very situation; and I pointed out that our military aid was upsetting existing governments.

I do not know whether the leadership is willing to accept this amendment, but I point out that it would give the President adequate latitude. But the amendment would establish an important principle, because, as I have said, under the amendment the President not only could fulfill prior commitments, but, in addition, whenever he thought such aid was in the interest of the national security—and, of course, that proviso could be very broadly administered—the President could extend such aid. The invasion of a Latin American country by an armed force might menace the security of the United States; and in that case the President could take appropriate action. But I feel that the kind of military aid we have been giving for a decade and a half carries out the purposes for which it was intended; namely, hemispheric security and mutual defense. I pointed all this out in a speech made earlier in this debate.

Mr. FULBRIGHT. Mr. President, will the Senator from Alaska yield?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Alaska yield to the Senator from Arkansas?

Mr. GRUENING. I yield.

Mr. FULBRIGHT. Would the Senator from Alaska agree to the inclusion in lines 7 and 8 of language which would cover a situation in which such countries were threatened with internal subversion? We know that today there is in Venezuela a very active internal Communist group which is threatening the security of that country. We are very much interested in maintaining the integrity of the present Government in Venezuela, which I think is the only Government which has a prospect of surviving there if the present Communist threat is surmounted. Would the Senator from Alaska agree that the words "necessary to safeguard the security" should refer not only to outside aggression, but also to internal subversion which might threaten the security of the country?

Mr. GRUENING. I agree. Perhaps it should be pointed out that under the amendment it would be possible for the United States to provide them with military assistance of a certain type—namely, small arms, pistols, rifles, tear gas, and so forth—but not tanks and naval vessels, which have been so greatly misused.

Of course, subversion is not confined to the use of military force; it also takes place by means of all kinds of intrigue.

If the chairman of the committee would accept the amendment in such form as to take care of cases of internal subversion, carried on by violence, I would be very happy to have him do so.

Our continuing acceptance of the general principle of hemispheric defense which was accepted generally when this program was called mutual security is no longer valid, for this is not now a matter of mutual security, but a matter of security against internal assault—although it might involve a threat to mutual security. Most of the upsets which have occurred in such countries have occurred as the result of the activities of juntas which have threatened and overturned democratically instituted governments, or in some cases less democratically instituted governments. In any case, they have upset the then existing governments.

Mr. FULBRIGHT. Would the Senator also agree that the word "and" on line 5, immediately before the (2), should be "or"? It ought to be phrased alternatively, should it not? If the two were coupled together, there is a limitation requiring a prior commitment.

Mr. GRUENING. I would be very happy to have the Senator suggest some additional language. I should like to have stated as a principle that wholesale aid to Latin America allegedly for hemispheric defense be scrapped.

Mr. FULBRIGHT. That subject was discussed in the committee. The committee discussed its approval of some of the projects which involved cruisers and submarines. They were justified, not by the State Department, but by the military, as being necessary for hemispheric defense—patrolling access routes to Latin America, and so on. That was a number of years ago. That was the explanation given and insisted upon. The committee was critical of some of the proposed projects. As I recall—I believe in the case of Peru, and possibly in the case of Venezuela—cruisers or other fairly large naval vessels purchased from other countries were involved. I think we furnished them one or two, but not many.

The one item referred to was involved. We disapproved that on principle on the same ground that the Senator is now stating.

Mr. GRUENING. It seems to me that the situation could be satisfactorily resolved if we inserted language which would make it clear that the President could at any time act in relation to any individual country, rather than have in the bill a blanket arrangement for military aid to countries of Latin America, which aid to date has been given indiscriminately to every one of those countries, including Costa Rica, which by its constitution has abolished its army. Costa Rica went under the military aid program. It was not really military aid; it was civil aid. Jeeps, three planes, a patrol boat, and a Coast Guard cutter were involved. But it should not have been called military aid. It should not have been in the military program.

Mr. FULBRIGHT. I am not sure about that particular case, but the Senator knows that in administering the contingency fund, quite often allocation is required to be made in accordance with some other existing authority, which does not always include an accurate description of the purpose.

There are certain restrictions in the law in that connection. Sometimes it is called supporting assistance, as in the case of a country like Bolivia, when it does not conform to the usual criteria for supporting assistance, because no direct military aid is involved. But that was done because use of the contingency fund had to be in accordance with some other authority.

I questioned that policy. It was said that the contingency fund was always allocated under the authority of some other section of the act, even though it does not conform to the usual primary purpose of that particular allocation. That was true in one or two cases in which either military assistance or supporting assistance was used as a designation of certain aid, when it was neither one. It was actually the use of the contingency fund, and was administered in accordance with the provisions and restrictions applying to those particular categories.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I wish the attention of the Senator from Alaska [Mr. GRUENING] and the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT]. We are considering whether or not to reach an understanding in relation to the Senator's amendment that will accomplish the maximum amount of good and be acceptable to the administration and to the chairman. Let us face it. The real problem is in fact a psychological problem in Latin America.

If it becomes necessary to do so, I intend to use this afternoon to speak about some messages I have received from some of our best friends in Latin America, including Latin American presidents, who are very much concerned about what America's policy is to be in connection with the subject of military aid. They are democracies, but in some instances they are shaky democracies. They are fearful that they may not survive. But it seems to me that the important thing is that we try to arrive at some arrangement. I want the Senator from Alaska to know that I, as a cosponsor of the amendment, will go along with anything that the Senator from Alaska can work out in the way of an adjustment of the amendment whereby we would say to Latin America, "We will not give you any more military aid." That would not stop the training programs.

It would not stop purchases. We would say, "We are not going to give you any more military aid as such, unless in some specific case the President of the United States finds that in the interest of U.S. security—and he sets forth his reasons to Congress—it ought to be done." No one can stop that. I cannot conceive that anyone would want to stop it—certainly not the senior Senator from Oregon and, I am sure, the Senator from Alaska. But it would be a great psychological change in the bill. In my judgment the bill would then become a great psychological weapon throughout Latin America. It could be used by our friends. They would rest a little more secure. They would feel a little better. At present our friends in Latin America are worried.

This morning I had a conference with a prominent Latin American. I know whereof I speak when I say that my views are not singular to me but are shared in many high places in Latin America. The Senator from Oregon has some other amendments on military aid in connection with Latin America. We cannot tell how the Senate will vote on them. I have an amendment in which I have proposed to cut $10 million from proposed aid to Latin America. If an adjustment could be arrived at on the amendment, I would not offer it. The psychological value is more important. I think it would be worth many times the saving of $10 million. A dollar sign cannot be put on the psychological value of the proposal.

The time has come, in America's self-interest, to serve notice on military groups in Latin America that we will not continue to build up a military caste system in many places in Latin America, which is not working in the direction of strengthening freedom in Latin America.

I must leave the floor of the Senate temporarily. I hope the Senator will protect my interests while I am gone. He always has, so far as my parliamentary rights are concerned. I wish the Senator from Alaska to know that any arrangement he can arrive at with the leadership in regard to the amendment will be acceptable to me.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. HUMPHREY. I find the Senator's amendment very constructive. I believe it will serve a useful purpose in the bill. As the Senator from Alaska and the Senator from Oregon know, I have been very much concerned about the military assistance program in Latin America. I voted to reduce it because I felt that there were abuses of it, and that much of it was going for purposes other than purposes which would be helpful to our own security or even to the security of free institutions in Latin America. The record should be clear that our Government should cooperate with duly constituted governments in Latin America for internal security purposes, and to make sure that constitutionally elected government at least have a fighting chance to resist the guerrilla tactics and the forces of open violence and terror which are evident in such countries as Venezuela and Colombia, to mention two; but there are others. We do not want anything we do here to be interpreted as denying our cooperation to duly constituted and elected governments to protect their own security and their own democratic institutions.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. I wish to join in that statement. I never had any intention of weakening a democratic government in Latin America as it tries to meet any Communist threat. The need is for machineguns, rifles, pistols, tear gas, and the entire group of small arms necessary to meet the guerrillas. They do not need submarines, jet bombers, and heavy equipment, much of it obsolete to our purposes, anyway.

In my judgment, the amendment of the Senator from Alaska would give them protection of the kind they need, and would serve notice that they will not get the other kind of military aid.

Mr. HUMPHREY. I believe the Senator from Oregon is correct. I would add to the group of small arms which might be needed for internal security purposes by constitutional governments. Such an item, for example, as a helicopter might be helpful at present in Venezuela.

Mr. MORSE. That would be very helpful.

Mr. HUMPHREY. Let me say to the Senator from Alaska that the suggestion made by the chairman—that on line 5 the word "and" be changed to "or," I believe would be helpful, because it would strengthen the amendment. I believe it would do much to eliminate any doubt as to its purpose.

Mr. MORSE. I have already told the chairman that I believed that would be good.

Mr. GRUENING. I should like to ask the Senator from Oregon to remain for a moment, while I suggest to the chairman additional language: On line 9, after the words "United States," to add:

> Or the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

In other words, when their safety is threatened we can give them arms.

Mr. HUMPHREY. I should hope so.

Mr. FULBRIGHT. I see nothing wrong with that.

Mr. GRUENING. Would the Senator from Arkansas accept that language?

Mr. FULBRIGHT. Yes. The Senator is making specific what we have said as a matter of legislative history. I should like what we have said, of course, to be the interpretation which we put upon the language.

Mr. MORSE. It must be. That is why I said what I said, to join the Senator from Minnesota in making legislative history as to the meaning of the amendment.

Mr. GRUENING. The point the Senator from Minnesota has made is a good one. Venezuela is threatened by subversive activities and faces violence; and that government needs weapons for its protection.

Mr. FULBRIGHT. Yes.

Mr. GRUENING. There are other such cases. In some others, the same situation does not exist. If we can obviate blanket assignments of military aid to all countries indiscriminately, I believe we shall have made a great improvement. That is what I hope to accomplish.

Mr. FULBRIGHT. In view of the statement of the Senator from Oregon with regard to the attitude on further cuts or changes in the bill, I would be disposed to accept the amendment with that understanding.

Mr. MORSE. I do not wish to be misunderstood. I am not going to offer any more proposals for any more cuts in reference to Latin America.

Mr. FULBRIGHT. That is what I understand.

Mr. MORSE. The Senator from Minnesota knows my position. I am going to do my best to save another $20 million. Three days ago I said that was my objective. I have $20 million to go. There are other places where we can save money.

I am not asking for the help of the chairman, because I know he has the responsibility of fighting for the bill, and I admire him for it. The Senator from Minnesota knows where I believe other savings can be made. I am not asking the Senator from Minnesota to help. I do not expect to offer any more proposals for cuts in regard to Latin America, but I do not wish to get myself into a poor trading position. Like David Harum, I am too good a horse trader to be left with only one vote—and then be voted down.

Mr. HUMPHREY. The Senator from Oregon has never been outtraded. I bought some cattle from him once. Many Senators already know of his ability not only as a great legislator and an outstanding Senator but also as one of the truly great David Harums of all time.

Mr. MORSE. Since the Senator from Minnesota bought the cattle, I have been looking in the mail each morning for a "conscience money" check from him, because that is what he owes me.

Mr. HUMPHREY. The Senator from Oregon should write to himself.

The PRESIDING OFFICER. If the Senator from Alaska has new language for his amendment, that he wishes to offer, will he please send it to the desk so that the clerk may report it?

Mr. GRUENING. Mr. President, I suggest the absence of a quorum, so that we can draft appropriate language.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I modify my amendment as follows: On line 9, after the words "United States", add:

> Or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. In line 9, after "United States", it is proposed to add:

> Or to safeguard the security of a country associated with the United States in the Alliance for Progress against military overthrow of a duly constituted government.

Mr. FULBRIGHT. I also understood that the word "and", in line 5, just preceding the "(2)", would be changed to "or".

Mr. GRUENING. Yes.

Mr. FULBRIGHT. The Senator will change that in his amendment?

Mr. GRUENING. Yes; that is agreeable.

Mr. FULBRIGHT. The amendment, as modified, I am perfectly willing to accept.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. GRUENING. I am glad to yield.

Mr. CARLSON. As the chairman of the Senate Foreign Relations Committee and those of us who are members of the committee know, we spent hours discussing this very difficult problem of the military assistance program in Latin America and for other countries. I commend the Senator from Alaska for trying to devise a program, which I believe will be most helpful.

I appreciate very much the fact that our distinguished chairman has agreed to accept the amendment. In the future it will have a very beneficial effect on military expenditures and our military operations in Latin America. We do not wish to do anything that will not assist an established government to preserve itself in a sound and a safe position, because it is to our interest to keep this type of government in Latin America. I appreciate the efforts that have been made by the Senator from Alaska, and I commend him.

Mr. GRUENING. I thank the Senator from Kansas. I also greatly appreciate the cooperation and assistance of the distinguished chairman of the committee. If this provision is administered in accordance with the expressed will of the Congress, as indicated by this conversation, it will be helpful. We do not in any way desire to risk the security of any nation in this hemisphere, or our own, but we believe experience has shown that the blanket giving of military assistance to all countries, regardless of the necessity, was an error and has proved disastrous in a number of cases. With judicious application of this language, which really places the responsibility upon the President and his military advisers, we will accomplish a great step forward in promoting peace and obviating to a very large extent the military overthrows of constitutional governments, such as we have seen in Ecuador, in Peru, in Guatemala, and more recently in the Dominican Republic and in Honduras.

I believe this will have a very salutary effect in relation to the overthrow of governments, as in the case of Honduras, which took place a week before an election, and in the case of the Dominican Republic, which had had a truly democratic election.

I am glad to have this amendment accepted.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing military aid to Latin America, cumulative, from fiscal years 1946 to 1963, and the programed aid for fiscal year 1963.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Military aid to Latin America

[In millions of dollars]

Country	Cumulative, fiscal years 1946–63	Fiscal year 1963	Total, by countries
Argentina	48.7	2.7	51.14
Bolivia	5.6	1.6	7.2
Brazil	234.9	16.9	251.8
Chile	77.2	10.2	87.4
Colombia	58.4	8.4	66.8
Costa Rica	1.7	.7	2.4
Cuba	11.0	--------	11.0
Dominican Republic	9.1	2.1	11.2
Ecuador	32.8	2.8	35.6
El Salvador	1.6	.6	2.2
Guatemala	7.0	2.0	9.0
Haiti	5.4	.4	5.8
Honduras	4.1	1.1	5.2
Mexico	7.2	1.2	8.4
Nicaragua	5.5	1.5	7.0
Panama	1.8	.8	2.6
Paraguay	1.9	.9	2.8
Peru	95.7	6.7	102.4
Uruguay	30.5	2.5	33.0
Venezuela	68.4	10.4	7.88
Regional	7.2	1.2	8.4
Total	715.7	74.7	790.4

The PRESIDING OFFICER. The question is on agreeing to amendment No. 235, as modified, proposed by the Senator from Alaska [Mr. GRUENING] for himself and other Senators, to insert certain words on page 41, after line 8, in the committee amendment in the nature of a substitute, as amended.

The modified amendment to the amendment, was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was adopted be reconsidered.

Mr. **PASTORE** and Mr. **CARLSON** moved to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. **GRUENING**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. **PROXMIRE**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

EXPERT ANALYSIS OF U.S. BALANCE-OF-PAYMENTS PROBLEM

Mr. **PROXMIRE**. Mr. President, this morning the Joint Economic Committee continued hearing testimony on this country's critical balance-of-payments situation. Three of the outstanding experts in the world on the subject of balance of payments appeared before the committee. All three of the papers that were submitted were noteworthy. Two of those papers were concise and brief. One paper was presented by Prof. Milton Friedman of the University of Chicago, and the other paper was by Dr. Henry C. Wallich, also an extraordinarily able economist formerly a leading economic adviser in the Eisenhower administration.

These two papers tend to counterbalance each other. Mr. Friedman spoke very eloquently of the desirability of what he calls a floating exchange system, or a flexible rate system, instead of having the present fixed dollar price pegged to the price of gold of $35 an ounce; Professor Friedman pointed to the many advantages in this kind of system. It would mean that we would not have to rely, as we do now, on loans and sufferance of other countries, and we would not have to tie our own domestic economy to what happens in other countries, and in that way we would not have to restrain our use of our two great national economic weapons: fiscal policy and monetary policy, because of concern over what might happen to our international balance of payments.

In his view, the great advantage of this system would be that it would leave the determination of the value of the dollar to free economic forces. He said that this has been the historic way in which we have done it throughout much of our history up until about 1934.

Professor Friedman said that this would solve our balance-of-payments difficulties, and that we would not have our Federal domestic economic policy paralyzed by fear of international consequences.

Dr. Wallich took the contrary position. He did not agree that flexible rates represent a practical alternative. He conceded that there was a great measure of acceptance of flexible rates in the academic field. It seemed to me that Dr. Wallich was unable to come forward with any clear alternative. He had to agree that we were in great difficulty, and that any alternative system of adjusting to our balance of payments would be difficult to find and would require a long period of time.

Dr. Wallich answered point by point the excellent paper by Professor Friedman.

I believe that these papers would be of interest to all Senators who are concerned with our balance-of-payments problems. For that reason I ask unanimous consent that both papers be printed in the RECORD at this point in my remarks.

There being no objection, the papers were ordered to be printed in the RECORD, as follows:

STATEMENT BEFORE JOINT ECONOMIC COMMITTEE, NOVEMBER 14, 1963, HEARINGS ON BALANCE OF PAYMENTS, BY MILTON FRIEDMAN, UNIVERSITY OF CHICAGO

Discussions of U.S. policy with respect to international payments tend to be dominated by our immediate balance-of-payments difficulties. I should like today to approach the question from a different, and I hope more constructive, direction. Let us begin by asking ourselves not merely how we can get out of our present difficulties but instead how we can fashion our international payments system so that it will best serve our needs for the long pull, how we can solve not merely this balance-of-payments problem but the balance-of-payments problem.

A shocking, and indeed, disgraceful feature of the present situation is the extent to which our frantic search for expedients to stave off balance-of-payments pressures has led us, on the one hand, to sacrifice major national objectives; and, on the other, to give enormous power to officials of foreign governments to affect what should be purely domestic matters. Foreign payments amount to only some 5 percent of our total national income. Yet they have become a major factor in nearly every national policy.

I believe that a system of floating exchange rates would solve the balance-of-payments problem for the United States far more effectively than our present arrangements. Such a system would use the flexibility and efficiency of the free market to harmonize our small foreign trade sector with both the rest of our massive economy and the rest of the world; it would reduce problems of foreign payments to their proper dimensions and remove them as a major consideration in governmental policy about domestic matters and as a major preoccupation in international political negotiations; it would foster our national objectives rather than be an obstacle to their attainment.

To indicate the basis for this conclusion, let us consider the national objective with which our payments system is most directly connected: The promotion of a healthy and balanced growth of world trade, carried on, so far as possible, by private individuals and private enterprises with minimum intervention by governments. This has been a major objective of our whole postwar international economic policy, most recently expressed in the Trade Expansion Act of 1962. Success would knit the free world more closely together, and, by fostering the international division of labor, raise standards of living throughout the world, including the United States.

Suppose that we succeed in negotiating far-reaching reciprocal reductions in tariffs and other trade barriers with the Common Market and other countries.[1] Such reductions will expand trade in general but clearly will have different effects on different industries. The demand for the products of some will expand, for others contract. This is a phenomenon we are familiar with from our internal development. The capacity of our free enterprise system to adapt quickly and efficiently to such shifts, whether produced by changes in technology or tastes, has been a major source of our economic growth. The only additional element introduced by international trade is the fact that different currencies are involved, and this is where the payment mechanism comes in; its function is to keep this fact from being an additional source of disturbance.

An all around lowering of tariffs would tend to increase both our expenditures and our receipts in foreign currencies. There is no way of knowing in advance which increase would tend to be the greater and hence no way of knowing whether the initial effect would be toward a surplus or deficit in our balance-of-payments. What is clear is that we cannot hope to succeed in the objective of expanding world trade unless we can readily adjust to either outcome.[2]

Suppose then that the initial effect is to increase our expenditures on imports more than our receipts from exports. How could we adjust to this outcome?

One method of adjustment is to draw on reserves or borrow from abroad to finance the excess increase in imports. The obvious objection to this method is that it is only a temporary device, and hence can be relied on only when the disturbance is temporary. But that is not the major objection. Even if we had very large reserves or could borrow large amounts from abroad, so that we could continue this expedient for many years, it is a most undesirable one. We can see why if we look at physical rather than financial magnitudes.

The physical counterpart to the financial deficit is a reduction of employment in industries competing with imports that is larger than the concurrent expansion of employment in export industries. So long as the financial deficit continues, the assumed tariff reductions create employment problems. But it is no part of the aim of tariff reductions to create unemployment at home or to promote employment abroad. The aim is a balanced expansion of trade, with exports rising along with imports and thereby providing employment opportunities to offset any reduction in employment resulting from increased imports.

Hence, simply drawing on reserves or borrowing abroad is a most unsatisfactory method of adjustment.

Another method of adjustment is to lower U.S. prices relative to foreign prices, since this would stimulate exports and discourage imports. If foreign countries are accommodating enough to engage in inflation, such a change in relative prices might require merely that the United States keep prices stable or even, that it simply keep them from rising as fast as foreign prices. But there is no necessity for foreign countries to be so accommodating, and we could hardly count on their being so accommodating. The use of this technique therefore involves a willingness to produce a decline in U.S. prices by tight monetary policy or tight fiscal policy or both. Given time, this method of adjustment would work. But in the interim, it would exact a heavy toll. It would be difficult or impossible to force down prices appreciably without producing a recession and considerable unemployment. To eliminate in the long run the unemployment resulting from the tariff changes, we should in the short run be creating cyclical unemployment. The cure might for a time be far worse than the disease.

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[1] To simplify exposition I shall hereafter refer only to tariffs, letting these stand for the whole range of barriers to trade, including even the so-called "voluntary" limitation of exports.

[2] Many people concerned with our payments deficits hope that since we are operating further from full capacity than Europe, we could supply a substantial increase in exports whereas they could not. Implicity, this assumes that European countries are prepared to see their surplus turned into a deficit, thereby contributing to the reduction of the deficits we have recently been experiencing in our balance-of-payments. Perhaps this would be the initial effect of tariff changes. But if the achievement of such a result is to be sine qua non of tariff agreement, we cannot hope for any significant reduction in barriers. We could be confident that exports would expand more than imports only if the tariff changes were one-sided indeed, with our trading partners making much greater reductions in tariffs than we make. Our major means of inducing other countries to reduce tariffs is to offer corresponding reductions in our tariff. More generally, there is little hope of continued and sizable liberalization of trade if liberalization is to be viewed simply as a device for correcting balance-of-payments difficulties. That way lies only backing and filling.

This second method is therefore also most unsatisfactory. Yet these two methods—drawing on reserves and forcing down prices—are the only two methods available under our present international payment arrangements, which involve fixed exchange rates between the U.S. dollar and other currencies. Little wonder that we have so far made such disappointing progress toward the reduction of trade barriers, that our practice has differed so much from our preaching.

There is one other way and only one other way to adjust and that is by allowing (or forcing) the price of the U.S. dollar to fall in terms of other currencies. To a foreigner, U.S. goods can become cheaper in either of two ways—either because their prices in the United States fall in terms of dollars or because the foreigner has to give up fewer units of his own currency to acquire a dollar, which is to say, the price of the dollar falls. For example, suppose a particular U.S. car sells for $2,800 when a dollar costs 7 shillings, tuppence in British money (i.e., roughly £1 equals $2.80). The price of the car is then £1,000 in British money. It is all the same to an Englishman—or even a Scotchman—whether the price of the car falls to $2,500 while the price of a dollar remains 7 shillings, tuppence, or, alternatively, the price of the car remains $2,800, while the price of a dollar falls to 6 shillings, 5 pence (i.e., roughly £1 equals $3.11). In either case, the car costs the Englishman £900 rather than £1,000, which is what matters to him. Similarly, foreign goods can become more expensive to an American in either of two ways—either because the price in terms of foreign currency rises or because he has to give up more dollars to acquire a given amount of foreign currency.

Changes in exchange rates can therefore alter the relative price of U.S. and foreign goods in precisely the same way as can changes in internal prices in the United States and in foreign countries. And they can do so without requiring anything like the same internal adjustments. If the initial effect of the tariff reductions would be to create a deficit at the former exchange rate (or enlarge an existing deficit or reduce an existing surplus) and thereby increase unemployment, this effect can be entirely avoided by a change in exchange rates which will produce a balanced expansion in imports and exports without interfering with domestic employment, domestic prices, or domestic monetary and fiscal policy. The pig can be roasted without burning down the barn.

The situation is of course entirely symmetrical if the tariff changes should initially happen to expand our exports more than our imports. Under present circumstances, we would welcome such a result, and conceivably, if the matching deficit were experienced by countries currently running a surplus, they might permit it to occur without seeking to offset it. In that case, they and we would be using the first method of adjustment—changes in reserves or borrowing. But again, if we had started off from an even keel, this would be an undesirable method of adjustment. On our side, we should be sending out useful goods and receiving only foreign currencies in return. On the side of our partners, they would be using up reserves and tolerating the creation of unemployment.

The second method of adjusting to a surplus is to permit or force domestic prices to rise—which is of course what we did in part in the early postwar years when we were running large surpluses. Again, we should be forcing maladjustments on the whole economy to solve a problem arising from a small part of it—the 5 percent accounted for by foreign trade.

Again, these two methods are the only ones available under our present international payments arrangements, and neither is satisfactory.

The final method is to permit or force exchange rates to change—in this case, a rise in the price of the dollar in terms of foreign currencies. This solution is again specifically adapted to the specific problem of the balance of payments.

Changes in exchange rates can be produced in either of two general ways. One way is by a change in an official exchange rate; an official devaluation or appreciation from one fixed level which the government is committed to support to another fixed level. This is the method used by Britain in its postwar devaluation and by Germany in 1961 when the mark was appreciated. This is also the main method contemplated by the IMF which permits member nations to change their exchange rates by 10 percent without consultation and by a larger amount after consultation and approval by the Fund. But this method has serious disadvantages. It makes a change in rates a matter of major moment, and hence there is a tendency to postpone any change as long as possible. Difficulties cumulate and a larger change is finally needed than would have been required if it could have been made promptly. By the time the change is made, everyone is aware that a change is pending and is certain about the direction of change. The result is to encourage a flight from a currency, if it is going to be devalued, or to a currency, if it is going to be appreciated.

There is in any event little basis for determining precisely what the new rate should be. Speculative movements increase the difficulty of judging what the new rate should be, and introduce a systematic bias, making the change needed appear larger than it actually is. The result, particularly when devaluation occurs, is generally to lead officials to "play safe" by making an even larger change than the large change needed. The country is then left after the devaluation with a maladjustment precisely the opposite of that with which it started, and is thereby encouraged to follow policies it cannot sustain in the long run.

Even if all these difficulties could be avoided, this method of changing from one fixed rate to another has the disadvantage that it is necessarily discontinuous. Even if the new exchange rates are precisely correct when first established, they will not long remain correct.

A second and much better way in which changes in exchange rates can be produced is by permitting exchange rates to float, by allowing them to be determined from day to day in the market. This is the method which the United States used from 1862 to 1879, and again, in effect, from 1917 or so to about 1925, and again from 1933 to 1934. It is the method which Britain used from 1918 to 1925 and again from 1931 to 1939, and which Canada used for most of the interwar period and again from 1950 to May 1962. Under this method, exchange rates adjust themselves continuously, and market forces determine the magnitude of each change. There is no need for any official to decide by how much the rate should rise or fall. This is the method of the free market, the method that we adopt unquestioningly in a private enterprise economy for the bulk of goods and services. It is no less available for the price of one money in terms of another.

With a floating exchange rate, it is possible for governments to intervene and try to affect the rate by buying or selling, as the British exchange equalization fund did rather successfully in the 1930's, or by combining buying and selling with public announcements of intentions, as Canada did so disastrously in early 1962. On the whole, it seems to me undesirable to have government intervene, because there is a strong tendency for government agencies to try to peg the rate rather than to stabilize it, because they have no special advantage over private speculators in stabilizing it, because they can make far bigger mistakes than private speculators risking their own money, and because there is a tendency for them to cover up their mistakes by changing the rules—as the Canadian case so strikingly illustrates—rather than by reversing course. But this is an issue on which there is much difference of opinion among economists who are agreed in favoring floating rates. Clearly, it is possible to have a successful floating rate along with governmental speculation.

The great objective of tearing down trade barriers, of promoting a worldwide expansion of trade, of giving citizens of all countries, and especially the underdeveloped countries, every opportunity to sell their products in open markets under equal terms and thereby every incentive to use their resources efficiently, of giving countries an alternative through free world trade to autarchy and central planning—this great objective can, I believe, be achieved best under a regime of floating rates. All countries, and not just the United States, can proceed to liberalize boldly and confidently only if they can have reasonable assurance that the resulting trade expansion will be balanced and will not interfere with major domestic objectives. Floating exchange rates, and so far as I can see, only floating exchange rates, provide this assurance. They do so because they are an automatic mechanism for protecting the domestic economy from the possibility that liberalization will produce a serious imbalance in international payments.

Despite their advantages, floating exchange rates have a bad press. Why is this so?

One reason is because a consequence of our present system that I have been citing as a serious disadvantage is often regarded as an advantage; namely, the extent to which the small foreign trade sector dominates national policy. Those who regard this as an advantage refer to it as the discipline of the gold standard. I would have much sympathy for this view if we had a real gold standard, so the discipline was imposed by impersonal forces which in turn reflected the realities of resources, tastes, and technology. But in fact we have today only a pseudo gold standard and the so-called discipline is imposed by governmental officials of other countries who are determining their own internal monetary policies and are either being forced to dance to our tune or calling the tune for us, depending primarily on accidental political developments. This is a discipline we can well do without.

A possibly more important reason why floating exchange rates have a bad press, I believe, is a mistaken interpretation of experience with floating rates, arising out of a statistical fallacy that can be seen easily in a standard example. Arizona is clearly the worst place in the United States for a person with tuberculosis to go because the death rate from tuberculosis is higher in Arizona than in any other State. The fallacy in this case is obvious. It is less obvious in connection with exchange rates. Countries that have gotten into severe financial difficulties, for whatever reason, have had ultimately to change their exchange rates or let them change. No amount of exchange control and other restrictions on trade have enabled them to peg an exchange rate that was far out of line with economic realities. In consequence, floating rates have frequently been associated with financial and economic instability. It is easy to conclude, as many have, that floating exchange rates produce such instability.

This misreading of experience is reinforced by the general prejudice against speculation, which has led to the frequent assertion, typically on the basis of no evidence whatsoever, that speculation in exchange can be expected to be destabilizing and thereby to increase the instability in rates. Few who make this assertion even recognize that it is equivalent to asserting that speculators generally lose money.

Floating exchange rates need not be unstable exchange rates any more than the prices of automobiles, or of government bonds, of coffee, or of meals need gyrate wildly just because they are free to change from day to day. The Canadian exchange rate was free to change during more than a decade, yet it varied within narrow limits. The ultimate objective is a world in which exchange rates, while free to vary, are in fact highly stable because basic economic policies and conditions are stable. Instability of exchange rates is a symptom of instability in the underlying economic structure. Elimination of this symptom by administrative pegging of exchange rates cures none of the underlying difficulties and only makes adjustment to them more painful.

The confusion between stable exchange rates and pegged exchange rates helps to explain the frequent comment that floating exchange rates would introduce an additional element of uncertainty into foreign trade and thereby discourage its expansion. They introduce no additional element of uncertainty. If a floating rate would, for example, decline, then a pegged rate would be subject to pressure that the authorities would have to meet by internal deflation or exchange control in some form. The uncertainty about the rate would simply be replaced by uncertainty about internal prices or about the availability of exchange; and the latter uncertainties, being subject to administrative rather than market control, are likely to be the more erratic and unpredictable. Moreover, the trader can far more readily and cheaply protect himself against the danger of changes in exchange rates, through hedging operations in a forward market, than he can against the danger of changes in internal prices or exchange availability. Floating rates are therefore far more favorable to private international trade than pegged rates.

Though I have discussed the problem of international payments in the context of trade liberalization, the discussion is directly applicable to the more general problem of adapting to any forces that make for balance-of-payments difficulties. Consider our present problem, of a deficit in the balance of trade plus long-term capital movements. How can we adjust to it? By one of the three methods outlined: First, drawing on reserves or borrowing; second, keeping U.S. prices from rising as rapidly as foreign prices or forcing them down; third, permitting or forcing exchange rates to alter. And, this time, by one more method: By imposing additional trade barriers or their equivalent, whether in the form of higher tariffs, or smaller import quotas, or extracting from other countries tighter voluntary quotas on their export, or tieing foreign aid, or buying higher priced domestic goods or services to meet military needs, or imposing taxes on foreign borrowing, or imposing direct controls on investments by U.S. citizens abroad, or any one of the host of other devices for interfering with the private business of private individuals that have become so familiar to us since Hjalmar Schacht perfected the modern techniques of exchange control in 1934 to strengthen the Nazis for war and to despoil a large class of his fellow citizens.

Fortunately or unfortunately, even Congress cannot repeal the laws of arithmetic. Books must balance. We must use one of these four methods. Because we have been unwilling to select the only one that is currently fully consistent with both economic and political needs—namely, floating exchange rates—we have been driven, as if by an invisible hand, to employ all the others—and even then may not escape the need for explicit changes in exchange rates.

We affirm in loud and clear voices that we will not and must not erect trade barriers—yet is there any doubt about how far we have gone down the fourth route? After the host of measures already taken, the Secretary of the Treasury has openly stated to the Senate Finance Committee that if the so-called interest equalization tax—itself a concealed exchange control and concealed devaluation—is not passed, we shall have to resort to direct controls over foreign investment.

We affirm that we cannot drain our reserves further, yet short term liabilities mount and our gold stock continues to decline.

We affirm that we cannot let balance-of-payments problems interfere with domestic prosperity, yet for at least some 4 years now we have followed a less expansive monetary policy than would have been healthy for our economy.

Even all together, these measures may only serve to postpone but not prevent open devaluation—if the experience of other countries is any guide. Whether they do, depends not on us but on others. For our best hope of escaping our present difficulties is that foreign countries will inflate.

In the meantime, we adopt one expedient after another, borrowing here, making swap arrangements there, changing the form of loans to make the "figures" look good. Entirely aside from the ineffectiveness of most of these measures, they are politically degrading and demeaning. We are a great and wealthy nation. We should be directing our own course, setting an example to the world, living up to our destiny. Instead, we send our officials hat in hand to make the rounds of foreign governments and central banks; we put foreign central banks in a position to determine whether or not we can meet our obligations and thus enable them to exert great influence on our policies; we are driven to niggling negotiations with Hong Kong and with Japan and for all I know Monaco to get them to limit "voluntarily" their exports. Is this a posture suitable for the leader of the free world?

It is not the least of the virtues of floating exchange rates that we would again become masters in our own house. We could decide important issues on the proper ground. The military could concentrate on military effectiveness and not on saving foreign exchange; recipients of foreign aid could concentrate on how to get the most out of what we give them and not on how to spend it all in the United States; Congress could decide how much to spend on foreign aid on the basis of what we get for our money and what else we could use it for and not how it will affect the gold stock; the monetary authorities could concentrate on domestic prices and employment, not on how to induce foreigners to hold dollar balances in this country; the Treasury and the tax committees of Congress could devote their attention to the equity of the tax system and its effects on our efficiency, rather than on how to use tax gimmicks to discourage imports, subsidize exports, and discriminate against outflows of capital.

A system of floating exchange rates would render the problem of making outflows equal inflows unto the market where it belongs and not leave it to the clumsy and heavy hand of government. It would leave government free to concentrate on its proper functions.

In conclusion, a word about gold. Our commitment to buy and sell gold for monetary use at a fixed price of $35 an ounce is in practice the mechanism whereby we maintain fixed rates of exchange between the dollar and other currencies; or, more precisely, whereby we leave all initiative for changes in such rates to other countries. This commitment should be terminated, as the corresponding commitment for silver already has been. The price of gold, like the price of silver, should be determined in the free market, with the U.S. Government committed neither to buying gold nor to selling gold at any fixed price. This is the appropriate counterpart of a policy of floating exchange rates. With respect to our existing stock of gold, we could simply keep it fixed, neither adding to it nor reducing it; alternatively, we could sell it off gradually at the market price or add to it gradually thereby reducing or increasing our governmental stockpiles of this particular metal. Personally, I favor selling it off (which would involve removing the present gold reserve requirement for Federal Reserve liabilities) and simultaneously removing all present limitations on the ownership of gold and the trading in gold by American citizens. There is no reason why gold, like other commodities, should not be freely traded on a free market.

TESTIMONY OF HENRY C. WALLICH ON "EXCHANGE RATES: HOW FLEXIBLE SHOULD THEY BE," BEFORE THE JOINT ECONOMIC COMMITTEE NOVEMBER 14, 1963

Flexible rates have achieved a high measure of acceptance in academic circles, but very little among public officials. This raises the question whether we have here a parallel to the famous case of free trade: Almost all economists favor it in principle, but no major country ever has adopted it. Does the logic of economics point equally irrefutable to flexible rates, while the logic of politics points in another direction?

The nature of the case, I believe, is fundamentally different. Most countries do practice free trade within their borders, although they reject it outside. But economists do not propose flexible rates for the States of the Union, among which men, money, and goods can move freely, and which are governed by uniform monetary, fiscal, and other policies. Flexible rates are to apply only to relations among countries that do not permit free factor movements across their borders and that follow, or may follow, substantially different monetary and fiscal policies. It is the imperfections of the world that seem to suggest that flexible rates, which would be harmful if applied to different parts of a single country, would do more good than harm internationally.

The proponents argue, in effect, that flexible rates can help a country get out of almost any of the typical difficulties of economics. If the United States has a balance-of-payments deficit, a flexible exchange rate can allow the dollar to decline until receipts have risen and payments fallen enough to restore balance. If the United States has unemployment, flexible rates can protect it against the balance-of-payments consequences of a policy of expansion. If the United States has suffered inflation and fears that it will be undersold internationally, flexible rates can remove the danger.

Other countries have analogous advantages. If Chile experiences a decline in copper prices, flexible rates can ease the inevitable adjustment. If Germany finds that other countries have inflated while German prices have remained more nearly stable, flexible rates could help to avoid importing inflation. If Canada has a large capital inflow, a flexible rate will remove the need for price and income increases to facilitate the transfer of real resources.

Why, in the face of these persuasive attractions, should one advise policymakers to stay away from flexible rates? Since the dollar problem is the concrete situation in which flexible rates are being urged today, it is in terms of the dollar that they must be discussed. In broadest terms, the reason why flexible rates are inadvisable is that their successful functioning would require more self-discipline and mutual forbearance than countries today are likely to muster because the limits of tolerance today are narrow and that a flexible dollar would invite retaliation almost immediately.

They are likely to be alive principally to the danger of being undersold by American producers in their own and third markets.

The Europeans could impose countervailing duties. They could minimize their commitment by imposing a simple form of exchange control that the Swiss practiced during the last war. They purchased dollars only from their exporters, thereby stabilizing the trade dollar, while allowing dollars from capital movements—finance dollars—to find their own level in the market.

The large volume of not very predictable short term capital movements in the world today makes such reactions under flexible rates particularly likely. A sudden outflow of funds from the United States, for instance, would tend to drive the dollar down. As a result, American exporters could undersell producers everywhere else in the world. It seems unlikely that foreign countries would allow a fortuitous short term capital movement to have such far-reaching consequences. It would not even be economically appropriate to allow a transitory fluctuation in the capital account of the balance of payments to have a major influence on the current account.

It can be argued that under flexible rates the effects of such a movement would be forestalled by stabilizing speculation on a future recovery of the dollar. This is possible. It is possible also, however, that speculation would seek a quick profit from the initial drop in the dollar, instead of a longer run—one from its eventual recovery. Then short run speculation would drive the dollar down further at first. In any case there is not enough assurance that speculators will not make mistakes to permit basing the world's monetary system upon the stabilizing effects of speculation.

In the case of countries which import much of what they consume, such as England, a decline in the local currency may even be self-validating. If the cost of living rises as the currency declines, wages will rise. Thereafter the currency may never recover to its original level.

This points up one probable consequence of flexible exchange rates: A worldwide acceleration of inflation. In some countries the indicated ratchet effect of wages will be at work. In the United States a rise in the cost of imports would not be very important. But the removal of balance-of-payments restraints may well lead to policies that could lead to price increases. The American inflation of the 1950's was never defeated until the payments deficit became serious. Elsewhere, the removal of balance-of-payments disciplines might have the same effect. Rapid inflation in turn would probably compel governments to intervene drastically in foreign trade and finance.

The prospect that flexible rates would greatly increase uncertainty for foreign traders and investors has been cited many times. It should be noted that this uncertainty extends also to domestic investment decisions that might be affected by changing import competition or changing export prospects. It has been argued that uncertainties about future exchange rates can be removed by hedging in the futures market. This, however, involves a cost even where cover is readily available. The history of futures markets does not suggest that it will be possible to get cover for long-term positions. To hedge domestic investment decisions that might be affected by flexible rates is in the nature of things impracticable.

The picture that emerges of the international economy under flexible rates is one of increasing disintegration. Independent national policies and unpredictable changes in each country's competitive position will compel governments to shield their producers and markets. The argument that such shielding would also automatically be accomplished by movements in the affected country's exchange rate underrates the impact of fluctuations upon particular industries, if not upon the entire economy. That international integration and flexible rates are incompatible seems to be the view also of the European Common Market countries, who have left little doubt that they want stable rates within the EEC.

If the disintegrating effects of flexible rates are to be overcome, a great deal of policy coordination, combined with self-discipline and mutual forbearance, would be required. The desired independence of national economic policy would in fact have to be foregone—interest rates, budgets, wage and prices policies would have to be harmonized. If the world were ready for such cooperation, it would be capable also of making a fixed exchange rate system work. In that case, flexible rates would accomplish nothing that could not more cheaply and simply be done with fixed rates. It seems to follow that flexible rates have no unique capacity for good, whereas they possess great capacity to do damage.

A modified version of the flexible rates proposal has been suggested. This version would allow the dollar and other currencies to fluctuate within a given range, say 5 percent up and down. This "widening of the gold points" is believed to reduce the danger of destabilizing speculation. It might perhaps enlist speculation on the side of stabilization, for if the dollar, say, had dropped to its lower limit, and if the public had confidence that that limit would not be broken, the only movement on which to speculate would be a rise. The spectacle of a currency falling below par may induce, according to the proponents, a strong political effort to bring it back.

This proposal likewise strikes me as unworkable. For one thing, I doubt that people would have a great deal of confidence in a limit of 5 percent below par, if par itself has been given up. Political support for holding this second line would probably be less than the support that can be mustered to hold the first. For another, the execution of the plan would still require the maintenance of international reserves, to protect the upper and lower limits. But with fluctuating rates, dollar and sterling would cease to be desirable media for monetary reserves. International liquidity would become seriously impaired. A third objection is that under today's conditions, the complex negotiations and legislation required, in the unlikely event that the plan could be negotiated at all, could not go forward without immediate speculation against the dollar before the plan goes into effect.

It remains only to point out that, even in the absence of a high degree of international cooperativeness, a system of fixed exchange rates can be made to work. It can be made to work mainly because it imposes a discipline upon all participants, and because within this discipline there is nevertheless some room for adjustment. The principle sources of flexibility are productivity gains and the degree to which they are absorbed by wage increases. Wages cannot be expected to decline. But their rise can be slowed in relation to the rate of productivity growth, in which case prices would become more competitive relative to other countries. With annual productivity gains of 2 to 3 percent in the United States and more abroad, it would not take many years to remove a temporary imbalance.

LOCAL TRANSPORT AIRLINES IN HAWAII

Mr. INOUYE. Mr. President, the Local Transport Airlines in Hawaii have made tremendous progress over the last 5 years. Over that same period the total revenue ton-miles of traffic carried was increased from 80 million to 180 million, with the number of passengers carried just about doubled over the same period. In all other respects, the ability of the carriers to render good service to the public has been greatly improved.

I ask unanimous consent to have printed in the Record a recent speech by Hon. G. Joseph Minetti, member, Civil Aeronautics Board, before the Association of Local Transport Airlines, addressed in Honolulu, Hawaii, November 1, 1963. I think that this speech gives very valuable insights into the policies of the Civil Aeronautics Board as it affects hundreds of other airlines throughout the United States. The speech, in addition, touches many of the problems faced by these airlines and would be most useful to them in their future planning.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Local Service in Retrospect and Prospect

(Address by the Honorable G. Joseph Minetti, member, Civil Aeronautics Board, before the Association of Local Transport Airlines, Honolulu, Hawaii, November 1, 1963)

I am delighted to be back with you in this hospitable city of Honolulu. Here, 5 years ago, I had the pleasure of addressing your association. The years that have elapsed since that meeting have seen outstanding progress in Honolulu. Hawaii is now a State. There have been many advances in our way of living. In the field of air transportation, dynamic strides have been made.

Today marks another important milestone in the air transportation annals of the State of Hawaii. A new thrift class of air service between California and Hawaii was inaugurated this morning. Gov. John A. Burns, in his correspondence with the Civil Aeronautics Board, sized up the impact of Pan American's $100 new economy fare in these words: "Any reduction in the cost of transportation between our State and the mainland has important beneficial implications for Hawaii. The proposed $100 fare would bring substantial numbers of economy-minded travelers into Hawaii's travel market. Equally important, it would encourage more frequent travel to the mainland by many island residents whose trips presently are limited to rare occasions because of financial considerations. * * * It would appear the proposed lower rate could generate substantial new business to the economic advantage of this State and would indeed encourage prospects for development of our travel industry."

I am certain all of you here today agree with Governor Burns, and share my hope for the success of this new venture in low fare air transportation.

But let us talk for a little bit about your success—the success which you have achieved in the 5 years since we last met here. The figures on your performance are quite impressive. For the 12 months ended June

30, 1958, you carried 4 million passengers. In the 12 months ended June 30, 1963, you carried over 8 million passengers. In the same 1958 period the total revenue ton-miles of traffic carried was 80 million. In the year ended June 30, 1963, they had grown to 180 million. The year ended June 30, 1958, saw you obtain $55 million in commercial operating revenues. By June 30, 1963, that annual figure had almost tripled to nearly $145 million. Moreover, these impressive improvements in performance were not unattended by increases in profits. On the contrary, in 1958 the local service industry reported a net income of only $1.1 million. By June 30, 1963, your reported profits totaled nearly $5 million.

One solid measure both of your success and of your improved ability to render good service to the public is the fact that in 1958 your total fleet consisted of 219 aircraft, of which only 23 could be characterized as modern. Today, you operate over 383 aircraft, of which more than 211 are the most modern, twin-engine types, providing service in the United States.

I think we are both entitled to be proud of this performance. I recognize the substantial effort and considerable management skill which has enabled you to reach this high operating level, and I think you, too, recognize the very healthy and active part which the Board, in both its route and rate programs, has played in assisting the industry in reaching these goals.

At the same time let us not lose sight of the great assistance and understanding given you by Members of the U.S. Congress, particularly those on the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee.

We at the Board are entitled to be proud of the healthy and effective cooperation which has in the past and will in the future continue to exist between the Board and ALTA. For example, in 1958 I made reference to a document containing some imaginative ideas, but representing a marked departure from past concepts in ratemaking. That document which had then been circulated for your comments and suggestions was the beginning of a project that 2 years later culminated in the first local service subsidy class rate. I think it is fair to say that without your cooperation and vision, it would have been difficult, if not impossible, to have made effective this significant contribution to the regulatory framework in which you operate. The record clearly indicates the advantages which have resulted from this great cooperative effort.

The local service industry did not have a single year, prior to 1961 and the adoption of the first class rate, in which the carriers as a group reported satisfactory earnings. Indeed, as a result of the open subsidy rates subject to retroactive adjustment for the major portion of the time, the carriers' financial statements, generally speaking, added up to losses, rather than profits. Such losses, however, were not real, because they were ultimately offset by retroactive subsidy awards. You know far better than I what a serious impact the lack of final subsidy rate determinations had on your standing in the financial community and your ability to finance on reasonable terms.

The revitalization of your credit standing and investor confidence in the local service industry since 1961 has been as heartening to the Board as to you. The satisfactory results under the class rate have been all the more encouraging to the board, because we were not unaware of the fact that the embarkation on a radically revised approach to the local service subsidy rate determination—the class rate—was not without considerable risk.

In the first 2 calendar years under the class rate, 1961 and 1962, the local carriers as a group reported a rate of return on investment in excess of 11 percent. While aggregate earnings in the first half of 1963 have declined in both absolute and relative terms, we note that the rate of return on investment for the 13 local carriers in the 12 months ended June 30, 1963, approximated 10 percent.

There are several other healthy signs of financial improvement. Through the reinvestment of the bulk of earnings of recent years and a number of individual security issues, the equity base of the local carriers has grown substantially. By June 1963, the common equity of the carriers reached 35 percent of total capital with an encouraging, though modest, decline in the ratio of debt to total capitalization from roughly 75 percent to something below 65 percent.

Another encouraging factor and one that bodes well for the industry's ability to finance future capital requirements on reasonable terms is the relationship between the market value of your common stock and the book value of each carrier's stock. Data for a recent period this summer indicate that the common stock of 11 of the 12 local service carriers whose stock is traded publicly was selling above its book value and, in the majority of cases, the spread between market value and book value was quite substantial. In the sole instance in which a carrier was selling below book value, the difference was only a few cents.

I think all of you will agree that the Board's approach in 1960 in instructing the staff to work with industry representatives toward the development of the best class rate that could be jointly devised was an eminently sound one.

Of course, we are not entirely satisfied with some of the quirks and disparities in the presently effective class rate. I know that there is a wide range of opinion among the 13 local service carriers as to both the good features and the apparent inequities in this rate structure. Nevertheless, I do not know of a single carrier or anyone on the Board's staff, nor anyone in the financial community, who is of the opinion that the abandonment of the class-rate principle and a reversion to the individual subsidy rate concept would be either in the public interest or in your private interest.

I would certainly like to express a note of optimism that the cooperative efforts and the intelligence of the carrier representatives and the Board staff should unquestionably assist the Board in formulating a far sounder class-rate structure than either of the first two. And one, I am sure, which could be implemented within a relatively short time.

What I have said so far is strictly on the bright side. There are, of course, some disappointing trends. Subsidy payments more than doubled, from $33 million, in the annual period ending June 30, 1958, to $69 million in the 1963 period. On the other hand, we recognize that each dollar of subsidy bought more service in 1963 than it did in 1958. The really troublesome aspect from your standpoint, as well as the Board's, is the decline in load factor from approximately 46 percent to about 42.6 percent. It seems to me that the heart of any program for the reduction of subsidy requirements of the air carriers would be inevitably linked with load factor improvements.

The break-even load factor for the local service industry, which is now so far advanced in the DC–3 replacement program, has reached the approximate level of 60 percent before return on investment. Roughly 65 percent would be the break-even point including fair return on investment. The spread between your 43-percent recent load factor and the 65-percent break-even, including return element, is a simple way to explain the industry's need for subsidy in the magnitude approximating one-third of total operating revenues.

For years, your association has been actively interested in the development of programs for subsidy reduction. Obviously, your objective was not to reduce subsidy payments to a level which would jeopardize your ability to perform the service required by the public convenience and necessity in an economic and efficient manner. Rather, your various pronouncements over the years have been pointed toward types of actions which were intended, in your opinion, to produce a significant decrease in subsidy without jeopardizing adequate service.

I think it is completely accurate to state that the Board's objective has been to move in a similar direction.

Let us reflect for a moment on the progress already made, particularly in providing operating flexibility in the typical local service carrier certificates. Fifteen years ago, typical local service flights stopped at each intermediate point on a given route and the chief flexibility in a carrier's operations was the authority to turn around short of a terminal point on a particular route segment. I believe that a sound program in the direction of curtailing restrictions can further improve the economy of your operations and the service performed for the public. At the same time, we should not lose sight of the tremendous progress already made. In those instances in which sound, healthy subsidy improvements can be attained by route improvements, you have a real selling job to do. It is up to you to develop an adequate record in appropriate proceedings and to convince the board that the specific route improvements you seek, which all too frequently have their highly controversial or competitive aspects, are in the public interest.

By now, I am sure, you are familiar with the Board's report to the President on the airline subsidy reduction program. I am not certain whether this report has produced more understanding or misunderstanding in the months since its release.

Accordingly, at the outset, I would like to comment very briefly about this delicate subject and make the position of the Board very clear. In a letter to Senators MAGNUSON and MONRONEY, the Board, through our Chairman, stated, "I wish to assure you again that in line with our customary practice we intend to keep abreast of the subsidy needs of all carriers at all times so that if it should appear that these estimates are out of line with the carriers' requirements, we shall revise them at the appropriate time and if necessary, request a supplemental appropriation."

I believe this statement, more than anything else, should set at ease the minds of the local service industry. The Board is not about to subsidize local carriers out of business. Where there is an absolute need for subsidy, it will be paid.

On the procedural side, may I assure you that it was very expressly and specifically contemplated by the Board, in its discussions, that the report would not be considered more than a tentative program until the industry had an opportunity to analyze it, submit comments on it, and discuss it with the Board and its staff. This, of course, is aside from the tentative nature of the report pending the Board's receipt of comments from the executive branch, as well as any expressions or congressional action which may be forthcoming.

This assurance that the board did not intend to finalize its thinking before it heard from you also encompassed the somewhat related problem of the development of a new class rate, which we hope will be made effective at the earliest possible date in 1964.

I am sure it is no breach of the confidential nature of internal Board discussions to reveal that not a single Board member expressed a view different than that the local carriers would not, could not, and must not be prejudiced in the negotiation of a new class rate by virtue of the Board's decision not to consult the local industry prior to submission of the subsidy reduction report to the President. I believe Chairman Boyd reaffirmed this at the meeting with the carriers on October 3, and, similarly, in his testimony before the Senate Appropriations Committee on October 14. I agree wholeheartedly with his statements assuring you of an opportunity to be heard, in an effective sense, before any new programs will be finalized to your possible prejudice.

On the substantive side, it is essential to bear in mind that the report does not indicate a value judgment by the Board as to a maximum subsidy level which the country can afford or which the Board believes can be justified by the public convenience and necessity. Nor does it contemplate arbitrary annual subsidy levels that must be attained year by year regardless of factual developments bearing on the actual subsidy requirements of the local carriers, individually and collectively.

The report, to a considerable extent, is a forecast of what various programs and factual developments, such as traffic growth versus inflationary cost changes, will have on the need of the carriers in the next 5 years.

Let us not forget, that the subsidy standards set forth in section 406 of the Federal Aviation Act have not been amended, and the need of the air carriers continues to be the basic statutory criterion for subsidy determination.

The Board has no thought of imposing arbitrary ceilings on an annual basis to keep step with the forecast decline in subsidy need. Moreover, the Board must determine each year, in light of the latest relevant factual data and the status of the various programs which could have an impact on the carriers' subsidy requirements, what it would estimate to be the subsidy requirements of the industry for each future year. Certainly, if the rate of traffic growth exceeds the rate of forecast in the report, subsidy should decline at a more rapid rate, all other things being equal. But conversely, if for some reason, we reach periods of declining traffic growth, this must necessarily be reflected in our determination of subsidy requirements prospectively.

Your association has quite properly always expressed great interest in programs for strengthening the routes of local service carriers by various means. One important method involves transfers of points or segments from trunklines to local service carriers. This is an area where I believe that the initiative of the local service carriers can accomplish a great deal. I believe the first step must be the preparation by each carrier of comprehensive, economic, and service studies aimed at bringing out the public service benefits and economic impact from the standpoint of the communities, the trunklines, and the particular local carrier in the specific areas where you believe a route transfer has a realistic potential.

Potential subsidy savings must be determined on a realistic basis and a reduction in subsidy must be shown. Here, too, you must do a selling job. You must pave the way for maximum acceptability and minimum resistance by the communities. This you can do through proper explanation of the advantages that a local service carrier can bring to a particular community in the way of improved and adequate service. Your selling job with the trunklines might well address itself to questions of impact of particular programs on trunkline control of long-haul traffic, possible joint sales programs, assurances of convenient trunk-local connecting services, integration of reservation facilities, and even means of absorbing surplus trunk equipment.

In formal proceedings the support of the communities and trunklines is not essential in the determination of public convenience and necessity. However, it is only realistic to assume that the support of the interested communities and competitive carriers can go a long way toward eliminating major obstacles in the path you wish to pursue.

In this connection, perhaps your association can be helpful in making available information of utility to the individual carriers as to the success of various transfers of points on route segments from trunklines to local service carriers. This is particularly true in terms of service improvements and greater traffic generation following such transfers.

The inclusion of the type of economic studies of route transfers along the lines I have discussed should be of great assistance in enabling the Board to determine the hearing priority to be given a particular proposal. Conceivably it could also determine the type of procedure to be used to process the application, such as, the advisability of employing the show cause technique. An extremely important factor, not only as to the ultimate merits of the Board's decision, but also in the determination of priority, would be the factual demonstration of the potential subsidy impact involved. Where there is a reasonable likelihood of a favorable subsidy impact under the previously announced Board policies for priorities in hearing cases, such applications would normally be accorded priority treatment.

It is premature to draw any conclusion as to the effect of a compact air transport as a successor to the DC–3 until there is some clarification in the near future as to where that program is headed. Nevertheless, this aspect of the problem might well be borne in mind by the carriers from the standpoint of looking for types of situations in which a route transfer would be enhanced in its attractiveness to the public, as well as to the industry.

Promotional fares, such as Pan-Am's thrift fare and your own "visit U.S.A." fare, have been occupying the increasing attention of the industry and the Board in recent years. I believe that continued careful attention of the local carriers in the search for economic promotional fares is even more essential for the locals than the trunklines. I call your attention to the following factors, equally applicable to both segments of the industry, which, I believe, emphasize the need for your diligent efforts to maximize traffic development through promotional fares:

(1) The sharp increase in the general fare level in the past 5 years.

(2) In view of the current industry load factor of less than 43 percent, it is possible for a major part of future revenue growth to flow directly to an improvement in your subsidy or net income position.

(3) The success of a number of local carriers with programs for the development of promotional fares.

(4) The anomaly of DC–3 fares which are invariably first-class fares under published tariffs but which, accordingly, sometimes are in marked contrast to lower fares for jet coach operations in the same areas.

I am still convinced, as I was back in 1958, that something can be accomplished in developing an equitable arrangement for commissions to be paid by the trunk and local carriers on the sale of interline tickets. I know many studies have been made of possibilities in this area. A preliminary staff study indicates that if the prorate system on joint tickets were modified to provide that the originating carrier—trunkline or local service—retain $3 on each ticket and the remainder allocated on a mileage basis, it would increase the revenue of the local service airlines by approximately $1.7 million annually.

I think the prospects of improving the local service share of interline tickets through a commission type of arrangement, or a modification of the present joint fare divisions, are sufficient to warrant further investigation by your association. I can assure you of the wholehearted cooperation of the Board's staff in pursuing this avenue. The objective should be to determine whether the local service share of joint tickets for interline sales is equitable.

Programs aimed at sound route strengthening of the local service industry and the promotion of efficient operations by the carriers can be expected to form the backbone of any long-range program of subsidy reduction geared to the subsidy requirements of the carriers. But in addition to route strengthening, the real key to subsidy improvement is tied to the load factor on existing flights as well as any newly authorized operations.

The waste inherent in a 43-percent load factor is a tragic one from the standpoint of management, the investor, and the taxpayer.

It is only through significant load factor improvement that the carriers and the public can share the benefits of the improved efficiency that goes with more economical aircraft.

As President Kennedy said in his transportation message of 1962, "The troubles in our transportation system are deep; and no just and comprehensive set of goals * * * can be quickly or easily reached. But few areas of public concern are more basic to our progress as a nation."

I hope that sound fare policies, route strengthening, hard work and constructive thought geared to load factor improvement will lead to a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions.

I said in 1958, and I repeat now, ALTA can be proud of its record of cooperation in the public interest. It has recognized that while we may disagree on method, our objective is a common one—the promotion of local air transportation in the public interest. We at the Board look forward to a continuance of our good relationship in working toward this objective.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DOUGLAS. Mr. President, I wish to discuss an issue raised on the floor of the Senate in the concluding minutes of the session last night. As Senators perhaps know, the foreign assistance act bill, as it was reported from the Committee on Foreign Relations, contains section 106 of the Agricultural Trade Development and Assistance Act, popularly known as Public Law 480, to broaden the definition of surplus agricultural commodities which may be sold abroad under that law to include—and this is the language of the committee:

> Any domestically produced fishery product if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

On the 28th and 31st of last month, in the course of the debate on the pending bill, I, in conjunction with certain other Senators, discussed the importance of the fact that this amendment includes within the definition of "surplus agricultural commodities" a product which is improperly called "fish flour"—and this is a semantic error—but which can more properly be described as high protein fish concentrate.

Last evening the distinguished Senator from Kansas [Mr. Carlson], according to the Congressional Record on pages 21776 through 21778, proposed a previously unprinted and unannounced amendment specifically to exclude this product from the definition of agricultural products; and to this amendment was added a modification suggested by the Senator from Rhode Island [Mr. Pastore]:

> Until approved by the Food and Drug Administration.

I regret that despite the fact that I believe it was well known that I was deeply interested in this subject, and despite the fact that there had been two previous colloquies on this subject during the debate on the pending bill, I was not notified of the amendment. The amendment was accepted, without thorough discussion, in the course of a few minutes.

In my judgment, the inclusion of high protein fish concentrate—and that is what this product should be called—under Public Law 480 is vital to the American fishing industry on both the Atlantic and Pacific coasts, on the Great Lakes, and in the Gulf of Mexico.

The National Academy of Sciences has carefully studied this product, and last year declared it to be nutritious, safe, and wholesome.

Mr. President, it is unnecessary to qualify the National Academy of Sciences. It is the foremost scientific body in the Nation. It is the "House of Lords" of American science. It gave complete approval to this high protein fish concentrate for use domestically and otherwise.

THE QUALITIES OF HIGH PROTEIN FISH CONCENTRATE

As I demonstrated on the floor of the Senate on October 31, this concentrate contains up to 85 percent protein. It can be produced cheaply in mass production at a cost of probably not to exceed 14 cents a pound. It can be preserved almost indefinitely in any climate, without refrigeration or costly storage expense.

The addition of low-cost protein to the diet of the people of underdeveloped areas of the world is extremely important to our national policy of improving the health and vitality of protein-deficient societies.

One of the great difficulties of the tropics is that because of the great heat, meat will not keep, fish will not keep, and milk will not keep. Therefore, the diet of the people of those localities tends to be starchy in nature, deficient in proteins, and deficient in vitamins. Fish concentrate provides an inexpensive, practical way to provide proteins for those people, especially in tropical areas where their sources of protein decompose rapidly without costly refrigeration.

I am grateful to the Senator from Rhode Island [Mr. Pastore] for adding to the proviso that the fish concentrate shall be barred, the further qualification until "it has been approved by the Food and Drug Administration."

Perhaps a little history on this point is in order. Despite the conclusion of the National Academy of Sciences, the Food and Drug Administrator, Mr. George P. Larrick, has refused to permit the sale and distribution of fish concentrate for domestic use. He admits that it is wholesome, that it is safe, and that it is nutritious; but he says it raises unaesthetic thoughts in the minds of people, since it is made from the whole fish.

The methods of producing fish concentrate involve not only the compression of the fish, but a thorough washing in many solutions of water and alcohol. The residue is then baked thoroughly, so that there are no bacteria and no germs. Finally, it is ground into a fine powder. The product is completely sterile and highly nutritious. It could revolutionize the diet of the world.

THE OBJECTIONS OF MR. LARRICK

Nevertheless, Mr. Larrick raises aesthetic objections. I had not known that the function of the Food and Drug Administrator was to pass on the aesthetics of the American people. I had thought the function of the Food and Drug Administrator was to protect the health of the American people. But Mr. Larrick has become an authority, so he says, on aesthetics, and has made a ruling on that basis.

Probably what is behind this opposition—and I think I can substantiate my charge—is the semantic use of the term which is employed—"fish flour." The term "fish flour" arouses the passions of the wheat interests, of the milling interests, and of the bakeries. They have conjured up spectacles of loaves of bread made of fish flour. I have brought along with me my can of fish flour. It looks like brown flour, but it is a protein concentrate; whereas bread is primarily starch, and indeed, under modern methods of milling, is almost exclusively starch. So the great wheat belt, the milling group, and the bread distributors have risen to arms. I think they are powerful influences upon Mr. Larrick.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield to my genial friend from Vermont.

Mr. AIKEN. I have been intrigued by the reference of the Senator from Illinois to the aesthetic something——

Mr. DOUGLAS. No; those are Mr. Larrick's words; they are not mine.

Mr. AIKEN. Very well. We all know that corn-fed steers and corn-fed hogs produce the choicest meat.

Mr. DOUGLAS. I am glad the Senator from Vermont appreciates the quality of corn.

Mr. AIKEN. Does the Senator from Illinois believe that a fish dealer should have in his window a card stating: "These fish were fattened on the choicest worms"?

Mr. DOUGLAS. No; it is Mr. Larrick who suggests the fattening on choice worms, because he permits to be distributed chocolate covered bees, chocolate covered ants, and dried fish which have roaches in them; and these products are sold under the imprimatur of the Food and Drug Administration.

Mr. AIKEN. Would the Senator from Illinois object to the description "worm fattened fish"?

Mr. DOUGLAS. If one probes the basic sources of energy and the ultimate and intimate function of every living creature, one gets into many features which in polite conversation are not mentioned.

Certainly the question is whether the end result is all right.

Mr. AIKEN. And we get back to the same basis of origin.

Mr. DOUGLAS. Yes.

Mr. AIKEN. Does not the Senator believe that in order to qualify as a United States commodity in surplus supply, such a fish product must originate within United States territorial waters? Would not it be going too far afield to provide that fish caught off the coast of Peru or off the coast of Newfoundland or in some other distant water is a United States commodity which at times is found in surplus supply? Should not we restrict this provision to that extent?

Mr. DOUGLAS. I think the provision already does; it deals with any product in surplus supply in the United States.

Mr. AIKEN. I think the reference is to any domestically produced commodity. But should fish which are caught off the coast of Peru or Patagonia be included under that provision?

Mr. DOUGLAS. Well, there is a fish flour factory in New Bedford, Mass.

Mr. AIKEN. Is it in existence at the present time?

Mr. DOUGLAS. It is capable of being in existence; but I think it has been forced to produce fish fertilizer, because of the ruling of the Administrator of the Food and Drug Administration.

Mr. BARTLETT. Mr. President, will the Senator from Illinois yield to me, so that I may comment on the point raised by the Senator from Vermont?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. Aside from the fish concentrate addition to the amendment, certainly it does not require that fish later found to be in surplus supply must have been caught within the territorial limits of the United States; but it provides that they must be domestically produced—in other words, caught by U.S. fishermen on U.S. vessels and processed within the United States.

Mr. AIKEN. But why should fish which are caught 5,000 miles from the United States be considered a U.S. domestically produced commodity?

Mr. DOUGLAS. Does he imply that such fish are "poor fish"?

Mr. BARTLETT. Because they are caught by American fishermen on American fishing vessels, and subsequently are processed in the United States.

Mr. AIKEN. But why should the expense of handling them under our surplus commodity program be charged to the American farmers? Why should fish which swim in the ocean off the coast of Peru or off the coast of Chile be considered as part of our surplus commodity program, and why should the expenses in that connection be charged to the expenses for the program for the American farmers?

Mr. DOUGLAS. I happen to have been among the group of Senators, along with the Senator from Minnesota [Mr. Humphrey], who helped to enact Public Law 480. Is it now to be said that this law applies only to products raised on the soil of the United States, and does not apply to nutriment drawn from the sea?

Mr. AIKEN. No; but the expense in that connection should not be charged to the cost of the program for food products drawn from the soil of the United States.

Mr. DOUGLAS. I think such an attitude is unbecoming of the Senator from Vermont, who generally is extremely kind.

Mr. AIKEN. But this is a practical matter, and I am not concerned with whether I am regarded as taking an unbecoming position.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. BAYH in the chair). Does the Senator from Illinois yield to the Senator from Rhode Island?

Mr. DOUGLAS. I yield.

Mr. PASTORE. As a matter of fact, the cost of the operations under Public Law 480 is paid by all the taxpayers of the United States. In this case, the point is that if fish are in surplus supply, the fishermen should be treated with the same equity and justice that the farmers are.

So far as having the cost charged to anyone is concerned, the charge is against the American taxpayers; they are the ones who pay the whole bill.

Mr. BARTLETT. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. This amendment applies only to title I and title IV. Title IV does not involve any cost to the American taxpayers, for such sales require repayment in dollars. The same is true under title I which results in making available to us, in other countries, foreign currencies, and in that way they help reduce our balance-of-payments deficit.

Mr. DOUGLAS. I thank the Senator from Alaska.

Mr. GRUENING. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. GRUENING. I should like to comment on the statement made by the able and distinguished senior Senator from Rhode Island [Mr. PASTORE], who pointed out what has long been obvious—namely, that we have done much for those who produce from the land, but we have not done that for those who produce from the sea.

If we adopt a program of Government payments to those who do not produce, what a bonanza that would be for fishermen who go to sea and seek fish, but are unable to catch any.

Mr. DOUGLAS. Yes, many would be rewarded.

Mr. ERVIN. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. Yes; and I know we are about to be regaled by something humorous.

Mr. ERVIN. Mr. President, I am in favor of this amendment, because I like to go fishing. However, for some reason I get no cooperation from the fish. So I am interested in doing something for those who seek to catch fish, but get no cooperation.

Mr. DOUGLAS. Yes. Therefore the Senator from North Carolina should support this motion and then vote against the Carlson amendment.

Mr. ERVIN. A considerable amount of this product is produced in North Carolina; but we call it fish meal, instead of fish flour.

Mr. DOUGLAS. Yes. That is primarily for fertilizer purposes or for animal feed, is it not?

Mr. ERVIN. It is for animal feed.

Mr. DOUGLAS. But not for human consumption.

Mr. ERVIN. Yes.

I should like to obtain the opinion of the Senator from Illinois——

Mr. DOUGLAS. But I am not a lawyer.

Mr. ERVIN. But I should like to obtain the Senator's opinion as to whether this amendment covers fish meal. If it does and if the amendment would result in taking out fish meal, but not in taking out fish flour, I know how the interest of my constituents would require me to vote.

Mr. PASTORE. I do not think it is necessary to be a legal authority in order to make this determination. The only reason why the Senator from Illinois and I are a little put out is that over the years Congress has been concerned with the problems of agriculture. In my 13 years in the Senate, I have voted to provide all the support possible for the American farmers; and when I was told that the farmers were in trouble, I joined in voting to relieve them—as the Senator from Illinois [Mr. DOUGLAS], the Senator from Kansas [Mr. CARLSON], and other Senators have. But now we are told that the fishermen are in trouble.

We should remember that under this provision, the supply must be in surplus. If the supply of fish is in surplus—as are wheat and corn—we say it should be exportable under Public Law 480, in the way that agricultural commodities are. What is so unfair about that? Yet we are being told, by implication and innuendo, that if fish flour is not excluded——

Mr. DOUGLAS. High protein fish concentrate.

Mr. PASTORE. The Senator from Illinois resents having it called fish flour; but the technical name used makes no difference to me, because a rose by any other name still smells like a rose.

Mr. CARLSON. And fish flour certainly smells.

Mr. DOUGLAS. No; it does not smell at all. [Laughter.]

Mr. PASTORE. I am no judge of that. The Senator from Illinois properly thinks this should be called fish protein concentrate, but the wheat producers have told us that if we do not exclude fish flour as such, all fish products may be excluded.

Mr. DOUGLAS. Is that true? Have they so threatened?

Mr. PASTORE. No; I said by implication and innuendo. I would not throw up both my hands. I am not ready to quit yet. All I am saying is that we have helped Senators in the past, not because of any particular generosity on our part, but because we knew that the wheat producers were in trouble. We knew that the product was in surplus. There are other hungry mouths throughout the world. So let us help people. That is the spirit of generosity in America.

But now those people are saying, "We do not live by bread alone. We would like to have a sardine on our slice of bread."

Mr. DOUGLAS. Particularly on Friday.

Mr. PASTORE. So why do we not put a sardine on their bread? That is not a fish story; that is a healthy combination—sardine on rye. That is all the amendment is about. I hope that the Senate will reconsider the amendment. I hope that Senators will repent their action of yesterday, and say that this is all one vote. This is one American vote. We will be generous not only with bread, but with our sardines as well.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I shall yield in a moment, but I would like to complete my statement.

THE FOOLISH FEARS OF THE WHEAT PRODUCERS

Producers in the wheat belt are afraid of the term "flour." They are afraid that if high-protein fish concentrate is sent abroad, it will be baked into bread, and in the future bread will be made of high-protein fish concentrate instead of wheat.

That is a foolish fear. I believe it is largely due to the semantic error initially caused by calling the product "fish flour." I believe it is true that upon occasion I have been guilty of doing so. But fish concentrate is a protein and flour is primarily a starch. American millers, take out the wheat germ, which has a high vitamin content, and sell the remainder, which is largely starch, to the American people. They then feed the wheat germ to the hogs, and the hogs fare better than the people.

It has been impossible to obtain action from either the Food and Drug Administration or the Department of Agriculture to correct that process. I believe the millers are afraid that if the wheat germ were retained in the flour, they would have to change their grinders, which are now metallic, and substitute a different set of machinery. But that is somewhat aside from the point. There is no reason for the wheat belt to be afraid. Fish concentrate will not be a substitute for bread. It is a powder which can be sprinkled on rice and on other starchy products—even, as the Senator from Rhode Island has frankly said, on the bread itself—compensating perhaps for any deficiency in the bread by the high protein content of the fish, which will put bone and muscle into the bodies of the scrawny and undernourished people in the hot places of the world.

We hear the argument—"Yes, but the product is already permitted for export; it is only prohibited from domestic use."

Under Mr. Larrick's ruling that is true. But we all know what will happen so long as that disqualification is retained domestically. The Communists will "go to town" internationally and say that we are sending abroad commodities which we say are not fit for consumption at home.

I wish to say something further about the bias which is inherent in the Food and Drug Administration.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Kentucky, although I do not wish to forget that the Senator from Kansas desires to speak.

Mr. COOPER. Is there available any information, in terms of dollars, pounds or bushels, as to how much of that fish flour is in surplus?

Mr. DOUGLAS. There is already a plant in New Bedford, Mass., which could produce fish concentrate in appreciable quantity, but at present it is prevented from doing so because of the disqualification attached to domestic sales of the product.

Mr. COOPER. Does the Senator have any idea what value would be involved?

Mr. DOUGLAS. I do not know in terms of tons, but it would probably be an appreciable quantity.

Mr. COOPER. Is there any demand for the product abroad?

Mr. DOUGLAS. Yes, there is. Experiments have been made in Mexico, and, I believe, in Peru. In both cases the product has proved its worth. The sponsor has given it away, and the public health authorities have tried it out in the diets of children, and its nutritional value has been proved.

Mr. COOPER. Being an inlander, I have no idea what fish flour looks like.

Mr. DOUGLAS. Does not the Senator have any idea what it looks like?

Mr. COOPER. Is it spread on bread or is it taken by the spoonful?

Mr. DOUGLAS. I am delighted to bring to the Senator from Kentucky some of the high protein fish concentrate that I have with me in the Chamber. I invite him to taste and see for himself. I shall even give some to the Senator from Kansas.

Mr. CARLSON. No; I do not want any.

Mr. DOUGLAS. Fishmeal factories could be transformed into fish flour factories. I once went by a factory at Lewes, Del., and at a distance of 1 mile, I could tell that it was a fish meal factory. [Laughter.] But fish concentrate has no odor and can be made without taste if that is desired.

There is a great potential market for the product if it can be developed. One way to start production is under Public Law 480. A demand for the product could be built up and expanded. It would be a great thing for North Carolina and for all areas in which fishmeal factories and processing plants are located.

THE BIAS OF THE FOOD AND DRUG ADMINISTRATION

I should like to return to what I believe is the built-in bias of the Food and Drug Administration against improved bread.

In the latter part of the late war Professor McCay of Cornell developed an unbleached flour which was enriched with wheat germ, soybean, and a high proportion of milk solids. Tests under the McCay-Cornell formula, were performed on rats. The rats were also tested on commercial white bread. Interestingly enough, the rats fed on commercial wheat bread became sickly, starved looking, and produced stupid offspring. All of them died off, and the strain became extinct before the fourth generation of rats.

On the other hand, rats fed on the McCay-Cornell formula thrived, as did their offspring, going from greater strength to greater strength through the fourth generation. That was a test between the bread which had been wheat germ, soybean-high proportional milk solids as well as flour—unbleached flour, I might add—and commercial flour. What happened? The entrenched bread interests screamed to high heaven. They protested about the improved bread that was coming onto the market.

At that time I believe Mr. Larrick was Assistant Commissioner. Later he became Deputy Commissioner and then moved up to Commissioner. But at that time he was Assistant Commissioner. I believe that experiment brought the Food and Drug Administration on the run to protect the producers, and Dr. McCay's bread could not be sold in interstate commerce as bread.

Why? They said it was too good to be called bread. The FDA wanted to call it cake. They evidently had read Marie Antoinette's alleged comment when the workingmen of Paris were demonstrating. Marie Antoinette is alleged to have said, "What are they demonstrating about?"

Her advisers said, "They want bread."

Marie Antoinette is supposed to have made the frivolous remark, "Let them eat cake."

Here we have Marie Antoinette in the Food and Drug Administration, saying that this bread was too good to be called bread, and therefore it should be called cake.

We can imagine how attractive it would be to people who want bread, who said, "We want the Cornell bread," if they were told, "Oh, you cannot get Cornell bread; you must take Cornell cake." Cake is valuable, but it is not the staff of life as bread is the staff of life.

So there was a terrific battle with the Food and Drug Administration. I had recently come to the Senate, and tried to apply not pressure but discreet education. Finally we got a partial modification of the ruling of the Food and Drug Administration.

In other words, the bread manufacturers and the millers were so powerful that they were able to get the Food and Drug Administration to completely twist the meaning of the original food and drug law. The original purpose of the law was to put a floor of quality under products, so that they would not fall below a given standard of quality. Now the Food and Drug Administration was trying to impose a ceiling on products, by providing they cannot be too good.

I have had further difficulty, not so much with the Food and Drug Administration as with the Department of Agriculture, in trying to get them to adequately test a flour which retains the wheat germ. I say to the Senator from Kansas, that would be a great boon to the wheat industry, because bread is now so tasteless that people do not eat much of it. If we could make bread more attractive to people, there would be an enormous increase in its consumption. We have been trying to do this, but the millers are opposed to it because they have their machinery set up to take out the wheat germ prior to grinding. The technical difficulty is that if they grind the wheat germ with solid metal rollers, it will be crushed, and oil will mix with the flour, which will then rancify and spoil.

The new process would not crush the germ but would retain it in the flour. This would require new milling machinery, at a capital investment the millers do not wish to make. The millers have been holding up this development in the field of dietetics, just as they are now trying to hinder the sale of high protein fish concentrate.

The Senator from Kansas is one of the nicest fellows in this body. He is kindly and generous, and I have never known him to utter an unkind word.

The Wheat Belt need not worry about this. I emphasize again that there has been a semantic error in calling this "fish flour." The word "flour" has stirred up the ire and the resentment of the whole Wheat Belt, of the millers, and the breadmakers. They have sprung to arms to prevent any new product coming in.

I repeat that this will not make bread. It is a protein, not a starch. It will be used, instead, on products such as potatoes, in soups, on rice and oatmeal, and on many others. It could be of incalculable benefit to people in the tropics. If we could get this developed and appreciated, there would be a large commercial market which would be opened up as well.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I am much impressed with the case the Senator from Illinois has developed this afternoon. I believe the basic argument in support of what he is trying to do, in addition to the economic interest expressed by the Senator from Rhode Island, is that a protein shortage is the really critical food problem in the world today. When one travels in an area such as in most of Africa, one finds that practically every child is suffering from a damaging shortage of protein food. This disease is called kwashiokar. We have all seen its effects, in the distended bellies and skinny arms and legs of children. We see it all over the underdeveloped areas of the world. The disease stems not so much from a shortage of food as from a shortage of protein. Many of those people have enough calories but not the kind of high-protein concentrate the Senator from Illinois is talking about.

I believe, if we wish to strengthen our food-for-peace program—a program which enjoys the support, so far as I know, of every Senator—we could make a great contribution to the program, with little cost to the taxpayers, by including fish and fish products under the terms of the program.

I know that some people in the wheat country are disturbed about this. I come from a wheat State and I understand the anxiety expressed this afternoon; but I believe it is not well founded. I believe there is no real foundation for it at all. It does not make any more sense to oppose adding a little protein to our cereal diet than it would to oppose vitamin-enriched bread. We do not oppose vitamins even though we are interested in the welfare of the milling industry.

As the Senator from Illinois has said, we might find a broader market for our wheat products and our bread if we could include with it some of the other foods which the world is so desperately anxious to get. We can do this, as I say, at small cost.

I endorse what the Senator from Illinois is trying to accomplish.

Mr. DOUGLAS. I deeply appreciate what the Senator from South Dakota has said. For almost 2 years he was the Director of the Food-for-Peace program and played a great part in helping to bring better nutrition to these other areas of the world. When he speaks on this subject—coming from a wheat State as he does—he has a proper concern for the industries of his State.

This is very significant testimony. I should like to ask the Senator from South Dakota: Is it not true that all the tests which the Senator had made, when he was Director of the Food-for-Peace program, indicated this product was wholesome, safe, highly nutritious, and met the great vitamin shortage which is characteristic of the underfed areas of the world?

Mr. McGOVERN. There is no question about that. That has been the experience in the tests which have been conducted in Mexico City. That has been the experience in Peru. Wherever this matter has been put to a valid test, the results have indicated the wisdom of what the Senator from Illinois is now trying to accomplish.

Mr. CARLSON rose.

Mr. DOUGLAS. Mr. President, I believe I should now yield to the Senator from Kansas [Mr. CARLSON], because I believe I shut him off a little prematurely before. However, I did wish to make my substantive case before I yielded to him.

I am not certain of the program of my opponents. I would make the motion to reconsider now, were I not to be immediaetly faced with a motion to table.

Mr. CARLSON. I assure the Senator from Illinois that I expect to make a motion to table, but I certainly will not shut off debate for the Senator from Illinois, or for any other Senator.

Mr. DOUGLAS. If the motion to table is made, I shall ask for a live quorum.

I think this is, in the main, the substantive case which I wish to make.

I do not like to pin medals on myself. I could have made this motion last night, but the Senator from Kansas was not present on the floor. I therefore withheld the motion until today, when he could be present. I therefore extended a very proper courtesy to him, which through lack of communication, and for one reason or another, was not extended to me. But this is only what one should do.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. PASTORE. I think the RECORD ought to be clear with regard to what took place yesterday when the Senator from Kansas suggested his amendment. Realizing that the Senator in charge of the bill was ready to accept the amendment, I suggested a modification, which the Senator from Kansas, in his usual, gracious way, agreed to accept. As the matter stands now, fish flour, or high protein concentrate, is included if it is approved by the Food and Drug Administration as an edible product. That qualification is made.

The RECORD ought to show what took place yesterday.

Mr. DOUGLAS. That is true.

Mr. PASTORE. I know the Senator from Illinois feels that that qualification ought not to be required. I realize that is the way he feels. But I think the RECORD ought to show what was accomplished in his absence.

Mr. DOUGLAS. What the Senator from Rhode Island has stated is correct. The point is that as long as George P. Larrick is head of the Food and Drug Administration, high protein concentrate—alias fish flour—will probably never be ruled as being acceptable for human consumption, regardless of the fact that the National Academy of Sciences has approved it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. When this question arose last night, it came up very suddenly, because the Senator from Louisiana [Mr. ELLENDER] had asked for a rollcall and was about to make an extended speech. Then he agreed to modify his amendment. That left the committee amendment open to further amendment.

The Senator from Kansas [Mr. CARLSON] offered his amendment, which the chairman of the committee accepted, and the whole matter took less than 5 minutes.

I personally looked for the Senator from Illinois. There was not time to bring him to the floor. I knew he was not entirely in agreement with the amendment. In my opinion, it was the most satisfactory way to do it under the circumstances.

I make this statement in fairness to Senators like the Senator from Rhode Island, the Senator from Alaska, and other Senators who are in the Chamber.

Mr. DOUGLAS. I wish to make it clear that I am not blaming anyone. I am only explaining how it happened that I did not make a protest at the time. I was not on the floor because I was not notified as to what was coming up. I am trying to play fair with my opponents. I tried to play fair by not making a motion to reconsider last night.

Mr. BARTLETT. Mr. President, will the Senator yield on that point?

Mr. DOUGLAS. I yield.

Mr. BARTLETT. It should be said, in fairness to the Senator from Kansas, who realized the great interest of the Senator from Illinois in the subject, that he did not at the time, immediately after the modified amendment was accepted, follow the usual parliamentary procedure, which, as I understand, would have foreclosed the Senator from Illinois from doing that which he is now doing. That, I am sure, was in deference to the knowledge of the Senator from Kansas that the Senator from Illinois would want to be heard on this issue.

Mr. DOUGLAS. We try to treat each other as gentlemen. Perhaps I should not have mentioned the fact that I was not notified. I thank the Senator from Rhode Island for the further amendment he offered, which prevented it from being an outright disqualification. I am grateful to him for that. I am grateful that the matter was not finally settled by making a motion to reconsider, which would have been immediately defeated.

With the passage of time, we have had an opportunity to consider it. I hope, when I make the motion to reconsider, it will be adopted.

I hope my friend will not make a motion to table, but that the Senate will be able to vote on a motion to reconsider, because a motion to table would require three steps rather than two, and I do not wish to hold up consideration of the foreign aid bill unduly.

Mr. CARLSON. Mr. President, I appreciate very much the statement of the Senator from Illinois. Two or three comments should be made. Some have been mentioned already.

In the first place, it was stated on the floor that those of us from farm States should have sympathy with those from other areas, particularly when it comes to fish and the amendment under discussion.

Last night I stated that I supported the amendment. I think I can state frankly that if in committee I had opposed the amendment, I doubt if it would have been in the bill. I did not oppose it. I do not oppose it now. I had one consideration in mind last night, and that is in regard to the amendment which I submitted, which I think is a fair amendment.

Why should we urge people who are hungry and starving to eat a product that our own Food and Drug Administration does not approve for use in our own country?

In the second place, I used the term "fish flour." I got that term from the Senator from Illinois. I did not pick it out myself. I have been hearing the term "protein concentrate." But it is still the same product. Call it by any other name, it is still fish flour. That is what they have been trying to sell it as for years, and they have not succeeded in doing it.

Last night I did not know this amendment was to be called up. I did not call it up. I did not have a written amendment, but when the amendment was called up, it occurred to me that it was then or never. That is the reason why I offered the language stating that the sale of products under Public Law 480 should not contain fish flour without the approval of the Food and Drug Administration. It is that simple. When the Senator from Rhode Island made his suggestion, I had no objection. I would not oppose the sale of food to foreign lands for the use of hungry people if such food were approved by the Food and Drug Administration.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. DOUGLAS. Does the Senator place greater trust in the Food and Drug Administration than he does in the National Academy of Sciences?

Mr. CARLSON. I am not familiar with the National Academy of Sciences, but our Nation has had the benefit of the Food and Drug Administration for many years. The Administration has rendered great service to the country. I could mention many products from which the Administration has protected our people.

There has been some talk about what a great product it is. What is this product? Let me read what it is.

This product would be made by grinding whole fish of any variety, including scavenger fish and other fish not commonly considered edible, taken from oceans, inland waterways, swamps, and other sources, and would include everything in and on the fish—head, eyes, scales, fins, intestines, contents of intestines, worms, and parasites. Thus, the product would consist in part of "filthy, putrid, or decomposed" substances within the meaning of the act.

Still, we would want to grind up that product, call it fish flour, and force it on hungry people in other lands. I will not be a party to it.

The Senator from Illinois made a statement about the Food and Drug Administration. Over a long period of years the Food and Drug Administration has consistently taken the position, which the courts have consistently upheld, that an article of food containing such substances is adulterated. For example, the courts have held that fish containing parasitic worms, butter containing rodent hair, flies, feather parts, or insect filth, flour or sugar or bread containing rodent hairs, rodent excreta, or insect fragments, and tomato paste containing corn ear worms and their excreta, were adulterated within the meaning of the act.

This is not something new. I do not want to stand here today and permit an amendment to the language that would permit exportation of items that are considered not to be fit for human consumption in this country. I have no objection to selling them all kinds of fish.

If the Senator from Illinois will read the report of the committee on this particular subject, I think he will agree that there is no question as to what the committee had in mind. I read:

> There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies.

To the Senator from South Dakota, I say that fish is a great protein food. I have no objection to our selling it. The Senator pointed to the need for it in certain countries, but I do not think there is a need for fish flour made as I have described it. That is the basis for my objection.

I continue to read from the report:

> This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I believe the distinguished Senator said that this product was not in surplus, but it could be made a surplus product. That is not the purpose of Public Law 480. The purpose of that law is to take commodities which are already in surplus and dispose of them, and not try to produce others.

As I have read from the report:

> The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

I do not understand how the fish people can ask for any more than that. They are on the same basis. Yet they come to us and seek the adoption of an amendment to place on sale under Public Law 480 a product that has not been approved by the Food and Drug Administration. Whenever the Food and Drug Administration approves it, and if the amendment is adopted, of course it will be sold. I am on sound ground.

I was generous with the Senator from Illinois, as the Senator from Alaska has mentioned. I could have prevented this debate, and it would have been a simple thing for me to do. All I would have had to do would be to make a motion to reconsider, and I am sure it would have been adopted. Then the Senator would have been finished. I did not want to do that. I wanted him to have an opportunity to do what he is doing now. I am not going to try to shut him off now. He can use all afternoon to discuss this amendment. Finally I will make my motion to lay his motion on the table.

Mr. DOUGLAS. Mr. President, I have not yet made my motion. I appreciate the generous comments of my distinguished friend from Kansas. He is one of the most even-tempered men in the Senate. He is a delight to all of us. He mentioned the opinion of the Food and Drug Administration. I hold in my hand a report of the National Academy of Sciences, signed by Mr. Frederick Seitz, the President, under date of November 6, 1962, transmitting a report of the committee of the National Academy of Sciences which considered this product. They were asked this question: "Can a wholesome, safe, nutritious product be made from whole fish?"

The report states:

> The committee concluded that a wholesome, safe, and nutritious product can be made from the whole fish. The committee accepted the definition of "a wholesome product" to be a product which is healthful and promotes physical well-being. Products are currently available, produced in the laboratory or in pilot plants, which have been shown to be safe and nutritious in animal feeding studies. In these studies, the nutritional value of fish protein concentrates has been shown to be equivalent to or better than casein. Information is also available that such concentrates have been utilized in human population studies and found to be acceptable.
>
> Properly processed, all portions of the fish can contribute to the nutritional value of a product.

I fear that the Food and Drug Administration is under the influence of many forces. One of them is the group of big millers and the wheat interests, as indicated by their record in the late 1940's. At the same time that they turn up their noses at this wholesome, safe and nutritious product, they have passed these articles, which I exhibited on the floor of the Senate some weeks ago, and some of which I have in my hand.

THE ABSURD APPROVALS OF THE FOOD AND DRUG ADMINISTRATION

Here is a chocolate covered menagerie of ants, baby bees, caterpillars, and grasshoppers. If the Senator from Kansas has such faith in the Food and Drug Administration, I will give him some chocolate covered grasshoppers. If he does not like that, I have here a chocolate covered ant. These are products that the Food and Drug Administration has approved. They say they are all right, but they will not let a wholesome, sanitary, nutritious, high protein fish concentrate be sold.

Will the Senator from Kansas take some of these, or will any other residents in the Wheat Belt turn up their noses at a high protein fish concentrate? I have some fried grasshoppers, if he would prefer those.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. Does the Senator have any chocolate-covered elephants?

Mr. DOUGLAS. No; they are too large. The Senator from Kansas mentioned the fact that he did not want to have roaches in food. I have here some dried fish which contain several roaches, clearly visible. They are used as an attraction. If the Senator from Kansas would like to consume these roaches, which have been passed by the Food and Drug Administration, I will place them on his desk.

Mr. CARLSON. Will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CARLSON. I appreciate receipt of all these splendid articles which have been approved, as the Senator says, by the National Academy of Sciences, which I understand consists of the upper intelligentsia of the country, not of the common people. It has never reached down that far.

Mr. DOUGLAS. No, the National Academy has not approved those articles; it has been the Food and Drug Administration which has done that. The National Academy of Sciences has approved the high protein fish concentrates.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. DOUGLAS. The Senator from North Dakota comes from a great wheat State. Let me offer him some chocolate-covered ants. If he does not like them, I can offer him some fried grasshoppers.

Mr. YOUNG of North Dakota. I wish the wheat industry and the milling industry had such great influence with the Food and Drug Administration, as the Senator from Illinois thinks. The Food and Drug Administration has clamped down on the wheat people, to the extent of making it necessary to remodel most of its granaries and warehouses.

Mr. DOUGLAS. Does the Senator mean that that was done in an effort to try to diminish the amount of droppings of rats?

Mr. YOUNG of North Dakota. They have had to remodel most of the warehouses and granaries, and regulations have been tightened to the point that if a mouse runs across a bin of wheat, the wheat is likely to be disqualified.

Mr. DOUGLAS. It must leave something substantial behind.

Mr. YOUNG of North Dakota. Just occasionally. The Senator, on the other hand, in effect is proposing that we take the whole mouse and make flour out of it.

Mr. BARTLETT. Mr. President, the Senator from Illinois is a fighter. The Senator from Illinois is a great crusader. The Senator from Illinois is a worker in good causes. I suppose there is no need for me to say it since the Senate knows it and the whole country knows it. The Senator knows that I am on his side in this controversy regarding the Food and Drug Administration decision. We had a conversation on the same subject the other day, and the Senator from Illinois had a much more imposing array of exhibits than he has at the present time.

I see that the exhibits are all here again, produced by the Senator from Illinois. They did not appear very tasty at that time. The Senator also had some fish flour, or fish protein concentrate, and he offered me some. I expressed a willingness to eat the flour, but resolutely refused to be enticed by his repeated offer of chocolate-covered bees or chocolate-covered ants, or even fried silkworms. Dried fish, liberally adorned with cockroaches which had perished in the package, was not at all appealing.

I stand ready to work with him and for him and under him in doing everything possible to persuade, by whatever means possible, the Food and Drug Administration to permit fish protein concentrate to be sold domestically. There is nothing offensive about this product. I agree with the Senator that it would furnish a wonderful protein source for people. Not all Americans have enough protein, but that is especially true of people in the underdeveloped countries.

The senior Senator from Massachusetts [Mr. Saltonstall] told us yesterday afternoon that court action or congressional action must be taken to bring about and effectuate this change. If congressional action will do it, I assure the Senator from Illinois that I am with him. I will join him in any way possible to bring this change about, because it seems to me it makes commonsense to do so.

However, another consideration is involved by way of the basic amendment. I was its architect. Now efforts are being made to add another room to the architectural design. I am obliged to say, in a pragmatic way, that not for worlds would I have the whole house collapse in this effort. I say that with all deference and respect for the Senator from Illinois [Mr. Douglas]. The fact is that this amendment was offered originally to and accepted by the Committee on Foreign Relations, because it was thought that it was an appropriate and justifiable means of disposing of surplus stocks of fish. We have heretofore submitted for the benefit of the committee and have submitted for the benefit of the Senate examples of how these surpluses haxe existed, not always, but from time to time, in different sections of the country.

I observe in the Chamber the two Senators from Rhode Island [Mr. Pastore and Mr. Pell]. These surpluses have been found off the New England coast. They include sardines, as the Senator from Massachusetts [Mr. Saltonstall] knows so well, and other kinds of fish. Surpluses have likewise occurred on the gulf coast and the Pacific coast.

Since the basic amendment provides that, under title I of Public Law 480, none of the appropriations heretofore made available, or to be made available during calendar year 1965, shall be used to carry out the intent of this amendment—that is to say those provisions relating to title I under the basic amendment, the one that was adopted yesterday—I think we could well devote our collective efforts—including those on the other side of the aisle—to working during the next year aggressively, vigorously, and I hope successfully, so that without any debate, without any argument, without any controversy, the fish protein concentrate then could be used for this program.

As has already been stated, there is no surplus of fish flour. I should not have used that expression; I should have said "fish protein concentrate." I have no doubt there could be built up shortly a supply of such concentrate. My understanding is that some amounts have been sent overseas for testing purposes, and that there is some sale for use as high-quality animal feed. This does not mean that the same products would not be desirable for human beings.

This is a testing stage, more or less. The fish from which this product is made are edible fish—edible in every sense of the word. What is wrong with eating this product, when the Food and Drug Administration allows us to eat sardines?

But I believe that even if the language that is now before the Senate based upon the amendment of the Senator from Kansas [Mr. Carlson], as modified by the Senator from Rhode Island [Mr. Pastore], prevails just as it is, that does not mean, cannot mean, and should not mean that at an early date an addition to that program, in the form of fish protein concentrate will be barred.

Mr. PASTORE. Mr. President, I wish to direct a question to the distinguished Senator from Illinois, because I think the Record ought to be corrected in one respect, or at least clarified.

The position taken by the Senator from Kansas [Mr. Carlson] is that he is opposed to the inclusion of fish protein concentrate until such time as this product is approved by the Food and Drug Administration and made eligible for American consumption. He is not disposed to allow to be sold abroad, even if foreigners want to buy it, a product that the American public cannot eat. What is the Senator's contra argument?

Mr. DOUGLAS. Whose argument?

Mr. PASTORE. That is the argument of the Senator from Kansas. I want to know what the rebuttal is to that argument.

Mr. DOUGLAS. I thought I made my rebuttal. In the first place, Mr. Larrick is completely wrong. The National Academy of Sciences, as I have read, has declared high-protein fish concentrate to be wholesome, safe, and nutritious. This is clearly a case in which Mr. Larrick is wrong. But out of his stubbornness, he has made an administrative ruling that high-protein fish concentrate is unfit for human consumption. Even though he has not barred it from foreign use, he has declared it unfit for domestic consumption.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. Is it not true that he has declared it unfit for domestic consumption strictly on esthetic grounds, and not on the grounds of nutrition, safety, and economic benefit?

Mr. DOUGLAS. The Senator is correct. Mr. Larrick said it raises in the minds of people unesthetic thoughts because the whole fish is used, including the intestines and the head, although there has been compression, washing in many solutions of water and many solutions of alcohol, baking, complete sterilization, and removal of bacteria that might have been in the intestinal tract.

Nevertheless, at the same time, this gentleman permits the sale of oysters with their intestinal tracts, and of clams, of snails, and many other creatures that have intestinal tracts. He raises no esthetic objection to them.

First, if the amendment of the Senator from Kansas were eliminated, and we returned to the basic amendment or to the basic Bartlett provision, as interpreted on the floor of the Senate, we would put pressure on the Food and Drug Administration to include the product in the foreign assistance program. Also, once the product was used abroad, there would be increasing pressure on Mr. Larrick to change his ruling at home. Many people at home, as well, need this food. Not only is it the most available source of cheap protein, as the former Director of the food-for-peace program, the distinguished junior Senator from South Dakota [Mr. McGovern], has testified, but it affords the next big market for the American fishing industry. This is a new product, one which can spell the difference between depression and prosperity for the fishing industry, because it gets away from the difficulties of refrigeration in preserving fish. The fish can be processed quickly and made into fish flour, and the fish flour will keep forever.

Mr. BARTLETT. It is protein concentrate.

Mr. DOUGLAS. Excuse me; I sometimes fall into that error.

Mr. PASTORE. Do I correctly understand the Senator from Illinois to resolve his argument to this: That even though the product cannot be used for human consumption in the United

States, because it has not been approved by the Food and Drug Administration for esthetic reasons, there is no reason why foreign governments which desire to buy it, knowing what the product is, but who nevertheless wish to buy it because it conforms with their eating habits, should be barred from buying it under Public Law 480?

Mr. DOUGLAS. If we do not develop fish concentrate, it will be developed by other countries. I have in my hand an article from The Fish Boat for July 1962, which describes how this product is being produced in Norway. If we hold off producing it, the Scandinavian countries will come in and take this market away from us.

I thank the Senator from Rhode Island, who has been very helpful.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Certainly.

Mr. SALTONSTALL. I appreciate the courtesy of the Senator in yielding to me.

Without prolonging this discussion, let me point out that yesterday I stated my reasons quite fully. My statement appears on page 21778 of the CONGRESSIONAL RECORD.

The Senator from Illinois has stated quite accurately that the National Academy of Sciences has given fish protein a clean bill of health.

I also point out that the Food and Agriculture Organization of the United Nations is spending approximately $300,000 on a program of acceptability testing and development of the commercial production of fish flour in Peru, to which it is contributing $300,000 during the next 3 years, and also that the Bureau of Commercial Fisheries is continuing its research on fish, under funds appropriated last year.

As has been pointed out by the Senator from Rhode Island, the Senator from Illinois, and the Senator from Alaska, the Food and Drug Administration has indicated that at the present time it will not approve the sale in the United States of fish protein.

I agree with Senators that it is desirable to have fish protein put on the market; but I point out that the important thing is to have put under chapter 4 of Public Law 480, for the first time, domestically produced fish products. That is why I supported the amendment of the Senator from Kansas, as modified at the request of the Senator from Rhode Island [Mr. PASTORE]—because I believe that under that amendment, as modified, fish products will be included under chapter 4 of Public Law 480; and it is important that that be done at the moment.

I thank the Senator from Illinois for yielding to me.

Mr. DOUGLAS. Mr. President, I do not criticize any Senator who voted in favor of adoption of the Carlson amendment. By reading between the lines of the statements which were made, I think what the Senator from Massachusetts now says is accurate. It is apparent that those who represent the wheat farmers would vote to kill the entire amendment if fish concentrate and fish flour were not excluded. Perhaps the dairy industry has joined in as well. But I do not criticize Senators for participating in the agreement which was reached. I was not a party to it, and I think ultimately it would be adverse to the public health of the world and also to the interests of the Seaboard States and the Great Lakes States. The Great Lakes States also produce fish, and they have suffered somewhat from the rulings of the Food and Drug Administration.

Regardless of whether those rulings are good or bad, I do not wish to prolong the debate on this subject; I wish to have the Senate proceed with its work on the pending bill.

I would appreciate it if the Senator from Kansas [Mr. CARLSON] would withdraw his amendment. Then we could proceed, and it would not be necessary for me to suggest the absence of a quorum, and then have the Senate go through the tedious process of acting on a motion to lay on the table; and then, if we should win in that connection, on a motion to reconsider the vote by which the modified amendment was agreed to, and then a motion to include certain words in the bill.

So I appeal to the Christian charity and amiability of the Senator from Kansas, which are so thoroughly parts of his splendid character, to withdraw his amendment.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am waiting for an offer from the Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to inform the Senator from Illinois that I will not withdraw my amendment. I thought I was most generous yesterday evening when I tried to help Senators who are interested in the sale of fish under Public Law 480 by agreeing to go along with the provision that fish flour, which has not been approved for sale in the United States by the Food and Drug Administration, be eliminated from this part of the committee amendment. Therefore, I shall not withdraw my amendment.

I hope the Senator from Illinois will move that the vote by which my modified amendment was agreed to be reconsidered; and then I shall move that the motion to reconsider be laid on the table.

Mr. DOUGLAS. First, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 232 Leg.]

Bartlett
Bayh
Beall
Bible
Boggs
Burdick
Carlson
Cooper
Cotton
Dirksen
Dodd
Dominick
Douglas
Edmondson
Ervin
Fulbright
Gruening
Hart
Hill
Holland
Hruska
Javits
Jordan, Idaho
Keating
Long, Mo.
Mansfield
McClellan
McGovern
McIntyre
McNamara
Metcalf
Morse
Nelson
Neuberger
Pastore
Pell
Proxmire
Ribicoff
Robertson
Russell
Saltonstall
Simpson
Smith
Talmadge
Williams, Del.
Young, N. Dak.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be dispatched forthwith speedily—quickly—to bring in absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. AIKEN, Mr. ALLOTT, Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mr. BREWSTER, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. EASTLAND, Mr. FONG, Mr. GOLDWATER, Mr. GORE, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. INOUYE, Mr. JOHNSTON, Mr. JORDAN, Mr. KENNEDY, Mr. KUCHEL, Mr. LAUSCHE, Mr. MCCARTHY, Mr. MCGEE, Mr. MECHEM, Mr. MILLER, Mr. MONRONEY, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mr. PEARSON, Mr. PROUTY, Mr. RANDOLPH, Mr. SCOTT, Mr. SMATHERS, Mr. SPARKMAN, Mr. SYMINGTON, Mr. THURMOND, Mr. TOWER, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is a quorum present?

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. I ask unanimous consent that the Senate proceed to the consideration of the motion to reconsider which I entered last night.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, I move to reconsider the vote by which the amendment of the Senator from Kansas [Mr. CARLSON], as modified, page 53, line 20, of the committee amendment, was agreed to.

I hope that if a motion to table the motion to reconsider is made, all Senators in favor of improving the nutrition of the people of the world and developing new markets for American fisheries will vote "no."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

Mr. CARLSON. Mr. President, I move to lay on the table the motion of the Senator from Illinois.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

The **PRESIDING OFFICER**. The committee amendment is open to further amendment.

Mr. **MANSFIELD**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ATTENDANCE AT NATO CONFERENCE BY WIVES OF SENATORS

Mr. **MANSFIELD**. Mr. President, I have been reading on the news ticker a story to the effect that two wives of Senators have been mentioned as accompanying the House delegation to the NATO Conference some days ago. There have been some questions raised about those wives going, and I wish to say on the floor of the Senate, and for the Record, that they went in good faith. Their husbands and other Members of the Senate had been appointed by this body to represent the Senate at the annual NATO Conference, and at my request every single one of those Senate Members stayed here to be on the floor during the debate on the foreign aid bill. They stayed here on a day-to-day basis, in the hope that it might be possible for them, in light of the directions laid down by this body, to attend that most important Conference; but, because of the developments over which they had no control whatsoever, and because I requested them to stay here, they did so.

I believe that instead of fault being found with the wives of these Senators, who went to the Conference in the expectation that their husbands would join them shortly, as they had every right to anticipate, we should give a great deal of credit to Senators who remained behind, who missed a most important conference, and who attended to their primary duty on the floor.

And by the same taken, I think these two ladies deserve some credit instead of carping criticism. In the circumstances they were cast in the role of unofficial representatives of the Nation, as are Foreign Service wives or military wives or Cabinet wives or any other wives of officials of this Government who happen to be abroad. I have no doubt that the two ladies acquitted themselves in a most commendable and exemplary manner.

Furthermore, may I say, if my understanding is correct, that the two ladies who did go usually travel in separate planes from their husbands, because of the safety factor involved, for their children—a practice which my wife and I followed until our own daughter was 18 years of age.

So I would hope that this fact would also be set out on the Record; I suppose it is too much to hope that the petty recrimination and speculation which seems to be so rampant would stop, and that due recognition would be given to the facts as they are rather than to wild speculation, which seems to be so much the mood of the moment.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. **MORSE**. Mr. President, I send to the desk an amendment to H.R. 7885, the Foreign Assistance Act of 1961, which I ask to have read.

The **PRESIDING OFFICER**. The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 52, line 14, of the committee amendment, it is proposed to strike out "$675,000,000" and to insert in lieu thereof "$655,000,000."

The **PRESIDING OFFICER**. The question is on agreeing to the amendment to the substitute committee amendment, as amended.

Mr. **MORSE**. Mr. President, I shall discuss the amendment shortly. Some discussions will be held off the floor of the Senate in regard to the amendment while I speak briefly on another matter.

This amendment seeks to strike $20 million from the Social Progress Trust Fund. I do not wish to say any more about it until the discussions off the floor have been concluded.

Following action on the amendment, the Senator from Alaska has two or three amendments to offer. If we are successful in reaching an agreement on this $20 million saving—and I shall show later that the $20 million saving is reasonable and fair—and we can make the saving, so far as I am concerned I shall not offer any further money cut amendments, and the bill might reach the stage of a third reading before the late afternoon or early evening.

I wish to take a few moments to make a record in regard to the significance of the amendment that was agreed to, offered by the Senator from Alaska and modified in conferences among the Senator from Alaska, the Senator from Arkansas, the Senator from Minnesota, and myself. I believe the amendment is perhaps the most important that has been adopted during all this debate. I am not so sure that it is not now the most important part of the foreign aid bill. It is not fully comprehended in the Senate.

There is great concern in many countries of Latin America concerning certain types of military aid. This amendment, in my judgment, is worth millions of dollars. If we could evaluate good will, it is worth millions and millions of dollars in American good will in Latin America, because it will come as a great relief to many of our best friends in high government positions in many countries in Latin America.

Part of the adjustment that was made, in agreeing is the amendment of the Senator from Alaska, was that I would not press a money cut amendment for a $10 million cut in the military aid program in Latin America. I was glad to agree to that. I do not know what the outcome would have been on my amendment, but I believe it had a very good prospect of being approved. It should have been approved on its merits. But, be that as it may, it is important that the record on the foreign aid bill contain this discussion of the problems created by the United States in Latin America as a result of the types of military aid which we have been giving.

A few months ago, when I attended the inauguration of the new President of Peru, I witnessed a military parade that included about 40 American Sherman tanks furnished to Peru by the United States through military assistance. What useful purpose those tanks could possibly serve in Peru escapes my imagination.

The purpose they do serve in Peru and elsewhere on that continent is to pose a constant and continual threat to the civilian governments of those countries. They are the gun at the head of every elected President of Latin America—a gun that we have manufactured and furnished free of charge. All too often, these weapons have been used to thwart and overturn the governments that have been seeking to carry out the objectives of the Alliance for Progress which, of course, we are also financing.

When I say "gun" I mean heavy equipment like tanks and jet aircraft. The kinds of guns that the armed services in Latin America do need to control guerrillas and terrorists are the small arms and mobile equipment that we can furnish under a ceiling of $40 million.

Let me point out that the military castes in some of these countries have become so arrogant in their demands for expensive equipment, and have become such a threat to civilian governments because of it, that some governments have sought to obtain equally heavy equipment for other branches of their services merely to offset the others. If one country has an air force whose power and prestige have been elevated with late model U.S. jets, then it is not unusual to find that government anxious to balance its air force with an army equipped with Sherman tanks, and a Navy equipped with large ships, and a few jets of its own to keep the air force from taking over. This kind of rivalry is going on within individual countries. And it has led to a similar rivalry among the armed services of neighboring countries.

Senators will find at my desk a letter I received from the Assistant Secretary of Defense for International Security Affairs on June 24, 1963. It contains a breakdown of the military aid that went to each country in Latin America in fiscal year 1963. Of course, it is marked "Confidential." Therefore, I am unable to read it to the American people.

But I can report that of all Nations in the hemisphere, it was none other than the Dominican Republic that received the most military aid from us in proportion to its population. It received far more on a per capita basis than any other country.

What a harvest we reaped from that assistance. What a harvest the people of the Dominican Republican reaped from it. With that military assistance, the armed services of the Dominican Republic slaughtered a free, elected, constitutional government.

Look at the other figures, if Senators will but come to my desk. The next largest recipients of military aid from us, relative to population, were Bolivia and Chile. It is an interesting thing to note that Bolivia remains one of the most unstable nations of the hemisphere, both economically and politically. She is a recipient of endless American financial aid. She is beneficiary of the Presidential contingency fund, for contingencies that plague Bolivia but which do not threaten the vital interests of the United States. She is the recipient of nonproject money, which means she gets it purely for budget support because the Bolivian budget must finance the nationalized tin mines. Because of the huge, inflated payrolls of those tin mines, her budget is grossly out of balance, and the United States makes up the difference, just as we do in Turkey with her socialized industries.

Yet, because of this tenous economic condition, there are those who believe Bolivia is also threatened by internal communism. I suggest that the revolution that occurred in Bolivia in 1952 was a revolution of the extreme leftwing, if not actually a Communist revolution. It was then that the tin mines were nationalized. They have served ever since to provide jobs for the working people of Bolivia, even though the mines do not support those payrolls.

But Bolivia has already had a leftwing revolution. What useful purpose do we serve in sending her military aid now to seek to hold down by force the pressures that the revolution itself brought to Bolivia?

The two nations ranking next highest in the per capita military aid standings in Latin America are Nicaragua and Honduras. I need not remind Senators what the military forces in Honduras did with our military aid. They, too, murdered an elected government to prevent an imminent election from being held.

After Nicaragua and Honduras, the recipients of the military aid on a per capita basis were Paraguay, Peru, and Uruguay. There is another junta in that group—the military junta of Peru.

Colombia, Guatemala, and El Salvador rank next in this list. Guatemala is still another example of a military coup which ousted an elected government.

Senators, Congressmen, all Americans, must face the fact that we are arming the military castes of Latin America to destroy civilian government. How can anyone reconcile that with our own beliefs, or with our objectives in Latin America?

I have been heard to say it many times, and I shall say it many times in connection with this bill: We do nothing in the world but further the causes of Castro and communism when we, or the governing classes of Latin America, reduce the choices of their people down to a choice between communism and military fascism. It is the game of Castro to force this choice upon the masses in Latin America, because he knows that eventually communism will triumph over militaristic fascism. That is how Castro himself came to power. He knows very well that when any people are suppressed in their political and economic activities by a police state, backed up by tanks and other weapons, they will turn to equally extreme and violent measures to throw off that suppression.

The Communist cadres in Latin America have their greatest opportunities in those countries run by military police states. The whole reason for the Alliance for Progress was to give the 240 million people of the continent to the south of us a chance to make some economic and social progress by peaceful and progressive means. The military juntas are every bit as much an enemy of the Alliance as are the Communists. Neither faction wants to see the changes envisioned by the Alliance accomplished. Their reasons are quite different: The Communists do not want the Alliance to succeed because they want to appear to be the only vehicle whereby the people of Latin America can improve their standard of living. The military castes do not want conditions to change at all. For them, the Alliance is as much a threat to their privileged existence as are the Communists.

We ought to take notice of where large numbers of the sons of the oligarchs go. They go into the military forces. They are a part of the military caste system. The sad fact is that large numbers of the oligarchs take advantage of American foreign aid in Latin America. To the extent that it does help in some economic conditions, frequently the chief beneficiaries are the oligarchs. By and large they profit economically and take the increased profits that come out of the expenditures of American foreign aid and invest them in New York and Swiss banks, and not in the future economy of Latin America. But we are expected to pour additional millions of dollars of taxpayers' money into Latin America to make more money for the oligarchs.

Too often that is the pattern, and that is why I say, most respectfully, to my President that when he talks in New York about doing something to help the poor, we must see to it that our foreign aid is not so used by the rich that they grow richer and the poor become poorer. Indirectly, it is true it may help them; but the indirect effects are unimportant.

Indirectly, I believe that the amendment of the Senator from Alaska, of which I was proud to be a cosponsor, and the wonderful cooperation it received from the Senator from Arkansas [Mr. FULBRIGHT], chairman of the committee, and from the majority whip, the Senator from Minnesota [Mr. HUMPHREY], in modifying the amendment in a manner that would be acceptable to the chairman of the committee and the whip, are among the most important things we have done in connection with the entire foreign aid program.

By this amendment, if it remains in the bill when it is finally adopted in conference, the United States, as a matter of policy, announces that there will be no more military aid to Latin America, save and except when the President finds it is in our interest and in the interest of the country concerned, from the standpoint of defense of the hemisphere, and so reports his reasons to the Congress.

As will be seen from several communications I shall read shortly from some of our best friends in Latin America, it will take the tremble out of their knees. Some of our best friends in high places in Latin America have been trembling as a result of their fears concerning what may happen to their governments if military juntas decide to use American heavy military equipment to overthrow their governments, as has been done so frequently in the past in other places.

I cannot congratulate the Senator from Alaska and the Senator from Arkansas too highly. Congratulations are due them for writing into the bill the policy contained in the amendment.

Under this amendment, if aid is necessary, and the President so finds it is necessary to provide internal security for defense and economic needs, the amendment makes it possible.

As I said before, when we were trying to make an adjustment in the amendment, what is needed in Latin America is not Sherman tanks, not mile upon mile of heavy artillery equipment, not jet planes. What is needed is small arms, rifles, machineguns, tear gas, and helicopters to protect a country internally from a possible Communist uprising.

That intention was brought out as we made the legislative history at the time the Senate adopted the amendment. Under the amendment, aid for these purposes is available.

Mr. President, that is worth much more than a $10 million cut from a $50 million aid program as it came from the committee, which cut I was about to propose.

It is worth much more than that in the savings we could make, because psychologically it will be a great thing for Latin America, and it will be a great thing for the United States from the standpoint of the resulting good will that will come from the adoption of the amendment. That is true of all of Latin America. It is not possible to buy such good will. Therefore I am pleased and proud that I had a little part to play in my conversations with the leaders and with the Senator from Alaska which resulted in the adoption of the revised amendment.

The Senate, the Congress, and the United States have been firm in cutting off aid to Cuba because we see no point in assisting a government that is subverting much of the hemisphere and the United States, too. Yet we make it possible, through misguided military aid, for the oligarchies, backed by the power of their military establishments, to subvert the Alliance for Progress.

This amendment to reduce the ceiling on military aid goes hand in hand with my proposal to cut off entirely aid to juntas that overthrow elected governments.

Later this afternoon I hope to be able to present to the Senate a modification of my junta amendment with the approval of the administration which, if accepted by the Senate, will have as helpful an effect in regard to the junta issue in

Latin America as the amendment of the Senator from Alaska has in connection with military aid.

By sending military aid that cannot be used for any hemispheric defense, that cannot be used against any Communist guerrillas or street fighters, by sending military equipment that only enables a military faction to shoot up a city or bombard a presidential palace until its occupant is killed or surrenders, we are undoing with one hand what we try to build up in Latin America with the other. It is a great irony that the same taxpayers are paying for both programs.

In areas of tax reform, land reform, interest rate, and budget reform, as in many other areas, Latin American efforts to live up to the pledges of the Punta del Este conference have fallen short. Self-help is proceeding at a disappointingly slow pace. But of all the reverses and failures of the Alliance—and the United States is responsible for some of them, too—the most shattering and potentially dangerous is the recent series of military coups d'etat against legitimate governments.

The number of military or military-backed dictatorships in Latin America has almost doubled since the Alliance was launched, increasing from four to seven in a little over 2 years. There have been four coups d'etat in 1963, in Ecuador, Guatemala, Honduras, and the Dominican Republic.

It may be, as has been suggested, that these military coups are merely rearguard actions of a dying old order, but it may on the contrary be that they are profound political retrogressions from the principles of Punta del Este. It is quite possible that we are seeing the oligarchies of Latin America turning their backs on peaceful progress, choosing to take their chances on communism rather than fulfill the obligations they undertook when they entered into the Alliance for Progress.

At best, they are a tactical setback in the democratic revolution of Latin America; at worst, they will destroy the Alliance and serve final notice upon the great booming masses of its people that they are reduced to the alternatives of communism or military fascism.

The United States, too, must make up its mind what it really wants to accomplish in Latin America. We, too, must decide whether we are going to base our policy on the assumption that is widespread in many parts of this country, including very high places in the Departments of State and Defense, that Latin people are incapable of self-government. It is a widespread assumption that they are not now and probably will never be good for anything but military rule, autocratic rule, the kind of government that directs their lives from above and tells them what to do economically, politically, and socially.

I have heard variations on that line many times. I have heard men experienced in international affairs shrug at the problems of Latin America, and tell me that they never have had a legal system or a social or economic system that would permit the kind of peaceful progress envisioned by the Alliance for Progress. I have been told, "People have always lived under military dictatorships in Latin America and they always will. They don't know how to govern themselves any other way."

That is the kind of talk that Castro likes to hear from us. That is the kind of policy he likes to have us follow, too. And we do follow it when we go on building up military factions there with our free military equipment, and when we go on doing business as usual under the Alliance for Progress with military juntas.

I am not asking Senators to interfere with what kind of governments these people choose for themselves. I am not advancing any policy of intervention in how Latin American countries are governed. But I am saying that we have the duty to decide how American money shall be spent down there, and for what purposes. Cutting off aid to a junta is not U.S. intervention. Reducing somewhat our level of military aid is not intervention. Aiding nations that want to help themselves and help advance the living conditions of their people through democratic institutions is not dictation to them. It is not an effort to force Anglo-Saxon institutions upon Latin peoples, as some of us are accused of doing.

What I am calling for is a policy of pragmatism. I believe the evidence of recent history in Latin America is very clear, and that it compels us to reach the conclusion that putting American taxpayers' money into Latin American military machines and into the perpetuation of oligarchies is pure waste. If we go on doing it, communism will sweep the hemisphere, anyway. We cannot build a barrier to communism in Latin America with nothing but American dollars. Neither can we build it with tanks and jet aircraft. We can only build that barrier with the institutions that the people there must erect themselves. All we can do is contribute a little of the capital it takes, and not very much of that.

The amendment of the Senator from Alaska, which, so far as I am concerned, eliminates any necessity for my amendment, which would seek to cut an additional $10 million from military aid for Latin America, now gives us a new opportunity, a changed opportunity, and gives to free nations in Latin America a different opportunity, too, because we say, "We will help you in the face of any threat to your internal security from the standpoint of Communist coups, from the standpoint of the Communist takeover which seeks to destroy a free government, but we are not going to damage you, and we are not going to weaken you; we are not going to put you in danger from a threat by giving the other kind of military aid that we have been giving for so long, which makes it possible for a military coup to build itself up and threaten the survival and the perpetuation of a free government.

Mr. President, we have a long way to go in Latin America. Sometime ago, the chairman of the Committee on Foreign Relations stated clearly that the Alliance for Progress would not be built in a few years—and it will not be if the Alliance for Progress grows into the fruition of which it is capable. However, if we kill it before it starts to bud; if we discourage the people of Latin America before the Alliance for Progress blossoms, we shall lose Latin America, so far as having an effective ally is concerned. We will then be confronted with a conflict between military fascism and revolutionary communism in Latin America.

I am concerned about some of the happenings in Latin America among some of our so-called friends, such as Brazil and Argentina.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Brazil Plan for Alliance Is Rejected at Parley," published in the Washington Evening Star of today, November 14, 1963.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL PLAN FOR ALLIANCE IS REJECTED AT PARLEY

SÃO PAULO, BRAZIL, November 14.—A U.S.-backed proposal to give Latin Americans greater responsibility in direction of the Alliance for Progress apparently faced smoother sailing today after general rejection of a Brazilian plan to bring in as many European contributors as possible, including even the Communist bloc.

Diplomats said the Brazilian proposal won only Bolivia's support from among the 20 nations attending the Inter-American Economic and Social Council session.

There was no official U.S. comment, but most Latin American delegates privately censured the proposal, circulated quietly among delegates to sound out their reaction. As a result of the cold reception, the Brazilians decided not to submit their plan to a working committee.

AIMED AT U.S. PLAN

The Brazilian proposal apparently was intended to torpedo the U.S.-backed plan to create a seven-nation coordinating committee to pass on aid projects and give Latin Americans more influence in overall control of the multibillion-dollar economic and social development program.

The Brazilians reportedly had still another maneuver in reserve. Informants said Brazil has indicated that if the seven-nation committee is approved, it will insist that the action be ratified by the congress of each member nation. This could delay formation of the committee for several years.

The Brazilians argued that the seven-nation committee would only impede the aid program by increasing redtape. But many delegates, particularly those from smaller countries, agreed that Brazil's opposition was based on the feeling that she would be reduced to the level of other nations applying for aid funds and that a mostly Latin American committee would be less sensitive to political considerations than the United States has been.

FIRM U.S. BACKING

U.S. Under Secretary of State W. Averell Harriman, head of the American delegation, placed U.S. support firmly behind the proposed committee yesterday and said if the program to accelerate Latin America's economic growth is lagging, it is largely Latin America's fault.

Mr. Harriman said that since the Alliance for Progress was launched 27 months ago, the United States has poured out $2.3 billion.

"Within Latin America," he declared, "there have also been delays in establishing effective planning machinery, in mobilizing domestic resources, in establishing priorities, and above all in the development of well-conceived and technically sound projects."

Mr. Harriman said the Alliance needs "a greater multilateralization of effort and strengthened political leadership." He said the proposed committee, "under the leadership of a distinguished Latin American chairman, can and should give a vigorous new impetus to our common efforts."

Mr. Harriman's 45-minute speech was warmly received, even by the chief Brazilian delegate, Finance Minister Carlos Alberto Carvalho Pinto.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Brazil Suggests All Nations Join Alliance Giving," published in the Washington Post of November 14, 1963, dealing with a proposal invitation to other nations, possibly even the Soviet Union, to contribute to the Alliance for Progress.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL SUGGESTS ALL NATIONS JOIN ALLIANCE GIVING

SÃO PAULO, BRAZIL, November 13.—Brazil is sounding out Latin American nations on a suggestion to invite other nations, possibly even the Soviet Union, to contribute to the Alliance for Progress, informed sources said today.

They said first reaction was cool from other delegations attending the Inter-American Economic and Social Council session in São Paulo.

Many delegates obviously fear that the opening of the Alliance to those outside the Western Hemisphere would endanger U.S. financial support. The United States is committed to give Latin America economic aid to the tune of $10 billion over 10 years.

The Brazilian paper circulating among delegates was said to be an explanation why Brazil opposes the present plan to create a seven-man coordinating committee to spend Alliance aid.

The sources said Brazil's plan is not in the form of a proposed resolution but merely is advanced as a suggestion.

The idea would be to internationalize the Alliance for Progress program, now strictly United States-Latin American operation. One highly placed informant said the plan would open the Alliance to all comers, including the Soviet Union if necessary.

This is the Brazil plan as reported: All Latin American countries would contribute a total of $1 billion a year to the Alliance program; the United States would contribute $1 billion; then other countries would also be invited to participate.

Last week at a meeting of Alliance experts, Brazil opposed the generally agreed upon plan to set up a seven-nation inter-American coordinating committee.

The Brazilian paper now in circulation is said to argue that the committee would only increase the redtape and bureaucracy that Brazil insists is holding up the program now.

Officially, the conference took no notice of the Brazilian proposal.

The Alliance came in for criticism from Bolivia's Roberto Jordan Pando, who claimed that the aid program was being bogged down by U.S. bureaucracy.

Bolivia also joined Brazil in opposing the creation of the seven-nation inter-American Alliance Committee.

However, the committee plan was supported by U.S. Delegation Chief W. Averell Harriman.

He conceded that no one is "wholly satisfied with the progress of the Alliance program," but he said much more has been done than often is recognized by public opinion.

While backing the creation of the seven-man Alliance committee, Harriman indicated that the United States would accept modifications of the plan.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I shall hasten this discussion by asking unanimous consent to have printed at this point in the RECORD a letter dated October 5, 1963, from Jose Figueres, former President of Costa Rica, in support of the principle that I have upheld in regard to juntas and military aid.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HARVARD UNIVERSITY,
FACULTY OF ARTS AND SCIENCES,
Cambridge, Mass., October 5, 1963.

Hon. WAYNE MORSE,
The Senate, Washington, D.C.

DEAR SENATOR MORSE: Congratulations on your stand on the Dominican and Honduran crises.

In the New York Times, October 5, page 1 continued, Tad Szulk says that the U.S. military mission encouraged the coup in Santo Domingo.

This is what is happening everywhere. The military call communism any social reform, and act independently.

It is a waste of time, money, and health to try to do anything wholeheartedly until the U.S. Government adopts a uniform policy toward social reform through elected governments.

Sincerely, JOSE FIGUERES.

Mr. MORSE. I ask unanimous consent to have printed at this point in the RECORD a telegram I received from Francisco J. Orlich, President of Costa Rica, dealing with my position in regard to military juntas and military aid.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

SAN JOSE, COSTA RICA,
October 17, 1963.

Hon. Senator WAYNE MORSE,
Chairman, Foreign Affairs Subcommittee for Latin America, U.S. Senate, Washington, D.C.:

Congratulations for your magnificent stand against military coups in Latin America. Your fight is considered necessary and with due respect I beg you to maintain the same effort until we can consolidate democratic regimes in Latin America. My Foreign Minister will see you next week in Washington.

Respectfully,
FRANCISCO J. ORLICH,
President of Costa Rica.

Mr. MORSE. Mr. President, under date of November 2, 1963, I received the following cablegram from three members of the Senate of the Dominican Republic:

[Translation]

SANTO DOMINGO,
DOMINICAN REPUBLIC,
November 2, 1963.

Senator WAYNE MORSE,
Washington, D.C.:

Today Dr. Juan Casasnovas Garrido, President of the Republic in accordance with the Constitution, was arrested, wounded, and beaten by repressive forces. Senator Mella also is under arrest and treated with lack of consideration. Once more human rights are trampled in this country by usurpers of power. Would that it were possible that the committee over which you preside might intervene with the appropriate organ so that the Human Rights Commission might be sent with the purpose of ending the persecution and outrages against the citizens and legitimate representatives of the people.

Cordial regards,
MORA OVIEDO,
Senator.
ESPINAL HUED,
Senator.
CASMIRO CASTRO,
Senator.

That letter was from three Senators of the Dominican Republic Senate. A sordid tale is told of the persecutions and denial of civil liberties and human rights practiced upon many persons in the Dominican Republic as a result of the junta. Thus there can be no denial of the position which the senior Senator from Oregon has taken in opposition to any assistance to that junta until constitutional government is returned.

I ask unanimous consent to have printed at this point in the RECORD, without taking the time to read it, a letter to the editor of the New York Times from Miguel Ydigoras-Fuentes, Constitutional President of Guatemala, dated November 6, 1963, and published in the New York Times of November 13, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GUATEMALA UPSET SEEN—OUSTED HEAD BELIEVES OPPOSITION IS RISING TO REGIME

To the EDITOR OF THE NEW YORK TIMES:

Although I do not agree with all of Paul Kennedy's appraisal of the present political tragedy of the Guatemalan people, he deserves praise for his November 3 news article "Guatemala Chief Facing Pressure," for it sheds light on the tragedy.

Some of the business sector accused my administration of being inept and corrupt, as your correspondent states, but that was due to the agrarian reform, the first income tax law and other social measures adopted by my constitutional government, which greatly affected the vested interests of the wealthy in Guatemala. They went so far as to imply that I was also a pro-Communist in disguise.

The opposition to Col. Enrique Peralta Azurdia's de facto and dictatorial regime is certainly growing, as I predicted. It should be borne in mind, however, that the despotic regime never did enjoy a wide and deep-seated popular appeal. That is the reason why it abolished the Constitution, eliminated Congress and converted Guatemala into a police state.

Almost all political parties, as Mr. Kennedy's article points out, are bitterly against the present de facto regime, opposing by all means at their disposal the brutal internal policies and the senseless international measures adopted by Peralta and his associates in crime.

INCREASED TERRORISM

Terrorism and guerrilla warfare have increased lately. Both have been so great, in fact, that on several occasions road and other communications have been severed between Guatemala City and other points in the interior, notably the northeastern seaboard. Military unrest has been growing despite Colonel Peralta's attempt to court the affection of younger military officers and more liberal-minded military that remember with shame their oath to defend the Constitution. This unrest is bound to increase until the tyrannical regime is overthrown.

Hundreds of Guatemalans are in prison.

Undoubtedly, the more than 200 petitioners who signed the recent political memorandum are extremely brave citizens, who deserve the gratitude of the whole nation. It is imperative, as they urge, to put an end to the de facto regime with its military clique, who believe that free institutions always lead to chaos and, in the end, to communism.

The only legal solution is to return to constitutional government, calling the Vice President (First Designate) to rule the country and in accordance with our National Constitution, article 165, to call for presidential elections in the next 4 months, supervised by the Organization of American States. Guatemala deserves this solution in order to benefit from such great undertakings as the Alliance for Progress.

MIGUEL YDIGORAS-FUENTES,
Constitutional President of Guatemala.

MIAMI, FLA., *November 6, 1963.*

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter dated October 5, 1963, that I received from Miguel Ydigoras Fuentes, constitutional President of Guatemala, in support of many of the positions I have taken.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SAN MARCO ISLAND, MIAMI, FLA.,
5 de Octubre de 1963.

Hon. WAYNE MORSE,
U.S. Senator from Oregon, Chairman, Latin American Subcommittee, the Senate of the United States, Washington, D.C.

DEAR SENATOR MORSE: Since our last conversation in the middle of the summer, when we exchanged points of view regarding the military coup in Guatemala which ousted the legitimate Government I had the honor of presiding, in accordance with the mandate of the majority of Guatemalans expressed in the free elections of January 1958, other military takeovers have occurred in Latin America and the social-political situation in Guatemala has gravely deteriorated.

My own struggle against communism is, I believe, well known in the United States and in Latin America. It is, I am sure, recognized by the political leaders in your country and by many Latin Americans who have the responsibility of government. It is stated in my book: "My War With Communism," Prentice Hall (July 1963).

I say this because the American Continent must, on the one hand, repudiate the imperialist and aggressive policies and purposes of the international Communist movement, and, on the other, condemn in no uncertain terms the objectives and the methods of the right extremists, since they are intrinsically antagonistic to the democratic aspirations of the peoples of the Western Hemisphere and destructive to their free institutions.

As it happens with any human society, on occasions legitimate and democratic governments commit errors in procedure which, unfortunately, are greatly exaggerated in press dispatches. The Guatemalan press had been under censorship prior to 1958. The parties opposing my government and defeated at the polls, began, by means of the freedom of the press I imposed, a vicious campaign against my government, never seen before. One thing is to correct the mistakes that might be committed in a democracy, and quite another to take advantage of the freedoms of democracy to destroy it.

During the past 2 years, the inter-American community has come to realize that "political" and "social" democracies must go hand in hand, because they mutually complement each other. This realization has received great impetus, in my opinion, thanks to the courageous and dynamic leadership of President John F. Kennedy. I am referring specifically to the Alliance for Progress, that gigantic and multilateral effort destined to raise, in the social and economic fields, the standard of living of millions of Latin Americans. You may recall my own efforts, initiated during the first semester of my term in 1958, to accelerate the economic integration of the Central American Republics; and President Kubitscheck's vast plan which he entitled "Operation Pan America," of the same year. But it is also true that without President Kennedy's understanding of the problem and without his complete support, the Alliance for Progress would not have been established at Punta del Este, on August 17, 1961.

The Alliance is a most ambitious program, but it must be implemented, as the "Declaration of the Peoples of the Americas" reads, in a free climate, with free institutions, always respectful of human rights. If it were otherwise, as the Communist claim to be doing in the enslaved island of Cuba, the joint effort would make a mockery out of representative democracy and, in the end, it would be completely useless.

The military that overthrow legitimate, constitutional and democratic regimes in Latin America do so ostensibly on many grounds, but in fact because they abhor the democratic way of life, free and constructive dialog, and the right to dissent from the philosophy that guides any government or the means used to achieve the ends sought. To them the multiplicity of political parties, the establishment of labor unions and the free expression of opinion, for example, are characteristic of "decadent" societies, and roads which inevitably lead to chaos and anarchy. This is the outlook—very primitive indeed—of the extremists of the right, of the totalitarians a la Hitler and Mussolini. In other words, their outlook is completely negative and obstructionist; and, what is worse, they form a close and fraternal alliance with every other bitter enemy of democracy in that they wish democracy to fail. They pretend to stay in power by pointing out, falsely of course, that the sole alternative to Communist rule is military misrule and oligarchic reaction.

Some have advocated that dictatorship and de facto governments should be excluded from participating in the Inter-American System. A year ago, at the Organization of American States, several Latin American democratic countries introduced a resolution to have a Meeting of Consultation of Ministers of Foreign Affairs discuss that possibility. Although my Government was naturally sympathetic to the initiative, it instructed its Permanent Mission not to vote affirmatively because (1) it was uncertain as to the effectiveness of the step proposed and (2) it believed that other measures (joint breaking of diplomatic relations and collective economic sanctions, for example) could be taken outside the Inter-American System, in a less formal but more effective manner. What my Government had in mind, my dear friend, was to consult with other legitimate governments as to the possibility of "continentalizing" Article II of the Central American Treaty of Peace and Friendship, signed in Washington on February 7th, 1923, through which de facto and unconstitutional regimes would not be recognized diplomatically.

What the Latin American community needs, in my opinion, is to intensify its economic development and to greatly accelerate social justice, before it is too late, but certainly preserving—in the process—the fundamental rights of man. It is intolerable to have any part of the population pass dogmatic judgment on the desires and needs of the majority; and much worse if any popular sector denies, through undemocratic means, the wishes of other popular sectors. If a group of Colonels believes that the legitimate government, freely elected by the people, is conducting its business in an ill-mannered fashion, the thing for its members to do is to resign from the Armed Forces and enter politics, observing—as any one else—the rules of the game. When they usurp power and oust a democratic and constitutional government, no matter what pretext they might advance for their action, the international community should react with energy, vigor and indignation—sanctioning their ill-conceived and ill-executed performance.

In normal times, the international family of nations suffers inmensely when a democratic regime is decapitated. In this atomic era, when years are reduced to weeks and months to minutes, any democratic setback is much more dangerous to the community because it affords its enemies an excellent opportunity to give the West a major setback in international politics.

As to the present situation in Guatemala, the de facto and dictatorial regime has openly and defiantly violated the Charter of the United Nations, the Charter of the Organization of American States, the Universal Declaration of Human Rights, the American Declaration on the Rights and Duties of Man, the Declaration of Santiago de Chile of 1959 and most of the instruments pertaining to the rule of law and the protection of fundamental freedoms. It has converted the country into a terrible police state.

Colonel Enrique Peralta and his associates in crime have ruthlessly suppressed the freedoms fully enjoyed by the Guatemalan people under my administration. Monstrous laws have been decreed. Congress has been abolished. Habeas corpus has been eliminated. An indefinite stage of seige exists in the country. Military tribunals judge ordinary offenses (called, by the ruling and reactionary clique, seditious and subversive). Hundreds have been jailed, and many mistreated before being sent into exile in foreign but friendly lands. There is a growing list of Guatemalans being summarily shot. The paredon as in Cuba, is becoming a national institution. Freedom of expression is not only a myth: it is admittedly nonexistent. High schools have been militarized. Social progress has come to a complete stop.

I denounced all these terrible violations to the Inter-American Commission on Human Rights, in late August, and requested that body to investigate the charges and take appropriate measures. In statements and letters to the press I have warned that repressive measures are on the increase and that the hatred of the Guatemalan people for the present regime is growing. Guatemalans, from every walk of life, are responding to the situation with greater acts of bravery, and even with terrorist acts and increased guerrilla activities, because there is no solution in sight.

Not a word has been said officially about general elections. And even if they were convoked, there is absolutely no guarantee that they would be free. As a matter of fact, they could not be, unless a new government took over and conducted itself fairly, restoring the fundamental freedoms which have been trampled over by the military boot.

Colonel Peralta's regime has not only defied the sovereign will of the Guatemalan people, but—with incredible audacity and impunity—has defied all the American Continent. Its contempt for the opinion of democratic leaders of the Americas has no bounds.

Should you wish, my dear Senator MORSE, to distribute copies of this letter to your distinguished colleagues in the Latin American Subcommittee of the Senate of the United States and, particularly, to my good friend Senator BOURKE B. HICKENLOOPER, of Iowa, you may do so without any hesitancy. If, however, you desire to include it in the CONGRESSIONAL RECORD, feel free to do so.

With every good wish, I remain affectionately yours.

MIGUEL YDIGORAS FUENTES,
Constitutional President of Guatemala.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter I received from Luis Tovar, a senator of Venezuela, under date of October 17, 1963, in support of the position I have taken on the military issue.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Translation]

(NOTE.—This letter was written in "telegraph style"—the tie-ins were provided by this translator.—E.H.)

REPUBLIC OF VENEZUELA,
SENATE,
Caracas, October 17, 1963.

[DEAR SENATOR:] Your noble fight in the U.S. Senate against military coups in Latin America has earned the gratitude of the Venezuelan workers and people. You are now showing the best domocratic traditions of the American people.

I feel I interpret the democratic feelings of the Venezuelan people by congratulating you upon your affirmation of understanding and friendship. Simultaneously I implore you to continue your interest in the development and stability of democracy in Latin America, which is the only road leading to the sure defeat of communism's international conspiracy and of the remaining native oligarchies.

Cordially yours,

LOUIS TOVAR,
Senator and President of Fedepetrol.

Translated by Elizabeth Hanunian, October 24, 1963.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a cablegram I received from Luis Muñoz-Marín, of Puerto Rico, who is a great friend of the United States. Governor Muñoz-Marín shares the fears and the concern I have expressed concerning juntas in connection with our military aid program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Hon. WAYNE MORSE,
U.S. Senate, Washington, D.C.:

I have just sent the following cable to President Kennedy regarding Santo Domingo situation: The United States faces a problem, a challenge, and an opportunity. As a citizen and as a neighbor of the Dominican people I feel it my duty to make my views known to you.

I unreservedly favor taking a hard line toward the usurping government of Santo Domingo. No recognition, no economic aid. A soft line would result as I see it in the following:

1. A further demonstration of the powerlessness of the United States to support the democratic governments in the hemisphere;

2. A chain reaction of military coups in Latin America (Honduras is now said to be on the verge);

3. A shot in the arm for communism as the Batista dictatorship in Cuba turned out to be;

4. Deprive Alliance for Progress of a number of democratic partners compelling United States to deal with the oligarchies that oppose the reforms that are the basis of the Alliance;

5. Depend on military usurpation to combat communism instead of depending on democracy;

6. Allowing to lapse the opportunity of using the Santo Domingo situation for a stronger policy orientation under very favorable psychological circumstances.

A strong line would refuse to recognize the stability of infamy as "stable government" and demand thorough respect for the freedom of the Dominican people to have their own democratically chosen government. I believe that such steadfast position on the part of the United States would strengthen democracy in Latin America immeasurably and that the puppet government and its military masters would crumble and open the way to action both viable and honorable in Santo Domingo.

Respectfully,

LUIS MUÑOZ-MARÍN.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from a former Senator of the Dominican Republic, Dr. Anibal Campagna, from the province of Santiago. It was sent to a newspaper in the Dominican Republic with the request that it be published.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Translation]

SEPTEMBER 28, 1963.

Mr. RAFAEL HERRERA,
Director of Listin Diario
Santo Domingo, Dominican Republic.

DISTINGUISHED FRIEND: I am writing to ask you to be so kind as to publish this letter in the honest newspaper which is being managed by you with great dignity. I shall explain myself:

It so happens that on September 26 of this year I called in person at the offices of El Caribe and made some statements to Victor Marmol, a reporter, with the request that they be published immediately, and he promised that I would be accommodated without fail. Yesterday morning, when I saw that my statements had not come out in El Caribe, I telephoned that same reporter to ask him for an explanation. Mr. Victor Marmol told me, in effect, that he could not explain to himself what had happened.

The statements which I made to the newspaper El Caribe were more or less the following: On September 25, at about 9 o'clock in the morning, when I wanted to enter the building of the National Congress, to take my place as Senator with which office the Province of Santiago had honored me, several members of the National Police arrested me and took me to Fortaleza Osana where I was detained, together with other Members of Congress, until 5:30 o'clock in the afternoon. In those statements I had expressed my indignation not only because of the fact of my arrest, but especially because of the act of insurrection which they had just consummated, destroying that freedom for which I had been fighting for such a long time. I ended my statements by calling on the Dominican people not to lose their faith in the future and their confidence in democracy, because though freedom might have momentary setbacks, it would never perish.

Those were more or less my statements that day; but now I want to say a few additional words:

All the Dominican people know with what enthusiasm and energy I was performing my senatorial duties while I held that office of which I was very proud because it had been conferred on me, in free elections, by the people and not by the force of machineguns. I fought in that Congress, to the point of exhaustion, defending the Constitution and law and order on many occasions, when I felt that the majority party which was in power was violating the Constitution and the freedom (of the people). I will never be able to support the men who have destroyed the legal state of this country's law and order.

That is precisely why, in March of this year, I declared myself Independent, leaving the ranks of the National Civic Union, my party of origin. I did so in conjunction with some other members of that party, because I became convinced at that time that the tendency of their principal leaders was procoup d'etat, and I was for freedom and for law and order. The events which have just saddened our poor country have proved that I was right. Finally, the leaders of the procoup parties have attained by force, what they would not be able to attain by law: to enter the palace.

There is no hatred or bitterness in my heart; it is filled only with sadness and pain, but with much pain, not only for the sake of the Dominican people but also for those men who managed the insurrection and who now continue to give it moral and material support.

I read with great interest the editorials which you have been writing on the political situation of the country and on the latest events; I can only congratulate you and tell you that the real, honest, and disinterested Dominicans understand and applaud you. May history be the judge.

Therefore, I humbly reiterate to you my request for the favor of publishing for me this letter, responsibly signed by me, in Listin Diario, because it states my political position and I want to put it on record for the future.

Your friend,

Dr. ANIBAL CAMPAGNA,
Ex-Senator for the Province of Santiago.

Translated by Elizabeth Hanunian, October 16, 1963.

Mr. MORSE. Mr. President, I have visited Latin America a number of times. I have spoken with many persons in many parts of Latin America, including many officials. I spoke with numerous members of various delegations, not only from Latin America, but also from many other parts of the world, at the time I visited Peru, earlier this year, to attend the inauguration of the new President. One of the strong impressions I carried away from that inauguration was the almost unanimous opinion that delegates from embassies and delegates specially appointed by the heads of their governments expressed to me an opposition to the type of military aid that we have been giving to Latin America.

Also, they expressed deep concern about the fact that in the minds of many, the U.S. Government is linked with the support of military juntas. Later this afternoon, I shall offer my amendment on military juntas.

I close my argument now by asking the chairman of the Committee on Foreign Relations to hear me through on the purpose of the amendment that is now pending.

The committee amendment authorizes an additional appropriation under Public Law 86–735 of $175 million. This amount compares with the request of the administration for $200 million. The authorization is on a no-year basis and is intended to supplement the initial authorization, now exhausted, of $500 million.

Most of this $175 million is intended to replenish the Social Progress Trust Fund of the Inter-American Development Bank, with a small amount to support development programs run by the OAS.

The SPTF is used to foster improvements in housing, land reform, sanitation, water supply, education, and tax reform. As of December 31, 1962, the SPTF had made 53 loans totaling $320,562,000. These loans are intended to support social reform efforts undertaken by the Latin American countries themselves.

This is dealt with on page 38 of the report, where we find that the committee advises the Senate that the trust fund was created under a trust agreement between the United States and the Inter-American Bank. Under the trust agreement, the SPTF is commissioned to support the social reform efforts of Latin American countries which are prepared to initiate or expand effective institutional improvements and to employ their own resources prudently and efficiently. Countries participating in the Alliance for Progress are represented in the SPTF under a system of weighted voting.

Then the report states:

> In signing the trust agreement under which the Inter-American Development Bank was vested with the responsibility for administering the Social Progress Trust Fund, it was the intent of the United States, and of the Bank, that the Fund would be used to encourage maximum self-help efforts on the part of the participating countries, and that the countries themselves would reform existing institutions and practices which impede economic and social progress, especially in the fields of ownership and use of land, education and training, health and housing, taxation and other aspects of the mobilization of domestic resources. It is clear, further, from the agreement that the performance of the borrowing countries is intended to be a primary criterion for the making of loans.

In view of the disappointing performance of many Latin American countries in the area of reform and self-help, it cannot be said that they have, on the whole, fulfilled the requirements of the trust agreement.

For this reason, I do not believe that the amount authorized for the SPTF by the bill as reported from the committee for Public Law 86-735 can be justified. I urge, therefore, that the proposed authorization be reduced by $20 million—from $175 million to $155 million.

I point out that because of the lapse of time that has already occurred and because of the additional lapse of time before the final appropriation will be made, this authorization amount can be safely reduced.

When these countries do a better job of self-help, if they do, there will be no difficulty with me in enlarging the fund commensurate with the self-help programs which these countries develop in connection with the authorization bill of next year. After all, this being November, that is not very many months away.

So I urge the Senator from Arkansas to accept this amendment, which calls for a $20-million cut. No program will be damaged by the amendment; no loan in the offing will be prevented by the making of this cut.

In addition, I think this is the kind of warning and lesson we should send to our Latin American neighbors, so as again to make clear that the determination of Congress is that the United States will help with the Alliance for Progress when there is a little more self-help by them.

If this amendment is adopted, so far as I am concerned, it will be the last of my attempts to offer money amendments, because it and my other amendments will make a total saving in this bill, as compared with the bill as reported from the committee, of an even $500 million.

Mr. FULBRIGHT. Mr. President, I have considered the Senator's amendment, and I am perfectly willing to have the Senate vote on it now.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the committee amendment, as amended, in the nature of a substitute.

The amendment to the committee amendment, as amended, was agreed to.

Mr. MORSE. Mr. President, I move that the vote by which this amendment to the committee amendment, as amended, was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I thank the chairman of the committee very much for his cooperation. As he knows, this has not been a happy situation for me—in finding myself in opposition, in connection with some amendments, to my good friend, the Senator from Arkansas.

AMENDMENT NO. 297

Mr. GRUENING. Mr. President, I have a number of amendments which I hope the chairman of the committee will agree to accept.

First, I offer to the committee amendment, as amended, my amendment No. 297.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 51 of the committee amendment, as amended, between lines 13 and 14, it is proposed to insert the following:

> (k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished.

Mr. GRUENING. Mr. President, this amendment was requested by the Comptroller General, and has already been included in the bill as passed by the House of Representatives. It is merely a provision that "no assistance shall be furnished under section 201, 211, or 251 of this act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

I think this is a desirable housekeeping amendment, and I hope the chairman of the committee will see fit to accept it.

Mr. FULBRIGHT. As the Senator from Alaska has said, the substance of this amendment is now included in the House version of the bill, and I believe the principle of the amendment has been lived up to. Therefore, I believe the amendment is unnecessary.

I hope the Senator from Alaska will not insist on having the Senate adopt this amendment to the committee amendment, because if this amendment is not adopted, this subject matter will be in conference, and that is desirable.

The Senator from Alaska has offered a number of amendments which propose the inclusion of language already in the House version of the bill. I do not believe these countries have refrained from agreeing to the making of such audits of the accounts. In one case—that of the Diem government, I believe—there was such a refusal; but that is about the only instance of which I know. In that case there was a very tense relationship, really during a state of warfare, in which that government failed to abide by these requirements. But I believe that today this requirement is lived up to, and it is the policy of the existing administration to do so.

I hope, therefore, that the Senator from Alaska will not press for a vote by the Senate on his amendment. If the amendment is withdrawn, this subject matter will be in conference.

Section 506 of the existing law provides, among other things, that—

> (3) It will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the U.S. Government with regard to the use of such articles; and
>
> (4) Unless the President consents to other disposition, it will return to the U.S. Government for such use or disposition as the President considers in the best interest of the United States, such articles which are no longer needed for the purposes for which furnished.

In the existing law there are several provisions which I believe add up to the same thing as the Senator's amendment, which merely provides that our representatives shall oversee the use made of the aid furnished to the respective countries.

A situation such as that existing in South Vietnam—during a very difficult warfare in which there were considerable differences between the Government and our Government—is unusual; but I believe the experience in connection with the developments in South Vietnam should be a warning to anyone who would not be inclined to agree to follow these provisions.

So I hope the Senator from Alaska will not press for action by the Senate on his amendment, although I agree with the sentiments he has expressed.

Mr. GRUENING. Mr. President, in view of the opinion of the chairman of the committee that withdrawal of the amendment will enable him to have greater latitude in the conference, I now withdraw the amendment.

Mr. FULBRIGHT. I thank the Senator from Alaska.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, is withdrawn.

AMENDMENT NO. 296

Mr. GRUENING. Mr. President, I now call up my amendment No. 296, and offer it to the committee amendment, as amended.

The PRESIDING OFFICER. The amendment of the Senator from Alaska to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. On page 51 of the committee amendment, as amended, between lines 13 and 14, it is proposed to insert the following:

> (f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises.

Mr. GRUENING. Mr. President, this amendment is designed to eliminate the destructive competition which may exist between concerns in the United States and those in other countries as a result of our aid program. We have spent a great deal of money in financing the construction of steel mills all over the world, and they operate in competition with the U.S. steel industry, which now is operating far below capacity.

The same thing has been done in the textile industry. We have created paper mills, rubber plants, chemical plants, aluminum plants, and much else. Those dollars actually cause such industries to compete seriously with ours at a time when we have considerable unemployment.

The amendment is a moderate one. It also repeats the language of the House bill. In view of the fact that there could be no objection to the principle of the amendment, I hope the chairman will see fit to accept it.

Mr. FULBRIGHT. Mr. President, I believe this amendment is in a quite different category from the other one. First, the principle as applied in relation to the amendment is unworkable. Furthermore, one of the main purposes of the program in the past has been to help various countries develop their own private enterprise to the point at which they could be made self-sufficient. For all practical purposes, I believe the amendment would completely nullify a major part of the Development Loan Fund. It would be better to abolish the Development Loan Fund. I do not see how we can apply the principle, because practically every industry that is developed in any country is, to some degree, competitive with our own industry.

I do not believe the Senator really means that we ought to assist only in the growing of coffee, bananas, or a few products of that kind which we do not produce. Such a limitation would nullify the whole objective of our program.

The amendment is objectionable on its merits. The previous amendment offered by the Senator from Alaska was not objectionable on its merits. I think it was unnecessary. There would be no objection to it, for we are abiding by its principle. But in the amendment now offered by the Senator, the following language appears:

> (f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity.

Our industries go up and down in their activity. I am glad to say that most industries, with some exceptions, are operating at a substantially high proportion of their capacity. But next year, hypothetically, there may be a recession, and their production may decline. Their volume of business is a factor that varies from year to year and almost from month to month.

Furthermore, I believe that the objective of the amendment is wrong. We must compete with plants that we have helped to create. We believe in competition. At least we say we do. Our great task is to modernize our own industry in order to be competitive. I believe we can be competitive. In most fields I believe we are competitive. Here and there we observe cases in which modern mills, for a temporary period, may be more efficient than ours, but that is a continually changing situation, both in our country and abroad.

I object to the amendment on its merits. I could not agree to it. We shall have to oppose it.

Mr. GRUENING. Mr. President, under those circumstances, and in view of the arguments of the distinguished chairman of the committee, I believe I would prefer to leave him to wrestle with the conferees on the part of the House, which has adopted the amendment. I have pointed out the perils of our subsidizing foreign competition with our dollars against our industries. The subject will come up again when the next bill is considered. We shall then have a chance to reevaluate it. Therefore, I ask that my amendment be withdrawn.

The PRESIDING OFFICER. The amendment of the Senator from Alaska is withdrawn.

Mr. GRUENING. Mr. President, I call up my amendment No. 233 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 51, between lines 13 and 14, it is proposed to insert the following new subsection:

> (f) No loan or grant shall be made under any provision of this Act to any country, or to any recipient therein, unless such country shall have agreed to exempt from all customs duties or other import taxes levied by such country any articles procured in the United States or any of its territories with the proceeds of such loan or grant, including any amounts thereof loaned by the original recipient to borrowers within such country.

Mr. GRUENING. Mr. President, it seems to me that when our country provides funds for the importation of goods into a foreign country, that country should not levy a duty on them. I believe that my proposal is reasonable. I should like to have the reaction of the chairman to the amendment.

Mr. FULBRIGHT. The amendment was submitted to and considered by the committee. The committee rejected it. The amendment would be an attempt to interfere in a most unacceptable way in the internal affairs of all the various countries involved. When we make a loan to a country for the purpose of the development of that country and they wish to buy something from our country, I do not see how that country could be expected to make special regulations because of the particular article purchased. It would also have the effect of inducing countries, wherever possible—unless the country were required to purchase the article from the United States—to buy from some other country.

The amendment is an attempt to interfere with what we generally believe to be the sovereign rights of every country to fix its own duties and import taxes. I believe that it would be resented by other countries, and would make it very difficult to operate the program. For all practical purposes, questions of taxes, and so on, are unrelated to the foreign aid program. Those questions should properly come under the reciprocal trade program and under tax treaties which we enter into with other countries.

If discriminatory taxes are imposed, of course, we should resent them. But we should try to solve that problem in the usual manner—through diplomatic negotiations and trade treaties.

For example, if a loan is made to a private enterprise in another country—which the act tries to encourage—for in many places it professes its devotion to private enterprise—that particular company would then receive a competitive advantage because of tax-free imports. We would get into some very strange situations. Suppose in a foreign country factory A did not receive a U.S. loan; it would have to pay taxes on materials it bought. Suppose it should import textile machinery, on which it would pay a tax. On the other hand, suppose that company B, which received a loan from us, should buy the same machinery from a manufacturer in this country under the terms of the amendment. Company B obviously would obtain a competitive advantage, which would cause great complaint in that country.

The amendment would be far-reaching in its effect and would intervene in the tax programs of the various countries involved. I honestly do not see how we could administer it. If we should attempt to administer and apply it, we would only create great resentment and make the administration of the program much more difficult than it is now.

One of the reasons why the program has run into difficulty in the past is the multiple restrictions placed by Congress upon the administration of the program. Those restrictions have made the program subject to criticism and resentment on the part of the countries receiving help.

Any undue discriminatory taxes imposed by recipient countries ought to be protested. They ought to be fought by our country in the regular way. If the taxes are too discriminatory, I agree that we ought not to give that country aid. But to apply the requirement, as the amendment of the Senator from Alaska would do, as a condition of any loan, would go much too far and would not be workable.

Mr. GRUENING. I hope the Record will show that in the case of the amendment now before the Senate and the previous amendment dealing with competition, the AID administration will take these problems under serious consideration, and that when the Foreign Relations Committee draws up the foreign aid authorization bill for the next session of the Congress, it will take those questions under advisement, and take appropriate action.

In view of the chairman's views on the subject, and the making of the record, I withdraw the amendment.

The PRESIDING OFFICER. The amendment of the Senator from Alaska is withdrawn.

Mr. GRUENING. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The Legislative Clerk. On page 48, between lines 3 and 4, it is proposed to insert the following:

> (m) No grant or loan shall be made under this Act to any country or area which is a colony of any other nation.

Mr. GRUENING. Mr. President, that amendment has not been previously submitted. The amendment would stop the giving of aid to the colonies of nations. We have been asking the powers of the Old World, including Great Britain and France, to take a larger part in the program. Yet in a strangely contradictory and paradoxical way we subsidize their colonies while they are still colonies. How can we justify that? We have given financial aid to British Guiana, to Surinam, which is Dutch Guiana, French Guiana, Hong Kong, and the remaining British colonies in Africa, and to the not yet free French possessions. I think that is all wrong. I believe the mother country should continue to send aid so long as its colonies are still her colonies. I question also the wisdom of precipitating ourselves into the aid picture in every new nation the minute that new nation is spawned. Certainly, so long as they are still colonies, I see no justification whatever why they should receive our aid. If aid is needed, it should come from the mother country.

In British Guiana, Cheddi Jagan, who is of rather doubtful character, came to the United States prior to his election and persuaded the AID administration to give him $10 million. As a result, he went back to Guiana and was elected. He was elected as a result of telling the people that he was "in solid" with the United States and had $10 million to prove it.

What happened? He created so much chaos that the British withdrew their proposal to give independence to British Guiana. It is still a colony. It is still in chaos.

Why on earth should the United States continue to subsidize colonies of that character?

I hope the chairman will accept this amendment. I believe it is a proper one. I believe it will hasten the liberation of those countries that should be liberated. If they should not be liberated, then the mother country should subsidize them, not the United States.

Mr. FULBRIGHT. I know of no substantial aid other than to Guiana, which is a special case to which I shall refer. With regard to British Honduras, we are not giving aid. We did at one time, but not any longer. As the Senator well knows, the British had committed themselves to make Guiana independent. The reason we had a special interest there was that the largest investments in British Guiana are American investments. Guiana is the original source of bauxite for the largest company in the country.

The hope was that, as a result of the transition, there would be a stable and viable country. But the situation has been so bad that the British have delayed or postponed the time for Guiana's complete independence, because of the danger of it becoming another Cuba.

The reason we put aid in there is the same reason we have a special interest in peace in the Middle East and in other places—because of substantial American investments. That is the only case I can think of which would fall within the restrictions sought by the Senator, in which any substantial amount is involved. We are not undertaking any substantial aid to any other country that I can think of.

What other countries besides Guiana does the Senator from Alaska have in mind?

Mr. GRUENING. They are not substantial, but I believe the principle is important. We are giving grants to the French colonial possessions and to Portuguese possessions which are still colonies of the mother country.

Mr. FULBRIGHT. But are they not purely in terms of very small technical assistance aid? Are they not an attempt by our Government to try to display its interest, looking to the time when those countries would be independent and we would have relations with them? Meanwhile, are we not largely trying to teach a few of the inhabitants to speak English, and nothing substantial in any case?

Mr. GRUENING. I believe the whole principle is improper. If technical aid is needed, why not let the mother country provide it? We have been urging mother countries to do more in their programs. They have disappointed our expectations.

Mr. FULBRIGHT. I know the French have given large amounts to their former colonies, because they have expectation of continued trade, and so forth. We have gone in on the theory that we expect to have relations with them. We want them to be friendly with us. We have not spent substantial amounts in those cases that I know of.

I have asked my assistant here to look up those amounts, which he will do in a moment, unless the Senator already has them. I believe he will find that they are insignificant.

Mr. GRUENING. I believe the Peace Corps is one of the most outstandingly successful enterprises in our whole foreign aid program and I support it unqualifiedly. I believe it has done a magnificent job. In view of the exemption that has been made for the Peace Corps would not the proper procedure be, in these colonies—where the chairman says we hope to create a good atmosphere and are looking to the day of their independence, to be friendly with them and to teach our language—to use the Peace Corps, which is exempt from these provisions, and cut out all other forms of aid? I ask that as a matter of principle. I believe it is desirable.

The Peace Corps can furnish the technical aid and the teaching aid and all these other things. I believe that would be the finest kind of support for these colonies, which are not entirely happy under their present status. They look forward to independence. The Peace Corps could do this interim job. But I believe that other forms of aid are objectionable on principle.

The record is being made. I hope the Peace Corps can be encouraged to provide assistance. I understand we are considering the enlarging of the appropriations for the Peace Corps. That is a people-to-people contact, of the finest kind.

I hope that this amendment will be accepted.

Mr. FULBRIGHT. My efficient assistant, Mr. Holt, tells me that he is unable to find where such is being done. If the Senator has any figures, we might make a record here and recommend that it be stopped.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. MORSE. I do not have any information other than what is in the charts. I missed some of the debate, but let me read the figures for 1963 aid to colonies.

Mr. FULBRIGHT. We are talking about 1964. We have "phased out" these colonial areas, according to Mr. Holt.

Mr. GRUENING. All the more reason why we should adopt this amendment, if we are going to follow this course anyhow.

Mr. FULBRIGHT. There are exceptional cases, the Senator would agree, such as Guiana. At least the facts there involved, really, the defense of our own security, and protecting the vast American investments. There was a great danger, which we all recognized, of having Guiana become another Cuba. All Senators—as well as the Senator from Alaska—would be very critical if that should occur.

The Senator would say we cannot give any aid to this country, which is on the verge of becoming independent, when we ourselves hoped the British would delay the time for giving them their independence, in the hope that something could be worked out to change the situation. There is no doubt about the danger of Jagan and his government. I believe it is wrong on another principle. When a legislative body sets down principles, if abided by they go on from year to year and tie the hands of the administration—whatever administration it might be—to meet a situation like this. I submit that the amount proposed for 1964 is de minimis and thus is not sufficient to cause concern. I do not believe the Senator would wish to tie the President's hands in a case like the Jagan government. He would not wish to expose us to the disastrous consequences of another situation like Cuba.

Mr. GRUENING. In the case of British Guiana, we were subsidizing the "Castro" of British Guiana.

Mr. FULBRIGHT. What the Senator is saying is that we have made mistakes. I cannot defend everything that has been done under this program. We have made mistakes. I do not believe, however, that we should take responsibility for Jagan. I know we certainly did not intend to allow Guiana to become a Communist foothold. Whether the situation was handled right, I do not know. I know it is a very difficult situation. The contest in Guiana between the two parties, from what I have read about it, is an extremely difficult thing to handle.

It is an extremely difficult problem to handle. I do not think we can lay down policies for the administration in day-to-day situations. Our committee staff chief cannot find any other colonial area to which aid is proposed to be given.

Mr. GRUENING. Unless we include the prohibition, there is no evidence that they will not resume giving aid to British Honduras.

Mr. FULBRIGHT. The Senator apparently has no confidence in the administration. I cannot accept that principle. I will accept the idea that it has made mistakes, but I cannot accept the idea that they are complete idiots and will never follow a reasonable policy. There is no proposal that we know of for any such program.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. GRUENING. I yield to the Senator from Missouri.

Mr. SYMINGTON. I was about to make a point brought up by the Senator from Arkansas. I voted with the Senator from Alaska on amendments designed to reduce money authorization, but it seems to me this amendment goes too far into legislative prerogative, the normal functions of the executive branch. I would have more confidence in this administration than expressed by the amendment. I submit this thinking to my able colleague from Alaska.

Mr. GRUENING. I say to my friend from Missouri and my friend the chairman of the committee that I think we have accomplished a great deal in improving the bill. It is a much better bill. We have, in effect, rewritten it on the floor of the Senate. We have a good legislative record.

I say for the RECORD that for the United States to give financial aid to a colony of Great Britain, or France, or any other country, is folly. It is a principle we should assert. It is late. We have spent 2 weeks on the bill. I know that many Senators have engagements. I do not intend to press the amendment at this time, but I should like to have a little further discussion of it before debate on it is concluded. A very important principle is involved.

I was unhappy to hear the chairman of the committee state that I have no confidence in the administration, whereas he does. That is not precisely so. I have lacked confidence as a result of actions not of this administration, but some of the previous administrations of the aid programs, which change every year. This kind of mistaken aid has been given by some of the previous administrators. When an administrator gives $10 million to Cheddi Jagan, a Communist, a subversive individual, who has put that colony in chaos and prevented it from becoming independent, I think I am justified in saying that I do not have confidence in most of the past foreign aid administrators.

I would like to foreclose future acts of that kind. I do not think American taxpayers should be asked to pour money into any colonies. I think that is the duty of the mother country.

Mr. MORSE. Mr. President, as a cosponsor of the amendment, who would support the amendment if it came to a vote, although I do not have the 1964 figures, I shall include in the RECORD the figures for the years up to 1963. But if I understood the chairman of the committee—and I was not present to hear all the debate—it is not contemplated that in 1964 we are going to be supporting colonies.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, many of these areas that have been getting aid have achieved their independence; they are no longer colonies. Many have become independent. Jamaica, for example, is no longer a colony. The amount provided for that purpose is very small. There are only one or two that are called colonies. They are not scheduled to get much for 1964.

Mr. GRUENING. It was folly to give such aid to them.

Mr. FULBRIGHT. The Senator will get no argument from me about that.

Mr. MORSE. Mr. President, may I ask the Senator from Arkansas a question? The figures just shown to me by Mr. Holt, of the committee staff, show that colonies that heretofore have been receiving some aid—and I shall put that amount in the RECORD shortly—will not receive any, except for one colony. Is that correct?

Mr. FULBRIGHT. Looking at the worldwide chart, that is correct.

Mr. MORSE. If I may have the attention of the Senator from Alaska, who is the author of the amendment, of which I am a cosponsor, I think he has made a great record on this amendment, as he has on all his other amendments. I want to go on record as saying that the administration has made mistakes in giving support to colonies of other countries. I think we would have a hard time answering why, on principle.

I served on the fourth committee of the General Assembly of the United Nations, which is the committee that deals with trusteeships and non-self-governing territories in the world. I served during the famous 15th General Assembly, the Khrushchev shoe-thumping assembly. Time and time again the United States was under attack in the fourth committee because we had taken a wavering and weaving attitude with regard to the problems of colonialism around the world. That situation has improved a great deal since then.

I am glad that, under the leadership of the President of the United States, Secretary of State Rusk, and our Ambassador to the United Nations, Adlai Stevenson, we are not equivocating in our votes any more. We are not abstaining when the hot colonial issues come before the United Nations. That is to the everlasting credit of the administration. I do not mean to imply that we have gone far enough in the United Nations—because we have not—in dissociating ourselves completely from colonialism. But there has been a great improvement.

The reason why I cosponsored the amendment is that I do not believe we ought to be pouring money into any colony of any country. We never know when the people of that colony are going to take a stand for independence. It is easy to overlook the fact that we had been giving them aid for their benefit. That is the only reason we have given money to those colonies, so far as motivation is concerned. But motivation can easily be misinterpreted. The charge will be made that, after all, we supported Great Britain, France, and the Netherlands in maintaining a stranglehold over certain colonies by pouring money into them.

That principle is very important. It is why I was very happy to join the Senator from Alaska in the amendment when he first discussed it with me.

A wonderful record has been made by the Senator from Alaska and by the chairman of the committee. I shall dissent from one observation made by the chairman of the committee in a moment. First I wish to put into the RECORD figures that are not classified. The 1964 figures are classified, but the figures are small in amount and apply to only one colony. It would be extremely difficult to deny the type of aid that goes to that colony. The aid seeks to benefit the people, and not the British Government.

May I ask the chairman if he can obtain information for me as to whether some of the aid has been in the form of Public Law 480 funds?

Mr. FULBRIGHT. I am sorry. I did not hear the question of the Senator.

Mr. MORSE. Some of the aid that we have given to certain colonies in the past has really been in the form of Public Law 480 aid. Is that correct?

Mr. FULBRIGHT. The chart says "worldwide." I would have to look it up.

Mr. GRUENING. That refers to aid we had been giving to Hong Kong.

Mr. FULBRIGHT. That was really nothing but relief.

Mr. MORSE. I want to draw that distinction. There is a distinction. When aid goes to a colony for food purposes, in the form of relief for hungry people, or in the form of medical supplies, that is a different matter. We do not know what proportion of such aid was in that form. I do not have the figures at tongue point.

Mr. FULBRIGHT. Did the Senator say "tongue point"?

Mr. MORSE. Yes; tongue point. That is a familiar point with me.

Mr. FULBRIGHT. Is that a colony?

Mr. MORSE. I know from some of our discussion in committee that some of the money was for humanitarian purposes.

Mr. FULBRIGHT. Certainly, some of the aid that went to Hong Kong was.

Mr. MORSE. Some of it was not.

Mr. President, since I joined as a cosponsor of the amendment, if the Senator from Alaska wishes to share my judgment, in view of the record we have been making, I suggest that he might withdraw the amendment.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Missouri.

Mr. SYMINGTON. Would the Senator tell us whether we are at tongue point for a vote tonight.

Mr. MORSE. I think, with mutual cooperation, we can reach a vote tonight.

The Senator had better sit down before I tell him this, because I am sure he would not be able to take it standing up. I have only one more amendment.

Mr. SYMINGTON. I would be willing to lie down if we could reach that final vote.

Mr. MORSE. I have only one more amendment.

I am waiting for a telephone call from the State Department. I believe it will have the good judgment to accept the amendment.

Mr. HUMPHREY. We have it here.

Mr. MORSE. I wish to place certain figures in the RECORD.

Mr. GRUENING. I appreciate the remarks of the Senator from Oregon. In light of the assurances of the chairman that this relief is petering out—even though it involves only one case, I still think the principle is important—and in view of the record that has been made, I will agree with my cosponsor, who unfortunately is not in the Chamber at the moment—to withdraw the amendment.

I ask unanimous consent to insert at this point a list of the amount of aid that we have given to the possessions in the past 15 years.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Aid to possessions, 1946–63

	Millions
British Guiana:	
Technical co-op grants	$2.8
Public Law 480, title III	.7
Total	3.5
British Honduras:	
Technical co-op grants	1.0
Public Law 480:	
Title II	.3
Title III	.9
Total	2.3
Jamaica:	
Technical co-op grants	$2.5
Public Law 480, title III	5.5
Total	7.0
Surinam:	
Technical co-op grants	2.8
Public Law 480, title III	.5
Total	3.3
Trinidad and Tobago:	
Technical co-op grants	2.5
Public Law 480, title III	.4
Total	2.9
Hong Kong:	
Technical co-op grants	0
Public Law 480:	
Title III	29.4
Title II	1.0
Total	30.4
Western Samoa: Program under Public Law 480 started fiscal year 1962	0
Other oversea territories in Africa	0
Other British territories (sterling area):	
Technical co-op grants	.3
Public Law 480, title III	.6
Total	.9
Other French community and possessions:	
Technical co-op grants	1.0
Other	5.0
Total	6.0
Portuguese possessions: Technical co-op grants	.3

Since 1942 (some countries later) economic aid totals $18.2 million. Does not include title II–III, Public Law 480. All Public Law 480 food and fiber was charitable; none sold.

Mr. MORSE. With that insertion in the RECORD by the Senator from Alaska, which shows the aid that we have given to the colonies from 1946 through 1963, plus the figures for 1963, and with the urging upon the administration that it recognize the fact that when they come for an authorization bill next year the Senator from Alaska and the Senator from Oregon, even if we are the only two, will be calling upon the administration to show what was done with respect to aid to colonies, and what justification can be given for it, and that we will reoffer the amendment if no justification is given, I am glad to join the Senator from Alaska in withdrawing the amendment.

Mr. GRUENING. When we examine the figures, we see that they are not minuscule. They amount to over $18 million.

Mr. MORSE. That is what I was about to say. That is since 1946.

Mr. GRUENING. That is a policy which we can condemn retrospectively. The stable door has been left open and the horse is gone. I hope, in view of the record we are making, that this folly would not be repeated. If it is repeated, such an amendment can undoubtedly be adopted next time.

Mr. President, I ask that the amendment, sponsored by the Senator from Oregon [Mr. MORSE], the Senator from Ohio [Mr. YOUNG], and myself be withdrawn.

The PRESIDING OFFICER. The Senator has the right to withdraw it. He withdraws the amendment.

Mr. MORSE. Mr. President, I call up my amendment No. 265, and I would like to have the attention of the Senator from Minnesota [Mr. HUMPHREY]. I have prepared a modification of it.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 39 strike out lines 10 to 17 inclusive, and insert in lieu thereof the following:

> SEC. 254. RESTRICTIONS ON ASSISTANCE.—(a) None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections.
>
> (b) The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within sixty days after the President notifies the two Houses of his determination during a period when the Congress is in session.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PELL in the chair). Without objection, it is so ordered.

Mr. MORSE. Mr. President, I wish to further modify my amendment, so that paragraph (b) of the amendment will read as follows:

> The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within thirty days after the President notifies the two Houses of his determination—

That will strike out the language I formerly had in the amendment—

> during a period of time when the Congress is in session.

Mr. President, I shall be as brief as I can in discussing this amendment to the committee amendment, but it will call for some discussion.

This language was drafted by the Department of State. It is well known by the Senate and by the Senate Foreign Relations Committee that I have taken the position that no President, I care not who he may be, should be allowed to exercise unchecked power in granting U.S.

taxpayers' dollar aid to a military junta in the Western Hemisphere that overthrows a democratically elected constitutional government. It is well known in the Foreign Relations Committee that time and time again I have stressed a fact which cannot be denied—namely, that many of our best friends in Latin America fear military juntas and fear U.S. economic aid to military junta governments or to civilian stooges which those governments set up to control the country, using democratic sloganeering after they have destroyed a democratically elected government.

An hour or so ago I placed in the RECORD communications from the President of Costa Rica, the former President to Guatemala, and Senators of the Dominican Republic, among others, in which they all expressed the fear that is so well known in the Foreign Relations Committee of the Senate.

I went downtown and I talked with administration leaders. I wish to make clear that they prefer to have no check upon the President. It is true that the President himself would prefer to have no check upon his exercise of discretion. It is also true that the Department of State—yes, even the President—must be reminded from time to time that our Government is a constitutional representative government based upon checks, including the power of the Congress to check the President. This is one place in which we must maintain a check. No matter what course of action the Congress may take in regard to the subject before the Senate, if it is unwilling to impose a check, millions of American people will make clear to this administration that they want a check.

Many American people are disturbed about unchecked Presidential power.

After my conferences downtown, the Department of State on behalf of the Secretary of State, and acting through the Assistant Secretary of State, Mr. Dutton, brought up the language which I am now offering. They said they would accept that language. As the chairman of the committee said in conversation with me a few moments ago, it is true that they would prefer no check at all. There is no doubt about it. But I wish the Senate to understand that the language I am offering is the identical language which the State Department advised the senior Senator from Oregon it would accept. I read it again:

> (a) The provision of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within 30 days after the President notifies the two Houses of his determination.

The question might properly be raised—and that is why I suggested some additional language—What if the Congress is not in session?

In my judgment, if the state of affairs should be such—although I cannot imagine such a hypothetical state of facts—that during a recess of Congress the situation should become so serious that the President would think that some aid ought to go to some country that otherwise would be covered by the amendment, and could make a case for it when Congress returned, the Congress would sustain him. That is his risk.

If he cannot make a case, and if he gives aid that proves to be unjustifiable, the President will have to answer for either giving the aid or for his failure to do so. If the situation were so serious that a special session of Congress was warranted, he could call a special session of Congress. But that is a hypothetical situation which bears very little resemblance to reality, for I do not believe that any President would act in bad faith. I do not believe that any President would seek to take advantage of a Congress when it was out of session. Furthermore, the amendment would not in any way interfere with the diplomatic recognition power of the President of the United States, and I would not support an amendment that did, for I am too firm a believer in our separation-of-powers doctrine to interfere with what is, in fact, the Executive power of the President.

But it is not within the Executive power of the President under our Constitution to spend taxpayers money without authorization and authority from the Congress. That is the great difference. In the debate on another amendment a few moments ago, we again heard the statement that some of our amendments seek to interfere with the foreign-policymaking powers of the President. That is pure nonsense.

The Congress has the constitutional duty to decide what taxpayers' money shall be spent for. It has the duty to pass on the details of an authorization bill. The Constitution itself provides that money may not be spent except in accordance with appropriation by law. That is the principle that the Senator from Oregon is standing for from the standpoint of the constitutional right of the Congress. I do not intend to weaken that duty and responsibility.

I emphasize again that the amendment would not interfere with the right of the President to recognize the government, but it does provide that he may not spend taxpayers' money in aiding any government that has overthrown a democratic, constitutionally elected government in the Western Hemisphere, unless Congress is given 30 days to review the reasons for seeking to give that country economic aid.

Listening to some Senators in private conversation discussing the subject, one might think that 30 days is 30 years, and that the proposed period of time would be unreasonable. It is the period of time that the Department of State itself wrote into the language that it sent to me. I believe that it ought to have been 60 days. When I suggested to the State Department representatives that it ought to be 60 days, they said they would be willing to accept 60 days. After conversations with the chairman of the committee, the majority leader, and the majority whip, I said I would offer the amendment and leave it at 30 days without changing a single word of the language that the Department of State sent up.

The amendment may be defeated but I assure Senators that rejecting the amendment will not end the issue in this country, for I am satisfied that the amendment is in line with the thinking of most of the people of our country. Most of the people of our country are very much concerned about supporting questionable governments around the world. Our people have come to recognize that too frequently we have been found supporting the wrong man. Too frequently we have been caught supporting dictators and tyrants, only to have them do such irreparable damage to their people that their wrongs have washed off onto us. The image of the United States has been tarnished in many places in the world because we have been found supporting dictatorships that have been guilty of atrocious conduct toward their people. I believe that any President would welcome the kind of cooperation from the Congress that my amendment calls for.

I do not believe any President wishes to give aid to any country unless Congress has had an opportunity to review his proposals and his reasons therefor. In my judgment, I shall not be doing any injury to the President of the United States by this proposal. It will be those in Congress who do not wish to vote for the check who will weaken the prestige of the President of the United States. Millions of people in this country wish to know, "What are they afraid of? What is the President afraid of?" Since when should the White House be afraid of this kind of rightful check of the Congress upon any recommendation he may make for aid to a foreign government?

Let us take a look at the kind of foreign government we are talking about. We are talking about a military, Fascist form of government. We are talking about a form of government in which a military coup has overthrown a democratic, constitutionally elected, free government in the Western Hemisphere. Throughout Latin America one democratic President after another is "trembling at his knees," figuratively speaking, because he is not sure that American military aid, used in the hands of a military junta, may not spring up to overthrow him. We have witnessed this in the two recent overthrows in the Dominican Republic and in Honduras. In Honduras a constitutionally elected government was overthrown only a few days before a presidential election in which one of the major issues had become the proposal of the leading candidate that, if elected, he would urge passage of the necessary legislation to bring the military under civilian control. The military in Honduras wanted none of that. The military in Honduras wanted to be supreme. The military in Honduras is a caste. The military in Honduras trampled freedom underfoot in that coup.

The Dominican Republic had a constitutionally elected government. I hold no brief for any shortcomings of the administration of their President, but he was serving under a constitution; and the Constitution of the Dominican Republic provided for procedures to check the President in connection with any inefficiencies or maladministration of which he might have been guilty—if any. But, instead of following a constitutional system, a military junta—trained by American military training programs, using American military equipment—destroyed that Government.

To date, the Government has not been recognized. To date, we have withheld our aid. The question is: When should aid be resumed?

In my judgment, aid should not be resumed until a constitutionally elected government is reestablished in the Dominican Republic. The coup in the Dominican Republic and the coup in Honduras gave rise to much of the ferment in American public opinion that led to this amendment.

All I ask the Senate to do is to accept the language that the State Department itself is willing to accept, although, as I made clear to the Senator from Arkansas [Mr. FULBRIGHT], they would prefer no language at all. The Department suggested this language, and I have offered it as my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment, in the nature of a substitute, as amended.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. There is not much point in voting until a quorum is present.

Mr. FULBRIGHT. I understood that the Senator from Oregon did not wish a yea-and-nay vote.

Mr. MORSE. That would be true, if we can have some understanding as to accepting the amendment; but if I am to be outvoted by a voice vote, I desire a record vote, to put Senators on record.

Mr. MANSFIELD. Mr. President, there are not enough Senators present in the Chamber to order the yeas and nays. I ask unanimous consent—this is not to be considered a precedent—that the yeas and nays be ordered on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. FULBRIGHT. I wish a quorum call in any case, if there is to be a yea-and-nay vote.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I shall speak briefly. First, I am a little surprised, after listening to the Senator from Oregon castigate the State Department for 3 weeks, to hear him now cite its recommendation to the Senate, as if we should accept it. This is one recommendation of the State Department—if it is a recommendation—with which I do not agree.

It may well be that State Department officials have told the Senator from Oregon that they could live with this language. However, it is unwise to tie the hands of the President in that way.

I call attention to section 254, on page 39 of the bill. This language was offered by the Senator from Oregon, but he also offered additional language, which is not unlike, in purpose, what the Senator now offers, and which restricted the power of the President even more.

Mr. MORSE. Mr. President, if I may interrupt the Senator, it is all right to cite the language, but it is not the language of the Senator from Oregon. It is language that was within the amendment of the Senator from Oregon.

Mr. FULBRIGHT. That is what I said.

Mr. MORSE. I do not own the language in the bill.

Mr. FULBRIGHT. I know. I was making the point that the committee thoroughly considered the amendment offered by the Senator from Oregon, and this was the part which the committee agreed upon. It rejected the further restrictive language which is now being sought to be reinserted. It is not exactly the same language, but for all practical purposes, it is.

Mr. MORSE. Mr. President, let me interrupt once again to say that the language I had offered in committee was language that called for a report from the President, and a concurrent resolution by both Houses, approving it. As I made clear, it would require only a matter of days to obtain action. In lieu of it, the administration proposed the negative approach of 30 days, in which both Houses would have an opportunity to reject.

Mr. FULBRIGHT. I assure the Senator that I was not trying to mislead the Senate. There is a difference in the language. I make the point that while the State Department may have preferred that language to the previous language, in my opinion it is not favorable to either version. Be that as it may, the principle involved is not the right or power of Congress to determine the payment of our taxpayers' money under the bill. Nobody is questioning that right. Rather, there is involved the question of the wisdom of doing it. In my opinion, it is not wise to further restrict the President's freedom of action in this field.

The bill before the Senate provides for a contingency fund. It always has. It is recognized that there will be emergency situations. Certainly, the overthrow of governments by force and violence—which is the case when military juntas take over governments—is an emergency situation which requires quick action by the President. He is responsible for it. That is why we have provided a contingency fund.

I think this further restriction is intended to tie the hands of the President, more than he is already restricted, in emergency cases.

The Senator from Oregon states very glibly that it requires only a few days to obtain action. We have already taken 3 weeks on a bill with which we are thoroughly familiar, which we have passed 15 times, and we are not through with it yet. I do not know how any Senator could stand up in this body and say that we would act in a few days. We do not know. We know that the power of one Senator to delay action is a great power. More than one could cause indefinite delay.

I do not think it is good argument to say that action would require only a short period.

That is not the main reason why I object to the amendment. In a sense, it reflects on the integrity of any President, and intimates that he cannot be trusted in an emergency to exercise power within the restrictions that already exist in the bill, and particularly with regard to the emergency funds.

I hope the Senate will not accept the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. If the amendment were a part of the law and an emergency existed such as occurred in Vietnam, would the President be able to act?

Mr. FULBRIGHT. This amendment is restricted to the Western Hemisphere. It does not affect Vietnam. However, if a similar emergency occurred within the Western Hemisphere, he could not act within 30 days if Congress were in session. If it were not in session, the President would be able to call it into session.

Mr. MORSE. Mr. President, of course the President could come to Congress and ask for affirmative action, and he would get it, if there were an emergency.

Mr. FULBRIGHT. The Senator knows it would be very unusual for Congress to act within a few days when a question of that gravity was involved.

Mr. MORSE. If a real emergency were involved, Congress would act in a few hours. We provided $3 billion in the Berlin situation in a very short time.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I want to make clear that the objective of the Morse amendment is contained in section 254 of the bill, under the heading "Restrictions on Assistance." The provision reads:

> None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest.

The difference is that under the Morse amendment there would be a period of 30 days. The Senator cooperated, during the discussion on the amendment, by reducing what he thought was the reasonable period of 60 days to 30 days.

So far as the principle of providing no money or assistance to the Latin American countries is concerned—because that is what is referred to under this title—that principle is embodied in the bill before us. The difference is that the Morse amendment reads:

> The provisions of this section shall not require the withholding of assistance to any country if the President determines and promptly reports to the Congress that withholding of such assistance would be contrary to the national interest and if the two Houses of Congress do not adopt a concurrent resolution disapproving the continuance of such assistance within thirty days after the President notifies the two Houses of his determination.

The difference is in the notification to the Congress and the fact that Congress could adopt a disapproving resolution.

The question boils down to whether or not we are to rely upon the President of the United States to make the decision, under the limitations that are now in section 254.

Mr. KEATING. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. KEATING. Does that language apply to any particular area of the world?

Mr. HUMPHREY. To Latin America.

Mr. KEATING. Only Latin America?

Mr. HUMPHREY. Yes; it is restricted to Latin America.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. Morse], as modified, to the committee amendment in the nature of a substitute, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. Ellender], the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Tennessee [Mr. Walters], and the Senator from New Mexico [Mr. Anderson] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Tennessee [Mr. Walters], and the Senator from New Mexico [Mr. Anderson] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. Ellender] is paired with the Senator from California [Mr. Engle]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from California would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. Curtis] is absent on official business.

The Senator from Kentucky [Mr. Morton] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. Curtis] and the Senator from Kentucky [Mr. Morton] would each vote "nay."

The result was announced—yeas 11, nays 78, as follows:

[No. 233 Leg.]

YEAS—11

Bayh
Cotton
Dodd
Ervin
Gruening
Johnston
Morse
Proxmire
Robertson
Simpson
Young, Ohio

NAYS—78

Aiken
Allott
Bartlett
Beall
Bennett
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Dirksen
Dominick
Douglas
Eastland
Edmondson
Fong
Fulbright
Goldwater
Gore
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Inouye
Javits
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
McGovern
McIntyre
McNamara
Mechem
Metcalf
Miller
Monroney
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Randolph
Ribicoff
Russell
Saltonstall
Scott
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.

NOT VOTING—11

Anderson
Curtis
Ellender
Engle
Jackson
Long, La.
Magnuson
Morton
Smathers
Stennis
Walters

So Mr. Morse's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I send to the desk amendment No. 129, and ask that it be read.

The legislative clerk read as follows:

> On page 48, between lines 3 and 4, insert the following:
>
> "(e) Add the following new section at the end thereof:
>
> "'Sec. 620A. (a) Prohibition on Furnishing of Assistance Subsequent to June 30, 1965.—Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965 unless—
>
> "'(1) Such country or area has requested such assistance and can show that it is pursuing the following economic, political, and military policies:
>
> "'(A) That it (i) is seriously and continuously engaged in measures of self-help, (ii) has taken appropriate steps to assure that its own private capital resources will be utilized within its own country or area, (iii) will encourage the development of the private enterprise sector of its own economy, (iv) has taken adequate steps, where appropriate and necessary, to bring about reforms in such fields as land distribution and taxation to enable its people fairly to share in the products of its development, and that the project or program for which economic aid is requested will contribute to the economic or social development of the country;
>
> "'(B) That it is promoting the maximum amount of individual freedom and is encouraging its people freely to choose their own government;
>
> "'(C) That it seeks to establish and maintain only such military force as may be adequate to prevent the internal overthrow of an elected government or to deter threatened external Communist attack;
>
> "'(2) The furnishing of such assistance is required by an irrevocable commitment made, or contractual obligation incurred, prior to the date of enactment of this section; or
>
> "'(3) In case of any such assistance extended in the form of loans, the interest rate thereon is not less than the average rate payable on obligations of the United State of comparable maturities.
>
> "'(b) The total number of countries or areas receiving assistance under this Act subsequent to June 30, 1965, shall not exceed fifty.'"

Mr. MORSE. Mr. President, my amendment No. 129 was proposed, in the first instance, to Senate bill 1276 on July 18. I now offer it as an amendment to the committee amendment. It was pending in the Committee on Foreign Relations while consideration of the foreign aid bill was underway. It is now amendment No. 259. It was of this amendment that the committee said in its report:

> In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects.

In the language of my amendment:

> Notwithstanding any other provision of this Act, no assistance shall be furnished pursuant to this Act to any country or area (or enterprise therein) subsequent to June 30, 1965, unless—

And the amendment continues by setting forth new conditions for future aid.

We have accomplished that particular objective of amendment No. 129 by repealing the existing authorization for development loan funds.

Some progress has been made toward other objectives of the amendment for recasting the whole foreign aid program. For example, the amendment calls for all future loans to be made at interest rates that will be less than the average rate payable on obligations of the United States of comparable maturities." The House bill requires that henceforth interest rates be at least 2 percent. The Senate bill now provides that they be at least 2 percent after the first 5 years.

When the effort was made to make these interest rates the equivalent of our own cost of borrowing, and later to substitute the House rate for the committee rate, it was argued that to do either of these would put our aid program in the form of a moneymaking one. Of course, it would do no such thing. It would only remove the interest rate subsidy from the loans.

Neither the provision in my revised foreign aid program nor the Gruening amendment would make this a moneymaking program. There is no proposal to eliminate grant aid. Grant aid would continue for projects that are vital to social and economic growth but which are not self-liquidating.

Any program for extending our aid after 1965 should be on the basis that at least 75 percent or more of the money will be spent under a loan program, not under a grant program. The time has come when our foreign aid program should be reoriented, and it should be basically a loan program, and should not be extended to 107 countries. Instead, it should be extended to not more than 50 countries, because we cannot justify the spending of the money of the U.S. taxpayers in connection with a foreign aid program for more than 50 countries, inasmuch as it is impossible to find more than 50 countries which really could qualify for a fair and equitable foreign aid program.

We propose that when loans are made, they be genuine loans. If a nation cannot afford, or if a project will not sustain, a repayable loan, we might better make it a grant.

Another objective which my amendment seeks to attain in future foreign aid is to restrict the number of countries receiving it at any one time. The Foreign Relations Committee report is very critical of the tendency of the United States to put aid programs into new nations just for the sake of having an American "presence" of some kind in that nation. This point was made against my amendment in the "position paper" of the Agency For International Development, which insisted that an American "presence" is desirable in new nations.

Mr. President, who says so, and why? If the new nations do not want our representatives there, they should not be there; and if they do not want our representatives there on the basis of a foreign aid program that is fair to the U.S. taxpayers, our representatives should not be there. The President said last Friday night, in the course of his speech in New York City, that we should help the poor, and he made supposedly a great moral argument about helping the poor. However, we should ask him how we help the poor by means of a program such as the one he proposes. We do not help the poor by pouring our money into countries when we do not limit our aid by means of fair restrictions which protect the U.S. taxpayers. Furthermore, we do not help the poor by pouring our money into a country whose oligarchs are sending out of that country their profits, much of which are made as a result of the stimulus given to that country by our foreign aid. We should stop pouring our money into Argentina and Brazil, two of the most notorious examples of this sort of situation, because as a result of the pouring of our money into them, they have let inflation run wild, and the result has been to make their poor poorer, while the oligarchs have become richer and have shipped their profits out of those countries, frequently to New York banks.

So I say to the President that his formula is a very poor one when it results in the giving of our aid in that way to such countries. We must see to it that the oligarchs there do not make money as a result of our expenditures, and thus make themselves richer and the poor people there poorer.

I will go along with the President, as he knows, every inch of the way in connection with a reformed foreign aid program which gives the U.S. taxpayers the protection which the Foreign Relations Committee itself, as it states in its own report, pleaded should be provided. But it did not give us a bill that would do that. Instead, it passed the buck—for another year—to the Executive; and that buck has been passed by the Foreign Relations Committee to the Executive year after year, for year after year we have been pleading for reform of the foreign aid program.

I also say to the President that our country, with 6 percent of the population of the world and with limited wealth, cannot begin to pour enough money into foreign aid sinkholes around the world to help the poor very much. We do not have enough money or enough wealth for that.

The argument the President made in the course of his speech last Friday night in New York City was a highly specious emotional argument. It sounded plausible; but when we begin to analyze the foreign aid program from the standpoint of the results of the expenditures made under it, that argument falls flat on its face.

If we really wish to help the poor in those countries, we must attach to our foreign aid program some restrictions which will not permit the rich in those countries to mulct the program, and we must insist that countries such as Brazil and the Argentine keep their commitments under the Act of Punta del Este. They signed that act; but they have not cooperated by submitting any program of the sort the Alliance for Progress program calls for before they can become eligible for Alliance for Progress program funds. They have been able to obtain millions of dollars from the President's contingency fund; but he should not have given them even one dollar of that money; not one dollar of the money in the President's contingency fund should have gone to Brazil or to the Argentine. However, by such use of the President's contingency fund, operations under the Alliance for Progress have been set back on their heels in Brazil, the Argentine, and Ecuador. They will not come forward with a program of accomplished reforms—which the Alliance for Progress requires of them before they can become eligible for aid under the Alliance for Progress program—until we insist that they help themselves.

In the past few days we have taken insults from some representatives of those countries. Their spokesmen at São Paulo have opposed our program in connection with the Alliance for Progress program.

We sent there, to speak for the President of the United States, a distinguished statesman who urged the making of reforms whereby our aid would be given in connection with the Alliance for Progress program. But that calls for commitments and cooperation and self-help by these countries.

Mr. **YOUNG** of Ohio. Mr. President, I ask for order. The situation about which I previously complained has again developed in the Senate Chamber, with loafers standing around the sides of the Chamber, engaging in conversation, and preventing Senators from hearing the debate.

The **PRESIDING OFFICER** (Mr. KENNEDY in the chair). The Senate will be in order. Conversations will cease. Those standing along the walls of the Senate Chamber will leave the Chamber.

Mr. **MORSE**. Mr. President, I am shocked by the conduct of the Argentine group and the Brazilian group at São Paulo. The Brazilian group in their second attack now propose that we allow Russia and the countries of Western Europe to have a voice in the Alliance for Progress program. I have no objection to their obtaining aid from those countries on the basis of whatever bilateral arrangements they may wish to make.

Mr. President, here is one voice and one vote. In my work as chairman of the Subcommittee on Latin American Affairs I have tried to make the subject a study. I have tried to be a student of the problems in Latin America. I do not stand on the floor of the Senate to make these very serious criticisms without knowing that I can produce documentations for every sentence I speak.

I am shocked by the conduct of the Argentine delegation and the Brazilian delegation at São Paulo, for I find it extremely difficult to interpret their conduct on any other basis than that they do not desire to live up to their signatures on the Act of Punta del Este. I am not free to name the high Argentine official, but a high Argentine official spent more than an hour in my office this morning. He, too, is shocked. We are reaching a point at which we must raise the question of good faith on the part of some of the Latin American countries.

I refer to the excellent legislative history that the Senator from Iowa [Mr. HICKENLOOPER] made yesterday in regard to the Hickenlooper amendments vis-a-vis the question of oil contracts in the Argentine and the discriminatory policies of Chile. The record is perfectly clear that Chile is seeking, in connection with certain American copper companies, such as the Kennecott Copper Co. in Chile, to follow a confiscatory tax policy which is discriminatory and not applied to their own domestic industries. It is a disciplinary or penalty program against American companies, with the result that they will drive the companies out of business, and the properties will then have to be sold for a song.

The question of good faith is raised. The time has come when the foreign aid program must be reoriented and reformed. The time has come when the recommendations of the committee report of the Foreign Relations Committee of the Senate ought to be put into effect. We ought to have done it this year. We ought to have written a bill that would do so, rather than say, as the committee stated in the report, that it gave consideration to this amendment, and pointed out to the administration, in effect, that it had better give consideration to it again before another authorization bill comes before Congress.

Mr. President, I was about to say that a prominent high citizen of the Argentine was in my office this morning commenting upon the colloquy that the Senator from Iowa [Mr. HICKENLOOPER] and I conducted on the floor of the Senate as we laid the foundation for the legislative record on the meaning of the Hickenlooper amendment and the additions to it that are in the bill this year as the bill came from committee. In the course of that colloquy the Senator from Iowa [Mr. HICKENLOOPER] said:

> It is claimed by the present Government of the Argentine that these contracts that were entered into by the predecessor government under the direction of President Frondizi are illegal because they were not approved by the Congress.

I said to the prominent citizen of Argentina:

> Is there any basis in fact for that argument?

He laughed, but he laughed scornfully, to think that anyone in Argentina would make such an argument. He said:

> Senator, there is no basis in fact whatsoever for that claim, because the Argentinian Congress passed a law authorizing their oil agency to enter into just such contracts, and, as the oil agency, to do whatever was necessary to develop the oil industry of the Argentine, and to join in whatever arrangements must be made with foreign investors for an exploration of the oil facilities and the oilfields.

He added:

> Senator, the same kind of law applies to the operations of the railroads in Argentina and to other industries in regard to which they have special commissions for regulation and control, just as you have an Interstate Commerce Commission which is given certain powers.

I cannot cite the law, though I have asked to have it checked so that it may be before the subcommittee of which I am chairman when it next meets. The Subcommittee on Latin American Affairs does not intend to drop all interest in what is going on in Argentina in regard to oil contracts. We owe it to Senators to see that a report is made in the near future as to what the facts are in regard to what is going on there in connection with oil contracts.

We will do the same thing in regard to Chile in respect to her discriminatory tax policies.

I cite those situations only because they bear upon my argument that we have reached the point where the whole foreign aid program must be reoriented. That is why my amendment proposes to bring it to an end at the end of fiscal 1965. That would give us time to prepare the new program for foreign aid, the new guidelines, and the new conditions that would have to be fulfilled in contracts that would apply under the new foreign aid program. I know it will not be easy. It is all a question of judgment. But I believe that those of us who are fighting for the kind of foreign aid that would flow from the amendment which I have offered if the amendment were adopted are the ones who are for the strongest and best type of foreign aid that we can have in the future. That is the kind of foreign aid that we ought to have.

Mr. President, when I say the point was made against my amendment in the position paper of the Agency for International Development, which insisted that an American presence is desirable in new nations, I point out that it is the kind of justification made by AID that leads me to the conclusion that foreign aid has become an end in itself, and that much of it continues only because it is becoming a self-perpetuating bureaucracy.

I wish the Senate could have heard the discussions in the Foreign Relations Committee on the part of various members of the committee as to what they think about a bureaucracy that has grown up in the administration of foreign aid. I wish Senators could have heard some of the stirring speeches on both sides of the table. I see the Senator from Missouri [Mr. SYMINGTON] chuckling. He knows whereof I speak. The rafters shook when it was pointed out—and an AID administrator and an official were present—that they were overstaffed. One member of the committee—and I paraphrase it accurately—told about some trips he had taken in various parts of the world, and he was shocked by the oversupply of manpower that he found in place after place.

We are dealing with bureaucracy that needs to be cut down to size. That is why we need a reorientation of the entire foreign aid program, a reorientation which would include an analysis of the manpower needs of AID. I would rather have the AID money going into a project that is so economically sound that it will help the poor living within its economic shadows than I would have it going into the salaries, the per diems, and the expenses of unnecessary AID personnel.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). Does the Senator from Oregon yield to the Senator from Iowa?

Mr. MORSE. I yield.

Mr. MILLER. I agree with a great deal of what the Senator from Oregon has said. However, in looking over the amendment by the Senator from Oregon, I note that at the bottom of page 2 there is a provision relating to the amount of interest which shall be charged. We have considered amendments relating to interest rates on at least two occasions during the course of the consideration of this bill. I know there are arguments for the interest rate provisions which the Senator has in the amendment, but these arguments have been made before in the course of consideration of the amendments specifically relating to the interest rate.

I am persuaded that the reasons against those amendments are stronger than the reasons for—namely, that we are in a competitive situation, in some cases, so far as our prestige is concerned, vis-a-vis the Soviet Union in the matter of charging interest; and, second, that we are trying to get out of the grant area and more into the loan area.

I wonder if the Senator from Oregon would consider dropping the interest provision from his amendment. I believe it would make his amendment stronger. What the Senator has been saying about the failure of some of the recipients of our foreign aid to adhere to the guidelines which the Clay committee laid down is quite true. I do not believe that the interest rate matter is pertinent to the argument the Senator from Oregon has made. The main thrust of his amendment has nothing to do with interest. So I wonder if the Senator from Oregon would agree with this observation and possibly consider modification of his amendment?

Mr. MORSE. I shall take the matter under advisement and consider it in a conversation with the Senator during a later quorum call.

Mr. MILLER. I thank the Senator.

Mr. MORSE. The United States has a "presence" anywhere that it has an embassy, or even a consulate. Economic or military aid is not a requisite to let other nations know of our existence.

My amendment would limit to 50 the number of nations that could receive aid at any one time after June 30, 1965.

Its other objective is to set forth the standards that recipients of future aid must meet. In my opinion, these objectives should be met before aid is extended to other countries for any reason. I do not propose to differentiate between military and economic aid in laying down criteria for its extension.

The "position paper" of AID opposes that principle. It declares that some nations are of military importance to the United States and should receive aid for that reason alone.

These are the areas in which we have, over a period of years, allowed ourselves almost literally to be blackmailed into endless and fruitless foreign aid. Any nation which receives aid from us for military reasons has far more to lose than the United States if Communist aggression occurs, against it, or threatens it internally. Why should not that nation meet the self-help standards met by any other nation?

Furthermore, we should not forget that many of the nations into which we are pouring aid far in excess of the military requirements and what the nation's economy can support, would be a liability if we got into a war with Russia, assuming we might use troops, anyway, which I seriously doubt, because the next war will be a nucelar war and one of a relatively few hours' duration. In addition to our own war effort, we would have to subsidize their troops and their entire war effort, in addition to our own. It would be much better to spend the money we are now spending on the bloated military organizations in these countries for economic expansion of the country, to help the economic well-being of the people. As that program expands, in a few years they should be able to support an adequate military defense program of their own.

In fact, if we do not set self-help standards for them, they are more likely to be lost to us than if we do.

That is why my amendment would require each applicant for any kind of future aid to show us that it is engaged in continuous self-help measures; that it has taken appropriate steps to assure that its own private capital resources are being utilized at home; that it will encourage local free enterprise; that it has taken appropriate steps to bring about reform in such fields as tax and land reform, to enable its people to share in the fruits of development; that the project for which economic aid is requested will contribute to the economic or social development of the country; that it is promoting personal freedom and self-government; and, finally, that it is maintaining only those military forces needed to maintain an elected government in office, or to deter threatened external Communist aggression.

These standards would, of course, exclude some nations already dealt with by the Senate, such as Indonesia and Egypt.

A most important objective of my amendment is very difficult to achieve. It is to put aid on the basis of other nations seeking it from us, instead of our forcing it on other nations.

The general conclusion that can be drawn from all the reports by the Comptroller General—I shall talk about those momentarily—is that the waste and inefficiencies he has uncovered are due to aid programs too large and too complex for recipient nations to absorb and handle properly. I wish to repeat that sentence, Mr. President, because it is a vital sentence. It deals with the huge stack of Comptroller General reports that I have on my desk, finding one kind of inefficiency, waste, mismanagement and mishandling of aid after another, in country after country.

The general conclusion that can be drawn from all the reports by the Comptroller General is that the waste and inefficiencies he has uncovered are due to aid programs too large and too complex for recipient nations to absorb and handle properly. This is especially true of his reports on military aid and supporting assistance. A reading of these reports leaves the clear impression that much of the aid in these categories is the result of what Americans want them to have, not what they are able to use effectively. And the inquiries undertaken by the Comptroller General are purely of the "spot check" nature. They are by no means a complete or thorough review of economic or military aid.

It is my judgment that if the Comptroller General had not engaged in a "spot check" investigation of foreign aid, but had conducted, instead, a thorough investigation of foreign aid everywhere in the world, all of the four desks in front of me would be piled high with reports showing the shocking waste, inefficiency, and mishandling of foreign aid.

Let the RECORD show that this pile of reports of the Comptroller General is 2 feet high. This is not all of them.

I know it is difficult to write into the law a requirement that all aid requests be initiated by the recipient, and not by us. Administrators tell us now that all requests come from the recipient. But there are endless ways whereby our AID and military people tell them what to ask for. We tell them what to want, in effect, and they ask for it.

Nonetheless, I believe that future aid should only be considered when it is applied for in bona fide fashion, and when the applicant can show us that he is meeting the prescribed standards.

I am discussing this amendment because if the administration does take seriously what has been said and done on this floor in the last 3 weeks, these are some of the principles that it should embody in a new foreign aid program.

The Comptroller General of the United States is our agent. The Office of the Comptroller General of the United States gets its authority from the Congress to serve the Congress. The Comptroller General of the United States is the congressional watchdog of expenditures of supposedly appropriated funds.

I pay high tribute to the Comptroller General of the United States. He is one of the most courageous, one of the most able, one of the most dedicated public servants in all our Government. The Comptroller General, Mr. Campbell, deserves a vote of gratitude from every American taxpayer.

I have on my desk a pile of the Comptroller General's spot check reports on the administration of the AID program around the world. They are not pleasant reading, for I engage in no understatement when I say that any jury that read them could not bring back any other verdict than that the reports of the Comptroller General of the United States show that hundreds and hundreds of millions of dollars of the American taxpayers' money have been wasted over the years on the foreign aid program.

The administration does not like to hear anyone criticize the foreign aid program for waste. It is easy to say, as many apologists for the program have been heard to say, "You cannot have a program involving billions of dollars that the foreign aid program involves without a considerable amount of waste." But we do not have to have that kind of waste. We do not have to have waste to that degree.

A good many of these reports are classified, but Members of this body can obtain any one of them in the Foreign Relations Committee room, and read it. Senators at least should sample them before they vote against my amendment, for I offer this pile of Comptroller General's reports dealing with the shocking waste in the administration of foreign aid over the years, both economic and military, as the best argument for the adoption of my amendment.

Wipe the slate clean at the end of fiscal 1965. Start it all over under terms, conditions, restrictions, and application requirements that will give the American taxpayers the assurance that what the Comptroller General has found over and over and over again in countries all over the world will not be likely to happen again.

Mr. President, the Comptroller General's letters of transmittal read, in instance after instance, as follows, and I shall have to delete, for classification purposes, anything that is classified. This is a letter he wrote on January 8 1963. I can go through this file and read similar letters as he filed report after report:

> DEAR MR. CHAIRMAN: Enclosed for the use of your committee are 20 copies of our report to the Congress on review of the local currency, military budget support program for country X.
>
> Our review disclosed weaknesses in controls by U.S. agencies over military budget support funds, together with deficiencies in the administration of these funds by country X and as a consequence funds provided by the United States to country X were not effectively utilized.
>
> At the completion of our review, we brought the deficiencies disclosed to the attention of the Secretary of Defense, together with our proposal that the U.S. control the expenditure of military budget support funds by releasing such funds to country X for individual projects which had been mutually agreed upon by country X and the United States rather than by releasing funds in support of a total budget. The Office of the Assistant Secretary of Defense for International Security Affairs informed us, in reply to our proposal, that specific project support would be impractical because of the increased administrative workload and other considerations.
>
> The identification of all funds contributed to country X on a specific project basis could entail an increase in the volume of administrative work. However, we believe that the more important military projects warrant specific identification to insure that functions and items essential to the maintenance, readiness, and support of costly U.S.-furnished facilities and equipment are performed or provided. We also believe that such identification of projects would increase U.S. control of military budget support funds.
>
> We are, therefore, recommending to the Secretary of Defense that efforts be made to identify the more important projects essential to the overall MAP objectives in country X and that appropriate portions of the budget estimates and military budget support fund releases be based on such projects. We are also recommending that project implementation be subject to careful surveillance and that involved portions of U.S. funds be withdrawn when evidence exists that either agreed-upon projects are not being undertaken or earmarked funds are being used for nonapproved purposes.

In fairness to the State Department, in fairness to AID, and in fairness to the Pentagon Building, it should be said that in many instances in which the Comptroller General has pointed out a shocking waste and inefficiency in the administration of foreign aid and has made recommendations—mostly procedural recommendations—the State Department and the AID officials and the Pentagon Building have cooperated. They should, of course. They are not deserving of any special credit for that. In fact, they are deserving of a good deal of criticism for the fact that they let the inefficiencies and the waste develop, and that the Comptroller General of the United States, as a watchdog, was required to go into the various countries and "show up" the State Department, and the Pentagon, and the AID organization for the waste.

I wish to read one more sample of the reports of the Comptroller General:

> DEAR MR. CHAIRMAN: Enclosed for the use of your committee are 20 copies of our report to the Congress on excessive costs incurred for rehabilitating to original appearance and serviceability military equipment donated to foreign nations under the military assistance, Department of Defense.
>
> Our examinations disclose that the military departments spend millions of dollars each year to rehabilitate materiel, given to

> foreign nations as grant aid under the military assistance program, to higher standards of serviceability and appearance than similar materiel furnished to U.S. forces overseas.

That is a devastating criticism. That is a shocking criticism of inexcusable waste on the part of the Pentagon Building. We should not have to have a watchdog Comptroller General call attention to that waste, which ran into millions of dollars.

I continue:

> These additional costs are directly attributable to a Department of Defense memorandum issued in March 1957—

Away back to 1957. This is a 1963 report. It has been going on since 1957.

> The high standards set by the military departments to implement the defense policy have caused excessive work which has been very costly and, in some cases clearly uneconomical. In our opinion, there is normally no justifiable reason for expending the extra effort and substantial additional costs to dress up otherwise serviceable materiel, ready for issue to our own forces, to look like new for the military assistance program.
>
> We propose that, except in special circumstances, materiel given as grant aid under the military assistance program be overhauled, packed, and inspected to the same general standards of serviceability and appearance as those established for U.S. forces overseas.

Do Senators know where it ought to be done? In the United States, not overseas. If we are to do it, let us give Americans jobs. Much of this has been done overseas at expensive labor costs. All the talk about high labor costs in the United States that is heard can be answered by taking a look at some of the reports, to see how we have been paying through the nose overseas. I am grateful that we have a Comptroller General who has the courage to lay it on the line, as he has in critical report after critical report. He goes on to say:

> The Department of Defense agreed that, with the exception of aircraft, the same general standards of serviceability should be applied for military assistance program recipients as for U.S. forces overseas.

Mr. President, it took them from 1957 until the Comptroller General caught up with them in 1963, to reach that remarkable conclusion.

If we do not keep a check on military aid, the military taxpayer dollars will be squandered by the millions, as the Comptroller General reports show.

No agency of Government has so little concern for the taxpayer dollar as the Pentagon. They are wastrels. They are apparently working on the theory that the more they waste the more they will get. I am glad we have a Comptroller General who dares to file with the Congress disclosures of waste and inefficiency in the foreign aid program. Yet there are many who want to do a "snow job" on it. I say respectfully that the President can make his speech in New York City and he can make his criticisms as he did in the press conference this morning, of those of us who are opposed to foreign aid, but he must be made to answer to the American people for the shocking waste in foreign aid about which he has done nothing.

I say to the President: "Give me an answer to the Comptroller General's criticism. What have you done to end the waste of millions of dollars? I do not intend to support your policies for foreign aid, but I do intend to support you if you will come forward with a reformed foreign aid program."

He may not know it, but he will discover that the American people want an answer to the question I have asked.

The President seems to be concerned about legislative interference in American foreign policy. "I don't understand," he said in his press conference, "why we're suddenly so fatigued."

Who is fatigued? We are not tired of working for a good foreign-aid program. Let me tell the President, though, that we are sick and tired of the waste in foreign aid which the Comptroller General of the United States has discovered and reported to Congress.

The President said: "We spent $2½ billion on the atomic energy program, $5 billion on space." If he means to assume that we agree with his spending that much money, he could not be more mistaken. That includes his moon project. Some needed savings should be made on behalf of the American taxpayers in connection with these programs. He again engages in the old non sequitur, that he is the one who will be blamed. He asks, "What is going to happen if the situation in Laos worsens? Are we going to blame the Senate or am I to be blamed?"

That is a complete non sequitur. What does blame have to do with it? Nothing. We will all get the blame, I say to the President, if we do not do a better job of protecting the interests of the American taxpayer by bringing to an end the shocking waste which the foot-high series of reports from the Comptroller General shows is occurring in foreign aid.

The President ought to be much less concerned about who is going to be blamed, and much more concerned about proceeding to bring about the necessary reforms in the foreign aid program that will protect the American taxpayer, than to send to Congress, as he did, a bill calling for approximately $4,500 million, without having written into it the safeguards that we have been fighting for in this historic debate, in order to bring about reforms in foreign aid.

The news report also stated that the President said it is no coincidence that the three past Presidents, and their opponents in election campaigns, "All recognize the importance of this program."

We all recognize the importance of the program. It is so important that it ought to be reformed. We recognize that it is so important that it ought to be changed in the interest of the taxpayer. The President leaves himself open to the charge that apparently what we ought to do is to make the same mistakes that foreign aid has been making in the past. There was more wrath than logic in the President's press conference this morning, for his attempted defense of his foreign aid bill fell flat, because it did not meet the objections which have been raised in the Senate. He did not meet a single one of them. I am sure the people will be very much interested to see what he is willing to do to bring about reforms and to meet the kind of objections that the Comptroller General of the United States has reported he has found honeycombed in foreign aid.

Thus, in this letter, the Comptroller General continued:

> With respect to aircraft, the Department of the Air Force subsequently issued an instruction which significantly relaxes the unreasonably stringent criteria previously applied by the military departments in rehabilitating aircraft for the military assistance program. The Department of Defense agreed also that overzealous application of "like new" appearance criteria had been responsible for unwarranted costs and in December 1962 revised its policy substantially in conformance with our proposals. The military departments are now issuing implementing directives which, if properly complied with, should curtail the extra costs incurred preparing materiel for the grant aid military assistance program.

Mr. President, I cannot read the specific findings of the Comptroller General in connection with some of our NATO allies without believing that we have been guilty of great waste in the program over there. Not the least of the offenders has been France. I say most respectfully to my President: "Instead of trying to have passed a bill for $4,500 million, you would have been much better off if you had accompanied your bill with requests for legislative approval for some major changes in foreign aid policy and the administration of foreign aid."

When we were confronted with witnesses from the State Department, witnesses from the Pentagon, and witnesses from AID, with no substantial recommendations for reform of their policy, it was the old "coverup" game on the part of witness after witness. It was necessary to drag out of them by so-called cross-examining, fishing expeditions what they ought to have volunteered, if they had intended to act in good faith with the committee. We were placed in the position of being very suspicious of what they were up to.

The trouble they got into with their foreign aid bill is due to themselves, because if they and the President had sent to Congress a bill that proposed procedural changes and reforms that would have given greater protection to the American taxpayer, they would not have got into the hot water they got into—and they are not out of the bath, either. The spigot is not turned off, for they are going to get scalded even more when they reach the appropriation stage. They are going to get scalded even more when the people get through with them.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield with the understanding that he will not lose the floor?

Mr. MORSE. I yield with that understanding.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment which, if adopted, would allow the granting of favored nation rights to the Yugoslav Government for a period of 2 years. During those 2 years, observations would be made to determine whether the Yugoslav Communist Government is willing to make any efforts to settle the claims of United States citizens for properties confiscated by the Yugoslav Government.

The amendment is simple. Favored nation rights would be extended to the Yugoslav Government for 2 years. Within that time, it would be expected that the Yugoslav Government would show a purpose to settle claims of American citizens for pensions taken away, properties confiscated, and other valuable rights denied.

I commend the Senator from Oregon for his great fight in this matter. I have not agreed with him on all issues, but his fight has been productive.

The PRESIDING OFFICER. The amendment will be received and will lie on the table.

Mr. MORSE. I appreciate the Senator's statement.

Mr. President, before I turn to the next letter from the Comptroller General, there are some amusing things in these reports. We do not want to laugh at tragedy; but the reports contain items both amusing and tragic. One of the reports shows that AID ought to have in it an agricultural adviser; or, at least, it ought to advise with the Department of Agriculture.

The AID administration sent a large number of hay balers, costing better than $2,000 apiece, to a desert country. The Comptroller General found them there 2 or 3 years later, ruined by rust, never used, because there was no hay to cut. Imagine that. It will be pretty hard for anyone to justify that action on any grounds. But it is not a singular example.

The sad part is that we have rammed down the economy of country after country hundreds of millions of dollars worth of equipment for which they have no use at all. That is why such practices ought to be ended, as my amendment proposed to do, at the end of fiscal 1965. A fresh start should be made, with a clean slate. I would write at the top of that slate, for everybody connected with AID to read: "Your first duty: Protect the American taxpayer." That should be the new motto of foreign aid: "Your first duty: Protect the American taxpayer." The foreign aid program as now administered does not protect the American taxpayer, but—and I repeat the naughty word at which the press takes some umbrage—it "rooks" him. It is a program to "rook" the American taxpayer.

Here is another letter:

> Our reviews disclose that large quantities of equipment delivered to countries X, Y, and Z will become defective largely as a result of maintenance and supply deficiencies.

And that much of the equipment is being rebuilt by the U.S. Army logistical depots in Japan. Why not in the United States? Why not put unemployed American workers to work? But that kind of foreign aid, for the use and benefit of our own country, might be an unpardonable, unforgivable sin.

In one letter, the Comptroller General stated:

> Our review disclosed weaknesses in controls by United States agencies over military budget support funds, together with deficiencies in the administration of these funds * * * and as a consequence funds provided by the United States * * * were not effectively utilized.

Mr. President, it is a daily experience for a lawyer to invite a client to his office, after a previous interview, and to say to the client, "You know, John, I went into your case, and I found a good many things about it that you did not tell me about when we first conferred about your case."

Of course, Mr. President, when caught with that, John will admit it.

As we read these reports, we find that that is about the experience the Comptroller General seems to have had. When he catches them, they confess it, and then they assure him that they will do something about it. The apologists try to whitewash them; they say, "What Senator MORSE says is true, but they are doing something about it." However, I point out that these are only spot checks, and these reports relate only to the instances in which the Comptroller General has caught them.

I wish to make very clear, for my own protection, that when the Official Reporters of Debates of the Senate examine any of these letters, to obtain any of the excerpts I have read from them, inasmuch as the documents are classified, the Official Reporters will stand in the same position as members of the committee staff, and that I shall not stand to be censured for allowing the Official Reporters to make that use of the documents. However, if I am in error as to that, I want the Official Reporters to leave the letters alone, and to rely on their notes.

Mr. President, my point is that when the Comptroller General catches these instances of waste and inefficiency, these countries then post haste, go through the formality of pretending to adopt procedures which in the future will put an end to some of the wasteful and inefficient procedures. However, these are only spot-check findings. What about the many places in the world where the Comptroller General has not made such spot checks? The same old waste of the money of the U.S. taxpayers and the same old inefficiency continue. In the speech which the President made last Friday night in New York City, I did not hear him urge cessation of putting the American money down such sinkholes. The President made an emotional appeal; but unless he supports necessary reforms, his arguments fall of their own weight, for they have no underpinnings.

However, when we even suggest that one or another of these countries does not deserve our aid, Senators bob up all about the Senate Chamber and plead for a continuation of our aid to that country. But they should examine the report of the Comptroller General. If they do, they will understand why he says U.S. military aid should be cut.

Here is a report on another one—a dictatorship country which never should have been given any aid by us, in the first place. The bases we have there are not worth that much; no military base in the world is worth enough to cause us to spend the money of the U.S. taxpayers to support fascism. There is a great deal of waste in connection with our program in that country—as is found by the Comptroller General. And so we can show, down the list.

I close by saying that I am glad we have a Comptroller General who is such an able watchdog; and I am glad he has the courage to point out the deficiencies and waste in our foreign aid programs.

I am only sorry that this year the President sent the Congress a foreign aid bill which failed to contain reform procedures which would bring to an end many of the inefficiencies in our foreign aid. I am sorry that the argument on behalf of its continuation is made in these precincts, and is supported by the State Department and by other administration spokesmen who want to give the President more and more unchecked power.

I am also sorry about the argument the President himself engaged in—namely, that, after all, Congress is interfering in foreign policy. Congress cannot interfere in foreign policy; anyone who ever attended a high school civics class should know that. Congress cannot interfere in foreign policy—in the sense that the President and his supporters have been arguing in opposition to those of us who are asking for specific authority, item by item, for the expenditure of our foreign aid funds—so long as Congress carries out its trust and obligation responsibilities under the Constitution.

If the President wants the money, he must send to Congress a bill which will justify the uses to which he wishes to put the money.

We have already made a great mistake in giving the President as much unchecked power as we have given him in connection with the use of the contingency fund. The Senate made a great mistake when, once again, it surrendered its checking power over the President, and gave him some additional unchecked power to spend U.S. taxpayers' money as he sees fit in the case of a country in which a constitutional government has been overthrown by a military, Fascist junta. The President should be required to obtain formal approval by Congress for any such authority, before the money can be spent.

NO DISCRETION GIVEN OR ASKED ON AID CUTOFF WHERE U.S. BUSINESS IS INFRINGED

It is a sad fact that the discretion sought by the President, and given him by Congress, to cut off aid under certain circumstances does not include the giving of our aid where there has been confiscation of the property of an American business firm or unfair treatment of an American business firm. It is a sad fact that we do not hold an elected government in a Latin American country in the same high regard in which we hold the Standard Oil Co. The President has no discretion under existing law, nor under the pending bill, to cut off our aid to a country which confiscates the property of a U.S. business firm or otherwise discriminates against a U.S. business firm. Congress has said in those cases that the President "shall" terminate aid.

The Hickenlooper amendments, which I support, do not allow any presidential discretion in such cases; instead, under those amendments and in such circumstances the President must then cut off

U.S. aid. Powerful American business lobbies were able to have that provision included, and they were entitled to it. But the lobby of the people was whipped in the Senate, in the course of this debate; the people's lobby took a beating, because when it came to protecting the interest of the U.S. taxpayers, the Senate was perfectly willing to vote to give the President unchecked discretionary power. That was a shameful mistake.

Mr. President, we are told that the preservation of constitutionalism in the countries of Latin America and elsewhere in the world must be subject to the exercise of executive discretion.

I am not speaking about an individual President. I am speaking about the Presidency. The best way to lose Latin America is to give to the President of the United States arbitrary discretion. We can judge the future only by the past. An Assistant Secretary of State, Mr. Martin, showed the hand of the present administration in the very unfortunate article which he wrote for publication in the New York Herald Tribune. In that article he indicated very clearly to those who can read that after the storm blows over, this administration will recognize and give aid to military juntas in the Dominican Republic and in Honduras in both of which countries free government was destroyed.

I wish to warn the President of the United States that when he does that—and I think the plan is afoot to do it, unless the American people make clear to him that he had better not try—he will pull the diplomatic rug out from under some of our best friends in Latin America. I placed some of their statements in the RECORD earlier this afternoon. He will threaten Bolivia. He will threaten Venezuela. He will threaten Costa Rica. He will threaten one free government after another in Latin America if he does not stop recognizing and giving support to governments overthrown by military Fascist juntas and destroying free democratic governments in those countries.

I say to the American people, "Keep your eyes on the President of the United States, now that the Senate proposes to clothe him with arbitrary discretion in regard to recognizing and supporting governments that overthrow free governments in Latin America."

It is unfortunate that we follow one rule for the protection of American businesses in Latin America, and a different rule for the protection of free governments in Latin America. I wish we would have the same rules for both. I want the Kennecott Copper Co. in Chile protected. We laid the foundation in our colloquy with the Senator from Iowa [Mr. HICKENLOOPER] yesterday afternoon for protecting them. The President has no discretion in that situation. The President could do nothing to set aside the Hickenlooper amendment in regard to the protection of American businesses in Latin America, or anywhere else in the world. But in the case of Fascist juntas, we give him discretion. We can set aside the rights of freedom in Latin America in those countries where a Fascist junta has overthrown the government of a free people. What a paradox. What irony. What inexcusable inconsistency. We are not through with it. The Senate has worked its will this afternoon. It has the right to work its will.

But I tell Senators that I am sure the American people will work their will, and their will will be against the majority of the Senate. Of that I am certain, for the American people have no intention of turning their rights over to the exercise of arbitrary discretion on the part of any President, present or future, for the Office of the Presidency should never be so clothed. We are moving a long way from the system of constitutional representative Government that our forefathers set up when the Republic was born.

These basic abstract principles of freedom put into application determine whether or not we are to remain free men and women. No crisis, no claim of emergency, can justify giving to any President at any time, under any circumstances, the kind of unchecked discretionary power that a majority of the Senate gave to the President of the United States this afternoon. The American people must take note of it. They must work their will in opposition to such a trend in the American Government. I am only pleading that we limit the President in connection with the aiding of Fascist juntas in Latin America as we limit the President in connection with what he can do in respect to Standard Oil, Texaco, Kennecott Copper, and any other American corporation in Latin America. The President has no discretion under the Hickenlooper amendments, of which I am proud to be one of the most ardent supporters, when it comes to foreign aid in connection with those countries. Foreign aid stops, and the President can do nothing about it. But the Senate has one rule for Texaco, Standard Oil, Kennecott, and the rest of the American businesses in Latin America, and a different rule for the people who have elected a constitutional democratic government in a Latin American country which has been overthrown by a fascist military junta.

We let the President continue, at his discretion, to pour millions of American taxpayer dollars into a government which has murdered constitutional government.

I have seen ironies and have witnessed inconsistencies for 19 years in the Senate, but that one takes the cake. That is about the worst. Not even the President asked for it. Our President was perfectly willing to accept a check, for the language I offered came from downtown. The State Department was perfectly willing to take the check. I would have made it a stronger check. I would have made it an affirmative action by the Congress rather than an opportunity for a negative action. But at least I would have had a check under the administration's own language.

What is good enough for Standard Oil, Kennecott, Texaco, and any other American concern in Latin America, so far as I am concerned, is good enough for the people in countries that are willing to stand on the side of freedom and engage in democratic processes in the election of a constitutional government. When overthrown, they have a right to turn to the great democracy to the north and count on it not to aid the Fascist forces that overthrew their constitutionalism.

Mr. President, we have not heard the end of the issue. The issue will arise across the country in the months ahead, unless the administration makes perfectly clear that it has no intention of exercising such discretion.

What a sad message to go out to the world that we in Congress do not have as much determination to refuse aid to illegal governments and aggressor governments as we have to refuse aid to countries that discriminate against American business in Latin America. Until we do, our foreign aid will be a mockery. Until we do something about the foot-high pile of adverse reports from the Comptroller General of the United States, showing the waste of many millions of dollars in the administration of foreign aid, we cannot justify the bill that the Senate is about to vote upon. I hope that it will be voted on tonight.

I shall vote against it. I shall forever be proud that my descendants will never read that while I was in the Senate I voted for such a bill as will be brought to a final vote, I hope, tonight.

I have offered my second to last amendment. I hope the Senate will vote for it. It gives Senators an opportunity to bring to an end the present type of foreign aid at the end of fiscal year 1965. We can wipe the slate clean and start over, with a new foreign aid bill limited to 50 countries, under application requirements meeting terms and conditions that we lay down. The terms and conditions will be fair and equitable for countries to meet, in order to receive many millions of dollars from the American taxpayer.

I say to the majority leader that I am going to urge, and do all I can to obtain, a yea-and-nay vote on my amendment.

Mr. MANSFIELD. Mr. President, in view of the unusual situation, I ask unanimous consent that there be a yea-and-nay vote.

Mr. MILLER. Mr. President, will the Senator from Montana yield to me before the yeas and nays are ordered? I should like to ask the Senator from Oregon if he will modify his amendment.

Mr. MANSFIELD. If the Senator from Iowa will allow me, in the position I hold, to make a unanimous-consent request, which is an unusual one, I ask unanimous consent that the yeas and nays be ordered on the Morse amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Mr. President, I desire to make sure that the modification on the Morse amendment will not require a further unanimous-consent request from the Senator from Montana.

I merely wish to ask the Senator from Oregon if he is willing to take out that portion of his amendment to which I have already referred.

The PRESIDING OFFICER. Unanimous consent is necessary to modify the amendment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that my previous unanimous-consent request be vitiated and that the order for the yeas and nays be rescinded. I will offer it later, if a sufficient number of Senators are not then present.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I am glad to accommodate the Senator from Iowa [Mr. MILLER]. I believe his proposal is sound.

I modify my amendment by deleting the interest section, lines 24 and 25 on page 2, plus lines 1 and 2 on page 3.

The PRESIDING OFFICER. The Senator from Oregon has a right to modify his amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment in the nature of a substitute, as amended.

Mr. MORSE. Mr. President, I ask unanimous consent that the yeas and nays be ordered on the Morse amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified, to the committee amendment, in the nature of a substitute, as amended.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. MAGNUSON], and the Senator from South Dakota [Mr. MCGOVERN] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Washington would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Florida would vote "nay."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 29, nays 56, as follows:

[No. 234 Leg.]

YEAS—29

Allott
Beall
Bennett
Bible
Burdick
Byrd, Va.
Cotton
Dodd
Edmondson
Ervin
Goldwater
Gruening
Johnston
Jordan, N.C.
Jordan. Idaho
McClellan
Miller
Morse
Mundt
Proxmire
Robertson
Russell
Simpson
Symington
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough

NAYS—56

Aiken
Bartlett
Bayh
Boggs
Brewster
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Dirksen
Dominick
Douglas
Eastland
Fong
Fulbright
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McCarthy
McGee
McIntyre
McNamara
Mechem
Metcalf
Monroney
Moss
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Randolph
Ribicoff
Saltonstall
Scott
Smith
Sparkman
Williams, N.J.
Young, N. Dak.

NOT VOTING—15

Anderson
Curtis
Ellender
Engle
Gore
Hruska
Jackson
Long, La.
Magnuson
McGovern
Morton
Smathers
Stennis
Walters
Young, Ohio

So Mr. MORSE's amendment, as modified, to the committee amendment in the nature of a substitute, was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I have an amendment which I have discussed with the chairman. I made an address on this amendment on the 23d of August. It appears in the RECORD. The amendment deals with the claims of certain Yugoslav widows and orphans, who were not citizens of the United States at the time their property was confiscated in Yugoslavia. The chairman has agreed to take the amendment to conference. Therefore, I see no virtue in discussing it further, in view of the fact that it has been considered by the committee and because I addressed myself to it on the floor. The amendment is identified as Amendment No. 236.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, strike out the quotation marks at the end of line 3, and between lines 3 and 4 insert the following:

(k) No assistance shall be furnished under this Act to the Government of the Federal Peoples Republic of Yugoslavia unless and until the President determines that such Government has made an acceptable arrangement for the payment of claims arising out of the nationalization or other taking by such Government of property of persons who are citizens of the United States on the date of enactment of this Act, in any case in which (1) such persons were not citizens of the United States on the date of such nationalization or other taking, or (2) such nationalization or other taking occurred subsequent to July 19, 1948.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment in the nature of a substitute.

The amendment to the amendment was agreed to.

Mr. MORSE. I now offer my last amendment. Following a vote on it, I am perfectly willing to vote on the bill. I cannot imagine anything more that I can say in opposition to the bill than I have already said. Therefore I have no intention of speaking on the bill after third reading. Undoubtedly other Senators will wish to address themselves to the bill, or offer amendments.

This is my last amendment. It is a very important amendment, and Senators ought to have an opportunity to vote on it. The amendment is the original House bill (H.R. 7885), a substitute for the pending committee amendment in the nature of a substitute. Lest Senators think that it is subject to a point of order, I inform them that I have cleared it with the Parliamentarian. I have stricken the administrative provisions in the bill at page 21 and 22. I have also stricken, on page 12, language having to do with the junta resolution.

I send the amendment to the desk. It speaks for itself. It gives Senators an opportunity to vote on the House bill. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point.

The amendment, which was ordered to be printed in the RECORD, is to insert the following in lieu of the committee amendment:

That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

Sec. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 101, which relates to short title, is hereby deleted.

Sec. 102. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to statement of policy, is amended as follows:

(a) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".

(b) Immediately after the seventh paragraph, insert the following:

"The Congress further declares that, in order to assure that each program of assistance under this part is administered in such a manner as will most effectively carry out the policies stated in this section, each request for authorization of funds for such program shall be accompanied by a detailed statement setting forth—

"(1) the purposes of such program,

"(2) the specific objectives of such program and

"(3) the priorities assigned to such purposes and objectives,

which will be adhered to in the administration of such program."

(c) The eighth paragraph is amended to read as follows:

"It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under this Act, whether or not such efforts are supported by the Soviet Union or Communist China."

(d) Immediately after the tenth paragraph insert the following:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries. It is further the sense of the Congress that short-term emergency purposes such as those referred to in the preceding sentence should be met, to the extent possible, through international institutions (such as the International Monetary Fund) which are equipped to condition assistance on immediate economic and monetary reform."

(e) The first sentence of the last paragraph is amended by inserting "(including private enterprise within such countries)" immediately after "countries".

(f) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

Chapter 2—Development assistance

Title I—Development Loan Fund

Sec. 103. **The second sentence of section 201(b) of the Foreign Assistance Act of 1961, as amended, which relates to considerations to be taken into account in making loans from the Development Loan Fund, is amended as follows:**

(a) Strike out clauses (1) and (2) and insert in lieu thereof the following: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(b) Strike out "and" at the end of clause (5).

(c) Insert immediately before the period at the end of such second sentence the following: **", and (7) the economic development plans of the requesting country, which plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources, together with a projection of the ultimate objectives of the plans with respect to the overall economic development of such country".**

Sec. 104. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorizations for the Development Loan Fund, is amended by inserting immediately before the period at the end thereof the following: ": *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise".

Sec. 105. Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "less than 2 per centum per annum nor".

Sec. 106. Section 202(a), which relates to authorization, is amended by striking out "and $1,500,000,000 for each of the next four succeeding fiscal years," and inserting in lieu thereof ", $1,500,000,000 for the fiscal year 1963, $900,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years,".

Title II—Development Grants and Technical Cooperation

Sec. 107. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) Section 211(a), which relates to general authority, is amended—

(1) **by striking out "and" at the end of clause (5) contained in the second sentence thereof; and**

(2) **by inserting immediately before the period at the end of the second sentence the following: ", and (7) whether such activity could be financed through a development loan available under title I of this chapter".**

(b) In section 212, which relates to authorization, **strike out "1963" and "$300,000,000" and substitute "1964" and "$217,000,000"**, respectively.

(c) **Amend section 214, which relates to American schools and hospitals abroad, as follows:**

(1) **In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".**

(2) **In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".**

(3) **Add the following new subsection:**

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, $12,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed $2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and $2,000,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

Title III—Investment Guaranties

Sec. 108. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "$1,300,000,000" in the proviso and substitute "$2,500,000,000".

(3) In paragraph (2) strike out "$180,000,000" in the third proviso and substitute "$300,000,000".

(4) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224".

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$60,000,000" and substitute "$150,000,000".

(2) Strike out subsection (c).

Title VI—Alliance for Progress

SEC. 109. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(2) In subsection (e) strike out "economical" and substitute "economically".

(3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(b) Section 252, which relates to authorization, is amended as follows:

(1) In the first sentence, strike out "fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year" and insert in lieu thereof "fiscal years 1963, 1965, and 1966, not to exceed $600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed $450,000,000,".

(2) Immediately after "1963" the second time it appears therein, insert the following: "and not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964.".

(c) Section 252, which relates to authorization, is amended by adding at the end thereof the following new sentence: "In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise."

Chapter 3—International organizations and programs

SEC. 110. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "$148,900,000" and substituting "1964" and "$136,050,000", respectively.

Chapter 4—Supporting assistance

SEC. 111. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "$415,000,000" and substituting "1964" and "$380,000,000", respectively.

Chapter 5—Contingency fund

Sec. 112. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and "$300,000,000" and inserting in lieu thereof "1964" and "$150,000,000", respectively.

PART II

Chapter 1—Policy

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "$1,000,000,000, which", respectively.

(b) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter."

PART III

Chapter 1—General provisions

SEC. 301. Section 601(b) of the Foreign Assistance Act of 1961, as amended, which relates to encouragement of private enterprise, is amended as follows:

(a) Strike out "and" at the end of paragraph (3).

(b) Strike out the period at the end of paragraph (4) and insert in lieu thereof a semicolon.

(c) At the end thereof add the following new paragraphs:

"(5) utilize, wherever practicable, the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering); and

"(6) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries."

SEC. 302. Section 611(b) of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962".

SEC. 303. Section 611, of the Foreign Assistance Act of 1961, as amended, which relates to completion of plans and cost estimates, is amended by adding to the end thereof the following subsection:

"(e) The President shall establish such procedures as he may deem necessary to assure to the maximum extent practicable all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made in accordance with the same standards applicable to contracts made by the Federal Government for similar construction within the United States."

SEC. 304. Section 620(a) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba, is amended as follows:

(a) Insert "(1)" immediately after "(a)".

(b) Insert immediately after the second sentence thereof the following new sentence: "No funds provided under this Act shall be used to make any voluntary contribution to any international organization or program for financing projects of economic or technical assistance to the present Government of Cuba.".

(c) At the end thereof add the following new paragraphs:

"(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

"(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

"(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities,

so long as Cuba is governed by the Castro regime; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime."

SEC. 305. Section 620(e) of the Foreign Assistance Act of 1961, as amended, which relates to suspension of assistance, is amended as follows:

(a) In clause (2), immediately after "operational conditions,", insert "or has taken other actions,".

(b) Strike out "equitable and speedy compensation for such property in convertible foreign exchange" and insert in lieu thereof "speedy compensation for such property in convertible foreign exchange equivalent to the full value thereof".

SEC. 306. Section 620(f) of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing certain assistance to Communist countries, is amended by inserting immediately before the period after "Union of Soviet Socialist Republics" the following: "(including its captive constituent republics)".

SEC. 307. Section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended by adding at the end thereof the following new subsections:

"(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

"(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is in the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

"(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed $100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(l) No assistance shall be provided under this Act after December 31, 1964, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

"(m) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises.

"(n) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Chapter 2—Administrative provisions

SEC. 308. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 631, which relates to missions and staffs abroad, add the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such persons may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(b) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(c) Amend section 636, which relates to provisions on uses of funds, by adding at the end thereof the following new subsection:

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(f) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "$53,000,000" and substituting "1964" and "$54,000,000", respectively.

Chapter 3—Miscellaneous provisions

SEC. 309. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

SEC. 310. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86–736 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86–735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) In section 2 strike out "$500,000,000" and substitute "$700,000,000."

(b) Insert following the enacting clause "That this Act may be cited as 'the Latin American Development and Chilean Reconstruction Act' ".

SEC. 402. (a) Section 101(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

(b) Section 105 of such Act is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

(c) Section 202 of such Act is amended by striking out "economic development" and inserting in lieu thereof "economic and community development".

SEC. 403. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "*Provided*, That individual cases when personally approved by the Secretary further extension may be made."

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave;" the following: "accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;".

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

PART I—EDUCATIONAL FACILITIES

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

SEC. 404. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f–170t), is amended by inserting immediately after section 12 the following new section:

"SEC. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment,

> and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed $750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."
>
> SEC. 405. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

The **PRESIDING OFFICER**. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. MORSE] to the committee amendment in the nature of a substitute. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], the Senator from Tennessee [Mr. WALTERS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Tennessee [Mr. GORE], and the Senator from South Dakota [Mr. MCGOVERN] would each vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Washington would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Washington would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from Florida would vote "nay."

On this vote, the Senator from Tennessee [Mr. WALTERS] is paired with the Senator from New Jersey [Mr. WILLIAMS]. If present and voting, the Senator from Tennessee would vote "yea" and the Senator from New Jersey would vote "nay."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Kentucky would vote "nay."

The result was announced—yeas 15, nays 68, as follows:

[No. 235 Leg.]

YEAS—15

Bible
Byrd, Va.
Cotton
Edmondson
Ervin
Johnston
Jordan, N.C.
Morse
Proxmire
Robertson
Russell
Simpson
Talmadge
Thurmond
Williams, Del.

NAYS—68

Aiken
Allott
Bartlett
Bayh
Beall
Bennett
Boggs
Brewster
Burdick
Byrd, W. Va.
Cannon
Carlson
Case
Church
Cooper
Dirksen
Dodd
Dominick
Douglas
Eastland
Fong
Fulbright
Goldwater
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
McIntyre
McNamara
Mechem
Metcalf
Miller
Monroney
Moss
Mundt
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Randolph
Ribicoff
Saltonstall
Scott
Smith
Sparkman
Symington
Tower
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING—17

Anderson
Clark
Curtis
Ellender
Engle
Gore
Gruening
Hruska
Jackson
Long, La.
Magnuson
McGovern
Morton
Smathers
Stennis
Walters
Williams, N.J.

So Mr. MORSE's amendment to the committee amendment in the nature of a substitute was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the able.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk. I ask that it be read.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

> On page 54, after line 4, it is proposed to insert the following:
>
> "SEC. 404. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is amended by inserting after the words 'such sums' a comma and the following: 'not to exceed $5 million annually.' "

Mr. MILLER. Mr. President, 2 years ago, Congress removed the ceiling limitation of $3 million annually for the U.S. contribution to the operations of the Food and Agriculture Organization. The purpose of my amendment is to add to the bill a new section which would restore a limitation, not of $3 million, but of $5 million. The reason is that if a limitation is not restored, I fear that this item will get out of control. I am speaking particularly about the administrative situation, for that is what my amendment relates to. It has nothing to do with the freedom-from-hunger campaign of the Food and Agriculture Organization, to which we contribute many millions of dollars worth of our surplus commodities.

Since the removal of the dollar limitation of $3 million a year, for the years 1962 and 1963, the amount was increased to $4,591,668. It is now proposed, in the new budget which is being considered, after raising our contribution by $1,500,000 for each of the past 2 years, to raise the contribution another $1,300,000 for the next 2 years. I suggest that this practice will continue unless we do something in the nature of restoring the dollar limitation.

The House Committee on Appropriations has already sent to the Senate a bill proposing an appropriation of $4,591,000 for the next year. My amendment would place the dollar limitation at $5 million. I suggest that this would provide ample room within which the Senate Committee on Appropriations could work.

Mr. MORSE. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield to the Senator for Oregon.

Mr. MORSE. Would the effect of the Senator's amendment be to increase the amount of authorization in the bill?

Mr. MILLER. No, it would not, because there is no dollar authorization limitation in the present law or in the bill. We removed completely the authorization limitation of $3 million 2 years ago.

Mr. FULBRIGHT. Mr. President, I have conferred with the Senator from Iowa about the amendment. The amendment was not presented to the committee. I am not completely satisfied as to its meaning; but as it has been explained to me by the Senator from Iowa, I am quite content to take the amendment to conference, if nothing serious develops in opposition to it. If it does, as I have explained to the Senator, I could make no promises about it, because I have had no opportunity to consider the amendment, other than this afternoon, after he mentioned it.

Mr. MILLER. I thank the distinguished Senator from Arkansas for his comments and for his gracious consent to take the amendment to conference.

The Committee on Foreign Relations had no opportunity to consider this problem, because it has been only in the past few days that the proposed budget of the Food and Agriculture Organization for the next biennium has been published. It was not until that happened that the problem of what to do about the dollar limitation was presented. That is the purpose of my amendment. I trust there will be no difficulty with the amendment in conference.

The **PRESIDING OFFICER** (Mr. INOUYE in the chair). The question is on agreeing to the amendment of the Senator from Iowa to the committee amendment, as amended, in the nature of a substitute.

The amendment was agreed to.

Mr. MILLER. Mr. President, I offer one last amendment and ask that it be read.

The **PRESIDING OFFICER.** The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, line 3, it is proposed to strike out the word "located."

Mr. MILLER. Mr. President, if Senators will turn to page 48 of the bill, I shall discuss the purpose of the amendment.

It will be recalled that the purpose of subsection (j), on page 47 of the committee amendment, as amended, was to prevent the giving of our aid for projects owned or controlled by the national governments of the recipient nations in cases in which such goods or services could be provided by private businesses. I understand that the Senator from Ohio [Mr. LAUSCHE] had a great deal to do with the inclusion of this provision in the committee amendment.

However, at this time the committee amendment, as amended, provides, on pages 47 and 48 that such assistance shall not be furnished "except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

I suggest that the word "located," as used at that point in the committee amendment, would improperly tie the hands of the administrator of the program, because it would literally mean that such business must be located there at that time. But if the word "located" were deleted, the committee amendment would allow the administrator to have the discretion of deciding whether such a business is operating in that country or whether such a business may within a reasonable time come into being there and provide such goods or services. I am sure that was the intention of the drafters of this provision, including the Senator from Ohio.

Mr. LAUSCHE. Mr. President, the provision of the committee amendment to which the amendment of the Senator from Iowa relates had its origin in the provision of our aid for the establishment of a steel plant in India. It was the purpose of our Government to make a loan for the establishment of a governmentally owned steel plant in that country at a time when privately owned enterprise was operating at below capacity in the production of steel. My amendment provided that no assistance shall be granted by the U.S. Government to a recipient country for the purpose of establishing a socialistically operated industry to compete with private industry in that country.

I say, with the greatest emphasis, that I have an implicit and unyielding belief in the correctness of the principle that we are making a grievous mistake by lending and granting money to establish socialistically operated industries within the boundaries of the countries we benefit.

After the argument in the Foreign Relations Committee, I accepted a modification of my proposal. It was argued that if private industry there is not doing an adequate job, we should not deny the beneficiaries of our bounty the opportunity to establish a socialistic government operated enterprise; and when I use that word, I drop my voice, to indicate how I feel.

The Senator from Iowa has proposed the elimination from this provision of the word "located." His argument is that he wishes to make sure that private industry now located there or willing to locate there in the near future will have an opportunity to provide goods or services when requested to do so by a socialistically operated government.

The amendment of the Senator from Iowa to this portion of the committee amendment—in other words, to my amendment, which is incorporated at this point in the committee amendment—should be accepted, because it covers not only the present situation, but also a situation in which an industry is willing to establish itself in the immediate future. Thus, it seems to me there is no controversy over this question.

Mr. FULBRIGHT. Mr. President, I have discussed this subject with the Senator from Iowa. I do not believe the proposed amendment would make any substantial difference, as compared with the provision now contained in the committee amendment, as amended. But inasmuch as the author of this part of the committee amendment sees no reason to object to the amendment, I shall not object to it.

However, I wish to make very clear that I do not interpret the provision as thus amended, and I do not think it can reasonably be interpreted to mean that any prospective business which might in the unknown or unlimited future supply such goods or services could be considered as meeting this requirement of the committee amendment, as thus amended. Under this amendment, I think such businesses would be limited to those which would be proposing to supply such goods or services at the time when the consideration was being given.

However, I do not believe the amendment would make any difference; and, for that reason, I am willing to accept it.

Mr. MILLER. Mr. President, I wish to make clear that in connection with this amendment to the committee amendment there is no purpose to permit an administrator to look far into the future to find a private business which might some day provide such goods or services. The purpose of the amendment is as follows: If there is a reasonable assurance that a private business will within a reasonable time provide such goods or services, the Administrator may then provide assistance.

Mr. DODD. Mr. President, will the Senator from Iowa yield?

The **PRESIDING OFFICER** (Mr. INOUYE). Does the Senator from Iowa yield to the Senator from Connecticut.

Mr. MILLER. I yield.

Mr. DODD. I assume that we are trying to legislate for present purposes and present businesses; is that correct?

Mr. MILLER. We are trying to do so; we are trying to legislate for the immediately foreseeable purposes. So I would not want this amendment to be regarded as throwing open the administration of this provision to the use of unreasonable discretion in terms of the future.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Iowa to the committee amendment, as amended.

The amendment to the committee amendment, as amended, was agreed to.

Mr. COOPER. Mr. President, to the committee amendment, as amended, I offer an amendment which I send to the desk and ask to have stated. I offer the amendment for myself, the Senators from New York [Mr. KEATING and Mr. JAVITS] and the Senator from Colorado [Mr. ALLOTT].

The **PRESIDING OFFICER.** The amendment of the Senator from Kentucky to the committee amendment, as amended, will be stated.

The LEGISLATIVE CLERK. In the committee amendment, as amended, on page 39, between lines 17 and 18, it is proposed to insert the following:

TITLE VII—EVALUATION OF PROGRAMS

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows:

"TITLE VII—EVALUATION OF PROGRAMS

"SEC. 261. The President shall appoint such committees as may be necessary which, except as provided in Sec. 262, shall be composed of either three or five members, a majority of whom shall be representatives of the public, to review and evaluate the economic development program of each country receiving economic aid under this Act, and to report to the President and to the Congress their findings with respect to the following—

"(1) whether the recipient country (a) has a practical development program which affords a reasonable expectation that the objectives of such program will be attained, taking into consideration the human and natural resources and fiscal capabilities of the country, (b) is providing the maximum amount of self-help within its capabilities, and (c) has adopted the fiscal, administrative, and social reforms necessary to the success of such program:

"(2) whether the specific projects to which United States aid is allocated will contribute materially to the fulfillment of the primary needs of the recipient country's development, and to the purpose of the United States to assist in strengthening democratic processes, the economy of the country, and in raising the standards of living of the people of that country; and

"(3) such other matters as in their opinion will be useful to the Congress in its consideration of legislation authorizing or appropriating funds for financing foreign aid programs for fiscal year 1965 and subsequent fiscal years.

"SEC. 262. Committees referred to in section 261 shall be appointed first to review the economic development programs of those countries receiving the largest amount of assistance and which in fiscal year 1963 collectively received one-half of the total assistance extended by the United States under its foreign assistance programs. In addition to the foregoing committees, a committee of such size as the President may find necessary, a majority of whose members shall be representatives of the public, shall be appointed to review the economic development programs of those countries included in the Alliance for Progress program in accordance with the criteria set forth in section 261, and evaluate the progress of the Alliance. All committees referred to in this section shall report their findings not later than January 1, 1965; reports of committees for other countries shall be made not later than June 1, 1965.

"SEC. 263. Legislation authorizing or appropriating funds for carrying out economic development programs for fiscal years after the fiscal year 1965 shall not be enacted until the Congress has received and considered the reports referred to in this title for the countries referred to in section 262.

"SEC. 264. Members of committees referred to in section 261, who are not otherwise employed by the Government, shall receive compensation at rates to be fixed by the President without regard to the Classification Act of 1949, as amended, and shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 for travel and other expenses incurred in carrying out their functions. The compensation and expenses of members of a committee appointed to review economic development programs of any country may be paid out of any funds available for use in carrying out such programs in such country."

Mr. COOPER. Mr. President, I ask unanimous consent that the names of the Senator from Oregon [Mr. MORSE], the Senator from Iowa [Mr. MILLER], the Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. KUCHEL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from New Jersey [Mr. CASE], the Senator from Kentucky [Mr. MORTON], the Senator from Kansas [Mr. PEARSON], the Senator from Missouri [Mr. LONG], and the Senator from West Virginia [Mr. RANDOLPH] be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, the amendment I offer is not a hastily conceived amendment. Last year I offered an amendment, similar in its substance, though not as detailed as this amendment, to the foreign aid bill. It was accepted by the acting chairman of the committee, the Senator from Alabama [Mr. SPARKMAN], but it was not retained in the House-Senate conference.

Earlier this year I submitted Senate Concurrent Resolution 34 for myself, the Senator from New Jersey [Mr. CASE], the Senator from Hawaii [Mr. FONG], the Senators from New York [Mr. JAVITS and Mr. KEATING], the Senator from California [Mr. KUCHEL], the Senator from Missouri [Mr. LONG], the Senator from Iowa [Mr. MILLER], the Senator from Kentucky [Mr. MORTON], the Senator from Kansas [Mr. PEARSON], and the Senator from West Virginia [Mr. RANDOLPH], which embodied the substance of the amendment which I have offered this evening.

Later, on October 22, I offered an amendment to the pending bill, H.R. 7885, I spoke on the subject in the Senate on March 21 and March 28. I also testified before the Foreign Relations Committee in support of the amendment, which I have now called up for action.

The essential purpose of the amendment is to extend the work of the Clay Committee, which has had such a profound effect. As we all know, the Clay Committee evaluated the Foreign Aid program in its totality. My amendment would require an evaluation of our foreign economic aid program in each country which is a recipient of our foreign aid.

The amendment proposes the means by which the evaluation will be made. The President would be directed to appoint small committees of three or five members, a majority of whom shall be representatives of the public. If there were a committee of three, the President might appoint a member from the State Department, or whatever aid agency is in charge of the program, and two members of the public. If there were five, at least three members from the public must be included.

The amendment makes an exception with respect to the evaluation of the program of the Alliance for Progress, and the countries which are included in the Alliance. The President would determine the size of the committee which would be appointed for the evaluation of the countries included in the Alliance for Progress, as it might require more than five members, but the majority of members must be representatives of the public.

My reason for offering the amendment is that, frankly, I do not believe the Congress or the public has enough information upon which to make a proper evaluation of the foreign aid program; to determine whether it should be continued in its totality or abandoned; whether to continue the program with respect to certain specific countries; or, and I believe most important, what can be done to strengthen the program and make it more effective.

I have not heard all of the debate on the bill because I was unavoidably away part of the time, but I must say that I believe it has been one of the best debates on the foreign aid program that we have had in several years. I pay my tribute to the Senator from Oregon [Mr. MORSE], the Senator from Ohio [Mr. LAUSCHE], the chairman of the committee [Mr. FULBRIGHT], the Senator from Vermont [Mr. AIKEN], and the other members of the Foreign Relations Committee, who have given us a great deal of information.

I have been interested in the foreign aid program for many years. As Senators know, I have supported it. I believe it to be a program in our own self-interest, and one which is helpful to countries struggling to advance. But in recent years I have voted to reduce appropriations, chiefly upon amendments offered by the Senator from Louisiana [Mr. ELLENDER], because, although a supporter of the program, I did not believe that the program was as effective as it should be, either in its assistance to other countries or to the achievement of our own good purposes.

I do not see how we can determine the effectiveness of the program in each country we aid unless an objective, independent examination is made by such a committee as I propose. I contemplate the President would appoint such able men as were included in the Clay Committee. I am honored to name them: Lucius D. Clay, Robert B. Anderson, Eugene R. Black, Clifford Hardin, Robert A. Lovett, Edward S. Mason, L. F. McCullom, Herman Phleger, Howard A. Rusk, and George Meany.

I have read many times the reports of the Foreign Relations Committee, and the reports made by our foreign aid agencies. It is extremely difficult to find in these reports information about the effectiveness and the progress of the program in any specific country. I know that the General Accounting Office makes reports upon the program in specific countries. It is difficult for us to obtain that information. And, it is more probable that the reports point out the defects of the program—as is the duty of the GAO—rather than the good that may be done.

The criteria to be followed in the evaluation, which I and my cosponsors have written into the amendment, essentially follow the recommendations of the Clay Committee. These criteria would be directed toward the specific countries. The committee would determine, first, whether the country to which we advance funds has a practical development program which offers a reasonable expectation of attainment; second, whether it is providing the maximum amount of self-help; and, third, if it has adopted fiscal and social reforms necessary to the success of the program.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. FULBRIGHT. Is not the Senator's amendment different from the previous proposal in that the amendment would not require a separate committee for each country?

Mr. COOPER. I never contemplated that there would be a separate committee for each country. I contemplated that an examination of the program would be made in each country. My amendment states—

> The President shall appoint such committees as may be necessary.

One committee might evaluate the program in six or seven countries. Ten committees might be able to do the entire job. In response to the chairman's question, the purpose is the same, but I believe the language in the pending amendment is better.

Mr. FULBRIGHT. The amendment would leave the discretion in the President as to how many committees he would appoint.

Mr. COOPER. Yes, the Senator is correct. Returning to the criteria, the committees would be also required to make an evaluation of the projects to which our aid is allocated, to determine if they contribute effectively to the primary needs of the country's development and at the same time serve our purpose of assisting in strengthening the sovereignty and democratic processes, the economy, and in raising the standards of living of the people of the country.

I drew from my short experience as Ambassador to India. Valuable and effective as our program in India was, a part of our aid was channeled off into secondary projects which, while of importance, were not of essential importance to development of the country.

The question, may be raised whether the examinations would be superficial. My answer is, that if the President appoints committees with members of the type who served on the Clay Committee—and I have confidence that he would do so—the examinations will not be superficial.

Second, objection may be made concerning its cost. If it should cost $100,000 or $500,000, and I do not believe it would, this amendment would undoubtedly save millions of dollars. And, most important if it helped develop a program which meets the purposes of our country and the needs of the other countries, it would be worth much to the advancement of many countries throughout the world, to our security, and our best purposes in providing aid. The amendment also provides that the cost can be paid from the aid allocated to countries whose programs are evaluated.

I have argued this before several times in the Senate, and also before the Foreign Relations Committee. I intend to ask for a record vote upon the amendment because the debate of the last 3 weeks has shown several things. It has shown, first, that the Congress does not intend to abandon the foreign aid program. But the debate has also shown that Congress distrusts the foreign aid program. And, in my judgment, the debate shows that Members of the Senate, with the exception of the members of the Foreign Relations Committee—and others who have special responsibilities such as the Senator from Alaska [Mr. GRUENING]—do not have the information upon which to make a rational judgment as to whether the aid program should be discontinued, or whether it should be continued, or how it could be strengthened. I believe it is in our interest to continue a foreign aid program of reasonable proportions, within our capabilities, if it can be truly effective. But it will not be effective, and it will not be continued, unless the Congress and the country can secure the information which I believe the amendment we offer will provide.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. I should like to compliment the Senator from Kentucky on his constructive suggestion. I believe one of the distressing and confusing experiences which we have had during the debate is precisely what the Senator from Kentucky has pointed out.

As I have sat here hour after hour, I have been impressed with some of the criticisms made of some of these programs. Then those criticisms were refuted by the distinguished chairman of the Foreign Relations Committee. Inasmuch as he is so well versed in international relationships, I have been inclined to follow him each time I voted. But, the fact remains that we are in no position to know precisely what the situation is in any one of these countries.

I believe the right approach is the approach suggested by the Senator from Kentucky, to leave it to the administration to choose a committee of interested, impartial, public-spirited people who will make a survey of these countries to determine the merits of the program and to report. I believe that is one way we can find out what the facts are.

Mr. COOPER. I thank the Senator very much. The amendment provides, further, that the reports shall be made not later than January 1, 1965, and—this is very important—that in the absence of such reports, authorizations and appropriations for foreign aid for the fiscal years following 1965 shall not be made. This section provides teeth for the amendment.

I offer this amendment as a strong supporter of foreign aid throughout my service in the Congress, but with the conviction—which I have expressed for several years—that it must be made effective and within our means.

I thank my colleagues who have joined in this amendment and given it strong support.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. JAVITS. I am honored to join with the Senator from Kentucky in his amendment. I believe it is constructive and can only help what should be the fundamental objectives of our Nation in respect to these programs.

I should like to testify to the Senator's sense of reasonableness and responsibility in changing section 263 of his amendment so that the prohibition would apply after the fiscal year 1965.

Mr. COOPER. I thank my colleague for his help. I thank also my colleague, the Senator from West Virginia [Mr. RANDOLPH], who has given such strong support in cosponsorship of the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MORSE. On this point of legislative history, I believe we should make it clear that the Senator is not proposing a large number of committees. A large number of committees would defeat the purpose of his amendment. We must have a small number of committees to deal with this matter on a regional basis, since each area has common problems. For example, there could be a committee for NATO, a committee for a large section of Africa, a committee for the Middle East, a committee for Latin America, a committee for the Caribbean and a committee for Southeast Asia. I do not believe there should be more than seven or eight committees at the most. If there are 50 or 60 committees, not only would the cost be inexclusable but also, I believe, that would defeat its purpose.

Mr. COOPER. The Senator from Oregon has interpreted my view correctly. I believe that 8 or 10 committees could do the job.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. SALTONSTALL. With regard to section 263 of the amendment of the Senator from Kentucky, do I understand correctly that in Latin American and other countries the report would not affect the appropriations for fiscal year 1965?

Mr. COOPER. That is correct.

Mr. SALTONSTALL. It would affect fiscal year 1966?

Mr. COOPER. After fiscal year 1965. I propose that, because there does not appear to be time enough to make the evaluations before that time.

Mr. SALTONSTALL. Regarding section 262, why would the Senator from Kentucky confine the committee's study to countries collectively receiving one-half of total assistance?

Mr. COOPER. Because I thought it would be more practicable. I understand there are about 15 countries that receive one-half the aid. If those countries which receive half our foreign aid—I understand about 15—were examined and evaluated as the first order of business, the most important part of the work would be done first. The others could follow.

Mr. SALTONSTALL. So the reports would come in the next calendar year but would not apply until after fiscal year 1965?

Mr. COOPER. That is correct.

Mr. SALTONSTALL. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. AIKEN. As a member of the Foreign Relations Committee, let me say that the bill which is now before us, in my opinion, is as good a bill as we could report with the information and the knowledge that we had on hand.

I freely confess that we did not have all the knowledge we should have had, to report a better bill. I believe the amendment offered by the Senator from Kentucky would be very helpful.

It has been perfectly obvious from the debate which has taken place in both Houses of Congress, and from the lack of communications received from the country—which is in sharp contrast to the urgings to support a foreign aid bill that deluged us in previous years—that the foreign aid program, as we now know it and as it is now being administered, has only another year or two at most to go.

We do not wish to break it off abruptly. When the time comes, if it comes, that unsatisfactory administration results, it is quite evident we are likely to cut it off and leave nothing but possible chaos in our relationships with many countries with whom we should have good relationships. So I believe that the proposal of the Senator from Kentucky is a good proposal, and I shall support it.

Mr. COOPER. I thank the Senator very much.

Mr. DODD. Mr. President, will the Senator yield?

Mr. COOPER. I yield to the distinguished Senator from Connecticut [Mr. Dodd].

Mr. DODD. I am very much in favor of the amendment of the Senator from Kentucky. I wish, however, that he would repose the authority to appoint committees in the Congress. I have grave doubts that any administration will appoint a committee which it believes will work against what it specifically desires.

I believe we would do better—and I say this with the highest respect for the Senator—if, in his amendment, the authority to appoint committees to study these countries were reposed in the Congress. This is an "old saw" of mine. I believe we have been constantly whittling away our constitutional power and responsibility in the legislative branch.

I am sure the Senator from Kentucky was not thinking of that, but I wonder if he would not agree that it would be better if Congress appointed the committees.

Mr. COOPER. I understand the suggestion of the Senator from Connecticut. I believe, though, that the responsibility for administering the program should rest with the executive branch. The President did appoint a good committee in the Clay Committee, and I believe future committees will carry out the mandate of the President. I prefer to leave it as it is.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, I yield the floor.

Mr. ROBERTSON. Mr. President, nothing, in nearly 3 weeks of debate, has more clearly illustrated the kind of bear we have by the tail than this amendment offered by a consistent friend of the foreign aid program. I pointed out a few days ago that when we started the Marshall plan it was to end in 1951—11 years ago.

Last year we appropriated $3,900 million. This year the President asked for $4,900 million, which was twice what we appropriated at the height of the need in 1949 for the foreign aid program.

Now we have a distinguished Member of the Senate—if he voted for a single cut in this program, I do not recall it—saying, "I know there is going to be waste, but I do not know how much."

No Member of Congress knows how much we are going to waste. The General Accounting Office, which checks all the figures, cannot tell us how much we are going to waste.

We are going to spend $4 billion, more or less—and I hope it will be less before we finish with the appropriation bill—in 107 foreign nations. But the Senator wants to set up two or three committees to tell us where the waste is and what to do next time.

In 3 weeks of debate there has not been a more eloquent plea made to cut this program down to size, and then end it. He knows, and we all know, that the taxpayers' money is being wasted. This amendment admits it and calls on us to set up a committee to check into nearly $4 billion of expenditures all over the world—an impossible task. The entire force of the General Accounting Office could not give us an accounting on expenditures of that size.

I feel very happy over the votes I have cast to cut down this program, and I shall feel still more happy over the vote I shall cast against passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. Cooper], for himself and other Senators, to the committee amendment in the nature of a substitute, as amended.

Mr. LAUSCHE. Mr. President, I shall support the amendment of the Senator from Kentucky. I feel obliged to state that the Senator from Kentucky has voted for cuts in the foreign aid program. He voted for the Mansfield-Dirksen amendment, and he voted for other cuts.

There may be reasons for doubting whether this amendment should be adopted, but all it provides is that there be appointed impartial outsiders to make recommendations as to what the program should be. If there is any weakness in the proposal of the Senator from Kentucky, it rests in the field described by the Senator from Connecticut. Instead of the administration appointing the persons who will make the study, the Congress should be given some authority, either to appoint the entire group, or at least to appoint a number of them.

Mr. DODD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DODD. I am complimented by the Senator's reference to my suggestion. I do not know why we continue to say, "The executive shall decide, in its discretion." I do not question the intent of any President of the United States, but I do not know why we do not take the responsibility. If we want committees appointed to study these matters, why not appoint them? We are the people's representatives. As between the judicial, the executive, and the legislative branches, primacy resides in the legislative branch. I wish the Senator from Kentucky had so provided. Nevertheless, I shall support his amendment.

Mr. LAUSCHE. All the Senator from Kentucky requests is that a board be appointed, made up of individuals interested in public affairs, as distinguished from interest in specific aspects of this program. That board is to report to the Congress and to the President as to what should be done.

I do not see anything wrong with this proposal. I think it has tremendous strength.

Finally, the Senator from Kentucky has voted for cuts. He has not subscribed to all the authorizations requested.

Mr. COOPER. As I said earlier, I have done so for several years, because I believed the program not wholly effective. This year I voted for the Holland amendment and the Mansfield-Dirksen amendments, reducing the program by nearly $400 million.

I have offered this amendment in good faith, as one who has supported foreign aid, in an attempt to obtain the information we need to make proper judgments about the value and effectiveness of our foreign aid program in each country we aid.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Kentucky [Mr. Cooper], for himself and other Senators, to the committee amendment in the nature of a substitute, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Pennsylvania [Mr. Clark], the Senator from Louisiana [Mr. Ellender], the Senator from Tennessee [Mr. Gore], the Senator from Washington [Mr. Jackson], the the Senator from Louisiana [Mr. Long], Senator from Washington [Mr. Magnuson], the Senator from South Dakota [Mr. McGovern], the Senator from Michigan [Mr. McNamara], the Senator from Maine [Mr. Muskie], the Senator from Oregon [Mrs. Neuberger], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Tennessee [Mr. Walters], and the Senator from New Jersey [Mr. Williams] are absent on official business.

I further announce that the Senator from California [Mr. Engle] is absent due to illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Pennsylvania [Mr. Clark], the Senator from Louisiana [Mr. Ellender], the Senator from Tennessee [Mr. Gore], the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from South Dakota [Mr. McGovern], the Senator from Michigan [Mr. McNamara], the Senator from Maine [Mr. Muskie], the Senator from Oregon [Mrs. Neuberger], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Tennessee [Mr. Walters], and the Senator from New Jersey [Mr. Williams] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. Curtis and Mr. Hruska] are absent on official business.

The Senator from Kentucky [Mr. Morton] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. Curtis], the Senator from Nebraska [Mr. Hruska], and the Senator from Kentucky [Mr. Morton] would each vote "yea."

The result was announced—yeas 79, nays 1, as follows:

[No. 236 Leg.]

YEAS—79

Aiken
Allott
Bartlett
Bayh
Beall
Bennett
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church

Cooper
Cotton
Dirksen
Dodd
Dominick
Douglas
Eastland
Edmondson
Ervin
Fong
Fulbright
Goldwater
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McClellan
McGee
McIntyre
Mechem
Metcalf
Miller
Monroney
Morse
Moss
Mundt
Nelson
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Russell
Saltonstall
Scott
Simpson
Smith
Sparkman
Symington
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough
Young, N.Dak.
Young, Ohio

NAYS—1

McCarthy

NOT VOTING—20

Anderson
Bible
Clark
Curtis
Ellender
Engle
Gore
Hruska
Jackson
Long, La.
Magnuson
McGovern
McNamara
Morton
Muskie
Neuberger
Smathers
Stennis
Walters
Williams, N.J.

So Mr. Cooper's amendment to the committee amendment in the nature of a substitute was agreed to.

Mr. MUNDT. Mr. President, I call up my amendment No. 305 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 54, after line 4, it is proposed to insert the following:

> Sec. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of grain or any product thereof by such country, agency, or national.

Mr. MUNDT. Mr. President, my amendment is comparatively short. It is, however, very significant. If I may have a reasonable degree of attentiveness on the part of Senators, I shall be able to shorten my explanation.

I had not intended to offer any amendment to the bill, even though I am a member of the Committee on Foreign Relations. As Senators know, an eye problem made me unable to attend the final markup of the bill. I did not feel that I should intrude myself belatedly into the discussion by offering an amendment, and would not have done so had it not been for the fact that my attention was called to an article written by Mr. Vincent J. Burke, appearing in the Los Angeles Times and Washington Post on November 5. It appears on page 21573 of the Congressional Record of November 12 on which date I made a preliminary discussion of this amendment, what it entails, and why I consider it imperatively necessary.

The article states, in part:

> The Federal Government has decided to underwrite all of the credit risks for American banks engaged in financing the sale of $6 million worth of surplus U.S. grain to Communist Hungary. It is expected that similar credit guarantees will be extended to the pending $250 million sale of wheat to the Soviet Union.

When I read that article, I sought confirmation of it. Therefore, I communicated with the Export-Import Bank and asked whether, in fact, we were now, in 1963, being called upon to approve an entirely new departure in the entire concept of foreign aid and trade, whereby, for the first time, for the Communist bloc, the American taxpayers will be asked to underwrite the credit of Communists for the purchases that they make in America.

I find that that is precisely the case. I have here the material from the Export-Import Bank. I shall not read it all tonight because of the lateness of the hour, but I shall place it in the Record. It is in response to eight specific questions I had the clerk of the Committee on Foreign Relations propound to the Export-Import Bank. I shall read this much of the statement, because it is a part of the statement that the distinguished Senator from Arkansas [Mr. Fulbright] placed in the Congressional Record. It will be found on page 21576 of the Record of November 12. I quote:

> The Export-Import Bank has announced terms which would be extended, if accepted, to any of the deals between American suppliers and Soviet block purchasers of commodities.

I want Senators to know of this, because either they will subscribe to this policy or they will denounce it when they vote on this amendment tonight. We have voted I believe unanimously for the Cooper amendment, which indicates that after 15 years of foreign aid to the free world, we are a little dubious as to whether we shall continue it beyond fiscal year 1965. We want to take another look at what we are now supplying as aid to 107 foreign countries. However, unless we approve the pending amendment, we shall be supplying aid to 109 foreign countries—107 countries of the free and neutral world, and 2 countries of the Communist bloc—Russia and Hungary. That is in the record. We shall either approve it or disapprove it by our yea-and-nay votes on my amendment.

I continue to read from the statement made by the Export-Import Bank itself, which you will find in the Record of November 12 when I first presented and discussed this amendment.

> The Export-Import Bank stresses that there is nothing new in these arrangements—

That is, extending credit.

Let me emphasize—if all Senators are not aware of it, their constituents should be—and after tonight they will be—that every dime in the Export-Import Bank is American money, contributed by Americans. I am not talking about a world bank; I am not talking about some international development bank; I am talking about a bank financed solely by American taxpayers, which is now beng asked to underwrite credit to Communist Russia and Hungary for 75 percent of the $250 million transaction in wheat and corn. You can be sure if this is done, the Export Bank will later extend vast American credit guarantees to Communist countries for all sorts of other purchases. Fortunately only the wheat and corn sales to the Communists are involved in the present notice of departure from established American practice.

If Senators want to approve such a program, they may do so. But certainly after having discovered this information, I felt honor bound to call it to the attention of Senators and to point out where I think such a program will lead, if we allow the credit of America to be used to underwrite Communist credit.

The Export-Import Bank says—and I read it from their own material—that there is no precedent for such a transaction with a Soviet bloc country. So in the year 1963, either they will initiate a precedent and we will approve it by defeating my amendment, or they will not initiate it, and we will approve my amendment and defeat their plan.

At least, we will express the sense of the Senate on this measure, and we should send my amendment to conference, where the conferees can wrestle with the problem, and we will not be guilty of opening up a new type of foreign aid program to Communist bloc countries supported by American credit underwritten by American taxpayers.

To be perfectly fair, I should say that loans have been made by the Export-Import Bank to Yugoslavia. As Senators know, Yugoslavia has many times been considered by this body in a separate category or in a special status. We have made concessions to Yugoslavia which we have never made to the bloody Communist government of Hungary, which at gunpoint put down the effort of Hungarians to become free. We have never made such concessions to Russia. I hope we do not approve such a self-defeating move tonight.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SYMINGTON. As I understand the Senator, he is saying that the U.S. Government proposes to support any possible sale of grain to the Soviets with its own credit.

Mr. MUNDT. That is correct; and to Hungary, too.

Mr. SYMINGTON. In answer to criticism from my State about this transaction, I replied that inasmuch as Canadians were selling wheat for gold to Communist China, to the extent of some $500 million, and inasmuch as the Canadians were also selling wheat for gold to the Russians to the same extent, I felt, in order to help protect our continuing unfavorable balance of payments, that it was only fair this country, through private transactions, especially as we are now banking freedom, and these other economies of the free world are operating under the nuclear umbrella protection of the United States, would allow our Nation to sell for gold, our excess agricultural products.

However, as I understand the able Senator from South Dakota, now the grain would not be sold for gold; in fact the sale would be on terms and would be financed by the U.S. Government through the Export-Import Bank. Is that correct?

Mr. MUNDT. The Senator is absolutely correct, with one modification. The terms provide for a 25 percent payment in cash, and 75 percent as credit.

The 75 percent in credit is to be underwritten by the Export-Import Bank, which is financed by American money.

I am not proposing this evening anything which would interfere with the proposed wheat sales and corn sales to Russia, if the sales are made for cash. If they are made for gold, as the Senator from Missouri points out, and as he thought, and as I thought the sales would be—and we listened to the same testimony in the Committee on Foreign Relations, namely, that the transaction was to help with the balance-of-payments problem—my amendment will not interfere with any cash sale; it would not interfere with any short-term private credit extended by American banks or by exporters who want to supply the credit.

My amendment would not interfere with a sale if it were to be repaid in some Russian-made goods which could be converted into American currency. But I do not propose to start financing both sides of the cold war at the same time with American money. I do not propose that we should permit the use of American credit to pick up the possible bad debts of Russia and Hungary in a purchase of this kind. I do not want to force Americans to underwrite the bad faith and the bad credit of Communist dictators.

Mr. FULBRIGHT. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. FULBRIGHT. The Senator speaks of a loan. To be accurate, this is the way the transaction would work: Private banks in New York would handle most of this deal by making loans to grain companies in this country. Let us use Cargill as an example. Cargill is one of the large grain dealers. The bank would make an interim loan for the financing of the transaction. The terms would be 25 percent down, and the remainder in 18 months. One-third of the balance would be paid every 6 months. What the Export-Import Bank would do would be, for a fee, to insure payment.

Is it not true that in the case of certain sales of grain by Canadians to Communist-bloc countries, the Canadians have come to New York and have used either the Export-Import Bank or a private bank—that is, American capital—to underwrite the insurance payment of the short-term credits when they come due?

Mr. MUNDT. I believe they have used private capital. I am not aware that they have used Export-Import Bank capital. My amendment does not prevent private banks extending credit to Russia.

Mr. FULBRIGHT. Is it not true that there has been no default in the case of Canadian wheat?

Mr. MUNDT. Not yet. After all, there would be precious little time for default as yet. Most of the wheat is not yet on the ocean.

Mr. FULBRIGHT. But substantial sales were made to China 2 or 3 years ago.

Mr. MUNDT. Most of those were on a long-term credit basis. There has been no opportunity for default on the credit for those transactions.

Mr. FULBRIGHT. I do not know how long ago those transactions were made. They were also arranged on somewhat similar terms—not 5- or 10-year terms, but relatively short terms.

In the case of both U.S. wheat and Canadian wheat, it is generally expected that the terms will provide 18 months for the three quarters of the remainder to be sold. All the Export-Import Bank will do, for a fee, will be to insure for the payments. They have already done this, as the Senator has indicated, according to the committee staff memorandum which I placed in the RECORD, and also in the answers to questions which the Senator from South Dakota himself submitted to the Export-Import Bank. This procedure has been followed twice in the case of Yugoslavia and also in connection with many other countries.

Mr. MUNDT. No other Communist-bloc countries.

Mr. FULBRIGHT. No; we refused to sell to them. There have been many speeches on the floor, some for and some against the wheat deal. As I recall, one was made by the distinguished Senator from Kansas [Mr. CARLSON], and another by the Senator from North Dakota, or perhaps it was the Senator from South Dakota—not the senior Senator from South Dakota [Mr. MUNDT], but the junior Senator from South Dakota [Mr. MCGOVERN], approving these sales. This announcement is one aspect of the transaction. If I am properly informed, the balance pays 5 percent. I believe the memorandum states 5 percent.

Mr. MUNDT. I believe the Senator is correct about the rate.

Mr. FULBRIGHT. Part of this pays for the insurance. I understand that the Senator disapproves of such sales.

I notice that in his amendment he provides a limitation that it will apply only to the purchase of grain or any other agricultural commodity. Apparently he does not want the amendment to apply to the purchase of machine tools of similar products.

Mr. MUNDT. As the Senator knows, we have not been shipping such articles to Russia.

Mr. FULBRIGHT. At any rate, I point out that I have no particular interest in wheat. However, I do approve of selling it to the Communist bloc, rather than to Germany or some other free country which then will be able to sell it to the Communist bloc, and thus make a profit on it. I believe we have been very improvident in allowing our prejudice to override our business judgment.

But I point out that this amendment does not relate to aid. The other night the Senator said we make some great concession by negotiating a price for shipment in American bottoms. However, that is not a concession; and this amendment does not relate to foreign aid. The amendment has nothing to do with the bill. We have already loaded down the bill enough with irrelevant provisions.

I do not think there is anything to the amendment of the Senator from South Dakota; but if there is, I believe it should be fought out on its own merits, and should stand on its own feet. We should not allow the prejudice which has accumulated against foreign aid to be injected into our consideration of this proposal, which deals with the sale of wheat and corn. Most of the Senators I have heard speak who are interested in the sale of wheat and corn—and many Senators are—are interested in having it sold for part cash and part short-term credits. No long-term credits are involved.

But it seems to me that this amendment, which might be a complete obstacle to the sale of our wheat and corn, would be very unwise. So I hope the Senator from South Dakota will not press for its inclusion in this bill, for the bill is already badly overloaded with irrelevant provisions, and the bill is now large enough and complicated enough as it is. It has been emasculated to the point where we can scarcely recognize the bill for what it is intended to be, for now the bill deals with fish problems and many other matters unrelated to foreign aid. So I hope the Senator from South Dakota will admit that this amendment is not related to the foreign aid program.

Mr. MUNDT. I most definitely consider that the amendment is related to the foreign aid program.

Mr. FULBRIGHT. In what way?

Mr. MUNDT. Because it calls for a determination of whether, for the first time in 15 years of providing foreign aid, we want to proceed on the basis of providing grain and other products through public American credits to the Communist bloc countries or whether we wish to limit our aid to the countries of the free world.

Only a short time ago the Senate adopted the Cooper amendment, which states that perhaps we have given our aid too long to the free world countries.

Mr. FULBRIGHT. That amendment does not contain any such provision.

Mr. MUNDT. Yes, it does, it provides that a study shall be made, and that if it is found proper to end our foreign aid by the end of the fiscal year 1965, it is then to stop. Am I correct in my understanding of the Cooper amendment? I note that the Senator from Kentucky is nodding his head in enthusiastic affirmation, so I am sure I am correct in my understanding of his amendment.

Mr. DODD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. Mr. President, I wish to have the Senate proceed to act on my amendment.

Mr. DODD. Mr. President, let me point out to the Senator from South Dakota that I wish to speak in support of his amendment.

Mr. MUNDT. Very well; I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, I realize that the Senate is very close to voting on this question.

However, preliminarily I wish to emphasize the point that earlier this year the Senate made a complete reversal of the position it previously had taken on the question of aid to Communist countries.

Last year, and for many years theretofore, strenuous efforts were made here to block the giving of our aid to Communist countries; but each time those efforts were made, all the forces of the administration in power and of the Senate leadership were marshaled against us.

I remember fighting the battle when I was a Member of the House.

Dire predictions were made in regard to what would happen to our country, and even to our system of government, if Congress voted such a restriction.

Those arguments always prevailed, and in that struggle I found that I was never on the winning side.

Only last year, those of us who sought to stop the giving of such aid met with a crushing defeat here on the floor of the Senate.

Last year I said—and my statement is in the RECORD—that although we were defeated, that would be the last year we would be defeated, because the American people would never endure another year of giving our aid to Red nations—aid which has proved a gigantic and a complete failure.

I said that the advocacy of such aid would collapse of its own error.

This year, the familiar effort to stop such aid was made again; but the opposition vanished like an Arab in the night.

Thus far in the current debate, I have not spoken at all on this issue. I wanted other Senators to take the lead.

And I was happy that other Senators took up the fight.

The Senator from Wisconsin [Mr. PROXMIRE] and many other Senators whom I could name did far better than I could have done with it.

Our amendments—so often defeated and blood bespattered—were embraced this time without opposition; and the solemn pronouncements of the past about the necessity of such aid were heard no more.

I do not want this sudden and amazing reversal of form to pass unnoticed, for it is proof that even the most sophisticated and highly placed experts can be totally wrong, and that once in a while the plain and simple folk in this land who see things only in terms of either black or white can be totally right. I thank God, Mr. President, that I am one of them.

Yes, I see fundamental things as either black or white, and I hope I do so to the end of my life.

I hope that now it will be recognized that sometimes those who proceed on that basis can be totally correct.

Tonight, the Senator from South Dakota proposes, on the eve of the final action of the Senate on this bill, that this amendment be adopted.

I shall vote for the amendment, but I am troubled when he asks, "Why do we not sell our wheat for gold?" I think that position debases us.

Mr. MUNDT. Mr. President, the Senator from Connecticut has inadvertently misquoted what I said. I have not said that we should sell our wheat for gold. I said that to sell it for gold would be bad enough, because it would put us on the side of aiding the enemy. But I also said that to sell the wheat at the expense and through use of the public credit of the American taxpayers is indefensible.

Mr. DODD. Very well, I am sorry I misunderstood the Senator's statement.

Mr. President, it is said that we should approach these matters from the standpoint of a businessman.

Well, Mr. President, my father was a businessman, and I was raised in New England, where all are taught how to make money.

However, I did not make my share; instead, I became a Senator.

But, I am as sure as I am standing here now that this is the wrong policy for our country at this hour.

I think it debases us to argue that Russia needs wheat and we need gold.

I would rather give the wheat to them, and send it there in American bottoms, on ships flying the American flag, if the Russian people are hungry.

If they are hungry, of course, we are glad to help feed them and to give it to them for that is the habit of the generous American people.

But when we sell the wheat to them, we should let them pay a fair price for it—even perhaps a little less than others pay.

However, when we aid them in this way, let us obtain from them some concessions. Why do not we say to them, "In return for receiving our wheat, you must stop causing provocations on the Berlin Autobahn. You must stop imprisoning innocent American citizens—and you must stop committing aggression against us and our friends."

But, the policy seems to be not to request or require concessions from them, but always to provide concessions from us. I tell Senators that if we continue on in the way we have been going, catastrophe will follow.

Let us not argue that the Canadians are selling wheat, so why should we not get in on the deal, or that someone else is selling wheat, and why should we not get in on the deal. Every time we sell an ounce of grain for profit—for gold—to our enemy, we are weakening the free world.

I am glad that the amendment has been offered. I still do not believe it is as clear as I would like to see it. I do not think the people of our country really understand what we are doing. Because we were first told that it was one transaction, one deal, for cash on the barrelhead. We were told that they would pay us and that we would get rid of some surplus wheat. We would get some gold with which we could reduce our deficiency in the balance of payments. We now find that that is not the situation at all. It is not one deal. It is many deals. Sales of wheat and corn are proposed to be made to Hungary, Bulgaria, and Rumania.

The deal is not for cash on the barrelhead but a credit arrangement of 18 months or more. That is not a short-term loan in any banking practice at all. The Export-Import Bank would guarantee the loan.

So the American taxpayer is stuck through slick high finance deals.

Nothing but bad can come from the transaction. We will regret it if we pursue that policy.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. MUNDT. Mr. President, I thank the Senator for his contribution. I have waited a long time to get the floor to explain my amendment. It is only the second speech that I have made on the subject of foreign aid. I am a stubborn Dutchman, and I do not believe that I shall be stampeded into quitting by Senators shouting "Vote." I believe I can restrain myself to a few more statements if we continue to have the fine attention that we have had up to the present hour. I know and all Senators know that their constituents and the public generally will be interested in the important and significant vote which might create a whole new departure in the foreign aid and trade concept of this country. I want Senators to have all the information that I have. I consider our decision on this amendment one of the most important and far reaching to be made in the current session of this 88th Congress.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter addressed to Hon. Harold F. Linder, President of the Export-Import Bank, Washington, D.C., by Pat Holt, acting chief of staff of the Committee on Foreign Relations, and the reply by Mr. Walter C. Sauer.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK
OF WASHINGTON,
Washington, D.C., November 14, 1963.

MR. PAT M. HOLT,
Acting Chief of Staff,
Senate Committee on Foreign Relations.

DEAR MR. HOLT: In Mr. Linder's absence I am replying to your letter of yesterday, in which you pose seven questions with respect to Export-Import Bank guarantee operations. The answers to the respective questions are as follows:

1. The Export-Import Bank has two different programs under which it guarantees credits extended by U.S. commercial banks for financing U.S. exports. One program covers agricultural commodity and other large-scale export transactions, such as the sale of jet aircraft. The other program involves the export of capital goods or equipment of relatively modest amounts.

In the case of agricultural commodities and jet aircraft, the Export-Import Bank guarantee the U.S. commercial bank for the full amount of loss that might be sustained by the commercial bank because of failure of the foreign buyer to pay his debt—whatever may be the cause of the buyer's failure to pay. Thus, this guarantee may be described as a "100-percent all-risk guarantee." It should be noted that, in the case of agricultural commodities, the 100-percent guarantee to the commercial bank constitutes the full value of the transaction since there is no requirement for any cash payment by the buyer or any participation by the seller. In the case of jet aircraft, however, the 100-percent guarantee to the commercial bank constitutes only about 65 percent of the value of the transaction since the buyer is required to make a 20-percent cash payment and the seller is required to take a 15-percent unguaranteed participation.

In the case of the ordinary sale of capital goods or equipment, the Export-Import Bank guarantees the U.S. commercial bank for the full amount of loss arising from so-called political risks and for part of the loss (ranging from 50 to 75 percent depending on the term of the financing) which results from a credit failure Thus, this guarantee may be described as a "100-percent political risk and a partial credit risk guarantee." Here again it should be noted that the guarantee to the commercial bank is only with respect to the financed portion—that is, the amount remaining after the buyer has made a cash payment of 10 percent to 20 percent and the seller has taken at least a 15-percent nonguaranteed participation.

It might be mentioned that in the case of the 100-percent all-risk guarantee the commercial bank collects interest on its funds at a rate appreciably lower than in the case of the 100-percent political risk and partial credit risk guarantee.

In the fiscal years 1962 and 1963 the Export-Import Bank issued $267.3 million of 100-percent all-risk guarantees and $178.7 million of 100-percent political risk and partial credit risk guarantees. Thus, for the period involved, the percentage of 100-percent guarantees was 60 percent as against 40 percent for partial gaurantees.

2. Since 1948 the Export-Import Bank has issued two commercial bank guarantees for exports to Communist bloc countries. These two guarantees amounted to $536,649 and covered the sale of capital goods to Yugoslavia. It might be mentioned, however, that during the same period the Export-Import Bank authorized $105 million of direct credits to Yugoslavia to finance U.S. capital goods and equipment.

3. The answer to question No. 3 is embodied in our answer to question No. 1.

4. In the case of capital goods and equipment, the guarantees of the Export-Import Bank cover credit sales ranging from 1 to 5 years. Large jet aircraft carry a term of 7 years. In the case of agricultural commodities, the guarantees of the Export-Import Bank cover credit sales on terms up to 18 months.

5. In the case of the sale by U.S. exporters of corn and other grains to Hungary, the part to be played by the Export-Import Bank is as follows:

The Export-Import Bank will issue its guarantee to the U.S. commercial bank financing the transaction provided the transaction meets certain criteria. Hungary must make a cash payment of 25 percent of the value of the purchase contract prior to shipment of the grain. The balance of 75 percent (excluding the cost of freight when shipment is made on a foreign-flag vessel) is payable over a period of 18 months with one-third payable every 6 months. Interest on outstanding balances is payable semiannually at the rate of 5 percent per annum. The obligations evidencing the 18-month credit are to be the obligations of the Hungarian Foreign Trade Bank backed by the undertakings of the National Bank of Hungary and the Minister of Finance of Hungary. The issuance of the guarantee by the Export-Import Bank is further conditioned upon the seller of the grain having obtained an export license from the Department of Commerce.

When the foregoing conditions are met, the Export-Import Bank guarantees the commercial bank for the full amount of the loss that the commercial bank may sustain for failure of the Hungarian obligors to pay their debt whatever may be the cause of the failure to pay. As indicated, this loss could be as much as 75 percent of the value of the grain since this is the maximum amount the commercial bank will finance on credit.

6. The Maritime Administration, under the jurisdiction of the Department of Commerce, makes determinations on waivers for shipment on American bottoms for exports financed or guaranteed by the Export-Import Bank. To the extent there may be waivers on wheat and corn sales to the U.S.S.R. and its satellites, these are being handled by the Maritime Administration. For your information, I am enclosing Department of Commerce Bulletin No. 883, dated as of yesterday, dealing with the matter of grain shipments to the Soviet bloc.

7. The answer to question No. 5 embraces the answer to this question; that is, if for any reason—whether political or commercial—the Hungarian obligors do not pay the obligations evidencing the debt, the Export-Import Bank is obligated under its guarantee to make good to the U.S. commercial bank which has financed the obligations. As indicated in the answer to question No. 1, this is the same undertaking that the Export-Import Bank enters into with respect to sales of agricultural commodities and jet aircraft in any country. As is further pointed out in the answer to question No. 1, if the loss results from a political risk as for instance "any political changes in the country to which the credit is extended," the Export-Import Bank covers the loss not only in the case of the proposed guarantees of grain sales to the Soviet bloc but under all of its guarantee activities.

Sincerely yours,

WALTER C. SAUER.

NOVEMBER 13, 1963.

Hon. HAROLD F. LINDER,
President, Export-Import Bank of Washington, Washington, D.C.

DEAR MR. LINDER: A member of the Committee on Foreign Relations has requested that I transmit the following questions to you. He asks that the answers be furnished in writing by noon, Thursday, November 14.

1. Are all Export-Import Bank guarantees covering sales to free world countries made for 100 percent of the full amount of the transaction? If not, what percentage are for 100 percent; what percentage are for 75 percent; what percentage for some other percentage of coverage?

2. Please provide a list of all guarantees covering sale to Communist bloc countries which have been made by Export-Import Bank since 1948.

3. Are all guarantees covering sales to free world countries total guarantees against any contingency or circumstance or are some of them limited to specified risks or types of risks? If so, what percentage of each?

4. Are all Export-Import Bank guarantees covering sales to free world countries made to cover 18-month period? If not, what percentage are for 18 months? What percentage for a longer coverage? What percentage for a shorter coverage? Please indicate how much longer or how much shorter are the periods of coverage which differ from the 18-month guarantee.

5. Please provide the full terms of the agreement on the purchase of corn by Hungary—especially the part played by the Export-Import Bank in this purchase agreement.

6. What is the law on waiver on shipments in American bottoms in event the guarantee by Export-Import Bank is made? If waiver was made on our recent wheat and corn sales to Russia and Hungary, who granted the waiver and what percent was waived from being carried in American bottoms? Who requested the waiver?

7. Does this guarantee also cover losses from any political changes in the country to which credit is extended? If so, is this a normal guarantee?

Sincerely yours,

PAT M. HOLT,
Acting Chief of Staff.

Mr. MUNDT. The answer to the letter was received by Mr. Holt at noon today. I should like to read a portion of the letter because it correctly authenticates what the chairman of the Foreign Relations Committee has said about the nature of the transaction. Question No. 5 and the answer by Mr. Linder, are as follows:

> 5. In the case of the sale by U.S. exporters of corn and other grains to Hungary, the part to be played by the Export-Import Bank is as follows: The Export-Import Bank will issue its guarantee to the U.S. commercial bank financing the transaction provided the transaction meets certain criteria. Hungary must make a cash payment of 25 percent of the value of the purchase contract prior to shipment of the grain. The balance of 75 percent (excluding the cost of freight when shipment is made on a foreign-flag vessel) is payable over a period of 18 months with one-third payable every 6 months. Interest on outstanding balances is payable semiannually at the rate of 5 percent per annum. The obligations evidencing the 18-month credit are to be the obligations of the Hungarian Foreign Trade Bank—

A Communist government institution—

> backed by the undertakings of the National Bank of Hungary—

A Communist banking institution—

> and the Minister of Finance of Hungary—

One of the functionaries of the Communist dictatorship in charge of Hungary.

Continuing to read from the letter:

> The issuance of the guarantee by the Export-Import Bank is further conditioned upon the seller of the grain having obtained an export license from the Department of Commerce.

I ask Senators to listen to the next paragraph, because it is the one that Senators will talk about back home, and Senators should wish to consult with their consciences before they really decide to vote to endorse that kind of a new departure:

> When the foregoing conditions are met, the Export-Import Bank guarantees the commercial bank for the full amount of the loss that the commercial bank may sustain for failure of the Hungarian obligors to pay their debt whatever may be the cause of the failure to pay.

As indicated, the loan could be as much as 75 percent of the value of the grain, since that is the maximum amount the commercial bank would finance on credit. And remember this could involve 75 percent of the entire proposed $250 million grain sales program to the Communist bloc.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I should like to point out one other statement, and then I shall yield.

Senators may wonder what kind of credit we are being asked to endorse. What we are asked to do is to put the name of every constituent—every American taxpayer—on the promissory note guaranteeing as an endorser that Red Russia will pay the note. Each taxpayer becomes an endorser of the note and becomes liable. Our constituents would become guarantors of the payment.

Before taking that action, we ought to look at the credit risk. Let us look at the credit repayment record of Hungary and Russia. Hungary has been in the business of obtaining loans from us for a long time. She started back on October 3, 1944. We had advanced a total of $15,917,000 of credits to Hungary prior to this new corn and wheat sales venture. The earlier credits were for the sale of oversea surpluses, but it is the same kind of trade she is now engaged in in relation to surplus wheat. The unpaid balance is over $9 million as of now. We are not now asking them to pay the $9 million back before guaranteeing these new credits. We say, "We will give you more credit and back it up with American taxpayers' money in the Export-Import Bank, and hope that you are a better creditor now than you have been in the past."

We let them have the earlier money at 2⅜ percent interest, which is a smaller rate of interest than it costs the American taxpayer to carry the loan.

I also have the bad debt figures for Czechoslovakia and Yugoslavia. But tonight I should like to mention Russia. We have been loaning Russia money in one way or another since March 11, 1941. The total amount advanced, not including war loans, is $222,494,574, of which $205,709,633 remains unpaid. The rate of interest on those unpaid loans is only 2⅜ percent. We are charging Russia today a preferential interest rate cheaper than that charged our American war veterans.

Mr. President, I believe it was a good thing that we adopted the Cooper amendment. We should analyze where we stand in the aid program. We are getting kind of mixed up.

We have gone so far in relation to the free countries that we are now proposing to pick up the tab for the Communist countries.

We are seeking to aid our enemies. These unpaid loans are in addition to the $11 billion of lend-lease that we gave to Red Russia. But, to be honest and fair, we were fighting a war jointly together at the time. We decided that we ought to get back only about $1 billion of the $11 billion. They would not pay it. We negotiated the debt down to $800 million. They have not paid that amount, and they will not pay for the wheat and corn. American taxpayers will pay it if the Senate rejects my amendment, because the taxpayers will have become endorsers with Nikita Khrushchev on his promissory note.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield to the Senator from Minnesota.

Mr. HUMPHREY. The Senator from South Dakota has said that we have introduced a new concept into aid. I only desire to say that what we are talking about is trade. It is not aid.

I should like the Senator from South Dakota to recognize—and I know that he does—that the Canadians have export insurance. They have had it for years. The Germans initiated export insurance long before we did. The Export-Import Bank has only recently engaged in export insurance at the insistence of Members of this body—and rightly so—both on what we call short-term loans and medium-term loans—anywhere from 18 months up to 5 years—for export purposes. It is an insurance program, as American as the Fourth of July and apple pie—insurance.

Today an article published in the New York Times tells us that the German Government has sent trade missions into all the eastern bloc countries, and yesterday signed up substantial trade agreements with Poland and with Rumania. They have had trade missions in Czechoslovakia and Bulgaria. They have done hundreds of millions of dollars of direct business with the Soviet Union, and many of the times they have been selling American grain. They have insured it. It is insured. There is not a single export of any degree that goes from Germany to any part of the world that is not insured. That has been the secret of the German export policy. I know that the Senator from South Dakota points to the record of unpaid debts.

I challenge the Senator from South Dakota to demonstrate to me, or to this body, that Hungary, for example—a government the Senator quoted as of 1944, which did not happen to be a Communist country at that time—has defaulted on a commercial transaction. I say—and I am prepared to back it up—that the Hungarians have as much of an international credit rating on a commercial transaction as any other country in the world. One of the reasons for that is that they need the goods.

Furthermore, the Chinese Communists have not defaulted upon the Canadians. The last Polish purchase in Canada was financed out of New York banks. The depositors in the New York banks are American taxpayers; and if the New York banks go broke the Government of the United States has them insured. There is insurance. There is insurance under the Federal Deposit Insurance Corporation and under a host of other policies.

Mr. MUNDT. To set the record straight, that is paid for out of a fund created by insurance premiums paid for by the banks.

Mr. HUMPHREY. The Export-Import Bank insurance is paid for by the people who do the exporting. This is no gift.

Mr. MUNDT. It is paid by American taxpayers.

Mr. HUMPHREY. Not at all, let me say to the Senator from South Dakota.

Mr. MUNDT. They have to make this up because Congress appropriates the money to go in the Bank. We are talking about the insurance. We must appropriate the money to cover the Bank's deficits.

Mr. HUMPHREY. The Export-Import Bank insurance is paid for like an insurance premium to the Prudential Life Insurance Co. or the Metropolitan Life Insurance Co. They will make money out of it. They are not losing money. The Export-Import Bank has a record of making money for the Treasury on direct loans. The Senator from South Dakota cannot produce evidence of losses on the aggregate total for the Export-Import Bank.

Mr. MUNDT. The record of repayment is good because the Export-Import Bank has not loaned money to Communist countries.

Mr. HUMPHREY. They have loaned to some poor credit risks.

Mr. MUNDT. I wish that Hungary would pay back the $900 million which is in default at the present time.

Mr. HUMPHREY. The only thing I wish to say in reply is, it is easy to say, "If you sell this to Russia, it looks as though we are giving aid to Russia," but the simple truth is that we are going to sell the wheat to somebody, somewhere. We are either going to sell or trade with Russia and permit it to be a direct sale, over which we will have some control; or sell to France, or to Italy, or to Germany—which we have been doing—and they are going to sell to Russia. Their insurance companies will insure sales. Every Senator knows that. Let us stop kidding ourselves.

Every Senator knows that within the past few months a number of sales have been made directly by Canada and Australia to the Soviet Union, both of whom are our allies. We also know that the Germans sold 450,000 tons of flour last month to the Soviet Union. We know it was an insured program, exactly as this would be.

Sometimes I wonder if we do not wish merely to give aid. I suggest that one of the reasons we have a foreign aid program as big as this one is that Congress is so involved in emotionalism that it cannot get down to do business.

One of the answers to the aid program is to trade, to sell, to make some money for a change, to do business. If we sell Russia some wheat, they may not have as much to spend for atom bombs.

An old farmer up in South Dakota, I believe, said:

> I am willing to sell Russia anything it cannot shoot back.

That makes good sense. He did not get his mind cluttered up with the CONGRESSIONAL RECORD. He had some sense about what he was doing. He thought it was much better to sell than to give it away. He thought it was better to sell through American hands than to sell through a middleman. I believe the old farmer has more sense than the Senate.

Mr. MUNDT. The Senator from Minnesota has made his eloquent argument to sell grain and get moving, to sell even to Red countries, to Communist countries, wheat and grain. That is not the point at issue. The question is whether we will underwrite the credit of the country which buys it, even if it is a Communist country. That is what is involved. Many fine merchants in this country have gone broke trying to sell too much to too many whose credit is no good.

I submit what is in the record—the whole history of America indicates that a Communist promise on a promissory note or anything else is not worth the ink with which it is written.

There is much difference between having an insurance policy paid for by premiums, by people engaged for profit in the export business, and a program that causes the taxpayers at home involuntarily to shoulder the risk of bad faith and the bad debts of Communist countries.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HOLLAND. Mr. President, I am deeply disturbed by this discussion. I have had many letters from many constituents in my State protesting against the sale of wheat to Communist countries. I have obtained statements from those in authority dealing with this matter, and I have tried to send back the official reasons to my people—that getting rid of the surplus and of the storage problem created by that surplus would better our balance-of-payments problem; that the transaction shows to the world our tremendous productive capacity and raises our prestige.

Those answers have been given to me, and there is some weight to them; in addition that we are selling wheat to Germany, and Germany is turning it into flour, as suggested by the Senator from Minnesota. And that same wheat, in the shape of flour, as processed, with added value attached, has gone on to Russia and other Communist places. I am frank to say that I have not known that we were underwriting, in public credit, three-quarters of the sale price of this wheat.

Mr. MUNDT. I believe there was no reason for the Senator to know that, because it was not announced until November 5, and most of the correspondence of the Senator, I am sure, preceded that date.

Mr. HOLLAND. I am frank to say that that new fact creates a very disturbing situation.

We have said "Let us not trade with Communist governments. Let us cut off the purchase of tobacco from Cuba. Let us thereby destroy certain businesses in Tampa. Let us put out of employment several hundred workers. And, at the same time, let us not ship to them the things which they need. Let us go further and insist that our allies not ship to Cuba the things which they need. Let us go further and say that if our allies do that, we will not let the ships that have gone into Cuban ports with this material come into our ports."

How in heaven's name can we justify this thing we are doing now as against our fixed policy down there? I have been seeking to defend it, and seeking to pass on explanations which sounded to me as if they had some weight to them; but when it comes out here that instead of getting payment in gold we are instead publicly financing a credit on the whole proposal by three-quarters, I believe that projects a decidedly weaker picture. I am glad the Senator from South Dakota has brought this up.

Mr. MUNDT. I thank the Senator for his persuasive and pertinent support. Mr. President, I yield the floor.

Mr. CLARK. Mr. President, I apologize to the Senate for withholding the vote on this matter for a minute or two. I rise in the hope that we can make our decision without any undue emotion.

It so happens that I am the chairman of the International Finance Subcommittee of the Banking and Currency Committee. This subcommittee has jurisdiction over the Export-Import Bank. We held rather extensive hearings earlier this year with respect to the powers and the duties of that splendid institution. Its chairman is Mr. Linder, a patriotic American, who is as much interested in the security and safety of our country as any Senator in the Chamber at this moment. I believe it is about time, Mr. President, that we stopped acting as 100 separate Secretaries of State in the Senate. If there is need to curtail the obligations, the privileges, and the rights of the Export-Import Bank, let the Senator from South Dakota introduce a bill and have it referred to the Committee on Banking and Currency. I will guarantee it an early hearing. Let us not—in what I might say is perhaps the last gasp of Joe McCarthyism—pass this amendment tonight, without consideration, without hearings, without any understanding of the international implications of what we are about to do. I hope this amendment will be overwhelmingly defeated.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. DODD. Mr. President, I know Senators are shouting "Vote!" This is a critical issue.

I do not wish to delay my colleagues. I should like to go home, too. But I do not think there is any more critical issue confronting the Senate.

If my mail is any indication, the people expect us to carefully consider this issue, and they do not expect us to shout "Vote, vote," at 9:30, after a serious amendment has been offered by the Senator from South Dakota.

What is wrong is the principle involved. Some day Senators will say this is so, whether I am here or not.

We are talking about our implacable enemies, devoted to our destruction.

We are talking about whether or not to give them help.

I say we should not do it unless we can get something significant in return. All the talk about whether the Germans do it or the Canadians do it does not make it right.

If we are right about this issue, if we are the citadel of freedom, if we are asking our people to pour out their substance to defeat this threat, on what ground can it be argued that we should give them aid in the guise of trade.

I add one addendum to that thought: If we could get something for the free world, I would be in favor of it.

If we could get some concession, some lessening of the tension in Berlin, some cessation of the provocations and hostilities toward our men on the autobahn, some way of stopping seizures of our citizens such as Professor Barghoorn from Connecticut, if we could get something in Cuba—if we could get some concession, somewhere, that would be one thing.

But we continue to tumble head over heels every day to give to them and get nothing in return.

Mr. President, it is wrong.

It is not a question of gold, dollars, or trade. It is a question of whether or not it is wrong. Our critics can laugh, but I am sure we are right.

It is time we talked about it. We are accused of talking in emotional terms.

I speak in terms of what is right or wrong, what is black or white.

It interests me, it intrigues me, it comforts me to know that I know of no labor organization that has advocated this bill.

The little people of this country and of the world know better.

I know of no small-scale farmers—and I live among them—who have advocated it.

The Connecticut Farm Bureau is against it.

Who is for the bill?

I ask this in all charity.

The chamber of commerce, the bankers who had their meeting in this city, are for it. Now I know many good bankers.

I do not want to put a blanket indictment on them.

But I think it is interesting that the bankers and the chamber of commerce are the only groups of national significance that are for the bill.

They want to make money.

When Lenin said that when we get ready to hang the capitalists, they will sell to us the rope with which to do it, he was more prophetic than he thought he was.

And the chamber of commerce and the bankers association lend credence to his declaration.

I am not interested in all the arguments about interest rates and guarantees.

The question is the cause of freedom against that of tyranny and slavery; and we are giving comfort to our enemies, at a time when we are spending billions of dollars to resist them.

Historians will say, "What fools—they sowed the seeds of their own destruction."

I urge my colleagues to vote for the amendment.

Mr. YOUNG of North Dakota. Mr. President, our trade with Russia is not the question at issue. In the last 11 years we bought $92 million more than we sold to them. Germany alone has had trade with the bloc countries amounting to $700 million in the last year. The question of whether we should trade with them is not involved; we have been.

This amendment singles out grain. That is the extent to which it would prohibit guarantees against credit. Why single out grain? Why not single out industrial machinery? Why not refuse to extend credit for that purpose? Why leave in the restriction against grain only? I cannot understand why grain is the only one commodity to be discriminated against.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. MUNDT. I should like to answer that question. I think it is a legitimate question. The reason we singled out wheat and grain is that those are the only products on which the Export-Import Bank has agreed to extend credit.

Mr. YOUNG of North Dakota. Tomorrow it may extend credit for the purchase of fertilizer or machinery.

Mr. MUNDT. If so I will resist it. As of this time, grain is the only product involved.

Mr. CARLSON. Mr. President, will the Senator from North Dakota yield to me?

Mr. YOUNG of North Dakota. I yield to the Senator from Kansas.

Mr. CARLSON. I agree with the Senator from North Dakota. This amendment applies only to grain. Why not cotton? Why not tobacco? Why not jet airplanes? Let us make it across the board, and I shall support it. I do not see why we should pick out grain alone.

Mr. AIKEN. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Vermont.

Mr. AIKEN. I would like to repeat what I said before. The President said if this deal works out he intends to extend the same principle to other products. This amendment does not apply to fruits and vegetables produced in Florida. It does not apply to machinery produced in Connecticut. It does not apply to minerals produced in the Rocky Mountain States. It does not apply to a darn thing except grains and its products.

If the Senator from South Dakota will include any other material, mineral, or commodity, and provide that it includes all exports to Communist states, I shall be glad to support the amendment; but I will not support any amendment which is aimed directly at the Midwest grain producers, flour millers, and no one else.

Mr. SALTONSTALL. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I say to the Senator from South Dakota, the Senator from Florida, the Senator from Minnesota, and the Senator from North Dakota, we are going to consider on Monday next, in the Appropriations Committee, the Export-Import Bank appropriation. The matter that the Senator from South Dakota has brought up is a proper matter for consideration during the hearing on the Export-Import Bank appropriation. We can provide limitations as to what the Bank can or cannot do with the money. I think the matter should be discussed fully when we consider the Export-Import Bank appropriation, but not at this time.

Mr. MANSFIELD. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG of North Dakota. I yield to the Senator from Montana.

Mr. MANSFIELD. We are getting down to practicalities, and not emotions. Wheat is singled out. There is no question that this proposal is aimed at the wheat deal now being negotiated between this country and the Soviet Union.

I have heard statements by many people that they want us to stop subsidies paid to the farmers, but they have not said anything about subsidies paid to magazine and newspaper publishers, or steamships, or airlines, or railroads. I have heard no complaint about a tariff, which was the first subsidy introduced in this country to help the businessman. But the farmer is always made the goat.

Senators talk about the surpluses we have on the ground and in storage and how much it costs to maintain that storage. They talk about the prices maintained by subsidies to the wheat growers, $2 a bushel this year, with the prospect next year of $1.15 to $1.25 a bushel.

In this amendment the farmer is singled out again. Someone should speak for the farmer. Like the Senator from North Dakota, the Senator from Kansas, and other Senators, I come from a wheat State. I know what the farmers are up against. This is one way to reduce, not on an aid basis, but on a trade basis, the surpluses in wheat. This is one way to be paid, in gold, and in dollars, on a wheat transaction amounting to something on the order of $250 million for something on the order of 4 million metric tons of wheat.

People talk about our European allies. West Germany has been mentioned. West Germany, which finds fault with us because we are considering an agreement of this kind, has had a trade with the Soviet Union and Eastern European countries and with Communist China in the neighborhood of $4 billion last year. This country has had no trade with China; but with the Eastern-bloc countries and with the Soviet Union our total trade amounted, if I recall correctly, to less than $500 million.

If the wheat is not sold by us directly, it will be bought by the Germans, as they have bought it before, and also by the French, the Italians, and other countries. There it will be milled into flour, and the flour will find its way into the satellites and the Soviet Union, as has been the case in the past, and will continue to be. What are we to do? We can either enter into an honest trade agreement or be hypocrites and work through middlemen. The answer is up to us.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. JAVITS. I wish to join the Senator from North Dakota in voting against the amendment, even though we in New York raise no wheat to speak of, but for the reason which has been mentioned by the majority leader.

A great nation neither bluffs nor vacillates in the wind like a weather vane. By national consensus we have agreed to make the wheat deal. The terms for it have been discussed on normal commercial terms. The Export-Import Bank would act as any other bank would act, as a lender, and would not extend credit unless it thought it was a good loan.

Mr. President, we will make ourselves ridiculous if by this backhanded, backdoor way we kill the deal. It would be much better to face the situation frontally and ask the President of the United States, as a national decision, not to go into it. However, to kill it in this fashion would be demeaning to the United States.

We will not pull down communism by selling them or not selling them this wheat, or pull down communism by commercial trade or lack of commercial trade. Many more monumental things must be done for that. We would confuse our Western Allies by following a policy that others have not pursued, and we would deprive our people of some markets with them. In the interest of our national dignity and standing as a great state, let us deal with this problem frontally, not in this backhanded way.

Mr. BURDICK. Mr. President, I agree with what my colleague from North Dakota has said, and I desire to associate myself with his remarks.

Mr. YOUNG of North Dakota. I think there is considerable merit to the argument of the Senator from South Dakota, but I do not believe it should be brought up in connection with the pending bill. I do not believe grain should be singled out. The bill before us has been "loused up" enough during the past month. I intend to vote against it in its present form. I think we have done enough harm to it already.

Mr. MUNDT. Mr. President, first of all, I believe we are arguing about a nonexistent issue. The Export-Import Bank just never has proposed extending credit to the Communist bloc for any other previous purpose than the present grain sales. However, if it will make my colleagues in the Senate happier to have all products included, instead of only wheat and grain, I would have no objection to doing so. I certainly am desirous of closing the credit door to Communists for all purposes insofar as American public credit is concerned.

I point out that I included grain because that is the only type of transaction for which the Export-Import Bank has ever agreed to provide credit to the Russians or to Hungary's Communist dictatorship in the lifetime of the Bank. The Bank has steadfastly refused to do so in the past. It has very commendably refused to do it. It was never contemplated in the wheat deal that such a transaction should be had. I am trying to get the wheat deal back to where it was or where our people thought it was, namely, a sale for gold, a sale for cash. We can still hear the ringing words that were spoken from high places that we will make this wheat deal to improve our balance of payments—to help our dwindling American supply of gold. We do not improve our balance of payments by having the taxpayers of this country underwrite the credits that the Communists are seeking to purchase the supplies they need in order to continue to threaten our peace and the people of the free world.

I ask unanimous consent, if it will help——

Mr. FULBRIGHT. I object.

Mr. CLARK. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. What would the Senator include? Would he include all manufactured products, semimanufactured products, raw materials, and all other materials?

Mr. MUNDT. Mr. President, I move to amend my amendment, if that is the wish of the Senate, so that in line 9 the words "grain or" and the word "thereof" be stricken, so that the amendment will read as follows:

> Sec. 404. Neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.

Mr. AIKEN. Does the Senator include manufactured and semimanufactured products and raw materials?

Mr. MUNDT. It includes all products.

Mr. AIKEN. Will the Senator include all of them? I do not believe that "product" covers all.

Mr. MUNDT. It nearly does when it says "products"; that covers everything.

Mr. AIKEN. Would the Senator include tobacco and cotton?

Mr. MUNDT. Everything is included. I do not insist on a yea-and-nay vote on the modifying amendment. There can be a voice vote on the amendment as it stands now.

Mr. MANSFIELD. Mr. President, I regret doing this, but I believe we must face the situation. I intend to move to table the pending amendment. I take full responsibility for it.

I feel that when the President of the United States tells the American people that under his decision to enter into a grain agreement with the Soviet Union, it is to be on a credit basis, along ordinary business lines, and that payment will be in gold or in dollars, the President of the United States would not attempt to fool any of our citizens.

I point out again that this is a serious proposal so far as we are concerned, because we are dealing with surpluses. Many Senators who do not come from farm States find a great deal of fault with surpluses. We are dealing with the balance of payments, which this deal will alleviate in part.

I would hope, in view of the fact that this situation has now been thoroughly aired, that the Senate, in its wisdom—and, of course, it is the Senate's decision—would agree to table the amendment now pending, because I believe there is nothing further to add to the debate which has been held thus far.

Therefore, I first address a parliamentary inquiry to the Chair. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. Mundt], to his own amendment.

Mr. MANSFIELD. I move to table the amendment as originally offered by the Senator from South Dakota. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. A motion addressed to the original amendment would also run against the amendment to the amendment which has been offered, would it not?

The PRESIDING OFFICER. The tabling motion will apply to the other amendment also.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. There was objection to the amendment to the amendment.

The PRESIDING OFFICER. There was objection to the unanimous-consent request.

Mr. HUMPHREY. Is not unanimous consent required because the yeas and nays have been ordered?

The PRESIDING OFFICER. Yes.

Mr. HOLLAND. The fact is that the distinguished Senator from South Dakota has offered an amendment to his amendment.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. HOLLAND. After unanimous consent was refused for amending the amendment voluntarily.

Mr. HUMPHREY. Does it require unanimous consent for the Senator from South Dakota to amend his amendment after the yeas and nays have been ordered on the original amendment?

The PRESIDING OFFICER. By majority vote the Senator may amend his amendment.

Mr. HUMPHREY. After the yeas and nays have been ordered on the original amendment?

The PRESIDING OFFICER. After the yeas and nays have been ordered, it can be amended by motion.

Mr. CLARK. Only by majority vote.

Mr. MUNDT. Perhaps I can clarify the situation and help the Senate——

The PRESIDING OFFICER. Debate is not in order.

Mr. MANSFIELD. I ask unanimous consent that the Senator may have that right.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MUNDT. As I said, I am not particularly concerned about offering the modifying amendment. I had not anticipated that the majority leader intended to make a motion to table.

Mr. MANSFIELD. Nor did I.

Mr. MUNDT. I am sure he would have advised me, but he acted more or less without premeditation and without thinking about it in advance. But I do not want to get into a hassle about the proposed amendment, because it is true that I have a right to move to amend my own amendment. But it is also true that the majority leader has a right to move to table my amendment to my amendment at the same time. There is nothing to be accomplished by that. There is no need to have my amendment discussed and debated. It is not related to a question of actuality or to any situation now confronting the country, because the Export-Import Bank has not proposed to make loans for any other type of activity. It is only this one transaction of grain sales that is involved. Consequently, so that we may proceed and understand each other clearly, I withdraw my motion to amend my amendment. Then my original amendment itself will be before the Senate.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Is the original Mundt amendment now before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. On the basis of my motion, the original Mundt amendment, as amended, would have been before the Senate anyway, would it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, I move to table the Mundt amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. Anderson], the Senator from Louisiana [Mr. Ellender], the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from South Dakota [Mr. McGovern], the Senator from Oregon [Mrs. Neuberger], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], and the Senator from Tennessee [Mr. Walters] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. Engle], the Senator from Louisiana [Mr. Long], and the Senator from Washington [Mr. Magnuson], would each vote "yea."

I further announce that, if present and voting, the Senator from Washington [Mr. Jackson], would vote "nay."

On this vote, the Senator from Mississippi [Mr. Stennis] is paired with the Senator from South Dakota [Mr. McGovern]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from South Dakota would vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. Curtis and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON], would each vote "nay."

The result was announced—yeas 40, nays 46, as follows:

[No. 237 Leg.]

YEAS—40

Aiken
Bartlett
Bible
Boggs
Brewster
Burdick
Byrd, W. Va.
Cannon
Carlson
Church
Clark
Eastland
Fulbright
Gore
Hart
Hayden
Hill
Humphrey
Inouye
Javits
Johnston
Kennedy
Mansfield
McCarthy
McGee
McNamara
Metcalf
Monroney
Moss
Muskie
Nelson
Pastore
Pell
Randolph
Saltonstall
Sparkman
Williams, N.J.
Yarborough
Young, N.Dak.
Young, Ohio

NAYS—46

Allott
Bayh
Beall
Bennett
Byrd, Va.
Case
Cooper
Cotton
Dirksen
Dodd
Dominick
Douglas
Edmondson
Ervin
Fong
Goldwater
Gruening
Hartke
Hickenlooper
Holland
Jordan, N.C.
Jordan, Idaho
Keating
Kuchel
Lausche
Long, Mo.
McClellan
McIntyre
Mechem
Miller
Morse
Mundt
Pearson
Prouty
Proxmire
Ribicoff
Robertson
Russell
Scott
Simpson
Smith
Symington
Talmadge
Thurmond
Tower
Williams, Del.

NOT VOTING—14

Anderson
Curtis
Ellender
Engle
Hruska
Jackson
Long, La.
Magnuson
McGovern
Morton
Neuberger
Smathers
Stennis
Walters

So the motion to table was rejected.

Mr. DIRKSEN. Mr. President, I move that the vote by which the motion to lay the amendment on the table was rejected be reconsidered.

Mr. MUNDT. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table the motion to reconsider was agreed to.

Mr. MUNDT. Mr. President, in order that the Senate may now work its will on the question of whether it wishes to have this amendment include all products—because three Senators indicated that they would not vote for my amendment if it included only grain, but that they would vote for it if it included all products; and certainly the only reason why all products were not included in the amendment originally was that the Export-Import Bank has not heretofore extended credit to permit the sale and shipment of any other product to these Communist countries—I now restate my amendment as follows: In line 8, after the words "purchase of", strike out the words "grain or" and in the same line, after the word "product", strike out the word "thereof". As thus amended, my amendment to the committee amendment then would read, beginning at the end of line 7: "in connection with the purchase of any product by such country, agency, or national."

Mr. AIKEN. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. AIKEN. Mr. President, this amendment as now proposed to be amended will then be fair to all products. Certainly we do not want the amendment to be known only as an anti-grain amendment. Therefore, I ask the Senator from South Dakota if it is correct to state that as he now proposes to amend his amendment, it would apply to all manufactured and semimanufactured items, all raw materials, and all farm commodities and their products.

Mr. MUNDT. It will, if the Export-Import Bank or any other Government agency proposes to extend or guarantee credit to the Communists in that connection.

Mr. AIKEN. I ask this question for the reason that the President has said he wishes to have all commodities shipped.

Mr. MUNDT. Yes; and I point out that my purpose in offering this amendment to my amendment is to enable the Senate to decide by its solemn vote whether it wishes to open up the program—for the first time—so that under the program, aid will be given by the United States to Communist countries so they can engage in foreign trade with our American credit underwriting their obligations and guaranteeing that they will pay their debts.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. Mr. President, I disagree most strongly with the statement of the Senator from South Dakota that this will open up a program of aid to Communist countries. I would say that, instead, this is opening up a channel of trade, which up to this time has been taken over—to a large extent with American goods manufactured in the United States—by our Western European allies. I have already told the Senate that Germany alone in trade with Eastern Europe, with the Soviet Union, and with the so-called People's Republic of China, last year had trade which exceeded $5 billion, while the trade of the United States with the eastern satellite states and the Soviet Union amounted to approximately $300 million.

If this amendment to the amendment of the Senator from South Dakota is adopted, we can anticipate an extension of what has been going on for years, by means of which American manufacturers and producers of agricultural commodities have sold their products to our friends and our allies in Western Europe, who make very little in the way of contributions to the aid program; and these products will in many instances proceed from this country, by means of a middleman process and at a profit, and will find their way into the satellite states, into the Soviet Union, and into Communist China.

So Senators had better face the facts of the situation and realize what they will be doing if they vote in favor of this amendment to the Mundt amendment. This amendment to the Mundt amendment does not deal with aid; it deals with trade.

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. HOLLAND. Neither do I agree categorically with the statement of the Senator from South Dakota as to what the amendment would mean. I think his amendment runs to the question of whether public credit shall be used to support this private trade. This has been announced as the approval of private trade and the issuance of the proper or required export licenses.

I have already stated for the RECORD that I have gone to considerable effort to try to explain this matter in a way that would be acceptable to my own people back home. But instead of providing for purely private trade, I point out that this is something by which we would engage in trade and would make available to it Federal Government credit which belongs to all the people of the United States. That is the problem that bothers me, and that is why I believe the Senator's amendment is meritorious.

Mr. MUNDT. Mr. President, I wonder whether we may have the yeas and nays ordered on the question of agreeing to this amendment to my amendment.

Mr. HUMPHREY. Mr. President, let me ask whether the Senator from South Dakota intends to yield the floor. I ask this question because we intend to discuss this amendment, and it is obvious that the vote on this amendment will not come at a very early hour.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota to his amendment to the committee amendment, as amended.

Mr. MILLER. Mr. President, I wish to have the pending amendment to this amendment stated.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SYMINGTON. I am not too happy with this amendment to the Mundt amendment; but make this brief observation: The matter of this proposed sale of wheat was presented to us as being a sale of excess wheat for gold. But now that has been changed. The proposed arrangement calls for a 25-percent gold downpayment, and then the rest on credit. But not private credit; instead, it would be public credit, Government guarantee.

I respectfully take issue with the leadership when it says this would be a normal business transaction, typical of the way business transactions are normally carried out.

Regardless of what the Germans or any other country does, that has nothing to do with whether or not this is the deal we were told it would be. Not one American industrialist or banker but what would prefer to have a Government guarantee of any deal, at any time. But a Government guarantee is not part of an ordinary private business transaction. Instead, it is an extraordinary arrangement; and in any case it is different from what we were told the deal would be.

Mr. MUNDT. Mr. President, I could not agree more completely with the Senator from Missouri. All of us should keep in mind, and the country should keep in mind, the point, that by adding this amendment to my amendment, we shall not be changing one iota the situation realistically confronting the United States and its taxpayers. We shall merely be setting up a barrier against some future contingency whereby the Export-Import Bank might decide, in violation of its 15-year-old precedent, to extend Government credit to Communist countries for the purchase of our supplies or perhaps even the supplies of others. Both in our program of foreign aid and foreign trade I submit we should not force American taxpayers to finance the capacity of the Communists to threaten our own destruction.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUNDT. Have the yeas and nays been ordered on the amendment to the amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. AIKEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Vermont.

Mr. AIKEN. Mr. President, I did not discuss the merits or demerits of the amendment proposed by the Senator from South Dakota. I do not believe we are here to legislate for industrialists, farmers, or any particular group.

All I am insisting upon is that all the economic groups of this country be treated alike. For that reason I asked for the yeas and nays. I understand they have now been ordered on the amendment which would include in the amendment of the Senator from South Dakota all manufactured items, semimanufactured items, raw materials, and all agricultural commodities and their products.

Mr. HUMPHREY. Mr. President, I know that Senators would like to vote. For many days I have wanted to vote. But, without a doubt, the proposed amendment is the most important amendment that has been offered to the bill. I am rather surprised that Senators who are members of the Committee on Banking and Currency, which committee has jurisdiction over the operations of the Export-Import Bank, are willing to have major policy questions decided on the floor of the Senate at 10 minutes after 10 p.m., after 3½ weeks of exhausting debate, discussion, and time-consuming activities in this body. I shall not let the Senate, if I can help it, vote on the issue immediately, because it seems to me that if we needed time to discuss some minor amendments to the aid bill, we need plenty of time to discuss the present situation. We are not talking merely about an amendment to the aid bill; we are talking about a general policy decision relating to trade that may very well determine the future course of history.

We must live in this world. It is the only one that we have. It is a world that has many troublesome problems. Some people feel that the best way to deal with Communists is to continue to hate them, to continue to despise them, and hope that they will fade away.

Let us make it crystal clear. The Soviet Union will not collapse because it does not get wheat from the United States. I am not at all sure that the wheat deal will go through anyway.

Furthermore, all the President of the United States has done is to say that our Government is willing to issue export licenses to American commercial firms if such commercial firms could make business arrangements with so-called eastern Communist-bloc countries, including the Soviet Union, provided that those firms fulfill certain criteria and conditions. We have not had any deal with Russia, and I am a little tired of having the Record appear as though the President of the United States sat down and made a deal with Russia. The only people that have been talking to the Russians are some private American businessmen. They are capable of taking care of themselves in the negotiations with the Russians. All the President has said is that it is the policy of our Government, insofar as the executive branch is concerned, that licenses be issued to commercial firms in the United States to do business with eastern Socialist-Communist-bloc countries in the field of wheat and certain other cereals and feed grains.

Certain companies have come in. One of them has made a business transaction with Hungary. That company has been doing business in Canada through its Canadian subsidiary for years.

The Cargill Co. is not a local firm. It has worldwide connections and subsidiaries. The Cargill Co. applies in the United States for an export license to do business with Hungary because the President of the United States said that it was permissible and legal to make such application, and because the Department of Commerce, under an Executive order, is now willing to accept that application. That application is for an export license, which has been granted, that permits that particular company to seek out some business with customers.

What are we talking about now in connection with the Mundt amendment? We are talking about an insurance program on credits. Every Senator knows that every sale that is made involves credits. It is either 30 days, 60 days, 6 months, or 18 months. The Canadian deal with Communist Chinese involved credits that extended as long as 3 years. Those commitments by the Communist Chinese—Communist China aid—have been paid and are being paid.

In the recent Canadian wheat deal with the Soviet Union in which Canada sold substantial quantities of wheat to Russia, the deal was 25 percent down in cash and the balance in 18 months, with payments of one-third each 6 months.

What did the Soviet Union do? Instead of taking advantage of the 18 months' credit, they paid 80 percent down in cash because they did not want to pay the interest charges.

I point out, first, that there is no deal with the Russians now. The only application that we have before us is the one to sell a certain amount of feed grains to Hungary.

The Soviet Union has not consummated a single contract. Whether they will or not depends upon what their needs are, what their shipping rates may be, the price, and other conditions.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Mention has been made that the deal would be a public trade. Mention has also been made about the use of taxpayers' funds. Would any taxpayers' funds or Government funds be used in the transaction?

Mr. HUMPHREY. No.

Mr. SPARKMAN. Would not the transaction be very similar to that which a purchaser of a house using FHA insurance would pursue?

Mr. HUMPHREY. The Senator is absolutely correct.

Mr. SPARKMAN. In other words, the money would be furnished by a private concern.

Mr. HUMPHREY. The money is furnished through an insurance premium.

Mr. SPARKMAN. Insurance is collected which builds up a reserve.

Mr. HUMPHREY. The Senator is correct.

Mr. SPARKMAN. I wish the Senator from Pennsylvania [Mr. Clark] were present in the Chamber, for he is chairman of the subcommittee that handles questions pertaining to the Export-Import Bank. Is it not true that there is an ample reserve in the hands of the Export-Import Bank to handle the guarantees which it handles all over the world?

Mr. HUMPHREY. The Senator is absolutely correct. The Export-Import Bank now has a balance of $746,700,000 of undivided profits that have been placed in reserve and that did not come from the taxpayers.

Mr. SPARKMAN. That is principally a reserve built up by the collection of insurance for those guarantees.

I should like to ask whether it is not true that a dealer who might desire to handle the sale of grain to any country would go to his bank—it might be in Minneapolis, New York, or St. Louis—and he would apply to that bank for a loan. The bank would then go to the Export-Import Bank and apply for insurance. If that insurance were allowed, a premium would be paid in order to support the loan. Is that not the procedure which is followed?

Mr. HUMPHREY. Exactly. It is a business procedure which is not only characteristic of the Export-Import Bank Insurance program, which I shall read into the Record, because we have it here from the actual report, but it is a business procedure that is followed in every single industrial country in the world.

Mr. SPARKMAN. From the time the Export-Import Bank started its operations to the present time its losses have been practically nil, and, so far as insurance is concerned, it has made a profit of several hundred million dollars. Is that not correct?

Mr. HUMPHREY. I am pleased that the Senator from Alabama, who is a ranking member of the Committee on Banking and Currency and is very familiar with the activities of the Export-Import Bank, has made those comments.

Mr. DODD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Connecticut.

Mr. DODD. Mr. President, I have said to the distinguished Senator from Minnesota, and I say to the majority leader, I believe this is a good debate.

I dislike to say "I", but I submitted a resolution to provide that it was the sense of the Senate that the President give us until February to discuss this question and to look into it.

Why are we here tonight, ad hoc, trying to decide?

Because the President did not give us an opportunity to do it in any other way.

I believe we should have had the opportunity, because the country is upset about this.

I am sure I am right. But I believe we should hammer this out and discuss it fully.

The Senator from Minnesota has made valuable contributions.

I believe we should work hard on this problem.

I believe it is indeed a most critical and crucial question before us.

I do not believe we should be hurried.

I wish we had more time, because I believe we can prove we are right.

If the President had given us more time we could have heard witnesses and weathered this together and I do not say this critically of the President. But I wish he had given us time to refer this to a committee—the Agriculture and Forestry Committee, or the Foreign Relations Committee, or some other committee. Then we would have a committee report, one way or another, for guidance. But we are trying to legislate, ad hoc, and we are not getting very far.

I suggest that all we can do now is to intercept a fait accompli at the 11th hour.

I hope the majority leader will put this vote over until tomorrow and give us all some time to think this problem out, to talk about it, and to make our arguments pro and con tonight.

WE ARE NOW CUTTING SOME OF THE FAT OUT OF FOREIGN AID

Mr. YARBOROUGH. Mr. President, this has been a long debate, its length and heat illustrate that more and more of us in the Senate are determined to cut the fat out of foreign aid so that it can be the effective instrument of foreign policy it was intended to be.

I am pleased that it now looks as if the final amount to be authorized will be a reduction from last year's figure; we will succeed in cutting back on foreign aid. At most some $3.7 billion will be authorized for 1964, a substantial rollback from the last 3 years.

We have succeeded in curbing the tendency of this program to grow and grow. But, even with this curb, the foreign aid program will be at a level, for fiscal 1964, roughly $1 billion above the expenditures for fiscal 1956, only 8 years ago.

The foreign aid appropriations figures for the years since 1956 make an interesting pattern of growth: Fiscal 1956, $2.7 billion; fiscal 1957, $3.8 billion; fiscal 1958, $2.8 billion; fiscal 1959, $3.4 billion; fiscal 1960, $3.3 billion; fiscal 1961, $4.5 billion; fiscal 1962, $3.9 billion; and fiscal 1963, $3.9 billion.

For years the American public has been waiting for an orderly cutting down of this program, a phasing out of aid to economically prosperous countries. The people's hopes have not been realized; but now we have begun.

The Senate is taking this action from a conviction that only through forcing more prudent foreign aid spending can the waste in this program be stopped. Experience has shown that we cannot buy friends with foreign aid; we must use it more selectively to help genuine friends meet genuine needs.

In the past weeks the Senate has taken action designed to cut off aid to countries whose policies are detrimental to our policies and to world peace. We have added new restrictions in answer to specific situations where our good will has been abused. Now the Senate is writing into law firm declarations that our foreign aid is not going to continue to flow no matter what.

I do not regard these actions as any particular slap at this administration. Instead I regard it as strengthening its position in allocating foreign aid. Without restrictions, it seems our administrators can never find a good reason to deny aid to any country, when a country can point to all the other nations that are on our list. Now we shall set up standards. Let us stop aid to countries preparing for aggression against their neighbors. Let us defer aid to countries unreasonably interfering with our fishing boats on the high seas. Let us stop aid to countries which continually demonstrate their unwillingness to use it wisely, and of course let us continue to tighten up our policy of no aid to Communist-dominated countries.

As nearly as anyone can determine, there are some 107 countries around the world that are receiving our foreign aid. We should cut this list by half at least. Such a move would show more clearly that no country has any right to U.S. foreign aid; that we do it to help truly friendly countries solve critical development problems and resist communism.

Of course, foreign aid has not been a complete waste. It has undoubtedly saved many countries from the threat of communism and will continue to do so in the troubled years ahead. But when a country develops a successful economy, as the nations of Western Europe, then the aid should stop.

Funds saved this way can be channeled into the spots where help is most urgently needed, as in Central and South America. The Senate is wisely acting to continue our commitments under the Alliance for Progress, to make sure that work continues toward having a friendly, prosperous, stable continent on our southern flank. However, let us make sure that new emphasis is put on the contributions private business can make in showing Latin America how strong economies are developed.

The Senate debate on foreign aid has been a productive one. It will result in less tax dollars being wasted overseas, and in building a more effective foreign aid program. Many of us have been working for years to cut down foreign aid in hope of forcing more prudent choices in its administration; this year we have some measure of success. Since we have that measure of success, I shall vote for this measure.

ALLIANCE FOR PROGRESS

Mr. HARTKE. Mr. President, there is a small child in our midst who has received some cruel and inhuman treatment. Just 2 years old, she has, in turn, been ignored, thrashed or abandoned by some of my colleagues.

The child of whom I speak is the Alliance for Progress and I want to take this opportunity to express briefly my support and my concern. My theme in substance is this: We should expect no more or no less from the Alliance than we should from a 2-year-old child.

The concept of lending a helping hand to developing nations of Latin America is a noble one and the birth of the Alliance at Punta del Este in 1961 brought with it an aura of good feeling and confidence in the future. Latin American nations agreed that they must help themselves to move ahead toward political independence, economic growth and social justice.

In the first 2 years we have seen disappointments and there are some justifications for discouragement. Imperfections in our system of distributing aid and reluctance on the part of some neighbors to initiate reforms have impeded the progress of the Alliance. Recent developments in Argentina and Brazil have hardly brought comfort or reassurance.

But there have been some remarkable strides forward. The child is two now and, while there is plenty of mischief, she is beginning to learn to walk and talk. Reforms are slow in coming, but they are arriving at a rapidly increased rate. Progress in health and education is quite noticeable.

Problems in taxation, landholdings and private investment are being resolved slowly but surely. Considering the diverse nature of our 19 neighbors to the south, their people, economies, languages, government, and terrain—the wide gulf which separates levels of development in each country, I am convinced that the Alliance is not retarded, as some claim, but quite precocious.

One grave error in our thinking is the belief by some that the Alliance is ours and it is we who are to determine its course. In reality, the program belongs to all the people of this hemisphere and the contributions which are required for its success are much heavier for our neighbors than they are for us.

I am proud that we are participating, but we must remember not to expect miracles of maturity from an infant. In consideration of the legislation before us, I ask each of my colleagues to be patient, understanding, and firm.

THE ROLE OF VOLUNTARY AGENCIES IN FOREIGN AID

Mr. HUMPHREY. Mr. President, before we complete Senate action on the foreign aid bill, I wish to comment on the work of our voluntary American aid program. The American people, out of their generosity and compassion, are contributing a tremendous amount of effort and money to a vast program of voluntary foreign aid. Unfortunately, too few people understand how closely this voluntary foreign aid is geared in with our Government-sponsored programs of economic development administered by the Agency for International Development.

My attention was called recently to a pamphlet published by the Voluntary Foreign Aid Service in the Agency for International Development entitled "AID and U.S. Voluntary Agencies—A Growing Partnership." That "growing partnership" theme exemplifies what Congress had in mind in directing through our Foreign Assistance Act that the services and facilities of voluntary nonprofit organizations be used to the maximum extent practicable in furthering the purposes of the act.

Let me read to you a forward in that pamphlet from David E. Bell, the capable Administrator of the Agency for International Development:

> This pamphlet tells a story in which Americans can take pride. Through these humanitarian activities the historical concern of Americans for their fellow men is demonstrated by effective action overseas. These American voluntary agencies have pioneered in foreign assistance and we are indebted to them for their initiative, for their energy, and for their devotion.
>
> Through the Agency for International Development and its predecessors, a firm and growing partnership between these voluntary organizations and Government has been fostered. While scrupulously observing the nature and independence of these private groups, substantial Government resources have been made available to them to further their activities abroad in the fields of material aid, services to refugees, technical assistance and self-help.
>
> This partnership has a quality that Government aid alone cannot achieve. It is a force of enduring strength and fellowship that binds together our people and the friendly peoples of other countries and furthers and strengthens the peaceful objectives of the free world.

I want to commend the Agency for International Development and, particularly, its Voluntary Foreign Aid Service, for stimulating this cooperative effort between the U.S. Government and the U.S. voluntary agencies which serve humanity overseas. Today 53 of these agencies are working with the Agency for International Development—AID—in material aid and relief programs, self-help efforts, and refugee assistance. These agencies are maintaining around 600 American citizen representatives overseas—at their own expense, supported by public contributions—and are employing between 4,500 and 4,800 local personnel. This is a valuable voluntary contribution to our total national effort to help underprivileged people in developing countries. I just hope that the American people, whose generosity is making such effective work possible through these voluntary organizations, will realize the necessity for providing similar support in behalf of the Agency for International Development as the partner in many of these oversea programs.

Deep concern with the plight of the poor, the homeless, the oppressed, has always been in the American tradition. The typical American may be hardheaded, but is also warmhearted.

Our people are mindful of the Biblical injunction: "And now abideth faith, hope, and charity, these three; but the greatest of these is charity."

We seem to be aware that charity begins at home, but there it does not end.

To learn the full story of this voluntary foreign aid program rewards us with a feeling of intense pride in Americans.

A few days ago, I read the 1962 report of the commodities and funds sent abroad by the American people through their voluntary agencies for the relief of distressed people. We are all familiar with these organizations, such as CARE, Church World Service, Catholic Relief Services, and the American Jewish Joint Distribution Committee.

I was so impressed by what these agencies are doing that I want to share the report with you. This report shows that the U.S. voluntary agencies registered with AID, sent overseas during 1962 a total of more than $275 million worth of commodities and funds. This is approximately 14 percent more than during 1961. The commodities shipped consisted of foods, including those made available to the agencies under Public Law 480, clothing, textiles, and all kinds of supplies—educational, vocational, and agricultural.

We find the agencies sent 45 percent more commodities and funds to Africa in 1962 than in 1961, 37 percent more to Latin America, and 7 percent more to the Far East. In only Europe and Near East-South Asia were there decreases.

President Kennedy recognized the value of the voluntary foreign aid effort when he designated the week of April 9, 1963, as Voluntary Overseas Aid Week. In the official proclamation he said:

> I would like to emphasize that I do not believe our assistance programs abroad, especially those that involve the distribution of food, could possibly be effective unless we had the very wholehearted cooperation of the voluntary agencies.
>
> This participation between the American people and the National Government and the voluntary agencies, the various religious and other charitable organizations, really represents I think, the best aspirations of our country. I think it reminds us of the old injunction about feeding those who are hungry, visiting those who are sick and caring for those who are in prison.

As you know I have long been a stanch advocate of emphasizing the people-to-people approach to foreign aid, which is a program of channeling aid through voluntary associations to the greatest extent possible.

This ground swell of voluntary activity did not develop overnight. The service of the American people to the needy is a tradition based on belief in the dignity of man. It truly exemplifies the Judeo-Christian spirit of caring for the less fortunate, and sharing our own material blessings with them. This has been a significant part of our American heritage from the days of frontier neighbor helping neighbor erect his log cabin or barn to the great present-day record of huge sums contributed overseas annually through voluntary associations and foundations for the purpose of wiping out crippling disease, improving educational opportunities, and in other ways dedicating part of our material substance to the cause of our fellow man's well-being.

World War I and its aftermath of human suffering gave special impetus for giving aid to the distressed. Relief work, begun in 1914 following the invasion of Belgium, was continued in the Central and Eastern States of Europe after the armistice, and continued throughout the famine in Soviet Russia in 1923.

Voluntary effort was again stepped up in the early years of World War II. In the wake of the Nazi invasion of Poland, a flood of emotional appeals to aid the victims engulfed the American people. Hundreds of hastily organized war relief committees developed as country after country became involved in the conflict. In order to maintain its neutrality, it became necessary for the U.S. Government to regulate economic relations with belligerent countries. In 1939 Congress passed the Neutrality Act. As a result, all American voluntary relief agencies, with the exception of the Red Cross, which has its own congressional charter, were required to register with the Department of State if they were engaged in the collection of funds from the American people for relief in belligerent countries.

On March 13, 1941, the President appointed a committee to examine the whole problem of foreign war relief. This committee's findings led to the establishment of the President War Relief Control Board to regulate the oversea shipment of war relief supplies by voluntary agencies.

This arrangement between the Government and the voluntary agencies was continued after the war. In May 1946, the Advisory Committee on Voluntary Foreign Aid was established by direction of the President "to tie together the governmental and private programs in the field of foreign relief and to work with interested agencies and groups." The committee is attached to the Agency for International Development.

At present AID and the agencies registered with the Advisory Committee are jointly exploring ways of better coordinating their programs to achieve common objectives in the total U.S. effort.

This is in line with the congressional mandate in the Foreign Assistant Act of 1961:

> The President, in furthering the purposes of this act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

These voluntary agencies are carrying on programs of material aid, services to refugees, and technical assistance and self-help projects. Material aid serves people in times of emergency—earthquake, flood, fire, typhoon, or famine, as well as during periods of dislocation caused by war and political oppression. The agencies minister to disaster victims with food, clothing, medicine, blankets, and other relief supplies, continuing their aid until the stricken are able to provide for themselves.

By registering with AID's Advisory Committee, voluntary agencies receive from the U.S. Government Public Law 480, foods plus reimbursement for oversea freight costs on these foods as well as on their own relief supplies. It costs about $4 million of U.S. Government funds to ship overseas an estimated $80 million worth of voluntary agency supplies. Thus, every dollar spent by the Government to transport these supplies is multiplied nearly twentyfold in terms of the value of goods delivered overseas to people who need our help.

Let us look at some specific ways in which the voluntary agencies are helping the needy overseas and thereby strengthening our foreign aid and foreign policy.

On a small island which was seriously overcrowded, the problem of assisting a great number of impoverished hungry refugees was staggering. Many of the refugees were able and eager to work but few found employment. Large numbers were helped by an imaginative, practical supplemental feeding project, made possible by an ingenious noodlemaking machine devised by voluntary agency representatives and manufactured on the island. The noodles are made from Public Law 480 flour, cornmeal, and dried milk.

Refugees in a self-help work project for relocated Koreans on the southwest coast of Korea had just staked out their hard-won land reclaimed from the Yellow Sea by means of a dike they had built, when a typhoon struck.

The typhoon breached the dike, threatening to destroy it and to flood the precious land intended for rice planting. Instead of giving up in discouragement, the refugees worked night and day to repair the dike.

Kerosene-soaked rags on the ends of sticks made flares for their all-night-long labors. With no modern earth-moving equipment available, they used picks and shovels, and carried earth to small railway cars in hods suspended from A-frames on their backs.

The refugees, working without wages, were supplied through a U.S. voluntary agency with Public Law 480 cornmeal, flour, and cooking fats.

In a north African country, where unemployment is high and training facilities are meager, a voluntary agency, on the basis of a careful survey of the economic situation and the labor market, has provided vocational training for young men and boys to meet the pressing demand for auto mechanics, welders, carpenters, electricians, and for young girls to be trained in garment making.

Six voluntary agencies are carrying on child feeding programs in 17 Latin American countries under the "Operation Ninos" program of the Alliance for Progress. The program is currently feeding more than 9 million Latin American children and by August 1964, an estimated 11.5 million Latin American children—or 1 out of 3—will benefit from "Operation Ninos."

One voluntary agency, organized specifically to serve children, in keeping with its emphasis on working with families rather than with the one child in the family group alone, has provided, in addition to clothing and personal articles for the child, household utensils and supplies from which the child's whole family benefits.

These examples indicate that the agencies relate their services effectively to the conditions of life of the people they serve. They are flexible and imaginative. They recognize the importance of teaching and training people within their own setting and seek ways of showing people how they can improve their way of living by helping themselves.

If one looks closely at voluntary effort, several new trends are apparent. The first of these is the development of closer relationships with organizations and institutions already present in the countries where the agencies are working. The voluntary agencies are uniquely suited to cooperative effort at this grassroots level because of the personalized way in which their help is given.

Another new development in voluntary foreign aid is the use of excess Government property made available to registered voluntary agencies under the foreign aid legislation of 1961. Recently, excess metalworking, laboratory, electrical and electronic equipment, and office machines have been released to a voluntary agency for its vocational training schools in Iran, Tunisia, Morocco, and Israel. A quantity of excess wool and cotton clothing with an acquisition value of approximately $10 million is being made available by the U.S. Government to certain voluntary agencies and the American National Red Cross for use in their programs in developing countries and for refugees and victims of natural disaster.

Another trend is the growing awareness on the part of voluntary agencies of the problems faced by people moving from rural to urban areas, paramount among which is the search for a livelihood.

U.S. voluntary agencies are especially well fitted to deal with these problems since similar shifts of population have taken place in our history causing similar hardships. Several agencies are developing urban community services, cooperatives, and housing programs to cope with these problems.

Also apparent in voluntary agency activity is the formation in developing countries of oversea councils or coordinating committees made up of representatives from U.S. voluntary and Government agencies, international organizations, local groups and the host government. Such groups afford an opportunity for an exchange of ideas and cooperative pursuit of common goals.

One final trend is closer cooperation between the Government and the voluntary agencies. A conference held in Washington in November 1962, arranged by the American Council of Voluntary Agencies for Foreign Service, is an example of this trend. Those attending included representatives from 21 Council member agencies, 26 guest organizations, the Agency for International Development, the Advisory Committee on Voluntary Foreign Aid, Department of State, Food for Peace, Department of Health, Education, and Welfare, Office of International Housing of the Housing and Home Finance Agency, Inter-American Development Bank, Intergovernmental Committee for European Migration, Pan American Union, and the U.N. Bureau of Social Affairs.

The conference promoted an exchange of views on a possible expanded role for the voluntary agencies, specifically with reference to U.S. voluntary agencies' participation in the Alliance for Progress.

While the trend is toward partnership between the voluntary agencies and the Government, it is a partnership of equals. The Government insists the agencies maintain their status as private independent groups supported by the free gifts of the American people. Only as such can they express the real concern of the American people for those in need. The American Council of Voluntary Agencies for Foreign Service has perhaps expressed it best of all:

> Because of the organic structure of these voluntary associations, rooted in the good will of millions of constituents who support them, the organizations in the voluntary sector have a twofold impact: On the people overseas whom they benefit, and on the people at home whom they represent. Out of this arises a relationship between peoples of an abiding nature.

It is through the voluntary agencies Americans are finding expression for a philosophy of concern central to our American way of life, resulting in a unique mobilization of personal effort and cooperation around the world to serve the cause of freedom.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. INOUYE in the chair). Pursuant to a request of the State Department that a Member of the Senate be designated by the Vice President as an observer at the Food and Agriculture Organization of the United Nations at the conference to be held in Rome, Italy, on November 16–December 3, 1963, the Chair, on behalf of the Vice President, designates the Senator from Iowa [Mr. MILLER] to act in this capacity.

BILL INTRODUCED

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MUSKIE:

S. 2307. A bill to amend the emergency loan authority of the Secretary of Agriculture under subtitle C of the Consolidated Farmers Home Administration Act of 1961 to authorize such loans in areas where credit is not otherwise available because of serious economic conditions for farmers or ranchers; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MUSKIE when he introduced the above bill, which appear under a separate heading.)

LOANS TO CERTAIN FARMERS OR RANCHERS SUFFERING BECAUSE OF SERIOUS ECONOMIC CONDITIONS

Mr. MUSKIE. Mr. President, I introduce, for appropriate reference, a bill to amend the loan authority of the Secretary of Agriculture to authorize Farmers Home Administration emergency loans for areas where credit is not otherwise available because of serious economic conditions.

The Aroostook County, Maine, potato industry is in difficult financial straits. Agriculturally, Aroostook is suffering from the economic disability of continuous low potato prices, resulting from a national oversupply. As an area of substantial unemployment, industries and communities within the county have received benefits under the Area Redevelopment Administration and accelerated public works programs. However, the continuing and growing need for farm credit still exists. The Maine office of the Farmers Home Administration has done an excellent job in meeting the farmers' needs, but at present FHA's credit extension capabilities are limited. This additional lending authority is essential if the credit needs of the industry are to be met.

Since I am certain that other agricultural areas are faced with similar difficult economic conditions, I ask unanimous consent that the bill lie on the table through December 1, in order that my colleagues may have an opportunity to join me in sponsoring the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Maine.

The bill (S. 2307) to amend the emergency loan authority of the Secretary of Agriculture under subtitle C of the Consolidated Farmers Home Administration Act of 1961 to authorize such loans in areas where credit is not otherwise available because of serious economic conditions for farmers or ranchers, introduced by Mr. MUSKIE, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS (AMENDMENT NO. 320)

Mr. LAUSCHE submitted amendments, intended to be proposed by him, to the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

STATEMENT OF ROGER A. FREEMAN, SENIOR STAFF MEMBER, THE HOOVER INSTITUTION ON WAR, REVOLUTION, AND PEACE, STANFORD UNIVERSITY, BEFORE SENATE COMMITTEE ON FINANCE

Mr. DIRKSEN. Mr. President, on November 6, Dr. Roger A. Freeman, senior staff member of the Hoover Institution on War, Revolution, and Peace, Stanford University, appeared before the Finance Committee on H.R. 8363, the Revenue Code of 1963. Many members of the committee have commented on the statement made by Dr. Freeman. In view of the exceptional quality of the statement, I ask unanimous consent that it appear in full in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF ROGER A. FREEMAN, SENIOR STAFF MEMBER, THE HOOVER INSTITUTION ON WAR, REVOLUTION, AND PEACE, STANFORD UNIVERSITY, STANFORD, CALIF., ON H.R. 8363 (REVENUE ACT OF 1963), BEFORE THE FINANCE COMMITTEE, U.S. SENATE, NOVEMBER 6, 1963

In the course of the past 2 years a broad consensus seems to have been reached that what this country's economy needs is lower taxes. Organizations of labor and of business, wide sections of the public, many Members of Congress, and even most economists appear to concur in this general proposition. Most of the disagreements which almost always arise when tax revision is proposed concern the "how" of tax cuts more than the "whether." They tend to focus on the type of the suggested tax relief and on the circumstances accompanying the action rather than on the acknowledged fact that the American economy is not likely to develop its full growth potential as long as it is loaded down with its present tax burden.

Disagreements may be grouped under three major headings:

(1) How should tax relief be allocated by income classes? Should it be concentrated in the lower brackets so as to boost consumer spending? Or, should it aim primarily to stimulate incentives and investment by more sharply lowering high personal tax rates in the medium and upper ranges and by reducing the corporation tax rate?

(2) Should rate reduction be linked with a structural reform broadening the tax base? Should we narrow or eliminate some or many of the various deductions, exemptions, exclusions or credits and thus recoup part of the revenue lost by rate cuts? Or is the most urgently needed tax reform a lowering of rates which should not be jeopardized or delayed by tying it to other changes of a highly controversial nature?

(3) Should a tax cut be accompanied by corresponding action on the outgo side of the budget or at least a restraint on future expenditure growth? Or would a curb on public spending nullify the economic benefits of tax relief?

The President's proposals and the bill before your committee appear to take a clear stand on these questions:

(1) The President proposed to reduce the aggregate tax liability of persons in the lowest income bracket by 40 percent, with the relief gradually declining to 9 percent in the highest income bracket. He recommended to cut corporate tax liability by 8 percent (lowering the rate from 52 percent to 48 percent) but to advance payment dates and thus to defer cash relief for several years.

Revisions approved in the House of Representatives would not change these results significantly. The aggregate tax liability of persons in the lowest personal income bracket would be reduced 38 percent from the present level, and of those in the highest bracket, 13 percent, with relief in the intermediate brackets somewhere in between.

This means that H.R. 8363 as passed by the House would make income taxes more steeply graduated and primarily augment consumer purchasing power.

(2) The President did not propose to eliminate or reduce any of the major exclusions, deductions, or exemptions which now account for most of the vast difference—$228 billion in 1960—between personal income and taxable income. Of the 16 structural changes with a revenue consequence in the personal income tax bill approved by the House, 8 would result in revenue gains and 8 in revenue losses. The net revenue gain would add an estimated 1.2 percent to prospective tax receipts; rate changes would reduce revenues by 20 percent. In other words, structural changes would be relatively minor and not broaden the tax base significantly, if at all.

(3) Amendments proposed in the Ways and Means Committee and in the House itself which would have conditioned the rate cuts upon restraints on increased spending failed by narrow margins. Thus H.R. 8363, as it now stands, reduces taxes but does not require corresponding action on the expenditure side.

In my testimony I propose to discuss these three major issues and shall try to evaluate whether the provisions of the bill, as approved by the House, are likely to have the hoped-for impact on the rate of economic growth and on unemployment.

My conclusions may be summarized as follows:

(1) The tax cuts proposed in H.R. 8363, which are estimated eventually to total $11 billion, will provide long-needed relief to many persons. They will also give our economy a "shot in the arm" but are not likely to stimulate the rate of economic growth as powerfully as a tax cut of that magnitude could if it were designed primarily to promote growth rather than serve other ends. I question seriously whether the bill, as it now stands, will have a major and lasting impact on unemployment.

(2) Many improvements could and should be made in our tax structure. But the most urgently needed tax reform is a sharp cut in rates which ought not to be encumbered at this time with other revisions. Some of the structural changes in H.R. 8363 may hinder rather than advance economic progress.

(3) Cutting taxes at a time of heavy budgetary deficits without commensurate action to bring expenditures under firmer control may temporarily produce some favorable results. But it will, in the long run, prove to be self-defeating.

(4) Some public purposes can be served better by cutting taxes than by enlarging expenditures. One example of this is higher education which could be most effectively helped by the grant of tax credits for certain educational expenses and contributions.

This statement is divided into four sections:

I. How should income taxes be cut?

II. Should rate cuts be linked with tax reform?

III. Should a tax cut be accompanied by restraints on spending?

IV. Can tax credits help higher education more effectively than grants and loans?

I. HOW SHOULD INCOME TAXES BE CUT?

The broad consensus that income taxes are too high is of recent origin. To be sure, business groups and some economists have been contending ever since the end of World War II that excessive tax rates are repressing economic growth. But numerous other economists and labor unions have generally denied it. About 10 years ago Roy Blough, former Treasury official and member of the Council of Economic Advisers, wrote that "the pessimists who have continued to forecast the destruction of industry by high taxation have been faced instead by an expanding economy."[1] The late Randolph E. Paul, former General Counsel of the Treasury Department, told the Joint Economic Committee of Congress in 1955:

"Certainly, history fails to support arguments that high taxes have a ruinous effect upon the economy. I do not like high taxes myself, but I am obliged nevertheless, to admit that work and investment incentives have remarkably survived the high taxes of the last 20 years, and that venture capital is not lacking today after a long period of high taxation."

He cited approvingly a statement that "the higher our taxes go, the more we have left for investment and consumption," and asserted that "the bark of our individual income tax is much worse than its bite."[2]

The AFL–CIO proclaimed as recently as September 1960 in its handbook on Federal taxes that "the period of high taxation that has prevailed for the last 20 years has also been a period of very high income, savings and investment, indicating that there has been little if any loss of incentive."

In his bestseller "The Affluent Society,"[3] John Kenneth Galbraith advanced the proposition that the level of taxation should be substantially raised: "The community is affluent in privately produced goods. It is poor in public services. The obvious solution is to tax the former to provide the latter—by making private goods more expensive, public goods are made more abundant." The Galbraith thesis was expanded in books by Francis M. Bator of MIT, Frederick C. Mosher of the University of California, David Demarest Lloyd, and others. Alvin H. Hansen, emeritus professor of political economy at Harvard, wrote in his book "Economic Issues of the 1960's"[4] only 3 years ago: "If we are to meet at all adequately our growing public needs, we shall, I believe, need higher taxes."

The demands neither for higher nor for lower taxes were able to rally broad support. Many economists, and probably a majority at the time, agreed with Harvard economics professor, Arthur Smithies, who told the Joint Economic Committee of Congress in 1957 that "the problem in the tax area is tax reform rather than tax reduction."[5]

Tax reform rather than tax reduction was the declared objective of the President's tax message of April 20, 1961. In proposing certain structural changes the President emphasized that the resulting revenue gains and losses would offset each other, that "the tax system must be adequate to meet our public needs," and that it was necessary "to maintain the revenue potential of our fiscal system." In his news conference of March 1, 1961, the President reaffirmed an earlier statement that he would suggest sources of revenue to finance the new spending proposals he was sending to Congress. The President announced that he would submit a more comprehensive tax reform program to the next session of Congress and proclaimed his confidence in the existing tax system: "This message recognizes the basic soundness of our tax structure."

Within slightly over a year, however, the tax structure fell from grace. In his television address of August 13, 1962, the President charged that our tax structure "is a drag on economic recovery and economic growth, biting heavily into the purchasing power of every taxpayer and every consumer." The rates, the President said, "are so high as to weaken the very essence of the progress of a free society—the incentive for additional return for additional effort." Four months later, speaking to the Economic Club of New York, the President stressed "the accumulated evidence of the last 5 years that our present tax system, developed as it was during World War II to restrain growth, exerts too heavy a drag on growth in peacetime—that it siphons out of the private economy too large a share of personal and business purchasing power—that it reduces the financial incentives for personal effort, investment and risk taking."

What happened between 1961 and 1962 to change from praise of the tax structure to outright condemnation? The hopes which had been held and the forecasts voiced for a faster rate of economic growth and declining unemployment failed to materialize. Gross national product (GNP) which had been predicted to reach $571 billion in 1962 fell short of that goal by $16 billion. Unemployment which had been close to 4 million, or 5.5 percent of the civilian labor force, in 1959 and 1960, did not fall below those levels. A growing number of economists came to suspect that taxes were partly or largely to blame for the unsatisfactory performance of the economy. But much uncertainty remained: Is the damage being done by the sheer magnitude of amounts extracted from the private economy or by the nature of the tax system, by the types and rates of taxes?

Does the size of the tax burden repress economic growth?

Many observers hold it to be self-evident that taxes whose total amount equals a large and increasing percentage of a country's national income or product retard economic growth. The proposition is most plausible: The greater a share of their income individuals and businesses must surrender to the tax collecter, the less they have left for consumption and investment. Also, taxes are costs of production, and when recovered in prices, lower a country's competitive standing.

But empirical proof for a negative correlation between the size of the tax burden and the rate of economic growth is hard to come by. Germany, France, Italy, Japan and several other countries bear taxes which in proportion to their national income are at least as high as ours or even higher. Yet, their economy has been growing at a much faster rate. On the other hand, we see many countries which levy relatively light taxes but seem unable to expand economically at more than modest rates. Nor do available historical studies give us conclusive evidence of a positive relationship between low taxes and fast economic growth.

Such comparisons, derived from inadequate statistics which lack uniform concepts, are admittedly crude. But even more refined analysis, wherever it is possible, yields no convincing proof of the growth-retarding effect of a heavy overall tax burden.

What the Government collects in taxes it usually spends and thus substitutes for the spending which otherwise taxpayers would have done. Whether investment by Government is as productive as by individuals or business—or more or less so—is highly controversial, with the answers more firmly rooted in political philosophy than in economics. It seems to me that at this stage of our economic knowledge the proposition that the overall level of taxation (other factors being even) has a negative impact on the rate of economic growth is a hypothesis, which many of us believe to be correct but which so far we have been unable to prove. Most likely there is a level beyond which taxes become injurious to the economy. But we do not know just what that level is.

Taxes in the United States have shown a consistent tendency to grow, not only in amounts but also in proportion to the economy, as table I shows:

TABLE I.—*Governmental revenues (Federal, State, local) in the United States, selected years, 1902–62*

Fiscal years	Billions	Percent of net national product
1902	$1.7	9.0
1922	9.3	14.0
1932	10.3	17.3
1942	28.4	21.3
1952	100.2	31.8
1962	167.9	34.1

Source: U.S. Bureau of the Census, "Historical Summary of Governmental Finances in the United States," 1959; U.S. Bureau of the Census, "Summary of Governmental Finances in 1962," 1963; Survey of Current Business, July 1963, and supplement, National Income, 1954; (national product for fiscal years 1902 and 1922: Raymond W. Goldsmith Associates, "A Study of Saving in the United States," vol. III, Princeton University Press, 1956).

In the fiscal year 1962 the revenues of all governments in the United States—Federal, State, local—equaled 34.1 percent of the net national product, 38 percent of the national income, 39 percent of the personal income. This truly is a large share but it is no larger than in several countries whose national product has been showing much higher rates of growth than we have been able to achieve.

None of those countries uses a tax system similar to ours. This suggests the question whether the tax tructure, the type of the major taxes employed, could have a more powerful impact on economic trends than the aggregate amounts collected.

Does the type of tax structure affect the rate of economic growth?

The American tax system is like no other in the world. All industrial countries levy a graduated personal income tax but none leans on it as heavily as the United States. The mainstay of public treasuries in most countries is a general consumption tax and this is particularly true in the rapidly growing European economies. Personal and corporate income taxes tend to be important but secondary sources of revenue. This does not prove that heavy income taxation necessarily results in slower economic advance and that growth could be speeded up by a shift to consumption taxes. But it does nothing to weaken the suspicion that our economic ills are not entirely unrelated to reliance on extremely heavy income taxes in the United States over the past 20 years.

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[1] Roy Blough, "The Federal Taxing Process," New York, Prentice-Hall, 1952, p. 464.

[2] Randolph E. Paul, "Erosion of the Tax Base and Rate Structure," Federal Tax Policy for Economic Growth and Stability, papers submitted by panelists appearing before the Subcommittee on Tax Policy, Joint Economic Committee, 84th Cong., 1st sess., 1955, pp. 297 ff.

[3] Boston, Houghton Mifflin Co., 1958.

[4] New York, McGraw-Hill, 1960.

[5] "Federal Expenditure Policy for Economic Growth and Stability," hearings before the Subcommittee on Fiscal Policy of the Joint Economic Committee, 85th Cong., 1st sess., 1957, p. 354.

In his 1963 tax message the President declared that "the largest single barrier to full employment of our manpower and resources and to a higher rate of economic growth is the unrealistically heavy drag of Federal income taxes on private purchasing power, initiative, and incentive."

During World War II the United States was the only belligerent nation not to impose a major consumption tax. Instead, it pushed its income tax rates to near-confiscatory levels. This decision, which also meant that we would raise a lesser share of the war costs through current taxation than our allies, was not rooted in economic considerations but in the governing political and social philosophy. That philosophy continued to dominate policy through the postwar period and resulted in the rejection of all proposals to establish a more even balance between the major types of taxes which are now used in other countries throughout the free world.

To be sure, an unplanned gradual adjustment has been taking place. Between 1944 and 1962 receipts from income taxes in the United States doubled, from all other taxes almost quadrupled. The President's proposals would further slow down the growth of income tax collections, while other taxes are likely to continue increasing at a rapid rate.

The significant difference between consumption and income taxes is not the base on which they are levied but the fact that the former are more nearly proportionate—in some cases regressive—while the graduated income tax is progressive. The principle of progressive income taxation is now employed by every industrial country and is presently not in question. But the schedules which have been in effect in the United States over the past 20 years push progression to an extreme which has had a deleterious effect on incentives, investment and economic growth. While the proposals of the President and the provisions of H.R. 8363 would tend to deemphasize the relative role of income taxes in our fiscal system, they would also make the personal income tax more steeply progressive than it now is, as table II shows.

TABLE II.—*Reduction in aggregate tax liability by income brackets in the President's proposals and in H.R. 8363* [1]

[In percent]

Adjusted gross income class	President's proposals	H.R. 8363
0 to $3,000	−39	−38.3
$3,000 to $5,000	−28	−26.2
$5,000 to $10,000	−21	−19.9
$10,000 to $20,000	−15	−16.4
$20,000 to $50,000	−12	−15.1
$50,000 and over	−9	−12.6
Total	−18	−18.8

[1] Excluding capital gains revisions.

Source: "President's 1963 tax message," hearings before the Committee on Ways and Means, H.R. 8363, 88th Cong., 1st sess., 1963, pt. I, p. 28; "Revenue Act of 1963," report of the Committee on Ways and Means, to accompany H.R. 8363, H. Rept. 749, 88th Cong., 1st sess., 1963, p. 17.

I do not propose to discuss the philosophical and political considerations underlying the design of the pending revisions. But a review of their economic implications appears essential.

What causes economic lag?

It is now widely recognized in economic theory that the effects of average taxation make people work harder and the effects of marginal taxation makes people work less. This means that a shift away from graduated income taxation may promote greater effort, but that making income taxes more progressive may have the opposite effect.

The proponents of steeper progression base their case on noneconomic grounds. Robert J. Lampman, economics professor at the University of Wisconsin, told the Joint Economic Committee in 1959:

"The principal argument for an egalitarian tax policy is that its favorable consequences, in terms of social and political conditions, outweigh the unfavorable consequences, in terms of an undesirable possible slowing of the rate of economic progress." [6]

Talking to the American Bankers Association in February 1963, Paul A. Samuelson, economics professor at MIT, took a similar position and stated that, for example, replacing graduated net income taxes by indirect taxes such as Federal excises or value-added taxes "represented too stiff a price to pay for some extra growth." [7]

The economic considerations underlying the tax revisions in H.R. 8363 deem inadequate aggregate demand to be the major element responsible for unsatisfactory economic expansion and high unemployment, and regard a lag in personal consumption to be the primary weakness. Personal consumption now accounts for almost two-thirds of GNP, government purchases of goods and services equal over one-fifth, and domestic investment and net exports the remainder.

Tax cuts in the low brackets, it is held, will strengthen the purchasing power of families which are most likely to spend their tax savings quickly. This in turn will cause merchants to increase their orders and manufacturers to enlarge their productive facilities. Thus more money in the pockets of low-income persons will spur the economy to faster growth.

Some believe that Government expenditures should also be stepped up, and a group of economists suggested in a statement submitted to the Secretary of the Treasury last July that stimulating aggregate demand "can be done by reducing revenues, by increasing Government expenditures, or by some combination of the two." [8]

The President declared in his tax message that he did not, at this time, recommend to raise demand by increased Government expenditures and thought that the proposed tax reduction would provide the needed stimulus.

The premise of the tax cut proposed in H.R. 8363, that the major economic lag in recent years occurred in consumption expenditures, is not borne out by the record. A review of developments since 1956—the year before the rise in unemployment began that still plagues us—suggests that consumption as well as Government spending expanded materially while business profits and investment lagged. Between 1956 and 1963 (first half, seasonally adjusted) personal consumption went up $100 billion, Government purchases $45 billion. Corporate net profits increased less than $3 billion; business investment increased $2.4 billion but, if expressed in constant dollars, actually declined.

Over the same period labor income grew $90 billion, transfer payments $18 billion, and the total disposable income $107 billion. But business and professional income advanced only $5.5 billion.

The picture may be even clearer when expressed in relative terms in the following table:

TABLE III.—*Economic trends between 1956 and 1963 (1st half, seasonally adjusted)*

[In percent]

	Increase or decrease in percent
Number of unemployed	+49
Unemployment rate	+38

	In actual dollars	In constant dollars
Gross national product	+37	+22
Personal consumption	+37	+21
Labor income and transfer payments	+40	+25
Business and professional income	+16	+3
Corporate profits	+11	−1
Expenditures for new plant and equipment	+7	−5
Government purchases:		
Defense	+40	+24
Civilian	+74	+55

Source: Economic Indicators, October 1962, and 1962 supplement.

Expressed in constant dollars, labor income increased 25 percent over the past 7 years and personal consumption 21 percent. But business and professional income grew only 3 percent, corporate profits declined 1 percent, and investment in new plant and equipment shrank 5 percent. Government purchases for defense expanded 24 percent and for civilian purposes 55 percent.

If the economy is to be stimulated by Government then it appears that such action ought to focus on the sectors which have been stagnating, business profits and productive investment, rather than on consumption which has continued to expand.

Some observers in recent years have commented sarcastically on what they called the "trickle-down" theory. What we are faced with in the demand to give priority to a boost in consumer purchasing power, it seems to me, is a "trickle-up" theory, and if the laws of physics have any validity then we may assume that a liquid is much slower in trickling up than in trickling down.

Consumption versus investment

The President's Economic Report, January 1963, discussing the disappointing trends in 1962, recognized that "it was therefore the failure of expenditures other than consumption to rise as far as had been expected that held down the rise in incomes and in turn consumers expenditures" and that "the error then was in the area of business investment, which fell about $8 billion short of the level that had been expected for the year 1962," (p. 15). It is unfortunate that neither that report nor the 1963 tax message drew the obvious policy conclusions.

A comparison of trends in the United States and the countries of the European Economic Community (EEC) throws light on the relationship between growth in consumption and in investment. Between 1950 and 1961 (the latest year for which these statistics are now available) GNP grew 40 percent in the United States, 82 percent in the EEC countries (in constant prices). The EEC countries had very little unemployment; some encountered labor shortages. The significant shifts in economic shares are shown in table IV.

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[6] "Income Tax Revision," panel discussions before the Committee on Ways and Means, House of Representatives, 86th Cong., 1st sess., 1959, p. 1198.

[7] Proceedings of a symposium on economic growth, sponsored by the American Bankers Association, ABA, New York, 1963, p. 89.

[8] Daily CONGRESSIONAL RECORD, Sept. 30, 1963, p. A6118.

TABLE IV.—*Shift in shares of gross national product in the United States and EEC countries, 1950–61 (gain or loss in percentage points)*

	United States	EEC
Private consumption	−3.8	−6.7
Public consumption	+6.9	+1.4
Capital formation and stock changes	−3.5	+3.0
Net exports	+.4	+2.3
Total	0	0

Source: OECD, Statistical Bulletin, General Statistics, November 1962.

The most significant changes were: capital formation expanded in the EEC countries but shrank in the United States. The share of private consumption declined somewhat in the United States but fell very substantially in the EEC countries. Government expanded slightly in the EEC countries, very substantially in the United States. Exports slightly better than held their own in the United States but expanded substantially in the EEC countries.

In 1961 private consumption and Government consumption accounted for a greater share of GNP in the United States than in the EEC countries—a reverse of the relative position in 1950. Capital formation equaled a greater share of GNP in the European countries, both in 1950 and in 1961, but the difference between them and the United States widened. Investment in machinery and equipment in the EEC countries accounted in 1961 for more than twice as large a share of GNP as in the United States.

Simon Kuznets demonstrated in a major historical-analytical study, "Capital in the American Economy,"[9] that in the long run capital formation has been the prime determinant of growth in the American economy, and that investment has been in a sustained relative decline due to a general preference for consumption and to the effects of taxation. The remarkable growth of the Soviet economy may be attributed to the high rate of capital investment (by the Government) and not to expansion of consumption which remains at a comparatively low level.

What stimulates investment?

Some observers hold that we could stimulate investment by making consumption rise faster. But this avoids the real issue. If a nation wants its economy to expand at a more rapid rate then it must put a greater share of its resources into capital formation and less into consumption. To favor consumption is to start at the wrong end.

That industrial managers are reluctant to expand the plants while much of their present capacity lies idle is an oversimplification. It is undoubtedly true that some of our industrial capacity has not been fully used in recent years. McGraw-Hill reported last July an 87-percent utilization in manufacturing although companies prefer to operate at a ratio about 5 points higher. But industrial capacity and its relationship to output is an elusive concept as several studies have shown. A great deal of machinery dates back many years and is more or less obsolete. It is counted as active, kept in reserve, and utilized when unusually heavy orders justify this. But in normal operation only more up-to-date equipment is used. Also, only about one-third of plant and equipment investment is intended to add to capacity while two-thirds are for modernization and replacement. European and Japanese companies have been changing to more advanced technological methods at a more rapid rate than our industries and now have, on the average, plants which are of more recent origin and, presumably, more up to date.

What stimulates investment is high profits and what deters it is low profits. In his just-published book, "Capital and Rates of Return in Manufacturing Industries,"[10] George J. Stigler, economics professor at the University of Chicago, shows that a close correlation exists between longrun rates of return and rates of capital investment in manufacturing. The fact is that for some years now rates of return have been falling in the United States. The First National City Bank of New York reported return on net assets of leading corporations at a high of 13.3 percent in 1950, which declined to 11.3 percent by 1956 and has been below 10 percent ever since 1958. It stood at 9.1 percent in 1962.[11]

As a percentage of gross national product, corporate profits before taxes declined from 14.3 percent in 1950, to 10.7 percent in 1956, and to 8.6 percent in 1963 (first half, seasonally adjusted). Treasury Secretary Dillon recently expressed hope that corporate profits would again rise to at least 10 percent of gross national product but this may not soon happen without major changes in Government policy.

Relaxation of depreciation rules and investment credits enacted in 1962 have been of help. But depreciation provisions still are more restrictive in the United States than in many other industrial nations.

Moreover, a corporation tax rate of 52 percent is a deterrent to expansion. It means that $2.08 is required in gross earnings for every $1 of needed net return. This eliminates many potential new projects from further consideration.

Corporate tax relief

The corporate profits tax was scheduled in 1954 to drop from its (Korean) wartime high of 52 to 47 percent. Personal income tax rates were permitted to fall to their pre-Korean levels but corporate tax relief has been postponed every year since 1954.

In recent years a growing number of economists have come to recognize the ill effects of our high corporation tax rate. But the proposals of the President, implemented in H.R. 8363, would reduce the rate only to 50 percent and eventually to 48 percent. By advancing payment dates they would defer a reduction in corporate tax payments until the late 1960's. Whatever slight benefit might be derived from lower corporate rates would be more than offset by the suggested repeal of the 4 percent dividend credit.

The present proposals are a bitter disappointment to those who had hoped that the promised tax reduction would be so designed as to be effective in stimulating industrial growth.

Personal income tax relief

While the proposed reductions in the rates of the individual income tax will give effective and long-needed relief to many persons, they are not likely to produce as powerful a stimulative effect on economic growth as is hoped for and needed. The income tax structure has for the past 20 years been characterized by an excessively step degree of progression which has stifled initiative and ventures and dried up investment funds. This will not be sufficiently mitigated by the proposed new scale.

The income tax acts somewhat like a schedule of speeding fines which are intended to discourage speeding; they rise by the number of miles by which the driver exceeds the speed limit. Speeding fines succeed in keeping most drivers within the bounds of permitted maximum limits. Likewise, our exorbitant graduated rates effectively restrain the natural dynamism of our economy.

While tax relief is needed and should be granted across the board to all income classes, it ought to be most substantial in the medium and upper brackets—not to help wealthy people but to help everybody by economic expansion. One example of such a plan is the Herlong-Baker bills (H.R. 348 and H.R. 265—88th Congress) which would reduce the rate scale of personal income taxes to a range from 15 percent to 42 percent and the corporate rate from 52 percent to 42 percent over a 5-year period. The bills have long been waiting for action in the House Ways and Means Committee.

It appears unwise at this time to free 1.5 million taxpayers from all tax liability by establishing a minimum standard deduction. Particularly in a country in which economic well-being is at a high level and widely diffused, and which is the only industrial country without a broad-based national consumption tax, there is little justification for increasing the incidence of "representation without taxation."

Income distribution

There has been much misunderstanding of trends in our income distribution and many wrong conclusions have been drawn. At hearings of the House Ways and Means Committee earlier this year President George Meany of the AFL–CIO stated that "the basic reason why the American economy has grown so slowly, why our national output is so far behind our productive capacity * * * is a shortage of customers with money to spend." He continued: "Income from property—dividends, interest, capital gains—has generally gone up at a rapid rate * * *. But all this time * * * the wage earners and salary earners have been getting a smaller share of the pie."[12]

In reviewing this charge it is apparent from table V that the share of wage and salary earners in the total personal income has substantially gone up for over 3 decades (which is as far as these statistics go back); it continued to increase even through the years of heavy unemployment since 1956. The share of business and professional income and dividends as well as other income has meanwhile just as steadily declined.

TABLE V.—*Distribution of shares in personal income (before taxes), selected years, 1929–63*

	Labor income and transfer	Dividends, business and professional	All other personal income
	Percent	*Percent*	*Percent*
1929	61.1	17.0	21.9
1940	67.5	15.6	16.9
1950	71.4	14.1	14.5
1956	75.1	13.0	11.9
1963 (September, seasonally adjusted)	76.3	11.6	12.1

Source: Economic Indicators, October 1963, and 1962 supplement.

The incidence of low-income families has substantially declined and this trend is still continuing, as table VI shows.

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[9] National Bureau of Economic Research, Princeton University Press, 1961.

[10] National Bureau of Economic Research, Princeton University Press, 1963.

[11] First National City Bank of New York, "Monthly Economic Letter," April of each year.

[12] President's 1963 Tax Message, hearings, op. cit., p. 1957.

The upward push in income and the consistent narrowing of the low-income segment of our population are among the most gratifying trends in American society and will, hopefully, continue. But a tax structure which tends to penalize effort, enterprise and success is likely to slow up this wholesome development.

TABLE VI.—*Distribution of households by real income level (before taxes), selected years, 1929–62*

[1962 dollars (price adjusted)]

	Family personal income		
	Under $4,000	$4,000 to $7,999	$8,000 and over
	Percent	*Percent*	*Percent*
1929	70	22	8
1947	44	40	16
1959	33	40	27
1962	31	39	30

Source: Survey of Current Business, April 1963.

Taxes, wages, and unemployment

The most important benefit which many expect to result from pending tax revisions is a significant reduction of unemployment. The Chairman of the Council of Economic Advisers was recently quoted as predicting that "the proposed tax cut will add 2 million or 3 million jobs to the economy in the next 2½ years,"[13] and has expressed hope that it will bring the unemployment rate down from its level of 5 to 6 percent, in recent years, to 4 percent or less.

This assumes that our present unemployment is of a cyclical nature, that it is due mainly to lack of sufficient aggregate demand, and that it will rapidly melt under the impact of a fast-growing GNP. But an increasing number of economists are coming to the conclusion that much of our large unemployment is due to a growing imbalance between the nature of available job openings, certain traits of the unemployed labor force, and the prevailing wage structure. If this view is correct, unemployment will not yield to accelerated economic growth. The President remarked at his news conference of October 11, 1962, that "we could have a great boom and still have the kind of unemployment they describe."

Until not so long ago it was widely taken for granted that lack of available work was the cause of our high rate of unemployment. The rate averaged 3.9 percent of the civilian labor force in 1946–48, 4.3 percent in 1955–57, 6.0 percent between 1958 and 1962. It stood at 4.8 percent (seasonally adjusted: 5.6 percent) in September 1963. This means that 1 in 20 of the men and women whom the Bureau of Labor Statistics counts as members of the civilian labor force reported that he or she wanted a job and did not have one. It does not mean that the total number of jobs available in the economy—i.e., work to be performed in terms of man-days—was 4.8 percent short of the number of persons willing to fill them.

In the same month, last September, 7.4 percent of all hours in manufacturing (the only industry for which this information is available) were overtime hours, paid for at premium rates. The industry could have employed, at regular hours, all of its workers and all of its unemployed—and still have had to get over 2 percent of its work done on overtime pay. Labor Secretary Wirtz was quoted as saying, "I think we have got to start asking whether things are working right if 7 percent of our work is being done on an overtime basis, when we have got 5 to 6 percent unemployment."[14]

There may be several reasons why a company prefers to keep its workers overtime and pay them a 50-percent premium. But since managers as a rule try to keep costs down and do not without good cause pay rates which are 50 percent higher than necessary, we may assume that there were not enough competent workers available for hire. In other words, what was in short supply was not work to be performed or job openings, but competent workers whose output was at least the equivalent of a regular hourly wage. Companies apparently found that some of their workers were worth 150 percent of the established wage rate, while some of those looking for jobs were not even worth the regular rate.

As stated, this may be an oversimplification and, unfortunately, there are no statistics available on the number of available job openings. By and large, however, this probably describes the situation correctly.

Many facts appear in employment statistics which ought to give us cause to ponder. Why are 5 percent of all workers able to locate and hold several jobs simultaneously while an equal number can't find even one? Why is the unemployment rate as low as 2.6 percent among heads of households living with their families but averages between 5.2 percent and 11.0 percent among the various other classifications which consist of persons not responsible for the support of a family? Why is the unemployment rate at 2.1 percent (equal to 1 in 48) among men 35 to 44 years old, 7.2 percent among men 20 to 24, 4.8 percent among women 35 to 44, and 9.6 percent among women 20 to 24 years old? Do such discrepancies suggest merely a lack of job openings or a more serious imbalance? Should an unemployment rate of 3.5 percent among white men and 8.5 percent among nonwhite men be wholly attributed to discrimination in hiring or are other factors partly responsible?

Many of the men and women who report themselves to be unemployed in the monthly labor force surveys are not hired either because they lack the necessary qualifications or because they do not have a productive capacity which is at least equal to the established wage rate. They form the hard core of the unemployed.

This suggests that (a) many persons lack the training to fill available openings, and that (b) wage rates have risen to a level which exceeds the value of the work output of a growing number of low-skilled or unskilled persons. If so, the cause of high unemployment is not inadequate demand and it is unlikely to be cured by tax relief and a faster growth of GNP.

In a recent study, Lowell E. Gallaway, chief of the Analytical Studies Section of the Social Security Administration, concluded that: "The post-1957 experience in the United States represents a classic case of wage-push inflation with its attendant unemployment effects. And, of course, alleviation of this unemployment through a deliberate stimulation of aggregate demand (such as the proposed tax reduction) mererly alters the situation to one of "qualified" wage-push inflation."[15]

Unemployment is heaviest among persons with inadequate occupational training after school and little or no experience, and among the unskilled. About 1 in 7 teenagers, 16 to 19 years old, in the labor force, is listed as jobless. Unemployment is three times as frequent among teenagers as among adults. It is interesting to note that "in Great Britain, the unemployment rate for young people (aged 15–19) has generally been lower than for any other group, having seldom gone much over 1.0 percent in the postwar period," according to a report of our Bureau of Labor Statistics.[16]

Even considering a difference in statistical methods, this contrasts sharply with an unemployment rate of 14.7 percent for boys, 15.8 percent for girls, 16 to 19 years old in the United States in September 1963. Part of the explanation may be found in a comparison of the British and the American school systems, curriculums, occupational training and attitudes. But a major reason probably is that in Great Britain young people must first serve an apprenticeship of several years at merely nominal wages (virtually pocket money) until their work output justifies paying them a regular wage. Many of our teenagers are not hired because they are not worth the wage rate which they would have to be paid.

The unemployment rate among married men, with the wife present in the household, was only 2.3 percent (equal to 1 in 43) in September 1963 which is the lowest rate since early 1957. Since the incidence of unemployment declines conversely with the level of skill, we may assume that it was even lower among skilled workers. Unemployment rates of both sexes and all ages were, in September 1963:

	Percent
Managers, officials, and proprietors	1.6
Professional and technical workers	1.8
Craftsmen and foremen	2.8
Sales workers	4.0
Clerical workers	4.2
Operatives	6.2
Nonfarm laborers	[17] 9.0

In an analysis of trends during the 1950's based partly on unpublished statistics, which was presented September 20, 1963, to the Senate Subcommittee on Employment and Manpower, Prof. Charles G. Killingworth, of Michigan State University, found: "Clearly, unemployment at the bottom of the educational scale was relatively unresponsive to general increases in the demand for labor while there was very strong responsiveness at the top of the educational scale."

Mr. Killingworth's conclusion was: "The lagging growth rate is only a part of the problem, and it may not be the most important part. I think that it is extremely unlikely that the proposed tax cut, desirable though it is as part of a program, will prove to be sufficient to reduce unemployment to the 4-percent level."

One reason often advanced for the concentration of unemployment, and particularly of long-range unemployment, among persons of low skill and little education, is technological progress which has upgraded occupational requirements and wiped out hundreds of thousands of common laboring and other simple jobs. This, it seems to me, is not an adequate explanation.

In a free market the price of scarce goods will rise faster than the price of goods which are in surplus. But studies of wage trends have shown that occupational differentials have been narrowing and that the pay rates of skilled workers have been climbing more slowly than those of unskilled workers. This was demonstrated in an analysis by Paul G. Keat of I.B.M., "Long-Run Changes in Occupational Wage Structure 1900–56." [18]

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[13] Newsweek, Oct. 21, 1963.

[14] Wall Street Journal, February 5, 1963.

[15] Lowell E. Gallaway, "Labor Mobility, Resource Allocation, and Structural Unemployment," The American Economic Review, September 1963.

[16] Joseph S. Zeisel, "Comparison of British and U.S. Unemployment Rates," Monthly Labor Review, May 1962.

[17] Monthly Report on the Labor Force, September 1963.

The Economic Almanac for 1962 showed that the earnings of members of skilled occupations as a percentage of earnings in unskilled occupations dropped from 205 to 138 over a 50-year period.

This suggests that the wages of less skilled and unskilled workers were not set in a free market but by nonmarket factors—largely union pressure with government support—which boosted contractual or legal minimum wages to a level that exceeded the productivity of many. A large number of unskilled jobs were not wiped out by automation nor by too slow an economic growth rate but by wage rates which left an employer only the choice between hiring a worker at a loss or not hiring him. With the steady rise in legal and contractual minimum wages we may expect the unemployment rate to continue its long-range upward climb. A tax cut and even rapid economic growth are likely to be of only limited benefit to unskilled workers.

The outlook is truly grave in the light of recent trends. During the past 7 years the civilian labor force increased by 5.6 million persons, of whom only 37 percent located in private employment, more than two-fifths were added to government payrolls, and almost one-fourth swelled the ranks of the jobless, as table VII shows:

TABLE VII.—*Increase in the civilian labor force between 1956 and 1963 (September, seasonally adjusted)*

	Number	Percent
Increase in private employment	2,069,000	37
Increase in governmental employment	2,299,000	41
Increase in unemployment	1,238,000	22
Increase in the civilian labor force	5,606,000	100

Source: Economic Indicators, October 1963, and 1962 supplement.

In the next 7 years the civilian labor force is estimated to expand by about 10 million, or twice as much as in the past 7 years. How will those millions of new entrants find jobs while the present imbalance between productivity and wage rates continues?

It has occasionally been suggested to cure unemployment (and accelerate economic growth) by sharply boosting wage rates and particularly minimum wages. This is like telling a merchant that he ought to double the price of goods which he has been unable to sell. Instead of not selling them at $1 he will then not sell them at $2. Are workers who cannot find a job at $1.50 likely to improve their chances by having their wage rate lifted to $2 or $2.50? This will push up prices and make more people unemployable. If raising wages were an effective method to stimulate rapid economic growth and employment, why don't we double them? Why don't some of the underdeveloped nations—where wages are truly low—lift themselves by their bootstraps by boosting wage rates?

To raise wages, in our present situation, to a substantially higher level would augment the purchasing power of workers able to keep their jobs and add to their effective consumer demand. But it would also make the competitive standing and profit picture of our industries more difficult, tend to channel orders and capital flow abroad, and further restrict the range of jobseekers with a reasonable chance to be hired at prevailing wage rates. It could turn out to be the most effective method of widening the ranks of the involuntarily idle.

Some regard it as a mere coincidence that in the United States, where workers enjoy by far the highest wages in the world, the incidence of unemployment also is much higher than in other industrial countries. The Council of Economic Advisers remarked in the Economic Report of the President, January 1962, that "the post-Korean years were marked by the coincidence of relatively large wage increases with declines in industry employment."

Further analysis could produce more cases of such "coincidence." It is likely that there is a causal relationship between wages that rise faster than productivity and an economy which is unable to employ all workers who are available at those rates.

Senator PAUL DOUGLAS once explained this relationship:

"As has been stated, the curve of the diminishing increments attributable to labor seems to be so elastic that if wages are pushed up above marginal productivity there is a tendency for the employed workers to be laid off at approximately three times the rate at which wages are increased. Labor under the capitalistic system, therefore, tends in the long run to lose appreciably more through diminished employment when it raises its wages above marginal productivity than it gains from the higher rate per hour enjoyed by those who are employed. The converse of this is that when wages are thus above the margin, a reduction in the wage rate will help labor as a whole and increase the total amount paid out in wages by causing appreciably larger increases in the numbers employed and hence a decrease in the volume of unemployment." [19]

An effective way to accelerate economic growth and combat unemployment would be not to raise wages in keeping with (or more than) advances in productivity but to keep wages stable and let prices fall. This would improve our international competitive standing and boost the purchasing power of persons whose income does not rise at the same rate as wages established by collective bargaining or minimum wages set by legislation.

American practice in the postwar period has favored continuous rounds of wage boosts. The 1962 Economic Report recorded the average annual increase in output per man-hour in private nonagricultural industries during the postwar period (1947 to 1961) at 2.9 percent, the corresponding boosts in hourly compensation at 5.1 percent. Much of the steeper increase in wage rates was, of course, expressed in and consumed by the resulting price rises. But part of it benefited some of the workers—those who were able to hold on to their jobs.

Another part of the wage increases came out of profits. Under the pressure of growing competition from home and abroad and under Government influence, companies were reluctant to raise prices and absorbed part of the higher costs. This explains the oft-mentioned fact that prices have been rising at a slow rate, approximately 1.5 percent per annum, for the past 10 years. In fact wholesale prices have remained perfectly stable for the past 5 years. This found its expression in a shrinkage of profits. Corporate net profits declined as a percentage of sales from 5.3 percent in 1950 to 3.7 percent in 1956, and have ranged from 2.8 percent to 3 percent in the past 3 years. As a percentage of national income they averaged:

	Percent of national income
1948–52	7.7
1953–57	6.3
1958–62	5.4
1963 (1st half)	5.5

The profit squeeze made companies increasingly cost conscious. In an attempt to economize they kept hiring at a minimum and became more selective in regard to skills and qualifications of new workers. This is not likely to be changed until the wage-price structure and lower corporate tax rates enable companies again to earn adequate profits.

It may be well at this point to recall a pertinent statement by John Maynard Keynes:

"Unemployment, I must repeat, exists because employers have been deprived of profit. The loss of profit may be due to all sorts of causes. But, short of going over to communism, there is no possible means of curing unemployment except by restoring to employers a proper margin of profit." [20]

Summary

The proposed cuts in personal income tax rates will be of material help to most taxpayers and spur the economy. They will ease some near-confiscatory rates to lower, if still exorbitant, levels, and effectively reduce the liability of persons in low-income brackets. But a tax cut which makes our tax structure more progressive by allocating the relatively greatest benefits at the lower end of the scale and gives little relief from the corporate income tax, is not likely to provide maximum stimulation to economic growth. It may lead to an increase in the number of jobs, but I doubt that tax reduction can make a major impact on our present type of unemployment which is caused by an imbalance between the type of available job openings, certain traits of part of the labor force, prevailing wage rates and profits.

The rate of economic growth could be more effectively stepped up by giving greater relief to the sectors which have lagged behind the rest of the economy, particularly behind private consumption and government spending, namely business profits, and capital formation, and by increasing incentives for effort and enterprise. Government should not hold a majority interest in anybody's income and the top rate of the personal income tax should not exceed 50 percent. The medium bracket rates would not be given sufficient relief under the provisions of H.R. 8363. I believe that they ought to be lowered by at least one-fourth from their present levels. The corporate tax rate should be gradually cut to about 40 percent and depreciation allowances further liberalized.

II. SHOULD RATE CUTS BE LINKED WITH TAX REFORM?

In the lively tax debates of recent years the term "tax reform" has acquired a specific and somewhat restricted meaning: a broadening of the tax base through a reduction of exclusions, exemptions, deductions, or credits. The principle of that type of tax reform is almost noncontroversial: everybody agrees that a broad tax base with low rates is preferable to a narrow base with high rates. But there is probably no more controversial subject in the tax field than the question which of the various provisions freeing certain types of income from the tax ought to be narrowed or eliminated. As a result, very few of the much talked-about reforms have ever come close to enactment.

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[18] The Journal of Political Economy, December 1960.

[19] PAUL DOUGLAS, "Controlling Depressions," Chicago, Norton, 1935, p. 221.

[20] John Maynard Keynes, "Essays in Persuasion," New York, Harcourt, Brace & Co., 1932, p. 275.

The most frequently heard assertion in this debate which reached its climax in the second half of the 1950's was that Congress by intent or oversight had permitted hundreds of "loopholes" to slip into our tax laws. Those escape hatches, it was said, enable the rich to avoid much or most of their tax liability while low-income persons, particularly wage earners who have their income taxes withheld, are subject to the full impact of the nominal rates of the law. One tax expert told the House Ways and Means Committee in 1959 that "our tax law is riddled by the benefits that are given to the wealthy, and for the most part the benefits that are given to the average man are negligible."[21] That charge has a strong emotional appeal but is contrary to the facts.

It is true that the personal income tax reaches less than half of all income. The percentage of personal income which appears as "taxable" on Federal income tax returns equaled only 43 percent in 1960, up from 37 percent in 1950 and 31 percent in 1945. Available statistics do not permit us to compare personal income with taxable income by income brackets. But we can relate adjusted gross income to taxable income. Such a comparison, as shown in table VIII, reveals a steeply progressive scale: 26 percent of the income of persons making less than $3,000 is taxable; then the percentage rises sharply, equals 58 percent in the $7,000 to $10,000 bracket and reaches 80 percent between $25,000 and $100,000 income. At $100,000 and over it equals 78 percent.

TABLE VIII.—*Taxable income as a percentage of adjusted gross income, 1960*

Income class, adjusted gross income:	*Percent*
All	54
Under $3,000	26
$3,000 to $5,000	42
$5,000 to $7,000	49
$7,000 to $10,000	58
$10,000 to $15,000	67
$15,000 to $25,000	74
$25,000 to $100,000	80
$100,000 and over	78

Source: U.S. Treasury Department, Internal Revenue Service, "Statistics of Income, 1960; Individual Income Tax Returns for 1960, 1962."

A comparison by brackets between personal income according to concepts of the Department of Commerce, and taxable income according to tax returns, would, if it were statistically possible, undoubtedly reveal an even steeper progression than appears in table VIII.[22] The fact is that most of the income in the higher brackets is subject to the Federal income tax and much or most of the income in the low brackets is not.

Most of the $228 billion personal income not subject to Federal taxation—the difference between personal income and taxable income—accrued to the benefit of persons in the lower brackets, as is evident from table IX.

TABLE IX.—*Taxable and nontaxable personal income in 1960*

	Billion dollars	Percent
Taxable income	173	43
Nontaxable income	228	57
All personal income	401	100
Nontaxable income	228	100
Social welfare payments	29	
Exempt labor income (employee welfare plans, etc.)	10	
Computed rent on owner-occupied homes	7	
Other imputed (nonreceived) income	11	
Income in kind	4	
Exempt military pay	2	
Property income of nonprofit organizations	2	
Other	5	
Total	70	
Items which are taxable, although not income:		
Capital gains	6	
Contributions to social insurance	9	
Other	3	
	−18	
	52	23
Personal exemptions	98	43
Itemized deductions	33	14
Standard deductions	12	5
Nonreported income	33	14

Source: Computed from "The Tax Base for Individual Incomes," Survey of Current Business, May 1963, and IRS Statistics of Income, 1960.

Personal exemptions, social welfare payments, standard deductions and imputed income account for close to three-fourths of the difference between personal income and taxable income. Unreported income is estimated at $33 billion (of which more than $5 billion may be disclosed in the audit process) and itemized deductions amounted to $33 billion. Itemized deductions have figured prominently in the debate as a means of escape from income taxes for wealthy persons. However, table X shows that deductions were relatively larger in the low brackets.

TABLE X.—*Itemized deductions claimed on 1960 personal income tax returns as a percentage of adjusted gross income (AGI)*

Income class, adjusted gross income:	*Percent*
All	18.7
Under $3,000	24.1
$3,000 to $5,000	21.7
$5,000 to $7,000	20.1
$7,000 to $10,000	18.9
$10,000 to $15,000	17.4
$15,000 to $25,000	15.9
$25,000 to $100,000	15.0
$100,000 and over	20.4

Source: U.S. Treasury Department, Internal Revenue Service, "Statistics of Income, 1960; Individual Income Tax Returns for 1960, 1962."

It is of course true that much "adjusted gross income" in the top brackets is not taxed at the nominal rates of the personal income tax. If it were, our economy would have fallen into stagnation long ago. Capital gains are the major reason for the difference between nominal and actual tax rates at high income levels and account for close to two-thirds of total realized income in the top brackets. An attempt to tax capital gains at regular rates would sharply restrict capital mobility, freeze investments with unrealized gains, and might result in less revenue.

Most of the demands to "close the loopholes" have ignored the big nontaxable items of personal income and focused attention on relatively small items. Had the proposals been enacted they would have broadened the tax base by little and not added significant sums to revenue. But those revisions would have made the income tax more progressive. To redistribute income more drastically, rather than to broaden the tax base, seems to have been the purpose of the "close the loopholes" drive.

The late Senator Robert S. Kerr wrote in an article in Look magazine, March 13, 1962:

"One of our most persistent national myths is that U.S. tax laws include provisions that favor small groups of people and permit them to escape paying their fair share of taxes. The statement is frequently made—by some professors, editors, economists, authors, radio and TV commentators, and even a few politicians—that if Congress would close 'loopholes,' substantial reduction in income taxes could be made. After serving on the Finance Committee of the U.S. Senate for over 12 years, I have come to the conclusion that the word 'loophole' is loosely used to apply to some provision of the Internal Revenue Code that some industry, group of persons, or individual does not like, regardless of its merits."

Little revenue would be added by eliminating the most frequently mentioned loopholes. Several years ago, I concluded that "substantial reductions in tax rates through the closing of 'loopholes' is not a hope but a mirage."[23]

Simplification of our tax laws is, of course, highly desirable. But it is unlikely to happen as long as taxes are as heavy as they now are. Theoretically, we could repeal all exclusions, exemptions, deductions, credits and other differentials and collect as much revenue from a comprehensive income tax with a flat rate of 10 percent as we do now with rates ranging from 20 percent to 91 percent. But this is politically impossible.

That a tax statute as intricate as our Internal Revenue Code contains some inequities is virtually inevitable. As they are found and recognized as flaws they should be corrected. This is why tax reform must be a continuous process rather than a one-shot proposition.

The President recommended certain revisions in his 1961 tax message and announced that he would place a comprehensive tax reform program before the succeeding session of Congress.

Most of the changes which the President recommended in his 1963 tax message were not of a major character except the plan to place a 5-percent floor under itemized deductions. This would have sharply curtailed the use of deductions and adversely affected donations to many worthy causes. When 103 out of 104 witnesses testified against it, the House Ways and Means Committee quickly killed the proposal.

The President subsequently explained why he refrained from advocating more extensive tax reform at this time. He felt that the cut in tax rates—which he called the most important domestic economic legislation in 15 years—should not be jeopardized or delayed by injecting highly controversial issues which faced a doubtful reception by Congress. Several major organizations, of labor and of management, also have suggested that pending desired structural changes were of secondary importance (and some of questionable merit), and should not be permitted to interfere with prompt action on rate reductions.

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[21] "Tax Revision Compendium," Papers submitted to the Committee on Ways and Means, H.R. 1959, vol. 1, p. 538.

[22] Most of the items which are counted as personal income by the Department of Commerce but not included in adjusted gross income accrue to low-income persons, e.g. social security, public assistance, unemployment compensation payments, income in kind, imputed income, etc. Capital gains, on the other hand, are included at 50 percent in adjusted gross income but not regarded as personal income and are wholly excluded by the Department of Commerce; see table IX.

[23] Roger A. Freeman, "Taxes for the Schools," Washington, the Institute for Social Science Research, 1960, p. 96.

A substantial majority of those who have participated in this debate expressed their belief that the most urgently needed tax reform is a lowering of our exorbitant income tax rates and that other desired changes should wait their turn. I agree with this proposition. While there are many provisions in the Internal Revenue Code which ought to be thoroughly scrutinized and amended, I can see no reason why this should be tied in with rate reduction. A structural revision which cannot find approval on its own merits without a "sweetener," may not necessarily be an improvement. I question whether it is good procedure to gain through simultaneous rate cuts the consent of a majority for the placing of heavier taxes on a vote-weak minority.

H.R. 8363 contains several structural changes with relatively small revenue consequences. Some of them, and I mention particularly the sick pay exclusion, casualty loss deduction, and moving expenses, are desirable.

Four changes in H.R. 8363 are more substantial. The elimination of gasoline, alcohol, tobacco and certain other minor State and local taxes as deductible items serves to broaden the tax base. It also makes it somewhat harder for States and localities to finance their own highway construction and other activities, and establishes a questionable precedent.

To reduce from 50 to 40 the percentage of capital gains on items held more than 2 years which are includible in income as a desirable change. A reduction to 30 percent, as proposed by the President, would have been even better.

Is it good public policy to free 1.5 million taxpayers from all tax liability by the establishment of a minimum standard deduction? What effect will that have on their interest in the fiscal operations of the Government and on their attitude toward expansion of benefits in whose financing they do not share?

The purpose of permitting deductions from adjusted gross income is to give due consideration to relatively heavier burdens or to recognize donations to worthy causes. A modest standard deduction is justified for administrative convenience. But to expand that privilege, regardless of burdens actually borne, opens a loophole and narrows the tax base for no legitimate reason.

To repeal the dividend credit would prove detrimental to economic growth. The credit was established in 1954 to encourage equity investment and to give at least a token recognition to the fact that not all of the corporate profits tax is shifted to consumers, and that some part of it is borne by stockholders and taxed twice. The credit ought to be raised to 10 percent. The Treasury's argument in favor of repeal[24] can be reduced to the aim of making the tax structure more steeply progressive.

Summary

The most urgently needed tax reform is a reduction of personal and corporate income tax rates. Other tax revisions should be acted upon in due course and separately.

Some of the structural changes in H.R. 8363 are desirable improvements. I believe, however, that the creation of a minimum standard deduction and repeal of the dividend credit are detrimental and ought to be eliminated from the bill.

III. SHOULD A TAX CUT BE ACCOMPANIED BY RESTRAINTS ON SPENDING?

The House debate on H.R. 8363 turned almost exclusively on whether Congress was justified in cutting taxes at a time of rising expenditures and big deficits. There was, to be sure, concern over some of the substantive provisions of the bill, but lack of opportunity to amend it under the closed rule focused most attention on the merits of an action which, at least initially, would substantially increase the size of budgetary deficits and of the national debt. This fairly reflected the uneasy feeling among broad sections of the American public which was well summed up in the New York Times of September 22, 1963, by John D. Morris:

"Despite the heaviest tax burden in history, the average voter today seems to be less interested in getting some relief from it than in balancing the Federal budget."

The results of several Gallup polls were confirmed by dozens of polls which Members of Congress conducted in their own constituencies: about three-fourths of the American people are opposed to a tax cut which would boost the deficit and the national debt. They may be less sophisticated than some of our governmental economists but are reluctant to believe that we can create lasting prosperity by spending beyond income and providing the necessary money by printing it.

Do budgetary deficits create lasting prosperity?

A contracyclical policy of "leaning against the wind," and of balancing the budget not annually but over the business cycle, has become widely accepted, not only by economists but, as several polls have shown, also among the general public. But what is proposed here is something much more ambitious: to raise through planned sizable deficits the prevailing rate of economic growth.

The American economy is not now in a recession and has not been in one for some time. It is on the whole prosperous and gives no indication of an imminent or impending downturn. GNP is continuing to expand at least at its long-range historical rate.

Of course, everybody would be happy if national income grew more rapidly. Would a planned budget deficit in the next 2 fiscal years produce a lasting increase in the rate of economic progress and lead to rising Government revenues and balanced budgets several years hence, as the President promised? Or shall we be told 2 or 5 years hence that the rate of growth still is not high enough, or the rate of unemployment not low enough, to permit our budget makers to keep expenditures within revenues?

The President warned the Business Committee for Tax Reduction last September: "If this program isn't successful, then other means must be suggested." He and his advisers have left no doubt but that they regard a tax cut as an alternative to sharply increased Government spending. The private economy is to be given a chance to grow more rapidly with a reduced tax burden, before enlarged spending is resorted to.

The President and his economic advisers maintain that a restraint on spending would nullify the beneficial effect of the tax cut. The latter would boost aggregate demand but lower spending would reduce it. The assumption behind this belief is that the drag on the economy is not caused by our lopsided and excessive tax structure but by the fact that budgetary deficits have not been big enough. This was clearly indicated by John P. Lewis, a member of the Council of Economic Advisers, who told his audience at Notre Dame University on September 11, 1963, that taxes "had gotten too high relative to Government expenditures."

A statement supporting the administration's proposals, signed by about 400 economists, suggested that the economy might be spurred to faster growth "by reducing tax revenues, by increasing government expenditures, or by some combination of the two."[25]

The proposition that what this country needs is bigger deficits now, if it is to have balanced budgets later on, suggests, as George J. Stigler of the University of Chicago remarked, that "the way to avoid a huge deficit is to seek a large one."

The theory that large deficits raise the rate of economic growth or lift employment to sustained higher levels has never been proven. Federal outlays in the fiscal years 1933–34 through 1938–39 were twice as large as in the preceding 6 years with virtually all of the additional funds deficit-financed. But unemployment declined only from an average of 12.4 to 9.9 million, which still left 1 of every 6 workers unemployed. The Federal deficits of the mid-1930's were, in relation to the size of the economy, equivalent to a present annual deficit of $20 to $25 billion. If a red balance of that magnitude for several successive years does not bring back full employment and prosperity, how big an annual deficit would we need, and for how long, to have the desired impact?

Federal cash transactions in the dozen years 1946 through 1957 yielded an aggregate surplus of $11 billion, and the unemployment rate averaged 4.2 percent. In the succeeding 5 years, from 1958 through 1962, the Federal Government ran a net cash deficit of $24 billion, and unemployment averaged 6 percent. The President proposed in January 1963 an aggregate cash deficit of $18.6 billion for the fiscal years 1963 and 1964, but this is unlikely to reduce unemployment to the level that prevailed prior to 1957.[26]

Last February, George Terborgh, research director of the Machinery and Allied Products Institute, presented to the Joint Economic Committee a quarterly analysis of Government deficits and economic growth rates in the postwar period.[27] It showed a slightly positive correlation between budget surpluses and rising GNP (+0.39) when related to simultaneous economic data, and virtual zero correlation (−0.04) with a 6-month lag between budget and GNP figures.

There has been much comment on a study by Andrew H. Gantt according to which the United States incurred fewer and smaller budget deficits in the 1950's than Great Britain, France, and Germany.[28] Subsequent research by Michael E. Levy generally confirmed Gantt's findings but did "not indicate any systematic relationship between budget deficits and growth" in a comparison of the United States and six European countries. The study "does not support current arguments which imply that larger deficits—or low-saving budget structures—as such, are bound to result, almost automatically, in accelerated economic growth over the years."[29] Another comparative analytical study of the United States and several other countries by Beryl W. Sprinkel suggested that economic growth was more likely to be spurred by monetary expansion than by larger deficits.[30]

It is well known that some of the experts which the U.S. Government dispatched to

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[24] President's 1963 tax message, hearings, op. cit., pp. 246 ff.

[25] Daily CONGRESSIONAL RECORD, Sept. 30, 1963, p. A6118.

[26] According to more recent estimates the deficit may actually be somewhat smaller; but this is immaterial to the basic argument over the growth-creating effect of deficits.

[27] "January 1963 Economic Report of the President," hearings before the Joint Economic Committee, 88th Cong., 1st sess., 1963, pt. 2, p. 773 ff.

[28] "Central Governments: Cash Deficits and Surpluses," the Review of Economics and Statistics, February 1963.

[29] Michael E. Levy, "Fiscal Policy, Cycles and Growth," National Industrial Conference Board, 1963, pp. 51, 56.

[30] "Relative Economic Growth Rates and Fiscal Monetary Policies," the Journal of Political Economy, April 1963.

West Germany after World War II advocated enlarged public spending and deficit financing as means to achieve prosperity but that the German Government disregarded their advice. In a recent illuminating book, "Fiscal Policy for Growth Without Inflation: The German Experiment," Frederick G. Reuss demonstrated how the German Government's conservative budget policy was followed by spectacular economic growth.[31] The proof is yet lacking whether a deficit policy improves a country's economy or whether it only helps temporarily to cover up an underlying imbalance or deficiency.

Does public spending reduce unemployment? The example of public works

It may well be said that such historical comparisons and analyses are interesting enough but cannot disprove an obvious fact: Government can, by spending substantial sums which were not collected by taxation but created through the central banking system, place large numbers of jobless workers on its payroll or have them employed by giving contracts to private industry. The most frequently cited example of putting idle men to work is public works expansion. An enlarged public works program was approved in 1962, and additional authorizations are now under consideration in the House Public Works Committee.

It has been estimated that $1 billion in new public funds could put 100,000 additional men to work on construction.[32] Would this be a net addition to employment or could the award of $1 billion in Government contracts have an adverse effect on prices, private demand and other employment?

Construction prices have been rising much faster than other prices for as far as our statistics go back (to 1915). Taking 1915 as 100, prices and wages stood in mid-1963 as follows:

Wholesale prices	263
Consumer prices	302
Construction prices	539
Building materials	465
Building trade union hourly wages	856

Source: Construction Review, September 1963 and Statistical Supplement.

U.S. Department of Labor, Union Wages and Hours, Building Trades, 1962.

Economic Indicators, October 1963.

U.S. Bureau of the Census, "Historical Statistics of the United States, 1960."

Construction wages and prices continued to rise more rapidly than other wages and prices right through the period of heavy unemployment since 1957. The offering of huge Government construction awards would have an impact on wage negotiations, lead to steeper boosts in contract renewals and result in still higher construction prices.

A one-family house now costs 5.4 times as much as an equivalent house would have cost 50 years ago, while other prices, wholesale or retail, multiplied only 2.6 times or 3 times respectively. Obviously, many more houses could be sold if construction prices had risen only in proportion to other prices and if a modest residence would now cost $8,000 instead of $15,000. Large numbers of low-income earners have been driven out of the housing market and remain in substandard dwellings.

In other words, a large public works program, while directly employing additional workers, would tend to push prices up even faster and to eliminate more marginal would-be buyers from the housing market. It would depress private demand, and in the end, might lead to less aggregate employment in construction.

Do budgetary deficits lead to inflation?

The widespread aversion to governmental deficit spending is related to one common fear: that it would lead to inflation. Few can forget that the dollar lost half its value between the mid-1930's and the early 1950's.

Opponents to spending restraint reply that prices have been rising very slowly over the past 10 years in spite of sizable deficits. Consumer prices increased an average of only 1.5 percent per annum and wholesale prices have remained stable for the past 5 years. This does not suggest an automatic or inevitable correlation between deficits and prices. Moreover, we are told, there is no likelihood of inflation as long as we have sizable unemployment and unused productive capacity.

But unemployment, though substantial, is not uniform across the board. It is concentrated at lower levels of skill. Added demand may not provide many new jobs for laborers or miners but would strengthen the bargaining power of employed workers and also lead to more overtime and more moonlighting.

The upward trend in wages continued through the period of heavy unemployment. Prices rose only moderately because companies managed to cut costs—i.e. did less hiring—and narrowed profits, which in turn affected investment.

If deficit financing were an effective method to accelerate economic growth and reduce unemployment, few countries would have a serious problem. All their governments would need to do is to run the printing press and spend more than they take in. In fact, several dozens of countries in Asia, Europe, and Latin America, in various stages of economic development, have done exactly that time and again over the past 1,000 years—almost always with catastrophic results.

Such comparisons, we are told, are irrelevant because we are not faced with runaway inflation. A moderate and gradual expansion of public demand is not likely to boost annual price rises by much more than the 1.5 percent per annum which we have experienced for the past 10 years. This is a small price to pay for accelerated growth.

But a continued upward trend in prices of 1.5 percent per annum is not quite as harmless as it may appear. It means an increase of 50 percent in 27 years. It may cause mortgage money to cost 6 percent per annum instead of 4.5 percent. So the interest cost of buying a home—a large share of the total cost—will be one-third higher. It keeps the interest cost of Federal, State, local, and corporate bonds high because lenders will try to protect themselves against loss of principal value. It shrinks the purchasing power of millions of persons whose income does not rise with the Consumer Price Index or the next contract renewal.

Last not least: the deficits we have experienced in recent years have not brought rapid economic growth or full employment. Has this caused the advocates of deficit spending to reexamine their premise? Quite the contrary: They now assert that deficits have not been big enough and ought to be enlarged. If larger deficits do not end high unemployment there will be clamor for still bigger ones.

Deficit financing is like taking narcotics, it is habit forming. To produce a pleasant sensation, the doses must be steadily increased and the patient becomes wholly dependent on them. If a $5 billion deficit won't bring full employment and 5 percent annual growth in GNP, why not try $10 or $20 billion? The President has already indicated that if the present program—which would mean an initial deficit close to $10 billion—is not successful, other means would have to be found. Those other means, it is implied, are enlarged Federal expenditures.

The growth rate of Federal spending—too rapid or too slow?

In view of the public's uneasiness over tax cuts at a time of big deficits, the President recently announced his intention to keep spending under control. In a letter to the chairman of the House Ways and Means Committee he declared that "our long-range goal remains a balanced budget in the balanced full employment economy" and that "tax reduction must also, therefore, be accompanied by the exercise of an even tighter rein on Government expenditures."[33] This was written in response to a request in the preamble of H.R. 8363 (sec. 1):

"Congress by this action, recognizes the importance of taking all reasonable means to restrain Government spending and urges the President to declare his accord with this objective."

We may ask: How serious are such general declarations to be taken? What recommendations have come forth to implement them? How do they harmonize with the administration's general policy?

The record provides the answer. At his news conference on April 3, 1963, the President declared that nondefense expenditures ought to rise faster, and added:

"I am concerned that we are not putting in enough, rather than too much, because the population of the country is growing 3 million people a year."

Over the past 10 years the country's population has grown 19 percent, while the Federal Government's non-war-connected expenditures jumped 245 percent.[34] If an increase of that size within 10 years is held to be "not putting in enough," how much is enough?

The President has sent to the 88th Congress over a hundred new or enlarged spending proposals which would add $3 billion in the fiscal year 1964 and more than $17 billion in a 5-year period. He demanded that the proposals be promptly enacted and did not indicate a willingness to withdraw or postpone any of them. In fact, the House was advised that the exercise of an even tighter rein on Government expenditures would not

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[31] The Johns Hopkins Press. Reuss also showed what happened when the German Government abandoned the steeply progressive tax structure which the Allied Control Council had imposed in 1946, and sharply reduced progression in the income tax while increasingly relying on consumption taxes: The economy boomed and Government revenues increased.

[32] This does not consider the so-called secondary (offsite) employment, nor the fact that much of the need would be for skilled workers and technicians rather than for semiskilled workers and laborers who constitute the bulk of the hard-core unemployment.

[33] CONGRESSIONAL RECORD, Sept. 24, 1963, p. 17907.

[34] Computed as follows:

Federal cash expenditures 1954 and 1964 (Payments to the public)

[Dollars in billions]

	1954 (actual)	1964 (proposed by President)	Increase (percent)
Total expenditures	$71.9	$122.5	+70
War connected (national defense, international affairs, space activities, veterans benefits, interest on the national debt)	58.6	76.7	+31
Domestic purposes	13.3	45.8	+245

Source: "The Budget of the U.S. Government, fiscal year ending June 30, 1964," p. 430.

affect any of the President's recommendations for new programs.[35]

We may ask: How are spending restraints to be implemented if they are not to affect programs which have not even been enacted yet? Would not a moratorium on new programs be easier to carry out than a cutback on established operations? If the administration intends to put the brakes on expenditures, why does it so strenuously object to formalizing restraints? Restraints of the type suggested in the House amendment to recommit H.R. 8363 could be speedily amended or repealed should circumstances arise which require and justify such action.

In his speech at Yale University on June 11, 1963, the President declared that for the last 15 years the Federal Government has grown less rapidly than the economy as a whole or any major section of our national life and very much less than the noise about big government.

The official record, however, reveals that between the fiscal years 1948 and 1963, GNP increased 129 percent, Federal spending 220 percent (table XI). War-connected outlays expanded 146 percent, while spending for domestic purposes jumped 525 percent, which is more than four times the growth rate of the GNP.

An analysis of expenditure trends, as summarized in table XI, suggests the possibility of a danger far worse than runaway expenditures of inflation: national security projects may be deferred or rejected in order to make resources available for welfare and other civilian purposes. That would not at all be a new experience. In a careful study of the postwar record of defense budgeting, Samuel P. Huntington of the Institute of War and Peace Studies at Columbia University wrote that "the tendency was: (1) To estimate the revenues of the Government or total expenditures possible within the existing debt limit; (2) to deduct from this figure the estimated cost of domestic programs and foreign aid; (3) to allocate the remainder to the military."[36]

TABLE XI.—*Federal expenditures and gross national product, fiscal years 1948 and 1963*

[Dollars in billions]

	Fiscal years		Increase (percent)
	1948	1963	
Federal cash expenditures (payments to the public)	$36.5	$116.8	+220
War connected (national defense, international affairs, space operations, veterans benefits, interest on the national debt)	29.4	72.2	+146
Domestic purposes	7.1	44.6	+525
Gross national product	246.6	564.5	+129

Source: "The Budget of the U.S. Government, 1962," p. 979; "The Budget of the U.S. Government, 1964," p. 430; "The Budget in Brief, 1964," p. 63.

There seems to be less reluctance than in prior years to recommend a higher debt ceiling. But recent experience with the abandonment of weapons systems projects, such as Skybolt, B–70 (later RS–70), Rover, and lately the nuclear carrier, which were requested by the armed services and declared to be essential by military experts but canceled by the administration, suggests that the tendency described by Huntington appears to continue. Priority for Federal funds is accorded to numerous new or expanded welfare and other domestic programs which are advanced simultaneously with the cancellation of national security projects.[37]

Officials of the Department of Defense have recently indicated that defense spending will level off or even decline in the next few years. But the President stated in a speech delivered only last week that he desired his many new domestic spending proposals to be enacted by Congress.

The counter argument, favoring spending for domestic purposes, usually points at activities which are in the national interest and declared to be in need of Federal financial assistance. The question is whether many of those purposes could not be effectively promoted or aided by means other than Federal appropriations.

For example, education, which is the subject of more than two dozen programs submitted by the President to the 88th Congress could be more appropriately helped by tax concessions—for school taxes, for tuitions and other educational expenses, for gifts to educational institutions—than by the enactment of new expenditure programs. Many such proposals are pending.

Since revisions of the revenue laws are under the jurisdiction of your committee, and since several such amendments to H.R. 8363 have been introduced, with several more to follow, I am outlining in the fourth and last part of this statement, how higher education could be helped by tax credits.

Summary

The need to cut the exorbitant income tax rates is urgent and now generally recognized. But to cut taxes at a time of large budgetary deficits and rising public spending without tangible steps to apply expenditure restraints may prove self-defeating. It may produce an initial spurt in the economy and a slight reduction in unemployment. But a material and sustained rise in the rate of economic growth and in employment requires that the Government budget be balanced over the business cycle. Experience has shown that mere intent to control expenditures is not of itself strong enough to resist the ever-present pressures. It should be accompanied by tangible evidence and enforceable statutory restrictions.

IV. CAN TAX CREDITS HELP HIGHER EDUCATION MORE EFFECTIVELY THAN GRANTS AND LOANS?

The financial requirements of institutions of higher education (IHL) will sharply increase in the next few years as the wave of postwar babies starts to graduate from high schools in 1964 and enrolls in colleges and universities. Attendance at IHL is expected to increase 50 percent or more during the balance of the 1960's.

Educational needs and financial prospects

The foremost need is for an enlarged faculty of high caliber. This calls for substantial salary increases in order to attract a sufficient number of qualified men and women and to motivate gifted young people to seek an academic career. It also requires a substantial expansion in the physical plant.

Some observers believe that the present sources of income for instructional purposes—mostly: State and local government appropriations; student tuitions and fees; gifts and endowment earnings—will not provide sufficient support in the years ahead and that revenues ought to be supplemented by Federal funds. Certainly the number of those who so believe has sharply increased over the past decade. The issue is controversial but I shall not discuss it further in this statement.

The fact is that no President of the United States ever has recommended Federal grants for the general support of IHL, either for operations or for capital improvements. President Kennedy has proposed construction loans and a few small grants for specified purposes. But loans to build academic facilities offer little help to most institutions and to many no help at all.

State constitutional and statutory restrictions prohibit public IHL from incurring general obligation debt without the approval of the legislature or the voters. If such approval is given, States, cities, or institutions can usually sell securities at lower interest rates than the Federal Government because of the exemption feature. Private IHL have shied away from debt financing except for revenue-producing facilities such as student housing or dining halls. Bonds for academic construction would require principal and interest payments from general revenues and thus restrict funds available for salaries and operations in future years. No such bonds have been offered in the market for several years.

The loans available to private schools under title III of the National Defense Education Act have remained largely unused, and 90 percent of the authorization lapses each year for lack of applicants.

Both Houses amended the President's recommendations in 1962 by inserting small construction grant programs. No agreement could be reached between the two Houses, and no bill was enacted.

In 1963 both Houses again passed small construction grant bills. Conflict over the form of participation of private IHL divides the Senate and the House versions. This could again end in a deadlock. But even if the differences were compromised, and subsequent litigation would not becloud the future of the program, the extent of aid would be small.

IHL expended in 1962 over $8 billion and will by 1970, according to some estimates, need almost twice as much or more. Construction grants of $180 million (Senate version) or $230 million (House version) would equal less than 2 percent of the total budget. Where will the other 98 percent come from if, as many believe, the existing sources prove inadequate? The difficulties which the approval of even the small construction grants have encountered, and the fact that final enactment of even that program is not yet assured, suggest that prospects for a substantial increase, let alone extension to the area which most urgently needs greater support; namely, salaries and operations, are dim indeed.

Tax relief to aid higher education

It is for this among other reasons that numerous proposals have been introduced to achieve by indirect means what apparently cannot be accomplished directly. In each Congress, over the past 10 years a growing number of bills were introduced providing for tax relief to those who now support higher education. About 100 such bills were introduced in the 87th Congress, and more than 120 were pending in the 88th Congress as of May 1, with many added since then. Close to one-fourth of all Members of the Senate have sponsored educational tax relief bills.

However, none of those proposals has ever been advanced or come close to enactment. Upon analysis of the various proposals it seems to me that there is a good and valid reason why no further action was taken on those bills. They would not have achieved what they were expected to do and would have provided the least help where it is needed the most.

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[35] CONGRESSIONAL RECORD, Sept. 24, 1963, p. 17907.

[36] Samuel P. Huntington, "The Common Defense: Strategic Programs in National Politics," New York, Columbia University Press, 1961, p. 221. Further details in Warner R. Schilling, Paul Y. Hammond, Glenn H. Snyder, "Strategy, Politics and the Defense Budgets," New York, Columbia University Press, 1962.

[37] See: W. Glenn Campbell, "Assuring the Primacy of National Security," and Roger A. Freeman, "National Security and Competing Costs" in: "National Security: Political, Military, and Economic Strategies in the Decade Ahead," Center for Strategic Studies, Georgetown University, Hoover Institution Publications, New York, Frederick A. Praeger, 1963, pp. 803 ff., 963 ff.

The purpose of indirect aid to higher education is (1) to augment the financial resources of institutions; (2) to aid talented young persons with aspirations for higher education from families with limited means.

Most of the pending bills meet neither of these objectives. They either permit the deduction from adjusted gross income of tuitions and fees (and possibly also some other college expenses) or grant an increase in the number or amount of personal deductions.

Students and families in low-income brackets would recover 20 percent (or under the provisions of H.R. 8363, 14 to 17 percent) of their expenses and still have to bear 80 percent of the cost. Families in high-income brackets would be reimbursed for up to 91 percent (under H.R. 8363 schedules, up to 70 percent) of their outlays.

Boards of trustees of IHL would be reluctant to boost tuitions substantially if students from low-income families would have to bear 80 percent or more of the increase. Those plans would therefore not add substantially to the financial resources of IHL nor help students from medium- and low-income families sufficiently.

Educational tax relief plans which permit deduction of college expenses or additional exemptions would channel most of the benefits to high-income families, because of the graduated structure of the personal income tax. Most criticism of educational tax relief has been directed at this feature and Treasury Secretary Dillon again emphasized it at the hearings of your committee on October 16. This concentration at the top is probably responsible for the lack of action on most of these proposals. Restrictions have been suggested such as an upper income limit for eligibility at about $20,000 in S. 2270 by Senator GOLDWATER, and deduction from expenses of 5 percent of adjusted gross income, in an amendment to H.R. 6143 introduced on October 21, by Senator KEATING. Such provisions would prevent large benefits from going to families which do not need them but they would not increase aid to low-income students or help the institutions.

This shortcoming would be slightly, but not very materially, remedied by the use of a tax credit of 30 percent of college expenses, as was proposed by the American Council on Education and several other organizations in the years 1954 through 1959, and as incorporated in S. 800 by Senator MCCARTHY.

A 100-percent credit—that is, a full offset of tuitions against tax liability—would be effective in aiding students from low-income families and would encourage institutions to raise fees because it could be done without adding to the burden on the students.

Objections have been raised to this proposal because it would involve a heavy revenue loss if the maximum dollar ceiling were set high, and would not be of sufficient help if it were set low, e.g. $100, because of the wide range in the size of tuitions among institutions. Equity between private and public IHL, between institutions with low and with high tuitions, also poses a difficult problem.

A sliding tax credit schedule

When I was asked by the Senate Committee on Labor and Public Welfare last spring to testify on pending aid to education legislation, I studied this problem and drafted a sliding tax credit schedule which would permit a 100-percent tax offset for the first $100 in tuitions and fees, a 30-percent credit for the next $400 (between $100 and $500), and a 20-percent credit for the next $1,000 (between $500 and $1,500).

My proposal appears in the hearings of the Committee on Labor and Public Welfare (pp. 1265 ff.) and was inserted in the CONGRESSIONAL RECORD on May 27, 1963. It is incorporated in S. 2269 by Senator GOLDWATER and in its companion bill H.R. 8981 by Representative THOMAS B. CURTIS of Missouri.

For reasons of space I shall not repeat here all the details of the plan which I submitted to the other committee.

The concept of a sliding tax credit schedule for higher educational expenses was taken up in the Senate on June 6, 1963, by Senator HUMPHREY (CONGRESSIONAL RECORD, p. 10253):

"It is essential that an across-the-board tax credit program be initiated to assist every person currently facing the considerable expenses associated with higher education. * * *

"I have sponsored similar tax credit legislation for many years. However, the bill I introduce today is, in my opinion, a significantly improved measure over all earlier versions.

"Tax deductible, additional exemption and tax credit bills share a common purpose: First, to assist persons financing a college education and, second, to provide indirect assistance to the institutions of higher education."

Senator HUMPHREY then cited from my testimony of May 27th and continued:

"The sliding tax credit schedule provides a sensible and workable system of Federal assistance that helps every student, indirectly helps both public and private institutions, and does so in a manner that in no way interferes with individual or institutional freedom or policies. This bill, providing for a declining tax credit for expenditures on tuition, fees, books, and supplies, mitigates the distortion found in the large majority of bills that rely on tax deductions, additional exemptions, or nonvariable tax credit.

* * * * *

"While this tax credit proposal would not solve all the financial problems related to higher education, it would represent a significant contribution well within our national means. It would provide this assistance in a manner that avoids any argument about Federal control of education and also the nagging question of church-state relations. Moreover, it would provide this aid without having to expand the Federal bureaucracy to administer the program.

"Support in the Congress has been growing for this general approach to the problem of Federal aid to higher education. I know the appropriate committees in both Houses are giving these proposals careful scrutiny and consideration. I hope that the administration will consider seriously requesting such legislation from the Congress."

Senator HUMPHREY slightly modified the tentative schedule which I had drafted.

Educational tax credit schedules

FREEMAN	*Percent*
Up to $100	100
$100 to $500	30
$500 to $1,500	20

Maximum credit, $420.

SENATOR HUMPHREY	
Up to $100	75
$200 to $500	40
$500 to $1,000	30
$1,000 to $1,500	20

Maximum credit, $485.

The tax saving, or revenue loss, under my schedule may be estimated at $700 million per annum or more. Institutions may be expected to recoup as much as three-fourths of that amount through increased tuitions. They could apply the added funds to salaries or earmark part for the service of bonds issued to finance the construction of academic facilities.

Congress could determine by how much it desires to aid IHL and revise the credit schedule accordingly as time goes on.

The point has been made that tax credits would be of no help to students from families with such low income that they pay no income tax. That point has little validity, if any. While no statistics are presently available on the number or percentage of families of college students which pay no Federal income taxes, it may be estimated that it is quite low and certainly not higher than 10 percent of all students. Most of those students are now recipients of scholarships and thus pay no tuition, nor would they have to pay the increased tuitions that would follow the enactment of such a plan.

It is also possible to make these tax credits unconditional. In that case, the students or their parents would compute their income tax, apply the credit, and be entitled to receive a credit balance in cash.

Tax credits for donations to education

The National Government could also materially aid IHL by permitting tax credits—rather than mere deductibility from the tax base—of private donations, as the American Association for the Advancement of Science proposed some years ago. The present high marginal rates make such donations inexpensive to wealthy individuals, while persons in low-income brackets must bear 80 percent (under H.R. 8363, 83 to 86 percent) of the cost of their gift. As a result, large numbers of alumni with modest incomes do not contribute. By permitting tax credits, at 100 percent with a specified dollar maximum or according to a graduated schedule such as I suggested for tuitions and fees, persons in low- and medium-income brackets could be encouraged to donate more liberally to higher education and hundreds of thousands of additional donors could be found.

Gifts to higher education amounted to more than $1 billion in 1961, according to the Council for Financial Aid to Higher Education. By materially widening the range of potential contributors, the granting of tax credits could very substantially augment this important source of support for IHL. The same principle could also be applied to elementary and secondary schools and tax credits permitted for local school taxes—as proposed in S. 2270—and for tuition payments and gifts.

Summary

The legislative history of proposals for Federal aid to higher education suggests that a program of grants-in-aid of substantial size for the general support of colleges and universities, whether for operations or construction, is not likely to be adopted. A small construction program such as is now pending in conference between the two Houses, even if enacted, would be of relatively little help compared with the huge amounts which the institutions will need in the years ahead.

Higher education could be effectively aided by the Federal Government through the granting of tax credits for educational expenses which would help institutions as well as students and their families. Such a plain avoids the bitter controversies over aid to church-connected schools and over Federal control of education. A sliding tax credit schedule would allocate aid where it is needed the most and could best meet the diversity in the size of tuitions and fees and between the requirements of public and private institutions.

Donations to higher education could be effectively encouraged and the range of donors expanded by the granting of tax credits.

Tax credits for local school taxes and school tuitions would be of material assistance to elementary and secondary public and private schools.

Graduated tax credits for tuitions and fees in higher education, such as I outlined, and tax credits for donations to higher education, are proposed in S. 2269 by Senator

GOLDWATER (and its companion bill, H.R. 8971, by Representative THOMAS B. CURTIS). I suggest that H.R. 8363 be amended to incorporate S. 2269.

WE FACE A NEW KIND OF WORLD

Mr. HUMPHREY. Mr. President, Mr. William Attwood, our Ambassador for the past 2 years in Guinea, returned recently to the United States. A former foreign editor of Look, he has just written an incisive, provocative article taking a fresh view of our foreign policy from where we stand today.

He sums up his impressions of "how little people seem to realize how much the world has changed in the last few years, how much has been accomplished and, most important, what remains to be done if our children are to grow up safe and free in this revolutionary era."

He finds that we have made solid gains, or achieved hopeful improvements all over the world. Drawing a balance sheet of these against the difficulties and real problems, he finds the world view from Washington "considerably more hopeful" than it looked 3 years ago.

He finds sheer "nonsense" in the notions that Communists score all the points in the cold war, that Asia and Africa are lost, that the U.N. is a failure, or that Castro is a dangerous threat. Professional anti-Communists who make a good living writing this, and melodramatic press coverage, are made responsible for this confusion.

Mr. Attwood reminds us that we are living in one of the most revolutionary periods of history; that there are world forces over which we do not have omnipotent control, "our policies can help guide the course of history, but they can't alter it or dam it up"; and finally that the cold-war slogans and attitudes we have lived with since 1946 are getting out of date.

The revolutions in the world are political, economic, biological, and scientific. Together they have made a different world:

> Its battles can no longer be fought with bombs, but with modern factories and technical aid, with medicines and teachers, with rice and respect.

We cannot remake the world in our image and should not try. Let us be satisfied to make it safe for diversity. This is the aim of our foreign policy. It is catching on. We are no longer distrusted, as the Russians are beginning to be, in many corners of the world.

In the new phase of the cold war, "the big unfinished job is keeping the poor countries in the world from getting poorer while the rich get richer. The alternative is the kind of chaos and violence that the Chinese Communists will certainly exploit wherever the Russians do not."

If this job is unfinished, it is because it is hardly begun. Our foreign aid programs have held the line but the U.S. Government cannot do the job alone. Other countries, international agencies, private industry, and capital have an important and necessary role to play.

This does not mean drastically cutting our foreign aid in the foreseeable future. We have an important role to play outside the scope of private investment: in education and vocational training, in surplus food for hungry people, in launching selected agricultural and industrial projects, in providing technicians like Peace Corps volunteers, in coordinating development programs, and in discovering and encouraging opportunities for investors.

Our foreign aid is accomplishing much. It is not a giveaway. It costs less than 1 percent of the gross national product, and less than 10 percent of what we spend for military purposes:

> What a soundly conceived foreign-aid program does is to enable America to take part in the worldwide war against poverty. And taking part is the only way we can exert influence on the course of history. For in the world community, we Americans are by far the richest family in town, and if we turn our backs on our neighbors, we can forget about being community leaders.

Yes, we have come a long way and done pretty well since January 1961. It is important to keep the momentum and help it gather strength. Mr. Attwood's article makes a cogent, realistic case for our foreign policy and for the fact that we should have more confidence and less anxiety.

I heartily recommend it to my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WE FACE A NEW KIND OF WORLD—OUR POLICIES CAN HELP GUIDE THE COURSE OF HISTORY BUT THEY CAN'T ALTER IT OR DAM IT UP

(By William Attwood)

(NOTE.—The Russians have given up the idea of risking war by trying to bluff us out of Berlin. The once-monolithic Communist movement is cracked wide open, as the feud between Red China and the Soviet Union gets hotter. Thirty-two independent African nations now outnumber the Western allies in the U.N.)

Nearly 3 years ago, when I was foreign editor of Look, I wrote a piece called A Preview of Kennedy's Foreign Policy. In it, I said the people of America would have to get used to a President who believes in action, and I quoted Kennedy as saying he sought the job "because I want to get things done."

For most of the years since I wrote that article, I have been involved in a small way in helping this administration get some things done in Africa and elsewhere. Now, home again for a while, I've been asked by Look's editors to take a second look at Kennedy's foreign policy in the light of where we stand today.

The best way to start is to say that I've been struck, since I got home, by how little people seem to realize how much the world has changed in the last few years, how much has been accomplished and, most important, what remains to be done if our children are to grow up safe and free in this revolutionary era.

This is disturbing, if only because a democracy like ours can't act fast or update its policies without the support of public opinion. And people will support what needs to be done only if they can visualize the opportunties as well as the risks, and see some signs of progress.

Yet it appears that doubt, anxiety, cynicism, and indifference still permeate much of our thinking about foreign affairs. This is hard to explain. Since 1960, things have not always worked out the way the President hoped—no one, for example, forgets the Bay of Pigs—but enough has happened to justify a good deal more optimism than you can find among your friends and neighbors.

So let's begin by taking a look at some of the more hopeful developments of the past 3 years:

In the Congo, thanks to our decisive support of the United Nations, order is replacing chaos, and Soviet ambitions have been frustrated. Elsewhere in black Africa, nation after nation has achieved independence with less bloodshed than takes place annually on U.S. highways. And American aid has helped their leaders, as in Guinea, resist Communist subversion and preserve their independence.

Laos, which was all but lost despite our costly commitment in men and money, has been neutralized. The outlook is better than it was during the 1960 fighting, and now the neutralist Prime Minister and his troops are actively resisting sporadic Communist attacks.

The big squeeze is off Berlin. The wall is still up, but, more than ever since the Cuban crisis, the Russians know better than to risk war by trying to bluff or bluster us out of the city.

In Algeria, who would have thought that a Socialist but nonalined government would have emerged from what even the French called a "dirty war"? Timely U.S. aid soon after independence helped make friends where we might have expected enemies.

In the Middle East, the Communists have suffered serious reverses in the last year, particularly in Iraq. And the multimillion-dollar Soviet aid program in Egypt has failed to pay off in political influence.

United States-Indian relations have never been better. India remains nonalined, but Red China's aggression has shown the world's second most populous country where the danger lies.

Fidel Castro still runs Cuba, but it's costing his Soviet backers a million dollars a day to keep him afloat, and he's no longer the hero he used to be in Latin America. We may not like him ranting on our doorstep, but he's likely to become more of a problem to the Russians than he is to us.

A test ban treaty with the Russians has been signed. The long, grim deadlock is broken, and the first tentative step away from nuclear war has been taken. It may be, as the President said, only the first step in a thousand-mile journey on the road to peace; but every sane man can rejoice that we have made a start.

And the once-monolithic Communist movement has cracked wide open. We may have our family quarrels in the West, but what is going on between Russia and Red China is no mere quarrel; it's a feud of such proportions that the cold war, as we have known it, will never be the same again. Whatever challenges lie ahead, they probably won't include coping with an aggressive, single-minded, billion-strong Communist empire stretching from the Iron Curtain to the Yellow Sea.

None of this is to say that all's well with the world. The Alliance for Progress is still more a blueprint than a reality. Our grand design for European unity has blurred. In Vietnam, the war drags on, and the end is not in sight. And for most of mankind, poverty is still the rule, and freedom only a dream.

But on balance, the state of the world, as seen from Washington, looks considerably more hopeful than it did 3 years ago. This you would never suspect from listening to many of your fellow citizens. What you hear, all too often, is that the Communists are scoring all the points in the cold war, that Africa and Asia are as good as down the drain, that the U.N. is a failure, that foreign aid is wasted since nobody likes us anyway, and that Castro, shaking his fist on a Havana balcony, is just about the greatest threat our country has faced since Pearl Harbor.

A lot of this nonsense gets disseminated by the professional, self-styled anti-Communists who make a comfortable living scaring people all over the country, and who have a financial stake in making the Communists look stronger than we. Some of it also comes from the press, where bad news always rates the biggest headlines and good news is usually no news. But I suspect that the main reason for all the confusion about foreign affairs is that history is moving too fast these days for the average man to keep it in proper focus.

To understand what's happening in the world today, and to avoid getting confused or discouraged, we Americans in particular need to keep three things in mind:

The first is that we are living in one of the most revolutionary periods in human history. The old colonial order—and with it, the supremacy of the world's white, Christian minority—is vanishing. New nations—and new imperialisms—are rushing into the vacuum. This is the political revolution.

All of these new nations want to break through the sound barrier of modernization in a few years. I've just come back from one of them. Billions of people are hungry for the things we take for granted. This is the economic revolution.

But they are trying to do this in the midst of a population explosion that will double the number of people in the poor countries during the next generation. This is the biological revolution.

Meanwhile, supersonic flight, atomic energy, and the intercontinental ballistic missile have made the world much smaller and much more dangerous. No place on earth is very far away, and no one is safe. Never in history have so many people been at the mercy of so few. This is the scientific revolution.

Together, these revolutions have already made the world a far different place from what it was as recently as World War II. And we have to realize that its battles can no longer be fought with bombs, but with modern factories and technical aid, with medicines and teachers, with rice and respect.

The second thing we have to understand is that a lot has happened, is happening and will happen in the world, regardless of what the United States does or doesn't do. Too many people still believe that when things don't go our way, somebody in Washington must be at fault. But the fact is that while our policies can help guide the course of history, they can't alter it or dam it up. Castro and Mao Tse-tung came to power because their countries were ripe for revolution. Eastern Europe is behind the Iron Curtain because the Red army moved in during World War II. Charles de Gaulle may be a hard man to deal with, but there he is.

In Africa, the tide toward independence can no more be reversed than the tide toward full equality in the United States. Those who think so, whether they are Portuguese colonialists or Southern segregationists, are living in a dream world. The choice today is either to curse the tide or to see to it that what is bound to happen, happens with a minimum of harm.

In short, being the strongest power on earth doesn't mean that we can impose our will, our system or our way of life on other countries. That's what the Russians try to do, and that's why they have made so little headway among the newly independent nations.

Fortunately, our aim—and our strength—is that we stand for free choice and not coercion. So long as a nation values its independence and does not threaten the freedom of others, we don't try to tell it how to manage its own affairs. This approach, this support for diversity instead of conformity, is the main reason why we are no longer distrusted—as the Russians are—in so many corners of the world. People in the underdeveloped countries are beginning to realize that what we want for them is what they want for themselves—national independence, political stability and economic progress in freedom.

So when things don't seem to be going our way, all the way, let's not wring our hands or look for scapegoats. We're not going to remake the world in our image, and we shouldn't try. Let's be satisfied to make the world safe for diversity. That's already a lot.

The third thing to remember is that the cold-war slogans and attitudes that we've lived with ever since 1946 are getting obsolete.

In Western Europe, the threat of Soviet armed aggression has been successfully countered by NATO, and people breathe more easily. In Eastern Europe, the brutal discipline of the Soviet empire is not what it used to be under Stalin, and life is more tolerable. The Iron Curtain is there, but not so tightly drawn.

The Atlantic Alliance is no longer the only cornerstone of free world strength, and influence. In the United Nations, the Western allies are outnumbered by 32 African countries alone, to say nothing of the Asians. Winning the support of these nations, even at the risk of annoying some former colonial powers, is vital to our long-range interests as well as those of the world organization.

And all around the globe, we are beginning to see that the big problems of the next generation may be, as Arnold Toynbee predicted, less East-West than North-South. After years of nuclear stalemate and a balance of terror, the Soviet leaders may realize that exporting communism by force is a futile exercise; already the younger generation of Russians is far more interested in buying cars and TV sets than communizing the world. But the problem of closing the gap in living standards between the rich industrialized countries, mostly in the north, and the poor underdeveloped countries, mostly in the south, is rapidly becoming the biggest challenge the world has ever faced.

Thus, if we can keep in mind that the world is in revolution, that the United States is not omnipotent and that the nature of the cold war is changing, we Americans will be in a better position to know where we stand and what we have to do. We may also conclude that there is more reason for satisfaction than for despair. That is certainly the mood among people in government whose job is working on foreign policy on a day-to-day basis. Unhappily, the professional agitators and headline seekers are those whose voices are more often louder in the land.

To look ahead, the big unfinished job is keeping the poor countries in the world from getting poorer while the rich get richer. The alternative is the kind of chaos and violence that the Chinese Communists will certainly exploit wherever the Russians don't.

I said this job was unfinished; actually, it has hardly begun. Our foreign aid programs have held the line here and there, but the task of helping the new nations develop healthy economies is far too big for the U.S. Government to undertake alone or even in conjunction with its allies. The necessary capital must and should come from private sources and international agencies like the World Bank.

Working in partnership with local firms and governments in the developing countries, American industry can give these fledgling economies a bigger push in less time, and in the process build up good will for American methods and products. One reason countries like West Germany and Israel are extending easy credits to Africa is that they foresee the day when the new nations will be potential customers, anxious to buy the goods they're now getting as free samples.

Nor should we underestimate the political impact of U.S. private investment. In Guinea, at a time when Soviet technicians were trying to reorganize the economy along Communist lines, the only really productive enterprise was—and is—a privately owned alumina plant in which half the capital, or about $75 million, was American. Thanks to the foreign exchange earnings of this plant, the Guinean Government was able to retain a measure of economic independence from the Soviet bloc. Its successful operation has been an object lesson to Africans who were inclined to believe Communist propaganda about rapacious American capitalism.

The problem thus far has been the reluctance of U.S. investors to risk putting money into countries they regard as unstable. Yet the paradox is that it takes capital investment to guarantee real stability and progress. Therefore, until greater confidence is generated, the solution would seem to lie in an expanded investment-guarantee program by the U.S. Government that would protect private investors against political risks such as expropriation.

This doesn't mean our foreign aid appropriations should be cut in the foreseeable future. Government has an important role to play in areas outside the scope of private investment; for example, in education and vocational training where schools and teachers are lacking, in providing surplus food where people are hungry, in helping launch selected agricultural and light industrial projects, in giving advice where it is requested, in furnishing technicans such as Peace Corps volunteers, in coordinating development programs with other free countries and international agencies, and in discovering and encouraging opportunities for American investors.

Nor would the American people want to cut down on foreign aid if they were fully aware of what it is and what it's accomplishing. Today, too many people still think that it's a kind of giveaway program—although about 80 percent of it is spent on American products here in America; that it's costing us a lot of money—although it totals less than 1 percent of our gross national product and less than 10 percent of what we spend for military purposes; and that it's designed to buy or bribe allies—although we found out some time ago that leaders who can be bought aren't worth having on our side.

What a soundly conceived foreign aid program does do is to enable America to take part in the worldwide war against poverty. And taking part is the only way we can exert influence on the course of history. For in the world community, we Americans are by far the richest family in town, and if we turn our backs on our neighbors, we can forget about being community leaders.

So there is work to do for all of us—in business as well as in government—who like to take part in the history of our time, for the next few years are going to be decisive in shaping the kind of world our children will inherit. There will still be dangers. But at long last, those of us nearing middle age can begin to see beyond the tensions that have been the trademark of our generation to the opportunities and challenges that lie ahead.

As a nation, we Americans have done pretty well since the President summoned us, in January 1961, "to bear the burden of a long twilight struggle, year in and year out, 'rejoicing in hope, patient in tribulation,' a struggle against the common enemies of man—tyranny, poverty, disease, and war itself." Whether we continue to do as well, year in and year out, will depend on our ability, as citizens of a powerful country, to see the world as it is and not as some of us would like it to be; to act with wisdom and compassion, and to be unafraid.

ADVANCEMENT OF INTERNATIONAL TRADE—RESOLUTIONS

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the Record three statements which were unanimously adopted by the board of directors of the Buffalo Area Chamber of Commerce at their October 21 meeting, relative to S. 1614, which I introduced on May 27, 1963; Buy American Act amendments; and amendments to the Antidumping Act.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Buffalo Area Chamber of Commerce, Statement of National Export Policy Act of 1963 (S. 1614, Mr. Javits)

The Buffalo Area Chamber of Commerce, a recent recipient of the President's E Certificate of Service, has always been an ardent supporter of any constructive legislation that would be beneficial in the advancement of international trade.

This bill (S. 1614) provides a realistic pattern to follow in recruiting additional U.S. manufacturers to enter the export field. The potentials are good for a greater sale of American products and services abroad and for a resulting increase in employment and profits at home.

A commendable feature of the bill is the practical manner in which the problem is approached without additional appropriations.

September 23, 1963.

Buffalo Area Chamber of Commerce Statement on Amendments to the Buy American Act of 1933 (H.R. 7360, H.R. 7361)

Since 1953 the Buffalo Area Chamber of Commerce has been advocating a repeal of the Buy American Act, which ostensibly sought to stimulate domestic activities and employment. Competition and free enterprise, basic to success of our domestic economic system, are no less important to sound international economic principles to be extended to friendly nations.

Further restrictions on international trade, as proposed in these bills, will only serve to encourage other nations to retain high tariffs, enact new restrictive regulations affecting American exports, and definitely be detrimental to our bargaining power in seeking more favorable treatment toward American products.

In our opinion, it would be unsound to pass either of these bills.

September 23, 1963.

Buffalo Area Chamber of Commerce Statement on Amendments to the Antidumping Act of 1921 (S. 1318, H.R. 6033)

The bills (S. 1318 and H.R. 6033) aimed at amending the Antidumping Act of 1921, to speed up and improve procedures in determining whether imports are being dumped in the United States, and implementing corrective measures would be most helpful to American producers and importers.

The long delay which is commonly experienced on findings today, would be limited to 6 months and definitions of value and injury would be more precise if these bills are enacted.

The Buffalo Area Chamber of Commerce believes that passage of these measures would be beneficial to American manufacturers and distributors.

September 23, 1963.

Mr. JAVITS. Mr. President, S. 1614 calls for the creation of a National Advisory Council on Export Policy and Operations. This Council would, first, develop a unified export expansion policy for the United States; second, develop new ideas in the export field in order to improve the operations of the business community and the Government in the promotion of U.S. exports; and third, raise the export promotion effort to a higher level of priority within the Government. The bill has bipartisan cosponsorship in the Senate, and is now before the Commerce Committee for action. I welcome the Chamber's endorsement of this bill.

I believe present world conditions require that we continue to press forward for increasing coordination of free world economies and the reduction of barriers to trade. We should test out again whether the "buy American" policy does, as is claimed, seriously damage our foreign economic policy without really being of significant assistance either to our balance-of-payments deficit or our domestic economy. For example, since July 1962, the Department of Defense has been applying a 50-percent differential; that is, requiring procurement of American supplies when the cost of American supplies does not exceed the cost of foreign supplies by more than 50 percent—on a case-by-case basis.

The Secretary of Defense has never intended to determine in this way the foreign economic policy of the United States or to materially affect the negotiating position of the United States at the forthcoming worldwide talks.

Amendments to the Antidumping Act of 1921 should not be designed to further hamper the free flow of mutually advantageous international trade. Our self-interest requires that we now devote our best efforts to removal of nontariff barriers to international trade. However, this does not mean that I oppose measures designed to protect ourselves against unethical international dumping or other trade practices.

We must increase our exports for reasons of our balance of payments and therefore must work toward the removal of impediments to our goods trade abroad. We cannot enter the forthcoming trade negotiations pretending to be proponents of greater trade liberalization unless we are willing to commit ourselves to meaningful and reciprocal negotiations on all types of obstacles to trade—tariff as well as nontariff.

McGRAW-HILL SURVEY SHOWS RISING BUSINESS INVESTMENT WITHOUT TAX CUT

Mr. PROXMIRE. Mr. President, the results of the most recent McGraw-Hill survey of capital spending in 1964–65 are now available. This survey is by all odds the best single analysis of what businessmen intend to invest in the future. I believe that the results should be well publicized. The figures obtained by McGraw-Hill represent an excellent rebuttal to those who support a tax cut on the grounds that investment and general economic activity will be inadequate without such a tax cut.

Let us look at the results of the survey. The first and principal conclusion of the McGraw-Hill study is that "U.S. industry now plans to spend $40.7 billion next year, 4 percent more than in 1963, for new plants and equipment. This level would set a record for capital spending." It is important to recognize that this forecast does not assume that there will be a tax reduction. Therefore, this stimulation to the economy from new investment will probably take place without the need for tax reduction.

Manufacturers "expect to increase investment 8 percent. If these plans are carried out, it will be the first time that manufacturers have managed to surpass the record amount spent in 1957. And it would put manufacturers' 1964 spending at nearly $17 billion." McGraw-Hill then goes on to point out in 1956–57 "American business went on a capital spending spree. Manufacturers increased their capacity 20 percent in those 2 years." Thus, it now appears that such capital spending in 1964 will be at very high rates relative to the past.

It should be noted, Mr. President, that this survey represents a report of what companies now plan to spend. In many instances in the past these fall surveys, according to McGraw-Hill, "have tended to underestimate what actually happened—an average of about 3 percentage points over the last 8 years. However, they have always indicated the right direction of change every year." Thus, we have good reason to believe that investment levels will be high in 1964, perhaps even higher than the present McGraw-Hill survey indicates.

Some specific instances of acceleration in investment plans, according to the McGraw-Hill survey, are striking in amount. For example, "steel firms are increasing their capital investment 50 percent next year and already have plans to spend $1.15 billion in 1965, a level which is now higher than 1962."

Other key industries seem to have the same types of plans. For example, "the paper industry also plans to increase its investment next year. Paper companies expect to spend 22 percent more in 1964 than this year."

"The auto industry's investment will finally top the $1 million mark in 1964 after having spent less than a billion annually since the completion of its major expansion program in 1957." I wish to emphasize again, Mr. President, that these plans are all being made by business firms without any specific assumption concerning tax reduction.

In some other lines besides manufacturing the pattern is the same. Thus, "the electric and gas utilities both expect investment to rise next year. Investment by the utilities will top $6 billion next year and remain at this level in 1965." Similar results are expected in communications, in airlines, in pipelines, shipping and buses.

Another significant conclusion reached in the McGraw-Hill survey was that "the gap between actual and preferred rates (of operation) has narrowed appreciably for some firms and some industries." The significance of this, Mr. President, is that industries are coming progressively closer to the point where they will have to consider very substantial increases in investments. Demand is steadily rising toward the point where firms and industries will be operating at levels of capacity which will require additional plant and equipment for maximum efficiency. I would suggest as a result of this conclusion by McGraw-Hill, that we should not tip the balance at the present time by injecting a tax cut into the system. The economy is growing and, as the McGraw-Hill survey indicates, will presumably continue to grow. Moreover, we are coming ever closer to the time when the economy may well take off under its own initiative without any false stimuli such as tax reduction.

Some evidence of this growth in aggregate demand can also be seen in the McGraw-Hill results. For example, "manufacturers as a whole expect to increase unit sales next year at about the same rate as they did this year, and this year's increase was a good one by most measures." This conclusion refers to unit sales and if some price increases are taken into account, the total gross sales would increase even more.

TRIBUTE TO HON. CHARLES E. DANIEL

Mr. THURMOND. Mr. President, a former distinguished Member of this body, the Honorable Charles E. Daniel, of Greenville, S.C., was presented with an important award Monday evening at the Waldorf-Astoria Hotel in New York City. The Society of Industrial Realtors honored Senator Daniel as the 1963 industrialist of the year. I was pleased, Mr. President, to have the opportunity to be present on this great occasion when so many distinguished Americans from various parts of the country gathered to pay tribute to a Horatio Alger-type American who has proved to be as much or more responsible than anyone for the vast progress in industrial development that has been made in the southeastern area of the United States within the past two decades.

I am pleased to call to the attention of my colleagues three editorials from South Carolina newspapers which point up how much Charlie Daniel has meant to South Carolina, the Southeast, and, indeed, the entire United States of America by the application of his ingenuity, intelligence, and tremendous store of energy in strengthening and undergirding our great free enterprise system. The editorials are as follows: from the Greenville Piedmont of Greenville, S.C., dated November 11, 1963, and entitled "Charles E. Daniel Given Another Deserved Honor"; from the Greenville News of Greenville, S.C., dated November 13, 1963, and entitled "Industrialist of the Year"; and from the News and Courier of Charleston, S.C., dated November 13, 1963, and entitled "Speaking for America."

Mr. President, I ask unanimous consent that these editorials together with the very eloquent address which Senator Daniel delivered on receiving this award, be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorials and address were ordered to be printed in the RECORD, as follows:

[From the Greenville Piedmont, Nov. 11, 1963]

CHARLES E. DANIEL GIVEN ANOTHER DESERVED HONOR

Charles E. Daniel, chairman of the board of the Daniel Construction Co., will receive a bronze statuette tonight at a banquet at the Waldorf-Astoria Hotel in New York. It will symbolize his selection as the 1963 Industrialist of the Year by the Society of Industrial Realtors.

Today is Mr. Daniel's 68th birthday, and it is probable that, as he accepts the award from former Vice President Richard M. Nixon, he will turn his thoughts backward half a century when he went to work for 7½ cents an hour. Today, 8,000 persons work for his company, which has a payroll of more than $600,000 a week.

This is the 15th consecutive year the society has presented the award to the industrialist "who has made a most significant contribution to the industrial development of North America in the public interest." Previous winners include Alfred P. Sloan, Jr., of General Motors; Benjamin F. Fairless, of United States Steel; Thomas J. Watson, of International Business Machines Corp.; Thomas B. McCabe, of Scott Paper Co.; Stanley C. Allyn, of National Cash Register Co.; and William A. Patterson, of United Air Lines, the 1962 recipient.

Mr. Daniel, who organized his own company in 1935 with $25,000 borrowed capital, today heads a firm rated among the country's top industrial contractors with a present volume of business in excess of $300 million.

His company has built more plants than any other contractor in the Southeast and more in South Carolina than all other contractors combined. In the last 25 years, Mr. Daniel has constructed more than 300 major industrial plants in the South with a total value approximately $2 billion. These plants have created industrial jobs for 150,000 workers and have been responsible for about 300,000 more jobs in service and supply industries.

He is generally credited with having done more than anyone for the progress of his State since World War II. It has been said that when he turns a profit, so does South Carolina.

Mr. Daniel has long called Greenville his home, and Greenville is proud that another in a long list of deserved honors has come the way of a man whose life has been devoted to the advancement of his State and his country.

[From the Greenville News, Nov. 13, 1963]

INDUSTRIALIST OF THE YEAR

In at least an indirect way Greenville and the whole State of South Carolina shared the honor when Charles E. Daniel received from the hands of former Vice President Richard M. Nixon a national award in recognition of his fabulous career at a dinner in New York City Monday night.

He was named Industrialist of the Year 1963 by the Society of Industrial Realtors of the National Association of Real Estate Boards. The selection was made by a blue ribbon committee headed by Mr. Nixon.

We are pleased, of course, that Charlie Daniel has received national recognition. It was something that his own community and State couldn't very well do for him, although those who know him and appreciate his tremendous contribution to the development of the State and the South honor him in their minds and hearts and in many small gestures whenever they think of him or read of some new Daniel enterprise.

As far as most of us around here are concerned, Mr. Daniel is "Mr. Industrialist" for just about any year out of the last quarter of a century and any day of the year. His story and that of his company constitutes a saga worthy of the writing talents of a top-notch historian or novelist. If all the facts could be collected and described in detail, they would tax the imagination of the novelist.

The man himself would make a fascinating study in character, relentless energy, personal growth, controversy, unlimited vision, undaunted daring, unswerving devotion to right as he sees it, the ruthless courage to override obstacles in the way of achieving what he believes worthwhile goals, and a rare combination of fierce fighting anger and a humble sort of compassion.

A little over 25 years ago Charlie Daniel was a successful contractor in Anderson. About that time he moved his headquarters to Greenville and, as soon as the end of World War II let loose the pent-up demand for new construction, the Daniel Construction Co. was ready to catch the tide at the crest.

No job seemed to be too big for the company to undertake. During the quarter century the firm has been in Greenville it has built almost every conceivable type of business and industrial building from small office structures to tremendously complicated paper mills and even a nuclear-powered electric energy generating plant.

Charlie Daniel and his hard-riding associates would go anywhere, and they've been almost everywhere, to sell industrialists on expanding or building a new plant in the South, preferably in South Carolina.

At 68 the man who is known affectionately and privately to a few as "The Big Carpenter" shows some of the marks of battle and hard work. But he has lost none of his zest for either and he has acquired little patience with foot draggers whether they be in business or politics.

And if anyone anywhere doesn't want to know how he feels about a matter in which he is in the least interested or what he thinks about something they have said or done, they'd better not ask him—or expose themselves when somebody else has asked him to make a speech discussing problems connected with the economic development of South Carolina. He'll tell them.

Charlie Daniel was quite at home in the gathering of national figures in New York Monday night. He also is quite at home talking the same sort of language with the humblest laborer on the Daniel payroll of some 10,000 persons.

He once told a story of a conversation with a carpenter who had been working for the company 35 years. The man remarked that he wasn't worried about being laid off for lack of work because Charlie Daniel would "keep me busy."

"You know," said the industrialist of the year from behind a desk piled deep with blueprints and architects renderings of projects yet to be, "I'm working night and day to do just that."

A day's work by this man means many days of productive work for many other men. That perhaps sort of sums up a career that is still in full flight.

[From the News and Courier, Nov. 13, 1963]

SPEAKING FOR AMERICA

The South had a powerful and persuasive spokesman when Charles E. Daniel of Greenville addressed the Society of Industrial Realtors in New York City. As the society's

"Man of the Year," he had the respectful attention of an important business organization. Likewise he had a platform that commanded attention throughout the country.

Mr. Daniel was equal to the opportunity given him to reach a national audience. His speech was timely. It was forceful, and above all else, it rang with truth.

He spoke of the confusion among the American people today.

"There is deep apprehension in the business world," he said, "because the economic system of America, developed on the principle of free choice by individuals in a free market, is being throttled and killed by Government manipulation, interference and domination."

The Kennedy administration, Mr. Daniel said, gives daily demonstration of its "lack of economic understanding; of its inadequate knowledge or appreciation of our American system."

"These men," he said, have "no faith in the very system of free enterprise which brought us to the abundant life and to the position of opportunity for world leadership. So far, the system has survived in spite of these people, not because of them. They are an indulgence which we no longer can afford to risk."

The South does not concede, Mr. Daniel assured, that "America's greatness * * * is dead." He predicted that the Nation "will-soon be awed by the upgrading of educational and economic opportunities in the South for all our people. I further predict the South may well become, once again, the Nation's balance of power for sanity and responsibility in government. There is no more urgent need in this country today."

Mr. Daniel had other things to say—about financial responsibility in government; about wasteful foreign aid, about oppressive labor unions, and about Federal regimentation in the false name of civil rights. All these and more he said in addressing representatives of people who own business and residential property in States throughout the Union.

He was talking, we believe, the language that these property owers can understand, wherever they may live. They are the people who have the greatest stake in the well-being of the Republic. They have shown their competence in acquiring ownership of property. When all else fails, the land is left.

These are the people who own the land. They had a spokesman of proven ability in Charles E. Daniel. He is a builder, and a statesman with the solid background of business achievement. He has spoken as a southerner, and as a patriotic American. He has said things that the American people cannot safely ignore.

Will America Be Great Again?

(Address by Charles E. Daniel)

Mr. Nixon, President Hudson, Mr. Watson, distinguished guests, ladies and gentlemen, the tremendous influence the members of your society have exerted on the growth of industry throughout America and the high prestige you have earned makes me doubly appreciative of the signal honor you render me here.

For any credit due tonight, it must go where due—in the more intimate sense—to associates, supervisors, and to the thousands of employees of our company who, characteristic of the South, stand on their own feet and earn their pay.

In the broader scope of recognition, I accept this honor on behalf of many good people in all walks of life in our section of this wonderful country, in my State of South Carolina.

They are eager and busy people; determined and objective people. Such people are in the vast majority down there. They are proceeding with evergrowing momentum in their difficult task of overcoming a hundred years of incredible odds.

We fell behind in most respects, but we were deep-rooted people who had learned from necessity that the way to success and progress in life is to face up without fear to every problem.

I predict that the Nation will soon be awed by the upgrading of educational and economic opportunities in the South for all our people.

I further predict the South may well become, once again, the Nation's balance of power for sanity and responsibility in government. There is no more urgent need in this country today.

Down South, we do not concede that America's greatness, the kind which elevated this Nation to an opportunity for world leadership, is dead. We do not concede that the principles of our Founding Fathers are no longer applicable. We do not believe that our system of government is antiquated or outmoded.

We do realize that greatness and those principles are in deep eclipse behind clouds of national immorality, indecision, misrepresentation, and appalling confusion. We do realize that our system of government which we hold so dear is in grave jeopardy.

Little men at home and abroad who happened upon big responsibilities, no matter their intentions, are steadily accomplishing the destruction of American honor and stability at home and throughout the world.

We must restore the true character of this Nation in the judgment of the 100 million freedom-loving people behind the Iron Curtain, as well as in the rest of the world.

It is not the people of the South alone who are disturbed about the erosion of public leadership. As I travel around our country, I see and hear many things which cause me grave concern. Our people are confused. They have lost some of their confidence in their Government. There is the disturbing question: "Will America be great again?"

There is deep apprehension in the business world because the economic system of America, developed on the principle of free choice by individuals in a free market, is being throttled and killed by government manipulation, interference, and domination.

The administration is giving us daily, a convincing demonstration of its lack of economic understanding; of its inadequate knowledge or appreciation of our American system. Those men who are directing the economic and fiscal policies of our Government have no faith in the very system of free enterprise which brought us to the abundant life and to the position of opportunity for world leadership. So far, the system has survived in spite of these people, not because of them. They are an indulgence which we no longer can afford to risk.

The use of power politics for personal prestige means antibusiness; means loss of economic freedom; means development of more Federal regulated authority.

In this grim age of today, we cannot afford to indulge ourselves in unsound leadership. There is no place in America for government by fear and coercion. There is no place for fiscal irresponsibility and petty politics.

No ADA group, no power-bloated labor bosses, no educated beatniks, no pseudo-intellectuals—in fact, nobody—is going to rescue us from this serious situation. It is up to us to rescue ourselves. The people must face up to the predicament and again take charge of their Government and their affairs.

Presently, the cold facts indicate that there is little government action of consequence except on the basis of political acceptability.

Good Americans everywhere must join the fight to eliminate: the wildly theoretical excursions into the land of dreams; the incompetent and irresponsible economic planning; the erosion of American principles and convictions; the insidious perversion of power for personal gain and prestige, if we want America to be great again.

Neither time nor ability permit discussion of all our problems so I limit my comments to three major categories of troubles which seriously tarnish and challenge the greatness of America.

1. NATIONAL FINANCIAL IRRESPONSIBILITY

During the most prosperous period in recorded history, we in America find our national debt to be the highest in the world, larger than that of all other nations combined.

Yet, we continue to run tremendous deficits, with increased demands for more and more Government spending and concentration of power; this, in spite of the fact that the total tax take is near 40 percent. History teaches us no nation has ever survived for long when taxes exceeded 25 percent of total income for any period of time.

Foreign aid: Some of this was necessary and of great value. Yet, in the distribution of over $100 billion to 104 nations, billions have been squandered and wasted. With our own serious financial problems, America is at the end of the road as far as grants, gifts, and loans of billions are concerned.

Foreign aid, except to the destitute, and except for defense which should be approved by our good general staff, must cease in order to reduce our tremendous wartime tax burden; in order to help save the credit of the United States; in order to stop the build up of so-called neutralist and pro-Communist governments; in order to remove the deterrence to our own economic growth.

We must put a stop to this futile drain on our national resources if we are to maintain our strength for the many challenges which lie ahead.

Senator Harry Byrd has said that when he came to the Senate, there were only two major so-called Federal-State aid programs; now there are 110. But this is not all, there are clamors and cries for 110 more.

We are ready and willing to take care of deserving unfortunates at home, and certainly, we should. Yet, it must be done on such a basis that relief will not be a permanent profession, an inviting and comfortable status. Unnecessary relief means a decay of self-reliance, the deterioration of America. Our present systems leave a great deal to be desired in this regard.

Recent investigations indicate approximately 60 percent of present relief payments in some areas, amounting to billions of dollars annually, are unlawful and uncalled for. We need a complete revamping of these programs.

For the first time in the memory of our people, the American dollar is weak in the markets of the world. The credit of the United States seems headed for trouble and a drastic curtailment of expenditures is necessary.

Yet, it is implied from Washington, America must ignore inflation or deflation; the Government knows best; deficit budgets are good for America. We are told that we can borrow our way out of debt.

This kind of irresponsible thinking; this tinkering with our economy, creates strong impressions throughout financial centers. Our Government wants to destroy the free play of economic forces.

With the dollar depreciated to 44 cents and headed for 30 cents or less by 1970, when business believes our Government to be antibusiness, national fear is created. Confidence in the Government goes down the drain; with it goes one of our greatest national resources.

The ability of Washington leaders to curb Government expenditures, wage price inflation, taxation that destroys individual effort, will determine the status of the dollar of our future. It will also go a long way toward determining the future economic development of our Nation.

Management plans for expansion are based on their economic confidence in the ability of our Nation to invest and consume. Uncertainty as how to make plans for the future is the worst foe of economic progress.

We desperately need sound money, fiscal responsibility and discipline. We need complete, overall tax reform and tax reduction. Yet, it is not the prudent thing to do without equal reductions in Government expenditures. We must end the present philosophy of self-delusion in our Government.

2. INTEGRATION

To review the serious problem of integration, won't you please visit with us in the South. The tragedies of racial conflict, at least the spotlight on them, have centered in our areas.

Without equivocation, I report that the responsible people, your kind of people, have taken the upper hand in most places in the racial plight which came upon us. We are rapidly surmounting the hump, with confidence and increasing indications of reasonable solutions to our problems.

I might add that this is being done despite the roadblocks which are being thrown up by the demagogues and petty politicians, the opportunists who impede progress under the guise of helping the minorities. These are the enemies of us all.

The white and colored races have lived, worked, and developed our southern area together for so long, we need each other.

Our Negro friends are entitled to, and do, vote freely in South Carolina on the same basis as white people. They are entitled to full educational opportunities and in our State, we have made tremendous strides toward providing them with these opportunities. All too often, we lose sight of the real progress which is being made in the main arenas of life because of the distraction of the loud but unimportant sideshows.

We have approximately 7,000 Negro teachers in our schools. Can you name any State in the East, North, or West with a better record?

Our Negro friends are well deserving of full economic opportunities. They are being employed in our industrial plants as fast as they can qualify. Our economy needs and welcomes them. They are being accepted.

In the building construction trades, we have always worked our colored people. The situation generally is similar to the operation of our company.

Presently, we employ about 8,000 construction employees; 26 percent are Negro, including over 800 skilled mechanics. They work side by side with our white people, receive exactly the same pay, and do a very fine job.

Construction companies in neither New York City nor any other major cities have anywhere near as many Negro employees as our company.

Why? Because the dominating union bosses refuse to take them as members. In the places where they have control, they openly and deliberately deny them these opportunities. The discrimination which they practice is of the rankest sort. Their exploitation of these people is a national disgrace.

In South Carolina and in the 11 States of the Old Confederacy, all with strong State right to work laws, the Negro construction workers can find equality of opportunity. This is certainly not true in other areas.

The tragic phase of the integration problem is the pitting of the Negro against the white man; and the failure of so many of our people to give recognition to the inequality of human beings.

It has been said many times, but it should be said again, you can't force social change through legislation. Further progress in this difficult field will only come through the efforts of men of good will, working together on the local level. Agitation from without or within can only bring harm and deter true progress. These are not idle words; we are proving this to be true every day and without fanfare.

The pressure on Congress for enactment of the so-called, Civil Rights Act of 1963 disturbs all of our people because the act, as drawn, seems to be a plan for total Federal regimentation. It appears to us to be an attempt at complete Federal domination and control under the guise of a so-called civil rights bill. It strikes at the very foundation of our system of government.

No Member of Congress or the Senate could support this bill without violating his oath of office. It would constitute the greatest power grab since the days of Hitler and Goebbels. Furthermore, I predict, that, if passed, it will create more opposition to the goals it professes to seek, and do more to impede progress toward those goals than anything which has been done yet.

In my opinion, if the greed for power and votes could be eliminated, 80 percent of our integration problems would be solved within a matter of weeks.

3. LABOR UNIONS

We believe the most important job before us today is to do what we can to restore the competitive strength of America. To accomplish this, we believe the first step necessary would be for Congress to set the American workingman free by removing the sanction of forceful compulsory unionism.

We believe that every man has a definite right to join a union of his own free will. This we support fully.

We do not believe that any man anywhere, especially Americans, should be forced to pay tribute to others for the privilege of working.

Our Constitution sets out the rights of men to pursue their chosen work without hindrance. Our State right-to-work laws reenforce the Constitution in this regard. Compulsory unionism is contrary to these basic tenets and should be eliminated.

We cannot maintain our rights without a full acceptance of our responsibilities. Our first responsibility as citizens is to defend our rights to private and free enterprise.

In my opinion, the most important domestic problem facing America today is the unregulated, unchecked monopolistic power of the vast international labor unions and their bosses.

Of all the concentrations of power, resources and influence in our country today, this one—the big unions and their bosses—stands alone, free to create and expand monopolistic power; free to use that power to coerce and intimidate; free to use that power to destroy business; free to use that power to influence legislation and political elections; yes, free to use that power to the ruination of our economic, political, and social system and to the ultimate ruination of our beloved country.

Yet, when we look to see what is being done to bring this unbridled concentration of monopolistic power under proper control and into its proper perspective, what do we find? We find a Federal Government which is publicly and privately committed to promoting expansion of this force. We find an administration which is greatly influenced by arrogant labor bosses.

The National Labor Relations Board has been turned over to them lock, stock, and barrel. The present Board is in the process of completely rewriting our national labor legislation through its decisions. Instead of attempting to perform their proper role of administering fairly and impartially the legislation passed by Congress, this politically motivated group of bureaucrats is doing everything conceivable to aid and abet, yes, to promote the interests of the big labor bosses. They make no real effort to conceal their motives.

The outright bid for big union labor support by administration leaders indicates a conflict of interest and causes our people to wonder if government can be impartial.

Our excellent railroads, fighting for financial preservation, are denied the right to merge into more efficient units and save hundreds of millions of dollars each year, mainly because of union objections.

In addition, they are forced to pay approximately $600 million per year for excess labor at union insistence. Six boards and the Supreme Court have ruled featherbedding out but on union demands and threats, another board is appointed.

It is evident this process will continue until one board rules in favor of the unions and then another attempt will be lost in the battle for economy.

Our atomic-powered ship, the *Savannah*, costing $80 million, has never been able to operate because of union arguments.

The great newspapers of New York City were out of circulation for months, causing astronomical losses to owners, merchants, and the economy of the State because of the monopoly power of a few labor leaders. No one will ever really know how much this one irresponsible strike damaged the economy and the people of this great city.

This problem, this reality, has been avoided by those in positions of public responsibility until union power now exerts a very serious, adverse effect on our economy at home and our ability to compete abroad.

Leadership: The strength of America lies in our character, integrity, self-reliance. These traits, more precious than gold, when lost, leave our Nation impoverished. Capable, honorable people can and will give us good government—weak people give us poor government.

Recently, a great Senator said to me, "For the first time in 150 years, the Senate of the United States has lost control of the Government."

This should be disturbing to all good Americans because our only hope for better things for our people lies in an expanding economy, available only under sound, constructive government.

It is unfortunate but we have an accumulation of backwardness in government to eradicate. We can stop the erosion of public leadership by devoting a substantial portion of our time, and that of all our people, toward electing sound people at all levels of government.

Good government results from essential cooperation between business and government at all levels. We have obligations as Americans to maintain this status by fighting for fair treatment.

Our country is blessed with many devoted Americans in Congress, in National Government, but we especially need more strong men in the Senate and Congress—fearless men, men of integrity; men who will stand up to be counted, regardless of personal consequences; leaders who will not trade a single vote on a matter of principle to get a friend appointed judge or postmaster, to secure a military installation; or a public power project; or to get reelected.

A majority of such men in Congress, by standing firm against every invasion of individual freedom; against overwhelming Federal deficits; for strict adherence to sound and honest constitutional government, could block every socialistic approach in the Federal Government.

We need leaders who can read and understand our Constitution—not those who would try to read between the lines.

What we need is a resurgence of statesmanship, a solid balance of conservative power in the U.S. Senate and Congress; men who will lead, not follow; men who will fight, not appease; a return to self-reliance; a return to principle.

It matters not whether these leaders are Democrat or Republican.

We need a President to answer America's call to greatness; a man of integrity, of vision, of honor, of great courage. We need a man who can rise above petty politics and personal partisanship. We need a man who has the courage of his convictions.

Somewhere in our 50 great States, there is such a man—one who could become a great President by placing the well-being of all our people, the future of our country, above all else.

We can accomplish these things by paying our debt to America; by working for better government; by demanding great men for the great tasks which lie ahead.

Then America will be great again.

"THE STRATEGY OF DECEPTION"

Mr. DODD. Mr. President, I wish to draw to the attention of my colleagues a book that has just come off the press, entitled, "The Strategy of Deception." The book has been published by Farrar, Straus & Co., and the editor responsible for the final shape of the book is Mrs. Jeanne Kirkpatrick.

The "Strategy of Deception" is probably the most remarkable series of essays on the strategy and tactics of world communism ever brought together in a single volume.

If we are to effectively resist and combat the Communist efforts to subvert the free world, we must first of all understand how they operate.

Better than any book I know, it drives home the fact that the Communists rely primarily on the instruments of beguilement and deceit.

It does so by setting forth the record of Communist deception in China, India, in Czechoslovakia, in France, in Italy, in the United States, and in other countries.

This book, in a sense, is a monument to the memory of Mr. Sol Levitas, late editor of the New Leader.

So that my colleagues may have a clearer understanding of the origin and orientation of this book, I would like to say a few words about the man primarily responsible for it.

Mr. Levitas began compiling these essays and articles before his death.

He did so because he felt there was a need for a book that brought together in one place studies by competent authorities on the Communist masterstrategy of deception, as it has been practiced in those countries where the Communists have seized power, and as it is today being practiced in those countries the Communists are seeking to subvert.

This country owes a great debt to Mr. Levitas.

In his life he epitomized the best of true political liberalism.

As a leader of the democratic socialist movement in Russia, Sol Levitas fought, first against the abuses of the czarist regime, and then against the new tyranny of the Bolsheviks.

Sol Levitas was never one of those double-standard liberals who protest against tyranny or injustice on the right but close their eyes to tyranny and injustice on the left.

As the editor of the New Leader, he was in the forefront of the battle for social reform for more than three decades.

His was one of the earliest and most vigorous voices to protest the brutality of the Nazi regime and to warn against the peril it presented to the entire free world.

But Sol Levitas saw in communism a peril of equal import.

He never ceased to expose it and to warn against it.

He spoke up even during the difficult days of World War II, when our press and our political leaders abstained from any criticism of the Soviet Union out of a misconstrued deference to an accidental military alliance.

To those who are disposed to equate anticommunism with conservatism and rightwing extremism, I would point out that during the war years the New Leader, under Sol Levitas, was the only serious periodical in this country that protested against the crimes committed by the Soviet regime and that warned against the concessions we made in the conduct of the war, and at the Teheran, Yalta, and Potsdam Conferences.

The life of Sol Levitas is the best answer I can think of to the indiscriminate critics of liberalism.

The fact is that there are true liberals and false liberals.

Sol Levitas exemplified the former.

He lived by the credo of Thomas Jefferson, when Jefferson said:

> I have sworn upon the altar of Almighty God eternal hositility to all forms of tyranny over the mind of man.

"The Strategy of Deception" is in the best tradition of Sol Levitas and the New Leader.

It is, in my opinion, the most significant handbook on communism that has yet been published.

It is not so specialized that it cannot be read by the layman.

But there is no one so sophisticated or knowledgeable that he cannot benefit from reading it.

I myself learned a great deal from it.

This is an indispensable book for all those who understand the gravity of the situation, and who seek a course of action capable of frustrating the Communist "Strategy of Deception."

I hope that all of my colleagues will find the time to read it.

Mr. HUMPHREY. Mr. President, I should like to add my comments to those of the senior Senator from Connecticut [Mr. Dodd] in regard to "The Strategy of Deception," edited by Mrs. Jeanne J. Kirkpatrick and published today by Farrar, Straus & Co.

This book is a remarkable compilation by a brilliant and scholarly lady. In 16 short chapters and essays, it presents a comprehensible picture of communism. Not a work written in anger or in hate, it is aimed at the enlightened citizen interested in foreign policy. It has clarity and depth of perception, and it is concise.

In "The Strategy of Deception" we can see how the Communist world is geared to fit the exigencies of the moment. There is vivid documentation of how local Communists veer constantly to follow the course set by Moscow or Peiping—even at the cost of deep embarrassment and loss of face. This is consistently true in all the countries of the free world where Communists exist, the book amply demonstrates.

I particularly recommend "The Strategy of Deception" to those of the American citizenry who were too young to remember at first hand the subterfuge of the Communists throughout the world in the twenties, thirties, and forties. There is an excellent description of the Communist infiltration of the CIO in that period, for example, written by my good friend and former legislative assistant, Dr. Max M. Kampelman; there is a clear exposition of the Communist problem in South America by Prof. Robert S. Alexander, of Rutgers University. Julian Gorkin—a one-time founder of the Communist Party in Spain—describes his disillusionment with the movement. There is an excellent chapter covering the Communist coup d'etat in Czechoslovakia as it was accomplished under the protective shadow of the Red army.

Indeed, "The Strategy of Deception" is recommended reading for every American citizen who wants a scholarly, hardheaded analysis of the Communist movement.

BEEF IMPORTS CAUSING MIDWEST COMPANY TO CLOSE ITS DOORS

Mr. SYMINGTON. Mr. President, this afternoon I received a call from Mr. Jay B. Dillingham, president of the Kansas City Stockyards Co., who reported that one of our dressed beef companies in Kansas City is shutting down its operation tomorrow and laying off 90 employees.

Specializing in the purchase and processing of canner and cutter cows, this plant is unable to compete with the greatly increased importation of meat and meat animals which is adversely affecting the entire industry.

The plant shutting down tomorrow is one of the largest of its kind in the country. Normally at this time of the year it would be at its peak season, employing some 200 people.

I have written the Secretary of Agriculture, presenting this shutdown for his attention, and expressing the hope that renewed efforts may be made to correct a problem of such seriousness to Missouri and all other livestock-producing States.

I ask unanimous consent that a copy of my letter to the Secretary be inserted at this point in the Record.

I also ask unanimous consent to have printed at this point in the Record a letter from Mr. Dillingham, to which I referred when the senior Senator from Kansas and I were discussing this problem last week.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
November 14, 1963.

Hon. ORVILLE L. FREEMAN,
Secretary, Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: Just this afternoon, Mr. Jay B. Dillingham, president of the Kansas City Stockyards Co., and himself a livestock producer of considerable experience, called to report that the largest meat boning plant in Kansas City is unable to compete with the increased imports this year of meat and meat products and is shutting down at the close of business tomorrow.

At this time of the year under normal market conditions, this particular plant would be at its peak season with 200 employees. In recent weeks it has been operating on a curtailed basis with only 90 employees and now these 90 must be laid off tomorrow.

The enclosed copy of a letter from Mr. Dillingham presents, in greater detail, the seriousness of this situation about which we have been concerned for many months.

It is my understanding that members of your Department met late last month with the Livestock Advisory Committee at which time a program was discussed including the following:

1. Voluntary restriction on imports of livestock and livestock products.

2. A stepped-up program for sale of more beef through normal retail stores.

3. Marketing of beef animals at lighter weights.

As emphasized by the closing of the boning plant in Kansas City, the situation is more serious each day. I would urge, therefore, that renewed efforts be made to implement the suggested three-step program.

I would hope also that consideration could be given to increased purchases for the school lunch and needy family distribution programs and to any other actions which will assist this industry.

Sincerely,

STUART SYMINGTON.

THE KANSAS CITY STOCKYARDS CO.,
Kansas City Mo., November 4, 1963.

Hon. STUART SYMINGTON,
U.S. Senate,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: The attached clipping from the Kansas City Star, dated November 3, 1963, warrants our bringing you up to date on the pressure imported meat is having on current live-animal prices.

The second clipping on the same sheet shows the following comparisons with a year ago:

	Nov. 3, 1963	Week ago	Year ago
Fat steers (K.C.), hundredweight	$23.75	$25.00	$28.75
Fat hogs (K.C.), hundredweight	15.35	15.75	17.25
Fat lambs (K.C.), hundredweight	19.25	18.75	20.50
Corn, No. 2 yellow (K.C.), per bushel	1.26¼	1.25¾	1.21¾

All slaughter steers this last week in Kansas City averaged $22.47 a hundred, $22.75 the previous week, and $27.48 a year ago, and lower again today. While we recognize that fat cattle reached a higher level a year ago than anticipated, there is no economic justification for present-day prices. Despite the position of the Department of Agriculture that imported meat is not depressing domestic prices, we still disagree.

Import duties on beef and veal (fresh, chilled, or frozen) were reduced in 1948 from 6 to 3 cents per pound. At the same time, duties on mutton were reduced from 5 to 2½ cents per pound.

Statistics reaching us reveal the following record:

Imports of beef and veal from 3 countries (product weight basis)

[In millions of pounds]

	Australia	New Zealand	Ireland
Average 1951–55	1.4	13.0	7.2
1958	16.9	182.0	23.7
1959	223.9	160.9	42.0
1960	144.7	130.7	43.6
1961	232.2	154.3	61.1
1962	444.7	213.6	70.7
1962 as a percent of 1951–55	31,764.0	1,643.0	982.0

The September 2, 1963, issue of Foreign Agriculture, USDA, shows a total of 651,164,000 pounds of red meat imported or 18 percent over the same period of 1962. Lamb is almost double the same period, an actual increase of 95 percent. There is no reason to anticipate that figures for the last 6 months of 1963 will show any different pattern.

Domestic production of beef and veal, in terms of consumption, came to about 90 pounds per capita in 1962. With imports of beef and veal at 8.9 percent of domestic production, it means that 8 pounds of product per person were offered in our domestic markets from foreign sources.

The record on slaughter of cows will be of interest. Figures are published by USDA.

	Canner and cutter cows	Other cows
January to August 1963	1,043,000	1,510,000
January to August 1962	1,221,000	1,406,000
January to August 1961	1,223,000	1,313,000
January to August 1960	1,267,000	1,480,000

This shows the slaughter of cows for the January–August 1963 period is down 7 percent from 1960 and can only indicate the price of cows for slaughter is inadequate to influence livestock people to ship cows to market. In other words, they are holding back cows to produce another calf. This is at the same time when cattle numbers in the United States are at an all-time high and with dry weather existing over a very large area.

The total dollar value of U.S. exports of all livestock and meat products in 1962 came to about $320 million. Our imports amounted to $670 million, plus $209 million of wool, making the total import value of approximately $879 million.

Our Kansas City Drovers Telegram carried an article on October 18, 1963, quoting Secretary Freeman that Australia, New Zealand, and Ireland have agreed to limit their shipments of dairy products to the United States in 1963 and 1964. Secretary Freeman is quoted as saying this voluntary action should ease the fears of American dairymen that imports of three specific products will suddenly increase.

It is difficult to understand how imported dairy products are recognized as affecting the domestic market and quotas agreed to voluntarily and, at the same time, contend meat imports do not have the same effect.

The graph enclosed reveals that choice grade steers dropped $4.84 from mid-October 1962 to the same period of 1963. This is a drop of 16.8 percent. The graph also shows that canner and cutter cows have held at a fairly constant level, based on cutout figures for domestic hamburger to sell in competition with imported meats.

The National Live Stock and Meat Board, at their annual meeting recently held in Wichita, Kans., cut half a carcass from a choice grade steer weighing 292 pounds, which is a very desirable product for most retail stores. From this side of beef, the following figures were compiled:

	Lb.	*Oz.*	*Percent*
Popular cuts such as steaks, brisket, rib roast	83	13	28.6
Less popular cuts such as boneless neck, stew, arm pot roast, hamburger, kidney, etc.	113	4	38.6
Cuts of little value, such as fat, bones, trimmings and loss in cutting	94	15	32.8
Total	292	0	100.0

In the second classification, hamburger amounted to 35 pounds 10 ounces, or 12 percent of the total side. The percentage of hamburger can increase materially when the less popular cuts do not sell readily over the counter. In that case, they are also ground into hamburger and the percentage of hamburger from the choice side of beef will increase to a total of about 38 percent of a choice grade steer. The percentage of meat directly competitive with that imported from a good or lower grade steer is even higher.

Boning is a specialized operation and many plants restrict their operation to that part of the business almost exclusively. Many of these plants over the country have discontinued operations or reduced to a very minimum.

The second largest boning plant in the United States is located in Kansas City. We know he is fully aware of the pressure imported meat has on his business. Here are the facts.

Canner and cutter cows cost $27 per hundredweight (lowest this year) hanging on the rail before the boning operation starts. These cows will cut out the following products per hundredweight, figuring from the dressed carcass:

70	pounds of hamburger selling for 40 cents per pound	$28.00
2	pounds of tenderloin at 80 cents per pound	1.60
23½	pounds of bones selling for 1½ cents per pound	.36
4	pounds of fat at 3 cents per pound	.12
100	pounds. Gross value	30.08

Expenses in the operation include labor for boning, packaging, loading, freezing, cost of boxes and administrative costs which will be $3. This $3 expense is subtracted from the gross value of $30.08 which leaves the cow carcass worth $27.08 on the rail. This $27.08 is based on 40-cent hamburger.

Imported meat can be purchased in New York at $38.25 with a 90-percent lean meat figure. It would be necessary to add $2 per hundredweight for delivery into Kansas City or a total figure of $40.25. This makes the domestic meat look like a bargain unless the whole story is told. Here is the actual route of most of the imported meat after it is unloaded at either the east or west coast. It is sold to retail stores who use their power saws to slice the meat into thin strips and after it is partially thawed, it is ground into hamburger. These stores have fat waste that is practically a total loss in the cutting operation, so they add this fat which is worth 3 cents per pound to the lean imported beef that will analyze 90-percent lean and 10-percent fat, to bring the percentage up to 23-percent fat. This is the legal limit set by the Federal Government standards. This lowers the cost of hamburger in that store from $40.25 to $36.52 or a round number of 37 cents a pound, while our local plant has to have 40 cents per pound to keep his money together.

While this started out to be a memo to bring you up to date, the scope of the problem warrants our imposing on you to recite facts herein. We think it convincing that imported meat has been depressing our market and will continue to do so as long as the volume remains at the existing level. Domestic production is ample and recent statements by USDA would not forecast any reduction in the foreseeable future.

Even though the comments relate to the effect on beef, it has the same influence on pork and lamb. To make matters even worse, the October issue of the Livestock Journal discloses that Japan has been added to the list from which meat, meat food products, and meat byproducts may be imported into the United States under Federal meat inspection regulations after July 30, 1963.

The USDA has indicated an increase in domestic production of 3 percent per year in red meat for the next 5 years is needed to supply the domestic market. With our cost of production being up—higher labor, grain, hay, and equipment, it is quite apparent we are losing our market to imported meats.

Yours very truly,

JAY B. DILLINGHAM,
President.

RECESS

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. May I say that before the Senator from Minnesota yielded to me and before the Senator from Connecticut obtained the floor, I made a statement that it was my intention to ask for a recess until tomorrow at 12 o'clock noon. With the permission of the Senator from Minnesota, I should like at this moment to ask unanimous consent that the Senate stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. GOLDWATER. Mr. President, reserving the right to object——

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may yield.

Mr. GOLDWATER. Could not the Senate meet tomorrow at 10 o'clock?

Mr. MANSFIELD. I would like to have it do so, but the Finance Committee has to meet to consider the tax bill. If they had not been meeting for the past 2 or 3 weeks, the Senate would have been in session at 9 or 10 o'clock each morning.

Mr. GOLDWATER. Why can we not ignore the committee for 1 day, and meet at 10 o'clock tomorrow?

Mr. MANSFIELD. Because the committee is conducting important business, to try to get the tax bill out within a reasonable period of time.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the Senate meet tomorrow at 10 o'clock a.m.

Mr. MANSFIELD. Mr. President, I object. That responsibility lies with the minority leader and with the majority leader.

I understand the position of the Senator from Arizona, and I would hope that he would understand the position we are in, because we have to get legislation through the committees. There has been enough criticism of the Senate in the past several weeks to last us for a long time.

So, Mr. President, I renew my motion that the Senate stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that the Senate take a recess until tomorrow at noon.

Mr. MANSFIELD. Mr. President, on that question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that the Senate recess. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. McGOVERN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Tennessee [Mr. WALTERS], are absent on official business.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. McGOVERN], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Tennessee [Mr. WALTERS], and the Senator from California [Mr. ENGLE] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "nay."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kentucky [Mr. MORTON].

If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Kentucky would vote "yea."

The result was announced—yeas 68, nays 17, as follows:

[No. 238 Leg.]

YEAS—68

Aiken
Allott
Bartlett
Bayh
Beall
Bible
Boggs
Brewster
Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Church
Clark
Cooper
Dirksen
Douglas
Eastland
Edmondson
Ervin
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Johnston
Jordan, N.C.
Keating
Kennedy
Kuchel
Lausche
Long, Mo.
Mansfield
McCarthy
McClellan
McGee
McIntyre
McNamara
Metcalf
Monroney
Muskie
Nelson
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Ribicoff
Robertson
Saltonstall
Smith
Sparkman
Symington
Talmadge
Williams, N.J.
Yarborough
Young, N.Dak.
Young, Ohio

NAYS—17

Bennett
Cotton
Dodd
Dominick
Fong
Goldwater
Jordan, Idaho
Mechem
Miller
Morse
Moss
Mundt
Scott
Simpson
Thurmond
Tower
Williams, Del.

NOT VOTING—15

Anderson
Curtis
Ellender
Engle
Hruska
Jackson
Long, La.
Magnuson
McGovern
Morton
Neuberger
Russell
Smathers
Stennis
Walters

So the motion to recess was agreed to; and (at 10 o'clock and 34 minutes p.m.) the Senate recessed until tomorrow, Friday, November 15, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 14 (legislative day of October 22), 1963:

U.S. ATTORNEY

George I Cline, of Kentucky, to be U.S. attorney for the eastern district of Kentucky for the term of 4 years, vice Bernard T. Moynahan, Jr.

U.S. MARSHAL

Eugene G. Hulett of Oregon to be U.S. marshal for the district of Oregon for the term of 4 years, vice Paul Kearney, deceased.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 14 (legislative day of October 22), 1963:

POSTMASTERS

ALABAMA

Percy O. Morris, Demopolis.
Malcolm M. Walding, Dothan.
David Barnhill, Robertsdale.
John A. Kelley, Uniontown.

ARKANSAS

Jacob F. Dickerson, Evening Shade.
Wilford W. Taylor, Hoxie.

CALIFORNIA

Olive A. Jones, Castella.
Leonard O. Moody, Redondo Beach.
Ramona C. Hilliard, Williams.

COLORADO

Richard N. Heyman, Kersey.
Archie N. Hain, Wellington.

CONNECTICUT

Helen T. Fiddner, Brookfield Center.
Edmund W. Vallera, Higganum.
John B. Condon, South Britain.

DELAWARE

William C. Calloway, Delmar.
James C. Bowdle, Dover.
Carl R. Davidson, Nassau.

FLORIDA

Charles A. Miller, Bay Pines.

GEORGIA

Charles J. Cunningham, Madison.

INDIANA

James Neugebauer, Gary.
Lea C. Christensen, Hammond.
Charles A. Seger, Jasper.
Roger J. McKee, Michigan Ctiy.
Albert S. Delano, New Market.

IOWA

Izetta C. Bopp, Brayton.
Bernard F. Snyder, Larchwood.
Orval C. McCormac, Letts.
Mary E. Dardis, Peosta.
Willard E. Leiran, Waterville.

KANSAS

Lawrence V. Ferrell, Independence.
John H. Grentner, Junction City.
Dean H. Evans, Lebo.
E. Maxine Nelson, Lenora.
Larence K. George, Neosho Falls.
Frank J. Jira, Rush Center.

KENTUCKY

James D. Dearing, Alvaton.
Marianna T. Thompson, Edmonton.

LOUISIANA

George C. Grammer, Benton.
George G. Benefiel, Kenner.
Lee L. Blanchard, Paincourtville.
Pat W. Almond, Port Allen.
Rena G. Langlinais, Youngsville.

MAINE

William F. Leonard, Camden.
Norris L. Marston, Lubec.
Winifred V. Burton, Monhegan.
Leo P. Pinette, Westbrook.

MARYLAND

Martha G. Catlin, Nanticoke.
Guy W. Hinebaugh, Oakland.
Lee C. Hocker, Rockville.
Jerome D. Laffey, Westernport.

MASSACHUSETTS

John F. Bresciani, Hopedale.

MICHIGAN

Harry L. Faling, Clarklake.
Linden F. Tibbits, Columbiaville.
Frederick A. Heileman, Dutton.

MISSOURI

Arthur L. Giffin, Guilford.
Morris W. Templeman, Meadville.
Joe J. Kirkman, Osage Beach.
Forrest B. Thompson, Richmond.

NEBRASKA

Harold F. Zwonechek, De Witt.
Harold F. Ahlschwede, Gurley.

NEW JERSEY

Alfonso W. Magurno, Bloomingdale.
Dominic J. Zambello, Lambertville.
Paul J. Sulla, Manville.
Joseph W. McCauley, Millburn.
J. Robert Tracey, Morristown.
Ralph J. Caneva, Park Ridge.
John B. Porter, Runnemede.
Peter G. Bakutes, Somerville.

NEW MEXICO

Isabel Rumsey, Orogrande.

NEW YORK

George T. O'Leary, Central Islip.
Donald J. Fitzpatrick, Dannemora.
Anthony Mignano, Deer Park.
Walter E. Fitzgerald, Getzville.
Robert T. Johnston, New Paltz.
William F. Graff, Pennellville.
Mary L. McCann, Poplar Ridge.
John G. Bittner, Rochester.
Harry P. Johanesen, Ronkonkoma.
John E. Snedeker, Jr., Trumansburg.
I. Louis Wood, Vernon Center.

NORTH CAROLINA

Francis P. Martin, Danbury.
Eugene B. Quinn, Hendersonville.
Mattie L. Weathers, Lattimore.
Herbert Long, Jr., Leland.
James D. Malloy, Parkton.
John M. McNair, Jr., Nashville.

NORTH DAKOTA

Harley S. Durward, Bowbells.
George G. Schmid, Minnewaukan.

OHIO

Glenn G. Isenman, Canton.
Orval V. Grove, Centerburg.
Marcella V. Fedderke, Jewell.
Anthony Alferio, Jr., Kipton.
Doris E. Thompson, Monroe.
Billy L. Flint, New Vienna.

PENNSYLVANIA

Ward Johns, Adrian.
Robert I. Grove, Alexandria.
Anthony J. Del Vecchio, Canonsburg.
Kenneth E. Huber, Catawissa.
Joseph W. Kudasik, Jr., Central City.
Derry A. Miller, Clearville.
Edward M. Buckley, Dallas.
Edward L. Thomas, Drifton.
Dorothy R. Karpyn, Egypt.
Charles W. Pentz, Gettysburg.
Theresa A. Catale, Hillsville.
Alvin R. Marshall, Hollsopple.
James J. McLaughlin, Holmes.
Blanche G. Smyers, Hopewell.
Carl F. Englehart, Hunlock Creek.
Blair I. Showalter, Huntingdon.
John W. Weller, James Creek.
Wade H. Kinsey, Jr., Ligonier.
George S. Burke, Meyersdale.
John W. Cooner, Millheim.
Harold R. Hockman, Mingoville.
Jay F. Pollock, Mount Union.
Verla J. Hill, Needmore.
Francis J. Augostine, New Castle.
Ralph W. Whipkey, Jr., Ohiopyle.
Stanley T. Wagner, Penns Creek.
George W. Lauck, Jr., Pine Grove Mills.
William H. Jones, Ralston.
Kenneth J. Headings, Reedsville.
Russell S. Powell, Jr., Riegelsville.
Kenneth A. Harrison, St. Thomas.
Alexander G. Albright, Schwenksville.
Stephen W. Bergstresser, Selinsgrove.
Walter J. Piwinsky, Slickville.
Myrtle E. Smith, Spinnerstown.
John H. Stangarone, Springs.
Dawn M. Ressler, Talmadge.
M. Franklin Ward, Tioga.
Elden C. Harris, Torrance.
Clair J. Uber, Volant.
James A. Haney, Sr., Warminster.
Glen E. Cluck, Waynesboro.
Nicholas A. Morelli, Williamsburg.
Michael Conrad, Jr., Worthington.

PUERTO RICO

Jose D. Candelas, Jr., Manati.

SOUTH DAKOTA

Elnora L. Kempton, Peever.

TENNESSEE

Curtis S. Lowery, Brownsville.
Raymond B. Cox, Cottage Grove.
Melvin L. Kilgore, Richard City.
George L. Brown, Woodbury.

TEXAS

James Q. Pennington, Bluegrove.
Burton L. Kirtley, Jr., Graham.
Willis H. Roberson, Jr., Grand Saline.

UTAH

John R. Rowberry, Logan.
Kay R. Peterson, Manti.
Edward W. Monk, Mount Pleasant.
Roy Ross, Richfield.
Orlo Goodrich, Vernal.

VIRGINIA

Mildred M. Hill, Claudville.
Marquard L. Chandler, Exmore.
Robert J. Owens, Ivor.
Warner T. Crocker, Lovingston.
George T. Cook, Jr., Newsoms.
LeRoy N. Hilton, Jr., St. Paul.

WASHINGTON

Donald E. Nelson, Edmonds.
Max A. Gaston, Monitor.
Orval B. Senff, Olga.
Jerome W. Pfeifer, Ridgefield.
Helen M. Carlson, Skykomish.

WEST VIRGINIA

French B. Powers, East Rainelle.
Ruby E. Blevins, Hemphill.

WYOMING

Orval Horton, Chugwater.

U.S. COAST GUARD

Otto E. Graham, Jr., to be a member of the permanent commissioned staff of the Coast Guard Academy as an associate professor with the grade of commander.

The following-named persons to the rank indicated in the U.S. Coast Guard:

To be commanders

William R. Gill
Frederick H. Raumer
David S. Williams
Ward R. Turner
William Miller

To be lieutenant commanders

Russell D. Erickson
Milo A. Jordan
Wilbur E. Harris
Stephen P. Bunting
Roger F. Erdmann
Harry N. Hansen
John E. Cavanaugh
John Atherton
Clarence J. Pare, Jr.
Melvin H. Handley
Ezekiel D. Fulcher, Jr.
Christy R. Mathewson
Warren H. Wilmot
"A" "J" Beard
Lavine Hubert
Alvin L. Kooi
Orval K. Beall
Philip S. Lincoln
Marin M. Cornell
Lyle W. Glenny
Richard R. Hoover
Ludwig K. Rubinsky
Victor Koll
Lawrence O. Hamilton
Eugene C. Colson
John A. Packard
Victor W. Sutton
George E. Cote
Melvin H. Eaton
Victor M. Adams
Lee W. Bothell
Talmadge H. Sivils
Charter D. Edwards
Robert P. Harmon
Claude W. Jenkins
George D. Miller, Jr.
Eugene Linnemann
Carl M. Mortensen
Harry A. Lessey
Robert F. Anderson
Daniel C. Giller
Lester W. Willis
Allen M. Wilson
William R. Claborn
Lynn I. Decker
Phillip M. Griebel
Rudolph E. Anderson
Donald H. R. Fraser
Donald Cobaugh
William K. Cooper
Christian A. Weitzel
Gerald M. Davis
Fred M. Guild, Jr.
Herbert L. Johnson
Howard H. Istock
Benjamin F. Weems
Harold W. Woolley
Robert J. Hanson
William I. Janicke
Edward E. Walker
John A. Dearden
Charles H. Sanders
Richard F. Goward
Eugene P. Farley
Joseph A. Haynes

EXTENSIONS OF REMARKS

Charles R. Hook

EXTENSION OF REMARKS

OF

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1963

Mr. ROGERS of Florida. Mr. Speaker, in the recent passing of Mr. Charles R. Hook, America has lost an internationally known industrialist and Government servant who devoted his entire life to principle.

It was my great pleasure to work with Mr. Hook through his efforts on the Hoover Commission. As the sponsor of legislation which his committee recommended, I had the opportunity to get to know and respect his great ability and devotion to his country. On the Hoover Commission, Mr. Hook made his specialty the business side of the Defense Establishment. He brought with him the experience gained in Government by serving, without pay, under three Presidents. He started as a $2 a week office boy for a Cincinnati, Ohio, steel firm and rose to serve as chairman of the board of one of our leading steel companies. This varied background in business made him well qualified for his Government service, and many of his recommendations on behalf of the Hoover Commission have been enacted into law.

Mr. Hook received many awards in his lifetime, but perhaps one of the last meant the most to him. This was the award presented "for devotion to principle" given by former President Herbert Hoover on behalf of the Hoover Commission task force. The citation said "you have provided strong leadership in the far-reaching and time-consuming task of assuring implementation of the Commission's recommendations." Hoover said to Mr. Hook that the citation was the only one of its kind ever awarded, and "it is an indication of the great esteem in which you are held." The citation praised Hook's "diligence, perseverance, integrity, and farsightedness."

Charles R. Hook is representative of that product of the American free enterprise system we tend to overlook too often. His life story is one of a man who worked his way up from the bottom of the ladder of industry to the top position in his field, and who gave of his time and energies to the Nation which had made it all possible. He did not seek honors nor compensation for his service, merely the opportunity to serve. He lived his life quietly, without great fanfare, and yet made a lasting contribution to Government and industry. As his biographer, John Tebbel suggested in his title, he brought "the human touch" to business, and to Government.

America has produced others like Mr. Hook. It is assured, through his good example and faith, she will continue to produce leaders of quality, and integrity.

To Mrs. Hook, and their son and daughter, we express our deepest sympathy, and pray that the strength of a lifetime of love and devotion sustain them.

H.R. 333, a Bill To Amend the Sherman Antitrust Law and Make It Applicable to International Labor Unions

EXTENSION OF REMARKS

OF

HON. DAVE MARTIN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1963

Mr. MARTIN of Nebraska. Mr. Speaker, Jimmy Hoffa within the last few days has announced that he is starting negotiations on December 1 with the trucking industry for a one-package nationwide contract. He is demanding for the first time one contract with all of the Nation's 16,000 trucking companies which, of course, would end on the same date. Heretofore, regional contracts were written, each separate and with different dates. This kind of a new frontal attack gives Jimmy Hoffa the power to completely tie up the economy of the country within a matter of hours. It gives Jimmy Hoffa the power to put thousands of trucking firms out of business. If management were to conspire to put a competitor out of business, the Government would step in; but if a union does exactly the same thing, nothing is done. Why? Because there are no laws on the books to control the power of the unions.

The International Teamsters magazine of November 1963 predicts that the 16,000 trucking companies in the United States today will shrink to 100 in the next decade. Why? Jimmy Hoffa and his nationwide contract will either force these companies to the wall or to consolidate. He has already brought ruin to many companies throughout the country by his ruthless tactics, and this latest demand will bring the entire industry and the economy of the country within his grasp.

Jimmy Hoffa stated that the proposed contract would cost over $600 million in the next 3 years and that higher rates would be needed in order to pay this amount. Among other things, the contract will require that all operators pay $5 into the Teamster pension fund for each truck trailer piggybacked by the railroads. This is outright featherbedding and, yes, even blackmail. No service is performed for the $5, but yet it is demanded under threat and will be paid under fear. This—in the United States which, under our Constitution, guarantees freedom to each individual.

Mr. Speaker, this master contract will complete a monopoly for Jimmy Hoffa in the trucking industry. Rather than wait until an emergency arises—such as we had in the railroads this year—it is imperative that the Congress now consider legislation in the field of industrywide strikes and come up with some sound work in this field without an emergency hanging over its head. If we are to enact constructive legislation in this field, now is the time to move forward. Now is the time to consider the consequences of the proposed action by the Teamsters Union.

My bill, H.R. 333, goes to the heart of this problem. It would amend the Sherman antitrust law and make it applicable to international labor unions. It would prohibit industrywide strikes, it would prohibit featherbedding, not only in the transportation industry but in all industry. This is one of the most serious problems which this country faces today. If we are to protect the welfare of our citizens from the greed and lust for power by some of our labor leaders, we must enact legislation in this field. The hour is late and immediate consideration of this grave problem is a must. The American citizen and the rank-and-file union member must be protected.

Jacksonville (Ill.) Jaycees Honored

EXTENSION OF REMARKS

OF

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1963

Mr. FINDLEY. Mr. Speaker, the U.S. Junior Chamber of Commerce has achieved worldwide recognition for its many examples of public service. One of the most significant of its new projects was inaugurated by the Jacksonville (Ill.) chapter of the Jaycees on Memorial Day, 1961.

On that day the organization, under the leadership of its president, Bill Carl, established a highway safety service on Highways 36 and 54 in Jacksonville which received nationwide recognition. The group established a rest stop for the convenience and safety of motorists on that day of busy traffic. Motorists were invited to park for a few minutes, have the windshields of their cars cleaned off, receive free refreshments in the shade, travel information, and a packet of literature and other items to make their journey more pleasant.

This event was highly successful and so widely praised by motorists that it received nationwide publicity. Since then the Jacksonville Jaycees have continued the rest stop each as a feature of the July Fourth and Labor Day holidays.

The new president of the group is Keith Schuman, and on Tuesday, November 26, the chapter will receive a special award from Illinois Secretary of State Charles F. Carpentier, himself nationally known for his effective work in promoting highway safety.

To me it seems a significant occasion on which to recognize the initiative and constructive good work of the Jaycees.

The Polish University Club of New Jersey

EXTENSION OF REMARKS

OF

HON. FLORENCE P. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1963

Mrs. DWYER. Mr. Speaker, the Polish University Club of New Jersey, one of the most active and constructive organizations of its kind, celebrated its 35th anniversary last month with a most impressive and enjoyable banquet and ball at the Robert Treat Hotel in Newark.

In connection with this event, the club published a very informative and attractive program which contains a great deal of important information about the club and its activities.

Founded in 1928, the Polish University Club's purposes have been admirably summarized by Dr. Charles Allan Baretski, its historian:

> An outpouring of love for America and respect for its Government and institutions and gratitude for sacrifices made in their behalf by their parents and families and a determination to foster an appreciation of their Polish heritage bespoke a readiness on the part of the club's founders to charter an organization for Polish-American men whose only standard would be one of excellence. Thus, ab initio, the Polish University Club of New Jersey was something more than a fraternal group, much more than an ethnic or "nationality" society, singing its own praises. Ideally and actually, it was and is meant to be a service group, and it does serve. It illuminates the ideals of American citizenship, holds high the torch of learning and scholarship, and disseminates the fruit of Polish culture.

Among the group's most important contributions has been its sponsorship, beginning in 1953, of the Institute of Polish Culture at Seton Hall University in South Orange, N.J. Now known as the Polish Cultural Society at Seton Hall University, this institution has regularly implemented the club's ideals by bringing to the public, under university auspices, outstanding programs featuring Polish scholars, music, poetry, and history.

The club's scholarship program is another of its activities in which members take special pride. Over the years, a long list of deserving young men and women have been aided in pursuing college careers at various institutions inside and out of New Jersey, thereby extending the beneficial influence of the the club far into the future.

In addition to a very active women's auxiliary, the club has also engaged in numerous social affairs, awarded medals for academic excellence, aided numerous good causes, and has exercised a constructive impact on our State far out of proportion to its numbers.

The president of the Polish University Club of New Jersey for the current year is a distinguished citizen of my own congressional district, Mr. Jan Zaprawa-Ostromecki, of Roselle Park. A former member of the Polish Parliament, a lawyer, economist, and engineer, Mr. Zaprawa-Ostromecki was a leader of the Polish underground in World War II and was captured, tortured, and imprisoned by the Nazis.

Other officers this year include: James R. Barwick, first vice president; Casimir J. Drygas, second vice president; Stanley Wyglendowski, corresponding secretary; Walter J. Pietrucha, recording secretary; Wallace Nowel, treasurer; Dr. Charles A. Baretski, historian; and Raymond Wozniak, sergeant at arms.

Chairmen of the club's committees for 1963–64 are Walter Brytczuk, budget; Peter Pietrucha, good and welfare; Casimir J. Drygas, dinner-dance; John A. Wroblesky, bulletin; Stanley Strand, publicity; J. Thaddeus Rospond, Scholarship; Edmund Wiss, life membership; Edward Mizerski, ways and means; John Lacz, academic award of elementary schools; Leonard V. Gorson, outstanding citizen award; Charles Pierce, Seton Hall Institute; Edward Mizerski, legislative and constitution revision; Dr. Edward Wolski, membership; Chester Stanowski, dinner meeting; Frank Gubernat, theater party; Eugene Bogatko, liaison; Jan Zaprawa-Ostromecki, 35th anniversary; Dr. Charles A. Baretski, Poland's millennium; Joseph Zaorski, promoting courses in Polish language and literature; Dr. Eugene Nargiello, 600th anniversary of Cracow University.

As evidence of the high regard in which the Polish University Club is held by the people of New Jersey, the club's honorary committee for the 35th anniversary includes the entire New Jersey delegation to the House and Senate, as well as the following: Most Rev. John Dougherty, auxiliary bishop of Newark and president of Seton Hall University; Rt. Rev. Msgr. Francis P. Kowalczyk, P.A.; Rt. Rev. Msgr. Bronislaw Socha; Very Rev. Msgr. Michael Fronczak; Gov. Richard J. Hughes; Mayor Hugh J. Addonizio; and Dr. Juliusz Szygowski, Minister Plenipotentiary of the Polish government-in-exile.

I was very privileged, Mr. Speaker, to be one of the speakers at the 35th anniversary celebration of the Polish University Club of New Jersey and under leave to extend my remarks in the RECORD, I include the text of my speech on that occasion:

> Mr. Chairman, honored guests, and friends, it is a special pleasure for me to be here with you tonight and to be asked to speak on this notable anniversary celebration—not only because I feel so much at home with so many friends but also because I find the goals and ideals of the Polish University Club so similar to my own.
>
> Your emphasis on and practical contribution toward excellence in education recognizes the growing importance of equipping our people with the skills, the training, and the understanding which are needed to deal with this modern world in all its complexity. Both the opportunities and the hazards of our age are fairly obvious, but it is even more apparent that, in order to benefit from the opportunities and avoid the hazards, we must improve the quality of education and broaden the availability of education to all our people. I am happy to see that you are doing your part.
>
> You are also dedicated to freedom—both personal freedom and national independence—at a time when neither can be taken for granted anywhere in the world. And the two go together, as you so well understand. It is not enough that a nation be independent—whether that nation be the United States, Poland, Cuba, or the Soviet Union. If its people are not free to govern themselves, if they are forced under the heel of an oppressive government—whether that government is homegrown or imported—then we cannot be content or consider that our ideals have been achieved. National independence without personal freedom may represent progress of a limited kind, but it is not by any stretch of the imagination the end of the struggle. Independence is empty unless it is filled with the hopes and dreams of people whose basic human rights are respected and protected.
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> I emphasize this distinction between national independence and personal freedom because it applies directly to the present situation in Poland and in other Eastern European countries, and because I believe it is a keystone to the understanding of what is happening to the cold war in that crucial part of the world.
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> The time has come, I believe, to make a major reassessment of our foreign policy with respect to Soviet Russia and to other Communist governments, especially in Eastern Europe. We need a new national debate on the course our country should follow. We should have a clearer understanding of how our Government views the great issues involved here and what it proposes to do about them. The events of recent weeks which have alarmed some and encouraged others—and I refer to the nuclear test ban treaty, the sale of wheat to Russia, the proposed joint American-Soviet expedition to the moon—has also served to confuse even more of us about the policy our Government is now pursuing.
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> Whatever that policy may be, it should, I believe, carefully avoid two unworkable, unrealistic extremes. I cannot agree, for instance, with those who deny that times can change and that we must be ready to take advantage of the new opportunities these changes bring. I cannot agree with those who would deny us any contact, any relations, with the countries of Eastern Europe because their governments are Communist-controlled. I cannot agree with those who still maintain, in this age of the superbomb that the only course we can follow is the forcible and violent overthrow of these governments.
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> That is one extreme. At the other extreme, I would also condemn those who naively expect too much from too little evidence—who are too ready to believe the best of Communist words at the expense of the worst of Communist actions—those who place too much emphasis on the loosening of direct Soviet control over countries like Poland, Hungary and Yugoslavia, but who overlook the tyranny of the so-called independent Communist regimes there—and I condemn the optimism of those who are too willing to forget the fundamental evil of communism.
>
> Somewhere between these two extremes, there is a practical course and a realistic policy for our country to follow. In seeking that course, I would remind us all that international communism remains a powerful opponent. As an idea, it has a deceptive appeal which has infected individuals throughout the world. As an organized system of force, it has mobilized hundreds of millions of people, overthrown legitimate

governments, terrorized innocent victims, and sought to intimidate the rest of the world by displaying its military might.

This is not ancient history. The means and objectives of communism have remained fundamentally the same. Today, as in the beginning, world domination is its goal, and its means include anything that will work to its own advantage.

Free people, therefore, must oppose communism—both as an idea and as a system of power, both here at home and wherever it seeks to pull down free institutions and enslave free men. This is an obligation that arises from the right of self-defense and from the very logic of freedom.

How, in any specific way, the free world should go about the work of opposing communism is a matter of governmental policy and, therefore, is subject to controversy and debate. There is no single right way, valid for all times and places and circumstances. The strategy of freedom must be flexible, ready to confront the changing tactics of communism in various parts of the world, and ready, too, to utilize every opportunity to strengthen freedom and present freedom's case forthrightly and persuasively.

As a part of this strategy of freedom, we must, I believe, recognize the fact that conditions are changing within the Communist world, and with those changes comes the need to reexamine our own tactics. Since the death of Stalin, there has been a limited but unmistakable relaxation within Soviet Russia—a little more attention to the people's needs, a little less reliance on total police control. Not much, but a little. The same kind of loosening-up process has been evident in relations between Soviet Russia and the satellite countries of Eastern Europe. With Poland and Yugoslavia taking the lead, Russia has been forced to acknowledge the right of other Communist states to follow at least a partially independent national policy, rather than total subservience to the U.S.S.R. This "victory"—limited though it is—has led to the most decisive split in the history of communism, the deep division between Soviet Russia and Communist China, in which every Eastern European government except Albania has taken the side of the Soviet Union.

This is a hopeful situation. Obviously, I do not see the end of the cold war in sight—far from it. But it does present the United States with new opportunities to lessen the danger of nuclear war and to encourage the further separation of one-time puppet governments from their one-time foreign boss. Independence isn't everything, as I have said before, but it is an essential first step—provided that we don't stop here.

Poland is an outstanding example of the new situation that confronts us. The Polish people, supported by their church—as you know so well—have never surrendered to communism. They have never given up the struggle for freedom, never stopped their resistance to the power of the Communist state. Their courage has won them at least some independence, and we can hope for more.

Now is certainly not the time to shut the door on Poland. To do this would be to play into the hands of the Communists themselves. If the free world, especially the United States, should abandon Poland, we would be proving that Communist propagandists are right when they argue that America doesn't care or can't be counted on for help. We would be forcing the Polish people to turn closer to other Communist powers and away from freedom.

Instead, we in the United States should look for every possible way of distinguishing between the Polish people and their Communist government. In every way we can, we should help the people without strengthening the government. We should increase the contacts between people of the free world and the people of Poland. We should reinforce their hopes for the future, by convincing them that we have not forgotten their brave struggle against tyranny. We should weigh every chance to help by the test of whether it will increase the people's desire, hope, and demand for greater freedom.

Freedom, we should know by now, is a dangerous thing for communism. A little freedom only sharpens the appetite for more. It creates a hunger that must be satisfied. This is our greatest weapon.

If we of the Western World truly believe in our ideals of freedom and independence, democracy and self-government, and the dignity and worth of each human being, then we have nothing to fear from communism. We should compete with communism wherever we find it—compete with it by demonstrating the superiority of freedom, by proving that we really care about people and that we are willing to help them in their hour of need.

It won't be easy. There is no guarantee of early victory. But to those who understand it and value it, freedom is priceless, and no matter how much patience, ingenuity, and determination it may require, freedom is worth the struggle.

Even the White House Tours Are Rigged Along the New Frontier

EXTENSION OF REMARKS

OF

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1963

Mr. ASHBROOK. Mr. Speaker, it is amazing to see the pettiness and partisan spite of this administration. Never has this been brought home more demonstrably than in an incident which happened this morning. As everyone knows, a limited White House tour is available on a reservation basis for constituents of Congressmen. Reservations can be made 30 days in advance for this special tour.

It is now obvious that the White House has a blacklist of Congressmen who will not be favored with constituent tours. For the past 3 days, my colleague, the gentleman from Indiana, Representative DONALD C. BRUCE, has made calls at 10 a.m. in the morning, right on the button, for reservations a full 30 days ahead, the maximum. In each instance he has been turned down. He told me of his problems this morning at 10:18 a.m. and I said, "Don, they're lying to you and we can prove it. We only need to bait the trap." Less than 10 minutes after the gentleman from Indiana, Representative BRUCE's request was turned down, three nonexistent people were granted this tour on December 14, the same date requested by the gentleman from Indiana, Representative BRUCE, simply by giving the name of a liberal Democratic congressman.

Mr. Speaker, I do not care about being on a Kennedy blacklist. I would not want to have his support in 1964. This is not the point. It is a good indication just how this bunch operates. Deceit, favoritism, and blacklisting are the order of the day. It is not a question of whether the gentleman from Indiana, Representative BRUCE and myself would like to make this tour. It is not even a question of whether or not we support the President. The White House is owned by the American taxpayers, not the Kennedys. This means that it is owned by our constitutents whether they be Democrat or Republican and it is typical of the shabby abuse of power that we see along the New Frontier when the office of the President is used in such an arbitrary and dishonest manner.

Staten Island Barracks No. 2524, Veterans of World War I of the U.S.A.

EXTENSION OF REMARKS

OF

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1963

Mr. MURPHY of New York. Mr. Speaker, I would like to take this opportunity to pay tribute to the Staten Island Barracks No. 2524, Veterans of World War I of the U.S.A. and to compliment them on their outstanding Veterans Day services which were held on Monday, November 11, 1963, at Ocean View Cemetery, Staten Island, N.Y. Judge James C. Crance was the principal speaker, and did great honor to their members who so valiantly defended the cause of democracy in 1917–18.

The Staten Island Barracks is one of the most active barracks of the Veterans of World War I of U.S.A. and I would like to join hands with them on Armistice Day in saluting all of our veterans.

Mr. Speaker, under leave to extend my remarks in the RECORD I include my message to the Staten Island Barracks No. 2524, Veterans of World War I of the U.S.A.:

> Once, in the very recent past—only yesterday, really, in this ever swifter march of time—Armistice Day was a unique holiday. On the one hand it was a day of solemn homage to those who, as Lincoln so movingly put it, "Gave the last full measure of devotion" to their country's cause. And on the other it was a day of rejoicing that those gallant men of the AEF had not died in vain. On that fateful November 11, 1918, we believed in our hearts that we had heard the last shot fired in anger, that the battle flags had been furled for all time. The war to end war had run its bloody course, and the world had been made safe for democracy.
>
> Tragically, we were wrong. From the seeds of World War I we reaped the deadly whirlwind of World War II, a war, which, in reality, has never ended—only the enemy or, more precisely, the ideology, has changed. The Communist tide that inundated Eastern Europe in the wake of Germany's collapse sent its waves into remote Korea, which, too, would be inundated but for a living dike of watchful young Americans. This evil tide now laps hungrily at South Vietnam, where still more young Americans fight and die in a skulking silent war to protect another threatened outpost of democracy. And so it goes, round the world, from Berlin to Okinawa, from the Arctic Circle to the Panama Canal. Everywhere there is war or the threat of war.
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> So, on this 46th Armistice Day, we have neither peace nor armistice with our re-

sourceful and remorseless foe, communism. This being true, why are we gathered here today? Is it simply to pause, briefly, in remembrance of the silent 600,000 who laid down their lives in all our wars? Is it only to momentarily wave the banner of freedom and half listen to a flood of patriotic oratory that is forgotten when the final echo is wafted away? No. It must not be. This must be a day of rededication for us, the living, if we are to honor the dead.

In these times it is temptingly easy to slip into shrugging cynicism. We read of our hard-earned tax dollars being siphoned off into vague and seemingly insatiable projects in misgoverned and frequently ungovernable lands; we read of fiascos in policy that set back the cause of freedom in our relentless struggle against Communist imperialism; we read of price rigging in industry, of connivance in labor, of graft in politics, and of corruption in high places; we read that Khrushchev will bury us, that the doom of individual freedom and enterprise is inevitable, and—more and more frequently—that the image of America as a dynamic symbol of human attainment is shattered beyond repair. Under the weight of this catalog of woes—more apparent than real—too many of us retreat in cranky indifference, convinced that to look forward is both foolish and futile.

But in doing so we dishonor those to whom we pay homage today, the silent 600,000 who made the ultimate sacrifice to preserve our citadel of freedom. Now, you may ask: In view of what we read, is there any real justification for pride in the immediate past and hope for the future? The answer is a ringing "Yes." Somehow, the credit side of our national ledger gets scant attention; criticism, as we all know, commands a wider audience than praise. In our country's ebullient youth, boasting of its prowess and progress was a national trait; undoubtedly we overdid it, but even so it was done in all faith and honesty. But now we are suddenly sophisticated, and expressed patriotism is considered quite unfashionable in some circles. Who today in public life, for instance, would dare voice Stephen Decatur's notable toast—"Our country. In her intercourse with foreign nations may she always be in the right; but our country, right, or wrong." In some quarters he would most certainly be denounced as a primitive, a man blind to world opinion, a rabble-rousing flag waver, and possibly even a warmonger.

I am not saying that we all should make Fourth of July orations. But I am saying that we should renew our faith in ourselves and in our country by quietly considering the credit side of our ledger. Let's brush away the carpers, the cynics, and those of little faith, and look for a moment at what the ledger has to tell us. Our part in the two World Wars is too vividly remembered for me to dwell upon at length here, but I would like to point out one historical factor that is often overlooked: Neither of those wars would have been won without us; and in World War II the United States became the only country in the history of the world to successfully fight a massive, two-front war and simultaneously maintain a full economy at home.

Now let's turn back the clock briefly to 1945. Hitler's evil conspiracy had been crushed, and Germany with it. Militarism had been struck down in Japan. The world was weary of war, and we were busily disarming ourselves with a haste that we were to regret later. Europe was prostrate, a political vacuum open wide for the onrush of communism. England, once the guardian of freedom in her own sphere of influence, was badly stricken and unable to stem the advance of Red tyranny from the East. We alone had the resources to battle this new enemy, and we alone were called upon to shoulder the burden despite our hopes of going back to the pursuits of peace untroubled by grave new responsibilities. It would have been easy to put down the burden; after all, we had poured 4 years of blood and treasure into the war; why not let Europe pull itself up? But we did not. Instead, we cheerfully accepted a continuing drain on our economy so that the economy of the free world would be strong enough to resist the steady pressure of communism. And what has been the result? Directly because of our sacrifices, the economy of the free world—Europe in particular—has never been healthier. On all fronts, we have either defeated or contained the Reds; militarily in some areas, economically in all.

Keep that in mind—and speak out—when you hear that we as a nation are faltering, that we no longer have the will and the vigor to lead the free world. We have missed opportunities, certainly; we have made policy mistakes, and we have taken wrong turns. But let us not forget that, on balance, we have been far more right than wrong. It is communism that has been rolled back, not freedom; it is the Communist economy that is sickly—and here let us remind ourselves how galling it must be to Khrushchev to come asking us for wheat—and not our own; it is communism that is on the defensive, not individual liberty and free enterprise; if Khrushchev is to bury us, he must find himself a new shovel; we have broken his old one. And let us not forget, either, that we have paid a high cost in blood, as well as treasure, to push back the forces of enslavement. More than 30,000 of our young men gave their lives in Korea; others are dying now in South Vietnam; undoubtedly still others will die in places not yet known before this struggle is concluded. So, today, let us honor these men, the silent 600,000 who wrote our history in blood from Bunker Hill to Belleau Wood, to Berlin, to Inchon, to Vietnam, by pledging ourselves to keep the faith that they so gallantly bore for us. Let us keep green in our memory the eloquent appeal of Poet McCrea in "In Flanders Fields":

"In Flanders Fields the poppies blow
Between the crosses, row on row,
That mark our place; and in the sky
The larks, still bravely singing, fly
Scarce heard among the guns below.
We are the dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved, and now we lie
In Flanders Fields.

"Take up our quarrel with the foe;
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders Fields."

Let us not break faith. Thank you.

Legislation To Promote Greater Safety in River Transportation

EXTENSION OF REMARKS
OF

HON. LEONOR K. SULLIVAN

OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 14, 1963

Mrs. SULLIVAN. Mr. Speaker, on January 16, 1962, I introduced, by request, a bill to promote greater safety in river transportation by requiring the inspection and certification by the Coast Guard of diesel-powered towboats, and licensing of certain personnel.

The bill was an outgrowth of a long series of exchanges of correspondence which I engaged in with members of the legislative committee of Local 28, International Organization of Masters, Mates & Pilots, AFL–CIO, of St. Louis. I became convinced safety legislation was required.

Following the introduction of my bill, which was H.R. 9700, in the 87th Congress—H.R. 942 in the 88th Congress—the Coast Guard asked for an opportunity to complete its own investigation of the need for this legislation before any action was taken on it.

Mr. Speaker, the Treasury Department has now sent to the House a draft of a proposed bill to close the safety loopholes at which my bill was directed, and I have therefore introduced the new bill today as H.R. 9130. It is, I understand, an even broader bill in some respects than my original proposal, and is based on a Coast Guard study which revealed in general that operation of diesel-powered towing vessels involves as great a hazard as operation of those propelled by steam and should therefore be subject to similar Coast Guard safety standards.

MANY ACCIDENTS COULD HAVE BEEN AVOIDED

When I introduced the original bill on January 16, 1962, I expressed the hope that it would serve as the vehicle for obtaining a full review by the executive agencies and the Committee on Merchant Marine and Fisheries of this whole question of safety in river transportation. Many of the vessels, which are not subject to periodic safety inspection, are manned by personnel not licensed or otherwise shown to be qualified for the tasks they are performing.

For instance, while the number of towing vessels has increased 20 percent in the past 10 years, the number of casualties has increased by 120 percent, to an average of 559 casualties per year. A large percentage of these casualties occurred on uninspected towing vessels, and it is the opinion of the Treasury Department that many of these were of a kind which could have been avoided or minimized if well-qualified personnel were aboard.

Mr. Speaker, in view of the importance of this matter to the river transportation industry and its employees, I am herewith placing in the CONGRESSIONAL RECORD, under unanimous consent, the text of the letter from the Secretary of the Treasury to the Speaker transmitting the draft of the bill which I have now introduced.

Following that, I am also inserting the Treasury Department's report on my original bill, H.R. 942. After the interested groups have had a chance to study the new bill carefully, I shall ask for hearings in the committee so that we can proceed to solve a serious safety problem in river transportation.

TREASURY DEPARTMENT REQUEST FOR LEGISLATION

The text of the letter to the Speaker is as follows:

THE SECRETARY OF THE TREASURY,
Washington, D.C.

Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: There is submitted herewith a draft of a proposed bill to require the inspection of certain towing vessels.

The purpose of the proposed legislation is to bring towing vessels propelled by means other than steam under inspection by the Coast Guard.

Section 4427 of the Revised Statutes (46 U.S.C. 405) presently requires the inspection of "every tugboat, towing boat, and freight boat." This section is part of an extensive statutory pattern to insure high standards of safety on merchant vessels through regulation and inspection by the Coast Guard. Although phrased in broad terms, section 4427 has been interpreted by the courts as applying only to vessels propelled by steam. As a result, motor propelled towing vessels are not presently subject to inspection unless they are seagoing vessels of over 300 gross tons.

The anomaly whereby steam towing vessels are subject to inspection and motor towing vessels performing practically identical services are not has long been recognized. This anomaly is becoming increasingly apparent with the increasing dominance of the diesel towing vessel as compared to the steam towing vessel. At the present time, steam tugs have been almost completely superseded by diesel towboats; figures show that in 1962 there were 5,016 diesel tugs in operation compared to 84 propelled by steam.

The present interpretation of section 4427 of the Revised Statutes results in another inconsistency in that barges or self-propelled tank vessels carrying hazardous liquid cargoes on inland waters must be inspected and meet Coast Guard safety standards while motor propelled tugs towing such barges are not required to be inspected. Considering the ever increasing traffic in dangerous liquid cargoes and the fact that collision is a major source of marine casualties, an obvious potential hazard is involved in permitting such cargoes to be towed by vessels which at present are neither subject to the requirements for safety inspection nor subject to the licensing and certificating of their personnel.

During 1962 the Coast Guard made a comprehensive study of towing vessel operations. The study showed that of 5,100 vessels documented for towing service only 103 were inspected and certificated by the Coast Guard. The remaining vessels were not subject to inspection under existing law.

The data obtained during the study also shows that while the number of towing vessels has increased 20 percent in the past 10 years, the number of casualties has increased by 120 percent to an average of 559 casualties per year for the period from 1960 through 1962. During 1962, for example, 530 towing vessels were involved in casualties serious enough to be reported, which is an average of 1 out of every 10 towing vessels in service. Detailed casualty figures for that year reveal that while no lives were lost due to casualties on inspected towing vessels, 15 lives were lost in casualties involving uninspected towing vessels. The figures further reveal that less than 3 percent of the inspected vessels were involved in reportable casualties compared to 10 percent of the uninspected vessels. During fiscal year 1962 estimated monetary damages due to casualties involving towing vessels were over $9 million.

Analysis of the casualty figures for towing vessels for the past several years leads to the conclusion that operation of diesel towing vessels involves as great a hazard as operation of those propelled by steam, and that this hazard could be reduced by requiring these vessels to comply with Coast Guard safety standards. In brief, the Department has concluded that motor propelled towing vessels should be brought under the statutory inspection scheme. The proposed bill would, therefore, amend section 4427 of the revised statutes to provide for the inspection of towing vessels regardless of the manner of propulsion.

The Department believes that the smaller towing vessels are not a sufficient safety hazard to warrant the increased administrative difficulties and costs which would result if they were subject to inspection. Therefore, the bill would exclude those towing vessels which are less than 15 gross tons and 26 feet in length. This would eliminate from inspection the smaller vessels which engage in limited operations.

The casualty statistics also show that a large percentage of the casualties which have occurred on uninspected towing vessels are of a type which could be avoided or minimized if well qualified personnel were aboard. For example, during fiscal year 1962 almost 60 percent of the reported casualties involved collisions while another 12 percent involved groundings of the tug or tow. To minimize the hazard to life and property from operation of towing vessels by unqualified personnel, the proposed bill would contain authority to prescribe regulations regarding the manning of towing vessels and the licensing and certificating of their personnel.

The Department, of course, realizes that there are large numbers of vessels to which the strict application of the inspection and manning requirements would not be appropriate for one reason or another. In some cases it is not possible or practicable to bring the vessel into strict compliance; in other cases to do so would result in severe economic hardship or loss of employment. Therefore, the proposed bill would require the Secretary to take into account the various factors which might appropriately require a lessening of the inspection or manning requirements as to certain vessels. It would also give him authority to exempt additional vessels from the inspection requirements if necessary in the public interest. These provisions are intended to provide sufficient flexibility in administration to enable the Secretary to tailor the inspection requirements more closely to the circumstances of individual vessels. With this authority it should be possible to achieve the maximum safety on towing vessels consistent with the least economic hardship and disruption to the industry. This authority would also permit the gradual application of the requirements to existing vessels to insure an orderly transition period with minimum interference to towing vessel operations.

The proposed legislation would require increased expenditures for inspection and clerical personnel since an additional 4,300 vessels would become subject to inspection. The Department estimates that an increase of 55 officers and 20 civilians would be required. This would result in additional costs of approximately $650,000 per year.

There is enclosed a memorandum which contains in summary form the results of the study made by the Coast Guard of the operation of towing vessels. There is also enclosed for your convenient reference a comparative type showing the changes in existing law that would be made by the proposed bill.

It would be appreciated if you would lay the proposed bill before the House of Representatives. A similar proposed bill has been transmitted to the President of the Senate.

Sincerely yours,

DOUGLAS DILLON.

DEPARTMENTAL REPORT ON ORIGINAL BILL

Mr. Speaker, the Treasury Department report on my original bill, H.R. 942, containing suggestions and recommendations for the new bill, H.R. 9130 which I have just introduced, is as follows:

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C.

Hon. HERBERT C. BONNER,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 942, to require the inspection and certification of certain motor vessels known as towboats.

The bill would require the inspection and certification of every domestic towboat, however powered, which (1) is designed and used for the purpose of moving barges; (2) is of 480 horsepower or more; and (3) operates on the navigable waters of the United States. Inspection and certification requirements would extend to design, construction, repair, stability, accommodations for crew, lifesaving equipment, firefighting equipment, manning, and other matters.

In September of 1961 the Coast Guard initiated a comprehensive study of towing vessel operations with a view toward determining whether marine inspection and licensing laws now applicable to steampowered towing vessels should be extended to other classes of towing vessels. That study has been completed. It revealed in general that operation of diesel towing vessels involves as great a hazard as operation of those propelled by steam and that this hazard could be reduced by requiring those vessels to meet Coast Guard safety standards. The Treasury Department has drafted legislation, based on the findings of this study, which is being submitted to the Congress separately.

Although the bill drafted by the Department is similar to H.R. 942, it is broader in scope since it would subject to inspection all towing vessels which are over 15 gross tons or 26 feet or over in length. This results from the findings of the Coast Guard study that vessels over 26 feet or 15 gross tons constitute a definite safety hazard which can be reduced without excessive administrative costs.

Other differences in the two proposals result from the Department's belief that the law governing inspection of towing vessels should follow the existing statutory pattern of title 52 of the Revised Statutes. This would permit a considerable simplification in language. The Department's draft also contains fewer specific statutory requirements and relies more on administrative rulemaking power.

The Department notes that section 5 of H.R. 942 would authorize a penalty twice as great as that provided for violations of the inspection laws by other vessels. While the Department agrees that the penalty provision of existing law should be increased, it does not seem fair to increase the penalty against only one class of vessels. The Department is, therefore, studying the whole question of penalties for violations of the inspection laws. Meanwhile, it recommends that the existing penalty be applied to towing vessels.

In the circumstances, the Department recommends favorable consideration of the legislation relating to towing vessels which it is submitting in lieu of action on H.R. 942.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

G. D'ANDELOT BELIN,
General Counsel.

The Role and Work of the Advisory Commission on Intergovernmental Relations

EXTENSION OF REMARKS
OF

HON. FLORENCE P. DWYER

OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 14, 1963

Mrs. DWYER. Mr. Speaker, on November 12, 1963, I was privileged to address the 33d annual meeting of the New Jersey Taxpayers Association at the Hotel Robert Treat in Newark, N.J. As one of three House Members of the Advisory Commission on Intergovernmental Relations, I used the occasion to discuss the role and some of the work of the Commission, particularly its study of State property taxes and its unique position as a force for improving our Federal-State-local system of government.

Under leave to extend my remarks in the RECORD, I include the text of my address:

THE ROLE AND WORK OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. Chairman, members of the association, ladies and gentlemen, for several reasons I am grateful for this invitation to meet with the New Jersey Taxpayers Association this year to discuss the position and the work of the Advisory Commission on Intergovernmental Relations.

First, I always welcome an opportunity to meet with citizens of New Jersey to discuss issues of the day and to render an accounting of the positions which I take in the Congress affecting the people of the Nation and the State.

Second, the Advisory Commission, of which I am proud to be a member, works very closely with the Tax Foundation and through the foundation with the various State taxpayers associations throughout the United States. For example, at the present time the Tax Foundation is engaged in a concerted study of the report which the Commission has recently published dealing with the role of the States in strengthening the property tax. I will have more to say about this report in a few moments. Upon completion of the foundation's study of the Commission's report, however, it is hoped and expected that through one or more special publications the foundation will assist the Commission in promoting many of these recommendations throughout the country. In this connection, let me call your attention to a column by Mr. Raymond Moley appearing in the New York Herald Tribune on August 19.

Mr. Moley observes that:

"In one of his debates with Richard Nixon in 1960, John F. Kennedy said that the property tax was practically exhausted as a source of revenue. On this assumption he advocated vast new Federal expenditures for local facilities such as public schools.

"It is a pity that Mr. Nixon did not remind his opponent that it was the Federal income tax, not the property tax, which had reached the point of diminishing returns. Mr. Kennedy has admitted that in asking for tax rate reductions this year."

Mr. Moley goes on to refer to the comprehensive study of the property tax being published by the Advisory Commission and closes with the hope that by strengthening the property tax it may be possible to check the growth of Federal control of local affairs.

Third, I am especially pleased at this opportunity to explain something about the work of the Advisory Commission and to summarize the things it is for and the things it is not for—despite the rumors and allegations to the contrary. Let me note at this point that I have arranged to provide for your use a supply of pamphlets describing the functioning of the Commission. With this more comprehensive material available, I shall limit myself here to matters of special interest.

Now, a brief look at the events leading up to the establishment of the Commission.

You may recall that in 1953 the President and the Congress initiated a thorough review of Federal-State relations by creating a temporary commission made up of persons appointed by the President and Representatives from both Houses of the Congress. This Commission came to be known by the name of its chairman, the late Meyer Kestnbaum of Chicago. In 1955, the Kestnbaum Commission went out of business and issued its formal report, which constituted the most comprehensive review of intergovernmental relations since the adoption of the Constitution. Our own Gov. Alfred Driscoll, by the way, was a member of this pioneering group.

The Kestnbaum report covered not only the philosophical aspects of federalism, but also a variety of specific recommendations on the allocation of functions and responsibilities between the National Government and the States. The report did not get down to many specifics on taxes, but dealt extensively with grants.

From 1956 through 1958, the House Intergovernmental Relations Subcommittee, on which I serve as ranking minority member, undertook a comprehensive study of the recommendations of the Kestnbaum Commission, including those relating to possible permanent arrangements within the National Government for attention to intergovernmental relations. In the course of this study, our subcommittee met with State and local government officials throughout a large part of the country. We were deeply impressed with the great body of evidence these officials provided, which showed a disturbing failure of communications between the various levels of government. It became obvious that this failure was at least partially responsible for a lot of waste and duplication. Not only did local and State officials not know what the other was often doing, or had done, or could do in particular areas, but just as often neither was familiar with the role of the Federal Government in that field. Under such circumstances, coordination and cooperation were difficult to obtain and inefficiency was encouraged.

With this situation in mind, our subcommittee chairman, Congressman FOUNTAIN, and I introduced companion bills to create a permanent Advisory Commission on Intergovernmental Relations. Following a favorable report by the subcommittee, hearings on this House bill were carried on jointly by the House and Senate Committees on Government Operations. An identical measure was sponsored in the Senate by Senator EDMUND MUSKIE, of Maine, and a number of other Republican and Democratic Senators. These bills culminated in the enactment of Public Law 380 in the first session of the 86th Congress.

This act, approved by President Eisenhower, September 24, 1959, provided for the establishment of a permanent, bipartisan body of 26 members, to give continuing study to the relationship among local, State, and National levels of government. The act specifies the following composition of the Commission on a bipartisan basis: (a) three officers of the executive branch of the National Government; (b) three private citizens; (c) three Members of the U.S. Senate; (d) three Members of the U.S. House of Representatives; (e) four Governors; (f) four mayors; (g) three county officials; and (h) three State legislators.

Among the members of the Commission presently are: Secretary of the Treasury Dillon, Secretary of Health, Education, and Welfare Celebrezze, Robert C. Weaver, Administrator of the Housing and Home Finance Agency; Senators Ervin of North Carolina, Mundt, of South Dakota, and Muskie, of Maine; Congressmen Fountain, of North Carolina, Keogh, of New York, and Dwyer, of New Jersey; Governors Anderson, of Kansas, Sanders, of Georgia, Sanford, of North Carolina, and Smylie of Idaho; and Mayors Blaisdell, of Honolulu, Naftalin, of Minneapolis, Selland, of Fresno, Calif., and Tucker, of St. Louis.

The act creating the Commission assigns certain specific responsibilities to this group. The Commission is directed to:

1. Bring together representatives of the Federal, State, and local governments for consideration of common problems.
2. Provide a forum for discussion of the administration of Federal grant programs.
3. Give critical attention to the conditions and controls involved in the administration of Federal grant programs.
4. Make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine the overall effect on the Federal system.
5. Encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation.
6. Recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government.
7. Recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers.

Three major distinctions characterize the Commission, in comparison with predecessor efforts. First, it is a permanent rather than a temporary body and as such it can approach its work selectively, on a problem-by-problem basis; second, the cities and counties sit down as equals at the council table along with representatives of National and State governments; and third, it is not dominated by any one level of government or part thereof. Of the 26 seats on the Commission, 6 are controlled by the President, 6 by the Congress, and 14 by State and local governments. So only in a very technical sense can the Commission be considered a Federal agency. Currently, all of its funds come from Congress, but its congressional sponsors definitely had in mind the possibility that, if accomplishments warranted it, State and local assistance could be sought in financing the Commission's work.

As will be noted from the list of responsibilities stated in the act, the Commission has a broad mission. The Commission believes that the years ahead hold serious challenge for all levels of government. If our present system is to prove equal to these tasks, we believe, the resources of each level must be utilized to the highest degree of effectiveness. The Commission is therefore dedicated to strengthening local and State governments in particular, in order that they may play their full part in a period when the forces of international tension, rapid population growth, and marked technological change point to an increase in the responsibilities of government as a whole.

Finally, the Commission recognizes that its own value and place in the Federal system will be determined by the extent to which it is able to make constructive contributions. It cannot expect continuance and support over an indefinite period unless by its actions significant changes for the better occur in the relationships among Federal, State, and local agencies of government.

No single "party line" has emerged from the recommendations made by the Commission so far. The closest thing to such a position is the conviction of all of the members that State and local government in the United States must be strengthened if further unnecessary centralization at the Federal level is to be avoided. The Commission has recommended the enactment of a broad scope of enabling legislation by State governments for the unshackling of local governments, particularly those in urban areas, to permit a much greater degree of cooperation among these localities in meeting new problems.

Last year Senator MUNDT, of South Dakota, one of my colleagues on the Commission, commented as follows: "The Congress has brought to a halt the present effort to create a Federal Department of Urban Affairs. Nevertheless, I urge State legislatures and Governors to lose no time in asserting by positive action their interest, their help, and their authority with regard to these problems brought about through rapid increases in population in our large metropolitan centers. If the States do not move in this matter, additional excuses will be seized upon by those who desire to see the Federal Government establish supremacy in this field."

Senator MUNDT then went on to commend for the consideration of the States the various legislative proposals which the Advisory Commission has made in regard to coping with metropolitan area problems.

Several of these recommendations—strangely enough—have become involved in the controversy over metropolitan government, or "Metro" as its opponents insist on calling it. To some people, apparently, even the word "metropolitan" is anathema, and, as far as I can determine, it is the Commission's use of this very well-defined, honorable and descriptive word which has made the Commission fair game. As a matter of fact, however, the Commission has never endorsed metropolitan government as such—directly or indirectly. Our interest is based on the fact that metropolitan areas exist; that, because of the multiplicity of governing bodies in metropolitan areas, there is a vital need to encourage and facilitate these individual governments in cooperating with each other to solve problems which are common to them all. Each of our recommendations is designed to accomplish this limited but important objective.

Ironically, by trying to tag the Commission's work in this field as part of "metro," opponents are helping to bring about—as Senator MUNDT suggests—exactly what they are supposed to be against: The development of centralized government in urban areas.

The Commission has been very concerned about the growth in the number and magnitude and complexity of Federal grants-in-aid. One of its first reports dealt with the need for the requirement by Congress of a periodic review of grants-in-aid programs to assure their termination or redirection when the need has ended or changed. I introduced H.R. 7160 which is pending in the House Committee on Government Operations to carry out this recommendation.

The Senate version of our bill, S. 2114, is scheduled to come up for hearings before the Senate Committee on Government Operations next month. Sponsored by Senator MUSKIE of Maine, our own Senator CASE and 28 other Senators of both parties, this bill, I suggest, is worthy of your active support. If you agree, your letters to New Jersey Congressmen and Senators could be very helpful.

The objective of this proposed legislation is to establish a uniform policy and procedure for review of new grant-in-aid programs which are designed to assist States or their political subdivisions in meeting recognized national needs. The bill is intended neither to encourage nor discourage the use of the Federal grant-in-aid device, but only to improve it where it is found desirable by the Congress.

Nevertheless, as all of us know, there is a persistent tendency for such programs, once enacted, to go on and on, no matter how useful they may be, without a meaningful or consistent congressional reexamination of their effectiveness as instruments of intergovernmental cooperation. The record shows that in all our history, only 14 Federal grant-in-aid programs have ever been terminated. Those terminated were special wartime or depression measures.

In my judgment, the failure of Congress to give continued and systematic attention to the problem helps to explain why this device is frequently the target of severe criticism. Congress ought to have a uniform policy and procedure for periodic review of grants-in-aid, not only to answer the critics, but to assure ourselves that programs we adopt are either adjusted to meet changing conditions or terminated when their original purposes have been achieved.

Under the bill, any new grant program hereafter enacted by the Congress would automatically expire at the end of 5 years unless an earlier date were specifically provided, or unless application of the act had been specifically waived, in recognition of the intent to provide continuing Federal assistance in a given program. The bill provides that the appropriate legislative committees in the Congress shall, at the end of 4 years, address themselves to the following questions:

First. The extent to which the purposes for which the grants-in-aid are authorized have been met.

Second. The extent to which the States or political subdivisions thereof are able to carry on such programs without further financial assistance from the United States.

Third. Whether or not any changes in the purpose or direction of the original program should be made.

The proposed legislation does not apply to existing grants, but we hope that such programs also will be assessed periodically by Congress and the executive agencies in terms of the same criteria provided in the bill. The importance of Federal grants-in-aid is beyond question. Programs that have almost quadrupled over the past 10 years and will consume over $10 billion of Federal funds during this fiscal year alone demand the continued and effective attention of Congress.

Now let us return to the property tax. This is a sore subject in the State of New Jersey.

We have been told by the courts to equalize our assessments among the various jurisdictions or run the risk of having them overturned in the process of judicial review. There is a great deal in the report adopted by the Commission that can be usefully studied in New Jersey. I will here only summarize some of the recommendations contained in the report.

1. Each State should take a hard, critical look at its property tax law and rid it of all features which cannot be administered as written, which encourage taxpayers' dishonesty or force administrators to condone evasion and which, if enforced, would impose an intolerable tax burden.

2. Both the legislative and executive branches of the State governments should study the property tax as consistently as the other major sources of State-local revenue and treat it as an integral part of overall State and local financial planning.

3. In order that the taxpayer may be kept informed, each State should require the regular assessment of all tax exempt property, and publish the findings, including the function, scope and nature of activities so exempted.

4. The geographical organization of each State's primary local assessment districts should be reconstituted, to the extent required, to give each district the size and resources it needs to become an efficient assessing unit and to produce a well-ordered overall structure that makes successful State supervision feasible.

5. The State supervisory agency should be empowered to establish the professional qualifications of assessors and appraisers and certify candidates as to their fitness for employment on the basis of examinations, and to revoke such certification for good and sufficient cause.

6. Assessors should be appointed to office, with no requirement of prior district residence, by the chief executives or executive boards of the local governments involved; they should be appointed for indefinite, rather than fixed, terms; and should be subject to removal for good cause, including incompetence, by the appointing authorities.

There are several additional recommendations which time does not permit presenting here. I would urge all of you to give a careful reading to this very valuable report.

Now let me say a few words about what the Commission is not doing. We are not promoting metropolitan government. We are not advocating the elimination of municipal home rule. We are not advocating the abolition of small local units of government. This does not mean to say that the Commission favors the status quo with regard to metropolitan area problems. The growth of population and the spread of technical functions in these areas has been such as to require greatly increased cooperation among the local units involved and a much greater degree of leadership on the part of the State governments.

The gamut of solutions to these problems runs from the urban-county approach used by Nashville-Davidson County, Tenn., and Miami-Dade County, Fla., to a metropolitan service corporation, adopted by the people of Seattle, to the establishment of joint contracts among units of local government. There are many modifications to all of these approaches. The Commission has urged that each State and each metropolitan area appraise its own situation and proceed accordingly.

In conclusion, let me urge the New Jersey Taxpayers Association to give a critical reading to the reports and recommendations of the Commission. I am sure that you won't agree with all of our recommendations, but I am equally sure that you will find yourself in agreement with a great many. The members and staff of the Commission would be appreciative of any criticisms or suggestions which you may have to offer regarding our work.

The Commission is dedicated to the proposition that the Federal system of government in this country, with its division of powers among local, State, and National governments, must be preserved and strengthened. We welcome your help in this task.

SENATE

FRIDAY, NOVEMBER 15, 1963

(*Legislative day of Tuesday, October 22, 1963*)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O God, infinite in mercy, love, and power: We come knowing that apart from Thee, all is vanity, that all other cisterns are empty and broken, and in Thee, alone, is the fountain of life.

At this noontide altar of the Nation's faith, we seek Thy guidance and a sense of Thy nearness. Deliver us, we pray, from the sophistries of the cynical and the inclination of our own wayward hearts to self-deceit.

Grant that our hearts may be shrines of prayer, our personalities centers of contagious good will, our homes nurseries of virtue, and our Nation an inspiring bulwark for the oppressed and a flaming beacon of hope whose beams shall battle the darkness in all the earth.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, November 14, 1963, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a bill (H.R. 8864) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 8864) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, was read twice by its title and referred to the Committee on Finance.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

Upon request by Mr. MANSFIELD, and by unanimous consent, the Subcommittee on Internal Security of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

U.S. ARMY

The Chief Clerk proceeded to read sundry nominations in the U.S. Army.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

U.S. AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the U.S. Air Force.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

U.S. MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the U.S. Marine Corps.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

U.S. NAVY

The Chief Clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

ARMY AND AIR FORCE NOMINATIONS PLACED ON THE SECRETARY'S DESK

The Chief Clerk proceeded to read sundry nominations in the Army and in the Air Force which had been placed on the Secretary's desk.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

TRANSACTION OF ROUTINE BUSINESS

The PRESIDENT pro tempore. Under the order previously entered, morning business, under a 3-minute limitation, is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Report on Federal Contributions Program—Equipment and Facilities

A letter from the Deputy Assistant Secretary of Defense, transmitting, pursuant to law, a report on the Federal Contributions Program—Equipment and Facilities, for the quarter ended September 30, 1963 (with an accompanying report); to the Committee on Armed Services.

Report on Liquidation Activities of Reconstruction Finance Corporation

A letter from the Administrator, General Services Administration, Washington, D.C., reporting, pursuant to law, on the liquidations activities of the Reconstruction Finance Corporation, for the quarter ended September 30, 1963; to the Committee on Banking and Currency.

Report on Provision of War Risk Insurance and Certain Marine and Liability Insurance for American Public

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report on the provision of war risk insurance and certain marine and liability insurance for the American public, as of September 30, 1963 (with an accompanying report); to the Committee on Commerce.

Amendment of Shipping Act, 1916, To Provide Exemption of Certain Terminal Leases From Penalties

A letter from the Chairman, Federal Maritime Commission, Washington, D.C., transmitting a draft of proposed legislation to amend the provisions of section 15 of the Shipping Act, 1916, to provide for the exemption of certain terminal leases from penalties (with accompanying papers); to the Committee on Commerce.

Report on Unnecessary Costs Incurred by Leasing Rather Than Purchasing Electronic Data Processing Equipment at White Sands Missile Range, N. Mex.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the unnecessary costs incurred by leasing rather than purchasing electronic data processing equipment at White Sands Missile Range, N. Mex., Department of the Army, dated November 1963 (with an accompanying report); to the Committee on Government Operations.

AMENDMENT OF 18 U.S.C. 1114, RELATING TO ASSAULTS AND HOMICIDES

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend 18 U.S.C. 1114, relating to assaults and homicides, and for other purposes (with accompanying papers); to the Committee on the Judiciary.

REPORT ON HEALTH AND SAFETY STUDY OF METAL AND NONMETAL MINES

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the health and safety study of metal and nonmetal mines (with an accompanying report); to the Committee on Labor and Public Welfare.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Commissioner's Court of Hudspeth County, Tex., endorsing the opening of a port of entry at Fort Hancock, in the State of Texas, from 6 a.m. to 10 p.m.; to the Committee on Foreign Relations.

A petition signed by William L. Secrist, and sundry other citizens of the State of Illinois, praying for the enactment of legislation to provide an amendment to the Constitution of the United States permitting prayer and the reading of the Bible in educational institutions; to the Committee on the Judiciary.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TALMADGE:

S. 2308. A bill for the relief of Mrs. Rose Esther Benant, nee Rosenberg; and

S. 2309. A bill for the relief of Mr. Miklos Janos Toth; to the Committee on the Judiciary.

By Mr. MUNDT:

S. 2310. A bill to prohibit any guaranty by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries; to the Committee on Banking and Currency.

(See the remarks of Mr. MUNDT when he introduced the above bill, which appear under a separate heading.)

By Mr. JORDAN of North Carolina:

S. 2311. A bill to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics; to the Committee on Rules and Administration.

(See the remarks of Mr. JORDAN of North Carolina when he introduced the above bill, which appear under a separate heading.)

By Mr. McCARTHY:

S. 2312. A bill to clarify the meaning of "section 38 property" in the Internal Revenue Code of 1954; to the Committee on Finance.

PREPARATION AND PRINTING OF COMPILATIONS OF MATERIALS RELATING TO ANNUAL NATIONAL HIGH SCHOOL AND COLLEGE DEBATE TOPICS

Mr. JORDAN of North Carolina. Mr. President, I introduce, for appropriate reference, a bill to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics.

During the past several years there has been an ever-increasing participation by our country's students in the organized high school and college debate contests on subjects of national significance and interest. By agreement among educators the annual high school debate topic is selected by the National University Extension Association, and the annual college debate topic is selected by the American Speech Association.

This renewed interest in the art of debate has had its impact upon Members of Congress, who have been receiving in increasing numbers requests from their young constituents for pertinent and useful information relating to the debate topics. We in turn have depended upon the Library of Congress to furnish the desired materials to fulfill the requests.

The Library's Legislative Reference Service consistently has done an excellent job of compiling the pros and cons of the various controversial issues. During the past several Congresses, however, due to the limited reproduction facilities of the Library, it has found it increasingly difficult to provide the materials in sufficient quantities to satisfy the demands of Congress. During this period committees and individual Members have initiated resolutions resulting in the printing of certain of the compilations as Senate or House documents.

While these efforts, of course, have been helpful, there has been no consistent or regular approach to the problem. Sometimes Members of one House have been overlooked, sometimes the number of printed copies has been insufficient, and sometimes the compilations have been made available too late for their most effective use. Also, there is no assurance that the necessary printing resolutions will be forthcoming, since committees generally show a natural reluctance to sponsoring publications of pros and cons on subjects upon which sooner or later they may have to express definite and specific views.

Mr. President, the bill which I am introducing today, with the strong endorsement of the Librarian of Congress, would establish the following standard procedure in respect to the compilation and printing of the materials relating to the annual national high school and college debate topics:

First. The Library of Congress would continue the function of compiling the pros and cons, a service it has rendered to Congress for almost two decades;

Second. Each year the compilation on the high school debate topic would be printed as a Senate document and the compilation on the college debate topic would be printed as a House document; and

Third. The Joint Committee on Printing would be authorized and directed to print additional copies of the documents in such quantities and distribute them in such manner as would most economically and equitably fulfill the needs of Members of Congress.

During the present session Congress agreed to Senate Concurrent Resolution 48, which authorized the printing of 51,330 copies of the high school debate document at an estimated cost of $7,462.34, and House Concurrent Resolution 212, which authorized the printing of 16,125 copies of the college debate document at an estimated cost of $2,748. As is the customary practice, the copies were pro-rated equally to Members, and as is often the customary effect of this arrangement, some Members quickly exhausted their supplies while others were left with excess copies of documents of short-lived value. This bill would permit a reduction in the number of printed copies—and a corresponding reduction in cost—by authorizing the Joint Committee on Printing to obtain copies and supply them to Members solely on the basis of indicated need.

Mr. President, since it has now become an established practice for high school and college students to write to their Representatives in Congress for debate materials, and since the Members themselves are not about to deny these requests from their youthful constituents, it seems to me we should substitute a standard procedure for the random methods we have employed for the purpose over the past several years. This bill would establish such a standard procedure, and I commend it to the sympathetic consideration of my colleagues.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2311) to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics, introduced by Mr. JORDAN of North Carolina, was received, read twice by its title, and referred to the Committee on Rules and Administration.

NOTICE OF HEARING ON PROPOSAL TO EXTEND THE ACCELERATED PUBLIC WORKS PROGRAM

Mr. McNAMARA. Mr. President, on behalf of the Senate Committee on Public Works, I wish to announce the formation of an ad hoc subcommittee to consider pending legislation to extend the accelerated public works program.

The subcommittee will be under the able chairmanship of Senator JENNINGS RANDOLPH, of West Virginia. Other members of the subcommittee appointed are Senator YOUNG of Ohio; Senator MUSKIE, of Maine; Senator GRUENING, of Alaska; Senator Moss, of Utah; Senator COOPER, of Kentucky; and Senator FONG, of Hawaii.

The PRESIDENT pro tempore. Is there further morning business to be submitted? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from South Dakota [Mr. Mundt] for his amendment No. 305 to the committee amendment, as amended.

The pending amendment will be stated.

The Legislative Clerk. In Mr. Mundt's amendment (No. 305) to the committee amendment, as amended, on page 54, after line 4, it is proposed to strike out, in line 8, after the words "purchase of," the words "grain or", and in the same line to strike out, after the word "product," the word "thereof."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from South Dakota to his amendment No. 305, on page 54 of the committee amendment, as amended.

DO WE REALLY NEED ALL THIS URANIUM?

Mr. SYMINGTON. Mr. President, on Friday, November 8, I placed in the Record a colloquy between the Chairman of the Atomic Energy Commission and myself which occurred at a meeting on August 14, 1963, of the Senate Foreign Relations Committee.

Since that time we have been forwarded a copy of the fiscal year 1963 financial report of the Atomic Energy Commission.

This report is quite interesting. It would appear to show that even though construction costs dropped from $1,215 million in 1954, to $411 million in 1963, the number of operating contractor employees has increased from 73,000 to 115,000; and administrative expenses have nearly doubled, from $34,671,000 in 1954, to $67,068,000 in 1963.

During these 10 years—1954 through 1963—the total cost of Atomic Energy Commission operations was $21.3 billion.

More interesting, however, is the fact that procurement of raw materials has more than tripled since 1954. The cost of said raw materials has increased from $142,793,000 in 1954 to $477,873,000 in 1963.

It is my understanding that the Department of Defense gives its requirements to the Atomic Energy Commission; but, surely, with all the discussions incident to overkill, and so forth, and with the many billions—$4.68 billion—previously spent on raw materials in the past 10 years, along with the many additional billions—$6.76 billion—spent in the 10 years previous for the production of nuclear materials, and the many billions—$4.48 billion—on top of that spent for weapons development and fabrication of nuclear weapons, along with the many billions—$3.08 billion—additional on top of all those previous billions that have been spent for development of nuclear reactors, there should be some place, at some time, where we could reduce this gigantic and most expensive program without affecting the security of the United States.

Although I have had some experience with balance sheets, it is difficult to understand the figures as expressed in this report of the Atomic Energy Commission. Even though these billions and many billions more for construction and equipment have been spent since 1953, the assets of the Atomic Energy Commission apparently have increased very little.

I am sure there are adequate and proper explanations for most, if not all, of these questions; and I would hope there could be some public hearings, so as to present as much of this information as possible before the American people, especially with respect to these continuing purchases of raw materials, running into billions and billions of dollars.

There would appear no more reason for classifying much of this information than there was for classification of the information on various other stockpiles.

CRITICISM OF SENATE OPPONENTS OF FOREIGN AID PROGRAM OF THE ADMINISTRATION AND THE FOREIGN RELATIONS COMMITTEE

Mr. MORSE. Mr. President, in this morning's Washington Post, an alleged newspaperman by the name of Joseph Alsop has published a scathing criticism of the Senate opponents of the wasteful, inefficient, and corruption-producing foreign aid program of the administration and the Foreign Relations Committee.

This is the Alsop who is the well-known lackey of the Pentagon Building and the State Department. His warmongering columns for a long time past have demonstrated his disregard for, and presumably his ignorance of, the checks and balances system provided by our constitutional fathers and indelibly written into the Constitution itself.

His writings give the impression that he would be happier if the President of the United States were given dictatorial powers similar to those of many of the Fascist leaders of the world whose regimes Alsop seems to admire so much.

He gives the impression that he would like to be an intellectual snob, but lacks the intellect to be snobbish about.

I am very proud of my enemies, particularly the members of the yellow press; and I am highly complimented to have this gutter journalist confess his enmity to me in his irrational, White House bootlicking column of this morning.

I ask unanimous consent that his column entitled, "The New Know-Nothings," be printed in the Record, inasmuch as it is such devastating proof of his own know-nothingism.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Nov. 15, 1963]

The New Know-Nothings

(By Joseph Alsop)

In the tedious but crucial struggle over the foreign aid bill, the old tradition of national-minded bipartisanship has been saving President Kennedy's bacon.

In the preliminary wrestling with the bill in the Senate Foreign Relations Committee, the senior members of the majority and the minority, Senators William Fulbright, of Arkansas, and Bourke B. Hickenlooper, of Iowa, acted together as partners.

Senator Hickenlooper is not widely known for his reluctance to take a good, hard, partisan whack at the Democrats whenever he sees a chance to do so. He thought that the foreign aid authorization that Senator Fulbright wanted the committee to approve—$4.2 billion—was a bit on the high side. But when Fulbright argued that "we've got to give them something to cut," Hickenlooper loyally went along.

Again, when the leadership belatedly discovered the power of the new surge of know-nothingsm in the Senate, a hasty strategy meeting to discuss the best blocking tactics was strictly bipartisan, and was even held in the Republican cloakroom. The majority and minority leaders, Senators Mike Mansfield, of Montana, and Everett Dirksen, of Illinois, joined with Fulbright and Hickenlooper in the decision to make a voluntary preliminary cut of $385 million in the committee total, in order to forestall worse cuts by the new know-nothings.

Since then, through the long, squalid, and still unfinished struggle on the Senate floor, Dirksen, Hickenlooper, and a good many other Republicans have continued to stand four-square for national-mindedness and bipartisanship.

Meanwhile, the President's bill has been under bitter, persistent partisan attack by Democratic Senators, with a group of liberal Democrats, headed by the ineffable Senator Wayne Morse, of Oregon, leading the attackers. Even that famous Republican conservative, Senator Barry Goldwater, of Arizona, had been kinder to the foreign aid program than the new Democratic know-nothings, for he has at least been absent for almost every key vote.

The most dramatic vote, though not the closest, was on Morse's motion to gut the bill for good and all, by recommitting it to the Foreign Relations Committee. Twenty-eight other Senators voted with the Oregon paragon, and 20 of them were Democrats.

Another Morse amendment, to cut the Development Loan Fund by $25 million, carried by a vote of 42 to 40, and 24 of the Morse adherents were Democrats. Embittered southerners, like Richard Russell, of Georgia, and Harry F. Byrd, of Virginia, have of course followed Morse, gladly yielding him the leadership on this occasion.

Morse's deputy commander in the attack has been the old New Dealer from Alaska, Senator Ernest Gruening. So-called liberals who have joined Morse are Frank Church, of Idaho, Albert Gore of Tennessee, the former Secretary of Health, Education, and Welfare in the Kennedy cabinet, Abe Ribicoff, of Connecticut, Stuart Symington, of Missouri, and Stephen Young, of Ohio, plus Henry Jackson, of Washington and William Proxmire, of Wisconsin, on the fund cut.

Besides trying to gut the foreign aid bill in every other way, the new know-nothings have put forward an astonishing number of backseat driving amendments. "Some people," Senator Hickenlooper has said grimly, "want to turn the U.S. Senate into another committee on the conduct of the war, which helped the South more than Robert E. Lee."

The result, beyond much doubt, would be a half-crippled foreign aid program. The Alliance for Progress, for instance, will be lucky to get $525 million—apparently because Senator Morse and his friends are reluctant to allow the United States to spend as much on the prevention of communism in Latin America as the Communist bloc is now spending for the sole purpose of propping up Fidel Castro in Cuba.

If the effort in Vietnam is not weakened, all other military aid programs will have to be cut drastically. Thus old and tried allies which cannot otherwise afford their present levels of defense, like Turkey, Greece, Nationalist China, and South Korea will be hit where it hurts most—apparently because Senators **Symington** and **Ribicoff** think it is a bad bargain to add this strength to our side at one-tenth the cost of an equal number of American troops.

Finally, development loans, which offer the best hope of future progress and are also to be repaid in the end, will be cut to the point of grave damage to American foreign policy. In short, the national interest is under heavy attack. It would be more comprehensible if the attack had a partisan motive; but peevishness, alas, is the only motive now identifiable.

INVESTIGATION OF THE POLICE DEPARTMENT

Mr. MORSE. Mr. President, downtown there is a District of Columbia Policemen's Association. The president of the association is Pvt. George W. Whaler. Private Whaler, acting in behalf of the policemen's association, has issued a news release which is highly critical of the senior Senator from Oregon because he does not belong to their mutual admiration society in relation to the Chief of Police of Washington, D.C., Mr. Robert Murray.

I made a speech on the floor of the Senate on November 7 in which I commented upon the testimony of the chief of police before the Senate District of Columbia Committee on the so-called omnibus crime bill that is pending before the committee. In my judgment, the bill contains several sections which would contravene basic constitutional guarantees of freedom of the people that live in this city under the Washington, D.C., Police Department.

I ask unanimous consent that the news release of the Washington, D.C., Police Association be printed at this point in my remarks.

There being no objection, the news release was ordered to be printed in the Record, as follows:

We Disagree With Senator Morse

We are not always in agreement with Senator **Wayne Morse**, of Oregon, but we have admired him and considered him a good friend and stanch supporter of our police force and of all law enforcement officers. It is not pleasant when a person you have admired and relied upon lets you down. We of course knew that the Senator approved the Mallory rule, disapproved of arrests for investigation, and opposed any change in the criminal laws which would give the police here more leeway in the fight against crime. With his liberal philosophy it was to be expected that he feel the way he does. Although we believe that he and all others, who are more concerned with the rights of criminals than the rights of law abiding citizens to be safe and secure, are making a terrible mistake, we knew that he was sincere and we did not think we had lost him as a friend.

We were disturbed, however, when on October 14, speaking before the Corrections Conference of the Health and Welfare Council, Senator **Morse** said, "I warn the citizens of this community that the Police Department here and in other cities must always be subjected to constant vigilance. * * * Unchecked practices exercised by a police department results in a loss of personal, individual freedom." It is not exactly uplifting to the morale to have a friend say that you must be watched, but we rationalized the Senator's statements by conceding that he could hardly exempt our force if he was saying that all citizens should be aware of the manner in which their police departments are being operated. For our part we would rather have constant vigilance than continuous apathy. In this talk we had not been accused of wrongdoing or misconduct, so, although some concern was expressed at our monthly meeting on October 15, it was generally believed that we could still count upon Senator **Morse** as a friend and supporter.

It seems that we were overoptimistic. On Thursday, November 7, in a speech from the Senate floor, Senator **Morse** demonstrated that he had really turned against us. This was no general criticism of all law enforcement but a tirade directed against us, our Chief, and the manner in which he had and wished again to operate our Department. After admitting that he had not attended even one hearing of the Senate District Committee on the House-passed crime bill, H.R. 7525, the Senator accused Chief Murray of seeking "police state" powers. He said that the Chief was trying to effect a change in the restrictive Mallory rule, "through a great deal of misrepresentation." We are not expert wordsmiths like the Senator but to us this seems tantamount to charging Chief Murray with making false statements in trying to gain excessive and sinister power.

It can hardly be disputed that all Chief Murray is trying to accomplish in supporting this crime bill is to regain and restore some of the effectiveness our Department had in fighting crime before the restrictive Mallory rule and before we lost the right to make investigative arrests. Is Senator **Morse** therefore saying that prior to the Mallory decision, and prior to the banning of arrests for investigation, we were operating with "police state" methods? This is a trite and tired cliche at best. When it is uttered by a Senator who claims to be an authority on law and law enforcement it is an insult to our Chief and to every man on the force. Is the Senator saying that we are somewhat akin to a gestapo now prevented from terrorizing and abusing the people of the community by certain rules? He leaves little doubt that this is exactly what is implied when he says, "I believe that the Mallory rule is vital to the protection of the people of the District of Columbia—particularly to the colored people of the District." Specifically referring to the power to arrest for investigation that Senator says, "Colored person after colored person has told me that if such power were given to the District of Columbia Police Department they would tremble as to what would happen to them after they got to the police precinct houses in the District of Columbia."

No other interpretation can be placed upon this statement by the Senator except that when we did have such power we were guilty of abuse, brutality, and third-degree methods. Indeed, he emphasized this with a few more low blows in his Senate speech when he included in the Record a London newspaper article about alleged police brutality in Sheffield, England, along with another article about the third-degree methods of the New York City police many years ago. The Senator is really hard pressed to make make his point when he has to cross the sea to England and go back a quarter century in New York City for material.

In April 1960, Senator **Morse** was a guest—an honored guest—at the regular monthly meeting of our association. The Mallory rule was then in effect, in fact, after 3 years of freedom Mallory had just been arrested for rape in Philadelphia. In 1960 we still had the right to hold suspects for investigation and to question them before we made hasty decisions as to their guilt or innocence. This is the power that Senator **Morse** says would make "colored persons * * * tremble about what would happen to them" if it were renewed. If Senator **Morse** was worried about our "police state" methods and the "unbridled use of police authority" it certainly was not evident on the evening of April 19, 1960. He lauded the individual members, he praised the force as a whole, and in particular he complimented Chief Murray.

What kind of man is this? Does he think that we men of the force and our Chief have changed so much in 3 short years? Does he really believe that if a portion of the authority we had when he praised us so lavishly were restored that we would turn into some sort of a gestapo? The Senator goes too far. He has a perfect right to support the Mallory rule and to resist any attempt to modify it—but not with methods and words that are an insult to a fine Chief and to a force he called a short 3 years ago "one of the finest in the world."

The current opinions of the Senator might be more readily understood if we had some assurance that he is as much concerned about the citizens of his own State of Oregon as he is about the "people of the District of Columbia—particularly the colored people." Do the State courts of Oregon or the municipal courts of that State invoke the Mallory rule, the McNabb decision or the Durham rule? Is it not true that the police in both the large and small cities of that State use the same power of investigative detention—by whatever name it is called—that the Senator is so concerned about here in the District? If so, does the Senator expect to do something about that situation or is he only concerned with the problem here?

George W. Whaler,
President, Policemen's Association of the District of Columbia.

Mr. MORSE. I wish to speak a moment as chairman of the Public Health, Education, Welfare, and Safety Subcommittee of the Senate District of Columbia Committee that has jurisdiction over the Metropolitan Police Department. The news release states that in April 1960, I spoke to the Policemen's Association, and that I was high in my praise of the chief of police and the police department. That was 3 years ago. It occurred at about the time that a former high District of Columbia official called upon me in my capacity as chairman of the subcommittee that has jurisdiction, so far as the Senate District of Columbia Committee is concerned, over the Police Department. He said that some serious attacks, sub rosa, were being made on the chief of police, and he was satisfied that there was a move on foot to try to have the chief of police removed. I knew nothing about them. He said, "Well, will you talk with him." I said I would be delighted to talk with him.

The chief of police came up and spent an hour with me. He went over the criticisms which he alleged were being circulated in this community which I had not heard about. He told me what his position was on those criticisms. He assured me that there was no basis in fact for any of them. He made a very favorable impression on me. That was 3 years ago.

I told him if the facts were as he pointed out, he could be sure that as far as I was concerned—speaking only for myself—I would have no truck with that kind of "smear" campaign. I have been too accustomed to being the victim of such campaigns myself.

I have studied the operations of the Metropolitan Police Department during the past 3 years. I have criticized the Department on various occasions. Come the first of the year—I cannot see how we can possibly proceed with it until after the first of the year—I intend to deal with the problems of the Metropolitan Police Department in depth—in great depth—and between now and then I shall submit to Commissioner Tobriner, who I understand is the commissioner who has charge of the police department, a series of questions from time to time for him to answer preparatory to my proposal to investigate the police department in depth, including the chief of police.

I am not so sure that a preliminary investigation on the basis of what I already know about the police department does not call for the appointment of a special crime commission to proceed with an investigation similar to crime commissions that have been appointed from time to time in other parts of the country to investigate police departments.

Mr. President, except for one additional comment, that is all I shall say on the subject today. I should like to have Mr. Tobriner advise me as to how much time, if any, Mr. Whaler has been spending on duty hours lobbying for the District of Columbia Policemen's Association and the Police Department. I should like to have Mr. Tobriner also find out a few more facts about Mr. Whaler's conduct. I shall submit to him within a few days, by way of a formal request in my capacity as chairman of the subcommittee of the Committee on the District of Columbia that has jurisdiction over the police department, a list of the facts that I desire.

I wish Mr. Tobriner, Mr. Murray, the Police Department, and the executive board of the District of Columbia Policemen's Association to know that I intend to see to it that the people of the District of Columbia are served by a police department that is free from a good many of the abuses that I shall not now proceed to disclose for public information. What is needed is a thorough investigation of the Police Department of the District of Columbia. I shall urge such an investigation, and do everything I can in my capacity as chairman of the Public Health, Education, Welfare and Safety Subcommittee to bring it about.

I ask unanimous consent that the articles on the subject published in last evening's Washington Star and this morning's Washington Post be printed at this point in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Evening Star, Nov. 14, 1963]

Police Group Calls Morse Talk an Insult

The Policemen's Association today accused Senator Morse, Democrat of Oregon, of "an insult to our Chief and to every man on the force."

In a two-page press release, the association criticized the Senator for a Senate speech he had made on "police state powers." He accused Chief Murray of seeking police state powers. The association said he also accused the Chief of "a great deal of misrepresentation" in championing the repeal of the Mallory rule, which police feel restricts their powers of interrogation.

The association represents some 2,700 members of the 2,900-man Metropolitan Police Department. The statement was signed by the association president, Pvt. George W. Whaler, of the 14th precinct.

Noting that in April 1960, Senator Morse was a guest at an association meeting and praised both Chief Murray and the force as a whole, the association release asked:

"What kind of man is this? Does he think that we men of the force and our Chief have changed so much in 3 short years? Does he really believe that if a portion of the authority we had when he praised us so lavishly were restored, that we would turn into some sort of a gestapo?"

The statement concluded by noting that police departments in the Senator's home State have the power of investigative detention denied to District police, and wondering if the Senator planned to do something about conditions in Oregon. The Senator has answered similar criticism in the past by pointing out that he is a Federal, not a State, legislator.

An aid to Senator Morse said he would try to get a copy of the association's statement for the Senator, who might have some comment after he had read it.

[From the Washington Post Nov. 15, 1963]

Police Association Criticizes Morse Talk Scoring Force

The Policemen's Association of Washington sharply criticized Senator Wayne Morse, Democrat, of Oregon, yesterday for a congressional speech he made November 7 scoring the force and its chief.

Morse's speech touched on Chief Robert Murray's support of the omnibus crime bill, a measure that already has passed the House.

One of the main arguments against the bill, an argument that Morse used, is that it would weaken the Mallory rule. The rule comes from a Supreme Court decision and forbids use in Federal prosecutions of confessions obtained during an unnecessary delay before arraignment of a suspect.

In a two-page statement, the association said:

"After admitting that he had not attended even one hearing of the Senate District Committee on the bill, the Senator accused Chief Murray of seeking police state powers. He said that the chief was trying to effect a change in the restrictive Mallory rule through a great deal of misrepresentation and this seems tantamount to charging Chief Murray with making false statements in trying to gain excessive and sinister power."

The association said Morse had gone too far and had no right to insult a chief and a force he called a short 3 years ago one of the finest in the world.

In other statements yesterday dealing with the crime bill, the National Capital Area Civil Liberties Union defended the Mallory rule and the National Association of Broadcasters expressed fear about certain antiobscenity sections of the measure.

The Civil Liberties Union called the bill a "barefaced repudiation of the Federal rules of criminal procedure."

The Broadcasters expressed complete sympathy for the objectives of the bill's antiobscenity sections, but the proposals were viewed as duplicating laws already existing and tending toward a broad system of censorship.

LEADERSHIP AWARD TO SENATOR LISTER HILL OF ALABAMA BY THE JOSEPH P. KENNEDY, JR., FOUNDATION

Mr. MANSFIELD. Mr. President, an article in this morning's Washington Post notes that one of our colleagues, Senator Lister Hill, of Alabama, has been selected by the Joseph P. Kennedy, Jr., Foundation for a leadership award in pioneering the fight against mental retardation. The article mentions that President Kennedy will present the award to the winners at a dinner in New York City on December 4. Senator Hill was chosen, the article goes on to state, by the foundation in recognition of his leadership and advocacy of legislation to benefit the mentally retarded. It was his sponsorship and hard work that in great measure led finally to the establishment of the National Institute of Neurological Diseases and Blindness.

I would like to offer congratulations for myself and on behalf of the entire Senate to our friend and colleague for this fine acknowledgment of his work. It represents one more recognition of his outstanding qualities as a legislator and humanitarian.

I ask unanimous consent that the article to which I have referred be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Six Are Presented Kennedy Award for Work on Mental Retardation

Six men who, in different ways, have pioneered in helping the mentally retarded yesterday won $225,000 in awards from the Joseph P. Kennedy, Jr., Foundation.

President John F. Kennedy will present the awards to the winners—two of them Members of Congress and two foreigners—at a dinner in New York City on December 4 in behalf of the foundation named for his older brother, who died in World War II.

Sargent Shriver, the foundation's executive director, said the amounts of individual awards would be announced on that date.

Winners of leadership awards were Senator Lister Hill, Democrat, of Alabama; Representative John E. Fogarty, Democrat, of Rhode Island; and Gov. Bert T. Combs, of Kentucky.

Cited for scientific research was Dr. Lional S. Penrose, professor of eugenics at University College, London.

An American and a Frenchman shared the service award. They are Dr. Grover Francis Powers, professor emeritus of pediatrics at Yale University and Dr. Robert P. L. Lafon, professor of neuropsychiatry at the University of Montpelier.

Senator Hill, 68, was named for his leadership and advocacy of legislation to benefit the mentally retarded. He was a sponsor of the legislation that led finally to the establishment of the National Institute of Neurological Diseases and Blindness.

Representative Fogarty, 40, the youngest winner, was hailed as an ardent spokesman for programs to aid mental retardation and for his leadership in the House.

Combs was cited for his key role in organizing programs in his State. He convinced the masses that something could be done for the mentally retarded.

Dr. Penrose was cited for his 30 years in multiple contributions to the study of mental retardation. He is 63 and published the first large-scale systematic attempt to identify specific etiologic factors in defective children.

Dr. Powers, at 76 the oldest winner, was named for being an acute investigator of mental defects, a teacher of doctors, and a dedicated leader in organizing services for the retarded.

Dr. Lafon, 58, founded the Institute of Mental Retardation for training doctors, teachers, and social workers. He is considered a leader in organizing facilities for the care of the retarded in France.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I should like to call up two noncontroversial bills at this time and ask for their immediate consideration.

ADDITIONAL EXPENDITURES BY COMMITTEE ON APPROPRIATIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 623, Senate Resolution 225.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The resolution will be stated.

The LEGISLATIVE CLERK. A resolution (S. Res. 225) authorizing additional expenditures by the Committee on Appropriations.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the resolution.

Mr. JAVITS. Mr. President, may we know what the resolution is?

Mr. MANSFIELD. It is a $10,000 additional request by the Committee on Appropriations. It is a normal procedure.

The resolution was agreed to, as follows:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-eighth Congress, $10,000, in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946, and Senate Resolution 128, agreed to May 9, 1963.

PRINTING AS SENATE DOCUMENT WITH ILLUSTRATIONS "U.S. ASTRONAUTS"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to Calendar No. 624, Senate Resolution 219.

The PRESIDING OFFICER. The resolution will be stated.

The LEGISLATIVE CLERK. A resolution (S. Res. 219) to print as a Senate document with illustrations, a document entitled "U.S. Astronauts" and ordering additional copies printed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the resolution, which was agreed to, as follows:

Resolved, That the document entitled "United States Astronauts" prepared for the use of the Senate Committee on Aeronautical and Space Sciences by the staff of the committee, shall be printed with illustrations as a Senate document; and that there be printed three thousand additional copies of such document for the use of that committee.

THE THREAT OF AUTOMATION TO LABOR

Mr. JAVITS. Mr. President, the morning press reports a very important statement made yesterday by Mr. George Meany, the distinguished American who represents the AFL–CIO, who addressed himself to the subject of automation at the convention of the AFL–CIO in New York.

Mr. Meany asserted, in the interest of labor, that automation was a great threat to labor and that he saw no way out of it, except a reduction of the workweek to 35 hours without reduction of pay.

The last is generally considered labor's prescription for automation. I believe the real problem is that we have not shown either labor's president, George Meany, or labor itself, any other way out. I agree with Mr. Meany that automation is a major problem for American labor, that it is faced with a major crisis; but it is also a national problem.

In the testimony before the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, of which I am a member, job losses attributable to automation have been pictured as being very great. While I agree that this is a grave problem and a crisis for labor, it is also a crisis for the American Government, for management, and for the people generally. I cannot agree that the optimum remedy is the shorter workweek, nor do I believe that we are so bereft of more fundamental remedies that we must rely essentially upon expansion of Government economic activity, as Mr. Meany recommends. His prescription also calls for public works projects, as if we were in a depression or recession, for tax relief in the lower income brackets, for steps to improve purchasing power; a higher minimum wage, and expansion of coverage.

The tax reduction bill is in process, and I am confident it will be passed. So, too, will the minimum wage bill. The minimum wage will increase as our economy will allow it. The hours of work will be reduced, as they have been for years. When I was a boy, it was not unusual to work 54 hours a week—even 60 hours a week. I did so myself. So the hours of work are getting shorter, as our economy allows it.

I hope that we will not seek to solve the problems of automation and the dislocation of workers in the way Mr. Meany suggests. In my judgment, if we did it that way, it would jeopardize the security of the Nation and its success in the struggle for freedom, which demand both maximum productivity and competitiveness, both with the Communist system and within the free world.

If we were to jeopardize productivity and competitivenes, it could bring us to a depression or to such economic troubles as to do us far more harm than the problems of automation.

What we must do is to offer American labor an alternative. This is where we have fallen down badly. The basic way to cope with automation and the job dislocation which results is to prevail on both Government and business to finance jointly the transition of workers into new lines and new places of employment, to provide them with financial aid through periods of automation induced unemployment, and also to facilitate the early retirement of workers nearing the age of retirement. As we realize the fruits of automation, the shorter workweek and higher earnings, including a higher minimum wage, will bring great benefit to the economy because they will have been earned.

I look forward to a gross national product of one thousand billion dollars, perhaps in a decade—against the present $578 billion, if we can really automate the economy. So the stakes are enormous for the workers, whose real income can almost double in that time.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SYMINGTON. I congratulate the distinguished senior Senator from New York for his thoughtful presentation to the Senate today. He mentioned the large losses of jobs incident to further automation. The figure I have heard is 35,000 a week. Is that about correct?

Mr. JAVITS. That is correct. It has been as high as 40,000.

Mr. SYMINGTON. That shows what a serious problem it is. In my State of Missouri there is heavy unemployment, and yet those unemployed do not have certain skills needed by some of our manufacturers. So I noticed large advertisements of one corporation in my State in the Washington press—and, therefore, I presume in other newspapers in other cities—to get people skilled in the particular professions that particular company needs. I hope the Senator and his colleagues on the committee have plans for developing legislation and presenting it to the Senate that will help meet the problem he has brought up today, educating people so they do not have to go on the dole because of automation.

Mr. JAVITS. I am grateful to my colleague, who is famed in the world of government and also in the world of business—a rather unique union of skills. I value his constructive contribution.

I do have such legislation in mind. I am going to suggest to Senators what must be done to give labor an alternative.

I emphasize that this is not a question of beating Mr. Meany over the head with a stick. He has grave problems, and he must meet them. The only alternative available to him today, apparently, is the shorter workweek. We must provide him with other alternatives. I am confident that American labor, whose traditional policy has not been against automation, will come to that policy again, if we give it a chance.

The Senator from Oregon [Mr. MORSE] who is now in the Chamber, has been laboring to have passed a vocational education bill, one of the key elements among the alternatives I have proposed.

We as a nation must resolve to spend the money and expend the effort which is called for. Passage of the tax reduction bill will help. We all expect it to come along. We would like to have had it yesterday, but these are the facts of life.

We need also accelerated vocational training and retraining, which is what the Senator from Oregon [Mr. MORSE] and I, and other Senators as conferees, are fighting for.

We also need relocation allowances so that people can move to new locations in search of better jobs.

We need transitional compensation for workers, not on an unemployment basis but on a working basis. After all, this automation-induced unemployment is not something they are inviting for themselves.

We need to provide for the transferability of pension rights, to give labor more mobility. We may need a national pension bank on that score.

We need financial aid for small businesses, to enable them to revamp their enterprises, much like the V-loans after World War II, plus technical assistance to small business.

We need accelerated depreciation and an even newer concept of depreciation allowances than we already have. Even these allowances, which have changed, are still inadequate. They are based on a 10-year concept. We are talking about a much shorter concept today.

We need to revise the antitrust laws, which are, in many cases, out of date. We need to implement the original concept of the Eisenhower administration of establishing national economic goals.

We need greatly to enlarge profit sharing and stock ownership for workers and to give them real ownership in American business.

That is the effective way to deal with automation. Both business and government must participate adequately and effectively.

This morning, for example, we opened hearings on a resolution to establish a Presidential Commission on Automation, suggested by the President's railroad message; a resolution which I sponsored, together with the Senator from Oregon [Mr. MORSE], the Senator from Pennsylvania [Mr. CLARK], and other Senators. The Commission would be charged with the responsibility of coming forward with concrete recommendations, to the President, the Congress, labor, and management.

Labor is right about automation, that it must not be asked to pay the cost, which is a national cost. We can help labor materially to play its traditional role of statesmanship and patriotism in our economy, in regard to automation, by the way we handle the situation and the responsible way we act.

So I say to Mr. Meany, "More power to you. You are jacking us up, and you are telling us what we have to do. What you are proposing is uneconomic and I am not for it, but you cannot be expected to remain quiet and you cannot be expected to do nothing. It is we who have to give you the alternative."

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MORSE. Mr. President, I thank the Senator from New York for his statement. I wish to associate myself with him. Early this year he and I introduced a proposal for the appointment of a National Presidential Council on Automation; because, as he and I declared at the time, that probably this is the most important legislative need on the domestic front. I believe most people do not realize what is happening to the economy in connection with automation. I have discussed this subject before. As the Senator from New York knows, this question has been discussed with the President himself. The President, in connection with the railroad bill that he sent up, proposed the creation of such a commission. That went by the boards. I hope that at a very early date legislation can be passed along the lines that the Senator from New York and I proposed months ago, because we are dealing with something that is vital to our economy.

Mr. JAVITS. I thank the Senator from Oregon.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I would also associate myself with the remarks made by the distinguished senior Senator from New York. The Senator well remembers what happened many years ago. The problem became of national interest under the category of "technocracy." I believe the name of the leader in that field at that time was Scott. Then great prosperity came after the depression of 1932, and then the war years. This temporarily allayed the troubles incident to further automation.

One of the best known leaders of labor made a remark some years ago. When he was shown a machine at the Ford Motor Co., which took a raw casting, drilled it, machined it, ground it, and actually honed it, ready for use, someone said, "A wonderful piece of equipment, don't you think?"

This man replied, "How many Fords will it buy?" I think that remark sums up much of the problem.

Does the study the Senator is interested in involve any examination of the question of moonlighting, which has steadily become a more interesting problem in connection with the shorter hours resulting from automation?

Mr. JAVITS. I should say that, both on the question of economic desirability and necessity, it would be a suitable subject for this kind of study.

Mr. BOGGS. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Delaware.

Mr. BOGGS. I take this opportunity to congratulate the senior Senator from New York for his remarks this morning with reference to Mr. Meany's statement on auomation. I wish to associate myself with the views he has expressed. The first step we need to take is to know more about automation. Remarks like those of the Senator from New York will help focus attention throughout the Nation on the importance of knowledge of the problems of automation.

In my own time, I should like to make a few remarks on that subject.

Mr. JAVITS. I am grateful to the Senator from Delaware. I am cognizant of the fact that he has introduced legislation seeking a White House conference on automation. I thank the Senator for his contribution.

WE NEED TO KNOW MORE ABOUT AUTOMATION

Mr. BOGGS. Mr. President, in further reference to Mr. Meany's remarks, I should like to mention that we all recognize that he is gravely concerned about the impact of automation on society. He sees automation as devouring jobs and perhaps leading to a national disaster.

I lean more to the view that automation is a mixed blessing—that it has in it the seeds of great good as well as evil. I do emphatically agree with Mr. Meany, however, that something needs to be done to enable the country to cope more realistically with the problem.

Mr. Meany's comments impress upon me again the need for greater public knowledge about automation. I am afraid that to many it conjures up a vision of a mechanical robot taking over and performing humanlike jobs. Actually, automation is much more sophisticated than this, of course, although I do not pretend to understand all or even most of its facets.

We know that automation is affecting now, and will affect in the future, the types of jobs Americans perform. But how are parents to guide their children into future careers without having a better idea of what is happening? How are guidance counselors in our schools to advise students if they do not have a better frame of reference against which to gage career opportunities?

There is no easy answer to automation. Living with the changes it brings will take the combined efforts of individuals and businesses and all levels of government. But first, before anything constructive can be done, must come a better understanding of the problem itself.

A White House Conference on Automation is not the whole answer to creation of this understanding, I well realize, but I can think of no better single way to accomplish two goals:

First. Investigate the problem on a nationwide basis and, second, spread information about it on a nationwide basis.

A White House Conference would be preceded by local studies. These studies would work up to regional and State conferences. Finally the best ideas would be discussed by well-informed delegates at the Washington, D.C., meeting. Along the way many citizens would be participants in the fact-gathering and idea-generating process. Others would learn from news accounts. The net result would be a far better informed public.

Mr. President, last January I introduced a bill, S. 165, providing for a White House Conference on Automation. I am even more convinced now of the need for such a Conference, and I respectfully urge action on this legislation by the Labor and Public Welfare Committee in order that this Conference can take place soon.

ANTISEMITIC CAMPAIGN OF RED RUSSIA AGAINST THE JEWISH PEOPLE

Mr. LAUSCHE. Mr. President, with increasing frequency evidence is appearing of an anti-Semitic campaign now being conducted in Red Russia against the Jewish people. The treatment that is now being accorded to the Jewish minority in Red Russia is cruel, unjust, and unworthy of any government regardless of how base.

The Communists of Red Russia are intent upon destroying the Jewish communities within its boundaries. The evidence is abounding that the Soviet Union is seeking to exterminate the Jews and take from them their lives, properties, and culture. The tragedy is that the Jews of Red Russia are now being not only persecuted and decimated but falsely made the victims for the economic failure and general corruption that prevails in the system.

It goes without saying that I vigorously condemn the persecution to which the Jewish people have been subjected by the Soviet Union; also the extinction of cultural and religious ties between the Soviet Jews and Jews of other lands; the closing of the Jewish synagogues, and the ban against the performance of sacred Jewish rites; the closing of the Jewish schools and the destruction of the Jewish institutions in Yiddish and Hebrew.

Mr. President, I am one of 60 Senators who joined with Senator Abraham Ribicoff in sponsoring a pending resolution condemning the Soviet Union for discrimination against the Jews. I make this statement to reaffirm my conviction that the resolution which has been presented is rooted in facts and sound and proper in its condemnation of the brutality and oppression practiced by Red Russia against the Jewish minority.

THE JOHN BIRCH SOCIETY IDEA OF CONSPIRACY

Mr. McGEE. Mr. President, one of the real dangers in any extremist movement is that it threatens the mature discussion of the real issues which confront a nation by responsible members of the liberal and conservative camps. There is much room for disagreement and discussion on the major issues that face us today, but the search for a solution is severely hindered by those who seek to attach their hysterical distortions and untruths to one side or the other.

In the 1930's the far left sought to infiltrate and command the traditional liberal movement in our Nation. Today the far right is attempting to become the voice of conservatism.

The Wyoming State Journal, of Lander, Wyo., carried an excellent column in its November 7 issue outlining the danger to the Nation in the hysterical approach to our problems. The column was written by Perry Swisher. I ask unanimous consent that it may be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

JOHN BIRCHERS IDEA OF CONSPIRACY IS AGREEMENT

(By Perry Swisher)

Oil discovered on your land doesn't make you a better American than I am—just richer.

If you are successful dogfood manufacturer, that doesn't mean you are man's best friend. In fact, you may have it in your head that there are men who are conspiring to bite you—"Pinks" Socialists, and Communists who must be put on a leash.

And the candymaker who heads the John Birch Society wrote that Dwight Eisenhower probably wasn't the head man to carry out Communist policy in America—more likely Milton Eisenhower was telling his brother what to do. I guess he makes good candy. It's his political philosophy that reeks with rat poison.

The Birch Society's Robert Welch, the dogfood man, and posse of oil-rich gents from the Southwest, are the leading sponsors in the intermountain States of a campaign to give the voters "a real choice" in 1964. They tell us that for many elections past the Republican and Democratic Parties have been Tweedledum and Tweedledee.

A contest between the American Nazi Party and the Communist Party would represent a real choice. Their mutual hatred is intense enough to satisfy the most bloodthirsty partisan, even if to believers in representative government the authoritarians also look like Tweedledum and Tweedledee.

But that is not the goal. Neither the Nazi baiters of minorities nor the Communist haters of capitalists are on our ballots. The object, as I get it, is to make of the Republican Party a conservative party.

This remodeled party, by beating the Nixon and Rockefeller and Eisenhower and Romney and Scranton Republicans in convention, and then defeating the Democrats in November, would save us from the one-world Socialist conspiracy.

Isn't that the pitch? Now, hate is not the hallmark of a conservative. Saying that many, perhaps most, of the men in Congress, the White House, and the U.S. courts are there because they bought the voter with appropriations is not conservatism.

Belief that many or most of these men are stupid enough or evil enough to sell the Nation out to the Communist conspiracy is not a conservative belief.

Saying there is a working conspiracy between Republican and Democratic leaders to deceive the voters while taking orders from foreign masters is not speaking conservatively.

This is hysteria, fear, and the sick that that fear produces. I wonder how long the honorable word "conservative" can stand embrace by political leprosy without losing its health?

To look at the imagined Democratic-Republican conspiracy, let's start at the bottom.

If I vote for a school building bond issue because I have children in school and you vote for it because you own adjoining property or think it will do the town good, we are not conspirators. You may be a conservative on education, I may be a liberal; but when we vote alike we are not conspirators. Nor does it mean one of us has duped the other.

Suppose the State's population increases sharply. Traffic accidents climb.

If both political parties agree more highway patrolmen must be hired, this is no conspiracy. The outs may blame the ins for letting freeway construction lag, or for being unduly influenced by the asphalt peddlers where concrete was called for, but each side calls for stepped-up traffic law enforcement. A conspiracy?

The State may have signed a compact with other States 15 years ago. They exchange students tuition-free in certain specialties, so each State doesn't have to duplicate the other's expensive colleges of medicine, dentistry, etc.

In the process they have spent on education by providing more of it. Both political parties have long since accepted the program though they differ on details. Bipartisan acceptance of the compact doesn't constitute conspiracy, even if the voters never did have a direct vote in the matter.

Agreement, in other words, is not conspiracy. If Republicans and Democrats did not have more in common than in dispute, then I'd worry. With disagreements deep enough and numerous enough, a change of control would become a bloody revolution.

If the Republic is healthy, the quarrel is usually over when, how, and at what expense an action is to be taken. We ought to be in fairly general agreement that the objective is economic well-being and opportunity for as many people as possible, a well-educated citizenry respecting one another's personal freedom, represented by a foreign policy that never sleeps in a round, complicated, and not entirely predictable world.

Those who see some such general American consensus as a conspiracy don't need a political party. They need a doctor.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DOMINICK. Mr. President, during the course of our debate on foreign aid, the distinguished Senators from New York [Mr. Javits and Mr. Keating] urged and very ably guided through the Senate an amendment which had the effect of cutting off aid to Egypt in order to do something about the precarious situation in which Israel finds herself.

There has been criticism from the White House and AID administrators for that action on the ground that it reduced their flexibility in dealing with these problems. So far as I was concerned, I supported and voted for the amendment cutting off this flexibility as perhaps one of the things we have to do.

Recently, an article came to my attention which points up the problems we have in the aid field today. For the edification of the Senate, the article should be read. It is written by Henry J. Taylor. It reads in part:

I was in Egypt some years ago when the Washington "big think" bought (taxpayers' money) about 100,000 bales of cotton to butter up wily Gamal Abdel Nasser, a man who has it in him to be a traitor to any cause.

> We were trying, as we still are, to win false friends by frail policies and money.

Still reading from the article:

> And although this far-off generosity to the hawk-eyed colonel was greatly unappreciated and totally misdirected the added bill knocked our taxpayers for another $55 million.
>
> Well, these 100,000 bales are now being sold, although prying the particulars out of our foreign aid professors and the U.S. Department of Agriculture was like trying to break the arm of Atlas. The clamp was on in a top directive consistent with the policy of manipulated news. For the man we're selling this cotton to is Nasser.
>
> We paid this Scaramouche a dollar a pound. He's buying it back for less than 35 cents. He's paying $17.4 million to get back what he sold Uncle Sam for $55 million.

There is a good deal more in this article which is of real significance in our present debate on foreign aid.

I ask unanimous consent to have the article printed at this point in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EGYPTIAN COTTON WAS A REAL DEAL

(By Henry J. Taylor)

> An inside look at a cotton deal should make us wonder who gets what in foreign aid.
>
> I was in Egypt some years ago when the Washington big think bought (taxpayers' money) about 100,000 bales of cotton to butter up wily Gamal Abdel Nasser, a man who has it in him to be a traitor to any cause.
>
> We were trying, as we still are, to win false friends by frail policies and money.
>
> Responding to the horrendous legends and medieval myths that constitute our farm program, America's warehouses were then, as they still are, bulging with our own unsold cotton.
>
> And although this far-off generosity to the hawk-eyed colonel was greatly unappreciated and totally misdirected, the added bill knocked our taxpayers for another $55 million.
>
> Well, these 100,000 bales are now being sold, although prying the particulars out of our foreign aid professors and the U.S. Department of Agriculture was like trying to break the arm of Atlas. The clamp was on in a top directive consistent with the policy of manipulated news. For the man we're selling this cotton to is Nasser.
>
> We paid this Scaramouche a dollar a pound. He's buying it back for less than 35 cents. He's paying $17.4 million to get back what he sold Uncle Sam for $55 million.
>
> No wonder we're in a heads-you-win-tails-I-lose contest with the tax collector. No wonder most of the world thinks we have more money than brains. And no wonder the whole country, I think, is mentally tired of trying to figure things out. You just don't get anyplace. Nor do we get the truth, unless sought.
>
> President Kennedy bid for added public approval of the Russian wheat deal by announcing emphatically that all the wheat must be carried in American ships to the extent available. Millions were led to visualize an employment-giving parade of Stars and Stripes across the seas.
>
> Yet Mr. Kennedy knew full well as he spoke that less than one out of four ships would, or could, be American. That's all that are available. Behind the manipulated news this maximum was the real meaning of "to the extent of availability."
>
> Mr. Kennedy also knew, of course, from the advance talks in Canada, that the $10-a-ton higher American cargo rate would affect even the one out of four. In truth, the actual White House offer is to send only 14 percent in American ships and 86 percent in foreign.
>
> It involves an initial delivery of 2.4 million tons, 23 percent in U.S. vessels, and then the entire balance of the 4 million tons in foreign ships. The Russians haven't introduced any really unexpected obstacles. The American people simply were not told the full truth in the first place. That is what makes the manipulated-news policy so dangerous and unworthy.

Mr. DOMINICK. I point out that this is only one example of the difficulties we face in our foreign aid program. We are constantly finding ourselves at odds. We do one thing for one country, and we find that it acts badly on another country. One country may be an ally, another may be a neutral, and a third may be unfriendly. The more money we put into these areas, the more complex the problems become.

The other day I had the opportunity of commenting on the Indonesian situation. During this process and while referring to the attitude of Mr. Sukarno in connection with the Dutch territories, which he literally forced out of their hands, and his present activities in burning the British Embassy and the British possessions and threatening American possessions, I referred to Mr. Sukarno as a bandit. I am really quite entertained that the Ambassador for Indonesia has made a protest in connection with those remarks of mine against Mr. Sukarno.

I have not heard from the State Department, as to whether they gave any reply. In the process of his objection to the State Department, he apparently also criticized the distinguished Senator from Oregon [Mr. MORSE] for calling Mr. Sukarno a no-good, corrupt man who would be in bed with the Communists were it not for American aid. I understand that the Senator from Oregon replied quite vehemently yesterday; and I agree with the statements that he made.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield to the Senator from Oregon.

Mr. MORSE. Not vehemently; objectively.

Mr. DOMINICK. I accept the modification.

It might be interesting if we included some comments at this point concerning the history of Mr. Sukarno.

At the same time that Shriver, the Director of the Peace Corps, fought the Japanese during World War II, Sukarno held down an important post with the enemy, that of general political adviser to the Japanese Military Government in Indonesia.

In that post, Sukarno turned 2 million of his countrymen over to the Japanese to be treated, in the words of Maj. Gen. Charles Willoughby, who was our chief of intelligence in that area, "like coolie slaves."

One of Sukarno's chief tasks was to exhort Indonesians into greater war efforth: "We shall flatten out America" and "We shall overturn England."

Then he organized a colossal anti-American rally in Djakarta on November 8, 1944. An Indonesian weekly published photographs of Sukarno burning bigger-than-life pictures of Western leaders. A caption under the picture read: "Roosevelt, Churchill Condemned."

In 1945 he jumped from a sinking Japanese ship and joined with the Soviets. He telegraphed Stalin asking support and pledged himself to the ultimate attainment of Russian aspirations.

In 1949 Sukarno became President of the Indonesian republic. He has since guided Indonesian affairs with a flair that has enabled him to win the order of Lenin and to chortle in Djakarta: "This means I am a Communist of the highest order."

There is information to the effect that Sukarno has publicly endorsed the Communist Party of Indonesia as "a genuine participant in the political process and the Nationalist movement." This endorsement has been made concrete by the appointment of large numbers of Communist Party members to the Parliament and to advisory organs of the Government, such as the Supreme Advisory Council and the National Planning Council.

Sukarno has received more than $1 billion in late-model arms from the Communist world. I might say that a good portion of the finances that he received with which to pay for these arms came from U.S. aid. Sukarno has embraced Mao Tse-tung, and has told listeners of Radio Peiping that he will work with Mao in the joint struggle "to create a world Socialist society," an aim "impossible to realize if imperialism still exists in the world." He has promised support for the Communist campaign to "liberate Formosa from imperialist lackeys."

That is only a part of his history.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield.

Mr. MORSE. I thank the Senator very much for this documentation on Sukarno. My prediction is that no matter how much aid the United States gives him, he will turn out to be worse than Castro. He is a two-timing politician in Asia who will take everything we give him and then amputate the hand that feeds him. I hope that the administration will recognize that reality and not make the mistake of pouring out additional money for Sukarno. At the present time aid has been suspended temporarily. It ought to be in perpetuity, because in my judgment here is a place in the world which is headed by a man so corrupt that any money we give him will not help the cause of freedom, but will be used to carry out his diabolical purposes.

Mr. DOMINICK. I appreciate very much the feelings, comments, and remarks of the distinguished Senator from Oregon. All we have to do is to look at recent history; we do not have to go to past history, except, as I said, to lay the background for it.

When he moved into West New Guinea, governed by the Dutch, who wanted to give the right of self-determination to more than 500,000 people, the Papuans, what did we do? Did we support the Dutch in their effort to extend self-determination to these people, a principle which we have so long professed as one of our guiding principles? We did not. We backed Sukarno, and we told the Dutch, in order to create peace in that area, they should get out. With no support, and inability to use our bases, to reinforce their troops in the area, the Dutch did get out. Sukarno has taken over this territory, and these people have been taken over, without any hope of self-determination, and without any hope of redress for any wrongs which may have been committed in that area.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield.

Mr. GRUENING. I commend the Senator from Colorado for his very correct interpretation of what has happened and on his extremely useful summing up of some of the follies that we have committed in Indonesia. That is the only way I can describe them. They were follies. We have supported a ruthless dictator and unscrupulous aggressor. His principles are in direct opposition to ours. He acted ruthlessly in moving to take over West New Guinea when that situation should have been left to the future decision of the people themselves. That area which the Dutch did not wish to retain themselves, although it had been a Dutch colony, should have been turned over to the United Nations under some kind of trusteeship or mandate, so that in the future, when those people had reached the point where they knew what they wanted, they could decide what status or political association they desired to have.

That would have been the proper policy for the United States to support. We yielded to Sukarno's bludgeonic tactics, for reasons that are difficult to justify. We allowed Sukarno to take those people over. The Senator from Colorado has performed a very useful service in the statement he has made.

Mr. DOMINICK. I very much appreciate the support of the distinguished Senator from Alaska. Obviously, from comments which have been made here, there are opinions concerning Mr. Sukarno that are strong opinions and which are based on a historical position as to what he has been doing. When I referred to Mr. Sukarno as a bandit, it is interesting to note that one of the definitions of a bandit is one who takes unfair advantage over others, usually to procure inordinate payment or profit.

If that is not an accurate description of what he has been doing, not only in his own country and at the expense of his own people, who are fine people for the most part, but also in other places in that area, including west New Guinea and Malaysia, which he is now trying to break up, and including West Irian, and other places which he is trying to seize and hold onto, then I do not know what that word means. I have no intention on the floor of the Senate to back down from such a description of Mr. Sukarno.

JOURNALISM BY INVECTIVE

Mr. GRUENING. Mr. President, the Washington Post seems to be most unhappy about the reforms that have been made in the Senate in the foreign aid bill in the course of a 3-week debate.

Let me state my belief that these reforms have been constructive, needed, and desirable in every sense of the word, and should go far to improve, revitalize, rehabilitate, and save the foreign aid program. This program was rapidly falling apart both in its execution and in the estimation of an increasing number of the American people. Not only has no damage been done to the program, but the amendments adopted should substantially strengthen it.

As far as the quantitive cuts are concerned, they are unimportant. There is still more than $6½ billion in the "pipeline," which, for the benefit of the public means that that amount of money is the sum left over from previous appropriations which has been unexpended. Therefore, if not one cent had been authorized or appropriated by this Congress, the program could have gone on for a year and a half or nearly 2 years without difficulty. Moreover, a country-by-country approach would show that the total authorization could be cut further without impairment of the program.

And yet we find in the leading editorial of today's Washington Post, entitled "Sermon on Aid," the following characterizations.

This has been, the Post says, a "bitter" fight over foreign aid. Note the adjective "bitter."

In the next paragraph, the Post says that what Congress has done to the aid program is, in its opinion, "wrong and foolish." The Congress has carved the bill to the marrow. Anatomatically speaking, the marrow is the inside of the bone. Actually, Congress barely nicked the epidermis.

Further, the Senate has "implanted a series of dogmatic restrictions." Note the word "dogmatic." And Congress apparently has been guilty of "spiteful use of aid as a club." Note the adjective "spiteful" and the noun "club."

The Post notes that the congressional "onslaught was not simply the act of a small and willful minority." I am glad that the Post recognizes that constructive amendments were adopted by majority vote—as they obviously would have to be—and that in the case of some of the constructive amendments that failed of passage, they failed of passage by a very small margin and that usually there were some 40 votes for them. Were they all "willful"?

Next; we find in the Post's editorial that the "mayhem on aid found the majority support in Congress." Now, what is the definition of "mayhem"? As found in Webster's Collegiate Dictionary, it is "willful and permanent deprivation of a bodily member resulting in the impairment of a person's fighting ability," or "willful and permanent crippling, mutilation or disfigurement of any part of the body." I submit that all that has been done is to do some moderate plastic surgery on the body of the foreign aid bill designed to remove a few malignant tumors lest they spread and become lethal, and to excise a few warts that impaired its foreign aid's image. It might be characterized in part as a face-lifting operation. It was hardly "mayhem."

Next, the Post says the Senate "hacked foreign aid to bits."

Further, the Senate's action is characterized as an "irresponsible binge."

Finally, the Post expresses the hope that "it may yet be possible to expunge some of the worst features of the Senate legislation" and thereby to remedy "the frailties of Congress." Actually, Congress has, for the first time since the beginning of the foreign aid program laid aside its past frailties of inaction and carried out in part its constitutional responsibilities to be a vigilant and alert participant in the authorization of the expenditures of foreign aid funds.

Now, we turn to the next page of the Post and find, under the heading: "Matter of Fact," a column by Joseph Alsop entitled "The New Know-Nothings." Not surprisingly, the article refers to the action of the Senate on the foreign aid bill as "the new surge of know-nothingness." Actually, the Senate displayed a welcome and belated "know-somethingism" about the foreign aid bill with which the public, and indeed much of the Congress, and certainly Mr. Alsop, had been largely unendowed hitherto.

Mr. Alsop further characterized the debate as "squalid."

Democratic Senators who took part in re-forming the bill are characterized as "liberal," the word "liberal" being in quotes, which quotes, of course, suggest that these "liberals" are unsound and wacky fellows. Senator Morse is referred to as "ineffable." This is a highbrow smear adjective. Ineffable, as defined by Webster, means "incapable of being expressed in words; indescribable; unspeakable; not to be uttered." Does this mean that Mr. Alsop was at a loss to characterize Senator Morse?

Southerners who voted for some of these amendments are referred to as "embittered."

Later in Mr. Alsop's column, Senators Frank Church, Albert Gore, Abe Ribicoff, Stuart Symington, Stephen Young, Henry Jackson, and William Proxmire are condemned as "so-called liberals." They and the others are charged with "trying to gut the foreign aid bill." Note the verb "gut."

Finally, all of them are charged with "peevishness," and Mr. Alsop declares that that is the "only motive now identifiable."

Speaking as an old journalist, Mr. President, I regret such unintelligent and unperceptive interpretations of what happened in the Senate.

Speaking again as an old newspaperman, I regret the unrestrained use of defamatory adjectives by the Post's editorial writer, whoever he may be in this case, and by its syndicated columnist, Joe Alsop.

Speaking as a Senator, I am proud of what the Senate has done in the last 3 weeks, and I venture the prophecy that history, in the very near future as well as in the long run, will completely vindicate the Senate's performance as useful, needed, and constructive. It has done the administration and the foreign aid program an incalculable service. Had this service been performed in previous years, it would have saved the American people billions of dollars out of the more than $100 billion which have been spent on foreign aid, much of it squandered. It would have made our foreign aid infinitely more effective and would have left the world in a much better condition than it is now.

Mr. President, I ask unanimous consent to have printed at this point in the Record the article entitled "The New Know-Nothings," written by Joseph Alsop, and the editorial entitled "Sermon on Aid," both published in the Washington Post of today, November 15, 1963.

There being no objection, the article and editorial were ordered to be printed in the Record, as follows:

Sermon on Aid

President Kennedy used the pulpit of his office yesterday to deliver a powerful sermon on the need for foreign aid. He did not dispute the constitutional right of Congress to decide how much money should be appropriated. But he did point out that the expenditures involved are hardly crushing, that foreign aid is "a valuable arm" of U.S. policy, and that in the end it is the President—not Members of Congress—who is held accountable for the success or failure of our diplomacy.

The pity is that the President did not make his forceful statements weeks ago in a full-scale address to the country. There were clear storm warnings that this year would see a bitter fight over foreign aid. Yet here, as in other areas of controversy, there has been a reluctance to commit the full resources of the Presidency to a drive for the administration's programs. The sermon comes late—after the ushers have already passed the collection plate.

What Congress has done to the aid program is, in our opinion, wrong and foolish. Not only has Congress carved to the marrow the President's budget request; the Senate has also implanted a series of dogmatic restrictions on the use of aid. Surely Mr. Kennedy is only stating the obvious in reminding Congress that the world changes swiftly and that spiteful use of aid as a club usually does not have the intended effect.

Yet the congressional onslaught was not simply the act of a small and willful minority. The mayhem on aid found majority support in Congress—and no doubt has majority support in the country. It is no accident that the Peace Corps received generous treatment in the House at the same time foreign aid was being hacked to bits in the Senate. Both actions express a consensus on Capitol Hill and in the country.

It is easy to make Congress the scapegoat—especially when the Senate goes on an irresponsible binge and appears to dictate day-to-day policy to the Executive. But the mischievous action of Congress cannot wholly absolve the President of his past inaction. Whose job is it to disclose the purposes of American policy, to explain in plausible terms to the man in the street the American stake in using aid to help buttress the independence of remote countries? When Mr. Kennedy says that he needs foreign aid, he has to persuade the electorate no less than Congress.

Mr. Kennedy's sermon in and of itself was admirable. It may yet be possible to expunge some of the worst features of the Senate legislation in conference with the House. But the result thus far tells something not only about the frailties of Congress. It also tells us that more vigorous leadership on the part of the administration is essential to the achievement of its objectives.

The New Know-Nothings

(By Joseph Alsop)

In the tedious but crucial struggle over the foreign aid bill, the old tradition of national-minded bipartisanship has been saving President Kennedy's bacon.

In the preliminary wrestling with the bill in the Senate Foreign Relations Committee, the senior members of the majority and minority, Senators William Fulbright, of Arkansas, and Bourke B. Hickenlooper, of Iowa, acted together as partners.

Senator Hickenlooper is not widely known for his reluctance to take a good, hard, partisan whack at the Democrats whenever he sees a chance to do so. He thought that the foreign aid authorization that Senator Fulbright wanted the committee to approve—$4.2 billion—was a bit on the high side. But when Fulbright argued that "we have got to give them something to cut," Hickenlooper loyally went along.

Again, when the leadership belatedly discovered the power of the new surge of know-nothingism in the Senate, a hasty strategy meeting to discuss the best blocking tactics was strictly bipartisan, and was even held in the Republican cloakroom. The majority and minority leaders, Senators Mike Mansfield, of Montana, and Everett Dirksen, of Illinois, joined with Fulbright and Hickenlooper in the decision to make a voluntary preliminary cut of $385 million in the committee total, in order to forestall worse cuts by the new know-nothings.

Since then, through the long, squalid, and still unfinished struggle on the Senate floor, Dirksen, Hickenlooper, and a good many other Republicans have continued to stand four square for national mindedness and bipartisanship.

Meanwhile, the President's bill has been under bitter, persistent partisan attack by Democratic Senators, with a group of liberal Democrats, headed by the ineffable Senator Wayne Morse, of Oregon, leading the attackers. Even that famous Republican conservative, Senator Barry Goldwater, of Arizona, had been kinder to the foreign aid program than the new Democratic know-nothings, for he has at least been absent for almost every key vote.

The most dramatic vote, though not the closest, was on Morse's motion to gut the bill for good and all, by recommitting it to the Foreign Relations Committee. Twenty-eight other Senators voted with the Oregon paragon, and 20 of them were Democrats.

Another Morse amendment, to cut the Development Loan Fund by $25 million, carried by a vote of 42 to 40, and 24 of the Morse adherents were Democrats. Embittered southerners, like Richard Russell, of Georgia, and Harry F. Byrd, of Virginia, have, of course, followed Morse, gladly yielding him the leadership on this occasion.

Morse's deputy commander in the attack has been the old New Dealer from Alaska, Senator Ernest Gruening. So-called liberals who have joined Morse are Frank Church, of Idaho; Albert Gore, of Tennessee; the former Secretary of Health, Education, and Welfare in the Kennedy Cabinet, Abe Ribicoff, of Connecticut; Stuart Symington, of Missouri; and Stephen Young, of Ohio; plus Henry Jackson, of Washington, and William Proxmire, of Wisconsin, on the fund cut.

Besides trying to gut the foreign aid bill in every other way, the new know-nothings have put forward an astonishing number of backseat driving amendments. "Some people," Senator Hickenlooper has said grimly, "want to turn the U.S. Senate into another committee on the conduct of the war, which helped the South more than Robert E. Lee."

The result, beyond much doubt, would be a half-crippled foreign aid program. The Alliance for Progress, for instance, will be lucky to get $525 million—apparently because Senator Morse and his friends are reluctant to allow the United States to spend as much on the prevention of communism in Latin America as the Communist bloc is now spending for the sole purpose of propping up Fidel Castro in Cuba.

If the effort in Vietnam is not weakened, all other military aid programs will have to be cut drastically. Thus old and tried allies which cannot otherwise afford their present levels of defense, like Turkey, Greece, Nationalist China, and South Korea, will be hit where it hurts most—apparently because Senators Symington and Ribicoff think it is a bad bargain to add this strength to our side at one-tenth the cost of an equal number of American troops.

Finally, development loans, which offer the best hope of future progress and are also to be repaid in the end, will be cut to the point of grave damage to American foreign policy. In short, the national interest is under heavy attack. It would be more comprehensible if the attack had a partisan motive; but peevishness, alas, is the only motive now identifiable.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield.

Mr. MORSE. I congratulate the Senator from Alaska on his penetrating analysis of both the Washington Post editorial and the inexcusable, ignorant column by Mr. Alsop. The country is greatly indebted to the Senator from Alaska for the strong leadership that he extended to those of us who have fought during the past 3 weeks to try to bring to an end some of the worst inefficiencies, waste, and causes of international corruption that are embedded and ingrained in the foreign aid program.

Probably the Senate will complete action on the bill today. But this will not be the last time there will be action on the bill. If the conference report contains any attempt to undo what the Senate has done, there will be a further debate at great length, so that the American people may again have the facts presented to them as to how they are being rooked by the foreign aid program.

It is with sadness in my heart that I find that my President is making statements and speeches following that line on foreign aid, but is not uttering a word in those speeches by way of a pledge to the taxpayers that he intends to do something about the inefficiencies, waste, and inexcusable wrongs that are embedded in the foreign aid bill.

I spoke yesterday on the basis of a foot-high compilation of reports from the Comptroller General of the United States, which pointed out the shocking waste of millions of dollars of taxpayers' money in the sinkholes of foreign aid. I most respectfully ask my President: "When are you going to do something about correcting those wrongs, which are a matter of proof, in regard to foreign aid?"

The President will get my support for a good foreign aid program, but he will not get my support, and does not have my support, for a continuation of the kind of foreign aid that he is talking about, and to which he referred in his speech in New York City last Friday and his news conference yesterday, because the President cannot make a case in support of that kind of foreign aid.

The President asks, "Who will get the blame if the program does not work?" He answers, "I will get the blame."

Let me say that Congress will get the blame, and should get the blame, if it does not exercise its authority under the Constitution to check the President in connection with the wasting of hundreds of millions of dollars of taxpayers' money that is now being poured down the sinkholes of foreign aid in many parts of the world.

Mr. GRUENING. I thank the Senator from Oregon. He has been the leader in the gallant and devoted fight to improve the foreign aid program.

I am not opposed to foreign aid. I favor it. I have favored it all along. However, at various times I have sought to present amendments which I hoped would cure some of the deficiencies of the program. Some of these were accepted in the Senate, over the opposition of the leadership, but later were deleted in conference, when the State Department and AID officials rushed up and said they would ruin the program.

In the past 3 weeks, under the leadership of the distinguished senior Senator from Oregon [Mr. MORSE], the first serious attempts to debate and to reform were made, and they were successful. They did not go quite as far as they might have, because some of the proposals submitted by the Senator from Oregon and some of the proposals submitted by me were not accepted, although some of them came close to being accepted, and thus showed that there is widespread dissatisfaction with the way the program has been administered.

The amendments which have been adopted are most desirable, but I consider them only a beginning.

I hope that with the leadership the Senator from Oregon has demonstrated and with the clear indications of congressional leadership during the debate and in connection with the action taken on the amendments, we shall have a better program.

I believe we shall have a better program next year; but we must constantly be vigilant to be sure that the agencies involved carry out the intent of Congress. I believe it would be very objectionable if some of the activities now administered by the AID agency were to be transferred to the Army or to other Government agencies, and thus be concealed. Congress must retain control of the program.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I am glad the Senator from Alaska has made that statement, because that matter will be the subject of one of the great debates next year, inasmuch as the maneuver now being attempted is to turn the military aid program over to the Pentagon. The great issue is, How much longer are we going to let the Pentagon determine so much of our foreign policy?

The State Department is really a split entity, these days, because much of our foreign aid is, in fact and in effect, being determined by the Pentagon, not by the State Department. If we let the Pentagon get its hands on military aid—which is inseperable from U.S. foreign policy—we shall be in for very serious trouble.

Bad as the State Department is at the present time, we must require it to administer all foreign policy, and not permit it to divide its obligations and duties with the Pentagon.

Mr. GRUENING. Mr. President, I am glad the Senator from Oregon supports my view—which I know he has held—that Congress must retain control of, or must continue its efforts to control, the foreign aid program. At this session, that has been done for the first time; and of course that requires maintaining supervision over the military part of the program.

In connection with the next foreign aid bill, we must also be sure that the lending functions are continued by U.S. agencies, not turned over to international agencies over which Congress would have no real control. So if a move is made to stop development loans as a part of the program over which Congress will have jurisdiction, I warn that such an attempt must be stopped, because if it were to be successful, we would lose complete control over that part of the program. Such functions should not be turned over to international lending agencies, which already have an important part in the program; but all lending functions now under the foreign aid program should be maintained there, where they will be under the vigilant and alert eye of Congress. I hope that will be done.

I made a study, for the Government Operations Committee, of the programs in 10 countries in the Middle East. In the case of two of them, I found the program was well carried out and was purposeful, and that there was a clear understanding of what was to be accomplished. In those cases I recommended that the program be both continued and increased. I make this statement because in the past it has been assumed that anyone who was at all critical of the foreign aid program was opposed to foreign aid. However, that is not the case. I shall support the foreign aid program whenever I can, when it is sound and reasonably and effectively administered, and not only does not squander millions and billions of U.S. taxpayers' dollars, but actually produces results which are effective in connection with our national plans and purposes.

But the aid we have given Sukarno is a positive scandal and is disgraceful. We have built up a Frankenstein monster in the Far East; and we have done much the same in the Middle East, with Nasser.

I am hopeful that the amendments the Senate has adopted, which will stop the giving of our aid to aggressors, and particularly to Indonesia, in connection with the foreign aid program, will be carried out and administered rigidly and correctly by the administration.

RESPONSIBILITIES OF THE EXECUTIVE AND LEGISLATIVE BRANCHES

Mr. MILLER. Mr. President, in the Washington Post of November 11 there was published an article, written by the columnists Rowland Evans and Robert Novak. The article, entitled "The Senate's Scandal," is clearly both cruel and unfair. For one thing, the article includes the following statement:

> Kindly, well-meaning Senator MIKE MANSFIELD, of Montana, has been a tragic mistake as majority leader.

The article contains other statements along the same line; and they would cause a reader—if he did not know the facts—to gain the impression that an incipient revolt is developing among the members of the Democratic Party in the Senate against the so-called poor leadership of the Senator from Montana. But I believe the article completely misses the point, which is that there is nothing wrong with the leadership in the Senate, but there is a great deal of trouble with the leadership in the White House.

In this connection, I invite attention to another article which is in somewhat the same category, insofar as unadjustified criticism of the Senate leadership is concerned. This article was written by Doris Fleeson, and was published in the Washington Star of November 13.

In an article written by David Lawrence, and published on the same date in the Washington Star, the following conclusion is drawn: "that the people of this country, through their congressional representatives, disapprove of the legislative program proposed by the Democratic Party's national leader and want a change in leadership."

I believe Mr. Lawrence has more correctly called attention to the real problem. The leadership in the White House has been lucky to have had a majority leader in the Senate such as the Senator from Montana [Mr. MANSFIELD], and is lucky to have gotten what it received during the first 2 years—the honeymoon years—of the New Frontier, and should not be at all surprised to find that the honeymoon is over now that the people back home have begun to realize what has been hitting them and what will hit them for some years to come, as a result of the billion dollar deficit spending programs which have been requested by the White House.

Although I have opposed some of them, I think recognition should be given to the fact that the majority leader, the Senator from Montana [Mr. MANSFIELD], has been a "good soldier," and has done a rather effective job of getting through the Senate the spending programs that really count.

There has been considerable criticism of Congress. I, for one, do not object to a certain amount of criticism, if criticism is due. But too many persons who are too ready and willing to snipe at Congress apparently do not realize that there are three branches of the Federal Government—the executive, the legislative, and the judicial. Some of them recognize that there is a judicial branch when the Supreme Court hands down a decision involving the recital of prayers in the public schools. But as between the executive branch and the legislative branch, I fear there are too many people who are too much impressed by the

Madison Avenue techniques utilized in statements coming out of the White House, as a result of which they overlook the shortcomings there.

The volume of White House-sponsored measures submitted in the last 2½ years, all carrying the label of "urgent," has been multitudinous. It has been beyond the capacity of any Congress to digest, much less the ability of the people of the United States to pay for.

There was no mandate from the people for such a program. President Kennedy was elected by less than 50 percent of the votes of the people who voted in 1960. For some strange reason or other, some of his advisers seemed to conclude that there was a mandate from the people for an overwhelming deluge of vast new Federal spending programs and increases in existing programs. There was no such mandate at all. Members of Congress are more directly connected with the feelings of the people in their districts and States; and they know that the people have had too much already. It took them 2½ years to wake up to what is hitting them.

I have been pointing out that if we merely consider the inflation that the sum of $21 billion of deficit spending since January 1, 1961, has produced, which amounts to about $19.5 billion, and apply it to the people throughout the United States in terms of sales taxes, Senators will find that their people in the various States have been hit by sales taxes and indirect sales taxes ranging all the way from 2 to 4½ percent.

People wonder why the cost of groceries, the cost of housing, the cost of building new schools, and the cost of State and local government are going up. They can look to the New Frontier for the answer, and particularly to Members of Congress who have engaged in spending billions of dollars more than we take in. I do not think it should be overlooked that the White House has been part and parcel of the entire operation. The White House would have taken more if Congress would have given it more.

Let us face the fact that it takes people a while to realize what is hitting them. It has now taken them about 2½ years; and we trust that by the election a year from now quite a few million more will be realizing what has hit them and will vote accordingly.

An article by the distinguished columnist, William White, appeared in the Washington Evening Star on November 11. The article is entitled "Congress Needs Defenders." Mr. White expressed concern over the fact that there have not been enough Members of the legislative branch of the Government speaking out in defense of some of the criticisms that have been thrown at Congress, particularly this year, and suggested that there ought to be more defense of Congress.

I should like to say that I have done my share of pointing out where Congress is to blame and pointing out where the White House is to blame. I have done my share of defending Congress as an independent legislative branch of the Government.

One of my great disappointments since I have been Senator has been to see the Senate, which historically has existed as a great independent legislative body of our Federal Government, degenerate pretty much into a rubberstamp Senate. There have been a few exceptions. The Senate's rejection, on a procedural point, of the Department's ill-devised, ill-conceived, poorly presented, and highly partisanly presented urban affairs proposal, the Senate's rejection of the unfair Kennedy medicare proposal, known as the King-Anderson bill, which was attempted by way of an amendment a year ago, and now the Senate's treatment of the foreign aid bill, are about the only three exceptions during the last nearly 3 years in which the Senate has really existed as an independent legislative branch of the Federal Government.

The Senate and the House are to be criticized for not adhering a little more closely to the traditional separation of powers. I am ready, willing, and able to criticize those bodies for not doing so. I am also ready, willing, and able to criticize some of the rules which I consider obsolete for effective management of our legislative business. I have not been around here so long that I have become so enamored with every type of rule that we have as to think that no rule can be changed or abolished. Some rules are desirable. It is desirable to have a brake in the form of a better than 50-percent vote for cloture. There was quite an argument on that question early this year. Some Senators said that 51 Senators ought to be enough to choke off debate. Some said that it should require two-thirds of the Senators present and voting to choke off debate. That is the present rule. Some said it ought to be three-fifths, or 60 Senators. All kinds of combinations were proposed.

The point was made by the Senator from Minnesota [Mr. HUMPHREY] that more than half the Senators thought there ought to be some change in the rules. We never could agree on what the rules changes should be. I had my own little plan. I said that I favored a three-fifths rule, provided at least a majority of Members of both parties were included in that three-fifths. I am not about to submit to a change in the rules to permit a Senate composed of 67 Democrats and 33 Republicans to have debate choked off by a vote of 60 Democrats. If 60 Senators, composed of a majority of the Democrats and a majority of the Republicans, desire cloture, that is satisfactory. But to think of choking off debate by a vote of all the Members of one party is to me something that would violate the traditional protection of minority rights which the Senate stands for.

I am not in favor of some of the proposed rule changes in respect to cloture, but I do favor a change along the lines I have mentioned.

There is the rule of germaneness which the distinguished Senator from Rhode Island [Mr. PASTORE] and many others, including myself, have sought to change. The proposal is on the calendar. Whether it will ever be called up remains to be seen. It is a sensible rule. It would provide that during the first 3 hours of debate in the afternoon the discussion must be on the subject that is pending. After that a Senator could talk about anything. We do not have such a rule. As a result, with the Mundt amendment now pending, discussion could take place on almost any subject. What I am now saying has nothing to do with the pending business, nor has much of what has been already said this afternoon. That rule should be changed. I believe that the resolution proposed by the Senator from Rhode Island [Mr. PASTORE] and other Senators would greatly speed up the legislative process in the Senate, because if the Pastore proposal were now in effect, we would be about finished with the amendment, and we would probably be through the foreign aid bill by 3 o'clock. Then if any Senator wished to talk about anything else, he could remain here and do so. That is a change that should be made.

Of course, there is the perennial question of whether there should be a Joint Committee on the Budget. For the past 2 or 3 years the able Senator from Arkansas [Mr. MCCLELLAN] and approximately 60 other Senators, including myself, have cosponsored a bill which has passed the Senate unanimously. It has gone to the House, and there it has never seen the light of day. That bill would provide for the creation of a Joint Committee on the Budget. There is a Joint Committee on Internal Revenue to take care of the finance side of things, and it works very well. When we are dealing with subjects as complicated as revenues, taxes, and tariffs, we need a thoroughly competent staff, and we need a harmonious working group of Senators and Representatives.

So those have come along pretty well in the area of tax legislation. But when it comes to spending, we really have trouble because there is no organization in the legislative branch that can possibly cope with the Bureau of the Budget, in the executive branch. On taxes, we have the Joint Committee on Internal Revenue, which can hold its own in analyzing the proposals of the Treasury Department; but we have no control over the Bureau of the Budget. It is about time we had a little control over our budget. It is about time to start putting our revenues and spending into balance.

Although I know there are some economists who believe it is sophisticated to have inflation as a means to achieve prosperity, the fact remains that the great bulk of the American people believe—thank goodness—in the "Puritan ethic" toward which Dr. Heller, the Chairman of the President's Council of Economic Advisers has such a disdainful attitude. But these are changes that should be made, and until they are made I shall be ready, willing and able to criticize the legislative branch, of which I am a Member.

Let us get a proper perspective of the situation, as far as what has been going on this year is concerned. Let us recognize that Members of Congress are fairly close to the people back home. They are closer than the President of the

United States. They know when the people are beginning to be disturbed. They know that if they do not acquiesce to a reasonable extent in the people's concern, either by voting the way the people want them to vote or by being able to persuade the people to change their minds, they will not be reelected to Congress.

I have supported the foreign aid bill for each of the past 2 years. I shall have something to say about the bill before final passage, which we hope will come today. I propose to support the foreign aid bill this year.

I have received a good amount of correspondence from people indicating their great disaffection with the foreign aid program. I do not have many letters saying "chop off foreign aid altogether," although all of us have received some of those. Most people, I believe, are convinced that foreign aid is a proper part of our national policy. They want to see a dollar's value for a dollar spent. I do not believe that we in Congress have been doing as good a job on that point as we should have done. We are to be criticized for this; but when we start to do a job, the criticism should not be leveled at us but should be leveled at those who have brought this situation upon the Congress; namely, the administrators and those who have been asking for it, and that includes the President of the United States. All the talk in the past few days about the shortsightedness of Congress—and particularly the Senate—in chopping down the amounts of foreign aid is falling on deaf ears back home. I believe most people are beginning to say, "Thank goodness, Congress finally is starting to exercise its prerogative of serving as a true check and a true balance on the executive branch."

Mr. President, I ask unanimous consent that the articles to which I have referred may be printed in the RECORD at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 11, 1963]

THE SENATE'S SCANDAL

(By Rowland Evans and Robert Novak)

The real scandal of the Senate isn't the Bobby Baker case or the ethical code of Senators. It's the Senate's ever-widening leadership void.

What Connecticut's Senator THOMAS DODD dared blurt out on the Senate floor last week, other Senators have been whispering in the cloakrooms for months. Kindly, well-meaning Senator MIKE MANSFIELD, of Montana, has been a tragic mistake as majority leader.

The all-year session of Congress won't produce either the tax bill or the civil rights bill. Appropriations bills that should have been passed last summer may actually be carried into 1964, throwing Federal agencies into utter confusion. And although the Senate is considerably more liberal than the House, it has become the real stumbling block for the Kennedy program.

Much of the blame rests with MANSFIELD's unique theories of leadership. He sees the majority leader as an administrator, neither prying into individual Senators' views nor trying to change them.

Accordingly, when MANSFIELD replaced LYNDON B. JOHNSON as Democratic leader in 1961, he began to dismantle the elaborate intelligence and persuasion machinery constructed by JOHNSON. The once formidable staff of the majority leader shrunk to a pitiful handful.

Moreover, MANSFIELD's theory fed upon itself. As his sightless and voiceless operation predictably gave birth to disorderly fiascoes in the Senate, he increasingly withdrew within himself.

MANSFIELD is now nearly isolated. He has regular contact only with two or three conservative Senators (who have little interest in promoting the Kennedy program). There is almost no communication between MANSFIELD and Minnesota's HUBERT HUMPHREY, the assistant majority leader.

In his isolation, MANSFIELD got the current foreign aid debate off to a bad start by proposing a cut in funds without consulting key members of the Senate Foreign Relations Committee. He has not conferred with Arizona's Senator CARL HAYDEN, chairman of the Appropriations Committee, about the critical slowdown in money bills. He mistakenly got the impression that Virginia's Senator HARRY F. BYRD, chairman of the Finance Committee, had agreed to finish action on the tax cut bill within 6 weeks (when BYRD really had no such intention).

Worse yet is the way MANSFIELD's overcourteous attention to the wishes of other Senators gives de facto control of the Senate to any Member who wants to impose his own schedule on his colleagues. That often turns out to be WAYNE MORSE, of Oregon.

Though blessed with a 2-to-1 Democratic majority, MANSFIELD defers repeatedly to Republican wishes—an attitude which helps make Minority Leader EVERETT MCKINLEY DIRKSEN, of Illinois, the most powerful man in the Senate today (and one of MANSFIELD's ardent admirers).

The confusion is compounded by the fall of Bobby Baker, who as the Senate majority's secretary often was MANSFIELD's only link to reality and the rest of the Senators.

Rank-and-file Democratic Senators reveled in their new-found freedom when MANSFIELD first replaced JOHNSON, but their smiles faded long ago.

They also yearn for a little old-fashioned partisanship. When MANSFIELD lauded Republican Senator JOHN WILLIAMS, of Delaware, for exposing details of the Baker case, two Democrats silently stalked off the floor in disgust.

But this doesn't mean a plot to dethrone MANSFIELD is in the making. That's not the way of the world's most exclusive club.

[From the Evening Star, Nov. 13, 1963]

CREEPING ENNUI IN CONGRESS—LACK OF ACCOMPLISHMENT SAID TO MAKE MEMBERS FEEL CRITICISM MORE

(By Doris Fleeson)

The Congress is experiencing something to which it is not accustomed, and that is just plain boredom.

It is on the defensive more than usual, but criticism is par for the course, and Members are adjusted to it. They ride out attacks and even scandal with considerable indifference, provided they feel they are accomplishing something.

But it is mid-November, and they are marking time on the annual appropriations chores and dawdling over what was, at the start, mostly leftover programs. The result is creeping ennui which is expressing itself in the remarkable outbreak of personalities in the Senate and frequently a reckless indifference to the consequences of the Members' own acts.

Senator DODD, Connecticut Democrat, apologized rather comically for breaking the club rules with attacks on his own and the Republican leadership. Yet out of the resulting ooze emerges a clear notion of the complaint heard in ever-rising volume. The complaint comes from moderates as well as liberals, and even some experienced conservatives acknowledge misgivings that the "ins" of both parties will eventually suffer at the polls.

The complaint is itself a paradox. It amounts simply to a cry for leadership. Reminders that strong leadership from the President and party leaders is always resisted with cries of "dictator" are brushed aside. It would appear that what is wanted is at least an appearance of conviction and struggle.

Congress misses those impatient men who breathed down their necks and demanded "hurry, hurry, hurry." A veteran moderate who has served in House and Senate voices the pervading lament in these terms:

"The President is working hard, but he does not make us feel that he cares intensely, and we must care, too. Sure, the public likes him and his family and he will get by next year, but what about us? We are taking the rap for his desire to get on with everybody.

"Even the calendar is turned against us by our own leaders. They are so eager to please us as individuals they make it next to impossible for us to function as a legislative body. We anticipate a vote and then learn that MANSFIELD has promised we will not have it for a week so some Members can go home. We are repeatedly in session when a private promise means nothing can happen."

A Democratic Senator who doggedly resisted the then majority leader, LYNDON JOHNSON, at some cost to himself, still says that JOHNSON was imperious, unfair and played favorites but adds: "I wish I had him back."

The situation on the Hill raises the old question of the President's commitment to his ideal of a strong Presidency and to his program. His aids are already in print with explanations of the limits of his power, and it is hard to discern even now any real dent in the complacency of the executive branch.

THE PRESIDENT AND HIS PARTY—DEMOCRATS CONTROLLING CONGRESS CALLED UNWILLING TO ENACT LEADER'S PROGRAM

(By David Lawrence)

President Kennedy would be overwhelmingly defeated if the presidential election were held today and the standards of judgment and the system prevailing in other English-speaking democracies—such as Canada or Great Britain—were applied.

For the Democratic Party, which holds 67 percent of the membership of the Senate and almost 60 percent of the House of Representatives, has failed after more than 10 months of continuous sessions to pass the legislative program proposed by its titular leader, President Kennedy.

The truth is the chosen representatives of the Democratic Party have been unwilling to use their clear majority of votes to adopt the recommendations of the President, either because the voters of the country do not approve or because the legislators have themselves mistakenly interpreted the wishes of the people.

When a party in power under the parliamentary system fails, it is customary for the Nation to turn that party out of power in an election called whenever the voters really demand it. Under the American system, there is no such way to fix responsibility. It cannot be determined immediately whether the President is at fault for having failed to exercise effective leadership within his party. Nor can it be determined for 2 years after an election whether Congress has really been heeding the voices of the citizens in disapproval of the President's policies or whether the Democrats in Congress have misconstrued the wishes of the people in holding up many of the measures proposed by the executive branch of the Government.

It has often been argued that, in the United States, a President who cannot control his own party in Congress can look to the opposition party to gain enough votes so that a coalition will form a majority and adopt his program. But the fact is that an unorganized coalition of Republicans and Democrats in both Houses of Congress has actually emerged on several controversial questions as an opposition majority to block the passage or demand substantial changes in pending measures before they can even be considered for passage.

The Democratic Party in Congress today, moreover, not only possesses a clear majority but controls every committee in both Houses. In committees, too, a combination of two parties can block action and actually is doing so today in many instances. So, for all practical purposes, the coalition majority is, in effect, repudiating the policies of the Democratic Party leader—President Kennedy.

In other countries, this repudiation would be accepted as sufficient reason for asking the country by its votes to decide at once whether a new prime minister should be chosen from the opposition party or whether the existing majority party should be given a vote of confidence and permitted to keep its leader or select a new one from its own party. Thus, the people do the deciding, and they hold the incumbent party or its leader responsible.

Today in the United States, however, the Nation has no clear idea of who is responsible for the stalemate in Government. The concept of Presidential leadership is fuzzy. The talk in the press is that President Kennedy is popular, and the public opinion polls are cited to support the idea. But a foreign observer would ask how a President can be popular if he cannot command a majority in the National Legislature.

In off-year elections, when the names of the presidential nominees are not on the ballot, a clear-cut example of a mandate is rarely furnished by the electorate. Indeed, in the November 1962, congressional elections there were more Republican than Democratic votes cast in the regions outside the solid South, but the Democratic Party nevertheless furnished enough Members to make virtually a two-thirds majority. Yet everybody knew that southern Congressmen don't agree with the administration's viewpoint.

When, however, the Democrats retained their majorities in both Houses of Congress in the national election in 1962, this was hailed by Mr. Kennedy's supporters as a victory for him. Yet today—12 months later—the Democratic Party has failed to get the support of its majority in both Houses to pass the legislation the President has demanded. The conclusion is that the people of this country, through their congressional representatives, disapprove of the legislative program proposed by the Democratic Party's national leader and want a change in leadership.

Congress Needs Defenders

(By William S. White)

What's the matter with Congress, and especially the Senate, and why isn't it doing more?

There are several answers. The session has been far too long, the President having asked far too much, and it looks as if the present Congress will still be sitting here struggling with old problems when the new Congress is called to assemble next January. Members therefore are tired and irritable—and unduly afraid of a bitter and sustained attack on Congress, as an institution, that is not being met by Congress itself with courage or commonsense.

This strictly bipartisan assault comes from an odd collection. There are political theorists who believe both the Senate and House are mere horse-and-buggy nuisances which should be retired to some dusty national museum while the White House—so long as they like its current occupant—runs all the show. There are violently pro-Kennedy men who think anything the President proposes is unarguably good and thus that any congressional resistance, or even delay in meeting his demands, is unarguably obstructive and evil.

There are other well-intentioned people who, through long brainwashing, have come to believe that congressional performance is to be measured like industrial production or the sales rate of liverwurst at the supermarket. So many thingajimmies off the assembly line this month; so many packets of sausage across the supermarket counter.

OVERLOOKED OBLIGATION

In many minds the sole standard of congressional achievement has come to be how many bills have been passed in what period. This extraordinary foolishness wholly overlooks the fact that negative inaction on unwise proposals is quite as important as positive action on wise proposals—and also happens to be the constitutional obligation of an independent constitutional body called Congress.

And, finally and most important, there is a highly articulate splinter group within Congress itself which for 2 years has been making its own wild attacks on the very constitutional body to which it asked to be elected.

These fellows in nearly every case are disgruntled legislative failures in a forum where their political abilities fall short of their ambitions. Unable to impress their colleagues, they look about for the reason. Invariably, they find that reason not within themselves but within the shortcomings of Congress itself. It is archaic. Its rules are backward-looking. It needs vast, if somewhat ambiguous, reforms. It is run by some sinister establishment.

They are like second-rate ballplayers who blame everything in sight—the manager, the umpire, their associates, the rules—for their embarrassing inability to hit more than .150. In sports, nobody is fooled by such fellows. Sour grapes, in ordinary life, are sour grapes, and a few need a degree in advanced horticulture to know them for what they are.

When, however, attacks upon the institution of Congress come from among presumably responsible members themselves, they stir the interest of the outside citizen and, finally, his support. Quite understandably, he cannot believe that men elected to Congress would demean it without cause. After all, this is no Friday night ball game and beer and hotdog romp.

NOT ALWAYS WRONG

Nevertheless, Congress generally not only has failed to answer these attacks from within. Worse, too many Members who know better give shamefaced and crawling countenance to them, lest they be branded as not "modern" enough. To cite a notable example, Senator CLARK, of Pennsylvania, has made a positive career of denouncing the Senate in which he sits, and of complaining in private of the better committee assignments unaccountably given to others, without once being challenged on the center of his philosophy.

But when a good man of Congress like Senator DODD, of Connecticut, blows up in momentary frustration to criticize not Congress but simply some leader or leaders of it, the roof falls in upon him. What Congress needs is to pull up its socks and defend itself as part of the constitutional structure of this country. It is often wrong and it has all the human shortcomings of a human assembly. But it is surely not always wrong. And in defending its constitutional independence it can never, never be wrong.

LASER RAY AS AN ANTIMISSILE DEVICE

Mr. MILLER. Mr. President, the Sioux City, Iowa, Journal, on September 29 published an intriguing article on the potential of a fantastic experiment which it said could "easily tip the world balance of power." If this weapon, better known as the laser ray—light amplification by means of stimulated emission of radiation—could be developed as an antimissile device, it could well be a fruitful and giant step toward the peace all of us desire. But the question is: Will we or the Russians develop it first? It is a matter of major importance to all of us.

I ask unanimous consent that the article, "United States Bets Billion on Laser Ray To Become Missile Killer Beam," may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

United States Bets Billion on Laser Ray To Become Missile Killer Beam

(By John Woodfield)

BALTIMORE.—Somewhere in outer space, an intercontinental ballistic missile streaks for its target.

Suddenly, from a satellite orbiting the earth, a tiny beam no larger in diameter than a piece of thread, is trained on the ICBM. The missile shudders, jerks erratically, then plunges harmlessly into the ocean.

Although it sounds like something out of a comic strip, such a beam soon may become a reality. So much faith does the U.S. Government have in it, that $1 billion in contracts for its research and development already has been let.

CUT THROUGH DIAMONDS

Known as lasers (light amplification by means of simulated emission of radiation), laboratory models already have hinted at the tremendous source of untapped energy by cutting through diamonds and battleship steel in seconds.

Discovered less than 3 years ago, in 1960, lasers are coherent light beams—light beams all of one wave length. Because the beams are of the same wave length they do not dissipate as does incoherent light. Thus, laser beams are many times brighter and hotter than the center of the sun.

Scientists already have discovered many fields in which lasers can work effectively, but the Government is most concerned at the moment with their use as antimissile weapons. Such a weapon could easily tip the world balance of power, and it is common knowledge that Russia is working along the same lines.

Because lasers, like other light rays, have difficulty piercing fog, their use as a defense against missiles would have to be from satellites orbiting the earth. This would eliminate the problem of cloud reflection present in the earth's atmosphere.

SIMPLE DEVICE

The laser itself is a rather simple device. It consists of a core or rod around which is wrapped a spiral flash lamp similar to those used in taking pictures. As the lamp is flashed, the light excites the chromium atoms in the core, and they move farther away from their nuclei. As the atoms drop back into their normal orbits, they give off powerful bursts of pure light.

The core of the laser usually is a tiny, synthetic ruby red, silvered at one end to force the manufactured light through the other. Various types of gases also can be used as the core of a laser.

Researchers across the Nation are working around the clock to develop lasers for military use.

Westinghouse defense center in Baltimore, like many other firms, is working on the project. And, like other companies, it is pouring its own funds into the race as well as government money. This year alone, Westinghouse has allocated $5 million of its own money for laser research—probably the greatest single effort of any firm in the country.

MESSAGE CARRIER?

Among other things, Westinghouse is attempting to send messages via laser beams.

Because lasers have much shorter wave lengths than radio beams, many more messages could be sent on each beam. Theoretically, one laser beam could carry as many messages as all the radio frequencies in the world currently in use.

The difficulty lies in breaking or modulating the laser beams to carry messages or possibly producing sidebands which would serve as information carriers.

Laser communication also has military application because the beam can carry a message without detection unless the beam is interrupted.

In the case of radio, the message is radiated in all directions from a transmitter. Anyone within the circle of effective radio range can tune in the frequency if he has the proper type receiver.

Using a laser, however, all the energy is concentrated and focused on one point. Since the beam is flashed only for a few millionths of a second, it is virtually jamproof, since it must be blocked or intercepted with a physical obstruction between the source and the target.

Power requirements are fantastically lowered through the use of laser, since it requires only one millionth of the power to achieve the same results as radio equipment with the same output.

Radar applications of laser could provide better range and accuracy than present techniques.

USED IN SURGERY

Linked to a telescope, the laser could be sighted like a rifle. The beam following the line of sight of the scope could direct a missile to a target with a minimum of risk to personnel in the field.

Because of their tremendous heat and energy, laser beams already have been used effectively in eye surgery to weld detached optic nerves to the retina. Since the beam can be aimed directly through the pupil of the eye, the need for many surgical eye operations is eliminated.

DEMANDS WHICH SHOULD BE MADE OF THE SOVIET UNION

Mr. MILLER. Mr. President, Columnist John Chamberlain, writing in the Cedar Rapids, Iowa, Gazette, has thought-provoking comments on what the United States should demand in future dealings with Russia.

He points out, in one comment, the fears many of us have expressed:

> However, if the test ban merely recognizes the fact of a mutual atomic checkmate, it exposes the United States to all manners of psychological dangers. We are already hearing that there must be a further relaxation of tensions.

He goes on to warn that this is a time of what he terms "incipient euphoria." He then outlines what he feels we should do to formulate a policy of iron hardness in future dealings with the Soviets.

I believe those points are well taken and should be read by everyone.

I ask unanimous consent that the article, entitled "Things We Should Demand in Future Dealings with Russia," may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THINGS WE SHOULD DEMAND IN FUTURE DEALINGS WITH RUSSIA

(By John Chamberlain)

The test ban treaty is now part of our world, and taken by itself I persist in thinking it a desirable thing. The chance that Russia might, in the absence of further atmospheric testing, beat us to producing an effective antimissile missile or a means of jamming military communications systems on a continental and oceanic scale seems really remote. This may testify to my technological innocence, but I haven't seen anything yet that would indicate that either side is on the trail of either the absolute nuclear weapon or the absolute antiweapon.

Furthermore, it is not in the cards that the United States and the Soviet Union will ever fight an atomic war no matter what is done in the realm of further testing. At atomic struggle would bring two sets of "overkill" into action—and the peoples who live at the ends of the earth, far away from what would become the smoking and poisoned shambles of the east European "heartland" and the North American Continent, would live to capitalize on the disappearance of two monster world powers.

Assuming there is an iota of self-interest in Soviet Russia and in the United States, neither Khrushchev nor John F. Kennedy will ever press a button that would effectively hand the world over to the Red Chinese.

However, if the test ban merely recognizes the fact of a mutual atomic checkmate, it exposes the United States to all manner of psychological dangers. We are already hearing that there must be a further relaxation of tensions.

The thought of this is alluring, but the terms are not defined. Tensions, we know by the example of people in madhouses, can be relaxed by the cultivation of illusions.

PEACE-LOVING SOUL

Or they can be relaxed on one side by exploiting the tensions of the other side. The danger is that the American peace movement, which has always been softheaded, will prove strong enough to win the day for a saftey-through-illusion victory.

As a peace-loving soul, I would gladly have my own political tensions relaxed. Then I could apply for a pleasant job covering the New York Mets. However, illusions have never appealed to me, and I should hate to lose that tense feeling merely because I have been put on the receiving end of one of Khrushchev's one-two punches.

It seems to me that in this time of incipient euphoria, the diplomacy of our country should take the precaution of becoming ironhard. It is in short a time for a schedule of "yes-buts."

Let us make a stab at formulating such a schedule:

1. Yes, we should take advantage of the crop failure in the Soviet Union. But if we are going to sell wheat to Russia we should get more than gold or dollars in exchange. We might offer a certain amount of wheat on condition that free farming, with private ownership of acreage, be restored in all the captive nations of Eastern Europe. We might offer still more wheat if free farming were to be restored in Russia itself.

2. Yes, we should have more reciprocal movement of journalists, tourists, students, artists, athletes, and technicians across borders. But we should insist that movement inside the borders really be free. When Secretary of Agriculture Orville Freeman returned recently from an 18-day trip to the Soviet Union without having been let in on the secret that the Russian wheatlands weren't producing, it was, to put it mildly, a little ridiculous.

CUBA MISSIONS

3. Yes, we should have a detente on Berlin and Eastern Europe. But in exchange for recognizing a neutral belt stretching from the Baltic to the Black Sea, we should insist that the Berlin wall come down and the Germans be allowed to unify on their own uninhibited terms. Moreover, the new East European neutrals should be permitted the free elections that were originally promised in the Yalta deal.

4. Yes, we should be willing to sign a comprehensive nonaggression pact with Khrushchev. But not until he has taken his minions out of Cuba, dismantled his fifth columns everywhere, and denounced the sly tactic of encouraging indigenous revolutions under the name of Titoism.

This is just scratching the surface of the "yes-buts." Let's hear from a hundred million other "yes-butters" in the United States. Given a sixth or a seventh crop failure (and don't think he won't have it), Khrushchev must some day be disposed to listen.

SOVIET SEIZURE OF PROFESSOR BARGHOORN

Mr. MILLER. Mr. President, in connection with the deal with Russia, all of us are very much aware of the Soviet seizure of Prof. Frederick C. Barghoorn. At the time the nuclear test ban treaty was being considered in the Senate, we were assured that that was to be the opening wedge to friendlier relations and easing of tensions between the West and Communist countries, particularly the Soviet Union.

Like most Senators, I voted to approve the test ban treaty, but I pointed out that I would go along with the majority of Senators with the clear understanding that I wished to see some action on the part of the Soviet Union which would bear out the claims of the proponents of the treaty that such action was an opening to better relations and easing of tensions. I have not seen any evidence of better relations.

The treaty was hardly signed before we had more trouble on the autobahn in East Germany. And now we have heard of the seizure of Professor Barghoorn on the trumped-up charge of being a spy.

In today's issue of the New York Times there is a lead editorial entitled "Freedom of Exchange." It points out that this seizure could be a deliberate provocation on the part of the Soviet Union to bring about an end to the cultural exchange program, because the Soviets are concerned about their people knowing how we live in the United States and about their people seeing our visitors in the Soviet Union on a cultural exchange program.

Mr. President, I ask unanimous consent to have this editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FREEDOM OF EXCHANGE

> President Kennedy stated well yesterday some of the larger implications of the outrageous conduct of the Soviet Government in the case of Prof. Frederick C. Barghoorn. It will be simply impossible to carry on any program of cultural or scholarly exchange with the Soviet Union if Americans asked to participate in it must face the risk of arrest by the secret police and indefinite confinement in a Soviet jail before the American Embassy is even notified.
>
> The barbaric and unacceptable character of the Soviet behavior toward Professor Barghoorn is so clear that the suspicion must arise that this incident is a deliberate provocation aimed precisely at ending the cultural exchange program. Certainly the Soviet officials who ordered this action must have foreseen that it would leave the U.S. Government no alternative but to call off the negotiations scheduled to begin next week for renewal of the agreement on cultural and scholarly exchanges. A motive for such conduct is apparent in the Soviet leaders' acknowledged fear of the penetration of Western ideas among the people of the Soviet Union. Such maneuvering, aimed at putting the blame for an end to the exchange program upon the United States, would certainly be in the best Stalinist tradition.
>
> Another possibility is that the Soviet leaders seized Professor Barghoorn in the belief that he could be traded for one or more Soviet spy suspects now imprisoned in this country. President Kennedy indicated yesterday that if the Soviet action is based on any such presumption it will not be successful. This is the only possible stand. Any other policy would make it extremely hazardous for any American citizen without diplomatic immunity to be in the Soviet Union at any time that the United States arrested a Soviet spy suspect. Surrender to such blackmail would only encourage repetition of such extortion tactics.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MILLER. Mr. President, I thought it was significant when President Kennedy said yesterday that the kidnaping deal of the Soviets could jeopardize the wheat sale program. I believe that point was fairly well made, because last evening when the Senate was considering the Mundt amendment, it was pointed out that we cannot trust the Communists, that the promissory notes which would be given for three-quarters of the cost of the wheat sales would not be worth the price of the paper they were written on. At least, that was the point made—and I believe very well made and properly so—by the Senator from South Dakota [Mr. MUNDT].

If there are any doubts among Members of the Senate regarding the validity of the statement of the Senator from South Dakota [Mr. MUNDT], let them be laid at rest. On that very basis, the President of the United States said yesterday that this type of activity by the Soviets indicates that we cannot trust them. This is all the more reason why we had better get cash on the barrelhead for the wheat.

In connection with the Mundt statement, there has been considerable reference to the recently authorized sale of wheat to Russia and other bloc nations. Assertions have been made that this will produce some relief to our balance-of-payments deficit problems.

I believe such assertions are well founded. We should understand that the relief will be only partial and temporary.

There have also been some assertions about savings to the taxpayers which have appeared to be exaggerated. I am referring particularly to savings estimates made by the Secretary of Agriculture, Orville Freeman.

On November 7 I placed in the RECORD a letter I had written on October 15 to the Secretary, inquiring about statements he had made that the proposed sale of 150 million bushels of wheat to the Soviet Union and the other bloc nations would result in savings to the U.S. taxpayer of about $200 million in storage and other costs. I sought an explanation of how this could be accomplished since the expense for more than 1 billion bushels in inventory came to only $201 million in fiscal year 1963. I noted that, as of that date, I had received only a reply from another official in the Department stating that he was assembling the data and would forward it at an early date. I wondered then why the Department did not have the information readily available in order to support Secretary Freeman's statement of savings.

In introducing the letter into the RECORD, I also referred to an article which appeared in the Wall Street Journal of October 15. The article, in noting Mr. Freeman's $200 million savings estimate, asserted that he "didn't break down this estimate, but the Agriculture Department has estimated the savings in storage, transportation, and handling costs would total $225 million during the current fiscal year and $30 million in fiscal 1965."

This Journal statement was borne out by the Department's background report to correspondents on October 10 on "U.S. Wheat Supply and Distribution." Let me quote from page 9 of that report:

> In fiscal year 1964, the chief effect on the Federal budget would be a net reduction of around $225 million in budget expenditures, including CCC's storage, acquisition, and related costs. The actual costs would depend on the level of world prices and the consequent amount of export subsidy that would be required. In the fiscal year 1965, the impact would be to reduce CCC expenditures for storage and interest by about $30 million as a result of the reduction in CCC holdings.

This is from one of Mr. Freeman's Department's publications.

Mr. President, on November 13, I received a direct reply from Secretary Freeman. Instead of the savings being effected in 1 year, as the report indicated, his letter now advises that the savings would accrue over a 5-year period.

It would be next to impossible to effect savings of $225 million in this fiscal year—which Mr. Freeman now recognizes—since the wheat probably will not be moved out until near the end of the current fiscal year, if it can be moved out at all by then. Unless he commandeered all the freight cars in the United States—which is unlikely—that wheat cannot be moved to the ports in such time. This means storage costs are accumulating, interest is mounting, not to mention the eventual $90 million or so in export subsidies which would have to be added.

But to return to Mr. Freeman's 5-year plan of savings. According to his computations, it costs a total of 26.21 cents a bushel to keep wheat in inventory, which, multiplying this by the 150 million bushels involved in the proposed Soviet transaction, would result in annual costs of $39.3 million.

He projected this annual cost over a 5-year period since, he stated, recent wheat disposition history shows that wheat acquired in 1963 would remain in inventory for slightly more than 5 years. Secretary Freeman wrote:

> Based on that hypothesis, the savings on 150 million bushels of wheat that otherwise would be in CCC holdings would eliminate carrying charges of $196.5 million over a 5-year period—$39.3 million per year—at 26.21 cents per bushel.

I have a feeling, however, that Secretary Freeman is inflating that savings estimate somewhat, especially since the Department of Agriculture, in that background statement to correspondents alluded to earlier in my remarks, noted that because "the current U.S. wheat crop is smaller than overall requirements, there is a tight supply of privately held wheat, and the trade must buy 'extra' supplies from the CCC." In other words, the trade will be forced to turn to the Government for wheat in order to meet its needs; these needs appear to be great since, according to USDA compilations, the United States is the world's only country with a large and readily available wheat supply.

And how tight is this supply of privately held wheat? In its "Wheat Situation," also referred to as the "1964 Outlook Issue," released on September 5—well before any determination of a United States-Soviet wheat deal—USDA's Economic Research Service noted the "free" or privately held supply of old-crop wheat on July 1, 1963, was about 4 million bushels. A year earlier, it said, the free carryover was estimated at 130 million bushels.

Certain other aspects of Mr. Freeman's letter disturb me. In computing the 26.21 cents a bushel—or $39 million annual savings—he included not only storage, handling, and interest charges, but reseal payments and transportation costs for each year. The reseal payments, including processing, were figured at the rate of 1.24 cents a bushel, or a total of more than $9 million in the 5-year period he used. This is erroneous. Reseal payments, of approximately

$1.89 per bushel, are made only once, and thereafter the producer receives a storage payment of about 13 cents, the difference between the two being about $1.76 a bushel.

It is hard to believe that 150 million bushels of wheat would be under reseal for 5 years in light of existing conditions. According to the Grain Market News, put out by the Department on October 25, the quantity outstanding under reseal loans in 1963 included 39,268,000 bushels of 1962 crop, 7,637,000 bushels of 1961 crop, 12,123,000 bushels of 1960 crop, and 5,591,000 bushels of 1959 crop, a total of less than 65 million bushels, a far cry from the 150 million bushels of wheat we would be led to believe would remain under reseal for 5 years. These figures appear to negate inclusion of reseal payments.

In addition, it is hard to visualize the Department incurring transportation costs of close to $6 million a year for the same 150 million bushels.

I could agree that it may cost the Department an initial $6 million, but not the $30 million Secretary Freeman includes in computing his savings estimate. Mr. Freeman is not anticipating transporting the grain from one area of the country to another every year for the next 5 years, as he apparently did when he gave me this compilation.

I suggest that Mr. Freeman's savings are exactly what he terms them—a hypothesis, and that the hypothesis is built on erroneous premises. I recognize that some savings will be made to taxpayers, but I dislike to see them exaggerated.

I ask unanimous consent that Mr. Freeman's letter dated November 12, 1963, relating to savings calculations, be placed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., November 12, 1963.

Hon. JACK MILLER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MILLER: This is in further reference to your letter of October 15, 1963, wherein you requested information concerning the calculation of the reported $200 million savings in storage and other costs that would accrue from a sale of 150 million bushels of wheat to the Soviet Union and the satellite bloc.

To compute the $200 million savings, we used costs recorded in the fiscal year 1962 per bushel of wheat in inventory on the average during the year. These costs, in cents per bushel, are as follows:

	Cents
Storage and handling	13.53
Transportation	3.93
Reseal payments, etc	1.24
Interest	7.51
Total	26.21

As you know, wheat is stored commingled and, for our inventory accounting purposes, it is disposed of on a first-in, first-out basis. Using recent wheat disposition history as a guide, wheat acquired in 1963 would remain in inventory for slightly more than 5 years. Based on that hypothesis, the savings on 150 million bushels of wheat that otherwise would be in CCC holdings would eliminate carrying charges of $196.5 million over a 5-year period ($39.3 million per year) at 26.21 cents per bushel.

Sincerely yours,
ORVILLE L. FREEMAN,
Secretary.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MILLER. I am very happy to yield to the Senator from Kansas.

Mr. CARLSON. The distinguished Senator from Iowa has made a very helpful analysis of the savings proposed to be made by the sale of wheat to Russia. As one who favors the sale and who favored it early, I have been using the figure of $225 million as a saving, on the basis of the transaction.

As I understand the Senator from Iowa, the $225 million figure is arrived at by spreading it over a 5-year period.

Mr. MILLER. The Senator is correct. Furthermore, it assumes that the wheat will in fact be held for 5 years if it is not sold. This is not a first-year saving. I recall that I first heard about this subject when I was at home in my State at the annual State cornpicking contest. A member of the press asked for my comments on Mr. Freeman's statement that the sale of 150 million bushels of wheat to the Soviet Union would save the American taxpayers next year approximately $200 million. I recalled that the annual cost of storing about 1,200 million bushels of wheat came to about $201 million.

Mr. CARLSON. Normally we hear it said that our storage costs are about a million dollars a day, for wheat, corn, and other commodities. That would be approximately $365 million a year.

Mr. MILLER. Yes. When only 150 million bushels of wheat are involved, as against some 1,200 million bushels, which are in storage, and which cost only $200 million, how can we have the same amount attributable to 150 million bushels of wheat?

At any rate, I decided that the thing to do was to write to Mr. Freeman and find out how he arrived at his figures. Finally I received his letter. I hope he will make it clear in future publications on this point that his figures were based on a 5-year period of storage.

Furthermore, I hope he will revise the figure as to the annual transportation costs, because we are not, I hope, moving wheat from the elevators in the State of the Senator from Kansas to the elevators in Texas, or back and forth over a 5-year period. If wheat is not, in fact, stored for 5 years, then of course, in light of the tightness of the private trade, it appears that present circumstances would indicate that there would not be anywhere near a 5-year storage period for the wheat if it were not sold to the Russians.

Mr. CARLSON. Mr. President, again I appreciate the information the Senator from Iowa has given in regard to the figure of $225 million as a saving, because the general impression is that that is an annual saving. The information the Senator has given is very helpful. As further proof that it is generally accepted as an annual saving figure, in yesterday's Washington Evening Star, the very outstanding financial writer, Sylvia Porter, published an article entitled "Benefits Cited in the Wheat Sale."

At the conclusion of the Senator's speech I shall ask that the entire article be printed in the RECORD, but at this point I should like to read a portion of it, as follows:

> Benefit: The export of this wheat would allow a cut in our domestic budget spending of around $225 million this fiscal year and of another $30 million in the next fiscal year.

As one who supports the sale of wheat to Russia, I say that the Senator has rendered a real service in pointing out the facts with regard to the figures furnished by the Department of Agriculture. I believe that the country should know exactly what the actual savings are.

Mr. MILLER. I have about finished my main comments. If the Senator is so disposed and would like to include in the RECORD the article to which he has referred, I have no objection to his doing so.

Mr. CARLSON. Mr. President, I ask unanimous consent to insert in the RECORD following the speech by the Senator from Iowa the article written by Sylvia Porter entitled "The Benefits Cited in Wheat Sale," and a statement I made about the sale of wheat to Russia.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MILLER. Mr. President, I again thank the Senator from Kansas. I was intrigued when I heard him mention the article written by Sylvia Porter, which he asked to have printed in the RECORD.

As the Senator knows, I have had some difficulty with Sylvia Porter with respect to some of her economic principles. It is interesting that she has taken the same figure of $225 million, which Mr. Freeman and the U.S. Department of Agriculture have put out, without giving it some scrutiny, which I am sure she would have been very capable of doing. I hope that perhaps she will use this colloquy as a basis for a future article on this subject.

At any rate, there will be some savings to the taxpayers, and I will be the first to recognize them. I indicated that if certain things were done, such as a cash sale, or a sale on short term commercial credit, perhaps on the basis of 90 days, at a fair price, in the light of the existing situation, which sees our allies making sales to the Soviet Union, leaving Uncle Sam holding the wheat sack, and taking into account our balance of payment deficit problem, and our desire to do something in many ways toward improving it, the United States would be on the plus side as far as this wheat sale to the Soviet Union is concerned.

At the same time, that does not mean that I will not criticize someone when he tries to create an approving public opinion by playing up savings to the taxpayers beyond what they are. Let us give the American people the facts. They do not need anything else. They do not need to have Madison Avenue window dressing on them. They do not have to have exaggerations or half-truths or mistruths. Give them the facts, and they will be all right. I am quite sure that if they are given the facts they will be able to make a sound judgment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. CARLSON. The Senator from Iowa mentioned the sales that have been made by other foreign countries to the Soviet Union. In the statement I placed in the RECORD as a part of my remarks, it is interesting to note:

> Statistics for 1962 show that West Germany trade agreements with Russia alone totaled about $700 million. Germany is now the third largest industrial nation in the world. Italy has a 4-year trade agreement with the Soviets for $1.11 billion worth of goods. France has signed a 3-year trade pact with Russia for $100 million in trade. India has a 4-year trade pact with Russia which provides annual trade of $440 million. Japan has a 3-year trade pact with Russia that calls for $365 million. The United States and Russian trade last year was $16 million each way.

It is my contention that we cannot live in this age, in this period, without world trade. As I said earlier, I favored the sale of wheat to the Soviet Union. Not only that, but I think the time has arrived for us to send out some people with briefcases, to sell in the world markets.

Mr. MILLER. I thank the Senator from Kansas for his comment. The figures he has recited point up the facts of life. It is all very well to talk in terms of theories. I am all for theories. But I think we ought to know where we are going and why we want to get there. We have a condition to be concerned about when we are trying to move toward our objective. The condition is that we are not calling the turn on our allies. I am not sure we could. Even if we could, I am not sure it would be desirable to force them to an isolation of the free world from the Communist world.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield.

Mr. YOUNG of North Dakota. There is something more important involved than in the sale of wheat to Russia. We must consider our overall military security and the effect it would have on the whole U.S. economy. How would the sale of wheat to Russia affect the security or the economy of our country?

Some 10 or 12 years ago the United States refused to sell wheat to Russia, so the Russians broke up millions of acres of new land. Until a drought occurred the last 2 years, they had become net exporters of wheat. Now the Russians are engaged in a program of more irrigation to increase wheat production. That will prove to be rather expensive. But their other program will succeed; that is, to pour on fertilizer, as we do. Also, they are beginning to use more and more insecticides and herbicides. They have not been able to purchase this material from the United States, but we sell it to England and other countries, which in turn resell it to Russia. So it would be easy for Russia to pour on more fertilizer, use more and more insecticides and herbicides, and thus increase her production of wheat and other commodities 20 to 30 percent.

We think we have a good agricultural production in the United States, but production per acre in Japan is probably twice as much as it is in the United States. So Russia does not have to go far to find new techniques to increase greatly her agricultural production.

In my opinion, the United States would be much better off to have Russia dependent on us for a part of her food needs than to have Russia become self-sufficient, as Hitler and Mussolini tried to do for their countries prior to their engaging in World War II.

Mr. MILLER. I agree with the views of the Senator from North Dakota. However, I think we must emphasize what the President pointed out to the American people, namely, that we cannot count on the sale of wheat to Russia as a basis for future agricultural programs. We must look upon this transaction as a one-shot deal. We can be quite sure that the Soviet Union and the Soviet bloc nations will do their utmost to see to it that they do not have another crop failure.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Iowa further yield?

Mr. MILLER. I yield.

Mr. YOUNG of North Dakota. They intend to become as nearly self-sufficient as possible. A nation as big as Russia, and having as much land as Russia has, can do so easily.

Mr. MILLER. That is correct. If this is to be a one-shot deal, as the Senator from North Dakota has said, we might as well let Russia spend its money for our wheat, rather than spend it on something else, such as bringing more land into production in the hope that there will be a good crop next year.

Mr. YOUNG of North Dakota. In the past 11 years, the United States has purchased $92 million more in goods from Russia than Russia has purchased from us. In other words, Russia has received $92 million of our money in the past 11 years to use in spreading communism throughout the world. Russia can do much more damage with our dollars than she can with our wheat.

Mr. MILLER. I thank the Senator from North Dakota.

Mr. President, the New York Times for today, November 15, has published an article entitled "Eight Million Dollars of Wheat Sold to Hungary." The article states:

> The sale of 100,000 more tons of wheat to Hungary was disclosed today—

That is, on November 14—

> The Commerce Department announced that it had issued an export license for the $8 million sale. This price is $400,000 more than was received for 100,000 tons sold November 8.

That is what caught my eye. Why should the sale of wheat on November 8 have been for $400,000 less than the amount for which the same quantity of wheat sold a week later?

It makes me wonder about the world price rule that the President laid down when he gave to the American people his conclusions concerning whether the proposed wheat sale should be approved. I suppose it is this kind of question that prompted 10 Republican House Members to call on President Kennedy to "reveal and explain" details of the negotiations on the wheat deal with Russia. The article states:

> They contended that what had been originally billed as a private trade deal was becoming a "government-to-government" transaction.

Also, the Baltimore Sun for today, November 15, has published an article entitled "Guidelines on Grain Set." The article refers to the guidelines with respect to the shipments of wheat. It will be recalled that when the President gave his approval of the sale of wheat, he set forth as one of the conditions that the shipments be made in American-owned bottoms, if they were available. That sounded good; but after a while news reports indicated that shipping charges in American-owned bottoms were higher by quite a bit than shipping charges in foreign-owned bottoms, and that the Soviet negotiators were not happy about that and were resisting.

Trial balloons, about which we read so much in Washington area newspapers, were sent up. Someone suggested that if the charges for shipping in American-owned bottoms were higher than the charges for shipping in foreign-owned bottoms, perhaps the American-owned bottoms were not available within the context of the President's conditions.

But the negotiators finally got around that situation to the point that it appears that if the exporter can show that he will ship the wheat 50 percent in American bottoms, and cut the cost somewhat, such an arrangement will be satisfactory.

That is another reason why this entire proposition should be brought into the open. The American people should know not only what the President's conditions were, but how they are being met. It is fine to tell the people about conditions; but it is much better to play fair with them and tell them how he conditions are being met and interpreted.

Mr. President, I ask unanimous consent that the articles from the New York Times and the Baltimore Sun be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, Nov. 15, 1963]

EIGHT MILLION DOLLARS OF WHEAT SOLD TO HUNGARY—SECOND LOT OF 100,000 TONS GETS $400,000 RAISE IN PRICE

(By William M. Blair)

WASHINGTON, November 14.—The sale of 100,000 more tons of wheat to Hungary was disclosed today.

The Commerce Department announced that it had issued an export license for the $8 million sale. This price is $400,000 more than was received for 100,000 tons sold November 8. The November 8 deal was the first sale of wheat to a Soviet-bloc country since President Kennedy approved sale of farm products to Russia and satellite countries on October 9.

Both sales were made by Cargill, Inc., of Minneapolis.

The new Hungarian sale came shortly after President Kennedy told his news conference that the atmosphere for trade with the Soviet Union as represented by the wheat deal had been damaged by the arrest of Prof. Frederick C. Barghoorn of Yale University on spy charges.

NEGOTIATIONS STILL ON

There still was no word on private negotiations underway between grain merchants and a Soviet wheat mission on the direct sale of $250 million worth of wheat to Russia. Some official sources expected a deal at any time, especially now that the Commerce Department has published its official regulations governing the cost of shipping wheat to Russia.

The regulations issued today followed the outline disclosed last Friday by Under Secretary of Commerce Franklin D. Roosevelt, Jr. In effect, they set a ceiling rate of $14 to $18 a ton for wheat shipped to Black Sea and Baltic ports. These rates still are above world charter rates, which officials still insisted were rising to close the gap.

BELOW AID SCHEDULE

The rates were established by setting them 20 percent below the schedules for foreign aid shipments through Public Law 480, the surplus disposal statute, for 10,000- to 15,500-ton U.S.-flag ships. The 20 percent lower rates applied to larger ships, mainly tankers, of 15,600 to 30,000 tons.

Guideline rates for vessels over 30,000 tons will be subject to consultation on specific shipments, the Maritime Administration said.

As worked out with the Russians, U.S.-flag ships will be used for 50 percent of the wheat. This is the same division set down in law for foreign aid shipments.

The maximum "fair and reasonable" rates established by the Maritime Administration showed that shipments from North Atlantic ports to the Odessa on the Black Sea are $16.55 a ton for winter and $16.10 a ton for summer. From gulf ports to Odessa the same rates would be $18.02 a ton for both seasons.

From North Atlantic ports to Leningrad on the Baltic Sea the maximum rates are $14.35 a ton for winter and $13.98 for summer. The same rates from gulf ports to Leningrad are $16.21 and $15.97, respectively.

Ten Republican House Members called on President Kennedy to "reveal and explain" details of the negotiations on the wheat deal with Russia. They contended that what had been originally billed as a private trade deal was becoming a "government-to-government" transaction.

[From the Baltimore (Md.) Sun, Nov. 15, 1963]

GUIDELINES ON GRAIN SET—APPLY TO FREIGHT RATES TO IRON CURTAIN COUNTRIES

WASHINGTON, November 14.—The Department of Commerce today made public its guidelines on freight rates for the transportation of wheat and the revised regulations governing the applications to export agricultural commodities to Iron Curtain countries.

At the same time, the Department granted an export license—the second granted—for the shipment of $8 million worth of U.S. wheat to Hungary.

Althought a previous export license for 100,000 tons at a cost of $7,600,000, including transportation, had been issued last weekend, the company involved was having difficulty obtaining American-flag ships at the 20-percent cut rate announced last week and published today by the Government.

Owners of the bulk carriers have said they need from $20 to $21 per ton as the rate from the Gulf of Mexico ports to Odessa, compared to the $18 figure set as the guideline by the Maritime Administration and the Department of Commerce.

BASED ON 1957 COSTS

They have claimed that only ships of 30,000 tons and more can afford to operate at the $18 rate.

The rate out of the east coast ports would be about $16.

The guidelines released today by the Maritime Administration and the Department of Commerce are based on the 1957 costs, which the industry has said are far too low in comparison with the actual costs of operation today.

The rates are based on the following conditions:

Mileage between the port of loading and port of discharge; loading and trimming expense, discharge expense.

USE OF U.S. CARRIERS

The regulations today again pointed out that at least 50 percent of the wheat and wheat flour will be exported on U.S.-flag vessels. If a U.S. carrier is not available at reasonable rates, exporters must obtain prior authorization from the Maritime Administration to ship less than 50 percent on U.S. carriers.

Upon the completion of shipping arrangements wheat and wheat flour exporters are now required, in addition, to notify the Maritime Administration of the export license number, the name of the carrier, the carrier's flag of registration, and the quantity of the shipment.

In addition to certifying shipping commitments on license applications, exporters of wheat and wheat flour must include a statement that these commodities were produced in the United States.

The Department of Commerce also is requiring all details of the financing arrangements, including the names of participating financial institutions, on the license applications. If the financing arrangements are not completed at the time applications are submitted, exporters must state on their applications that the Office of Export Control will be provided this information promptly as soon as financing arrangements are completed.

No exporter can sell more than 25 percent of the total quantity expected to be purchased in the United States.

Mr. MILLER. Mr. President, a very interesting article appeared in the Washington Post of November 5. It relates to a major long-term trade agreement between Algeria and Russia, based on an exchange of Soviet heavy equipment and arms for Algerian food. The news article indicates that, under the agreement, Algeria will export to the Soviet Union wheat and flour, among other foodstuffs.

It will be interesting to determine the original source of that wheat which will be shipped to the Soviet Union and whether the United States will be left holding the bag in the long run. According to the August issue of "Wheat Situation," published by the U.S. Department of Agriculture, U.S. exports to Algeria during the July 1962 to June 1963 period came to 9,971,000 bushels of wheat. The report also shows that 2,211,000 bushels of wheat flour and bulgur were shipped to Algeria under the foreign donation program during that same period.

But it should be even more intriguing to discover what happens to the food-for-wages program which the United States entered into with Algeria back in June. Under this program, as set out in a New York Times article of June 26, the United States agreed to furnish surplus food to Algeria to serve as part payment of wages for 60,000 jobless Algerians.

The article also notes that U.S. assistance in the form of surplus food continues to help feed about 2.5 million needy Algerians, about one-fourth the population. It indicated, in addition, that a third surplus food program on which an accord was near was a government-to-government arrangement under which the United States will provide wheat for the Algerian Labor Ministry to use for its own food-for-wages program without U.S. technical assistance.

Under this all-Algerian plan, about 300,000 jobless Algerians are expected to be employed.

If the Algerian people are so short of food and so dependent upon the United States in this respect, one wonders where the Algerian Government is going to get the foodstuffs—including wheat—to ship to the Soviet Union, in return for heavy equipment and guns. Could it be that the food for wages will not go to the needy Algerians, but will go to Russia, instead?

Mr. President, I think this is a matter of concern to us, not only because the United States may again be shortchanged, but also because our surplus food sent to Algeria may wind up behind the Iron Curtain. I believe this matter should be scrutinized very closely and an accounting should be made by Algeria as to exactly where its Russian exports are to come from.

I ask unanimous consent that two articles—one entitled "Russia, Algeria Sign Trade Pact," and the second entitled "United States Signs Pact To Provide Food Aid to Algeria"— be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, June 26, 1963]

UNITED STATES SIGNS PACT TO PROVIDE FOOD AID TO ALGERIA—FARM SURPLUSES TO BE USED AS PART OF PAY TO EMPLOY JOBLESS IN RURAL AREAS

ALGIERS, June 25.—The United States signed today its first direct aid agreement with Algeria. It involved food and wages and technical assistance, but little cash.

Under the accord, the United States agreed to furnish surplus food to serve as part payment of wages for 60,000 jobless Algerians. These men will work on American-supervised soil conservation and irrigation pilot projects in four depressed rural areas—Constantine, Tizi-Ouzou, Orléansville, and Tlemcen.

The use of American technicians and planning sets these projects apart from food-for-work programs already underway in neighboring Tunisia and Morocco.

LONG-TERM GAINS SOUGHT

"Our idea," said an American official, "is not just to create jobs, but to produce some long lasting economic improvement in these rural areas."

Starting this fall, 9 U.S. Soil Conservation Service specialists and 24 junior technicians furnished by the private international voluntary service agencies will live and work under contract on project sites. In addition, the United States will supply hand tools, some equipment and 42,000 tons of surplus food.

The annual cost to the United States, aside from the food, is estimated at slightly more than $1 million. Most of the money will be spent in the United States.

The overall direction is under a special Algerian central authority responsible to the Algerian Labor Ministry. The ministry will pay the workers' wages, except for the U.S. food.

The workers' cash wages have been the subject of United States-Algerian negotiations for more than 6 months, since Premier Ahmed Ben Bella agreed in principle to the U.S. plan.

Some Algerians wanted the United States to provide cash as well as food. On a 60-cent daily wage basis, this would have meant a cash outlay of more than $6 million a year. The request was turned down in Washington.

OTHER FOOD AID CONTINUES

U.S. assistance in the form of surplus food continues to help feed about 2,500,000 needy Algerians, about a fourth the population. Last March the number reached 4 million.

An agreement is near on the continuation of such help to be handled by Care-Medico, Inc., a private agency, using U.S. Government wheat, vegetable oil and dried milk. A labor ministry census has reduced the number expected to be hard-core needy recipients by this fall to 1,300,000.

A third surplus food program on which an accord is near is a government-to-government arrangement under which the United States will provide wheat for the Algerian Labor Ministry to use for its own food-for-wages program without U.S. technical assistance.

About 300,000 jobless Algerians are to be employed under this all-Algerian plan. The remaining 500,000 jobless Algerians are expected by labor ministry officials to be absorbed in a general economic recovery. Western observers regard this prediction as optimistic.

[From the Washington (D.C.) Post, Nov. 5, 1963]

Russia, Algeria Sign Trade Pact

London, November 5.—Moscow radio today announced a major long-term trade agreement between the Soviet Union and Algeria, based on exchange of Soviet heavy equipment and arms for Algerian food.

The radio said that under the agreement signed in Algiers yesterday the Soviet Union will send Algeria ships, arms, trucks, farm machines, and other capital equipment, as well as timber, paper, oil products and chemicals.

Algeria will export to the Soviet Union citrus fruits, dates, wheat, olive oil, flour, wine, alcohol, fruit juices, hides and other traditional exports.

Mr. MILLER. Mr. President, I yield the floor.

Exhibit 1

Benefits Cited In Wheat Sale

(By Sylvia Porter)

Now that the ground rules finally have been set for sales and shipments of U.S. wheat to the Soviet bloc, let's assume the Kremlin follows through and buys the limit of 4 million long tons President Kennedy has authorized for sale. What would this deal mean to our wheat economy in particular and the U.S. economy in general?

Far, far more than most Americans realize, says Erwin E. Kelm, president of Cargill, Inc., of Minneapolis, largest grain merchant in this country and the corporation which made the first sale of 100,000 tons of wheat to Hungary last Friday. In fact, some of the economic benefits which Mr. Kelm sees stemming directly from these sales well may startle even top experts on wheat and foreign trade. Specifically:

Benefit: While this one deal would increase our total wheat exports over 1962 by less than 28 percent, it would more than double our dollar sales of wheat compared with last year.

Explanation: In recent years 70 to 75 percent of all our wheat exports have been so-called giveaway sales. We have been selling wheat through normal commercial channels to foreign buyers, but permitting the countries to pay for their purchases in their own soft currencies.

Our Government has been accepting these soft currencies—of such underdeveloped countries as India, Pakistan, Indonesia—and then has been paying the U.S. exporters in dollars.

"The true value of the soft currencies our Government has accumulated from these concessional sales probably amounts to only 12 to 15 cents on the dollar," Mr. Kelm believes.

But the wheat being sold to Russia and the Soviet bloc is to be paid for in gold and hard cash. The sale of 4 million long tons would increase our dollar earnings from wheat by over $250 million more than 100 percent above 1962's earnings.

Benefit: This $250 million increase in our dollar earnings would slash the gap between what we earn abroad and what we spend abroad by at least 10 percent—thereby significantly reducing the dangerous deficit in our balance of payments.

Explanation: This deficit is now running at an annual rate of $2 billion, down from the near-catastrophic rate of earlier this year, but still large enough to pose a relentless threat to our dollar. The benefit of an increase in our dollar earnings of $250 million is obvious.

Benefit: This one sale would radically change our entire domestic wheat picture—virtually eliminate our wheat surplus and actually reduce our reserve to only a prudent level.

Explanation: The Department of Agriculture just predicted that on next June 30, our wheat carryover will be no more than 725 million bushels, "a scant 125 million bushels over what the Department considers a prudent reserve," says Mr. Kelm. The Cargill president believes President Kennedy's 4-million-ton ceiling on Russian sales "reflects a concern that our stocks might suddenly be reduced below the level of a safe reserve."

Benefit: The export of this wheat would allow a cut in our domestic budget spending of around $225 million this fiscal year and of another $30 million in the next fiscal year.

Explanation: As the Government's wheat surplus disappears, the costs of storing the grain will shrink.

Benefit: The elimination of the wheat surplus and the present high world prices for wheat will give us an extraordinary opportunity to work out a reasonable program to solve our chronic wheat problem.

Explanation: Not in years have we had so favorable a surplus-price background against which to agree on a transition program acceptable to all of us—wheat producers, consumers, taxpayers.

As a company vitally involved in the Soviet transactions, Cargill properly refuses to comment on the wheat decision or its enormous political implications. But, says Mr. Kelm flatly, "the economics of the sales are sound"—and he's certainly documenting his view.

Wheat to Russia

(Statement by Senator Carlson, October 8, 1963)

Russia's purchase of 239 million bushels of wheat from Canada for $500 million, with a delivery date of next July 31, and her purchase of 58½ million bushels of wheat from Australia, valued at $90 million is of concern to every U.S. wheatgrower from the standpoint of future export markets.

With this sale, Canada has sold practically her entire surplus from the 1963 crop. The temptation, of course, will be for the Canadians to increase their wheat production for future sales not only to Russia, but other countries that need wheat and this means further competition for us.

The last session of Congress spent months writing foreign trade legislation and I believe every realist must agree that despite its idealistic approach to world trade our experience—which is limited—must convince everyone that trade between nations must be realistic and practical. World trade is not only competitive, but it is a cold, calculated business operation.

Russia and Canada are our real competitors in the world trade of wheat. We have never sold wheat to Russia, as her wheat trade has always been on the export side of the market.

Selling wheat behind the Iron Curtain can be an American opportunity to improve our position in the cold war. It can also be an immediate financial gain, in view of our balance of payments.

Russia's original arrangement for payment to Canada for wheat purchased was based on a credit term of 18 months, the first 25 percent to be paid in gold. Now we are advised that Russia will pay the entire amount in gold immediately on delivery.

Our Nation lost $423 million worth of gold from January 1 to August 31, 1963. Our gold reserve has dropped from $24 billion in 1954 to $15.7 billion in 1963.

There are some who will argue that the sale of wheat to Russia strengthens communism, but the facts are that Russia is securing not only foodstuffs, but industrial products from our allies in ever increasing quantities. For instance, statistics for 1962 show that West Germany trade agreements with Russia alone totaled about $700 million. Germany is now the third largest industrial nation in the world. Italy has a 4-year trade agreement with the Soviets for $1.11 billion worth of goods. France has signed a 3-year trade pact with Russia for $100 million in trade. India has a 4-year trade pact with Russia which provides annual trade of $440 million. Japan has a 3-year trade pact with Russia that calls for $365 million. The United States and Russian trade last year was $16 million each way.

I am not advocating the sale of strategic materials to Russia, but I do urge that our Nation give every consideration to expanding our foreign trade with Russia and her satellites in nonstrategic items. We are now selling wheat to Germany, France, and other European countries. Much of this wheat is processed into flour and foodstuffs by these countries and then sold to Russia, therefore, Russia gets our wheat whether we sell it to them or not.

Some are of the opinion that we should not sell wheat to Russia at a subsidized price. The facts are we do not export any wheat in the world market through dollar sales or Public Law 480 that does not carry a subsidy. This is true whether we sell to such Communist countries as Poland, Yugoslavia, or our allies. The present subsidy is about 55 cents per bushel.

The subsidy does not go to the exporter or to the country that buys the wheat. It goes to the American wheat farmer in order to maintain domestic prices above the world market.

At the present time Russia and her satellites, such as Hungary, Czechoslovakia, East Germany, Rumania, and Bulgaria are in the market for wheat. In my opinion, it is in our Nation's interests, from both a financial and a humanitarian standpoint, to sell this grain. Increased exports of wheat from the United States at the present time would not only aid in reducing our surplus, but would also improve our balance of payments, strengthen domestic wheat prices, reduce the taxpayer's carrying cost of our present surplus, and be the humanitarian thing to do, as well as have an important bearing on our foreign policy.

Mr. DIRKSEN obtained the floor.

Mr. DIRKSEN. Mr. President, I yield to the distinguished Senator from South Dakota [Mr. Mundt].

Mr. MUNDT. Mr. President, we have been in conference part of the morning and a good bit of the noon hour, in connection with the amendment before the Senate, which was debated last night.

I believe that through the processes of conciliation, compromise, and consultation, we have arrived at a program of procedure which will be satisfactory to Members on both sides of this issue, and will permit the Senate to continue with consideration of the foreign aid bill, without further debate on this point.

As the first step in this connection, I introduce and send to the desk a bill, and request that it be read, for the information of the Senate.

The PRESIDING OFFICER. The bill will be received and appropriately referred, and will be read.

The bill (S. 2310) to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries, was read the first time by its title, and the second time at length, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.

Mr. MUNDT. Mr. President, if we can have the cooperation of Senators, I propose to work out an agreement and a legislative program whereby this bill will be referred to the Banking and Currency Committee, with instructions from the Senate to report the bill to the Senate on November 25, and with assurance from the majority leader and the minority leader that it will then be called up on the following Monday.

Mr. MANSFIELD. No, Mr. President, either that day or the next day—that Monday, the 25th, or Tuesday, the 26th.

Mr. MUNDT. I stand corrected—either the 25th or the 26th.

In conjunction with this understanding, an agreement has been developed with the Export-Import Bank that it will not make any new credits available to Communist countries in connection with trade in grain or any other product until such time as the Senate has completed its action on whatever recommendations come to it from the Banking and Currency Committee.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. YOUNG of North Dakota. Does this include all industrial products?

Mr. MUNDT. My bill includes all products.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. Mr. President, a meeting was held in my office, which was attended by 12 or 14 Senators of both parties, this morning and into this afternoon. There were present representatives of the Export-Import Bank and the Treasury Department, at our request; and we tried to reach, through a process of accommodation, a reasonable solution of the pending proposal. I was not in favor of it, and I am not in favor of it, because it creates a situation which could be used to undermine the pinnings of the Executive. But I will go along with it, and I will support it, and I will do the best I can along the lines unanimously arrived at, by the Senators of both parties who were present this morning and this afternoon at the conference.

I have talked with the chairman of the Banking and Currency Committee, to which I assume this legislative proposal will be referred. He has assured me that he will strictly adhere to the wishes of the Senate. The Senator from Virginia [Mr. Robertson] is a man of his word, regardless of his personal feelings about any piece of proposed legislation.

Of course, it is anticipated—and I hope it will be made the will of the Senate—that the bill will be reported to the Senate by a week from Monday, November 25; and both the majority leader and the minority leader give the Senate their assurance that it will be brought up either that day or the next day, for immediate consideration.

In brief, I believe that covers the results of our participation in the meeting this morning.

Mr. DIRKSEN. Mr. President, there was a meeting early this morning, and at that meeting I suggested that since there had been no hearings on the proposal offered by the distinguished Senator from South Dakota [Mr. Mundt], I, for one, hoped that perhaps we could learn a little more about the mechanics of the operations of the Export-Import Bank in processing foreign applications of this kind, and exactly how it works when it operates in handling such applications as commercial transactions on a guaranteed basis. At that meeting it was suggested that perhaps the Chairman of the Export-Import Bank might confer with us. Pursuant to that, I had a session with the majority leader; and a dozen Senators met in his office. The Export-Import Bank and the Treasury had representatives present. We had an opportunity to canvass the authority and the capacity of the Export-Import Bank in this field. More than that, we had an opportunity to explore its operations, its losses, its gains, and exactly how it would process applications of this kind.

After a thoroughgoing discussion, we thought perhaps we should satisfy the legislative process by having at least a few hearings on this proposal—consonant, of course, with the desires of the distinguished Senator from South Dakota.

That was arranged; and now he proposes to offer his amended amendment—which includes not only grain, but also all commodities——

Mr. MUNDT. And that is the form in which the bill has now been referred to the committee.

Mr. DIRKSEN. That is correct—and with instruction that it report at the earliest possible date, and, hopefully, not later than November 25. If that can take place, the order for the yeas and nays can be rescinded, the amendment can be withdrawn, we can obtain some testimony from sources both in the Government and out of the Government, and then we can have the subject matter before us; and, as a result, I think we shall be better equipped to deal with it.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Has the bill been introduced?

The PRESIDING OFFICER. The bill has been introduced.

Mr. MANSFIELD. Has it been referred?

The PRESIDING OFFICER. No.

Mr. MANSFIELD. To what committee will the bill be referred?

The PRESIDING OFFICER. At the present moment it would appear that the bill will be referred to the Committee on Banking and Currency.

Mr. MANSFIELD. Will the bill be referred to the Committee on Banking and Currency?

The PRESIDING OFFICER. The Chair rules that it will be unless some question is raised on the floor of the Senate.

Mr. MANSFIELD. Mr. President, since the procedure has gone that far, I ask unanimous consent that the Committee on Banking and Currency be directed to report back to the Senate with its finding on the bill not later than a week from Monday, November 25.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object——

Mr. MANSFIELD. Let us get the agreement to the request.

Mr. JAVITS. May I ask a question before the agreement is made? The Senator has asked for unanimous consent. I am a member of the Committee on Banking and Currency. I believe I am entitled to have a question answered.

Mr. MANSFIELD. There is no question about that. The Senator said that he would not object, and I merely suggested that the agreement be entered and then the Senator from New York might ask any question he wishes.

Mr. JAVITS. Will the Senator allow me to ask one question?

Mr. MANSFIELD. Certainly.

Mr. JAVITS. Is there anything in the agreement that would bind the Committee on Banking and Currency, not as to the time at which it would report, but as to what it would report?

Mr. MANSFIELD. No.

Mr. JAVITS. That is all.

Mr. DOMINICK. Mr. President, reserving the right to object, as the ranking Republican member of the Subcommittee on International Finance of the Banking and Currency Committee, I should like to ask one question, at least, about the proposed timing. Some of us may be tied up on the 25th or 26th of November on other subjects. Is it imperative that the discussion of the bill be brought out on the floor on those days?

Mr. MANSFIELD. In the opinion of the leadership it is. The Senator will have to take our word for it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TOWER. Mr. President, reserving the right to object——.

Mr. MANSFIELD. Mr. President, I first yield to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I believe that we ought to clarify a couple of questions of procedure. I am the chairman of the Subcommittee on International Finance of the Committee on Banking and Currency. That subcommittee ordinarily has jurisdiction over questions affecting the Export-Import Bank. I do not know, because I do not see the chairman of the full committee present in the Chamber, whether it will be his intention or whether it is the intention of the leadership to bypass the normal reference to a subcommittee in order that the full committee, because of the time factor, should consider the Mundt amendment.

Mr. MANSFIELD. Mr. President, will the Senator permit me to interrupt?

Mr. CLARK. Surely.

Mr. MANSFIELD. I am sure the Senator did not mean, and would wish to withdraw, the implication in his statement as to what the intent of the leadership was or is, because we have no intent. We do not interfere with committees. Committees are independent in their own right. They make their own decisions, and, under no circumstances, has the leadership ever attempted or will it ever attempt to lay down a rule, a law, or a dictum to any committee in this body.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. MANSFIELD. I yield.

Mr. CLARK. I certainly withdraw the imputation. I make only the comment that in my opinion it might be wiser if the leadership would interfere a little more than it does. This must be a question of judgment for the leadership. The Senator from Montana and I do not have the same views on that question.

Mr. MANSFIELD. No, but we have committees.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. The leadership has no authority over subcommittees. That is an intracommittee question that must be resolved within the committee.

Mr. CLARK. It is a question of the function of the leadership. I happen to disagree with the Senator from Illinois on the question of the function of leadership.

Mr. MANSFIELD. If the Senator from Pennsylvania desires the leadership to function in the manner in which he proposes, he had better give the leadership some authority, because we do not have that authority now—98 Senators in this body have more authority in their own hands than the 2 so-called leaders have. I think the Senator from Pennsylvania knows that.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. As the Senator from Montana well knows, I have been trying to get the leadership more authority during the 7 years I have been serving in the Senate. Since the year 1961 I have been conspicuously unsuccessful.

Mr. Leader—this is all in good fun——

Mr. DIRKSEN. I am glad the Senator is not angry.

Mr. MANSFIELD. But truthful.

Mr. CLARK. I should like to ask the leadership the following question. I wish the Senator from Virginia [Mr. ROBERTSON] were present in the Chamber. Perhaps the Senator from Alabama [Mr. SPARKMAN], who is the ranking Democratic member of that committee, will be able to answer the question. As the chairman of the Subcommittee on International Finance, I am of the view that it does not make too much difference whether the matter is considered in a subcommittee or by the full committee.

Before the bill is reported to the Senate, we should have a hearing. We ought to call the Chairman of the Export-Import Bank, and perhaps we ought to call as a witness the Secretary of State.

Mr. MANSFIELD. Such action would be expected.

Mr. CLARK. I am not at all sure that the limitation of time which has been suggested would be altogether wise in view of the fact that the Mundt amendment will not be part of the foreign aid bill anyway, and what is all the hurry?

Mr. MANSFIELD. Mr. President, there is an element of doubt in the latter assertion made by the distinguished Senator from Pennsylvania.

Mr. CLARK. As there is, indeed, with respect to most of my assertions.

Mr. MANSFIELD. No, no; I refer to what the outcome of a vote would be. I believe there is a question of grave doubt there. As far as the subject of witnesses is concerned, it is anticipated that the Secretary of State, the Secretary of the Treasury, the officers of the Export-Import Bank, and others would be called before the committee.

I intended to refer to another portion of the Senator's statement, but I have forgotten what it was.

Mr. CLARK. I have practically forgotten what I was going to say, too. All I can say to the majority leader is that, so far as I am concerned, I am prepared to cooperate wholeheartedly.

Mr. MANSFIELD. I recall what I intended to say. I ask the Senator from Pennsylvania to take my word as to why there is a reason for the bill to be considered and reported not later than the 25th of this month.

Mr. CLARK. I shall take the word of my friend the Senator from Montana. So far as I am concerned, the committee procedure can be any way the chairman and the ranking Democratic and Republican members of the committee wish it to be. I shall reserve my right as chairman of the subcommittee to have a good deal to say about the bill.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. I promised first to yield to the Senator from Texas.

Mr. TOWER. My question was covered by the colloquy between the Senator from Montana and the Senator from Pennsylvania.

Mr. SPARKMAN. Mr. President, the chairman of our committee, the Senator from Virginia [Mr. ROBERTSON], is not in the Chamber at the present time. However, the Senator from Pennsylvania may not know that the majority leader has talked with the Senator from Virginia. I assume that they discussed the proposed time limitation.

Mr. MANSFIELD. Only the time limitation.

Mr. SPARKMAN. In the discussion this morning at which the question was worked up, I believe everyone present understood that we would have the officials of the Export-Import Bank, the Secretary of the Treasury, and the Secretary of State appear as witnesses.

I believe the Senator from South Dakota [Mr. MUNDT] was suggested.

Mr. MANSFIELD. Yes.

Mr. SPARKMAN. Yes, certainly. I think we can finish consideration of the bill in the committee within the time set. I believe it is rather urgent that we do so. I do not know what the intention of the chairman of the committee might be. I take it that the chairman has the discretion of referring a bill to a subcommittee or not referring it. In this case I should think that, by reason of the limitation of time, the hearings would be held by the full committee.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Florida.

Mr. HOLLAND. It occurs to me that perhaps one of the most salient points in the whole situation has been overlooked in the colloquy. Is it not correct that the Export-Import Bank has agreed to hold up any further commitments until after the proposed new bill is disposed of, provided it is disposed of in a short period of time?

Mr. MANSFIELD. Within the time limitation—and "a short period" is an accurate statement. It will be a short period of time, because we have no right to hold up anything indefinitely. As I said before, I have very grave doubts about the procedure we are following, because I think we are undermining the foundations of the executive branch of the Government in taking unto ourselves responsibilities which are not ours under the Constitution.

Mr. HOLLAND. Mr. President, is the agreement on the part of the Export-Import Bank to hold up further commitments provided speedy disposition is made of the bill a part of the whole package? Am I correct or not?

Mr. MANSFIELD. The Senator is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

The bill (S. 2310) was referred to the Committee on Banking and Currency.

Mr. MUNDT. Mr. President, what is the status of the proposed agreement?

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Has the bill been referred?

The PRESIDING OFFICER. The bill has been referred.

Mr. MANSFIELD. The time certain limitation has not yet been agreed to.

The PRESIDING OFFICER. The unanimous-consent request of the Senator from Montana has not yet been agreed to.

Mr. COTTON. Mr. President, reserving the right to object—apparently the bill will be reported on the 25th or the 26th——

Mr. MANSFIELD. The 25th.

Mr. COTTON. On the 25th. Obviously no provision has been made as to how long the Senate will consider it. No provision can be made?

Mr. MANSFIELD. That is correct.

Mr. COTTON. Last night, I recall, one Senator—one of the distinguished leaders—felt so strongly about this matter that he indicated if it were to be passed he would discuss it at great length.

Mr. MANSFIELD. Mr. President, will the Senator from New Hampshire yield?

Mr. COTTON. Please allow me to finish the question I wish to ask. Now, while the foreign aid bill is pending, it is unlikely that we would have a long drawn out discussion—I do not use the word "filibuster"—that would preclude its passage; but if it is brought in all alone, particularly when there are other measures before the Senate that certain Senators do not wish to expedite, there is nothing in the whole wide world to prevent the Senate from discussing it for days and days and days. I should like to hear some comment on that before I agree to this proposal. Many times I have heard in the Senate the suggestion, "Do not tie it into this bill; we will take care of it separately." In the years I have been in the Senate, I have yet to see anything taken care of separately that was objected to under such circumstances.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. MANSFIELD. I recall the allusion to which the distinguished Senator from New Hampshire refers. I point out that we are all mortal, that we all have our faults. Most of us are becoming a little edgy at this time of the year, I would hope most sincerely that Senators would unanimously see to it that the word given by the two leaders would be honored and that the debate would not be dilatory or drawn out. I am sure it would not be. We should be supported in our hope and expectation that once this measure is reported back to the Senate by the Banking and Currency Committee, we would be able to dispose of it in 1 or 2 days.

So far as the author of the amendment and the proposal is concerned, the distinguished Senator from South Dakota [Mr. MUNDT] has indicated that he will make every effort to do so. All we have in this body is our word, and it is either worth something or it is worth nothing. If Senators want leaders, they must have a little confidence in them and help them along.

Mr. COTTON. I was not suggesting any lack of confidence in the leadership.

Mr. MANSFIELD. I understand.

Mr. COTTON. I am suggesting what the distinguished majority leader himself said a moment ago, that there is not a leader—majority or minority—or anyone else who can give his word about what other Senators will do.

Mr. MANSFIELD. That is correct.

Mr. COTTON. I believe we should be aware of the fact that, while we may have an agreement, when the bill reaches the Senate no one knows how long it will take to get affirmative action. I should like to object. I am not going to do so, but I regret that we are not going to dispose of this critical question while we are dealing with the foreign aid bill, so that it could be disposed of in a reasonable time.

Mr. MANSFIELD. I appreciate the remarks just made by the distinguished Senator from New Hampshire [Mr. COTTON], but strangely enough, I still have faith in the membership of this body, on both sides of the aisle. I can be disappointed, and I have been disappointed, but I expect the membership, both Democratic and Republican, to uphold our hands when the time comes, regardless of how they may feel personally.

Mr. COTTON. I share the faith of the distinguished majority leader. If anything could restore my faith in expeditious work by the Senate, it is the fact that we have accomplished so much in such a short time this session.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DOMINICK. I wonder whether the distinguished leader can tell us whether this program has been coordinated in any way with the House?

Mr. MANSFIELD. No.

Mr. DOMINICK. It occurs to me that if the bill comes back and is passed by the Senate and then sent to the House, and the House sat on it for the rest of the session, we would get nowhere.

Mr. MANSFIELD. No. This program has not been discussed with the House. It is not intended to be discussed with the House. This is looked upon purely as a Senate responsibility. I am quite sure the minority leader and the distinguished Senator from South Dakota [Mr. MUNDT], as well as the Senator from Georgia and other Senators, will support the statement I have just made. What the House does is its own business. What we do in this instance is ours. That was made very plain in the meeting this morning.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GORE. Because of my attendance in committee I have not heard all that has transpired in the Chamber, but Senate aids have briefed me on the subject.

I was one of a bipartisan group of Senators to whom the question of the sale of wheat to Russia was put. I gave my reaction and approval of the sale of wheat on the basis of cash on the barrelhead—gold preferably, no credits, and no soft currency.

Now that the possibility of a much wider trade has come into question, I wish to reexamine the whole question before reaching a decision. I believe that the wise course to follow is committee hearings and consideration.

I congratulate the majority leader and the minority leader upon reaching this agreement, to which I subscribe.

Mr. MANSFIELD. I am grateful to the Senator from Tennessee.

The PRESIDING OFFICER (Mr. BAYH in the chair). Is there objection to the request of the Senator from Montana [Mr. MANSFIELD]? The Chair hears none, and it is so ordered.

Mr. MUNDT. Mr. President, in view of this agreement, I am willing to offer some unanimous-consent requests which will clear the decks so that we may proceed.

First of all, I ask unanimous consent that the order for the yeas and nays ordered on my amendment and on the modifying amendment may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUNDT. Mr. President, I now ask unanimous consent that I may be permitted to withdraw the two amendments, because I have introduced a bill covering the subject.

The PRESIDING OFFICER. The Senator from South Dakota now has that right. It is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. To set the record straight, a bill has been introduced and referred to the Committee on Banking and Currency. By direction of the Senate, it will be reported no later than a week from Monday, November 25, and on the basis of the pledge of the leaders, it will be brought up for consideration that day, or the next day.

Again, may I express the hope that the debate will be assiduous and energetic but not dilatory or delaying.

Mr. MUNDT. Mr. President, I should like to add to the general understanding, so that all Senators may know, that the directors of the Export-Import Bank have agreed not to extend any further credits to Communist countries until the Senate has expressed its voice on the matter.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HUMPHREY. I should like to reply to the Senator from New Hampshire [Mr. Cotton], since I gather that his remarks, directed to the majority leader, had some indirect reference to my comments last evening. I was looking through the Congressional Record. It was a rather tense moment on the floor—most of it due to fatigue. I said the following:

> I shall not let the Senate, if I can help it, vote on the issue immediately, because it seems to me that if we needed time to discuss some minor amendments to the aid bill, we need plenty of time to discuss the present situation.

Earlier, I said:

> I am rather surprised that Senators who are members of the Committee on Banking and Currency, which committee has jurisdiction over the operations of the Export-Import Bank, are willing to have major policy questions decided on the floor of the Senate at 10 minutes after 10 p.m., after 3½ weeks of exhausting debate, discussion, and time-consuming activities in this body.

I give my assurance to the Senator from New Hampshire and to the majority leader that there is no intention on my part to do anything but make a constructive contribution to the debate, and with no delays.

Mr. MANSFIELD. If only the rest of the Senate would follow the example of the Senator from Minnesota—this year.

Mr. HUMPHREY. I thank the Senator.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. The Senate knows and we know—with a sense of affection—that the "immediates" of the Senator from Minnesota are sometimes longer and sometimes shorter.

Mr. HUMPHREY. I want to reserve the degree of flexibility along the lines the minority leader has suggested.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from New Hampshire.

Mr. COTTON. I assure the distinguished Senator from Minnesota, who knows I hold him in the very highest esteem, that I did not mention his name. I was not impugning his motives, I was not criticizing him; I merely used that as an example. I said if one Senator felt so strongly on this question that he would talk at length, if that was true of the Senator from Minnesota last night, it may be true of several Senators on November 25.

Mr. HUMPHREY. I fully understood the Senator's remarks. I wanted the Record clear that I felt last evening that we were proceeding too rapidly on a vital question. I am pleased with the resolution of this vital matter. As I felt last night, I feel even the text of the resolution goes far beyond what is wise policy. I shall await the report of the Banking and Currency Committee. I hope the report will be negative. I intend to vote as I expected to vote last evening.

Now I wish to ask the Senator from South Dakota a question. The understanding is clear as to the Export-Import Bank and its recess, so to speak, as to any commitments relating to transactions that require Export-Import Bank guarantees for the future. Is that correct?

Mr. MUNDT. Yes; and it holds until such time as the Senate may conclude its action.

Mr. HUMPHREY. No matter how the Senate may conclude its action. Is that correct?

Mr. MANSFIELD. But with the assurance that it will not be delayed.

Mr. HUMPHREY. And that it is not retroactive.

Mr. MUNDT. My amendment is not retroactive. Congress cannot pass retroactive legislation.

To make it perfectly clear, so that there will be no question, the Export-Import Bank has already underwritten credits to Hungary for $4.5 million, under terms of that sale. Neither my amendment nor the gentlemen's agreement we have entered into can move backward. I have no such intention.

Mr. HUMPHREY. If business transactions are entered into which do not require guarantees by the Export-Import Bank, but are privately financed, or are made with a private bank, the understanding we have does not prevail?

Mr. MUNDT. The understanding would not affect the sale of the grain as we anticipated it—that is, sale of the grain for gold or cash. My amendment covers only the implications covered by my amendment, and those only.

Mr. HUMPHREY. Or where a private bank with Government help takes on the guarantee responsibility.

Mr. MUNDT. That is correct, but it is my opinion that the Johnson Act would preclude the right of such private banks to extend credit to a Communist country in default.

Mr. HUMPHREY. I know of no such situation, but I thought we should understand that.

I yield now to the Senator from North Dakota [Mr. Young].

Mr. YOUNG of North Dakota. Mr. President, I was not at the meeting this morning, so I wonder if this matter involves credit for any other export sales than grain. Has the Export-Import Bank been extending credit for other sales?

Mr. HUMPHREY. It applies to all products.

Mr. YOUNG of North Dakota Has the bank been extending this kind of insurance to them?

Mr. HUMPHREY. Only to Yugoslavia.

I yield to the Senator from Vermont.

Mr. AIKEN. Any conditions that are applicable will, according to the understanding, be applicable to all exports. It is not contemplated that the Export-Import Bank will make loans. The Export-Import Bank insures loans made by the commercial banks to provide exporters loans for the purpose of financing exports to foreign countries. It is an insurance business, and not a loan business, and the two transactions that have taken place have been insurance issued by the Export-Import Bank to banks that have financed Cargill and one other company.

Mr. MANSFIELD. It is a money-making proposition.

Mr. AIKEN. That is correct. The Export-Import Bank, since its inception in 1925, has made profits in the neighborhood of $2 billion. Losses have been minimal. There were some losses when Castro confiscated powerlines and a telephone company in Cuba, but the losses have been negligible.

Mr. YOUNG of Ohio and Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the Senator from Ohio [Mr. Young] sought recognition. I would not want to preempt his right to the floor. I have a question which may result in an amendment. Has the Senator from Ohio an amendment?

Mr. YOUNG of Ohio. I wish to lay before the Senate an amendment on which I have already spoken.

Mr. JAVITS. I yield to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. YOUNG of Ohio. Mr. President, I offer my amendment No. 293, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio to the committee amendment in the nature of a substitute, as amended, will be stated.

The Legislative Clerk. It is proposed, on page 41, between lines 8 and 9, to insert the following:

> (d) Add the following new section:
>
> "Sec. 512. Prohibition Against Military Assistance to Spain.—No military assistance shall be furnished under this Act to the Government of Spain. No other provision of this Act shall be construed to authorize the President to waive the provisions of this section. The provisions of this section shall not be construed to prohibit sales to the Government of Spain of defense articles or services under section 507."

Mr. YOUNG of Ohio. Mr. President, having already spoken out regarding this amendment, I shall take less than 1 minute. It may be that the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT] will not object to the insertion of this amendment in the bill. On the other hand, it can be truthfully stated that the pending bill does not provide military assistance for Generalissimo Franco's Spain. This amendment pins that prohibition down definitely and simply provides that—

> No military assistance shall be furnished under this Act to the Government of Spain. No other provision of this Act shall be construed to anthorize the President to waive the provisions of this section. The provisions of this section shall not be construed to prohibit sales to the Government of Spain of defense articles or services under section 507.

I hope the chairman will agree to accept the amendment, and that the amendment will be adopted.

Mr. FULBRIGHT. Mr. President, I regret that I cannot accept the amendment. Everyone knows that we have had an agreement with Spain regarding very important base arrangements. Military assistance has been given to Spain primarily for that purpose in recent years. That was the only reason why we concluded an agreement dealing with the bases.

I could not possibly accept the amendment, much to my regret. I wish I could accept it, but I oppose the amendment. If we singled out Spain for this kind of treatment, it would be regarded as an unfriendly act, directly contrary to the reason for the action of our Government in that regard.

Mr. YOUNG of Ohio. I would like to also single out Duvalier's Haiti. I would like to include it in my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio, on page 41, between lines 8 and 9, to the committee amendment, in the nature of a substitute, as amended.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk. I have discussed it with the chairman of the committee.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota to the commitee amendment, in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 54, after line 4, to insert the following:

> (c) Redesignate present section 109 to be 110 and insert the following new section 109:
>
> "SEC. 109. The President may, subject to the restrictions contained in this Act, carry out transactions authorized by this Act without regard to the provisions of any other Act whenever he determines that such transactions are important to (1) the national interest of the United States, and (2) the ability of the United States to carry out effectively the policies and purposes of section 2 of this Act or to meet the requirements of the common defense.

Mr. SCOTT. Mr. President, reserving the right to object, I heard the phrase "that the President would be empowered to carry out the provisions of this act without regard to the provisions of any other act." That is pretty broad language. Unless it is explained by some legislative history, I shall be constrained to object to it.

Mr. HUMPHREY. I am about to explain it.

The purpose is to make crystal clear that the section of Public Law 480 dealing with the trade expansion features of the bill, as well as the utilization of food, as necessary, for the common defense, is not restricted. The amendment contains language that will make crystal clear that the restrictions that we have written into it with respect to Public Law 480, section 2, referring to general policy dealing with trade expansion, for example, and to alleviate famine in the world, are not to be excluded; secondly, that in the common defense, when food is needed for national interests, it is not to be excluded.

Mr. SCOTT. There are restrictions already in existence pertaining to shipments of goods and materials to Communist countries.

Mr. HUMPHREY. This relates only to Public Law 480.

Mr. SCOTT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SCOTT. I should like to have some order in the Senate so that I may complete my sentence, at least, for the sheer pleasure of making a complete sentence of what I was about to say. There are other restrictions already in existence pertaining to shipments of goods and materials, that is, limitations on shipments and other dealings, with Communist and Communist-dominated countries. I understand from what the Senator has said that the proposed restriction is limited to Public Law 480.

Mr. HUMPHREY. The Senator is correct.

Mr. SCOTT. Therefore there is no intention that the executive department shall be able to avoid any other situation whatever.

Mr. HUMPHREY. The Senator is absolutely correct; so that there will be no doubt at all as to what that section in Public Law 480 means.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. The Senate adopted an amendment, proposed by the Senator from Alaska [Mr. GRUENING] and myself, which was expressly designed to deal with Public Law 480, because it is under Public Law 480 that Nasser is getting anything preponderantly. Is it not a fact that this proposal would cancel out the very purpose of that amendment, because it leaves the discretion to the President?

Mr. HUMPHREY. The Senator is correct.

Mr. JAVITS. He can suspend it if he wishes to do so in the national interest. Is that correct?

Mr. HUMPHREY. If it is in the national interest or in the common defense.

Mr. JAVITS. That is what we argued against. Nearly everything Nasser is getting he is getting under Public Law 480.

Mr. HUMPHREY. This does not relate alone to Nasser. It makes sure that if food supplies are needed in the southern command of NATO, or food supplies are needed anywhere else, the provision of Public Law 480 will be applicable, and not limited by anything we have done in this act or any other act.

Mr. JAVITS. By legislating with a broadsword we take in everything. It will take in Mr. Nasser, as well as the southern defense command to which the Senator refers. Therefore, Mr. President, I oppose the amendment. It will vitiate what the Senate did in the Gruening-Javits amendment. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I came into the Chamber rather late. I wish to ask the Senator to explain the purpose of his amendment. From what I have heard, I am sure it calls for a major debate in the Senate. If what I have heard is true, I completely agree with the Senator from New York, that it seeks to vitiate much of what we have done during the course of the debate. I do not propose to have that done.

I hope the Senator will explain his amendment.

Mr. HUMPHREY. I have explained it.

Mr. MORSE. I did not hear the Senator's explanation.

Mr. HUMPHREY. The amendment is designed to do two things; first, to make it crystal clear that the reservations that have been placed in the bill, namely, the pending foreign aid bill, insofar as those reservations are concerned with respect to Public Law 480, shall not be applicable to what we call the common defense or to the national interests of the Nation, when the President in his judgment determines that the national interest is at stake.

Mr. MORSE. I will speak in my own right later.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, I wish to confer with the Senator from Oregon and the Senator from Ohio on the amendment. I wish to withdraw the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. HUMPHREY. I ask unanimous consent that I may withdraw the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator withdraws his amendment.

Mr. JAVITS. Mr. President, in the first place I say to the Senator from Minnesota that I am very much pleased that he did what he did. It would have caused unquestioned confusion in respect to the pending bill if his amendment had been adopted. It would ride across everything we have fought and bled for, and some of us almost died for, on the floor.

I should like to have the attention of the chairman of the committee, the Senator in charge of the bill, and the Senator from Ohio [Mr. LAUSCHE], in order to see if we can do something to help with a very trying section of the bill, and perhaps avoid the need for amending it.

I call attention to page 34, lines 16 to 18, which read:

> (3) In paragraph (2) strike out "fraud or misconduct" in the second proviso and substitute "fraud, misconduct, or negligence".

It will be noted that it is proposed in the bill to establish additional bases for enabling the United States to defend against claims under the all-risk guarantees which are provided for by the act. The all-risk guarantees could now be vitiated if the person having the benefit of the guarantee were guilty of fraud or misconduct for which that person or corporation was responsible.

The words of the statute are clear. They state:

> *Provided, further*—

This is section 221(b)(2) of the Foreign Aid Act—

> *Provided, further,* That no payment may be made under this paragraph 2 for any loss arising out of fraud or misconduct for which the investor is responsible.

The part of the bill to which I refer proposes to include negligence, so that the new bases of defense would be fraud, misconduct, or negligence.

I am advised—and this is borne out by communications to the committee and to me—that the purpose of the all-risk guarantee is likely to be vitiated, because the investors who have been investing will not invest if negligence becomes a defense. I will give the reasons for that. The all-risk guarantee which is covered by the law provides for $180 million in guarantees, with certain limitations on the individual.

The all-risk guarantee has mainly been used for housing projects in Latin America, certainly a most important and constructive aspect of the act.

A good deal of this investment has been in housing projects in South America. It is somewhat analogous to our housing agencies or housing authorities.

The underwriters of these security issues, the makers of these investments, are mainly banking firms in this country, which have communicated with me as well as the committee. I will tell the whole story to the Senate. If these downtown Wall Street banking firms do not invest, that business will not be done unless the United States puts up its own money.

We must understand that we are dealing with the business equation, with businessmen who can invest or not invest, as they choose, and there is nothing we can do to compel them. That is why I lay the question directly before the Senate. They say that if we add the defense of negligence, they are concerned that they will not be able to be responsible for such loose standards as to third parties; namely, the housing authorities or building and loan and other organizations with which they might be dealing in Latin America.

As everyone knows, negligence relates to the standard of care of a reasonable man. Numerous juries are required to determine that question in the United States. Hence, the feeling is that if we add to the other definitions; namely, fraud or misconduct, where there has been something willful, something overt, the standard of negligence, we will create a situation in which the terms will become so ambiguous that businessmen will neither invest nor underwrite. Also, there is grave doubt that the paper which they hold as notes or mortgages will be negotiable on the same ground as to be a defense against the holder.

I have discussed this question with the drafter of the amendment, the Senator from Ohio [Mr. LAUSCHE]. I gather that he is willing to make certain definitions with regard to this subject. I shall ask him two questions which we have agreed upon, so that the Senate may be fully advised. Naturally, I am interested in saving the amendment of any of our colleagues who feel in deep good faith that what they propose is desirable. If the committee has adopted the amendment, and if it is possible to save it, I am happy to try to do so. Naturally, it is not at all certain that the Senate would not take a different position upon argument, debate, and amendment. The questions which I shall ask the Senator from Ohio to answer will be helpful, I feel, but I cannot assume that they will be conclusive either upon me or upon the underwriters. The committee of conference will then have to decide as a practical question what it wants to do.

If the Senator from Ohio is willing to answer the questions, I think his responses will be helpful and may prove to dispel the difficulties. I think it is worth trying. I do not wish to question the Senator under false pretenses.

The first question is: Is it a fact, as a matter of legislative history, that the fraud, misconduct, and negligence which are here referred to, in order to be a defense to an all-risk guarantee must be fraud, misconduct, or negligence of the employees, officers, or duly constituted agents of the investor?

Mr. LAUSCHE. That is the understanding I had in submitting the amendment. That is my conviction, and that is the understanding under which the amendment was approved in committee.

Mr. JAVITS. Second, in the administration of this section—and we would hope that the courts, too, would be guided by this standard—is it the legislative intent of the amendment that the burden of proof shall be upon the Government to assert its defense against an all-risk guarantee?

Mr. LAUSCHE. It is my understanding of the general law, stated many times in the jurisprudence of evidence, that the burden of establishing negligence, fraud, or misconduct would be upon the guarantor—the U.S. Government. That is the understanding and intention of the committee.

Mr. JAVITS. That is exactly correct. That is the important point. I may say to the Senator—and I shall ask him no further questions—that what he has last said is so important, because most of those things we would hope that, like a good insurer, the Government would pay honorable and legitimate claims. Therefore, what the Senator has said is, in my view, far more important to government administration than to the courts. We cannot control the courts, but we certainly can have rulings on the way in which a provision like this shall be administered. I am grateful to the Senator from Ohio for saying what he said.

Mr. President, may we have from the chairman of the committee some confirmation of the statements by the Senator from Ohio?

Mr. FULBRIGHT. The understanding of the Senator from Ohio is also my understanding. The negligence referred to is negligence of some person who is in no way under the control of the borrower, as described by the Senator from New York. He is not an employee or agent or third person, over whom the borrower would not exercise control, or for whom he is not responsible. It seems to me that that would be unfair and, in my opinion, was not the intention of the committee.

Mr. JAVITS. As to the latter question, does the chairman agree as to the question of burden of proof throughout, as to the administration of this question and its effect on the question of judicial interpretation?

Mr. FULBRIGHT. That is my opinion.

Mr. LAUSCHE. It is not my intention, as the proponent of the amendment, or of the committee, to require the aggrieved party to prove that he was not guilty of fraud, not guilty of misconduct, and not guilty of negligence. The aggrieved party would have made his case by showing loss, and the burden of proof would then fall upon the U.S. Government to show that the loss occurred through the misconduct, fraud, or negligence of the agent, official, or servant of the aggrieved person.

Mr. JAVITS. I should like to ask the Senator from Ohio one further question, which he may or may not answer, as he chooses. May we have some idea as to why the Senator felt that the amendment as to negligence was important?

Mr. LAUSCHE. Under the present law, the U.S. Government, in guaranteeing the loss incurred in a housing project or a business, was relieved of responsibility if and when it was able to show that the loss resulted from fraud or misconduct on the part of the agents, officials, or servants of the borrowing company.

I added the word "negligence" because I did not believe that the Government should be responsible, when it could prove that the loss resulted from the negligence of the borrower. Unless we include the word "negligence," there is practically ironclad responsibility devolving upon the U.S. Government. I did not think that should be.

Mr. JAVITS. One other question, if the Senator from Ohio will bear with me, because it should prove to be helpful. What the underwriters and investors are deeply concerned about is, Where is the line drawn between negligence and bad judgment in a particular matter? Perhaps A might claim inadequate administration of a particular department, because of the fact that particular people who are put on the job were not so bright as they should be, although they acted in complete good faith and were perfectly legitimate employees of substance and capacity. In other words, who is to determine the line between negligence and bad business judgment or bad discretion, used in making a certain decision? That, I think, is what is worrying those people. If we could spell out some standard, it would be helpful.

Mr. LAUSCHE. The word "misconduct" is a word of art. "Fraud" has a distinct definition. The definition of "negligence" is known by every lawyer. If we can logically and understandably include the words "fraud" and "misconduct," it follows as a matter of logic that no impediment arises when we include the word "negligence." If a trial were to be had, the court would define what "fraud" meant; what "misconduct" meant; and what "negligence" means.

My understanding is that "negligence" means that a person has failed to do what a reasonably prudent person would have done, or has done what a reasonably prudent person would not have done under the circumstances. That is my understanding of the definition of "negligence."

Mr. JAVITS. Does the Senator believe that an underwriter would dare to underwrite or would dare to make a loan with that as the standard in the law, in view of the fact that that is a defense which could be invoked by the United States against anybody? It takes a trial and a jury decision in order to prove it; and the jury decision could go either way.

May I give the Senator an example? Suppose I wish to invest in a housing loan. Suppose I send some operatives to investigate, and they fail to look at some bookkeeping analysis or some particular title analysis, and I say, "That is not negligence. My people looked at some other piece of paper, that told them the same thing, or they took the word of a person operating a particular savings and loan association."

But the U.S. Government replies, "We are sorry, sir, but we do not pay. That is negligence. It has to go to trial, and the jury may decide 'Yes' or 'No'."

Is it not a fact that an underwriter who follows the established standard or rule in regard to negligence in connection with torts will not be inhibited at all from going into these risk guarantees?

Mr. LAUSCHE. The term "negligence" is applicable to business operations just as it is to tort actions. The director of a corporation can become liable on two bases: one, because of violation of a trust obligation; the other, because of the perpetration of negligence.

Mr. JAVITS. He can because of gross negligence. A corporate officer or director cannot be held for other than gross negligence.

Mr. LAUSCHE. That may be the law of New York, but it is not the law of Ohio. There is a Federal law on the subject.

However, from the standpoint of trials or practicality, what difference is there between proving fraud or misconduct or negligence? In any case it becomes an issue, and must be proved.

Mr. JAVITS. I think fraud is dishonesty. Misconduct is generally considered a violation of some ethical or legal obligation. The word "misconduct" is rather loosely construed, but apparently the underwriting community has accepted this definition. But negligence—as we learn from the decisions of juries every day—can be interpreted in one way or the other; and after the jury has decided, no one can argue about it.

Let me ask this question of the Senator from Ohio: Should it develop, as a practical matter, that the concept the Senator from Ohio has of the law on this question is not quite in accord with the legal situation, would he then give consideration to adding the words "gross negligence" or some other phrase or clause which would help—although it would not necessarily be considered here, because we cannot do research work on it here? I am referring only to the situation based upon checking back on the Senator's views as to the law.

Mr. LAUSCHE. I regret to say this; but if we allow the bankers to determine what will be included in the bill, nothing will be in it, for they want to receive the interest, and they want the Government to assume the obligation. But I do not think the Government should assume the obligation in cases in which the loss resulted from fraud, misconduct, or negligence.

Mr. JAVITS. Yes; but we want the bankers to invest——

Mr. LAUSCHE. But they are saying, "We will not invest unless you do as we say." But that does not mean to me that we are obligated to follow the course they request.

I shall be glad to consider this matter at a later date.

Mr. JAVITS. I thank the Senator from Ohio. I think we have opened up the subject.

The **PRESIDING OFFICER.** If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

Mr. LAUSCHE. Mr. President, I have an amendment, although I shall not call it up now. But it may become applicable the next time this subject comes before us. In short, many U.S. citizens of Yugoslav ancestry have claims against the Yugoslav Government, but the Yugoslav Government has disregarded them or has paid no attention to them. My amendment contemplates requiring a showing by the Yugoslav Government in the future, if it wishes to receive our help, that it has made a legitimate effort to settle these claims. At this time I shall not call up my amendment; but I shall call it up next year or the following year, if some favorable action is not taken by the Yugoslav Government on these claims.

The **PRESIDING OFFICER.** If there be no further amendment to be proposed to the committee amendment, as amended, the question is on agreeing to the committee amendment, as amended, in the nature of a substitute.

The amendment, as amended, was agreed to.

The **PRESIDING OFFICER.** The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The **PRESIDING OFFICER.** The question now is, Shall the bill pass?

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, I shall vote for this foreign aid bill. I believe it is a much sounder bill now than it was as it came out of the Foreign Relations Committee.

May I say that I am glad that the bill was not referred back to the committee for further revision. Instead, the Senate has been operating as a de facto Committee of the Whole for the past 3 weeks. This has enabled each of us to become much better informed about this important piece of legislation and also about the entire foreign aid program. And this is a very good thing. One of the unfortunate dispositions into which the Senate has fallen is the tendency to take too much for granted the judgment of its committees. I believe that great weight should be given to the collective judgment of the members of the committees, because by and large the staffs and the members of the committees have devoted considerably more time to the legislation before them than have other Members of the Senate. But there are many Members of the Senate not members of a committee whose background and expertise with respect to some of the problems considered by a committee are superior to the knowledge possessed by some of the members of the committee; and these Members should be given greater consideration when they speak out on these problems and, particularly, when they offer amendments to the bills which have been processed by the committees.

For too long now the Foreign Relations Committee has been operating in a world of its own. I do not say this in criticism of the committee. I say it in criticism of the Senate itself. Too many Members have been disposed to regard matters of foreign relations and foreign trade as matters beyond the understanding and appreciation of the average Member of the Senate who is not a member of the committee. This disposition has, I fear, lulled us into a false sense of well-being over legislation affecting our foreign affairs, and particularly the foreign aid authorization bills into which policy changes, entirely within the proper purview of the Congress, might heretofore have wisely been written.

The result has been an increasing awareness on the part of the taxpayers, who are paying the bill, that Congress has not been doing as good a job as it should. Thanks to the free press and the alertness of some of our Members, the abuses, waste, and unsound practices which have inexcusably occurred in the conduct of the foreign aid programs have been brought home to the people who sent us here to represent them. Sooner or later, the pressure had to build up to a breaking point, and the breaking point has occurred this year over this bill.

I do not say that we now have a perfect bill. But I do say that we have a much better bill than we had 3 weeks ago. And I trust that when it is taken to conference, the Senate conferees will stand very firm on the amendments which have been made. Actually, my estimate is that the House conferees will be most happy to accept most of the amendments. And I wish to sound a warning that the conferees had better bring back a conference report which contains most of these hard-considered amendments if it wishes to have the conference report agreed to by the Senate. The people we represent recognize that we have been giving voice to their concerns and their desires through the adoption of these amendments, and I do not believe that they will be satisfied at all if the opposition to them by nonelected officials of the State Department prevails. It is these officials who are working for the taxpayers—not vice versa.

The authorization limit has been reduced to some $3.8 billion—a substantial reduction from the $4.2 billion brought out by the Foreign Relations Committee and a very substantial reduction over the $4.9 billion requested by the President in his so-called "frugal budget" presented early this year in the amount of $98.8 billion. It is still some $300 million over the House bill, but only $100 million under the amount appropriated for the last fiscal year. I see no reason why anyone should be concerned over the reduction made by the Senate. In fact, even with this figure I must say I am not entirely satisfied, because I am greatly concerned over the committed and unexpended funds currently in the foreign aid program pipeline. Many taxpayers do not know about this, and I believe they should be made fully aware of it.

According to the Agency for International Development, as of June 30, 1963, the total unliquidated commitments amounted to more than $6.3 billion, including nearly $4 billion earmarked for economic assistance programs, $2.3 billion for military assistance, and some $153 million in the special reserve and revolving funds—table A. It should be noted that of the $4 billion for economic assistance, there is the sum of $358 million for supporting assistance. Ninety-four countries are listed in this committed but unexpended fund pipeline—table B.

I can readily see why there must be some funds in that pipeline: We should and must take care of our obligations. It is my understanding that if the agreed provisions under which an activity is undertaken are not met, if the conditions which generated U.S. undertaking of an activity change materially, or if the final cost of a project is less than originally provided for, funds may be deobligated and used for some other purpose. I understand that in fiscal year 1963, about $30 million in economic assistance funds were deobligated and used in the program; this is less than one-half of 1 percent of the total economic assistance pipeline. I have been told that about $50 million additional funds were also deobligated, but not used, and as a result, will either revert to the Treasury or be reappropriated by the Congress to meet the needs of the fiscal year 1964 program.

AID says that it does not believe that a substantial amount of fiscal year 1964 funds will remain unobligated at the end of the fiscal year 1964—and if the Congress continues to cut the foreign aid program, this could be true. But outside of that, AID has cited three central reasons why there might be some funds left unobligated and I believe these reasons are pertinent to the discussions going on now on the Senate floor:

> 1. We hope that it would not be necessary to use all of the contingency funds. We will be able to return $117 million of the $250 million appropriated for the fiscal year 1963 contingency fund.

If this much is to be returned for the last fiscal year, then the $175 million we have authorized by amendment for this fund would still be excessive.

> 2. The foreign aid program utilizes many hundreds of accounts. By law, none of these accounts may be overdrawn. Prudent management requires that we plan to leave small balances in each of these accounts. The sum of these small balances is a significant amount.
>
> 3. We will not obligate funds unless recipient countries undertake self-help and reform measures, and successfully meet the conditions of other criteria upon which provision of U.S. assistance is based. We may earmark funds for use in a certain activity, contingent on whether the recipient effectively takes agreed upon steps. If some progress is made, but at the end of the fiscal year the recipient is not able to successfully complete the necessary steps, we will not obligate the funds for that activity, and there will not be sufficient time to prudently undertake another activity. Thus these funds will not be obligated.

That last reason brings us to the meat of the problem: How long are we to leave these funds in the pipeline?

In examining the AID's country-by-country report on the "status of loan agreements," as of June 30, 1963, I find that there were a total of 127 loan agreements into which we had entered into during or before 1960 and of which there still remained unliquidated balances. It seems that those funds should be moving, especially when some go back as far as 1953. On February 6, 1953, we entered into a loan agreement with the Instituto De Acueductos y Alcantarillados Nacionales of Panama for financing a water supply and sewerage system. The amount of loan agreement was $6 million. To date, not one cent of that loan has been made to that Panama institution.

What is the reason for this and for the others? If conditions have not been met, then those funds should be released for other activities. Or are these so-called "small" loans to be piled up indefinitely?

Mr. President, I ask unanimous consent that tables A and B, and a table C setting forth examples of old loan agreements and amounts disbursed thereunder be placed in the Record.

There being no objection, the tables were ordered to be printed in the Record, as follows:

TABLE A.—*Foreign assistance program (mutual security), preliminary June 30, 1963, unliquidated commitments*

[In thousands of dollars]

ECONOMIC ASSISTANCE	
Budgeted programs:	
Development loans	2, 170, 047
Development grants:	
General authorization	353, 987
Special foreign currency programs	2, 780
Surveys of investment opportunities	303
Alliance for Progress:	
Loans	280, 371
Grants	56, 192
Inter-American program for social progress	47, 227
Social Progress Trust Fund	335, 000
International organizations	133, 985
Supporting assistance	358, 139
Contingency fund	219, 093
Administrative expenses, AID	7, 736
Administrative expenses, State	779
Chilean reconstruction	17, 765
Total budgeted programs	3, 983, 404
MILITARY ASSISTANCE[1]	
Grant aid	2, 263, 500
Sales program	69, 600
Total military assistance	2, 333, 100
Grand total economic and military assistance	6, 316, 504
Special reserve and revolving funds:	
Acquisition of property	559
Investment guarantees	152, 231
Total special reserve and revolving funds	152, 790

[1] Preliminary June 30, 1963, data not available; figures shown represent estimates shown in budget document.

TABLE B.—*Foreign assistance (mutual security) program by countries*[1] *(including military and economic assistance)*

ESTIMATED UNLIQUIDATED BALANCES AS OF JUNE 30, 1963

[In millions of dollars]

	Unliquidated balances
Developing countries:	
Afghanistan	56.8
Algeria	1.6
Argentina	107.6
Bolivia	52.0
Brazil	93.1
Burma	24.4
Burundi	([2])
Cambodia	44.8
Cameroon	12.8
Central African Republic	.8
Ceylon	3.7
Chad	1.3
Chile	70.8
China, Republic of	284.6
Colombia	91.0
Congo (Brazzaville)	.9
Congo (Léopoldville)	32.8
Costa Rica	18.9
Cyprus	3.2
Dahomey	1.3
Dominican Republic	30.2
Ecuador	33.1
El Salvador	23.0
Ethiopia	32.8
Gabon	.8
Ghana	82.1
Greece	300.0
Guatemala	16.5
Guinea	15.5
Haiti	4.8
Honduras	9.3
Iceland	.1
India	815.6
Indonesia	50.1
Iran	117.4
Iraq	1.3
Israel	69.9
Ivory Coast	3.3
Jamaica	4.9
Jordan	15.9
Korea	426.4
Laos	24.8
Lebanon	3.5
Liberia	47.5
Libya	4.5
Malagasy Republic	.5
Malaya (fiscal year 1959)	4.7
Mali	6.2
Mauritania	.1
Mexico	19.2
Morocco	53.5
Nepal	5.6
Nicaragua	11.9
Niger	1.9
Nigeria	43.0
Pakistan	340.3
Panama	20.9
Paraguay	7.9
Peru	60.2
Philippines	44.1
Poland	3.1
Saudi Arabia	.1
Senegal	2.8
Sierra Leone	3.4
Somali Republic	12.8
Sudan	15.2
Syrian Arab Republic	18.2
Tanganyika	9.4
Thailand	131.6
Togo	1.4
Trinidad and Tobago	13.5
Tunisia	76.4
Turkey	436.7
Uganda	5.3
United Arab Republic	83.1
Upper Volta	.6
Uruguay	6.5
Venezuela	63.3
Vietnam	160.6
Yemen	4.5
Yugoslavia	18.3
Territories	11.7
Others—undistributed classified (military)	267.5
Total developing countries	5,001.8
Europe, Japan, and other developed countries (all military assistance with the exception of $16,700,000 in Spain):	
Australia	2.0
Belgium	24.0
Denmark	85.2
France	41.1
Germany (Berlin)	.1
Italy	132.9
Japan	77.9
Netherlands	67.3
New Zealand	.8
Norway	101.0
Portugal	32.6
Spain	67.3
United Kingdom	3.5
Total Europe, Japan and other developed countries	635.7
Regional and nonregional—Economic assistance:	
Development grants	46.1
Social progress trust fund	335.0
International organizations	109.0
Administrative expenses—AID	7.7
Other	18.4
Total regional and nonregional—Economic assistance	516.2
Regional, nonregional and adjustments—Military assistance:	
Regional and nonregional	248.4
Adjustment of undelivered programs [3]	−85.6
Total regional, nonregional and adjustments—Military assistance	162.8
Total unliquidated balances	6,316.5

[1] The country amounts are composed of the following:

(1) Economic assistance: Undisbursed authorized loans and unliquidated obligations. (Preliminary, Aug. 16, 1963.)

(2) Military assistance: Estimated value of goods programed but not delivered, since unpaid obligations/reservations are not available by countries. (Congressional presentation.)

[2] Less than $50,000.

[3] This adjustment reduces the total programed and undelivered amounts for military assistance included in the country balances, as expected in footnote 1(2) above, to the total estimated unpaid obligations/reservations for military assistance as reflected in the congressional presentation.

NOTE.—No new countries are proposed for aid in fiscal year 1964.

Country and purpose	Date of loan agreement	Loan amount	Loan disbursement
Government of Finland: Ship construction	May 22, 1959	$5,000,000.00	$4,662,890.31
Government of Iceland:			
Commodity assistance	May 23, 1959	3,000,000.00	2,983,131.33
Development bank	Apr. 10, 1959	1,760,000.00	1,423,302.30
Government of Poland: Commodity assistance	June 10, 1959	6,000,000.00	5,897,440.15
Government of Spain: Railway rehabilitation	June 5, 1959	14,900,000.00	9,890,021.55
Government of Yugoslavia:			
Project assistance	Nov. 12, 1957	73,700,000.00	72,210,799.03
Do	May 22, 1958	46,900,000.00	46,153,566.83
Fertilizer plant	Jan. 8, 1959	22,500,000.00	21,066,391.18
Project assistance	Mar. 10, 1959	69,200,000.00	57,923,809.52
Commodity assistance	Apr. 14, 1959	7,700,000.00	7,359,493.55
Electric power	Nov. 25, 1959	9,000,000.00	8,282,650.11
Hydroelectric power	Dec. 17, 1959	15,000,000.00	7,115,126.34
Zagreb plastics	Sept. 16, 1960	23,000,000.00	21,207,127.29
Liberian-American Agricultural & Industrial Corp.: Sawmill project	Dec. 16, 1958	190,000.00	164,039.61
Government of Libya:			
Electric powerplant	June 28, 1957	3,500,000.00	3,137,944.51
Do	June 25, 1959	5,000,000.00	4,700,405.59
Government of Morocco:			
Irrigation project	Mar. 16, 1960	23,000,000.00	5,158,208.94
Commodity assistance	June 28, 1957	20,000,000.00	19,913,609.19
Commodity and project assistance	July 10, 1958	29,900,000.00	29,436,394.98
Commodity assistance	June 30, 1959	15,000,000.00	13,821,911.20
Do	Mar. 21, 1960	20,000,000.00	18,486,912.11
Credito Somalo (Somalia): Development bank	Mar. 31, 1959	$2,000,000.00	$653,080.53
Sudan-American Textile Industries: Textile mill	May 22, 1959	10,000,000.00	9,978,133.70
Societe Nationale Tunisienne de Cellulose (Tunisia): Pulp factory	May 13, 1959	6,250,000.00	5,955,996.33
Societe Nationale des Chemins de fes Tunisians (Tunisia): National railways	May 27, 1959	2,750,000.00	2,410,169.20
Government of Tunisia: Irrigation project	Oct. 11, 1960	18,000,000.00	1,965,779.54
Government of Ceylon:			
Highway rehabilitation	Sept. 3, 1958	726,000.00	689,700.00
Project assistance	Mar. 25, 1959	3,320,000.00	1,243,382.32
Do	Sept. 23, 1959	6,000,000.00	2,932,138.81
Government of Greece: Fertilizer plant	Jan. 28, 1959	12,000,000.00	11,790,884.94
Public Power Corp. (Greece): Hydroelectric plant	Jan. 29, 1960	31,000,000.00	5,047,597.59
Government of Iran: Commodity assistance	Oct. 10, 1958	2,500,000.00	2,444,008.35
Industrial & Mining Development Bank of Iran: Development Bank	Nov. 19, 1959	5,200,000.00	1,573,145.37
Government of Israel: Project assistance	Aug. 25, 1958	3,600,000.00	2,114,425.32
Do	Dec. 17, 1958	18,872,000.00	16,697,816.67
Industrial Development Bank of Israel: Development bank	May 12, 1959	10,000,000.00	8,328,002.09

Country and purpose	Date of loan agreement	Loan amount	Loan disbursement
Government of India:			
Project assistance	June 28, 1957	$234,100,000.00	$215,022,977.06
Do	June 30, 1958	20,000,000.00	12,486,548.41
Do	Nov. 3, 1958	35,100,000.00	32,018,100.48
Do	Apr. 27, 1959	129,700,000.00	54,348,335.83
Sharavathi hydroelectric plant	June 30, 1960	8,400,000.00	3,521,624.91
(India) Ahmedabad Electricity Co.: Thermal power	do	3,900,000.00	3,754,874.07
Government of India.:			
Barauni thermal power	do	3,800,000.00	2,805,024.12
Chandrapura thermal power	do	30,000,000.00	14,237,982.41
Duragapur power	do	20,000,000.00	11,372,389.25
Kanpur thermal power	Dec. 5, 1960	1,600,000.00	1,122,635.01
Barapani hydroelectric	do	2,500,000.00	453,725.36
3d railway loan	do	50,000,000.00	41,954,909.81
Capital equipment	do	25,000,000.00	21,388,979.77
Steel imports	do	25,000,000.00	19,911,071.13
(India) Industrial Finance Corp.: Development bank	Dec. 7, 1960	10,000,000.00	4,648,936.79
(India) Hindustan Chemicals & Fertilizers: Trombay fertilizer plant	Dec. 29, 1960	30,000,000.00	21,182,272.71
(Jordan) Transjordan Electric Power: Electric power project	June 5, 1959	1,200,000.00	804,868.00
Jordan Phosphate Mines: Phosphate mine expansion	Oct. 26, 1959	1,500,000.00	1,269,026.36
(Lebanon) Banque de Credit Agricole, Industrial et Fancier: Development bank	May 4, 1960	5,000,000.00	3,193,645.56
(Lebanon) Societe pour L'Industrie des Metaux, S.A.: Aluminum plant	Nov. 8, 1960	400,000.00	369,590.05
Government of Nepal: Commodity assistance	July 29, 1960	1,000,000.00	166,151.00
Government of Pakistan:			
Project assistance	Mar. 6, 1958	23,600,000.00	22,393,442.47
Water sewage disposal	June 30, 1958	5,500,000.00	3,096,423.29
Railway rehabilitation	Feb. 18, 1959	9,100,000.00	8,723,313.20
(Pakistan) West Pakistan Water & Power Development Authority: Land reclamation	do	15,200,000.00	14,691,603.27
Government of Pakistan: Karnafuli multipurpose dam	do	20,250,000.00	17,817,096.85
(Pakistan) West Pakistan Water & Power Development Authority: Power transmission lines	do	14,700,000.00	10,301,143.76
Government of Pakistan:			
Secondary transmission grid	June 29, 1959	23,000,000.00	14,684,520.60
Port facilities	July 10, 1959	2,000,000.00	23,188.56
Inland waterways	Sept. 12, 1959	1,750,000.00	1,430,561.12
(Pakistan) PICIC (2d): Development bank	Jan. 15, 1960	10,000,000.00	9,131,011.49
Government of Pakistan:			
Railway rehabilitation	Jan. 16, 1960	22,000,000.00	21,905,688.58
Indus water system	Sept. 19, 1960	70,000,000.00	55,090,129.00
(Syria) Industrial Development Bank: Development bank	Aug. 15, 1960	500,000.00	198,500.00
(Syria) Posts, Telegraphs & Telephones Administration: Telecommunications	Oct. 3, 1960	2,500,000.00	119,916.87
(Turkey) Industrial Development Bank: Development bank	Sept. 12, 1958	10,000,000.00	8,065,243.67
(Turkey) Turkiye Komur Islemeliri Korumu: Coal mining facilities	Apr. 30, 1959	14,500,000.00	6,035,856.10
(Turkey) ETIBANK: Electric power distribution	Jan. 21, 1960	7,000,000.00	2,591,718.40
Government of Turkey: Railway construction	Dec. 13, 1960	6,000,000.00	792,482.24
(United Arab Repubiic-Egypt) Industrial Development Bank: Development bank	Aug. 31, 1960	6,000,000.00	14,123.00
(Uuited Arab Republic-Egypt) Ad fina Por L'Exportation de la Fabrication des Produits: Canning and freezing plant	Oct. 7, 1960	200,000.00	139,689.98
(United Arab Repubiic-Egypt) Al Nasr Co: Bagasse pulpmill	Nov. 23, 1960	6,700,000.00	6,277,836.83
Government of Burma:			
Project assistance	Mar. 21, 1957	17,300,000.00	7,985,247.65
Do	do	25,000,000.00	11,680,633.86
Do	May 29, 1958	10,000,000.00	4,933,546.74
Do	Aug. 12, 1960	800,000.00	------------
Republic of China:			
Multipurpose dam	Nov. 10, 1958	21,500,000.00	20,439,319.71
1st railway loan	Nov. 12, 1958	3,032,371.52	3,026,024.34
(China) China Development Corp.: Development bank	Mar. 24, 1960	$10,000,000.00	$3,140,835.80
(China) Taiwan Telecommunications Administration: Telecommunications	do	2,000,000.00	1,962,451.99
(China) Taiwan Power Co.: Nanpu thermal power	Sept. 30, 1960	14,910,000.00	13,542,827.85
Government of Indonesia:			
Commodity assistance	June 15, 1959	450,000.00	446,167.74
Railway rehabilitation	June 26, 1959	3,000,000.00	2,581,209.35
Harbor development	do	6,000,000.00	985,195.81
Government of Korea: Telecommunications	Apr. 8, 1959	3,500,000.00	3,469,163.84
(Korea) Oriental Chemical Industry: Soda ash plant	Dec. 11, 1959	5,600,000.00	298,150.00
(Korea) Korean Reconstruction Bank: Development bank	Apr. 12, 1960	5,000,000.00	507,130.15
Federation of Malaya:			
Wharfage accommodations	Mar. 18, 1959	10,000,000.00	8,500,171.44
Roads and bridges	do	10,000,000.00	6,773,511.80
(Philippines) Central Bank of Philippines: Small industry loan fund	May 6, 1959	5,000,000.00	1,287,113.52
(Philippines) Mindanao Portland Cement Co.: Cement plant	Oct. 26, 1959	3,700,000.00	3,579,582.32
(Philippines) Bataan Pulp & Paper Mill: Pulp and paper mill	July 10, 1959	100,000.00	59,589.75
Government of Philippines: Roads and bridges rehabilitation	June 29, 1959	18,750,000.00	6,350,652.05
Government of Thailand:			
Project assistance	June 28, 1957	10,000,000.00	9,672,867.14
Telecommunications projects	June 27, 1958	7,000,000.00	3,999,947.20
(Thailand) Metropolitan Electricity Authority: Electric power expansion	Mar. 6, 1959	20,000,000.00	12,974,942.32
Government of Vietnam: Telecommunications project	June 28, 1958	3,306,000.00	1,138,982.40
(Vietnam) Vietnam Railway System: Railways	Aug. 10, 1960	9,700,000.00	1,694,047.52
(Vietnam) Saigon-Cholon Water Distribution System: Water distribution system	Nov. 2, 1960	17,500,000.00	1,264,304.25
Government of Bolivia: Runway construction	Oct. 22, 1959	1,500,000.00	1,058,028.47
Government of Brazil: Project assistance	Dec. 31, 1956	117,895,000.00	84,472,292.50
Government of Chile: Project assistance	Apr. 29, 1957	850,000.00	095,724.58
Do	Dec. 27, 1957	27,680,000.00	25,460,812.53
Airport design	May 20, 1959	300,000.00	103,237.00
Airport construction (Pudahuel)	July 19, 1960	10,500,000.00	------------
Government of Colombia:			
Project assistance	Feb. 4, 1958	12,240,000.00	11,141,819.88
Do	May 29, 1959	3,140,000.00	2,878,864.46
Government of Costa Rica: Project assistance	Apr. 29, 1957	2,000,000.00	1,496,320.63
Government of Ecuador:			
Project assistance	Apr. 30, 1957	2,000,000.00	883,582.89
Do	Nov 12, 1958	880,000.00	654,129.16
Highway construction	Mar. 23, 1959	4,700,000.00	3,058,162.98
Do	Nov. 6, 1959	4,004,012.71	3,908,616.51
(Guatemala) Banco de Guatemala: Rubber production	Aug. 17, 1959	5,000,000.00	750,000.00
Government of Haiti: Irrigation	May 28, 1959	4,300,000.00	4,251,477.31
Government of Honduras: Highway development	May 16, 1958	5,000,000.00	4,560,902.51
(Honduras) Empresa Nacional de Energia Electrica: Canaveral hydroelectric	Sept. 9, 1960	2,800,000.00	1,786,914.42
(Nicaragua) Empresa Nacional de Luzt Fuerza: Rio tuma hydroelectric	June 30, 1960	2,500,000.00	1,077,961.82
Republic of Panama: Feeder roads	Nov. 10, 1960	5,300,000.00	2,874,560.75
(Panama) Instituto De Acuedictos y Alcantarillados Nacionales: Water supply and sewerage system	Feb. 6, 1953	6,000,000.00	------------
Government of Peru: Highway construction	Dec. 19, 1960	4,500,000.00	829,885.46
(Uruguay) Administracion General De Las Unimas Electricas y Los Telephonos De Estado: Telephone system	Sept. 3, 1959	8,800,000.00	6,844,876.57

Source: "Agency for International Development—Status of Loan Agreements," as of June 30, 1963, Office of the Controller, AID.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I share the concern which many Members of this body have expressed over the last few days as to the provisions of H.R. 7885. There is much in this bill with which I find myself in direct opposition both as to the basic idea underlying the program and the performance with which the program has been implemented. It has long been my view that our foreign aid program is both improperly conceived and inefficiently implemented.

Even the most rabid supporters of the foreign aid program have been reluctantly forced to the view that a major overhaul is in order. One of the strongest supporters of the foreign aid program stated on the Senate floor recently:

> The question calls for a national commission on the highest possible level to reexamine the foreign aid program of the United States and recommend how it may be reoriented and remain effective. I would very much favor such action, but that is a far cry from dismantling the program at this stage.

I am of the opinion that the report issued in March of this year by the President's specially appointed committee, commonly referred to as the Clay Committee, offers to Congress a unique opportunity at this time to be instrumental in reassessing the foreign aid program. The Clay Committee was appointed on the highest official level, and its conclusions and recommendations should be carefully considered by the Members of Congress. And yet, few, if any, of its recommendations have been included in the bill which is now pending before this body.

Mr. President, I request the attention of my colleagues to one specific portion of H.R. 7885, concerning which too little has been said. The provision to which I make reference is section 402 of the foreign aid bill. This provision would authorize the President to give the benefit of U.S. trade agreement reductions in tariff duties to products imported from Communist countries when: First, he determines such treatment would be "important to the national interest"; second, he determines such treatment would promote "independence" of the Communist countries "from domination or control by international communism"; and, third, he reports these determinations and his reasons to the Congress.

To understand the reason for the inclusion of this provision in the foreign aid bill, it is necessary to briefly discuss the background of the tariff legislation with which it is concerned.

The basic tariff act setting forth the duties applicable to goods imported into the United States is the Tariff Act of 1930. Under the Trade Agreements Act of 1934, and the 11 extensions of that act, the President was authorized to reduce the rates of duty set forth in the Tariff Act of 1930. Most rates of duty have been reduced one or more times and the majority of them have been reduced several times. The total impact of these duty reductions has been to lower the ad valorem equivalent of U.S. duties from approximately 50 percent in 1930 to about 12 percent in 1962.

Under a provision of the trade agreements law, known as the most-favored-nation rule, tariff reductions granted by the United States to one country are uniformly applicable to goods imported from other countries. The most-favored-nation clause is customarily found in treaties of friendship, commerce, and navigation and in reciprocal trade agreements. Under a most-favored-nation clause, each of the contracting countries promises to give to the other contracting countries tariff treatment as good as it accords to any third country, subject to specified exceptions in most instances.

The Congress enacted the most favored-nation rule into the Trade Agreements Act of 1934 by providing that the duties proclaimed by the President under the act should apply uniformly to articles brought into the United States from the country with which the particular agreement is made and from other countries generally. One qualification of the policy of equal tariff treatment based on the principle of the most-favored-nation clause stems from a provision of the Trade Agreements Act of 1934 authorizing the President to suspend the application of trade agreement rates of duty to products of countries which discriminate against the commerce of the United States or which pursue policies tending to defeat the purposes of the Trade Agreements Act. Under this particular provision, reduced trade agreement rates on duties were withheld in pre-World War II years from imports of German products.

Despite these particular exceptions, the State Department in years past has persuaded the President that it would serve a useful purpose for U.S. trade agreement concessions to be made available to Yugoslavia and Poland. In recent years, articles imported from those countries have received the benefit of all U.S. tariff rate reductions.

Congress, in enacting the Trade Expansion Act of 1962, which substantially replaced the prior Trade Agreements Act, directed that the benefit of U.S. tariff reductions not be made available to any Communist country. Unfortunately, section 231 of the Trade Expansion Act of 1962, in directing the President to withdraw the benefit of trade agreement tariff reductions from Yugoslavia and Poland, used the words "as soon as practicable." These words have been seized upon and used to effectively thwart the stated intention of Congress in adopting section 231 of the Trade Expansion Act of 1962. Notwithstanding the fact that the 1962 act became effective on October 11, 1962, the State Department has taken absolutely no action to withdraw the benefit of all our trade agreement concessions from Yugoslavia and Poland.

In March of this year, some 5 months after the effective date of the Trade Expansion Act of 1962, I wrote letters to the Chairman of the Tariff Commission, the Secretary of Commerce, and the Secretary of State to find out what steps, if any, had been taken pursuant to section 231 of the Trade Expansion Act of 1962. Mr. Ben Dorfman, Chairman of the U.S. Tariff Commission replied as follows:

> DEAR SENATOR THURMOND: This is in response to your letter of March 9, 1963, in which you ask what steps, if any, the President has taken pursuant to section 231 of the Trade Expansion Act of 1962 with regard to imports from any country or area under Communist domination or control.
>
> Section 257(e)(2) of the Trade Expansion Act provides that action taken by the President under section 5 of the Trade Agreements Extension Act of 1951, and in effect on the date of enactment of the Trade Expansion Act, shall be considered as having been taken by the President under section 231. Therefore, products of all countries or areas designated by the President pursuant to section 5 as being under Communist domination or control, continue to be excluded from the benefits of most-favored-nation rates of duty by operation of section 257.
>
> Products of Poland and Yugoslavia continue to receive most-favored-nation tariff treatment. Although no formal steps have been taken by our Government to discontinue this treatment, it is understood that the matter is under advisement by the administration. Section 231 provides that such action shall be taken "as soon as practicable." The Commission is not advised as to the factors which make it "impracticable" to take such action at this time.
>
> Sincerely yours,
>
> BEN DORFMAN,
> *Chairman.*

The Secretary of Commerce, the Honorable Luther H. Hodges, replied as follows:

> DEAR SENATOR THURMOND: I refer to your letter of March 9, 1963, concerning section 231 of the Trade Expansion Act of 1962, which deals with most-favored-nation treatment of imports from Communist-dominated countries or areas.
>
> This is a matter which directly involves our treaty relationships with other nations, and which therefore is of direct and immediate concern to the Department of State. That Department presently has under advisement the steps to be taken to carry out section 231, and I am forwarding a copy of your letter to Secretary Rusk, with the request that he furnish you full information concerning the matter.
>
> With best wishes,
>
> Sincerely yours,
>
> LUTHER H. HODGES,
> *Secretary of Commerce.*

And finally and most importantly, Mr. Frederick G. Dutton, Assistant Secretary of State, replied on behalf of the Secretary of State as follows:

> DEAR SENATOR THURMOND: Thank you for your letter of March 9 to the Secretary asking what steps have been taken to implement section 231 of the Trade Expansion Act of 1962. This provision requires that the President take action "as soon as practicable" to deny the benefits of most-favored-nation tariff treatment to any country or area dominated by communism.
>
> The only Communist countries which presently have most-favored-nation status are Yugoslavia and Poland. Yugoslavia has such status by virtue of the 1881 Treaty of Commerce with the Kingdom of Serbia, a predecessor state of the present country of Yugoslavia. Poland was denied this status in 1952, along with other Soviet-bloc countries, pursuant to the terms of section 5 of the Trade Agreements Extension Act of 1951. Poland was restored to most-favored-nation status effective December 16, 1960, following conclusion in July of that year of an agreement under which Poland is paying $40 million in compensation for the claims of American nationals against Poland.
>
> The legislative history established during consideration of the conference report of the Trade Expansion Act indicates that the phrase "as soon as practicable" was intended to afford the President discretion in determining when action should be taken under the law. The timing of such action is under active consideration.
>
> If I may be of further assistance to you please do not hesitate to call upon me.
>
> Sincerely,
>
> FREDERICK G. DUTTON,
> *Assistant Secretary.*

Mr. President, it is apparent from these answers that not only had nothing been done to implement section 231 of the Trade Expansion Act of 1962, but that no action on the part of the executive branch was contemplated. Even though the 1962 act became effective on October 11, 1962, the State Department, in more than a year's time, has taken absolutely no action to withdraw the benefit of our trade agreement concessions from Yugoslavia and Poland. This amounts to an utter disregard for the mandate of Congress and is in direct contrast to past occurrences.

In 1951, the Trade Agreements Extension Act of 1951 contained a similar provision directing the President "as soon as practicable" to suspend the benefit of trade agreement concessions from all Communist countries. The 1951 act became effective on June 16, 1951. By August 3, 1951, less than 2 months later, President Truman had issued a proclamation taking the necessary action. The provisions of the act of 1951 were aimed at some 13 countries. In the proclamation which President Truman issued, he instructed the Secretary of the Treasury to assess the full rates of duty provided in the Tariff Act of 1930 on imports from named Communist countries. Some few months later, President Truman effected the withdrawal of trade agreement benefits from four additional Communist countries.

The State Department fought tooth and nail the enactment of section 231 of the Trade Expansion Act of 1962 in the form in which it became law. After the State Department lost this legislative battle, it nevertheless determined that it would not carry out the directions of the Congress that most-favored-nation benefit of our tariff concessions be withdrawn from Yugoslavia and Poland.

The State Department recognized that it would be difficult, if not impossible, to secure the approval of the Congress for such legislation if the matter were brought up through normal legislative channels. Normal legislative channels would require that such a proposal first be considered by the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate. In order to circumvent this normal procedure, the State Department strategy was to include a suitable provision in the foreign aid bill. Of course the foreign aid bill does not come before the Ways and Means Committee of the House of Representatives or the Finance Committee of the Senate. Instead, it comes before the Foreign Relations Committee which would more readily acquiesce in the wishes of the Department of State. For that reason, the determination was made that the use of the foreign aid authorization bill as a vehicle for overruling section 231 of the Trade Expansion Act would have a greater chance of success.

H.R. 7885, as it passed the House of Representatives, did not contain this provision overruling the mandate of Congress in section 231 of the Trade Expansion Act of 1962. It was, however, contained in the Senate version of this bill, S. 1276. The amount of testimony offered to the Foreign Relations Committee in connection with this particular section is negligible in comparision with its importance. The Secretary of State, the witness who should be required to carry the burden of proof, devoted only one small portion of his statement to this section of the bill. This can be found beginning on the bottom of page 14 and the top of page 15 of the printed hearings.

In addition to this, a memorandum was prepared for the use of the committee by the former Ambassador to Yugoslavia, George F. Kennan. The meager amount of testimony which is available falls far short of that required for Congress to overrule its previous enactment which is contained in section 231 of the Trade Expansion Act of 1962.

Last year, a congressional study mission in Europe made a very enlightening report concerning the economic offensive which the Soviets are continually carrying on. The report of this study mission has been printed as House Report No. 32.

As a result of the group's on-the-ground study of the problem, it unanimously concluded that economic and trade warfare is being used as an important instrument of Soviet worldwide strategy. At this particular time, the principal commodity being used for this purpose is oil. In the past, aluminum and other commodities have been used. No one can predict with any degree of reliability which commodities or products the Soviet bloc will select in the future when it desires to disrupt the free-world markets and weaken the industries of this or other countries in the Western World.

The Soviet bloc already possesses considerable economic and technological potential from disrupting Western markets and creating this type havoc. Foreign trade by Communist countries is conducted by State trading enterprises. These are merely puppets which are manipulated by the Communist conspiracy when the grand design for the destruction of the United States and the entire Western World makes it seem appropriate. In 1961, the Soviet bloc exported $15.6 billion worth of commodities. As it happened, only a small percentage of these Communist exports were sent to the United States. The important point to remember, however, is that the Communist countries do possess a surplus production and an ever-present export potential. When the moment arrives for them to deal a blow to this country, they possess the means of selecting products of importance in the markets essential to the economic health of our strategic industries.

It is well known that the state trading enterprises of Communist countries are able to fix prices for export sales at will. This power to set prices arbitarily permits Communist countries to dispose of surplus production by dumping it on the world market in a manner which suits their objectives. The availability of the reduced trade agreement rate applicable to imports of such products helps the Communists in their dumping operations.

The State Department's obstructionism in carrying out the will of Congress as expressed in section 231 of the Trade Expansion Act is part of its program of wooing over Marshal Tito. The State Department's overture to Tito seems to be contrary to the views and recommendations of other branches of the executive department. In October 1962, Under Secretary of the Treasury Henry H. Fowler, in addressing the National Defense Executive Reserve on the subject of "Our Industrial Economy and National Security," pictured in very graphic terms the challenge of the Sino-Soviet bloc. By devoting its economic production to destructive purposes rather than to the benefit of its own people, the Soviet bloc is in a position at times of its own choosing to wage economic warfare on the strategic industries of the United States. Under Secretary Fowler realistically recommended the adoption by the United States of "a program covering ordinary normal trade with the bloc in a manner that will protect private trade from the abuses of bloc state trading techniques." One such measure is readily at hand simply by having the President overrule the State Department and obey the directive of the Congress in the Trade Expansion Act by withdrawing from Poland and Yugoslavia the benefit of the reductions in U.S. duties contained in our trade agreements.

It is important to note in this regard that none of these concessions was made in trade agreements with either Yugoslavia or Poland. We will not be violating any of the terms of the agreements with those Communist countries; rather, we will be suspending their enjoyment of trade concessions for which they paid nothing, which they do not reciprocate, and which facilitate their economic penetration of U.S. markets.

Mr. President, it seems that with the notable exception of the Department of State the whole world is completely aware of the destructive potential of the state trade techniques used by Communist countries, including Yugoslavia and Poland. No less an authority than the Executive Secretary of the General Agreement on Tariffs and Trade discussed this objectionable feature of trade by Communist countries in an address delivered in Warsaw in June of 1961. He stated:

> To many contracting parties it appears that the Polish trading system is such that Poland cannot in practice offer to their exporters the degree of nondiscriminatory access, subject only to a defined degree of tariff protection, as Poland would acquire as a contractual right under the general agreement.

It is significant that the United States is one of the few countries in the world which gratuitously extends to Poland and Yugoslavia most-favored-nation treatment. Poland is not now a member of GATT, and will not be entitled to most-favored-nation enjoyment of the reduced tariff duties of the member countries of GATT unless and until she becomes a member of that organization. When the President withdraws the benefit of our trade agreement concessions from Poland, as he is directed to do by section 231 of the Trade Expansion Act, the resulting situation will be no different than that which now confronts Poland in its trade with other countries of the West. To continue the quotation from the address delivered by the Executive Secretary of GATT, Mr. Eric Wyndham White:

> Polish import policy is an integral part of its economic plan. The plan allocates to the import sector only that part of consumption which cannot be met by planned domestic production. There is therefore no

> possibility of competing on equal terms with Polish domestic products, nor of penetrating Polish markets on the basis of competition in quality and price.

The GATT Secretary pointed out:

> Both the volume and direction of trade (with Poland) is arbitrary and not subject to the play of market forces so much as to administrative and governmental decisions.

This exists not only on the import side but also in Poland's export trade. The GATT Secretary declared:

> Export prices, too, present a problem for which normal antidumping provisions are inadequate, because the normal elements of price formation are lacking or difficult to establish. A control of imports from Poland is therefore necessary to make good this deficiency.

Mr. President, it is completely true, as the GATT Secretary, Mr. White, explained in his address in Poland, that countries like the United States are powerless to defend themselves from destructive imports from these Communist countries. Our procedures, geared to the prevention of disruption in the marketplace where prices are established by business organizations, simply do not accomplish the job in dealing with products that are exported by state trading enterprises with the power deliberately to price them below any level of control that can be achieved in the country of destination.

For this reason, it is madness for the United States to facilitate destructive imports from Communist countries in the future by dismantling the tariff rates of duty which would apply if trade agreement concessions were not available to them.

Mr. President, it is true that Yugoslavia put a new general customs tariff applicable to all imports into effect in March of 1961. Furthermore, it must also be pointed out that Yugoslavia is applying most-favored-nation rates of duty to imports from all sources. It is also true, however, that Yugoslavia has retained a system of import and export controls superimposed upon the tariff. Imports, with some few exceptions, are subject to a licensing requirement. Foreign exchange is allocated and controlled in such a manner that these licenses are sparingly granted. On the export side, the Yugoslavian Government subsidizes the exportation of products representing a substantial part of Yugoslavia's total exports. These export premiums may be as much as 32 percent of the value of the product being exported.

In the final analysis, Yugoslavia remains essentially a state trading enterprise in foreign trade. As stated by the report of the GATT working party on its second annual review of relations with Yugoslavia, on December 7, 1961, the Yugoslav system is of a special nature; there are no private traders and there is no place for the concept of private ownership of the means of production or of the objects of commerce in the Yugoslav social system. And while the working party concluded that the Yugoslav system was not properly a monopoly or state trading, the fact of the matter is that the means of production and the fruits of production are owned by the state and it is the agents of the state who make the decisions concerning prices and export policies. The recent GATT report on trade in agricultural products, in dealing with Yugoslavia, sets forth the views of members of Committee II, which conducted the study, that the state sets export prices for agricultural products, and that there are many interventions in the Yugoslavian system which limit the free play of market forces.

Mr. President, the Soviet bloc countries have a planning body called the Council for Mutual Economic Assistance, known by the letters CMEA. That group worked out a set of principles for the International Socialist Division of Labor. It includes the following statement:

> It is necessary continually to perfect the system of price formation on the world Socialist market in keeping with the requirements of the planned extension of the International Socialist Division of Labor, a steady expansion of trade, and the accelerated development of the world Socialist economy, while creating conditions for the gradual changeover to an independent price basis.

This statement, translated into ordinary language, means that for a long time to come the Communist countries will set prices deliberately at whatever level is required to further the Communist objective of expanding their economic system throughout the world. When it is no longer necessary for the Communist system to use arbitrary prices as a weapon of attack against the West, they will then consider some system of normal pricing, but not before.

Mr. President, the Senate of the United States is engaging in the futile exercise of wishful dreaming if it seriously thinks that granting a most-favored-nation treatment to these two Communist countries will successfully lure them away from the Communist bloc. The assertions made on the Senate floor by myself and other Senators which led to the inclusion of section 231 in the Trade Expansion Act of 1962 are just as valid today as they were then. The State Department officials and others in the executive branch of the Government have not changed their attitude nor have they cited any new or additional information which tends to prove that their high-flown theory that both Yugoslavia and Poland are independent of domination by the international Communist conspiracy is accurate.

Having persuaded the President to agree to the inclusion of a provision dealing with section 231 of the Trade Expansion Act in the foreign aid authorization bill, the State Department has also asked for the power to broaden the authority that would be conferred on the President beyond merely Yugoslavia and Poland. The language of section 402 of H.R. 7885 would not only allow the President to extend most-favored-nation treatment for imports from the Communist countries of Yugoslavia and Poland, but it would also empower him to grant that privilege to any Communist country when he decided that such action would promote the independence of that Communist country from control by international communism. Of course, this power which is being given to the President would in actuality be delegated to the Department of State. In reality, they are asking for this power on their own behalf.

At the present time, the official State Department policy is to recognize the existence of an ideological struggle within the Communist world between Red China and the Soviet Union. The State Department, acting on behalf of the President, might well make a determination under section 402 that granting most-favored-nation treatment to any of the Communist satellite countries would promote their lining up with the Soviet Union against China, or vice versa. In their view, this would promote the independence of the beneficiary nation from control by whichever of the two Communist giants, China or Russia, that the State Department felt at the time would most likely emerge victorious in the ultimate decision.

Mr. President, it is impossible for benefits to be extended to one Communist country which do not become readily available to the whole Communist conspiracy. All that is required is that goods originating outside of Yugoslavia or Poland be sent to those countries for transshipment. If the markings on the containers are changed to indicate that Yugoslavia or Poland is the country of origin, it would be impossible for U.S. customs authorities to penetrate the Iron Curtain so as to establish the facts concerning the actual country of origin. Hence, no mistake should be made about the fact that granting most-favored-nation benefits to one Communist country extends it to all Communist countries for use at such times as Khrushchev's economic lieutenants decide that it would further the Soviet Union's or Communist China's common objective of burying the United States.

Section 402 of the foreign aid bill, therefore, is not only an attempt to overrule the public policy insisted upon by the Congress in the enactment of the Trade Expansion Act of 1962—namely, that the most-favored-nation benefit of our tariff concessions should be withdrawn from Yugoslavia and Poland—it also goes far beyond any previous line of demarcation on the subject of Communist eligibility for the most-favored-nation benefits which we grant the nations of the free world by permitting the President in his sole discretion, at times of his own choosing, to grant most-favored-nation privileges to any Communist country.

The report of the Senate Committee on Foreign Relations, approving the foreign aid bill, refers to section 402 commencing at page 39. The report's treatment of section 402 is misleading. In its first sentence it indicates it is designed to permit the President to extend most-favored-nation treatment to Communist countries. The fact is that under the law these Communist countries already have most-favored-nation treatment and will continue to have it so long as the President continues to ignore the mandate in section 231 of the Trade Expansion Act.

The report is weak in the emphasis it gives in the second paragraph to the fact that the President was directed to withdraw most-favored-nation treatment "as soon as practicable." He has failed to do so in more than a year. October 11 was the anniversary of the effective date of the Trade Expansion Act.

The final sentence in the first paragraph of the report is somewhat misleading, to the extent that it suggests that the effect of section 231 is only to penalize Yugoslavia and Poland. This section was not so restricted, but applies to all Communist countries, and when the force of this section is ruined by section 402, then the President has authority to decide it is in the interest of this country to extend the benefit of reduced duties to each and every Communist nation in the world, except possibly Russia.

The report makes out a very weak case for favoring Yugoslavia, particularly in the discussion of trade with Yugoslavia. On page 40 the report notes that U.S. imports from Yugoslavia amounted to $48.3 million and that U.S. exports to Yugoslavia amounted to $154.1 million.

This apparent balance of trade in our favor is effectively destroyed when there is deducted from our exports to Yugoslavia the estimated $131 million of exports which have been financed by the United States under various AID and other loan programs. To this extent, our exports to Yugoslavia have not been exports which offset imports in the true sense. The ultimate result is an adverse balance on commercial trade to the extent of approximately $25.2 million.

A similar calculation can be made in the case of Poland. The report shows that U.S. imports in 1962 from Poland were $45.6 million, and U.S. exports to Poland during 1962 were $94.5 million. But when there is deducted from the U.S. exports the estimated $64 million of exports which were financed by U.S. taxpayers, it is obvious that on commercial trade there is an adverse balance of trade against the United States. In this case, it is approximately $15.1 million.

Mr. President, there is no tangible reason why section 402 of the foreign aid bill should be enacted into law. It would be detrimental to the national security of our country. Even from a purely commercial standpoint, the enactment of this section would undoubtedly benefit the Commnist bloc. Unfortunately, Mr. President, the Senate rejected the amendment which was offered to eliminate section 402 from H.R. 7885. This action on the part of the Senate as a whole provides me with ample reason to vote against this measure even if the rest of the bill were acceptable.

However, the rest of this measure contains the same objectionable features which have been brought before the Senate in past years. Basically, the issue is one of economic stability versus bankruptcy. The United States, which is the last and strongest remaining bulwark of freedom, cannot continue to spend more money than it derives in revenue year after year. Not only are we doing the people of the United States and future generations a grave injustice by attempting to do so, but we are also endangering the survival of freedom.

Mr. President, the October 21, 1963, Dan Smoot report contains some very revealing statistics concerning our foreign aid program. Mr. Smoot says:

> The official public debt of the United States represents money already spent, in excess of revenue. It does not include contingent liabilities (literally trillions of dollars which the Government has committed itself to spend in future years). On December 31, 1962, the official public debt of the United States was $303,470,080,489—which was $24 billion more than the total indebtedness of all other nations on earth.
>
> Yet, President Kennedy demands another $4½ billion foreign aid bill. Why? Foreign aid has been the means of implementing the 1944 Bretton Woods scheme to give away our wealth until America is reduced to the status of a weak and dependent unit in an interdependent one-world Socialist system.
>
> From July 1, 1946, to June 30, 1963, the United States gave away abroad $148,456,333,000. The following tabulation, showing where the money went, does not include great sums of money and goods, in private giving, which have flowed from America to foreign lands. It does not include billions in aid which American industries have provided by building plants and making other investments abroad. A heavy percentage of the private American investments abroad has been artificially stimulated by our Government through guarantees against loss, underwritten by tax money, for the specific purpose of aiding the foreign nations. The following tabulation does not include billions of dollars' worth of agricultural goods which we have sold to foreign nations at subsidized prices, with American citizens paying the subsidies. The tabulation does not include all agricultural surpluses which we have sold to Communist nations like Poland and Yugoslavia and to neutralist nations like India, for local currencies. In such sales, we accept payment in the currenty of the nation which receives our goods. We can use a small amount of such local currency to pay operating expenses of missions and embassies, and to offset dollar accumulations, in those countries. Most of the local currency, however, is worthless to us and is spent on aid projects in the countries involved.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD at this point in my remarks a tabulation of U.S. foreign aid to the different countries of the world from 1946 to 1962 which is contained in this issue of the Dan Smoot report.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

U.S. Aid to Western bloc nations (1946–62)

Austria	$1,618,300,000
Belgium-Luxembourg	2,166,700,000
China (Nationalist)	4,789,600,000
Denmark	887,400,000
France	11,397,300,000
French territories	6,000,000
Germany	7,576,900,000
Germany (Berlin)	143,900,000
Greece	3,943,200,000
Iceland	78,800,000
Ireland	146,200,000
Israel	1,211,400,000
Italy	7,466,800,000
Japan	6,146,800,000
Netherlands	2,687,400,000
Norway	1,159,700,000
Portugal	136,800,000
Portuguese oversea provinces	$25,300,000
Spain	2,195,600,000
Sweden	110,000,000
Turkey	3,711,400,000
United Kingdom	12,528,300,000
United Kingdom territories	1,110,000
Europe, general	2,611,500,000
Total	73,106,110,000

U.S. aid to Communist bloc nations (1946–62)

Cuba	$90,500,000
Ghana	28,700,000
Poland	967,900,000
U.S.S.R	500,000,000
Yugoslavia	3,290,300,000
Total	4,877,400,000

U.S. aid to Latin American nations (1946–62)

Argentina	$1,027,300,000
Bolivia	286,400,000
Brazil	3,193,400,000
British Guiana	2,600,000
British Honduras	2,600,000
Chile	904,700,000
Colombia	576,100,000
Costa Rica	136,700,000
Dominican Republic	9,400,000
Ecuador	139,000,000
El Salvador	23,400,000
Guatemala	207,900,000
Haiti	127,700,000
Honduras	54,300,000
Jamaica	11,200,000
Mexico	1,246,500,000
Nicaragua	98,400,000
Panama	121,100,000
Paraguay	68,600,000
Peru	630,600,000
Surinam (Dutch Guiana)	3,100,000
Uruguay	120,400,000
Venezuela	333,600,000
West Indies Federation	12,600,000
Latin America, general	240,500,000
Total	9,578,400,000

U.S. aid to Afro-Asian bloc nations (1946–62)

Afghanistan	$275,600,000
Burma	138,900,000
Cambodia	298,000,000
Cameroon	2,400,000
Ceylon	124,100,000
Chad	100,000
Congo (Brazzaville)	100,000
Congo (Léopoldville)	24,100,000
Cyprus	19,000,000
Dahomey	4,200,000
Ethiopia	228,400,000
French Indochina	1,535,200,000
Gabon	100,000
Guinea	5,700,000
India	5,208,300,000
Indonesia	976,100,000
Iraq	69,900,000
Iran	1,340,700,000
Ivory Coast	2,100,000
Jordan	349,500,000
Kenya	9,500,000
Korea	6,143,000,000
Laos	372,700,000
Lebanon	110,500,000
Liberia	199,200,000
Libya	243,600,000
Malagasy	500,000
Malaya	24,400,000
Mali	3,100,000
Mauretania	1,700,000
Morocco	395,500,000
Nepal	64,800,000
Niger	2,000,000
Nigeria	19,800,000
Pakistan	1,982,100,000
Philippines	2,683,700,000
Rhodesia-Nyasaland	55,700,000

U.S. aid to Afro-Asian bloc nations (1946–62)—Continued

Saudi Arabia	$65, 800, 000
Senegal	3, 600, 000
Sierra Leone	1, 300, 000
Somalia	13, 400, 000
Sudan	51, 200, 000
Syria	100, 000, 000
Tanganyika	6, 300, 000
Thailand	676, 800, 000
Togo	2, 700, 000
Tunisia	372, 000, 000
Uganda	1, 200, 000
United Arab Republic	684, 300, 000
Upper Volta	2, 000, 000
Vietnam	2, 214, 200, 000
Yemen	25, 900, 000
Africa, general	22, 300, 000
Asia, Far East	427, 800, 000
Asia, south	773, 500, 000
Total	28, 358, 600, 000

U.S. contributions to world organizations (1946–62)

CENTO (Central Treaty Organization)	$25, 000, 000
Export-Import Bank	7, 000, 000, 000
International Bank for Reconstruction and Development	635, 000, 000
International Monetary Fund	4, 125, 000, 000
International Finance Corporation	35, 168, 000
International Development Fund	320, 300, 000
Inter-American Development Bank	450, 000, 000
Inter-American Social Progress Fund	394, 000, 000
United Nations; U.N. specialized agencies, special programs and funds	1, 717, 093, 000
UNRRA (United Nations Relief and Rehabilitation Administration)	3, 400, 000, 000
Total	18, 101, 561, 000

Résumé

Foreign aid appropriated but unspent as of June 30, 1962	$8, 000, 000, 000
Foreign aid appropriated for fiscal year ending June 30, 1963 (breakdowns not yet available)	6, 433, 962, 000
Grand total, U.S. aid to all nations and world organizations, July 1, 1946, through June 30, 1963	148, 456, 333, 000

Mr. THURMOND. Mr. Smoot goes on to say:

The $148.5 billion which our Government has taken from taxpayers and given away abroad since 1946 is $46.7 billion more than the total assessed valuation of all property (including land) in the 50 largest cities of the United States.

Foreign aid since 1946 has cost individual taxpayers an average of $1,537 each, and has cost corporation taxpayers an average of $25,828 each. Since all corporation taxes must necessarily be passed on to consumers in price of goods, the total burden of our Government's foreign giveaway actually falls on individual Americans.

None can deny the harsh fact that this giveaway has brought us to the edge of economic ruin, saddling our citizens and their posterity with a debt exceeding the combined indebtedness of all other nations on earth, and putting us at the mercy of the very nations which have received our bounty. None can deny that American tax money has built foreign industries which now undersell our own—and that the American industries are still being taxed to subsidize foreign competitors. None can deny that American foreign aid and American foreign-investment guarantees have caused American industries to expand abroad, thus curtailing industrial expansion at home. None can deny that many American industries have already been grievously hurt by foreign competition which American tax money subsidizes abroad—and that thousands of American workers have thus lost jobs.

And none can show that our foreign aid programs have done any good for the United States. Ostensibly, the primary purpose of our foreign aid is to fight communism. It has done the opposite.

Look at the list of nations receiving our aid and determine which, if any, are now stancher friends of America, or sterner foes of communism, than before our aid began. You will not find one on the list.

We alienated the Netherlands by forcing them to surrender their East Indian possessions—which became the pro-Communist nation of Indonesia. In 1962, we deepened the injury by our part in forcing the Netherlands to surrender New Guinea to Indonesia.

Australia (which owes us no money) is disturbed and angry because of this New Guinea deal. Indonesia and the Philippines now berate us for supporting the new nation, Malaysia.

Our State Department is responsible for converting Cuba into an enemy nation. In forcing the downfall of Trujillo in the Dominican Republic, we eliminated the last strong friend we had in the Caribbean area. We helped establish the pro-Communist government of Juan Bosch in the Dominican Republic. This month, we refused to recognize the anti-Communist group which overthrew Bosch.

The alienation of France now seems complete. West Germany is outraged about our wheat deal with the Soviets. Cambodia resents us because of arms we give to Thailand. Thailand resents us because of arms we give to Cambodia. Pakistan resents us because of aid we give to India. India resents us because of aid we give to Pakistan.

We alienated Portugal by our United Nations stand regarding Portuguese Angola in Africa; and we alienated South Africa (which owes us no money) by criticizing her internal policies.

The dastardly United Nations rape of Katanga—which we financed and supported without stint—not only eliminated Katanga as a friend of America but apparently caused hatred of us throughout Africa. United Nations forces bombed hospitals, homes, industrial plants, and schools. United Nations troops (which included uncivilized Ghurkas from India and savage tribesmen from Ethiopia) committed atrocities against women, children, missionaries, doctors, and other civilians. Meanwhile, Congolese troops—drawing their pay at the expense of American taxpayers—roamed the country in lawless, drunken bands, raping, killing, and pillaging.

In Peru, there is hurt and bewilderment on the part of intelligent, middle-class Peruvians at our failure to give full recognition to the anti-Communist group which seized power there.

Brazil (largest recipient of our aid in South America) is in the hands of Communists or pro-Communists, and so are Bolivia, Uruguay, and Venezuela. Argentina, second largest beneficiary of our aid in South America, is so wildly unstable that a Communist coup is possible at any time. Indeed, Kennedy's foreign aid program for Latin America (Alliance for Progress) is preparing that whole region for communism.

Iceland is pro-Communist, strongly anti-United States. Israel, a socialist nation which has received vast sums of American money, is training armies for the Communist dictator of Ghana. Italy contains the second biggest Communist Party outside the Communist bloc and is currently nationalizing (which means communizing) major industries.

Of the 52 Afro-Asian bloc nations which receive our aid, at least 5 can correctly be called Communist nations, since they are controlled by Communists or by men like Sukarno of Indonesia who is, for all practical purposes, a Communist: Algeria, Congo (Léopoldville), Guinea, Indonesia, Laos.

All Afro-Asian nations are, like Burma and India, Socialist nations with political ideologies basically inimical to American constitutional ideals; and most of them have revealed a deep hostility toward the United States. Yet, the European nations which were once colonial powers in Africa and Asia, resent us for the aid we gave to help destroy their empires.

All over the world, nations take our economic aid, not to develop free enterprise economies compatible with American constitutional principles, but to finance Socialist systems patterned after the Soviet Union. All over the world, nations accept our military aid, not to help defend the free world against communism, but to support their own tyranny over their own people and to strengthen themselves against their neighbors, who are also accepting our military aid as members of our free world alliance.

Our military aid to foreign nations puts all of our allies into an armaments race with one another. We finance both sides, and both sides resent us.

How much freedom for the world, or friendship for ourselves, have we bought with $4.8 billion in aid to Communist nations since July 1946? The $500 million shown in the above tabulation for the Soviet Union is for World War II lend-lease delivered after July 1, 1946. Prior to 1946, we gave the Soviets (in lend-lease during World War II) $11.1 billion in aid.

In this connection, it is instructive to look at the total picture of American foreign aid. The figures tabulated above are for the period since July 1, 1946. Prior to that, we had already given away $58.9 billion in aid to foreign nations.

The net amount of foreign aid which the United States has given to foreign nations since our involvement in the First World War is $207,434,234,867. Australia, Canada, New Zealand, and South Africa are—as far as I have been able to determine—the only nations on earth who do not owe money to the United States. Here are the 15 nations which have received the most from us (the figures include unpaid World War I debts, net amounts of lend lease received during World War II, and net amounts of foreign aid received from July 1, 1946, through June 30, 1962):

	Amount
United Kingdom	$45, 003, 414, 301
France	19, 998, 967, 994
U.S.S.R	12, 351, 952, 530
Italy	9, 673, 447, 659
Germany	7, 576, 900, 000
Japan	6, 146, 800, 000
Korea	6, 143, 000, 000
China (Nationalist)	6, 125, 232, 000
India	5, 208, 300, 000
Greece	4, 064, 320, 815
Turkey	3, 741, 400, 000
Brazil	3, 512, 894, 000
Yugoslavia	3, 366, 329, 843
Netherlands	2, 865, 464, 000
Philippines	2, 683, 700, 000
Total	137, 462, 123, 142

Mr. President, the August 1963 issue of the Reader's Digest contained a very revealing story entitled "Let's Stop Sending U.S. Dollars to Aid Our Enemies," by Charles Stevenson. I have previously had this article printed in the Congressional Record. However, I believe that a brief résumé of some of the points brought out would be worthwhile at this time. Mr. Stevenson quotes Congressman Otto E. Passman, chairman of the House Foreign Aid Appropriations Subcommittee, as follows:

> The trouble is that too much of our foreign aid has deteriorated into a subsidy of Communist takeover. And the spenders are so power hungry, they so withhold the truth from the public, they are so beyond the normal controls of Congress, that there seems no way to confine assistance to helping people help themselves unless we kill the entire operation and begin over.

Mr. Stevenson goes on to say:

> Simply reducing appropriations won't cure what's wrong with an aid organization which is in more trouble than ever after going through 10 different administrators, 5 major reorganizations and more than 100 billion tax dollars.

As an example, this article points out that the foreign aid authorities have not been able to spend as much money as they have been given in any year since 1958. There is an accumulation of funds carried over from year to year to such an extent that the failure of Congress to pass an authorization bill would probably not effectively restrain the level of foreign aid spending.

Our foreign aid money in all parts of the world is being used to finance Government-owned and controlled, socialistic enterprises which in many cases compete with private businesses.

Articles of this nature are causing the American public to realize the fallacy underlying our foreign aid program. I believe that this large-scale public understanding is beneficial and will result in more serious misgivings about this program on the part of the Members of Congress. I cannot support the pending foreign aid authorization bill and will express my opposition to any such future proposals until such time as the needed reforms are undertaken.

A SYSTEMATIC REVIEW OF FOREIGN AID NEEDED

Mr. HART. Mr. President, yesterday President Kennedy called the opposition to his foreign aid program the worst attack since the Marshall plan. Certainly the debate these last couple of weeks has put on the line some very urgent matters. We need better guidelines in the program. We apparently need a new framework for allocating and expending the taxpayers' money. We need a clearer set of priorities. We need more concentrated effort in particular areas. We need more integrated thinking on the role of foreign aid in the overall pattern of American foreign policy, and our long-term strategic interests. We need more effort to relate foreign aid to other tools of our foreign policy, and to the political objectives of the free world. We need a greater interallied effort.

In short, Mr. President, we need a major and total review of our foreign aid program in the light of present world conditions, and our best estimate of current and future international trends. This is the nub of today's situation. This is the meaning of the reckless attacks on a major tool of our foreign policy, and one that has served this country well. This is the meaning of the restrictive amendments proposed to the pending measure, and the mass confusion they have created.

Perhaps a major review of our foreign aid program is underway in the executive branch—I do not know. In any case, such a review is needed—before the next session of Congress. It will help clear the air, and renew public confidence in a major program. I urge the President to give this matter his urgent attention. He would be well advised, I believe, to recall the Clay Committee to serve as a focal point of such a review, with a mandate to seek further findings and recommendations early in 1964.

It is true that in the last couple of years, the administration has taken a number of initiatives to put our aid program on a firmer footing. Some splendid efforts have been made. The Alliance for Progress is a foremost example.

But some of these efforts, and their positive results, have gone largely unnoticed—or so it seems. A case in point is the very sensitive and highly important plan to make economic reform a condition of U.S. aid—a plan, Mr. President, that is beginning to bite.

Some efforts have been taken out of context and misinterpreted. The Clay report, for example, has been falsely used by the opponents of foreign aid in their efforts to reduce drastically the current program—much to the chagrin of General Clay. I need only call Senators' attention to a recent article by the general, which I will ask unanimous consent to have inserted in the Record at the conclusion of my remarks.

Other efforts of the administration, Mr. President, have been lost in the flurry of debate riveted on the failures and shortcomings of our aid policy. Still others have been smothered by the "petty irritations" President Kennedy mentioned in a speech a few days ago.

Perhaps this situation was inevitable, inasmuch as these efforts often reflected a brush-fire approach to our aid problems. They were often quick improvisations and piecemeal measures. They were often defensive in tone. But whatever the reason, a total reexamination is now due.

Mr. President, the distinguished chairman of the Foreign Relations Committee, the junior Senator from Arkansas, pointed the way to a reexamination of the foreign aid program on October 28. I commend the Senator for his thoughtful remarks. He speaks from experience and with authority. I wish to associate myself with the general tenor of his comments. As I recall the Senator's remarks, he offered four suggestions:

First, that we seriously consider separating the military component of the foreign aid program from the economic and other elements;

Second, that we consider reducing our bilateral development loan program, and look increasingly to international financial institutions for the provision of capital loans;

Third, that we consider giving priority attention to the development of the human resources which are necessary precursors to meaningful economic development—education and the like; and

Fourth, that we consider providing the President wtih a much larger contingency fund to act with maximum effect in critical situations.

The Senator's suggestions deserve our attention in the months ahead, Mr. President, and the attention of all Americans. He offers some worthy suggestions. I stake no claim on being an expert in foreign affairs, but there are at least two additional areas I would add to his list of suggestions.

First, a very real and concerted effort must be made to coordinate free world aid programs and to increase the aid contributions of our allies. We need more concrete results in this area.

Second. Regional approaches to foreign aid must receive greater attention. In southeast Asia, for example, this could possibly be done through a revived Southeast Asia Treaty Organization. Serious consideration should be given by the Allied Powers to a broadening and redefining of SEATO's terms of reference. SEATO is now an exclusively anti-Communist alliance. It would seem to me, however, that SEATO would be serving free world interests even more, if it were capable of insuring the political stability and economic progress of the entire area, including the new Malaysia and against subversion from any quarter.

Broadening SEATO's terms of reference, and injecting into it a little of the Alliance for Progress concept—or an inter-Allied basis—is a tall order. But it is an avenue of approach which needs, I believe, some thoughtful consideration—for southeast Asia and other areas as well.

Mr. President, I trust the administration will undertake a systematic review of our entire foreign aid program in line with the long-term strategic interests of this country. It should present recommendations to Congress early in the next session. The American people would welcome this review.

Congress must still complete action on the pending program. I was hopeful the end result would not digress radically, at least from that proposed by the Foreign Relations Committee. But this does not seem to be the will of Congress.

Certainly, we need some new directions in the foreign aid program. We need a reexamination. That is why I propose, most urgently, a systematic review. Meanwhile, in further considering the pending program, we would do well to weigh our criticisms against the positive value being accomplished for our security because of the aid program and in spite of its shortcomings. The scales are heavily weighted on the value side.

And is it not a paradox, Mr. President, that at a time when the Communist bloc is experiencing difficulties in its domestic and foreign programs, including that of foreign aid, the bulk of this country's attention is riveted upon the failures and shortcomings of our program, rather than on the opportunities opening up for America, and on the possibilities of making foreign aid of even greater value to our security in the years ahead?

Hopefully, the problems in our foreign aid program, and those in our relationship to the undeveloped countries, will not repel us back toward isolationism. I do not believe we have lost our creative instincts. Let us put on our thinking caps. Let us solve our problems. Let us seize the opportunities before us, and get on with the task at hand. The security of our country, and that of freedom everywhere, requires no less.

Mr. President, I ask unanimous consent to include at this point in the Record the statement of General Clay which appeared in the Grand Rapids Press on October 13, 1963. I also ask unanimous consent to include an editorial from the Detroit News—October 28, 1963—on making greater use of the international financial institutions for economic development.

There being no objection, the statement and editorial were ordered to be printed in the Record, as follows:

[From the Grand Rapids Press, Oct. 13, 1963]

Clay Opposes Aid Cuts—Sees Danger for Free World in House Action

(Editor's Note.—The Committee To Strengthen the Security of the Free World earlier this year made certain recommendations on U.S. foreign aid, based on an intensive study of the question. But the House ignored the committee's suggestions and made drastic cuts in the proposed budget. Gen. Lucius D. Clay, chairman of the committee, here explains some of the dangers he sees in the House action.)

(By Lucius D. Clay)

Our Committee To Strengthen the Security of the Free World, in its comprehensive examination of the aid program earlier this year, found in the words of our report what every American President has found since the program was first started: that a sound foreign aid program "is essential to the security of our Nation and necessary to the exercise of its worldwide responsibilities."

In the belief that it would contribute to the continuance of the program on a sound basis, our report did recommend certain reductions which we thought would improve its effectiveness while reducing its cost. However, the report stressed the importance of these cuts being made over a period of several years to avoid drastic consequences and cancellation of commitments entered into in good faith.

By and large, the recommendations which we had made were closely paralleled by many in the report of the House Foreign Affairs Committee to the full House of Representatives. Indeed, this committee made somewhat greater cuts than were embodied in our suggestions. Nevertheless, its considered recommendation for an authorization of $4.1 billion, which was in itself $400 million below the President's request, was slashed by $585 million to $3.5 billion on the House floor.

I believe that the larger cut is a threat to vital U.S. interests abroad, and I am disturbed in particular by the reductions in the Alliance for Progress and for the military assistance program.

In proposing the Alliance for Progress, the United States undertook solemn commitments in the Charter of Punta del Este to provide external support to the self-help efforts of the Latin American countries. While it is likely that some of the Latin American countries will not be able to realize the goals essential to maximum support by the United States, many of them are making real progress. While only those funds justified by this progress will actually be made available, it would seem to me that the United States must be in a position to sustain its commitments to the full extent that would result if Latin American performance were satisfactory.

A failure to authorize the appropriation of funds which would meet this commitment would be taken by many as evidence of our lack of sincerity. Moreover, if the reduction stands, fewer funds would be available this year than were appropriated last year when the Alliance was moving less rapidly than it is today. Certainly, political stability on this continent is highly desirable, and such stability can develop only to an atmosphere of economic improvement. If the Alliance for Progress does not provide this atmosphere, I know of no other way to proceed, and it seems to me that it justifies our full support as long as it holds promise.

I also believe that the House has made much too sharp a reduction in the military assistance program to be accomplished in 1 year without encouraging damaging results to the security of the free world. Certainly, our policy of supporting the defense establishments of free nations adjacent to Communist countries has prevented the political penetration which was so successful in taking over the countries of Eastern Europe. It is also clear that the defense establishments in many of these countries are beyond their economic capacities. Admittedly, cutbacks in this program are possible—over several years. Immediate forced reductions could require rapid deterioration in military forces with consequent political disturbances in several of the countries now receiving military aid from the United States. In point of fact, we might well reduce the resources of our own defense budget rather than to discontinue or to sharply reduce the support which makes possible the contribution of the foreign military forces to the security of the free world.

Thus, and particularly in these specific programs, I believe the cuts enacted by the House to be excessive. If allowed to stand, the damage they would cause would have its effect on future years, even if not immediately apparent. The Senate has, of course, not yet acted on the authorization bill, nor has the Senate Committee on Foreign Relations as yet reported to the Senate.

However, there is not much time left to consider carefully the extent of this year's program and to be sure that it represents a sound and balanced contribution to our national security and to the execution of our foreign policy. False charges, valid criticism, and general indifference may have obscured, and even overshadowed, an appreciation of the value of our foreign aid program. It can be carefully and gradually reduced, barring extraordinary developments. Nevertheless, real progress is being made both in improving the administration of the program and in directing funds to countries and projects which offer optimum return. This is the proper way to improve our foreign aid program rather than to take the risks involved in too great a cut in 1 year—a cut which might well negate really successful efforts in many parts of the world.

[From the Detroit News, Oct. 28, 1963]

Shift in Aid Urged

Even their best friend in Congress is now telling foreign aid administrators what is wrong with their programs.

Foreign aid's best friend has been the Senate Foreign Relations Committee, which now has recommended that loans for economic development be made by international agencies such as the World Bank rather than by the U.S. Government alone.

In making this recommendation, the committee endorsed the views of Eugene Black, former World Bank President. He believes World Bank officials could exercise more influence over the use of a loan because they would not be suspected of ulterior motives. World Bank officials also could be more insistent on sound terms and could make their lending conditional upon greater efforts by the recipient country itself.

The committee itself felt that the shift from bilateral to multilateral lending would tend to put a greater burden of foreign aid financing on Western European countries. They have been spending more for foreign aid, but their $2-billion-a-year total still is well below their capacity, in the committee's view.

Despite its criticism of present foreign aid loan practices, the committee recommended a $4.2 billion foreign aid authorization for the current year. That compares with the $3.5 billion authorization voted by the House and the $4.5 billion asked by the President. The authorization, when finally passed by both Houses, will serve only as a ceiling, and the appropriation bill still will have to be passed.

Since the Government already is almost 4 months into the current fiscal year, the committee's recommendation for the internationalization of foreign aid loans may have come too late for action at the current session of Congress. But it is a good recommendation that ought to be implemented as soon as Congress can get to it.

OIL CONTRACT NULLIFICATION

Mr. MONRONEY. Mr. President, on Wednesday, my distinguished colleague from Iowa [Mr. Hickenlooper] spoke to us at length on the attitude of the Argentina Government toward foreign oil companies, and outlined to us the manner in which his amendment to the Foreign Assistance Act is being strengthened in this year's bill.

I spoke at that time to indicate my support of the additional language to make sure that assistance is suspended in cases of what has been called creeping expropriation. My colleagues from the Foreign Relations Committee made it clear that the law we are considering will cover the Argentine oil contract nullification case, if nullification is carried out, to suspend foreign aid and other funds.

The Senator from Iowa, who has made a great contribution in his study of this subject, assured the Senate, in answer to my questions, that the amendment applies for the Alliance for Progress as it does to other AID programs.

Interest in our action here is evident among citizens all over the country. The Tulsa World, in Tulsa, Okla., carried an excellent editorial in its November 12 edition on this subject of Argentine attitudes toward foreign oil companies, and urged us to revise last year's amendment. I am glad to be able to inform them that the bill this year is even stronger than we passed previously. I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

False Pride in Argentina

Most Americans north of the border find it hard to understand the attitude of the Government of Argentina headed by President Arturo Illia.

The Illia regime seems determined to cancel its contracts with all foreign oil companies in Argentina. The action would directly affect a number of U.S. firms with an investment estimated at $397 million.

The Government promises to protect legitimate rights, but Argentina will determine what those rights are. The oil companies can hardly be reassured by this kind of pledge.

Illia states no specific objections to the contracts. But he ran for office on a promise to annul them, and he is apparently going to keep his word, regardless of the international consequences.

The stakes in Argentina go far beyond the interests of the oil companies. The U.S. basic concept in the 20-nation Alliance for Progress is clearly involved.

One of the main goals of the Alliance is to encourage private investment in the Latin American countries, where the flow of American aid is intended to stimulate the local economy. All the Latin countries need foreign capital, and that certainly includes Argentina, a nation that has complained in the past it was not getting American aid fast enough.

What kind of effect can the Illia government expect its oil contract annulment to have on present and potential investors in Argentina? The answer is obvious; the action is bound to throw a chill over any plans to bring private money into the country.

The United States does not approve of the Argentine Government's attitude, but Under Secretary of State Averell Harriman doesn't seem able to change Illia's mind. So what do we do about it?

We suggest that one place to start showing U.S. displeasure is Alliance for Progress funds. Why should our Government continue to spend Alliance funds in behalf of a country that is summarily undermining American investments?

The principal purpose of the Alliance is not to protect the chestnuts of private American companies. But neither is our Government obliged to pour tax money into countries that are long on accepting the benefits of the Alliance but mighty short on assuming its obligations.

The Latin Americans are proud people. Understandably, they do not like the role of beggars; they want some say-so in how foreign aid money is spent in their countries.

But the United States has some feelings, too. For one thing, we object to anyone who accepts our friendly aid money and responds by kicking us in the teeth.

If we continue to shell out in the face of such ungracious conduct, will not the other Alliance countries feel free to do the same?

Last year an effort was made in Congress to tie a little "if" to the foreign aid program, holding back aid from countries that reached out to gobble up U.S. investments. Maybe it's time to revive that amendment.

ANNOUNCEMENT OF MEETING OF THE COMMITTEE ON BANKING AND CURRENCY ON NOVEMBER 20

Mr. ROBERTSON. Mr. President, I wish to announce that the Committee on Banking and Currency will hold hearings, in accordance with the recent unanimous-consent agreement, on the bill S. 2310, introduced by the Senator from South Dakota [Mr. MUNDT] to prohibit any guarantee by the Export-Import Bank on any other agency of the Government of payment of obligations of Communist countries. These hearings will be held in room 5302, New Senate Office Building, beginning at 10 a.m., on Wednesday, November 20, 1963. All persons who wish to appear and testify on this matter are requested to notify Mr. Matthew Hale, chief of staff, Committee on Banking and Currency, room 5300 New Senate Office Building, Washington, D.C., telephone number Capitol 4-3121, extension 3921, as soon as possible.

Mr. President, I have admiration, fondness, and respect for the Senate leaders. They are two splendid men—the Senator from Montana [Mr. MANSFIELD] and the Senator from Illinois [Mr. DIRKSEN]. When they united in calling me today to ask whether I would cooperate with them in having prompt hearings on a bill that embodied the Mundt amendment, which I fully supported, and asked our committee to report back to the Senate on November 25, and gave assurances that if the bill were reported to the Senate on the 25th it would be given priority. I agreed to do so. Hence my announcement.

But, Mr. President, in my opinion the bill embodies a very important principle. We have been giving aid to 107 nations in the world.

The bill that the Senate will shortly pass contains a prohibition against any aid going to any Communist country, except for a hospital in Poland and the Public Law 480 program in Poland and Yugoslavia.

The Mundt amendment proposed that we should not give aid to Communist countries that wished to buy on credit through the Export-Import Bank. That is what the bill S. 2310 is about. It is a vital bill.

I expect all members of the Committee on Banking and Currency to be present on November 25 so that we can legally act on the bill and report it either favorably or unfavorably. I welcome this opportunity to commend our majority and minority leaders.

Mr. CLARK. Mr. President, I shall detain the Senate no more than a very few minutes. I have hitherto remained silent while the debate went forward on the bill. I wish to make a brief record of my position. I shall vote for the bill, which I fear has been badly crippled by the Senate. Many amendments with which I find myself in accord in principle have been adopted. I believe we should look hard and long before we give another dollar of aid to Nasser. I think we should look hard and long before we give another dollar of aid to Sukarno. But I fear that in the straitjacket in which a number of the amendments have placed the President it will be difficult indeed for him to have the flexibility needed to conduct our day-to-day foreign policy as the Constitution intended that he should.

I believe it is the right of the Senate to lay down broad legislative mandates in the field of foreign policy. Indeed, that was contemplated by the Constitution. I therefore have no quarrel with many of the new indications of policy which appear in the bill. In fact, I support most of them. I say again, as I said last night, that I deplore the effort of so many of us to be our own little individual secretaries of state and impinge on the right of the President and the Secretary of State to conduct foreign policy day by day, and to write in inflexible restrictions on the power of the President to conduct our foreign policy.

I deplore also the action of the Senate—and, indeed, the action of the leadership—in cutting back from $4,200 million to hardly more than $3,500 million the authorization in the bill.

I should like to have had an opportunity to vote for the original figure of $4.2 billion proposed by the Foreign Relations Committee. I regret that I had no such opportunity. That does not mean that I do not think that in due course we should taper off the program.

I am opposed to military aid for Latin America. I am opposed to military aid for NATO allies who can well support their own situation.

I wonder why we did not have the courage to cut back aid to Chiang Kai-shek. I wonder why we did not have the courage to take some of the aid out of South Korea. Those are the places we should be looking into. Instead of that, we do it by indirection. We cut aid back to some of our friends with the thought that the only way the President can find the money to give them what they need is to take it away from some of the areas in which we should have the political courage to stand up and say, "You do not need it there."

Mr. President, I shall support the bill with a fairly heavy heart. I hope that by next year the administration will have found a formula by which this great and generous country can pay an infinitely small percentage of its gross national product to countries less fortunate than we are, to countries in need, to countries that we hope to save from the yoke of communism. My hope is that can be worked out. I also hope the conference will show more wisdom than, in my judgment, was shown by the Senate.

I shall vote for the bill.

Mr. HUMPHREY. Mr. President, I shall be brief. Let me point out that in the final moments of consideration of this bill we find ourselves in a most paradoxical and ironic situation. I believe that in Mr. David Bell we have as able an administrator of the foreign aid program as any we have ever had. As administrator, he presides over the program at a time when it is receiving its most bitter and severe criticism.

The program was reorganized in 1961 at the behest of President Kennedy. Following the enactment of the 1961 foreign aid program, a new effort was made for the recruitment of new personnel—experienced and knowledgeable administrators, assistant administrators and mission chiefs. I should like to go on record as saying it is my conviction, after careful on-the-spot examination, in country after country, that we have dedicated, able, and conscientious people in the AID program to a degree such as we have never had since the days of the Marshall plan.

Mr. President, I am pleased with one development in the debate on foreign aid. We have strengthened the role of private enterprise in the foreign aid program. This was long overdue. We have invited into the oversea economic and technical assistance program the real muscle, the real strength, the real know-how of

America, which is the private enterprise free economy system. For this we are indebted to many Senators, who have been critical of the bill but who have offered constructive amendments.

I was happy to join with some of those Senators in aiding the adoption of those amendments.

We find ourselves in another paradoxical situation—at the time this country is approaching a $600 billion a year economy, we are retreating, and retrenching in our oversea commitments.

This is the smallest foreign aid authorization ever adopted by the Senate since 1948. At the time our gross national product is the largest, at the time that we have the greatest commitments in the world, at the time we are beginning to see some signs of victory for the side of freedom, we are retrenching.

We retrench at the time the Soviet Union and its satellites find themselves in difficulty, economically and politically. It seems to me that what we should be doing is pouring on the coal, so to speak, redoubling our efforts, harnessing our resources, and making up our minds that we have a great opportunity.

Mr. President, I know reforms are necessary. Some of those reforms have been outlined in the committee report. I am going to file for the RECORD a statement as to what I believe would be constructive reforms in foreign aid—not reforms that will diminish our effort, but reforms that will accelerate and intensify our effort. One of those reforms, which I believe is vital, relates to the matter of bringing in other nations to help us provide economic assistance to help underdeveloped areas, by using the contract form with private groups and with the established Government agencies, which we call the domestic agencies of our Government.

Mr. President, I hope Senators have read the morning press. Despite 3 or 4 days of really disturbing news from Brazil, we now find that the program which our Government supports has won the overwhelming support of our Latin American neighbors.

The bad news that claimed the headlines for a week are in the ashcan. America's proposal—the proposal of President Kennedy—at the São Paulo Conference for an overall supervisory committee has been adopted, Brazil and Argentina to the contrary notwithstanding. These are things that we said would happen, and I believe we should let this vote on foreign aid be an expression of our confidence in our program.

TECHNICAL ASSISTANCE FOR HEALTH IN THE MUTUAL SECURITY AUTHORIZATION BILL FOR 1964

Mr. President, I should like to express a few words with respect to one of the technical assistance programs which is authorized in the foreign aid bill.

I refer to a program in which I have been especially interested down through the years—technical assistance for health.

The actual dollar outlay for this purpose represents only a tiny proportion of the total funds in the bill pending before us.

POINT 4 TYPE GRANTS AND LOANS FOR HEALTH

In the 1963 fiscal year, the Agency for International Development spent around $36 million in grants for health; in the 1964 fiscal year, it will have spent around $45 million for point 4 type health assistance.

In addition, during these 2 fiscal years, AID health loans for public water and sewerage projects were and are $95 million and $112 million, respectively.

HEALTH AID IS RELATIVELY NONCONTROVERSIAL

This is money well spent. Probably no single item in the entire multibillion-dollar aid program is more universally esteemed and less controversial than aid against mankind's ancient foes of disease and disability.

At this very time in Chicago, Ill., a second conference on international health is being held under the auspices of the American Medical Association. The American Medical Association had kindly invited me to this important meeting, but Senate duties, of course, prevented my being there.

The conference signifies, however, the deep, nonpartisan interest of the medical and of allied professions—nursing, dentistry, pharmacy, sanitary engineering, and so forth—in oversea health assistance.

CAPITAL RESOURCES AND HUMAN RESOURCES

Year after year, I have urged that increased attention be paid to all forms of technical assistance to education, to agriculture, and health.

Year after year, however, there has been a tendency—I must say very frankly—to keep assistance for human resources relatively low and to maximize assistance for capital resources.

Economists, particularly, tend to think that foreign aid can best launch developing countries into self-sustaining growth by sponsoring such "brick and mortar" projects as new roads, powerplants, steelmills, other forms of factories, and the like.

There is no question but that, from an economic standpoint, gross national product can indeed be most spectacularly increased by aid for capital-type projects of this nature.

From a human standpoint, however, we cannot afford to lose sight of the importance of aid to the human beings who are now living and who, in so many instances, are now suffering and dying.

A careful balance is necessary, therefore, between aid for capital improvements which do generate national income and aid for human beings who are, after all, a nation's most important asset.

Certainly, capital loans for clean water and for sound disposal of waste represent a good blend of economic human aid.

I am delighted, therefore, that AID is supporting more water and sewer programs in the interest of combating the infectious diseases which are bred by unsanitary conditions.

REGRETTABLE CUT IN NUMBER OF HEALTH TECHNICIANS

It is a curious fact, however, that at the very time that AID is soundly increasing its water-sewer loans, it is cutting down its point 4 type health personnel from 372 technicians to 334 in the 1964 fiscal year. This means, for example, fewer sanitary engineers to supervise the loans for sanitary projects.

This cut is, very candidly, neither good economics nor good health practice. Water and sewer projects do not get built well or function well if construction and operation are not properly supervised by competent people, right on the scene.

I hope, therefore, that AID will see its way clear toward sending not only adequate money, but adequate numbers of well-trained men and women to supervise and to work on health projects, in cooperation with indigenous health teams.

DISTURBING SLASH IN LATIN AMERICA

I should like to say further that the figures which I have quoted earlier are worldwide estimates.

In one particular region the estimates, when broken down, prove actually disturbing. In Latin America, of all places, the one region where U.S. interest is paramount, the number of point 4 type health assistance projects is being slashed from 101 in the 1963 fiscal year to only 43 in the 1964 fiscal year. This slash cannot be justified, in my view.

It seems to represent the views of economists who are more concerned with monumental engineering projects for tomorrow than with the plight of human beings, living today.

The needs of tomorrow must certainly be attended to, but people are sick today, are dying today, and need medical assistance today. These people are interested in what their government and our Government are doing for them and for their children now—not just tomorrow.

I can well understand the thinking of AID on the difficult problem of allocation of relatively limited resources.

DANGER IN HOUSE SLASH OF OVERALL FUNDS

I point out, too, that if the House's unfortunate slash in AID funds is not altered in conference, the reduction in health aid will become even more severe.

I hope and believe that this will not occur. I earnestly ask our colleagues in the House to give their most thoughtful review to this problem.

NEED FOR PUBLIC HEALTH SERVICE COLLABORATION WITH AID

There is one further phase of oversea health aid to which I should like to refer.

It is a phase on which the Senate Government Operations Subcommittee, of which I am chairman, has particularly specialized. I refer to interagency coordination.

Ever since 1958, this Subcommittee on Reorganization and International Organizations has insisted on closer coordination between the foreign aid agency—that is AID—and the so-called domestic agency which has the foremost technical competence in the health field—the U.S. Public Health Service.

Although this idea seems relatively simple, although it has always been accepted, at least in theory, because it is so unassailable, in point of fact, it has never been adequately implemented.

Often, as a result, AID has found it virtually impossible to fill vacancies in principal health posts in key countries.

Public Health Service officers have sometimes felt that their acceptance of an oversea AID assignment might prove a detriment, not an aid to their own ultimate career development. And there have been other interagency shortcomings as well.

TRIBUTE TO HEALTH PROFESSIONALS

Notwithstanding these conditions, I want to say that this Nation can be proud of the humanitarian accomplishments overseas by federally employed doctors, nurses, malariologists, pharmacists, and other members of the health team, just as it can be proud of aid rendered by nongovernmental groups like CARE, Medico, Project Hope, medical missionaries of various religious faiths, and other private sources.

ABLE TOP TEAM AT AID

From the standpoint of the U.S. Government, the time for improved teamwork is nonetheless long overdue.

Fortunately, as AID's Assistant Administrator for Human Resources, serving with the able Administrator, David Bell, there is a very competent physician in charge, Leona Baumgartner. This distinguished doctor has a long and outstanding interest in public health measures, at home and abroad.

I do not have the slightest doubt but that Dr. Baumgartner seeks to work out the closest collaboration with the U.S. Public Health Service and with private organizations. However, the sometimes rigid mechanisms of the Agency for International Development have tended to discourage greater initiative and responsibility on the part of other Federal agencies, such as the constituent units of the Department of Health, Education, and Welfare.

Here, I refer to both medical and nonmedical units of HEW; that is, to the U.S. Office for Education, for example.

What I seek is to encourage the domestic U.S. agencies with technical assistance competence—for example, in such fields as in housing, agriculture, and so forth—to become genuine partners—in fact, not merely in name—with AID.

NEED FOR A CAREER POOL OF EMPLOYEES

Such cooperation and coordination is in the interest of both economy and efficiency. For example, in health, the U.S. Public Health Service has the best trained experts in the executive branch and the best access to still more of the best experts in private life, in schools of public health and elsewhere. Meanwhile, AID has the mandate and at least limited funds to assist in health.

A happy union of the two is indispensable. By "union," I refer to the establishment, in effect, of a unified pool of career medical experts who could serve not in one agency, but in all agencies with health activities—the Peace Corps, AID, NIH, other units of the Public Health Service, Defense Department programs overseas, and so forth. They would rotate as the needs of the Nation and as their professional interests made advisable.

Some small progress has been made toward this goal. But it has been "too little and too slow."

AID and the State Department need not surrender in the slightest their basic obligations for policymaking and policy supervision. But they should not try to do, in day-to-day technical management, what the so-called domestic U.S. agencies are far more competent to do.

Oversea health aid requires, in the final analysis, not only money, equipment, and other physical resources—it requires trained people. There is certainly not an unlimited number of American citizens with adequate training in public health type skills who are willing or able to take oversea assignments for 2 or 3 years at a time and who are effective in working with foreign nationals.

We need more such Americans and we need to make the best possible use of those we already have.

Similarly, we need to give every possible encouragement to the much larger number of American professionals, skilled in medical specialty services like surgery, ophthalmology, cardiology, neurology, and psychiatry, to accept temporary assignments with private organizations, to serve abroad. Survey after survey has shown that literally thousands of private M.D.'s are indeed willing to serve in developing countries for at least short periods. The necessary modus operandi for tapping this great talent must be worked out.

OUR ASSETS FOR OVERSEA HEALTH

We can do so. We must do so. There is no reason why we should not do so. There is every reason why we should do so.

We have a great U.S. Public Health Service. We have a dedicated organization for foreign aid—AID. We have an outstanding multilateral organization—the World Health Organization—whose regional collaborator is the famed Pan American Health Organization. We have enormous interest among private professionals and laymen.

We have an American Council of Voluntary Agencies for Foreign Service, uniting the major religious and nonsectarian aid groups. And we have other outstanding assets to do the job.

The job must be done—not just in the teeming cities, with their crowded slums, but in the hinterland, in the countryside, in the jungles, in the mountains, in the tiny villages which have never seen a doctor or drunk clean water or been free from disease, infected flies or snails or mosquitoes or other carriers.

HELP NOT JUST TO "COMBAT COMMUNISM" BUT TO FULFILL OUR IDEALS

Finally, it is my hope that we will render technical assistance in health to a greater degree—not because we are concerned that the desperate native masses will turn to communism, but because it is morally and ethically sound that we do so.

No people has acted from greater humanitarian zeal that the American people. No nation in all of history has done more or wanted to do more to relieve human suffering than has our Nation.

We do so because it is in our nature, our character, our tradition; it is part of all of the religions by which we worship.

I serve notice, therefore, of my continued intention to help make certain that these objectives which I have expressed, time and time again, will receive appropriate attention by the Agency for International Development, by the Department of State and the U.S. Public Health Service.

FOREIGN AID NOW CONDITIONED ON PERFORMANCE

Mr. President, what kinds of conditions are now being agreed upon by the United States and the recipient governments, and how do these conditions work?

There are two categories of conditions. First, there are conditions based on the performance of an entire country, and applied to all aid programs and projects in that country. Second, there are conditions for specific programs or projects in a country, even where the country as a whole does not have to take certain agreed upon self-help steps.

Under the Charter of Punta del Este, which established the Alliance for Progress, every country in Latin America is committed to undertake certain self-help measures. It is explicitly recognized in the charter that U.S. assistance to Latin American development will be conditioned upon the necessary structural reforms and measures for the mobilization of internal resources on the part of recipient countries.

The recent United States-Brazilian agreement, which conditions further U.S. aid to Brazil upon the taking of certain steps by the Brazilian Government, was made in accordance with the charter. Under this agreement, which is the first of its kind, Brazil was to—

First. Increase revenue by reforming the tax system, as well as improve tax collection and administration.

Second. Reduce Government budgetary deficits by eliminating subsidies on wheat and petroleum, eliminating deficits on publicly owned enterprises including transportation and power systems, and curbing public pay increases.

Third. Control inflation by limiting the expansion of credit by the banks, by establishing better central banking machinery, and by appealing to unions and businesses to hold the line on wages and prices.

Fourth. Reduce the balance-of-payments deficit by establishing a realistic exchange rate and by adopting specific measures to increase exports.

Fifth. Stimulate economic growth by adopting measures to encourage outside private investment.

Sixth. Increase agricultural growth and productivity by seeking a broad program of agrarian reform.

In addition, it was understood that Brazil should arrange with the International Monetary Fund to defer payment on an IMF obligation, as well as secure a standby arrangement under which the IMF would make temporary credits available to offset Brazilian export losses. It was also understood that

Brazil would secure additional aid from other free world countries.

In several other cases development loans for Latin American countries have been made contingent upon acceptable arrangements with the International Monetary Fund for exchange rate reform and an economic stabilization program.

One example is the recent $35 million development loan to Chile which is conditional upon a satisfactory stabilization program. The loan will be disbursed at a rate corresponding to the rate of Chile's budgetary performance. Better budgetary performance will speed up the rate of loan disbursement, and vice versa.

In some cases there is a condition that the borrowing nation secure aid from other donor nations before the United States will promise assistance. A stabilization loan for Egypt, and the consortia arrangements for Pakistan and India, and more recently for Turkey, are examples of this type of condition.

There are numerous examples of specific types of conditions required by the United States on development grant and development loan projects.

In one Middle East country the government undertook to reorganize the port administration, to establish separate organizations for the goods handling and customs functions, and to finance the timely completion of complementary requirements such as connecting roads. Management, organizational, financial, and budgetary arrangements for the port satisfactory to the United States were made conditions of an AID loan.

In another Middle East country, specific conditions were set forth in a U.S. loan made for the purchase of construction equipment. Because several government departments were involved, one condition of the loan was that a new central agency be established to handle the equipment. Employment of qualified foreign advisers and the establishment of an acceptable spare parts and maintenance system were other conditions of the loan.

A home savings program in a Latin American country requires that the U.S. contribution of $7.5 million to the savings bank be matched, and that there be established a National Housing Institute to administer the program.

Conditions to insure repayment of U.S. loans, including government guarantees of loans to private or semipublic institutions, are common practice. In one such case, the United States insisted upon the financial reorganization of a truck company to open up prior mortgage bonds so that AID would be ratably insured, the sale of common stock rather than of senior convertible debentures as proposed by the company, establishment of a ratio of debt to net worth not to exceed 2 to 1, and a limitation on dividend payments.

A normal condition of cost sharing between the United States and a recipient country in a grant project is exemplified by a recent work relief project emphasizing rural reconstruction. Under this agreement, the United States provides surplus agricultural commodities for food, hand tools and equipment, Soil Conservation Service specialists and junior level technicians, and the cooperating government guarantees the provision of cash wages for 60,000 workers.

Establishing conditions for aid is one thing; enforcing those conditions, especially when political considerations are involved, is another. Flexibility in enforcing foreign aid conditions is just as essential as flexibility in enforcing the conditions of a commercial contract. Up to a certain point, exigencies must be taken into account. The problem, of course, is knowing where to draw the line.

In agreements on conditions, especially those involving an entire country program, it would be a mistake to expect the line always to be drawn where it was marked out originally. But allowing for reasonable adjustments, it is reasonable to expect conditions to be carried out, as nearly as possible, as agreed upon. Otherwise agreements on conditions will not be taken seriously.

The difficulty in carrying out conditions while at the same time serving broader foreign policy interests can be seen in the case of Brazil. U.S. aid to Brazil is being held up at the moment because the Government of Brazil has not met the conditions agreed upon earlier this year. Since the Brazil-United States agreement was signed, the Brazilian Government has done little, in fact, to live up to its pledge. Inflation increased by more than 25 percent in the first half of 1963, and probably will increase by more than 50 percent before the end of the year. The Government of Brazil has loosened rather than tightened credit. The Brazilian budget deficit has gone up rather than down. Government pay raises, rather than being held to the announced 40 percent, have been increasing by 70 percent.

What happens next? From the standpoint of general foreign policy considerations, Brazil must not be allowed to flounder. If the enforcement of conditions on our aid program were predicted to have that effect, it would be very difficult to make the conditions stick. On the other hand, if the conditions are modified to the point of being substantially softened or virtually removed, it would be very difficult in the future to persuade any government to live up to its commitments. The answer may lie somewhere in between. But even if there should have to be some adjustments in the original agreements—and they certainly should be kept to a minimum—we will at least have made a start on establishing, together with the host government, performance standards for a country receiving U.S. assistance. This is one of the most encouraging improvements made in foreign aid since the new program was established in 1961.

EFFECTIVE FOREIGN AID—PEOPLE-TO-PEOPLE TECHNICAL ASSISTANCE

Mr. President, a key element of the U.S. foreign aid program is the technical assistance effort going forward in many emerging countries around the world. In some 21 countries technical assistance constitutes almost our entire foreign assistance effort. In other countries it is carefully coordinated with other forms of assistance to insure that our help gets to the people.

In many countries a small number of devoted Americans are working among the people to transfer American know-how and skills. They are not living in luxury as is often charged. Rather, they are working side by side with the people of the developing countries getting a job done. It is a challenging, often frustrating profession.

These are people from the backbone of America—from Vermont, Indiana, California, from all over the United States. These are people with the kind of pioneering spirit which built America.

Because of them, and the rest of our aid effort, U.S. foreign assistance is reaching the people of the underdeveloped world. It is making a constructive impact.

The evidence of this impact is not often dramatic. Nevertheless, change is occurring at an increasingly rapid pace. For every constructive change in the traditional way of life that is visible, there are many others that are spreading more slowly but which will ultimately transform the society of the underdeveloped nations in the decades to come.

It is clear that if there is to be substantial development in these nations it will have to come from changes generated and accepted within the framework of their own societies. This is what self-help really means—not simply that we would like to have developing nations pay a fair share of the cost of development, but rather that we and they realize that lasting development must be built from within.

It is within this framework that U.S. technical assistance plays such a basic and vital role. Technical assistance helps the individual in an underdeveloped country to help himself and to help build his society. It enables the campasino, the peasant, the tribal farmer to adapt the technical know-how and expertise of the modern world to the realities and confines of his own primitive conditions.

Modern communications, independence, the education of a few native leaders are causing an awakening in the developing countries. In some places it is an emotional demand for modern social legislation or educational facilities; in other places it is a less articulate but no less pressing demand for improved health practices or for the right to own the land that the people work; in still other places—perhaps the majority—it is a slowly growing realization that things need not necessarily be as they have always been. This, for many, is the one dynamic new idea: That change is possible; that the pattern of life of the last 2,000 years need not be the pattern of life for the next 2,000 years.

American technical assistance is helping to insure that the changes which will inevitably occur in the developing countries are changes for the better; that all people share in the opportunity for a better life.

How effectively are we achieving this goal? Let me give you a few examples from one area of our foreign assistance program—agriculture. These examples could be repeated many times in other areas such as public health and education.

In Nigeria, 170,000 farmers will be reached by AID assisted and trained extension workers in 1963. More than 100 Young Farmers Clubs with a total membership of more than 7,000 Nigerian youth have been organized under the guidance of a single AID technician.

In the Sudan, 325,000 people are being reached this year by agricultural extension programs sponsored by AID.

In South Korea, counterpart funded loans from members of the National Agricultural Cooperatives Federation provided more than 724,000 individual agricultural credit loans for crop production during 1962. Fifteen thousand loans were made to village cooperatives to assist in procurement of materials and marketing.

In Ghana last year, 180,000 farm families were reached directly by AID-sponsored agricultural extension farm programs. These programs included demonstrations and training in livestock development, vegetable production, construction and use of minor irrigation works, and the uses of fertilizer and pesticides.

In Turkey, 31,000 of the total of 40,000 rural communities will be reached this year by AID trained and assisted agriculture extension workers. In the last 2 years, 246,000 new acres of farm land have been prepared for irrigation. Almost 17,000 potential farm leaders from 3,500 villages have received water and soil conservation training under a program financed by Public Law 480 commodities.

In Chile, 215,000 farmers were reached last year by AID-sponsored extension activities. Twenty rural training centers are reaching 2,000 students each year in basic agricultural techniques.

In Taiwan, 80,000 agricultural credit loans were made last year under the sponsorship of AID-supported National Agricultural Cooperatives Federation; 637,000 farmers are benefiting directly from AID-generated farm and home economic extension work. More than 80 percent of farm families in Taiwan are now being reached by extension workers.

In Vietnam, in the midst of a shooting war, rapid strides are being made in increased agricultural production—300,000 people are being reached by extension work in basic agricultural techniques. A million and a half people have been reached by a plant production program designed to provide training and demonstration in the protection of plants and harvests from rodents and insects.

These specifics are impressive and I am afraid not very well known; but they are not unusual. They are typical of the way in which the U.S. foreign assistance effort is getting directly to the grassroots of the developing nations.

Our foreign aid program is effective; it is doing a job.

This is no time for us to slacken our efforts.

I urge that the Senate approve the Foreign Assistance Act as reported by the Foreign Relations Committee.

WHY DID AID NOT USE ALL ITS FISCAL YEAR 1963 ALLIANCE FUNDS?

Mr. President, development loans make up the major AID contribution to the Alliance for Progress. Over $340 million in development loans was used in fiscal year 1963. Total commitments for development loans and grants were $465 million.

It was and is impossible to state precisely the need for loan funds. The level of the Alliance lending program is contingent upon many factors. Most are beyond the control of the United States. The uncertainty stems from the fact that no lender, no bank, can predict the amount it will lend in the future and still remain a sound institution.

Based on the most careful analysis of the probabilities, AID has stated that it will need a minimum of $550 million for new development loans and $100 million for development grants this year. This amount is designed to meet the Latin American countries' increasing need for marginal external assistance as the Alliance progresses.

AID's commitment of development loan funds for the Alliance in fiscal year 1963 gives us a clear idea of how the program operates. Two years of Alliance experience back up the method, which has to meet two key U.S. objectives. These involve the assurance that the self-help and reform requirements of the Alliance must be met and, at the same time, the need to capture the confidence and imagination of the Latin American people.

AID, therefore, has acted on these principles: First, it has refused to commit or spend unless convinced that the outlay is clearly in the U.S. national interest, promoting development and freedom in Latin America; and, second, it has been prepared to offer assistance whenever a Latin American nation initiates the social and economic changes the Alliance calls for. On a per capita basis, countries like Chile, El Salvador, Colombia, and Panama received much more aid than did Paraguay or Haiti, for example.

In fiscal year 1963, aid was concentrated in the countries which performed. It was reduced or held up where self-help and reform efforts were shunned or lagging. You will recall that the United States spent almost nothing in Peru. Funding for Brazil and Argentina was much lower than expected. Brazil had not met her self-help commitments, nor had it reached the stage of political and, particularly, financial stability which would make worth while all of the lending which was previously estimated. Argentina's political problems prevented any clear focus on development.

This year, Peru's new constitutionally elected Government has put that hitherto politically stagnant country on the Alliance road to reform. Argentina has a constitutionally elected government and the prospects are good for stability after a year of turbulence. Further development opportunities are evident in Central America and Chile, among others.

AID's development lending operations, like those of a bank, depend a great deal on mutual confidence. The United States has not assumed the posture of a hardhearted lender. Congress has placed tight restrictions on AID loan procedures, however. The loans must reflect careful feasibility studies and a clear capacity for repayment. AID, therefore, has acquired many aspects of a full-fledged banking operation. It has, moreover, insisted that the Latin Americans live up to their own commitments on reforms. If we did not do so the money we lend would neither benefit the borrower nor further our Alliance objectives. On the other hand, to raise hopes and aspirations, to achieve worthwhile bootstrap efforts and then not be able to back them up with marginal external lending causes a loss of confidence among our Latin American neighbors and a sense of alienation from the Alliance.

Right now, today, finance minister and development experts from the Alliance countries are meeting in São Paulo, Brazil. This meeting of the Inter-American Economic and Social Council is devoted to an analysis of reform efforts, to methods for improving the administration of the Alliance, and to strengthen that spirit of mutual confidence which is the true revolution in this hemisphere over the past 3 years.

The democratic leaders in Latin America today count on us. At the very moment when they have gained confidence in us and are exposing themselves to grave political hazards in the firm expectation of timely and effective support from the United States, we must come through.

THE FOREIGN AID BILL HAS BEEN GREATLY IMPROVED BY THE SENATE

Mr. **GRUENING**. Mr. President, I wish to pay tribute to the majority leader [Mr. MANSFIELD] for the wise and skillful manner in which he handled the debate on the foreign aid authorization bill. The action of the Senate on this bill was tantamount to the Senate acting as a Committee of the Whole in working its will upon the bill. It was an operation which I hoped to avoid by supporting the motion to recommit. When that motion failed, there was no alternative but to rework the bill right here on the floor of the Senate.

That we have now done.

The guidance of the majority leader in that action was eminently successful and has now produced a bill which, in my opinion, is a much stronger bill than the one reported by the Senate Committee on Foreign Relations. In reporting, even that committee in its report expressed its dissatisfaction with the bill and the conduct of the program.

I would also express my appreciation and admiration for the work of the senior Senator from Oregon [Mr. MORSE] in leading the debate on the floor of the Senate during these past weeks to strengthen the bill and thereby, we hope, the foreign aid program. His skillful, learned presentation of each point in the debate is greatly to be admired. If, as a result of the action here on the floor in strengthening the bill, the foreign aid program itself is strengthened, then the credit in no small measure must go to the senior Senator from Oregon. He astutely guided the perfecting and strengthening amendments to the bill through the shoals of opposition—opposition which, I must say, at times was blind opposition to any change whatsoever, however meritorious and justified that change might be.

Mr. President, it is my intention to vote in favor of final passage of H.R. 7885 as amended.

The cuts in the amounts authorized were relatively unimportant. It is my firm belief, Mr. President, that if action by the Congress a few years back had kept the lid on the ever-increasing authorization for our foreign aid program that program today would be in a much stronger position and would not have aroused the criticism of the people of the United States from coast to coast. If the AID administrators had been forced to count their pennies rather than their millions, they would have put the U.S. dollars where they would do the most good. The program needs greatly to supplant largess with frugality and omniscient presence with selective leadership where it counts the most.

Two amendments which I offered have been adopted and are included in the bill.

One amendment deals with withholding all aid—except the Peace Corps and Fulbright educational grants—from nations found by the President to be aggressors or preparing for aggression. This amendment should not have been necessary. For years now either the Senate has adopted "sense of the Congress" resolutions or Members have taken the floor to denounce this or that aggressor nation squandering our money to prepare to engage in aggression. But these warning signs of a rising tide of opinion on the part of the people of the United States have gone unheeded by this and past administrations. And now the Congress has acted with clarity in setting forth the guidelines of how it expects the foreign aid program to operate.

The second amendment relates to military aid to Latin American countries. This too is an amendment which should not have been necessary. There have been plenty of hints in the Congress during the past years which should have given the military program administrators clear indication that the policies they were pursuing in giving military assistance to each and every Latin American country did not follow the wishes of the Congress. However, those hints—and even some of the restrictions written into foreign assistance program authorizations—went unheeded. So, finally, there was no recourse but to write the restriction into the bill this year.

Many other amendments offered by other Senators have been adopted and should result in a much stronger bill.

Will it result in a much stronger foreign aid program? That remains to be seen.

Congress can but set down broad general guidelines describing the type of program it is willing to support. It is now up to the administrators of that program to adhere to those guidelines and steer the foreign aid program in that direction. And to those administrators I will give this one bit of advice: I for one—and I am certain there will be others—will be watching the administration of the foreign aid program closely in the months ahead to see to it that the congressional administrations are heeded. And I for one—and here, too, I know that I will be joined by many of my colleagues—will not hesitate to fight for stronger action if these warnings go unheeded.

In that connection I would point out one fact dealing with interest rates on development loans.

On November 8 I called up my amendment to increase rates of interest on development loans to the amount paid by the United States to borrow money. That amendment was defeated by the vote of 30 to 44.

On November 13 the Senate rejected a second amendment raising the interest rate to 2 percent. That amendment was rejected by a vote of 41 to 47.

The point I make in this admonition to the administrators of the AID program is just this: There are at least 41 Senators who are dissatisfied with the custom of granting development loans at three-fourths of 1 percent interest. They want it raised to at least 2 percent. So when the foreign aid authorization bill for fiscal year 1965 comes before the Senate not many months from now there will be many of us who will be watching to see whether the minimum written into the fiscal year 1964 authorization has become the maximum. If so I am certain they will be willing to join with me in an attempt once again to make these real loans rather than combined loans and grants.

Mr. President, much has been written and spoken in the past weeks about the role of the U.S. Senate in the realm of foreign policy. Much of what has been written has been hastily conceived and not thought through.

Now every foreign aid authorization bill has contained restrictions on and directives to the Executive in administering the foreign aid program. If this were not so, the foreign aid authorization bill could be expressed in a single paragraph such as the following:

> There is hereby authorized to be appropriated the sum of $—— for the fiscal year —— to be used for carrying out a foreign aid program.

Some who have spoken and written on the role of the Senate seem to set such a wide open authorization as their goal.

With the advent of the AID program as an instrumentality of U.S. foreign policy, the Congress—which alone can appropriate funds—has become—whether it wants to or not—truly enmeshed in foreign policy determinations. These can be of a positive or negative type. Negatively by continuing to appropriate funds for ongoing programs the Congress acquiesces in the policies being pursued; postively by writing into the authorization bill certain directives and limitations.

Actually—upon analysis—those who have been critical of some of the directives written into the bill worked on in the Senate are critical because of the content of the directives rather than because they believed that Congress should hand the administration a blank check in the field of foreign assistance. They have sought to cloak their criticisms under learned phrases about the Executive having a free hand in foreign policy determinations. They overlooked their own silence over the restrictions approved and recommended by the Senate Foreign Relations Committee.

There is nothing sacrosanct about the recommendations of that committee. They are still only recommendations of that committee. They are still only recommendations to be accepted, rejected or amended by the Senate and the other body.

That is precisely what the Senate has been doing these past weeks—accepting, rejecting, or amending the recommendations of its Foreign Relations Committee. That is its duty. For the Constitution states not only that the appropriating power lies with the Congress, but it contains the further limitation that:

> No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement of account of the receipts and expenditures of all public money shall be published from time to time.

During the course of the debate on the foreign aid bill—H.R. 7885—two proposals for changing the program have been advanced which should put all Members of Congress on the alert.

The repeated statements portending proposals to be put before the Congress bode ill for the retention of even the small amount of congressional control over the foreign aid program.

If this is the future "new look" of the program it is only more of the same.

The first proposal I expect to be advanced is that we should delegate to international organizations more and more of the conduct of our foreign aid program—with our money, of course. This trend I will also resist. The Congress should seek in more and more ways to regain control of the foreign aid program—control which it has in the past years weakly permitted to be taken from it. It is essential that this control be regained by the Congress. You will recall the action a few years back when the World Bank approved a large loan to Egypt for improving the Suez Canal at the very time when Egypt was refusing to adhere to its international commitments and permit free passage through the canal.

This lack of firm control over who, where, and how U.S. dollars are to be spent should not be transferred to international organizations. The siren's call of anonymity in foreign aid decisions should not be heeded. It is true that such anonymity dissipates blame for foreign aid fumbles. But more important, if we are building up the U.S. image in the countries aided, we should be there to take the credit when our foreign aid program proves to be a success.

Although I shall vote in favor of the final passage of the foreign aid authorization bill, because of the improving amendments which the Senate adopted, it should not be taken to mean that I am completely satisfied with the bill or will, without attempting further to improve the foreign aid program, docilely vote to approve whatever appropriations may be recommended by the Senate Appropriations Committee. On that point, I shall wait and see.

NEW EMPHASIS ON DEVELOPING PRIVATE ENTERPRISE THROUGH FOREIGN AID

Mr. HARTKE. Mr. President, in his foreign aid message to Congress last spring, President Kennedy declared:

> The primary new initiative in this year's program relates to our increased efforts to encourage the investment of private capital in the underdeveloped countries.

Private investment is now being heavily stressed in our foreign aid program for four basic reasons.

First. The United States has a vital interest in encouraging private enterprise and initiative in countries receiving our assistance.

Second. Achievement of industrial and agricultural growth in the less-developed nations requires the development of technological and managerial skills in the private sector of their economies.

Third. Economic development of the less-developed countries cannot be achieved through Government assistance alone. There is not enough money in all the public treasuries to supply the needed capital. Foreign aid can provide some of the capital required for the first stages of development, but only through private enterprise can a country achieve eventual economic independence.

Public funds are, of course, still necessary for large public utility type projects, such as dams, transportation networks, and irrigation systems. These facilities, while essential to support the private sector, are often not attractive to private investors, especially in the less-developed countries. Moreover, Government funds are necessary to provide the social progress projects—the schools, for example, from which private companies must draw their educated managers and skilled laborers, as well as the public health facilities essential to a vigorous work force.

Finally, as foreign aid succeeds in helping countries to reach self-sustaining economic growth, private capital will take the place of Government aid. Private investment is therefore increasingly important not only to assist in the phaseout of Government aid but also to provide a continuing mutually beneficial economic relationship when aid has terminated.

Foreign aid draws on the resources of a broad segment of the private sector both at home and abroad. This is done in part through universities, cooperatives, savings and loan associations, credit unions, trade unions and similar organizations. Relationships with private business, United States and foreign are also very extensive. These relationships can be divided into three general categories: First, procurement with foreign aid dollars; second, assistance to private U.S. business in locating and financing profitable investment opportunities in less-developed countries, and, third, strengthening the local foreign business community.

As part of a deliberate policy to tighten procurement procedures in order to protect U.S. balance of payments and to stimulate the U.S. economy, our foreign aid program is increasingly based on procurement of American goods and services. Of the $2.4 billion committed during fiscal year 1963, $1.9 billion or 80 percent will be spent in the United States.

This has had a dramatic impact on several major U.S. industries, particularly the chemical industry and the iron and steel industry. In 1960, 17 percent of the fertilizer financed by foreign aid came from the United States; in 1963 that percentage will be 97 percent.

In the first 9 months of 1963, for example, Chemical Week magazine reports that foreign aid funds financed $34 million in exports of chemical products such as fertilizer, pesticides, and basic industrial chemicals.

Similarly, in iron and steel products in 1960, 11 percent came from U.S. mills while in 1963, 87 percent of such products came from the United States. At the present time more than one-half of all U.S. iron and steel exports are financed out of the foreign aid program.

Just in recent weeks, for example, there have been foreign aid orders for $630,000 for steel billets to Pakistan from Bethlehem Steel, $1.5 million for hot-rolled aluminum steel sheet to India from McLouth Steel, $563,000 for coke tin plate to Taiwan from Wheeling Steel, and $255,000 for steel wire rods to India from Colorado Fuel & Iron.

In addition to using 8 out of 10 foreign aid dollars for buying American goods, special efforts are now being made to increase the role of U.S. private investment in the development of less-developed countries.

First. There is a special program for finding and drawing the attention of private businessmen to investment opportunities in less developing countries. The first comprehensive listing and summarizing is now being made of investment opportunities identified in feasibility studies conducted since 1960.

Four countries have been selected as showcase nations for private investment—that is, specific target countries in which to demonstrate the contribution that private participation can make to economic development. The four countries selected are Colombia in Latin America, Pakistan in the Near East, Nigeria in Africa and Thailand in the Far East. These are all nations which are regarded as friendly toward private investment from the United States, and countries in which substantial economic progress can be anticipated in the near future.

In each country the U.S. Embassy and our foreign aid mission, together with the host governments, have selected a small number of industries of a priority nature that would be especially appropriate for private investment. After these opportunities have been identified, efforts are made to match them with potential U.S. investors. Full use is made of industrial and publications resources of the Department of Commerce, consultations with trade associations, banks, and management consulting firms, and ultimately direct contact with individual companies.

Second. Through the investment guarantee program approved by Congress, the U.S. Government pays up to 50 percent of the cost of over 50 surveys being undertaken by U.S. private businessmen to survey such investment opportunities as castor bean processing in Thailand, and manufacturing prestressed concrete in Argentina. Use of this special program has been increasing as more businessmen have learned of the availability of this form of assistance. Forty-five surveys were approved during the past year, and 28 more are now being processed.

Third. Between January 1, 1962, and June 30, 1963, 70 dollar and local currency loans to private business amounting to over $70 million were approved. In September 1963, the largest Cooley loan was approved—$17.5 million in Indian rupees to a private fertilizer company in India in which the California Chemical Co. and the International Minerals & Chemical Co. are major participants.

Fourth. Processing of specific risk investment guarantee contracts has been accelerated. There are now over $1 billion of such insurance contracts outstanding.

The number of guarantees issued annually has jumped six times in the last 2 fiscal years—from $53 million in fiscal 1960 to over $300 million in 1962. It is estimated that the dollar volume in fiscal 1964 will exceed one-half billion dollars.

The geographic coverage of the program has also been enlarged—this year 8 additional less-developed countries have agreed to implement the program—bringing the total of participating nations to 57.

What does this protection mean to the U.S. investor? Let me cite one example. In 1960, the Pluswood Industries, of Oshkosh, Wis., made an investment in what was then the Belgian Congo. Political upheaval, along with foreign exchange difficulties, resulted in the firm's inability to transfer into dollars the Congolese francs received as interest on a $200,000 loan. But since this investment was covered by a guarantee against inconvertibility of currency, the U.S. Government paid Pluswood over $17,000 in American dollars for the Congolese francs. Thus, the investor received his money at once and in dollars. The U.S. Government then became the holder of the francs and subsequently was able to recover $8,000 through selling the foreign currency after the restrictions on convertibility were relaxed.

Likewise, if a foreign government should expropriate the assets of a guaranteed investment without paying prompt, adequate, and fair compensation to the American owner, he would be paid for his loss by the U.S. Government under the guarantee. Our Government would then step into the shoes of the former owner and acquire all his legal rights against the foreign government. If necessary, the U.S. Government can sue the foreign government before an international tribunal or arbitration commission to obtain reimbursement for the funds it had previously paid out to the American investor.

The confiscations of American businesses in Cuba by the Castro regime are only too familiar to us all. Although the guarantee program had been in existence in Cuba long before Castro's ascent to power, none of the U.S. companies operating there had taken advantage of the insurance against expropriation. The lesson was well learned through this sad experience, and since that time applications for investment guarantees have increased markedly. Presently pending are over 1,000 applications for investment guarantees amounting to more than $4 billion.

In view of the unsettled conditions in the world today, the frequent talk about nationalization of foreign enterprises, and the newspaper articles on bombings by Communist rebels, one might expect that the Government must have paid out substantial amounts of money under these guarantees. Yet, amazingly enough, to date the only loss suffered by the Government is that one case I already mentioned, the Pluswood Co. in Oshkosh, Wis., where the net loss equaled about $9,000. Thus, for over $1 billion in insurance coverage, the U.S. Treasury has had to pay out only $9,000 and that small outlay has been more than amply offset by the premiums collected on the policies—over $12 million as of June 1963.

Although the program has been operating since 1948, no guaranteed investment has ever been nationalized by a foreign government and no guaranteed investment has yet been damaged by war, revolution, or insurrection. Of course, it is possible that in the future these events could occur and that is why the guarantees are available. But the Government has taken several steps to minimize the likelihood of their occurrence. Before the program may be instituted in any country, suitable arrangements must be made by the government of that nation to protect the interest of the United States. This generally takes the form of an international agreement in which the foreign government agrees to submit any disputes with the United States arising out of investment guarantee matters to international arbitration. In this manner, the foreign nation assumes both a legal and moral obligation to respect the rights of the American investor and his Government. At present, 57 less developed countries have signed these agreements and implemented the program.

Each individual investment must also receive the approval of the government of the host country before an investment guarantee is issued. As of June this year almost 700 applications for guarantees had received foreign government approval in nations throughout the free world.

I am pleased that the Foreign Relations Committee has approved the full administration request for increasing the ceiling on specific risk guarantees from $1.3 to $2.5 billion. This request also has been approved by the House.

I am also pleased that the Foreign Relations Committee rejected a provision in the House bill which would make an investment guarantee agreement a condition for aid. I agree with the committee's statement on page 14 of its report that such a provision would not accomplish the intended purpose of promoting U.S. investment. On the contrary, I think there is ample evidence, especially in Latin America, that such a provision would seriously jeopardize U.S. private investment. I hope our conferees will stand firm in conference on dropping this very unwise provision, which was adopted by the House after brief debate, and after being rejected in the House Foreign Affairs Committee.

Fifth. Guarantees involving $30.9 million have been authorized to cover extended risks of U.S. private investments in self-liquidating pilot housing projects in Latin America. One nonhousing extended risk guarantee has been authorized to assist in the financing of an integrated petrochemical complex in Argentina involving five U.S. firms.

Sixth. There has been vigorous support of intermediate credit institutions. Since September 1951, over 1 billion in dollars and dollar equivalents of local currency has been lent to 85 institutions in 46 countries for relending by them to qualified private subborrowers in the fields of industry, housing, and agriculture.

In Colombia, for example, a dairy company has completed an investment survey and is proceeding with a joint venture to produce dairy products. A number of U.S. firms are considering partnership ventures in the fields of food processing, meatpacking, metalworking, lumber, and building materials.

In Nigeria, another major dairy company, with U.S. assistance, has committed itself to make a half million dollar investment to build a reconstituted milk plant in Lagos with Nigeria partners; it has applied for a U.S. political risk investment guaranty.

In Thailand, a joint venture between a U.S. cable and wire manufacturer and a local Thai firm is under active negotiation as a direct result of U.S. efforts. Our foreign aid officials also are working with a potential investor in an aluminum fabricating plant in Thailand.

In Pakistan, an investment proposal for a tire plant is now going forward, and investment survey grants have been approved for a carbon black plant, a machine tool operation, a pulp and paper manufacturing plant, a plastics firm, and a seafood processing venture.

What about the effect of these programs on our balance of payments? A recent survey of investments covered by specific risk guaranties showed that 88 percent of the investment was in the form of exports of U.S. goods—of equipment, materials, engineering—leaving an initial dollar outflow of 12 percent of the investment. In addition, we can expect not only a dollar return on these investments in the future, but also in increased exports of American components and equipment to supply these new factories.

A number of other measures are being taken by our Government toward improving the local climate for investment and stimulating the growth of local private enterprise. These include: Working with host governments to induce local changes and reforms in tax, tariff, monetary and agrarian policy; assisting in organizing and financing local investment centers, development institutions and productivity centers for identifying investment opportunities, bringing together local and foreign investments, training and assisting local businessmen in improving business administration; conducting feasibility studies to establish what investment opportunities exist by industry for particular countries; conducting a major participant training program to provide training, and the like. One good example is the school of business administration being established in Peru by U.S. experts, which the Peruvians themselves will later operate. This is the first graduate school of business administration in all of Latin America. It is a pioneering step toward developing the entrepreneurial and business skills which Latin Americans need in order to spur the growth of private business.

Through our foreign aid program we are attempting to spread by every possible means a wider knowledge in the developing countries of what modern responsible private business leadership can do to speed up economic development. In order for us to achieve the foreign aid goal of self-sustaining economic growth, we must strengthen the local private sector, including the role of U.S. industry, by applying basic American business principles—good pay for trained and productive workers; large volume sales on small net profit; mass production and mass consumption. The success of these principles in fostering economic growth, so amply demonstrated by our own economy, has also been demonstrated in recent years in the successful growth of the economies of Greece, Israel, Mexico, the Philippines and Taiwan.

In a sense, much of our foreign aid is like a consumer credit operation selling goods on time. Foreign aid is financing capital projects and investments which will help the countries receiving aid to become self-supporting and to repay their loans from us. After World War II, we provided substantial economic assistance to Western Europe and Japan. We no longer need to help those nations, and their booming economies now permit them to buy ever-increasing amounts of American goods. In the same way, our aid to the underdeveloped world, while helping to stimulate industrialization and the creation of a higher standard of living for millions of underprivileged people, can provide a rich new future market for American goods and investments.

Mr. SIMPSON. Mr. President, this year, at long last, I have seen an attempt by a few Senators to express the will and the desires of the American people who are tired of seeing their money wasted on needless foreign aid programs. I want to take this opportunity to commend the gallant effort that Senator WAYNE MORSE is carrying on in his effort to bring commonsense to our foreign aid program. Many of us are here supporting him but few have shown the spirit and the courage that has been demonstrated by this American. I am proud to associate myself with him in this fight against this excessive authorization for foreign aid. Many Americans have wanted to phase out and eliminate our foreign aid program. At long last the Senate of the United States has had a few Members who have shown the courage to rise up and fight the big spenders of Washington who give away our money. I hope that this fight which is being made by a group of Senators is the beginning of the end for the days of the free spenders who have dominated the Washington scene for many years. Let us bring commonsense back to Government.

It is patent that the Americans have lost their patience with the big spenders who insist upon giving away millions of our taxpayers' dollars for programs that are poorly administered and lack realistic or practical effects beneficial to the citizens of the countries receiving the huge sums of money.

I have voted for all the amendments which would bring order out of the chaos and the confusion that exists in our current foreign aid program. I voted for the so-called powerhouse amendment with full realization that the cuts authorized in that amendment were totally inadequate and insufficient if a realistic and effective program were to be adopted. The need for foreign aid today bears no resemblance in either cause or effect to the justification of foreign aid in the late 1940's and early 1950's.

The debate which has taken place on this floor in the past 2 weeks has conclusively shown one thing to be a fact and that is: We cannot buy friendship. In administering our foreign aid program we have given money to Communist countries and to neutral countries which have not been friendly toward us, but, in fact, have denied us when the chips were down.

We have doled out since the inception of our foreign aid program $104 billion. Some of this money has been constructively used to stimulate and develop economies of countries which were wrecked because of the war. We have assisted many peoples and have alleviated much suffering. But times have changed. We are no longer living in the 1940's and 1950's. This is 1963. I ask the advocates to admit to changing times and realize that because a program was successful in 1948 does not mean that it is good today. We have tried to convince ourselves that we are buying friendship, but friendship cannot be purchased.

We have attempted to establish strong governments through our foreign aid gifts and yet because our foreign aid program has been mismanaged, the governments we have attempted to establish have been mismanaged. Governments we have financed have been destroyed and taken over by other persons alien to our causes or persons who are eager to benefit personally from our foreign aid programs.

Over $2½ billion, American taxpayer's money, has gone to the Communist government of Yugoslavia headed by an avowed Communist, Marshall Tito. What have we done in that country with our money? We have not purchased a friend. We have not wooed the country from the Communist bloc. We have not brought freedom to its people. We have done nothing but pour $2½ billion down the rathole.

Our Treasury gates have been left wide open with the big spenders shoveling our American money to countries which will never make the needed reforms. The welfare of the United States demands that we stop this shocking waste and the inefficient policies of our foreign aid program. We need to phase out this program. Steps must be taken to do that in the immediate future. The debate here on the Senate floor resembles a gigantic auction sale. We have been selling to the most persuasive bidder U.S. tax dollars. A few patriotic Senators have been attempting to stop the outflow of our taxpayers' money. In order to stop the flow they must compromise with the administration's spokesmen. We have been compromising with the property rights of the American taxpayers. It is their money which has been the subject matter of the great compromise.

Today America is faced with some serious problems of its own. We have an unemployment problem. Our economy is not growing at a rapid enough rate. Our balance of payments is creating a serious threat to our solvency. Our gold outflow is at a precarious level. Let us face our home problems with all our energies, talents, and resources. Do not forget that this Nation is faced with crises which need to be handled today. Generosity is a wonderful thing and I believe that we should give a helping hand when assistance is needed, but charity begins at home and our talents and resources are needed here.

We had better use our talents and resources here in the United States so that we may develop a country which is strong economically and militarily. We need to protect our own interests. We must not let the State Department dictate economic conditions under which this country must operate in order to favor a foreign country. We must not try to buy friendship. We must not let countries import great quantities of materials into this country in a vain effort to win their friendship. Let us not use huge sums of American taxpayers moneys to build giant steel mills and other industries in foreign countries which then turn around and import goods into this country, thus creating a greater unemployment problem for our own people. The unemployment problem is bad. I think it deserves immediate attention. We must take the shackles off our own industry if we are going to solve our own unemployment problem. I do not feel that the way to help ourselves in this area is to create great industries abroad which can compete from a preferential position with our own people.

We are the United States of America. Let us keep our perspective. Let us maintain our Republic. We must protect our own interests if we are to gain the leadership of the world. Until very recent years we were the envy of all Nations. But, recently we have not lived up to our commitments. We have appeased our enemies. We have shown weakness when strength was needed. We were the envy of the world because we had an industrial country which could compete and withstand the pressure of the whole world. We were militarily strong. We had a people who were devoutly religious with a faith in their God and confidence in themselves and in their Government. And now look at us. We are now looked down upon by the peoples of the world because they look at a government which is inconsistent and does not have a program or an objective.

We have been abused by those people we have financed. We are ridiculed the world over because we attempt to buy friendships which are not for sale. Let us be realistic about foreign aid. Let us put our resources to building a country and a Nation which can once again aspire to a position that is respected and envied the world over.

FOREIGN AID—A SOUND INVESTMENT

Mr. HUMPHREY. Mr. President, before the final vote on the foreign aid bill, I would like to offer a few final comments. I would like to comment on the bill itself, but more importantly on the treatment of the aid bill in the Senate this year and on the future of the foreign aid program.

The present situation is indeed paradoxical. All things considered, the present foreign aid program is the best-administered program we have had since the Marshall plan. Following the enactment of the Act for International Development in 1961, the whole program was reorganized. It was placed on a regional basis, with a regional administrator directing and coordinating all aid activities in one area. New personnel were recruited. An experienced, knowledgeable aid administrator was appointed from the ranks of the President's closest collaborators. In general, this has left us today with an aid organization that is better tooled to do the job than has been the case in years. And yet, paradoxically, this is the very time Congress has heaped criticism on this program.

Why this assault on the aid bill this year? It should be clear by now from the debate in the Senate that the foreign aid bill this year has become a lightning rod for every frustration suffered by any Senator. If a Congressman or Senator is unhappy about continued high unemployment, he may give vent to his dissatisfaction by attacking the foreign aid program. If he is dissatisfied with the inadequacy of the public works program in his State or district, he may attack the aid program. If he is disappointed over the failure of the Congress to pass a tax bill or a civil rights bill, his frustration spills over on the foreign aid program. If he believes the administration has pushed too hard in the field of civil rights, a healthy slap at foreign aid may serve to remind the administration of congressional power. In short, the aid program is fair game for attacks from any source for any reason.

The actions of Congress these past weeks also indicate a growing frustration with the heavy burden of the cold war. The foreign aid burden continues after 15 years—and there is little prospect that it will disappear, because there is little prospect that the cold war will disappear.

Again we are confronted with a strange and disturbing paradox. At the very time we finally appear to be winning the cold war, we seem to be doubting our own strength. At the very time the Communists finally seem to be giving way and pulling back, we also seem to be giving way and pulling back.

The Communists are having trouble with their economy. They are cutting back on their foreign aid program because they do not have the necessary resources. What a great opportunity this provides the United States and the rest of the free world. Now is not the time to retrench. Now is the time to use our own economic resources and the fruits of our $600 billion national income for a great foreign aid offensive.

Now is the time for mobilizing all the resources at our command—public and private—yes, above all, bringing into our oversea economic and technical assistance programs the private economy of the United States—we must put to work all private enterprise resources.

Now is the time for faith in ourselves, and confidence that the future belongs to freemen.

As the Soviet Union cuts back on its commitments we should move ahead. Look at the way the Germans are moving ahead all over the world. Some of the largest investments in the underdeveloped world are being made by the Federal Republic of Germany, many of them in some of the most apparently unsettled countries, such as the Congo, Korea, and Brazil.

The same is true of the French Government, which is expanding its foreign aid program.

Or look at the example of the British, who are preparing to launch an even larger foreign aid program at the very time we are reducing ours. How paradoxical.

It strikes me as just a bit strange that at the very time when our example is beginning to catch hold, we find ourselves talking about cuts. This is like cutting back on production just as the new models begin to catch on, and sales have started booming.

Unfortunately, foreign aid does not always achieve quick results. If we have learned anything in the last 15 years, it is that the development of less-developed countries requires determination—dogged determination. The way is often hard. Results are not always readily apparent. Change is stubbornly slow. There are many disappointments and defeats. Mistakes are made. Errors are committed. Doubt sets in, and discouragement grows.

Then, suddenly, a sense of despair seems to grip the mind. Doubts become fears, and hopes are overcome by questions. Can foreign aid ever work? Are there any solutions to the problems of development? Would we be better off to abolish the existing foreign aid program and start all over again?

Many are worried, and rightly so, about our balance of payments. But why take it out on foreign aid, which contributes less to the balance-of-payments deficit than the cumulative spending of American tourists overseas, in fact only half as much?

Others are justifiably worried about restrictions placed by other countries on American exports. But why make foreign aid the whipping boy when 8 out of every 10 foreign aid dollars are spent on exporting U.S. goods and services?

Why kick foreign aid, when major U.S. industries are benefiting materially from export sales financed by foreign aid dollars—when one-fourth of the exports of U.S. iron and steel companies, one-third of U.S. fertilizer exports and almost one-fourth of U.S. railroad equipment, for example, are paid for by foreign aid?

Some are increasingly concerned, with good reason, about the future of constitutional government in countries struggling toward political democracy. But why should the foreign aid program as a whole suffer because of particular problems encountered along the way?

Others are troubled by the climate for American investment overseas and the effect of development in other countries on our own economic strength. But why should foreign aid be blamed for our economic distress and dislocation, or for the state of our international trade?

Foreign aid has its problems, and they must be faced realistically and resolutely. But foreign aid should not become the catharsis for all the ills of the world, nor made the scapegoat for accumulated anxieties.

No undertaking in the history of the human race has posed a greater challenge than the foreign aid program. The wonder is that we have made any progress during the brief time the program has been in operation. It has been almost a thousand years since the Magna Carta, and we are still struggling with basic questions of democratic government. Yet scarcely more than 10 years since the launching of one of history's greatest human undertakings there is impatience with its progress.

Life magazine, in a recent editorial on the Alliance for Progress entitled "The Latin Sky is Brighter," commented that the goals of the Alliance "are nothing less than to raise the incomes, diversify and integrate the economies, reform the tax and land structures, improve the health, housing and schooling, and enlarge the freedom of 200 million people in the next 8 years. Unlike the Marshall plan, which rebuilt a damaged but going concern, the Alliance aims to shape a society and an economy that have not existed before."

Impatience is sometimes a virtue, and complacency a sin. But it takes 21 years before we even consider a human being mature enough to shoulder individual responsibility, and the Alliance, as the Life editorial says, involves nothing less than the building of a new society and a new economic system. Even in the space age, where time has been compressed beyond belief, it is foolish to expect such a gigantic task to be accomplished overnight. Ten years may seem to us like a long time. But measured by history, and by the time required to change whole societies, 10 years is but a beginning. The Alliance was never meant to be completed in 10 years. It was meant to be well underway within 10 years. Yet there are those who are saying after only 2 years have passed since it was created that the Alliance cannot succeed. Truly it could not succeed if this attitude were to prevail. It is succeeding, and I am convinced that it will succeed, but only if we give it our full and continued support now and in the years ahead.

Arnold Toynbee has said that this age will be remembered not as the atomic age or even as the space age. It will be remembered as the age in which one-third of the human race banded together to help the other two-thirds. Being mortal and finite, being bounded in our understanding and in our perspective, we have difficulty comprehending the historical significance of the momentous events of our day and generation. We act by faith, reason, and conviction, without knowing the consequences. We can see back, but we can only look ahead. We can peer into the future, and try to take the road which leads in the right direction. But we commit an act of faith, in ourselves and in human destiny, whenever we choose one way in preference to another.

There are many who look upon foreign aid as the wrong course to follow. Some look back in sorrow, and some in anger, at the mistakes made in the name of foreign aid in the past. Each of us, I suppose, might run the foreign aid program differently if we were in charge. And each of us wonders, when the roll is called, whether our faith in the foreign aid program, if faith we have, will be justified by the future. We see through a glass darkly. But unless we have faith in ourselves and the future; unless we can translate past success into future action, we will forfeit one of history's greatest opportunities for human good and advancement.

Some day, if we live long enough, we will celebrate the success of the Alliance for Progress and of the entire foreign aid program, just as we celebrate now the great success of the Marshall plan. I hope I am around then, not to say "I told you so," but to celebrate one of the greatest victories in human history. I may allow myself one small pleasure—the pleasure of reading back one of these debates, and comparing what was said with what happened.

We have heard one Senator say here on the floor of the Senate, "If I believe the expenditure of this amount of money would stop the spread of communism, I would support it. But in the light of history, how can any Senator rise on this floor and say it will stop communism?" We have heard another Senator say that foreign aid "is the road to bankruptcy, and not a very long road at that."

Someday I want to read back over what is being said on this bill. I want to amuse myself, as well as to console myself, just as I have with the statements I have just quoted from the Senate debate on the Marshall plan in 1948. I want to rejoice then, as I do now, that the prophets of doom were wrong, utterly wrong, in predicting such dire consequences for foreign aid; in saying it would never work. The Marshall plan was a key weapon in the defense of Europe against communism. And rather than bankrupting the United States, the Marshall plan created vast new markets for American business, and now has enabled Europe to join the United States in helping the less developed countries.

The Marshall plan had its legion of critics. But these are always with us. I sometimes wonder how the American Constitution was ever adopted. It passed the New York Convention by only one vote and was ratified by a bare margin in Virginia. How could so many virtuous and intelligent men have been wrong in 1789, and in 1948? History has not treated them kindly. Events have not borne out their fears and misgivings. In the cold light of history they stand convicted of being wrong, however sincere and well motivated they were at the time.

I think it is important for us to bear in mind some of the remarkable improvements which have been made in the foreign aid program during the past 2 years, together with some of the accomplishments which are beginning to be seen. Unlike the Marshall plan, of course, foreign aid to the less developed nations is a much longer, slower process. It has taken more than 10 years to evaluate the success of the Marshall plan, and it will take considerably longer before the results of our assistance to the less developed nations can be appraised.

I shall not attempt to recite all of the successes we have gained in recent years. Almost every day there is news of some new achievement. Just the other day I learned about a remarkable example of the progress we are making. In India, which is receiving more American assistance and more assistance from other free world countries than any of the less developed countries, the rate of industrial production increased from 6.4 to 8 percent during the year ending March 1963. Some of the increases in Indian production are particularly amazing. The production of aluminum, for example, increased from 20,000 tons to 43,000 tons, more than doubling during the year. The output of machine tools, an industry so essential for industrial development, expanded by more than 50 percent during the year. The production of nitrogenous fertilizers, without which the Indians cannot achieve vitally needed agricultural output, increased by 40 percent. These startling statistics are one measure, among many, of the strides in the underdeveloped world being made possible by the combination of local initiative and American help.

There are countless other examples of the successes being achieved in the less-developed countries with our help. You could write a shelf full of books on the technical assistance achievements made possible through U.S. aid, or on the advances made in public administration, taxation, and business administration. Countless other examples could be cited in the field of cooperatives, in which I have taken a special interest; in the development of private enterprise through the extension of credit; or in the development of agriculture through a combination of technical assistance and agricultural credit.

Many stories could be told about the great achievements in the fields of health and education. One of the most dramatic of these is the story of malaria eradication. During recent years the number of cases of malaria in the world has been cut from 350 million to less than 100 million. In some countries malaria has been eliminated altogether, freeing millions of people for more productive lives. This is not only a great human achievement. It is a great step toward developing the economic potential of countries burdened with sickness and disease. In several areas of India, for example, the return on money invested in controlling malaria has been about 50 to 1 in increased industrial production, resulting in an increase in the Indian gross national product of some $500 million each year. In one rich region in northern India the elimination of malaria increased the area of cultivated land by 400 percent and the production of food grains by 130 percent.

In terms of overall economic success, a recent analysis of 41 countries which have received more than $300 million in American assistance since the beginning of the program, or, in the case of countries of less than 10 million which have received at least $30 per person, reveals that 33 have achieved substantial economic growth of at least 1.5 percent per capita in increased income per year for the last 5 years. Fourteen of these countries have achieved complete self-sufficiency, while another 11 have reached the point of adequate self-sufficiency with less than 20 percent of their total investment presently being covered by foreign aid. In all 24 of the countries which have achieved both substantial economic growth and adequate self-sufficiency, democratic political institutions have also been strengthened.

Another overall measure of the success of our foreign aid program is the increase in our trade with countries receiving our assistance. U.S. exports to Marshall plan countries more than doubled from 1953 to 1962. Our exports to Japan have more than tripled since 1950. In 32 countries receiving 80 percent of U.S. aid between 1957 and 1962, imports from the United States have increased four times as fast as U.S. economic aid. There are many reasons why foreign aid is in our interest. One of these is the contribution foreign aid makes toward promoting trade. The less-developed world is potentially a vast market for American goods and services. Through foreign aid American business can achieve new opportunities for commercial relations with countries which can become good customers in the future.

We all know that besides promoting more and better trade between the less-developed countries and our own, the foreign aid program is also having an increasingly beneficial effect on the American economy. Eighty percent of all procurement now consists of American goods and services, and much of the remaining 20 percent eventually comes back home. Almost every State in the Union is now beginning to experience the good effects of aid contracts.

In addition to the direct benefit of sales, aid-financed U.S. procurement is also providing the opportunity for U.S. business to gain experience in world trade. Many contracts are being let to businesses which have never before had any experience, or have had very little experience, in selling overseas. Through foreign aid contracts American businessmen are learning the ropes and acquiring the skills necessary for selling through regular commercial channels in the future. As trade replaces aid in the years to come, these skills, techniques and business contacts will prove invaluable in enabling the American businessman to take his rightful place in the world market.

There have also been great improvements in the organization and administration of foreign aid in the last several years. The whole program has been reshaped according to the new directions established by Congress in the Foreign Assistance Act of 1961. These include emphasis on long-term development projects within the framework of general development plans, increased efforts to boost the contributions of other donor nations, emphasis on self-help and reform, and greater concentration and selectivity. As the committee report states, there has been considerable progress in these respects. Eighty percent of all U.S. economic assistance is now going to 20 countries. Eighty percent of all military assistance is going to 10 countries.

Foreign aid is also becoming more selective as a result of better planning and programing, both by our Government and by recipient governments. For years, one of the greatest weaknesses of the aid program has been the lack of a comprehensive U.S. approach to the problems of a country, as well as the lack of planning by the countries being aided. Until recently, most aid has been given on a project-by-project basis. There was very little intensive and systematic analysis of the situation in each country, together with analysis of ways in which the United States could most effectively assist with development of the country. The procedure now being used by our aid officials is a great improvement over the old system. Careful studies are made of each country, and comprehensive plans are set forth to maximize the effectiveness of U.S. assistance. Except where urgent political considerations are involved, aid is given according to development priorities established for each country. Careful studies are made of a country's progress in order to make sure that U.S. aid is achieving maximum results, and that the country is undertaking satisfactory self-help measures.

We are now also encouraging and helping countries to study their problems and to formulate their own development plans.

In the case of the Alliance for Progress, every Latin American country is required to submit development plans to an expert committee of the Organization of American States for review and recommendation.

Another way in which greater selectivity has recently been introduced into our foreign aid program is through agreements on conditions or requirements which must be met before aid is forthcoming. We labored for many years under the mistaken assumption that such conditions or strings on aid constituted interference in the domestic affairs of other countries, and therefore, were wrong. By contrast, it is now recognized that in order for U.S. assistance to be effective, agreement has to be effective, agreement has to be reached between the United States and the recipient country on conditions which must be met before aid can be made available.

Many of these changes were long overdue, and many others remain to be made. But there has been remarkable progress.

Despite the outcry in Congress, I am convinced that there is substantial support in the electorate for foreign aid.

Support for foreign aid is strong, and growing stronger, in one of the most important groups in American life—American businessmen. A recent study of 1,500 prominent businessmen by the Research Institute of America disclosed that the great majority of American business leaders consider foreign aid essential for promoting a self-supporting and prosperous community of free nations. These findings as reported in the General Electric Forum, were hailed as "revolutionary in their significance"—and they are. They signify not only the end of economic and political isolation in the American business community, but also the existence of a new consensus concerning the responsibilities of the United States as the leader of the free world.

RECOMMENDATIONS FOR CHANGES AND IMPROVEMENTS IN THE FOREIGN AID PROGRAM

Before closing, I would like to make several comments about the redirection of the aid program during the next year. The report of the Senate Foreign Relations Committee has already recommended a further concentration of the program and acceleration of the trend toward multilateralizing the aid program. I would like to concur with and to go beyond the committee's comments.

If the discussion in the Senate this year has revealed anything, it has shown that the Congress is not prepared to finance a farflung, multifaced aid program forever in every area of the world. The time has come to make a sharper distinction between some areas of the world and others and to translate this distinction into the machinery of the aid program.

The top priority in our aid program is and should be given to Latin America. The Alliance for Progress program should not be merely one of four regional programs in the same agency. It is different, and on the U.S. end alone entails a wide variety of capital development loans, economic loans, social development loans and grants, and technical assistance. The Alliance program in the U.S. Government should be more independent, should be more autonomous than it now is. Perhaps it should be a separate agency, like the Peace Corps. If this would pose too great a problem of coordination with the State Department, there should be some other steps taken to make the Alliance program more autonomous, independent, and visible.

While a large U.S. lending program will probably continue to be necessary under the Alliance for Progress, more of the capital development lending should be shifted to the Inter-American Bank and other international finance institutions.

In other areas of the world, such a multifarious, many-sided program is unnecessary. In the Far East, our military-oriented program should be gradually scaled down, just as our direct involvement in southeast Asia should be gradually curtailed.

In the Near East and parts of Asia like India and Pakistan, multilateral agencies can and should supply much of the capital needed for large-scale development. Increasing the role of the World Bank and IDA in promoting capital to countries like India, Pakistan, Iran, and Turkey can both provide the capital assistance needed and, at the same time, enlist greater participation on the part of our European allies on economic participation sorely needed.

In Africa we should encourage the Europeans to play the leading role in providing economic assistance. Our presence can be assured through provision of technical assistance, through the Peace Corps, the food-for-peace program, limited economic aid, and other forms of assistance. The limited capital assistance that we make available for Africa should be channeled, in part, through multilateral agencies, where it will be matched by European funds.

We ought to encourage multilateral, multinational, international banking structures to do more of the financing. We can ask for proper representation on the boards of these banks. We can ask that Americans be included in substantial numbers in the secretariat or the administrative structure, but we have to come to a recognition that direct bilateral arrangement in financing involves us in each country's trouble and is very, very costly. By putting our emphasis upon the multinational organization, we will be able to get the help of others in financing world development. Otherwise, we do most of it ourselves.

GREATER USE OF PRIVATE GROUPS AND OTHER GOVERNMENT AGENCIES

I would like to add one final suggestion for consideration by AID officials. This has come to me in response to remarks I have made upon the Alliance for Progress. The emphasis of the suggestion is that our aid should be channeled toward the building of free groups and private enterprise in the countries aided. To do this requires the mobilization of nongovernmental U.S. and international agencies.

Where the self-help of recipient nations is largely confined to public enterprise, U.S. foreign aid is creating "Frankensteins" which will eventually threaten, rather than contribute to, American security. Every dollar spent in a manner which encourages free groups and institutions is a step toward a world which is in harmony with American interests and ideals. This notion is in accord with Secretary Dean Rusk's demand for an active and affirmative policy of building the social economic and moral strength of independent nations so that they will have the capacity within themselves to throw off the virus of totalitarianism and pursue material objectives in a climate of expanding freedom. It would seem to be in accord with the present administrator's ideas. But what is needed is the practical application of this idea on a sufficient scale to assure its practical significance.

If nongovernment agencies are to be encouraged in countries which receive U.S. aid, this can be done effectively only in one way: by the channeling of U.S. aid to a large extent through nongovernment U.S. and international agencies and by the encouragement of the development and creation of such agencies among the nations receiving aid. This requires the enlistment for the U.S. aid program of a great variety of nongovernmental agencies, ranging from the great foundations such as Ford and Rockefeller to a multitude of small agencies concerned with health, education, community development and many other noneconomic activities. AID has recently made a contract with the National Association of Settlements which will help to encourage Urban Community Development in Venezuela to assist in community developments among people moving from the country into Caracas. Such contracts on a scale which helps to encourage several hundred of such groups every year in every country which receives aid is the dimension needed to restore U.S. foreign aid to the status it merits and which it needs to survive satisfactorily in the United States of America and abroad.

An approach to foreign aid keyed to such an objective on this scale would provide a substantial leverage effect for foreign aid funds given AID; it would help to mobilize local and international resources on a hitherto undreamed of scale; it would therefore help rapidly to reduce the funds which the United States has to contribute. It would bring about the involvement of the American people which is needed to rekindle their enthusiasm for the great and noble enterprise which American foreign aid has been in the past and can again become. This approach will remove most of the misgivings and create a national atmosphere in which the administration can again count on congressional support for its foreign aid program.

A change of emphasis and perspective of this kind which would place what has been a fringe activity into the center of AID's policy is not easy to achieve. It would probably require some drastic changes of organization and above all of procedures. Perhaps what is needed in the first instance is a committee composed chiefly of officers of AID, but including some outsiders from some of the other Government agencies in Washington as well as from both private business and other nongovernmental organizations such as some of the foundations to consider what changes of organization and procedure would help to increase rapidly the effective encouragement which AID can give both to the employment of United States and international nongovernmental institutions and enterprises for foreign aid on a large and increasing scale, as well as to the development and creation of such institutions and enterprises among people abroad receiving foreign aid.

It may not be necessary, Mr. President, to establish another committee. One of the problems is that we already have too many committees, and that we take too long to do what needs to be done. But the proposal itself, and others like it, is worth considering.

It should be clear by now to all concerned that some basic changes are going to have to be made in the foreign aid program in the very near future. One of the changes most urgently needed is the increased use of non-Government agencies, together with greater use by AID of other Government agencies and departments.

This was the purpose of the Humphrey amendment to the new Foreign Assistance Act of 1961, which was adopted and became part of section 621 of the act. My amendment, which I called the technical-services-for-peace amendment read as follows:

> In providing technical assistance under this act in the field of education, health, housing, or agriculture the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field.

The Humphrey amendment called upon AID to utilize other agencies to the "fullest extent practicable" in carrying out the foreign aid program. My objective, as I said at the time, was to enlist the best personnel and the finest facilities available, not just in the U.S. Government itself, but in the entire country, in effectuating the purposes of the foreign aid program.

Rather than enlisting new personnel and building up a large new body of public servants, the foreign aid agency under my amendment, was directed to rely as much as possible on the expertise and staffs of the existing departments and agencies of the Government which had already developed competence in particular fields. For example, the Department of Agriculture has more competence in the field of conservation, land reform, and certain areas of agricultural redevelopment than any group of people that we could bring quickly into the agency. Therefore we should call upon the Department and use its personnel facilities to the maximum extent practicable.

Another example is the Department of the Interior, which has specialists in many fields related to the economic development of the less-developed countries, such as erosion control, reclamation, and irrigation.

The U.S. Public Health Service is another example. It has the confidence of the American medical profession, and long experience with medical fields of importance to the less-developed countries. Under my amendment the foreign aid agency was directed to utilize the Public Health Service, including the National Institutes of Health, in carrying out vital programs in the international health field, which is so closely related to the goals of our foreign policy and of our foreign aid program.

In offering the amendment I did not intend to reduce the foreign aid agency to the status of a contracting office. The foreign aid program has to be operated under the direction of the Secretary of State and under the direct administration of the Administrator of AID. Nor was I proposing the establishment of separate foreign aid offices by any of the other departments or agencies of Government. My proposal was made with the recognition that all foreign aid activities of other Government agencies and departments should be conducted under the supervision and direction of the Department of State and the Agency for International Development.

In short, Mr. President, the Humphrey amendment of 1961 was designed to strengthen AID both by enabling the Agency to maintain as small a staff as possible, and to provide maximum resources for the foreign assistance program by making use of all available talent and facilities in the Government and throughout the country.

Section 621 has now been amended by the Senate to read as follows:

> In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

I supported this additional language to my amendment of 1961 in order to make it crystal clear that Congress wants the foreign aid agency to make greater use of other Government agencies and of all available U.S. public groups and organizations in carrying out the foreign aid program.

As changes and improvements in the foreign aid program are considered, Mr. President, ways of implementing the desire of Congress to have greater use made of the full resources of the Government and of the great public organizations and private groups of this country must be given top priority.

It is essential for more of the foreign aid program to be carried out on contract with public and private groups and organizations and on a reimbursable basis by other Government agencies. The Agency for International Development itself must become less of a line agency and more of a staff agency if the foreign aid program is going to become a more effective expression of American ideals and goals, and a better vehicle for applying American skills and knowledge to the problems faced by the less-developed countries.

This has been a long and difficult debate. It has produced mixed results, in my opinion, but I hope the final result will be a better foreign aid program.

There has been a great deal of criticism during the past 3 weeks. By and large this has been useful and constructive, as I am sure it was meant to be. I know that it will be received in a constructive manner by those responsible for administering the program.

But debate in the Senate is something like a family argument—it may give a misleading impression about the true state of affairs. Listening to the debates one might wonder how committed the Senate is, not just to the present foreign aid program, but to the whole concept of foreign aid. For this reason, I think it is important to end our deliberations with a clear affirmation.

Let it be made clear to all the world that the United States does not intend to abandon its foreign aid program.

The United States is deeply committed to the development of a free and prosperous community of nations.

The United States has supported foreign aid for 15 years as a vital instrument for bringing into being this free community of nations.

Let there also be no misunderstanding of the meaning of this debate in the Senate.

The Senate wants the foreign aid program to be improved, to be sharpened, to be made more effective; but the Senate is not turning its back on the foreign aid program. The Senate is attempting to criticize constructively, not for the purpose of tearing down, but in order to build a program which will better serve the great principles of freedom and progress for which it stands.

This, the building of a better foreign aid program, is the task before us as we turn from the mistakes and the achievements of the past to the challenge of the future. The critics have had their day. Now let us, critics and all, reaffirm our support for foreign aid, and unite in our determination to make it work.

Mr. President, I have a memorandum from the acting chief of staff of the Foreign Relations Committee setting forth the major amendments to the foreign aid bill—S. 1276—which were adopted by the Committee on Foreign Relations.

In addition to these amendments made by the committee, of course, other amendments have been adopted during debate on the floor.

The memorandum provides ample evidence of the great amount of care and attention given the foreign aid bill by the Committee on Foreign Relations. It also is a useful compendium of the action taken by the committee on policy questions affecting the foreign aid program.

I ask unanimous consent that the memorandum be printed at this point in the Record.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

MEMORANDUM TO SENATOR HUMPHREY FROM PAT HOLT

Set forth below are the major amendments to the administration's foreign aid bill (S. 1276) which were adopted by the Committee on Foreign Relations.

1. The following new paragraph was added to the statement of policy:

"It is the sense of the Congress that assistance authorized by this act should be extended to or withheld from the Government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

The committee report states (p. 8):

"This new paragraph reflects the committee's conviction that stabilization of the political situation in Vietnam is of the utmost importance for winning the war against the Communist guerrillas. The committee takes note of the fact that there is still pending before it Senate Resolution 196 calling for discontinuance of aid to South Vietnam unless the Vietnamese Government puts needed reforms into effect. If the political situation in South Vietnam deteriorates further to the detriment of the war effort, the committee will be disposed to give further consideration to the more drastic steps called for by Senate Resolution 196."

2. A new subsection was added to section 201, relating to the Development Loan Fund, which reads as follows:

"No assistance shall be furnished under this title unless the President determines that the project for which such assistance is requested is taken into account in the economic development of the requesting country, including an analysis of current human and material resources, together with a projection of the ultimate objectives of the country, and specifically provides for appropriate participation by private enterprise."

According to the committee report (p. 8):

"The amendment is designed to insure that the projects for which development loans are made are directly relevant to economic development, and especially that such projects can be supported by the borrowing country's available human and material resources. The committee hopes through this amendment to avoid situations in which loans are made for projects beyond the technical and managerial capacities of the borrowing country.

"It is also the intention of this amendment to encourage the greatest feasible participation of private enterprise in such projects, where appropriate."

3. A new subsection (b) was added to section 241, relating to development research, which reads as follows:

"Funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control."

The committee report (p. 14) states:

"Because of the profound impact of population growth on economic development, the committee considers it appropriate to provide explicit authority for the conduct of research and technical assistance activities in this field. It is the view of the committee that population growth must be regarded as a critical factor in the development prospects of countries which receive development assistance from the United States."

"No less than general education and technical, administrative, and managerial competence, the capacity of a country to maintain a reasonable balance between population and resources is a vital factor in its prospects for successful economic development. It is a well-known fact that in many less-developed countries rapid population growth has substantially or entirely negated the benefits of U.S. economic assistance. Even in some countries where economic growth has been impressive, per capita income levels have remained virtually stagnant as a result of mushrooming increases in population.

"Substantial progress has been made in recent years in defining the preconditions of economic growth. To a great extent our economic assistance has been refocused on those countries which have largely fulfilled these preconditions. The one vital criterion of successful development which has been neglected is that of population control. The purpose of the committee's amendment to title V of the act is to encourage research into appropriate measures to correct this omission."

4. With regard to your amendment relating to aid to Latin American cooperatives, the committee report (p. 17) states as follows:

"The committee has long been impressed with the constructive role which cooperatives can play, not only in promoting economic growth, but also in contributing to the democratic development contemplated by the Alliance for Progress. In order to give special emphasis to the importance which the committee assigns to the role of cooperatives, special provision is made in this bill for the use of certain foreign currencies available to the United States in Latin America to assist the cooperative movement.

"First, a new subsection is added to section 251 of the act, which contains the general authority for the Alliance for Progress. This new subsection provides that the President 'shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.'

"Second, a new provision is inserted in section 253 of the act, which relates to Alliance for Progress fiscal provisions, to make foreign currencies available for this purpose. The foreign currencies involved are those which have accrued as a result of loans which are repayable in foreign currencies. Most of these loans were made by the development loan fund between 1958 and 1961. Since the latter date, all development loans have been repayable in dollars. However, as a result of earlier development loans, the United States now has about $7 million in Latin American currencies. This amount is expected to increase, as a result of repayments, to about $60 million over the next 5 years. The President is authorized to reserve up to $25 million of these currencies in any fiscal year for loans to cooperatives. These funds will be available for this purpose without regard to section 612 of the act, or of any other act which makes foreign currencies available only as specified in appropriation acts.

"The foreign currencies to which this amendment applies can be used not only for loans to individual cooperatives but also to provide seed capital, should that prove desirable, to a central inter-American cooperative finance institution for relending."

5. A new section 254 was added to title VI, relating to the Alliance for Progress, which reads as follows:

"RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest."

The committee's comments on this amendment (pp. 17–18) are as follows:

"The committee has been gravely concerned over the number of elected governments in Latin America which have been overthrown by force in recent months.

"The forcible overthrow of duly elected governments is a step entirely out of harmony with the principles of the inter-American system and of the Alliance for Progress. It is difficult to see how the economic and social goals of the Alliance can be achieved in the face of such political instability. Thus, assistance furnished to irregular governments is unlikely to accomplish the purposes of the Alliance for Progress.

"Furthermore, such assistance may very well encourage ambitious militaristic forces elsewhere in the hemisphere to believe that they too can carry out coups d'etat with impunity and continue to receive American aid and otherwise to participate in the Alliance for Progress. It is important that vigorous steps be taken to dispel this dangerous delusion. The Alliance for Progress is threatened from both left and right in Latin America. The United States has gone to considerable lengths to protect the Alliance from the threat from the left represented by Castroite subversion and infiltration. It is equally important that the Alliance be protected from the threat from the right represented by the forces of the ultraconservative traditional oligarchies.

"Finally, there is at stake here the credibility of the United States, whose ambassadors, speaking for this Government, have repeatedly warned Latin American military leaders that the United States would look with disapproval on the overthrow of constitutional governments. If our word is to be believed in the future, we must follow through on these warnings by concrete steps to express disapproval."

"For these reasons, the committee has adopted an amendment which prohibits any assistance under the Foreign Assistance Act to any country in the Alliance for Progress 'in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections.' There is an exception to this prohibition in cases in which the President determines that withholding assistance would be contrary to the national interest. This exception is included because the committee believes that the President should have flexibility in utilizing the foreign aid program as an instrument of American foreign policy. It is also included because, although the committee strongly disapproves of the overthrow of constitutional governments, the committee does not consider itself wise enough to foresee clearly every situation which may arise in the future."

6. The committee reduced from $57.5 to $50 million the limitation in the existing law (sec. 511(a)) on the total value of grant programs of defense articles for the American Republics. In addition, the committee bill authorizes the use of $25 million to this amount for assistance to an international military force under the control of the Organization of American States.

The committee report states:

"Both of these changes are a reflection of the committee's growing concern over the scope and nature of the military assistance program in Latin America. In the past, the committee has sought to encourage the formation of an OAS military force which could perform peacekeeping functions in the hemisphere. The committee is aware of the problems involved in the organization of such a force, but it is disappointed that the officials with responsibility in this area have not shown as much ingenuity in finding ways to bring such a force into being as they have in finding reasons why the proposal is impractical."

7. The committee adopted an amendment to section 601, relating to the encouragement of free enterprise and private participation, which directs the President to take appropriate steps to discourage nationalization, etc., of private investment and discriminatory or other actions which might impair the climate for new private investment.

The committee report (p. 27) states as follows:

"The main point involved here is that, aside from legal problems and questions of compensation, nationalization is unwise from a purely economic point of view if it diverts resources from other more productive purposes and if it results in discouragement of new private investment. The question of compensation for nationalized property is not directly related to this limited point and is dealt with in section 620(e) of the act.

"The law already contains many provisions emphasizing that the foreign assistance program should be administered as far as possible through normal commercial channels of trade and through private facilities. This is not only in keeping with traditional American methods, but as a general rule is both cheaper and more efficient. Particularly in the field of major engineering services, the committee hopes that AID will avail itself more of the services of private firms and will not try to build up its own engineering staff to the degree that would be required if all of AID's engineering work were done by AID personnel."

8. The committee amended section 612, which relates to the use of foreign currencies, to make these currencies available, in certain cases, for sale to U.S. citizens for travel or other purposes.

The committee report (p. 28) explains this amendment as follows:

"Foreign currencies accruing under Public Law 480 are already available for sale to American tourists under the provisions of section 104(s) of that law in appropriate circumstances. The amendment in this bill to section 612 of the Foreign Assistance Act will also make available foreign currencies accruing as a result of the foreign aid program. These foreign assistance currencies will be available, not only for tourists, but for other uses by U.S. citizens.

"The amendment applies only to those foreign currencies which are in excess of the needs of the U.S. Government and which are not prohibited from sale to U.S. citizens or committed to other uses by prior agreements with the other country concerned. The dollars received from the sale of these currencies will be deposited in the Treasury as miscellaneous receipts.

"To the extent that excess foreign currencies can be sold to U.S. citizens for dollars, to pay for the foreign travel or other activities of those citizens, the balance-of-payments position of the United States will be improved. This is the purpose of this amendment."

9. The committee approved an amendment to section 620(a) which prohibits assistance to the present Government of Cuba and to any country furnishing assistance to that Government.

The committee report (pp. 28–29) explains the new language as follows:

"The main purpose of the bill's amendment to section 620(a) is to deal with the problem of free world shipping in the Cuban trade. The bill prohibits assistance (except under sec. 214) to any country which, by failing to take such steps as are appropriate, permits ships or aircraft under its registry to carry to or from Cuba any military personnel, or any items of primary strategic significance, the shipment of which is embargoed to the Communist bloc under title I of the Battle Act.

"Assistance is also prohibited if the country concerned, through failure to take appropriate steps, permits the carriage of any other equipment, materials, or commodities to or from Cuba, unless the President determines that the furnishing of assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House.

"Countries receiving assistance have 60 days after the enactment of the Foreign Assistance Act of 1963 to take appropriate steps. The prohibition applies so long as Cuba is governed by the Castro regime or any other Communist regime, and the prohibitions may not be waived pursuant to any other authority or law. In the case of nonstrategic materials, the prohibition does not apply with respect to the fulfillment of firm commitments made by the United States prior to the date this bill becomes law. Neither does the prohibition apply to military sales which are made by the United States under the Foreign Assistance Act. These sales, mainly to Western Europe, amount to about $1 billion a year, and are an important plus factor in the U.S. balance of payments.

"The committee regards this amendment as another step to isolate further the Castro regime in Cuba. Substantial progress has been made in this direction, but the committee is disappointed that a few countries continue to receive assistance from the United States while their ships continue to carry goods to and from Cuba, thereby lightening the burden which Cuba represents to the Soviet Union and contributing to the sustenance of the Castro regime."

10. The committee made several changes in the Hickenlooper amendment (sec. 620 (e)) which requires suspension of assistance in cases where American property has been expropriated without prompt and adequate compensation.

The committe report (pp. 29–30) explains these changes as follows:

"The existing law covers not only nationalization, expropriation, and seizure of ownership or control, but also discriminatory taxes, other exactions, and 'restrictive maintenance or operational conditions, which have the effect of' nationalization, expropriation, or seizure of control. This is broadened to include 'other actions' having the same effect.

"The committee has added the phrase 'other actions' because it has been concerned over recurring reports of actions which certain governments are either proposing or initiating and which can perhaps best be described as creeping expropriation. These other actions include, for example, unusually high taxes which are perhaps not discriminatory in a technical sense but which are tantamount to confiscation or which at least raise a serious question of their confiscatory effect. The committee intends for confiscation to be construed broadly and not in a narrow technical sense.

"The committee has also been concerned about the attitude which certain foreign governments have taken toward existing contracts with American companies, even though these contracts may have been negotiated several years ago in good faith by an earlier regime. To meet this problem the committee has added a new subparagraph which brings section 620(e) into play whenever a foreign government— 'has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by the United States citizens'."

"Under the existing law, assistance is suspended when a country which has taken the actions described in the preceding paragraphs fails to provide 'equitable and speedy compensation for such property in convertible foreign exchange.' This is changed so as to require 'speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof.'

"The bill also adds a provision which authorizes the Foreign Claims Settlement Commission, upon request of the President, to evaluate property which has been expropriated or subjected to other discriminatory actions and to make an advisory report to the President. The Commission is to act within 90 days of the President's request. Its advisory report is to be made available to the owner of the property, but is not to be otherwise published unless authorized by the President. Appropriations, as may be necessary, are authorized to enable the Commission to carry out this new function.

"In view of the injection of the Commission into the process, the provisions of the present law relating to the deadline for suspension of assistance are amended. The deadline is now 6 months after the expropriation or other discriminatory action. The bill retains this deadline, but provides that, in case the matter is referred to the Foreign Claims Settlement Commission, the deadline is to be 20 days after the report of the Commission is received. If the President does refer the matter to the Commission, he must do so soon enough so that the matter can be settled within the overall 6-month time limit.

Finally, the existing law provides only for the termination of assistance furnished under the Foreign Assistance Act of 1961, as amended. The committee bill provides also for the termination of assistance under any other act, in the circumstances described by section 620(e). This would extend the sanctions of the section to such activities and agencies as Public Law 480, the Export-Import Bank, and the Peace Corps.

"The committee has been gratified by the experience under section 620(e) since it was made a part of the law last year. At least one major expropriation case has been settled which, in the committee's judgment, probably would not have been settled in the absence of section 620(e). Several other expropriations or discriminatory actions have been avoided. In only one case has the section operated to suspend assistance.

"The revisions which the committee now proposes tighten the existing law somewhat, broaden its provisions, and provide the President, in his discretion, with the resources and experience of the Foreign Claims Settlement Commission."

11. The committee added a new subsection to section 620 which provides:

"No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under paragraph II hereof during fiscal year 1964 in an amount not to exceed $1,000,000."

The committee report (p. 30) states as follows:

"Grant assistance to developed countries has been substantially reduced and in many cases eliminated, but the process has not gone as fast as the committee thinks it should. The committee recognizes, however, that there are some cases of prior commitments, mainly in regard to military assistance, which have not yet been entirely fulfilled. These include, among others, a military assistance cost-sharing agreement with Norway.

"The committee also recognizes the value of limited military orientation and training programs for officers of developed countries. These programs are an important factor in sales of military equipment amounting to approximately $1 billion a year, and are in reality a 'business expense' of the Defense Department. The amendment makes an exception for programs of this nature. Further, it will not preclude financing of military training and orientation courses by the Defense Department under other appropriations if considered desirable and possible.

"The question arises as to what is an 'economically developed nation capable of sustaining its own defense burden and economic growth.' The committee believes this to be a matter of reasonable judgment. The amendment is intended to cover the countries of Western Europe, among others.

"In view of the specific U.S. base rights in Spain and Portugal the committee does not intend this amendment to apply to these two countries. However, the committee is strongly of the view that the United States has been generous in its grants-in-aid to Spain and Portugal and that in the future these programs should be progressively reduced with a view toward termination.

"Neither does the committee intend the amendment to apply to NATO cooperative enterprises involving the furnishing of military and technological information, licenses of Government owned or controlled inventions, and liaison by members of the Armed Forces."

12. The committee also added a new subsection to section 620 which provides:

"No assistance under this Act shall be furnished for projects establishing or otherwise assisting Government-owned manufacturing, utility, merchandising, or processing enterprises in any country or area, except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

The committee report (pp. 31–32) states that the committee agrees with the conclusion of the Clay Committee that the United States should not aid a free government in establishing government-owned industrial and commercial enterprises which compete wtih existing private endeavors.

The committee report adds:

"At the same time, the committee realizes that there are instances in which needed goods or services either are not or cannot be adequately provided by private businesses. In such instances, it may be appropriate to assist in the establishment of government-owned enterprises. The question of what is 'adequate' is a matter of judgment and will have to be determined in individual cases by the responsible officials of the executive branch. The committee intends the word to be construed so as to promote the most efficient use of limited resources for investment in projects designed to contribute to economic growth. The committee notes in addition that relatively little assistance has in fact been extended by AID to government owned enterprises competing with private firms, but the committee felt it desirable to make certain as nearly as possible that this does not occur in the future."

13. The committee adopted an amendment relating to interest rates on loans which is explained in the report (pp. 34–35) as follows:

"The committee bill contains an amendment which fixes minimum terms for loans made under part I, which deals with economic assistance. The existing law leaves the question of these terms to the discretion of the President, and under current practice the softest terms are three-fourths of 1 percent interest and a maximum maturity of 40 years, with a grace period of 10 years as to repayment of principal.

"Under the terms of the amendment adopted by the committee the minimum interest rate will be three-fourths of 1 percent for the first 5 years and 2 percent thereafter.

"The grace period on repayment of principal will be reduced to 5 years from the date of disbursement, and repayment on an amortized basis will be required within 30 years after the grace period. Loans which may be made to the International Development Association under authority of section 205 are exempt from these new terms.

"Although the amendment adopted by the committee represents a substantial hardening of loan terms compared to current U.S. practice, the terms required by the committee amendment are still substantially softer than those offered by any other free world capital exporting country. This was one of the reasons which led the committee to adopt the amendment. The committee is encouraged by recent moves on the part of some Western European countries, particularly the United Kingdom, to reduce interest rates and lengthen maturity. The executive branch should take every opportunity to urge our European friends to do even more in this respect.

"Another reason the committee adopted this amendment is that it felt it could no longer justify three-fourths of 1 percent, 40-year loans in view of the U.S. budgetary and balance-of-payments position. The higher interest rates and shorter maturity required by this amendment will serve to reduce the long-term cost of the foreign aid program to the United States.

"It should be made clear that the terms fixed in this amendment are minimum terms. In cases in which the borrowing country's capacity to repay permits, loan terms should be more realistic and should more nearly reflect, insofar as possible, the actual cost of the loan to the United States. Furthermore, the committee expects the executive branch to include renegotiation provisions in loan agreements so that interest rates may be raised as the economy of the borrowing country improves.

"Historically, U.S. aid policy has evolved from a program of almost all grants through a program of soft loans repayable in foreign currencies into a program of dollar repayable loans. The amendment made by this section will carry this evolution a step further."

14. The committee approved an amendment to section 635, relating to general authorities, which provides:

"(1) No loan or grant in excess of $100,000,000, and no agreement obligating or committing the United States to make a loan or grant in excess of $100,000,000, for the financing of any particular project shall be made or entered into under part I unless such loan, grant or commitment shall have been specifically submitted to the Congress and specifically approved by Congress."

The committee report (p. 36) states:

"This amendment is designed to assure advance congressional review of these large projects.

"There are not, in fact, many individual projects of this magnitude. Where one is seriously proposed, its magnitude alone would indicate the most careful review in which Congress should specifically participate.

"It should be emphasized that the amendment applies only to individual projects. It does not apply to programs. The distinction is that the program in a country might embrace a number of individual projects, each of which would be less than $100 million although collectively they might total substantially in excess of that amount.

"Neither would the amendment apply to individual projects which are financed by an international consortium if the U.S. share of the financing is less than $100 million, even though the total cost of the project is in excess of that."

15. The committee adopted an amendment to include fish products within the definition of a "surplus agricultural commodity."

The committee report (p. 41) reads as follows:

"The committee adopted an amendment to section 106 of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954) to make it possible to include fish in the food-for-peace program upon a finding by the Secretary of the Interior that a domestically produced fishery product is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars. The amendment applies only to titles I and IV of Public Law 480, and will therefore not make fish available for grant programs under title II. For purposes of title I, which authorizes sales for foreign currencies, the amendment will become effective January 1, 1965.

"There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

"The effective date for purposes of title I is postponed until January 1, 1965, because the present authority under title I extends through December 31, 1964, and was intended to include only surplus agricultural products at the time it was enacted."

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). I have a live pair with the senior Senator from Nebraska [Mr. HRUSKA]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. JOHNSTON (when his name was called). On this vote I have a pair with the Senator from South Dakota [Mr. McGOVERN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. LONG of Missouri (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. TALMADGE (when his name was called). On this vote I have a pair with the senior Senator from West Virginia [Mr. RANDOLPH]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. WALTERS (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. YOUNG of North Dakota (when his name was called). I have a pair with the junior Senator from Washington [Mr. JACKSON]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. Anderson], the Senator from Louisiana [Mr. Ellender], the Senator from Washington [Mr. Jackson], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from South Dakota [Mr. McGovern], the Senator from Utah [Mr. Moss], and the Senator from Mississippi [Mr. Stennis] are absent on official business.

I also announce that the Senator from California [Mr. Engle] is absent because of illness.

I further announce that the Senator from West Virginia [Mr. Randolph] is necessarily absent.

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Mississippi [Mr. Stennis]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Mississippi would vote "nay."

I further announce that, if present and voting, the Senator from California [Mr. Engle] and the Senator from Washington [Mr. Magnuson] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. Curtis and Mr. Hruska] are absent on official business.

The Senator from Kentucky [Mr. Morton] and the Senator from Delaware [Mr. Williams] are necessarily absent.

The pair of the Senator from Nebraska [Mr. Hruska] has been previously announced.

On this vote, the Senator from Kentucky [Mr. Morton] is paired with the Senator from Nebraska [Mr. Curtis]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 63, nays 17, as follows:

[No. 239 Leg.]

YEAS—63

Aiken
Allott
Bartlett
Bayh
Beall
Boggs
Brewster
Burdick
Byrd, W. Va.
Cannon
Case
Church
Clark
Cooper
Cotton
Dirksen
Dodd
Dominick
Douglas
Edmondson
Fong
Fulbright
Gore
Gruening
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Humphrey
Inouye
Javits
Keating
Kennedy
Kuchel
Lausche
Mansfield
McCarthy
McGee
McIntyre
McNamara
Metcalf
Miller
Monroney
Muskie
Nelson
Neuberger
Pastore
Pearson
Pell
Prouty
Proxmire
Ribicoff
Saltonstall
Scott
Smathers
Smith
Sparkman
Symington
Williams, N.J.
Yarborough
Young, Ohio

NAYS—17

Bennett
Bible
Byrd, Va.
Eastland
Ervin
Goldwater
Jordan, N.C.
Jordan, Idaho
McClellan
Mechem
Morse
Mundt
Robertson
Russell
Simpson
Thurmond
Tower

NOT VOTING—20

Anderson
Carlson
Curtis
Ellender
Engle
Hruska
Jackson
Johnston
Long, Mo.
Long, La.
Magnuson
McGovern
Morton
Moss
Randolph
Stennis
Talmadge
Walters
Williams, Del.
Young, N. Dak.

So the bill (H.R. 7885) was passed.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized, in the engrossment of the Senate amendment to H.R. 7885, to make certain technical changes, correct any grammatical errors, and make changes in section numbers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill be printed showing the Senate amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Fulbright, Mr. Sparkman, Mr. Humphrey, Mr. Hickenlooper, and Mr. Aiken conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader about the schedule for the remainder of the day, and also for next week.

ORDER FOR RECESS TO MONDAY NEXT

Mr. MANSFIELD. Mr. President, in response to the question raised by my distinguished friend, the minority leader, I ask unanimous consent that when the Senate recesses today, it recess to meet at 12 o'clock noon, Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 621, S. 1561, be laid before the Senate and made the pending business. It is anticipated that it will pass very shortly. I understand there is no objection to it.

Then we shall take up Calendar No. 609, H.R. 7431, the District of Columbia appropriations bill, which will be the pending business, to be considered on Monday.

There will be no further votes today.

So far as the remainder of the schedule is concerned, on Monday it is expected that the District of Columbia appropriation bill will be followed by Calendar No. 614, H.R. 6001, the Waukegan bill; Calendar No. 617, S. 298, and Calendar No. 618, S. 1309, the small business bills; also the braceros bill; the conference report on the legislative appropriations bill; H.R. 8747, the independent offices appropriation bill; and the air pollution bills H.R. 6001 and S. 432.

S. 2265, the library service bill will also be brought up next week.

Those bills will be brought up next week, but not necessarily in that sequence, except for the first two mentioned.

There will be no further votes today. There is one little bill to be considered. That is about it.

COMMITTEE MEETING DURING THE SESSIONS OF THE SENATE NEXT WEEK

Mr. MANSFIELD. Mr. President, in view of the unusual procedure undertaken by the Senate this afternoon, and with the full concurrence of the minority leader, I ask unanimous consent that the Committee on Banking and Currency be authorized to hold hearings on the Mundt bill during the sessions of the Senate next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE MEXICAN FARM LABOR PROGRAM

Mr. McCARTHY. Mr. President, on October 31, the House approved a 1-year extension of the Mexican farm labor bill. The House version eliminates the language which was adopted when the Senate passed on this legislation on August 15. The bill which passed the Senate provided minimal protection for American migrant workers. It is my understanding that Senators who opposed the reforms which were included in the Senate bill will move to bypass taking this measure to conference, and plan to move to have the Senate concur with the House language when that bill is brought up before the Senate on Monday.

It is my opinion that the bill should go to conference. In the course of the consideration of the proposed legislation in August, 2 or 3 days were spent in debate. Three or four yea-and-nay votes were held on the question of whether American migrant workers were to receive the same protection under the law that the Mexican farm laborers are afforded. The Senate, by a single vote, after long debate and a series of yea-and-nay votes, determined that these protections should be written into the law.

It will be argued, of course, that because the majority was a simple one of one vote, it is more or less meaningless, and, secondly, that we should surrender to the House of Representatives, I assume, if we do have a conference, even before the conferees reach the rotunda. At least this would have been a test by way of representing the Senate's position in a contest with the House.

The proposal will be made that we not even go to conference and attempt some kind of accommodation or reconciliation. In my opinion, the appropriate procedure in handling this measure, involving a significant difference between the House and Senate versions, is to hold a conference.

In the course of the debate on the foreign aid authorization bill and other measures which have recently been before the Senate, the argument has been strongly made that the House position should not be accepted by the Senate, and that we should not surrender our position to the House on the floor of the Senate.

I am sure that when the measure comes up, some of the Senators who advocated that stand will be among those who will say, "Why not accept the House version?" They will not want to give a majority of the Senate who voted for the version passed by the Senate on August 15 the courtesy, even, of going to a conference.

From the time the Mexican farm labor bill was proposed in 1951, the farm labor program has been highly controversial, and it has become more so in recent years. The House itself has been almost equally divided, not on the question of whether American workers should be given protection, but on the question of whether the program should be continued under any circumstances.

Two weeks ago the House approved an extension by a vote of 173 to 158, but earlier in the session the House killed a bill providing for a 2-year extension by a vote of 174 to 158.

I assume, if we are to play the numbers game, it will be argued that we should not go to conference because the Senate approved a protective measure by a margin of 1 vote; therefore, we could just as well argue that the House had 2 separate votes, one in which 174 Members said there should be no extension of the program at all, and yet another vote, in which the House said, by 173 votes, that there should be an extension.

So far as the single-vote difference is concerned, if we jump a period of several months in the House, it would appear that the issue before the conference committee would be whether one vote in the Senate in favor of the program is worth more than one vote in the House against the program. I assume the ratio should be at least 4 to 1; and therefore on the basis of numbers alone the senior members of the Committee on Agriculture and Forestry should at least be willing to go to conference in an attempt to arrive at a compromise, if they are not willing to accept the language in the Senate version.

Both the House and Senate versions provide for a 1-year extension, but the Senate bill takes a step toward protecting the rights of American citizens. It provides that growers desiring to import Mexican nationals must first make a limited effort to recruit domestic workers. The Senate bill does not, of course, require growers to do anything; it only states that if they want to secure braceros they must first offer terms regarding workmen's compensation, housing, transportation, and work period guarantees comparable to those they offer Mexican nationals.

This is certainly a reasonable condition. It does not guarantee that American workers will get all the benefits now given to Mexican nationals under the program. It provides only limited protection for domestic workers. Under the Senate provisions, growers with an established need will still be able to get Mexican nationals if domestic workers are unavailable.

The Mexican farm labor program is opposed by church groups and many civic groups. The opposition of the church leaders now and in the past is based on a deeply held conviction that this is a moral as well as an economic and social issue. I do not believe that anyone has ever suggested that the church groups have any motivation except the clear and honest one of protecting the rights of underpriviliged citizens.

Representatives of many religious groups have programs to assist migratory laborers. They see firsthand the suffering and privation under which these citizens live and work. They are opposed to extending this program of importing foreign workers to compete with these neglected citizens for jobs and wages.

Church leaders may not always be experienced in economics, but they know human suffering and neglect when they see it. They know that something is wrong with the system when over the years as many as 400,000 foreign workers have been brought annually to compete with our own citizens who are already at the bottom of the economic ladder.

They know that something is wrong when hundreds of thousands of citizens are forced to drift from place to place, hopefully looking for work but suffering from extensive seasonal unemployment, earning low wages, being forced to live in substandard housing, and their children receiving only a scattering of formal education.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a few of the letters I received from church and other leaders when S. 1703 was scheduled for Senate action last summer. I also ask unanimous consent to have printed in the RECORD an editorial entitled "Defeat for the Migrants," published in the New York Times of November 3, 1963, and an editorial entitled "Stoop Labor," published in the Washington Post of November 2, 1963, which urged that the Senate bill be upheld.

There being no objection, the letters and the editorials were ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF THE
CHURCHES OF CHRIST
IN THE U.S.A.,
New York, N.Y., July 29, 1963.
Hon. EUGENE J. MCCARTHY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCCARTHY: I enclose a statement of the general board of the National Council of Churches entitled, "Resolution Regarding the Future of the Mexican Agricultural Worker Importation Program (Public Law 78, 82d Cong.)."

This resolution, adopted in February 1960, reflects the long experience of the National Council of Churches through its Ministry to Migrants. This led us to the conviction that the Mexican farmworker importation program, introduced as a wartime emergency measure and continued year after year long after the emergency had ceased, should be gradually eliminated during a specified phaseout period.

Since that time the widespread introduction of mechanization has resulted in an automatic phaseout process in which the number of braceros brought into the country has decreased each year. This fact, together with the widespread and increasing unemployment among both farm and other workers in this country, has reenforced the conviction that the importation program should not be again extended.

I am sending this to you for your information on a matter of public interest before the Congress at this time. We believe you will be interested to know of the principles relating to this issue adopted by this body of men and women from our churches and the accompanying brief statement of reasons therefor.

Sincerely yours,

CAMERON P. HALL.

BISHOPS' COMMITTEE FOR
MIGRANT WORKERS,
Chicago, Ill., July 30, 1963.
Hon. EUGENE J. MCCARTHY,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR: It has come to my attention that there is an effort being made to have the Senate approve a 1-year extension of Public Law 78—Senate bill 1703, and that this is being done without any hearings. I am shocked and surprised if this be the truth.

With the present rate of unemployment growing constantly because of automation and with the threatened railroad strike on our hands, it is difficult to understand the mind of the Senate asking for a 1-year extension of Public Law 78, which has long since outlived its utility and necessity, if it ever had such.

Our committee is united with many other civic and religious groups, labor organizations, etc., that have fully studied and fought against Public Law 78.

We urge your cooperation in bringing justice to American workers by holding the line against any further extension of this law.

Sincerely,

Rev. RALPH J. DUGGAN.

NATIONAL CATHOLIC RURAL
LIFE CONFERENCE,
Washington, D.C., July 29, 1963.
Hon. EUGENE J. MCCARTHY,
U.S. Senate, Washington, D.C.

DEAR SENATOR MCCARTHY: It is my understanding that S. 1703, the bill to extend the Mexican farm labor program for 1 year, is expected to come to the Senate floor very soon, perhaps in the next day or two.

Those of us who oppose the extension of the bracero program are both astonished and disappointed that legislation rejected by the House should be rushed to the Senate floor without hearings. On a matter as controversial as this it seems essential that all interested parties should have the opportunity to have their views heard.

Particularly is this true of the many church bodies which have long and uncompromisingly opposed the bracero program. To mention only Catholic organizations, the following have repeatedly gone on record as opposed to any extension of Public Law 78: the National Catholic Rural Life Conference; the Social Action Department, NCWC; the Bishops' Committee for Migrant Workers; the Bishops' Committee for the Spanish Speaking; the National Council of Catholic Men; the National Council of Catholic Women; and the National Federation of Catholic College Students. A list as long and as weighty could be given of Protestant and other church groups as well as innumerable other citizen organizations.

Surely the unanimous voice of virtually everyone except the handful of bracero-using employers and their spokesmen should be heard.

I appeal, therefore, to you, Senator, to add your voice and vote to the effort to end this program once and for all. With every good wish I remain,

Very sincerely yours,
Rev. James L. Vizzard, S.J.,
Director of Washington Office.

Minnesota Migrant
Committee of the Minnesota
Council of Churches,
Minneapolis, Minn., July 29, 1963.
Hon. Eugene McCarthy,
U.S. Senate, Senate Office Building, Washington, D.C.

My Dear Senator McCarthy: Working with the approximately 9,000 migrant workers who came to Minnesota again this summer, and seeing how much of the time they must spend without work in our State, is convincing evidence that there is much to be desired for improvement in "their labor market." In four areas of migrant concentration in our State, workers have spent many days without work due, they say, to too many workers being available and recruited for the work to be done.

It is alarming to me to hear that a new measure, Senate Bill 1703, will be reported to the floor very hastily in an attempt to extend Public Law 78 for 1 year. I feel this is not in the interest of the citizens of our Nation who are migrants, nor is it in the interest of many producers across our land. It, if passed, will help a small minority of growers at the expense of justice to many.

I am writing this letter urging you to uphold the progress made in the discontinuance of Public Law 78 some weeks ago.

Sincerely yours,
George K. Tjaden,
State Director, Ministry to Migrants, Minnesota Council of Churches.

National Advisory Committee
on Farm Labor,
July 29, 1963.

Dear Senator McCarthy: When the House, on May 29, voted down efforts to extend Public Law 78 for 2 years, they were responding to the overwhelming evidence presented in opposition to any extension of the Mexican farm labor program.

Enclosed for your attention is a copy of a letter signed by 44 prominent leaders in all walks of life and sent to each Member of the House prior to this vote. The arguments stated in this letter still hold true.

Furthermore, there is no validity to the argument that a "sudden" cutoff of braceros would work undue hardship on their employers. With no further extension of Public Law 78, this program has another 5 months to run. This is ample time in which to improve wages and working and living conditions, and to set up procedures to recruit qualified domestic farmworkers.

The action of the Senate Agriculture and Forestry Committee in reporting out S. 1703, a 1-year extension of Public Law 78, without any public hearings was unconscionable. This 1-year bill, regarded by some as a compromise, is no compromise at all, but an attempt by a comparative few large growers to extend a program for which there is no justification.

Sincerely yours,
Fay Bennett,
Executive Secretary.

National Advisory Committee
on Farm Labor,
May 24, 1963.

(Copy of letter individually addressed to all Representatives.)

Public Law 78, providing for the importation of Mexican farmworkers, will expire at the end of 1963 if no action to extend it is taken by Congress. We urge you to bring this program to an end by voting against H.R. 5497 or any similar bill introduced to extend the program.

This contract labor program was adopted as an emergency measure in 1951, when manpower needs were crucial. But now the proportion of all American farmers using Mexican braceros has dropped to less than 1 percent. The number of braceros used in 1962 was 38 percent less than in 1961; California accounted for 53 percent of the total man-months of Mexican labor and Texas for 26 percent. It has clearly become a program for the benefit of a few.

One of the worst results of the Mexican program through the years is that it has tended to become self-perpetuating, as large growers have come to rely upon it for their labor needs. The existence of an inexhaustible pool of low-paid workers destroys the competition which would encourage employers to make jobs attractive in terms of wages and working conditions. Artificial shortages of farmworkers have occurred when growers, knowing they could fall back on Mexican baceros, have failed to offer a decent living wage to available domestic workers. Despite minor reforms passed by the 87th Congress and Department of Labor efforts for better enforcement of existing regulations, adverse effects on domestic farmworkers continue.

Moreover, increasing mechanization of agriculture is regularly reducing the jobs available to agricultural workers. In 1962 total employment of seasonal hired farm workers declined for the third successive year; so did the number of days worked by individual farm laborers.

Farmworkers also found fewer sources of nonfarm work last year. Lack of farm employment is forcing their migration to the cities, where the need for unskilled workers continues to decline. Surely there is no justification for the importation of foreign workers at a time of rapidly declining opportunities in unskilled and semiskilled employment both on and off the farm.

That domestic agricultural workers can fill the need is shown in the areas where the employment service and growers cooperate through the annual worker plan. This provides the growers with a stable and efficient supply of domestic workers without recourse to foreign recruitment, and at the same time provides the workers with fuller employment, through planned routing to meet the growers' seasonal demands.

We submit that any industry in the country would have a labor shortage if it offered wages below the national minimum; seasonal and irregular work without unemployment compensation; unhealthy working and living conditions; and few of the benefits of social legislation enjoyed by other workers. We believe these conditions in American agriculture are perpetuated by the existence of a foreign contract labor system based on substandard wages.

Ending the inequities faced by American farmworkers will end any artificial labor shortages which have been created. In the name of both justice and commonsense the Mexican program should be allowed to expire.

Sincerely yours,

Dr. Louis H. Bean, Joseph A. Beirne, James B. Carey, Patrick F. Crowley, Helen Gahagan Douglas, Rev. Ralph J. Duggan, John Anson Ford, Dr. L. H. Foster, Prof. Walter Galenson, Rabbi Roland B. Gittelsohn, Rev. Donald S. Harrington, Henry B. Herman, Rt. Rev. Msgr. George G. Higgins, Robert W. Hudgens, Joseph D. Keenan, Rabbi Edward E. Klein, Dr. Harry W. Laidler, Rabbi Eugene J. Lipman, Dr. Seymour M. Lipset, Bishop John Wesley Lord, Dr. Isador Lubin, Archbishop Robert E. Lucey, Rev. Alan McCoy, O.F.M., Rev. Dr. Robert J. McCracken, Dr. John A. Mackay, Dr. Benjamin E. Mays, Dr. Reinhold Niebuhr, Dr. Peter H. Odegard, Bishop James A. Pike, Prof. Daniel H. Pollitt, Very Rev. Msgr. William J. Quinn, A. Philip Randolph, Robert Ryan, Dore Schary, Rev. Roger L. Shinn, Rabbi Samuel D. Soskin, Norman Thomas, Frederick S. Van Dyke, Dr. Maurice T. van Hecke, Rev. James L. Vizzard, S.J., Rev. John A. Wagner, Dr. Galen R. Weaver, Rabbi Jacob J. Weinstein, and Walter P. Reuther.

[From the Washington Post, Nov. 2, 1963]

Stoop Labor

The House of Representatives let itself be horn-swoggled by a farm lobby that wants to maintain a supply of cheap peasant labor. It passed a bill on Thursday providing for a 1-year extension of Public Law 78, the so-called Mexican farm labor program. Last May, in an exhibition of good morals, good economics, and good sense, the House defeated a bill for a 2-year extension of the program, bringing to an end at long last, it was hoped, an exploitation of Mexican stoop labor which served to deny employment to American farmworkers.

In August, the Senate voted to extend Public Law 78 for 1 year—but with an amendment providing that Mexican workers may not be recruited for hire on American farms until the Secretary of Labor finds that reasonable efforts have been made to attract domestic workers for the available jobs at wages and hours and with workmen's compensation, housing, transportation, and work period guarantees equal to those offered the braceros.

The House ignored this amendment. We hope the Senate will insist upon it. The farm lobby doesn't like it, of course, because it would raise the costs, while improving the conditions, of farm labor. But without it, the extension of the bracero program amounts to little better than a perpetuation of peonage. If the bill comes to him without the Senate amendment, President Kennedy ought to veto it in simple justice to the tragically deprived American migrant farmworkers.

[From the New York Times, Nov. 3, 1963]

Defeat for the Migrants

Once again the corporate farm interests in California, Texas, and Arizona are on their way to using Congress as an instrument for depressing the wages and working conditions of America's most exploited workers—the half million migratory farm laborers and their families.

The House of Representatives 5 months ago voted to kill the program under which hundreds of thousands of Mexicans are brought in each year to supply cheap labor for the harvesting of U.S. crops. Now the House has been induced to reverse itself. It has voted a 1-year extension, devoid even of the strings the Senate attached when it approved a similar extension in August.

Under the Senate bill, benefits equal to those guaranteed the Mexicans in such areas as housing, workmen's compensation, and transportation would have to be offered to domestic workers as well. The House dispensed with even this meager safeguard when the program for importing braceros came up for a second look. The chances seem strong that the Senate will now consent to the same unreserved extension of the old law.

With national unemployment frozen at a rate of more than 5 percent, the continued importation of foreign workers to aid a comparative handful of large corporate farmers is unconscionable. The Senate ought to exercise the opportunity the House action gives it to scrap the entire program. If it sends it forward, the responsibility for a veto will be the President's.

Mr. McCARTHY. Mr. President, the Senate bill incorporates recommendations made by the administration as the condition under which the Department would support a 1-year extension. After the recent House action, I inquired about the administration's position and received from Secretary of Labor Wirtz a letter stating that the administration is opposed to the 1-year extension, unless amendments are included, recommended by the Department, to protect domestic workers. These are the recommendations which were included in the Senate version. If our information is correct, the advocates of this program hope to have them dropped on the floor of the Senate without so much as even taking them to conference.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter to me from Secretary of Labor Wirtz under date of November 1, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., November 1, 1963.

Hon. EUGENE MCCARTHY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCCARTHY: This is in response to your inquiry requesting a statement describing the administration's position on the extension of Public Law 78.

The administration has continued to maintain the position I indicated before the House Subcommittee on Equipment, Supplies, and Manpower of the Committee on Agriculture on March 27. We support a 1-year extension, provided the act is amended to require employers seeking to obtain Mexican workers to demonstrate that they have offered to domestic workers workmen's compensation or occupational insurance coverage, housing, and transportation expenses equivalent to that furnished Mexican workers.

We are opposed to an extension without these amendments.

Yours sincerely,
W. WILLARD WIRTZ,
Secretary of Labor.

Mr. MCCARTHY. I intend to oppose the motion, if it is made, that the Senate accept the House version, and to move to take this matter to conference. It is my hope that if a motion to go to conference is rejected, a majority of the Senate will stand by the position which they took last August and refuse even to extend this program for another year. What we have asked for in the way of protection for American migratory workers is well within the limits of reason. It is hard for me to understand why those who are supporting the program seem unwilling to provide that American migrant workers be given at least a minimum of consideration, of decency, and of reason before they seek to have Mexican nationals compete in this area in which competition is most intense and in which the standards of living, working conditions, and wages are the worst of any segment of the American economy.

FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar 621, S. 1561.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1561) to amend the Federal Employees Health Benefits Act of 1959.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with amendments on page 2, after line 2, to insert:

(4) Section 2(e) is repealed.

At the beginning of line 4, to strike out "(4)" and insert "(5)"; in line 5, after the word "after", to strike out " "or" in line 6," and insert " "or", the last word in the paragraph, the following:"; after line 9, to insert:

(6) Section 3 is amended by adding the following subsection:

"(g) Any annuitant (including an individual receiving monthly compensation as a result of injury sustained prior to the effective date specified in section 16 and who would be an annuitant if the injury or illness had been sustained or contracted on or after that date) who at the time he became an annuitant shall have been enrolled in a health benefits plan under this Act and who at the time he became an annuitant was ineligible to continue his enrollment may, upon his application before July 1, 1964, and under such other conditions of eligibility as the Commission may by regulation prescribe, prospectively enroll in an approved health benefits plan described in section 4 either as an individual or for self and family."

On page 3, at the beginning of line 1, to strike out "(5)" and insert "(7)"; in line 4, after the word "contract", to strike out "term," and insert "term"; at the beginning of line 9, to strike out "(6)" and insert "(8)"; at the beginning of line 12, to strike out "(7)" and insert "(9)"; after line 13, to insert:

(10) Section 7(a)(1) is amended by inserting the word "and" at the end of clause (A) and by striking out the following: "(other than as provided in clause (C) of this paragraph), and (C) not less than $1.75 or more than $2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband".

At the beginning of line 20, to strike out "(8)" and insert "(11)"; on page 4, line 3, after the word "subscription", to strike out "charge, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription"; after line 7, to strike out:

(9) Section (8b) is amended by the addition of the following:

"Whenever a contract with a plan approved under section 4(3) or 4(4) is terminated, the contingency reserve credited to that plan shall be credited to the contingency reserves of the plans continuing under this Act for the contract term following that in which termination occurs, each reserve to be credited in proportion to the amount of the premiums paid and accrued to the plan for the year of termination."

And, in lieu thereof, to insert:

(12) Section 8(b) is amended by inserting after the first sentence thereof, the following new sentences:

"The Commission, from time to time and in such amounts as it considers appropriate, may transfer unused funds for administrative expenses to the contingency reserves of the plans then under contract with the Commission. When funds are so transferred, each contingency reserve shall be credited in proportion to the total amount of the subscription charges paid and accrued to the plan for the contract term immediately preceding the contract term in which the transfer is made."

On page 5, after line 2, to insert:

(13) Section 8 is amended by adding the following subsection:

"(d)(1) Whenever the assets, liabilities and membership of employee organizations sponsoring or underwriting plans approved under section 4(3) have been or are hereafter merged, the assets (including contingency reserves) and liabilities of the plans sponsored or underwritten by the merged organizations shall, at the beginning of the contract term next following the date of the merger or enactment of this subsection, be transferred to the plan sponsored or underwritten by the successor organization. Each employee or annuitant hereafter affected by a merger shall also be transferred to the plan sponsored or underwritten by the successor organization unless he enrolls in another plan under this Act.

"(2) Except as provided in paragraph (1) of this subsection, whenever a plan described under section 4(3) or 4(4) is or has been discontinued under this Act, the contingency reserve of that plan shall be credited to the contingency reserves of the plans continuing under this Act for the contract term following that in which termination occurs, each reserve to be credited in proportion to the amount of the subscription charges paid and accrued to the plan for the year of termination."

On page 6, at the beginning of line 1, to strike out "(10)" and insert "(14)"; at the beginning of line 2, to strike out " "Any" and insert " "(c) Any"; in line 7, after the word "though", to strike out "such" and insert "his", and after line 9, to insert a new section, as follows:

SEC. 2. Paragraphs 4, 10, and 11 of section 1 shall take effect on the first day of the first period which begins at least ninety days after the date of enactment of this Act.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Employees Health Benefits Act of 1959 (5 U.S.C. 3001–3014) is hereby amended as follows:

(1) Section 2(c)(3) is amended by striking the words "as a result of injury sustained or illness contracted on or after such date of enactment".

(2) Section 2(c)(4) is amended by striking the words "on account of injury sustained or illness contracted on or after such date of enactment".

(3) Section 2(d) is amended by inserting, after "stepchild", ", foster child,".

(4) Section 2(e) is repealed.

(5) Section 3(b)(1) is amended by inserting, after "or", the last word in the paragraph, the following: "(C) the full period or periods of service beginning with the enrollment which became effective not later than December 31, 1963, and ending with the date on which he becomes an annuitant, or".

(6) Section 3 is amended by adding the following subsection:

"(g) Any annuitant (including an individual receiving monthly compensation as a result of injury sustained prior to the effective date specified in section 16 and who would be an annuitant if the injury or illness had been sustained or contracted on or after that date) who at the time he became an annuitant shall have been enrolled in a health benefits plan under this Act and who at the time he became an annuitant was ineligible to continue his enrollment may, upon his application before July 1, 1964, and under such other conditions of eligibility as the Commission may by regulation prescribe, prospectively enroll in an approved health benefits plan described in section 4 either as an individual or for self and family."

(7) Section 6(d) is amended by the addition of a sentence reading as follows:

"The Commission may terminate the contract of any carrier effective at the end of a contract term if the Commission finds that at no time during the preceding two contract terms did the carrier have three hundred or more employees and annuitants (exclusive of family members) enrolled for its plan."

(8) Section 6(f) is amended by placing a period after the word "contract" in the last sentence and striking the remainder of the sentence.

(9) Section 6(g) is amended by striking ", at the option of the employee or annuitant,".

(10) Section 7(a)(1) is amended by inserting the word "and" at the end of clause (A) and by striking out the following: "(other than as provided in clause (C) of this paragraph), and (C) not less than $1.75 or more than $2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband".

(11) Section 7(a)(2) is amended to read as follows:

"(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge."

(12) Section 8(b) is amended by inserting after the first sentence thereof, the following new sentences:

"The Commission, from time to time and in such amounts as it considers appropriate, may transfer unused funds for administrative expenses to the contingency reserves of the plans then under contract with the Commission. When funds are so transferred, each contingency reserve shall be credited in proportion to the total amount of the subscription charges paid and accrued to the plan for the contract term immediately preceding the contract term in which the transfer is made."

(13) Section 8 is amended by adding the following subsection:

"(d)(1) Whenever the assets, liabilities and membership of employee organizations sponsoring or underwriting plans approved under section 4(3) have been or are hereafter merged, the assets (including contingency reserves) and liabilities of the plans sponsored or underwritten by the merged organizations shall, at the beginning of the contract term next following the date of the merger or enactment of this subsection, be transferred to the plan sponsored or underwritten by the successor organization. Each employee or annuitant hereafter affected by a merger shall also be transferred to the plan sponsored or underwritten by the successor organization unless he enrolls in another plan under this Act.

"(2) Except as provided in paragraph (1) of this subsection, whenever a plan described under section 4(3) or 4(4) is or has been discontinued under this Act, the contingency reserve of that plan shall be credited to the contingency reserves of the plans continuing under this Act for the contract term following that in which termination occurs, each reserve to be credited in proportion to the amount of the subscription charges paid and accrued to the plan for the year of termination."

(14) Section 10(c) is amended to read as follows:

"(c) Any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted may, at his option, enroll as a new employee or have his coverage restored to the same extent and effect as though his removal or suspension had not taken place with appropriate adjustments made in contributions and claims."

Sec. 2. Paragraphs 4, 10, and 11 of section 1 shall take effect on the first day of the first period which begins at least ninety days after the date of enactment of this Act.

Mr. HUMPHREY. Mr. President, does the chairman of the committee wish to make an explanation of the bill?

Mr. JOHNSTON. Mr. President, the pending bill was reported to the full committee after hearings before the Subcommittee on Health Benefits and Life Insurance conducted by the distinguished Senator from West Virginia [Mr. Randolph]. At this time I wish to pay tribute to him for his leadership in the consideration of this legislation. The bill comes to the Senate by the unanimous vote of the full committee. The bill amends certain features of the present act in order to improve the administration of such act, and incorporates new features which the committee felt were desirable. The cost will be approximately $3 million.

One of the committee amendments eliminates the disparity between the amount the Government contributes to health insurance premiums for married female employees and other employees, which is only proper. The bill also includes foster children under family enrollment if they are living in a regular parent-child relationship.

There should be no strong opposition to the bill. The bill was introduced by me, and a number of corrections of the present law were proposed by the distinguished Senator from Kansas [Mr. Carlson].

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. CARLSON. The Federal Employees Health Benefits Act of 1959 has been one of the most beneficial acts passed by Congress for the benefit of Federal workers. The operation of the program has demonstrated that a few changes would be in the interest of Federal employees, and that is the purpose of the bill. The bill contains several amendments affecting various phases of the statute. All of them are helpful.

Not only do I approve the bill; I endorse it thoroughly, and hope the Senate will pass it unanimously.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, this program is one of the most far reaching and beneficial in the history of the Federal service. It is now serving 2 million employees plus 4 million family members. I have heard very little criticism of the entire program since it became effective.

Mr. President, I ask unanimous consent to insert in the Record a brief analysis which I have prepared on this bill.

There being no objection, the analysis was ordered to be printed in the Record, as follows:

Analysis of S. 1561

A bill to amend the Federal Employees Health Benefits Act of 1959 to simplify administration of the act and correct certain inequities in the program.

STATEMENT

Paragraphs 1 and 2 would permit enrolled employees to continue their insurance while receiving employee's compensation even though the original injury necessitating compensation occurred prior to the effective date of the act.

Paragraph 3 would include foster children under family enrollment if they are living in a regular parent-child relationship. Presently, a foster child (an unadopted niece, grandchild, or minor brother or sister, et cetera) is not eligible for coverage.

*Paragraphs 4, 10, and part of paragraph 11 would eliminate the discrimination against married women in respect to the contribution made by the Government toward their insurance premium. Under this provision, the Government would contribute the same amount as it contributes to married male employees for self-and-family coverage.

*Paragraphs 5 and 6 would allow previously retired employees who did not have an opportunity to carry their health insurance into retirement (because of restrictive provisions in the 1959 act) to do so. This would operate retroactively only to those employees who had health insurance coverage at the time of their retirement, but had not been enrolled for 5 years, or had not enrolled at their first opportunity.

Paragraph 7 would authorize the Commission to terminate the health insurance contracts of carriers having fewer than 300 Federal employee members when such cancellation is considered in the best interests of the program, and when another health insurance plan of a similar kind is available for those employees who belong to the plan affected.

Paragraph 8 would eliminate the requirement that the Commission review and approve conversion contracts. The Commission has found this requirement administratively difficult and unnecessary.

Paragraph 9 eliminates the requirement that a conversion plan offer a cancellable contract. No cancellable contract has ever been requested by an employee.

Paragraph 10 has been discussed with paragraph 4.

Paragraph 11 would prevent the Government's contribution to health insurance from inadvertently exceeding 50 percent of premium costs. This would have no effect upon a subsequent determination by Congress that the Government's contribution should be increased.

Paragraph 12 would permit the Commission to transfer excess funds set aside for an administrative reserve fund to the contingency reserve funds of the individual plans. The Commission has found that the 1 percent of employee contributions required to be set aside for administrative reserve is excessive.

*Paragraph 13 would permit the reserve funds of one plan to be transferred to a successor plan when employee organizations merge. A case in point is the mergers which led to the organization of the United Federation of Postal Clerks. Its predecessors had insurance plans, one of which had accumulated assets of approximately $186,000. Under prevailing law, this money cannot be transferred to the new plan and used for the benefit of its members, many of whom belonged to the predecessor organization. The Commission favors this solution to the problem.

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*Amendment.

Paragraph 13 would also provide for the orderly disposition of the contingency reserve of a discontinued plan, by stipulating that it shall be credited proportionately to the contingency reserves of other plans continuing in the program.

Paragraph 14 would allow an employee who has been restored to his position after wrongful removal to elect whether to pay for health insurance for the period during which he was removed, or to choose not to buy retroactive coverage. Under present law, such an employee is required to buy retroactive coverage, even though he may have had no medical expenses during the period.

Section 2 would allow Government payroll officers adequate time to prepare for the changes made by eliminating the contribution discrimination against married female employees.

COST

The estimated cost of equalizing coverage as between men and women is $3 million per annum. The other amendments, the Commission estimates, will result in minor reductions in administrative expenses.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

DISTRICT OF COLUMBIA APPROPRIATIONS, 1964

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 609, H.R. 7431, the District of Columbia Appropriations bill.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 7431) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1964, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. HUMPHREY. Mr. President, the District of Columbia appropriations bill will be the pending business when the Senate reconvenes on Monday next.

With relation to the appropriations bill for the Government of the District of Columbia, I ask unanimous consent to have printed at this point in the Record a letter to the editor of the Washington Post, signed by Inabel B. Lindsay, dean of the School of Social Work, Howard University. The letter was also signed by 25 members of the faculty of the school of social work. The letter is entitled "Dependent Children."

There being no objection, the letter was ordered to be printed in the Record, as follows:

Dependent Children

We as professional social workers feel compelled to express our concern at the denial of aid to dependent children who happen to have unemployed parents.

When the Social Security Act was passed in 1935, it reflected that stage in our national development when we as a nation went on record as believing that income maintenance was a national problem and responsibility. This action indicated once and for all that the individual, the city and State could no longer be expected to solve the problems of income maintenance singlehandedly.

The 1962 amendments to the Social Security Act set forth the sound objectives of strengthening of family life, prevention of social and family breakdown and rehabilitation in those cases where breakdown had occurred. Such objectives are not only in keeping with the humane principles of a democratic society but represent enlightened economic philosophy.

The national economy will thrive as more children have access to educational and vocational opportunities to fit them for productive citizenship in the Nation. On the other hand, the economy is not only currently burdened by high cost of institutional support for these unfortunate children, but stores up for itself future economic burdens of care for those unequipped for self-care.

As social workers, we have firsthand knowledge of the consequences of poverty and deprivation and are shocked and dismayed that the unemployed and underprivileged in the District of Columbia are denied access to the very programs available to those in like circumstances in more farsighted areas.

We note that the excuse offered by the chairman of the District Subcommittee of the Senate Appropriations Committee is that the District unemployment rate is too low to justify such a program here. Facts do not support this. Of the 15 States (as of October) with a program of aid to unemployed parents, 7 have rates equal to or less than that of the District of Columbia which has an estimated rate of 5 to 6 percent in its city area, as distinct from the metropolitan area. Even greater disparities would be evident if data were compiled on a census tract basis.

The children in the city precincts get just as hungry as those in the outlying precincts. Their parents are just as ambitious for them as the parents in the more privileged areas are for their children. If this program of Aid to Families of Dependent Children who are unlucky enough to have able-bodied but unemployed parents is defeated, this defeat denies the validity not only of the basic national concern for family maintenance but also the national concern about serious problems stemming in large measure from poverty. Poor school attendance, juvenile delinquency, and child health are among these problems for the treatment of which, important Federal programs have been inaugurated.

We urge that the entire membership of the Senate Appropriations Committee take a new look at the proposal to extend aid to unemployed parents which was outlined by the Director of the Department of Public Welfare in the recent hearings. We remind them that the children of these families will grow up to pay taxes, perhaps to give military service, and even, please God, to vote.

Inabel B. Lindsay,
Dean, School of Social Work, Howard University.

Washington.

(This letter was also signed by 25 members of the faculty of the School of Social Work.)

THE SOCIAL CHRISTIANS OF VENEZUELA

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the Record an article entitled "The Social Christians," written by Rowland Evans and Robert Novak, and published in the Washington Post of October 23, 1963. The article relates to the activity of the Christian Democratic Party in Venezuela.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Social Christians

(By Rowland Evans and Robert Novak)

Caracas, Venezuela.—The future of Venezuela may depend not so much on the army and police flushing out Communist terrorists as on a little publicized crusade by liberal Catholics to wean the nation's youth away from communism.

Copei, Venezuela's Social Christian Party and junior partner in President Romulo Betancourt's coalition government, is challenging Communist domination of the country's students, and with considerable success. The Social Christians have won control of the state universities at Maracaibo and Valencia and are running a close second to Communists at Caracas Central University, the staging center for the anti-Nixon riots in 1958.

Nor is the clash between communism and liberal Catholicism limited to Venezuela. Throughout Latin America, Social Christians comprise the one anti-Communist force that talks the heady, idealistic language of youth.

The college student, who has exerted disproportionate influence in Latin politics for a long time, is now the focal point of the hemisphere's subversive movements. Moscow and Havana have failed to subvert labor, peasants, or even slum dwellers. They rely on the student.

This reliance has become absolute in Venezuela, where one of every four college students is pro-Communist. Furthermore, these young men and women form the core of terrorist units and often spend their vacations fighting as guerrillas in the hills. These youthful bomb throwers include the very Venezuelans who ought to be the country's future leaders.

The son of one anti-Communist state governor is a Communist guerrilla in the Falcon Mountains. The daughter of one of President Betancourt's personal associates is a Communist terrorist in Caracas. The list goes on and on.

Special factors encourage the gravitation of Venezuelan youth toward communism. The 1952–58 dictatorship of Gen. Marcos Perez Jimenez concentrated on persecuting its democratic opposition—but let Communists run wild. As a result, they thoroughly infiltrated the faculties of universities and normal schools. The madcap provisional government that followed Perez Jimenez's fall compounded the damage by granting Central University an autonomy that makes it a sanctuary for subversives.

Even without this assistance, however, the Communists would be doing well enough with young Venezuelans. Latin America's middle-class young intellectuals are tormented by the poverty and social injustice they see everywhere. They want an easy answer. The Communists give it to them.

Certainly, these students derive little inspiration from Betancourt's Accion Democratica (AD) Party. AD's magnificent political machine probably will push a lackluster candidate to victory in the December 1 election to succeed Betancourt (who is barred by the constitution from another term). But AD would run poorly in a poll of students.

Founded a generation ago as a revolutionary Marxist party, AD has dropped most of its socialist trappings. When it expelled its pro-Communists in 1960, most of AD's youth went with them. It is today an unexciting, mildly liberal party of older men, who prefer ornate offices in Miraflores Palace to launching crusades.

Not so the Social Christians. True, they cannot match the Communists and offer students the thrill of swaggering off to battle with a submachinegun. But they do offer social revolutionary doctrine to transform Venezuelan society. The Cope Party, organized in 1946 as a conservative clerical party, is well left of center today. Its youth is particularly suspicious of private enterprise, specifically American business "imperialism."

Naturally enough then not all anti-Communists here are overjoyed with the rise of the Social Christians. Parish priests imported from Spain and conservative members of the Catholic hierarchy are appalled. American businessmen (plus some staffers from the U.S. Embassy) would much prefer the emergence of a middle-class party supporting private enterprise, but that kind of party would be anathema to Venezuelan youth.

And no matter how much the radicalism of the Social Christians here may annoy Washington, they can be counted on to take a hard line against communism. That's no small assurance in Latin America today.

Mr. HUMPHREY. Mr. President, the article tells us a great deal about what is taking place in that part of the world. It is good reading for those of us who are vitally interested in the foreign aid bill.

WHAT EVERYBODY WANTS TO KNOW ABOUT DEFICIT SPENDING

Mr. METCALF. Mr. President, in 1781 Alexander Hamilton, a conservative in his time, said that "a national debt, if it is not excessive, will be to us a national blessing."

Deficit spending has been, as Hamilton so wisely said it could be, a national blessing. Without deficit spending—by both Government and industry—our country could never be, nor could it have become, the mighty entity that it is today.

Why then is deficit spending by the Federal Government so widely criticized? I suggest that it is because of a lack of full understanding of the economics that lie behind such financial policy. The theory of deficit spending is difficult to explain to the layman. Anything that is difficult to explain is easy to attack without fear of retaliation. The conservative organs take advantage of this weakness and continually harp about the alleged evils of deficit spending by our Federal Government.

The summer 1963 issue of the Montana Business Quarterly, published by the School of Business Administration at Montana State University, carried an article by Dr. Robert F. Wallace, professor of economics and chairman of the Department of Economics of Montana State University, entitled "What Everybody Wants To Know About Deficit Spending." This article, which might have been more appropriately entitled "What Everyone Should Know About Deficit Spending," explains with preciseness and clarity just what Hamilton was talking about so many years ago—how deficit spending is a national blessing.

As Dr. Paul B. Blomgren, director of the Bureau of Business and Economic Research and dean of the School of Business Administration, points out in an introductory statement to this summer issue of the Quarterly, certain criteria must be met by articles before they will be published. He writes that:

> The article must treat the subject matter in a thoughtful and thought-provoking manner. Facts and figures used in the article must be documented as to source * * * statements of conclusions must be reasonably supported by the facts presented or be a logical possible result of the reasoning presented * * * the articles must be readable, with a minimum of technical terms.

These criteria further substantiate the validity, reliability and integrity of this article by Dr. Wallace, a former professor at the Universities of Kansas, Michigan State, Washington State, and Minnesota.

Here are a few excerpts from Dr. Wallace's article which should interest all of us:

> From 1946 to 1962, net private debt of corporations and individuals increased by 336 percent, while net Federal debt increased by 12 percent. A 429 percent increase in State and local debt suggests that if any public debt has been out of control, it is the debt of the folks back home and not that incurred by the bureaucrats in Washington. And, in daily references to "crushing taxes," how often does the press remind us that the only tax rates that have not been raised since the war, the only tax rates that have actually been reduced are those of the Federal Government for general revenue? Yet such are the facts as contrasted with the folklore.
>
> A nation can get rich only by spending * * * spending in turn depends on deficits and growing debt * * * spending, which creates income and output, cannot be maintained without continuing deficits.
>
> If the deficit units by their spending return to the income stream less than the surplus units take out of the stream, the total level of spending and income must fall. It is this fact which explains the necessity for deficits.
>
> If the savings of the surplus units who spend less than they receive are not borrowed and spent for investment by deficit units who spend more than they receive, the funds withheld are lost from the income stream. If this happens, total spending, income, and output must fall by an amount exactly equal to the excess of the total surpluses over the total deficits.
>
> The concept of a Government debt skyrocketing out of control is pure folklore. The facts simply do not support it.
>
> America's fears of deficits and debt could keep the country from carrying out production programs of which it is fully capable.

Just these few quotations lead me to recommend this article to anyone who wants to be better informed on this subject and especially to the critics of deficit spending. A more authoritative documentary explanation of deficit spending written in the layman's language could hardly be found.

The timeliness of the article, in light of the urging of many to cut spending before cutting taxes, cannot be denied.

Mr. President, if there is no objection, I ask that the article by Dr. Wallace be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT EVERYBODY WANTS TO KNOW ABOUT DEFICIT SPENDING

(By Robert F. Wallace, chairman, Department of Economics, Montana State University, Missoula)

When the practical man reads that the President's proposed tax cut is purposely planned to create a deliberate budgetary deficit, he is quite naturally puzzled. Such a proposal violates commonsense. Surely no individual or household can spend itself rich; nor can it continue forever to incur deficits which result in an ever larger debt which is never to be repaid. Yet for the whole Nation, strange as it may seem, exactly the opposite is true. A nation can enrich itself only by spending. Moreover, if a nation's deficits are too small and its total debts, both public and private, grow too slowly, that nation's income, output, and employment will surely decline. Actual reduction in total debt would result in major disaster. This occurred in the United States on a grand scale only from 1930 to 1933, the period known as the great depression. By contrast, from 1946 to 1962, an era of unequaled prosperity, our total debt increased from less than \$400 billion to more than \$1,000 billion.[1]

These are not opinions, but rather the elementary facts of our national accounts, the ABC's of economics. But the unfortunate situation is that most people have not had an opportunity to study the relevant relationships in a systematic fashion; nor are they familiar with the sources of statistical information which would enable them to test impressions and opinions against facts. The result is that popular concepts, at variance with readily verifiable facts, interfere with meaningful discussion of this crucial problem of public policy. For example, the popular conception of recent trends in Federal debt may perhaps be fairly described as follows: While private businesses and individuals have been conducting their financial affairs in a generally careful and circumspect manner, uncontrolled Government spending, especially at the Federal level, has caused huge deficits resulting in what Time magazine calls, "the bloating national debt."[2]

TABLE 1.—*Some comparisons of debt, 1946–62*

[In billions of dollars]

Year	Gross national product	Federal Government debt (net)	Federal debt as percent of GNP (net)	Federal Government debt (gross)	State and local government debt (net)	Private debt (net)	Total net debt	American Telephone & Telegraph Co. debt	All commercial bank deposits
1946	210.7	229.7	100	259.5	13.6	154.1	397.4	1.7	139.0
1962	553.9	256.8	46	304.0	72.0	671.9	1,000.7	8.2	256.1
Percent increase, 1946–62	163	12	----------	17	429	336	152	382	84

Source: "Economic Report of the President", transmitted to the Congress, January 1963, pp. 171, 234–235. Federal Reserve Bulletin, January 1950, p. 61, January 1963, p. 38. Moody's Public Utility Manual and the Wall Street Journal, Feb. 20, 1963, p. 4.

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[1] See table 1.

[2] Jan. 25, 1963, p. 12.

Some of the facts, as opposed to popular concepts, are shown in table 1. There it may be seen that from 1946 to 1962, net private debt of corporations and individuals increased by 336 percent, while net Federal debt increased by 12 percent. A 429-percent increase in State and local debt suggests that if any public debt has been out of control it is the debt of the folks back home and not that incurred by the bureaucrats in Washington. And, in daily references to "crushing taxes," how often does the press remind us that the only tax rates that have not been raised since the war, the only tax rates that have actually been reduced, are those of the Federal Government for general revenue? Yet such are the facts as contrasted with the folklore. The result is that public debate of planned deficit spending seldom involves the real issues.

The frequently absurd pronouncements of the practical man are received by professional economists with feelings ranging all the way from tolerant amusement to despair, depending on the prominence of the speaker. The practical man, drawing on the usually reliable lessons of personal experience, seeks to relate national conduct to principles which are unquestionably valid in the management of a household, or a corner grocery store. He sees in the opposing position at best, material for ridicule and, at worst, moral decay. Like Henny Penny who, according to nursery tradition, panicked the other barnyard fowls with her cry, "The sky is falling," he has been shouting in the streets for 30 years that our financial skies are falling, or at least in danger of falling. But unlike Ducky Lucky and Turkey Lurkey, his listeners have paid no attention whatever to his warning. Meanwhile disaster has appeared to recede into the distance as the Nation grows steadily in wealth and income. Evidently other more pragmatic men are willing to accept present bliss at the cost of of eventual perdition, especially since the day of reckoning seems indefinitely postponable.

The most unfortunate aspect of the situation is not merely that formal logical error invalidates the particular objections which the practical man chooses to make, though this is usually the case. The pity is that he is wrong when he might be right, that he makes little if any contribution when there is much that he could contribute. Economic analysis reveals that there may be valid grounds for his objections, or at least that there may be other solutions which could remove or minimize the economic stagnation which is the heart of the problem. But unfamiliarity with relevent principles causes him to make the wrong objections on the wrong grounds and involves him in gross logical error which his professional adversaries are not slow to point out. Thus his considerable ability is wasted on false issues while important questions of public policy are neglected or at least not related to the matter of Federal deficits to which they may be highly relevant. Our friend has brought down no birds these 30 years, for the simple reason that he has been firing blanks. But the birds are there.

In this article the reader is asked to lay aside temporarily the value judgments drawn from personal experience and, for the sake of analysis, to look at the world from what may be an unfamiliar point of view. Like the churchmen who were outraged by Galileo's denial that the sun moves around the earth, he may feel that he is being asked not to believe his own eyes. What, then, is this strange logic? How can we spend ourselves rich? How can unending deficits and their consequence, ever growing debts, be essential to the economic health of a nation?

THE ROLE OF SPENDING

We begin with a simple fact on which all can agree. Our real national income in any given year can be no more than the total of all the goods and services produced during that year. We call it our gross national product, or simply GNP. In order to measure the product we could conceivably take an inventory and list it item by item. But the bewildering variety and astronomical numbers involved would soon demonstrate the impracticability of this method. We might try weighing everything or perhaps estimating cubic content, but such reckoning would, of course, be meaningless. The only meaningful measure is in dollars and cents. We only ask, "What was paid for it?"

Thus at the very outset we see an essential relation between total output and total spending. Spending is our measure of output. Output is defined in terms of spending. But the relationship goes deeper. There is a causal connection. Spending creates or causes output since it is clear that nobody produces anything in a free market system, unless he is paid for it. And here another key relationship becomes apparent. Spending creates income as well as output. Nobody can receive money income unless someone else has spent money. The fundamental relationships can therefore be summarized by the undeniable proposition that spending creates income and output. They can be generated in no other way. Spending is just another word for what economists call demand. What businessmen call sales (their source of income) obviously depends on the spending of their customers.

Recognition of these basic facts immediately throws a different light on national spending habits. When we see the statement that the American people are on a sort of spree, spending more and more every year, this is no cause for alarm. On the contrary, we can only breathe a fervent, "Thank Heaven." For if our total spending stops growing, our production and sales stop growing. The Nation stops growing.

These are the fundamental accounting principles on the basis of which national income and output are measured by the U.S. Department of Commerce and by the governments of all nations on both sides of the Iron Curtain. If the reader picks up a copy of the Federal Reserve Bulletin, available at every national bank, or the Survey of Current Business, found in most libraries, he can himself verify the procedures described here. He will find the gross national product table labeled "Gross national product or expenditure."

TABLE 2.—*National income and expenditure, 1962*

[Billions of dollars]

Income receipts:	
Compensation of employees	321.6
Proprietors' income	49.8
Business and professional	36.8
Farm	13.0
Rental income of persons	12.8
Corporate profits	51.0
Net interest	22.2
Capital consumption allowance	47.6
Indirect business tax liability	51.6
Business transfer payments	2.1
Statistical discrepancy and adjustments	—4.8
Charges against gross national product (gross national income)	553.9
Expenditures:	
Personal consumption expenditure	356.7
Goods	209.5
Services	147.1
Gross private investment	79.9
Domestic	76.6
Foreign	3.3
Expenditures—Continued	
Government purchases of goods and services	117.3
Federal	62.3
State and local	55.0
Gross national product or expenditure	553.9

NOTE.—Totals may not add due to rounding.

Source: Adapted from Federal Reserve Bulletin, February 1963, pp. 260–261.

It is convenient for analytical purposes to separate the total spending into three classes: (1) spending by consumers for consumer goods and services, (2) spending by investors for additions to our real capital wealth, and (3) spending by Government for goods and services. The total spending represents payment for the gross national product and can be traced to the various recipients as income, or alternatively, as charges against the total output. As an example, the actual record for the United States in 1962 is shown in table 2, which presents a highly simplified summary of the national income and product accounts for that year.

THE ROLE OF DEFICIT SPENDING AND DEBT

Having demonstrated the point that a nation can get rich only by spending—in fact under a free market system could not produce so much as a toothpick without spending—we must now show the extent to which spending in turn depends on deficits and growing debt. We shall demonstrate the fact that spending, which creates income and output, cannot be maintained without continuing deficits. At the outset, in order to clarify general principles, we shall consider not merely Federal Government deficits, but total deficits, including Government. The Government is only one of many possible deficit spenders among the various economic units. In fact, as pointed out earlier, its deficits since World War II have represented only a tiny proportion of total deficits of all economic units. After analyzing the deficit operations of economic units—individuals, business enterprises, and Government—we may then ask what special characteristics, if any, may be attributed to those of the Federal Government.

We start with the proposition that the income of each and every economic unit is the result of spending by other units and that the aggregate income of all economic units is therefore equal to the total spending of a given period, say, a year.

With the exception of a negligibly few economic units whose income in a given period is exactly equal to expenditure all units can be divided into two classes, surplus units and deficit units. Since the operations of the few balanced budget units are completely neutral in their effect on total spending, tending neither to increase it nor to decrease it, their influence may be ignored in our analysis. Therefore subject to the exception noted, every individual, business enterprise, or government must fit into one of these two classes. Either the economic unit spends less than its income and is a surplus unit, or it spends more and is a deficit unit. And income is, of course, the point of reference since, obviously, the concept of a surplus or deficit has no meaning except as it relates to an income of a given size during a given accounting period.

At this point the consequences of a corollary fact must be noted. Just as the income of a particular economic unit depends on the spending of other units, so the spending of each unit creates income for others. The related role of surplus and deficit units now becomes apparent. Surplus units receive or take out from the income stream more than they put back. Deficit units put into the income stream more than they take out. Thus we note a fundamental accounting identity: In a national income of a given size total deficits are necessarily exactly equal to total surpluses. The key importance of this identity is that it enables us to grasp the following fact: If the deficit units by their spending return to the income stream less than the surplus units take out of the stream, the total level of spending and income must fall. It is this fact which explains the necessity for deficits.

Now let us state these formal accounting relationships in more familiar language. The surpluses are more commonly known as savings and the deficits as investment spending. Money saved represents a withdrawal from the income stream. The impact of such savings, or nonspending, taken by itself is deflationary. The effect is to reduce sales and the demand for goods. Other things being equal, it is clear that these savings must cause the spending stream to drop unless there is some way to put them back.

The way in which the surplus funds of the savers usually get back into the spending-income stream is for the deficit units to borrow the savings and spend them for the production of real investment assets—new plants, new machines, larger inventory, and other actual additions to the Nation's wealth.

The necessity for continuous deficits and ever growing debt now becomes clear. If the savings of the surplus units who spend less than they receive are not borrowed and spent for investment by deficit units who spend more than they receive, the funds withheld are lost from the income stream. If this happens total spending, income, and output must fall by an amount exactly equal to the excess of the total surpluses over the total deficits. Since savers do not usually spend their own savings to produce capital goods but instead lend them to business enterprises which spend the funds for construction of such new equipment, the process necessarily involves borrowing and lending, usually with the aid of a wide variety of financial intermediary institutions such as commercial and investment banks, savings and loan associations, and insurance companies. The essential point is that except for savers who do their own investment spending, every new act of saving and lending, which results in spending for economic growth necessarily involves an addition to total debt.

A note of explanation regarding terminology is necessary here. By investment we do not mean what the average person thinks of as investment. Investment here means actual spending for the construction of a capital asset, or the acquisition of new inventory which also adds to wealth. By savings we mean funds withheld from spending for consumption and made available for production of new capital. What most people call their "investments" are really savings in the economic sense. When a saver purchases a security, a savings and loan share, or an insurance policy, or deposits his money in a bank this does not necessarily mean that these savings will actually be spent to produce new investment goods.

In fact, this is the heart of the problem. Savings decisions and investment decisions in the economic sense are not made by the same people. Every person with income must decide whether or not to save and, if so, how much. But decisions to invest are made only by the relatively few people responsible for the management of American free enterprise. If a saver buys a secondhand security the money will not be returned to the income stream and nothing will be added to the Nation's wealth if the seller uses the proceeds to increase his liquidity. No investment takes place in the economic sense unless the security has been newly issued by an enterprise which spends the money to produce actual new capital goods. In the same way funds "invested" in a savings deposit result in no real investment if the bank simply allows its reserve ratio to increase. Deflationary, sales-destroying surpluses of savers are redeemed for the income stream only when enterprises acting as deficit units borrow these funds and spend them for construction of real additions to our wealth. This conclusion is probably consistent with the intuitive feeling of most readers that the Nation's real wealth cannot be increased merely by passing financial instruments from hand to hand.

The only exception to the necessity for borrowing relates to the savings of individuals and businesses who themselves spend for investment assets. If a man saves enough money during the year to add a room to his house he has both saved and invested. There is no effect on total spending or income. The substantial retained earnings which American corporations invest in new plant and equipment constitute a more important example. In such cases the problem considered here does not arise. The saver himself spends for investment. However, most savings get back into the income stream only when deficit units through financial intermediaries borrow and spend them.

The mystery of a healthy economy in spite of skyrocketing debt need no longer puzzle us. Growing debt is clearly essential to continued health. A nation cannot get richer without saving, any more than an individual can. We cannot grow if all of our output is consumed each year. Savers, by abstaining from spending a part of their incomes, in effect release some of the nation's resources from the production of consumer goods. The resources so released are thereby made available to enterprises for producing capital goods which add to the nation's wealth. But if enterprises as deficit units do not borrow the unspent funds and hence do not use them to produce investment goods, efforts to save become abortive. The resources released from production of consumer goods are simply unemployed. There can be no real savings without corresponding investment, that is, deficit spending. A nation's real savings, the real increases in its wealth during a given year, cannot be more than that part of its total output which it did not consume. In other words, the investment goods which it produces above and beyond the things consumed are a measure both of its savings and of its investment. Efforts to save more than enterprises are willing to borrow and invest simply result in reduced income, output, employment, and profits. Hence the amount of saving a nation can do without impoverishing itself is limited by the total amount of deficits which it finds desirable and profitable to incur. "Thus, thrift may be the handmaid and nurse of enterprise. But equally she may not. And, perhaps, even usually she is not. For enterprise is connected with thrift not directly but at one remove; and the link which should join them is frequently missing. For the engine which drives enterprise is not thrift, but profit."[3] We conclude that if continued deficits and growing debt are "unnecessary" this is true only in the sense that unemployment, unsold goods, business losses, and decreasing rates of growth offer an alternative.

A DEFICIT SPENDING MODEL

A simple arithmetical model of an imaginary nation's economic system will help make the above points clear. Let us first consider the operations of a system where there is no government activity at all, just as in the discussion above we made no distinction between government and other spending activity. Having examined the basic properties of a private enterprise system without government we can add government activity later and note whatever changes it may introduce.

Money can be spent in only two ways: For consumption, C, and for investment, I, so that C plus I equals total spending which of course equals total income, Y, and in turn measures gross national product, GNP. Hence,

$$C+I=Y=GNP.$$

This can be read, "gross national expenditure equals gross national income equals gross national product." The reader will recognize that except for the absence of Government expenditure this is in the format of table 2 taken from the Federal Reserve Bulletin. The Nation's income is generated by the two kinds of spending; but, once received, its disposition is a different matter. Since there are no taxes, the people can dispose of their income, Y, in only two ways: Either it is spent for consumption, C, or it is saved, S, so that,

$$Y-C=S, \text{ or } Y=C+S.$$

Note that decisions to save or consume are made by everyone who has income to dispose of while the decisions to spend for investment goods, I, are made only by a relatively small group of people. They are the owners and managers of business enterprises and the amount of the investment spending they plan to do will depend on their estimates of the prospects for realizing a profit from such investment spending.

Since these two groups do not include all of the same people it would be the merest accident if total plans to save were equal to total plans to invest. Yet we have noted that real savings cannot be different from real investment. They are in fact two words for the same thing. Also it is clear from our income creation equation

$$C+I=Y$$

and from our income disposal equation

$$C+S=Y$$

that S and I must be equal to each other. But they are equal only in the ex post, or realized sense. In an ex ante or planned sense, as noted above, plans to save may differ from plans to invest. At this point we may recall the accounting identity which states that with an income of a given size total surpluses are necessarily exactly equal to total deficits. Income has no volition or life of its own. It is the result of spending decisions by human beings exercising volition. Income is the resultant. Thus is in the ex post sense. To explain income and output we have to account for the spending decisions which cause them to be what they are. This will become apparent as we examine the operations of model I below. The Nation begins each income period, a week, a month, or a year, with a certain income which has been generated by the two types of spending. The people can then dispose of that income either by spending it for consumption or by withholding it as savings. Planned or expected magnitudes are on the left side of our model. Actual or realized magnitudes and resulting debt are shown on the right. On the left, or plans, side we find the peoples' plans to dispose of a given income, the relevant relationship being summarized by the column headings, $Y-C=S$. Plans to invest are shown under the column headed I. Of the four planned or expected magnitudes only C and I are solid, for they involve spending decisions which the individuals have power to make. Nobody can really say for certain and in advance what his income or savings will be in the end. But he can decide to spend. Under the actual or realized magnitudes the key relationships are again summarized by the column headings $C+I=Y$. In other words income depends on spending and nothing else. If it makes the analysis clearer the reader may, if he wishes, assume that planned income at the beginning of each period is the income actually earned during the previous period and available for disposal in the current period. This is perhaps the most simple possible assumption and is also realistic since the income available for disposition in a given period usually depends on what was earned in a previous period. However, there is no reason why greater or lesser income could not be expected, with spending plans modified accordingly. The arrows connecting the two Y's are meant to show that we make here the simplifying assumption that people plan to spend or save in the current period what was received or earned in the last. The periods assumed here are "years" though obviously they could as well be "weeks" or "months." In order to simplify the analysis we assume that there is no growth in population and no advance in technology.

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[3] Keynes, John Maynard, "A Treatise on Money," vol. II, Harcourt, Brace & Co., New York, 1930, p. 140.

Model I

[Billions of dollars]

	Planned or expected amounts				Realized or actual amounts					
Year	$Y -$	$C =$	S	I	$C +$	$I =$	Y	S	Change in debt	Total debt
1	500	400	100	100	400	100	500	100	+100	100
2	500	400	100	100	400	100	500	100	+100	200
3	500	400	100	80	400	80	480	80	+ 80	280
2	500	400	100	100	400	100	500	100	+100	200
3a	500	400	400	120	400	120	520	120	+120	320

During the first two periods, everything runs smoothly since it is assumed that planned surpluses do not exceed planned deficits. Each year the $100 billion of savings are borrowed by the investors and returned to the income stream. Because income holds up, planned money savings of $100 billion result in real savings for the country, as actual capital goods are produced in the amount of $100 billion. Since this is the amount saved and lent, debt rises by $100 billion each year as a necessary result.

In year 3, things go wrong. Plans to consume and save are unchanged but, for whatever reason, estimates of profit opportunities deteriorate and investors plan to spend only $80 billion. Since only spending counts, income must drop too. But actual real savings cannot be more than $80 billion if only $80 billion is spent for construction of new capital goods. Additions to real wealth cannot exceed the difference between total production and consumption. How can this be so if the savers actually saved $100 billion and can show securities, deposit slips, and similar instruments to prove it? The answer is that a part of these savings, $20 billion to be exact, were offset by losses, mainly negative profits, of those who suffered declining income. We are concerned with the total savings of the Nation, and in computing the net change we must take into account the losses as well as the gains. Income has fallen to $480 billion and these losses have made the sum of total surpluses exactly equal to the sum of total deficits as it must be. Total demand has fallen by $20 billion compared with year 2, productive resources capable of producing $20 billion in output are wasted in unemployment and, of course, the foregone output is lost forever.

Let us now consider what would happen if the managers of business enterprises see such favorable prospects for profit that in year 3 they plan to invest $120 billion, while consumers still plan to spend $400 billion and save only $100 billion.

In order to show the effects of such a development all of the magnitudes for year 2 are duplicated in the table, the only difference being in our alternate assumptions for year 3 which is designated 3a. The results are just the opposite of those which followed when plans to invest fell short of planned savings. Since actual spending is now increased by $20 billion, total demand, in other words total spending, has risen to $520 billion. Debt has of course increased by $120 billion instead of $100 billion. If population growth and advancement of technology have provided corresponding additional productive resources, the increased spending results in real increases in output. On the other hand, if corresponding productive resources are not forthcoming, increased spending cannot cause increased output. It only raises the price tag. We get not more goods but only more expensive goods. We call it inflation. In either case the increased investment spending causes savings to be increased correspondingly as money incomes increase beyond expectations. These are real savings if increased output has been possible. If not their real value has been dissipated by higher prices.

The workings of the model have now clarified its essential properties as they relate to spending, deficits, and debt. To maintain an income of a given size, total deficits in each year must be exactly equal to total surpluses for that year and, of course, each year's deficit adds an equal amount to debt. Deficits equal to surpluses will only maintain a given level of income from year to year. Income will not fall but it will not rise either. This would be a static world. In the real world where growing population and advances in technology make possible ever-growing output, total spending must increase from year to year. To provide higher levels of spending, planned deficits must grow in size each year and must be greater than planned surpluses. The ever larger deficits in excess of planned savings are financed by the banking system which creates new money for the purpose. However, mere willingness of the banking system to lend does not assure that adequate additional money will be borrowed and spent. Deficit spenders must see advantage in such borrowing and this means that they must have reasonable expectations of profit. The appropriate rate of increase in money supply and in the level of spending depends upon how rapidly corresponding increases in real output are possible. If money supply and spending grow more rapidly than the rate at which new productive resources become available we have inflation. On the other hand, if they grow more slowly than population and other resources we have rising rates of unemployment and economic stagnation. Thus we see that spending, deficits, and debt in a free market society may grow either too rapidly or too slowly, but grow they must. It was only for the purpose of clarifying the role of deficits and surpluses in our model that we made the assumption of fixed population and static technology.

THE ROLE OF GOVERNMENT DEFICITS

We have seen that a free enterprise market economy cannot operate and grow without deficits and expanding debt. It has also become clear that since the rate of growth of deficits and debt is determined by the independent decisions of millions of free individuals subject to no central planning or control, deficits may grow either too slowly, in which case we have recession, or too rapidly, in which case we have inflation. This is simply a description of the manner in which our economy operates. It is based on accounting identities and involves no value judgments or moral principles. For good or ill, it is the way things are. We have seen that this is so even in the absence of any government at all. In contrast to model I where no government existed let us now introduce government operations into the picture.

First we must note the relationship between government deficits and surpluses and those of the private economy. Let government spending be represented by G and taxes by T. Then as we saw in table 2 which presented national income data for 1962 the spending-income equation for the real world includes government spending and must be written,

$$C+I+G=Y.$$

In the real world we also note that since people must pay taxes they cannot devote all of their income either to consumption or savings. They can spend for consumption only what is left after paying taxes. Planned savings will be the remainder. The real world income disposal equation can therefore be written,

$$Y-T-C=S,\text{ or }C+S+T=Y.$$

Now if

$$C+I+G=Y$$

and if

$$C+S+T=Y$$

it follows that, being equal to the same thing, they are necessarily equal to each other. We can then write

$$C+I+G=C+S+T.$$

Removing the C's by cancellation we get

$$I+G=S+T$$

Changing the sign of our T and bringing it over with the G in order to place Government spending and taxes together we get

$$I+(G-T)=S.$$

This is our fundamental deficit-surplus equation for the whole economy where Government deficits and surpluses are taken into account along with those of the private sector. Like our original deficit-surplus equation, $I=S$, it is purely descriptive. It is also an accounting identity involving no value judgments or questions of right and wrong, desirable or undesirable. If Government spending exceeds taxes we have a Government deficit. In this case $(G-T)$ is positive and is added to I, the private deficit, thereby increasing the total flow of spending. Together the two represent the total deficit which must equal S, the total surplus. On the other hand, if tax receipts exceed Government spending we have a budgetary surplus. In the equation this surplus, which actually represents Government savings, will have a negative sign and will be subtracted from I, the private deficits. Such a surplus is, of course, an offset to private deficit spending and like any savings tends to be deflationary. Thus in a period when private deficits grow too rapidly and tend to create inflationary pressures, a Government surplus, by withholding from the income stream more than it puts back, can be used to exercise a dampening effect on total demand and is anti-inflationary.

Let us now organize our model in a more realistic format in which Government taxing and spending operations are included. As in model I, the column headings indicate relevant relationships. It is again assumed that spending plans are related to income earned in the previous period. An important difference in regard to plans is that planned consumption will bear an inverse relationship to taxes. The lower the taxes, the more consumers are able to spend. Since plans to invest depend on prospects for profit, which in turn have some relationship to consumer spending, it is likely that plans to invest will also be stimulated by tax reductions and repressed by tax increases. However, in order to clarify the workings of our model, let us first make the simplifying assumption that only consumption plans are affected by tax changes. We shall also assume the most favorable possible situation from the Government's viewpoint; namely, that all of any new consumer income made available by a tax cut will be spent on consumption, and that none of it will be added to savings (although there is clearly the possibility, or even likelihood, that some may be saved). It is also likely that investment plans may be directly stimulated by tax cuts, but we leave this possibility aside for the moment. For the sake of simplicity we again assume static population and technology.

Everything here operates in much the same way as in the more simple model where Government was absent. In the first model, the people used their money to buy the output of private enterprises and received in exchange finished consumer goods or titles to capital goods. Unless they could buy such things from private firms, there were no roads, no schools, no courts, no police, no fire departments, no sanitary facilities, no mail service, no military establishment, nor any other public services. In our real world model the people are able to buy such services from the Government. In addition to the goods and services purchased from the private sector of the economy by paying cash or credit, the people now buy these other things from the public sector by paying taxes. The main difference is that whereas the things people buy at the "private store" are determined by daily voting (in the form of dollars); what they buy at the public store is determined by less frequent voting. But, of course, in either case the effect is the same. The people themselves determine how much they wish to obtain from private enterprise in exchange for cash or credit and how much from Government in exchange for taxes.

But, now let us note an important difference in the two models. In model I total deficits and surpluses resulted from the independent decisions of millions of free individuals. If plans to invest were inadequate to absorb planned savings the result was that spending, income, and output inevitably fell, causing unemployment and recession. When planned deficits grew more rapidly than planned surpluses, spending increased and, if productive resources were not forthcoming at corresponding rates, inflation was the result. In the real world, since Government is also able to run deficits or surpluses, its fiscal operations afford a possible cushion against the undesirable effects of excessive private deficit or surpluses.

Turning now to developments in model II, we assume that, as in model I, everything goes smoothly during the first 2 years. Planned private deficits equal to planned private surpluses maintain the level of spending and income. Since the Government budget is balanced at $100 billion, there is no Government deficit or surplus, and this, of course, is as it should be if the stability of the economy is not to be disturbed. A balanced budget in this situation is necessary. Government debt is zero and remains zero. Total debt, still made up entirely of private debt, increases by $100 billion each year, the rate necessary to absorb private surpluses. But again in the third year things are assumed to go wrong. Private deficit spending of $80 billion is insufficient to absorb planned private surpluses of $100 billion, and, since the Government continues to maintain a balanced budget, there is no public deficit to absorb the excess surpluses. Therefore, total spending, income, output, and the rate of growth of debt all fall by $20 billion, the amount by which planned surpluses exceed planned deficits.

Now consider the lower section of model II where we again reproduce years 2 and 3, but with a different fiscal policy. Private deficit spending has declined, but in this case the Government does not maintain a balanced budget. In order to offset a decline of $20 billion in private deficits it cuts taxes by $20 billion, thereby incurring a public deficit of $20 billion. Thus total deficits, including Government deficit, are equal to total planned surpluses and the spending income stream is maintained. Though private debt fails to grow at the requisite rate of $100 billion per year, increasing public debt fills the gap and maintains the rate of total spending and total demand undiminished.

Model II

[Billions of dollars]

	Planned or expected amounts					Realized or actual amounts							
Year	$Y -$	$T -$	$C =$	S	I	$C +$	$I +$	$G =$	Y	S	Government debt	Private debt	Total debt
1	600	100	400	100	100	400	100	100	600	100	0	100	100
2	600	100	400	100	100	400	100	100	600	100	0	200	200
3	600	100	400	100	80	400	80	100	580	80	0	280	280
2	600	100	400	100	100	400	100	100	600	100	0	200	200
3a	600	80	420	100	80	420	80	100	600	100	20	280	300

According to the assumptions made earlier, all of the increased disposable income made available by the tax cut is used to increase consumption spending. In the real world, as noted earlier, some of the increase in disposable income would certainly be used to pay debts or to increase savings. To the extent that this occurs, an even greater tax cut and a larger Government deficit would be necessary in order to maintain the original level of spending. Although cutting taxes might at first seem to be a more conservative way to create a deficit than by increased Government spending, the fact is that a given change in the level of income can be achieved by a smaller deficit if it is accomplished through a change in spending. A billion dollar increase in Government spending adds a billion dollars directly to the income stream, but part of a billion dollar tax cut will be saved or used to pay debts.

The assumption that all income freed by the tax cut went into additional consumption was made only to simplify the arithmetic. In all probability some would go into increased investment spending. In the real world, the actual distribution between additional consumption and additional investment would depend on a wide variety of factors such as the distribution of the tax cut benefits, consumer optimism or pessimism, business estimates of profit prospects, and probably even the public attitude toward Government deficit spending and public debt.

The role of Government deficits can now be summarized in the same mechanical accounting terminology employed in describing deficits in general. Provided that planned private deficits are inadequate to absorb planned private surpluses, the alternative to a Government deficit sufficient to absorb the difference is declining income output, and employment. This proposition is a purely descriptive statement of fact in which no matter of opinion or value judgment is involved. The point is that there must be total deficits of a given size somewhere in the economy if total spending and total demand are to be maintained. Hence, if sufficient deficits cannot be coaxed from the private sector, either these deficits must appear in the public sector or spending, income, and output inevitably will decline. Business sales will fall, profits will disappear and goods will remain unsold. In this situation the public must understand that either Government deficit spending or unemployment and recession are inescapable alternatives. The only value judgment involved is in the determination of which is to be preferred. But, since it is a value judgment, the economist as economist cannot decide for the people which is the better choice. His only function is to let people know where each of the two paths leads.

GOVERNMENT DEFICITS: PLAN OR NO PLAN

Up to this point the term "planned Government deficit" has been used in a context which implied a deliberate and conscious adjustment of the Federal budget to offset excessive or inadequate private deficits. The idea was that since planned private deficits and surpluses are the product of decentralized decisionmaking it would be mainly accidental if they happened to occur regularly in just the right amounts to maintain full employment without inflation. Hence approximately "right" total amounts could be assured by central planning of Government deficits or surpluses which would provide the necessary increases or decreases in the spending stream. As an interpretation of actual Government policy in modern United States, such a concept would be naive indeed. Such has not been the case. It is true that President Roosevelt experimented with small planned deficits during parts of his first two terms. But he was not firmly convinced of the wisdom of such policies, and as a result refused to use most of the great powers given him by the Thomas rider to the farm bill in 1933. During his 8 years in office prior to 1941, most of his budget deficits were not markedly larger than the last deficit of $2.7 billion incurred by President Hoover; two were smaller, $2.6 and $1.2 billion, and two were about the same size. The largest was $4.4 billion in 1936.[4] In the face of the threat posed by a business recession, President Eisenhower in 1954 recognized the basic concepts in a remarkable statement:

"The fourth principle is to act promptly and vigorously if economic conditions require it. The Government will not hesitate to make greater use of monetary, debt management, and credit policy, including liberalized used of Federal insurance of private obligations, or to modify the tax structure, or to reduce taxes, or to expand on a large scale useful public works, or to take any other steps that may be necessary. The Government must and will be ready to deal with any contingencies that may arise. An essential part of this preparedness under present circumstances is a higher Federal debt limit which is already necessary for the efficient conduct of the Government's current operations."[5]

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[4] Economic Report of the President, transmitted to the Congress January 1963, p. 238.

Frequent public pronouncements since that time, however, suggest that the above did not represent President Eisenhower's personal views. The recent publications and statements of President Kennedy's advisers probably represent the first clear espousal and recommendation of a planned Federal deficit with full Presidential approval. The reader may protest that a great many Federal deficits during recessions of the postwar period were received by administrations in Washington with acquiescence and even approval. It was true that President Eisenhower's recession deficits amounted to $9.5 billion in 1953 and $12.5 billion in 1959. But this does not mean that the administration "planned" these deficits. We can only say that they did not plan not to have them. In other words, when recession brought declining revenues, there was no effort to prevent this from causing a deficit. The important point here is that during a recession, unless extremely vigorous remedial steps are taken, a Government deficit occurs automatically. As national spending and income fall, Government tax revenues decline, while Government outlays for unemployment benefits, farm price supports, loans, welfare, and other assistance increase. A Government deficit is the passive result. We do not have to plan a deficit because it occurs anyway. But affirmative action and planning would be necessary at such times if we decided that the budget should be balanced. To achieve a balanced budget we would have to raise tax rates or impose new taxes on the one hand and cut Government spending on the other. This would balance the budget but it would, of course, also cause further declines in spending, income, and output. And, as usual in such cases, business profits would be the first casualty.

We find that we really have three choices of fiscal policy. First, we could plan and vigorously execute a balanced budget. Second, we could plan and execute the "right" amount of deficits or surplus necessary to avoid inflation on the one hand and recession on the other. Third, we could allow budgets to run surpluses and deficits more or less passively as a result of movements in the business cycle. The first choice would involve no increases or decreases in Government debt but would tend to intensify the ups and downs of the spending-income stream, the pattern of "boom and bust." The second policy would from time to time involve possibly large increases in Government debt, and at times decreases as well. It would also have maximum smoothing effects on the business cycle and promote economic growth. The third policy, which is a compromise, would involve less changes in Government debt than under policy two, but would also have a more limited stabilizing effect. It is the third policy which the United States has followed in the postwar period.

WHAT ABOUT THE DEBT?

The result of deficit spending whether public or private is, of course, increased debt. Though the practical man may concede that he himself has done pretty well since the war in spite of Government deficits, he is uneasy about the Government debt. While the precise nature of the disasters which threaten has not been clearly explained, it is possible to identify and list a number of specific misfortunes, disadvantages, or problems which such a debt is regarded as likely to entail. Let us consider seven of the comments or questions which are frequently heard.

1. The Government debt is a growing burden. As noted earlier, the concept of a Government debt skyrocketing out of control is pure folklore. The facts simply do not support it. The amounts of public and private debt in 1946 and 1962 together with percentage increases appear in table 1. For comparison, the table also includes debt figures for a familiar private enterprise, American Telephone & Telegraph Co., and for a familiar industry, commercial banking.

Table 1 shows that since the war Federal net debt has increased hardly at all by comparison with private debt. Moreover, we should recognize that the burden of a debt of a given size means little except in comparison with the income of the debtor. The first column showing gross national product for the 2 years enables us to view the growth of debt against debt-bearing capacity. In the third column we note that net Federal debt, which represented 109 percent of gross national product in 1946, had fallen to 46 percent by 1962.

2. Our children will inherit a burden of Government debt. Like the sun which Galileo's churchmen saw rising in the east, it seems pretty clear on this point that we see what we see. A man does not have to be an economist to know that within 20 years or so a child born today will have to pay taxes to cover the interest on a Government debt incurred by his parents and grandparents. The facts are clear, but how should we interpret them?

Our Government debt, like our much larger private debt, is for the most part internally held. It is owed to Americans and not to foreigners. Moreover our national balance sheet, like all balance sheets, has two sides, assets as well as liabilities. We could argue that Americans are the poorest people in the world because they owe the biggest Government debt. (They do.) Or we could argue that they are the richest people in the world because they own the major portion of the world's soundest financial asset, the U.S. Government bond. The latter statement taken by itself can hardly be regarded as a logically valid argument for issuing more Government bonds. But neither is the former a valid argument against Government debt. Either position taken alone makes nonsense because each taken alone ignores the other side of the balance sheet. We need both sides. Americans are suffering from a nervous anxiety which for want of any other term we might call balance sheet ambivalence. The fact is that our children will owe the debt to themselves and in this sense it will make them neither richer nor poorer.

But what about the interest on the debt? Will it not be a burden on future as well as present taxpayers? How can the next generation feel that they are getting any real benefit from the income on their Government bonds when it is they who must provide the tax money to pay the interest? Again the facts are undeniable. But consider an exact analogy. The same generation of children who inherit the Government bonds will also receive a vastly greater heritage of securities of private business corporations. The revenues from which those corporations will pay interest and dividends can come only from sales to the generation of Americans living at that time. Will that generation then feel that the income from their business securities is also a spurious gain because it is they who must provide the funds necessary to pay it? By precisely identical logic the owner of General Motors securities should avoid purchase of a Chevrolet lest he find himself paying his own investment income.

This is not to say that there is no possible way in which publicly owned Government debt may represent a burden. Since ownership of bonds is not likely to be distributed among the people in exactly the same pattern as tax collections it is sometimes pointed out that the income on Government securities involves a redistribution of income. But it should be recognized that ownership of private securities causes exactly the same kind of redistribution, though on a much larger scale owing to the far greater volume of such securities. This follows from the fact that most of the income from corporate securities is paid to a very small proportion of the total population who as customers of American business provide all of its revenues.

3. The Government debt causes inflation. Inflation means a rising price level and this has usually been caused by increases in the spending-income stream at a more rapid rate than the rate at which additional goods could be made available. In the economist's terminology demand exceeds supply. With money demand increasing faster than businesses are able to increase the real supply of goods, price tags are marked up. A bit of reflection on the role of debt in our national income models makes clear that there is no direct connection between the size of the debt and the level or volume of spending. It is the rate of increase in the size of debt that counts, since it is only new deficits and debt which add to the spending stream. With exceptions to be noted in a moment, once debt has been created, it has no direct bearing whatever on the volume of spending. Its main effect on spending flows not from its existence but rather from the process by which it is created. This is amply clear in both models. It should also be clear that in this respect Government debt is no different from private debt. So long as they are financed in the same way each adds equally to the spending stream. Since World War II by far the greatest additions to our money supply have come from bank loans to private borrowers.

However, we must note certain ways in which existence of Government debt may be inflationary. In the first place ownership of large amounts of Government bonds, like ownership of any other assets, tends to make people feel richer and may cause them to spend more out of current incomes than they would in the absence of such assets. But Government bonds are no different from other financial assets in this respect and of course, represent a relatively smaller amount.

Government bonds also may have inflationary effects if people turn them in to the Treasury for cash. Since such action by the holders of $48 billion in nonmarketable U.S. savings bonds would involve losses to the holders, a mass movement of this kind might be expected only if people anticipate severe inflation which would cause even greater losses in the real value of the bonds. But this did not occur on a large scale even in the late 1940's—a period when inflation was at its worst.

Sale of marketable Government bonds held by the public would provide new money to add to the spending stream only if the bonds were bought by banks. Otherwise though the seller of the bond has more money, the buyer has less. But banks are under strict control in this respect. Like any other business they acquire assets by incurring debts. We call their debts our deposits (our money). Banks can go on acquiring all the earning assets which they desire simply by issuing deposit slips to the sellers, subject only to the restriction that a certain minimum proportion of their assets must be in the form of currency in their vaults or deposits at Federal Reserve banks. These are the banks' reserves and are expressed as a percentage of their deposit liabilities rather than of their assets. But since Federal Reserve banks are also able to increase and decrease their deposit liabilities (the reserves of the banks) by the same process of buying and selling assets, they have complete control over the reserves of the banking system and hence over the banks' power to create new deposits. Member bank reserves, which are subject to 24 hour surveillance by the Federal Reserve System, are the most carefully and continuously managed magnitude in our American financial system and, in this case, the power of control is absolute, though not without restraints.

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[5] Economic Report of the President, transmitted to the Congress Jan. 28, 1954, p. 113.

Incidentally, this manner of describing the operations of banks in terms of their balance sheets serves to impress upon us the complete pervasiveness of the debt structure which underlies our entire financial system, even what we call our money. In our daily life we tend to think of "money" as something final and ultimate, underlying all. If we owe a debt what we owe is "money." Money seems to be the foundation of debt. Actually, the exact opposite is the case. Money rests almost wholly on debt and this was just as true in Grandpa's day as it is now. As with Government debt we get the true picture only if we look at both sides of the balance sheets. We all have our basic money assets "deposited" in banks and against these deposits the banks keep assets. But banks' "assets" are the debts of others. To be sure, a fraction of bank assets are in the form of deposits at Federal Reserve banks. But these bank "assets" are in turn debts of the Federal Reserve banks, whose "assets" in turn are mainly debts of the Federal Government. When we ask for "cash" we get mainly Federal Reserve notes which are debts of the Reserve banks based as before on their "assets" in the form of Government debt. Relatively speaking, the actual amount of gold underlying all this fantastic pyramid is minuscule. However, for those who view all this simply as confirmation of their fear that the country is going to the dogs, it may be pointed out that our money still has vastly more gold "backing" than Grandpa's money ever had.

Failure to understand the debt origins of money sometimes leads to absurdly inconsistent attitudes. For example, at the end of World War II the American people were greatly pleased with their fat, new bank accounts, businessmen rejoiced in the resulting steady stream of eager, well-heeled customers, and newspapers from time to time proudly announced that bank deposits in their communities had reached new record highs. Yet the editorial pages of these same newspapers counseled sober reflection on the alarming increase in Government debt.

The fact is that virtually all of the delightful new deposits were created when the banks gave deposit slips to the U.S. Treasury in exchange for Government bonds. Banks were able to increase their deposit indebtedness in this way because the Federal Reserve System had provided them with the necessary reserves by increasing its deposit debts to them (their reserves). Once the necessary bank reserves had been provided, the banks and the Treasury simply traded debts. Each gave its own debt in exchange for the debt of the other. The Treasury received deposit debts of banks with which it could pay for the war and the banks received interest-bearing Government debt. When the Treasury wrote checks to buy war materials ownership of the new deposits was transferred to the people. The banks then owed the deposit debts to the people instead of to the Treasury. Though the people were happy about these newly acquired bank deposits—their new "money"—they were extremely critical of the consequent increase in Government debt. They did not realize that in condemning the Government debt they were condemning the source of the blessing. It was another case of balance sheet ambivalence.

As another possible source of inflation it is also conceivable that in the course of the continuous weekly refunding of short-term Government debt, buyers might refuse to repurchase bonds and instead demand cash, simply by allowing their bonds to run off at maturity. In such a case the Treasury would have no alternative but to sell the new bonds to banks to whom the Federal Reserve would be obliged to furnish the necessary reserves as it did in World War II. While this eventually is technically possible reflection reveals that when we speak of buyers refusing to repurchase bonds what we are really talking about is higgling over price (yield). Since there is no question of the solvency of the borrower (he can print his own money), the only question relates to the interest rate. If the Treasury has trouble selling bonds to nonbank buyers at a given rate of interest, it could presumably find such buyers at some higher rate. In other words, higher interest rates are a weapon available for use against inflation and may have to be used from time to time.

The fundamental relationship of inflation to debt creation is implicit in our models and it boils down to this: If additional deficits (and debt) are incurred only when total spending is inadequate by definition (i.e., some previously agreed upon level of unemployment) we can never get too much spending by incurring deficits. In other words, when the need for stimulation is eliminated, the stimulation is eliminated.

4. When will this huge Government debt ever be repaid? Here is another situation where we see what we seem to see only if we insist on applying to nations or institutions rules appropriate for an individual or a household. And, of course, the same rules do not apply. While it is true that every person must some day pay all of his debts, and every debt instrument must be settled on its maturity date, a bit of observation makes clear that these rules afford little insight into management of the total debt of nonmortal institutions, whether public or private. Every individual some day dies and his creditors expect settlement by that date. For him the trumpet sounds and accounts must be settled. But what about A.T. & T.? What about the banks of our country? What about the private debt? From table 1 we see that like those of Government, private debts have also grown. When will they be paid off? To be sure, the individual creditor of A.T. & T. gets his money whenever a particular instrument matures, and any individual depositor can have his money from the banks on demand. But this is also true of Government debt. The Federal Government refunds maturing debt each week, and every month pays off in this way literally billions of dollars in individual claims, just as the banks do. Moreover, as far as any individual owner is concerned a Government bond is the nearest thing in the world to cash. He can always sell it to another individual.

Thus we see that in these respects Government debt is not materially different from private debts. Business debts and bank deposits have been growing as long as our country has grown. Expanding debts are a sign of economic health. If a man could return a hundred years from now it is a pretty safe bet that he would find A.T. & T., the banks, Government, and business in general with debts that would make present levels look small indeed unless, of course, our country stops growing. And so if we ask, "When will the directors of A.T. & T. become uneasy and at last decide to pay off their 'bloating debt'?" "On what cataclysmic day will the banks pay off their depositors?" "When will this huge Government debt ever be repaid?" The answer is unmistakable and clear: "When Gabriel blows his horn."

5. We face national bankruptcy. Although this statement is frequently heard, the meaning as applied to Government is not clear. Since "bankruptcy" refers to a legal process which can have no meaning where Government is concerned, those who use the term must have in mind "insolvency." Webster defines "insolvent" as "unable to pay one's debts." But on reflection it becomes clear that this situation is quite inconceivable for a debtor which can print its own money at will. Government does this whenever it borrows from the banks. In what sense, then, could a government possibly become bankrupt or insolvent?

Evidently, since Government can print any amount of money it wants, it would become insolvent or bankrupt in a meaningful sense only if it printed so much money or incurred so much debt in terms of that money that the public would be unwilling, or less willing, to hold either the money or the bonded debt. The general price level therefore affords a test of the soundness of money and the interest rate a test of the soundness of debt. If the price level rises rapidly it usually means that there is too much money and it also almost certainly indicates that because people are losing confidence in it they are getting rid of it (spending it) about as fast as they can. Since the modern method of "printing money" is to sell bonds to banks, the interest rate affords a running evaluation of its effects. Rapidly rising prices and interest rates on Government debt are the sure signs that deficits, spending, and debt are increasing more rapidly than available output of goods and services. Rising prices mean that demand exceeds supply. You then have "overemployment." But increased demand is desirable only when idle productive capacity makes increased supply possible. Policies designed to stimulate spending through increased deficits and debts, either public or private, are appropriate only when necessary to counter unemployment and deflation. At such times increases in demand can be matched by increases in supply and prices need not rise. Rising prices provide the signal that demand is outrunning supply. Only in time of war, when other considerations become paramount, would it be defensible to continue money and debt creation even in the face of the danger signals afforded by rising price levels and interest rates. With an enlightened electorate it could not happen otherwise. Meanwhile it is hardly logical to argue that increased spending (demand) should not be undertaken to restore inadequate spending (demand) for fear we might go too far and get too much spending (demand). This is tantamount to the argument that a starving man should not seek more adequate food supplies because of the risk that he might then suffer from overeating.

6. You can't run a business that way. This one need not now detain us very long. It is obvious from the facts presented in table 1 that this is indeed the way you do run any growing, successful business. In fact we may add that a business that is not run that way is not likely to be around very long. The case of Montgomery Ward, which is still trying to recover from its budget-balancing, debt-avoidance policies of the 1940's and early 1950's, is perhaps an example worth considering.

7. A big Government debt frightens and discourages private business. The fear element and its effect on profit expectations is one which cannot be overlooked. To the extent that the public believes that Government spending and debt may lead to national bankruptcy and disaster, a real barrier to development exists. Even if dangers are imaginary they have harmful effects if they deter spending decisions. America's fears of deficits and debt could keep the country from carrying out production programs of which it is fully capable. World War II provided one of the most dramatic examples of this. The so-called production miracles of the war period would have been quite possible at any time during the depressed 1930's had the Nation been willing to create and spend the money to provide the necessary

demand. Not until the appearance at Pearl Harbor of an enemy which seemed more dangerous than Government debt did the American people feel free to loose the spending power necessary to bring into action the production capacity that had been there all the time. Bonds bought by banks which were supplied with additional reserves for the purpose enabled the Government to create huge sums of new money which it used to call forth the production miracles. When the war ended the people found themselves in possession of this vastly increased money supply which they then proceeded to spend for things they had been wanting for a long time. The money created during the war is still with us and has provided the basic spending foundation for a period of prosperity which up until the slowdown in recent years was the greatest in the Nation's history.

The point which we must recognize here is that there is no special economic magic in war as such. It is the spending for war which provides the economic effects and war happened to be the only project for which people deemed such public spending justifiable. It is a simple matter of national balance sheet and income analysis to demonstrate that the spending income and money supply effect would have been exactly the same if the project had been that of building highways, streets, schools, parks, research facilities, and free university education. However, if people believe that money and debt created for such purposes are somehow tainted and that a day of reckoning awaits a nation which conducts such activities for any purpose except war, it is quite possible that we may again hold back from achievements well within our power. Meanwhile, the Russians, hampered by no such folklore or public guilt complex, continue each year to increase their production by the full amount which their actual physical capability permits. As a result, while American steel and other basic industry has often operated well below capacity in recent years, our principal enemy has used all of his powers to steadily close the gap between us. Nobody there seems to worry much about national bankruptcy.

In concluding our analysis of Government debt the following comments by a knowledgeable observer may serve to broaden our perspective:

"At every stage in the growth of that debt the Nation has set up the same cry of anguish and despair. At every stage in the growth of that debt it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy and ruin were as remote as ever.

"The prophets of evil were under a double delusion. They erroneously imagined that there was an exact analogy betwen the case of an individual who is in debt to another individual and the case of a society which is in debt to a part of itself * * * They made no allowance for the effect produced by the incessant progress of every experimental science, and by the incessant efforts of every man to get on in life. They saw that the debt grew; and they forgot that other things grew as well as the debt."

The words are familiar. The problem is not new. The "prophets of evil," like Henny Penny, have been with us for a long time. Although the situation described here bears a startling similarity to American experience during the last 30 years, the writer did not have us in mind. He was referring to another great nation whose Government at the time he wrote had been engaged in more or less continuous deficit spending for over 150 years during which that nation achieved an unchallenged position as the greatest economic power the world had ever known. The nation was Great Britain, the writer was the great English scholar and historian, Thomas Babington Macaulay, and the year was 1850.[6]

DEFICIT SPENDING: PUBLIC OR PRIVATE?

As indicated in our introduction, the logic of national income accounting by no means requires Government deficit spending for the maintenance of full employment. It only requires that somebody must have deficits at least large enough to absorb planned surpluses. We note in our models that everything ran smoothly enough as long as profit prospects were assumed to be sufficiently favorable to call forth the necessary private deficits. It is here that the practical man may enter an objection consistent both with his value judgments and with national accounting principles. Here he at least has a chance of bringing down a bird. To be sure, he has not failed to point out that profits are often inadequate, but he has failed to connect this fact with the relevant national income framework, and his explanation of why they are inadequate is not always fully convincing. Our practical man argues that profit prospects have led to inadequate private investment because of antibusiness attitudes and policies of Government. At the same time he insists that the Government balance its budget at all times. In fact, he regards an unbalanced budget as one of the antibusiness discouragements. The stock market collapse as a reaction to President Kennedy's steel price intervention has frequently been cited as another example of the harmful effects of Government policy. (The latter argument incidentally overlooks the fact that the stock market collapse was worldwide and, except in France, considerably worse in Europe than in America.) The logically consistent argument which is possible here is that, if Government would only leave business alone, private deficits spurred by adequate profit would insure the private spending necessary for full employment. Government deficits would then be unnecessary. This is essentially the position of a substantial proportion of the business community and of thoroughgoing conservatives. There is no rigorous disproof available to rebut this position, particularly since we are talking about the future in which all things are possible. But we can attempt to assess the probabilities, as contrasted with the possibilities, which are suggested by past experience. On the basis of such probabilities we can then consider the implications of a vigorously balanced budget for the future.

The argument that Government antibusiness attitudes and policies account for inadequate aggregate demand may have a certain persuasiveness and perhaps real substance when applied to a period of stagnation in which we simply have a generally sluggish and hesitant economy. As noted above, it is not necessary that a Kennedy or a Roosevelt actually intend to conduct a campaign against business. It is enough if businessmen believe it. But what about the periodic ups and downs which we call the business cycle? These movements long antedate both Mr. Roosevelt and Mr. Kennedy. How do we account for the decline under President Eisenhower in 1958, or, still more difficult, the far worse decline under President Hoover from 1929 to 1933? Was President Eisenhower antibusiness too? Was President Hoover even more so? The record of history is that such movements have occurred in the past regardless of what government did. It is a reasonable probability that they will occur again. This being the case, how can we test the conservative position? It could not be tested with a Kennedy or an Eisenhower, nor indeed with a Hoover, since, as we have noted, Mr. Hoover's administration accepted very substantial passive deficits. To test it, we should be obliged to elect to the White House an uncompromising man of stern Puritan principle and also give him a Congress of like conviction. Only under such leadership in a severe recession could we subject to the ultimate test of experience the novel economic theory that the remedy for inadequate spending is reduced spending. Such an experiment is not likely to be attempted for the simple reason that the leaders of both major political parties are fully aware of the probable influence that it would have on the outcome of the next few dozen national elections.

PROGRAM FOR THE PRACTICAL MAN

It is possible to identify three kinds of situations in which modification or extension of present policies might reasonably be expected to improve future prospects for profitable private economic development and investment, thereby reducing the need for Government deficit spending. In some of the situations, the practical man might support revision of present business policies; in others he could support public policies which in the long run would tend to increase private business activity.

I. Private policies based on market power

1. Although we profess to believe in free, competitive markets and have laws against monopoly, substantial sectors of American industry have sufficient market power to hold prices at levels which enable them to achieve predetermined profit targets even when operating far below capacity. Whether, anticipating stagnant demand, management sets high prices in expectation of the high costs consequent upon low level utilization of capacity, or whether, by setting the high prices, management causes the stagnation of demand is a hen-egg puzzle that cannot be solved here. In either case more price competition would lead to fuller utilization of capacity and to lower unit costs. It was this philosophy which guided the first Henry Ford and on which our antitrust laws are based. But, as every TV viewer and magazine reader knows, American industry appears to prefer any kind of competition to price competition. In this area of fundamental policymaking our practical man is in the driver's seat. Only he can make the change.

2. Labor unions often tend to look at hourly wage rates rather than total wage bills. Even though a higher wage rate may lead to unemployment of some workers or prevent entry of additional workers by discouraging expansion of the industry or by speeding up automation, union leadership usually prefers to have higher wages and less employment than lower wages and a higher level of employment. Technological improvements are sometimes opposed, or at least after their introduction "featherbedding" strongly resists any elimination of displaced jobs. The inhibiting effect of such policies on profits, economic growth, and wider job opportunities is obvious. To the practical man's credit it must be recognized that he has not failed to identify and oppose these practices.

3. Market power has been used to escape consumer sovereignty over design and style. It has been widely claimed that American industry, particularly in highly concentrated areas like automobiles, in dictating to the captive domestic customer has not made the most of sales opportunities in the foreign market. Those who seek to make this point do not emphasize price but argue that, since so large a part of our manufacturing market is at home, our manufacturers have not made adequate efforts in design, styling, and sales promotion to meet foreign competition in foreign markets. Abroad one notices

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[6] Bliss Perry, editor, Little Masterpieces, by Lord Macaulay, New York: Doubleday & McClure Co., 1898, pp. 192, 198–199.

less emphasis on advertising and product differentiation and less reluctance to mention price. Whatever may be the facts relating to our foreign markets, this is probably a fair description of what happened in the automobile industry in the late 1950's. American automobile manufacturers modified design, size, and style and turned to compacts only when foreign competition forced it.

II. Public policies based on the idea that higher prices and reduced output represent the best remedy for inadequate demand

1. Agricultural price supports and output restrictions raise the cost of food and other farm products, thereby raising consumer cost of living and affording huge windfalls to wealthy farmers without greatly aiding poor farmers whom the program is mainly intended to help. The economy has thus been denied much of the benefit of the great agricultural productivity gains of recent decades. At the same time, by failing to concentrate attention on the large numbers of farmers at the lower end of the income scale, the program tends to put off solution of the underlying problem of too many people on farms. The Practical Man has not given us much help on this one. In fact, in the agricultural industry itself differences of opinion among the people involved have so far effectively blocked a solution to the problem. Controversy over the recent wheat referendum affords a familiar example.

2. Various Government policies both at Federal and State levels are designed to limit competition and to maintain price at the expense of volume. Among these one may list (a) oil and other import quotas, (b) tariff exceptions for the benefit of industries which operate under especially severe disadvantages in their efforts to meet consumer needs at prices comparable with available foreign sources, (c) Fair Trade laws, (d) transportation rates and regulations limiting competition among carriers, (e) State oil production controls which limit output of efficient producers but which allow drilling of any number of new wells the output of which will also be restricted, (f) State milk control and similar boards. In all of these cases our Practical Man, representing this or that particular industry, has been the principal offender. In almost every instance Government has intervened to restrict the freedom of private enterprise for the benefit of a particular group and has done so at the request of the private enterprisers themselves. While vigorously condemning all restrictions on free enterprise for the benefit of others, each industry defends with equal vigor the restrictions imposed on others for its own benefit.

III. Public activities now unprofitable for private enterprise but likely to provide opportunities for profitable private investment in the long run

1. Research and development in industrial uses of atomic energy, space travel and communication, production of fresh water from the sea, and certain education programs are examples of activities in which the pioneering must be done by Government for the simple reason that they are not profitable for private enterprise at this stage. Once the groundwork has been laid free enterprise may move in. Private industry is already moving into the generation of electricity by atomic energy and A.T. & T's Telstar program has captured the imagination of the world. (We can just imagine what A.T. & T.'s debt will look like in another 20 years!) Granting the prospect for increasing importance of training and education in the future, and remembering the spectacular benefits which the Nation now enjoys from the massive postwar investment in human capital under the GI bill of rights, the potential of the public education contribution should be clear. We also have the example of America's world leadership in agricultural techniques, mainly the result of Government-financed research. These are all activities which no private firm could have afforded to conduct, at least not in time to keep America ahead of her rivals and enemies. Since the practical man will obviously benefit from such programs in the long run, would he not be wise to give them his support?

2. Aid to undeveloped countries, especially in education, can yield immeasurable benefits in the long run. We need to look ahead a century or so and overlook such short-run, inconsequential matters as whether the individuals who happen to be alive today hate us or love us, are grateful for aid, or follow our line. How many popularity contests could the English have won in our country during the 50 years after Lexington and Concord? Looking to the long run future with historical perspective the development of our relations with the emergent nations clearly takes on a crucial aspect. Together with our allies in Western Europe we represent probably less than one-sixth of the human race. Unless we believe that intellectual capacity is a monopoly held by one race of men this means that five-sixths of the best brainpower, which is what will count in the future, is outside our sphere. When these people achieve development, as they will, they will represent the greatest market, and by far the greatest source of human capital in the world. How fortunate it would be for us at that time if development of their cultural values and trade, the orientation of their learning, the very evolution of their languages, would continue to find their external influences mainly in the Western World and especially in America. Today virtually all of these nations conduct their courts, parliaments, and universities in European languages, usually English. Here in langauge is a vital channel of communication which tends to be denied to the Russians and Chinese in direct proportion as we continue to use it through education and other contacts. To discontinue such activities through pique or misguided economy is simply to leave the future to the Russians and Chinese.

Government activities such as those listed under III need not be conducted by deficit spending, though of course they afford outlets for deficit spending at times when the stimulus is appropriate. In the long run, by stimulating profitable opportunities for private business investment, they should minimize the need for Government deficit spending.

CONCLUDING OBSERVATIONS

Various programs along the lines outlined above should tend to make our free enterprise system more viable in the long run. But meanwhile we are still faced with the problem of the business cycle with its intermittent periods of insufficient spending and inadequate demand. The reader who has come this far may now ask, "Why all the public acrimony? Why so much fuss? Isn't the picture fairly clear?"

To be sure, from the viewpoint of the professional economist or accountant the situation is clear enough. Indeed it is obvious. In terms of accounting identities adequate deficit spending and adequate debt creation are simply the source of adequate demand (adequate sales volume). In fact we can readily outline the highlights of modern economic history without any more data than annual statistics of the Nation's total debt. When debt grows at a satisfactory rate we find prosperity; when it grows slowly we find recession; and when it actually declines we encounter deep depression and chaos. There is no doubt about this. It is the record of history. And we have now seen why it is so. After we have done all we can to encourage private spending the only remaining question of policy is this: When private deficits are inadequate should we choose to fill the gap with public deficits or should we choose unemployment? If another choice exists it has not been identified.

And so the puzzle persists. Why all the misunderstanding? We are obliged to go back more than a century and a half to find a parallel. The split between professional economists and the general public on the issue of free trade probably affords the best comparison. From the very birth of the Republic this issue was a source of bitter controversy. Although a civil war was fought over it, that war did not settle it. Not until 1962 could we say that virtually all responsible groups in the Nation had more or less officially come to accept what economists had been pointing out ever since the days of Adam Smith. Perhaps it is also worth noting that even the free trade case was not nearly so clear cut as the deficit spending case. For in the free trade case it is possible to identify producer interests which are indeed different from consumer interests, at least, in the short run. In the deficit spending case there is no such conflict of interest. When demand is inadequate and depression develops every one suffers. The Nation suffers. When demand is adequate the entire economy blooms.

It is precisely at this point that the economist himself encounters a puzzle. How can the principal beneficiaries of appropriately timed Government deficits also be the chief opponents of this policy? For who has more to gain from good business than a businessman, and who has more to lose when business is bad? It is a well-known fact that the initial impact of recession is always on profits. Profit is the volatile element in national income and is always the first to melt away when demand becomes inadequate. No matter how industrious and competent they may be, enterprisers as a group find that the cards are hopelessly stacked against them when aggregate demand is on the decline. Business cannot sell unless the customers buy.

Perhaps one reason why the practical man has opposed policies beneficial to business is that he has not looked at the whole picture. This was obviously the case after World War II when he rejoiced in his growing bank account but deplored the growing Government debt which produced it. But the economist must also bear some of the blame. He has rarely seemed able to explain the mysteries of money, debt, and income creation in terms understandable to the general public. And in spite of the fact that every economics textbook of the past 15 years has sought to explain in painful detail the principles outlined in this article, university economists can scarcely claim to have sent their students away with a crystal-clear picture of how our money system operates. Probably neither the practical man nor the economist can take much credit in the public debate which has occurred. In fact there has been little genuine debate because there has been so little communication. The practical man and the press have tended to pontificate about technical matters which they have not understood clearly; while the economist on his part has frequently shown little patience or forbearance and has seldom devoted much time to the improvement of public understanding. Yet the problem is crucially important to the success of our democracy. The issues need to be clearly defined, the assumptions explicitly stated, and the discussion conducted with a degree of objectivity not achieved up to now. Meanwhile we might reflect on the comment which Prof. A. C. Pigou made 40 years ago in connection with the free trade issue: "There is indeed a long timelag between the attainment of knowledge in economic affairs and its entry into the halls of authority."

THE FABRIC OF ONE WORLDISM

Mr. SIMPSON. Mr. President, in the continuing search for international harmony that will allow all peoples of the world to live together in peace and with freedom, some Americans have become entangled in a spurious concept often described as "one worldism." The Wall Street Journal examines this concept in an editorial dated November 14 and holds it up for inspection, making apparent the holes in its fabric.

I remand the editorial to the attention of my colleagues and those across the Nation who follow the Congressional Record.

I should like to quote in this brief introduction the observation that: "It follows that for a world government to be effective, it would have to possess powers of compulsion undreamed of in history's worst nightmares. Even in today's free nations, the constant threat is the aggrandizement of state power; an international authority would be infinitely worse. In this sense, nationalism as the West conceives it, is a force for good."

Mr. President, I ask unanimous consent that the Wall Street Journal editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

A Nightmare World

In man's constant soul searching for peace, one of the favored villains is nationalism; if only this force could be extirpated, it's said, there would be no occasion for wars. And never has there been more urgency about getting rid of nationalism, the argument continues, because never before has society possessed such weapons of annihilation.

To call this view an oversimplification is putting it mildly. If anything is surprising about it, it is its widespread acceptance in the intellectual community. Thus historian Arnold Toynbee, in a recent New York Times magazine article, deplores the contemporary resurgence of nationalism and advocates the fashionable alternative—world government.

It is quite true that nationalism has played its part in history's seemingly unceasing wars. It is also true that men, by force or otherwise, have surrendered their nationality to a larger entity like the Roman Empire. It is certainly true that the present proliferation of nation-states, some of them bits and pieces, has its ludicrous aspects.

Yet that fragmentation itself tells a good deal about the practical difficulty of eradicating nationalism. From the most primitive African nation to a sophisticated country like France, nationalism is obviously one of the most deeply rooted of feelings. All the preachments of history have failed to reduce it, and it shows no signs of disappearing today.

Is nationalism, in any case, such a cardinal cause of war in our times? Algerians and Moroccans could presumably find reasons for mutual antipathy no matter what their political structures. But fringe fighting of that sort is not what the world has to worry about; it is the antagonism of the two great power blocs.

Mr. Toynbee, like so many of his academic colleagues, regards each with equal disdain. If only the United States and the U.S.S.R. would bury the hatchet and get together, he suggests, the world would be eternally in their debt. Perhaps; but this seems to overlook some rather relevant considerations.

For one, the threat to the peace does not come from any excess of U.S. nationalism. It comes from a peculiarly unfortunate combination of Russian imperialism and Communist dogma. Nationalism unqestionably is part of that combination, as can be seen in the dispute between Red Russia and Red China, but a large part of it is also the urge to turn the world into a Communist concentration camp for the benefit of a power-hungry elite.

To equate that psychopathic drive with the American advocacy of open societies is to make a bitter joke of both history and philosophy. Let the Russians abandon their global ambitions, and then it will be possible to talk about getting together.

Even that millenium, however, would not remove the threat of war. Suppose it were possible, as Mr. Toynbee seems to think it is, to establish a world government. How could such a setup be expected to remove the animosities and ambitions that lie so deep in men and nations? The trouble with the United Nations as a would-be world government is not that it is not powerful enough; it is that of necessity it merely mirrors the contentions that rive the world.

It follows that for a world government to be effective, it would have to possess powers of compulsion undreamed of in history's worst nightmares. Even in today's free nations, the constant threat is the aggrandizement of state power; an international authority would be infinitely worse. In this sense, nationalism as the West conceives it is a force for good.

It is a little saddening, not to say frightening, that intelligent people can seriously support such weird causes. For the panacea they propose would not end war, but it most surely could end freedom.

FEDERAL CREDIT CONTROL

Mr. SIMPSON. Mr. President, the March 1963, issue of Nation's Business magazine elaborated on the basic arguments pro and con of the so-called truth-in-lending bill.

The article in its opening paragraph stressed that the Douglas credit control bill should be of interest to persons in and out of the money lending business: "Whatever your business, you have a stake in the new push in Congress for Federal regulation of credit."

After citing several abstract examples of credit abuse—examples which undoubtedly do exist—the writer notes that "usury is as old as the use of money, and fraudulent sales will continue as long as unwary ignorant people have money to spend."

In asking unanimous consent that this article be printed in the Record at this point with my remarks, I call my colleagues' special attention to the five major discrepancies regarding S. 750 enumerated in a survey by the magazine.

I direct attention also to a chart listing methods of computing the interest rate equivalent of carrying charges on installment sales. This chart is headed very appropriately, "Calculating an Accurate Simple Annual Rate Is Impossible for Many Accounts."

There being no objection, the article was ordered to be printed in the Record, as follows:

This Proposal Shortchanges Your Customers—Costs and Prices Would Rise Under Federal Credit Control Plan

Whatever your business, you have a stake in the new push in Congress for Federal regulation of credit.

The pending proposals would directly affect every retailer who sells on credit, and every lender. Manufacturers would be affected because the markets for their products would be disrupted.

Sen. Paul H. Douglas, Illinois Democrat, and other sponsors of the legislation cite flagrant credit abuses to prove the need for Federal control.

A Chicago man bought a television set on time. It broke down the day after he received it. The firm threatened to garnishee his wages if he didn't pay some of the money he owed. His total debts amounted to $700. His wages had been garnisheed three times before and he feared new garnishments might mean loss of his job, or if he weren't fired, the garnishments would mean hardship to his family. After he killed himself, the coroner's jury returned a verdict of suicide while temporarily insane due to pressure from creditors.

There was also the case of the woman supporting herself and four children on a weekly wage of $55. A "conservatory of music" induced her to sign an installment sales contract for a $600 accordion for one of her children. About 5 months later the "conservatory" informed the woman that her daughter had displayed such exceptional artistic talent that a better instrument was required. The woman agreed to pay $1,800 at the rate of $72 a month. Then she realized she would have difficulty making the payments. Although attempts were made to ease her plight, she wound up returning the accordion after having spent $383.

How, in the face of such unhappy cases, could there be opposition to the Douglas bill?

Would the Douglas bill really curb the type of overbuying represented in the two abuse cases?

Why, despite more than 3 years of lobbying, do even proponents concede that consumers are not excited about this legislation?

Nation's Business surveyed a wide variety of trade associations and federations whose members are constantly involved in credit or loan transactions to find out why they oppose such proposals, billed as a stabilizer to the economy.

Their spokesmen stress they have no objection to the bill's ostensible goal of fully informing the customer of the cost of credit. They note that it's already the practice of the great majority of credit businesses to tell the customer what credit costs either in terms of total dollars and cents, or as a monthly interest rate—whichever is feasible.

The survey reveals the majority believe—

1. The burdensome requirements would increase the cost of doing business and represent a pressure to raise the level of retail prices.

2. Calculation of an accurate "simple annual rate" is absolutely impossible in many credit accounts.

3. It would confuse the public by compelling inaccurate or misleading rather than true information.

4. The bill would encourage hiding service charges in merchandise prices.

5. It would impose Federal restrictions on purely local transactions and necessitate creation of a new Federal price control bureaucracy.

Senator Douglas, with 17 cosponsors, introduced Federal credit legislation in 1960. Since then there have been three sets of hearings.

Early this year he charged that Americans are paying millions of dollars in hidden costs on borrowed money; that banks charge borrowers exorbitant sums by asking interest on a monthly basis rather than on a yearly rate and by not reducing interest as debts are reduced.

To understand what sponsors want, here's an example: In a revolving charge account, where customers are now told they will pay a 1.5 percent charge per month on the declining balance, sponsors want this charge expressed as an 18 percent simple annual rate (12×1.5). In a typical account, however, the customer's actual paying rate would not amount to 18 percent except under the most unusual circumstances.

His supporters push the twin theme that credit charges and interest rates are often cleverly concealed and misrepresented, and all consumers have money to gain and not a penny to lose from enactment of the bill.

Besides, the argument goes, excessive use of credit threatens the economic stability of the Nation. Consumers lack adequate information on the cost and thus tend to overextend their credit.

Senator WALLACE F. BENNETT, Republican, of Utah, congressional leader of the fight against the credit bills, replies that consumer debt has shown a stable relationship to gross national product and personal disposable income in recent years.

Rates of repayment have maintained a sensible relationship to new extensions of credit.

In fact, some leading economists take the view that the postwar credit rise has not been great enough.

"It's impossible to say at what point consumer credit becomes excessive," says William F. Butler, vice president and economist of Chase Manhattan Bank. "It seems clear we're nowhere near that point at present."

If the purpose of the proposal is to dampen sales, opponents agree that it would probably be successful, at least temporarily.

"It would have an adverse psychological effect on some customers and some sales persons," says Derek Brooks, vice president and director of government relations of the National Retail Furniture Association. "When you impose a practice nobody is following in the economy, you're playing a dangerous game. You're monkeying around with the economic machinery."

"It would cause a sales decline which the economy cannot afford," warns Fred Hachtel, president of the International Consumer Credit Association. "We need increased customer sales, not less."

"I would not want to make a flat prediction with respect to a sales decline if the Douglas bill is enacted," comments M. Monroe Kimbrel, president of the American Bankers Association, "but certainly there would be serious delay in the normal flow of business if lenders were required to furnish the specified information to the borrower in writing prior to the consummation of a transaction. Mail order transactions, add-on arrangements, sales made by a retail establishment with the credit contract prepared by the home office, and other credit sales in which involved calculations are required would certainly be disrupted and this could lead to a sales slowdown."

Would the bill really protect the class of customers who, through ignorance or inattention, expose themselves to exorbitant interest or credit charges?

"For the most part the ignorant and unsophisticated would pay not the slightest bit of attention," says John A. Gosnell, executive secretary and general counsel of the National Small Business Association. "With few exceptions, those in this category who desire to make a purchase on credit will certainly do so regardless of unfavorable terms."

Mr. Gosnell notes that usury is as old as the existence of money and fraudulent sales will continue as long as unwary, ignorant people have money to spend.

The theoretical objective of the Douglas bill, he says, is enforcement of business ethics in areas which can never be fully policed. State supervision, coupled with voluntary industry action to clean up the more flagrant abuses, is the only method which has any practical chance of constructive results.

Retailers stress that the Douglas bill would not stop abuses by the few unscrupulous operators. Extreme cases often involve fraudulent practices already prohibited by existing law. No legislation ever completely stops scofflaws.

Actually a "simple annual rate" probably would confuse consumers because of their tendency to equate it with interest, which has a sort of historical top of 6 percent.

"The overall figure," Mr. Hachtel says, "is a compilation of several charges, of which interest is only one small part. To lump all these together into one sum and express it as an annual rate of interest is unrealistic."

Mr. Brooks points out that those who don't have enough education to figure out interest rates now, "by the same token, will not be able to understand the meaning if given to them by law. What is needed is more education, not more figures."

Louis Rothschild, executive director of the National Association of Retail Clothiers & Furnishers, adds that it means nothing because the paid rate may be more or less than the stated rate depending on how the customer pays the bill.

The American Retail Federation, which represents 800,000 retail firms handling more than 70 percent of all consumer sales, offers this considered opinion: "It is impossible to quote an actual annual rate on a revolving account since the amounts and times of future purchases and payments are not determinable. The bill seeks to gloss over this impediment by exempting a creditor from its penalties if he overstates the rate. Thus, the bill permits misquoting on the high side."

Mr. Gosnell summarizes:

"With respect to the small merchant the proposal is so burdensome and impractical that it would be completely self-defeating. The average clerk could never make the necessary calculations. In fact there are few store owners who could arrive at correct and uniform answers. But even assuming that the calculation could be made, the time required to perform this function would so interfere with the consummation of sales that the practice would be prohibitive."

"We are not opposed to full disclosure," Philip J. Mullin, executive vice president of the American Industrial Bankers Association, stresses. "Our member companies and banks throughout the country have full disclosure as they feel that it is only proper and fitting to see that the customer is told what he is paying and why. AIBA does object to the suggestion that full disclosure should be stated in terms of simple annual interest. This would be a difficult task at best and, we feel, a useless one."

The National Retail Merchants Association, which represents 10,500 department, specialty and variety stores, states that revolving credit accounts would have to be abandoned because it is impossible to calculate simple annual rate beforehand.

"Experience," according to J. Miller Redfield, president of the National Consumer Finance Association, "has shown that the consumer, when faced with percentages, almost invariably asks: 'Just how much is that in dollars and cents?'

"For this reason, State-regulated consumer finance firms usually express their rate of finance charge in percent per month as prescribed by State law, but also express charges in terms of dollars and cents—the language consumers understand and quite evidently prefer."

Mr. Brooks points out that "credit has been and is intensely competitive. You may be sure that if the simple annual rate were informative and customers were asking for it, the forces of competition among retailers in the marketplace would long ago have caused this information to be given voluntarily by alert retailers seeking to get one up on their competitors. But you don't find it anywhere. It's reasonable to conclude there isn't any consumer demand for it."

An example of the mathematical acrobatics involved would be the purchase of a $20 battery, payable on a time basis with four biweekly payments of $5 each and one final payment of $2 for carrying charges.

Answers from experts on how much simple annual interest the $2 represented ranged from 80 to 130 percent. The National Automobile Dealers Association came up with at least five answers—each correct, depending upon certain assumptions.

If experts offer so many varied answers to such minor purchase, how, the association asks, can anyone reasonably expect the average employee of a business establishment to arrive at the absolute and correct answer that would protect his employer from the civil penalties imposed under the bill?

Willful violators would be subject to a $5,000 fine or 1-year imprisonment, or both.

Retailers also worry that some merchants might advertise little or "No charge for credit" and put all or part of the cost of the credit into the price of merchandise. Other retailers then might have to do the same thing to defend their competitive position. The customer would get less information about the cost of buying or credit—contrary to the alleged purpose of the bill.

This situation would raise a serious problem for small business. Large stores, with a wide variety of merchandise, would have far more opportunities to adjust prices to cover credit costs than smaller stores with limited product lines.

The additional cost of administering the bill, according to Montgomery Ward, will be reflected in charges to customers.

Retail spokesmen also note that the States already regulate consumer credit, that State governments are closer to the constituents, and can frame laws to fit unique local situations.

Twenty-five States now have retail installment sales acts requiring sellers to list and disclose in detail the essentials making up a sale. Retail installment sales laws are on the books in 42 States covering all goods, automobile sales only, or both.

"Each State tailors its disclosures law to fit the conditions prevalent in that State," Mr. Kimbrel notes. "In this way the States can regulate consumer credit in the manner best suited to the practices of its lenders."

In fact, much State legislation includes vitally important elements of disclosure which do not appear in the Douglas bill.

"The bill fails to take into consideration the differing conditions which affect consumer credit in the various States."

"There is no question," says Clifford A. Allanson, executive director of the New York State Council of Retail Merchants, "that State governments can effectively regulate consumers' interest.

"For example, New York State enacted laws in 1956 covering sales of motor vehicles and in 1957 covering sales of merchandise generally which provide adequate protection.

"Under New York State laws the seller must provide the buyer with full information regarding all phases of a contract or agreement.

"Customers are not only protected by receiving fully detailed information but limitations are imposed on the amount of carrying charges which can be levied."

Robert J. McKinsey, general counsel of the National Independent Automobile Dealers Association, points out that State legislatures are fully acquainted with the specifics and variations of credit financing in their own States.

Federal control, its opponents note, would have the octopus reach of wartime price control acts. Whatever agency would be designated to administer the law—Federal

Reserve Board or Federal Trade Commission—the specter of a national police force to investigate strictly local violations is raised.

Chairman William McChesney Martin, Jr., testified that the Federal Reserve Board did not want the responsibility of administering the Douglas bill introduced in the last congressional session.

FTC Chairman Paul Rand Dixon also conceded that "the problems of administration would be tremendous."

Mr. Gosnell notes:

"Government regulatory inspection would have to be based on some type of reporting system, and even though on a spot-check basis the impact on the small business community would be especially severe. Even to try to enforce such a law on a spot-check basis would require a gigantic and expensive bureaucracy, and the remote possibility of effective results would make this a futile and wasteful project."

Any attempt at enforcement would require a "tremendous" number of inspectors, says Mr. Allanson, of the New York State Council of Retail Merchants.

What are the alternatives to the Douglas bill to check whatever abuses may exist?

Mr. Kimbrel expresses the consensus:

"The optimum in the way of an alternative to this type of legislation would be, of course, voluntary full disclosure of finance charges by lenders and judicious credit and spending habits on the part of borrowers.

"I am inclined to agree with Senator Douglas, however, that this perfection is not likely to be achieved. It is in our approach to the remedies that we do not see eye to eye.

"I believe it would be extremely helpful for every class of credit extenders to have a creed or statement of principles to serve as a guidepost in establishing and maintaining sound credit practices.

"The American Bankers Association has had one for 22 years and, while there may be some banks which do not abide by its principles, the creed has been widely accepted and adhered to by most of our members.

"If voluntary compliance to certain rules cannot be made workable, then legislation is necessary—but at the State level. States already having disclosure laws should reexamine their statutes if abuses can be shown to exist and those States which do not have them should consider them at the earliest opportunity.

"As for the consumer, I have one definite recommendation to make. There is a need for more adequate education in basic economics. Consumer illiteracy is a phase of this overall problem. I believe it can be substantially corrected by improving, upgrading, and adding to present educational activities in the economics field.

"A certain amount of guidance in the fundamentals of finance will benefit the consumer much more than a 'simple annual rate' requirement.

"I am convinced that good habits and prudent judgment can be taught.

"They cannot be legislated."

GREAT AMERICANS

Mr. HILL. Mr. President, each year the editors of Dixie Business name "A Great American." In 1962 John H. Glenn received this appellation. Hubert F. Lee, of Decatur, Ga., who founded Dixie Business and has served as its editor for 34 years, has announced that World Statesman Bernard M. Baruch has been named "A Great American" for 1963 and that the great Chairman of the House Armed Services Committee, Carl Vinson, has been named for this honor for the year 1964. Mr. Lee explained that the selection of Representative Vinson was announced a year in advance to point up the fact that in 1964 our distinguished colleague will have completed 50 years of dedicated public service as a Member of the House—more years of service in the House than any other man in the history of Congress.

We all know of the many services Bernard Baruch has performed for our country. His wise counsel has been a tremendous help to our Presidents, to the Congress, and to innumerable other Government officials. On learning of his selection, Mr. Baruch wrote Editor Lee: "Thank you so much for the honor you bestow upon me by naming me the 'A Great American' for 1963. As I look over the list, I feel very pleased indeed, particularly to be between two such fine men as Colonel Glenn and Carl Vinson. Vinson has been a wonderful American, especially in the last trying years."

I heartily concur with Mr. Baruch's tribute to Carl Vinson, but I would hasten to add that his words can also be used to describe his own contributions to our country. It is indeed a pleasure for me to announce these selections to the Senate and to extend congratulations to these two great men who eminently deserve the title "A Great American."

MEDICAL RESEARCH

Mr. HILL. Mr. President, at the 1963 Albert Lasker Research Awards Luncheon at the Sheraton-East Hotel in New York City, on October 30, our colleague, Representative John E. Fogarty, of Rhode Island, who has made so many contributions to the cause of medical research, delivered the address. It is a very fine address, most informative, interesting, and challenging. I hope it may be widely read and I ask unanimous consent that the address may be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Medical Research—Fact and Fantasy

(Remarks of U.S. Representative John E. Fogarty, at the 1963 Albert Lasker Medical Research Awards luncheon, Sheraton East Hotel, New York City, October 30, 1963)

I feel greatly privileged to address the Lasker award group a second time.

We meet today for a happy purpose.

We meet to honor the splendid achievements of three of our finest medical scientists. Through these three, we honor our entire medical research community.

The occasion is one for warmest thanks to Dr. Craig, Dr. Huggins, and Dr. DeBakey.

It is equally a time for self-congratulation among the thousands of scientists in our medical research community. For what honored gain in science is not a community as well as an individual achievement?

I see a third purpose for which this occasion is appropriate: That purpose is sterner; but surely the moment is a bracing one.

We need to face—and to take up with spirit—a new challenge.

Cold winds are rising. I am sure we all feel them. These winds carry voices of distrust, misunderstanding—even outright disparagement—of our national science programs.

These voices challenge the one fact I am sure most persons here today see as our Nation's brightest hope: That science and Government at last have found the will and means to join in common purpose; that in broadening fields, they now work to meet the needs and aspirations of all the people.

What can these voices say to impeach such a partnership of hope? Many things, apparently. They urge a startling catalog of fears. I hardly recognize the moonscape described—but understand it is supposed to be the United States of America.

Big science—these voices say—has been corrupted into partnership with big government. From such an alliance—so the fear runs—our universities, our individual scientists, our traditions of scientific excellence—and ultimately all of our citizens—will be the losers. How can this be?

Does this describe the world of health research as you know it today?

The distortion is gross. But we cannot for that reason ignore these voices.

If we are complacent—if we do not react; if we do not make absolutely clear the vital and fruitful nature of this partnership—many health gains that we now count for the future may be lost.

Let us therefore take up the challenge on the issues—and give back fact for fantasy. Nor need we be diffident in the task: For the fruits of medical research are worth our best efforts to defend. Here, we can draw encouragement from illustrious predecessors in this task. For the record of health advances through science—and I can note Pasteur and the germ theory of disease as an example—shows that all too often they have been fought to accomplishment against strong opposition.

I say: Let us listen to these voices. But let us listen carefully. Not every critic merits a reply.

Let us not be taken in by critics without credentials.

We will talk budgets—but let it be with those who know we budget to meet human needs as best we can; not to defend a line drawn in sand.

We waste our time: With those who see only gloom and doom when the Government joins any enterprise; with those who make large charges with small facts or none to back them; with those who suffer from a hopeless case of nostalgia for a simpler past; with self-called critics who know—if nothing else—the publicity value of attacking major Federal programs.

Let us by all means tune out these empty words. What remains—honest differences on needs, hopes, methods, and dangers in Government support for science—demands the wisest, clearest thoughts that each of us can phrase.

Today, I want to take up this dialog on three issues—the three that I see as basic in Government support of science:

First, how can we know whether our national investment in research is too little, too much, or just about right?

Second, are we getting a fair return on our investment?

Third, are tax dollars becoming a threat to research excellence?

Let me shrink this dialog to terrain I think we all know fairly well: The area of Federal support of medical research—the programs of the Public Health Service.

How does one decide the right amount of public funds to make available for the conduct and support of medical research?

I feel I have some competence on that point: For 17 years—in annual appropriation hearings for the Public Health Service—I have been asking myself that very question. The consensus on these programs—in both Houses of Congress and on both sides of the aisle—has been remarkable. Reasons for this—I think—won't be hard to identify.

First, the decision process itself:

In our Federal system, the decision to use public funds is practical and political. It is made in Congress by elected representatives of the people. All Federal programs must pass at least two tests on which representatives judge merits as best they can.

First is the test of usefulness to the people. I know of no other basis for providing support from public funds. As the need met is great, and the constituency served is broad, the decision to support becomes easier. Once past this basic hurdle, each program—in varying degree—competes with all others for public support. This competition involves comparison of merit, the assessment of importance, a judgment on both short- and long-range gains.

There is nothing to be taken for granted in this process. There is no magic, no favored names or programs that guarantees results. The review is searching—the debate demanding—and the result unpredictable.

I hope that what I have said leaves one fact clear: The growth in Federal support for medical research is no accident; it derives from no legerdemain: It reflects deliberate national decision to invest national resources to solve health problems.

Now I will talk about the health research programs themselves. For in the nature and purpose of these programs, the reasons for this national decision become clear.

The basic force behind our national health research programs arises from a very simple fact: No other Federal program aims so clearly and directly at ends good in themselves. None showers benefits more generously on all members of society.

Emerson described health as our "first wealth." And so it is. I think you will also remember the words of President Kennedy in his magnificent health message this year: "Good health for all our people is a continuing goal. In a democratic society, where every human life is precious, we can aspire to no less."

The objective of saving lives and relieving suffering is one behind which all Americans have gladly united. To these humanitarian benefits, medical research adds incalculable economic gains. We count these gains when disease and disability are diminished—when premature death is forestalled—and as a longer, more productive lifespan becomes the rule. Finally, medical research is a revolutionary force. It broadens horizons for all persons living. For the future, it promises generations bred to a new splendor.

Truly, in terms of what it can add to the sum of human goods, no limits can be set on medical research.

Practically, then, in drawing up a health research program, one begins with needs that have no horizon. Beyond conquest of disease and suffering, lies the aging process itself. Beyond the problems of our biologic disability lies the threat of our manmade environment. Beyond needs of our own generation, lies the challenge of healthier and more intelligent generations for the future.

However, we can only attack these problems where present knowledge permits. For our programs, the most promising opportunities—the essential next steps—must be identified. We need this for basic science areas, for disease research, for the problems of environmental assault. This identification of research opportunities must be both practical and informed. For this identification, the Congress has rightly insisted on the best scientific advice available in this Nation.

Below this level of scientific opportunity—a long step down—is the level of practical capability. This brings us to the thorniest problem of all: The problem of resources—the shortage of scientists and facilities.

To raise capability to the level of opportunity, and opportunity to the level of national goals, we must have a much stronger resource base than I see in prospect.

The main decisions made each year on Federal medical research programs turn on this point: What is the best balance we can strike between research and research resources—between opportunity and capabilities?

In Congress, we listen to the best scientific advice we can get on this problem; and we get this advice in breadth and depth. Then our committee acts.

If there is a better basis to appropriate funds for a Federal program, I haven't heard it yet.

I promised today to tackle another question as well: Are we getting a fair return on our national investment in health research?

This, too, is one of the questions about NIH programs that I have been asking myself for each of the past 17 years.

My answer—for yesterday and today—can only be an emphatic "Yes."

Let me make clear what my answer means: One can't—in a literal sense—buy research progress. However, one can buy the probability of progress. This fact has guided our national investment in health research.

How have we bought this probability?

By investing in the health research community as a whole. We invest to encourage excellence and to shore up weaknesses; to assure support for research ideas considered of merit by the community; and to strengthen biomedical resources for the future.

For investment payoff, therefore, we look to the total community. Exclusive "credit" for specific gains is neither the objective nor the measure. The evidence sought is that with rising Federal support, the level of research productivity also rises overall—and that there is a clear gain in potential.

What then are the community gains that our national investment—public and private—has helped make possible?

I note:

An increase of 7 years in average life expectancy during the 18 years ending in 1961;

Maternal deaths, and deaths from polio, influenza, tuberculosis, whooping cough, syphilis, and others, reduced 75 percent or more over a 10- to 17-year period;

Drug research has brought new hope for the mentally ill; and has reversed the trend of population growth in State mental hospitals.

Vaccine research and development is arming man against a lengthening list of diseases;

Through new techniques, cardiovascular surgeons now correct congenital defects and disease-damaged hearts recently thought beyond repair;

Possibilities of virus causation of cancer are being explored systematically. (Permit me to inject on this point my own personal belief—that in this relationship lies our brightest present hope for future breakthroughs on the cancer problem.)

"Cracking of the genetic code"—the clarification of how we inherit characteristics—promises a new world for biology—and possibly for man.

But perhaps the clearest gain is in the competence and promise of the health research community itself. Beyond a doubt, this is the finest, most dynamic, most productive health research community in the world—with excellence and leadership proven. For dramatic illustration of that leadership, one need look no further than to the work for which the awards are made today. Against competition from other fields of science, the health research community has staked a firm claim that this will be known as the Age of Biology.

I note two other gains that have been insufficiently appreciated:

First. Research has revolutionized the character of medical practice in this country. Through new personal skills and knowledgeability, through new tools and treatments, the effectiveness of individual practitioners has been multiplied several times. This fact should be noted by those who argue that research is draining physicians away from medical care.

Second. Medical research has speeded and assured the transformation of our medical schools. No longer are they trade schools, as Abraham Flexner found them 50 years ago. They have become rounded, stimulating educational institutions—with graduate as well as undergraduate functions—covering the full spectrum of health sciences.

The third proposition I want to talk about is whether growing government support is a threat to research excellence.

I understand the basis of this concern. But let me sum up why I see no threat to excellence in health research today.

First. The poisonous touch of Government support has been much exaggerated. Even complete dependence on that support needn't rule out research excellence. The proof of this is in the accomplishments of the Government's own research laboratories—I cite the early laboratories of the Public Health Service. I cite also the laboratories of NIH at Bethesda, which clearly constitute the finest biomedical research institution in the world.

Second. To those who insist on diversity of support to insure excellence, I point out this: For health research, the dollar support from voluntary health foundations, the pharmaceutical industry and private gifts grows yearly. This diversity of support will not be found in other fields of science. The physical sciences, and the technologies of space, electronics and aerodynamics depend on the Government for a much greater percentage of their total needs.

Third. The criterion of excellence governs all decisions to support research through NIH programs. The scientific community itself—through study section and council review—establishes that standard of excellence. It also makes the decision to support or not. Under this system, 50 percent and more of the research projects proposed are rejected; almost 60 percent of the funds requested are disallowed.

Some persons, however, would confine PHS support to the top 10 or 25 percent of applications received—those with 24 carat guarantees of excellence. For private foundations—with limited goals and responsibilities—this works well enough. But frankly, I don't see that as a feasible or sensible basis on which to mount a national research effort to solve major disease problems.

It would mean, in all probability—

That difficult, unrewarding but essential research tasks would not be undertaken;

That unconventional approaches wouldn't be tried as often;

That bright but new scientific talents would have less chance to prove their worth;

That a few of the older and more solid universities and research institutions would monopolize public support;

That growing centers of research excellence throughout the country would be left to wither.

I myself have no doubts that the health needs and health hopes of the Nation are much more likely to be met—and met more quickly—as programs now operate.

I have always acted on the principle that budgetary anemia—induced by cynicism—is an attribute of materialism. It contradicts the notion in our society that the life and well-being of a single individual—extended, restored, or eased by the scientific dedication of his neighbors—is a richness beyond all value, a prize without price.

To me, research is the pursuit of truth, the reduction of error, the discovery of new concepts of man, life, and the universe. As we limit the span of uncertainty in the cause of death and illness and extend and enrich the span of life, we act in the highest ideal of government, in the service of the governed, and in the best tradition of public, private, and individual enterprise.

Ladies and gentlemen, I stand before you in deep conviction that the national interests in medical research have been and are well served.

I reject out of hand the imputations that generous Federal support has compromised science, scientists or the qualitative framework of administration.

I have profound faith that what has been wrought in this postwar effort in medical research will emerge as the most significant Federal action of our era.

It is with this optimism, founded in 17 years of continuous involvement in the critical congressional process of assessment, debate, and decision, that I confront—and hope that I confound: The old men beset by little fears; the alarmists prophesying ominous futures; and the disparagers of men of good faith and programs of great purpose.

ELIMINATION OR CURTAILMENT OF PASSENGER TRAIN SERVICE FOR THE BOROUGH OF JEWETT CITY, CONN.

Mr. DODD. Mr. President. Recently I received a copy of a resolution adopted by the Board of Warden and Burgesses of the Borough of Jewett City, Conn.

I would like to comment briefly on this because my position is in close accord with the one stated in the resolution.

This resolution opposes any elimination or curtailment of passenger train service for the Borough of Jewett City and urges the Interstate Commerce Commission to make a finding of necessity and order the New Haven Railroad to continue to provide passenger train service to the borough.

The people of Jewett City would be inconvenienced, some of them greatly so, should the New Haven Railroad be allowed to discontinue passenger service on the New London to Worcester, Mass., line.

Jewett City and a number of other small communities, as well as people and businesses in New London and Worcester, depend on and need this service, and I would very much regret a discontinuance of this line.

I feel the same way about two other passenger service discontinuances proposed by the New Haven Railroad on the Danbury-Pittsfield and New London-Providence lines.

Fortunately the Interstate Commerce Commission has ordered a stay on each of these proposed discontinuances to allow ample time for an investigation and for full public hearings on the three lines.

In each case, I hope State and local officials, interested private groups and businesses, and individuals as private citizens as well, will take full advantage of this opportunity to testify and state their reasons for opposing the possible contraction of passenger services in these areas of my State and the neighboring States of Massachusetts and Rhode Island.

I think they can make out a strong argument in support of a continuation of these passenger services, and I hope they will be successful.

When I first got in touch with the chairman of the Interstate Commerce Commission to urge that an investigation be made and public hearings held, I pointed out my view that these passenger routes are essential to an adequate transportation service to the communities affected.

I think the concern over the possible discontinuance of service on one of these lines, from New London to Worcester, expressed in the resolution of the Jewett City Board of Warden and Burgesses illustrates and sustains my contention and for this reason I ask unanimous consent to have the text of the resolution printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE BOARD OF WARDEN AND BURGESSES OF THE BOROUGH OF JEWETT CITY, CONN.

Whereas it has come to the attention of the Board of Warden and Burgesses of the Borough of Jewett City, Conn., that the New Haven Railroad has petitioned the Federal authorities for permission to eliminate railroad passenger service on the New London to Worcester Line, which serves the Borough of Jewett City, daily; and

Whereas said passenger train service is considered necessary and vital to the economy and welfare of the Borough of Jewett City: Therefore be it

Resolved by the Board of Warden and Burgesses of the Borough of Jewett City, That it be recorded as being opposed to any elimination or curtailment of passenger train service for the Borough of Jewett City; and be it further

Resolved, That said board urge the Interstate Commerce Commission to make a finding of necessity with regard to such passenger train service and that said Commission order the New Haven Railroad to continue to provide passenger train service to the Borough of Jewett City; and be it further

Resolved, That copies of this resolution be forwarded to the Interstate Commerce Commission through Senators DODD and RIBICOFF.

THOMAS WAKELY,
Warden.
ARTHUR BENNETT,
Clerk.

TITO

Mr. LAUSCHE. Mr. President, my attention has been called to two documents written by Cyril A. Zebot, professor of economics at Georgetown University, Washington, D.C.

Professor Zebot was a native of Yugoslavia but had to leave his land of birth and come to the United States to escape the oppression of the Communists. His knowledge of what is happening in Yugoslavia is extensive and reliable.

I am sure that the readers of the CONGRESSIONAL RECORD and the Members of the Senate will be interested in what Dr. Zebot has had to say about life in Yugoslavia.

The two documents consist of a letter written to the Washington Post and a letter written to the President of the United States, Hon. John F. Kennedy.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

TITO IN WASHINGTON

If Tito's role in the postwar history is adequately analyzed and explained, it can and should be generally accepted that his early defiance of Stalin came to be instrumental in the post-Stalinist evolution of the Soviet and satellite regimes (as well as Tito's own) toward less cruel forms of totalitarian rule at home and more civilized relations with the non-Communist world. This was no small contribution to the welfare of our time for which Tito, and the timely American assistance to him, deserve credit. In terms of international relations and diplomatic requirements, this accomplishment may have warranted Tito's visit to Washington at this time. It would seem that most Americans accepted it this way.

But your editorial praise of Tito went way beyond this undeniable aspect of the case. You paid a glaring tribute to Tito for having "made Yugoslavia a Socialist nation." This was to accept the well-known Communist distortion of the term "socialism" and then to praise it for its genuine, non-Communist meaning.

It is a fact, attested to by informed Western students of the domestic realities of Tito's Yugoslavia, that in terms of ultimate political, economic, and cultural control Tito's regime is essentially as monolithic and totalitarian as any other Communist regime. Except for liturgical worship within tolerated churches, no independent associations, institutions and organizations (i.e., free from effective control by the ruling Communist Party) are permitted to operate. Tito's regime is not just another de facto one-party government. It is a comprehensive social system of one-party control over the society as a whole. Only after having established this Communist essence of the Tito regime, is it meaningful to point to the comparative mildness of methods in the execution of Titoist totalitarian controls. For true freedom would put an end to Tito's Yugoslavia.

We abhor reappearing military dictatorships in Latin America. We were rightly critical of the nondemocratic aspects of the Diem government in Viet Nam. And we do not like the single-party governments in the new nations in Africa and Asia. But these cases are all outside Europe and few if any of them are truly totalitarian in scope, although some of them may occasionally be harsher in their methods.

It appears contradictory that an American paper of your standing condones and even praises a regime in the heart of Europe which by any Western standard is a one-party totalitarian system. Such praise can only confuse the public in judging Tito's role and becloud that aspect of Tito's performance for which he properly deserves credit.

CYRIL A. ZEBOT,
Professor of Economics, Georgetown University,
WASHINGTON, D.C.

OCTOBER 12, 1963.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing this letter to you on behalf of the Committee for a Free Slovenia in relation to the forthcoming political visit to Washington of Marshal Tito of Yugoslavia.

Our committee is dedicated to the promotion of the basic American principle of inalienable human rights and national freedom through self-determination, as it should apply to the people of Slovenia, now a republic in the extreme northwest of Yugoslavia along the borders of Italy and Austria.

It is a great paradox of our time that, while the natural aspiration to national freedom and the right to self-determination have since World War II been, or are about to be, fulfilled for virtually all the peoples of Asia and Africa, they are still being denied to several peoples in central and eastern Europe with historically established national individualities. Slovenia, in particular, suffers greatly in consequence of this denial, for it is a country in the heart of Europe whose history, culture, and economy have their roots deep in the European West of which the people of Slovenia were part since their beginnings as a nation in the seventh century.

Western sources of information about the conditions in Yugoslavia are in agreement on the following two basic facts concerning Slovenia:

1. The Slovenes have an essentially Western culture and way of life of their own which distinguishes the Republic of Slovenia from the other Republics in Yugoslavia with different historical and cultural backgrounds.

2. Economically, Slovenia is by far the most advanced region in Yugoslavia. But much of the fruits of Slovenia's higher economic performance is being systematically diverted, by means of political compulsion, toward the power objectives of the centralist Communist regime in Belgrade and for the benefit of the less-developed southern republics of Yugoslavia. The case of Slovenia is one of the most outrageous instances of national economic exploitation in this ostensibly noncolonial era.

While it is not for us to question your judgment in regard to Marshal Tito's visit, we do wish to use this occasion to recall to your attention the fact that the people of the Republic of Slovenia, along with several other peoples in Yugoslavia and elsewhere in central-eastern Europe, are being denied the right of self-determination, and that this oppressive denial is aggravated by the continued absence of cultural, political, and economic freedom within the totalitarian framework of the Communist regimes in that part of Europe.

We have the honor to remain,

Yours very truly,

CYRIL A. ZEBOT,
Chairman of the Council.
MATTHEW RESMAN,
President, Committee for a Free Slovenia.

ARREST OF PROF. FREDERICK BARGHOORN

Mr. LONG of Missouri. Mr. President, at a time when East-West relations seemed to be steadily improving, it is, indeed, sad to hear of the arrest and detention of an eminent American scholar, Frederick C. Barghoorn, on charges of espionage.

President Kennedy assured the Nation yesterday morning that the Yale political science professor was on no Government mission behind the Iron Curtain. Rather, he was engaged in research, preparatory to writing a book on the Soviet Union.

That such an important and respected student of Soviet affairs should be arrested, held incommunicado, and American Embassy officials denied the right to confer with him is unwarranted and disgraceful.

A reevaluation of proposals for increased cultural and social contact between citizens of the United States and Russia is clearly indicated by this latest Soviet act. Simultaneously, I am certain that our Government will do everything possible to secure the prompt release of Professor Barghoorn, an innocent victim of the Soviet propaganda machine.

RESOLUTIONS OF NORTH DAKOTA WATER USERS ASSOCIATION

Mr. BURDICK. Mr. President, the North Dakota Water Users Association has done yeoman work in bringing together the various economic, political, and social groups in support of water development and water conservation in North Dakota. It has been a real force, which has aggressively pushed development in North Dakota. On October 8, the Honorable Stewart Udall made an excellent address before the annual convention of the association and paid it fine tribute.

Mr. President, I would like to call attention to the resolutions adopted at the convention, and ask unanimous consent to have them printed at this point in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION 1—GENERAL

Whereas the purpose and objectives of this association can only be achieved through full coordination of and close cooperation with all agencies having interest and responsibility in the development of the land and water resources of the State: Now, therefore, be it

Resolved by the North Dakota Water Users' Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That it does hereby—

(a) Commend most heartily the Federal, State, and local agencies and entities carrying forward programs or projects for the development of our land and water resources;

(b) Support wholeheartedly the efforts of our congressional delegation, Governor, legislature, State and local agencies in their plans and programs for the development of desirable, useful, and needed natural resources projects;

(c) Urge the appropriation by Congress of funds for initiation of construction of the (1) Bowman-Haley dam and reservoir project in the current fiscal year; completion of investigations and reports on (2) Cannonball, (3) Cedar, (4) Green, (5) Heart, (6) Knife, (7) Little Missouri, (8) Missouri, (9) James, (10) Pipestem, (11) Goose, (12) Pembina, (13) Red, (14) Sheyenne, (15) Souris-Mouse Rivers, and (16) Devils Lake area;

(d) Endorse basinwide planning of water and related resources with affected States participating actively therein and with adequate safeguards of State' water rights;

(e) Encourage continued cooperation between the State highway department, bureau of public roads, State water commission, State game and fish department, and other interested agencies in the planning and construction of multipurpose projects, such as the Sweetbriar Creek and Crown Butte, McVille and Elm River combination dam and bridge facilities;

(f) Urge immediate remedial measures to control present bank erosion along Missouri River between Oahe Reservoir and Garrison Dam by construction of lowhead dams and other appropriate works;

(g) Recommend the inclusion of reasonable benefits from (1) recreation, (2) general salinity control, (3) sediment control, (4) quality water control, (5) public transportation, (6) protection of public health, (7) promotion of national defense, and (8) fulfillment of international obligations as nonreimbursables in Federal water projects; and be it further

Resolved, That the secretary transmit copies hereof to the North Dakota congressional delegation, Governor, president of the senate and speaker of the house, 38th legislative assembly of North Dakota, legislative research committee, and State and Federal agencies having responsibilities in the fields mentioned.

RESOLUTION 2—GARRISON DIVERSION UNIT

Whereas legislative proposals "to make certain provisions in connection with the construction of the Garrison division unit, Missouri River Basin project, by the Secretary of the Interior" were introduced by the North Dakota congressional delegation in the 85th, 86th, 87th, and now in the 88th Congresses; and

Whereas hearings on the current Senate bill, S. 178, were held before the Subcommittee on Irrigation and Reclamation of the Senate Committee on Interior and Insular Affairs on June 6, 1963; and

Whereas it has been indicated that no hearings in the House of Representatives on H.R. 1013 will be scheduled nor will a Senate committee report on the hearings already held before it be made until the Interior Department and the administration have submitted to Congress recommendations which would assure the solvency of the Missouri River Basin power payout and establish policies and procedures relating to cost allocation, reimbursement, and cost sharing which would be applicable to all water projects proposing that a part of the joint costs of such project be allocated to recreation or fish and wildlife on a nonreimbursable basis: Now, therefore, be it

Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That the Department of the Interor and the Bureau of the Budget be, and they hereby are, urged to complete the necessary studies and reviews of the Missouri River Basin power payout and proposals and procedures relating to cost allocations, reimbursement, and cost sharing for recreation and fish and wildlife and report the same with recommendations to the Congress at the earliest possible time; and be it further

Resolved, That the secretary of the association be directed to transmit copies of this resolution to the Secretary and the Assistant Secretary for Water and Power of the Department of the Interior, Director of the Bureau of the Budget, and members of the North Dakota congressional delegation.

RESOLUTION 3

Resolution authorizing creation of a committee to study need for legislation for licensing of water well contractors and regulation of the business of water well drilling

Whereas there was introduced in the 38th Legislative Assembly of North Dakota Senate bill No. 171, for an act to license water well contractors and regulate the business of water well drilling, which bill was indefinitely postponed: Now, therefore, be it

Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That the President be authorized to appoint a committee of five citizens of the State to (1) consider the merit of and need for licensing of water well contractors and the regulation of the business of water well drilling, (2) determine the advisability of having this association express support of legislation for the achievement of such objectives at the next legislative assembly of the State, and (3) report thereon with recommendations to the 1964 midyear meeting of the board of directors; and be it further

Resolved, That the board of directors be hereby authorized to take such action on the report and recommendations of the committee, on behalf of this association, as it may deem appropriate and proper.

RESOLUTION 4

Resolution authorizing the appointment of a committee to study the merit of and need for legislation relating to weather modification, the licensing of controllers, and fixing fees and penalties

Whereas there was introduced in the 38th Legislative Assembly of North Dakota Senate bill No. 286, for an act relating to weather modification, the licensing of controllers, and the fixing of fees and penalties, which bill was indefinitely postponed: Now, therefore, be it

Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That the President be authorized to appoint a committee of five citizens of the State to (1) consider the merit of and need for legislation relating to weather modification and control, (2) determine the advisability of having this association express support of legislation for the achievement of such objectives at the next legislative assembly of the State, and (3) report thereon with recommendations to the 1964 midyear meeting of the board of directors; and be it further

Resolved, That the board of directors be hereby authorized to take such action on the report and recommendations of the committee, on behalf of this association, as it may deem appropriate and proper.

RESOLUTION 5

Resolution authorizing creation of a committee to study the need for and procedure involved to establish a State water commission revolving fund

Whereas the 38th Legislative Assembly of North Dakota, through enactment of senate concurrent resolution 1, recognized the ever-increasing demand and anticipated future need for water and declared as its policy that conservation and storage of water supplies should be provided wherever and whenever feasible and practicable; and

Whereas almost every area, community and municipality in the State of North Dakota has or will have problems of water shortage which must be met and solutions therefor provided; and

Whereas there are and will be many opportunities for mitigating or solving such water problems through cooperation and participation of local interests with State and Federal agencies engaged in the planning, development and construction of multiple-purpose projects for watershed protection and improvement, flood prevention, water supply, outdoor recreation, fish and wildlife enhancement, and related purposes and activities for the beneficial utilization of our water resources; and

Whereas reservoir storage makes available a water supply that may become of major importance in the future for satisfaction of downstream water supply needs and which, coupled with agricultural products or other raw materials, might be a factor in an industrialized river basin; and

Whereas local interests in many instances are or will be unable to financially contribute to or participate in the cost of desirable and needed water projects in cooperation with State or Federal agencies unless required funds therefor can be obtained through grants or loans upon such terms and conditions as are within their normal capabilities to liquidate; and

Whereas the State water commission is duly authorized and empowered, and it is charged with the duty, among other things, to finance the construction, establishment, operation, and maintenance of public and private works, dams, irrigation and recreation projects; provide for storage, delivery and distribution of water for municipal, industrial, agricultural and recreational purposes; and to cooperate with the United States, State and local agencies in achieving the aforesaid purposes and objectives; and

Whereas the aforesaid legislative assembly implemented the said Senate Concurrent Resolution 1 by appropriating and providing certain funds to the State water commission for limited use in connection with carrying forward the program and activities under the legislative policy aforesaid: Now therefore be it

Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That the President be authorized to appoint a committee of five citizens of the State to (1) consider the merits of and need for the establishment of a State water conservation revolving fund, (2) determine the advisability of giving the association's support thereto, and (3) report thereon with recommendations to the 1964 midyear meeting of the board of directors; and be it further

Resolved, That the board of directors be hereby authorized to take such action on the report and recommendations of the committee on behalf of the association, as it may deem appropriate and proper.

RESOLUTION 6—APPRECIATION

Whereas the annual meeting of the North Dakota Water Users Association, Inc., held in Fargo, N. Dak., October 8, 1963, is nearing the end, and those in attendance are mindful of the many courtesies, favors and services extended to its officials, members, and guests for which formal expressions of appreciation are in order: Now, therefore, be it

Resolved, That the North Dakota Water Users Association, aware that it would be almost physically impossible to identify and thank all of the individuals and organizations whose efforts resulted in the success of this convention, does hereby express sincere thanks and appreciation to the individual and collective numbers of the Federal, State, and local agencies and organizations, Fargo City Commission, chamber of commerce, housing committee, news media, assisting personnel and all who assisted and gave of their time and talents in making this fifth annual meeting a success.

MAINE BENEFITS FROM AREA REDEVELOPMENT

Mr. MUSKIE. Mr. President, on June 26, the Senate passed legislation to provide additional funds for the continuation of the area redevelopment program. This legislation is now pending before the House of Representatives. Its enactment is important to the continued improvement of the Nation's economy.

During the Senate debate on this bill, I pointed out how the State of Maine has benefited from the area redevelopment program. Maine firms have received loans for the establishment of new businesses and the expansion of old ones. The Maine Sugarbeet Growers Association has received a grant for conducting feasibility studies for the introduction of the sugarbeet industry to Maine. Several hundred unemployed Maine workers have been trained for new jobs under ARA training programs.

The success achieved by ARA in combating unemployment and stimulating Maine's economy has been widely acknowledged. I ask unanimous consent to include in the RECORD at this point a news release prepared by the State department of economic development. This statement outlines the benefits a Maine firm received under the area redevelopment job training program. It is just one of several case studies which underlines progress achieved under ARA and the need for continuation of the ARA program.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

PRESQUE ISLE.—Good old down east horse sense has taught one Maine Yankee an economic fact of life.

"Never pass up a bargain like that," particularly when you're located in the middle of a county that's recognized as one of the Nation's most depressed.

The bargain? In this case it was $43,398 worth of job training provided by the Federal Area Redevelopment Administration under the U.S. Department of Commerce—just one of a dozen or more projects that has fed nearly $2 million into Aroostook County's hard-hit economy.

The man with the "good old down east horse sense" was William C. Viner whose family has been using horse sense in Maine shoe manufacturing since the turn of the century.

As President of Viner Bros. a Bangor shoe manufacturer, Bill Viner had a problem. He wanted increased production for his firm but could not locate the needed employees in Bangor.

Querying Industrial Representative Raymond W. Curtis, of the Maine Department of Economic Development, Viner explained: "I'm not too particular where I locate our new plant, so long as it fulfills three requirements. It must be a town that really wants an industry. There must be a labor supply. And there must be an adequate building already in existence."

After screening a half dozen possibilities suggested by Curtis, Viner decided to expand his firm's operations into Presque Isle's readymade industrial park, provided when the U.S. Air Force vacated a once-strategic missile base.

All three of Viner's requirements were met. A former missile hangar provided some 25,000 square feet of manufacturing space. The community—still attempting to fill the economic void caused by the base deactivation—realized it needed new industry; realized that its agricultural mainstay, the potato, wielded less economic power and, in fact, had lost money for the farmer 6 years in a row. Employment was scarce but workers were plentiful.

Almost everything was perfect—everything except that out of 450 applicants in a labor survey conducted for Viner, none had ever made shoes. However, within 6 weeks of the day that 120 employees first reported for work, the newly formed Aroostook Shoe Co. was not only producing shoes but turning out 350 pair a day.

Herein lies the story of the bargain. Maine shoe manufacturers have usually provided new employees with on-the-job training at considerable cost to the firm. Wages while the trainee was learning, wages to instructors plus a loss of production caused by his absence from the production line, and employee benefits to the trainee all sapped profits from the manufacturer.

Although the Aroostook Shoe project cost ARA $43,398, the same instructional program would have cost over $60,000 had Viner attempted it without ARA. What's more, most training offered by industry encompasses one skill only while the ARA program taught two or more skills to each trainee.

Thus, Aroostook Shoe Co. obtained a trained labor force with multiple skills in the shoe industry for nothing. "I doubt if we'd have gone to Presque Isle if we hadn't received the ARA grant," Viner admitted. "We just couldn't afford the cost of setting up a new plant and training the personnel too."

Once Viner had selected Presque Isle and decided to seek ARA funds for a training project, the redtape aspects of procedure were out of his hands and into the hands of the Maine Employment Security Commission and the Maine Department of Education.

MESC's headquarters coordinated Viner's application for approval. First, proof was needed that a labor surplus did exist in the area. Secondly, there must be a guarantee that trainees would be employed upon successful completion of training.

An MESC-sponsored survey—seeking persons from the roster of hard-core unemployed—soon proved that a need existed for additional manufacturing employment. Viner indicated his intention to employ those successfully completing the course by leasing and equipping the building.

In the meantime, the department of education approved a curriculum, instructors, and named Keith Thompson, principal of the Northeastern Maine Vocational Institute, as educational administrator for the program.

Having cut down the initial group of 450 applications through a series of tests, MESC's Presque Isle force referred 120 to the training program. Students were phased into training over the first 3 days of the program, were oriented on the production line and within a week the first complete pair of shoes rolled off the 400-foot-long line.

In spite of apparent ease of effort in putting through such a complicated project, the training was a success from all points of view. "We had exceptional luck," Viner boasted, claiming that daily production would be up to 1,500 pairs of shoes within the year. "We're very confident about the production of these people."

The manager of the new Presque Isle industry, John Trask, said that employees trained under the ARA project would "probably be better than some experienced workers. These people have been taught the right methods and they know more than just one skill."

"We are happy with the program if the employers are," NMVI's Thompson explained. "Basically ARA is designed to stimulate the economy of a depressed area, either through technical aid, financial grants for commercial, industrial or public construction projects, or for vocational training.

"In this case, the employee training seems to have satisfied the requirements of ARA and the needs of the employer very well * * * while providing workers in this area with a means of gainful employment," Thompson added.

According to DED statistics, over $1.8 million worth of ARA funds have been spent in Aroostook County for different projects, while more than $600,000 worth of ARA grants are now pending.

"There's no question about it," remarked Wendell Phillips, president of the Presque Isle Industrial Council. "What the ARA has done is going to mean a great deal for the economy of Presque Isle for a long time to come * * * not only for Presque Isle but for all of Aroostook County and, in the long run, the whole State of Maine."

Phillips, also president of a local bank, said already the economic pulse of the county has quickened because of ARA. "The impact of just the steady, nonseasonable, 100-person payroll (of Aroostook Shoe Co.) is very hard to calculate in dollars and cents, but it will be considerable. Merely at the minimum wage level this means more than a quarter of a million dollars annually," he estimated.

THE AMERICAN MEDICAL ASSOCIATION, THE FOOD AND DRUG ADMINISTRATION, AND QUACKS

Mr. DOUGLAS. Mr. President, in a recent issue of the New Republic there is a brief article which is well worth reading concerning the Conference on Medical Quackery held in Washington last month under the sponsorship of the American Medical Association and the Food and Drug Administration.

The article is worth noting first for the observer's impressions of the conference itself which he describes as a carnival sideshow of sorts with a school for informers against those who are nonmembers of the American Medical Association on the side.

Secondly, inasmuch as the theme of the conference seemed to be self-congratulation for the vicious campaign carried out against a test of the cancer drug Krebiozen, the author briefly reviews the history of the American Medical Association politicians' long campaign to prevent such a test. He concludes:

> So we learn that the greatest fraud of the 20th century is a drug which the AMA opposed at its inception on the basis of questionable test results, and which the Federal Government never has tested scientifically.

I suggest that the general public should read and study this report in order that it may form a more considered judgment on whether or not a test should be made of Krebiozen. For that is the issue involved.

I ask unanimous consent that this article by James Ridgeway, "The AMA, the FDA, and Quacks," from the New Republic of November 9, 1963, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

THE AMA, THE FDA, AND QUACKS

Anthony J. Celebrezze has joined together the forces of the Federal Government with those of the American Medical Association in a holy war against medical quacks. This was accomplished at the Second National Conference on Medical Quackery conducted during October 1963, in the vulgar pomp of the Sheraton-Park Hotel's Cotillion Room in Washington, D.C., in an atmosphere reminiscent of the naming of Miss Rheingold. Slender brunettes wandered about with klieg lights to aid photographers who might wish to take pictures of contraband merchandise including various sorts of sex rejuvenation equipment, electronic machines sold for diagnosis and cure of differing diseases, displays showing why calories do count, enlarged photographs of a once ugly woman, now horribly maimed because she participated in a beauty restoration which turned out to be carbolic acid. There were speeches, one by a man who felt TV had helped put down quackery because it had forbidden advertisers to demonstrate remedies for piles, an exhibition sure to distress the family; another by a woman who felt education was the answer (indeed, several speakers felt the one real hope lay with an educated and therefore outraged youth) and she was suggesting that every college student should receive training in spotting quacks at work.

You left this 2-day convention with the feeling you had been at a training camp for finks who on their return home could make a collect telephone call any time to the Food and Drug Administration to rat on any doctor not a member of the American Medical Association, the one credential agreed by all to be as authentic as an FBI badge.

Dr. Edward R. Annis, president of the American Medical Association, said at the onset that the American people were giving $1 billion to the false purveyors of mystic healing. Not only had they lost their money to the siren songs of modern charlatans, others had lost their lives. Physicians had a grave responsibility for battling this evil, and, indeed, the AMA had been at it since 1847. Unfortunately in a few instances physicians actually had been aiding and abetting medical quackery by the use of worthless, secret remedies. A classic example was Krebiozen, found to be ineffective in the treatment of cancer by the Department of Health, Education, and Welfare. Twelve years ago the AMA reported this alleged drug was worthless. But in the intervening years, the promoters of Krebiozen managed to distribute and sell it. In desperate or hopeless cases of cancer where medical science could not offer an effective treatment, the patient or his family has forced the physician into administering something other than Krebiozen. The physician simply did not have the heart to refuse a desperate person's request. However, the physician must remember the consequences of this act. In the case of Krebiozen, he unwittingly gave support to one of the greatest frauds of the 20th century.

Since Krebiozen stands so obviously as the principal example of quackery to both Government and AMA, it is worth going into its history briefly. The controversy began in 1951 when Dr. Andrew C. Ivy announced the preliminary results of a study of 22 advanced cancer patients who had been treated with Krebiozen. In 20 of these there had been beneficial results, he said, and claimed only that "the substance merits a thorough clinical study." Ivy certainly would not then have been considered a quack. He was vice president of the University of Illinois, a distinguished professor of physiology, a former executive director of the National Advisory Cancer Council of the Public Health Service, and representative of allied governments on the subject of medical ethics at Nuremberg. Ivy had been working with Krebiozen since 1949 when he had first met Stevan Durovic, a Yugoslav who had been conducting research on it in Argentina. The theory of Krebiozen was that the body itself contains an anticancer agent that explains the occasional spontaneous disappearance of the disease, and that this agent can be stimulated, extracted from tissues and used in treatment. Durovic got his extracts from the blood serum of horses.

Not long after Ivy announced the results of his study, the Journal of the American Medical Association in a report on Krebiozen reviewed the case histories of 100 patients treated with the substance and found that 98 of them failed to show real improvement. The AMA report disdainfully described Krebiozen as a "secret remedy." Its findings, however, were questioned because of the 100 cases, 24 were said to have been misrepresented because administering physicians reported different conclusions than those of the report. Fifty-eight other patients were said to have been so near death that they never received the fourth injection of Krebiozen, and none of the patients had been on the drug for long. In early November of 1951, Ivy was suspended from the Chicago Medical Society because of his involvement with the "secret remedy." In 1952 a University of Illinois study urged further trial of the substance in both animals and people. In 1961, after extensive experimental work, Ivy and Durovic presented results of treatment of 4,000 patients to the National Cancer Institute, hoping that these studies would provide enough information for the Institute to design clinical tests. But the Institute felt Ivy's results were inadequate, and the proposed tests were tabled until further scientific evidence could be provided. Cancer Institute officials, however, made statements in private that cast doubt on the validity of their objections.

In June of 1963, Durovic filed an application for continued distribution of Krebiozen as an experimental drug under the new drug laws. The FDA, however, made no secret of its determination to stop sale of the product, and before the application could be refused, Durovic withdrew it. This effectively banned the sale of Krebiozen from interstate commerce. In August of this year, 24 experts appointed by National Cancer Institute, met secretly to review 504 of Ivy's best cases, that is the cases where Krebiozen was said to have had marked effect. The 24 specialists unanimously urged that a clinical test of the drug not be undertaken since they claimed Krebiozen was worthless. Because of the great secrecy in which this inquiry was conducted, Senator DOUGLAS has felt it necessary to make his own independent examination of Ivy's cases.

So we learn that the greatest fraud of the 20th century is a drug which the AMA opposed at its inception on the basis of questionable test results, and which the Federal Government never has tested scientifically.

MAYOR RICHARD J. DALEY, OF CHICAGO, HONORED BY UNIVERSITY OF WISCONSIN

Mr. DOUGLAS. Mr. President, the University of Wisconsin recently honored the distinguished mayor of the city of Chicago, Richard J. Daley. The university appointed Mayor Daley "politician in residence for 1 day in recognition of his outstanding public leadership and political craftsmanship.

The honor is well deserved. Chicago's reputation suffered greatly in the 1920's because of the wide attention given the corruption and disorder of that period which certain sections of Chicago displayed to the world. But under the honest and progressive leadership of Mayor Daley this city's reputation has been lifted. Under essentially the same type of political system; namely, a mayor and city council or aldermanic board elected from the wards, Mayor Daley has brought the city's ratings in law enforcement, safety of citizens, mass transit and freeways, other public works, level of taxation, per capita debt, attractiveness of city bonds, financial management and other civic services and qualities to the highest levels among large American cities.

The choice of the University of Wisconsin was excellent also with respect to the author of the paper which the honored guests customarily deliver on such occasions. Mayor Daley delivered an excellent address on "Communication: Political Dilemma." Not only did the mayor properly point out the progress made by Chicago in recent years, he dealt thoughtfully and convincingly with current problems he faces including public housing programs, urban renewal, racial segregation, education and economic opportunity. It was appropriate that the mayor discuss these matters in the context of the problems of communications, for he is, himself, the major force working for effective communication among citizens and between groups and the city government. He asks, in the words of Thomas Jefferson, that institutions advance to keep pace with the times. Mayor Daley has lived up to the principle by making Chicago's city government a modern and progressive institution of public service.

Mr. President, I ask unanimous consent that Mayor Daley's address, which is relevant to many of the issues now before us, as it was published in the Chicago Sun-Times for November 10, 1963, be printed in the body of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Chicago Sun-Times, Nov. 10, 1963]

COMMUNICATION: POLITICAL DILEMMA

(By Mayor Richard J. Daley)

I am happy to be here at Madison as the "politician in residence." I do not feel that I am a stranger here. As one of your neighbors, I have frequently visited your State and I know that many students who attend this institution come from Chicago.

In my discussion of communication I am concerning myself primarily with the effectiveness of the press, radio and television, in achieving the objective of an informed, enlightened citizenry. Although there is considerable criticism of our national press, and on occasion I have been one of the critics, newspapers do publish a great amount of factual information, stories in depth, and expert articles. The same can be said of radio and television.

It is, however, one of the most frustrating experiences for men in public life to find that although the medium of communication has presented facts concerning a subject or issue there is still so much misconception about the issue. For example, all four Chicago daily newspapers have written many fair articles and given editorial support for the program of rebuilding the city. The Chicago press has contributed much to the progress of urban renewal.

Despite this excellent coverage, however, there are still many misconceptions about this vital field. One of the most frequent complaints concerning the program is that it increases taxes, particularly property or real estate taxes. Yet it should be common knowledge that the costs of services in slum and blighted communities are substantially higher than required in other communities (police, fire, health and sanitation).

Much has been written about the public housing program. Many people believe that real estate taxes support public housing. The fact is that not 1 penny of the real estate tax supports the Chicago Housing Authority.

Furthermore, the authority pays in lieu of taxes 10 percent of every dollar of rent collected. These payments are 2½ times the amount paid by private owners in real estate taxes before the authority bought the properties and redeveloped them.

It is also contended that urban renewal projects in the city increase the Federal taxes. Actually, the appropriation for rebuilding communities by the Congress is not made to a region or to a city, but is appropriated in one lump sum. When a city does not use urban renewal funds, the Federal taxes that residents pay for that purpose are used in another city or section of the country.

Another aspect of urban renewal deals with the complaint that land clearance programs reduce revenues by taking existing property off the tax roll.

The city of Chicago has underway 27 projects in which slum and blighted land is being cleared with the assistance of Federal funds and then sold to private developers.

Six projects have been completed. The total assessed value of these projects after redevelopment has increased so that they now produce a tax yield that is 147 percent higher than before development. For all 27 redevelopment projects, which includes construction of universities, hospitals, and other nontaxpaying institutions, the annual tax yield is expected to more than double.

Many people complain about the social implications of urban renewal. Taxpayers who live in neighborhoods where there is no need for urban renewal see no physical evidence in their communities that could justify such expenditures.

But it should be obvious that crime, blight, unsanitary conditions, and delinquency cannot be contained by boundary lines. These conditions generally flourish in blighted areas.

Let us look at another example of the difficulty of communication. In Illinois there is a State law that prohibits the establishment of a garbage dump within 1 mile of any municipality without that municipality's consent.

Of course, communities will not consent. As a result, municipalities which formerly had been able to find areas for landfill disposal can no longer do so.

In the meantime, the existing refuse disposal facilities are reaching the limit of their capacities. The only alternative is the use of the incinerator, which also has the added inducement of being more sanitary. But no neighborhood relishes the idea of having an incinerator either in its community or nearby.

The municipal executive is faced with the possibility that he will have to let the garbage collect in the backyard or find a location for an incinerator.

When he does, the neighbors rise up in arms and charge: "dictatorship," "bossism," "refusal to recognize the rights of the community," and promise to vote him out of office.

This is to be expected, but what is really difficult to take is the sympathy and the support for their position given by many groups in other communities. This is aggravated by the space given to their complaints by the newspapers and the broadcasters.

As a result, instead of emphasizing the contribution that the site will make to the well-being of all the people of Chicago, its focus is on the hardship of a few.

The failure of communication has become particularly evident to me in the public understanding of the relationship between the mayor, the board of education and the superintendent. The Illinois State law provides that in the city of Chicago the mayor has the power to select the members of the board of education. The members of the board have the power to establish the policies and to employ a general superintendent to administer the schools.

It has been adopted policy in the city of Chicago for the mayor to select the members of the board from recommendations made by a school board nominating committee composed of 19 civic organizations, including the presidents of 6 universities.

In 1955, when I ran for my first term as mayor, it was charged and carried repeatedly in the press that if I were elected I would ignore this method of selection. It was said that politics would run rampant in the administration of our school system.

In the 9 years that I have been mayor, I have never violated that pledge. Despite the fact that my position has been carried by the press, radio, and television, I have been asked innumerable times in every single year, by an interested individual or group, to interfere with the board of education. And in the recent difficulties, which not only face the Chicago school system, but the school systems in many cities, I have been charged with neglecting my duty by people representing opposing viewpoints, because I am honoring my pledge.

The areas where communication has failed to guide the actions of people are many. For example, such common misunderstanding as:

"The only reason for the unemployment of Negroes is their color."

"Only Negroes are on relief."

"People who are on relief are there because they want to be."

"All we need is more expressways to solve the transportation problem."

"The answer to juvenile delinquency is jail."

"There is no such thing as an honest politician."

This inability for communication to change concepts or to mold opinions based on fact can be costly and provide tremendous barrier to progress. For more than 50 years there have been many attempts to bring the educational resources of the University of Illinois to Chicago. As a member of the legislature in 1939, I joined with many others in an effort to bring this about.

Each year the need for a State university became more urgent. A college degree is no longer a luxury or a privilege for the sons of people who can afford higher education. It has become as necessary and as requisite as a high school diploma used to be.

In seeking a location for this university we ran into unpredictable circumstances. After much consideration and searching, a site was selected on the near West Side, in a location which is probably the most accessible, not only for the students of our city, but for the entire metropolitan area. It then became necessary that residents of that site be relocated.

It is indeed unfortunate that in the selection of sites for public improvements, some people must be moved and may experience hardship. But in a democracy the principle has been, and must be, that government should promote the good of the community as a whole, and certainly a State university would not only serve the immediate needs of the young people of our area, but would supply a vital service for generations and generations of young people yet to come.

All of our daily newspapers editorially supported the university site, as did, for the most part, television and radio Yet, the resistance by a small group, accompanied by active demonstrations and sit-ins and with whom many sympathized, including myself, was so great, so continuous, and so harassing that the construction of this university was threatened and delayed for more than a year.

For many improvements of this type, there is a great deal of support from the community when the plans are announced, but they disappear when the plans must be carried out in the face of an organized yet small opposition.

The question could be fairly asked, if the media of communication agree with the fairness and logic of your position, and printed the facts, why does this communication fail to clear up misconception? Why does it fail to bring the public official the support he needs?

The answer to that is found, to some extent, by examining the media, and, may I say, that my remarks for the most part apply to the daily newspapers throughout our nation and not particularly to the Chicago press.

The front page of every newspaper is supposed to contain the news of greatest importance and of greatest interest. Let us examine 11 headlines of a morning newspaper dated October 23. Let us see how many of these headlines contain a word which is negative, dramatic, of conflict, sensational, or emotional.

Here are the words which appeared in eight of these headlines: "Pickets * * * Attack * * * Spurns * * * Protest * * * Theft * * * Bars * * * Appeals * * * and Boycott."

Now here is an afternoon paper of October 22, not owned by the same publisher—and here are the words which appeared in eight headlines: "Boycott * * * Protest * * * Subdued * * * Crashes * * * Disorder * * * Die * * * Killed * * * Bomb."

(I have not included the caption which appears over the daily feature "Today's Chuckle.")

Let us look at the front pages of newspapers of October 5—actually you can take any date. Of 13 headlines in the St. Louis Post-Dispatch, 6 contain these words: "Warning * * * Burns Himself * * * Arrested * * * Contempt * * * Protest * * * and Jam." And this is one of the best newspapers in the Nation.

Another excellent newspaper, the Milwaukee Journal, on the same day had these words in 10 headlines: "Threat * * * Killed * * * Dispute * * * Dies * * * Raid * * * Kills * * * Injury * * * Delay * * * Quit * * * Burned," and the picture on the front page is an excellent photograph of an automobile accident in which one can see clearly the victims lying on the ground.

The Washington Post had the following on the same day: "Beaten * * * Breaks * * * Disunity * * * Strike * * * Morals Case * * * Police Question * * * Bandit * * * Seige * * * Beaten To Death."

I could go on and on. I am sure that you will find it interesting to note the constant use of these attention-getting words on the front pages of the national press, wherever you may live, words that are of conflict, negative, and are sensational. If this is the method by which you can get people to buy your newspaper and to read your front page, is the converse not true? * * * that headlines which are factual, informative and nonsensational will discourage the purchase of a newspaper?

Apparently, this is why a great many informative, factual stories are carried on the inside pages.

Let us turn our attention to television. There is little need for me to point out to you the eternal themes of violence, cruelty and misery which dominate television.

However, I would like to read to you the television highlights as published in one newspaper on October 17. These programs represent the best offered for that evening.

6:30 p.m.—A fight over a pretty waitress ends in death and a murder conviction.

7:00 p.m.—A man wearing leg irons is found half dead in a river.

7:30 p.m.—A doctor, obsessed with developing a mechanism to take over in a heart operation is accused of neglect by his ailing wife.

9:00 p.m.—A man attempts suicide when he finds himself unable to manage the family business he has inherited.

And, mind you, these are the highlights. Now the percentage of violence shown on a television news program is not this high, but news shows have a greater responsibility and they are faced with even a greater problem.

Most news programs are 15 minutes in length. Three minutes, an exact minimum of 3 minutes, are devoted to the commercials. Of the remaining 12 minutes, depending on the importance or interest of the news, 4 or 5 are given to international or national news; 3 or 4 to State or local news; and 3 or 4 to sports and the weather.

Now, if we examine the segment given to local news and we presume that two stories are covered, we would find that they must be covered in 2 or 3 minutes. Now television and radio are proud of their objectivity and their fairness, but I say, regardless of their intentions and their wishes they cannot present both sides of an important issue fairly in 2 or 3 minutes. And they, too, are equally concerned in getting the widest circulation and using that which is most dramatic, most sensational, and most entertaining.

Of course radio and television carry many informative programs, particularly in those hours where there are the fewest listeners. It is something like the use made of the inside pages of a newspaper.

Recently television has been utilizing more of its prime time for important, informative programs, and I congratulate them.

I sometimes wonder if all the media have been so concerned with conflict, drama, excitement, and vicarious experiences—if, in fact, they have not set up a conditional response from the public which actually discourages the public from reading, looking, or listening to informative and positive communication.

There is perhaps no greater example of a communication gap than between scientific progress and social progress. It was felt that science would not only make new discoveries in the physical world, but would make an equal contribution to our social world.

There is no question of the contributions that have been made to our material comfort by the use of newly developed scientific chemicals and processes. But these same chemicals and processes emit byproducts which pollute the air.

The further development of nuclear research promises to be one of the wonders of the world. But fallout and radiation threaten the welfare of every human being.

Let us understand—that the gap between the progress of science and social control is not only of local concern, but, indeed, regionalwide and worldwide. Air pollution concerns vast urban areas, fallout is worldwide, pesticides threaten the health of every person, automation is as much of a threat as a promise.

Making a choice between the benefits and hazards of scientific achievement or breakthrough is a value judgment, a judgment based on the ideas of social good, on morality, on religion, not on science.

The scientist and the specialist must provide the information, the guidelines, the principles that can bring about an informed public judgment.

This communication to the elected official is essential, for it is in the world of politics that the social judgment will be made. This communication to the citizen is vital, for it is he who must provide the consensus which guides the administrative decision of the government official.

It has been suggested that there is so much information and so many facts, so many problems, and so many alternatives, that it is beyond the capability of any person to keep fully abreast, to be fully informed.

But we cannot accept the overabundance of knowledge as a ground to abdicate social judgment. There are many reactions to the dilemma. Some people are turning away from today's realities because they have lost their faith in the ability of the communication media to help guide their decisions, because they have lost faith in the ability of science to help solve their social problems.

The enormity of facing the results of changing times and scientific progress, and the inability to exercise effective social judgment has caused people to look backward when the needs for such decisions were not so overwhelmingly urgent.

It leads to such attitudes as:

Let's blast Russia off the map.

Let's eliminate the income tax.

Let's take away the powers granted to the Federal Constitution and restore them to the States.

Let's withdraw from the United Nations.

And, as somebody has so well put it in describing the leaders of these proposals, they have all the answers, but none of the solutions.

I know that many of our people are disturbed by our inability to make a better world, but I personally believe that the majority of Americans want to meet the challenges of our age.

I hope that I have not given the impression that I believe this is a world where we have made no progress, nor that I am a grim pessimist who sees no forward movement. I am an optimist, and my optimism is founded on the progress that has been made in my own field of activity, municipal government.

It is unfortunate that the progress of many cities has not been fully communicated to the people by the press, radio and television.

Let us take the city of Chicago and the progress that city government has made with the support of the people of Chicago.

Earlier this year, the National Safety Council announced that Chicago was the safest big city in the Nation.

There is not a big city in the world which has street lighting that can compare with Chicago's. Nearly every residential and business street has new, modern lights.

Early in 1963, Chicago was given a national award for being the cleanest big city in the Nation. This continued a proud record achieved in 1959 and again in 1961.

In the past 6 months there has been a steady reduction of crime in Chicago, while crime rates in other cities have been going up. Since he has taken command, Superintendent O. W. Wilson has created a new image of the police department.

Our expressway system is nearly completed, and the use of a mass transit facility in the Congress Expressway has become a model of future transportation.

The U.S. Census Bureau of Housing reported that in the period between 1950 and 1960 the number of dilapidated dwellings in Chicago was reduced by more than 50 percent and in the past 2½ years the number of such dwellings has been further reduced by 6,000 or 7,000.

Chicago has one of the most farflung urban renewal programs in the Nation, and I am sure that those of you who have visited Chicago have been impressed by the new private construction in the Loop and in the neighborhoods, which totals more than $1.5 billion since 1957.

Chicago has carried on a tremendous public works and community improvement program, while at the same time it has continued its top ranging financial position.

Chicago's overall debt per capita is the lowest of the five cities with more than a million population, and the fourth lowest of the Nation's 42 largest cities.

Chicago is one of the three major cities in the Nation whose bonds received a Dun & Bradstreet prime rating. Just last July the city of Chicago was awarded a certificate of conformance for distinguished financial reporting by the Municipal Finance Officers Association, and is the largest city in North America to be so recognized.

Throughout the Nation there has been much printed about racial relations, and I urge the Congress to pass President Kennedy's civil rights bill.

A good deal of public attention in this field has been directed to Chicago. Here are some of the facts:

There is a significant and important message in the growth of the Negro middle class in Chicago. The Chicago Commission on Human Relations, in a report based on the census, points out that at least 35 to 40 percent of Chicago's Negro families belong in the middle class on the basis of their college education, occupational status, income, and homeownership.

I would like to refer to a column in the Chicago Defender written October 26. The column contains some extremely critical remarks, with some of which I do not agree, but I would like to quote the conclusion of the columnist:

"But coming back 10 years later is to come back and find a city on the move, the Dan Ryan Expressway, Marina City, Lake Meadows, Prairie Shores, to name a few which weren't here when I left, and to discover a new dignity that Chicago Negroes now feel. They may live in the second largest city in America, but it's just about the most fascinating and unquestionably the most exciting.

"They've begun to awaken to their power and its attending responsibilities. As they quicken to their roles as businessmen, politicians, civil leaders, and heads of families, there's going to be that critical balance which will make Chicago probably a truer American city than any other."

I would like to give you some vital statistics from the U.S. census:

Chicago Negro families have the second highest median family income in America. Chicago Negroes have the highest median value of owner-occupied homes in America. While the median education level of all Chicago is 10.3, it is 9.3 for Negroes.

These statistics are quoted from the Chicago Defender, the large Negro daily.

Furthermore, the Human Relations Commission's report, based on the census, reveals that between 1950 and 1960 the number of nonwhite families in Chicago earning $6,000 or more increased by 1,137 percent.

Between 1950 and 1960, for nonwhites 20 years and over, there was a 66-percent increase for those completing 4 years of high school, a 79-percent increase for 1 or more years of college, and a 70-percent increase of 4 or more years of college.

Chicago is one of the few major cities in the United States where not a single student is on a double shift at school.

I could go on at great length concerning the progress that has taken place in my city and which could not have taken place without the support and the understanding of the people of Chicago. However, I am not taking the position that I am satisfied or that the people of Chicago are satisfied.

There is room for improvement in every activity. Certainly in the field of human relations there is much to be done in Chicago, and in many of the cities throughout the Nation. Throughout the country, municipal government has improved in providing the basic, direct service to their citizens such as police, fire and health. Municipal government today has adopted all of the modern methods and techniques of private industry to provide services with greater economy and efficiency.

We can build bridges, design safer streets, construct expressways, filter water, and build schools better than ever before.

In this narrow sense there has been no failure in communication. From this great university, from the centers of higher learning throughout our Nation, will come the doctors, lawyers, engineers, architects, scientists, and agronomists.

As doctors, what is your viewpoint concerning our increasing population of elderly people and their need for medical insurance which is not based on an oath of pauperism?

As lawyers, what is your approach to the lack of representation of our urban populations in most of the State legislatures of our Nation?

As economists, what is the answer to automation, an invention which will eliminate more jobs than it will create?

And what judgments have all of you made, regardless of your professional training, concerning the great international issues that face us?

These are only some of the issues in which there is a desperate need for communication, for the presentation of alternatives based on the latest knowledge, the best thinking.

Will you resign yourself to the modern rationalization that people are but objects moved by forces so great that it is only futility to try to change their direction?

Will you adopt the defeatist viewpoint which some people call conservatism, that the way forward is to look backward?

That cannot be the attitude at this center of learning, for it is to you that society must look.

The Chicago editor, Walter Howey, was the first to organize the staff of the New York Mirror. Howey's announced policy was: "90 percent entertainment and 10 percent information."

It was explained in a number of articles that the New York newspaper strike and rising costs were responsible for its failure. Not a single account blamed his policy.

An outstanding television network executive recently stated to a television class:

"Television is not an art form. Our primary purpose is to make a profit. Our business is entertainment. But social convention requires efforts to 'uplift' the community as a secondary consideration."

And in the field of science, for the most part, social judgments, social controls are secondary considerations.

I would be the first to admit I have discussed the problem of first magnitude. I ask you to be tolerant of generalization and oversimplification in discussing the dilemma of the ages, social communication.

Let me reiterate:

There are many newspapers, radio, and television stations that make great efforts to inform and elucidate.

There are many scientists who are aware of their social responsibility, who are participating as citizens as well as researchers.

But, if we are to close the communication gap involving the social issues of our changing world, they must do a better job.

The dilemma of communication I have discussed faces all elected officials, not only the mayor of Chicago. We desperately need the help of all the communication media if we are to do a better job. Their power for good is immeasurable.

As Thomas Jefferson said:

"The basis of our Government being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter."

Jefferson did not look backward but always forward. He said: "Some men look at constitutions with sanctimonious reverence, and deem them like the Ark of the Covenant, too sacred to be touched. They ascribe to the preceding age a wisdom more than human, and suppose what they did to be beyond amendment. * * * I am certainly not an advocate for frequent and untried changes in laws and institutions. * * * But I know that laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times."

These words need constant repetition. Today, when the world has become smaller, when the powers of destruction have become total, when we are economically interdependent, when changes are so quick, scientific breakthroughs so frequent, the need for communication has become the most urgent and pressing need in the history of mankind.

As we face the future, it is apparent that the challenge of today and tomorrow must be met by leadership working with people rather than by electronic brains, the drawing board, and the laboratory.

Whatever progress is made will be accomplished through the decisions of those elected by ballot. It is through political leadership responsive to the will of the people, an enlightened citizenry, that we can achieve the ideals of a democratic and free people.

SALES OF SURPLUS COMMODITIES FOR EXPORT ON CREDIT

Mr. HUMPHREY. Mr. President, I wish to comment with respect to the export program and the relationship of the Commodity Credit Corporation to it.

The Commodity Credit Corporation has a program under which sales of surplus commodities in its stocks are sold for export on credit guaranteed by private banks. I underscore "guaranteed by private banks," because the argument last night and the discussion today on the Mundt amendment related to credits that were guaranteed by the Government bank, the Export-Import Bank. It was made quite clear in the colloquy today with the Senator from South Dakota [Mr. MUNDT] that sales of Commodity Credit Corporation stocks guaranteed by private banks do not fall within the purview of his amendment and the resolution that was referred to the Committee on Banking and Currency. Nor do the sales guaranteed by private banks or financed by private banks fall within the purview of the discussion relating to Government assistance in the financing of sales of commodities to Communist countries. These are commercial loans for export to hard-currency countries, and not in any sense guaranteed by the Government.

The credit is extended to U.S. exporters. The exporter has to arrange for a U.S. bank to guarantee the payment, and in this instance the payment is to the Commodity Credit Corporation.

The period for which credit is extended ranges from 6 months to 36 months.

Since July 1, 1963, credit sales have been made under this program for more than $65 million. It has been planned to make sales under this program for export to Bulgaria, Czechoslovakia, Rumania, and Hungary. Again, these are sales, the credit for which is guaranteed by private banks, not by a Government instrumentality.

It is believed that it would be helpful to our foreign policy if these Eastern European satellites were less dependent upon the U.S.S.R. Sales to them would help to achieve this purpose. We have the surplus commodities in Government stocks, and the benefits we realize from their sale is almost entirely a net gain, both in terms of balance of payments and in Government receipts.

It would be foolish for us to shut the door on this commercial market when we are trying so hard to make the same kind of sales to other commercial markets. At present there is an active interest in exporting tobacco, corn, wheat, and vegetable oils to satellite countries. I am not speaking of the Soviet Union; I am speaking of satellite countries. Other countries in Western Europe are actively competing for this market. Undue delays in making credit available will reduce the possibility of the sale.

I ask unanimous consent to have printed in the RECORD a bulletin entitled "CCC Export Credit Sales Program—How It Works."

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

CCC EXPORT CREDIT SALES PROGRAM—HOW IT WORKS

COMMODITY AVAILABILITIES

Commodities eligible under the CCC export credit sales program are those in CCC inventory as listed in the CCC monthly sales list, and tobacco under loan to CCC. During 1962 the following commodities were in CCC inventory and thus eligible for financing: butter, nonfat dry milk, cheddar cheese, cotton (upland and extra long staple), peanuts, corn, wheat, oats, barley, rye, grain sorghums, rice (rough and milled), dry edible beans, cottonseed oil, refined, and gum turpentine. CCC has from time to time sold out of certain of these commodities.

COUNTRY LIMITATIONS

U.S. Department of Commerce export control policies and regulations as referred to in the applicable CCC commodity export program announcements are applicable with respect to export of agricultural commodities to certain Communist or Communist-controlled countries and areas.

PERIODS OF DEFERRED PAYMENT

CCC will defer payment for periods up to 36 months, depending upon credit need, and country of export.

INTEREST RATE

Interest will be charged at the rate specified in each credit approval and shall run for the length of the deferred payment period.

BANK OBLIGATION

For all purchases made under this program, there will be required an assurance of payment from a bank in the United States. This may be in the form of an irrevocable letter of credit; an endorsement on a note executed by any party to the transaction; a draft accepted by the bank; or some other form of bank assurance acceptable to CCC. A foreign agency bank licensed under New York law, will qualify as a bank in the United States.

EXPORTER'S OBLIGATION

The exporter is not obligated to buy commodities from CCC when granted a credit approval. If he is going to use the credit extended, however, he must purchase the commodities within the purchase period specified in the credit arrangement. Upon acceptance by CCC of the bank obligation, CCC will not hold the exporter responsible for the purchase price plus interest, but will look only to the U.S. bank for payment. To the extent that the bank obligation is issued on the basis of the importer's line of credit, the exporter's line of credit will not be used.

PURCHASES

Purchases of commodities on credit are made in accordance with applicable CCC export sales announcements to the extent that the commodities are available in CCC inventory at the time of purchase. In accordance with these announcements, the exporter will present to CCC proof of exportation of the commodities or subsitute commodities as provided in the anouncement after the commodities have been exported. Purchases will be made during the period provided in the credit arrangement for such purchases.

CARGO PREFERENCE ACT

Provisions of Public Law 664, 83d Congress (the Cargo Preference Act requiring shipment on U.S. flag commercial vessels) are not applicable to export sales under the CCC export credit sales program.

APPLICATIONS

U.S. exporters apply to the Office of the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C., under credit announcement GSM-1, revised, giving: (a) dollar amount of commodities desired to be purchased; (b) commodity or commodities desired; class, grade, quality, and quantity; port of export and country of destination; (c) period during which it is desired that purchases be made; (d) period of deferred payment desired; (e) the extent to which credit will be extended to the importer; (f) name of bank in United States which will assure payment.

(Exporters desiring to purchase tobacco on credit apply under GSM-2.)

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Bonn's Opening to the East." The editorial was published on May 14, in the New York Times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 14, 1963]

BONN'S OPENING TO THE EAST

In a move that could ease European tensions, West Germany is seeking to improve relations with Communist-ruled countries in Eastern Europe. Following agreements with Poland and Rumania to expand mutual trade and establish West German trade missions in their capitals, Bonn has now reached a similar agreement with Hungary, and negotiations are going on with Czechoslovakia and Bulgaria.

These agreements are in line with Chancellor Erhard's middle-of-the-road policies, more flexible than those of his predecessor. They still fall far short of diplomatic recognition, which West Germany refuses to any country recognizing the East German regime. But the trade agreements, supplemented by German promises to promote understanding for East European trade interests within the European Economic Community, are regarded in Bonn as the first steps toward a reconciliation which would help to meet Eastern Europe's urgent need for Western goods, make it less dependent on Soviet Russia and perhaps ultimately pave the way for a solution of the problems of German reunification and European security.

As a small advance in this direction, West Germany has won the approval of its new Eastern trade partners for inclusion of West Berlin in the "West German mark area." But Soviet resistance to any recognition of West German rights in Berlin continues to hamper trade relations with the U.S.S.R., whose hostile attitude makes it easier for Bonn to agree with the United States on a policy of barring long-term credits for the Soviet bloc. Trade is a potent political weapon, but without such credits its uses remain strictly limited.

Mr. HUMPHREY. Mr. President, I make this statement and submit these items for printing in the RECORD because last evening, when the Senate was engaged in debate on the Mundt amendment—which today was withdrawn, I commented on the recent trade agreements negotiated by the Federal Republic of Germany with certian of the satellite countries—in particular, with Poland and Rumania.

I do not want my remarks in regard to Germany to be interpreted as critical or in condemnation of that country. I fully recognize the importance of German industry and the importance of having the Federal Republic of Germany have a strong economy. Chancellor Erhard's policies have produced rather amazing and miraculous results for the German economy.

I merely suggest that the Germans, who often are known as good professors, might well be listened to in this instance in connection with the consideration of trade policy. The Germans are as opposed to communism as anyone could be. The Federal Republic of Germany has a vigorous record of anticommunism and of prodemocracy, for which we are extremely grateful; and Chancellor Erhard is a wise and prudent man. He understands that it is better to trade than to give aid. He understands that trade breaks down barriers of misunderstanding. He understands that through trade it is possible not only to penetrate a market, but also to penetrate minds. And he understands that through trade, it is quite possible to relax tensions and to break away from the absolute control by the Soviet Union over the economies of the satellite countries.

I believe that this New York Times editorial, which refers to recent developments in the Federal Republic of Germany in terms of economic policy, is worth the attention of every Member of the Senate.

THE SAO PAULO CONFERENCE AND THE ALLIANCE FOR PROGRESS

Mr. HUMPHREY. Mr. President, I wish to comment on the developments at the São Paulo Conference, in Brazil, in connection with the Alliance for Progress. As I said earlier today, during the past week newspaper and radio commentators have been wringing their hands over the Alliance for Progress, and there has been a good deal of what one might call "doom and gloom." During the week we read newspaper headline articles about President Goulart, of Brazil, and the statements he made in his opening speech at the Conference. In that speech, he pointed out that trade and commodity prices represent the major problem confronting Latin America. Regrettably, he downgraded the Alliance for Progress.

Under Secretary Harriman, representing the United States, and Mr. Moscoso, in particular, representing the Alliance for Progress, were able to carry the day, in cooperation with our Latin American neighbors. The proposal which the United States had endorsed, and which was advanced by this country and other countries in this hemisphere—to "Latinize" the Alliance by establishing a coordinating committee for the Alliance, has been endorsed and is wholeheartedly supported by the Conference at São Paulo.

I consider this a highly important and singular diplomatic victory, not only for the United States, but also for the nations which have adopted the reforms agreed upon at Punta del Este and for the nations which have actively cooperated in making the Alliance for Progress what it truly is—a hemispheric program in which all of us are partners.

This great victory represents the first major breakthrough in making the Alliance for Progress a real alliance of the countries of Latin America, which with our help can achieve the great goals of the Alliance. It represents a very important step toward greater involvement of the Latin American countries in implementing the goals of the Alliance.

This development should be very encouraging to all those who think that the Latin American countries are not really behind the Alliance for Progress. They have shown by this step that they are ready and willing to shoulder their responsibilities for implementing the Alliance and for managing the affairs of the Alliance with our help. As we know from our experience with the Marshall plan, this kind of self-help and internal management is essential if U.S. aid is going to be effective in helping these countries to help themselves.

Our goal is to make the Alliance more and more a true and working alliance, and less and less a U.S. aid program.

I am happy that the Senate concluded debate on the foreign aid bill at a time when there is in the air at São Paulo, Brazil, a victory note for the Alliance for Progress. The Alliance for Progress is weathering the storms of criticism and dissent. The Alliance for Progress is a peaceful revolution in this hemisphere of historic importance. The Alliance for Progress is our only hope for constructing in this hemisphere an orderly change for better living, for a more progressive economy, and for political freedom. The alternatives to the Alliance for Progress are violence, disorder, and chaos.

This is why I have tried on this floor, day after day, to direct attention to what I consider the fundamentals and the main body of the Alliance for Progress program.

I recognize that funds were taken out of the foreign aid authorization bill, when it was before the Senate, from what we call the social progress trust fund; but I predict that the full authorization for this fund will be restored in conference, because in dealing with that area the House of Representatives voted for the full amount of the authorization requested by the administration.

Mr. President, the Alliance for Progress is our best bet for freedom in this hemisphere. As the President of the United States properly said, what we are doing at the present time is putting into the entire Western Hemisphere about the same amount of money that Russia is putting into Cuba; and I cannot believe that this Nation, the richest in the world, will do less for all of Latin America than Khrushchev is doing for the island of Cuba.

Therefore, I have vigorously tried to defend the program of the Alliance for Progress. I do not do so because I believe it is perfect—because we know better than that. I do not try to defend the Alliance for Progress because I believe it has produced phenomenally constructive results, because I know better than that. But I say it is making progress and it is vital to progress in this hemisphere; and I say that until someone can show us a better way, we had better stick with this way—the way of the Alliance for Progress.

With further reference to the speech by Mr. Goulart, whom I have been privileged to know, and he is the President of a great country and a great people—I make the following comment: Commodity export prices have long been a problem for all countries. In fact, coming from the Midwest, I think I know what it means when raw material prices are depressed. The wheat farmers, the dairy farmers, and all who produce food and fiber from the soil know what depressed prices mean. One of the regrettable developments in our time is that most of the thinking which today controls nations is the thinking of men and women who come from the finance community or the manufacturing community, rather than by those of the raw materials-producing community. Therefore, all too often we have inadequate appreciation of the importance of commodity prices.

World markets are fickle, and the prices of the goods which the primary producing countries have to import have been on the rise. But in the past year, the situation for most of the Latin American countries has been improving. In 1962, the value of the goods exported from the Latin American countries increased by 6 percent, and indications are that this trend is continuing.

I should add, Mr. President, that where there is a regional approach and where there is a common market, such as in Central America, the rise in exports has been tremendous—as much as 30 percent, and the improvement in the economic position has been considerable.

Unfortunately, not all countries have shared in this favorable trend. The reason is that internal policies—especially financial policy, lack of diversification and other elements in the domestic economic situation—have reduced the long-range benefits of a few countries from the improving trend.

Regrettably, Brazil qualifies as one of those countries in which there have been severe internal difficulties. Inflation in Brazil is like a prairie fire sweeping the country. I do not raise my voice in criticism because it is important to all the world that Brazil remain as a free country, that parliamentary institutions be preserved, and that her economy be strengthened. I wish to do all that I can as a responsible public official to cooperate in that endeavor.

Our Ambassador to Brazil, Mr. Gordon, has pointed out clearly and succinctly and on more than one occasion that his Brazilian friends peg all their calculations and complaints to the highest price level their commodities have reached.

The Ambassador has carefully and courteously pointed out that that is an unrealistic approach, that it is in the nature of commodity prices to vary, to be flexible, and to fluctuate, and that the world owes no country or producer the difference between the highest price it is willing to pay at one time and any drop in price that the same world market develops at some other time.

What we have attempted to do is to stabilize commodity prices. We have been doing it through some commodity agreements, and some of those commodity agreements are being developed year after year.

For many years in past decades Brazil has experienced favorable trade balances, even when commodity prices were far below their highest levels. That shows that many factors other than the world market for commodity prices, as emphasized by President Goulart, or the imaginary evil machinations of a nonexistent capitalistic clique, cause a country to have good or bad earnings from its commodity exports.

Even recognizing this and many other problems, the inter-American community has made considerable headway in key areas since the Alliance for Progress was initiated.

I have mentioned before the building of 140,000 homes, 8,200 classrooms, hundreds of water systems, hospitals and health centers. Those instances and the distribution of 4 million textbooks and the feeding of 9 million children are just a few of the concrete indicators of progress that are too often ignored by the critics or derided by the cynics. Tax and land reforms have got underway in countries wherever the political leadership has shown the imagination and the boldness that it takes to get countries with deeply encrusted habits out of the rut and into a new direction to progress.

For example, in Brazil we have given evidence of our interest in working with the people of that country. The United States has committed some $700 million to the development of that great South American nation. We have cooperated in the building of schools, roads, water systems, and aided in the resettlement of farm families and the rehousing of slumdwellers.

We are doing more all the time. Unfortunately, billions of cruzeiros—the local currency—in counterpart funds from Public Law 480 shipments have not as yet been put to use. The reason is that we have not been able to arrive at an agreement with the Brazilian Government as to the proper use of those currencies. We are eager to plow those resources into Brazil's development programs because they could be of great advantage to large numbers of people who deserve assistance and whom we want to help.

Reports on Mr. Goulart's speech indicated that he himself recognizes the lack of movement toward development goals within Latin America. He said:

> Reality can no longer tolerate that Latin America remain an archipelago of nations, implacably separated by the sea of frustrations of our own difficulties.

To that statement I am sure all of us would express agreement.

That is why it is a policy to which all Alliance members subscribed in Punta del Este; namely, to promote the economic integration of Latin America.

That is why self-help and reform within each of the Latin American countries must be the basis of Alliance progress.

I repeat once again that the Alliance for Progress is a cooperative mutual assistance endeavor. It is a program for which most of the resources, financial as well as human, must come from the Latin American countries and peoples themselves. We are a big partner, but it is not a U.S. program. It is a hemispheric program. It is a program in which we play a part, but a program that is not strictly a U.S. endeavor.

In summary, internal effort by the Latin American countries must be the essence of this Alliance. Outside aid is vital, yes, and can often provide the margin of success. But it still is only a margin. This is not an aid program of the conventional type. This is an alliance—just what the word says. And whether, as the newspapers emphasize, it was mentioned once or twice or not at all by this or that speaker is immaterial. What is important is whether the policies to which all 20 member nations subscribed are followed. We of the United States are willing to go a long way in carrying out these policies endorsed at the Punta del Este Conference and outlined in the Alliance for Progress. But we can and shall only help our Latin American partners.

We cannot do it for them; nor should we.

It is they who must make the hard decisions and carry on the bold policies it takes to move toward genuine development. For they are the masters of their own destiny and, as President Goulart says, they themselves must find their way out of their own difficulties. In that sense President Goulart's speech was most constructive and most realistic.

However, I wish to make clear that the interpretation that has been placed upon some of the comments at São Paulo is not an interpretation which today can stand the test of careful scrutiny, because today the partners in the Alliance have taken their part. They are supporting the United States in this endeavor, and we are supporting them in their endeavor. We have joined in establishing now this committee of supervision, of monitoring, of planning and programing—a committee that includes representatives of the Latin American countries as well as the United States—to better coordinate and integrate all the policies of the Alliance for all of the countries that participate in the Alliance for Progress.

I am encouraged. I am encouraged despite the many days of debate in the Senate over the foreign aid bill, a debate which has often been interpreted—and I gather properly so—as being most critical of the foreign aid program. Some people have interpreted it as literally crippling the foreign aid program.

I wish to make quite clear that I do not believe we have crippled the foreign aid program. I think we have placed some unwise restrictions upon those who are responsible for the administration of the program, but the program will still have plenty of momentum. It will still have financing. It will still have dedicated people.

As I said earlier today—and I wish my record to be crystal clear—I appreciate the faithful service of Fowler Hamilton, who was the previous Administrator of the AID program, of Henry Labouisse, who is presently our Ambassador to Greece, who undertook in the early days of the Kennedy administration the development and the management of our foreign aid program. Those are great Americans. Those are faithful, loyal, and excellent servants of the public weal.

I appreciate the high quality of those who are the assistant administrators of the AID program, and the tremendous effort that a man like Mr. Teodoro Moscoso is making. I must say that I have never known anyone who was more dedicated to the policies and the programs of which he has been assigned supervision and management than Teodoro Moscoso, affectionately known as "Ted Moscoso." The coordinator of the Alliance for Progress programs is giving of his very life to make the program successful. He is doing well with it.

I know that David Bell made a great sacrifice in accepting responsibility for the direction of foreign aid. I wish to make it manifestly and unequivocally clear that he is a good administrator, that nothing revealed in the debate cast any reflection on his integrity, ability, or competence.

Most of what we talked about in the foreign aid debate were the mistakes of many years past, mistakes that were made in the process of developing foreign aid. Many of the criticisms were related, I might add, too, to military assistance. Most of the General Accounting Office reports related to misuse of military weapons.

The technical assistance program, the social progress program, and the economic development program in the main, have been well managed and have fulfilled their objectives.

So I want the men and women who are working for AID, and those in the State Department, to realize that they do have friends in Congress. I do not believe everyone deserves a pat on the back on every occasion, but I, for one, do not like to see the State Department—that great arm of government—which is the frontline of our defense in the cold war and which represents the application of reason, intelligence, and diplomacy to the problems of the day downgraded or demeaned in any way.

America is fortunate to have men like Dean Rusk, and Averell Harriman, and George Ball, and David Bell, just to mention a few. When someone attacks the State Department, he is attacking these men, because they run the State Department. When someone attacks the State Department and the Foreign Service, he attacks its individuals.

I said last week that the Foreign Service represents our peacetime soldiers on the diplomatic, political, and economic front. The Foreign Service is capable, able, disciplined, and trained. Our AID people are making sacrifices far beyond those of many civilians. Our Foreign Service and AID personnel do not deserve to be whiplashed, to be criticized en bloc, to be demeaned by words that indicate they are unworthy of their trust.

So I believe, as we pass the foreign aid program and give it a big vote of confidence, that a vote of confidence should also be extended to those who administer the program, to those who work down the line and carry out the daily tasks of economic aid and technical assistance throughout the world.

Mr. President, I ask unanimous consent to have printed in the Record a table, "Summary of Selected Indicators of Physical Accomplishments."

There being no objection, the table was ordered to be printed in the Record, as follows:

AGENCY FOR INTERNATIONAL DEVELOPMENT AND SOCIAL PROGRESS TRUST FUND

Summary of selected indicators of physical accomplishments (July 1, 1961–July 1, 1963), estimated

Country	Classrooms built	Homes built	Number of books produced	Number of agricultural credit loans	Community water systems and wells	Hospitals and health centers	Number of people fed under Public Law 480, titles II and III
Argentina	-----	3,000	-----	-----	-----	-----	-----
Bolivia	500	110	750,000	1,750	9	3	368,200
Brazil	1,730	2,250	65,000	-----	152	750	3,433,000
Chile	1,220	26,500	-----	40,000	60	24	1,760,000
Colombia	1,480	51,100	39,550	17,000	100	86	3,241,000
Costa Rica	30	1,500	132,980	10,200	29	-----	-----
Dominican Republic	80	1,300	800,000	78,000	-----	-----	481,000
Ecuador	230	970	250,000	10	18	1	890,000
El Salvador	650	1,500	665,050	5,180	27	7	153,000
Guatemala	1,430	2,750	56,000	2,312	8	7	464,000
Haiti	110	-----	93,440	350	-----	-----	158,000
Honduras	250	2,500	455,000	-----	27	-----	123,000
Mexico	-----	-----	-----	3,000	5	-----	2,547,000
Nicaragua	60	1,240	130,000	3,000	2	18	120,000
Panama	347	3,760	276,000	500	5	10	236,000
Paraguay	40	-----	250,600	-----	141	3	254,000
Peru	-----	25,960	-----	185	1	-----	1,205,000
Trinidad and Tobago	50	-----	-----	-----	2	-----	-----
Uruguay	-----	-----	-----	-----	1	-----	-----
Venezuela	-----	14,700	54,000	-----	85	-----	-----
Jamaica	20	200	-----	-----	13	-----	223,000
Surinam	-----	-----	-----	-----	-----	-----	31,000
Total (rounded)	8,200	140,000	4,000,000	160,000	700	900	15,000,000

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield.

Mr. McGOVERN. I should like to associate myself with the remarks of the Senator from Minnesota relative to the personnel who are directing our AID program and those who have responsibility in the State Department.

I wonder if the Senator from Minnesota would turn his attention for a moment to another matter.

As the Senator knows, I was absent from the Senate late last night on official business, speaking to a national agricultural meeting in Fargo, N. Dak., which for a long period of time I had been slated to address. This afternoon I was also slated to speak to a convention of wheat growers in Nebraska. I canceled that commitment in order to make a special flight back to Washington, because I had understood that the amendment of my senior colleague [Mr. Mundt] would be pending this afternoon.

Can the Senator from Minnesota advise me as to the disposition of that amendment?

Mr. HUMPHREY. I express my gratitude to the junior Senator from South Dakota [Mr. McGovern] for returning to the Senate today. We knew he had a long-standing commitment and that it was an important commitment.

The Senator is a member of the Committee on Agriculture and Forestry, and if any one group in this country needs a little encouragement these days it is the farmers of America. They not only get "kicked around" at home, but also they get "kicked around" in the Senate—not by the Senator from South Dakota or by myself, nor, I add, the Senator from Hawaii [Mr. Inouye], whom I see in the Chamber, nor the Senator from New Jersey [Mr. Case], nor the Senator from Indiana [Mr. Bayh].

The situation is as follows: Today the senior Senator from South Dakota [Mr. Mundt] withdrew his amendment to the foreign aid bill, and introduced as a bill the substance of that amendment, as amended—to include not just grain, but also manufactured, processed, raw materials, and industrial products. The substance of the amendment, in the form of a bill, was referred to the Senate Committee on Banking and Currency.

The Senator may recall I said last night that what was being suggested by the senior Senator from South Dakota [Mr. Mundt] was a major policy decision, and that we should not vote on it quickly or immediately, that it should go to an appropriate committee. I mentioned that it should go to the Banking and Currency Committee.

I am happy to say, after hours of discussion, since early this morning—and some of us have been working on this since 8:30 this morning—we were able to work out an understanding whereby the senior Senator from South Dakota [Mr. Mundt] withdrew his amendment from the foreign aid bill and presented it in the form of a new bill, which was read and referred to the Committee on Banking and Currency. That committee will report not later than a week from Monday next. It is expected that the committee report will be available to the Senate by November 25, and that we will debate whatever the action of the committee may be, on the 25th or the 26th, and hold a reasonably short, but we hope full, discussion upon the substance of the recommendations of the committee.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. McGOVERN. Does not the Senator believe that if a move of this kind were made and approved by the Senate, it would have the effect of undercutting the entire negotiations now underway for the sale of wheat to Eastern Europe and to the Soviet Union?

Mr. HUMPHREY. I do. It is my view that this kind of precipitate action could jeopardize the entire wheat sales program, and might very well do so yet. Let me make it clear that I am not for the amendment in any way, shape, or form. I believe it is unwise and unnecessary.

Incidentally, the Export-Import Bank was established in 1934. It was established with the prime purpose in mind, at that time, to finance certain sales of goods to the Soviet Union.

The amendment which was offered last night by the senior Senator from South Dakota [Mr. Mundt] was primarily directed toward the guarantee by the Export-Import Bank of certain credits made by private American banks to private American exporters who would be doing business with the Soviet Union.

I should like to make it clear once more that there is no business now. The Soviet Union has agreed to nothing. Frankly, I am doubtful there will be an agreement because we insist on making this business deal as difficult as possible. We are a nation of businessmen that does not want to do business.

I can imagine a car salesman in this situation. He would refuse to meet the customer. Then, when he did meet him, he would insult him. Then he would tell him he could not have time payments on the purchase of a car. Then he would tell him that his credit is no good. Finally, he would tell him he wished he had not come into the salesroom in the first place. If the automobile industry had to depend upon that kind of salesmanship, we still would be riding around in oxcarts or on horseback.

Mr. McGOVERN. I cannot imagine any move we could make that would be more of a cruel blow to American agriculture than to take steps to close the possibility of making these sales. Every other exporting country in the world is taking advantage of the opportunity to broaden its exports. If we back out of the negotiations or impose conditions that are so unreasonable that the negotiations fall through, we are not hurting anyone but our own farmers and our own exporters.

Mr. HUMPHREY. The Senator is correct. To show the Senator how ridiculous the situation is, our friends in Canada—and they are our friends, and I do not want my remarks to be interpreted as being critical at all; they are our friends and neighbors—sold feed grains to Poland. They sold those feed grains by financing them through banks in New York, with American money. The reason they were able to finance them through banks in New York was that Canada has an export credit guarantee program. Any nation that does any business of any consequence has an export credit guarantee program. The British, for example, sell large amounts of machinery to the Soviet Union and satellite countries. They sell it under an export credit guarantee program. A good deal of the machinery is financed here in the United States, with money out of our financial institutions, but the machinery is manufactured in Great Britain, providing jobs for workers in that country and profits for its industry. Why do the banks finance it? Because the British have an export credit guarantee program.

The Export-Import Bank has an export credit guarantee program for American industry. We are in a situation now in which, if any country in the world wants to sell to the Soviet Union, it can do so. The financing can be obtained in other countries of the world. Much of it will come from the United States. All that is necessary for a country to make a sale is to have an export guarantee program that satisfies a bank in the United States. But when it comes to selling anything from our own factories, from our own farms, financing it out of our own banks with an export guarantee program, we say, "No," according to the proposal of last evening by the senior Senator from South Dakota [Mr. MUNDT].

That is why some of us felt the question should be referred to committee, that we ought to take a good look at it, that a basic policy decision is being made.

The question before the world is whether cutting off sales to Russia and the satellite countries will break down the system in the Soviet Union. We have been trying to do that for 30 years, and it has not worked. Russia today is the second largest power in the world.

The other possibility is that through trade we may be able to ease some of the tensions in the world. This is what Chancellor Erhard said in Germany. I referred to his recent efforts. He is the Chancellor of the Federal Republic of Germany. He says that by trade we ease tensions; by trade we not only penetrate a market, we penetrate minds. By trade we may very well prevent a war and improve conditions of the free nations of the world.

The Germans have as big a stake in what the Russians are going to do as we have. The difference is that we have all the emotions, and they have all the business. We have the cost of defense, and they have the orders. And why? Because the Congress of the United States insists on acting this way. Whenever the President or the Commerce Department want to do something that approaches reasonable, normal business operations, somebody in Congress says we are soft on communism.

We have had many lectures from our friends in Europe about how we help the Russians. They lecture us while they do business. Then we proceed to act politically, with the fear of certain political consequences because of a misunderstanding and misinformation about trade with the Soviet and satellite countries, and we literally cut off our nose to spite our face. That is what we are doing in this country. Many businesses have been moving out of the United States to Europe. American capital is leaving the United States and going to Europe. American companies are establishing subsidiaries there and doing business with countries behind the Iron Curtain. Every Senator knows I am speaking the truth. What we are doing is acting hypocritically. We are pretending these things do not happen. There is not a single American business which has a subsidiary in Western Europe that cannot do business with Bulgaria or Poland or Czechoslovakia or Rumania or the Soviet Union. They do not give away their goods; they sell them and get money for them—good, hard cash. Of course, credits are involved, but they are good commercial credits.

As the acting head of the Export-Import Bank told us this morning, as well as the representative of the Treasury Department, there has not been known to be one default by the Soviet Union on commercial credits and sales—not one.

Mr. McGOVERN. If the Senator will yield further, does not the Senator think it is rather strange reasoning that leads some people to believe that a Communist who is hungry is a more peaceful individual than one who has enough to eat?

Mr. HUMPHREY. It is peculiar and twisted reasoning to me. It also is peculiar and twisted reasoning to think that if we sold soft, perishable goods for hard currency, we are really strengthening the Soviet Union. The Soviet Union requires money, just as any other country does. Whether a country is Communist, Socialist, or capitalist, it takes so much money. There is only so much money to use and spend, because money is the measure of production. If she spent $1 billion for food which was to be consumed by her people, it would be $1 billion less she would have to spend on sputniks or missiles or bombs or atom bombs. I wish we could sell them $10 billion worth of food, because then I would know she would not be able to keep up her arms race. If the people are denied food, it does not make them more peaceful; it makes them more angry, more warlike and aggressive, and they have more money left over to make weapons. They know how to make weapons. They do not know how to produce corn or wheat, but they know how to produce bombs. I wish we would engage in a race, not to see who can build the biggest bomb, but, rather, who can produce the most food. We compete with them in an area where they have a chance of winning. I think we ought to compete with them in areas where they have no chance of winning; namely, food for peace.

Mr. McGOVERN. I think the suggestion made about the free advice we are getting from some Western European countries not to trade with the Soviet Union is a good point. On two different occasions I noticed that Chancellor Adenauer told the United States we should not sell one bushel of wheat to the Soviet Union until she tears down the wall. He laid down other suggestions over a period of months. When we sold wheat to Germany, they turned it into flour and sold it to Russia. They did not ask for our consideration—it was just a good, solid business deal.

Mr. HUMPHREY. And the wall is in Germany. It is not in Minnesota or South Dakota. One would think he was as interested in trying to tear down the wall when they sold the flour as when we are getting ready to sell Russia wheat.

Mr. McGOVERN. It seems to me that what our competitors are saying is that the American farmers must be kept out of their market and leave it as the monopoly of other countries. I would hope, instead of the Senate making it harder and tougher for the American exporter to compete, it would move in the other direction. I would like to see some serious consideration given to relaxing some of our credit restrictions. I talked with some businessmen, some from the State of the Senator from Minnesota, some from my own State, and some from other parts of the Midwest, the other day, who were anxious to get more lenient terms of credit furnished to them which would make it possible for them to open up a mill in Costa Rica. I think that kind of arrangement is in the national interest, so that at a time when we know American agriculture is in trouble, when we have serious balance-of-payments problems, when we know our exporters are faced with tough competition, far from moving in the direction suggested by the senior Senator from South Dakota, we should be moving in the opposite direction.

I certainly hope the Senate will treat the proposal accordingly.

Mr. HUMPHREY. Mr. President, I thank the Senator. I can think of nothing which would be more helpful than to have 10,000 businessmen behind the Iron Curtain, to do business. First of all, they will show an example of an American democracy. That is what they will bring with them. They also will bring with them a tough mind, which is unafraid of communism or the bureaucrats they will meet there.

Instead of that, we permit other countries to take on this entire opportunity and responsibility. It is incredible to me that we are so blind. I am not critical of the Europeans for doing what they are doing and for saying what they are saying, because they know if they will just throw out a little more emotion, we will not see anything but hatred of communism. While we are seeing that, they are out doing constructive things in the economic sector. Therefore, when the former Chancellor, Chancellor Adenauer, to whom we owe a great deal as Chancellor, made the comments he made recently, I am sure he knew that this would fan the flames of emotion in America, and in the meantime the new Chancellor could make all kinds of arrangements and business deals.

If we want to be that stupid, we should not complain about the Europeans who have a little more "savvy."

Mr. President, the time is at hand to restudy and reexamine the entire East-West trade program.

I believe the time is at hand for us to be working with our NATO allies to find out what policy we will pursue. It is ludicrous, it is ridiculous for us to pursue one policy while our NATO allies are taking over all the business opportunities. This is a kind of self-imposed unemployment program for the United States.

I believe the time is at hand for the United States of America to reexamine what goods we can sell to our benefit, which will in no way increase the danger to our security, or increase in any way the strength of the Communist bloc countries.

We ought to tighten up on strategic goods and insist that our allies do the same, that we set some limitations or controls. We ought to ease up on consumer goods, however. I believe that the more consumer goods we can take into Eastern Europe, the more they are going to see the difference between their world and ours, between freedom and collectivism, between freedom and communism.

Mr. President, I have just been informed by a member of my staff that there seems to be some misunderstanding about the effect of the bill introduced today by the senior Senator from South Dakota [Mr. MUNDT].

The senior Senator from South Dakota was very clear, when he introduced the bill, about the purpose involved and its effect and its application.

Therefore, let me say that the bill is not retroactive in any respect. As the senior Senator from South Dakota made clear in his colloquy, it does not apply to the Hungarian credit guarantees which have been approved or committed by the Export-Import Bank; nor does it apply to credits that are guaranteed by private banks.

As I indicated in my colloquy with the senior Senator from South Dakota, the bill applies only to those transactions which the Export-Import Bank has not approved or committed itself to approval, either orally or in writing, of export credit guarantees. It is my understanding that the Export-Import Bank has made such commitments with regard to sales to Hungary under export licenses issued through last night.

That is the understanding we had. If the business community needs to examine this question once again, I suggest it call the Export-Import Bank, or the majority leader, or the minority leader, or the Senator from South Dakota, or read the CONGRESSIONAL RECORD.

THE SENATE LEADERSHIP

Mr. INOUYE. Mr. President, it is with great distress, and at times with extreme sadness, that I have noted the recent outpourings of the press and professional commentators criticizing the majority leadership of our Senate. Speaking as one who has been involved in political activity long enough to realize that politicians always seem fair game, I know that we must expect some degree of criticism from time to time, whether such be justified or not. That seems to be the nature of the political process in this and any other country with so proud a history of freedom of expression.

But the nature of the political process, which places a premium on freedom of expression, has also been characterized by a proportionate emphasis on personal responsibility. This is the hallmark of the open society. It seems that some of us have failed to realize this in the intemperate criticism directed against the Senate leadership.

As freedom of expression and personal responsibility have been symptomatic of the open society, an examination of the pathology of the closed society in our time discloses an unquenchable thirst for a scapegoat whenever there appears to be no rational solution to perplexing and continuing problems. This malaise has lately shown how it can begin to make inroads as we face the seemingly insoluble problems confronting us during the closing weeks of this session of Congress. We cannot afford this ennui because we cannot be deterred from the tasks facing us and the Nation.

I do not believe that I need to defend Senator MANSFIELD. Neither do I think that he needs to defend himself. If he had wished to do so, I have no doubt that the Senate would have been privileged to hear rare eloquence and logic.

However, as a Member of the Senate, I feel compelled to speak because the criticism presently being directed at the Senate leadership also reflects upon the Senate as a whole. There is no single person entrusted with all the duties and reponsibilities of leadership. If anything, ours is a collective leadership with the assistant majority leader, the various chairmen of Senate committees—all who share in the responsibilities of leadership. As a matter of fact, every Senator is a leader in his own right and rightfully so. Because of this, if Senator MANSFIELD deserves the recent spate of criticism, we equally deserve it and should share it. If we do not deserve it ourselves, then I firmly believe that he certainly does not.

After the last few days of reflection, I am convinced that precipitate criticism of the Senate leadership has increased because of prolonged and often frustrating discussion on the foreign aid bill. This ordeal by debate has tested, and at times bested, our known capacity for such indulgence.

Although my record on votes will indicate that I have consistently supported the position of the administration and the Senate Foreign Relations Committee on this matter, I wish to go on record as opposing any attempt to resort to pressure and "steamroll" the foreign aid bill through the Senate. It is in this connection that I believe the Senate leadership has shown its true mettle. Senator MANSFIELD has done an irreproachable job in assuring a hearing to every Senator's views. If he had done otherwise and dictatorially forced through the bill, then I would have had to agree with his detractors. But such, thank God, has not been the case. He has shown extreme tact, fairness, and, I must add after the events of the past fortnight, exemplary forbearance. These are the gifts of a leader of men, but not of mobs.

But these are the gifts of a leader of free men which are being criticized. These are the qualities which are being called dilatory. But tact, fairness, and forbearance are necessary to free and open discussion. And free and open discussion is indispensable in the democratic process.

Question these qualities, and we actually question the integrity and sincerity of those of us who have debated this issue and proposed various amendments. Criticize these qualities, and we criticize not only the right but the responsibility of those Senators who believe their course is correct. After all, not a single one of us is the sole depository of all wisdom.

Many of the proposals of the past month or two have been controversial. The almost interminable discussions on the foreign aid bill have sometimes resulted in an injudicious choice of words. The net result has been the unsettling of heretofore amicable relations on the floor. Senator MANSFIELD, in my opinion, has been very effective in salving nerve ends being irritated by the inexorable passage of precious time toward the end of the year. And as the new year and the new session face us, we tend to forget the scholarly brilliance of a man who has been successful in shepherding many bills through the Senate and pay increasing attention to the daily reams of newspaper print calling Congress to task. To some, what is past in the Senate is not necessarily prolog but grist for the columnist. Even the severest of his critics must agree that Senator MANSFIELD is an honorable man and a truly good man in the best sense. He is a kind, generous, and understanding human being. In my eyes these are the sources from whence flows the strength necessary for effective leadership.

I am sure that when the last page of the record of the 88th Congress is completed, it will undoubtedly show that it was a successful legislative session conducted during a most trying period in our Nation's history and led by a Senator deeply committed and sensitive to the traditional safeguards of a society designed to enable majority rule while preserving minority rights.

It has been my privilege and honor to follow the Senate leadership for the past 11 months. It is my hope that I have the opportunity of continuing to do so for many more years to come. I have searched the annals of the Senate and have come up with very few other leaders equal to our most distinguished Senator from Montana.

Mr. HUMPHREY. Mr. President, will the Senator from Hawaii yield?

Mr. INOUYE. I yield.

Mr. HUMPHREY. I thank the Senator from Hawaii for what he has said in this message. I knew this was in his heart. I knew this was his personal conviction. I am confident the majority leader will be most grateful for the words of support, of respect, and of admiration which the Senator has expressed today. The Senator has not spoken mere words; as the Senator from Hawaii demonstrates by his actions, here and everywhere else, he means what he says.

While we have heard much criticism about the work of the 88th Congress, some persons forget that this Congress has been faced with some of the toughest decisions any Congress has had. If the Senate had done nothing else but ratify the nuclear test ban treaty, that was a singular achievement, because it dealt with the very security of this country. We spent 6 weeks in hearings on that treaty, and then many days of debate.

We have averted a railroad strike that could have tied up the Nation and cost the country billions of dollars. The senior Senator from Minnesota can speak of this. Dozens of times I attended meetings dealing with these crucial matters.

Every once in a while I read in the press that we have not been doing anything. Perhaps 16 hours a day of hard work is not doing anything; but it seems to me that it is a rather heavy load. I might add that the duties of a Senator are not merely in committee or on the Senate floor. The distinguished junior Senator from South Dakota [Mr. McGovern] mentioned to me a moment ago that he had been called out to a very important meeting in the Dakotas to explain legislation. He was asked to go to Nebraska to explain his wheat bill and other procedures relating to wheat legislation to the wheat growers of that State. All this is a part of the legislative process. It is a part of our duty—not necessarily the most relaxing part—to stand before an audience and explain bills.

I am convinced that when the 88th Congress closes its book, the record in that book will be outstanding. I compare it now, and will compare it when we complete our work, with the record of the 63d Congress, the first Congress of Woodrow Wilson's administration, a Congress that enacted the Federal Trade Commission Act and the Federal Reserve System, to mention merely two important pieces of legislation.

The 88th Congress has already passed important legislation. This Congress will have done more for education than any other Congress in the history of the United States. This Congress passed the greatest mental health program ever sponsored or enacted by any nation, any time, anywhere in the world. We have passed a bill providing aid to medical education.

I have a complete report of the work which this Congress has accomplished thus far. We are now approaching the end of only the 1st session of the 88th Congress.

One would think when he read the newspapers that when December 31 came, the world would stop; that all the reporters would say, "Stop, world; we want to get off."

We will be here in January—the Lord willing—and some of the same bills will be before us, bearing the same numbers, and we will take action on them. We will pass a tax bill. It will be made effective as of January 1. It would have become effective January 1 if we had passed it in October. But if we pass it in March or in April, it will become effective as of January 1.

We will pass civil rights legislation. We should have passed it sooner. But there are 537 Members of Congress, and all of them do not agree.

We will pass wilderness preservation legislation, area redevelopment legislation, youth employment legislation, and extended Peace Corps legislation.

Consider what we have done in the field of defense, military construction, and Securities and Exchange Commission reforms. I become a little tired of reading in the newspapers that we do not do anything. I do not think that is the way to get people to do constructive things. People should not be told that they are failures.

I am a family man. If I kept telling my youngsters every day, youngsters who are growing up to young manhood and young womanhood, "You are a failure. You are no good. You do not do anything," they would soon lose their love and respect for me; and perhaps, unfortunately, they might well believe what they had been told—that they were failures.

Frankly, since we are talking about improvements, I think journalism could be improved. Radio and television could be improved. The moral and ethical tones of those facilities could be improved. Many areas of life could be improved.

Congress needs to be improved, of course. I am one who believes it needs new rules and some reform in terms of its institutions. We need not go into that subject here.

What the Senator from Hawaii has said surely needs to be said. I saw the majority leader lead today. I was in room S-208 for more than an hour and a half this morning—almost 2 hours. I saw the majority leader come into that room, as I have seen him on other occasions after he had exhausted his patience—and he is the most patient man I have ever met or have ever known.

He said, "We are going to act." He did not get it into the newspapers. He did not call a news conference and say, "I told them we are going to act." He simply came to the floor of the Senate and resolved a difficult problem in the foreign aid bill, the debate on which appeared last night as though it might last for days.

I am delighted that the Senator from Hawaii [Mr. Inouye], whom I consider to be one of the outstanding Members of this body and one of the truly outstanding citizens of our country, has spoken as he has today. I consider it a rare privilege to be included in his circle of friends.

Mr. INOUYE. The Senator from Montana [Mr. Mansfield], has to his credit an imposing list of accomplishments at this session. Does not the Senator from Minnesota believe that he can take some glory and credit for those accomplishments?

Mr. HUMPHREY. If the majority leader has to take the blame for what we do not do, he ought to get the credit for what we do.

Mr. INOUYE. That is only fair.

Mr. HUMPHREY. If one has to take the blame for error, he ought to be given credit for the truth.

The majority leader has a fine record. It is an honor and a privilege to work alongside him. Perhaps I have an opportunity to know him a little better than many men do. His loyalty as a Member of this body, his loyalty to his convictions, to his Nation, and to the processes of our Government, is such that every one of us could well emulate him.

He does not use the sledge-hammer technique; but he does use the technique of persuasion, encouragement, admonition, and, when he needs to, the shillelagh—for I wish to testify that this morning about 14 Senators were in the majority leader's woodshed, and he had out the shillelagh; and let me tell the Senate that he knows how to use it when it is needed, and it worked.

Mr. INOUYE. I thank the Senator from Minnesota for his valuable contributions and his gracious words.

RECESS TO MONDAY, AT NOON

Mr. HUMPHREY. Mr. President, I have consulted with the acting minority leader, the Senator from New Jersey [Mr. Case], as to whether there is any further business for today for Senators on his side of the aisle. We understand that there is not.

Therefore, Mr. President, I now move that, in accordance with the previous order, the Senate stand in recess until Monday next, at noon.

The motion was agreed to; and (at 5 o'clock and 2 minutes p.m.) the Senate took a recess, under the order previously entered, to Monday, November 18, 1963, at 12 o'clock meridian).

CONFIRMATIONS

Executive nominations confirmed by the Senate November 15 (legislative day of October 22), 1963:

U.S. Army

Lt. Gen. Robert William Porter, Jr., O18048, Army of the United States (major general, U.S. Army), for appointment as indicated, under the provisions of title 10, United States Code, section 711; to be senior U.S. Army member of the Military Staff Committee of the United Nations.

The following-named officers for temporary appointment in the Army of the United States to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major generals

Brig. Gen. Robert Howard York, O21341, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry William Osborn Kinnard, O21990, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles Edward Johnson 3d, O19534, U.S. Army.

Brig. Gen. George Paul Sampson, O42926, U.S. Army.

Brig. Gen. William Carl Garrison, O30144, U.S. Army.

Brig. Gen. John Graham Zierdt, O20632, Army of the United States (colonel, U.S. Army).

To be brigadier generals

Col. Harry George Woodbury, Jr., O21432, U.S. Army.

Col. Paul Alfred Feyereisen, O39089, Army of the United States (lieutenant colonel, U.S. Army).

Col. Byron Ludwig Steger, O19661, Medical Corps, U.S. Army.

Col. Robert Mabry Williams, O21801, Army of the United States (lieutenant colonel, Judge Advocate General's Corps, U.S. Army).

Col. George Bibbs Pickett, Jr., O23932, Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard George Ciccolella, O34117, Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles Allen Corcoran, O31721, Army of the United States (lieutenant colonel, U.S. Army).

Col. Livingston Nelson Taylor, Jr., O21853, Army of the United States (lieutenant colonel, U.S. Army).

Col. John Keith Boles, Jr., O22025, Army of the United States (lieutenant colonel, U.S. Army).

Col. Joseph Schuyler Hardin, O23126, Army of the United States (lieutenant colonel, U.S. Army).

U.S. AIR FORCE

The following-named officer to be placed on the retired list in the grade indicated, under the provisions of section 8962, title 10, of the United States Code:

To be lieutenant general

Lt. Gen. Troup Miller, Jr., 559A (major general, Regular Air Force), U.S. Air Force.

The following-named officer to be assigned to a position of importance and responsibility designated by the President in the grade indicated, under the provisions of section 8066, title 10, of the United States Code:

To be lieutenant general

Maj. Gen. Hewitt T. Wheless, 1609A, Regular Air Force.

U.S. MARINE CORPS

To be lieutenant generals

Maj. Gen. Leonard F. Chapman, Jr., U.S. Marine Corps, having been designated, in accordance with the provisions of title 10, United States Code, section 5232, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

Maj. Gen. Victor H. Krulak, U.S. Marine Corps, having been designated, in accordance with the provisions of title 10, United States Code, section 5232, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade indicated:

To be major general

Walter A. Churchill.

To be brigadier generals

Richard A. Evans.
Robert B. Bell.

U.S. NAVY

Vice Adm. William R. Smedberg III, U.S. Navy, for appointment to the grade indicated:

Vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, for appointment as indicated:

Chief of Naval Personnel, for a term of 4 years, pursuant to title 10, United States Code, section 5141.

To be vice admirals

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, having been designated, under the provisions of title 10, United States Code, section 5231, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

Rear Adm. Wallace M. Beakley, U.S. Navy, for appointment to the grade indicated on the retired list, pursuant to the provisions of title 10, United States Code, section 5233.

Rear Adm. Leonidas D. Coates, Jr., U.S. Navy, for reappointment as indicated:

Chief of Naval Research in the Department of the Navy for a term of 1 year.

The following-named officers of the Naval Reserve for temporary promotion to the grade indicated, subject to qualification therefor as provided by law:

LINE

To be rear admiral

Richard D. Adams

CIVIL ENGINEER CORPS

To be rear admiral

Edward H. Gessner

The following-named officers of the Naval Reserve for permanent promotion to the grade indicated.

LINE

To be rear admirals

Harry R. Canaday
William C. Hughes

MEDICAL CORPS

To be rear admirals

Raymond T. Holden
Hugh Warren
Donald E. Hale

SUPPLY CORPS

To be rear admiral

Edward J. Costello, Jr.

DENTAL CORPS

To be rear admiral

Samuel S. Wald

IN THE ARMY

The nominations beginning Gordon L. Smith to be lieutenant colonel, and ending LeRoy F. Foreman to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 29, 1963.

IN THE AIR FORCE

The nominations beginning William M. Redmond to be major, and ending Peter J. Wolfe to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 30, 1963.